



Standard Bank



STANDARD BANK GROUP

FINANCIAL RESULTS

for the six months ended 30 June 2023

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

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

161 years of operation

Operating in **20 countries** in Africa

PRESENCE IN INTERNATIONAL MARKETS

Beijing Dubai
New York London

INTERNATIONAL FINANCIAL SERVICES

Isle of Man Mauritius
Jersey



□ West Africa
□ South & Central Africa
□ East Africa
□ South Africa

Business units



Banking

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Standard Bank Group's (SBG or the group) analysis of financial results for the six months ended 30 June 2023 have not been audited or independently reviewed. The preparation of the financial results was supervised by the Chief Finance & Value Management Officer, Arno Daehnke BSc, MSc, PhD, MBA, AMP.

Highlights

STANDARD BANK GROUP²

HEADLINE EARNINGS (Rm)

21 231 ▲ 35%

1H22: R15 691 million

RETURN ON EQUITY (ROE) (%)

18.9 ▲

1H22: 15.7%

HEADLINE EARNINGS PER SHARE (HEPS) (c)

1 281 ▲ 34%

1H22: 956 cents

NET ASSET VALUE PER SHARE (c)

13 928 ▲ 10%

1H22: 12 652 cents

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (Rm)

21 924 ▲ 36%

1H22: R16 102 million

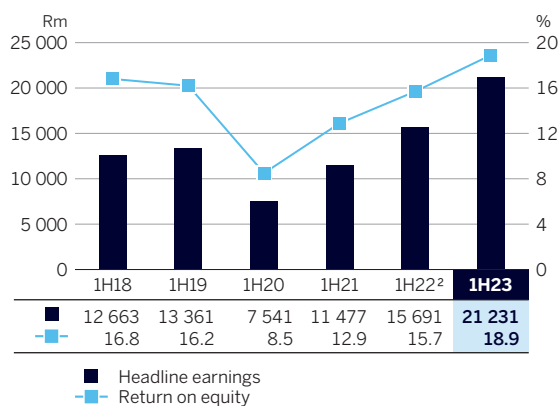
COMMON EQUITY TIER 1 RATIO (%)

13.4 ▼

1H22: 13.7%

Headline earnings and return on equity

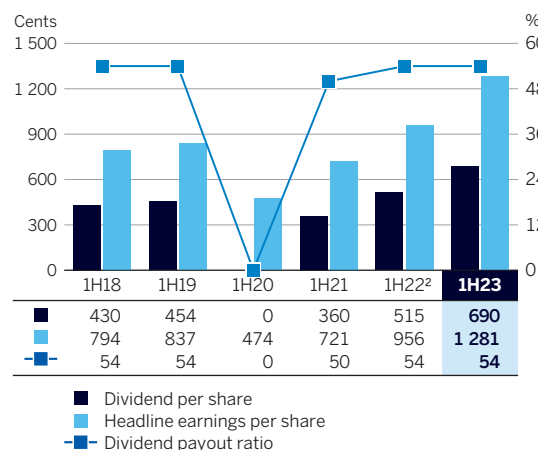
CAGR¹ (1H18 – 1H23): 11%



Headline earnings and dividend per share

CAGR (1H18 – 1H23): Dividend per share: 10%

Headline earnings per share: 10%



BUSINESS UNITS³

Banking

RETURN ON EQUITY (%)

19.0 ▲

1H22: 15.3%

COST-TO-INCOME RATIO (%)

50.5 ▼

1H22: 55.5%

JAWS (%)

11.3 ▲

1H22: 5.8%

CREDIT LOSS RATIO (CLR) (bps)

97 ▲

1H22: 82 bps

Insurance & Asset Management

INSURANCE OPERATIONS NEW BUSINESS VALUE (Rm)

1 441 ▲ 32%

1H22: 1 090 million

ASSETS UNDER MANAGEMENT (Rbn)

1 436 ▲ 6%

1H22: 1 351 billion

LONG-TERM INSURANCE INDEXED NEW BUSINESS (Rm)

5 652 ▲ 7%

1H22: 5 281 million

¹ Compound annual growth rate.

² Restated, refer to pages 115 – 118 for further detail.

³ Refer to pages 20 – 21 for more information.

FINANCIAL RESULTS, RATIOS AND STATISTICS

		Change %	1H23	1H22 ¹	FY22 ¹
Standard Bank Group (SBG)					
Headline earnings contribution by business unit²					
Total headline earnings	Rm	35	21 231	15 691	33 853
SBG Franchise ³	Rm	41	20 082	14 289	31 936
Banking	Rm	42	18 705	13 170	29 660
Insurance & Asset Management	Rm	23	1 377	1 119	2 276
ICBCS	Rm	(18)	1 149	1 402	1 917
Ordinary shareholders' interest					
Profit attributable to ordinary shareholders	Rm	36	21 924	16 102	34 243
Ordinary shareholders' equity	Rm	10	230 929	209 720	218 197
Share statistics					
Headline earnings per ordinary share (HEPS)	cents	34	1 280.6	955.5	2 050.4
Diluted headline EPS	cents	33	1 267.0	950.4	2 035.6
Basic EPS	cents	35	1 322.4	980.6	2 074.1
Diluted EPS	cents	34	1 308.4	975.3	2 059.0
Dividend per share	cents	34	690	515	1 206
Net asset value per share	cents	10	13 928	12 652	13 172
Tangible net asset value per share	cents	12	13 083	11 691	12 259
Dividend payout ratio	%		54	54	59
Number of ordinary shares in issue	thousands	0	1 658 062	1 657 596	1 656 553
Return ratios					
ROE	%		18.9	15.7	16.3
Return on risk-weighted assets (RoRWA)	%		2.9	2.4	2.6
Capital adequacy					
Common equity tier 1 capital adequacy ratio	%		13.4	13.7	13.4
Tier 1 capital adequacy ratio	%		14.5	14.6	14.4
Total capital adequacy ratio	%		16.4	16.6	16.5
Number of clients					
Active client base	thousands	7	18 219	17 011	17 710
Taxation					
Effective direct taxation rate	%		24.6	21.4	23.1
Employee statistics					
Number of employees	number	2	49 931	49 000	49 325
Banking					
ROE	%		19.0	15.3	16.5
Loan-to-deposit ratio	%		78.4	79.7	78.6
Net interest margin (NIM)	bps		477	390	425
Non-interest revenue to operating expenses	%		77.0	75.9	73.1
CLR	bps		97	82	75
Jaws	%		11.3	5.8	7.3
Cost-to-income ratio	%		50.5	55.5	57.9
Insurance & Asset Management					
ROE	%		13.1	10.2	10.3
Long-term insurance indexed new business	Rm	7	5 652	5 281	11 226
Insurance operations new business value ⁴	Rm	32	1 441	1 090	2 656
Solvency capital requirement cover of Liberty Group Limited	times covered		1.7	1.8	1.8
Short-term insurance gross written premiums	Rm	11	2 628	2 367	4 728
Assets under management	Rbn	6	1 436	1 351	1 382

¹ Restated, refer to pages 115 – 118 for further detail.

² Refer to pages 20 – 21 for more information.

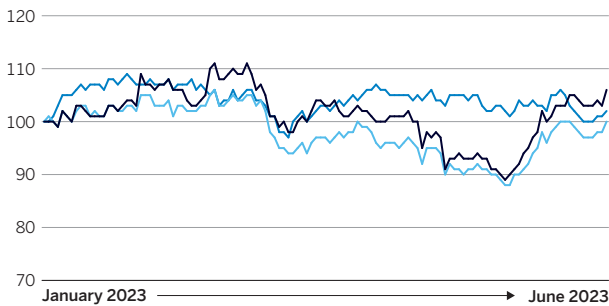
³ Standard Bank Group Franchise represents the group's core business activities which consists of Personal & Private Banking, Business & Commercial Banking, Corporate & Investment Banking, and Insurance & Asset Management.

⁴ New business value captures the own funds generated through both long and short contract boundary business under the Solvency Assessment and Management (SAM) framework.

MARKET AND ECONOMIC INDICATORS

SBK versus JSE Banks and All Share Index

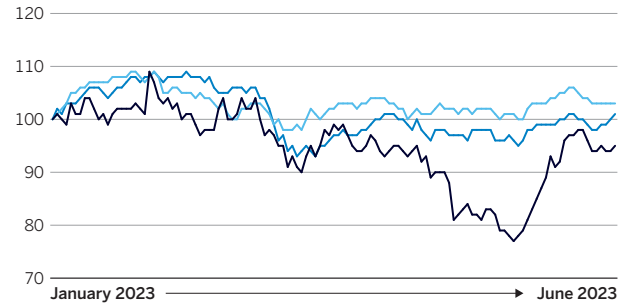
(ZAR)



— Standard Bank
— JSE Banks Index
— JSE All Share Index

SBK versus Emerging Markets and World Financials

(USD)



— Standard Bank
— MSCI Emerging Markets Index
— MSCI World Financials

	Change %	Average			Change %	Closing		
		1H23	1H22	FY22		1H23	1H22	FY22
Market indicators								
South Africa (SA) prime overdraft rate	%	11.07	7.71	8.61		11.75	8.25	10.50
SA SARB repo rate	%	7.57	4.21	5.11		8.25	4.75	7.00
Weighted average Banking inflation	%	12.5	11.1	14.7		15.3	14.6	16.8
Weighted average Africa Regions inflation	%	23.4	21.0	30.3		29.6	15.1	34.5
Weighted average Banking inflation excluding Zimbabwe	%	9.5	9.3	9.1		9.4	9.3	10.2
SA Consumer Price Index		6.6	6.2	6.9		5.4	7.4	7.2
UK Consumer Price Index		9.3	7.7	9.1		7.9	9.4	10.5
SBK share price	5	170.28	161.60	161.75	14	177.55	155.17	167.79
JSE Bank Index	(1)	9 732	9 801	9 725	7	9 890	9 248	9 854
JSE All Share Index	7	77 569	72 444	70 665	15	76 028	66 223	73 049
Key exchange rates								
USD/ZAR	18	18.17	15.41	16.30	16	18.86	16.23	16.97
GBP/ZAR	12	22.40	20.01	20.19	22	23.99	19.61	20.42
ZAR/AOA	0	30.13	30.26	28.37	64	44.03	26.81	29.99
ZAR/GHS	36	0.64	0.47	0.54	22	0.60	0.49	0.60
ZAR/NGN	(1)	26.75	27.07	26.08	54	40.08	26.08	27.14
ZAR/KES	(3)	7.24	7.48	7.22	2	7.47	7.35	7.27
ZAR/UGX	(12)	204.38	233.28	225.80	(17)	194.42	234.02	218.89
ZAR/MZN	(16)	3.51	4.16	3.92	(15)	3.38	3.99	3.76
ZAR/ZMW	(8)	1.05	1.14	1.04	(12)	0.93	1.06	1.06
ZAR/ZWL	>100	93.29	11.31	22.05	>100	304.32	22.28	40.32

OVERVIEW OF FINANCIAL RESULTS

Standard Bank Group's strong 1H23 performance can be attributed to our differentiated franchise and Africa-focused strategy. We have continued to support our clients and our teams have managed the business well through an uncertain geopolitical environment and volatile market conditions.

Group results

Standard Bank Group Limited's (SBG or group) prior year numbers have been restated following the introduction of IFRS 17 *Insurance Contracts* (IFRS 17). The new standard was effective from 1 January 2023 and applied retrospectively, from 1 January 2022. Details of the adjustments are included in the IFRS 17 Transition Report available on the Investor Relations website. All commentary that follows is relative to the restated numbers.

In the six months to 30 June 2023 (1H23), the group recorded headline earnings of R21.2 billion, up 35% relative to the six months to 30 June 2022 (1H22) and delivered a return on equity of 18.9% (1H22: 15.7%). This performance is underpinned by robust earnings growth across our three banking businesses and improved earnings and returns in our insurance and asset management businesses. Our Africa Regions franchise performed particularly well, contributing 44% to group headline earnings.

Net asset value grew by 10% and the group ended the current period with a common equity tier 1 ratio of 13.4% (31 December 2022: 13.4%). The SBG board approved an interim dividend of 690 cents per share which equates to an interim dividend payout ratio of 54%.

Our banking businesses benefitted from continued client franchise growth, larger balance sheets and increased transaction volumes, as well as certain market and interest rate tailwinds. Revenue growth was well ahead of cost growth which supported strong positive operating leverage and a decline in the cost-to-income ratio to 50.5%. Credit impairment charges increased across all portfolios, reflective of the difficult macroeconomic environment and the deteriorating outlook, as well as client-specific strain. The credit loss ratio increased to 97 basis points, at the upper end of the group's through-the-cycle range of 70 to 100 basis points. Banking operations recorded headline earnings growth of 42% to R18.7 billion and ROE improved to 19.0% (1H22: 15.3%).

Our insurance and asset management business unit (which now combines the businesses previously housed in Liberty Holdings with the other insurance and asset management businesses in the group) recorded improved operational performance and headline earnings of R1.4 billion (1H22: R1.1 billion). The life insurance operations recorded increases in indexed new premiums and the short-term insurance business recorded increased gross written premiums. Group assets under management increased by 6% to R1.4 trillion.

The South African banking franchise headline earnings grew by 17% to R8.4 billion and ROE improved to 15.2% (1H22: 13.7%). The Africa Regions franchise headline earnings grew by 65% and ROE improved to 28.4% (1H22: 20.4%). The top six contributors to Africa Regions headline earnings were Ghana, Kenya, Mozambique, Nigeria, Uganda and Zimbabwe.

During the period, the group proactively assisted over 20 000 South African clients through various client assistance initiatives. The group also continued to assist clients with their sustainability journeys and structured several innovative market firsts in the period. In 1H23, the group mobilised R28 billion in sustainable finance for clients, of which 40% was for clients in Africa Regions. The business is well on its way to delivering on the R50 billion sustainable finance commitment for FY23. We also raised R6.6 billion in green and sustainability-linked treasury finance to support the group's sustainable finance initiatives.

Operating environment

In the first six months of the year, inflation remained elevated, central bank policy rates continued to trend up and global growth slowed. Markets remained volatile. China's recovery has been slower than previously expected, and the financial sector experienced some turbulence.

In sub-Saharan Africa, higher interest payment obligations have placed pressure on sovereigns with high debt levels. Inflation rates remained at elevated levels. During 2023, we have welcomed positive actions in Ghana, Kenya, Nigeria and Zambia which have reduced sovereign credit risks in these markets. The most notable change was the liberalisation of the Naira which, although negative for inflation in Nigeria in the short term, is promising for growth and investment in the medium to long term. Sovereign credit risk remains high, however, in Malawi and has increased in Angola and Mozambique. In February 2023, South Africa and Nigeria were grey listed by the Financial Action Task Force.

South Africa experienced similar inflation and interest rate pressures, exacerbated by continued slow reforms, poor service delivery, and increased electricity and logistics disruptions. Inflation remained outside the South African Reserve Bank's (SARB) target range of 3% to 6% for most of the period, resulting in a further increase in the repo rate of 125 basis points to end the period at 8.25%. Interest rates have increased by 450 basis points since the start of 2022, placing considerable pressure on consumers and businesses. Consumer and business confidence remained low, and demand declined.

Overview of performance

The group's products and services are grouped into i) Banking and ii) Insurance and Asset Management.

HEADLINE EARNINGS BY BUSINESS

	CCY %	Change %	1H23 Rm	1H22 ¹ Rm	FY22 ¹ Rm
SBG Franchise	42	41	20 082	14 289	31 936
Banking	43	42	18 705	13 170	29 660
Insurance and Asset Management	23	23	1 377	1 119	2 276
ICBCS (40% stake)	(27)	(18)	1 149	1 402	1 917
Standard Bank Group	35	35	21 231	15 691	33 853

¹ Restated, refer to pages 115 – 118 for further detail.

Banking

Banking headline earnings reflected a strong performance, up 42% period on period.

Loans and advances

Gross loans and advances to customers grew by 9% to R1.4 trillion period on period, boosted by strong growth in the corporate and sovereign portfolio up 17% period on period. All other portfolios recorded muted growth as client demand declined, approvals declined due to client affordability constraints linked to higher interest rates, and disbursements slowed.

Higher interest rates drove instalments up and affordability down. This was particularly noticeable in the South African home loan portfolio, where instalments have increased significantly since 2021. We maintained focus on accelerating collections efforts and implementing relevant debt affordability solutions for clients. From 31 December 2022 to 30 June 2023, total coverage increased from 3.6% to 3.8%, driven by increases across all portfolios except the corporate and sovereign portfolio which remained flat at 1.8%. Stage 3 coverage decreased from 50% to 46%, due to a higher early stage 3 book which attracts a lower coverage. Total credit provisions increased by 15% to R61.5 billion as at 30 June 2023.

Deposits and funding

Deposits from customers increased by 8% period on period, driven by ongoing underlying client franchise growth. Retail-priced deposits grew by 6% and wholesale-priced deposits from customers grew by 9% reducing the need for deposits from banks and driving a 4% decline period on period. Term deposits grew by 15%, matching longer duration disbursements on the lending book.

Revenue

Revenue grew by 27%, driven by net interest income growth of 34% and non-interest revenue growth of 18%. Net interest income growth was driven by strong average balance sheet growth (average gross loans to customers grew by 13%) and wider margins linked to higher average interest rates across South Africa, Africa Regions and International. The negative impact of tighter asset pricing, due to increased competition in home loans, vehicle and asset finance, and corporate lending in South Africa, was more than offset by mix benefits, from stronger loan growth in Africa Regions, and endowment tailwinds. Net interest margin increased by 87 basis points to 477 basis points, of which 66 basis points related to positive endowment (equivalent to an R6.5 billion net interest income uplift in 1H23 compared to 1H22).

Net fee and commission revenue increased by 6% supported by a growing client base, higher client trade and transactional activity, and annual price increases. Fewer advisory deal opportunities in 1H23 resulted in a decline in knowledge-based fees period on period. Some deals were delayed and there is a strong deal pipeline for 2H23. This was largely offset by the increase in structuring fees from renewable energy deals in South Africa and higher trade-related activity. Ongoing investment in our digital capabilities drove higher adoption rates, growth in activity and in turn revenues from digital platforms. Card-based commissions revenue grew by 12%, linked to higher card turnover. Our South Africa rewards programme, Ucount, continues to deliver much needed value to clients and drive client behaviour and entrenchment, particularly in private banking. In the 10 years since its launch, the programme has returned over R7.0 billion of value to customers, and over R620 million in the last six months alone.

Trading revenue grew by 36% to R11.7 billion. Fixed income and currencies recorded an exceptional performance driven by increased and widespread foreign exchange related client activity and client-related flows. Growth in structured deals boosted equity trading revenues. Commodities was down period on period linked to the decline in commodity prices and related client activity.

Growth in other gains on financial instruments was driven by higher asset valuations and mark-to-market gains.

OVERVIEW OF FINANCIAL RESULTS

Credit impairment charges

Credit impairment charges increased by 42% to R8.4 billion. The increase in charges was driven by the combination of macroeconomic pressures, higher interest rates, and negative sovereign credit risk migration in certain African markets. In South Africa, credit impairment charges increased across all portfolios, exacerbated by the non-recurrence of credit recoveries on the payment holiday portfolio in 1H22 (R470 million). In Africa Regions, balance sheet growth, client specific provisions, and risk migrations led to higher credit charges. The credit loss ratio increased from 82 basis points in 1H22 to 97 basis points in 1H23, remaining inside the group's through-the-cycle credit loss ratio target range of 70 to 100 basis points.

Operating expenses

Cost growth was elevated on the back of ongoing inflationary pressures, particularly in Africa Regions, higher performance-related incentives, and continued investment in our franchise and client propositions to remain competitive. Operating expenses increased by 16%. Staff costs increased by 19% driven by a larger staff complement, annual increases, and higher incentives. We have purposefully invested in areas that are strategically important for the group's growth, for example, to drive scale in BCB Africa Regions, to bolster our Investment Banking capability, to reinforce risk and compliance, and to enhance our digital capabilities. Across several areas the specialised skills required are increasingly scarce and increasingly costly.

Software, cloud, and technology-related costs (formerly referred to as Information Technology costs) increased by 18% due to higher spend on cloud migration and software licences. Amortisation was flat and depreciation increased by 7%. The increase in premises costs was well contained at 10% as increased municipal charges and higher fuel costs linked to electricity disruptions in South Africa were offset by savings from continued infrastructure optimisation. Most notably, in South Africa the branch square meterage declined by a further 8% period on period and our ATM estate optimisation programme resulted in a 4% decline in machines period on period. Operational costs declined as high communication and marketing spend in the prior period normalised. Discretionary spend increased by 34% driven by a large increase in business activity related travel and entertainment. Operating expense growth was well below total income growth, which resulted in very strong positive jaws of 11.3% and a decline in the cost-to-income ratio to 50.5%.

Central and other

This segment includes costs associated with corporate functions and the group's treasury and capital requirements that have not been otherwise allocated to the business units. In 1H23, the central headline loss amounted to R1.2 billion (1H22: loss of R0.6 billion). The key drivers of the increase were higher withholding taxes on larger Africa Regions dividends received, foreign exchange losses on dividends between declaration and receipt, and the non-recurrence of the Covid-related central credit overlay release of R151 million in 1H22.

Insurance and asset management

Post the Liberty minority buyout in FY22, Liberty has been integrated into the group and is now included, with other related businesses, in the Insurance and Asset Management (IAM) business unit. Bringing all the insurance, investment, and asset management businesses together in one business unit allows for more efficient scaling of the businesses while also improving client value propositions and specialised risk management, all contributing to enhanced value for clients, advisers, and shareholders.

The Insurance business unit includes the group's short- and long-term insurance businesses as well as the insurance broker business. The South Africa Life, Savings, and Investments business (formerly the Liberty SA Retail and the associated life business written through Standard Bank Insurance Brokers) delivered headline earnings of R1.4 billion, which is up 11% on 1H22. This is off the back of continued increased sales volumes and risk experience normalising post the pandemic. The South Africa short-term insurance business recorded a 6% growth in gross written premium to R1.7 billion together with improved earnings compared to the prior period. The Africa Regions insurance operations continued to focus on scaling the businesses and recorded a small headline loss in the period. New business value equated to R1.4 billion, which is a significant increase on the prior period (1H22: R1.1 billion).

The Asset Management business unit's (including STANLIB, Melville Douglas, Stanbic IBTC Pension Fund Managers, and the group's other asset management and pension fund businesses) combined assets under management grew by 6% to R1.4 trillion. The decline in earnings in the South African businesses, on the back of negative customer cash flows from the muted economic environment, was more than offset by growth in the Africa Regions' businesses to deliver growth in headline earnings of 4% to R0.6 billion.

Overall, the group's insurance and asset management business unit grew headline earnings by 23% to R1.4 billion in 1H23 and delivered an ROE of 13.1%. The capital coverage of the key legal entities within IAM remain robust.

ICBC Standard Bank Plc

ICBC Standard Bank Plc (ICBCS) took advantage of client activity within the continued market volatility and recorded a strong operational performance. ICBCS (via the group's 40% stake) contributed R1.1 billion to group earnings (1H22: R1.4 billion, R1.2 billion thereof related to the insurance settlement and R0.2 billion thereof related to ICBCS' operational performance).

Capital and liquidity

The group's common equity tier 1 ratio (including unappropriated profits) was 13.4% as at 30 June 2023 (31 December 2022, 13.4%). The group's Basel III liquidity coverage ratio and net stable funding ratio both remained well above the 100% regulatory requirements.

Prospects

Downside risks to global growth remain. Inflation is still expected to decline but the rate thereof may slow into 2024. Interest rates are therefore expected to remain higher for longer. The International Monetary Fund (IMF) forecasts global real GDP growth of 3.0% for 2023 and 2024. The IMF expects sub-Saharan Africa to grow at 3.5% and 4.1% in 2023 and 2024 respectively. Significant currency devaluations, for example in Angola and Nigeria, are likely to drive elevated inflation in the short-term.

In South Africa, inflation has recently returned to within the SARB's target range and expectations are that it will move closer to the midpoint in the medium term. Accordingly, in July 2023, the SARB kept interest rates flat, which we believe to be the end of the tightening cycle. Standard Bank Research expects interest rates to remain flat at 8.25% for the rest of the year and real GDP growth to be 0.8% for 2023. Moderating inflation, interest rate cuts (expect cumulative cuts of 125 basis points in 2024) and increased electricity supply should drive an improvement in confidence, demand, and investment in 2024. Real GDP growth is expected to be 1.4% in 2024 and closer to 2.0% in the medium term.

Against this constrained background, for the six months to 31 December 2023 (2H23), we expect high interest rates to constrict demand and balance sheet growth. Interest rates are likely to have peaked and net interest margin tailwinds are expected to fade. Market volatility is unlikely to continue at levels seen in 2022 and 1H23, which will result in lower client trading activity. In 2H23 (versus 2H22), net interest income growth is expected to moderate to low teens, banking fees are expected to grow mid-single digits, while trading revenue is expected to decline by mid-teens if market volatility and increased client activity is not repeated. Cost growth is expected to moderate. In terms of credit impairment charges, while BCB's credit impairment charges are expected to remain elevated, PPB's charges are expected to decline as the book growth slows and specific de-risking initiatives gain traction. CIB's credit impairment charges could match the 1H23 charge given continued sovereign and corporate stress.

For the twelve months to 31 December 2023 (FY23), banking revenue growth is expected to be stronger than previously guided in March 2023 but moderate relative to the strong 1H23 on 1H22 performance. Despite continued management focus, banking cost growth is likely to remain elevated on the back of ongoing inflationary pressures, particularly in Africa Regions, higher

performance-related incentives, continued investment in our franchise and to ensure our client propositions remain competitive. Banking revenue growth is expected to remain ahead of cost growth resulting in positive jaws. The credit loss ratio is expected to remain in the upper half of the group's through-the-cycle target range of 70 to 100 basis points driven by year-on-year increases in credit impairment charges across all three banking business units. The group's FY23 ROE is expected to be inside the group's 2025 ROE target range of 17% to 20%.

As in previous cycles, we will continue to support our clients through these difficult times. We remain committed to our purpose of driving Africa's growth. This includes supporting Africa's just energy transition and, particularly, South Africa's renewable energy projects. In South Africa, we continue to work with the authorities to improve the legal and compliance environment in the context of the FATF grey listing recommendations and with the public and private sector to accelerate growth-enhancing initiatives.

In line with our 2025 commitments, we remain focused on delivering earnings growth, attractive returns and continued positive impact in the economies and societies in which we operate.

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

Sim Tshabalala

Group chief executive officer
17 August 2023

Nonkululeko Nyembezi

Chairman
17 August 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	Change %	1H23 Rm	1H22 ¹ Rm	FY22 ¹ Rm	1 January 2022 Rm
Assets					
Cash and balances with central banks	41	136 653	96 975	114 483	91 169
Derivative assets	12	92 911	82 808	74 410	63 688
Trading assets	15	324 074	282 813	314 918	285 020
Pledged assets	2	17 823	17 503	19 308	14 178
Disposal group assets held for sale	(70)	289	950	555	1 025
Financial investments	7	752 713	706 406	722 494	726 129
Current and deferred tax assets	16	9 931	8 560	9 585	7 616
Loans and advances	6	1 567 577	1 484 837	1 504 940	1 424 328
Insurance contract assets	5	1 448	1 381	1 830	1 264
Reinsurance contract assets	(4)	5 521	5 751	5 522	5 902
Other assets	(2)	44 436	45 216	39 647	29 215
Interest in associates and joint ventures	35	12 130	8 983	9 956	7 280
Investment property	(1)	29 292	29 464	29 289	29 985
Property, equipment and right of use assets	0	19 878	19 793	20 340	20 619
Goodwill and other intangible assets	(12)	14 003	15 927	15 120	16 909
Total assets	8	3 028 679	2 807 367	2 882 397	2 724 327
Equity and liabilities					
Equity					
Equity attributable to ordinary shareholders	11	272 150	245 534	258 866	242 891
Equity attributable to other equity holders ²	10	230 929	209 720	218 197	198 873
Equity attributable to non-controlling interests	40	22 169	15 867	19 667	16 052
	(4)	19 052	19 947	21 002	27 966
Liabilities					
Derivative liabilities	8	2 756 529	2 561 833	2 623 531	2 481 436
Trading liabilities	14	107 275	94 169	85 049	67 259
Current and deferred tax liabilities	14	105 317	92 426	109 928	81 484
Disposal group liabilities held for sale	23	10 224	8 315	9 666	9 915
Deposits and debt funding					96
Financial liabilities under investment contracts	7	1 975 828	1 842 386	1 889 099	1 776 615
Insurance contract liabilities	12	145 003	129 847	136 309	136 622
Subordinated debt	10	243 204	220 620	231 849	233 730
Provisions and other liabilities	5	30 626	29 049	31 744	30 430
	(4)	139 052	145 021	129 887	145 285
Total equity and liabilities	8	3 028 679	2 807 367	2 882 397	2 724 327

¹ Restated, refer to pages 115 – 118 for further detail.

² Includes other equity holders of preference share capital and additional tier 1 capital (AT1).

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2023

	CCY %	Change %	1H23 Rm	1H22 ¹ Rm	FY22 ¹ Rm
Net interest income	36	35	46 308	34 411	77 112
Non-interest revenue	19	18	31 709	26 980	54 965
Net income from insurance and asset management activities	45	45	9 143	6 323	14 761
Total income	30	29	87 160	67 714	146 838
Credit impairment charges	44	42	(8 442)	(5 928)	(12 064)
Net income before operating expenses	29	27	78 718	61 786	134 774
Operating expenses	19	17	(46 040)	(39 487)	(83 533)
Net income before non-trading and capital related items	45	47	32 678	22 299	51 241
Non-trading and capital related items	>100	46	805	551	328
Share of post-tax profit from associates and joint ventures	(11)	(11)	1 380	1 548	2 265
Profit before indirect taxation	46	43	34 863	24 398	53 834
Indirect taxation	12	11	(1 584)	(1 421)	(3 077)
Profit before direct taxation	45	45	33 279	22 977	50 757
Direct taxation	74	67	(8 188)	(4 907)	(11 717)
Profit for the period	41	39	25 091	18 070	39 040
Attributable to ordinary shareholders	39	36	21 924	16 102	34 243
Attributable to other equity instrument holders	75	75	(780)	(446)	(999)
Attributable to non-controlling interests	54	57	(2 387)	(1 522)	(3 798)
Earnings per share					
Basic earnings per ordinary share (cents)		35	1 322.4	980.6	2 074.1
Diluted earnings per ordinary share (cents)		34	1 308.4	975.3	2 059.0

¹ Restated, refer to pages 115 – 118 for further detail.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2023

	Change %	1H23		
		Ordinary shareholders' equity Rm	Non-controlling interests and other equity instruments Rm	Total equity Rm
Profit for the period – restated¹	39	21 924	3 167	25 091
Other comprehensive income/(loss) after tax for the period		835	(2 454)	(1 619)
Items that may be subsequently reclassified to profit/(loss)		727	(2 454)	(1 727)
Movements in the cash flow hedging reserve		(46)		(46)
Movement in debt instruments measured at fair value through other comprehensive income (OCI)		71	56	127
Exchange difference on translating foreign operations		741	(2 510)	(1 769)
Net change on hedges of net investments in foreign operations		(39)		(39)
Items that may not be subsequently reclassified to profit/(loss)		108		108
Total comprehensive income for the period – restated¹		22 759	713	23 472
Attributable to ordinary shareholders		22 759		22 759
Attributable to other equity holders			780	780
Attributable to non-controlling interests			(67)	(67)

¹ 1H22 and FY22 restated, refer to pages 115 – 118 for further detail.

1H22			FY22		
Ordinary shareholders' equity Rm	Non-controlling interests and other equity instruments Rm	Total equity Rm	Ordinary shareholders' equity Rm	Non-controlling interests and other equity instruments Rm	Total equity Rm
16 102	1 968	18 070	34 243	4 797	39 040
(2 506)	560	(1 946)	(3 426)	(190)	(3 616)
(2 336)	720	(1 616)	(3 037)	23	(3 014)
(201)	(61)	(262)	235		235
(55)	69	14	(107)	(13)	(120)
(2 080)	712	(1 368)	(3 197)	36	(3 161)
			32		32
(170)	(160)	(330)	(389)	(213)	(602)
13 596	2 528	16 124	30 817	4 607	35 424
13 596		13 596	30 817		30 817
	446	446		999	999
	2 082	2 082		3 608	3 608

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023

	Ordinary share capital and premium Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Retained earnings Rm	Other reserves Rm
1H23					
Balance at 1 January 2023 – restated	27 509	(3 461)	(4 716)	190 582	8 283
Net movement in issued equity	(398)				
Increase in statutory credit risk reserve				(436)	436
Transactions with non-controlling shareholders				12	
Equity movements relating to share-based payments				(784)	1 217
Hyperinflation adjustments				483	
Total comprehensive income for the period			741	22 006	12
Dividends paid				(11 598)	
Other equity movements		695		1 022	(676)
Balance at 30 June 2023	27 111	(2 766)	(3 975)	201 287	9 272
1H22					
Balance at 1 January 2022	18 021	(3 199)	(1 603)	178 771	6 842
Transition to IFRS 17 ¹		840		(799)	
Balance at 1 January 2022 – restated	18 021	(2 359)	(1 603)	177 972	6 842
Net movement in issued equity	9 476				
Increase in statutory credit risk reserve				(518)	518
Transactions with non-controlling shareholders ²			84	(4 573)	227
Equity movements relating to share-based payments				38	652
Hyperinflation adjustments				556	
Total comprehensive income for the period			(2 080)	16 107	(431)
Dividends paid				(8 510)	
Other equity movements		(809)		74	36
Balance at 30 June 2022 – restated	27 497	(3 168)	(3 599)	181 146	7 844
FY22					
Balance at 1 January 2022	18 021	(3 199)	(1 603)	178 771	6 842
Transition to IFRS 17 ¹		840		(799)	
Balance at 1 January 2022 – restated	18 021	(2 359)	(1 603)	177 972	6 842
Net movement in issued equity	9 488				
Increase in statutory credit risk reserve				(477)	477
Transactions with non-controlling shareholders ²			84	(4 836)	227
Equity movements relating to share-based payments				(331)	730
Hyperinflation adjustments				1 203	
Total comprehensive income for the period			(3 197)	34 043	(29)
Dividends paid				(17 112)	
Other equity movements		(1 102)		120	36
Balance at 31 December 2022 – restated	27 509	(3 461)	(4 716)	190 582	8 283

All balances are stated net of applicable tax.

¹ Refer to pages 115 – 118 for detail on the IFRS 17 transition impact.

² The transactions with non-controlling shareholders primarily consist of the completion of the group's acquisition of the remaining non-controlling ordinary shares in Liberty Holdings Limited.

During 1H23, the group assessed the presentation of the condensed consolidated statement of changes in equity within these results. It became evident that a more aggregated view of both the comparatives disclosed as well as movements and balances within these results, would provide more relevant and useful information which is more closely aligned to IAS 34 *Interim Financial Reporting* (IAS 34) disclosure requirements. As such the comparatives disclosed as well as movements and balances have been realigned to include the significant movements and balances for the first half of the prior financial year (1H22) and the full financial year preceding the current reporting period (FY22), instead of the full statement of changes in equity for 1H22 followed by the second half of the prior financial year (2H22). This change in presentation had no impact on the group's other primary statements or any ratios impacted by equity.

	Ordinary shareholders' equity Rm	Other equity instruments holders Rm	Non- controlling interest Rm	Total equity Rm
	218 197	19 667	21 002	258 866
	(398)	2 502		2 104
	12		(23)	(11)
	433		2	435
	483		(3)	480
	22 759	780	(67)	23 472
	(11 598)	(780)	(1 842)	(14 220)
	1 041		(17)	1 024
	230 929	22 169	19 052	272 150
	198 832	16 052	27 965	242 849
	41		1	42
	198 873	16 052	27 966	242 891
	9 476	(185)		9 291
	(4 262)		(6 881)	(11 143)
	690		(342)	348
	556			556
	13 596	446	2 082	16 124
	(8 510)	(446)	(2 780)	(11 736)
	(699)		(98)	(797)
	209 720	15 867	19 947	245 534
	198 832	16 052	27 965	242 849
	41		1	42
	198 873	16 052	27 966	242 891
	9 488	3 615		13 103
	(4 525)		(6 883)	(11 408)
	399		(277)	122
	1 203		(1)	1 202
	30 817	999	3 608	35 424
	(17 112)	(999)	(3 215)	(21 326)
	(946)		(196)	(1 142)
	218 197	19 667	21 002	258 866

BANKING INCOME STATEMENT

	CCY %	Change %	1H23 Rm	1H22 ¹ Rm	FY22 ¹ Rm
Net interest income	35	34	46 004	34 222	76 677
Non-interest revenue	20	18	29 307	24 901	50 638
Net fee and commission revenue	10	6	14 624	13 759	28 073
Trading revenue	31	36	11 669	8 549	17 046
Other revenue	>100	(12)	420	475	1 006
Other gains and losses on financial instruments	34	34	1 494	1 114	2 435
Inter-BU attribution	9	10	1 100	1 004	2 078
Total income	29	27	75 311	59 123	127 315
Credit impairment charges	44	42	(8 445)	(5 928)	(12 034)
Loans and advances	31	31	(7 861)	(5 987)	(11 310)
Financial investments	(>100)	(>100)	(535)	12	(792)
Letters of credit, guarantees and other	(>100)	(>100)	(49)	47	68
Net income before operating expenses	27	26	66 866	53 195	115 281
Operating expenses	18	16	(38 067)	(32 787)	(69 274)
Staff costs	19	19	(21 894)	(18 466)	(39 312)
Other operating expenses	16	13	(16 173)	(14 321)	(29 962)
Net income before capital items and equity accounted earnings	42	41	28 799	20 408	46 007
Non-trading and capital related items	>100	46	804	550	452
Net income before equity accounting earnings	45	41	29 603	20 958	46 459
Share of post-tax profits from associates and joint ventures	72	72	215	125	316
Profit before indirect taxation	45	41	29 818	21 083	46 775
Indirect taxation	15	15	(1 408)	(1 228)	(2 689)
Profit before direct taxation	43	43	28 410	19 855	44 086
Direct taxation	46	40	(6 313)	(4 522)	(9 926)
Profit for the period	47	44	22 097	15 333	34 160
Attributable to preference shareholders	34	34	(195)	(145)	(302)
Attributable to additional tier 1 capital noteholders	93	94	(584)	(301)	(695)
Attributable to non-controlling interests	44	47	(1 922)	(1 306)	(3 020)
Attributable to ordinary shareholders	47	43	19 396	13 581	30 143
Headline adjustable items	68	68	(691)	(411)	(483)
Banking headline earnings	43	42	18 705	13 170	29 660

¹ Restated, refer to pages 115 – 118 for further detail.

RECONCILIATION TO STANDARD BANK GROUP HEADLINE EARNINGS

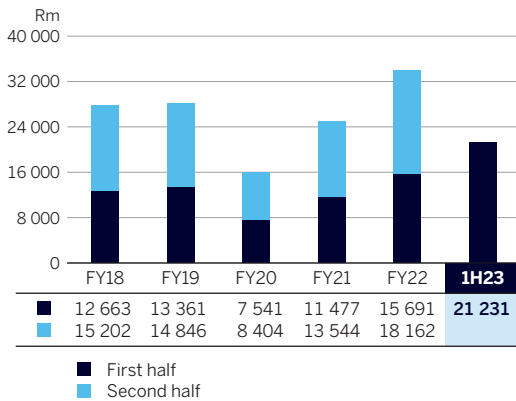
	CCY %	Change %	1H23 Rm	1H22 ¹ Rm	FY22 ¹ Rm
Standard Bank Group Franchise	42	41	20 082	14 289	31 936
Banking	43	42	18 705	13 170	29 660
Insurance & Asset Management	23	23	1 377	1 119	2 276
ICBCS	(27)	(18)	1 149	1 402	1 917
Standard Bank Group headline earnings	35	35	21 231	15 691	33 853

¹ Restated, refer to pages 115 – 118 for further detail.

HEADLINE EARNINGS

Headline earnings

CAGR (1H18 – 1H23): 11%



RECONCILIATION OF GROUP HEADLINE EARNINGS TO PROFIT FOR THE PERIOD¹

	1H23				1H22			FY22	
	Gross Rm	Tax ² Rm	NCI and other ³ Rm	Net Rm	Gross Rm	Tax ² Rm	NCI and other ³ Rm	Net Rm	Net ⁴ Rm
Standard Bank Group headline earnings^{5,6}	32 474	(8 082)	(3 161)	21 231	22 426	(4 767)	(1 968)	15 691	33 853
Headline adjustable items	805	(106)	(6)	693	551	(140)	-	411	390
IAS 16/IAS 38 – Gains/(losses) on sale of properties, equipment and intangible assets	38	(9)	(6)	23	36	(11)	-	25	25
IAS 16 – Compensation from third parties for ATMs that were impaired	-	-	-	-	79	(22)	-	57	57
IAS 27/IAS 28 – Gains/(losses) on disposal of businesses	-	-	-	-	-	-	-	-	(35)
IAS 28/IAS 36 – Impairment of associate	(25)	7	-	(18)	(20)	6	-	(14)	(53)
IAS 36 – Impairment of properties, equipment and intangible assets	-	-	-	-	(178)	49	-	(129)	(292)
IAS 40 – Fair value gains/(losses) on investment property	792	(104)	-	688	629	(160)	-	469	666
IFRS 5 – Remeasurement of disposal group assets held for sale	-	-	-	-	5	(2)	-	3	22
Profit for the period⁵	33 279	(8 188)	(3 167)	21 924	22 977	(4 907)	(1 968)	16 102	34 243

¹ During 1H23, the group assessed the presentation of the reconciliation of group headline earnings to profit for the period within these results. It became evident, given the new group structure, that a consolidated view would provide more relevant and useful information as this is more closely aligned to the IAS 34 disclosure requirements, allowing us to only disclose one reconciliation of this nature within these results. As such the comparatives disclosed have been realigned to present a consolidated group view. This change in presentation had no impact on any of the group's primary statements or any ratios impacted by headline earnings.

² Direct taxation.

³ Non-controlling interests (NCI) and other equity instrument holders.

⁴ For FY22 total headline adjustable items' tax amounted to R67 million and the total headline adjustable items attributable to NCI and other amounted to R5 million, for details around the profit attributable to NCI and other as well as total tax for the group, refer to the group's condensed consolidated income statement.

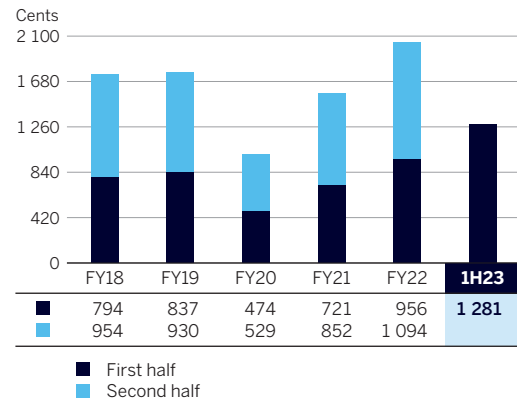
⁵ 1H22 and FY22 restated, refer to pages 115 – 118 for further detail.

⁶ Headline earnings is based on the requirements as set out in the circular titled Headline earnings, issued by the South African Institute of Chartered Accountants, as amended from time to time.

HEADLINE EARNINGS AND DIVIDEND PER SHARE

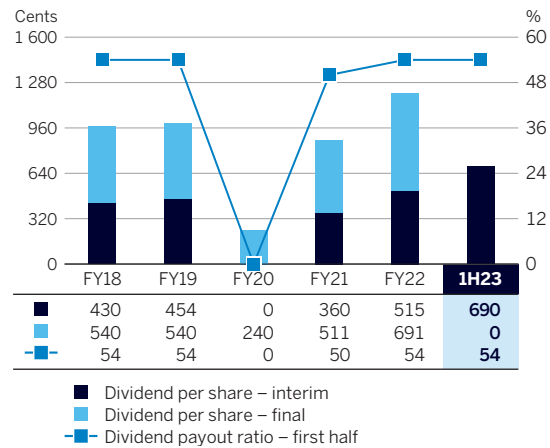
Headline earnings per share

CAGR (1H18 – 1H23): 10%



Dividend per share and payout ratio

CAGR (1H18 – 1H23): 10%



		Change %	1H23	1H22	FY22
Headline earnings	Rm	35	21 231	15 691	33 853
Headline EPS	cents	34	1 281	956	2 050
Basic EPS	cents	35	1 322	981	2 074
Total dividend per share	cents	34	690	515	1 206
Interim	cents	34	690	515	515
Final	cents				691
Dividend cover – based on headline EPS	times		1.9	1.9	1.7
Dividend payout ratio – based on headline EPS	%		54	54	59

MOVEMENT IN THE NUMBER OF ORDINARY AND WEIGHTED AVERAGE SHARES ISSUED

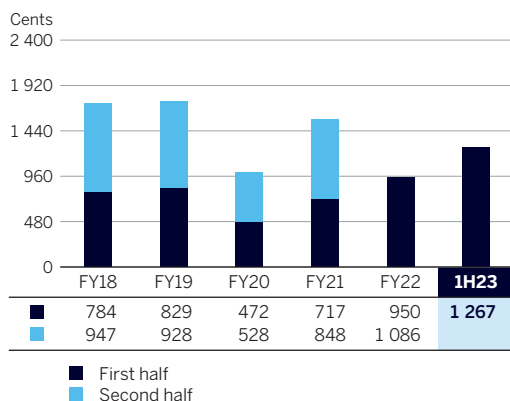
	1H23		1H22		FY22	
	Issued number of shares '000	Weighted number of shares '000	Issued number of shares '000	Weighted number of shares '000	Issued number of shares '000	Weighted number of shares '000
Beginning of the period – IFRS shares¹	1 656 553	1 656 553	1 591 572	1 591 572	1 591 572	1 591 572
Shares in issue	1 678 325	1 678 325	1 619 976	1 619 976	1 619 976	1 619 976
Deemed treasury shares	(21 772)	(21 772)	(15 097)	(15 097)	(15 097)	(15 097)
Shares issued for equity compensation plans	240	110	58 145	37 253	58 349	47 839
Shares bought back	(2 767)	(1 116)				
Movement in deemed treasury shares	4 036	2 294	(5 428)	5	(6 675)	(1 705)
Share exposures held to facilitate client trading activities	9 200	5 437	2 003	2 814	(2 333)	2 524
Share exposures held to hedge the group's equity compensation plans	(5 164)	(3 143)	(7 431)	(2 809)	(4 342)	(4 229)
End of the period – IFRS shares¹	1 658 062	1 657 841	1 657 596	1 642 137	1 656 553	1 651 013
Shares in issue	1 675 798	1 677 319	1 678 121	1 657 229	1 678 325	1 667 815
Deemed treasury shares	(17 736)	(19 478)	(20 525)	(15 092)	(21 772)	(16 802)

¹ 1H22 and FY22 restated, refer to pages 115 – 118 for further detail. All ratios dependent on the number of shares have also been restated accordingly.

DILUTED HEADLINE EARNINGS PER SHARE

Diluted headline earnings per share

CAGR (1H18 – 1H23): 10%



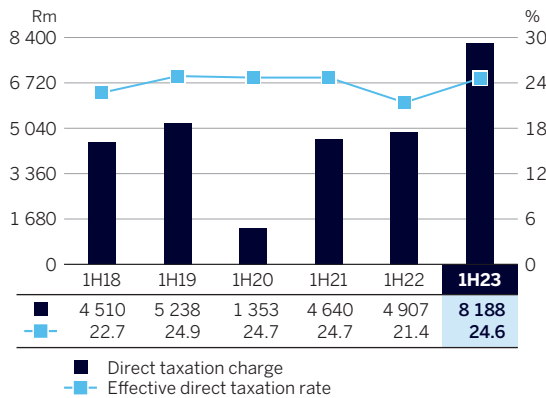
	Change %	1H23 cents	1H22 cents	FY22 cents
Diluted headline EPS	33	1 267	950	2 036
Diluted EPS	34	1 308	975	2 059

DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ISSUED

	1H23 '000	1H22 '000	FY22 '000
Weighted average shares	1 657 841	1 642 137	1 651 013
Dilution from equity compensation plans	17 827	8 907	12 070
Group share incentive scheme		69	36
Equity growth scheme	377	343	770
Deferred bonus scheme and long-term incentive plans	17 450	8 495	11 264
Diluted weighted average shares	1 675 668	1 651 044	1 663 083

TAXATION

Direct taxation charge and effective direct taxation rate



DIRECT TAXATION RATE RECONCILIATION

	1H23 %	1H22 ¹ %	FY22 ¹ %
Direct taxation – statutory rate	27.0	28.0	28.0
Prior period tax	(0.1)	(0.4)	(0.2)
Total direct taxation – current period	26.9	27.6	27.8
Capital gains tax	2.1	(2.9)	(0.2)
Foreign tax and withholdings tax	3.9	4.5	3.7
Change in tax rate	0.1	0.8	0.3
Normal direct taxation – current period	33.0	30.0	31.6
Permanent differences:	(8.4)	(8.6)	(8.5)
Non-taxable income – dividends	(3.4)	(3.7)	(3.3)
Non-taxable income – other ²	(4.8)	(6.2)	(5.7)
Other	(0.2)	1.3	0.5
Effective direct taxation rate	24.6	21.4	23.1

¹ During 1H23, the group assessed the presentation of the direct taxation rate reconciliation. It became evident, given the new group structure that a group direct taxation rate reconciliation view would provide more relevant and useful information as this is more closely aligned to the other primary statements. As such the comparatives have been restated not only for IFRS 17 but to realign the presentation to a group direct taxation rate reconciliation.

² Primarily comprises non-taxable interest income.

Direct taxation rate

The increase in the effective direct taxation rate (from 21.4% to 24.6%) is primarily driven by:

- Increase in capital gains tax (CGT) primarily attributable to Liberty's policyholder tax funds, as a result of increases in the fair value of certain equities and bonds subject to CGT.
- Lower exempt dividends earned in South Africa.
- Decrease in the impact of non-taxable interest income earned in Africa Regions.

Partially offset by:

- Decrease in the impact of foreign and withholding tax in Africa Regions.
- Decrease in the corporate income tax rate in South Africa partially offset by an increase in the corporate income tax rate in Malawi.
- The reduction in Other primarily due to the recognition of previously unrecognised deferred tax asset on tax losses within Nigeria.

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BUSINESS UNIT REPORTING

- 20** SBG structure of business units
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- 37** Business & Commercial Banking
- 42** Corporate & Investment Banking
- 47** Insurance & Asset Management

SBG structure of business units

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

Standard Bank Group

BUSINESS UNITS

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

PERSONAL & PRIVATE BANKING

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

BUSINESS & COMMERCIAL BANKING

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

CORPORATE & INVESTMENT BANKING

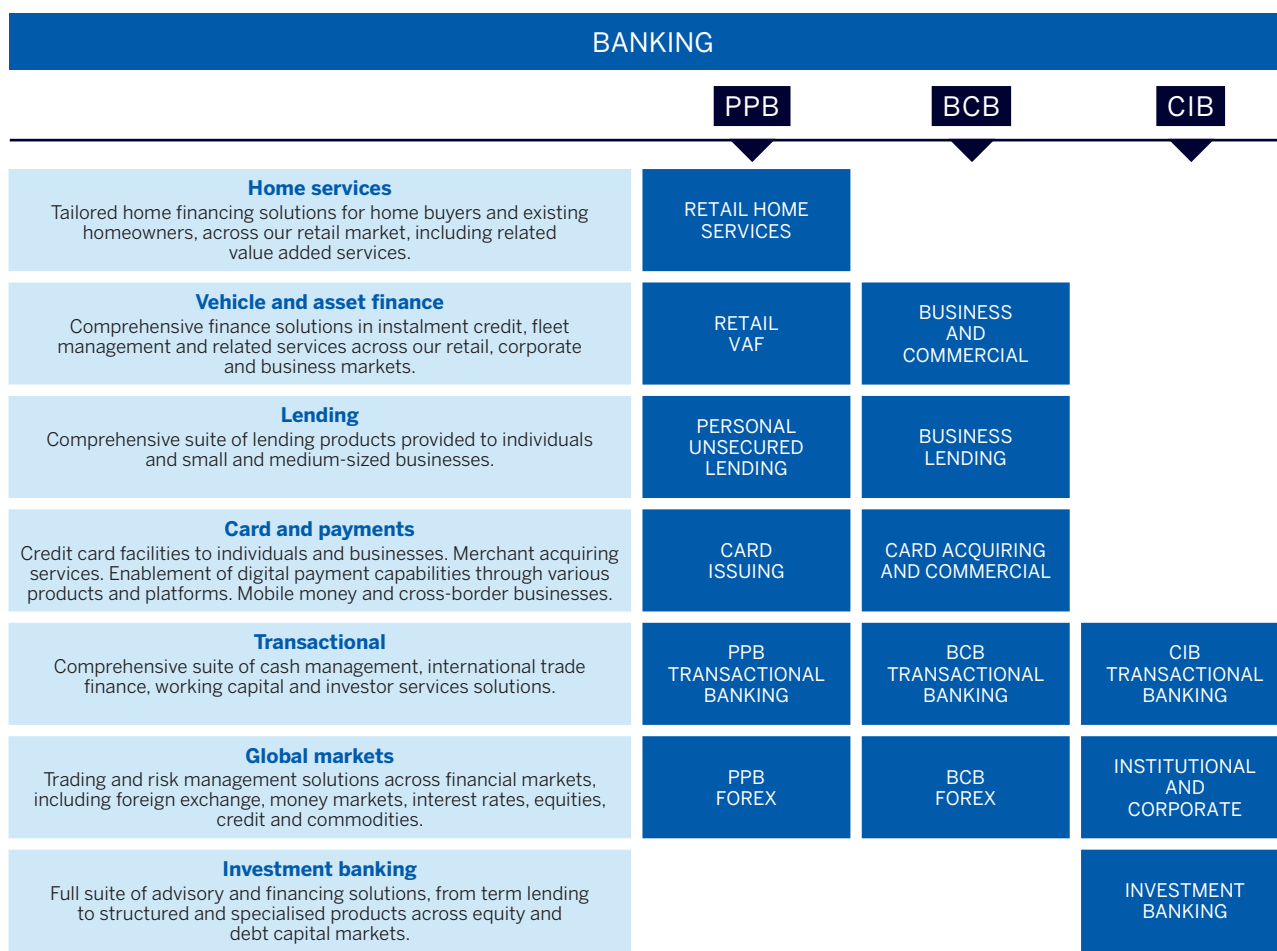
The Corporate & Investment Banking (CIB) business unit serves large companies (multinational, regional and domestic), governments, parastatals and institutional clients across Africa and internationally. Our clients leverage our in-depth sector and regional expertise, our specialist capabilities and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

INSURANCE & ASSET MANAGEMENT*

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

Banking

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



CENTRAL AND OTHER

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

INSURANCE & ASSET MANAGEMENT*

INSURANCE

Life and health insurance
Development, sourcing and management of life and health (in Africa Regions only) insurance and contractual savings propositions distributed via advice-led, third party and banking distribution channels. Propositions include health insurance, long term insurance products such as life, critical illness, disability, funeral cover, and various insurance plans sold in conjunction with related banking products.

Corporate benefits
Intermediated corporate benefits advice on competitive employee benefits solutions through our advice-led and third party distribution channels. The proposition consists of investment and risk solutions mainly through our umbrella offering as well as consulting services.

Short-term insurance
Development and management of short-term insurance solutions to protect against loss or damage of assets. Propositions are distributed by banking and brokerage channels and include homeowners' insurance, household contents, vehicle insurance and commercial all risk insurance.

ASSET MANAGEMENT

Wealth management
Development and maintenance of local and offshore investment propositions, primarily for high net worth and affluent clients, accessed via tied adviser and third party distribution channels. Propositions include discretionary asset management, stockbroking, investment platform and discretionary fund management services, and traditional life company products.

Asset management
Development and maintenance of asset management propositions for institutional and wholesale clients. Propositions include active, passive, and private markets investment strategies via segregated mandate, collective investment schemes, and pension fund administration.

IAM

ICBC STANDARD BANK PLC

Equity investment held in terms of strategic partnership agreements with ICBC

- ICBC Standard Bank Plc (40% associate).

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

CONDENSED CONSOLIDATED BUSINESS UNIT RESULTS

	Personal & Private Banking			Business & Commercial Banking				
	Change %	1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Statement of financial position								
Assets								
Net loans and advances	3	657 645	637 530	651 027	3	210 820	204 614	209 691
Net loans and advances to banks	(13)	22 110	25 431	22 210	(6)	16 012	17 073	17 001
Net loans and advances to customers	4	635 535	612 099	628 817	4	194 808	187 541	192 690
Gross loans and advances to customers	4	675 251	646 387	664 371	4	206 511	197 981	203 490
Home services	5	465 658	445 574	459 647				
Vehicle and asset finance	5	67 910	64 803	67 003	7	54 867	51 380	52 856
Card and payments	3	35 513	34 623	35 142	7	3 305	3 078	2 921
Personal unsecured lending	5	106 170	101 387	102 579				
Business lending					3	148 339	143 523	147 713
Corporate and sovereign lending								
Centre and other								
Credit impairments	16	(39 716)	(34 288)	(35 554)	12	(11 703)	(10 440)	(10 800)
Other assets	(2)	78 626	79 928	75 351	10	44 726	40 799	45 348
Total assets	3	736 271	717 458	726 378	4	255 546	245 413	255 039
Equity	2	53 605	52 704	51 590	4	28 032	27 071	27 649
Liabilities	3	682 666	664 754	674 788	4	227 514	218 342	227 390
Deposits and debt funding	11	414 026	374 223	398 003	6	456 464	429 179	453 662
Deposits from banks	93	9 267	4 798	8 123	(38)	5 722	9 288	7 159
Deposits and current accounts from customers	10	404 759	369 425	389 880	7	450 742	419 891	446 503
Current accounts	2	81 808	80 201	79 343	9	139 487	127 542	135 388
Cash management deposits	>100	48	8	23	3	58 915	57 175	54 807
Call deposits	7	190 119	177 813	186 789	2	182 550	179 069	184 935
Savings accounts	10	40 890	37 153	39 246	5	5 901	5 607	6 073
Term deposits	25	88 299	70 888	80 828	30	57 472	44 291	59 100
Negotiable certificates of deposit	(71)	143	486	194	(75)	13	51	19
Other deposits	20	3 452	2 876	3 457	4	6 404	6 156	6 181
Other liabilities ¹	(8)	268 640	290 531	276 785	9	(228 950)	(210 837)	(226 272)
Total equity and liabilities	3	736 271	717 458	726 378	4	255 546	245 413	255 039
Average ordinary shareholders' equity	0	47 673	47 508	47 918	5	25 032	23 930	24 180

¹ Other liabilities include inter-divisional funding which fluctuates in line with asset growth.

Corporate & Investment Banking					Central and other				Banking		
Change %	1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm
6	729 256	690 291	675 164	(35)	(32 880)	(50 485)	(33 304)	6	1 564 841	1 481 950	1 502 578
(17)	185 392	224 625	168 276	(36)	(31 810)	(49 940)	(32 279)	(12)	191 704	217 189	175 208
17	543 864	465 666	506 888	96	(1 070)	(545)	(1 025)	9	1 373 137	1 264 761	1 327 370
17	553 933	474 202	516 211	>100	(1 073)	(207)	(1 021)	9	1 434 622	1 318 363	1 383 051
								5	465 658	445 574	459 647
								6	122 777	116 183	119 859
								3	38 818	37 701	38 063
								5	106 170	101 387	102 579
								3	148 339	143 523	147 713
17	553 933	474 202	516 211	>100	(1 073)	(207)	(1 021)	17	553 933	474 202	516 211
18	(10 069)	(8 536)	(9 323)	(>100)	3	(338)	(4)	15	(61 485)	(53 602)	(55 681)
16	791 371	684 814	728 002	8	43 762	40 572	43 917	13	958 485	846 113	892 618
11	1 520 627	1 375 105	1 403 166	(>100)	10 882	(9 913)	10 613	8	2 523 326	2 328 063	2 395 196
17	101 937	87 495	94 429	18	51 571	43 615	48 545	12	235 145	210 885	222 213
10	1 418 690	1 287 610	1 308 737	(24)	(40 689)	(53 528)	(37 932)	8	2 288 181	2 117 178	2 172 983
4	1 167 203	1 120 832	1 102 424	(35)	(41 991)	(65 021)	(43 013)	7	1 995 702	1 859 213	1 911 076
(9)	154 463	170 556	152 727	(23)	(32 505)	(42 455)	(34 392)	(4)	136 947	142 187	133 617
7	1 012 740	950 276	949 697	(58)	(9 486)	(22 566)	(8 621)	8	1 858 755	1 717 026	1 777 459
6	145 452	137 596	145 288	(45)	(3 115)	(5 627)	(2 833)	7	363 632	339 712	357 186
(8)	201 778	219 281	181 711	(80)	22	110	30	(6)	260 763	276 574	236 571
13	137 625	121 419	126 800	(98)	(42)	(2 068)	(2 110)	7	510 252	476 233	496 414
(59)	51	123	100	(>100)	16	(82)	13	9	46 858	42 801	45 432
9	249 589	229 246	240 715	>100	1 060	449	735	15	396 420	344 874	381 378
37	190 375	139 318	179 217	(100)	(170)			36	190 361	139 855	179 430
(15)	87 870	103 293	75 866	(53)	(7 257)	(15 348)	(4 456)	(7)	90 469	96 977	81 048
51	251 487	166 778	206 313	(89)	1 302	11 493	5 081	13	292 479	257 965	261 907
11	1 520 627	1 375 105	1 403 166	(>100)	10 882	(9 913)	10 613	8	2 523 326	2 328 063	2 395 196
20	88 012	73 581	77 300	28	37 360	29 133	30 856	14	198 077	174 152	180 254

CONDENSED CONSOLIDATED BUSINESS UNIT RESULTS

	Change %	Banking			Insurance & Asset Management			
		1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Statement of financial position								
Assets								
Net loans and advances	6	1 564 841	1 481 950	1 502 578	(5)	2 736	2 887	2 362
Net loans and advances to banks	(12)	191 704	217 189	175 208	(5)	2 725	2 877	2 353
Net loans and advances to customers	9	1 373 137	1 264 761	1 327 370	10	11	10	9
Gross loans and advances to customers	9	1 434 622	1 318 363	1 383 051	10	11	10	9
Home services	5	465 658	445 574	459 647				
Vehicle and asset finance	6	122 777	116 183	119 859				
Card and payments	3	38 818	37 701	38 063				
Personal unsecured lending	5	106 170	101 387	102 579				
Business lending	3	148 339	143 523	147 713				
Corporate and sovereign lending	17	553 933	474 202	516 211				
Centre and other	>100	(1 073)	(207)	(1 021)	10	11	10	9
Credit impairments	15	(61 485)	(53 602)	(55 681)				
Insurance contract assets					5	1 448	1 381	1 830
Reinsurance contract assets					(4)	5 521	5 751	5 522
Other assets	13	958 485	846 113	892 618	5	486 942	463 249	470 830
Total assets	8	2 523 326	2 328 063	2 395 196	5	496 647	473 268	480 544
Equity	12	235 145	210 885	222 213	(1)	28 299	28 613	29 996
Liabilities	8	2 288 181	2 117 178	2 172 983	5	468 348	444 655	450 547
Deposits and debt funding	7	1 995 702	1 859 213	1 911 076	18	(19 874)	(16 827)	(21 977)
Deposits from banks	(4)	136 947	142 187	133 617	9	488	449	509
Deposits and current accounts from customers	8	1 858 755	1 717 026	1 777 459	18	(20 362)	(17 276)	(22 486)
Current accounts	7	363 632	339 712	357 186				
Cash management deposits	(6)	260 763	276 574	236 571				
Call deposits	7	510 252	476 233	496 414				
Savings accounts	9	46 858	42 801	45 432				
Term deposits	15	396 420	344 874	381 378				
Negotiable certificates of deposit	36	190 361	139 855	179 430				
Other deposits	(7)	90 469	96 977	81 048	18	(20 362)	(17 276)	(22 486)
Financial liabilities under investment contracts					12	145 003	129 847	136 309
Insurance contract liabilities					10	243 204	220 620	231 849
Other liabilities	13	292 479	257 965	261 907	(10)	100 015	111 015	104 367
Total equity and liabilities	8	2 523 326	2 328 063	2 395 196	5	496 647	473 268	480 544
Average ordinary shareholders' equity	14	198 077	174 152	180 254	(4)	21 257	22 113	22 026

Change %	SBG Franchise				ICBCS				Standard Bank Group			
	1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm	
6	1 567 577	1 484 837	1 504 940						6	1 567 577	1 484 837	1 504 940
(12)	194 429	220 066	177 561						(12)	194 429	220 066	177 561
9	1 373 148	1 264 771	1 327 380						9	1 373 148	1 264 771	1 327 380
9	1 434 633	1 318 373	1 383 060						9	1 434 633	1 318 373	1 383 060
5	465 658	445 574	459 647						5	465 658	445 574	459 647
6	122 777	116 183	119 859						6	122 777	116 183	119 859
3	38 818	37 701	38 063						3	38 818	37 701	38 063
5	106 170	101 387	102 579						5	106 170	101 387	102 579
3	148 339	143 523	147 713						3	148 339	143 523	147 713
17	553 933	474 202	516 211						17	553 933	474 202	516 211
>100	(1 062)	(197)	(1 012)						>100	(1 062)	(197)	(1 012)
15	(61 485)	(53 602)	(55 681)						15	(61 485)	(53 602)	(55 681)
5	1 448	1 381	1 830						5	1 448	1 381	1 830
(4)	5 521	5 751	5 522						(4)	5 521	5 751	5 522
10	1 445 427	1 309 362	1 363 448	44	8 706	6 036	6 657		11	1 454 133	1 315 398	1 370 105
8	3 019 973	2 801 331	2 875 740	44	8 706	6 036	6 657		8	3 028 679	2 807 367	2 882 397
10	263 444	239 498	252 209	44	8 706	6 036	6 657		11	272 150	245 534	258 866
8	2 756 529	2 561 833	2 623 531						8	2 756 529	2 561 833	2 623 531
7	1 975 828	1 842 386	1 889 099						7	1 975 828	1 842 386	1 889 099
(4)	137 435	142 636	134 126						(4)	137 435	142 636	134 126
8	1 838 393	1 699 750	1 754 973						8	1 838 393	1 699 750	1 754 973
7	363 632	339 712	357 186						7	363 632	339 712	357 186
(6)	260 763	276 574	236 571						(6)	260 763	276 574	236 571
7	510 252	476 233	496 414						7	510 252	476 233	496 414
9	46 858	42 801	45 432						9	46 858	42 801	45 432
15	396 420	344 874	381 378						15	396 420	344 874	381 378
36	190 361	139 855	179 430						36	190 361	139 855	179 430
(12)	70 107	79 701	58 562						(12)	70 107	79 701	58 562
12	145 003	129 847	136 309						12	145 003	129 847	136 309
10	243 204	220 620	231 849						10	243 204	220 620	231 849
6	392 494	368 980	366 274						6	392 494	368 980	366 274
8	3 019 973	2 801 331	2 875 740	44	8 706	6 036	6 657		8	3 028 679	2 807 367	2 882 397
12	219 334	196 265	202 280	47	7 748	5 286	5 901		13	227 082	201 551	208 181

CONDENSED CONSOLIDATED BUSINESS UNIT RESULTS

	Personal & Private Banking			Business & Commercial Banking				
	Change %	1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Income statement								
Net interest income	21	18 104	14 923	32 116	38	12 385	8 972	19 959
Non-interest revenue	14	8 529	7 474	15 512	10	6 146	5 593	11 883
Net fee and commission revenue	11	6 298	5 664	11 987	3	4 406	4 283	8 822
Trading revenue	(>100)	316	(6)	(228)	(>100)	95	(32)	62
Other revenue	7	269	251	556	53	298	195	595
Other gains and losses on financial instruments					(14)	102	119	250
Inter-BU attribution	5	1 646	1 565	3 197	21	1 245	1 028	2 154
Foreign exchange attribution	(4)	559	581	1 154	22	1 232	1 008	2 119
Insurance attribution	10	1 087	984	2 043	(35)	13	20	35
Total income	19	26 633	22 397	47 628	27	18 531	14 565	31 842
Credit impairment charges	26	(5 360)	(4 265)	(7 780)	42	(1 552)	(1 093)	(2 224)
Net income before operating expenses	17	21 273	18 132	39 848	26	16 979	13 472	29 618
Operating expenses	13	(14 892)	(13 155)	(27 685)	14	(10 332)	(9 091)	(18 758)
Inter-BU attribution expense								
Net income before non-trading and capital related items	28	6 381	4 977	12 163	52	6 647	4 381	10 860
Non-trading and capital related items	>100	246	75	131	(11)	278	312	165
Share of post-tax profit from associates and joint ventures	41	173	123	328	(36)	(9)	(14)	(31)
Profit before indirect taxation	31	6 800	5 175	12 622	48	6 916	4 679	10 994
Indirect taxation	12	(517)	(463)	(965)	33	(142)	(107)	(231)
Profit before direct taxation	33	6 283	4 712	11 657	48	6 774	4 572	10 763
Direct taxation	(0)	(1 207)	(1 211)	(2 782)	28	(1 592)	(1 245)	(2 840)
Profit for the period	45	5 076	3 501	8 875	56	5 182	3 327	7 923
Attributable to preference shareholders								
Attributable to additional tier 1 capital noteholders	40	(141)	(101)	(223)	64	(64)	(39)	(88)
Attributable to non-controlling interests	>100	(142)	(46)	(110)	23	(213)	(173)	(381)
Attributable to ordinary shareholders	43	4 793	3 354	8 542	57	4 905	3 115	7 454
Headline adjustable items	>100	(212)	(74)	(153)	12	(239)	(213)	(151)
Headline earnings	40	4 581	3 280	8 389	61	4 666	2 902	7 303
Key ratios								
CLR (bps)		162	139	120		138	106	106
Cost-to-income ratio (%)		55.9	58.7	58.1		55.8	62.4	58.9
ROE (%)		19.4	13.9	17.5		37.6	24.5	30.2

Corporate & Investment Banking					Central and other				Banking		
Change %	1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm
43	14 838	10 392	24 449	(>100)	677	(65)	153	34	46 004	34 222	76 677
25	17 994	14 389	28 775	32	(3 362)	(2 555)	(5 532)	18	29 307	24 901	50 638
3	4 101	3 995	7 584	(1)	(181)	(183)	(320)	6	14 624	13 759	28 073
35	12 017	8 922	17 957	>100	(759)	(335)	(745)	36	11 669	8 549	17 046
1	484	480	1 052	40	(631)	(451)	(1 197)	(12)	420	475	1 006
40	1 392	992	2 182	(100)		3	3	34	1 494	1 114	2 435
				13	(1 791)	(1 589)	(3 273)	10	1 100	1 004	2 078
				13	(1 791)	(1 589)	(3 273)				
								10	1 100	1 004	2 078
32	32 832	24 781	53 224	2	(2 685)	(2 620)	(5 379)	27	75 311	59 123	127 315
>100	(1 522)	(721)	(2 530)	(>100)	(11)	151	500	42	(8 445)	(5 928)	(12 034)
30	31 310	24 060	50 694	9	(2 696)	(2 469)	(4 879)	26	66 866	53 195	115 281
17	(13 715)	(11 694)	(24 822)	(24)	872	1 151	1 991	16	(38 067)	(32 789)	(69 274)
13	(1 791)	(1 589)	(3 273)	13	1 791	1 589	3 273				
47	15 804	10 777	22 599	(>100)	(33)	271	385	41	28 799	20 406	46 007
70	269	158	144	57	11	7	12	46	804	552	452
>100	36	4	(14)	25	15	12	33	72	215	125	316
47	16 109	10 939	22 729	(>100)	(7)	290	430	41	29 818	21 083	46 775
(3)	(271)	(280)	(687)	26	(478)	(378)	(806)	15	(1 408)	(1 228)	(2 689)
49	15 838	10 659	22 042	>100	(485)	(88)	(376)	43	28 410	19 855	44 086
80	(3 110)	(1 727)	(3 806)	19	(404)	(339)	(498)	40	(6 313)	(4 522)	(9 926)
42	12 728	8 932	18 236	>100	(889)	(427)	(874)	44	22 097	15 333	34 160
				34	(195)	(145)	(302)	34	(195)	(145)	(302)
66	(249)	(150)	(344)	>100	(130)	(11)	(40)	94	(584)	(301)	(695)
45	(1 551)	(1 067)	(2 474)	(20)	(16)	(20)	(55)	47	(1 922)	(1 306)	(3 020)
42	10 928	7 715	15 418	>100	(1 230)	(603)	(1 271)	43	19 396	13 581	30 143
>100	(232)	(110)	(152)	(43)	(8)	(14)	(27)	68	(691)	(411)	(483)
41	10 696	7 605	15 266	>100	(1 238)	(617)	(1 298)	42	18 705	13 170	29 660
	26	24	27						97	82	75
	41.8	47.2	46.6						50.5	55.5	54.4
	24.5	20.8	19.7						19.0	15.3	16.5

CONDENSED CONSOLIDATED BUSINESS UNIT RESULTS

	Change %	Banking			Insurance & Asset Management			
		1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Income statement								
Net interest income	34	46 004	34 222	76 677	61	304	189	435
Non-interest revenue	18	29 307	24 901	50 638	16	2 402	2 079	4 327
Net fee and commission revenue	6	14 624	13 759	28 073	3	2 328	2 258	4 548
Trading revenue	36	11 669	8 549	17 046	(50)	(1)	(2)	
Other revenue	(12)	420	475	1 006	42	1 170	824	1 855
Other gains and losses on financial instruments	34	1 494	1 114	2 435	67	5	3	2
Inter-BU attribution	10	1 100	1 004	2 078	10	(1 100)	(1 004)	(2 078)
Foreign exchange attribution								
Insurance attribution	10	1 100	1 004	2 078	10	(1 100)	(1 004)	(2 078)
Net income from insurance and asset management activities					45	9 143	6 323	14 761
Total income	27	75 311	59 123	127 315	38	11 849	8 591	19 523
Credit impairment charges	42	(8 445)	(5 928)	(12 034)	100	3		(30)
Net income before operating expenses	26	66 866	53 195	115 281	38	11 852	8 591	19 493
Operating expenses	16	(38 067)	(32 789)	(69 274)	19	(7 973)	(6 698)	(14 259)
Net income before non-trading and capital related items	41	28 799	20 406	46 007	>100	3 879	1 893	5 234
Non-trading and capital related items	46	804	552	452	(>100)	1	(1)	(124)
Share of post-tax profit from associates and joint ventures	72	215	125	316	(24)	16	21	32
Profit before indirect taxation	41	29 818	21 083	46 775	>100	3 896	1 913	5 142
Indirect taxation	15	(1 408)	(1 228)	(2 689)	(9)	(176)	(193)	(388)
Profit before direct taxation	43	28 410	19 855	44 086	>100	3 720	1 720	4 754
Direct taxation	40	(6 313)	(4 522)	(9 926)	>100	(1 875)	(385)	(1 791)
Profit for the period	44	22 097	15 333	34 160	38	1 845	1 335	2 963
Attributable to preference shareholders	34	(195)	(145)	(302)				
Attributable to additional tier 1 capital noteholders	94	(584)	(301)	(695)	(100)	(1)		(2)
Attributable to non-controlling interests	47	(1 922)	(1 306)	(3 020)	>100	(465)	(216)	(778)
Attributable to ordinary shareholders	43	19 396	13 581	30 143	23	1 379	1 119	2 183
Headline adjustable items	68	(691)	(411)	(483)	(100)	(2)		93
Headline earnings	42	18 705	13 170	29 660	23	1 377	1 119	2 276
CLR (bps)		97	82	75				
Cost-to-income ratio (%)		50.5	55.5	54.4				
ROE (%)		19.0	15.3	16.5		13.1	10.2	10.3

¹ Restated. Please see pages 115 – 118 for more information.

SBG Franchise				ICBCS				Standard Bank Group ¹			
Change %	1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm
35	46 308	34 411	77 112					35	46 308	34 411	77 112
18	31 709	26 980	54 965					18	31 709	26 980	54 965
6	16 952	16 017	32 621					6	16 952	16 017	32 621
37	11 668	8 547	17 046					37	11 668	8 547	17 046
22	1 590	1 299	2 861					22	1 590	1 299	2 861
34	1 499	1 117	2 437					34	1 499	1 117	2 437
45	9 143	6 323	14 761					45	9 143	6 323	14 761
29	87 160	67 714	146 838					29	87 160	67 714	146 838
42	(8 442)	(5 928)	(12 064)					42	(8 442)	(5 928)	(12 064)
27	78 718	61 786	134 774					27	78 718	61 786	134 774
17	(46 040)	(39 487)	(83 533)					17	(46 040)	(39 487)	(83 533)
47	32 678	22 299	51 241					47	32 678	22 299	51 241
46	805	551	328					46	805	551	328
58	231	146	348	(18)	1 149	1 402	1 917	(11)	1 380	1 548	2 265
47	33 714	22 996	51 917	(18)	1 149	1 402	1 917	43	34 863	24 398	53 834
11	(1 584)	(1 421)	(3 077)					11	(1 584)	(1 421)	(3 077)
49	32 130	21 575	48 840	(18)	1 149	1 402	1 917	45	33 279	22 977	50 757
67	(8 188)	(4 907)	(11 717)					67	(8 188)	(4 907)	(11 717)
44	23 942	16 668	37 123	(18)	1 149	1 402	1 917	39	25 091	18 070	39 040
34	(195)	(145)	(302)					34	(195)	(145)	(302)
94	(585)	(301)	(697)					94	(585)	(301)	(697)
57	(2 387)	(1 522)	(3 798)					57	(2 387)	(1 522)	(3 798)
41	20 775	14 700	32 326	(18)	1 149	1 402	1 917	36	21 924	16 102	34 243
69	(693)	(411)	(390)					69	(693)	(411)	(390)
41	20 082	14 289	31 936	(18)	1 149	1 402	1 917	35	21 231	15 691	33 853
	18.5	14.7	17.7		29.9	53.5	32.5		18.9	15.7	16.3

PERSONAL & PRIVATE BANKING

Personal & Private Banking (PPB)

PPB delivered headline earnings of R4 581 million, up by 40%, with an ROE of 19.4% (1H22: 13.9%). The operating environment remained challenging as clients continued to remain under pressure due to elevated inflation and interest rates. In South Africa, continued electricity outages further impacted client activity. Against this backdrop, PPB remained focused on protecting clients and their assets through heightened client engagement and proactive customer assistance initiatives.

The main driver of the strong performance was core franchise growth, as evidenced through client acquisition and focused client cross sell. The active client base grew by 9% to 15.4 million. Digital transactional volumes increased by 15% as the business focused on driving digital adoption across the portfolio. It was particularly pleasing to note that our South African franchise recorded 100 million Mobile App logins on average per month, in 2023, as our clients continued to prefer the Mobile App to Internet and USSD banking. This milestone resulted in our total digital transaction volumes, including non-fee generating transactions, increasing by 23% against 1H22.

Consumers were under pressure in the secured lending portfolio, in particular, in the home services portfolio, with instalments increasing by approximately 40% since 2021 due to interest rate hikes in South Africa. An increasing number of customers have been unable to afford the full instalment as disposable income came under pressure. The cohort of record level of disbursements which were booked in 2020 and 2021, has performed well, as this mainly comprises of low to medium risk clients who continue to perform within risk appetite expectations. System stability remained a top priority, with focus on improving platform resilience and monitoring capabilities which led to increased system availability and an improved internal Net Promoter Score. The business is encouraged by the reduction in the number of formal ombudsman complaints. PPB will continue to accelerate its efforts to ensure we achieve exceptional client experience across all channels.

Loans to customers and deposits from customers grew by 4% and 10% respectively. Disbursements were muted across products as overall market slowed due to lower client demand and affordability as a result of the higher interest rate environment. This, together with positive endowment from higher average interest rates, lifted net interest income by 21% to R18 104 million. Non-interest revenue grew by 14% to R8 529 million, mainly due to strong transactional activity and the increased active client base.

Credit impairment charges increased by 26% to R5 360 million on the back of rapid interest rate hikes and a deteriorating macroeconomic environment. The credit loss ratio (CLR) of 162 bps was above the through-the-cycle range of 100 – 150 bps, mainly driven by the South African franchise. Total coverage increased to 5.9% (1H22: 5.3%), and remains above pre-pandemic levels.

Operating expenses increased by 13% to R14 892 million, due to a higher inflationary environment, continued investment in digital capabilities and increased business activity across the portfolio.

PPB's income growth of 19% exceeded cost growth of 13% which resulted in positive jaws of 5.7% and an improved cost-to-income ratio of 55.9% (1H22: 58.7%).

South Africa (SA)

The South African franchise reported headline earnings growth of 1% to R2 927 million, with an improved ROE of 15.9% (1H22: 15.6%). Growth was dampened as client affordability reduced on the back of a deteriorating macroeconomic environment, and higher average interest rates.

Net interest income grew by 8% to R12 462 million, supported by balance sheet growth and positive endowment in a higher average interest rate cycle. This was partially offset by competitive pricing, particularly in home services, a higher debt review, higher funding costs and elevated non-performing loans.

Non-interest revenue growth of 9% to R5 780 million, was mainly due to a larger active client base, improved transactional activity and annual price increases. Point of sale volumes improved by 12% and the Instant Money offering continued to grow strongly with turnover up by 24%. Branch volumes continued to decline on the back of ongoing efforts to migrate clients to digital platforms by providing alternate devices for cash transactions and increasing digitisation of branch activities.

Credit impairment charges increased by 26%, largely due to consumer strain linked to the elevated interest and inflationary environment, increased non-performing loans and the non-recurrence of the prior period recoveries in the payment holiday portfolio. The business remains committed to keeping its clients in their homes through heightened client engagement with relevant solutions. Customer assistance initiatives include being first to the market to provide fixed instalments for a nine-month period to performing home services clients. Risk appetite was managed robustly and collection optimisation strategies are yielding effective outcomes.

Operating expenses grew by 8% to R9 712 million, mainly due to the higher inflationary environment, annual salary increases, and strategic technology initiatives. The optimisation of the distribution network continues to be an important lever in reducing the cost to serve customers with an 8% reduction in square meterage against 1H22, while increasing points of representation by 5% to 631 from the prior period.

Total income growth of 9% outpaced cost growth of 8% which resulted in positive jaws of 0.6% and a lower cost-to-income ratio of 53.2% (1H22: 53.5%).

Africa Regions (AR)

Africa Regions headline earnings grew by more than 100% to R605 million, with an ROE of 16.6% (1H22: 5.4%). Net interest income grew by 37% to R4 080 million, supported by good growth in loans and deposits, and margin expansion due to higher average interest rates. Growth in deposits of 11%, was supported by a 14% increase in the active client base to 4.3m clients and continued efforts to improve client engagement and retention. The asset base grew by 3%, due to improved digital lending capabilities which enabled limit increases and disbursements for customers within risk appetite.

Non-interest revenue increased by 19% to R2 368m, largely due to higher transactional activity, and foreign exchange gains on the devaluation of Zimbabwe's local currency. This was partially offset by a combination of higher US dollar card processing costs following the depreciation of local currencies against the US dollar.

Credit impairment charges grew by 22% to R772 million, due to higher forward-looking provisions and increased non-performing exposures on the back of a worsening macroeconomic environment. The credit loss ratio of 249 bps (1H22: 217bps) remained within expectations.

Operating expenses were up by 19% to R4 442 million, mainly due to the higher inflationary environment, the impact of US dollar denominated costs and increased business activity.

Total income growth of 30% exceeded cost growth of 19% which resulted in positive jaws of 11.2% and an improved cost-to-income ratio of 68.9% (1H22: 75.4%).

Standard Bank Offshore (SBO)

SBO's headline earnings improved by more than 100% to R1 049 million, with an ROE of 63.6% (1H22: 12.9%). Strong net interest income growth was supported by positive endowment from higher average interest rates, together with higher yields earned on loan placements with the Standard Bank of South Africa. Non-interest revenue growth of 98% was underpinned by an increase in revenue earned from fiduciary services, in the Trust portfolio, on the back of improved client value propositions and the strengthening of the relationship management capability. Operating expenses grew by 82%, largely driven by the investment in digital capabilities to improve client experience and relationship management, and higher performance-linked variable costs. Income growth outpaced cost growth, resulting in positive jaws and an improved cost-to-income ratio of 38.0% (1H22: 66.1%).

Looking ahead

PPB is well positioned to drive sustainable value creation for the group. The business will continue to support its clients across the continent by offering attractive opportunities that grow and deepen the client relationship. PPB remains focused on accelerating its strategic intent of transforming client experience and is on track to deliver the 2025 targets.

PERSONAL & PRIVATE BANKING

KEY BUSINESS STATISTICS

		Change %	1H23	1H22	FY22
South Africa					
Clients					
Active clients	thousands	7	11 160	10 466	10 756
Core clients ¹	thousands	6	8 691	8 167	8 382
Platform clients ²	thousands	7	2 469	2 299	2 374
Digital active clients	thousands	9	3 949	3 621	3 778
UCount clients	thousands	12	1 289	1 156	1 232
SBSA Mobile subscribers	thousands	2	345	339	384
Disbursements					
Home services (mortgages)	Rm	(23)	25 830	33 429	70 691
Average loan to value (LTV) of home services new business registered	%		90	90	90
Personal unsecured lending	Rm	(16)	6 080	7 243	13 746
VAF retail	Rm	(26)	9 403	12 782	23 908
Client activity					
Instant Money turnover	Rm	24	17 972	14 550	32 478
Digital transactional volumes ³	thousands	5	135 953	130 067	266 819
ATM transactional volumes	thousands	2	103 081	101 361	209 849
Branch transactional volumes	thousands	(32)	2 921	4 267	7 356
Points of representation					
ATMs	number	(4)	3 614	3 770	3 780
Branch square metres	thousands	(8)	248	270	254
Points of representation	number	5	631	603	619
Branches	number	(2)	479	488	477
In-store kiosks and other points of access	number	32	152	115	142
Africa Regions					
Clients					
Active clients	thousands	14	4 267	3 741	4 036
Core clients ¹	thousands	8	3 876	3 587	3 745
Platform clients ²	thousands	>100	391	154	291
Client activity					
Digital transactional volumes	thousands	27	141 626	111 831	286 095
ATM transactional volumes ⁴	thousands	(34)	41 531	63 118	127 982
Branch transactional volumes	thousands	(14)	4 661	5 442	11 050
Points of representation					
Branches	number	(1)	540	547	544
ATMs	number	0	2 424	2 425	2 452

¹ Core clients are active clients with at least one banking product.

² Platform clients include Instant Money in SA and PayPulse, @Ease and Flexipay in Africa Regions.

³ Represents fee generating transactional volumes (total digital volumes including non-fee generating transactions, up 23%).

⁴ Decline in ATM transactional volumes in Nigeria linked primarily to regulatory withdrawal restrictions.

SUMMARISED INCOME STATEMENT

	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	22	21	18 104	14 923	32 116
Non-interest revenue	16	14	8 529	7 474	15 512
Net fee and commission revenue	15	11	6 298	5 664	11 987
Trading revenue	>100	(>100)	316	(6)	(228)
Other revenue	14	7	269	251	556
Inter-BU attribution revenue	6	5	1 646	1 565	3 197
Total income	20	19	26 633	22 397	47 628
Credit impairment charges	27	26	(5 360)	(4 265)	(7 780)
Operating expenses	14	13	(14 892)	(13 155)	(27 685)
Headline earnings	41	40	4 581	3 280	8 389

LOANS AND ADVANCES

	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net loans and advances to banks	(25)	(13)	22 110	25 431	22 210
Gross loans and advances to banks	(25)	(13)	22 110	25 431	22 210
Net loans and advances to customers	4	4	635 535	612 099	628 817
Home services	5	4	447 894	429 859	443 460
Vehicle and asset finance	6	3	62 347	60 490	62 009
Card issuing	3	2	31 486	30 872	31 516
Personal unsecured lending	4	3	93 808	90 878	91 832
Gross loans and advances to customers	4	4	675 251	646 387	664 371
Home services	5	5	465 658	445 574	459 647
Vehicle and asset finance	5	5	67 910	64 803	67 003
Card issuing	3	3	35 513	34 623	35 142
Personal unsecured lending	3	5	106 170	101 387	102 579
Credit impairments for loans and advances to customers	16	16	(39 716)	(34 288)	(35 554)
Home services	13	13	(17 764)	(15 715)	(16 187)
Vehicle and asset finance	29	29	(5 563)	(4 313)	(4 994)
Card issuing	7	7	(4 027)	(3 751)	(3 626)
Personal unsecured lending	19	18	(12 362)	(10 509)	(10 747)
Total coverage ratio (%)			5.9	5.3	5.4
Home services			3.8	3.5	3.5
Vehicle and asset finance			8.2	6.7	7.5
Card issuing			11.3	10.8	10.3
Personal unsecured lending			11.6	10.4	10.5
Net loans and advances	2	3	657 645	637 530	651 027
Gross loans and advances	3	4	697 361	671 818	686 581
Credit impairments	16	16	(39 716)	(34 288)	(35 554)
Credit impairments for loans and advances to customers	16	16	(39 716)	(34 288)	(35 554)
Credit impairments for stage 3 loans	17	17	(28 019)	(23 957)	(24 489)
Credit impairments for stage 1 and 2 loans	15	13	(11 697)	(10 331)	(11 065)

DEPOSITS AND CURRENT ACCOUNTS

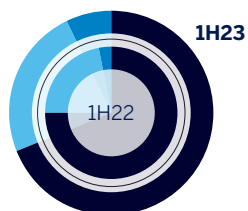
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Deposits from banks	>100	93	9 267	4 798	8 123
Deposits from customers	7	10	404 759	369 425	389 880
Current accounts	5	2	81 808	80 201	79 343
Cash management deposits	>100	>100	48	8	23
Call deposits	0	7	190 119	177 813	186 789
Savings accounts	17	10	40 890	37 153	39 246
Term deposits	22	25	88 299	70 888	80 828
Negotiable certificates of deposit	(64)	(71)	143	486	194
Other deposits	48	20	3 452	2 876	3 457
Total deposits and current accounts	8	11	414 026	374 223	398 003

KEY RATIOS

		1H23 Rm	1H22 Rm	FY22 Rm
Headline earnings contribution to the group	%	22	21	25
Net interest margin	bps	551	446	473
CLR to customers	bps	162	139	120
Coverage ratio	%	5.9	5.3	5.4
Cost-to-income ratio	%	55.9	58.7	58.1
ROE	%	19.4	13.9	17.5

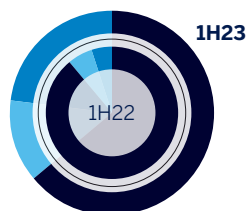
PERSONAL & PRIVATE BANKING

Total income by geography (%)



	1H23	1H22
South Africa	69	75
Africa Regions	24	22
Standard Bank Offshore	7	3

Headline earnings by geography (%)



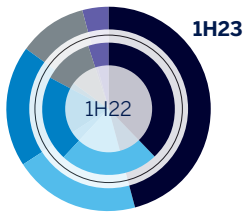
	1H23	1H22
South Africa	64	89
Africa Regions	13	6
Standard Bank Offshore	23	5

SUMMARISED FINANCIAL RESULTS BY GEOGRAPHY

	South Africa					Africa Regions				
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	8	8	12 462	11 525	24 358	44	37	4 080	2 977	6 547
Non-interest revenue	9	9	5 780	5 287	11 165	30	19	2 368	1 995	3 942
Total income	9	9	18 242	16 812	35 523	39	30	6 448	4 972	10 489
Credit impairment charges	26	26	(4 564)	(3 632)	(6 513)	30	22	(772)	(632)	(1 237)
Operating expenses	8	8	(9 712)	(9 002)	(18 666)	24	19	(4 442)	(3 748)	(8 164)
Headline earnings	1	1	2 927	2 911	7 455	>100	>100	605	194	296
Net loans and advances to customers	4	4	563 025	543 074	558 847	5	3	57 439	55 791	56 913
Deposits and current accounts from customers	10	10	265 038	241 435	254 681	22	11	65 185	58 769	61 419
CLR to customers (bps)			155	134	113			249	217	206
Cost-to-income ratio (%)			53.2	53.5	52.5			68.9	75.4	77.8
ROE (%)			15.9	15.6	19.7			16.6	5.4	4.1

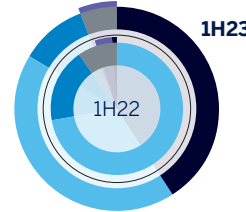
	Standard Bank Offshore					Total				
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	>100	>100	1 562	421	1 211	22	21	18 104	14 923	32 116
Non-interest revenue	76	98	381	192	405	16	14	8 529	7 474	15 512
Total income	>100	>100	1 943	613	1 616	20	19	26 633	22 397	47 628
Credit impairment charges	>100	>100	(24)	(1)	(30)	27	26	(5 360)	(4 265)	(7 780)
Operating expenses	60	82	(738)	(405)	(855)	14	13	(14 892)	(13 155)	(27 685)
Headline earnings	>100	>100	1 049	175	638	41	40	4 581	3 280	8 389
Net loans and advances to customers	(6)	14	15 071	13 234	13 057	4	4	635 535	612 099	628 817
Deposits and current accounts from customers	(11)	8	74 536	69 221	73 780	7	10	404 759	369 425	389 880
CLR to customers (bps)			47	2	23			162	139	120
Cost-to-income ratio (%)			38.0	66.1	52.9			55.9	58.7	58.1
ROE (%)			63.6	12.9	22.6			19.4	13.9	17.5

Composition of total income by product (%)



	1H23	1H22
PPB transactional	46	38
Home services	20	24
PPB lending	19	21
Card and payments	11	12
Vehicle and asset finance	4	5

Composition of headline earnings by product (%)



	1H23	1H22
PPB transactional	43	(1)
Home services	45	76
PPB lending	11	19
Card and payments	6	10
Vehicle and asset finance	(6)	(4)

SUMMARISED INCOME STATEMENT BY PRODUCT

	Home services					Personal unsecured lending				
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	(4)	(5)	4 779	5 005	10 070	13	10	4 139	3 764	7 973
Non-interest revenue	14	13	445	394	821	18	15	1 014	880	1 905
Total income	(3)	(3)	5 224	5 399	10 891	14	11	5 153	4 644	9 878
Credit impairment charges	75	75	(1 188)	(680)	(1 037)	21	18	(2 378)	(2 009)	(4 023)
Operating expenses	8	6	(1 382)	(1 305)	(2 664)	21	15	(2 071)	(1 801)	(3 941)
Headline earnings	(17)	(17)	2 073	2 491	5 380	(21)	(20)	511	635	1 425
Net loans and advances to customers	5	4	447 894	429 859	443 460	4	3	93 808	90 878	91 832
CLR to customers (bps)			52	31	23			470	447	388
Cost-to-income ratio (%)			26.5	24.2	24.5			40.2	38.8	39.9

	Card issuing					PPB transactional				
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	9	9	1 765	1 615	3 384	78	80	6 469	3 595	8 670
Non-interest revenue	15	6	1 173	1 103	2 094	17	16	5 821	5 015	10 505
Total income	11	8	2 938	2 718	5 478	43	43	12 290	8 610	19 175
Credit impairment charges	11	11	(1 126)	(1 015)	(1 637)					
Operating expenses	11	12	(1 367)	(1 224)	(2 570)	15	15	(9 375)	(8 184)	(17 205)
Headline earnings	13	(13)	292	336	890	(>100)	(>100)	1 959	(36)	859
Net loans and advances to customers	3	2	31 486	30 872	31 516					
Deposits and current accounts from customers						8	10	404 759	369 425	389 880
CLR to customers (bps)			635	591	469					
Cost-to-income ratio (%)			46.5	45.0	46.9			76.3	95.1	89.7

PERSONAL & PRIVATE BANKING

	Vehicle and asset finance					Total				
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	2	1	952	944	2 019	22	21	18 104	14 923	32 116
Non-interest revenue	(16)	(7)	76	82	187	16	14	8 529	7 474	15 512
Total income	0	0	1 028	1 026	2 206	20	19	26 633	22 397	47 628
Credit impairment charges	19	19	(668)	(561)	(1 083)	27	26	(5 360)	(4 265)	(7 780)
Operating expenses	8	9	(697)	(641)	(1 305)	14	13	(14 892)	(13 155)	(27 685)
Headline earnings	68	74	(254)	(146)	(165)	41	40	4 581	3 280	8 389
Net loans and advances to customers	6	3	62 347	60 490	62 009	4	4	635 535	612 099	628 817
Deposits and current accounts						8	10	404 759	369 425	389 880
CLR to customers (bps)			201	181	168			162	139	120
Cost-to-income ratio (%)			67.8	62.5	59.2			55.9	58.7	58.1

BUSINESS & COMMERCIAL BANKING

Business & Commercial Banking (BCB)

BCB delivered headline earnings growth of 61% to R4 666 million, with an ROE of 37.6% (1H22: 24.5%). The operating environment remained challenging as client affordability was tested with higher average interest rates, high inflationary environments and continued electricity outages in South Africa. Despite this, the business evidenced growth in the client franchise and improved transactional activities to reflect an excellent 1H23 performance.

Loans to customers grew by 4%, and was supported by business lending and commercial asset finance disbursements. Double digit constant currency lending growth in Africa Regions was moderated post currency conversion, softening the absolute levels of growth delivered across the diverse country representation. Customer deposit growth of 7% was supported by client acquisition efforts and deposit mobilisation drives across many African markets. There was increased emphasis on refining client offerings and partnering with suitable vendors to offer bespoke solutions to clients in several of the focused sectors including Health, Education and Public Sector. The BCB renewable energy proposition was enhanced to accelerate funding provided to our clients, which also supported income growth in excess of 30% in the Agriculture sector. Despite foreign exchange liquidity constraints in several of the BCB trade dominant markets, trade finance activity increased by 9%, resulting in 8% trade balance sheet growth. Net interest income grew by 38% to R12 385 million benefiting from balance sheet growth, diverse country margins and the positive endowment impact associated with higher average interest rates.

Non-interest revenue grew by 10% to R6 146 million, due to a combination of growth in the active client base of 5% to 819 000, a marked increase in commercial and asset finance fleet rental income, growth in merchant solutions revenue, and higher transactional and forex activities. Double digit growth in cross-border payment flows and trade lending facilities further contributed to non-interest revenue growth.

Credit impairment charges of R1 552 million were 42% higher than 1H22, with a credit loss ratio (CLR) of 138 bps (1H22: 106 bps). The CLR remained on the upper end of our revised through-the-cycle target range of 110 bps to 140 bps. Elevated impairments were noted in East and West Africa in four specific countries due to new non-performing customers and an increase in watchlist names. In addition, higher forward-looking provisions were raised in response to market conditions.

Operating expenses increased by 14% to R10 332 million, largely due to high inflationary environments across the portfolio, higher performance linked variable remuneration, increased investment spend on technologies to support client acquisition and experience, and higher business-related cost growth which supported revenue generation.

Total income growth of 27% exceeded cost growth of 14% which resulted in positive jaws of 13% and an improved cost-to-income ratio of 55.8% (1H22: 62.4%).

South Africa (SA)

The South Africa (SA) franchise achieved headline earning growth of 35% to R3 027 million, and an ROE of 44.3% (1H22: 33.8%) for the period. Performance was underpinned by customer loan and deposit growth of 4% and 10% respectively. Focused execution on growing the SA franchise through service excellence, client acquisition and enhancing the digital engagement model rendered positive client growth.

Income growth of 19% was largely due to robust net interest income growth of 27%, improved foreign exchange revenues, and higher commercial and asset finance fleet rental income.

Credit impairment charges grew by 20%, associated with increased pressure evidenced in the small business enterprise segment given client affordability constraints linked to the higher interest rate environment and electricity shortages.

Operating expenses increased by 10% driven by an increase in staff complement, higher variable remuneration linked to performance, as well as higher depreciation and premises costs to support business growth.

Income growth exceeded cost growth which resulted in an improved cost-to-income ratio of 53.3% (1H22: 57.4%) and positive jaws of 9%. The SA franchise continues to drive client acquisition and service excellence with an emphasis on targeted sectors to further entrench its position in the market.

Africa Regions (AR)

The Africa Regions franchise delivered headline earnings of R691 million and achieved ROE of 20.2% (1H22: 10.3%). Growing the client franchise through targeted acquisition programs, active partnering with our clients via our ecosystem understanding, alongside improving client experience through simple, convenient solutions all remained core focus areas in the first six months. These initiatives supported active client growth of 10%.

Local currency translation to ZAR softened balance sheet performance with customer deposit growth of 13% (CCY of 20%), and customer loans declined by 7% (CCY of 7%). This, coupled with positive endowment in a higher average interest rate environment and increasing margins, contributed to net interest income growth of 35% (CCY of 42%). Non-interest revenue grew by 18% (CCY of 28%) driven by an improvement in trade activity and higher transactional volumes associated with the increased client base.

Credit impairment charges grew by 64% (CCY of 63%) and were elevated due to higher stage 3 provisions, primarily driven by a few key exposures specifically identified in East Africa and West Africa.

Operating expenses growth of 17% (CCY of 24%) was largely attributed to the high inflationary environment across the portfolio, investment in technology spend, the impact of US dollar denominated invoices and higher staff costs. Cost growth was further impacted by higher depositor insurance in response to deposit growth of 13%.

Income growth of 29% outpaced cost growth of 17% resulting in positive jaws of 12% and an improved cost-to-income ratio of 67.9% (1H22 75.2%).

The business continues to develop and enhance client engagement models and formulation of customer value proposition, harvest trade opportunities across the continent and support sustainable financing for Africa.

Standard Bank Offshore (SBO)

The Offshore franchise delivered strong growth in headline earnings to R948 million, and an ROE of 43.8% (1H22: 16.4%). Total income growth was robust largely due to positive endowment on the back of higher average US and UK interest rates, and growth in fee and foreign exchange revenues. Operating expenses grew by 49%, mainly due to an increase in staff costs and the impact of a weaker ZAR on the US dollar costs. Income growth comfortably outpaced cost growth. The business continues to identify opportunities to support clients in Africa and its home markets (Isle of Man, Jersey and London).

Looking ahead

While the momentum established in 1H23 is anticipated to continue, the rate of revenue growth in 2H23 should abate as the benefit of endowment normalises. Focus on refining client and sector propositions, simplifying solutions and processes to enhance client experience, and supporting clients to achieve their growth strategies will continue. The commitment to support clients and the African continent on its energy transition has amplified and remains a key priority for BCB. The business is on track to deliver its committed franchise growth and financial outcomes to assist SBG in achieving its 2025 targets.

BUSINESS & COMMERCIAL BANKING

KEY BUSINESS STATISTICS

		Change %	1H23	1H22	FY22
South Africa					
Clients					
Active clients ¹	thousands	3	522	509	510
Digitally active users ²	thousands	3	295	287	294
Client activity					
VAF disbursements	Rm	(3)	9 996	10 348	20 886
Business lending disbursement	Rm	(4)	11 298	11 792	24 891
Acquiring turnover	Rm	11	122 373	110 396	241 608
Internet banking volumes	thousands	7	46 744	43 591	88 671
Mobile banking volumes	thousands	12	14 824	13 222	28 356
Digital banking volumes	thousands	8	61 568	56 812	117 027
ATM transactional volumes	thousands	(5)	5 820	6 136	12 228
Branch transactional volumes	thousands	(13)	1 417	1 624	3 195
Digital composition ³	%	1	89	88	88
Africa Regions					
Clients					
Active clients ¹	thousands	10	297	271	281
Digitally active users ²	thousands	24	124	100	124
Client activity					
VAF disbursements	Rm	60	3 172	1 983	5 277
Acquiring turnover	Rm	23	32 181	26 207	59 477
Internet banking volumes	thousands	20	12 668	10 588	22 274
Mobile banking volumes	thousands	(14)	1 970	2 294	5 015
Wallet volumes	thousands	8	315	291	596
Digital banking volumes	thousands	14	14 953	13 173	27 885
ATM transactional volumes	thousands	1	2 594	2 569	5 277
Branch transactional volumes	thousands	(10)	3 225	3 580	7 109
Digital composition ³	%	6	72	68	69

¹ An active client is defined by a single client transacting on at least one solution within a specific timeframe.

² Clients that actively transact with us on digital platforms (Mobile App, USSD and internet banking).

³ Digital composition expresses digital transaction volumes over total transaction volumes (i.e. digital, branch and ATM).

SUMMARISED INCOME STATEMENT

	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	40	38	12 385	8 972	19 959
Non-interest revenue	12	10	6 146	5 593	11 883
Net fee and commission revenue	8	3	4 406	4 283	8 822
Trading revenue	(23)	(>100)	95	(32)	62
Other revenue	85	53	298	195	595
Other gains and losses on financial instruments	(14)	(14)	102	119	250
Inter-BU attribution revenue	24	21	1 245	1 028	2 154
Total income	29	27	18 531	14 565	31 842
Credit impairment charges	41	42	(1 552)	(1 093)	(2 224)
Operating expenses	16	14	(10 332)	(9 091)	(18 758)
Headline earnings	58	61	4 666	2 902	7 303

LOANS AND ADVANCES

	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net loans and advances to banks	(19)	(6)	16 012	17 073	17 001
Gross loans and advances to banks	(19)	(6)	16 012	17 073	17 002
Credit impairments for loans and advances to banks					(1)
Net loans and advances to customers	5	4	194 808	187 541	192 690
Vehicle and asset finance	9	8	52 473	48 621	50 467
Card	7	7	3 092	2 899	2 727
Business lending	3	2	139 243	136 021	139 496
Gross loans and advances to customers	5	4	206 511	197 981	203 490
Vehicle and asset finance	8	7	54 867	51 380	52 856
Card	7	7	3 305	3 078	2 921
Business lending	4	3	148 339	143 523	147 713
Credit impairments for loans and advances to customers	14	12	(11 703)	(10 440)	(10 800)
Vehicle and asset finance	(10)	(13)	(2 394)	(2 759)	(2 389)
Card	18	19	(213)	(179)	(194)
Business lending	23	21	(9 096)	(7 502)	(8 217)
Total coverage ratio (%)			5.7	5.3	5.3
Vehicle and asset finance			4.4	5.4	4.5
Card			6.4	5.8	6.6
Business lending			6.1	5.2	5.6
Net loans and advances	2	3	210 820	204 614	209 691
Gross loans and advances	3	3	222 523	215 054	220 492
Credit impairments	14	12	(11 703)	(10 440)	(10 801)
Credit impairments for loans and advances to customers	14	12	(11 703)	(10 440)	(10 800)
Credit impairments for stage 3 loans	14	12	(8 153)	(7 276)	(7 658)
Credit impairments for stage 1 and 2 loans	15	12	(3 550)	(3 164)	(3 142)

DEPOSITS AND CURRENT ACCOUNTS

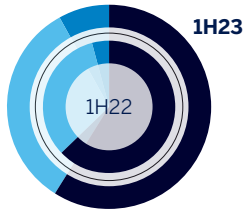
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Deposits from banks	(36)	(38)	5 722	9 288	7 159
Deposits from customers	5	7	450 742	419 891	446 503
Current accounts	12	9	139 487	127 542	135 388
Cash management deposits	3	3	58 915	57 175	54 807
Call deposits	(5)	2	182 550	179 069	184 935
Savings accounts	8	5	5 901	5 607	6 073
Term deposits	30	30	57 472	44 291	59 100
Negotiable certificates of deposit	(69)	(75)	13	51	19
Other deposits	48	4	6 404	6 156	6 181
Total deposits and current accounts	4	6	456 464	429 179	453 662

KEY RATIOS

		1H23 Rm	1H22 Rm	FY22 Rm
Headline earnings contribution to the group	%	22	18	22
Net interest margin	bps	979	760	816
Loans and advances margin	bps	421	427	412
Deposit margin	bps	380	238	277
CLR	bps	138	106	106
Coverage ratio	%	5.7	5.3	5.3
Cost-to-income ratio	%	55.8	62.4	58.9
ROE	%	37.6	24.5	30.2

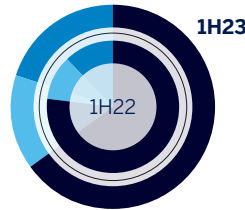
BUSINESS & COMMERCIAL BANKING

Total income by geography (%)



	1H23	1H22
South Africa	59	63
Africa Regions	33	33
Standard Bank Offshore	8	4

Headline earnings by geography (%)



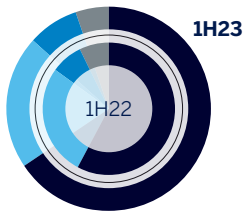
	1H23	1H22
South Africa	65	77
Africa Regions	15	11
Standard Bank Offshore	20	12

SUMMARISED FINANCIAL RESULTS BY GEOGRAPHY

	South Africa					Africa Regions				
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	27	27	7 037	5 555	12 096	42	35	4 099	3 030	6 796
Non-interest revenue	7	7	3 912	3 657	7 671	28	18	2 069	1 746	3 841
Total income	19	19	10 949	9 212	19 767	37	29	6 168	4 776	10 637
Credit impairment charges	20	20	(765)	(640)	(1 133)	63	64	(741)	(452)	(1 037)
Operating expenses	10	10	(5 837)	(5 290)	(10 860)	24	17	(4 186)	(3 593)	(7 456)
Headline earnings	35	35	3 027	2 238	5 346	>100	>100	691	330	1 104
Net loans and advances to customers	4	4	128 951	123 740	127 350	7	(7)	40 003	42 827	41 377
Deposits and current accounts from customers	10	10	307 977	281 144	305 787	20	13	81 536	71 964	76 856
CLR (bps)			114	102	88			310	207	228
Cost-to-income ratio (%)			53.3	57.4	54.9			67.9	75.2	70.1
ROE (%)			44.3	33.8	40.0			20.2	10.3	16.8

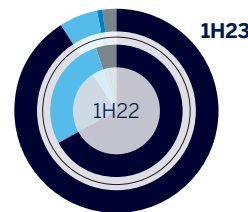
	Standard Bank Offshore					Total				
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	>100	>100	1 249	387	1 067	40	38	12 385	8 972	19 959
Non-interest revenue	(23)	(13)	165	190	371	12	10	6 146	5 593	11 883
Total income	>100	>100	1 414	577	1 438	29	27	18 531	14 565	31 842
Credit impairment charges	>100	>100	(46)	(1)	(54)	41	42	(1 552)	(1 093)	(2 224)
Operating expenses	31	49	(309)	(208)	(442)	16	14	(10 332)	(9 091)	(18 758)
Headline earnings	>100	>100	948	334	853	58	61	4 666	2 902	7 303
Net loans and advances to customers	2	23	25 854	20 974	23 963	5	4	194 808	187 541	192 690
Deposits and current accounts from customers	(24)	(8)	61 229	66 783	63 860	5	7	450 742	419 891	446 503
CLR (bps)			23		15			138	106	106
Cost-to-income ratio (%)			21.9	36.0	30.7			55.8	62.4	58.9
ROE (%)			43.8	16.4	20.2			37.6	24.5	30.2

Composition of total income by solution (%)



	1H23	1H22
BCB transactional	65	58
BCB lending	21	27
Vehicle and asset finance	8	8
Card and payments	5	7

Composition of headline earnings by solution (%)



	1H23	1H22
BCB transactional	91	67
BCB lending	6	28
Vehicle and asset finance	1	0
Card and payments	2	5

SUMMARISED INCOME STATEMENT BY SOLUTION

	Vehicle and asset finance					Business lending				
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	16	13	1 040	920	1 930	8	4	3 164	3 029	5 961
Non-interest revenue	35	46	429	294	732	(8)	(14)	763	886	2 187
Total income	21	21	1 469	1 214	2 662	4	0	3 927	3 915	8 148
Credit impairment charges	(4)	(8)	(236)	(256)	(369)	58	61	(1 291)	(802)	(1 776)
Operating expenses	21	19	(1 090)	(915)	(1 945)	23	16	(2 274)	(1 955)	(4 136)
Headline earnings	>100	>100	62	8	201	(65)	(66)	271	808	1 517
Net loans and advances to customers	9	8	52 473	48 621	50 467	3	2	139 243	136 021	139 496
CLR (bps)			89	103	72			172	118	128
Cost-to-income ratio (%)			74.2	75.4	73.1			57.9	49.9	50.8
	Card			BCB Transactional						
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	43	43	76	53	122	63	63	8 105	4 970	11 946
Non-interest revenue	(2)	(4)	923	960	1 927	18	17	4 031	3 453	7 037
Total income	0	(1)	999	1 013	2 049	45	44	12 136	8 423	18 983
Credit impairment charges	(29)	(29)	(25)	(35)	(79)					
Operating expenses	11	9	(841)	(769)	(1 511)	14	12	(6 127)	(5 452)	(11 166)
Headline earnings	(36)	(38)	83	134	299	>100	>100	4 250	1 952	5 286
Net loans and advances to customers	7	7	3 092	2 899	2 727					
Deposits and current accounts from customers						5	7	450 742	419 891	446 503
CLR (bps)			174	270	280					
Cost-to-income ratio (%)			84.2	75.9	73.7			50.5	64.7	58.8
	Total									
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm					
Net interest income	40	38	12 385	8 972	19 959					
Non-interest revenue	12	10	6 146	5 593	11 883					
Total income	29	27	18 531	14 565	31 842					
Operating expenses	16	14	(10 332)	(9 091)	(18 758)					
Headline earnings	58	61	4 666	2 902	7 303					

CORPORATE & INVESTMENT BANKING

Corporate & Investment Banking (CIB)

CIB delivered headline earnings of R10 696 million, 41% higher than the prior period, with an ROE of 24.5% (1H22: 20.8%). The operating environment remained challenging with higher average interest rates, limited growth opportunities and corporate activity, exchange rate volatility, and electricity outages in South Africa. In addition, sovereign risk remained a concern in certain Africa Regions' markets. Despite these challenges, the business continued to support client activity and identify sector specific growth opportunities.

The financial performance was characterised by CIB's continued focus to defend its global multinational corporates and local corporate client base across the operating footprint, and to increase the revenue base through growing its 'share of wallet' from existing clients and new client acquisitions. The scale and quality of the client franchise across the portfolio enabled the business to meet clients' transactional, funding and risk management requirements. The Energy sector was the best performing client sector with a 47% increase in revenue. The Energy transition remains a focus area and opportunity for the business, and a strong pipeline of opportunities have been identified.

Loans to customers increased by 17%, due to good loan origination and increased drawdowns on existing committed facilities. Deposits from customers increased by 7%, due to increased term and negotiable certificates of deposits to support asset growth. This performance, together with a higher average interest rate environment, supported net interest income growth of 43%. Non-interest revenue increased by 25% to R17 994 million, on the back of good growth in client activity and client-related trading revenue in a volatile market. Credit impairment charges remained at elevated levels due to client strain in a challenging operating environment, book growth and elevated sovereign risk in specific Africa Regions markets. The customer credit loss ratio of 36 bps was slightly below the through-the-cycle range of 40 - 60 bps. Operating expenses increased by 17% to R13 715 million, mainly due to continued investment in people and skills development, higher average inflation rates, technology investments to improve system stability and client experience, and higher performance linked variable remuneration. Total income growth of 32% exceeded cost growth of 17% which resulted in an improved cost-to-income ratio of 41.8% (1H22: 47.2%) and positive jaws of 15%.

Global markets (GM)

The GM business reported revenues of R14 772 million, up by 34% from 1H22. Continued focus on the client franchise and meeting our client risk management needs remains the main driver of growth. Client revenue increased by 21%, and was the biggest contributor to the growth in revenue. This was complemented by liquidity management and market making revenues. Regionally, growth was skewed towards Africa Regions where revenues increased by 52%, due to higher foreign exchange client revenues in volatile markets. The South African franchise revenue growth was up by 11% as a result of increased client activity across most products.

The breadth of client, sector and geographic diversity of the GM client franchise is complemented by the efficient and scaled execution of market making capabilities to ensure price competitiveness. GM remains a key differentiator for the CIB franchise and will continue to build its sustainable client revenue base.

Headline earnings grew by 41% to R4 900 million.

Investment banking (IB)

IB delivered record revenues of R6 552 million, up by 24% from 1H22. The revenue growth was well diversified across the various client sectors with the Energy & Infrastructure (E&I) sector growing the fastest. The business benefitted from strong growth in the asset book in 2H22 and this momentum carried into 1H23. Good origination of R95 billion, up by 38%, was led by the Energy & Infrastructure and Consumer sectors. Asset balances grew by 14%, with Africa Regions growing at a faster rate than South Africa. This positively impacted margins as the Africa Regions portfolio attracts higher yields. Client margins in South Africa remained under pressure. Merger and Acquisition fees were muted with some key deals delayed to 2H23. Sustainable finance-linked business originated R28 billion worth of bonds and loans. The business continues to be a trusted client advisor, and an innovative arranger and allocator of capital for growth across the continent.

Headline earnings grew by 7% to R2 159 million.

Transaction banking (TxB)

TxB's banking revenues increased by 36% to R11 508 million. Net interest income growth of 46% benefitted from positive endowment on the back of higher interest rates and increased trade related asset utilisation. Non-interest revenue grew by 10%, due to higher client activity and increased transactional volumes across the continent. This was partially offset by regulatory challenges in some key markets and the impact of hyperinflation in Zimbabwe.

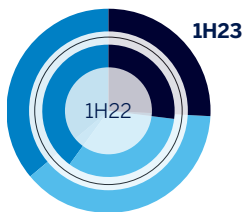
This performance was driven by focused deal origination which unlocked opportunities across the client base, as well as new client business.

Headline earnings grew by 74% to R3 637 million.

Looking ahead

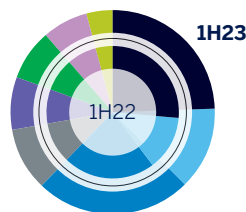
The economic environment for 2H23 is expected to be challenging with elevated sovereign risk in certain Africa Regions markets, high interest rates and muted growth in some of our large markets. The business will continue to execute on its strategies to enable growth with a focus on the energy transition across Africa, other emerging client needs and the strengthening of our competitive position across the markets in which we have a presence in. The business is on track to deliver its committed franchise growth and financial outcomes to assist the group in achieving its 2025 targets.

Composition of client revenue



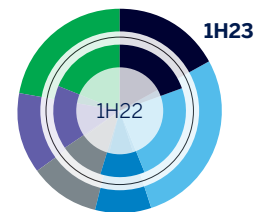
	Change %	CCY %
■ Multinational corporates - Africa	31	32
■ Multinational corporates - International	55	51
■ Local corporates	21	22

Composition of client revenue by sector



	Change %	CCY %
■ Financial Institutions	23	22
■ Consumer	36	49
■ Energy & Infrastructure	47	46
■ Mining & Metals	35	41
■ Diversified Industries	42	48
■ Telecommunications & Media	43	40
■ Sovereign & Public Sector	34	31
■ Real Estate	18	16

Composition of total income by geography (%)



	1H23	1H22
■ Global markets South Africa	17	20
■ Global markets Africa Regions	28	25
■ Investment banking South Africa	9	11
■ Investment banking Africa Regions	11	11
■ Transaction banking South Africa	13	15
■ Transaction banking Africa Regions	22	19

SUSTAINABLE FINANCE IMPACT INDICATORS

	1H23	1H22	FY22
Sustainable Finance Key Metrics			
Lending arranged			
Green, social sustainable loans (use of proceeds)	14.5	2.5	21.3
Sustainability linked (performance based)	11.0	12.4	30.4
Other lending ¹	2.2		
Total quantum lending arranged	Rbn 27.7	14.9	51.7
Bonds arranged			
Green, social sustainable loans (use of proceeds)	0.2	0.4	0.4
Sustainability linked (performance based)		1.3	2.4
Total quantum bond arranged	Rbn 0.2	1.7	2.8
Other ²	0.1		
Sustainable finance mobilisation³			
Total annual	28.0	16.6	54.6
Total cumulative (since FY22)	Rbn 82.6	16.6	54.6
Treasury transactions			
Green, social sustainable (use of proceeds) treasury transactions	2.0		2.0
Sustainability linked (performance based) treasury transactions	4.6		12.8
Total quantum treasury transactions	Rbn 6.6		14.8

¹ Other lending includes transition finance (supporting decarbonisation strategies in higher emitting sectors) and pure-play (corporate funding for organisations deriving ≥ 90% revenue/EBITDA from eligible green/social activities).

² Other includes investments into green, social and sustainable assets.

³ Sustainable Finance Mobilisation includes Lending Arranged, Bonds Arranged and Other.

CORPORATE & INVESTMENT BANKING

SUMMARISED INCOME STATEMENT

	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	45	43	14 838	10 392	24 449
Non-interest revenue	25	25	17 994	14 389	28 775
Net fee and commission revenue	5	3	4 101	3 995	7 584
Trading revenue	31	35	12 017	8 922	17 957
Other revenue	69	1	484	480	1 052
Other gains and losses on financial instruments	40	40	1 392	992	2 182
Total income	33	32	32 832	24 781	53 224
Credit impairment charges	>100	>100	(1 522)	(721)	(2 530)
Operating expenses	19	17	(13 715)	(11 694)	(24 822)
Inter-BU attribution expense	15	13	(1 791)	(1 589)	(3 273)
Headline earnings	40	41	10 696	7 605	15 266

LOANS AND ADVANCES

	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net loans and advances to banks	(19)	(17)	185 392	224 625	168 276
Gross loans and advances to banks	(19)	(17)	185 562	224 776	168 422
Credit impairments for loans and advances to banks	10	13	(170)	(151)	(146)
Net loans and advances to customers	17	17	543 864	465 666	506 888
Investment banking	20	21	411 512	340 530	386 707
Global markets	(11)	(6)	39 840	42 444	31 759
Transaction banking	20	12	92 512	82 692	88 422
Gross loans and advances to customers including high quality liquid assets (HQLA)	17	14	565 847	494 663	530 993
Less: HQLA	(42)	(42)	(11 914)	(20 461)	(14 782)
Gross loans and advances to customers	17	17	553 933	474 202	516 211
Investment banking	20	21	418 374	346 755	393 384
Global markets	(11)	(6)	39 881	42 464	31 783
Transaction banking	21	13	95 678	84 983	91 044
Credit impairments for loans and advances to customers	17	18	(10 069)	(8 536)	(9 323)
Investment banking	9	10	(6 862)	(6 225)	(6 677)
Global markets	95	>100	(41)	(20)	(24)
Transaction banking	39	38	(3 166)	(2 291)	(2 622)
Total coverage ratio			1.8	1.8	1.8
Net loans and advances	5	6	729 256	690 291	675 164
Gross loans and advances	5	6	739 495	698 978	684 633
Credit impairments	17	18	(10 239)	(8 687)	(9 469)
Credit impairments for loans and advances to banks	10	13	(170)	(151)	(146)
Credit impairments for loans and advances to customers	17	18	(10 069)	(8 536)	(9 323)
Credit impairments for stage 3 loans	10	12	(7 217)	(6 469)	(6 491)
Credit impairments for stage 1 and 2 loans	44	38	(2 852)	(2 067)	(2 832)

DEPOSITS AND CURRENT ACCOUNTS

	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Deposits from banks	(9)	(9)	154 463	170 556	152 727
Deposits from customers	7	7	1 012 740	950 276	949 697
Current accounts	9	6	145 452	137 596	145 288
Cash management deposits	(8)	(8)	201 778	219 281	181 711
Call deposits	12	13	137 625	121 419	126 800
Savings accounts	(61)	(59)	51	123	100
Term deposits	10	9	249 589	229 246	240 715
Negotiable certificates of deposit	37	37	190 375	139 318	179 217
Other deposits	(13)	(15)	87 870	103 293	75 866
Total deposits and current accounts	5	4	1 167 203	1 120 832	1 102 424

KEY STATEMENT OF FINANCIAL POSITION ITEMS

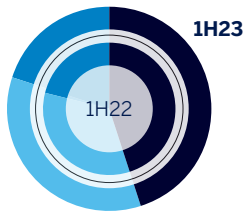
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Cash and balances with central banks	69	49	123 147	82 457	101 522
Financial investments	9	7	225 040	209 604	214 564
Trading assets	16	15	324 545	282 316	316 226
Trading liabilities	19	15	107 555	93 442	109 886

KEY RATIOS

		1H23	1H22	FY22
Headline earnings contribution to the group	%	50	48	45
Net interest margin	bps	265	214	244
CLR	bps	26	24	27
Customer CLR	bps	36	33	37
Coverage ratio	%	1.8	1.8	1.8
Cost-to-income ratio	%	41.8	47.2	46.6
ROE	%	24.5	20.8	19.7

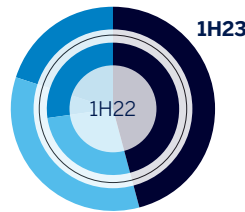
CORPORATE & INVESTMENT BANKING

Composition of total income by solution (%)



	1H23	1H22
Global markets	45	45
Transaction banking	35	34
Investment banking	20	21

Composition of headline earnings by solution (%)



	1H23	1H22
Global markets	46	46
Transaction banking	34	27
Investment banking	20	27

SUMMARISED INCOME STATEMENT BY SOLUTION

	Global markets					Investment banking				
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	52	46	2 231	1 527	3 380	27	33	3 578	2 690	6 005
Non-interest revenue	34	32	12 541	9 529	18 942	12	14	2 974	2 604	5 270
Total income	37	34	14 772	11 056	22 322	20	24	6 552	5 294	11 275
Credit impairment charges	100	>100	(493)	(13)	(793)	43	41	(880)	(624)	(1 233)
Operating expenses	19	17	(4 679)	(3 995)	(8 515)	19	21	(3 330)	(2 753)	(5 897)
Inter-BU attribution expense	15	13	(1 791)	(1 589)	(3 273)					
Headline earnings	46	41	4 900	3 487	5 895	2	7	2 159	2 027	3 892
Net loans and advances to customers	(11)	(6)	39 840	42 444	31 759	20	21	411 512	340 530	386 707
Deposits and current accounts from customers	11	12	629 405	563 805	590 846	(44)	(60)	770	1 941	1 281
Cost-to-income ratio (%)			31.7	36.1	38.1			50.8	52.0	52.3

	Transaction banking					Total				
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	51	46	9 029	6 175	15 064	45	43	14 838	10 392	24 449
Non-interest revenue	5	10	2 479	2 256	4 563	25	25	17 994	14 389	28 775
Total income	38	36	11 508	8 431	19 627	33	32	32 832	24 781	53 224
Credit impairment charges	>100	77	(149)	(84)	(504)	>100	>100	(1 522)	(721)	(2 530)
Operating expenses	19	15	(5 706)	(4 946)	(10 410)	19	17	(13 715)	(11 694)	(24 822)
Inter-BU attribution expense						15	13	(1 791)	(1 589)	(3 273)
Headline earnings	65	74	3 637	2 091	5 479	40	41	10 696	7 605	15 266
Net loans and advances to customers	20	12	92 512	82 692	88 422	17	17	543 864	465 666	506 888
Deposits and current accounts from customers	2	(1)	382 565	384 530	357 570	7	7	1 012 740	950 276	949 697
Cost-to-income ratio (%)			49.6	58.7	53.0			41.8	47.2	46.6

INSURANCE & ASSET MANAGEMENT

Insurance & Asset Management (IAM)

Complementing the group through insurance, investment and asset management client value propositions.

Earlier this year, the group implemented refinements to the operating model. The outcome thereof was the establishment of a new business unit, Insurance & Asset Management, which sits alongside the three existing banking business units. This business unit includes the insurance, investment, and asset management businesses within the group. Consolidating these offerings allows for more efficient scaling of the businesses while also improving client value propositions and specialised risk management, all contributing to enhanced value for clients, advisers, and shareholders. Various legal entities reside within IAM, most notably Liberty Holdings Limited (LHL), including STANLIB and Liberty Group Limited, Standard Insurance Limited (SIL), Melville Douglas, Liberty Kenya Holdings Plc and Stanbic IBTC Pension Managers. The business unit is anchored in South Africa with the more material African businesses residing in Kenya and Nigeria.

IAM offers a wide range of solutions to fulfil clients' long and short-term insurance, health, investment, and asset management needs, and our clients range from individuals to corporate and institutional clients across the countries in which we have a presence. Within IAM, we have specialised insurance and asset management skills as well as advice-led distribution and other capabilities that enable the group to deliver holistic client value propositions. Solutions are distributed through the group's various distribution channels, including the large advisory partner and third-party distribution channels.

Performance for the six months ended 30 June 2023

IAM's headline earnings grew by 23% to R1 377 million, with an ROE of 13.1% (1H22: 10.2%) amidst a challenging macroeconomic and business environment.

Insurance operating earnings grew by 26% to R1 824 million, with South African insurance operating earnings increasing by 25% to R1 825 million.

In the long-term insurance businesses in South Africa, underwriting risk has largely stabilised to pre-pandemic levels and retail mortality experience is now broadly within expectation, although client persistency has deteriorated on certain books, particularly on investment propositions and propositions offered into the middle mass market. Claims across the corporate benefits and short-term insurance markets have also normalised during 1H23, post the impact of the pandemic and certain natural disaster events in the prior period.

Insurance operations new business value of R1 441 million has increased significantly compared to the prior period mainly due to an improved claims experience and increased sales.

The solvency capital requirement cover of Liberty Group Limited (LGL), for 1H23, remains robust at 1.72 times (FY22: 1.76 times), and is slightly above the target range of 1.3 to 1.7 times. The solvency capital requirement cover of Standard Insurance Limited in 1H23 settled at 2.6 times and was above the target of 2 times (FY22: 2.7 times).

Long-term insurance indexed new business in South Africa increased by 6% to R5 362 million. This result was supported by strong sales of guaranteed investment plans and annuities. Focus remains on sales efforts and new business volumes in the prevailing

tough consumer environment in South Africa. Gross written premiums, in the short-term insurance operations in South Africa, increased by 6% to R1 689 million in a highly competitive market.

Mortality experience in the long-term insurance businesses in African Regions has largely returned to pre-pandemic levels. Africa Regions long-term insurance indexed new business increased by 36% to R290 million. Group life assurance and group credit life sales in Kenya, as well as personal loan protection sales in Uganda and Lesotho contributed positively to this result. Gross written premiums within the Africa Regions short-term insurance businesses have grown by 21% to R939 million. Increased productivity of agents has resulted in increased premiums being recorded on almost all business lines.

Asset management operating earnings increased by 4% to R601 million. South African asset management operating earnings decreased, largely as a result of higher planned operating expenditure on certain initiatives within STANLIB to enhance its ability to continue to produce consistently high quality investment performance. Net fee income was assisted by improved market returns, with net external third-party customer outflows reflecting the economic pressure felt by clients. Africa Regions and International asset management operations grew by 27% mainly due to increased fee income which benefitted from exchange rate gains on US dollar denominated management fees, and higher assets under management and administration.

Assets under management (AUM) in the South African asset management businesses increased by 5% against the prior period to R958 billion. This growth was mainly attributed to the STANLIB South Africa business given positive local and offshore investment market movements during 1H23. This was partly offset by net cash outflows experienced during the period.

The significant change on IFRS 17 has prompted a change to the composition of the assets and exposures that previously resided within the Shareholder Investment Portfolio. This has been renamed to Shareholder Assets and Exposures. The portfolio consists of certain asset holdings, as well as certain exposures derived off the long-term insurance liability book. The Shareholder Assets and Exposures portfolio is particularly sensitive to interest rate movements (both from interest rate sensitive exposures as well as the cash holdings) and unlisted property valuations. Though sensitivity to other asset classes exists, these were mainly absorbed by the contractual service margin (CSM) under IFRS 17.

Total operating earnings grew by 17% to R2 426 million. Shareholder Assets and Exposures landed on a loss of R14 million in 1H23, compared to a loss of R265 million in the prior period.

Looking ahead

We expect the macroeconomic environment to remain challenging in 2H23, with consumers and businesses remaining under pressure. Uncertainty regarding future risk experience post the pandemic (unknown long Covid-19 impacts) remains and the challenging macroeconomic environment is likely to place further strain on persistency. Volatile market returns and unpredictable climate events may also have an impact on business performance.

Notwithstanding economic headwinds, the business remains committed to the execution of strategy, which is focused on investing in value-adding initiatives and providing advice on a market leading range of propositions to take care of clients' needs, and guiding them to build and protect their wealth and lifestyle.

INSURANCE & ASSET MANAGEMENT

KEY BUSINESS STATISTICS

		Change %	1H23 Rm	1H22 Rm	FY22 Rm
Insurance operations					
New business value	Rm	32	1 441	1 090	2 656
South Africa Insurance					
Long-term insurance operations					
Indexed new business	Rm	6	5 362	5 068	10 728
Solvency capital requirement cover of Liberty Group Limited	Times covered		1.7	1.8	1.8
Short-term insurance operations					
Gross written premiums	Rm	6	1 689	1 591	3 257
Solvency capital requirement cover of Standard Insurance Limited	Times covered		2.6	2.5	2.7
Africa Regions Insurance					
Long-term insurance operations					
Indexed new business	Rm	36	290	213	498
Short-term insurance operations					
Gross written premiums	Rm	21	939	776	1 471
Asset Management					
Assets Under Management					
South Africa	Rbn	5	958	915	934
Africa Regions	Rbn	10	478	436	448

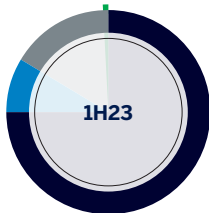
HEADLINE EARNINGS/(LOSS) PER BUSINESS OPERATION

	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Insurance Operations				
	26	1 824	1 450	3 262
South Africa	25	1 825	1 456	3 192
Africa Regions	(83)	(1)	(6)	70
Asset Management Operations				
	4	601	576	1 113
South Africa	(22)	205	264	511
Africa Regions and International	27	396	312	602
Central costs, sundry income and other adjustments	(92)	1	12	(23)
Covid-19 impact, net of taxation and non-controlling interests' share	(100)		35	165
Total operating earnings (pre IFRS 17 restatement impact)	17	2 426	2 073	4 517
Shareholder Assets and Exposures ¹	(95)	(14)	(265)	323
Total gross earnings before inter-BU attribution and IFRS 17 restatement impact	33	2 412	1 808	4 840
IFRS 17 restatement impact	(100)		231	(637)
Inter-BU attribution headline earnings	13	(1 035)	(920)	(1 927)
Insurance South Africa	14	(973)	(853)	(1 794)
Insurance Africa Regions	(7)	(62)	(67)	(133)
Total Insurance & Asset Management headline earnings	23	1 377	1 119	2 276
ROE (%) – gross earnings		22.3	18.2	18.3
ROE (%) – net of inter-BU attribution		13.1	10.2	10.3

¹ Referred to previously as the Shareholder Investment Portfolio (SIP). Refer to page 105 for more information.

Composition of Insurance & Asset Management headline earnings

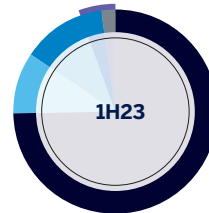
(before inter-BU attribution) (%)



	1H23
Insurance Operations South Africa	1 825
Insurance Operations Africa Regions	(1)
Asset Management Operations South Africa	205
Asset Management Operations Africa Regions and International	396
Other	1
Shareholder Assets and Exposures	(14)

Composition of South African Insurance Operations headline earnings

(before inter-BU attribution) (%)



	1H23
SA Life Savings and Investments (Liberty SA Retail and Embedded Funeral and Credit Life)	1 445
Corporate Benefits (formerly Liberty Corporate)	184
LibFin Markets	261
Short-term Insurance	39
Other	(104)

SUMMARISED INCOME STATEMENT

	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	61	304	189	435
Non-interest revenue	16	2 402	2 079	4 327
Net fee and commission revenue	3	2 328	2 258	4 548
Trading revenue	(50)	(1)	(2)	
Other revenue	42	1 170	824	1 855
Other gains and losses on financial instruments	67	5	3	2
Inter-BU attribution	10	(1 100)	(1 004)	(2 078)
Net income from insurance and asset management activities	45	9 143	6 323	14 761
Total income	38	11 849	8 591	19 523
Credit impairment charges	100	3		(30)
Operating expenses	19	(7 973)	(6 698)	(14 259)
Headline earnings	23	1 377	1 119	2 276

SA LIFE SAVINGS AND INVESTMENTS – HEADLINE EARNINGS

	Change %	1H23 Rm	1H22 ¹ Rm	FY22 ¹ Rm
Release of margins	(2)	1 309	1 334	2 686
Variiances, modelling and assumption changes (net of CSM)	19	111	93	(50)
New business strain	6	(749)	(705)	(1 306)
Project and non-cost per policy expenses	(16)	(168)	(199)	(339)
Embedded risk bancassurance	22	1 187	976	2 126
Investment in strategic initiatives	17	(233)	(200)	(442)
Other	(>100)	(12)	8	(85)
Normalised headline earnings before inter-BU attribution	11	1 445	1 307	2 590
Inter-BU attribution headline earnings	14	(973)	(853)	(1 794)
Headline earnings	4	472	454	796

¹ Restated on an IFRS 17 basis.

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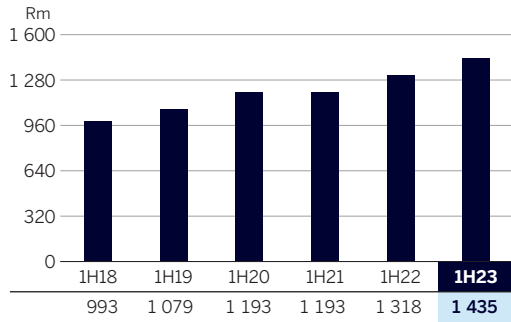
BANKING FINANCIAL PERFORMANCE

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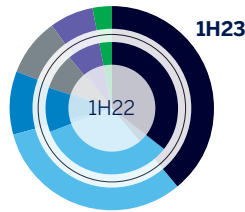
LOANS AND ADVANCES

Gross loans and advances to customers

CAGR (1H18 – 1H23): 8%



Composition of loans to customers (%)



	1H23	1H22
Corporate and sovereign lending	39	36
Home services	32	33
Business lending	10	11
Vehicle and asset finance	9	9
Personal lending	7	8
Card and payments	3	3

	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Home services	5	5	465 658	445 574	459 647
Vehicle and asset finance	6	6	122 777	116 183	119 859
Card and payments	3	3	38 818	37 701	38 063
Personal unsecured lending	3	5	106 170	101 387	102 579
Business lending ¹	4	3	148 339	143 523	147 713
Corporate and sovereign lending ¹	17	17	553 933	474 202	516 211
Central and other	73	>100	(1 073)	(207)	(1 021)
Gross loans and advances to customers	9	9	1 434 622	1 318 363	1 383 051
Credit impairments on loans and advances to customers	15	15	(61 485)	(53 602)	(55 681)
Credit impairments on stage 3 loans	15	15	(43 384)	(37 692)	(38 641)
Credit impairments on stage 1 and 2 loans	16	14	(18 101)	(15 910)	(17 040)
Net loans and advances to customers	9	9	1 373 137	1 264 761	1 327 370
Net loans and advances to banks	(13)	(12)	191 704	217 189	175 208
Gross loans and advances to banks	(13)	(12)	191 874	217 340	175 355
CIB bank lending	(19)	(17)	185 562	224 776	168 422
Central and other	(>100)	(>100)	6 312	(7 436)	6 933
Credit impairments on loans and advances to banks	10	13	(170)	(151)	(147)
Net loans and advances	5	6	1 564 841	1 481 950	1 502 578
Gross loans and advances	6	6	1 626 496	1 535 703	1 558 406
Credit impairments	15	15	(61 655)	(53 753)	(55 828)

¹ Restated. During 1H23 it was noted that an amount of R2 125 million for 1H22 relating to business lending was erroneously included within corporate and sovereign lending.

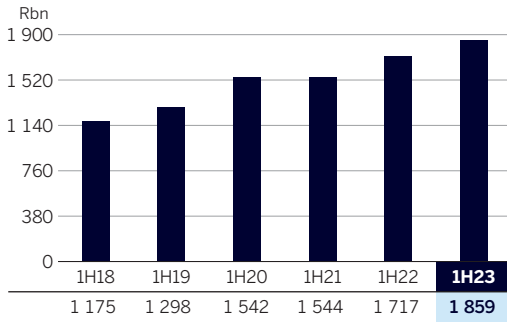
	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Loans and advances classification¹				
Net loans and advances measured at amortised cost	6	1 564 212	1 481 353	1 501 913
Loans and advances measured at fair value through profit or loss	5	629	597	665
Total net loans and advances	6	1 564 841	1 481 950	1 502 578

¹ For more details on the classification of the group's assets and liabilities, refer to pages 132 – 135.

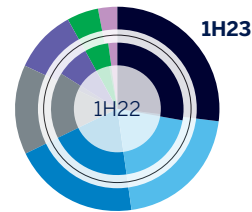
DEPOSITS AND DEBT FUNDING

Deposits from customers

CAGR (1H18 – 1H23): 10%



Composition of deposits from customers (%)



	1H23	1H22
Call deposits	27	28
Term deposits	21	20
Current accounts	20	20
Cash management deposits	14	16
Negotiable certificates of deposits	10	8
Other deposits	5	6
Savings accounts	3	2

	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Current accounts	10	7	363 632	339 712	357 186
Cash management deposits	(6)	(6)	260 763	276 574	236 571
Call deposits	1	7	510 252	476 233	496 414
Savings accounts	16	9	46 858	42 801	45 432
Term deposits	16	15	396 420	344 874	381 378
Negotiable certificates of deposit	37	36	190 361	139 855	179 430
Other deposits	(2)	(7)	90 469	96 977	81 048
Deposits from customers	8	8	1 858 755	1 717 026	1 777 459
Deposits from banks	0	(4)	136 947	142 187	133 617
Total deposits and debt funding	7	7	1 995 702	1 859 213	1 911 076
Retail priced deposits		6	648 199	610 726	640 273
Wholesale priced deposits		8	1 347 503	1 248 487	1 270 803
Wholesale priced deposits – customers		9	1 210 556	1 106 300	1 137 186
Wholesale priced deposits – banks		(4)	136 947	142 187	133 617

BANKING ACTIVITIES' AVERAGE STATEMENT OF FINANCIAL POSITION

	1H23			1H22		
	Average balance Rm	Interest Rm	Average rate bps	Average balance Rm	Interest Rm	Average rate bps
Interest-earning assets						
Cash and balances with central banks ¹	97 614			90 245		
Financial investments ²	282 466	13 755	969	261 288	9 720	750
Net loans and advances	1 564 715	83 802	1 080	1 419 906	53 603	761
Gross loans and advances	1 624 005	83 802	1 041	1 463 840	53 603	738
Gross loans and advances to banks	198 623	6 284	638	196 495	2 440	250
Gross loans and advances to customers	1 425 382	77 518	1 097	1 267 345	51 163	814
Home services	462 457	24 192	1 055	434 962	16 773	778
Vehicle and asset finance	120 425	6 405	1 073	111 541	5 021	908
Card and payments	38 684	3 345	1 744	37 102	2 771	1 506
Personal unsecured lending	106 636	8 017	1 516	101 679	6 107	1 211
Business lending	148 746	8 533	1 157	129 775	6 016	935
Corporate and sovereign lending	549 949	27 026	991	455 596	14 475	641
Central and other	(1 515)			(3 310)		
Credit impairment charges on loans and advances	(59 290)			(43 934)		
Interest-earning assets	1 944 795	97 557	1 012	1 771 439	63 323	721
Trading book assets	315 514			286 378		
Non-interest-earning assets	187 691			169 309		
Average assets	2 448 000	97 557	804	2 227 126	63 323	573
Interest-bearing liabilities						
Deposits and debt funding	1 952 839	50 410	521	1 796 406	28 241	317
Deposits from banks	182 280	5 333	590	151 315	1 812	241
Deposits from customers	1 770 559	45 077	513	1 645 091	26 429	324
Current accounts	357 074	808	46	316 959	334	21
Savings accounts	46 654	697	301	41 040	449	221
Cash management deposits	231 085	5 741	501	237 990	3 549	301
Call deposits	507 399	11 685	464	488 574	6 765	279
Negotiable certificates of deposit	183 588	8 194	900	128 691	3 783	593
Term and other deposits	459 102	17 952	789	448 535	11 549	519
Central and other	(14 343)			(16 698)		
Subordinated bonds	25 345	1 143	909	24 365	860	712
Interest-bearing liabilities	1 978 184	51 553	526	1 820 771	29 101	322
Average equity	196 905			178 542		
Trading book liabilities	98 120			91 351		
Other liabilities	186 101			136 462		
Average equity and liabilities	2 459 310	51 553	423	2 227 126	29 101	263
Margin on average interest-earning assets	1 944 795	46 004	477	1 771 439	34 222	390

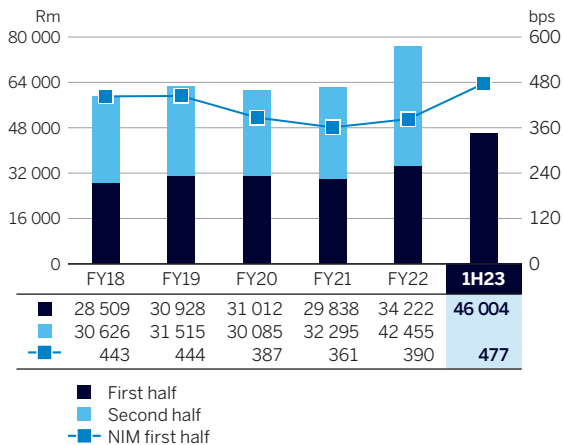
¹ Cash and balances with central banks are the SARB interest-free deposit and other prudential assets. This is utilised to meet liquidity requirements and is reflected in the margins as part of interest-earning assets to reflect the cost of liquidity.

² Is representative of interest-earning assets only, prior period restated.

NET INTEREST INCOME AND NET INTEREST MARGIN

Net interest income (NII) and net interest margin (NIM)

NII CAGR (1H18 – 1H23): 10%



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

	Average interest-earning assets Rm	Net interest income Rm	Net interest margin bps
1H22¹	1 771 439	34 222	390
Asset growth	173 356	3 349	
Cash and balances with central banks	7 369		
Financial investments	21 178		
Loans and advances	144 809		
Asset margin pricing and mix		953	10
Impact due to pricing		(219)	(2)
Impact due to mix and other		1 172	12
Liability margin pricing and mix		7 275	74
Deposit margin pricing and mix		800	8
Impact due to pricing		210	2
Impact due to mix and other		590	6
Endowment impact		6 475	66
Funding endowment		4 868	50
Capital endowment		1 607	16
Balance sheet management and other		205	3
1H23	1 944 795	46 004	477

¹ Is representative of interest earning assets only, prior year restated.

Net interest income and net interest margin

Increase in net interest income is largely due to balance sheet growth and change in portfolio mix. Driven by:

- Good momentum in retail and corporate lending disbursements resulted in higher average loan book growth which supported net interest income growth.
- Positive endowment due to higher average interest rates across most of the portfolio.
- Improved deal origination in key Africa Regions markets in the corporate loan portfolio resulted in margin expansion as deals were refinanced and originated at higher yields.
- Increase in financial investments at higher yields supported margin expansion.
- Change in balance sheet mix as the higher yielding Africa Regions book growth outpaced growth in South Africa.

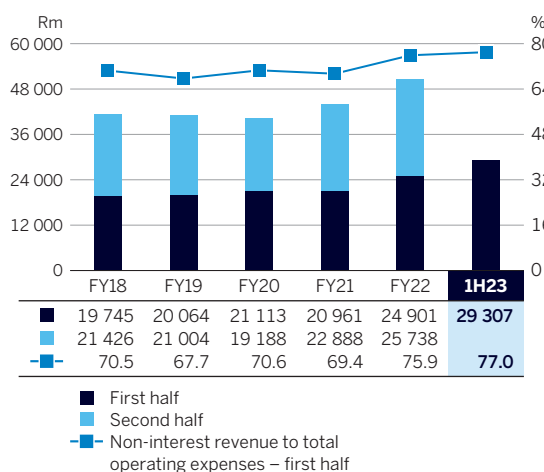
Partly offset by:

- Competitive new business pricing in home service registrations and vehicle and asset finance pay-outs as competitors re-entered the market.
- Business and corporate lending impacted by competitive pricing as client activity increased in a post pandemic environment.
- Higher debt review book and elevated non-performing loans led to increased interest in suspense particularly in the Retail market.

NON-INTEREST REVENUE ANALYSIS

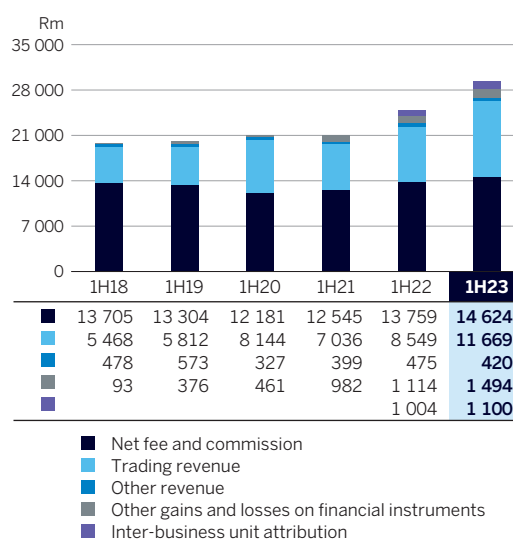
Non-interest revenue

CAGR (1H18 – 1H23): 8%



Analysis of non-interest revenue

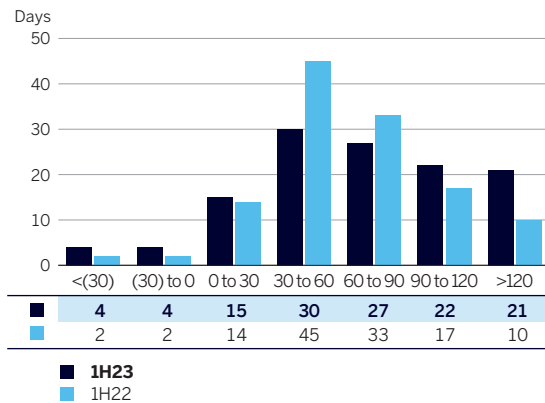
CAGR (1H18 – 1H23): Net fee and commission 1%
 Trading revenue 16%
 Other revenue (3%)
 Other gains and losses on financial instruments 74%



	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net fee and commission revenue	10	6	14 624	13 759	28 073
Fee and commission revenue	11	8	19 350	17 956	36 786
Account transaction fees	11	7	5 353	5 018	10 153
Electronic banking	16	9	2 882	2 651	5 586
Knowledge-based fees and commission	(24)	(22)	768	986	1 527
Card-based commission	13	12	4 425	3 961	8 483
Insurance – fees and commission	1	1	433	430	928
Documentation and administration fees	10	7	1 331	1 245	2 504
Foreign currency service fees	35	21	1 584	1 309	2 686
Other	7	9	2 574	2 356	4 919
Fee and commission expense	13	13	(4 726)	(4 197)	(8 713)
Trading revenue	31	36	11 669	8 549	17 046
Fixed income and currencies	31	39	9 133	6 566	13 130
Commodities	(54)	(54)	178	386	470
Equities	48	48	2 358	1 597	3 446
Other revenue	>100	(12)	420	475	1 006
Other gains and losses on financial instruments	34	34	1 494	1 114	2 435
Inter-BU attribution	9	10	1 100	1 004	2 078
Non-interest revenue	20	18	29 307	24 901	50 638

Distribution of daily trading income

(frequency of days)



Net fee and commission revenue

- Increased account transaction fees from higher transactional volumes across the continent, together with the impact of annual price increases on cash transaction fees.
- Higher electronic banking fees due to a combination of clients continued preference to process online transactions in real-time, and good growth in digital transactions across most of the portfolio.
- Decrease in knowledge-based fees mainly due to the non-recurrence of structured fees earned in the prior period.
- Growth in card-based commissions due to higher card issuing and acquiring turnover on the back of increased transactional volumes, particularly related to travel and e-commerce spend.
- Increase in documentation and administration fees earned from increased client demand for overdrafts in Africa Regions.
- Higher foreign currency service fees on committed balance sheet facilities related to energy and infrastructure in certain African markets.
- Continued renewable energy deal structuring in South Africa, together with growth in guarantee fees on the back of higher trade activity contributed to higher other fee and commission revenue growth.
- Fee and commission expenses increased due to:
 - Higher card interchange costs and related volumes, particularly related to international spend.
 - Higher Mastercard and Visa expenses in line with higher transactional activity and a weaker ZAR against the US dollar.

Trading revenue

- Growth in fixed income and currencies driven by:
 - Increased foreign exchange client activity related to market conditions in South Africa, East Africa and West Africa.
 - Gains driven by positive positioning as currencies devalued in certain African markets.
 - This was partially offset by a decline in credit-linked note client activity.
- Lower commodities revenue due to the non-recurrence of prior period gains on the back of higher commodity prices.
- Improved equity trading revenues earned as a result of market share gains despite lower client activity. A renewal in structured deal flow across the retail and corporate franchises further supported growth.

Other gains and losses on financial instruments

- Growth attributed to an increase in the fair value financial investment portfolio and higher mark-to-market gains.

Inter-BU attribution

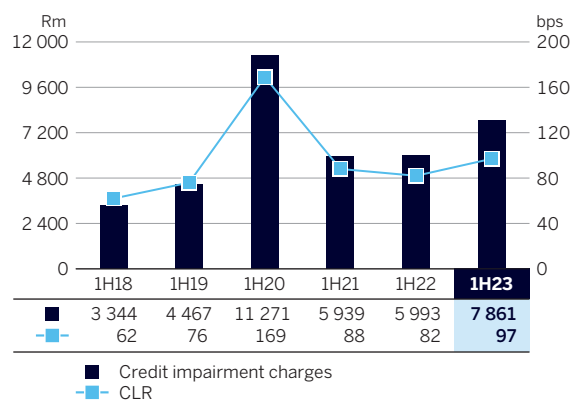
- Higher insurance revenue due to a combination of an improved claims experience and growth in the Flexi Funeral policy base.

CREDIT IMPAIRMENT ANALYSIS

INCOME STATEMENT CHARGES

Credit impairment charges on loans and advances

CAGR (1H18 – 1H23): 29%



INCOME STATEMENT CREDIT IMPAIRMENT CHARGES

	Change %	1H23					Credit loss ratio bps
		Stage 1 Rm	Stage 2 ¹ Rm	Total stage 1 and 2 Rm	Stage 3 ¹ Rm	Credit impairment charges/(release) Rm	
Home services	72	(30)	296	266	912	1 178	51
Vehicle and asset finance	11	(1)	104	103	803	906	152
Card and payments	10	10	157	167	984	1 151	600
Personal unsecured lending	18	51	261	312	2 062	2 374	449
Business lending and other	58	103	118	221	1 042	1 263	171
Corporate and sovereign lending	30	60	(72)	(12)	984	972	36
CIB bank lending	(43)	43	(26)	17		17	2
Central and other	(100)						
Total loans and advances credit impairment charges	31	236	838	1 074	6 787	7 861	97
Credit impairment charges – financial investments	(>100)					535	
Credit impairment charges/(release) – letters of credit, guarantees and other	(>100)					49	
Total credit impairment charges	42					8 445	

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

Credit impairment charges

- Higher charges driven by negative sovereign credit risk migration in certain African markets.
- Increased charges in the corporate non-performing loan portfolio largely driven by new defaults in the Industrial sector, as well as additional charges for existing non-performing loans in the Consumer sector.
- Strong loan originations and increased drawdowns on existing committed facilities further contributed to growth in performing credit impairments.
- Increased charges in South Africa and Africa Regions due to pockets of client strain linked to the elevated interest and inflation environment which resulted in clients being unable to meet their full debt obligations.
- Higher provisions in home services due to the adverse macroeconomic environment, compounded by the non-recurrence of credit recoveries in the prior period driven by strong repayment behaviour in the client relief population after the conclusion of the monitoring period.
- Increase in stage 3 exposures in the business and agricultural segment.

1H22						FY22					
Stage 1 Rm	Stage 2 ¹ Rm	Total stage 1 and 2 Rm	Stage 3 ¹ Rm	Credit impairment charges/ (release) Rm	Credit loss ratio bps	Stage 1 Rm	Stage 2 ¹ Rm	Total stage 1 and 2 Rm	Stage 3 ¹ Rm	Credit impairment charges/ (release) Rm	Credit loss ratio ² bps
141	224	365	320	685	32	(130)	300	170	944	1 114	25
(18)	128	110	704	814	147	86	866	952	500	1 452	127
16	129	145	906	1 051	571	85	(57)	28	1 686	1 714	457
(12)	233	221	1 795	2 016	400	78	635	713	3 283	3 996	403
(74)	184	110	691	801	124	(136)	(55)	(191)	1 941	1 750	126
148	(178)	(30)	775	745	34	701	21	722	1 035	1 757	37
6	24	30		30	2	(1)	28	27		27	1
(66)	(85)	(151)	(4)	(155)		(218)	(282)	(500)		(500)	
141	659	800	5 187	5 987	82	465	1 456	1 921	9 389	11 310	75
				(12)						792	
				(47)						(68)	
				5 928						12 034	

CREDIT IMPAIRMENT ANALYSIS

RECONCILIATION OF EXPECTED CREDIT LOSS FOR LOANS AND ADVANCES MEASURED AT AMORTISED COST

	1 January 2023 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm
Home services	16 429		1 120
Stage 1	925	212	(242)
Stage 2	2 707	(152)	433
Stage 3	12 797	(60)	929
Vehicle and asset finance	7 381		913
Stage 1	810	236	(237)
Stage 2	1 933	(233)	324
Stage 3	4 638	(3)	826
Card and payments	3 825		1 224
Stage 1	724	45	(35)
Stage 2	1 139	(41)	198
Stage 3	1 962	(4)	1 061
Personal unsecured lending	10 662		2 338
Stage 1	1 480	(72)	123
Stage 2	2 424	63	177
Stage 3	6 758	9	2 038
Business lending and other	8 060		1 385
Stage 1	830	126	(23)
Stage 2	1 236	(388)	506
Stage 3	5 994	262	902
Corporate and sovereign lending	9 324		1 029
Stage 1	1 961	(22)	82
Stage 2	871	(201)	129
Stage 3	6 492	223	818
CIB bank lending	147		17
Stage 1	106	1	42
Stage 2	41	(1)	(25)
Stage 3			
Total	55 828		8 026
Stage 1	6 836	526	(290)
Stage 2	10 351	(953)	1 742
Stage 3	38 641	427	6 574

The income statement credit impairment charge on loans and advances of R7 861 million is made up of total transfers, net provision raised of R8 026 million less modification losses and post-write-off recoveries of R165 million.

Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money & interest in suspense Rm	June 2023 closing balance Rm	Modification losses and recoveries of amounts written off Rm
(655)	(289)	1 159	17 764	(58)
	5		900	
	(102)		2 886	(15)
(655)	(192)	1 159	13 978	(43)
(604)	(80)	347	7 957	7
	(37)		772	
	(69)		1 955	(13)
(604)	26	347	5 230	20
(949)	6	134	4 240	73
	2		736	
	10		1 306	
(949)	(6)	134	2 198	73
(1 792)	401	753	12 362	(36)
	97		1 628	
	(92)		2 572	(21)
(1 792)	396	753	8 162	(15)
(591)	(153)	392	9 093	122
	(139)		794	
	346		1 700	
(591)	(360)	392	6 599	122
(920)	243	393	10 069	57
	23		2 044	
	9		808	
(920)	211	393	7 217	57
	6		170	
	4		153	
	2		17	
(5 511)	134	3 178	61 655	165
	(45)		7 027	
	104		11 244	(49)
(5 511)	75	3 178	43 384	214

CREDIT IMPAIRMENT ANALYSIS

RECONCILIATION OF EXPECTED CREDIT LOSS FOR LOANS AND ADVANCES MEASURED AT AMORTISED COST

	1 January 2022 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm
Home services	15 625		1 023
Stage 1	1 059	488	(618)
Stage 2	2 440	116	139
Stage 3	12 126	(604)	1 502
Vehicle and asset finance	6 337		1 632
Stage 1	651	57	29
Stage 2	1 131	(117)	894
Stage 3	4 555	60	709
Card and payments	3 885		1 951
Stage 1	642	126	(41)
Stage 2	1 152	(34)	15
Stage 3	2 091	(92)	1 977
Personal unsecured lending	9 740		3 971
Stage 1	1 508	(197)	275
Stage 2	1 761	68	524
Stage 3	6 471	129	3 172
Business lending and other	7 536		2 125
Stage 1	943	64	(200)
Stage 2	1 295	(415)	354
Stage 3	5 298	351	1 971
Corporate and sovereign lending	7 710		1 752
Stage 1	1 304	77	624
Stage 2	818	(110)	131
Stage 3	5 588	33	997
CIB bank lending	65		27
Stage 1	65		(1)
Stage 2			28
Central and other	500		(500)
Stage 1	218		(218)
Stage 2	282		(282)
Total	51 398		11 981
Stage 1	6 390	615	(150)
Stage 2	8 879	(492)	1 803
Stage 3	36 129	(123)	10 328

The income statement credit impairment charge on loans and advances of R11 310 million is made up of total transfers, net provision raised and released of R11 981 million less modification losses and post-write-off recoveries of R671 million.

Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money & interest in suspense Rm	December 2022 closing balance Rm	Modification losses and recoveries of amounts written off Rm
(1 476)	(58)	1 315	16 429	(91)
	(4)		925	
	12		2 707	(45)
(1 476)	(66)	1 315	12 797	(46)
(1 196)	123	485	7 381	180
	73		810	
	25		1 933	(89)
(1 196)	25	485	4 638	269
(2 248)	5	232	3 825	237
	(3)		724	
	6		1 139	38
(2 248)	2	232	1 962	199
(4 049)	42	958	10 662	(25)
	(106)		1 480	
	71		2 424	(43)
(4 049)	77	958	6 758	18
(1 828)	(9)	236	8 060	375
	23		830	
	2		1 236	(6)
(1 828)	(34)	236	5 994	381
(737)	25	574	9 324	(5)
	(44)		1 961	
	32		871	
(737)	37	574	6 492	(5)
	55		147	
	42		106	
	13		41	
(11 534)	183	3 800	55 828	671
	(19)		6 836	
	161		10 351	(145)
(11 534)	41	3 800	38 641	816

CREDIT IMPAIRMENT ANALYSIS

LOANS AND ADVANCES PERFORMANCE

	Gross carrying loans and advances Rm	SB 1 – 12		SB 13 – 20		SB 21 – 25	
		Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm
1H23							
Home services	465 658	70 579	47	294 250	13 495	7 908	40 812
Vehicle and asset finance	122 777	36 464	4 652	58 298	783	5 430	7 502
Card and payments	38 818	1 686		25 961	407	2 611	4 500
Personal unsecured lending	106 170	19 815	236	57 542	561	7 806	9 138
Business lending and other	148 339	33 232	846	89 365	4 783	1 424	7 159
Corporate and sovereign lending	553 933	252 526	4 816	251 990	18 219	4 706	2 255
CIB bank lending	185 562	130 820		48 266	1 230	5 027	219
Central and other	4 610	4 610					
Gross loans and advances	1 625 867	549 732	10 597	825 672	39 478	34 912	71 585
Percentage of total book (%)	100.0	33.8	0.7	50.8	2.4	2.1	4.4
Gross loans and advances at amortised cost	1 625 867						
Gross loans and advances at fair value	629						
Total gross loans and advances	1 626 496						

	Gross carrying loans and advances Rm	SB 1 – 12		SB 13 – 20		SB 21 – 25	
		Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm
FY22							
Home services	459 646	65 071	105	306 626	12 813	7 364	34 682
Vehicle and asset finance	119 860	33 101	147	59 064	5 395	5 957	7 647
Card and payments	38 063	1 367		26 614	443	2 395	4 057
Personal unsecured lending	102 579	9 841	68	66 051	481	7 785	8 594
Business lending and other	147 713	38 505	388	89 175	1 821	676	7 541
Corporate and sovereign lending	516 212	195 215	1 383	283 754	17 354	2 697	2 456
CIB bank lending	168 422	134 162	590	27 855	311	2 367	3 137
Central and other	5 246	5 246					
Gross loans and advances	1 557 741	482 508	2 681	859 139	38 618	29 241	68 114
Percentage of total book (%)	100.0	31.1	0.2	55.1	2.5	1.9	4.4
Gross loans and advances at amortised cost	1 557 741						
Gross loans and advances at fair value	665						
Total gross loans and advances	1 558 406						

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

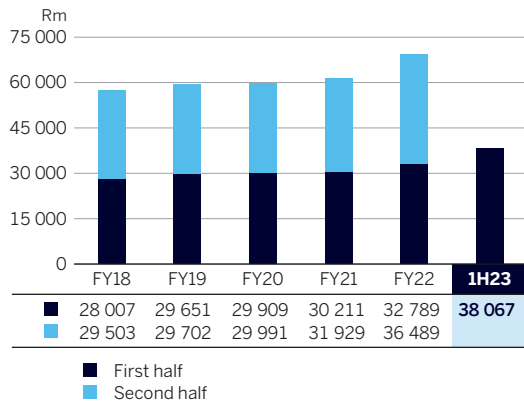
Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loans Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
427 091	38 566	24 588	13 978	36	8.3
113 129	9 648	4 418	5 230	54	7.9
35 165	3 654	1 456	2 198	60	9.4
95 098	11 070	2 908	8 162	74	10.4
136 809	11 532	4 933	6 599	57	7.8
534 512	19 421	12 204	7 217	37	3.5
185 562					
4 610					
1 531 976	93 891	50 507	43 384	46	5.8
94.2	5.8	3.1	2.7		

Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loans Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
426 661	32 985	20 188	12 797	39	7.2
111 311	8 549	3 911	4 638	54	7.1
34 876	3 187	1 225	1 962	62	8.4
92 820	9 759	3 001	6 758	69	9.5
138 106	9 607	3 613	5 994	62	6.5
502 859	13 353	6 861	6 492	49	2.6
168 422					
5 246					
1 480 301	77 440	38 799	38 641	50	5.0
95.0	5.0	2.5	2.5		5.0

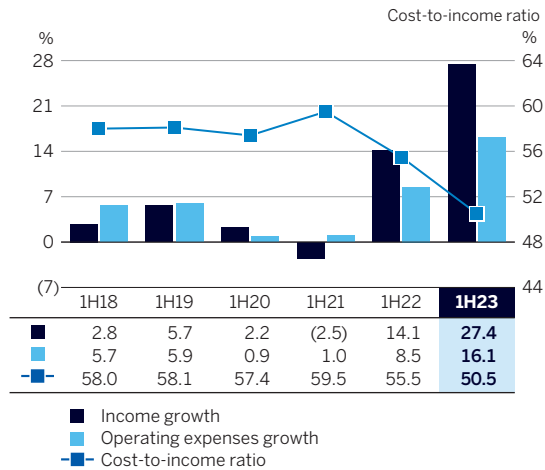
OPERATING EXPENSES

Operating expenses

CAGR (1H18 – 1H23): 6%



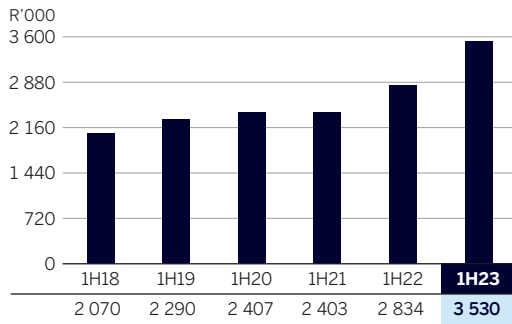
Income and operating expenses growth



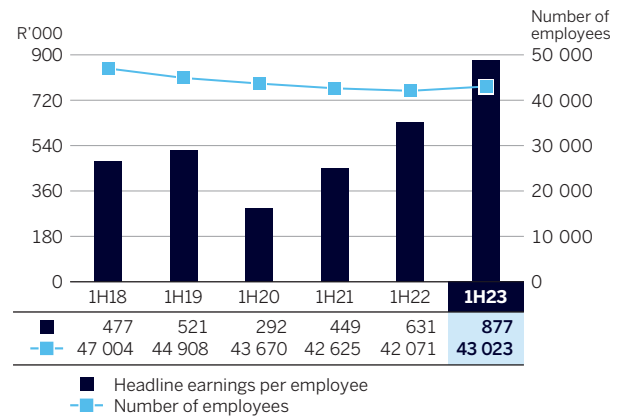
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Staff costs					
Fixed remuneration	13	13	14 996	13 261	27 208
Variable remuneration	38	36	5 190	3 804	9 031
Charge for incentive payments	31	29	3 508	2 719	6 739
IFRS 2 charge: cash-settled share schemes (including associated hedge)	>100	>100	418	93	314
IFRS 2 charge: equity-settled share schemes	24	27	1 264	992	1 978
Other staff costs	27	22	1 708	1 401	3 073
Total staff costs	19	19	21 894	18 466	39 312
Variable remuneration as a % of total staff costs			23.7	20.6	23.0
Other operating expenses					
Software, cloud and technology related costs ¹	18	18	5 954	5 038	10 851
Amortisation of intangible assets	(1)	0	1 278	1 284	2 586
Depreciation	8	7	2 207	2 061	4 261
Premises expenses	13	10	997	907	2 065
Professional fees	13	11	1 005	903	1 973
Communication	(8)	(11)	590	662	1 324
Marketing and advertising	(1)	(1)	984	998	2 228
Other	43	28	3 158	2 470	4 674
Total other operating expenses	16	13	16 173	14 323	29 962
Total operating expenses	18	16	38 067	32 789	69 274
Total income	29	27	75 311	59 123	127 315
Cost-to-income ratio (%)			50.5	55.5	54.4
Jaws (%)			11.3	5.8	7.3

¹ Referred to as information technology previously.

Banking revenue per employee



Banking headline earnings per employee



ANALYSIS OF HEADCOUNT BY GEOGRAPHY

	Change %	1H23 Number	1H22 Number	FY22 Number
South Africa	2	28 576	28 007	28 106
Africa Regions	3	13 814	13 471	13 689
International	7	633	593	612
Banking	2	43 023	42 071	42 407

Staff costs and headcount

- Higher staff costs due to annual salary increases and an increase in skilled staff complement.
- Higher variable remuneration in line with prior period award allocations on deferred bonus schemes.
- Other staff costs increased mainly due to increased staff benefits in line with headcount growth.

Other operating expenses

- Continued investment in software, cloud and technology related spend due to:
 - Increase in cloud migration to support system stability and a seamless banking experience for our clients.
 - Investment in subscription-based software and expertise to deliver on the client value proposition.
 - This was partially offset by savings driven by continued conscious efforts to contain third-party spend and decommissioning legacy systems.
- Growth in premises expenses due to higher municipal costs across the continent, as well as higher fuel and maintenance costs relating to electricity outages in South Africa. This was partially offset by savings realised from the optimisation of the group's physical footprint by exiting third-party leases.

- Growth in professional fees due to increased audit fees and initiatives identified to strengthen employee conduct.
- Lower communication expenses in 1H23 as the prior period included once-off costs associated with quality improvement of calls, higher SMS transactions and mobility-enabled cloud solutions.
- Lower marketing and advertising spend driven by the non-recurrence of prior period's client campaigns and brand repositioning.
- Increase in other expenses driven by:
 - Increase in travel and entertainment spend as pre-Covid business activity resumed.
 - Higher training expenses in line with the Group's strategy to grow its people.
 - Higher insurance-related costs driven by an increase in the deposit base.
 - Increased printing costs mainly due to higher client-related activity in branches across the Africa Regions portfolio.
 - Growth in costs associated with employees returning to the office.

ANALYSIS OF TOTAL TECHNOLOGY SPEND

	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Staff costs	11	11	2 832	2 544	5 201
Software, cloud and technology related costs	18	18	5 954	5 039	10 847
Amortisation of intangible assets	(1)	0	1 278	1 284	2 586
Depreciation and other expenses	5	4	1 150	1 104	2 233
Total technology function spend	12	12	11 214	9 971	20 867

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LIQUIDITY AND CAPITAL MANAGEMENT

- 70** Liquidity management
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- 74** Capital adequacy ratios per legal entity
- 75** Currency translation impact, economic capital and economic returns
- 76** Other capital instruments

LIQUIDITY MANAGEMENT

Liquidity management overview

- Appropriate liquidity buffers were held in line with the assessment of liquidity risk across the geographies in which the group operates.
- The group's available contingent liquidity remains adequate to meet internal as well as regulatory stress requirements. Contingent funding plans, stress testing assumptions as well as early warning indicators continue to be reassessed for appropriateness considering the global economic outlook, market conditions and geopolitical pressures.
- The group continues to leverage its deposit franchises to provide the appropriate amount, tenor and diversification of funding across currencies and jurisdictions while minimising concentration risk, supporting its current and planned funding requirements, and minimising funding costs.
- The group maintained both the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) in excess of minimum regulatory requirements during the first half of 2023.
- Longer term funding increased by R21.8 billion through the issuance of negotiable certificate of deposits (NCDs) and senior debt.
- R2.5 billion of Additional Tier 1 capital and R2.0 billion of Tier 2 were issued in the first half of 2023, the proceeds of which were invested in SBSA on the same terms and conditions.

Total contingent liquidity

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

	1H23 Rbn	1H22 Rbn	FY22 Rbn
Eligible LCR HQLA ¹ comprising:	446	374	459
Notes and coins	19	19	21
Balances with central banks	73	42	54
Government bonds and bills	346	289	364
Other eligible liquid assets	8	24	20
Managed liquidity	178	219	172
Total contingent liquidity	624	593	631
Total contingent liquidity as a % of funding-related liabilities	30.9	31.5	32.6

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

Liquidity coverage ratio (average)

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

	2Q23 Rbn	2Q22 Rbn	4Q22 Rbn
SBG¹			
Total HQLA	435	366	442
Net cash outflows	323	256	301
LCR (%)	134.7	143.0	146.8
SBSA²			
Total HQLA	303	226	283
Net cash outflows	240	198	219
LCR (%)	126.2	113.8	129.1
Minimum requirement (%)	100.0	100.0	100.0

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

² Excludes foreign branches.

Structural liquidity requirements

Net stable funding ratio¹

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

	1H23 Rbn	1H22 Rbn	FY22 Rbn
SBG			
Available stable funding	1 588	1 469	1 546
Required stable funding	1 297	1 200	1 246
NSFR (%)	122.4	122.4	124.1
SBSA²			
Available stable funding	1 064	987	1 046
Required stable funding	977	906	945
NSFR (%)	108.9	109.0	110.6
Minimum requirement (%)	100.0	100.0	100.0

¹ Period-end position.

² Excludes foreign branches.

Diversified funding base

- Funding markets are evaluated on an ongoing basis to identify optimal funding strategies that appropriately consider the current and future competitive and regulatory environments.
- The group continues to prioritise growing its client deposit franchise with deposits sourced from South Africa, key markets in Africa Regions, Isle of Man and Jersey providing diverse and stable sources of funding for the group.

FUNDING-RELATED LIABILITIES COMPOSITION¹

	1H23 ¹ Rbn	1H22 Rbn	FY22 Rbn
Corporate funding	601	567	599
Retail deposits ²	538	490	509
Institutional funding	460	421	429
Government and parastatals	186	172	171
Interbank funding ³	104	105	95
Senior debt	65	58	65
Term loan funding	33	38	39
Subordinated debt issued	25	23	26
Other liabilities to the public	9	9	4
Total Banking funding-related liabilities	2 021	1 883	1 937

¹ Composition aligned to Basel III liquidity classification.

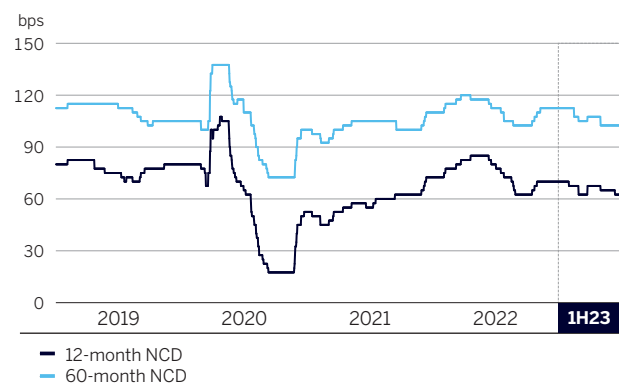
² Comprises individual and small business customers.

³ 1H22 restated. During 2H22 it was noted that interbank funding for 1H22 erroneously excluded an amount of R11 billion when compared to the corresponding statement of financial position balance. This restatement has no impact on the group's statement of financial position, income statement or any disclosed ratios.

Funding costs

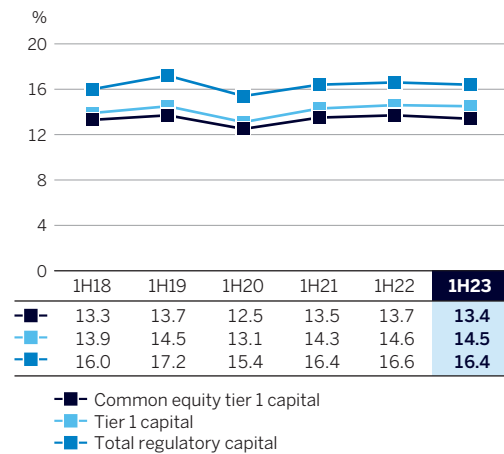
- The market cost of liquidity is measured as the spread paid on NCDs above the prevailing reference rate, namely three-month JIBAR.
- The graph is based on actively issued money market instruments by SBSA, namely 12- and 60-month NCDs.
- The cost of liquidity as measured by pricing of 12-month and 60-month NCDs reduced by 12.5 bps in the first six months of 2023. Funding costs reduced, primarily driven by slower than expected asset growth and strong demand for bank credit.

SBSA 12- and 60-month liquidity spread



CAPITAL ADEQUACY

Capital adequacy



CAPITAL ADEQUACY RATIOS

	Target ratios ¹ %	SARB minimum regulatory requirement ² %	Excluding unappropriated profit			Including unappropriated profit		
			1H23 %	1H22 ³ %	FY22 ³ %	1H23 %	1H22 ³ %	FY22 ³ %
Common equity tier 1 capital adequacy ratio	>11.0	8.5	12.2	12.7	12.2	13.4	13.7	13.4
Tier 1 capital adequacy ratio	>12.0	10.8	13.3	13.5	13.2	14.5	14.6	14.4
Total capital adequacy ratio	>15.0	13.0	15.2	15.6	15.3	16.4	16.6	16.5

¹ Including unappropriated profit.

² Excluding confidential bank-specific requirements.

³ Restated due to adoption of new accounting standards, refer to pages 115 – 118 for further detail.

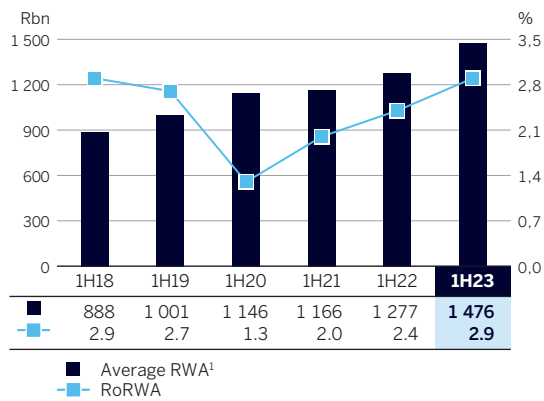
QUALIFYING REGULATORY CAPITAL EXCLUDING UNAPPROPRIATED PROFIT

	Change %	1H23 Rm	1H22 ¹ Rm	FY22 ¹ Rm
Ordinary shareholders' equity	10	230 929	209 720	218 197
Qualifying non-controlling interest	7	9 861	9 198	9 086
Regulatory adjustments	(6)	(21 665)	(22 970)	(26 822)
Goodwill	(35)	(1 423)	(2 199)	(2 258)
Other intangible assets	(21)	(8 779)	(11 171)	(10 916)
Investments in financial entities	11	(10 411)	(9 397)	(12 332)
Other adjustments	>100	(1 052)	(203)	(1 316)
Total common equity tier 1 capital (including unappropriated profit)	12	219 125	195 948	200 461
Unappropriated profit	33	(19 348)	(14 507)	(18 477)
Common equity tier 1 capital	10	199 777	181 441	181 984
Qualifying other equity instruments	61	16 635	10 362	14 098
Qualifying non-controlling interest	(23)	1 215	1 580	1 284
Tier 1 capital	13	217 627	193 383	197 366
Tier 2 capital	10	31 640	28 842	30 933
Qualifying tier 2 subordinated debt	7	24 272	22 710	24 594
General allowance for credit impairments	20	7 368	6 132	6 339
Total regulatory capital	12	249 267	222 225	228 299

¹ Restated due to adoption of new accounting standards, refer to pages 115 – 118 for further detail.

RETURN ON RISK-WEIGHTED ASSETS AND RISK-WEIGHTED ASSETS

SBG Return on Risk-Weighted Assets (RoRWA)



¹ Average RWA calculated net of non-controlling interests.

RISK-WEIGHTED ASSETS BY RISK TYPE

	Change %	1H23 Rm	1H22 ¹ Rm	FY22 ¹ Rm
Credit risk	15	1 159 608	1 010 257	1 070 731
Counterparty credit risk	14	75 925	66 391	61 288
Market risk	29	100 722	78 042	79 086
Operational risk	10	197 833	180 198	187 907
Equity risk in the banking book	20	30 394	25 406	28 189
RWA for investments in financial entities	10	74 916	68 041	68 244
Standard Bank Group	15	1 639 398	1 428 335	1 495 445

¹ Restated due to adoption of new accounting standards, refer to pages 115 – 118 for further detail.

CAPITAL ADEQUACY RATIOS PER LEGAL ENTITY

CAPITAL ADEQUACY RATIOS PER LEGAL ENTITY

	Tier 1 host regulatory requirement %	Total host regulatory requirement %	1H23		1H22		FY22	
			Tier 1 capital %	Total capital %	Tier 1 capital %	Total capital %	Tier 1 capital %	Total capital %
Standard Bank Group¹	10.8	13.0	14.5	16.4	14.6	16.6	14.4	16.5
The Standard Bank of South Africa Group (SBSA Group)¹	10.8	13.0	13.5	16.2	13.4	16.3	13.7	16.6
Africa Regions								
Stanbic Bank Botswana	7.5	12.5	13.9	20.0	11.9	16.2	11.6	19.3
Stanbic Bank Ghana	8.0	10.0	12.9	15.9	14.3	16.3	11.0	11.0
Stanbic Bank Kenya	10.5	14.5	13.9	17.4	14.1	16.2	13.8	16.8
Stanbic Bank S.A. (Cote d' Ivoire)	8.5	11.3	50.0	50.0	53.3	53.3	52.3	52.3
Stanbic Bank Tanzania	12.5	14.5	18.4	18.4	22.1	23.5	19.0	19.0
Stanbic Bank Uganda	10.0	12.0	23.9	26.0	17.1	19.0	22.0	24.2
Stanbic Bank Zambia ²	5.0	10.0	23.4	25.0	25.2	27.3	23.2	25.0
Stanbic Bank Zimbabwe	9.0	12.0	17.4	22.8	16.7	22.5	23.6	29.4
Stanbic IBTC Bank Nigeria	8.5	11.0	10.8	12.3	13.2	14.5	14.0	15.2
Standard Bank de Angola	13.2	15.2	16.8	19.2	28.6	31.1	31.8	34.5
Standard Bank Malawi	10.0	15.0	18.2	19.9	18.4	20.3	21.0	23.1
Standard Bank Mauritius	10.5	12.5	31.0	31.7	19.1	19.7	25.0	25.8
Standard Bank Mozambique	12.0	14.0	23.1	23.1	22.8	22.8	26.1	26.1
Standard Bank Namibia	10.0	12.5	12.8	15.3	12.0	13.9	14.0	16.0
Standard Bank RDC (DRC)	7.5	10.0	29.3	31.8	21.6	24.1	22.0	24.5
Standard Bank Eswatini	6.0	8.0	12.7	15.6	10.8	14.0	13.0	16.4
Standard Lesotho Bank	6.0	8.0	16.6	14.9	24.5	21.1	29.7	26.5
International								
Standard Bank Isle of Man	8.5	10.0	15.9	16.8	12.9	12.9	13.9	14.1
Standard Bank Jersey	8.5	11.0	19.3	22.7	16.5	16.5	16.9	17.3
Capital adequacy ratio – times covered								
Standard Insurance Limited (SIL)³								
Solvency capital requirement coverage ratio				2.60		2.54		2.68
Liberty Group Limited³								
Solvency capital requirement coverage ratio				1.72		1.79		1.76

¹ Minimum regulatory requirement excludes confidential bank-specific requirements.

² Tier 1 and total capital ratios under Basel II parallel run are 18.4% and 19.6% respectively. Implementation date of Basel II yet to be determined.

³ Calculated in terms of the Insurance Act, 2017, which came into effect on 1 July 2018.

CURRENCY TRANSLATION IMPACT, ECONOMIC CAPITAL AND ECONOMIC RETURNS

MOVEMENT IN THE FOREIGN CURRENCY TRANSLATION RESERVE

	1H23 Rm	1H22 Rm	FY22 Rm
Balance at beginning of the period: (debit)	(5 666)	(2 585)	(2 585)
Translation and hedge reserve (decrease)/increase for the period	741	(1 996)	(3 081)
Africa Regions	(2 158)	(1 597)	(3 257)
Standard Bank Offshore	2 915	(503)	12
Liberty	23	104	132
Currency hedge losses	(39)		32
Balance at end of the period: (debit)/credit	(4 925)	(4 581)	(5 666)

ECONOMIC CAPITAL UTILISATION BY RISK TYPE

	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Credit risk	29	163 513	126 497	131 502
Equity risk	15	14 737	12 846	13 425
Market risk	>100	2 125	995	1 522
Operational risk	9	18 374	16 832	18 072
Business risk	6	5 115	4 837	4 826
Interest rate risk in the banking book	20	10 155	8 440	8 738
Economic capital requirement	26	214 019	170 447	178 085
Available financial resources	12	253 549	226 906	238 071
Economic capital coverage ratio (times)		1.18	1.33	1.34

ECONOMIC RETURNS

	Change %	1H23 Rm	1H22 ¹ Rm	FY22 ¹ Rm
Average ordinary shareholders' equity	13	227 082	201 551	208 181
Headline earnings	35	21 231	15 691	33 853
Cost of equity charge	14	(17 229)	(15 092)	(31 644)
Economic returns	>100	4 002	599	2 209
Cost of equity (%)		15.3	15.1	15.2

¹ Restated, refer to pages 115 – 118 for further detail.

OTHER CAPITAL INSTRUMENTS

SUBORDINATED DEBT

	Redeemable/ repayable date	Callable date	Notional value LCm	1H23		1H22		FY22	
				Carrying value ¹ Rm	Notional value ¹ Rm	Carrying value ¹ Rm	Notional value ¹ Rm	Carrying value ¹ Rm	Notional value ¹ Rm
Standard Bank Group Limited²				24 206	24 350	22 603	22 710	24 440	24 594
SBT 201	13 Feb 2028	13 Feb 2023	ZAR3 000			2 937	3 000	2 973	3 000
SBT 202	3 Dec 2028	3 Dec 2023	ZAR1 516	1 523	1 516	1 517	1 516	1 520	1 516
SBT 203	3 Dec 2028	3 Dec 2023	ZAR484	486	484	494	484	489	484
SBT 204	16 Apr 2029	16 Apr 2024	ZAR1 000	1 021	1 000	1 014	1 000	1 018	1 000
SBT 205	31 May 2029	31 May 2024	USD400	7 546	7 545	6 449	6 544	6 569	6 789
SBT 206	31 Jan 2030	31 Jan 2025	ZAR2 000	2 023	2 000	2 021	2 000	2 029	2 000
SBT 207	25 Jun 2030	25 Jun 2025	ZAR3 500	3 484	3 500	3 493	3 500	3 503	3 500
SBT 208	28 Nov 2030	28 Nov 2025	ZAR1 500	1 515	1 500	1 510	1 500	1 514	1 500
SBT 209	29 Jun 2031	29 Jun 2026	ZAR1 722	1 719	1 722	1 718	1 722	1 720	1 722
SST 201	8 Dec 2031	8 Dec 2026	ZAR1 444	1 454	1 444	1 450	1 444	1 453	1 444
SST 202	31 Aug 2032	31 Aug 2027	ZAR1 639	1 654	1 639			1 652	1 639
SST 203	3 Mar 2033	3 Mar 2028	ZAR2 000	1 781	2 000				
Standard Bank Eswatini	29 Jun 2028	30 Jun 2023	E100	100	100	100	100	104	100
Stanbic Botswana	2027 - 2032	2022 - 2027	BWP516	731	719	397	395	696	686
Stanbic Bank Kenya Intercompany	21 Dec 2028	15 Feb 2024	USD20	389	377	337	327	355	339
				(4)	(4)	(12)	(12)	34	34
Total				25 422	25 542	23 425	23 520	25 629	25 753
Liberty									
Regulatory insurance capital			ZAR5 100	5 204	5 100	5 624	5 500	6 115	6 000
Total subordinated debt				30 626	30 642	29 049	29 020	31 744	31 753

¹ The difference between the carrying and notional value represents accrued interest together with, where applicable, the unamortised fair value adjustments relating to bonds hedged for interest rate risk.

² SBSA on a reciprocal basis entered into subordinated tier 2 capital lending agreements with SBG under identical terms.

OTHER EQUITY HOLDERS

	First callable date	Notional value LCm	1H23		1H22		FY22	
			Carrying value Rm	Notional value Rm	Carrying value Rm	Notional value Rm	Carrying value Rm	Notional value Rm
Preference share capital			5 503	9	5 503	9	5 503	9
Cumulative preference share capital (SBKP)		ZAR8	8	8	8	8	8	8
Non-cumulative preference share capital (SBPP)		ZAR1	5 495	1	5 495	1	5 495	1
Additional Tier 1 capital bonds¹			16 666	16 664	10 364	10 364	14 164	14 164
SBT 102	30 Sep 2022	ZAR1 800			1 800	1 800		
SBT 103	31 Mar 2024	ZAR1 942	1 942	1 942	1 942	1 942	1 942	1 942
SBT 104	30 Sep 2025	ZAR1 539	1 539	1 539	1 539	1 539	1 539	1 539
SBT 105	31 Mar 2026	ZAR1 800	1 800	1 800	1 800	1 800	1 800	1 800
SBT 106	31 Dec 2026	ZAR1 724	1 724	1 724	1 724	1 724	1 724	1 724
SBT 107	8 Apr 2027	ZAR1 559	1 559	1 559	1 559	1 559	1 559	1 559
SBT 108	13 Jul 2027	ZAR2 000	2 000	2 000			2 000	2 000
SBT 109	31 Dec 2027	ZAR3 600	3 600	3 600			3 600	3 600
SBT 110	30 Jun 2028	ZAR2 500	2 502	2 500				
Total other equity instruments			22 169	16 673	15 867	10 373	19 667	14 173

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

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KEY LEGAL ENTITY INFORMATION

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The Standard Bank of South Africa

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Liberty Holdings Group

- 102** Liberty Holdings Group results

THE STANDARD BANK GROUP

HEADLINE EARNINGS AND NET ASSET VALUE RECONCILIATION BY KEY LEGAL ENTITY

HEADLINE EARNINGS

	Change %	1H23 Rm	1H22 ¹ Rm	FY22 ¹ Rm
SBSA Group	17	8 432	7 190	16 256
Africa Regions legal entities	65	9 252	5 622	12 229
Liberty Holdings Group	35	966	713	1 358
Standard Bank Offshore Group Limited	>100	2 049	233	1 628
Other group entities	(>100)	(617)	531	465
Standard Insurance Limited	51	139	92	310
SBG Securities	39	166	119	264
Standard Advisory London	(26)	31	42	85
Other	(>100)	(953)	278	(194)
Standard Bank Group Franchise	41	20 082	14 289	31 936
ICBCS	(18)	1 149	1 402	1 917
Standard Bank Group	35	21 231	15 691	33 853

¹ Restated. Please see pages 115 –118 for more information.

NET ASSET VALUE (EQUITY ATTRIBUTABLE TO ORDINARY SHAREHOLDERS)

	Change %	1H23 Rm	1H22 ¹ Rm	FY22 ¹ Rm
SBSA Group	8	114 512	106 064	111 081
Africa Regions legal entities	10	63 061	57 250	61 293
Liberty Holdings Group	(5)	15 671	16 467	17 186
Standard Bank Offshore Group Limited	63	14 714	9 045	10 675
Other group entities	(4)	14 265	14 858	11 305
Standard Insurance Limited	4	2 455	2 362	2 316
SBG Securities	3	2 797	2 719	2 856
Standard Advisory London	24	878	710	732
Other	(10)	8 135	9 067	5 401
Standard Bank Group Franchise	9	222 223	203 684	211 540
ICBCS	44	8 706	6 036	6 657
Standard Bank Group	10	230 929	209 720	218 197

¹ Restated. Please see pages 115 –118 for more information.

THE STANDARD BANK OF SOUTH AFRICA

KEY FINANCIAL RESULTS, RATIOS AND STATISTICS

		Change %	1H23	1H22 ¹	FY22
SBSA Group					
Income statement					
Headline earnings	Rm	17	8 432	7 190	16 256
Profit attributable to ordinary shareholders	Rm	18	8 432	7 130	16 023
Statement of financial position					
Ordinary shareholders' equity	Rm	8	114 512	106 064	111 081
Total assets	Rm	8	1 926 394	1 791 602	1 850 040
Net loans and advances	Rm	6	1 297 729	1 226 053	1 254 969
Financial performance					
ROE	%		15.2	13.7	15.2
Non-interest revenue to total expenses	%		74.6	76.8	74.4
Loan-to-deposit ratio	%		83.2	84.8	84.5
CLR	bps		95	81	69
CLR on loans to customers	bps		110	95	80
Cost-to-income ratio	%		58.9	59.3	59.7
Jaws	%		1.0	2.9	4.3
Number of employees		2	28 677	28 146	28 206
Capital adequacy					
Total risk-weighted assets	Rm	14	911 940	800 762	851 511
Common equity tier 1 capital adequacy ratio	%		11.7	12.1	12.1
Tier 1 capital adequacy ratio	%		13.5	13.4	13.7
Total capital adequacy ratio	%		16.2	16.3	16.6
SBSA Company					
Headline earnings	Rm	16	8 256	7 122	16 384
Total assets	Rm	7	1 925 552	1 792 723	1 848 932
ROE	%		15.0	13.7	14.9

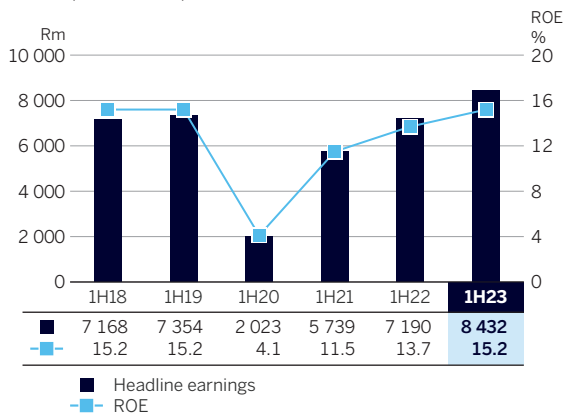
¹ Restated. Please see pages 113 –114 for more information.

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KEY FINANCIAL RESULTS, RATIOS AND STATISTICS

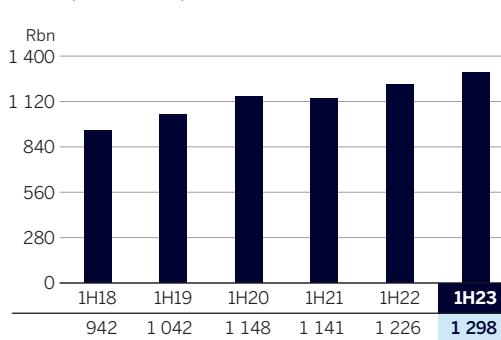
Headline earnings

CAGR (1H18 – 1H23): 3%



Net loans and advances

CAGR (1H18 – 1H23): 7%



SBSA Group

In 2023, the South African (SA) operating environment continued to remain under pressure. The slowdown in economic growth, higher interest rates, persistent electricity outages, as well as low business confidence weighed on economic growth; however, the gradual SA policy reforms are expected to be growth-supportive over time. A general retreat in global commodity prices (food commodities in particular), as well as a moderation in global producer and consumer inflation supported the reduction in SA consumer inflation from 7.2% in December 2022 to 5.4% in June 2023, despite recent ZAR weakness against the US dollar. Consumers have also had the additional pressure of rising interest rates. Since December 2022, interest rates have increased by 125 bps.

Despite the difficult operating backdrop, SBSA's results for the period reflected headline earnings growth of 17% to R8 432 million contributing 40% to SBG's earnings performance (1H22: 46%), with an ROE of 15.2%. Income growth of 15% exceeded cost growth of 14% which resulted in an improved cost-to-income ratio of 58.9% (1H22: 59.3%) and positive jaws of 1.0%.

Gross loans and advances to customers increased by 8%. This was on the back of good loan origination in the corporate portfolio which consisted of renewable-energy deals and higher demand for trade facilities as general business activity resumed. Disbursements and payouts were curbed by the rising interest rate environment which resulted in muted loan growth in home services, vehicle and asset finance, and lending solutions. The business remains committed to keeping its clients in their homes through heightened client engagement with relevant solutions. Customer assistance initiatives include being first to the market to provide fixed instalments for a nine-month period to performing home services clients with high debt obligations. Risk appetite was managed robustly and collection optimisation strategies are yielding effective outcomes.

Deposits from customers increased by 9%, mainly due to continued focus on client acquisition, competitive demand and pricing of product offerings, client retention strategies and good growth in current and savings accounts of 6%.

Net interest income increased by 18% to R25 153 million compared to the prior period mainly due to balance sheet growth and the positive endowment impact of a higher interest rate environment.

Net fee and commission revenue increased by 2% to R10 198 million driven by continued growth in transactional volumes, particularly travel and e-commerce, and annual price increases. This was partially offset by higher US dollar Mastercard and Visa expenses in line with increased transactional activity and a weaker ZAR against the US dollar.

Trading revenue increased by 15% to R5 078 million due to strong client demand for foreign exchange and structured solutions to manage risk in a volatile environment.

Other revenue increased by 31% to R2 777 million, mainly due to a marked increase in vehicle and asset finance fleet rental income on the back of higher volumes on long-term rentals.

Other gains and losses on financial instruments increased by 35% to R1 403 million as a result of increased allocation of assets through the fair value portfolio.

Credit impairment charges grew by 27% to R6 289 million. The key drivers of the increase included an 8% growth in loans to customers, higher provisions linked to the deteriorating economic environment, new corporate defaults, and the non-recurrence of prior period's credit recoveries in the payment holiday portfolio. The credit loss ratio increased to 95 bps (1H22: 81 bps) and remained within the portfolio's through-the-cycle target range of 70 – 100 bps.

Operating expenses grew by 14% to R26 091 million mainly due to annual salary increases, an increase in skilled employee complement, as well as higher performance-linked variable remuneration. In other operating expenses, there was a marked increase in technology costs to support client experience, improve business agility by migrating to cloud software and the impact of a weaker ZAR on US dollar contracts. Higher fuel and maintenance costs related to electricity shortages and the resumption of pre-Covid staff activities further impacted cost growth.

SBSA will continue to focus on driving sustainable growth in South Africa by utilising its strong balance sheet position to grow market share in selected segments, enable the energy transition in the country, support its clients as they navigate through the challenging macroeconomic environment, and positively contribute to the delivery of the group's 2025 targets.

THE STANDARD BANK OF SOUTH AFRICA

CONDENSED STATEMENT OF FINANCIAL POSITION

	Group			Company				
	Change %	1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Assets								
Cash and balances with central banks	50	59 969	39 947	47 146	50	59 964	39 948	47 146
Derivative assets	(1)	77 157	77 977	64 538	(1)	76 742	77 340	64 123
Trading assets	16	281 097	242 954	268 228	16	274 850	237 254	262 291
Pledged assets	>100	9 474	3 838	7 777	>100	9 474	3 838	7 777
Non-current assets held for sale	(100)		265	255	(100)		265	255
Financial investments	2	148 220	145 541	150 003	2	148 311	145 939	149 981
Net loans and advances	6	1 297 729	1 226 053	1 254 969	6	1 296 965	1 226 290	1 254 092
Gross loans and advances to banks	(6)	182 444	195 071	175 947	(6)	182 296	194 788	175 844
Gross loans and advances to customers	8	1 166 021	1 074 929	1 124 225	8	1 164 985	1 075 323	1 123 352
Credit impairments	15	(50 736)	(43 947)	(45 203)	15	(50 316)	(43 821)	(45 104)
Other assets	(4)	32 098	33 484	36 185	(5)	32 233	33 805	36 017
Interest in associates, joint ventures and subsidiaries	28	1 279	1 001	1 016	2	7 827	7 684	7 492
Property, equipment and right of use assets	3	10 859	10 587	10 798	3	10 814	10 523	10 744
Goodwill and other intangible assets	(14)	8 512	9 955	9 125	(15)	8 372	9 837	9 014
Total assets	8	1 926 394	1 791 602	1 850 040	7	1 925 552	1 792 723	1 848 932
Equity and liabilities								
Equity	12	131 613	117 636	125 823	13	130 049	115 503	124 300
Equity attributable to ordinary shareholders ¹	8	114 512	106 064	111 081	8	113 383	105 139	110 136
Equity attributable to other equity instrument holders	48	17 030	11 512	14 672	61	16 666	10 364	14 164
Equity attributable to AT1 capital noteholders	61	16 666	10 364	14 164	61	16 666	10 364	14 164
Equity attributable to non-controlling interests within Standard Bank Group	(68)	364	1 148	508				
Equity attributable to non-controlling interests	18	71	60	70				
Liabilities	7	1 794 781	1 673 966	1 724 217	7	1 795 503	1 677 220	1 724 632
Derivative liabilities	6	92 515	87 218	77 823	6	92 516	87 171	77 776
Trading liabilities	3	88 092	85 890	105 783	3	88 092	85 890	105 783
Deposits and debt funding	8	1 559 983	1 446 411	1 485 665	8	1 571 224	1 450 350	1 487 147
Deposits from banks	3	190 317	185 637	181 335	7	199 277	185 683	181 382
Deposits from customers	9	1 369 666	1 260 774	1 304 330	8	1 371 947	1 264 667	1 305 765
Subordinated debt	7	24 206	22 603	24 440	7	24 206	22 603	24 440
Provisions and other liabilities ¹	(6)	29 985	31 844	30 506	(38)	19 465	31 206	29 486
Total equity and liabilities	8	1 926 394	1 791 602	1 850 040	7	1 925 552	1 792 723	1 848 932

¹ Restated. Please see pages 113 – 114 for more information.

THE STANDARD BANK OF SOUTH AFRICA

CONDENSED INCOME STATEMENT

	Group				Company			
	Change %	1H23 Rm	1H22 Rm	FY22 Rm	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	18	25 153	21 236	45 632	20	24 941	20 716	44 820
Non-interest revenue	11	19 456	17 587	36 039	10	18 766	17 070	35 232
Net fee and commission revenue ¹	2	10 198	10 028	20 416	3	9 702	9 462	19 339
Trading revenue	15	5 078	4 397	8 590	18	5 078	4 304	8 322
Other revenue	31	2 777	2 121	4 755	14	2 583	2 263	5 293
Other gains and losses on financial instruments	35	1 403	1 041	2 278	35	1 403	1 041	2 278
Total income	15	44 609	38 823	81 671	16	43 707	37 786	80 052
Credit impairment charges	27	(6 289)	(4 968)	(8 618)	21	(5 975)	(4 945)	(8 571)
Loans and advances	25	(6 269)	(5 008)	(8 699)	19	(5 955)	(4 985)	(8 652)
Financial investments	(>100)	(11)	6	(13)	(>100)	(11)	6	(13)
Letters of credit, guarantees and other	(>100)	(9)	34	94	(>100)	(9)	34	94
Income before revenue sharing agreements	13	38 320	33 855	73 053	15	37 732	32 841	71 481
Revenue sharing agreements with group companies	45	(343)	(237)	(502)	45	(344)	(237)	(502)
Net income before operating expenses	13	37 977	33 618	72 551	15	37 388	32 604	70 979
Operating expenses ¹	14	(26 091)	(22 897)	(48 464)	14	(25 580)	(22 505)	(47 471)
Staff costs ¹	17	(14 709)	(12 604)	(26 588)	16	(14 269)	(12 326)	(26 032)
Other operating expenses	11	(11 382)	(10 293)	(21 876)	11	(11 311)	(10 179)	(21 439)
Net income before capital items and equity accounted earnings	11	11 886	10 721	24 087	17	11 808	10 099	23 508
Non-trading and capital related items	(96)	(4)	(114)	(371)	(97)	(4)	(115)	(579)
Share of post-tax profit from associates and joint ventures	(>100)	7	(3)	1	(>100)	7	(3)	1
Profit before indirect taxation	12	11 889	10 604	23 717	18	11 811	9 981	22 930
Indirect taxation	17	(926)	(789)	(1 626)	18	(920)	(781)	(1 615)
Profit before direct taxation	12	10 963	9 815	22 091	18	10 891	9 200	21 315
Direct taxation	6	(2 090)	(1 979)	(4 846)	12	(2 050)	(1 838)	(4 675)
Profit for the period	13	8 873	7 836	17 245	20	8 841	7 362	16 640
Attributable to AT1 capital noteholders	94	(585)	(301)	(697)	94	(585)	(301)	(697)
Attributable to non-controlling interests with Standard Bank Group	(>100)	144	(409)	(519)				
Attributable to non-controlling interests	(100)		4	(6)				
Attributable to ordinary shareholders	18	8 432	7 130	16 023	17	8 256	7 061	15 943
Headline adjustable items	(100)		60	233	(100)		61	441
Headline earnings	17	8 432	7 190	16 256	16	8 256	7 122	16 384

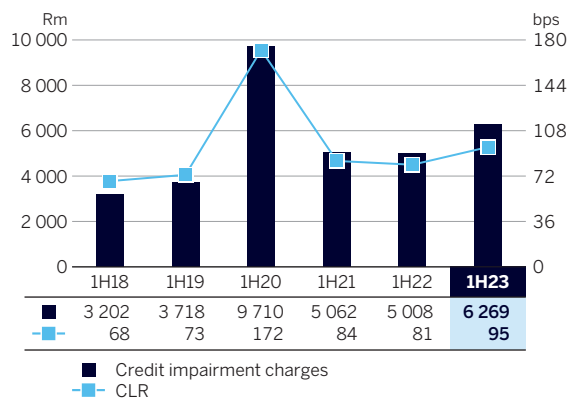
¹ Restated. Please see pages 113 – 114 for more information.

THE STANDARD BANK OF SOUTH AFRICA

CREDIT IMPAIRMENT CHARGES

Credit impairment charges on loans and advances

CAGR (1H18 – 1H23): 14%



INCOME STATEMENT CREDIT IMPAIRMENT CHARGES

	Change %	1H23					Credit loss ratio bps
		Stage 1 Rm	Stage 2 ¹ Rm	Total stage 1 and 2 Rm	Stage 3 ¹ Rm	Credit impairment charges/(release) Rm	
Home services	85	(16)	226	210	843	1 053	48
Vehicle and asset finance	5	(11)	68	57	751	808	149
Card and payments	8	8	141	149	969	1 118	592
Personal unsecured lending	28	8	357	365	1 569	1 934	676
Business lending and other	50	12	25	37	530	567	131
Corporate and sovereign lending	9	88	(138)	(50)	830	780	38
CIB bank lending	(63)	38	(29)	9		9	1
Total loans and advances credit impairment charges	25	127	650	777	5 492	6 269	95
Credit impairment charge/(release) – financial investments	(>100)					11	
Credit impairment charge/(release) – letters of credit, guarantees and other	(>100)					9	
Total credit impairment charges	27					6 289	

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

1H22						FY22					
Stage 1 Rm	Stage 2 ¹ Rm	Total stage 1 and 2 Rm	Stage 3 ¹ Rm	Credit impair- ment charges/ (release) Rm	Credit loss ratio bps	Stage 1 Rm	Stage 2 ¹ Rm	Total stage 1 and 2 Rm	Stage 3 ¹ Rm	Credit impair- ment charges/ (release) Rm	Credit loss ratio bps
135	214	349	220	569	27	(105)	269	164	696	860	20
(30)	133	103	667	770	151	57	663	720	628	1 348	129
18	133	151	889	1 040	568	85	(57)	28	1 660	1 688	455
(23)	169	146	1 367	1 513	556	19	530	549	2 415	2 964	548
(77)	125	48	331	379	86	(179)	(37)	(216)	1 017	801	102
81	(142)	(61)	774	713	39	265	4	269	739	1 008	26
	24	24		24	3	5	25	30		30	2
104	656	760	4 248	5 008	81	147	1 397	1 544	7 155	8 699	69
				(6)						13	
				(34)						(94)	
				4 968						8 618	

THE STANDARD BANK OF SOUTH AFRICA

RECONCILIATION OF EXPECTED CREDIT LOSS FOR LOANS AND ADVANCES MEASURED AT AMORTISED COST

	1 January 2023 opening balance Rm	Total transfers between stages Rm	Net provisions raised and (released) Rm
Home services	15 286		967
Stage 1	864	184	(200)
Stage 2	2 421	(122)	333
Stage 3	12 001	(62)	834
Vehicle and asset finance	6 423		805
Stage 1	639	233	(244)
Stage 2	1 467	(216)	271
Stage 3	4 317	(17)	778
Card debtors	3 738		1 182
Stage 1	708	48	(40)
Stage 2	1 093	(42)	183
Stage 3	1 937	(6)	1 039
Personal unsecured lending	8 343		1 802
Stage 1	1 009	31	(23)
Stage 2	1 669	120	216
Stage 3	5 665	(151)	1 609
Business lending and other	5 356		575
Stage 1	414	139	(127)
Stage 2	844	(301)	326
Stage 3	4 098	162	376
Corporate and sovereign lending	5 964		822
Stage 1	1 031	(7)	95
Stage 2	607	(216)	78
Stage 3	4 326	223	649
CIB bank lending	93		9
Stage 1	59		38
Stage 2	34		(29)
Total	45 203		6 162
Stage 1	4 724	628	(501)
Stage 2	8 135	(777)	1 378
Stage 3	32 344	149	5 285

The income statement credit impairment charge on loans and advances of R6 269 million is made up of total transfers, net provision raised of R6 162 million plus post-write-off recoveries net of modification losses of R107 million.

Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money and interest in suspense Rm	June 2023 closing balance Rm	Modification losses and recoveries of amounts written off Rm
(540)		1 072	16 785	(86)
			848	
(540)		1 072	2 632	(15)
(498)		328	13 305	(71)
			7 058	(3)
			628	
(498)		328	1 522	(13)
(920)		134	4 908	10
			4 134	64
			716	
(920)		134	1 234	
(1 054)		654	2 184	64
			9 745	(132)
			1 017	
(1 054)		654	2 005	(21)
(287)		152	6 723	(111)
			5 796	8
			426	
(287)		152	869	
(196)	337	182	4 501	8
			7 109	42
	41		1 160	
	17		486	
(196)	279	182	5 463	42
	7		109	
	5		102	
	2		7	
(3 495)	344	2 522	50 736	(107)
	46		4 897	
	19		8 755	(49)
(3 495)	279	2 522	37 084	(58)

THE STANDARD BANK OF SOUTH AFRICA

RECONCILIATION OF EXPECTED CREDIT LOSS FOR LOANS AND ADVANCES MEASURED AT AMORTISED COST

	1 January 2022 opening balance Rm	Total transfers between stages Rm	Net provisions raised and (released) Rm
Home services	14 385		683
Stage 1	969	433	(538)
Stage 2	2 197	174	50
Stage 3	11 219	(607)	1 171
Vehicle and asset finance	5 455		1 490
Stage 1	582	51	6
Stage 2	894	(87)	660
Stage 3	3 979	36	824
Card debtors	3 801		1 906
Stage 1	623	120	(35)
Stage 2	1 112	(25)	6
Stage 3	2 066	(95)	1 935
Personal unsecured lending	7 698		2 774
Stage 1	990	27	(8)
Stage 2	1 182	92	395
Stage 3	5 526	(119)	2 387
Business lending and other	5 111		897
Stage 1	593	172	(351)
Stage 2	881	(320)	283
Stage 3	3 637	148	965
Corporate and sovereign lending	4 974		984
Stage 1	746	63	202
Stage 2	615	(87)	91
Stage 3	3 613	24	691
CIB bank lending	57		30
Stage 1	57	5	
Stage 2		(5)	30
Total	41 481		8 764
Stage 1	4 560	871	(724)
Stage 2	6 881	(258)	1 515
Stage 3	30 040	(613)	7 973

The income statement credit impairment charge on loans and advances of R8 699 million is made up of total transfers, net provision raised of R8 764 million less modification losses and post-write-off recoveries of R65 million.

Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money and interest in suspense Rm	December 2022 closing balance Rm	Modification losses and recoveries of amounts written off Rm
(1 082)		1 300	15 286	(177)
			864	
			2 421	(45)
(1 082)		1 300	12 001	(132)
(982)		460	6 423	142
			639	
			1 467	(90)
(982)		460	4 317	232
(2 201)		232	3 738	218
			708	
			1 093	38
(2 201)		232	1 937	180
(2 726)		597	8 343	(190)
			1 009	
			1 669	(43)
(2 726)		597	5 665	(147)
(892)		240	5 356	96
			414	
			844	
(892)		240	4 098	96
(680)	321	365	5 964	(24)
	20		1 031	
	(12)		607	
(680)	313	365	4 326	(24)
	6		93	
	(3)		59	
	9		34	
(8 563)	327	3 194	45 203	65
	17		4 724	
	(3)		8 135	(140)
(8 563)	313	3 194	32 344	205

THE STANDARD BANK OF SOUTH AFRICA

LOANS AND ADVANCES PERFORMANCE

	Gross carrying loans and advances Rm	SB 1 – 12		SB 13 – 20		SB 21 – 25	
		Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm
1H23							
Mortgage loans	442 590	69 737	12	279 689	13 470	7 894	35 747
Vehicle and asset finance	110 288	35 697	4 573	48 216	739	5 372	6 557
Card debtors	38 170	1 683		25 507	404	2 611	4 370
Personal unsecured lending	57 604	151	8	32 048	167	7 705	7 818
Business lending and other	86 140	12 370	33	58 708	4 347	733	3 177
Corporate and sovereign lending	430 512	219 559	1 727	174 437	15 320	2 576	1 224
CIB bank lending	189 878	125 105		40 667	18 662	4 466	978
Central and other	(7 346)	(7 346)					
Gross loans and advances	1 347 836	456 956	6 353	659 272	53 109	31 357	59 871
Percentage of total book (%)	100.0	33.9	0.5	48.9	3.9	2.3	4.4
Gross loans and advances at amortised cost	1 347 836						
Gross loans and advances at fair value	629						
Total gross loans and advances	1 348 465						

	Gross carrying loans and advances Rm	SB 1 – 12		SB 13 – 20		SB 21 – 25	
		Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm
FY22							
Mortgage loans	436 952	63 903	3	290 464	12 741	7 348	31 872
Vehicle and asset finance	108 303	30 805	7	51 504	5 335	5 928	6 735
Card debtors	37 425	1 343		26 136	433	2 395	3 961
Personal unsecured lending	56 850	552		32 969	175	7 634	7 059
Business lending and other	85 918	9 791	160	62 994	1 711	598	4 528
Corporate and sovereign lending	399 001	172 378	1 181	197 655	14 759	943	1 742
CIB bank lending	171 255	112 686	590	22 536	31 303	2 258	1 882
Central and other	3 804	3 804					
Gross loans and advances	1 299 508	395 262	1 941	684 258	66 457	27 104	57 779
Percentage of total book (%)	100.0	30.5	0.1	52.7	5.1	2.1	4.4
Gross loans and advances at amortised cost	1 299 508						
Gross loans and advances at fair value	664						
Total gross loans and advances	1 300 172						

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

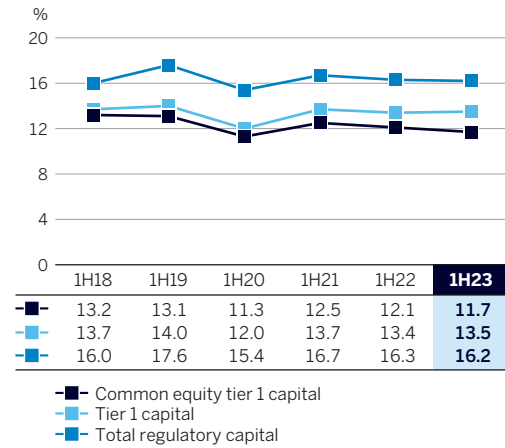
	Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loan Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
	406 549	36 041	22 736	13 305	37	8.1
	101 154	9 134	4 226	4 908	54	8.3
	34 575	3 595	1 411	2 184	61	9.4
	47 897	9 707	2 984	6 723	69	16.9
	79 368	6 772	2 271	4 501	66	7.9
	414 843	15 669	10 206	5 463	35	3.6
	189 878 (7 346)					
	1 266 918	80 918	43 834	37 084	46	6.0
	94.0	6.0	3.3	2.8		6.0

	Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loans Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
	406 331	30 621	18 620	12 001	39	7.0
	100 314	7 989	3 672	4 317	54	7.4
	34 268	3 157	1 220	1 937	61	8.4
	48 389	8 461	2 796	5 665	67	14.9
	79 782	6 136	2 038	4 098	67	7.1
	388 658	10 343	6 017	4 326	42	2.6
	171 255 3 804					
	1 232 801	66 707	34 363	32 344	48	5.1
	94.9	5.1	2.6	2.5		5.1

THE STANDARD BANK OF SOUTH AFRICA

CAPITAL ADEQUACY AND RISK-WEIGHTED ASSETS

Capital adequacy – SBSA Group



RISK-WEIGHTED ASSETS

	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Credit risk	15	645 124	562 776	610 686
Counterparty credit risk	7	52 503	48 887	49 976
Market risk	23	65 888	53 379	50 675
Operational risk	9	109 146	100 152	103 860
Equity risk in the banking book	7	19 110	17 788	17 681
RWA for investments in financial entities	13	20 169	17 780	18 633
Total risk-weighted assets	14	911 940	800 762	851 511

THE STANDARD BANK OF SOUTH AFRICA

CAPITAL ADEQUACY

CAPITAL ADEQUACY RATIOS

	Target ratios ¹ %	SARB minimum regulatory requirement ² %	Excluding unappropriated profit			Including unappropriated profit		
			1H23 %	1H22 %	FY22 %	1H23 %	1H22 %	FY22 %
Common equity tier 1 capital adequacy ratio	>11.0	8.5	10.8	11.2	11.0	11.7	12.1	12.1
Tier 1 capital adequacy ratio	>12.0	10.8	12.7	12.5	12.6	13.5	13.4	13.7
Total capital adequacy ratio	>15.0	13.0	15.3	15.4	15.5	16.2	16.3	16.6

¹ Including unappropriated profit.

² Excluding confidential bank specific requirements.

QUALIFYING REGULATORY CAPITAL EXCLUDING UNAPPROPRIATED PROFIT

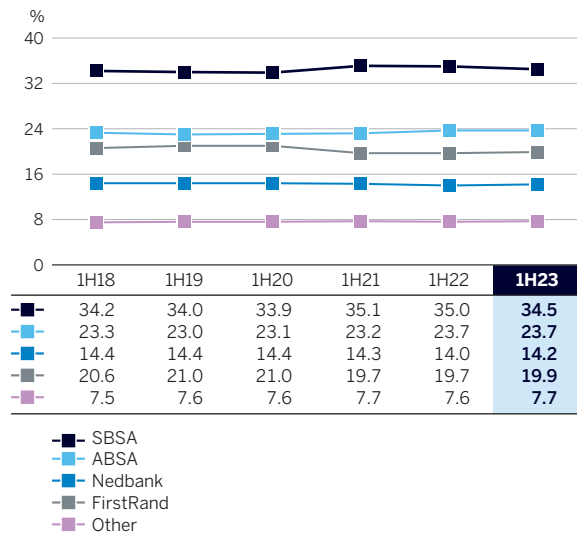
	Change %	1H23 Rm	1H22 ¹ Rm	FY22 Rm
Ordinary shareholders' equity	8	114 512	106 064	111 081
Regulatory adjustments	(16)	(7 690)	(9 102)	(8 206)
Goodwill	14	(48)	(42)	(42)
Other intangible assets	(17)	(6 963)	(8 370)	(7 483)
Other adjustments	(2)	(679)	(690)	(681)
Total (including unappropriated profit)	10	106 822	96 962	102 875
Unappropriated profit	9	(7 910)	(7 237)	(9 122)
Common equity Tier 1 capital	10	98 912	89 725	93 753
Qualifying other equity instruments	61	16 635	10 362	14 098
Tier 1 capital	15	115 547	100 087	107 851
Tier 2 capital	5	24 115	22 897	24 143
Qualifying Tier 2 subordinated debt	7	24 272	22 710	24 594
General allowance for credit impairments	17	3 206	2 739	2 674
Regulatory adjustments – investment in Tier 2 instruments in other banks	32	(3 363)	(2 552)	(3 125)
Total qualifying regulatory capital	14	139 662	122 984	131 994

¹ Restated. Refer to pages 113 – 114 for further detail.

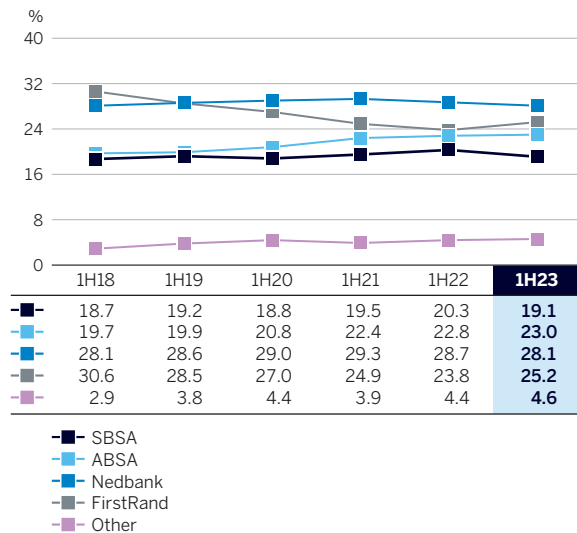
THE STANDARD BANK OF SOUTH AFRICA

MARKET SHARE ANALYSIS¹

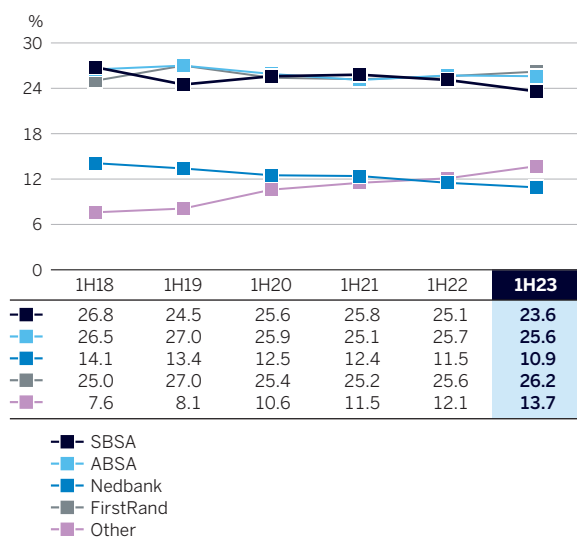
Mortgage loans²



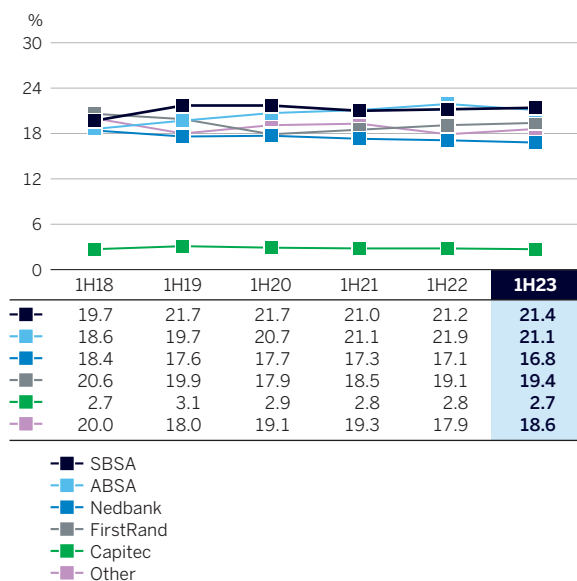
Vehicle and asset finance



Card



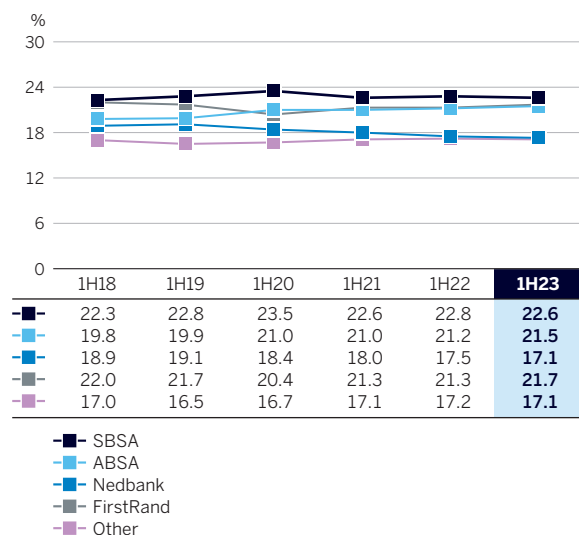
Other loans and advances



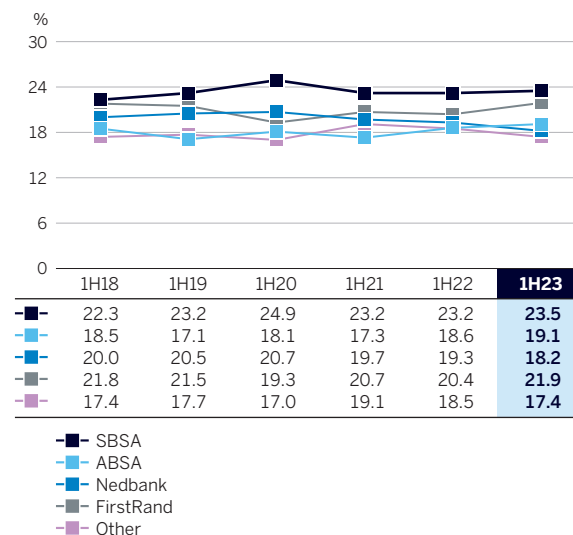
¹ Source: SARB BA 900.

² Mortgage loans refers to residential households only. Commercial property finance is included in Other loans and advances.

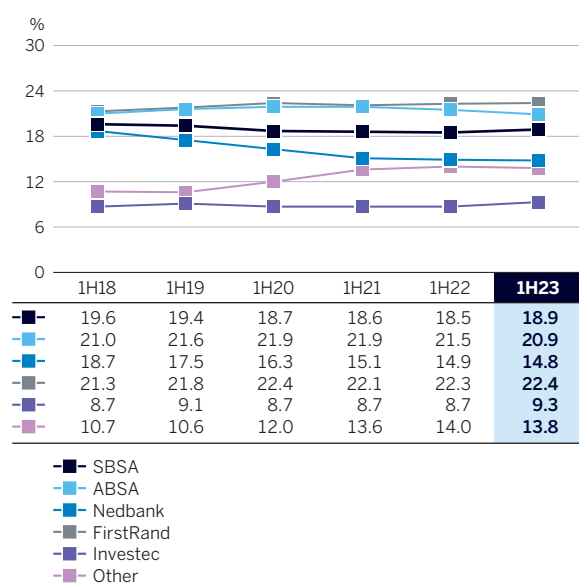
Deposits



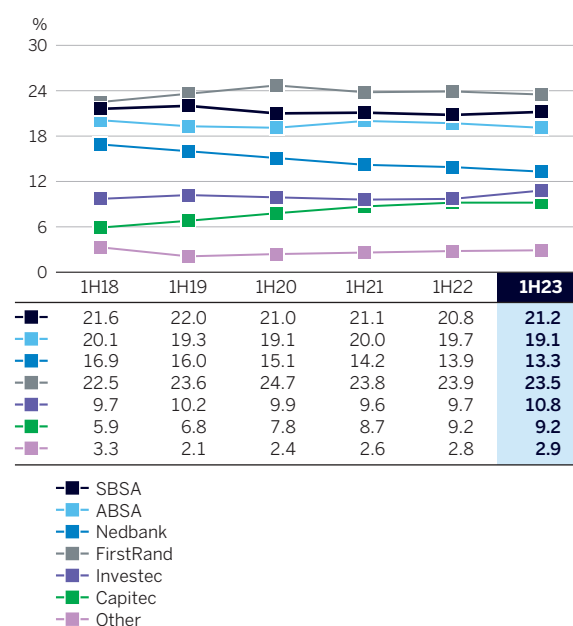
Corporate deposits



Household deposits³



Household deposits – CASA^{3,4}



³ A reclassification of deposits, mainly CASA, of certain Trust balances took place in January 2023 based on the guidance from the South African Reserve Bank. These balances were not included in the 2022 base for Households.

⁴ CASA: Cheque, savings, on-demand and 1 to 30 day accounts.

AFRICA REGIONS LEGAL ENTITIES

Africa Regions

Africa Regions' presence across 19 countries continues to support and drive sustainable growth on the continent by facilitating enhanced trade financing, transactional, risk management and investment opportunities. The strength and diversity of our African footprint resulted in Africa Regions' contribution to the Standard Bank Group headline earnings increasing to 44% for the period from 36% in the prior period. The business achieved record headline earnings of R9 252 million, up 65%, with an ROE of 28.4% (1H22: 20.4%). Income growth of 41% continued to outpace operating expenses growth of 20% resulting in positive jaws of 20.7% and an improved cost-to-income ratio of 43.9% (1H22: 51.5%).

The operating environment was characterised by a weaker global economy and lower commodity prices. Sovereign risk remained a concern in certain African markets as Covid-19 and the funding crunch exacerbated a long-term trend of rising sovereign debt risk which has been developing over the past few years. Exchange rate volatility persisted with significant local currency devaluations in Nigeria and Angola predominantly. Our clients were impacted by persistently high inflationary environments and higher average interest rates in most countries.

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

Growth in the balance sheet was driven by an increase in loans and advances to customers of 16% supported by strong corporate loan origination in the Consumer, Financial Institutions, Power & Infrastructure, and Telecommunication & Media sectors. This together with improved digital lending capabilities, enabled limit increases for customers within risk appetite, as well as strong asset pipeline conversion in business lending and vehicle and asset finance. Africa Regions continued to strengthen and diversify its funding sources.

Net interest income grew by 52% due to strong balance sheet momentum from 2022 and the positive endowment effect from higher average interest rates across various countries.

Net fee and commission revenue was up by 24% driven by increased transactional activity on the back of strong client acquisition, combined with the continued acceleration of digital fulfilment initiatives across most markets, the impact of annual price increases, increased fees earned on the back of growth in Assets Under Management (AUM), as well as increased structuring fees from growth in deal origination.

Trading revenue was up by 53% due to strong foreign currency (forex) flows in West Africa as client demand and volatility increased, higher client forex sales in East and West Africa driven by US Dollar demand following local currency devaluation in these regions, and a release of credit valuation adjustment provision in Ghana on the maturing and settlement of a derivative transaction.

Credit impairment charges increased by more than 100%, driven by book growth, higher provisioning across most countries linked to the elevated interest and inflation rate environment, negative sovereign credit risk migration experienced in certain African markets as well as increased charges on new defaults and existing non-performing loans in the Industrial and Consumer sectors. Notwithstanding the higher impairment charges, the credit loss ratio remained within risk appetite.

Operating expenses grew by 27% due to the heightened inflationary environments across the region, annual salary increases, an increase in skilled employees, higher depositor insurance, and AMCON expenses in West Africa on the back of balance sheet growth. In addition, cost growth was further impacted by higher technology spend driven by continued software and cloud related expenses to support digital capabilities, and the impact of local currency devaluation on foreign currency denominated costs.

East Africa

East Africa headline earnings grew by 41% to R1 823m against the prior period.

Net interest income growth of 40% was supported by strong lending and loan origination, higher demand for trade facilities, increased financial investment placements across the region, as well as positive endowment on the back of a higher average interest rate environment.

Non-interest revenue grew by 27% driven by higher trading revenue from improved forex margins and increased client activity against a backdrop of US dollar liquidity scarcity in both Kenya and Tanzania, together with higher advisory fees earned.

Credit impairment charges increased by 67% as additional charges for existing non-performing loans in the Consumer sector were raised within the corporate loan portfolio, together with new defaults in the corporate and business segment. This was partly offset by the improved credit risk profiling and collections strategies.

Operating expenses were up by 25% due to annual salary increases, an increase in skilled employees, continued software, cloud and technology related spend to support digital initiatives, coupled with higher legal fees pertaining to a specific client matter.

South & Central Africa

South & Central Africa's headline earnings increased by 65% to R4 226 million.

Net interest income increased by 66%, driven by growth in both local and foreign currency lending, continued investment in treasury bills and positive endowment from higher average interest rates particularly in Zimbabwe, Malawi, Mauritius, and Mozambique.

Net fee and commission revenue increased by 41%, mainly due to growth in loan origination and related structuring fees, together with higher transactional volumes particularly in Zimbabwe following the commencement of the tobacco selling season. Growth was further supported by continued demand for foreign currency and annual price increases in Zimbabwe.

Trading revenue grew by 86%, due to increased client activity in volatile foreign exchange markets, as well as revenue earned on the local currency devaluation in Zimbabwe.

Credit impairments charges increased by more than 100%, due to negative sovereign credit risk migration in Malawi, regulatory growth in financial investment placements in Zambia, together with the foreign exchange impact of local currency depreciation on the foreign currency denominated loan book.

Operating expenses were up by 30%, driven by persistent inflation and the hyperinflationary environment in Zimbabwe, continued investment in digitisation initiatives that supported revenue and client growth, the impact of local currency devaluation on foreign denominated costs, and increased travel and entertainment as pre-Covid business activity resumed. Cost containment measures continue to remain a key focus area for management in the region.

West Africa

West Africa's headline earnings grew by 76% to R3 203 million.

Net interest income increased by 43%, due to higher trade related lending, good loan origination and deposit growth. In addition, higher average interest rates resulted in positive endowment, particularly in Ghana and Nigeria.

Net fees and commission revenue increased by 14%, due to higher transactional activity related to card and trade services, together with fees generated from increased loan origination and higher fees earned from growth in Assets Under Management (AUM) for both pension fund and asset management portfolios.

Trading revenue increased by 80%, driven by strong client demand for foreign exchange and structured solutions to manage risk in a volatile environment, together with mark-to-market gains as currencies devalued.

Credit impairment charges grew by 85%, due to additional provisions raised on the back of corporate stage 3 exposures in Ghana.

Operating expenses grew by 24%, due to the heightened inflationary environment, increased depositor insurance related to the continued growth in the deposit base, increased investment in digitisation and technology initiatives, and the impact of local currency devaluation on US dollar denominated technology contracts.

Looking ahead

The business remains focused on delivering superior client experience, building sustainable solutions to enable the continent to achieve the necessary energy transition and is well positioned to deliver against its strategy. Ongoing investment in client journeys and digital capabilities will continue to support business growth.

AFRICA REGIONS LEGAL ENTITIES

CONDENSED STATEMENT OF FINANCIAL POSITION

	East Africa ¹			South & Central Africa ²						
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Assets										
Cash and balances with central banks	(15)	(9)	7 916	8 732	9 409	>100	94	31 114	16 028	21 137
Derivative assets	8	16	1044	901	857	(24)	(18)	379	462	321
Trading assets	57	83	13 115	7 178	11 547	(7)	(3)	3 337	3 423	2 649
Pledged assets	(7)	(10)	447	494	516	>100	>100	1 189	45	50
Financial investments	18	26	15 256	12 125	14 843	42	53	47 546	31 016	38 210
Net loans and advances	10	16	76 777	66 127	68 708	(1)	4	161 514	155 669	160 084
Gross loans and advances	10	16	80 188	69 408	72 673	(1)	4	166 112	159 700	164 174
Gross loans and advances to banks	6	10	13 165	12 002	9 368	(11)	(4)	74 570	77 322	77 482
Gross loans and advances to customers	11	17	67 023	57 406	63 305	9	11	91 542	82 378	86 692
Credit provisions on loans and advances	1	4	(3 411)	(3 281)	(3 965)	14	14	(4 598)	(4 031)	(4 090)
Other assets	(86)	(84)	887	5 554	3 981	(11)	84	8 855	4 808	5 391
Investment property						>100	(7)	977	1 053	1 211
Property and equipment	(1)	5	1 047	1 001	1 024	12	6	3 358	3 177	3 201
Goodwill and other intangible assets	(7)	(5)	1 788	1 891	1 841	(17)	(14)	2 454	2 860	2 735
Goodwill	0	(3)	1 262	1 301	1 294	(40)	(40)	504	834	786
Other intangible assets	(20)	(11)	526	590	547	(9)	(4)	1 950	2 026	1 949
Total assets	7	14	118 277	104 003	112 726	12	19	260 723	218 541	234 989
Equity and liabilities										
Equity	(5)	2	17 952	17 654	19 522	13	38	36 304	26 285	29 895
Equity attributable to ordinary shareholders	(9)	(2)	13 975	14 272	15 767	13	39	33 621	24 131	27 444
Equity attributable to non-controlling interest	12	18	3 977	3 382	3 755	18	25	2 683	2 154	2 451
Liabilities	9	16	100 325	86 349	93 204	12	17	224 419	192 256	205 094
Derivative liabilities	17	25	1 100	878	940	(29)	(25)	310	412	281
Trading liabilities	>100	>100	4 242	1 933	3 192	(13)	(5)	2 447	2 569	3 438
Deposits and debt funding	7	14	87 547	77 069	82 698	11	16	209 886	180 801	192 057
Deposits from banks	9	16	8 596	7 392	7 911	(15)	(5)	10 873	11 477	10 382
Deposits from customers	7	13	78 951	69 677	74 787	13	18	199 013	169 324	181 675
Insurance contract liabilities	(100)	(100)		(332)						
Subordinated debt	42	47	1 909	1 300	1 741	53	62	1 366	842	1 306
Provisions and other liabilities	(7)	0	5 527	5 501	4 633	41	36	10 410	7 632	8 012
Total equity and liabilities	7	14	118 277	104 003	112 726	12	19	260 723	218 541	234 989

¹ Kenya, South Sudan, Tanzania, Uganda.

² Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Zambia, Zimbabwe.

³ Angola, Democratic Republic of the Congo, Ghana, Côte d'Ivoire, Nigeria.

The entity information included within the Africa Regions legal entities disclosure in this report aligns to the group's Africa Regions geographic information in terms of IFRS 8 Operating Segments (IFRS 8).

		West Africa ³			Africa Regions legal entities				
CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
69	17	37 653	32 267	36 771	65	34	76 683	57 027	67 318
>100	>100	13 814	2 025	2 036	>100	>100	15 237	3 388	3 214
28	(11)	9 487	10 677	8 511	34	22	25 939	21 278	22 706
67	7	5 677	5 290	4 715	87	25	7 313	5 829	5 281
(7)	(36)	31 223	48 904	34 301	18	2	94 025	92 045	87 354
14	(21)	83 712	106 210	93 670	5	(2)	322 003	328 006	322 463
15	(20)	86 623	108 324	96 345	6	(1)	332 923	337 432	333 193
(17)	(43)	21 211	37 081	24 423	(11)	(14)	108 946	126 405	111 273
32	(8)	65 412	71 243	71 922	16	6	223 977	211 027	221 920
98	38	(2 911)	(2 114)	(2 675)	23	16	(10 920)	(9 426)	(10 730)
25	(13)	7 823	9 031	8 917	(21)	(9)	17 565	19 392	18 288
					>100	(7)	977	1 053	1 211
26	(18)	3 301	4 013	4 027	15	(6)	7 706	8 191	8 251
20	(18)	543	659	771	(10)	(12)	4 785	5 410	5 347
					(16)	(17)	1 766	2 135	2 080
20	(18)	543	659	771	(7)	(8)	3 019	3 275	3 267
28	(12)	193 233	219 083	193 719	16	6	572 233	541 619	541 433
16	(21)	21 336	26 886	26 309	9	7	75 592	70 825	75 726
16	(18)	15 465	18 847	18 082	8	10	63 061	57 250	61 293
17	(27)	5 871	8 039	8 227	16	(8)	12 531	13 575	14 433
30	(11)	171 897	192 197	167 410	17	5	496 641	470 794	465 707
>100	>100	11 543	1 208	991	>100	>100	12 953	2 498	2 213
20	(23)	7 174	9 282	8 341	27	1	13 863	13 784	14 972
25	(13)	128 126	146 586	134 787	14	5	425 559	404 456	409 542
14	(22)	27 271	34 916	29 852	5	(13)	46 740	53 785	48 144
29	(10)	100 855	111 670	104 935	16	8	378 819	350 671	361 398
>100	99	662	332	0	(>100)	100	662		
87	16	1 354	1 168	1 253	56	40	4 629	3 309	4 300
3	(31)	23 038	33 621	22 038	9	(17)	38 975	46 747	34 680
28	(12)	193 233	219 083	193 719	16	6	572 233	541 619	541 433

AFRICA REGIONS LEGAL ENTITIES

CONDENSED REGIONAL INCOME STATEMENT

	East Africa ¹					South & Central Africa ²				
	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net interest income	40	54	4 104	2 668	6 163	66	51	7 950	5 278	12 755
Non-interest revenue	27	36	2 668	1 961	4 142	42	28	4 865	3 798	7 996
Net fee and commission revenue	17	26	1 003	799	1 551	41	6	2 340	2 199	4 535
Trading revenue	37	47	1 646	1 118	2 511	36	86	2 166	1 164	2 634
Other revenue	6	18	52	44	80	>100	(36)	241	376	709
Other gains and losses on financial instruments	(100)	(100)	(33)			93	100	118	59	118
Total income	34	46	6 772	4 629	10 305	56	41	12 815	9 076	20 751
Credit impairment charges	67	81	(556)	(307)	(1 061)	>100	>100	(955)	(472)	(822)
Loans and advances	63	76	(560)	(318)	(1 068)	22	7	(548)	(510)	(909)
Financial investments	(>100)	(>100)	4	(3)	(5)	(>100)	(>100)	(404)	19	84
Letters of credit, guarantees and other	(100)	(100)		14	12	(>100)	(>100)	(3)	19	3
Income before operating expenses	32	44	6 216	4 322	9 244	52	38	11 860	8 604	19 929
Operating expenses	25	34	(2 940)	(2 190)	(4 744)	30	12	(5 493)	(4 912)	(10 465)
Staff costs	27	37	(1 434)	(1 047)	(2 357)	32	19	(2 618)	(2 205)	(4 911)
Other operating expenses	22	32	(1 506)	(1 143)	(2 387)	28	6	(2 875)	(2 707)	(5 554)
Net income before non-trading and capital related items, and equity accounted earnings	40	54	3 276	2 132	4 500	76	72	6 367	3 692	9 464
Non-trading and capital related items	(75)	(75)	1	4	5	>100	24	789	636	715
Profit before indirect taxation	40	53	3 277	2 136	4 505	85	65	7 156	4 328	10 179
Indirect taxation	47	63	(153)	(94)	(220)	22	18	(247)	(209)	(457)
Profit before direct taxation	39	53	3 124	2 042	4 285	88	68	6 909	4 119	9 722
Direct taxation	42	56	(859)	(551)	(1 205)	>100	69	(1 616)	(958)	(2 337)
Profit for the period	38	52	2 265	1 491	3 080	78	67	5 293	3 161	7 385
Attributable to non-controlling interests	30	40	(441)	(314)	(644)	61	60	(389)	(243)	(557)
Attributable to ordinary shareholders	40	55	1 824	1 177	2 436	79	68	4 904	2 918	6 828
Headline adjustable items	(67)	(67)	(1)	(3)	(5)	>100	54	(678)	(441)	(619)
Headline earnings	41	55	1 823	1 174	2 431	65	71	4 226	2 477	6 209
ROE (%)			23.2	18.7	17.3			29.5	18.8	25.4
CLR (bps)			144	100	154			80	68	57
CLR on loans to customers (bps)			175	120	186			127	127	107
Cost-to-income ratio (%)			43.4	47.3	46.0			42.9	54.1	50.4
Effective direct taxation rate (%)			27.5	27.0	28.1			23.4	23.3	24.0
Effective total taxation rate (%)			30.9	30.2	31.6			26.0	27.0	27.4

¹ Kenya, South Sudan, Tanzania, Uganda.

² Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Zambia, Zimbabwe.

³ Angola, Democratic Republic of the Congo, Ghana, Côte d'Ivoire, Nigeria.

The entity information included within the Africa Regions legal entities disclosure in this report aligns to the group's Africa Regions geographic information in terms of IFRS 8.

West Africa ³					Africa Regions legal entities				
CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm	CCY %	Change %	1H23 Rm	1H22 Rm	FY22 Rm
43	35	5 808	4 293	9 680	52	46	17 862	12 239	28 598
43	38	6 019	4 357	8 524	39	34	13 552	10 116	20 662
14	11	2 815	2 528	5 178	24	11	6 158	5 526	11 264
80	75	3 066	1 755	3 244	53	70	6 878	4 037	8 389
>100	>100	130	62	64	86	(12)	423	482	853
(33)	(33)	8	12	38	27	31	93	71	156
42	37	11 827	8 650	18 204	46	41	31 414	22 355	49 260
85	72	(549)	(319)	(1 968)	>100	88	(2 060)	(1 098)	(3 851)
49	40	(414)	(296)	(1 064)	42	35	(1 522)	(1 124)	(3 041)
>100	>100	(120)	(8)	(879)	(>100)	(>100)	(520)	8	(800)
15	0	(15)	(15)	(25)	(>100)	(>100)	(18)	18	(10)
41	35	11 278	8 331	16 236	43	38	29 354	21 257	45 409
24	22	(5 357)	(4 402)	(8 921)	27	20	(13 790)	(11 504)	(24 130)
20	17	(2 245)	(1 927)	(4 054)	27	22	(6 297)	(5 179)	(11 322)
27	26	(3 112)	(2 475)	(4 867)	26	18	(7 493)	(6 325)	(12 808)
61	51	5 921	3 929	7 315	61	60	15 564	9 753	21 279
>100	>100	19	2	6	>100	26	809	642	726
61	51	5 940	3 931	7 321	65	58	16 373	10 395	22 005
17	10	(129)	(117)	(257)	27	26	(529)	(420)	(934)
62	52	5 811	3 814	7 064	67	59	15 844	9 975	21 071
57	41	(1 226)	(872)	(1 212)	78	55	(3 701)	(2 381)	(4 754)
64	56	4 585	2 942	5 852	64	60	12 143	7 594	16 317
40	41	(1 369)	(969)	(2 260)	41	44	(2 199)	(1 526)	(3 461)
76	63	3 216	1 973	3 592	70	64	9 944	6 068	12 856
>100	>100	(13)	(2)	(3)	>100	55	(692)	(446)	(627)
76	63	3 203	1 971	3 589	63	65	9 252	5 622	12 229
		33.8	21.4	18.2			28.4	20.4	21.0
		58	62	111			84	73	93
		112	96	161			136	115	146
		45.3	50.9	49.0			43.9	51.5	49.0
		21.1	22.9	17.2			23.4	23.9	22.6
		22.8	25.2	20.1			25.8	26.9	25.8

LIBERTY HOLDINGS GROUP

ANALYSIS OF CHANGE IN LIBERTY GROUP LIMITED (LGL) SAM OWN FUNDS

The table below provides explanations for the R2 486m decrease in the LGL SAM own funds for the period ending 30 June 2023 and includes comparative figures for the prior periods ended 30 June 2022 and 31 December 2022.

	Notes	1H23 Rm	1H22 Rm	FY22 Rm
Own Funds – Beginning of the period		30 149	29 606	29 606
New business value (NBV) ^a	1	268	108	394
Expected release of risk margin	2	368	339	658
Variations/changes in operating assumptions		(234)	(405)	(776)
Operating experience variances	3	(207)	(348)	(454)
Operating assumption and modelling changes	4	(27)	(57)	(322)
Development costs ^b		(312)	(228)	(487)
Covid-19 impact	5		31	154
Economic adjustments ^{abc}	6	963	(354)	510
Dividends and other capital changes	7	(3 539)	(298)	90
Own Funds – End of the period		27 663	28 799	30 149

^a NBV and Economic adjustments for June 2022 have been restated for a refinement to the interest rate basis used to determine point of sale new business value which led to a reallocation of R229 million increase to new business value and reduction in economic adjustments.

^b Development costs reflecting expenses associated with group strategic initiatives were previously shown within the Economic adjustments and have now been shown explicitly.

^c Includes the Covid-19 impact of R31m at 30 June 2022 and R154m at 31 December 2022.

The significant line items in the build-up are explained in the notes that follow:

Notes to analysis of change in SAM Own Funds:

1. The NBV captures the own funds generated from LGL's various business lines during the period for both long and short contract boundary business on a SAM basis. The treatment of these is described in more detail in what follows.

The NBV allows for the best estimate profitability on new contracts that are considered long boundary business under SAM, as well as the in-year earnings from contracts that are considered short boundary business.

The short contract boundary business includes very specific product types which, due to their nature, have been classified as not having long contract boundaries. Embedded Credit Life and Funeral, and Corporate Benefits (save for the long boundary annuity business) are considered short boundary business under SAM. For these business lines, the new business value on a SAM basis only considers the in-year earnings. For the 2022 comparatives there is also a normalisation for the impact of Covid-19.

Earnings from illiquidity premiums in excess of those included in the SAM liabilities, and earnings from credit investments, which both emerge annually as profits on the SAM basis, are included.

The NBV is adjusted for the new business risk margin which is the present value of the cost of the non-hedgeable capital requirements for new business sold in the year. This is based on a 6% cost of capital above the risk-free rate. This amount will be released over the expected lifetime of the new business on a SAM basis going forwards.

The NBV for June 2023 increased compared to June 2022. This is mainly driven by a significant increase in Corporate Benefit earnings as a result of a strong underwriting result.

2. The risk margin releases over the expected lifetime of the contracts in line with the expected change in the risk profile of these contracts through time. This result allows for the expected release of the risk margin over the period on the in-force business at the start of the year which provides for the 6% cost of capital on non-hedgeable risk above the risk-free rate.
3. Overall mortality, morbidity, expenses and policyholder behaviour were broadly in line with expectations. In addition, this item includes the allowance for costs related to projects and other costs that are expected to be once-off in nature, including the cost of the IFRS 17 project and simplification initiatives that were incurred during the period.
4. There were a handful of minor assumption and modelling changes for the first half of 2023 as well as the first half of 2022. The loss for the 2022 full year period was largely due to the once-off strengthening of long-term expense assumptions to align the expense basis between SAM and IFRS 17 and the partial offset from adjustment to policyholder behaviour assumptions. In addition, there is a surplus in this line for 2022 half and full year which relates mainly to the release from the Corporate Benefits pandemic reserve.
5. Development expenses reflect costs relating to group strategic initiatives.
6. The economic adjustment of R963 million for June 2023 is predominantly driven by the impact of interest rates on hedged and unhedged interest rate sensitive liabilities with yields having increased over the period. The prescribed yield curve under SAM has seen a marked increase at later durations relative to movement in yields at similar durations on the internal curves used under IFRS. This resulted in an additional positive return on SAM own funds and ALM mismatch as compared to that observed under IFRS as interest rate sensitive liabilities are hedged on an IFRS basis.
7. For 2023, this largely relates to a net redemption of subordinated debt of R865 million (which reduces SAM own funds) together with a dividend distribution of R2 698 million.

IFRS NET ASSET VALUE TO SAM OWN FUNDS RECONCILIATION

The table below reconciles the differences between the LGL own funds under SAM and the current LHL IFRS NAV as at 30 June 2023 and includes comparative figures at 31 December 2022 restated for IFRS 17:

	Notes	1H23			FY22 ¹		
		Liberty Group Limited Rm	Other businesses Rm	Total Rm	Liberty Group Limited Rm	Other businesses Rm	Total Rm
Liberty Group Limited company IFRS Equity		9 866		9 866	12 047		12 047
Liberty Group Limited subsidiaries			361	361		297	297
STANLIB South Africa			1 309	1 309		1 150	1 150
STANLIB Africa			107	107		104	104
Liberty Health			347	347		403	403
Liberty Africa Insurance			1 160	1 160		1 179	1 179
Liberty Holdings			521	521		593	593
Liberty Two Degrees adjustment to net asset value	1		1 487	1 487		1 093	1 093
LHL shareholders' equity reported under IFRS	2	9 866	5 292	15 158	12 047	4 819	16 866
Difference in assets between SAM and IFRS							
Elimination of subordinated debt	3	5 150			6 051		
Deferred revenue and acquisition costs		(314)			(320)		
Difference in policyholder assets and liabilities	4	17 501			16 739		
Tax adjustments	5	(4 540)			(4 368)		
SAM Own Funds		27 663			30 149		

¹ Restated on an IFRS 17 basis.

Notes to IFRS net asset value to SAM Own Funds reconciliation:

1. This represents the difference between Liberty's share of the net asset value of L2D at the end of the period and the listed price of L2D shares multiplied by the number of shares in issue to Liberty at the end of the period. This comprises R1 467 million (31 December 2022: R1 078 million) at an LGL level plus an additional R20 million (31 December 2022: R15 million) at a Liberty Holdings group level.
2. The reduction in LHL shareholder equity over the period ended 30 June 2023 was driven mainly by the impact of the dividend paid from Liberty to the Standard Bank Group in February 2023 of R2 698 million.
3. Subordinated debt is not recognised as a liability in calculating the SAM own funds. A net debt redemption of R865 million occurred in the 2023 period.
4. This item allows for the difference in valuation methodologies between the IFRS and SAM bases. The SAM basis sets a best estimate liability together with the SAM Risk Margin which aims to adjust the best estimate liabilities for the cost of

non-hedgeable risk to get to a market consistent value. With the implementation of IFRS 17, the SAM and IFRS bases are more closely aligned in that similar to SAM, best estimate liabilities are established together with a risk adjustment representing the cost of non-financial risks. However, in addition to this, IFRS requires a CSM to be established which represents the unearned profit on a contract which is expected to be earned in the future resulting in no profit at initial recognition. This CSM is the most significant difference between the two bases.

The SAM basis also uses the Prudential Authority's prescribed nominal and real yield curves to value all policies while the IFRS basis uses full internal nominal and real yield curves. Further to this, only certain "directly attributable" costs are included in the IFRS reserves as required by the IFRS 17 standard. There are also other less material differences between the bases, for example, the SAM basis allows for longer contract boundaries on certain books of business.

5. This item represents the additional deferred tax liability on a SAM basis.

LIBERTY HOLDINGS GROUP

ANALYSIS OF NEW BUSINESS VALUE FOR LONG-TERM INSURANCE

The New Business Value for long-term insurance business has been included below as supplementary information to the preceding new SAM disclosure.

	1H23 Rm	1H22 Rm	FY22 Rm
South African covered business			
SA Retail	858	752	1 656
Bancassurance Credit Life and Funeral	146	130	270
Corporate Benefits	297	161	307
Gross value of new business	1 301	1 043	2 233
Acquisition expenses	(738)	(799)	(1 570)
New business value before risk margin	563	244	663
New business risk margin	(295)	(136)	(269)
New business value South Africa	268	108	394
New business value Liberty Africa Insurance	20	(6)	54
Total new business value	288	102	448

SOLVENCY CAPITAL REQUIREMENT COVERAGE

The following table summarises the available capital (or "own funds") and the solvency capital requirements for Liberty Group Limited.

	1H23	1H22	FY22
Available capital (or own funds) (Rm)	27 663	28 794	30 144
SCR (Rm)	16 089	16 074	17 113
SCR coverage ratio (times)	1.72	1.79	1.76
Target SCR coverage ratio (times)	1.3 – 1.7	1.5 – 2.0	1.3 – 1.7

Liberty Group Limited's SCR cover ratio remains strong at 1.72 times at 30 June 2023, which is above the target range of 1.3 to 1.7 times. The coverage ratio decreased slightly in the first 6 months of 2023 primarily because of a dividend paid of R 2.7 billion and the redemption of a R 0.9 billion subordinated note during the first quarter of 2023. This ratio decrease was largely offset by positive own fund changes (from operations and due to an increase in the tail end of the Prudential Authority's yield curve) and reductions in the SCR relative to 31 December 2022 (from reduced market risk, including the sale of some more risky assets, and reduced credit risk from a reduction in exposure to assets with credit risk).

SHAREHOLDER ASSETS AND EXPOSURES

Before the implementation of IFRS 17, Liberty invested its capital in a Shareholder Investment Portfolio which was optimised to maximise long-term returns on a through-the-cycle basis. Following the introduction of IFRS 17 and a reduction in Liberty's target capital coverage ratio, Liberty's balance sheet management strategy was revised in 2022. Its Shareholder Portfolio now consists of specific assets in its capital base, and exposures resulting from (i) certain policyholder liability exposures that are retained to ensure a stable capital coverage ratio as well as (ii) additional exposures resulting from backing certain policyholder liabilities with property.

Asset Class	1H23		
	Asset Investments (Rm)	Asset Exposures ¹ Rm	Total Rm
Local Cash	5 191	740	5 931
Local Equity	29	3 023	3 052
Local Bonds ²	393	11 730	12 123
Property ³	4 932	5 821	10 753
Foreign Assets	4	2 253	2 257
Alternatives	928		928
Preference Shares	217		217
Total	11 694	23 567	35 261

¹ Included in Asset Exposures are exposures related to IFRS 17 Variable Fee Approach (VFA) contracts where risk mitigation has not been selected i.e. unhedged VFA non-unit linked exposures. In respect of these exposures, the IFRS 17 Contractual Service Margin (CSM) mainly absorbs market related movements in the period related to the non-unit linked exposures. As a result there is no impact to shareholder earnings for these exposures, with these market movements being deferred into the CSM as long as the CSM remains positive. The Asset Exposures in respect of these VFA contracts (totalling R7.6 billion) are R0.7 billion local cash, R3.0 billion local equity, R1.1 billion local bonds, R0.5 billion property and R2.3 billion foreign assets.

² The local bond Asset Exposures reflect residual interest rate exposure resulting from assets backing liabilities where the cash return of the underlying assets is used to approximately match policyholder and other liabilities. The local bond exposures that are not related to VFA contracts (the VFA exposure movements are absorbed by the CSM) of R10.6 billion are sensitive to changes in the local bond curve.

³ The property Asset Exposures reflect residual interest rate exposure resulting from assets backing liabilities where the cash return of the underlying assets is used to approximately match policyholder and other liabilities. For the property exposures that are not related to VFA contracts (the VFA exposure movements are absorbed by the CSM) of R5.3 billion, the shareholder exposure relates only to the capital portion of the total return of the property assets.

LIBERTY HOLDINGS GROUP

SHAREHOLDER ASSETS AND EXPOSURES RETURN

	1H23 Rm	1H22 Rm	FY22 Rm
Gross result ¹	353	(143)	913
Taxation ²	(70)	80	(203)
Subordinated notes at fair value	(287)	(181)	(385)
Expenses (including asset management fees)	(10)	(21)	(2)
Net profit	(14)	(265)	323

¹ The basis for the calculation of the gross return on the Shareholder Assets and Exposures (formerly referred to as the Shareholder Investment Portfolio (SIP)) has changed in 2023 following the implementation of IFRS 17. Refer to the table showing the shareholder assets and exposures for a view of the shareholder assets and exposures under IFRS 17. The comparative periods' gross result is still reported under the basis used to quantify the SIP return.

² The taxation treatment of income derived from assets backing capital is the normal taxation rules applicable to life investment portfolios. The taxation applicable to income derived from assets backing life funds and the 90:10 exposure is determined by the tax rates pertaining to each life tax fund to which the assets are allocated (I-E tax). In addition there is transfer tax at 27% on the net surplus, after the applicable I-E tax.

LONG-TERM INSURANCE NEW BUSINESS

	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Sources of insurance operations total new business by product type				
Retail	13	19 713	17 373	37 658
Single	16	16 182	13 930	30 601
Recurring	3	3 531	3 443	7 057
Institutional	(14)	1 040	1 210	2 376
Single	(28)	629	878	1 475
Recurring	24	411	332	901
Total new business	12	20 753	18 583	40 034
Single	14	16 811	14 808	32 076
Recurring	4	3 942	3 775	7 958
Insurance indexed new business	7	5 622	5 256	11 166
Sources of insurance indexed new business				
SA Retail	6	5 003	4 721	9 854
Corporate Benefits	3	359	347	874
Liberty Africa Insurance ¹	38	260	188	438

¹ Liberty owns less than 100% of certain entities that make up Liberty Africa Insurance. The information is recorded at 100% and is not adjusted for proportional legal ownership.

STANLIB SOUTH AFRICA – HEADLINE EARNINGS

	Change %	1H23 Rm	1H22 Rm	FY22 Rm
Net fee income	1	899	889	1 823
Operating expenses	16	(742)	(638)	(1 314)
Profit before investment income	(37)	157	251	509
Other income	56	56	36	82
Profit before taxation	(26)	213	287	591
Taxation	(35)	(47)	(72)	(156)
Headline earnings	(23)	166	215	435
Average margin (bps)		29	29	29
Average assets under management (Rbn)		639	628	644

Risk management – IFRS disclosures

Insurance risk

Liberty continues to monitor its mortality and morbidity experience closely and is satisfied that the residual impacts of COVID-19 are within its expectations and that the level of demographic risk is reverting to pre-pandemic levels. Persistency risk remains elevated with consumers under increased pressure in the current economic environment. The group continues to monitor its internal experience and the insurance environment, including the competitive landscape, to take appropriate management actions where required.

Market risk

Financial markets were volatile during the first half of 2023 with concerns around persistently high levels of inflation, higher central bank rates and international geopolitical tensions driving investor sentiment. Local markets faced additional headwinds in the form of persistent loadshedding and negative political sentiment towards South Africa. These factors are expected to remain top of mind for investors heading into the second half of 2023, with a potential increase in political uncertainty in the run up to the 2024 general elections in South Africa.

Property

Shareholder exposure to property increased during the first half of 2023. Key operational indicators, including customer visits to malls, tenant occupancies, rental collections, and turnover growth, have been encouraging for the retail property sector. The office sector remains under pressure with an industry oversupply, despite an increase in employees returning to the office.

Credit risk

Liberty's credit book remained resilient during the first half of 2023, despite difficult trading conditions in the wake of headwinds such as persistent loadshedding, negative geopolitical sentiment and high interest rates. Even though there have been no new defaults, there is evidence in the performance numbers of borrowers that the economy has weakened. Risk around the funding and liquidity needs of state-owned enterprises and municipalities remain elevated and the sector continues to show signs of significant distress. These trading conditions are expected to persist in the second half of 2023, with consumers remaining under pressure.

Liquidity risk

Liberty's overall liquidity position remains strong, bolstered by robust sales of annuities and guaranteed investment plans. Illiquid credit asset origination activities have increased with a healthy prospective transaction pipeline. Increased market volatility continued to give rise to fluctuations in margin and collateral calls against Liberty's derivative positions, but the group had sufficient high-quality liquid assets to meet its liquidity requirements.

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ADDITIONAL INFORMATION

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BASIS OF PREPARATION AND PRESENTATION

The Standard Bank Group Limited's (the group) financial results, including the condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows, for the six months ended 30 June 2023 (results) are prepared, as a minimum, in accordance with the requirements of the JSE Listings Requirements, the requirements of the International Financial Reporting Standards (IFRS), where applicable, and its interpretations as adopted by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants' (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the presentation requirements of IAS 34 and the requirements of the South African Companies Act, 71 of 2008 applicable to condensed financial statements.

The group's results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS.

All amounts relate to the group's consolidated results, unless otherwise indicated, are presented in South African Rand (Rand), which is the presentation currency of the group, and are stated in millions of Rand (Rm), unless otherwise indicated.

1H23 refers to the first six months' results as at or ended 30 June 2023. 1H22 refers to the first six months' results as at or ended 30 June 2022. FY22 refers to the full-year results as at or ended 31 December 2022. Change percentage reflects 1H23 change on 1H22, unless otherwise indicated.

The accounting policies applied in the preparation of the results, which are in terms of IFRS, are consistent with the accounting policies applied in the preparation of the group's FY22 annual financial statements, unless otherwise indicated. Refer to the accounting policies section of these results for further details. For more detail on the accounting policies applied by the group, refer to the group's annual financial statements.

The group's FY22 financial information has been correctly extracted from the underlying FY22 audited consolidated annual financial statements, where applicable, which is available at <https://reporting.standardbank.com/results-reports/annual-reports/>.

These results contain *pro forma* constant currency financial information. Refer to the *pro forma* constant currency paragraph within the other reportable items section of these results for further detail. Only the FY22 *pro forma* constant currency information, where applicable and not restated, contained in these results, has been reviewed by the group's external auditors.

The 1H23 results and *pro forma* constant currency financial information, including any comparatives for 1H22, where applicable, have not been audited or independently reviewed by the group's external auditors, furthermore, restatements to comparatives for FY22, where applicable, have also not been audited or independently reviewed by the group's external auditors.

The board of directors of the group takes full responsibility for the preparation of this report.

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

These results were made publicly available on 17 August 2023.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2023

	1H23 Rm	1H22 Restated ¹ Rm	FY22 Rm
Net cash flows from operating activities	50 012	36 665	65 287
Direct taxation paid	(7 988)	(7 217)	(13 820)
Other operating activities	58 000	43 882	79 107
Net cash flows used in investing activities	(2 372)	(3 717)	(4 600)
Capital expenditure	(3 021)	(3 631)	(3 695)
Other investing activities	649	(86)	(905)
Net cash flows used in financing activities	(14 875)	(12 639)	(21 255)
Dividends paid ²	(14 448)	(11 853)	(21 597)
Equity transactions with non-controlling interests ²	89	(2 197)	(3 000)
Net issuance/(redemption) of other equity instruments ³	2 502	(185)	3 615
Issuance of subordinated debt	2 000		3 425
Redemption of subordinated debt	(3 900)	(1 271)	(2 263)
Other financing activities	(1 118)	2 867	(1 435)
Effect of exchange rate changes on cash and cash equivalents	(10 564)	4 329	(5 960)
Net increase in cash and cash equivalents	22 201	24 638	33 472
Cash and cash equivalents at the beginning of the period	206 241	172 769	172 769
Cash and cash equivalents at the end of the period	228 442	197 407	206 241
Cash and balances with central banks	136 653	96 975	114 483
On-demand gross loans and advances to banks	76 699	80 805	77 481
Cash balances with banks within insurance and asset management activities	15 090	19 627	14 277

¹ Refer to the restatements section within these results for details on the restatement.

² 1H22 and FY22 equity transactions with non-controlling interests primarily relate to the group's acquisition of its remaining shareholding in Liberty Holdings Limited.

³ Refer to the other reportable items section within these results for details on the issuances and redemptions relating to additional tier 1 (AT1) capital as well as coupons paid and the related tax impact thereon.

ACCOUNTING POLICIES AND RESTATEMENTS

Changes in accounting policies

The accounting policies are consistent with those reported in the previous year, apart from the items mentioned in this section. Disclosures and accounting policies have been amended as relevant, refer to the restatement section that follows.

There are no new or amended standards, other than IFRS 17 (the impact is noted below), that are effective for the current reporting period with comparatives being restated.

Adoption of new standards effective for the current financial year

The following accounting policies have been applied in preparation of these results as well as the restated 1H22 and FY22 results.

IFRS 17 Insurance Contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, including reinsurance contracts, that an entity issues, reinsurance contracts held as well as investment contracts with discretionary participation features (DPF) that an entity issues (provided the entity also issues insurance contracts), which are scoped into IFRS 17 measurement from IFRS 9 *Financial Instruments* (IFRS 9).

Refer to the restatement impact and notes that follow for disclosure related to IFRS 17 and page 115 and 119 respectively for the key management assumptions and detailed accounting policies including accounting policy elections applied in this regard.

Restatements

SBG condensed consolidated statement of cash flows

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

- The direct method provides a more reliable representation of the cash flow movements for the group within the statement of cash flows, which is not available under the indirect method. This change only impacted net cash flows from operating activities within the statement of cash flows for the group.
- The group restated its financial statements to appropriately reflect and present the change from on-demand loans and advances to banks to cash and cash equivalents in the statement of cash flow and updated the related accounting policy accordingly. These balances, amounting to R66 234 million in the 2021 closing cash and cash equivalents balance, being the opening balance for 1H22, and R80 805 million in the closing balance for 1H22, were excluded from cash and cash equivalents as at 30 June 2022 and instead included in other operating activities. Both the balances and movement have now been appropriately included within the cash and cash equivalents line in the statement of cash flows.
- The group restated its financial statements to appropriately reflect and present the change from cash balances with banks within investment management and life insurance activities, within financial investments, to cash and cash equivalents in the statement of cash flow. These balances, amounting to R15 366 million in the 2021 closing cash and cash equivalents balance, being the opening balance for 1H22, and R19 627 million in the closing balance for 1H22, were excluded from cash and cash equivalents as at 30 June 2022 and instead included in other operating activities. Both the balances and movement have now been included within the cash and cash equivalents line in the statement of cash flows.

The impact of this restatement was taken into account in the preparation of the FY22 results during 2H22, as a result the only restatement in this regard impacting these results relate to 1H22. The adoption of IFRS 17 had no impact on the condensed consolidated statement of cash flows.

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

	1H22		
	As previously reported Rm	Restatement Rm	Restated Rm
Net cash flows from operating activities	17 833	18 832	36 665
Direct taxation paid	(7 217)		(7 217)
Other operating activities	25 050	18 832	43 882
Net cash flows used in investing activities	(3 717)		(3 717)
Net cash flows used in financing activities	(12 639)		(12 639)
Effects of exchange rate changes	4 329		4 329
Net increase in cash and cash equivalents	5 806	18 832	24 638
Cash and cash equivalents at the beginning of the year	91 169	81 600	172 769
Cash and cash equivalents at the end of the year	96 975	100 432	197 407

SBSA and SBG change in income statement presentation of Mastercard and Visa fee-related expenses

During 2022, the group performed an assessment on the presentation of Mastercard and Visa fee-related expenses and found that these expenses were erroneously included in operating expenses for the SBSA entity within the group. The group incurs scheme assessment fees on its Visa and Mastercard offerings to its clients in the PPB and BCB segments, which are in nature linked to the related fee and commission income within non-interest revenue. These expenses have been reclassified to be presented within fee and commission expenses, resulting in a reallocation of R157 million from operating expenses to fee and commission expenses in the income statement of SBSA company, SBSA group and SBG. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the entity and groups noted. The impact of this restatement was taken into account in the preparation of the FY22 results during 2H22, as a result the only restatement in this regard impacting these results relate to 1H22.

SBSA deferred bonus scheme

During 1H22, for SBSA group and company, the share price volatility on deferred bonus share schemes, which are cash settled at an SBSA group and company level, was erroneously booked as a gain, i.e. credit, as opposed to a loss, i.e. debit, for May 2022. This error resulted in operating expenses being understated by R391 million and profit for the period and headline earnings being overstated by R282 million for 1H22. Similarly provisions and other liabilities were understated by R282 million. The impact of this restatement was corrected in the preparation of the FY22 results during 2H22, as a result this restatement only impacts the SBSA group and company 1H22 results. Furthermore, as these deferred share schemes are equity settled at an SBG level, this restatement has no impact on SBG.

SBSA restatement impact

The above restatements had the following impact on SBSA group and company.

	1H22		
	As previously reported Rm	Restatement Rm	Restated Rm
SBSA company			
Income statement			
Net fee and commission revenue	9 619	(157)	9 462
Operating expenses	(22 271)	(234)	(22 505)
Direct taxation	(1 947)	109	(1 838)
Profit for the period	7 644	(282)	7 362
Statement of financial position			
Equity attributable to ordinary shareholders	105 421	(282)	105 139
Provisions and other liabilities	30 924	282	31 206
SBSA group			
Income statement			
Net fee and commission revenue	10 185	(157)	10 028
Operating expenses	(22 663)	(234)	(22 897)
Direct taxation	(2 088)	109	(1 979)
Profit for the period	8 118	(282)	7 836
Statement of financial position			
Equity attributable to ordinary shareholders	106 346	(282)	106 064
Provisions and other liabilities	31 562	282	31 844

ACCOUNTING POLICIES AND RESTATEMENTS

These restatements had the following impact on SBSA group and company key ratios.

	1H22		
	As previously reported	Restatement	Restated
SBSA Group			
Income statement			
Headline earnings	7 472	(282)	7 190
Headline earnings as consolidated into SBG	7 721	(282)	7 439
Profit attributable to ordinary shareholders	7 412	(282)	7 130
Financial performance			
ROE	14.2	(0.5)	13.7
Cost-to-income ratio	58.5	0.8	59.3
Jaws	4.4	(1.5)	2.9
SBSA Company			
Headline earnings	7 404	(282)	7 122
Headline earnings as consolidated into SBG	7 244	(282)	6 962

SBG restatement impact, including the group's IFRS 17 transitional impact
Impact on the group's income statement and statement of other comprehensive income

	1H22			FY22		
	As previously reported Rm	Restatement ¹ Rm	Restated Rm	As previously reported Rm	Restatement Rm	Restated Rm
Net interest income	34 411		34 411	77 112		77 112
Non-interest revenue ¹	27 721	(741)	26 980	56 242	(1 277)	54 965
Net income from insurance and asset management activities ²	9 777	(3 454)	6 323	23 566	(8 805)	14 761
Total income	71 909	(4 195)	67 714	156 920	(10 082)	146 838
Credit impairment charges	(5 928)		(5 928)	(12 064)		(12 064)
Net income before operating expenses	65 981	(4 195)	61 786	144 856	(10 082)	134 774
Operating expenses ¹	(44 032)	4 545	(39 487)	(92 521)	8 988	(83 533)
Net income before non-trading and capital-related items	21 949	350	22 299	52 335	(1 094)	51 241
Non-trading and capital-related items	551		551	328		328
Share of post-tax profit from associates and joint ventures	1 548		1 548	2 265		2 265
Profit before indirect taxation	24 048	350	24 398	54 928	(1 094)	53 834
Indirect taxation	(1 658)	237	(1 421)	(3 534)	457	(3 077)
Profit before direct taxation	22 390	587	22 977	51 394	(637)	50 757
Direct taxation	(4 801)	(106)	(4 907)	(12 011)	294	(11 717)
Profit for the period³	17 589	481	18 070	39 383	(343)	39 040
Other comprehensive loss after tax for the period	(1 946)		(1 946)	(3 616)		(3 616)
Total comprehensive income for the period³	15 643	481	16 124	35 767	(343)	35 424

¹ The restatement amount for non-interest revenue and operating expenses for 1H22 includes the restatement noted on page 113 of R157 million.

² Previously referred to as income from investment management and insurance activities.

³ The restatement amount includes a R53 million profit, for 1H22, and R51 million profit, for FY22, impact on profit and total comprehensive income attributable to non-controlling interests with no impact on profit and total comprehensive income attributable to other equity instrument holders.

ACCOUNTING POLICIES AND RESTATEMENTS

Impact on the group's statement of financial position

	1H22		
	As previously reported Rm	Restatement Rm	Restated Rm
Assets			
Cash and balances with central banks	96 975		96 975
Derivative assets	82 808		82 808
Trading assets	282 813		282 813
Pledged assets	17 503		17 503
Disposal group assets held for sale	950		950
Financial investments	705 148	1 258	706 406
Current and deferred tax assets	8 554	6	8 560
Loans and advances	1 484 837		1 484 837
Policyholder assets	2 713	(2 713)	
Insurance contract assets		1 381	1 381
Reinsurance contract assets		5 751	5 751
Other assets ¹	51 423	(6 207)	45 216
Interest in associates and joint ventures	8 983		8 983
Investment property	29 464		29 464
Property, equipment and right of use assets	19 793		19 793
Goodwill and other intangible assets	15 930	(3)	15 927
Total assets	2 807 894	(527)	2 807 367
Equity and liabilities			
Equity²	245 522	12	245 534
Equity attributable to ordinary shareholders	209 683	37	209 720
Equity attributable to other equity holders	15 867		15 867
Equity attributable to non-controlling interests	19 972	(25)	19 947
Liabilities	2 562 372	(539)	2 561 833
Derivative liabilities	94 169		94 169
Trading liabilities	92 426		92 426
Current and deferred tax liabilities	8 566	(251)	8 315
Disposal group liabilities held for sale	89	(89)	
Deposits and debt funding	1 842 386		1 842 386
Policyholder liabilities	342 537	(342 537)	
Financial liabilities under investment contracts		129 847	129 847
Insurance contract liabilities		220 620	220 620
Subordinated debt	29 049		29 049
Provisions and other liabilities ¹	153 150	(8 129)	145 021
Total equity and liabilities	2 807 894	(527)	2 807 367

¹ Other assets included reinsurance contract assets, under IFRS 4 *Insurance Contracts* (IFRS 4), and provisions and other liabilities include reinsurance contract liabilities.

² Refer to the statement of changes in equity on page 12 for detail on the reserves impacted.

FY22			1 January 2022		
As previously reported Rm	Restatement Rm	Restated Rm	As previously reported Rm	Restatement Rm	Restated Rm
114 483		114 483	91 169		91 169
74 410		74 410	63 688		63 688
314 918		314 918	285 020		285 020
19 308		19 308	14 178		14 178
555		555	1 025		1 025
721 205	1 289	722 494	724 700	1 429	726 129
9 578	7	9 585	7 612	4	7 616
1 504 941	(1)	1 504 940	1 424 328		1 424 328
2 974	(2 974)		2 868	(2 868)	
	1 830	1 830		1 264	1 264
	5 522	5 522		5 902	5 902
46 763	(7 116)	39 647	36 432	(7 217)	29 215
9 956		9 956	7 280		7 280
29 289		29 289	29 985		29 985
20 340		20 340	20 619		20 619
15 121	(1)	15 120	16 913	(4)	16 909
2 883 841	(1 444)	2 882 397	2 725 817	(1 490)	2 724 327
259 956	(1 090)	258 866	242 849	42	242 891
219 264	(1 067)	218 197	198 832	41	198 873
19 667		19 667	16 052		16 052
21 025	(23)	21 002	27 965	1	27 966
2 623 885	(354)	2 623 531	2 482 968	(1 532)	2 481 436
85 049		85 049	67 259		67 259
109 928		109 928	81 484		81 484
10 315	(649)	9 666	10 277	(362)	9 915
			96		96
1 889 099		1 889 099	1 776 615		1 776 615
358 467	(358 467)		363 023	(363 023)	
	136 309	136 309		136 622	136 622
	231 849	231 849		233 730	233 730
31 744		31 744	30 430		30 430
139 283	(9 396)	129 887	153 784	(8 499)	145 285
2 883 841	(1 444)	2 882 397	2 725 817	(1 490)	2 724 327

ACCOUNTING POLICIES AND RESTATEMENTS

Impact on the group's financial results, ratios and statistics

	1H22			FY22		
	As previously reported	Restatement	Restated	As previously reported	Restatement	Restated
Standard Bank Group (SBG)						
Total headline earnings (Rm)	15 263	428	15 691	34 247	(394)	33 853
Weighted average number of shares	1 630 278 851	11 858 694	1 642 137 545	1 640 863 351	26 952 097	1 667 815 448
Issued number of shares – IFRS	1 648 266 502	9 330 232	1 657 596 734	1 648 374 283	8 178 769	1 656 553 052
Share statistics (cents)						
Basic EPS	961.4	19.2	980.6	2 110.9	(36.8)	2 074.1
HEPS	936.2	19.3	955.5	2 087.1	(36.7)	2 050.4
Diluted EPS	954.6	20.7	975.3	2 095.5	(36.5)	2 059.0
Diluted HEPS	929.6	20.8	950.4	2 071.9	(36.3)	2 035.6
Net asset value per share	12 721	(69)	12 652	13 302	(130)	13 172
Tangible net asset value per share	11 755	(64)	11 691	12 385	(126)	12 259
Return ratios (%)						
ROE	15.3	0.4	15.7	16.4	(0.1)	16.3
Capital adequacy (%)						
Common equity tier 1 capital adequacy ratio	13.7		13.7	13.5	(0.1)	13.4
Tier 1 capital adequacy ratio	14.6		14.6	14.5	(0.1)	14.4
Total capital adequacy ratio	16.6		16.6	16.6	(0.1)	16.5
Banking						
ROE (%)	15.0	0.3	15.3	16.3	0.2	16.5
Jaws (%)	4.5	1.3	5.8	5.8	1.5	7.3
Cost-to-income ratio (%)	56.0	(0.5)	55.5	54.9	3.0	57.9

IFRS 17 transition and related disclosure

Notes relating to insurance contracts

Summary of net income from insurance and asset management activities

	1H23 Rm	1H22 Rm	FY22 Rm
Insurance service result	4 620	3 743	7 935
Net investment income/(expense)	18 986	(6 195)	11 723
Net insurance finance (expenses)/income	(14 463)	8 775	(4 897)
Total	9 143	6 323	14 761

Summary of insurance contract assets and liabilities

	Assets Rm	(Liabilities) Rm	Net (liabilities) Rm
1H23			
Premium allocation approach (PAA)	373	(11 464)	(11 091)
General measurement model (GMM) and VFA	1 075	(231 740)	(230 665)
Total	1 448	(243 204)	(241 756)
1H22			
PAA	306	(10 488)	(10 182)
GMM and VFA	1 075	(210 132)	(209 057)
Total	1 381	(220 620)	(219 239)
FY22			
PAA	488	(10 642)	(10 154)
GMM and VFA	1 342	(221 207)	(219 865)
Total	1 830	(231 849)	(230 019)

Reconciliation of the measurement components of insurance contract balances

Reconciliation of PAA

	1H23 Rm	1H22 Rm	FY22 Rm
Net opening balance	(10 154)	(9 485)	(9 485)
Recognised in the income statement¹	2 825	1 575	3 922
Finance expense from insurance contracts issued	(25)	(98)	(244)
Insurance service result	2 850	1 673	4 165
Insurance revenue	8 053	7 248	15 056
Insurance service expense	(5 203)	(5 575)	(10 891)
Total cash flows	(3 911)	(2 311)	(4 727)
Premiums received	(8 427)	(7 991)	(15 244)
Claims and other directly attributable expenses paid	3 747	4 696	8 726
Other cash flows	769	984	1 791
Exchange and other movements	149	39	137
Net closing balance	(11 091)	(10 182)	(10 154)

¹ Excludes amounts recognised in the income statement relating to reinsurance contracts.

ACCOUNTING POLICIES AND RESTATEMENTS

Reconciliation of the measurement components of insurance contract balances

Reconciliation of GMM and VFA

	1H23			
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM Rm	Total Rm
Net opening balance	(193 341)	(6 151)	(20 373)	(219 865)
Recognised in the income statement¹				
Finance (expense)/income from insurance contracts issued	(14 009)	266	(638)	(14 381)
CSM recognised in profit or loss for services provided			1 458	1 458
Risk adjustment for risk expired (non-financial risk)		535		535
Other changes that relate to current and past service	930	(3)		927
Contracts initially recognised in the period	538	(268)	(876)	(606)
Other changes that relate to future service and onerous contract adjustments	(78)	(85)	(111)	(274)
Total cash flows	1 249			1 249
Exchange and other movements	292			292
Net closing balance	(204 419)	(5 706)	(20 540)	(230 665)

¹ Excludes amounts recognised in the income statement relating to reinsurance contracts.

CSM by transition method

	1H23			Total Rm
	New contracts and contracts measured under the full retrospective approach	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	
CSM opening balance	(5 827)	(2 730)	(11 816)	(20 373)
Total movements	(475)	37	271	(167)
Changes that relate to current service	588	127	743	1 458
Changes that relate to future service	(856)	(38)	(93)	(987)
Contracts initially recognised in the period	(876)			(876)
Other changes relating to future service	20	(38)	(93)	(111)
Finance (expense)/income from insurance contracts issued	(207)	(52)	(379)	(638)
CSM closing balance	(6 302)	(2 693)	(11 545)	(20 540)

1H22				FY22			
Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM Rm	Total Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM Rm	Total Rm
(197 462)	(5 701)	(19 816)	(222 979)	(197 462)	(5 703)	(19 816)	(222 981)
9 190	164	(536)	8 818	(3 344)	(184)	(1 234)	(4 762)
		1 557	1 557			2 907	2 907
	370		370		731		731
878			878	1 167	(4)		1 163
417	(218)	(713)	(514)	1 229	(438)	(1 645)	(854)
(1 129)	(82)	859	(352)	834	(553)	(588)	(307)
3 030			3 030	4 196			4 196
132		3	135	39		3	42
(184 944)	(5 467)	(18 646)	(209 057)	(193 341)	(6 151)	(20 373)	(219 865)

FY22			
Contracts measured under the full retrospective approach	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Total Rm
(4 472)	(2 842)	(12 502)	(19 816)
(1 354)	112	685	(557)
552	331	2 024	2 907
(1 559)	(101)	(570)	(2 230)
(1 645)			(1 645)
86	(101)	(570)	(585)
(347)	(118)	(769)	(1 234)
(5 826)	(2 730)	(11 817)	(20 373)

KEY MANAGEMENT ASSUMPTIONS

In preparing the group's results, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next reporting period. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. The following represents the material key management assumptions applied in preparing these financial results.

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

A range of scenarios for base, bear and bull forward-looking economic expectations have been determined, as at 30 June 2023, for inclusion in the group's forward-looking process and ECL calculation:

South African economic expectation

- Local constraints, such as electricity outages, inadequate rail and port infrastructure, as well as policy uncertainty continue to weigh on business confidence and growth. This is against a backdrop of challenging global financial conditions and pressure on the prices of South Africa's (SA) key export commodities. The slow pace of deceleration in core inflation globally has contributed to policy rates moving higher, even in the face of concerns regarding the United States (US) banking sector. Global sentiment towards SA has deteriorated amid geopolitical tensions and SA's perceived non-neutrality towards Russia and is further exacerbated by concerns regarding the electricity supply situation. This negative sentiment towards SA has had a significant impact on both the ZAR and SA's government bond yields. The ZAR is facing additional pressure from a stronger USD, concerns about China's economic recovery and weaker mining commodity prices, and will likely remain vulnerable in the near term. However, premised on USD weakness, together with some recovery in key mining commodity prices and an expected improvement in the electricity shortfall, the ZAR may end the year stronger against the USD. Inflation risks have increased amid the weaker ZAR and extended periods of severe loadshedding increasing the cost pressures on businesses. The base scenario incorporates higher inflation forecasts with food inflation remaining elevated in the short term. Demand-driven inflation, however, remains relatively subdued and a moderation in global food prices supports our expectation that inflation will slow more meaningfully going into 2024. SARB Monetary Policy Committee has responded to the upward adjustment to their inflation forecasts and to the balance of risks by aggressively increasing the policy rate in the first six months of this year. Interest rates are expected to be peaking and lower inflation forecasts should see the policy rate reverting to a more neutral level by late 2024. Electricity outages are expected to continue to be severe in the near term but should ease into next year as more embedded generation, and battery storage, capacity begins to come online. Capex projects, in particular the construction of announced renewable-energy projects, are growth-supportive and this, together with further slow improvements in the implementation of reforms, should boost potential GDP and economic growth over the medium term.
- In the bear case scenario, persistent inflation causes policy rates to increase higher than assumed under the base scenario, as global financial conditions tighten further, and lower export commodity prices provide a further headwind. Locally, the electricity supply situation is assumed to be worse in this case with more frequent and even higher stages of loadshedding further increasing cost pressures on businesses. Grid capacity constraints also dampen renewable-energy investments compared to the base case. Moreover, rail and port infrastructure challenges continue to

hamper trade. Sentiment towards SA deteriorates more in the bear case, with possible adverse impacts on trade, but not to the extent that it is assumed that sanctions will be imposed on SA. Capital outflows exert a significant impact on financial markets. The ZAR remains weaker in this scenario, discounting a larger SA risk premium. Adverse climate change-related events, such as flooding, are assumed to be a more regular occurrence, impacting business operations and infrastructure. Fears of a debt trap intensify as fiscal metrics weaken and further negative rating action is assumed in this scenario. In addition to the probability of the bear scenario exceeding that of the bull scenario, asymmetry in the severity of the macroeconomic outcomes in the bear case reflect the negative asymmetry of the risks.

- The bull case scenario assumes that global inflation rapidly subsides and many countries manage to avoid recessions. Policy rates are at peak levels and an unwinding of recent interest rate increases can follow. Locally, the electricity supply situation is slightly better than assumed in the base scenario over the short term but improves significantly in the medium term driven by stronger investment in embedded generation and unlocking grid capacity constraints. Policy reforms also result in private sector participation to improve port and rail infrastructure and support trade. Business confidence is higher, contributing to further growth and additional employment opportunities. The bull scenario anticipates higher net capital inflows which benefits the ZAR and government bond yields.

Africa Regions economic expectation

The Africa Regions scenario comprises the following outlook and conditions:

- Growth in Africa is likely to be more resilient in 2023 despite downside risks to global economic growth. This is broadly due to the notable contribution of private consumption expenditure to GDP growth in Africa, accounting for 60% – 70% of GDP in most of the economies in our coverage, implying a bigger reliance on domestic demand than external demand.
- This does not, of course, suggest that African economies will be completely immune to a slowdown in global growth, merely that domestic demand will largely drive growth over the coming year.
- Recent warnings that El Niño weather conditions will likely commence in 2H23 may have a more pronounced impact on growth than the risk of fading global demand. El Niño weather conditions tend to increase rainfall in parts of East Africa and have drier spells in parts of Southern and West Africa.
- Although using historical data to predict the impact of these rains on economic growth in East Africa may not be entirely accurate due to technological advancements and infrastructure improvements in the agricultural sector, it can still serve as a reference point.
- Over the last decade, El Niño rainfall between late 2014 and early 2016 was when Kenya's average GDP was 5.0%, with agriculture sub-sector growth of 5.3% in 2015, before easing in 2016, coinciding with a sharp decline in commodity prices.
- Weather experts have warned of El Niño weather conditions affecting parts of Southern Africa and a small belt across West Africa, with reports raising the risk that Namibia, Botswana, Zambia, Malawi and Mozambique may face drier weather conditions during the El Niño weather cycle.
- However, unlike East Africa, the agricultural sector's contribution to GDP is much smaller in most of the economies in Southern Africa, which may contain the anticipated negative impact on growth. The agricultural sector accounts for 3.6%, 1.8% and 8.6% of GDP in Zambia, Botswana and Namibia respectively. In comparison, in nominal terms, the sector accounts for 32.5%, 26.1%, 24.0% and 21.2% of GDP in Ethiopia, Tanzania, Uganda and Kenya. It is possible that adverse weather conditions in East Africa may have more impact on growth in agriculture and the auxiliary sectors that rely on it, compared to the Southern African economies.

Global economic expectation

- The global base case scenario anticipates global growth of around 2.5% in 2023, or as much as one percentage point below the expected 2022 outcome. Growth is expected to stay in a broad 2.5%-3.0% range for the medium term.
- The UK economy is likely to continue to have lower growth and higher inflation than most developed nations. The widely anticipated recession has thus far been avoided, partly due to the continued strength of the labour market. However, as the effects of prior monetary tightening continue to intensify and policy rates rise further, it seems likely that growth will be negative around late 2023 and into 2024. Headline inflation should fall quickly through the rest of 2023 and 2024, largely due to helpful base effects as the sharp energy and food price increases in 2022 are not repeated. Inflation outside of food and energy is likely to keep the Bank of England (BoE) focused on more base interest rate increases. Although this policy tightening will unwind in the longer term, inflation is likely to be structurally higher than the pre-pandemic period and hence policy rates are unlikely to fall to pre-pandemic lows of close to zero. After significant currency weakness in 2022, the GBP has recovered through 2023. Further recovery against the USD is anticipated, while some of the GBP strength against other currencies is expected to unwind.
- In the bear case scenario, the rising inflation cycle continues, partly due to persistently high wage growth and significant union-related disruption. The BoE will likely raise policy rates to higher levels than the base case to control inflation, potentially with additional tighter policy to reassure financial markets and thereby avoid mass disinvestment in GBP-denominated assets and the gilt market. The recession is deeper than the base case scenario.
- In the bull scenario, inflation falls far faster than anticipated in the base case, allowing the BoE to start reducing rates far faster to prevent the economy from falling into a significant recession. Lower inflation in the UK is likely to be matched by lower price trends elsewhere, with central banks implementing rate cuts that support stronger global growth which, in turn, will aid the UK through trade improvement.

Main macroeconomic factors

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

Macroeconomic factors	Base scenario		Bear scenario		Bull scenario		
	FY23 ¹	2H23 to 1H24 (next 12 months) ²	Remaining forecast period ³	2H23 to 1H24 (next 12 months) ²	Remaining forecast period ³	2H23 to 1H24 (next 12 months) ²	Remaining forecast period ³
South Africa⁴							
Inflation (%)	6.16	5.62	4.51	7.09	5.97	5.12	3.95
Prime (%)	12.00	11.25	10.50	12.75	11.50	10.75	10.00
Real GDP ⁷ (%)	0.84	1.15	1.71	(1.14)	0.96	2.42	2.55
Employment rate growth (%)	0.05	0.18	1.17	(0.73)	0.39	0.69	1.86
Household credit (%)	6.65	6.16	6.31	5.88	5.97	6.65	7.27
Exchange rate USD/ZAR	17.50	17.10	17.75	19.84	18.53	16.38	16.55
Africa Regions⁵ (excluding Zimbabwe) (averages)							
Inflation (%)	12.23	9.22	7.99	12.37	11.00	7.05	6.27
Policy rate (%)	12.69	10.99	9.26	12.09	10.00	9.73	8.32
3m Tbill rate (%)	11.26	9.85	9.32	10.78	10.73	8.77	7.91
6m Tbill rate (%)	12.87	11.77	10.64	12.56	11.77	10.87	9.50
Real GDP ⁷ (%)	3.86	4.44	4.70	2.73	3.10	5.64	5.96
Africa Regions⁵ (averages)							
Inflation (%)	54.47	24.26	10.15	55.35	30.31	9.73	6.66
Policy rate (%)	21.28	16.56	11.34	20.71	15.00	10.06	8.42
3m Tbill rate (%)	11.26	9.85	9.32	10.78	10.73	8.77	7.91
6m Tbill rate (%)	12.87	11.77	10.64	12.56	11.77	10.87	9.50
Real GDP ⁷ (%)	3.78	4.35	4.69	2.62	3.02	5.78	6.21
Global⁶							
Inflation (%)	7.00	4.50	3.00	6.50	2.50	3.50	2.00
Policy rate (%)	5.50	5.00	3.25	6.50	4.00	3.50	2.00
Exchange rate GBP/USD	1.32	1.40	1.38	1.15	1.30	1.45	1.40
Real GDP ⁷ (%)	0.00	0.50	1.80	(1.00)	1.40	2.00	2.20
Unemployment rate (%)	4.20	4.50	4.30	4.90	4.50	3.80	4.10

¹ Revised as at 1H23. The FY23 (1 January 2023 to 31 December 2023) view disclosed as at 31 December 2022, has been revised due to the changes in the macroeconomic factors.

² Next 12 months following 30 June 2023 is 1 July 2023 to 30 June 2024.

³ The remaining forecast period is 1 July 2024 to 30 June 2027.

⁴ The scenario weighting is: base at 50%, bear at 30% and bull at 20%. The scenario weighting remains unchanged.

⁵ Where multiple jurisdictions are considered, weighted averages are used. The scenario weighted average is: base at 55%, bear at 28% and bull at 17%. The scenario weighting remains unchanged.

⁶ Based on UK outlook. The scenario weighting is: base at 50%, bear at 30% and bull at 20%. The scenario weighting remains unchanged.

⁷ Gross domestic product.

KEY MANAGEMENT ASSUMPTIONS

	Base scenario			Bear scenario		Bull scenario	
	FY22 ¹	FY23 (next 12 months)	Remaining forecast period ²	FY23 (next 12 months)	Remaining forecast period ²	FY23 (next 12 months)	Remaining forecast period ²
Macroeconomic factors							
South Africa³							
Inflation (%)#	6.85	5.60	4.45	7.09	5.20	5.23	3.81
Prime (%)#	10.50	10.75	10.50	11.75	11.00	10.50	10.00
Real GDP ⁷ (%)#	1.86	1.62	2.01	0.41	1.01	1.99	2.58
Employment rate growth (%)#	0.32	1.15	1.84	0.65	1.02	1.29	2.34
Household credit (%)#	6.92	6.37	6.63	5.85	5.50	6.91	7.21
Exchange rate USD/ZAR	17.50	16.00	16.29	17.28	17.54	15.16	15.22
Africa Regions⁴ (excluding Zimbabwe) (averages)							
Inflation (%)#	12.80	11.19	6.85	13.37	9.02	9.36	5.99
Policy rate (%)*	9.76	11.66	9.80	13.30	10.87	10.51	8.61
3m Tbill rate (%)*	8.75	10.50	8.09	12.81	10.26	8.99	7.45
6m Tbill rate (%)*	9.68	11.89	9.03	13.79	11.47	10.18	8.49
Real GDP ⁷ (%)#	3.40	3.56	4.57	2.31	2.83	4.94	5.95
Africa Regions⁴ (averages)							
Inflation (%)#	23.50	20.81	11.11	26.60	15.85	14.71	6.64
Policy rate (%)*	21.65	18.44	13.04	24.97	17.06	12.97	8.80
3m Tbill rate (%)*	8.75	10.50	8.09	12.81	10.26	8.99	7.45
6m Tbill rate (%)*	9.68	11.89	9.03	13.79	11.47	10.18	8.49
Real GDP ⁷ (%)#	3.38	3.50	4.62	1.98	2.75	4.94	6.16
Global⁵							
Inflation (%)*	9.00	7.00	2.50	10.00	1.80	5.00	1.90
Policy rate (%)*	3.50	4.25	2.00	5.00	1.50	3.00	1.60
Exchange rate GBP/USD	1.21	1.28	1.38	1.10	1.35	1.32	1.45
Real GDP ⁷ (%)#	4.00	(1.00)	1.60	(2.00)	1.50	1.00	2.20
Unemployment rate (%)*	3.70	4.30	4.20	4.80	4.40	3.80	4.10

¹ Revised as at 31 December 2022.

² The remaining forecast period is 1 January 2024 to 31 December 2026.

³ The scenario weighting is: base at 50%, bear at 30% and bull at 20%.

⁴ Where multiple jurisdictions are considered, weighted averages are used. The scenario weighted average is: base at 55%, bear at 28% and bull at 17%.

⁵ Based on UK outlook. The scenario weighting is: base at 50%, bear at 30% and bull at 20%.

* Actual rates for 2022.

Estimated rates for 2022.

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

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

	1H23		FY22	
	Total ECL provision Rm	Total income statement charge Rm	Total ECL provision Rm	Total income statement release Rm
As reported	10 949	1 522	9 927	2 530
Scenarios				
Base	10 893	1 466	9 832	2 435
Bear	11 146	1 719	10 253	2 856
Bull	10 786	1 359	9 655	2 258

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

Additional forward-looking provisions were raised, during 1H23, in response to recent changes in market conditions. The following table shows compares the forward-looking impact on the provision as at 30 June 2023, based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% weighting of the above factors.

	1H23		FY22	
	Forward-looking component of ECL provision Rm	Income statement change Rm	Forward-looking component of ECL provision Rm	Income statement change Rm
Forward-looking impact on total ECL provision	2 690	364	2 172	165
Scenarios				
Base	2 394	68	1 780	(227)
Bear	3 980	1 654	3 840	1 834
Bull	1 799	(527)	856	(1 150)

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

KEY MANAGEMENT ASSUMPTIONS

Fair value

Financial instruments

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

Valuation process

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

Prices quoted in an active market

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

Valuation techniques

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

Valuation adjustments

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

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

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

- using bid-offer spreads that are reflective of the relatively low liquidity of the underlying risk driver
- raising day one profit or loss provisions in accordance with IFRS
- quantifying and reporting the sensitivity to each risk driver
- limiting exposure to such risk drivers and analysing exposure on a regular basis.

Validation and control

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

Portfolio exception

The group has, on meeting certain qualifying criteria, elected the portfolio exception, which allows an entity to measure the fair value of certain groups of financial assets and financial liabilities on a net basis similar to how market participants would price the net risk exposure at the measurement date. The total amount of the change in fair value estimated using valuation techniques not based on observable market data that was recognised in profit or loss for 1H23 was a net gain of R7 816 million (1H22: R2 658 million net loss, FY22: R3 198 million net loss). Other financial instruments, not at level 3, are utilised to mitigate the risk of these changes in fair value.

Investment property valuations

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

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

The fair values of the investment properties in South Africa at 30 June 2023 were revised in consultation with external valuers, considering the current economic environment and the estimated impact to all the valuation inputs. There have been no changes applied to the unit of account and derived use.

Insurance contracts

A summary of the relevant significant key judgements and estimates applied to insurance contracts that materially changed as a result of the adoption of IFRS 17 are detailed below.

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

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

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

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

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

- The lack of accessibility and reliability of key sources of historical data at the level of aggregation required for IFRS 17.
- Assumptions and estimates at initial recognition could not be determined without the use of hindsight.
- Data prior to 1 January 2017 from the use of the risk adjustment methodology, even though aligned to the risk margin approach used in capital regulatory reporting, Solvency Assessment and Management (SAM), is unavailable without undue cost and effort.

Fair value approach

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

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

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

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

The fair value approach was applied mainly for:

- non-participating annuities and investment-linked products; and
- insurance business products with DPF and retail pure risk products.

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

KEY MANAGEMENT ASSUMPTIONS

Modified retrospective approach

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

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

The group applied modifications in the following areas:

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

The modified retrospective approach replaces expected values with actual values at inception. This enables an approximate value to be calculated for future FCF and risk adjustment at inception to determine the CSM. The CSM is projected to the transition date using coverage units.

Service provided in each period is determined by comparing the remaining coverage units at the transition date with those provided under the group of contracts before the transition date.

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

Key judgements applied on the application of IFRS 17

Contracts scoped under IFRS 17 measurement

Definition and classification of contracts

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

The group applies judgement as to whether there is significant insurance risk under the terms of contracts issued. For example, certain contracts issued by the group guarantee a return of

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

Application of the VFA

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

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

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

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

Application of the PAA measurement approach

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

Use of measuring a combination of contracts

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

Initial contract assessment

Contracts are initially allocated into profitability groups, being onerous contracts, groups with no significant possibility of becoming onerous, and groups of other contracts. The group assumes a higher risk adjustment level at initial recognition and measurement to determine the likelihood of contracts that are expected to be profitable and that may in the future become onerous.

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

Contracts with a continuation option

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

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

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

Coverage units to be utilised for release of the CSM

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

Expense modelling interpretation for FCF

The group applies judgement to determine which expenses meet the definition of 'directly attributable' and which acquisition costs are considered incremental to each portfolio. The group has adopted internal guidelines that it consistently applies to associated costs related to applicable portfolios. Only costs clearly not required if a portfolio is sold during the reporting period, are included in the directly attributable acquisition costs. The group includes a proportion of overheads allocated to fulfilment and directly attributable acquisition costs.

The group deems income minus expense (I-E) taxes as specifically chargeable to the policyholder and therefore includes it in the measurement of FCF.

Discount rates

For contracts with cash flows that do not vary with the underlying backing asset portfolios, e.g. guaranteed annuities, risk products, contracts measured under the GMM, the group has elected to mainly use the top-down approach, where the yield curve used is derived off the actual backing assets of the reference portfolio of assets, adjusted as appropriate to remove credit risk. This results in some contracts being valued off a bond curve and some off a swap curve.

For contracts with cash flows that vary with the underlying backing assets, e.g., unit-linked cash flows, i.e., under the VFA, as well as for embedded derivatives, the group uses risk-neutral modelling, the most appropriate risk-free curve and no further adjustment for liquidity risk.

Risk adjustment for non-financial risk and confidence level

The risk adjustment for non-financial risk is the compensation the group requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks, such as lapse risk and expense risk. In estimating the risk adjustment, the group mainly uses the Cost of Capital method. The risk adjustment confidence level for the Cost of Capital for contracts measured under GMM and VFA, as well as some claims in-payment liabilities, has been derived at approximately 90%. A 75% confidence level is applied for short contract boundary-type business measured under the PAA, given that the uncertainty around non-financial risks is less than what would exist for more complex, longer-dated contracts.

Investment component

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

FURTHER NOTES TO THE PRIMARY STATEMENTS

Derivative instruments

	Fair value of assets		Fair value of liabilities	
	1H23 Rm	FY22 Rm	1H23 Rm	FY22 Rm
Held-for-trading	88 656	71 124	(103 439)	(82 982)
Held-for-hedging including net investment hedge	4 255	3 286	(3 836)	(2 067)
Total	92 911	74 410	(107 275)	(85 049)

Derivatives held-for-trading

	Fair value of assets		Fair value of liabilities	
	1H23 Rm	FY22 Rm	1H23 Rm	FY22 Rm
Foreign exchange derivatives	48 674	29 121	(41 140)	(25 017)
Interest rate derivatives	26 652	32 503	(42 228)	(36 166)
Commodity derivatives	1 899	1 637	(845)	(911)
Credit derivatives	5 001	1 566	(4 386)	(2 640)
Equity derivatives	6 430	6 297	(14 840)	(18 248)
Total	88 656	71 124	(103 439)	(82 982)

Day one profit or loss

	Derivative instruments Rm	Trading assets Rm	Total Rm
Unrecognised net profit at 1 January 2022	1 209	1 193	2 402
Additional net profit on new transactions during the period ¹	121	6	127
Recognised in trading revenue during the period	(543)	(728)	(1 271)
Unrecognised net profit at 31 December 2022	787	471	1 258
Unrecognised net profit at 1 January 2023	787	471	1 258
Additional net profit on new transactions during the period ¹	258	434	692
Recognised in trading revenue during the period	(266)	(447)	(713)
Unrecognised net profit at 30 June 2023	779	458	1 237

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

Private equity associates

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

	1H23 Rm	FY22 Rm
Cost	131	105
Carrying value	635	604
Attributable income/(loss)	16	(17)
Fair value of equity-accounted interest in associate	635	604

Contingent liabilities and commitments

	1H23 Rm	FY22 Rm
Contingent liabilities		
Letters of credit and bankers' acceptances	20 639	19 378
Guarantees	101 704	103 061
Total	122 343	122 439
Commitments		
Investment property	1 175	961
Property and equipment	793	465
Other intangible assets	253	190
Total	2 221	1 616

Loan commitments of R122 361 million (FY22: R104 782 million) are either irrevocable over the life of the facility or revocable only in response to material adverse changes.

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

FURTHER NOTES TO THE PRIMARY STATEMENTS

Classification of assets and liabilities

Accounting classifications and fair values of financial assets and liabilities

The table below categorises the group's assets and liabilities according to their measurement category as per IFRS 9 with disclosure of the fair value being provided for those items.

1H23	Fair value through profit or loss		
	Held-for-trading Rm	Designated at fair value through profit or loss Rm	Fair value through profit or loss – default Rm
Assets			
Cash and balances with central banks			113 510
Derivative assets	92 911		
Trading assets	324 074		
Pledged assets	12 113		1 036
Disposal group assets held for sale			289
Financial investments		32 797	403 960
Loans and advances			629
Insurance contract assets			
Reinsurance contract assets			
Interest in associates and joint ventures			
Investment property			
Other financial assets ³			
Other non-financial assets			
Total assets	429 098	32 797	519 424
Liabilities			
Derivative liabilities	107 275		
Trading liabilities	105 317		
Deposits and debt funding		3 378	
Financial liabilities under investment contracts		145 003	
Insurance contract liabilities			
Subordinated debt		8 682	
Other financial liabilities ³		70 490	
Other non-financial liabilities ⁵			
Total liabilities	212 592	227 553	

Refer to footnotes under the comparative table that follows.

Fair value through OCI		Total assets and liabilities measured at fair value Rm	Amortised cost ¹ Rm	Other non-financial assets/liabilities Rm	Total carrying amount Rm	Fair value ² Rm
Debt instruments Rm	Equity instruments Rm					
		113 510	23 143		136 653	136 653
		92 911			92 911	92 911
		324 074			324 074	324 074
2 387		15 536	2 287		17 823	17 867
		289			289	289
71 589	1 561	509 907	242 806		752 713	752 703
		629	1 566 948		1 567 577	1 567 583
				1 448	1 448	
			5 521		5 521	
				12 130	12 130	
				29 292	29 292	29 292
			30 571		30 571	
				57 677	57 677	
73 976	1 561	1 056 856	1 871 276	100 547	3 028 679	
		107 275			107 275	107 275
		105 317			105 317	105 317
		3 378	1 972 450		1 975 828	1 975 832
		145 003			145 003	145 003
				243 204	243 204	
		8 682	21 944		30 626	30 651
		70 490	28 293		98 783	
				50 493	50 493	
		440 145	2 022 687	293 697	2 756 529	

FURTHER NOTES TO THE PRIMARY STATEMENTS

Classification of assets and liabilities

Accounting classifications and fair values of financial assets and liabilities

The table below categorises the group's assets and liabilities according to their measurement category as per IFRS 9 with disclosure of the fair value being provided for those items.

FY22	Fair value through profit or loss		
	Held-for-trading Rm	Designated at fair value Rm	Fair value through profit or loss – default Rm
Assets			
Cash and balances with central banks			99 758
Derivative assets	74 410		
Trading assets	314 918		
Pledged assets	8 375		7 501
Disposal group assets held for sale			555
Financial investments ⁴		38 563	377 103
Loans and advances			664
Insurance contract assets ⁴			
Reinsurance assets ⁴			
Interest in associates and joint ventures			
Investment property			
Other financial assets ³			
Other non-financial assets ⁴			
Total assets	397 703	38 563	485 581
Liabilities			
Derivative liabilities	85 049		
Trading liabilities	109 928		
Deposits and debt funding		2 822	
Financial liabilities under investment contracts ⁴		136 309	
Insurance contract liabilities ⁴			
Subordinated debt		6 115	
Other financial liabilities ³		72 105	
Other non-financial liabilities ^{4,5}			
Total liabilities	194 977	217 351	

¹ Includes financial assets and financial liabilities for which the carrying value has been adjusted for changes in fair value due to designated hedged risks.

² Carrying value has been used where it closely approximates fair values, excluding non-financial assets and liabilities.

³ The fair value of other financial assets and liabilities measured at amortised cost approximates the carrying value due to their short-term nature.

Refer to the fair value section in accounting policy 4 – Fair value in annexure F and key management assumptions in the group's consolidated annual financial statements for a description on how fair values are determined.

⁴ Restated, refer to pages 116 – 117 for further detail.

⁵ Provisions and other liabilities include reinsurance contract liabilities.

Fair value through OCI		Total assets and liabilities measured at fair value Rm	Amortised cost ¹ Rm	Other non-financial assets/liabilities Rm	Total carrying amount Rm	Fair value ² Rm
Debt instruments Rm	Equity instruments Rm					
		99 758	14 725		114 483	114 483
		74 410			74 410	74 410
		314 918			314 918	314 918
2 721		18 597	711		19 308	19 309
		555			555	555
81 708	905	498 279	224 215		722 494	722 229
		664	1 504 276		1 504 940	1 504 933
				1 830	1 830	
				5 522	5 522	
				9 956	9 956	
				29 289	29 289	29 289
			31 058		31 058	
				53 634	53 634	
84 429	905	1 007 181	1 774 985	100 231	2 882 397	
		85 049			85 049	85 049
		109 928			109 928	109 928
		2 822	1 886 277		1 889 099	1 888 030
		136 309			136 309	136 309
				231 849	231 849	
		6 115	25 629		31 744	33 378
		72 105	35 800		107 905	
				31 648	31 648	
		412 328	1 947 706	263 497	2 623 531	

FURTHER NOTES TO THE PRIMARY STATEMENTS

Fair value disclosures

Assets and liabilities measured at fair value

Fair value hierarchy

The following table analyses the group's assets and liabilities measured at fair value, by the level of fair value hierarchy.

Measured on a recurring basis ¹	1H23				FY22			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets								
Cash and balances with central bank	111 369	2 141		113 510	97 616	2 142		99 758
Derivative assets	566	89 118	3 227	92 911	506	72 462	1 442	74 410
Trading assets	171 437	127 283	25 354	324 074	170 125	130 435	14 358	314 918
Pledged assets	9 820	5 716		15 536	18 572	25		18 597
Disposal group assets held for sale ²			289	289			555	555
Financial investments ³	223 708	276 172	10 027	509 907	236 740	246 549	14 990	498 279
Loans and advances		16	613	629		25	639	664
Investment property			29 292	29 292			29 289	29 289
Total assets at fair value	516 900	500 446	68 802	1 086 148	523 559	451 638	61 273	1 036 470
Financial liabilities								
Derivative liabilities	319	99 204	7 752	107 275	180	80 344	4 525	85 049
Trading liabilities	55 106	48 004	2 207	105 317	56 390	48 775	4 763	109 928
Deposits and debt funding		3 378		3 378		2 822		2 822
Financial liabilities under investment contracts ³		145 003		145 003		136 309		136 309
Subordinated debt		8 682		8 682		6 115		6 115
Other financial liabilities		68 056	2 434	70 490		70 089	2 016	72 105
Total financial liabilities at fair value	55 425	372 327	12 393	440 145	56 570	344 454	11 304	412 328

¹ Recurring fair value measurements of assets or liabilities are those assets and liabilities that IFRS requires or permits to be measured at fair value in the statement of financial position at the end of each reporting period.

² The disposal group is measured on a non-recurring basis.

³ Restated, refer to pages 116 –117 for further detail.

Reconciliation of level 3 assets

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

	Derivative assets Rm	Trading assets Rm	Financial investments Rm	Loans and advances Rm	Investment property Rm	Total Rm
Balance at 1 January 2022	1 040	16 311	18 437	473	29 985	66 246
Total gains/(losses) included in profit or loss	470	(1 189)	533	58	(1 315)	(1 443)
Non-interest revenue	470	(1 189)	829	58		168
Investment losses			(296)		(1 315)	(1 611)
Total gains included in OCI			162			162
Issuances and purchases	356	245	7 643	3 308	656	12 208
Sales and settlements	(250)	(963)	(11 459)	(3 674)	(574)	(16 920)
Transfers into level 3 ¹	58					58
Transfers out of level 3 ²	(210)	(46)	(93)			(349)
Exchange and other movements	(22)		(233)	474	537	756
Balance at 31 December 2022	1 442	14 358	14 990	639	29 289	60 718
Balance at 1 January 2023	1 442	14 358	14 990	639	29 289	60 718
Total gains included in profit or loss	3 048	4 001	815	93	161	8 118
Non-interest revenue	3 048	4 001	622	93		7 764
Investment gains			193		161	354
Total gains included in OCI			14			14
Issuances and purchases	405	11 285	547	856	76	13 169
Sales and settlements	(750)	(392)	(6 236)	(975)		(8 353)
Transfers into level 3 ¹		228				228
Transfers out of level 3 ²		(4 126)	(9)			(4 135)
Exchange and other movements	(918)		(94)		(234)	(1 246)
Balance at 30 June 2023	3 227	25 354	10 027	613	29 292	68 513

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

² During the period, the valuation inputs of certain level 3 financial assets became observable. The fair value of these financial assets was transferred into level 2.

Level 3 assets

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

	Derivative assets Rm	Trading assets Rm	Financial investments Rm	Loans and advances Rm	Investment property Rm	Total Rm
1H23						
Non-interest revenue	2 866	15 087	70	93		18 116
Investment gains			201		164	365
FY22						
Non-interest revenue	466	(1 124)	434	58		(166)
Investment gains/(losses)			309		(290)	19

FURTHER NOTES TO THE PRIMARY STATEMENTS

Reconciliation of level 3 liabilities

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

	Derivative liabilities Rm	Trading liabilities Rm	Other financial liabilities Rm	Total Rm
Balance at 1 January 2022	3 000	2 146	3 069	8 215
Total losses included in profit or loss	1 740	15		1 755
Issuances and purchases	469	3 135		3 604
Sales and settlements	(416)	(492)	(1 053)	(1 961)
Transfers out of level 3 ¹	(275)	(41)		(316)
Transfers into level 3 ²	7			7
Balance at 31 December 2022	4 525	4 763	2 016	11 304
Balance at 1 January 2023	4 525	4 763	2 016	11 304
Total losses/(gains) included in profit or loss	3 165	(2 863)		302
Issuances and purchases	497	464	418	1 379
Sales and settlements	(428)	(157)		(585)
Transfers out of level 3 ¹	(7)			(7)
Balance at 30 June 2023	7 752	2 207	2 434	12 393

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

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

Level 3 liabilities

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

	Derivative liabilities Rm	Trading liabilities Rm	Total Rm
1H23			
Non-interest revenue	3 043	(2 879)	164
FY22			
Non-interest revenue	1 634	(4)	1 630

Sensitivity and interrelationships of inputs

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

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

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

	Change in significant unobservable input	Effect on profit or loss	
		Favourable Rm	(Unfavourable) Rm
1H23			
Derivative instruments	From (1%) to 1%	321	(321)
Financial investments	From (1%) to 1%	36	(33)
Trading assets	From (1%) to 1%	120	(120)
Trading liabilities	From (1%) to 1%	46	(46)
Total		523	(520)
FY22			
Derivative instruments	From (1%) to 1%	322	(322)
Financial investments	From (1%) to 1%	163	(161)
Trading assets	From (1%) to 1%	86	(86)
Trading liabilities	From (1%) to 1%	51	(51)
Total		622	(620)

Investment property

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

Certain properties are primarily linked to policyholder benefits and consortium non-controlling interests, which limit the impact to group ordinary shareholder comprehensive income or equity for any changes in the fair value measurement.

The sensitivities of aggregate market values for 1% changes in exit capitalisation rates are as follows. A 1% increase in the exit capitalisation rate would result in a decrease in fair value of R2 435 million (FY22: R2 534 million). A 1% decrease in the exit capitalisation rate would result in an increase in the fair value of R3 211 million (FY22: R3 303 million).

FURTHER NOTES TO THE PRIMARY STATEMENTS

Related party balances and transactions

Balances and transactions with ICBCS

The following significant balances between the group and ICBCS, an associate of the group.

	1H23 Rm	FY22 Rm
Amounts included in the group's statement of financial position		
Derivative assets	7 219	7 397
Loans and advances	8 784	4 507
Other assets	1 488	23
Derivative liabilities	(12 116)	(7 485)
Repurchase agreements	(5 085)	(2 567)
Deposits and debt funding	(377)	(226)
Other liabilities	(572)	(136)

Significant transactions with ICBCS during the reporting period comprise primarily non-interest revenue of R407 million (1H22: R108 million).

Services

The group entered into certain transitional service level arrangements with ICBCS in order to manage the orderly separation of ICBCS from the group post the sale of 60% of Standard Bank Plc (SB Plc). In terms of these arrangements, services are delivered to and received from ICBCS for the account of each respective party. For 1H23, the net income recognised in respect of these arrangements amounted to R157 million (1H22: net income R10 million).

Balances and transactions with ICBC

The group, in the ordinary course of business, receives term funding from, and provides loans and advances to ICBC for strategic purposes. These monies are renegotiated and settled on an ongoing basis and on market-related terms. The following balances and transactions were entered into between the group and ICBC, a 19.4% shareholder of the group, excluding those with ICBCS.

	1H23 Rm	FY22 Rm
Loans and advances	1 210	1 795
Deposits and debt funding	(10 969)	(9 469)

The group has off-balance sheet letters of credit exposure issued to ICBC as at 30 June 2023 of R3 813 million (FY22: R2 744 million).

Mutual funds

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

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

	1H23 Rm	FY22 Rm
Amounts included in the group's statement of financial position and income statement		
Deposits and debt funding	(56 695)	(42 372)
Interest expense	(1 400)	(1 150)

Significant transactions between the group and mutual funds that the group invests in during the reporting period comprise primarily net interest expense R1 400 million (1H22: R1 179 million).

Post-employment benefit plans

The group manages R11 152 million (FY22: R11 594 million) of the group's post-employment benefit plans' assets. Other significant balances between the group and the group's post-employment benefit plans are listed below:

	1H23 Rm	FY22 Rm
Financial investments held in bonds and money market	953	754

OTHER REPORTABLE ITEMS

Additional tier 1 capital

The group issued R2.5 billion (FY22: R7.2 billion) and redeemed Nil (FY22: R3.5 billion) Basel III compliant AT1 capital bonds that qualify as tier 1 capital during the six months ended 30 June 2023.

During the six-month period ended 30 June 2023, coupons to the value of R813 million (FY22: R968 million) were paid to AT1 capital bondholders. Current tax of R228 million (FY22: R271 million) relating to the AT1 capital bonds were recognised directly in equity resulting in an aggregate net equity impact of R585 million (FY22: R697 million). The AT1 capital bonds have been recognised within other equity instruments in the statement of financial position.

Change in group directorate

The following changes in directorate took place during the period ended 30 June 2023 and up to 17 August 2023:

Retirements

KD Moroka	As independent non-executive director	12 June 2023
JM Vice	As independent non-executive director	12 June 2023

Equity securities

During 1H23, the group allotted 239 847 shares (FY22: 367 506) in terms of the group's share incentive schemes. The group repurchased 2 767 021 (FY22: no repurchased shares) shares during 1H23. The total equity securities held as treasury shares at 1H23 was a long position of 17 735 911 shares (FY22: long position of 21 771 571 shares).

The treasury shares requirements of IAS 32 *Financial Instruments: Presentation* were amended, as a result of IFRS 17, to provide an exemption from the requirement to be deducted from equity. SBG has elected not to deduct from equity its treasury shares that relate to this exemption, but to continue to account for these treasury shares as equity and to measure the reacquired equity instrument at fair value through profit or loss in accordance with IFRS 9. The total equity securities held as treasury shares as at FY22, noted above, have been restated by 8 178 769 resulting from the reinstatement of the group's treasury shares held in Liberty Holdings Limited during 2022.

Legal proceedings

In the ordinary course of business, the group is involved as a defendant in litigation, lawsuits and other proceedings. Management recognises the inherent difficulty of predicting the outcome of defended legal proceedings. Nevertheless, based on management's knowledge from investigation, analysis and after consulting with legal counsel, management believes that there are no individual legal proceedings that are currently assessed as being 'likely to succeed and material' or 'unlikely to succeed but material should they succeed'. The group is also the defendant in some legal cases for which the group is fully indemnified by external third parties, none of which are individually material. Management is accordingly satisfied that the legal proceedings currently pending against the group should not have a material adverse effect on the group's consolidated financial position and the directors are satisfied that the group has adequate insurance programmes and, where required in terms of IFRS for claims that are probable, provisions are in place to meet claims that may succeed.

Update on Competition Commission – trading of foreign currency

During 1H23, The Competition Tribunal (the Commission), after a 14-month delay, dismissed all of the complaint dismissal applications and objections brought by the respondent banks and ordered that they file their statements of defence within 40 days. On legal advice, SBSA filed a review and alternatively an appeal against that decision. The matter should be heard in court on 13 to 16 November 2023.

On 24 March 2023 the Competition Appeal Court granted the Commission's application for an order that its obligation to deliver the evidence that it relied upon be stayed until SBSA has filed its statement of defence. The order is fundamentally flawed for various reasons including that it is contrary to a Constitutional Court judgement. SBSA has filed a notice of appeal to the Constitutional Court. While this is underway, SBSA has agreed with the Competition Commission to suspend the requirement to file its defence in the main application within 40 days.

Other matters

There is currently no further update or change in assessment to note compared to the disclosure provided in the FY22 results relating to the indemnities granted to ICBC following the disposal of Standard Bank Plc.

Pro forma constant currency information

The *pro forma* constant currency information disclosed in these results is the responsibility of the group's directors. The *pro forma* constant currency information has been presented to illustrate the impact of changes in currency rates on the group's results and may not fairly present the group's financial position and results of operations. In determining the change in constant currency terms, the income and expenditure items for the comparative financial reporting years have been adjusted for the difference between the current and prior years' 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 years' 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.

Only the FY22 *pro forma* constant currency information, where applicable, contained in these results, has been reviewed by the group's external auditors and their unmodified assurance report prepared in terms of International Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* (ISAE 3420) is available for inspection at the company's registered office on weekdays from 09:00 to 16:00.

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

OTHER REPORTABLE ITEMS

Structural changes

During 1H23, the group has made significant structural changes to better serve its clients. Our operating model is client led and structured around our business units namely: Personal & Private Banking, Business & Commercial Banking, Corporate & Investment Banking and Insurance & Asset Management. Central and other will remain and house group hedging activities, unallocated capital, liquidity earnings and central costs.

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

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

For further detail around each business unit, refer to the business unit reporting section within these results.

Subordinated debt

During 1H23, the group issued R2.0 billion (FY22: R1.6 billion) and redeemed R3.0 billion (FY22: R1.0 billion) Basel III compliant bonds that qualify as tier 2 capital. The capital notes constitute direct, unsecured and subordinated obligations. The notes may be redeemed prior to their respective maturity dates at the option of the issuer and subject to regulatory approval, after a minimum period of five years.

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

The group did not issue or redeem any Basel II compliant tier 2 notes during 1H23 (FY22: R0.3 billion issued and R0.3 billion redeemed).

During the six-month period ended 30 June 2023, the group did not issue any subordinated debt instruments that qualify as regulatory insurance capital, and redeemed R0.9 billion of subordinated debt instruments that qualify as regulatory insurance capital (FY22: R1.5 billion issued; R1.0 billion redeemed).

RISK MANAGEMENT – IFRS DISCLOSURES

OVERVIEW

The group's activities give rise to various financial and insurance risks. Financial risks are categorised into credit, funding and liquidity and market risk, of which an update from 2022 has been included in these results relating to concentration and market risks relating to Standard Bank Activities.

The group's approach to managing risk and capital is set out in the group's risk, compliance and capital management governance framework approved by the group risk and capital management committee.

BANKING

Concentration risk

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single counterparty, an industry, a product, a geography, maturity, or collateral. The group's credit risk portfolio is well-diversified. The group's management approach relies on the reporting of concentration risk along key dimensions, the setting of portfolio limits and stress testing. FY22 has been restated, where applicable, to align with the group restructure.

INDUSTRY SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	1H23 Rm	FY22 Rm
Agriculture	44 054	42 906
Construction	20 420	18 570
Electricity	38 415	31 818
Finance, real estate and other business services	464 542	430 392
Individuals	652 865	645 127
Manufacturing	102 368	98 283
Mining	62 855	56 372
Transport	65 707	64 359
Wholesale	97 620	97 864
Other services	77 650	72 715
Total	1 626 496	1 558 406

GEOGRAPHIC SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	1H23		FY22	
	%	Rm	%	Rm
South Africa	64	1 046 099	64	1 000 758
Africa Regions	21	335 257	22	343 454
International	15	245 140	14	214 194
Total	100	1 626 496	100	1 558 406

RISK MANAGEMENT – IFRS DISCLOSURES

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

	1H23 Rm	FY22 Rm
Agriculture	1 594	1 508
Construction	1 406	970
Electricity	783	588
Finance, real estate and other business services	3 949	3 600
Individuals	27 269	24 596
Manufacturing	2 259	1 773
Mining	346	276
Transport	1 719	1 418
Wholesale	2 358	1 940
Other services	1 701	1 972
Total	43 384	38 641

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

	1H23		FY22	
	%	Rm	%	Rm
South Africa	81	35 423	80	31 058
Africa Regions	18	7 635	19	7 291
International	1	326	1	292
Total	100	43 384	100	38 641

Market risk

Trading book market risk

Definition

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

Approach to managing market risk in the trading book

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

The market risk functions are independent of the group's trading operations and are accountable to the relevant legal entity Asset-Liability Committees (ALCOs). ALCOs have a reporting line into group ALCO, a subcommittee of Group Leadership Council.

All value at risk (VaR) and stressed value at risk (SVaR) limits require prior approval from the respective entity ALCOs. The market risk functions have the authority to set these limits at a lower level.

Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard.

Exposures and excesses are monitored and reported daily. Where breaches in limits and triggers occur, actions are taken by market risk functions to bring exposures back in line with approved market risk appetite, with such breaches being reported to management and entity ALCOs.

VaR and SVaR

The group uses the historical VaR and SVaR approach to quantify market risk under normal and stressed conditions.

For risk management purposes VaR is based on 251 days of unweighted recent historical data updated at least monthly, a holding period of one day and a confidence level of 95%. The historical VaR results are calculated in four steps:

- Calculate 250 daily market price movements based on 251 days' historical data. Absolute movements are used for interest rates and volatility movements; relative for spot, equities, credit spreads, and commodity prices.
- Calculate hypothetical daily profit or loss for each day using these daily market price movements.
- Aggregate all hypothetical profits or losses for day one across all positions, giving daily hypothetical profit or loss, and then repeat for all other days.
- VaR is the 95th percentile selected from the 250 days of daily hypothetical total profit or loss. Daily losses exceeding the VaR are likely to occur, on average, 13 times in every 250 days.

SVaR uses a similar methodology to VaR, but is based on 251-day period of financial stress and assumes a 10-day holding period and a worst case loss.

The 10-day period is based on the average expected time to reduce positions. The period of stress for SBSA is currently the 2008/2009 financial crisis while, for other markets, more recent stress periods are used. Where the group has received internal model approval, the market risk regulatory capital requirements is based on VaR and SVaR, both of which use a confidence level of 99% and a 10-day holding period.

Limitations of historical VaR are acknowledged globally and include:

- The use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature.
- The use of a one-day holding period assumes that all positions can be liquidated or the risk offset in one day. This will usually not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully.
- The use of a 95% confidence level, by definition, does not take into account losses that might occur beyond this level of confidence.

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

Trading book portfolio characteristics

VaR for the period under review

Trading book market risk exposures arise mainly from residual exposures from client transactions and limited trading for the group's own account. In general, the group's trading desks have run increased levels of market risk in 1H23 when compared to 2022 aggregate normal VaR, and reduced levels when compared to aggregate maximum SVaR.

RISK MANAGEMENT – IFRS DISCLOSURES

TRADING BOOK NORMAL VaR ANALYSIS BY MARKET VARIABLE

	Normal VaR			
	Maximum ¹ Rm	Minimum ¹ Rm	Average Rm	Closing Rm
1H23				
Commodities risk	5	2	3	2
Foreign exchange risk	51	18	31	34
Equity position risk	23	8	12	15
Debt securities	78	26	47	56
Diversification benefits ²			(33)	(41)
Aggregate	109	34	60	67
FY22				
Commodities risk	4		2	3
Foreign exchange risk	31	10	19	21
Equity position risk	21	8	13	10
Debt securities	54	19	29	27
Diversification benefits ²			(26)	(22)
Aggregate	62	25	37	39

¹ The maximum and minimum VaR figures reported for each market variable do not necessarily occur on the same day. As a result, the aggregate VaR will not equal the sum of the individual market VaR values, and it is inappropriate to ascribe a diversification effect to VaR when these values may occur on different days.

² Diversification benefits is the benefit of measuring the VaR of the trading portfolio as a whole, that is, the difference between the sum of the individual VaRs and the VaR of the whole trading portfolio.

TRADING BOOK SVAR ANALYSIS BY MARKET VARIABLE

	SVaR			
	Maximum ¹ Rm	Minimum ¹ Rm	Average Rm	Closing Rm
1H23				
Commodities risk	54	21	29	21
Foreign exchange risk	454	169	308	285
Equity position risk	255	69	130	131
Debt securities	456	171	254	262
Diversification benefits ²			(271)	(329)
Aggregate	685	224	450	371
FY22				
Commodities risk	40	1	19	25
Foreign exchange risk	543	118	218	188
Equity position risk	224	79	120	100
Debt securities	879	179	355	291
Diversification benefits ²			(350)	(318)
Aggregate	886	140	362	287

¹ The maximum and minimum SVaR figures reported for each market variable do not necessarily occur on the same day. As a result, the aggregate SVaR will not equal the sum of the individual market SVaR values, and it is inappropriate to ascribe a diversification effect to SVaR when these values may occur on different days.

² Diversification benefits is the benefit of measuring the SVaR of the trading portfolio as a whole, that is, the difference between the sum of the individual SVaRs and the SVaR of the whole trading portfolio.

Approach to managing interest rate risk in the banking book

Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income and banking book mark-to-market profit or loss) and the economic value of equity.

The group's approach to managing interest rate risk in the banking book (IRRBB) is governed by applicable regulations and is influenced by the competitive environment in which the group operates. The treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of group ALCO.

Measurement

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

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

INTEREST RATE SENSITIVITY ANALYSIS¹

		ZAR	USD	GBP	Euro	Other	Total
1H23							
Increase in basis points	bps	200	100	100	100	100	
Sensitivity of annual net interest income	Rm	2 333	1 043	426	139	1 078	5 019
Decrease in basis points	bps	200	100	100	100	100	
Sensitivity of annual net interest income	Rm	(2 418)	(1 251)	(409)	(142)	(1 168)	(5 388)
FY22							
Increase in basis points	bps	200	100	100	100	100	
Sensitivity of annual net interest income	Rm	2 769	1 142	450	81	960	5 402
Decrease in basis points	bps	200	100	100	100	100	
Sensitivity of annual net interest income	Rm	(2 883)	(1 332)	(435)	(4)	(994)	(5 648)

¹ Before tax.

RISK MANAGEMENT – IFRS DISCLOSURES

Foreign currency risk

Definition

The group's primary non-trading-related exposures to foreign currency risk arise as a result of the translation effect of the group's net assets in foreign operations and foreign-denominated financial assets and liabilities.

Approach to managing foreign currency risk

The group foreign currency management committee, a subcommittee of the group capital management committee, manages the risk according to existing legislation, South African exchange control regulations and accounting parameters. It takes into account naturally offsetting risk positions and manages the group's residual risk by means of forward exchange contracts, currency swaps and option contracts.

Hedging is undertaken in such a way that it does not constrain normal operating activities. In particular, for banking entities outside of the South African common monetary area, the need for capital to fluctuate with risk-weighted assets is taken into account.

The repositioning of the group's NAV by currency, which is managed at a group level, is a controlled process based on underlying economic views and forecasts of the relative strength of currencies, other than foreign operations.

Gains or losses on derivatives that have been designated as either net investment or cash flow hedging relationships in terms of IFRS are reported directly in OCI, with all other gains or losses on derivatives being reported in profit or loss.

Foreign currency risk sensitivity analysis

The following table reflects the expected financial impact, in Rand equivalent, resulting from a 10% shock to foreign currency risk exposures, against ZAR. The sensitivity analysis is based on net open foreign currency exposures arising from foreign-denominated financial assets and liabilities inclusive of derivative financial instruments, cash balances, and accruals, but excluding net assets in foreign operations. The sensitivity analysis reflects the sensitivity of profit or loss on the group's foreign-denominated exposures other than those trading positions for which sensitivity has been included in the trading book VaR analysis.

FOREIGN CURRENCY RISK SENSITIVITY IN ZAR EQUIVALENTS

		USD	Euro	GBP	Other	Total
1H23						
Total net long/(short) position	Rm	(12)	28	294	763	90
Sensitivity (ZAR depreciation) ¹	%	10	10	10	10	
Impact on profit or loss	Rm	(1)	3	29	76	107
FY22						
Total net long/(short) position	Rm	(1 382)	50	201	347	(784)
Sensitivity (ZAR depreciation) ¹	%	10	10	10	10	
Impact on profit or loss	Rm	(138)	5	20	35	(78)

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

IFRS 17 ACCOUNTING POLICIES

The following accounting policies have been applied for the current and restated reporting periods.

All references to 'insurance contracts' in the accounting policies include insurance contract liabilities or assets and reinsurance contract assets or liabilities, unless specifically stated otherwise.

Definition and classification of contracts

Insurance and investment contract classification

The group issues contracts that transfer either insurance risk or financial risk or, in some cases, both of these risk types.

An insurance contract is a contract under which the group (insurer) accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risk.

The group determines insurance risk as significant if, and only if, an insured event could cause the group to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance. The possibility of a loss is measured on a present-value basis.

The group assesses whether it accepts significant insurance risk under the individual contract that it issues, i.e., not by groups of contracts, the outcome of which determines if the contract is within the scope of IFRS 17 or another IFRS standard. In some cases, management applies judgement as to whether there are significant insurance risks under the contracts it issues. The group considers its substantive rights and obligations, whether they arise from a contract, law or regulation, when applying IFRS 17. The groups has insurance risk for both life and non-life business.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of the following variables: specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variables. Policyholder investments contracts are recognised under IFRS 9 and are measured at fair value through profit or loss.

Discretionary participation features

A number of insurance and investment contracts contain a discretionary participation feature. This feature entitles the policyholder to receive, as a supplement to guaranteed benefits, additional benefits at the discretion of the group. The terms and conditions or practice relating to these contracts are in accordance with the group's published Principles and Practices of Financial Management (PPFM). The PPFM stipulates the principles that a long-term insurer has to use in order to manage discretionary participation business through their discretion in managing investments and allocating bonuses (subject to the advice of the head of actuarial control function). Although a contract that exposes the issuer to financial risk without significant insurance risk is not an insurance contract, policyholder investment contracts with DPFs are included in the scope IFRS 17 as these contracts are deemed to have similar characteristics to insurance contracts and should be measured on the same basis, in the case where the group also issues insurance contracts. All of the group's investment contracts with DPFs are included in the measurement scope of IFRS 17.

An investment contract with a DPF is defined as: A financial instrument that provides a particular investor with the contractual right to receive, as a supplement to an amount not subject to the discretion of the issuer, additional amounts:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on:
 - the performance of a specified pool of contracts or a specified type of contract; and/or
 - realised and/or unrealised investment returns on a specified pool of assets held by the group; or
 - the profit or loss of the entity or fund that issues the contract.

Reinsurance contracts

Reinsurance contracts are insurance contracts issued by a reinsurer to compensate the group for claims arising from one or more insurance contracts issued by the group (underlying contracts).

The group enters into reinsurance contracts whereby it cedes insurance risk, e.g. mortality and morbidity risks, to the reinsurer. As the benefit payable under the reinsurance contract is contingent on an uncertain future event that adversely affects the policyholder, the group is ceding insurance risk to the reinsurer. Hence the reinsurance contract falls within the scope of IFRS 17. This covers mortality, disability, income protection and liveability (dread disease) risks.

Separating components

An insurance contract may also contain one or more components that would be within the scope of another IFRS standard if it were separate contracts, that is, there may be a distinct non-insurance component that should be separated from the contract and accounted for under a separate IFRS standard.

The group has assessed all of its insurance contracts to see if there are any distinct investment components, embedded derivatives or any promises to provide distinct goods or services other than insurance contract services that need to be separated from the host contract and accounted for under other standards, for example, IFRS 9 or IFRS 15 *Revenue from Contracts with Customers* (IFRS 15).

While distinct investment components and/or embedded derivatives are contained in certain insurance contracts issued by the group, they are deemed to be closely related to the host insurance contract as the distinct investment component and/or embedded derivative and host insurance contracts are so interdependent that they cannot be measured separately from the host insurance contract.

The group, besides some non-insurance service components included in the group's Stansure and Home Owners Cover (HOC) products as well as pension fund administration services provided to pension funds, accounted for under IFRS 15, does not provide distinct goods or services other than insurance contract services that need to be separated from the host contract and accounted for under other standards.

IFRS 17 ACCOUNTING POLICIES

Separating investment components for disclosure

Some contracts include an amount that meet the definition of a 'non-distinct investment component' (NDIC) under IFRS 17. The NDIC is the amount that an insurance contract requires the group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. These investment components are highly inter-related with the insurance contract and are not unbundled at contract inception. The investment component has been determined as amounts accumulated to the policyholder through deposits repaid to the policyholder in all circumstances, either on lapse or maturity of the contract. The NDIC is included in the measurement of insurance contracts on the statement of financial position but is excluded from insurance revenue and insurance service expenses in the income statement when they are paid to the policyholder or beneficiary, as they do not relate to the provision of insurance services.

Separating fixed fee service components

The group's accounting policy choice is to apply IFRS 17 to fixed fee service contracts, i.e. the group will not unbundle services provided for a fee in terms of IFRS 15, but will include the fixed fee in the IFRS 17 recognition and measurement principles for each contract. The accounting policy choice is applied on a contract-by-contract basis, with the choice for each contract being irrevocable.

The group applies this accounting policy as the following conditions are met:

- The group does not reflect an assessment of the risk associated with an individual customer in setting the price of the contract with that customer,
- The contract compensates the customer by providing services, rather than by making cash payments to the customer; and
- The insurance risk transferred by the contract arises primarily from the customer's use of services rather than uncertainty over the cost of those services.

Initial recognition

An assessment of significant insurance risk is made only once, being at contract inception. If a contract is deemed to be within the scope of IFRS 17, it remains an insurance contract until all rights and obligations are extinguished (i.e. discharged, cancelled or expired) or until the contract is derecognised because of a contract modification.

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period of the group of contracts, the period during which the group provides services in respect of any premiums within the boundary of the contract;
- the date when the first payment from the policyholder in the group becomes due, or when it is actually received, if there is no due date; and
- when the group determines that a group of contracts becomes onerous.

The date of initial recognition for most risk business is when the coverage period starts, for example, contracts where the group is at risk from the inception date even when no premium has been received yet. The coverage period is the period during which the group provides coverage for insured events. This period includes the coverage that relates to all premiums within the boundary of the insurance contract. In limited instances, for example, certain motor warranty products, recognition occurs at the date when the first payment is contractually due, which is earlier than when the coverage period commences. For investment contracts, including with a return of contribution of premiums on death, initial recognition is the date when the group becomes a party to the contract, which is usually when the first premium is received.

For a group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis, the initial recognition is recognised at the later of:

- the beginning of the coverage period of the group of reinsurance contracts held; or
- the initial recognition of any underlying insurance contract.

For a group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount, non-proportionate reinsurance contracts, such as excess of loss reinsurance, the initial recognition is the earlier of the date of the beginning of the coverage period of that group of reinsurance contracts held and the date that the group recognises an onerous group of underlying insurance contracts.

Derecognition or contract modification

Where the terms of an insurance contract are modified, the group derecognises the original contract and recognises a new contract, applying IFRS 17 or other applicable standard. In order for it to be treated as a modification, it needs to meet certain conditions, which are assessed based on whether the terms of the modification were included in the original contract, and whether that would, for example, lead to a different contract boundary. In addition, if the change in terms would impact whether the original contract was still eligible for the PAA or changed the analysis of whether the contract was an insurance contract with a DPF, the modification principles would be applied. If the change in terms does not meet the modification criteria, any changes in the cash flows caused by the changed terms are treated as changes in estimates of FCF.

An insurance contract is derecognised when and only when, it meets the modification criteria as above, or it is extinguished, that is the obligation specified in the contract expires, is discharged or cancelled.

On derecognition, the group eliminates the present value of FCF and risk adjustment related to the rights and obligations of the insurance contract being derecognised and adjusts any remaining CSM, if applicable, reducing the number of coverage units in the group to reflect the remaining number without that specific insurance contract.

Level of aggregation of insurance contracts

Insurance contracts are allocated to portfolios, which, for the purposes of measurement and disclosure, are then further subdivided into groups of insurance contracts and cohorts, as described below, based on the expected profitability or loss of the contract, and the date of initial recognition.

Portfolios

The group has identified portfolios of insurance contracts, which are those contracts that are subject to similar risks and are managed together. Judgement is required when determining whether risks are similar and managed together. The group has generally defined the portfolio at the product level.

For reinsurance, one reinsurance contract may cover a range of risks and/or benefits. Although the legal form is one contract, the components can be separated and therefore they are measured at benefit level. Reinsurance contracts within a product line have similar risks and are managed together and hence the portfolio for reinsurance is aligned with the underlying product lines.

Groups

For the purposes of the measurement calculation, these portfolios need to be further divided into groups, depending on profitability, with a minimum of:

- a group of contracts that are onerous at initial recognition;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and,
- a group of the remaining contracts in the portfolio, if any.

The group performs an assessment per contract to allocate it to the appropriate profitability grouping. When a new contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established at initial recognition and not reassessed once all contracts have been added to the group.

For contracts measured under the PAA, the group has assumed, in line with what is permitted by IFRS 17, that no contracts are onerous at inception, unless facts and circumstances indicated otherwise.

Regarding reinsurance contracts, the references to onerous contracts are replaced with references to contracts with a net gain at initial recognition.

IFRS 17 introduces the loss-recovery component for reinsurance contracts, which brings an allowable offset through the income statement between onerous underlying contracts and the reinsurance held on those onerous groups. If at inception, the reinsurance best estimate FCF plus risk adjustment plus the loss-recovery component is negative, the reinsurance contract is a net gain. If it is positive, then the reinsurance contract is a net loss at inception.

Cohorts

In addition to the required grouping above, the group is not permitted to include contracts issued more than one year apart in the same group. The group has elected to combine contracts in the same annual calendar year at initial recognition, effective from 1 January 2022 (the annual cohorts). The recognition and measurement requirements are then applied to these groups of contracts. Groups of contracts are established at initial recognition and not reassessed.

Contract boundary

Cash flows are within the contract boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay the premiums or has a substantive obligation to provide the policyholder with insurance contract services. The identification of contract boundaries determines which cash flows should be included in the measurement of the insurance contracts.

A substantive obligation ends when the group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or the group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and the pricing of premiums for coverage up to the date when risks are reassessed does not reflect the risks related to periods beyond that reassessment date. IFRS 17 does not limit pricing to contractual, legal and regulatory constraints. Market competitiveness and commercial considerations are factors that the group typically consider when pricing new contracts and repricing existing contracts.

For contracts where premiums before the reassessment date are calculated to fund risks beyond the reassessment date, the boundary on these contracts extends beyond the reassessment date. Thus, for contracts where premiums early on in the contract are designed to be higher relative to the risk while premiums later on are lower relative to the risk, e.g. for level premium payment patterns, even if premiums are reviewed at a reassessment date, the contract will not end at that point but rather extend beyond the reassessment date.

In assessing the contract boundary for investment contracts with DPF, cash flows are within the contract boundary if they result from a substantive obligation of the group to deliver cash at a present or future date. The substantive obligation ends when the group reprices the contract so that the new price fully reflects the promise to deliver cash in the future and the related risks.

With the exclusion of embedded bancassurance credit and corporate group risk, as well as property and casualty insurance business, most of the contracts sold by the group and the corresponding reinsurance have long contract boundaries, i.e. greater than 12 months. Where there are annual reprice clauses, the contracts and the corresponding reinsurance are classified as having a short contract boundary, i.e. contract boundary of 12 months or less.

The group does not recognise a liability or an asset for any amounts relating to expected premiums or expected claims outside the boundary of the insurance contract as these amounts relate to future insurance contracts.

For reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the group that exist during the period in which the group is compelled to pay amounts to the reinsurer or in which the group has a substantive right to receive insurance contract services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer has the practical ability to reassess the risks transferred to the reinsurer and can set a price or level of benefits for the contract to fully reflect the reassessed risk.

The contract boundary for reinsurance also takes into account the group's substantive right to stop writing new business with the reinsurer or for the reinsurer to accept business; and the period of time over which the substantive right to receive services and the substantive obligation to pay amounts to the reinsurer for each underlying policy sold exist. Most of the group's reinsurance contracts have a contract boundary of three months, being the notice period for new business, and have a longer coverage period, which is typically in line with that of the underlying contracts.

Presentation and disclosure

The insurance contract liabilities or assets, and reinsurance contract assets or liabilities recognised on the face of the statement of financial position are disaggregated in the notes to the financial statements per reportable group according to the measurement approach applied, and according to what is included in the LRC and LIC. For reinsurance contract assets or liabilities, this is referred to as the asset for remaining coverage (ARC) and the asset recoverable on incurred claims (ARIC). The line items on the face of the statement of financial position include all rights and obligations from a portfolio of insurance contracts. Portfolios that are in an asset position are presented separately from those in a liability position for both insurance and reinsurance.

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Line items presented on the face of the income statement, being an insurance service result, which is the separate recognition of insurance revenue, that excludes the receipt of any investment component, and insurance service expenses, that excludes the repayment of any investment components, as well as insurance finance income or expenses, and net income or expenses from reinsurance contracts held, are explained in more detail below.

Disclosures are further disaggregated into more granular levels if information provided at the level of the measurement model is determined to be too aggregated to be considered useful to the users of the information. The group has defined this level of disclosures as its 'reportable groups'.

Refer accounting policy elections below for more detail on presentation elections.

Measurement approaches

Initial recognition and measurement

The measurement approaches refer to the models prescribed for valuing the IFRS 17 defined insurance contracts and impact how the amounts are recognised in the income statement over time. Insurance revenue is recognised over the duration of the contracts that best reflects the delivery of the contracted obligations in the reporting period.

For all measurement approaches, the total insurance contract asset or liability is the sum of:

- the LRC, the group's obligation to investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred, i.e. the obligation that relates to the unexpired portion of the insurance coverage, and pay amounts under existing insurance contracts that are not included as above, and relate to insurance contract services not yet provided, i.e. the obligations that relate to future provisions of insurance contract services, or any investment components or other amounts that are not related to the future provision of insurance contract services and that have not been transferred to the LIC.
- the LIC, which is the group's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but have not been reported and other incurred insurance expenses; and to pay amounts that relate to insurance contract services that have already been provided, or any investment components or other amounts that are not related to the provision of insurance contract services and that are not in the LRC.
- the asset for insurance acquisition cash flows, which is directly attributable acquisition costs in establishing product lines incurred by the group prior to a group of insurance contracts being recognised.

All components of the LRC are grouped together in the applicable cohorts for initial and subsequent measurement. On initial recognition, the LRC for GMM and VFA contracts consists of:

- FCF, comprising current estimates of future cash flows (within the boundary of the contract), an adjustment that reflects the time value of money and the financial risks related to future cash flows to the extent that financial risks are not included in the estimates of the FCF;
- An explicit risk adjustment (RA) for non-financial risk; and
- A CSM (if applicable) which represents the unearned profit from the contract which is recognised in the income statement as the group provides insurance contract services, over the coverage period. The CSM as defined can never be negative.

For all reinsurance contracts, the total reinsurance contract asset or liability is the sum of:

- the ARC, if the contract is still in the coverage period; and
- the ARIC, if the insured event has occurred.

The measurement approaches used for insurance and reinsurance contracts are appropriate for the terms and conditions and the characteristics of the insurance or reinsurance contract held being measured. Consistent assumptions are used to measure the estimates used in measuring the groups of reinsurance contracts held with those estimates used to measuring the groups of underlying insurance contracts. The allocation of contracts to each measurement approach is dictated by IFRS 17. However, there is an element of judgement in certain cases, as well as a permitted simplification if prescribed eligibility criteria are met. Due to the different types of contracts that the group issues, it applies all three measurement approaches described in IFRS 17, being the GMM, the PAA (optional) and the VFA. Once determined, the measurement approach may not change unless there is a contract modification that results in a change.

When applying IAS 21 *The Effects of Changes in Foreign Exchange Rates* (IAS 21) to a group of insurance contracts that generate cash flows in a foreign currency, the group treats the group of contracts, including the CSM, as a non-monetary item.

Commonalities and key differences between each approach

THE TABLE BELOW DESCRIBES THE COMMONALITIES AND KEY DIFFERENCES BETWEEN EACH APPROACH

Approach	Detail
GMM	<p>The GMM is the methodology prescribed by IFRS 17 for insurance contracts which are not substantially investment-related service contracts i.e. predominantly risk-type contracts and annuities. This methodology is also used to measure reinsurance contracts (unless for both cases, the group may apply the PAA measurement).</p> <p>On initial recognition, applying the GMM, a group of insurance contracts are measured as the total of</p> <p>(a) The FCF which comprises:</p> <ul style="list-style-type: none"> ▪ Estimates of future cash flows; ▪ An adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and ▪ A RA for non-financial risk; and <p>(b) The CSM.</p> <p>The group recognises a CSM (where appropriate) which is essentially a provision for unearned profit (where the contract is assessed as profitable) measured on contract inception, and which is released over the contract term in line with the level of service provided by the group. The discount rates determined at the date of initial recognition of a group of contracts is termed the 'locked-in' rate as it is the rate that is locked-in for accreting the CSM for insurance contracts without participating features. In order to determine the discount rates at the date of initial recognition of a group of contracts, the group has used a weighted-average discount rate over the period that contracts in the group are issued. All other probability-weighted estimates of cash flows contained in the measurement of insurance assets or liabilities are measured at current discount rates. The discount rate applied in the future FCF reflects the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts, is consistent with observable current market price (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, and excludes the effects of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.</p> <p>GMM contracts can also be described as those insurance contracts without any direct participation features.</p>
VFA	<p>The VFA applies only to insurance contracts with direct participating features and is not applicable for the measurement of reinsurance contracts. The approach is used for contracts that are substantially investment-related service contracts but are measured under IFRS 17 as they include an integral insurance benefit, for example a retirement annuity that may include a product benefit of a minimum return of contributions on death. Investment contracts with DPF are scoped into the IFRS 17 standard, and the group also applies the VFA measurement model to measure such contracts, should such contracts meet the criteria for VFA. An insurance contract is considered to be a direct participating contract when the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items; the entity expects to pay the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items. These criteria are assessed on a contract-by-contract basis at contract inception. Underlying items are the items that determine some of the amounts payable to a policyholder, for example, a reference portfolio of assets.</p> <p>Insurance contracts with direct participation features create an obligation to pay policyholders an amount equal to the fair value of the underlying items, less a variable fee to the insurer for service. The variable fee is the amount of the group's share of the fair value of the underlying items, less the future cash flows that do not vary based on the returns of the underlying items.</p> <p>The VFA approach also includes the total of FCF discounted to present the time value of time and financial risks, plus a risk adjustment for non-financial risk, plus a CSM. The main difference between the VFA and the GMM is how the CSM is impacted over time. The group's share of the fair value returns on the underlying items is included in the CSM, and the CSM is updated using current estimates. The group is required to justify the classification into VFA through conditions demonstrating policyholder participation and an analysis of the investment benefits versus the total expected benefits.</p>
PAA	<p>The PAA is a simplification of the GMM approach for contracts with short boundaries, a coverage period of 12 months or less, or where they meet the PAA eligibility criteria (for both insurance and reinsurance contracts). The eligibility criteria are met if, at inception of the group of contracts, it is expected that the simplification would produce a measurement of the LRC for that group of contracts that would not differ materially from that had the simplified measurement approach not been applied. Profit for the period under the PAA approach is mainly determined with reference to the amount of expected premium receipts less expenses in the period. The key difference therefore is how the LRC is measured, with the PAA. This approach avoids the complexities associated with updating a CSM (as there is no CSM) and estimating future claims. Revenue recognition for PAA measured contracts reflects the transfer of insurance contract services, which for the group, is generally over the passage of time (unless other indicators are more representative of the service provided).</p> <p>Once a contract is eligible for the PAA, it is the group's choice whether to elect it or not (an accounting policy election at inception of the contract). In order to be eligible for PAA, the coverage period must be one year or less or in certain cases with longer coverage period, if specific eligibility criteria can be met. Although the calculation of the LRC is different from that used for those contracts measured under the GMM measurement approach, the LIC approach is the same for both measurement models.</p>

IFRS 17 ACCOUNTING POLICIES

Insurance acquisition cash flow assets

Prior to a group of insurance contracts being recognised, the group may incur directly attributable acquisition costs in establishing product lines, i.e., before the products are launched. Acquisition cash flows are defined as cash flows that arise from selling, underwriting and starting a group of insurance contracts, issued or expected to be issued, and that are directly attributable to the portfolio of insurance contracts to which the group belongs. When such costs are considered to be directly attributable, the allocation to groups of contracts is performed on a systematic and rational basis. These balances are recognised as insurance acquisition cash flow assets before the related group of insurance contracts is recognised. Any deferred acquisition cost asset is subsequently derecognised when the underlying contracts are recognised and recognised as part of the measurement of the LRC. These insurance acquisition cash flows not yet allocated to any specific groups are assessed for recoverability if facts and circumstances indicate that the asset may be impaired, with any impairment losses reducing the carrying amount of the assets and recognised in insurance service expenses. Reversals of such impairments are permitted, to the extent that the impairment conditions are no longer met, and subsequently increase the carrying value of the deferred acquisition cost asset.

Future fulfilment cash flows

The current estimate of future cash flows depends on the assessment of the contract boundary term for the specific contracts and the determination of expenses that relate directly to the fulfilment of the contract. The estimates are based on a probability-weighted mean of the full range of possible outcomes, determined from a perspective of the group, provided that where estimates are observable, they are consistent with observable market data. The estimates are always updated for current assumptions at measurement dates. The estimation of future cash flows includes expected premiums, expected claims and benefit payments, an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs, claims handling costs, policy administration costs, an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts and transaction-based taxes. Acquisition cash flows are defined as cash flows that arise from selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs. The allocation to groups of contracts is performed on a systematic and rational basis.

The discount rate applied to reflect the time value of money for the FCF reflects the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. The discount rate applied by the group is consistent with observable current market prices, if any, for financial instruments with cash flows whose characteristics are consistent with those of the insurance contract in terms of for example, timing currency and liquidity. IFRS 17 allows for two methods to determine discount rates for cash flows of insurance contracts that do not vary based on the returns of the underlying items. The bottom-up approach determines discount rates by adjusting a liquid risk-free yield curve to elect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristic of the insurance contracts. The top-down approach determines the appropriate discount rates for insurance contracts based on a yield curve that reflects the current market rates of return implicit in a fair value measurement for a reference portfolio of assets.

Reinsurance contracts held – fulfilment cash flows

The measurement of cash flows for reinsurance contracts follows the same principles as for insurance contracts, with the standard requiring consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held and the estimates of the present value of the future cash flows for the group(s) of underlying insurance contracts. However, it does include an allowance on a probability-weighted basis for the effect of non-performance by the reinsurer. The reinsurance FCF include reinsurance premiums, including premium discounts, rebates, reinsurance claims, profit sharing and reinsurance expenses.

Risk adjustment

The RA is an explicit, current adjustment to compensate the group for bearing non-financial risk, that is, insurance risk, that is a deferral of margin to cover the risk of variation to the estimated cash flows. The risk adjustment is released over the contact duration in line with reduction of the estimated risk. The group has adopted in the main the cost of capital approach to determine the amount of the risk adjustment. Generally longer duration contracts are considered more risky than shorter contracts.

The other methodologies being used by the group to determine the risk adjustment all require a confidence level to be specified upfront. This includes the provision for adverse deviation on contracts measured under the GMM and the VFA and for the LIC component in the group's Africa Regions, as well as various other approaches such as bootstrapping and fitting a distribution to historical loss rates to set the RA, typically for Incurred but not reported claims (IBNRs) or PAA liabilities on contracts with shorter-dated cash flows.

Risk adjustment – reinsurance

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred to the reinsurer.

CSM or loss components (GMM and VFA)

The CSM at initial recognition is the component of the insurance contract liability or asset representing the unearned profit that the group expects to recognise over the period that it provides insurance cover. The CSM is the amount recognised that results in zero income on day one, after taking into account the measurement of the total FCF and the RA.

If, at inception of a contract, the total FCF and RA result in an expected net outflow, the group of insurance contracts is considered onerous. If an onerous group of contracts is expected at inception, a loss component will be recognised, and the loss is recognised immediately in the income statement. Accordingly, no CSM is recognised related to those contracts on the statement of financial position on day one. A loss component is created for this net cash flow, which determines the amounts that are subsequently presented in profit or loss as reversals on onerous groups. These amounts are not included in insurance revenue.

When a loss component exists, the group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- expected incurred claims and expenses for the period;
- changes in the risk adjustment for non-financial risk for the risk expired; and
- finance income or expenses from insurance contracts issued.

The amounts of loss component allocation in a) and b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

CSM or loss components – reinsurance

For groups of reinsurance held, applicable to GMM and PAA measured reinsurance contracts, a CSM is raised regardless of whether it results in a positive or negative value. The CSM represents a net gain or cost that the group will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future. Reinsurance contracts cannot be onerous, which is a key difference between measuring reinsurance and the underlying contracts. The reinsurance CSM is the total of the reinsurance FCF and reinsurance RA at initial recognition. It is measured as the equal and opposite amount of the total of (a) the FCF, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date.

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the group recognises the cost immediately in profit or loss as an expense.

Subsequent measurement – GMM and VFA

After initial recognition, the carrying value of insurance contracts is the total of the LRC and LIC.

The carrying value of the LRC for GMM and VFA contracts consists of:

- The updated measurement of the FCF;
- The remaining RA for non-financial risk (that is, per groups of contracts, the amount of the RA that has not yet been released over the contact duration in line with reduction of the estimated risk); and
- Any remaining CSM, if applicable.

The FCF are updated for current assumptions at the end of each reporting period, incorporating current discount rates. Changes in estimates related to past or current service are reflected in profit or loss in the income statement, whereas any changes related to future service are captured in the CSM or the loss component, as applicable, and recognised over the release of the CSM. Should a group of contracts become onerous during the period, the group recognises a loss in profit or loss for the net outflow.

For contracts measured under the GMM, certain adjustments are treated as related to future service, resulting in the CSM being adjusted. These adjustments include:

- Experience adjustments arising from premiums received in the period that relate to future service, and related cash flows such as insurance acquisition cash flows and premium-based taxes,

- Changes in estimates of the present value of the future cash flows in the LRC, except for changes related to the time value of money and the effect of financial risk and changes in financial risk (the latter which do not result in the CSM being adjusted),
- Differences between any investment components expected to become payable in the period and the actual investment component payable in the period,
- Changes in the risk adjustment for non-financial risk that related to future service.

The CSM is not adjusted for a group of contracts measured under the GMM for the following changes in FCF because they relate to future services: the effect of the time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk, changes in estimates of FCF in the LIC; and experience adjustments, except for those described above which relate to future service.

These adjustments are similar for contracts measured under the VFA, with additional requirements that any fair value changes in the amount of the group's share on the returns of underlying items and changes in the FCF that do not vary based on the returns of the underlying items are also treated as adjustments that relate to future cash flows and therefore included in the CSM.

The VFA approach modifies the treatment of the CSM to accommodate the direct participating contracts. Differences therefore occur in subsequent measurement of the CSM between the GMM and VFA measurement models. The CSM under VFA allows for deferring of future fee adjustments linked to current investment returns and effectively smooths out volatility of fee recognition, i.e. fair value changes are not included in profit or loss but are recognised over the remaining life of the contract. In particular, the CSM is also adjusted for in-year experience variances and changes in economic variables, unless the risk mitigation option is elected where hedging is done.

The CSM at the end of each reporting period represents the profit in the group of insurance contracts that have not yet been recognised as it relates to future service obligations of the group. The balance of the CSM at the end of the reporting period consists of the opening balance, plus the impact of any new contracts, plus or minus the change in the amount of the entity's share of the fair value of the underlying items, except where risk mitigation applies, or the decrease in the amount of the entity's share of the fair value of the underlying items exceeds the carrying amount of the CSM, and gives rise to a loss, plus or minus any changes in any FCF related to future service costs, except where risk mitigation applies, or to the extent that such increases in the FCF exceed the carrying amount of the CSM, giving rise to a loss; or such decreases in FCF are allocated to the loss component of the LRC, the effect of any foreign currency translation differences and less any amounts that are recognised in insurance revenue during the period for the transfer of insurance service obligations by the group.

The CSM is always measured at a 'locked-in' rate, for GMM measured contracts, which is the prevailing discount rate at the inception of the contract and not updated for current discount rates, whereas the measurement of the FCF uses a current discount rate. Interest is accreted on the carrying amount of the CSM at the locked-in rate from the inception of the contract. IFRS 17 introduces the concept of coverage units, which determines how an insurer allocates the expected profit for providing insurance contract services over the relevant reporting periods. The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period.

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Carrying value of the LIC

For those contracts where the insured event is assumed to have occurred, the liability is recognised in the LIC. The LIC comprises the FCF related to past service plus a risk adjustment. The LIC also includes the group's obligation to pay amounts relating to insurance contract services that have already been provided and for any investment components that are not related to the provision of insurance contract services.

There is no CSM, as the group has provided the service while the contract is recognised and measured in the LRC.

The LIC includes the modelling of the IBNR reserve, outstanding claim reserve and any recurring ongoing claims, e.g. disability income in payment, and claim costs. The LIC includes its own risk adjustment and is adjusted for discounting where payments are expected to be made more than one year after being incurred. The group's policy is that the LIC is not discounted if the run-off period is 12 months or less. The group's preferred methods to measure IBNR claims are the Bornhuetter Ferguson Method and Chain Ladder Method.

Subsequent measurement of reinsurance contracts held

On subsequent recognition of reinsurance contracts held, under GMM and PAA, the total reinsurance contract comprises the ARC and the ARIC, where the ARIC relates to past service.

Subsequent changes to reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception that the CSM at the end of reporting period is adjusted for contracts measured under GMM:

- Reversals of a loss-recovery component recognised, to the extent those reversals are not changes in the FCF of the group of reinsurance contracts held;
- Changes in the FCF are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the FCF adjust the CSM; and
- Changes in the FCF that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the CSM as they do not relate to future service.

The reinsurance RA is expected to be negative as the reinsurer will be removing some of the underwriting risk of the insurer. The reinsurance RA comprises the RA at initial recognition/beginning of period, less the release of risk adjustment, plus interest accreted on RA, plus/minus change in estimates, actual versus expected RA, plus/minus change in discount rates.

Where the group has established a loss-recovery component, that component is adjusted to reflect changes in the loss component of the onerous group of underlying contracts on a consistent basis, so that the loss-recovery component can never exceed the portion of the carrying amount of the loss component on the underlying contracts.

PAA measured contracts

The initial recognition of the LRC for PAA consists of:

- Premiums received at initial recognition, if any.
- Less any insurance acquisition cash flows at that date, unless the entity chooses to recognise the payments as an expense.
- Plus or minus any amount arising from derecognition at that date of the asset or liability recognised for insurance acquisition cash flows that the group pays or receives before the group of insurance contracts is recognised.

There is no concept of a CSM for PAA measured contracts. The subsequent measurement of the LRC for PAA measured contracts is further adjusted for any amounts recognised in revenue for insurance services provided over the period. Refer to accounting policy choices for the various elections the group has adopted with regard to the PAA measurement model. If at inception of the contract, the group is considered to be onerous, a loss will be recognised in profit or loss and increase the LRC. The LIC is the same as that for the GMM model.

For reinsurance contracts measured under the PAA approach, the group uses the same principles as applied for the PAA for insurance contracts issued, however adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, to simplify the measurement of a group of reinsurance contracts held. If the PAA approach is used for measuring reinsurance, and there is an expected loss on initial recognition, the group adjusts the carrying amount of the ARC instead of adjusting the CSM as if the reinsurance contracts were measured under the GMM approach.

Insurance revenue

Contracts measured under GMM and VFA

Insurance revenue is recognised for the pricing/charge by the group for obligations or service delivered during the period under review. Insurance contract services that the group provides to a policyholder are either: coverage for an insured event; for insurance contracts without direct participation features, the generation of an investment return; or for insurance contracts with direct participation features, the management of underlying items on behalf of the policyholder.

Insurance revenue includes the release of the CSM and the risk adjustment, for risk expired, during the period, as well as the release of expected claims and insurance acquisition cash flow expenses, excluding the financing effect for the time value of money which is included in insurance finance income or expenses. As revenue is recognised, the LRC is reduced for the services that have been provided that are related to that contract. The release of the CSM is discussed in more detail in the key judgements section.

For insurance contracts issued, a portion of the risk adjustment for non-financial risk relating to the LRC is recognised in insurance revenue as the risk is released.

For investment contracts with DPF, the allocation of the CSM is modified as the group recognises the CSM over the duration of the group of contracts in a systematic way that reflects the transfer of investment services under the contract.

Contracts measured under PAA

For contracts measured under the PAA, the revenue earned is the allocation of expected premium receipts based on the passage of time, unless there was judgement applied and the assessment was that the expected pattern of release of risk during the coverage period differs significantly from the passage of time, in which case it will then be based on the expected timing of incurred insurance service expenses. The group generally measures revenue earned over the passage of time.

Insurance service expenses

Insurance service expenses include the following:

- incurred claims and benefits excluding investment components;
- other incurred directly attributable insurance service expenses;
- amortisation of insurance acquisition cash flows;
- changes that relate to past service, i.e. changes in the FCF relating to the LIC;
- changes that relate to future service, i.e. losses/reversals on onerous groups of contracts from changes in the loss components; and
- any insurance acquisition cash flow assets impairment.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flow recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss. For insurance contracts issued, the portion of the risk adjustment for non-financial risk relating to the LIC is recognised in insurance service expenses.

Net income or expenses from reinsurance contracts held

The group has elected to present the income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount on the face of the income statement; rather than presenting separately the amounts recovered from the reinsurer and an allocation of the premiums paid that together give a net amount equal to that single amount.

Reinsurance expenses are recognised on a similar basis to insurance revenue, accounting for the different nature of the contracts. Reinsurance expenses recognised depict the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the group expects to pay in exchange for those services.

Net income or expenses from reinsurance contracts held comprises reinsurance expenses, including broker fees measured under PAA, incurred claims recovery, excluding any investment components, other incurred directly attributable expenses and changes that relate to past service, effects of changes in the risk of reinsurer's non-performance.

Reinsurance expenses incurred for contracts measured under PAA are recognised over the passage of time over the coverage period of the contracts.

Insurance finance income and expenses

Insurance finance income and expenses comprise the change in the carrying value of the group of insurance contracts, for the LRC and the LIC, arising from the effect of the time value of money and changes in the time value of money; and the effect of financial risk and changes in financial risk.

For contracts measured under the GMM approach, insurance finance income or expenses arise from interest accretion on the FCF and the CSM, CSM at the locked-in inception rate, the effect of changes in interest rates and other financial assumptions; and foreign exchange differences, if applicable, as well as interest accreted on the LIC.

For contracts measured under the VFA approach, the insurance finance income or expenses comprise changes in the value of underlying item, excluding additions and disposals.

For insurance contracts measured under the PAA approach, insurance finance income and expenses arise from interest accreted on the LIC and the effect of changes in interest rates and other financial assumptions.

The group has elected, for all current portfolios, to include all insurance finance income or expenses for all measurement approaches, in the reporting period in profit or loss, refer to the accounting policy elections for the group's current accounting treatment.

Excluding contracts that are measured under the PAA, insurance acquisition costs are allocated to existing groups of insurance contracts on a systematic and rational basis. On initial recognition of a group of contracts, such acquisition costs reduce the CSM, as there is less profit to defer over the life of the contract related to these expenses. The group therefore has a lower CSM amortisation over the contracts, i.e. lower revenue recognition. For contracts that are measured under the PAA, the group recognises an asset for acquisition cash flows at initial recognition and amortises the asset over the group of insurance contracts' coverage period. For presentation purposes, IFRS 17 requires the group to allocate the direct acquisition costs to insurance service expenses in a systematic way, with an equal amount recognised as insurance revenue.

Other payables

Included in other payables are balances associated with certain outstanding benefits associated with policyholder investment contracts.

Prepayments and other receivables

Other receivables comprise premiums related to certain IFRS 17 contracts where intermediaries act as agents for the group and collect premiums on behalf of the group from the policyholders. Where these amounts are still owing to the group at reporting date, they are disclosed as amounts receivable in terms of IFRS 9 and presented within Other Assets, or as applicable for the entity's balance sheet lines, on the group's statement of financial position.

IFRS 17 ACCOUNTING POLICIES

IFRS 17 GROUP ACCOUNTING POLICY ELECTIONS

Topic	Accounting policy election
Use of the PAA	<p>The group has elected, as permitted by IFRS 17, to apply the simplified model for insurance contracts and reinsurance contracts held where the coverage period is one year or less.</p> <p>On inception of a group of contracts where the coverage period is over one year, and the group meets the eligibility criteria, the group may choose to apply the PAA. For the periods under review, the group has elected to apply the PAA where coverage is one year or less, or where the group meets the required eligibility criteria. The group applies both a qualitative and quantitative assessment to determine the eligibility.</p>
For contracts measured under the PAA	<ul style="list-style-type: none"> ■ In general, to defer the recognition of the acquisition costs over the coverage period, however disclosure will be included where the group elects to expense insurance acquisition cash flows as incurred. This is a contract-by-contract election. ■ To not adjust the carrying amount of the LRC to reflect the time value of money and the effect of financial risk for those contracts where the coverage period is less than one year, or where there is no significant financing component for contracts longer than one year, if at initial recognition the group expects that the time between providing each part of the coverage and the related premium due date is no more than one year. ■ Where claims incurred are expected to be paid within a year of the date that the claim is incurred, to not adjust future cash flows for the time value of money.
Presentation and disclosure in the income statement	<ul style="list-style-type: none"> ■ Regarding the choice of recognition of insurance finance income or expense for the reporting period in profit or loss on a portfolio basis, or to recognise a portion of that in OCI, the group has elected not to disaggregate amounts in OCI for both those contracts with and those contracts without direct participation features.
Contract boundary choice on the treatment of insurance risk consequent to an incurred claim on an income protection policy	<p>The accounting policy choices are for the in-claim payments to be treated as a liability for incurred claims, i.e. there is one contract and once a policyholder claims, it becomes an LIC and long-dated FCF are modelled, or the in-claim payments are treated as a LRC, i.e. there is one contract pre-claim and another contract for the in-payment liability. The latter would reflect the group's obligation to pay claims in the uncertain event of the policyholder remaining disabled and eligible to claim.</p> <p>The group has elected that the in-claim payments are treated as a LIC, i.e. there is one contract and once a policyholder claims, it becomes an LIC and long-dated FCF are modelled.</p>
Application of IFRS 17 and IAS 21	<p>A group of insurance contracts may generate cash flows in more than one currency. The group considers all risks, including currency exchange rate risks, when identifying portfolios of insurance contracts in order to develop an accounting policy to determine on initial recognition the currency or currencies in which the group of insurance contracts, including the CSM, is denominated. Two approaches for measuring multi-currency groups of contracts are permitted, i.e. measuring the group as denominated either: in a single currency, or in the multiple currencies of the cash flows in the group.</p> <p>The group has elected to measure the group of insurance contracts, including the CSM if applicable, as all denominated in a single currency.</p> <p>Where that currency is a foreign currency to the reporting entity, the group applies IAS 21 and translates the balance into its reporting currency at reporting dates.</p>
Interim reporting As the group prepares interim financial statements applying IAS 34, it is required to make an accounting policy choice as whether to change the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 in subsequent interim financial statements and in the annual reporting period. This accounting policy choice is applicable to all groups of insurance contracts the group issues and groups of reinsurance contracts that it holds.	<p>The group has elected the accounting policy choice which allows for changes in accounting estimates made for interim reporting, that is to not lock-in accounting policy estimates used for interim reporting, when performing the full-year reporting.</p>



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ANALYSIS OF SHAREHOLDERS

Shareholding is as at 30 June 2023

TEN MAJOR SHAREHOLDERS¹

	1H23		1H22		FY22	
	Number of shares (million)	% holding	Number of shares (million)	% holding	Number of shares (million)	% holding
Industrial and Commercial Bank of China	325.0	19.4	325.0	19.4	325.0	19.4
Government Employees Pension Fund (PIC)	245.4	14.6	245.8	14.6	243.9	14.5
Old Mutual Life Assurance Company	32.8	2.0	30.4	1.8	30.4	1.8
GIC Asset Management Pte Ltd	23.9	1.4	34.5	2.1	28.6	1.7
Alexander Forbes Investments	23.4	1.4	26.6	1.6	22.5	1.3
Allan Gray Balanced Fund	22.0	1.3	18.2	1.1	17.8	1.1
Vanguard Total International Stock Index Fund	18.8	1.1	18.3	1.1	18.8	1.1
Vanguard Emerging Markets Stock Index Fund	18.4	1.1	18.6	1.1	18.3	1.1
M&G Equity Fund (ZA)	17.5	1.0	18.3	1.1	17.3	1.0
Coronation Balanced Plus Fund (ZA)	17.2	1.0	12.1	0.7	19.2	1.1
	744.4	44.3	747.8	44.6	741.8	44.1

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

GEOGRAPHIC SPREAD OF SHAREHOLDERS

	1H23		1H22		FY22	
	Number of shares (million)	% holding	Number of shares (million)	% holding	Number of shares (million)	% holding
South Africa	843.3	50.3	816.9	48.7	826.6	49.3
Foreign shareholders	832.5	49.7	861.2	51.3	851.7	50.7
China	326.2	19.5	325.8	19.4	326.0	19.4
United States of America	215.8	12.9	223.0	13.3	239.0	14.2
United Kingdom	45.0	2.7	24.0	1.4	28.9	1.7
Singapore	24.9	1.5	35.1	2.1	29.4	1.7
Luxembourg	21.8	1.3	15.7	0.9	20.1	1.2
Ireland	20.9	1.2	18.5	1.1	19.2	1.1
Namibia	19.8	1.2	23.0	1.4	18.8	1.1
Hong Kong	16.2	1.0	15.7	0.9	15.7	0.9
Netherlands	14.4	0.9	12.6	0.8	12.3	0.7
Norway	15.6	0.9	22.3	1.3	17.0	1.0
Japan	13.1	0.8	13.2	0.8	13.0	0.8
Kuwait	8.9	0.5	7.0	0.4	9.8	0.6
Saudi Arabia	9.1	0.5	7.4	0.4	10.9	0.6
Australia	7.1	0.4	6.1	0.4	6.9	0.4
Sweden	7.3	0.4	5.9	0.4	6.6	0.4
Switzerland	6.7	0.4	5.0	0.3	6.6	0.4
United Arab Emirates	6.1	0.4	10.0	0.6	6.8	0.4
Canada	3.9	0.2	5.4	0.3	5.5	0.3
Other	49.7	3.0	85.5	5.1	59.2	3.8
	1 675.8	100.0	1 678.1	100.0	1 678.3	100.0

CREDIT RATINGS

RATINGS AS AT 11 AUGUST 2023 FOR KEY BANKING ENTITIES WITHIN STANDARD BANK GROUP

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

DECLARATION OF INTERIM DIVIDENDS

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

Ordinary shares

Ordinary shareholders are advised that the board has resolved to declare an interim gross cash dividend No. 107 of 690.00 cents per ordinary share (the cash dividend) to ordinary shareholders recorded in the register of the company at the close of business on Friday, 15 September 2023. The last day to trade to participate in the dividend is Tuesday, 12 September 2023. Ordinary shares will commence trading ex dividend from Wednesday, 13 September 2023.

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

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 13 September 2023, and Friday, 15 September 2023, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their Central Securities Depository Participant (CSDP) or broker credited on Monday, 18 September 2023.

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

Preference shares

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

- 6.5% first cumulative preference shares (first preference shares) dividend No. 108 of 3.25 cents (gross) per first preference share, payable on Monday, 11 September 2023, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday, 8 September 2023. The last day to trade to participate in the dividend is Tuesday, 5 September 2023. First preference shares will commence trading ex dividend from Wednesday, 6 September 2023.
- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 38 of 422.60421 cents (gross) per second preference share, payable on Monday, 11 September 2023, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 8 September 2023. The last day to trade to participate in the dividend is Tuesday, 5 September 2023. Second preference shares will commence trading ex dividend from Wednesday, 6 September 2023.

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

Preference share certificates (first and second) may not be dematerialised or rematerialised between Wednesday, 6 September 2023, and Friday, 8 September 2023, both days inclusive. Preference shareholders (first and second) who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 11 September 2023.

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

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

	Ordinary shares	6.5% cumulative preference shares (first preference shares)	Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) ¹
JSE Limited (JSE)			
Share code	SBK	SBKP	SBPP
ISIN	ZAE000109815	ZAE000038881	ZAE000056339
Namibian Stock Exchange (NSX)			
Share code	SNB		
ISIN	ZAE000109815		
Dividend number	107	108	38
Gross distribution/dividend per share (cents)	690	3.25	422.60421
Net dividend	552	2.60	338.08337
Last day to trade in order to be eligible for the cash dividend	Tuesday, 12 September 2023	Tuesday, 5 September 2023	Tuesday, 5 September 2023
Shares trade ex the cash dividend	Wednesday, 13 September 2023	Wednesday, 6 September 2023	Wednesday, 6 September 2023
Record date in respect of the cash dividend	Friday, 15 September 2023	Friday, 8 September 2023	Friday, 8 September 2023
CSDP/broker account credited/updated (payment date)	Monday, 18 September 2023	Monday, 11 September 2023	Monday, 11 September 2023

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

Tax implications

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

In terms of the South African Income Tax Act, 58 of 1962, the cash dividend will, unless exempt, be subject to dividends tax. South African resident ordinary and preference shareholders that are not exempt from dividends tax, will be subject to dividends tax at a rate of 20% of the cash dividend, and this amount will be withheld from the cash dividend with the result that they will receive a net amount of 552.00 cents per ordinary share, 2.60 cents per first preference share and 338.08337 cents per second preference share. Non-resident ordinary and preference shareholders may be subject to dividends tax at a rate of less than 20% depending on their country of residence and the applicability of any Double Tax Treaty between South Africa and their country of residence.

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

Shares in issue

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

- 1 675 797 449 ordinary shares at a par value of 10 cents each
- 8 000 000 first preference shares at a par value of R1 each
- 52 982 248 second preference shares at a par value of 1 cent each and subscription price of R100.

ADMINISTRATIVE AND CONTACT DETAILS

STANDARD BANK GROUP LIMITED

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

REGISTERED OFFICE

9th Floor, Standard Bank Centre
5 Simmonds Street, Johannesburg, 2001
PO Box 7725, Johannesburg, 2000

DIRECTORS

NMC Nyembezi (chairman), LL Bam,
PLH Cook, A Daehnke*, GJ Fraser-Moleketi,
Xueqing Guan¹ (deputy chairman),
GMB Kennealy, BJ Kruger, Li Li¹, JH Maree
(deputy chairman), NNA Matyumza,
ML Oduor-Otieno², ANA Peterside CON³,
SK Tshabalala* (chief executive officer).

* Executive director ¹ Chinese ² Kenyan ³ Nigerian

All nationalities are South African, unless otherwise specified.

HEAD OFFICE SWITCHBOARD

Tel: +27 11 636 9111

SHARE TRANSFER SECRETARIES IN SOUTH AFRICA

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

SHARE TRANSFER SECRETARIES IN NAMIBIA

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

JSE SPONSOR

The Standard Bank of South Africa Limited

NAMIBIAN SPONSOR

Simonis Storm Securities (Proprietary)
Limited

SHARE AND BOND CODES

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

SBKP ZAE000038881
(First preference shares)

SBPP ZAE000056339
(Second preference shares)

INVESTOR RELATIONS

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CHIEF FINANCE & VALUE MANAGEMENT OFFICER

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WEBSITE:
**[www.standardbank.com/
reporting](http://www.standardbank.com/reporting)**

REFER TO
**[www.standardbank.com/
reporting](http://www.standardbank.com/reporting)** for a list of definitions,
acronyms and abbreviations.

DISCLAIMER

This document contains certain statements that are "forward-looking" with respect to certain of the group's plans, goals and expectations relating to its future performance, results, strategies and objectives. Words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "aim", "outlook", "believe", "plan", "seek", "predict" or similar expressions typically identify forward-looking statements. These forward-looking statements are not statements of fact or guarantees of future performance, results, strategies and objectives, and by their nature involve risk and uncertainty because they relate to future events and circumstances which are difficult to predict and are beyond the group's control, including but not limited to, domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities (including changes related to capital and solvency requirements), the impact of competition, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of changes in domestic and global legislation and regulations in the jurisdictions in which the group and its affiliates operate. The group's actual future performance, results, strategies and objectives may differ materially from the plans, goals and expectations expressed or implied in the forward-looking statements. The group makes no representations or warranty, express or implied, that these forward-looking statements will be achieved, and undue reliance should not be placed on such statements. The forward-looking statements in this document are not reviewed and reported on by the group's external assurance providers. The group undertakes no obligation to update the historical information or forward-looking statements in this document and does not assume responsibility for any loss or damage arising as a result of the reliance by any party thereon.



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