



Standard Bank Group

# FINANCIAL RESULTS

for the year ended 31 December 2020





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# ANALYSIS OF FINANCIAL RESULTS

for the year ended 31 December 2020



ANALYSIS OF FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Standard Bank Group is an African-focused, client-centric, digitally enabled integrated financial services group with compelling competitive advantages

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Owns a controlling interest in the South African listed insurance and wealth management group, **Liberty Holdings Limited** (Liberty)



Business lines: **Personal & Business Banking, Corporate & Investment Banking, Wealth and Liberty**



Operates in **20 countries** in sub-Saharan Africa



**158-year** operating history in **South Africa**



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

# Highlights

▼ (43)%  
Headline earnings (Rm)  
**15 945**  
2019: R28 207 million

▼ (42)%  
Headline earnings: Banking activities (Rm)  
**15 715**  
2019: R27 216 million

▼ (43)%  
Headline earnings per share (HEPS) (c)  
**1 003**  
2019: 1 767 cents

▲ 3%  
Net asset value per share (c)  
**11 072**  
2019: 10 742 cents

▼  
Return on equity (ROE) (%)  
**8.9**  
2019: 16.8%

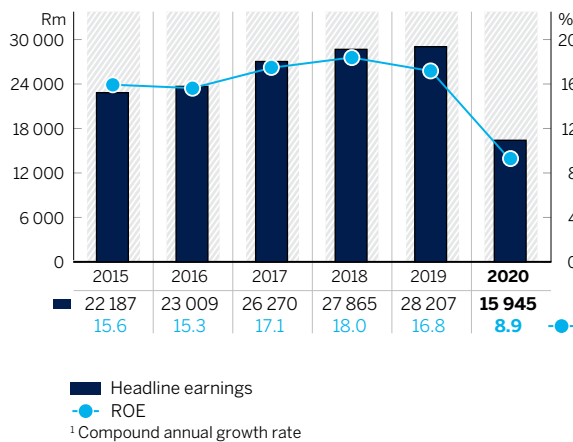
▲  
Credit loss ratio (CLR) (bps)  
**151**  
2019: 68 bps

▼  
Common equity tier 1 ratio (%)  
**13.3**  
2019: 14.0%

▼  
Jaws (bps)  
**(306)**  
2019: 113 bps

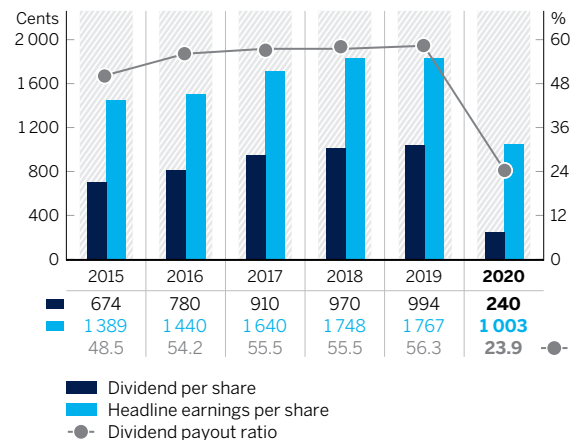
▲  
Cost-to-income ratio (%)  
**58.2**  
2019: 56.4%

HEADLINE EARNINGS AND RETURN ON EQUITY  
CAGR<sup>1</sup> (2015 – 2020): (6%)



HEADLINE EARNINGS AND DIVIDEND PER SHARE

CAGR (2015 – 2020): Dividend per share: (19%)  
Headline earnings per share: (6%)



Standard Bank Group's (SBG or the group) analysis of financial results for the year ended 31 December 2020 has 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.

# FINANCIAL RESULTS, RATIOS AND STATISTICS

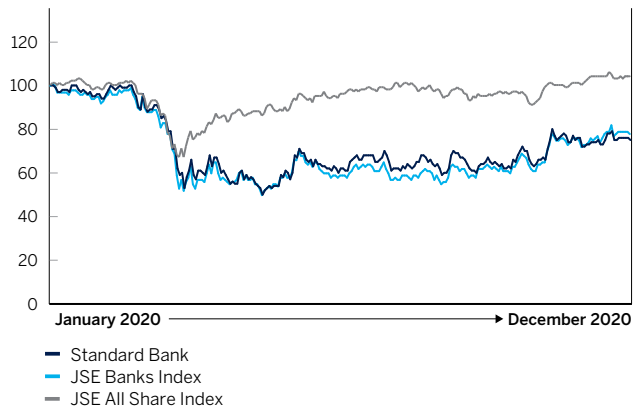
for the year ended 31 December 2020

		Change %	2020	2019
<b>Standard Bank Group (SBG)</b>				
<b>Headline earnings contribution by business line</b>				
Total headline earnings	Rm	(43)	15 945	28 207
Banking activities	Rm	(42)	15 715	27 216
Personal & Business Banking	Rm	(61)	6 397	16 573
Corporate & Investment Banking	Rm	(6)	10 566	11 254
Central and other	Rm	>100	(1 248)	(611)
Other banking interests	Rm	(>100)	881	(864)
Liberty	Rm	(>100)	(651)	1 855
<b>Ordinary shareholders' interest</b>				
Profit attributable to ordinary shareholders	Rm	(51)	12 358	25 443
Ordinary shareholders' equity	Rm	3	176 371	171 229
<b>Share statistics</b>				
Headline earnings per ordinary share (EPS)	cents	(43)	1 002.6	1 766.7
Diluted headline EPS	cents	(43)	999.6	1 756.9
Basic EPS	cents	(51)	777.0	1 593.5
Diluted EPS	cents	(51)	774.7	1 584.7
Dividend per share	cents	(76)	240	994
Net asset value per share	cents	3	11 072	10 742
Tangible net asset value per share	cents	6	9 926	9 341
Dividend payout ratio	%		23.9	56.3
Dividend cover	times		4.2	1.8
Number of ordinary shares in issue	thousands		1 592 904	1 594 072
<b>Return ratios</b>				
ROE	%		8.9	16.8
Return on risk-weighted assets (RoRWA)	%		1.4	2.8
<b>Capital adequacy</b>				
Common equity tier 1 capital adequacy ratio <sup>1</sup>	%		13.3	14.0
Tier 1 capital adequacy ratio <sup>1</sup>	%		14.0	14.7
Total capital adequacy ratio <sup>1</sup>	%		16.1	16.7
<b>Employee statistics</b>				
Number of employees		(1)	50 115	50 691
<b>Banking activities</b>				
ROE	%		9.6	18.1
RoRWA	%		1.4	2.8
Loan-to-deposit ratio	%		77.4	81.7
Net interest margin (NIM)	bps		370	431
Non-interest revenue to total income	%		43.4	43.0
CLR	bps		151	68
Jaws	bps		(306)	113
Cost-to-income ratio	%		58.2	56.4
Effective direct taxation rate	%		13.6	20.6
Effective total taxation rate	%		21.6	24.5
<b>Employee statistics</b>				
Number of employees		(1)	44 450	44 996

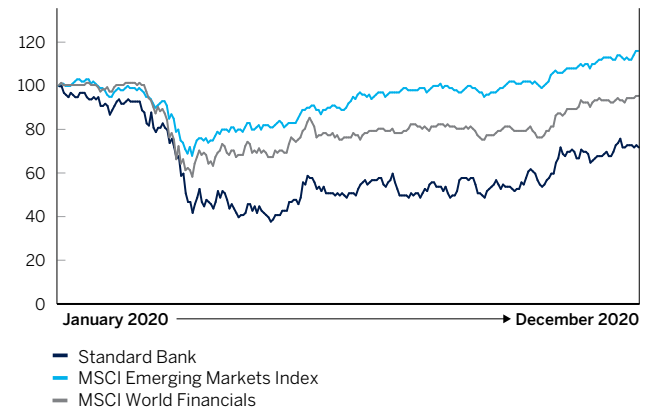
<sup>1</sup> Represents the ratio after applying the SARB phase-in provision for International Financial Reporting Standards 9 *Financial Instruments* (IFRS 9). Refer to page 71 for details regarding the fully loaded ratios.

# MARKET AND ECONOMIC INDICATORS

## SBK VERSUS JSE BANKS AND ALL SHARE INDEX (ZAR)



## SBK VERSUS EMERGING MARKETS AND WORLD FINANCIALS (USD)



		Average		Closing			
		Change %	2020	2019	Change %	2020	2019
<b>Market indicators</b>							
South Africa (SA) prime overdraft rate	%		<b>7.84</b>	10.14		<b>7.00</b>	10.00
SA SARB repo rate	%		<b>4.34</b>	6.64		<b>3.50</b>	6.50
SA Consumer Price Index	%		<b>3.3</b>	4.1		<b>3.1</b>	4.0
JSE All Share Index		(3)	<b>54 116</b>	56 071	4	<b>59 409</b>	57 084
JSE Banks Index		(34)	<b>6 076</b>	9 221	(22)	<b>6 849</b>	8 731
SBK share price		(35)	<b>120.22</b>	184.49	(25)	<b>127.08</b>	168.32
<b>Key exchange rates</b>							
USD/ZAR		14	<b>16.45</b>	14.44	5	<b>14.67</b>	14.00
GBP/ZAR		14	<b>21.08</b>	18.43	9	<b>20.04</b>	18.42
ZAR/AOA		42	<b>34.85</b>	24.62	30	<b>44.58</b>	34.21
ZAR/GHS		(5)	<b>0.35</b>	0.37	(2)	<b>0.40</b>	0.41
ZAR/KES		(8)	<b>6.47</b>	7.06	3	<b>7.44</b>	7.24
ZAR/MZN		(3)	<b>4.21</b>	4.32	15	<b>5.10</b>	4.45
ZAR/NGN		(10)	<b>22.40</b>	24.90	4	<b>26.66</b>	25.69
ZAR/UGX		(12)	<b>225.95</b>	256.27	(5)	<b>249.02</b>	261.54
ZAR/ZMW		24	<b>1.10</b>	0.89	44	<b>1.44</b>	1.00
ZAR/ZWL		>100	<b>2.10</b>	0.68	>100	<b>5.64</b>	1.20

# OVERVIEW OF FINANCIAL RESULTS

## Group results

Standard Bank Group's (SBG or the group) results for the twelve months ended 31 December 2020 (FY20) reflect the very difficult operating environment. Covid-19 placed considerable strain on our retail, business and corporate clients, particularly in South Africa. The group's strong capital position enabled us to respond quickly and significantly.

The group provided substantial support to our clients, employees and our communities. Cumulative client relief of R129 billion was provided to individuals and businesses and R25 billion to corporate clients. In addition, the group expanded and enhanced various digital service solutions to enable our clients to continue to transact and our employees to continue to operate productively during enforced lockdowns. Pleasingly these efforts were reflected in improvements in client satisfaction and retention, and growth in the underlying client franchise. The group's ongoing resilience is underpinned by our diverse client base and varied revenue streams.

Group headline earnings were R15.9 billion, a decline of 43% on the prior year (FY19) and ROE was 8.9%. Banking operations headline earnings were R15.7 billion, down 42% on FY19, and ROE was 9.6%. In the first six months of the year (1H20), the group's results were negatively impacted by lower activity levels and higher credit charges. In the second six months of the year (2H20), activity recovered, however, credit charges remained elevated and the negative impact of the interest rate cuts in 1H20 became more pronounced. Overall banking revenues declined marginally (down 2%). Costs were well contained (up 1%). This led to negative jaws of 306 basis points (bps) and a cost-to-income ratio of 58.2%. Credit impairment charges increased to R20.6 billion, 2.6 times those reported in FY19.

Despite a significant increase in risk-weighted assets, the group's common equity tier 1 capital adequacy (CET1) ratio remained robust at 13.3% as at 31 December 2020. A final dividend of 240 cents per share has been declared, representing a payout ratio of 24% on FY20 headline earnings.

The group's diverse client base, geographic footprint and business mix cushioned a weak performance in South Africa. The Standard Bank of South Africa Limited's headline earnings declined 72%. Africa Regions grew headline earnings 9% and 4% in constant currency (CCY). Africa Region's contribution to FY20 banking headline earnings increased to 58%. Angola, Ghana, Kenya, Mozambique, Nigeria and Uganda remained the top six contributors to Africa Regions' headline earnings.

## Operating environment

2020 was dominated by the Covid-19 virus. Globally, a significant number of lives were lost and businesses and jobs were destroyed. The International Monetary Fund (IMF) estimates that the global economy contracted 3.5%, sub-Saharan Africa 2.6% and South Africa 7.5%. In parallel, certain social, technological and environmental trends accelerated.

In sub-Saharan Africa, while the health impact was less severe, assisted by the population age profile, the socioeconomic implications were marked. Capacity to implement large-scale policy packages was limited. Weaker sovereigns were exposed, particularly in Malawi, Zambia and Zimbabwe. Furthermore, West Africa was negatively impacted by low oil prices. The more diversified East African economies fared better, and general resource economies were buoyed by the faster China recovery.

In South Africa, the pandemic stretched health systems to the limit and stringent lockdowns significantly disrupted economic activity. The economy contracted and shed jobs (particularly informal and

low-income jobs) placing additional upward pressure on an already high unemployment level. Fiscal and monetary policy actions provided some support. Interest rates were cut by 300 bps. Temporary social grants and funding support schemes were introduced. The economic contraction and pursuant government responses placed additional strain on the country's macroeconomic and fiscal position, which resulted in successive rating agency downgrades.

## Loans and advances

Gross loans and advances to customers grew 4% from 31 December 2019 to 31 December 2020. Personal and Business Banking (PBB) grew 7%, boosted by a recovery in demand in 2H20. Corporate and Investment Banking (CIB) grew 1% year on year as strong growth in 1H20 subsided by 31 December 2020 as clients managed their debt levels down. Provisions held increased 42% year on year and 8% relative to 30 June 2020. Loans classified as stage 3 increased from 3.9% as at 31 December 2019 to 4.6% as at 30 June 2020 and 5.5% as at 31 December 2020. Stage 3 coverage was 48%, 46% and 46% respectively. Stage 1 and 2 provisions increased 32% year on year but were flat relative to levels recorded as at 30 June 2020. Stage 3 provisions increased 47% year on year and 13% relative to 30 June 2020.

Within PBB South Africa (PBB SA), lockdowns severely constrained origination in 2Q20. By the beginning of 2H20, restrictions had been partially lifted and registration offices had reopened. Disbursements recovered as the backlog was cleared and new applications were processed. Mortgage disbursements reached record levels, fuelled by low interest rates. Personal unsecured and business lending showed moderate growth. The latter includes R7.1 billion of drawn exposures relating to the South African Covid-19 loan guarantee scheme (loans contracted under the scheme total R7.4 billion). Affordability criteria have been tightened and new business growth continues to be closely monitored. Low business confidence continues to impact business lending demand.

By 31 December 2020, Covid-19 client relief provided by PBB SA had reduced to R19 billion, representing 3% of the PBB SA portfolio. Mortgages and Card represented 69% and 23% of the remaining active client relief portfolio respectively. In keeping with the group's promise to deepen client relationships and support them through the crisis, payment holiday extensions were provided to select clients.

PBB Africa Regions (PBB AR) gross loans and advances grew 8% to R84 billion, supported by continued focus on client ecosystem origination, digital client onboarding and digital disbursements. By 31 December 2020, the PBB AR Covid-19 client relief provided had reduced to R2 billion, representing 2% of the PBB AR portfolio.

PBB provisions held against loans and advances increased 38% year on year, with most of the increase in South Africa. In PBB AR, increases were driven principally by provisions raised in Ghana, Kenya, Namibia, Tanzania and Uganda.

Against a fiercely competitive backdrop, particularly in South Africa, CIB continued to win mandates and originate client loans in FY20. Cumulative Covid-19 relief provided to clients, in the form of increased liquidity facilities, loan restructurings, covenant relaxations and payment holidays, equated to R24.8 billion. Provisions increased 52% year on year following a deterioration of corporate risk grades and higher stage 3 loans. Stage 3 provisions increased as additional clients rolled into stage 3, particularly in the Oil & Gas and Power & Infrastructure sectors, and as the outlook for pre-existing stage 3 exposures deteriorated. The stage 3 ratio and stage 3 coverage ratio increased relative to 31 December 2019 and 30 June 2020.



## GROSS LOANS AND ADVANCES TO CUSTOMERS

	CCY %	Change %	2020 Rm	2019 Rm
<b>Personal &amp; Business Banking</b>	7	7	<b>734 012</b>	686 214
Mortgage loans	6	6	<b>399 208</b>	378 003
Vehicle and asset finance	5	4	<b>99 071</b>	94 833
Card debtors	2	1	<b>35 121</b>	34 612
Other loans and advances	12	12	<b>200 612</b>	178 766
<b>Corporate &amp; Investment Banking</b>	1	1	<b>431 501</b>	425 427
Global markets	38	40	<b>54 700</b>	39 115
Investment banking	(3)	(3)	<b>334 282</b>	342 926
Transactional products and services	0	(2)	<b>42 519</b>	43 386
<b>Central and other</b>	>100	>100	<b>(5 491)</b>	(199)
<b>Gross loans and advances to customers</b>	4	4	<b>1 160 022</b>	1 111 442

## Deposits and funding

Deposits from customers grew 14% year on year to R1.5 trillion. Customers remained cautious and lockdowns restricted activity resulting in a build-up of deposits. Foreign currency balances also increased on the back of a weaker South African Rand. PBB customer deposits grew 15%, with strong growth in savings and investment products as well as call deposits. Strong current and savings account inflows in PBB AR continued. Our offshore operations in the Isle of Man and Jersey continued to provide the group with access to hard currency funding. Deposits increased to GBP5.6 billion as at 31 December 2020 (GBP5.2 billion as at 31 December 2019). CIB customer deposits grew 14%, driven by call and cash management deposits.

## DEPOSITS FROM CUSTOMERS

	CCY %	Change %	2020 Rm	2019 Rm
<b>Personal &amp; Business Banking</b>	15	15	<b>699 613</b>	606 965
Retail priced deposits	14	15	<b>543 099</b>	471 588
Wholesale priced deposits	16	16	<b>156 514</b>	135 377
<b>Corporate &amp; Investment Banking</b>	15	14	<b>822 099</b>	723 123
<b>Central and other</b>	>100	>100	<b>(11 485)</b>	(5 127)
<b>Deposits from customers</b>	14	14	<b>1 510 227</b>	1 324 961
<b>Comprising:</b>				
Retail priced deposits	14	15	<b>543 099</b>	471 588
Wholesale priced deposits	14	13	<b>967 128</b>	853 373
<b>Deposits from customers</b>	14	14	<b>1 510 227</b>	1 324 961

# OVERVIEW OF FINANCIAL RESULTS

## Revenue

Banking activities revenue declined 2% year on year. Net interest income (NII) declined 2% as strong average balance sheet growth was more than offset by margin compression. The significant interest rates cuts across our markets drove a negative endowment impact from lower interest earned on capital and current accounts (net of marginal hedge activity) of 27 bps and a negative base rate impact from lower NII earned of 20 bps. NIM fell year on year from 431 bps to 370 bps. Non-interest revenue (NIR) declined 1%. Pressure on fee income was largely offset by a strong trading performance (particularly in 1H20). Lower fee income was driven by constrained consumer activity levels and transactional volumes, fee waivers and moratoriums, and an accelerated switch to lower fee-generating digital channels. Elevated market volatility drove increased client activity and, in turn, trading revenue growth.

Knowledge-based fees were supported by higher advisory fees from corporate deals in South Africa and International. Higher other fee and commission revenue was largely driven by growth in fees earned from the group's pension fund management business in Nigeria. Negative revaluations on the equity investment portfolio were a drag. Gross written premium growth was offset by higher credit life and funeral claims.

## Credit impairment charges

Credit impairment charges increased to R20.6 billion, 2.6 times that of FY19. The increase was driven by the year-on-year deterioration in customer risk profiles and forward-looking assumptions, additional charges associated with the remaining client relief portfolio in PBB, and corporate and sovereign risk downgrades. In addition, due to the enduring uncertainty and associated forecast risk, an additional R500 million provision was raised and held centrally. The group credit loss ratio (CLR) increased to 151 bps (FY19: 68 bps).

## Overview of business unit performance

### HEADLINE EARNINGS BY BUSINESS LINE

	CCY %	Change %	2020 Rm	2019 Rm
Personal & Business Banking	(62)	(61)	<b>6 397</b>	16 573
Corporate & Investment Banking	(9)	(6)	<b>10 566</b>	11 254
Central and other	>100	>100	<b>(1 248)</b>	(611)
<b>Banking activities</b>	(44)	(42)	<b>15 715</b>	27 216
Other banking interests	(>100)	(>100)	<b>881</b>	(864)
Liberty	(>100)	(>100)	<b>(651)</b>	1 855
<b>Standard Bank Group</b>	(44)	(43)	<b>15 945</b>	28 207

## Operating expenses

Operating expense growth was well contained at 1%. Staff costs were down 1% as annual salary increases were offset by lower headcount and lower performance-related incentives. Other costs increased 4% driven primarily by higher IT costs, professional fees and communication costs. The group purposefully continued developing and rolling out innovative digital solutions to improve service efficiency and client experience. In addition, the group incurred Covid-19-related business continuity costs during the year, including employee work-from-home costs. Jaws were negative 306 bps and the cost-to-income ratio increased to 58.2% (FY19: 56.4%).

## Capital management

The deterioration in the environment fed into internal sovereign ratings and client risk grades and, in turn, into higher risk-weighted assets (RWA). Despite a 12% increase in RWA, the group maintained strong capital adequacy ratios. As at 31 December 2020, the IFRS 9 phased-in CET1 ratio was 13.3% (FY19: 14.0%) and total capital adequacy ratio was 16.1% (FY19: 16.7%). The CET1 ratio, including the full IFRS 9 transitional impact, was 13.2%. From 1 January 2021, there will be no transitional impact.

Despite the volatile and constrained liquidity environment, the group maintained sufficient liquidity to meet risk appetite limits. Proactive engagement across treasury, risk and business ensured that our clients' liquidity needs were appropriately planned for and timeously met. The group's Basel III liquidity coverage and net stable funding ratios remained in excess of the regulatory requirements of 80% and 100% respectively.

During FY20, the group successfully raised R52.8 billion of long-term funding, R1.5 billion of Basel III compliant Additional tier 1 capital, and R7.0 billion of Basel III compliant tier 2 capital.

## Personal & Business Banking

In difficult economic conditions, PBB revenues declined 4% to R70.1 billion. Significant negative endowment continued to put pressure on interest margins and more than offset balance sheet growth. NIM declined 63 bps to 537 bps. NIR declined 3% as a recovery in transaction and trade flows in 2H20 supported an improvement in fees relative to 1H20. Across PBB Group, active customer numbers grew to 14.8 million. While this growth was largely sourced within the Africa Regions (active clients grew 7% to 5.4 million), the South African active client base grew 1.1% from June 2020 to December 2020.

Lockdown constraints accelerated digital adoption. Customers gained confidence and comfort in using the digital alternatives and new features provided. Digital transaction volumes increased 29% in South Africa, and comprised 99% of total transactions, while in Africa Regions volumes increased 27% and comprised 95% of total transactions. Physical transactions have not fully recovered to pre-Covid-19 levels. Branch transactions in South Africa and Africa Regions declined 44% and 29% respectively, year on year. Operating expenses were well contained. Savings derived from the branch reconfiguration concluded in 1H19 provided scope for continued investment in client experience and digitisation workstreams. PBB also incurred additional Covid-19 specific expenses, for example, safety measures for front-line staff and customers. Against the difficult revenue environment, PBB jaws were negative 630 bps and the cost-to-income ratio increased to 63.2% (FY19: 59.3%). Lockdowns disrupted businesses and impacted client liquidity positions. The temporary client relief granted provided some respite, but the delayed economic recovery was evidenced in customer repayment profiles and the requirement for client relief extensions. This, combined with the deterioration in macroeconomic assumptions and proactive provisioning, drove higher provisions and credit impairment charges. Credit impairment charges increased to R15.9 billion (FY19: R6.4 billion), 2.5 times FY19 levels. CLR increased to 213 bps (FY19: 89 bps). PBB headline earnings declined 61% to R6.4 billion and ROE declined to 8.9%.

PBB SA was impacted by negative endowment, elevated impairments and lower transactional volumes partially offset by recovering asset growth and higher deposits. Following the relaxation in lockdown restrictions, the 2H20 performance was supported by improved transactional flows, new client acquisitions, and increased customer lending demand. While every effort was made to keep branches open, some did close temporarily where health and capacity concerns were identified. Despite the pandemic-related disruptions, PBB SA released several new digital capabilities and product enhancements. In addition, system resilience and security improved relative to the prior year. This remains key to driving digital adoption. Digital active customers increased 15% to 3.0 million.

PBB AR recorded good revenue growth. Ongoing customer acquisition and digital origination supported balance sheet, NII and NIR growth. Negative endowment compressed margins. Lower turnover, trade and transactional levels placed a strain on fees in 1H20. 2H20 saw turnover and transactional volumes improve, however, similar to SA, physical channel transactions

have not returned to pre-Covid-19 levels. NIR was further supported by higher insurance, asset management and foreign currency service fees as well as higher point of representation fees linked to the larger active client base. Below-inflation cost growth supported positive jaws. Credit impairment charges increased across most countries.

Wealth International revenues were negatively impacted by lower interest rates (USD and GBP), structural balance sheet requirements (post the South African sovereign downgrade), and lower transactional activity due to Covid-19-related lockdowns. This was partially offset by higher fees from higher client foreign exchange transaction volumes, client lending growth and continued underlying client growth. Costs were well contained and credit charges remained insignificant due to the high quality nature of the client base as well as the underlying portfolio.

## Corporate & Investment Banking

CIB delivered a sound performance. Headline earnings were R10.6 billion, down 6% year on year. Client, sector and regional diversification helped cushion the impact of the pandemic. A strong performance by Africa Regions was offset by weak results in South Africa. Pre-provision operating profit increased 9% relative to the prior year, with revenues up 5% and cost growth limited to 2%. CIB delivered positive jaws of 294 bps and the cost-to-income ratio declined to 53.3%. Credit impairment charges were 2.6 times that of FY19, reflective of the economic conditions and market stress. CIB's CLR to customers was 80 bps (FY19: 40 bps). ROE was 15.7% (FY19: 19.0%), impacted by lower earnings and higher capital utilisation.

CIB focused on providing tailored solutions to meet the complex and evolving liquidity, capital and risk management requirements of its clients. Client activity in the Consumer, Telecom & Media and Oil & Gas sectors supported client revenues. In contrast, the difficult operating environment, together with disruptions in operations and trade, negatively impacted the Industrial (hospitality and automotive) and Mining sectors. The Sustainable Finance team continued to lead the development of environmentally and socially responsible practices on the continent. In FY20, the team facilitated several landmark deals in this area for clients as well as for the group.

Global Markets led the way with revenue up 28% on the back of strong risk management and increased client activity in volatile markets. While the West Africa performance was particularly strong, the businesses in South and Central Africa also recorded good revenue growth. The solid revenue growth resulted in an increase in headline earnings of 61% to R7.0 billion.

Transactional Products & Services revenues were down 8% year on year, as negative endowment more than offset the increase in average loans and advances and deposits. Revenues were also negatively impacted by regulatory headwinds, particularly in Kenya (digital fee restrictions) and Nigeria (cash reserving and loan-to-deposit requirements). The performance was further hampered by a 51% increase in credit impairment charges, resulting in a decrease in headline earnings of 37% to R2.0 billion.

# OVERVIEW OF FINANCIAL RESULTS

Investment Banking was the business most severely impacted by the economic effects of Covid-19. Revenues decreased 11%, negatively impacted by margin compression and significant equity investment valuation declines in South Africa. Credit impairment charges were 4.5 times higher than in FY19. As a result, headline earnings decreased 59% to R1.6 billion.

## 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. The segment costs, including the R500 million (pre-tax) central credit provision, amounted to R1 248 million (FY19: R611 million).

## Other banking interests

ICBC Standard Bank (ICBCS) recorded a profit of USD125 million in FY20 (FY19: loss of USD248 million). The turnaround was driven by the non-repeat of a single client loss in FY19, revenues earned on the back of the market volatility and an insurance recovery (USD37 million). The group's 40% share of ICBCS's earnings equated to R881 million.

The group completed the sale of its 20% stake in ICBC Argentina to the Industrial and Commercial Bank of China (ICBC) in June 2020. The impact thereof was commented on in the group's FY20 Interim Results.

## Liberty

The financial results reported are the consolidated results of the group's 57% investment in Liberty, adjusted for Standard Bank Group shares held by Liberty for the benefit of Liberty policyholders which are deemed to be treasury shares in the group's consolidated accounts.

In FY20, Liberty's performance was negatively impacted by lower earnings across its insurance business areas as well as weak performance in the Shareholders' Investment Portfolio and LibFin Markets. Liberty's South African asset management business, STANLIB South Africa, reported flat earnings for the period and an increase in net external third-party client cash inflows. Liberty recognised a Covid-19-related pandemic post-tax reserve of R2.2 billion and reported a headline loss of R1.5 billion (FY19: earnings of R3.3 billion). After adjusting for treasury shares, the group's share of the loss amounted to R0.7 billion (FY19: earnings of R1.9 billion).

## Profit attributable

Profit attributable to ordinary shareholders declined 51% to R12.4 billion. The difference between headline earnings and profit attributable can be ascribed to the sale of ICBC Argentina (R2.0 billion) and the impairment of certain IT intangible assets (R2.2 billion) post an internal review.

## Prospects

In 2021, global gross domestic product (GDP) is expected to rebound, underpinned by a vaccine-fuelled improvement in confidence, demand and trade. A world awash with liquidity and stimulus should drive global risk-on sentiment and Emerging Market inflows.

The global recovery is, however, likely to be bumpy and very uneven across different regions. The IMF forecast for sub-Saharan Africa GDP growth is 3.2% (January 2021). South Africa and Nigeria are expected to grow at 4.6% and 0.9% respectively (SBG Research, February 2021). While initiatives to source vaccines for Africa are gaining momentum, some African countries may lack the resources and capabilities to roll them out efficiently and effectively. This is likely to delay an African recovery until 2H21 and into 2022. Further waves of infection and renewed restrictions are likely and risk delaying the recovery further.

South Africa's recovery is expected to be multi-year and, like elsewhere, will be closely linked to the effectiveness of its vaccine rollout programme. Inflation is expected to remain within the SARB's target range and interest rates at current low levels for the duration of 2021. The latter should support credit growth. Governance and structural reform are expected to continue, albeit at a slow pace. Job creation and inclusive growth are key to driving a more favourable long-term outlook. The extension of the Covid-relief grants introduced in 2020 and the government employment programme should provide some support to low income households and in turn, household expenditure. A recovery in household spending is expected to gain momentum in late 2021, followed by capital investment in 2022. Fiscal consolidation and energy supply constraints remain key risks.

The recovery will bring opportunities to extend the group's balance sheet, facilitate business and consumer activity, and continue to build the franchise. While margins are expected to be lower (stabilising at or around 2H20 levels, balance sheet growth should provide an offset and support NII growth. Higher activity levels should support NIR growth, however this remains at risk from further lockdown disruptions. FY20 trading revenue is a high base. Prolonged downturns will place additional pressure on weaker countries, sectors and clients, particularly leveraged corporates and certain South African state-owned entities. Credit impairment charges are expected to decline from FY20 levels, however, CLR is expected to remain above the group's historic through-the-cycle range of 70-100 bps. To deliver on increasingly digital demands, IT spend is expected to continue to grow above inflation. Total cost management will remain a focus with below-inflation cost growth a target. As and when the recovery gains momentum, group ROE should improve. Recovery of the group's key metrics, namely headline earnings and ROE, to 2019 levels will take some time and the path is unlikely to be linear. We remain committed to growing shareholder returns by allocating capital to revenue-enhancing and

ROE-accretive growth opportunities, particularly in Africa Regions. While future dividends remain subject to earnings and capital levels, the group's dividend payout ratio is expected to increase over the medium term towards the lower end of historic levels (45% – 55%).

As a large financial services group operating on the African continent, we recognise the need for inclusive and sustainable growth and environmental sustainability. We will continue to balance these needs in the context of Africa's just transition. In addition, we will continue to improve the transparency and reporting of the group's positions on key matters in line with global best practice.

From 1 January 2021, the group changed from a traditional business line-led structure to a client-led model with three core client segments (namely Consumer & High Net Worth, Business & Commercial and Wholesale clients). This will better enable and support the group's ambition to be truly digital and truly human. In addition, in a fast-changing world, we recognise the need to adapt to evolving risks, optimise resource allocation and drive returns. In doing so, we will leverage our core strengths in financial services, while seeking new ways to expand our offering and diversify our revenue streams further.

Lastly, we thank our colleagues who continue to demonstrate immense courage, discipline and dedication. We mourn the colleagues, family and friends who have passed away. We honour their memory by striving every day to support economic and social development on our continent, as embodied in our purpose: Africa is our home, we drive her growth.

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

11 March 2021

**Thulani Gcabashe**  
Chairman

11 March 2021

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2020

	CCY %	Change %	2020 Rm	2019 Rm
<b>Assets</b>				
Cash and balances with central banks	23	16	87 505	75 288
Derivative assets	66	66	118 290	71 407
Trading assets	18	18	262 627	222 802
Pledged assets	(34)	(35)	18 981	29 377
Financial investments	14	15	650 298	567 319
Current and deferred tax assets	51	50	7 315	4 868
Disposal of group assets held for sale	(90)	(92)	220	2 599
Loans and advances	7	8	1 271 255	1 181 067
Policyholders' assets	(28)	(28)	5 050	7 017
Other assets	17	20	36 020	29 901
Interest in associates and joint ventures	17	20	6 498	5 423
Investment property	(12)	(12)	29 917	34 180
Property, equipment and right of use assets	(2)	(6)	20 702	22 018
Goodwill and other intangible assets	(18)	(18)	18 262	22 323
<b>Total assets</b>	11	11	<b>2 532 940</b>	2 275 589
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity attributable to ordinary shareholders	3	3	215 272	209 484
Equity attributable to other equity holders	3	3	176 371	171 229
Equity attributable to other equity holders	14	14	12 528	10 989
Equity attributable to non-controlling interests	(1)	(3)	26 373	27 266
<b>Liabilities</b>				
Derivative liabilities	12	12	2 317 668	2 066 105
Trading liabilities	60	61	111 577	69 498
Current and deferred tax liabilities	(2)	(3)	81 261	83 847
Disposal of group liabilities held for sale	(7)	(8)	8 302	9 073
Deposits and debt funding	(63)	(63)	92	246
Policyholders' liabilities	14	14	1 624 044	1 426 193
Subordinated debt	0	0	325 192	324 246
Provisions and other liabilities	2	1	29 306	28 901
Provisions and other liabilities	12	11	137 894	124 101
<b>Total equity and liabilities</b>	11	11	<b>2 532 940</b>	2 275 589

# CONDENSED CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2020

	CCY %	Change %	2020 Rm	2019 Rm
<b>Income from banking activities</b>	(2)	(2)	<b>108 581</b>	110 461
Net interest income	(3)	(2)	<b>61 425</b>	62 919
Non-interest revenue	(1)	(1)	<b>47 156</b>	47 542
<b>Income from investment management and life insurance activities</b>	(36)	(36)	<b>15 086</b>	23 573
<b>Total income</b>	(8)	(8)	<b>123 667</b>	134 034
Credit impairment charges	>100	>100	<b>(20 594)</b>	(7 964)
<b>Net income before operating expenses</b>	(19)	(18)	<b>103 073</b>	126 070
Operating expenses from banking activities	1	1	<b>(63 182)</b>	(62 335)
Operating expenses from investment management and life insurance activities	(2)	(2)	<b>(16 139)</b>	(16 486)
<b>Net income before non-trading and capital items, and equity accounted earnings</b>	(51)	(50)	<b>23 752</b>	47 249
Non-trading and capital related items	26	37	<b>(3 956)</b>	(2 890)
Share of post-tax profit/(loss) from associates and joint ventures	(>100)	(>100)	<b>1 084</b>	(512)
<b>Profit before indirect taxation</b>	(53)	(52)	<b>20 880</b>	43 847
Indirect taxation	5	5	<b>(2 727)</b>	(2 592)
<b>Profit before direct taxation</b>	(56)	(56)	<b>18 153</b>	41 255
Direct taxation	(65)	(66)	<b>(3 640)</b>	(10 559)
<b>Profit for the year</b>	(53)	(53)	<b>14 513</b>	30 696
Attributable to ordinary shareholders	(52)	(51)	<b>12 358</b>	25 443
Attributable to other equity instrument holders	(8)	(8)	<b>803</b>	873
Attributable to non-controlling interests	(69)	(69)	<b>1 352</b>	4 380
<b>Earnings per share (cents)</b>				
Basic earnings per ordinary share		(51)	<b>777.0</b>	1 593.5
Diluted earnings per ordinary share		(51)	<b>774.7</b>	1 584.7

# CONDENSED CONSOLIDATED STATEMENT OF

for the year ended 31 December 2020

	Change %	2020		
		Ordinary shareholders' equity Rm	Non- controlling interests and other equity instruments Rm	Total equity Rm
<b>Profit for the year</b>	(53)	12 358	2 155	14 513
<b>Other comprehensive (loss) after tax for the year</b>		(275)	(641)	(916)
<b>Items that may be subsequently reclassified to profit or loss</b>		(225)	(658)	(883)
Movements in the cash flow hedging reserve		27	(4)	23
Movement in debt instruments measured at fair value through other comprehensive income (OCI)		(79)	(29)	(108)
Exchange difference on translating foreign operations		(172)	(625)	(797)
Net change on hedges of net investments in foreign operations		(1)		(1)
<b>Items that may not be subsequently reclassified to profit of loss</b>		(50)	17	(33)
<b>Total comprehensive income for the year</b>		12 083	1 514	13 597
Attributable to ordinary shareholders		12 083		12 083
Attributable to other equity holders			803	803
Attributable to non-controlling interests			711	711



## OTHER COMPREHENSIVE INCOME

2019		
Ordinary shareholders' equity Rm	Non- controlling interests and other equity instruments Rm	Total equity Rm
25 443	5 253	30 696
(5 443)	(765)	(6 208)
(5 548)	(807)	(6 355)
190	15	205
50	51	101
(5 788)	(873)	(6 661)
105	42	147
20 000	4 488	24 488
20 000		20 000
	873	873
	3 615	3 615

# CONDENSED CONSOLIDATED STATEMENT

for the year ended 31 December 2020

	Ordinary share capital and premium Rm	Empowerment reserve Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Foreign currency hedge of net investment reserve Rm	Cash flow hedging reserve Rm
<b>Balance at 1 January 2019</b>	17 860	(201)	(2 157)	(1 800)	(983)	(194)
Increase in statutory credit risk reserve						
Disposal of a common control entity						
Transactions with non-controlling shareholders			(16)	5		
Equity-settled share-based payments						
Deferred tax on share-based payments						
Transfer of vested equity options						
Net (increase)/decrease in treasury shares			(486)			
Net issue of share capital and share premium and other equity instruments	124					
Unincorporated property partnerships capital reductions and distributions						
Redemption of empowerment funding		132				
Hyperinflation adjustments						
Total comprehensive income for the year				(5 788)		190
Dividends paid						
<b>Balance at 31 December 2019</b>	17 984	(69)	(2 659)	(7 583)	(983)	(4)
<b>Balance at 1 January 2020</b>	<b>17 984</b>	<b>(69)</b>	<b>(2 659)</b>	<b>(7 583)</b>	<b>(983)</b>	<b>(4)</b>
Increase in statutory credit risk reserve						
Transactions with non-controlling shareholders			(23)	20		
Equity-settled share-based payments						
Deferred tax on share-based payments						
Transfer of vested equity options						
Net (increase)/decrease in treasury shares			(63)			
Net issue of share capital and share premium and other equity instruments	32					
Unincorporated property partnerships capital reductions and distributions						
Redemption of empowerment funding		8				
Hyperinflation adjustments						
Total comprehensive income for the year				(172)	(1)	27
Dividends paid						
<b>Balance at 31 December 2020</b>	<b>18 016</b>	<b>(61)</b>	<b>(2 745)</b>	<b>(7 735)</b>	<b>(984)</b>	<b>23</b>

All balances are stated net of applicable tax.

## OF CHANGES IN EQUITY

Regulatory and statutory credit risk reserve Rm	Fair value through OCI reserve Rm	Share-based payment reserve Rm	Other reserves Rm	Retained earnings Rm	Ordinary shareholders' equity Rm	Other equity instruments Rm	Non-controlling interest Rm	Total equity Rm
3 664	523	(1 025)	256	149 308	165 251	9 047	24 955	199 253
696				(696)				
				9	9			9
(7)			(1)	89	70		221	291
		981		159	1 140		50	1 190
				(30)	(30)			(30)
		328		(328)				
				251	(235)		130	(105)
					124	1 942	200	2 266
							(293)	(293)
				747	132			132
				747	747		7	754
	74		(9)	25 533	20 000	873	3 615	24 488
				(15 979)	(15 979)	(873)	(1 619)	(18 471)
4 353	597	284	246	159 063	171 229	10 989	27 266	209 484
<b>4 353</b>	<b>597</b>	<b>284</b>	<b>246</b>	<b>159 063</b>	<b>171 229</b>	<b>10 989</b>	<b>27 266</b>	<b>209 484</b>
<b>830</b>				<b>(830)</b>				
<b>10</b>	<b>6</b>			<b>(70)</b>	<b>(57)</b>		<b>(319)</b>	<b>(376)</b>
		<b>1 250</b>		<b>(243)</b>	<b>1 007</b>		<b>45</b>	<b>1 052</b>
				<b>(291)</b>	<b>(291)</b>			<b>(291)</b>
		<b>(577)</b>		<b>577</b>				
				<b>65</b>	<b>2</b>		<b>352</b>	<b>354</b>
					<b>32</b>	<b>1 539</b>		<b>1 571</b>
							<b>(124)</b>	<b>(124)</b>
					<b>8</b>			<b>8</b>
				<b>1 053</b>	<b>1 053</b>			<b>1 053</b>
	<b>(185)</b>		<b>(22)</b>	<b>12 436</b>	<b>12 083</b>	<b>803</b>	<b>711</b>	<b>13 597</b>
				<b>(8 695)</b>	<b>(8 695)</b>	<b>(803)</b>	<b>(1 558)</b>	<b>(11 056)</b>
<b>5 193</b>	<b>418</b>	<b>957</b>	<b>224</b>	<b>163 065</b>	<b>176 371</b>	<b>12 528</b>	<b>26 373</b>	<b>215 272</b>

# BANKING ACTIVITIES' INCOME STATEMENT

for the year ended 31 December 2020

	CCY %	Change %	2020 Rm	2019 Rm
Net interest income	(3)	(2)	61 425	62 919
Non-interest revenue	(1)	(1)	47 156	47 542
Net fee and commission revenue	(5)	(4)	29 413	30 622
Trading revenue	17	15	13 874	12 075
Other revenue	(24)	(23)	3 158	4 089
Other gains and losses on financial instruments	(8)	(6)	711	756
<b>Total income</b>	(2)	(2)	108 581	110 461
Credit impairment charges	>100	>100	(20 594)	(7 964)
Loans and advances	>100	>100	(20 228)	(8 076)
Financial investments	91	(24)	(65)	(86)
Letters of credit and guarantees	(>100)	(>100)	(301)	198
<b>Net income before operating expenses</b>	(15)	(14)	87 987	102 497
Operating expenses	1	1	(63 182)	(62 335)
Staff costs	(1)	(1)	(34 380)	(34 554)
Other operating expenses	4	4	(28 802)	(27 781)
<b>Net income before non-trading and capital items, and equity accounted earnings</b>	(39)	(38)	24 805	40 162
Non-trading and capital related items	>100	>100	(2 255)	(151)
<b>Net income before equity accounting earnings</b>	(44)	(44)	22 550	40 011
Share of post-tax profits from associates and joint ventures	(42)	(43)	191	333
<b>Profit before indirect taxation</b>	(44)	(44)	22 741	40 344
Indirect taxation	4	5	(2 103)	(2 006)
<b>Profit before direct taxation</b>	(47)	(46)	20 638	38 338
Direct taxation	(64)	(65)	(2 798)	(7 888)
<b>Profit for the year</b>	(43)	(41)	17 840	30 450
Attributable to preference shareholders	(8)	(8)	(383)	(415)
Attributable to additional tier 1 (AT1) capital noteholders	(8)	(8)	(420)	(458)
Attributable to non-controlling interests	14	14	(2 875)	(2 528)
<b>Attributable to ordinary shareholders</b>	(49)	(48)	14 162	27 049
Headline adjustable items	>100	>100	1 553	167
<b>Banking activities – headline earnings</b>	(44)	(42)	15 715	27 216

## RECONCILIATION TO SBG HEADLINE EARNINGS

	CCY %	Change %	2020 Rm	2019 Rm
<b>Banking activities</b>	(44)	(42)	15 715	27 216
<b>Other banking interests</b>	(>100)	(>100)	881	(864)
ICBC Standard Bank Plc (40% shareholding)	(>100)	(>100)	881	(1 447)
ICBC Argentina (20% shareholding) <sup>1</sup>	(100)	(100)		583
<b>Liberty</b>	(>100)	(>100)	(651)	1 855
<b>Standard Bank Group headline earnings</b>	(44)	(43)	15 945	28 207

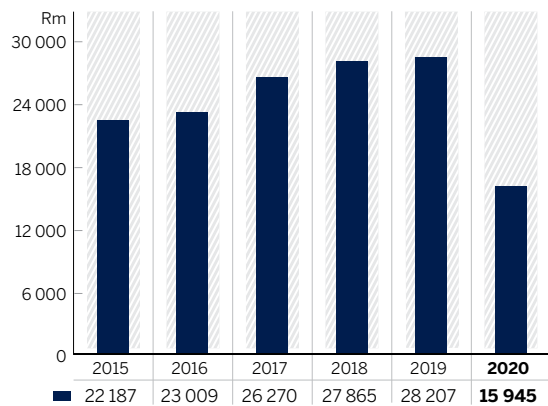
<sup>1</sup> The disposal of ICBC Argentina was completed during June 2020.

# HEADLINE EARNINGS

for the year ended 31 December 2020

## HEADLINE EARNINGS

CAGR (2015 – 2020): (6%)



## RECONCILIATION OF PROFIT FOR THE YEAR TO GROUP HEADLINE EARNINGS

	2020				2019			
	Gross Rm	Tax <sup>1</sup> Rm	NCI and other <sup>2</sup> Rm	Net Rm	Gross Rm	Tax <sup>1</sup> Rm	NCI and other <sup>2</sup> Rm	Net Rm
<b>Profit for the year – Banking activities</b>	<b>20 638</b>	<b>(2 798)</b>	<b>(3 678)</b>	<b>14 162</b>	38 338	(7 888)	(3 401)	27 049
<b>Headline adjustable items – Banking activities added/(reversed)</b>	<b>2 255</b>	<b>(705)</b>	<b>3</b>	<b>1 553</b>	151	15	1	167
IAS 36 – Impairment of intangible assets	<b>3 047</b>	<b>(850)</b>	<b>(1)</b>	<b>2 196</b>	234	(65)		169
IAS 21 – Realised foreign currency profit on foreign operations	<b>(247)</b>			<b>(247)</b>				
IFRS 16 – Profit on sale and leaseback	<b>(496)</b>	<b>138</b>		<b>(358)</b>				
IAS 16 – Losses on sale of properties and equipment	<b>24</b>	<b>(12)</b>	<b>4</b>	<b>16</b>	94	(29)	1	66
IAS 28/IAS 36 – Impairment of associate	<b>8</b>	<b>(2)</b>		<b>6</b>				
IAS 27/IAS 28 – Gains on disposal of business	<b>(14)</b>			<b>(14)</b>				
IAS 36 – Goodwill impairment					11			11
IAS 40 – Fair value gains on investment property	<b>(67)</b>	<b>21</b>		<b>(46)</b>	(188)	109		(79)
<b>Headline earnings – Banking activities</b>	<b>22 893</b>	<b>(3 503)</b>	<b>(3 675)</b>	<b>15 715</b>	38 489	(7 873)	(3 400)	27 216
<b>Headline earnings/(losses) – Other banking interests</b>	<b>881</b>			<b>881</b>	(864)			(864)
Loss for the year – Other banking interests	<b>(695)</b>	<b>(416)</b>		<b>(1 111)</b>	(3 282)			(3 282)
IAS 28 – Gain on disposal of associate	<b>(1 835)</b>	<b>416</b>		<b>(1 419)</b>				
IAS 21 – FCTR release on disposal of associate	<b>3 367</b>			<b>3 367</b>				
IAS 36 – Impairment of assets within associate	<b>44</b>			<b>44</b>	2 418			2 418
<b>Headline (losses)/earnings – Liberty</b>	<b>(1 665)</b>	<b>(475)</b>	<b>1 489</b>	<b>(651)</b>	6 520	(2 671)	(1 994)	1 855
(Loss)/profit for the year – Liberty	<b>(1 790)</b>	<b>(426)</b>	<b>1 523</b>	<b>(693)</b>	6 199	(2 671)	(1 852)	1 676
IFRS 5 – Remeasurement of disposal groups held for sale	<b>(35)</b>		<b>15</b>	<b>(20)</b>	321		(142)	179
IAS 27/IAS 28 – Gain on sale of business	<b>(14)</b>		<b>6</b>	<b>(8)</b>				
IAS 36 – Impairment of intangible assets	<b>174</b>	<b>(49)</b>	<b>(55)</b>	<b>70</b>				
<b>Standard Bank Group headline earnings</b>	<b>22 109</b>	<b>(3 978)</b>	<b>(2 186)</b>	<b>15 945</b>	44 145	(10 544)	(5 394)	28 207

<sup>1</sup> Direct taxation.

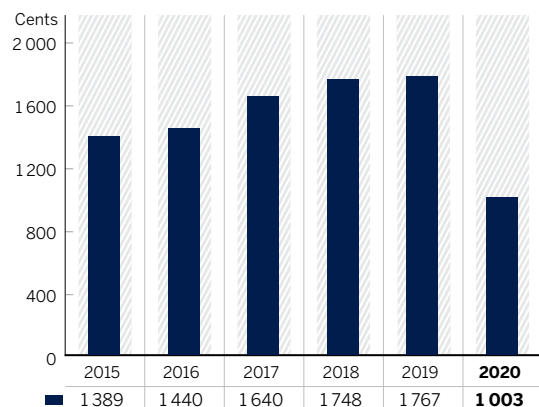
<sup>2</sup> Non-controlling interests and other equity instrument holders.

# HEADLINE EARNINGS AND DIVIDEND PER SHARE

for the year ended 31 December 2020

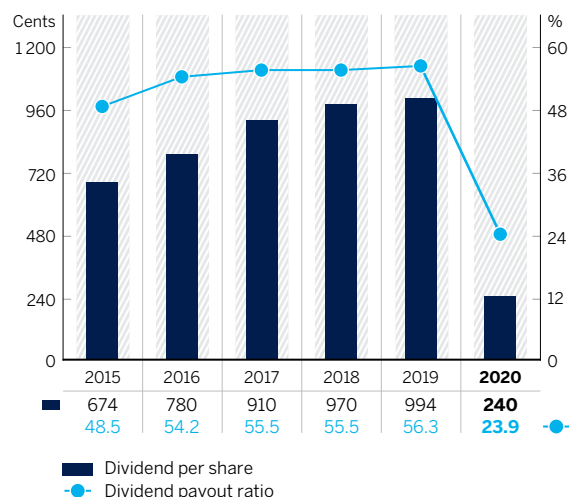
## HEADLINE EARNINGS PER SHARE

CAGR (2015 – 2020): (6%)



## DIVIDEND PER SHARE AND PAYOUT RATIO

CAGR (2015 – 2020): (19%)



		Change %	2020	2019
Headline earnings	Rm	(43)	15 945	28 207
Headline EPS	cents	(43)	1 003	1 767
Basic EPS	cents	(51)	777	1 594
Total dividend per share	cents	(76)	240	994
Interim	cents	(100)	240	454
Final	cents	(56)	240	540
Dividend cover – based on headline EPS	times		4.2	1.8
Dividend payout ratio – based on headline EPS	%		23.9	56.3

## MOVEMENT IN NUMBER OF ORDINARY AND WEIGHTED AVERAGE SHARES ISSUED

	2020		2019	
	Issued number of shares '000	Weighted number of shares '000	Issued number of shares '000	Weighted number of shares '000
<b>Beginning of the period – IFRS shares</b>	1 594 072	1 594 072	1 590 217	1 590 217
Shares in issue	1 619 709	1 619 709	1 618 514	1 618 514
Deemed treasury shares <sup>1</sup>	(25 637)	(25 637)	(28 297)	(28 297)
Shares issued for equity compensation plans	232	190	1 195	610
Movement in deemed treasury shares	(1 400)	(3 848)	2 660	5 797
Share exposures held with banking operations	(6 038)	(6 389)	(1 871)	3 849
Share exposures held to facilitate client trading activities	(652)	(901)	3 173	4 492
Share exposures held to hedge the group's equity compensation plans	(5 386)	(5 488)	(5 044)	(643)
Shares held for the benefit of Liberty policyholders	4 638	2 541	1 545	1 012
Shares held by Tutuwa Structured Entities (SPEs) <sup>1</sup>			2 986	936
<b>End of the year – IFRS shares</b>	1 592 904	1 590 414	1 594 072	1 596 624
Shares in issue	1 619 941	1 619 899	1 619 709	1 619 124
Deemed treasury shares <sup>1</sup>	(27 037)	(29 485)	(25 637)	(22 500)

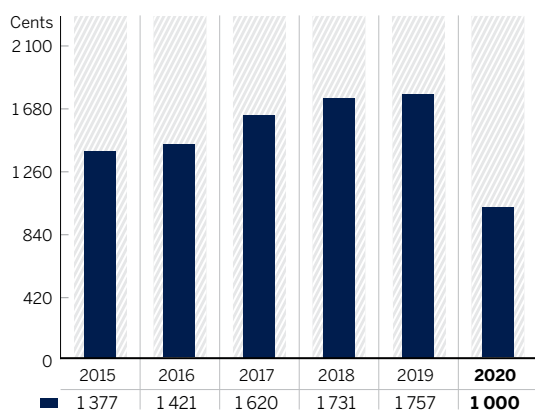
<sup>1</sup> Includes shares held by Tutuwa Structured Entities, the group's share exposures held to facilitate client trading activities and for the benefit of Liberty policyholders. All shares in these Tutuwa entities were redeemed prior to the final redemption date of 4 October 2019.

# DILUTED HEADLINE EARNINGS PER SHARE

for the year ended 31 December 2020

## DILUTED HEADLINE EARNINGS PER SHARE

CAGR (2015 – 2020): (6%)



	Change %	2020 cents	2019 cents
Diluted headline EPS	(43)	1 000	1 757
Diluted EPS	(51)	775	1 585

## DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ISSUED

	2020 '000	2019 '000
Weighted average shares	1 590 414	1 596 624
Dilution from equity compensation plans	4 786	8 887
Group share incentive scheme	44	188
Equity growth scheme	295	1 322
Deferred bonus scheme, long-term incentive plans and related hedges	4 447	7 377
<b>Diluted weighted average shares</b>	<b>1 595 200</b>	1 605 511





# SEGMENTAL REPORTING

# 21

- |  |  |
|--|--|
| <b>22</b> Segmental structure for key business lines                       | <b>32</b> Personal & Business Banking    |
| <b>23</b> Segmental highlights   | <b>38</b> Corporate & Investment Banking |
| <b>24</b> Condensed consolidated segmental statement of financial position | <b>42</b> Liberty                        |
| <b>28</b> Condensed consolidated segmental income statement                |  |

# SEGMENTAL STRUCTURE FOR KEY BUSINESS LINES



Standard Bank Group

## BANKING ACTIVITIES

### PERSONAL & BUSINESS BANKING

Banking and other financial services to individual customers, small to medium-sized enterprises and commercial banking customers in South Africa, Africa Regions and Wealth International. We enable customers to take control of all their financial aspects such as transacting, saving, borrowing or planning by making use of the following product sets either through face-to-face interaction or digitally according to their preference

#### What we offer

##### Transactional products

Comprehensive suite of transactional, saving, investment, trade, foreign exchange, payment and liquidity management solutions made accessible through a range of physical and digital channels

##### Mortgage lending

Residential accommodation loans mainly to personal market customers

##### Card products

- Credit card facilities to individuals and businesses (credit card issuing)
- Merchant transaction acquiring services (merchant solutions)

##### Vehicle and asset finance

- Finance of vehicles for retail market customers
- Finance of vehicles and equipment in the business and corporate assets market
- Fleet solutions

##### Lending product

- Lending products offered to both personal and business markets
- Business lending offerings constitute a comprehensive suite of lending product offerings, structured working capital finance solutions, commercial property finance solutions and trade finance

#### Wealth

- Short-term and life insurance products comprising:
  - loan protection plans sold in conjunction with related banking products, homeowners' insurance, funeral cover, household contents and vehicle insurance
  - life, disability and investment policies sold by qualified intermediaries
- Financial planning and modelling
- Integrated fiduciary services including fiduciary advice, will drafting and custody services as well as trust and estate administration
- Tailored banking, wealth management, investment and advisory services solutions for high net worth individuals
- Offshore financial services to high net worth, mass-affluent and corporate clients of the group
- Investment services including global asset management
- Pension fund administration services

### CORPORATE & INVESTMENT BANKING

Services to clients including governments, parastatals, larger corporates, financial institutions and multinational corporates

#### What we offer

##### Client coverage

Provide in-depth sector expertise to develop relevant client solutions and foster client relationships

##### Global markets

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

##### Transactional products and services

Comprehensive suite of cash management, international trade finance, working capital and investor service solutions

##### Investment banking

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

### CENTRAL AND OTHER

Impact of group hedging activities, group capital instruments, group surplus capital and strategic acquisitions  
Costs of centralised corporate functions, direct costs of corporate functions are recharged to the business segments

## OTHER BANKING INTERESTS

Equity investments held in terms of strategic partnership agreements with ICBC, including:

- ICBC Standard Bank Plc (40% associate)
- ICBC Argentina (20% associate). The disposal of the associate was completed during June 2020.

## LIBERTY

Life insurance and investment management activities

#### What we offer

##### South Africa Retail

Insurance and investment solutions to individual customers in South Africa

##### Business development

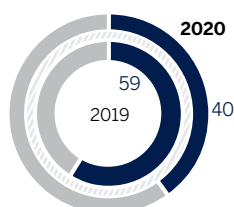
Insurance and investment solutions to corporate clients and retirement funds across sub-Saharan Africa

##### Asset management

Asset management capabilities to manage investment assets in South Africa and southern African Region

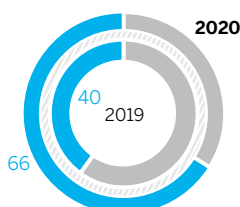
Where reporting responsibility for individual cost centres and divisions within segments change, the segmental analyses' comparative figures are reclassified accordingly.

## SEGMENTAL HIGHLIGHTS

% OF GROUP  
HEADLINE EARNINGS

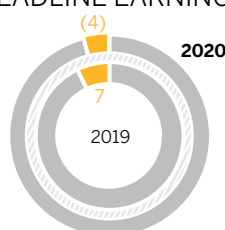
## PERSONAL &amp; BUSINESS BANKING

		2020	2019
Headline earnings	Rm	<b>6 397</b>	16 573
ROE	%	<b>8.9</b>	24.4
Cost-to-income ratio	%	<b>63.2</b>	59.3
CLR on loans to customers	bps	<b>229</b>	96
Gross loans and advances to customers	Rbn	<b>734</b>	686
Net loans and advances	Rbn	<b>728</b>	708

% OF GROUP  
HEADLINE EARNINGS

## CORPORATE &amp; INVESTMENT BANKING

		2020	2019
Headline earnings	Rm	<b>10 566</b>	11 254
ROE	%	<b>15.7</b>	19.0
Cost-to-income ratio	%	<b>53.3</b>	54.8
CLR on loans to customers	bps	<b>80</b>	40
Gross loans and advances to customers	Rbn	<b>432</b>	425
Net loans and advances	Rbn	<b>587</b>	528

% OF GROUP  
HEADLINE EARNINGS

## LIBERTY

		2020	2019
Normalised headline earnings as reported by Liberty	Rm	<b>(1 572)</b>	3 205
IFRS headline earnings attributable to the group	Rm	<b>(651)</b>	1 855
ROE <sup>1</sup>	%	<b>(5.8)</b>	16.5
Value of new business	Rm	<b>24</b>	407
Normalised group equity value	Rbn	<b>35</b>	41
Third-party funds under management	Rbn	<b>776</b>	738

<sup>1</sup> As determined on consolidation of Liberty into SBG.

# CONDENSED CONSOLIDATED SEGMENTAL

for the year ended 31 December 2020

	Personal & Business Banking			Corporate & Investment Banking		
	Change %	2020 Rm	2019 Rm	Change %	2020 Rm	2019 Rm
<b>Assets</b>						
Cash and balances with central banks	4	15 982	15 436	19	71 289	59 669
Derivative assets	(20)	542	676	59	106 144	66 671
Trading assets	(67)	2	6	17	261 173	223 627
Pledged assets				(52)	8 533	17 800
Financial investments	61	72 638	45 146	17	180 493	154 564
Current tax assets	>100	178	21	>100	191	73
Disposal of group assets held for sale						
Loans and advances	3	728 466	708 063	11	587 007	527 611
Loans and advances to banks	(32)	35 182	51 377	52	164 175	107 876
Loans and advances to customers	6	693 284	656 686	1	422 832	419 735
Other assets	(36)	6 744	10 614	54	17 379	11 308
Interest in associates and joint ventures	11	2 042	1 843	1	566	563
Investment property						
Property, equipment and right of use asset	(4)	9 198	9 549	23	415	338
Goodwill and other intangible assets	(9)	10 825	11 886	(77)	688	3 018
Deferred tax assets	39	672	483	13	974	865
<b>Total assets</b>	5	847 289	803 723	16	1 234 852	1 066 107
<b>Equity and liabilities</b>						
<b>Equity</b>	3	76 450	74 101	8	71 014	65 916
Equity attributable to ordinary shareholders	2	70 341	68 686	7	64 167	59 882
Equity attributable to other equity holders	18	2 822	2 384	9	2 911	2 662
Preference shares						
AT1 capital noteholders	18	2 822	2 384	9	2 911	2 662
Equity attributable to non-controlling interests	8	3 287	3 031	17	3 936	3 372
<b>Liabilities</b>	6	770 839	729 622	16	1 163 838	1 000 191
Derivative liabilities	(15)	516	609	57	101 433	64 803
Trading liabilities				(4)	80 385	83 946
Current tax liabilities	(74)	1 307	4 939	(76)	540	2 289
Deposits and debt funding	16	709 561	610 475	10	981 228	891 951
Deposits from banks	>100	9 948	3 510	(6)	159 129	168 828
Deposits and current accounts from customers	15	699 613	606 965	14	822 099	723 123
Interdivisional funding/(lending)	(64)	28 568	80 348	(52)	(38 284)	(79 608)
Subordinated debt	(1)	8 667	8 765	(21)	10 251	12 989
Provision and other liabilities	(8)	23 744	25 813	18	28 859	24 436
Deferred tax liabilities	15	(1 524)	(1 327)	(7)	(574)	(615)
<b>Total equity and liabilities</b>	5	847 289	803 723	16	1 234 852	1 066 107
Average gross loans and advances	5	747 612	714 407	19	639 901	536 013
Average interest-earning assets	7	783 603	733 702	20	928 395	771 778
Average ordinary shareholders' equity	6	71 896	68 025	13	67 271	59 347

## STATEMENT OF FINANCIAL POSITION

	Central and other			Banking activities		
	Change %	2020 Rm	2019 Rm	Change %	2020 Rm	2019 Rm
28		234	183	16	87 505	75 288
13		(590)	(522)	59	106 096	66 825
1		(3 268)	(3 224)	17	257 907	220 409
100		1 849		(42)	10 382	17 800
>100		21 935	4 993	34	275 066	204 703
(31)		325	473	22	694	567
(99)		7	819	(99)	7	819
(19)		(44 218)	(54 607)	8	1 271 255	1 181 067
(30)		(38 227)	(54 408)	54	161 130	104 845
>100		(5 991)	(199)	3	1 110 125	1 076 222
(>100)		1 265	(927)	21	25 388	20 995
(1)		95	96	8	2 703	2 502
65		614	373	65	614	373
(3)		9 396	9 721	(3)	19 009	19 608
(8)		6 251	6 808	(18)	17 764	21 712
80		4 735	2 636	60	6 381	3 984
(96)		(1 370)	(33 178)	13	2 080 771	1 836 652
4		38 030	36 504	5	185 494	176 521
1		27 340	27 096	4	161 848	155 664
14		6 795	5 943	14	12 528	10 989
0		5 503	5 503	0	5 503	5 503
>100		1 292	440	28	7 025	5 486
12		3 895	3 465	13	11 118	9 868
(43)		(39 400)	(69 682)	14	1 895 277	1 660 131
4		(715)	(688)	56	101 234	64 724
30		(297)	(229)	(4)	80 088	83 717
(>100)		3 360	(2 060)	1	5 207	5 168
(14)		(48 388)	(56 346)	14	1 642 401	1 446 080
(28)		(36 903)	(51 219)	9	132 174	121 119
>100		(11 485)	(5 127)	14	1 510 227	1 324 961
(>100)		9 716	(740)			
>100		4 307	1 565	(0)	23 225	23 319
(26)		(10 118)	(13 630)	16	42 485	36 619
12		2 735	2 446	26	637	504
(96)		(1 370)	(33 178)	13	2 080 771	1 836 652
(9)		(51 454)	(56 310)	12	1 336 059	1 194 110
13		(51 339)	(45 594)	14	1 660 659	1 459 886
7		24 672	23 088	9	163 839	150 460

# CONDENSED CONSOLIDATED SEGMENTAL

for the year ended 31 December 2020

	Banking activities			Other banking interests		
	Change %	2020 Rm	2019 Rm	Change %	2020 Rm	2019 Rm
<b>Assets</b>						
Cash and balances with central banks	16	87 505	75 288			
Derivative assets	59	106 096	66 825			
Trading assets	17	257 907	220 409			
Pledged assets	(42)	10 382	17 800			
Financial investments	34	275 066	204 703			
Current tax assets	22	694	567			
Disposal of group assets held for sale	(99)	7	819	(100)		1 196
Loans and advances	8	1 271 255	1 181 067			
Loans and advances to banks	54	161 130	104 845			
Loans and advances to customers	3	1 110 125	1 076 222			
Policyholders' assets						
Other assets	21	25 388	20 995			
Interest in associates and joint ventures	8	2 703	2 502	33	3 522	2 645
Investment property	65	614	373			
Property, equipment and right of use asset	(3)	19 009	19 608			
Goodwill and other intangible assets	(18)	17 764	21 712			
Deferred tax assets	60	6 381	3 984			
<b>Total assets</b>	13	2 080 771	1 836 652	(8)	3 522	3 841
<b>Equity and liabilities</b>						
<b>Equity</b>	5	185 494	176 521	(8)	3 522	3 841
Equity attributable to ordinary shareholders	4	161 848	155 664	(8)	3 522	3 841
Equity attributable to other equity holders	14	12 528	10 989			
Preference shares	0	5 503	5 503			
AT1 capital noteholders	28	7 025	5 486			
Equity attributable to non-controlling interests	13	11 118	9 868			
<b>Liabilities</b>	14	1 895 277	1 660 131			
Derivative liabilities	56	101 234	64 724			
Trading liabilities	(4)	80 088	83 717			
Current tax liabilities	1	5 207	5 168			
Disposal of group liabilities held for sale						
Deposits and debt funding	14	1 642 401	1 446 080			
Deposits from banks	9	132 174	121 119			
Deposits and current accounts from customers	14	1 510 227	1 324 961			
Policyholders' liabilities						
Subordinated debt	(0)	23 225	23 319			
Provision and other liabilities	16	42 485	36 619			
Deferred tax liabilities	26	637	504			
<b>Total equity and liabilities</b>	13	2 080 771	1 836 652	(8)	3 522	3 841
Average gross loans and advances	12	1 336 059	1 194 110			
Average interest-earning assets	14	1 660 659	1 459 886			
Average ordinary shareholders' equity	9	163 839	150 460	(39)	4 063	6 613

<sup>1</sup> Includes adjustments on consolidation of Liberty into the group.

## STATEMENT OF FINANCIAL POSITION

	Liberty <sup>1</sup>			Standard Bank Group		
	Change %	2020 Rm	2019 Rm	Change %	2020 Rm	2019 Rm
				16	<b>87 505</b>	75 288
>100		<b>12 194</b>	4 582	66	<b>118 290</b>	71 407
97		<b>4 720</b>	2 393	18	<b>262 627</b>	222 802
(26)		<b>8 599</b>	11 577	(35)	<b>18 981</b>	29 377
3		<b>375 232</b>	362 616	15	<b>650 298</b>	567 319
(100)			317	(21)	<b>694</b>	884
(64)		<b>213</b>	584	(92)	<b>220</b>	2 599
				8	<b>1 271 255</b>	1 181 067
				54	<b>161 130</b>	104 845
				3	<b>1 110 125</b>	1 076 222
(28)		<b>5 050</b>	7 017	(28)	<b>5 050</b>	7 017
19		<b>10 632</b>	8 906	20	<b>36 020</b>	29 901
(1)		<b>273</b>	276	20	<b>6 498</b>	5 423
(13)		<b>29 303</b>	33 807	(12)	<b>29 917</b>	34 180
(30)		<b>1 693</b>	2 410	(6)	<b>20 702</b>	22 018
(18)		<b>498</b>	611	(18)	<b>18 262</b>	22 323
100		<b>240</b>		66	<b>6 621</b>	3 984
3		<b>448 647</b>	435 096	11	<b>2 532 940</b>	2 275 589
(10)		<b>26 256</b>	29 122	3	<b>215 272</b>	209 484
(6)		<b>11 001</b>	11 724	3	<b>176 371</b>	171 229
				14	<b>12 528</b>	10 989
				0	<b>5 503</b>	5 503
				28	<b>7 025</b>	5 486
(12)		<b>15 255</b>	17 398	(3)	<b>26 373</b>	27 266
4		<b>422 391</b>	405 974	12	<b>2 317 668</b>	2 066 105
>100		<b>10 343</b>	4 774	61	<b>111 577</b>	69 498
>100		<b>1 173</b>	130	(3)	<b>81 261</b>	83 847
100		<b>210</b>		5	<b>5 417</b>	5 168
(63)		<b>92</b>	246	(63)	<b>92</b>	246
(8)		<b>(18 357)</b>	(19 887)	14	<b>1 624 044</b>	1 426 193
				9	<b>132 174</b>	121 119
(8)		<b>(18 357)</b>	(19 887)	14	<b>1 491 870</b>	1 305 074
0		<b>325 192</b>	324 246	0	<b>325 192</b>	324 246
9		<b>6 081</b>	5 582	1	<b>29 306</b>	28 901
9		<b>95 409</b>	87 482	11	<b>137 894</b>	124 101
(34)		<b>2 248</b>	3 401	(26)	<b>2 885</b>	3 905
3		<b>448 647</b>	435 096	11	<b>2 532 940</b>	2 275 589
(0)		<b>11 214</b>	11 247	6	<b>179 116</b>	168 320

# CONDENSED CONSOLIDATED SEGMENTAL

for the year ended 31 December 2020

	Personal & Business Banking			Corporate & Investment Banking		
	Change %	2020 Rm	2019 Rm	Change %	2020 Rm	2019 Rm
<b>Income from banking activities</b>	(4)	<b>70 060</b>	72 777	5	<b>40 179</b>	38 202
Net interest income	(4)	<b>42 167</b>	43 987	0	<b>19 501</b>	19 457
Non-interest revenue	(3)	<b>27 893</b>	28 790	10	<b>20 678</b>	18 745
Net fee and commission revenue	(5)	<b>23 781</b>	25 010	3	<b>6 152</b>	5 983
Trading revenue	93	<b>820</b>	425	17	<b>13 705</b>	11 669
Other revenue	(4)	<b>3 211</b>	3 334	(49)	<b>184</b>	364
Other gains and losses on financial instruments	>100	<b>81</b>	21	(13)	<b>637</b>	729
<b>Net income from investment management and life insurance activities</b>						
<b>Total income</b>	(4)	<b>70 060</b>	72 777	5	<b>40 179</b>	38 202
Credit impairment charges	>100	<b>(15 913)</b>	(6 360)	>100	<b>(4 190)</b>	(1 590)
Loans and advances	>100	<b>(15 930)</b>	(6 351)	>100	<b>(3 798)</b>	(1 725)
Financial investments	>100	<b>30</b>	3	41	<b>(104)</b>	(74)
Letters of credit and guarantees	8	<b>(13)</b>	(12)	(>100)	<b>(288)</b>	209
<b>Income before operating expenses</b>	(18)	<b>54 147</b>	66 417	(2)	<b>35 989</b>	36 612
<b>Operating expenses in banking activities</b>	3	<b>(44 259)</b>	(43 152)	2	<b>(21 418)</b>	(20 950)
Staff costs	(2)	<b>(13 341)</b>	(13 674)	(1)	<b>(6 906)</b>	(7 005)
Other operating expenses	5	<b>(30 918)</b>	(29 478)	4	<b>(14 512)</b>	(13 945)
<b>Operating expenses in insurance activities</b>						
<b>Net income before non-trading and capital items, and equity accounted earnings</b>	(57)	<b>9 888</b>	23 265	(7)	<b>14 571</b>	15 662
Non-trading and capital related items	(>100)	<b>(302)</b>	148	>100	<b>(2 205)</b>	(215)
Share of post-tax profit from associates and joint ventures	(62)	<b>125</b>	325	>100	<b>66</b>	2
<b>Profit before indirect taxation</b>	(59)	<b>9 711</b>	23 738	(20)	<b>12 432</b>	15 449
Indirect taxation	0	<b>(529)</b>	(530)	20	<b>(383)</b>	(318)
<b>Profit before direct taxation</b>	(60)	<b>9 182</b>	23 208	(20)	<b>12 049</b>	15 131
Direct taxation	(61)	<b>(2 271)</b>	(5 816)	(74)	<b>(534)</b>	(2 034)
<b>Profit for the year</b>	(60)	<b>6 911</b>	17 392	(12)	<b>11 515</b>	13 097
Attributable to preference shareholders						
Attributable to AT1 capital noteholders	14	<b>(182)</b>	(160)	(7)	<b>(212)</b>	(229)
Attributable to non-controlling interests	(6)	<b>(561)</b>	(594)	25	<b>(2 243)</b>	(1 796)
<b>Attributable to ordinary shareholders</b>	(63)	<b>6 168</b>	16 638	(18)	<b>9 060</b>	11 072
Headline adjustable items	(>100)	<b>229</b>	(65)	>100	<b>1 506</b>	182
<b>Headline earnings</b>	(61)	<b>6 397</b>	16 573	(6)	<b>10 566</b>	11 254
NIM (bps)		<b>537</b>	600		<b>209</b>	252
CLR (bps)		<b>213</b>	89		<b>59</b>	32
Cost-to-income ratio (%)		<b>63.2</b>	59.3		<b>53.3</b>	54.8
Number of employees	(2)	<b>23 956</b>	24 469	0	<b>3 555</b>	3 551
ROE (%)		<b>8.9</b>	24.4		<b>15.7</b>	19.0



## INCOME STATEMENT

	Central and other			Banking activities		
	Change %	2020 Rm	2019 Rm	Change %	2020 Rm	2019 Rm
>100	<b>(1 658)</b>	(518)	(2)	<b>108 581</b>	110 461	
(54)	<b>(243)</b>	(525)	(2)	<b>61 425</b>	62 919	
(>100)	<b>(1 415)</b>	7	(1)	<b>47 156</b>	47 542	
40	<b>(520)</b>	(371)	(4)	<b>29 413</b>	30 622	
>100	<b>(651)</b>	(19)	15	<b>13 874</b>	12 075	
(>100)	<b>(237)</b>	391	(23)	<b>3 158</b>	4 089	
(>100)	<b>(7)</b>	6	(6)	<b>711</b>	756	
>100	<b>(1 658)</b>	(518)	(2)	<b>108 581</b>	110 461	
>100	<b>(491)</b>	(14)	>100	<b>(20 594)</b>	(7 964)	
(100)	<b>(500)</b>		>100	<b>(20 228)</b>	(8 076)	
(>100)	<b>9</b>	(15)	(24)	<b>(65)</b>	(86)	
(100)		1	(>100)	<b>(301)</b>	198	
>100	<b>(2 149)</b>	(532)	(14)	<b>87 987</b>	102 497	
41	<b>2 495</b>	1 767	1	<b>(63 182)</b>	(62 335)	
2	<b>(14 133)</b>	(13 875)	(1)	<b>(34 380)</b>	(34 554)	
6	<b>16 628</b>	15 642	4	<b>(28 802)</b>	(27 781)	
(72)	<b>346</b>	1 235	(38)	<b>24 805</b>	40 162	
(>100)	<b>252</b>	(84)	>100	<b>(2 255)</b>	(151)	
(100)		6	(43)	<b>191</b>	333	
(48)	<b>598</b>	1 157	(44)	<b>22 741</b>	40 344	
3	<b>(1 191)</b>	(1 158)	5	<b>(2 103)</b>	(2 006)	
>100	<b>(593)</b>	(1)	(46)	<b>20 638</b>	38 338	
(>100)	<b>7</b>	(38)	(65)	<b>(2 798)</b>	(7 888)	
>100	<b>(586)</b>	(39)	(41)	<b>17 840</b>	30 450	
(8)	<b>(383)</b>	(415)	(8)	<b>(383)</b>	(415)	
(62)	<b>(26)</b>	(69)	(8)	<b>(420)</b>	(458)	
(49)	<b>(71)</b>	(138)	14	<b>(2 875)</b>	(2 528)	
61	<b>(1 066)</b>	(661)	(48)	<b>14 162</b>	27 049	
(>100)	<b>(182)</b>	50	>100	<b>1 553</b>	167	
>100	<b>(1 248)</b>	(611)	(42)	<b>15 715</b>	27 216	
				<b>370</b>	431	
				<b>151</b>	68	
				<b>58.2</b>	56.4	
(0)	<b>16 939</b>	16 976	(1)	<b>44 450</b>	44 996	
				<b>9.6</b>	18.1	

# CONDENSED CONSOLIDATED SEGMENTAL

for the year ended 31 December 2020

	Banking activities			Other banking interests		
	Change %	2020 Rm	2019 Rm	Change %	2020 Rm	2019 Rm
<b>Income from banking activities</b>	(2)	<b>108 581</b>	110 461			
Net interest income	(2)	<b>61 425</b>	62 919			
Non-interest revenue	(1)	<b>47 156</b>	47 542			
Net fee and commission revenue	(4)	<b>29 413</b>	30 622			
Trading revenue	15	<b>13 874</b>	12 075			
Other revenue	(23)	<b>3 158</b>	4 089			
Other gains and losses on financial instruments	(6)	<b>711</b>	756			
<b>Net income from investment management and life insurance activities</b>						
<b>Total income</b>	(2)	<b>108 581</b>	110 461			
Credit impairment charges	>100	<b>(20 594)</b>	(7 964)			
Loans and advances	>100	<b>(20 228)</b>	(8 076)			
Financial investments	(24)	<b>(65)</b>	(86)			
Letters of credit and guarantees	(>100)	<b>(301)</b>	198			
<b>Income before operating expenses</b>	(14)	<b>87 987</b>	102 497			
<b>Operating expenses in banking activities</b>	1	<b>(63 182)</b>	(62 335)			
Staff costs	(1)	<b>(34 380)</b>	(34 554)			
Other operating expenses	4	<b>(28 802)</b>	(27 781)			
<b>Operating expenses in insurance activities</b>						
<b>Net income before non-trading and capital items, and equity accounted earnings</b>	(38)	<b>24 805</b>	40 162			
Non-trading and capital related items	>100	<b>(2 255)</b>	(151)	(35)	<b>(1 576)</b>	(2 418)
Share of post-tax profit from associates and joint ventures	(43)	<b>191</b>	333	(>100)	<b>881</b>	(864)
<b>Profit before indirect taxation</b>	(44)	<b>22 741</b>	40 344	(79)	<b>(695)</b>	(3 282)
Indirect taxation	5	<b>(2 103)</b>	(2 006)			
<b>Profit before direct taxation</b>	(46)	<b>20 638</b>	38 338	(79)	<b>(695)</b>	(3 282)
Direct taxation	(65)	<b>(2 798)</b>	(7 888)	(100)	<b>(416)</b>	
<b>Profit for the year</b>	(41)	<b>17 840</b>	30 450	(66)	<b>(1 111)</b>	(3 282)
Attributable to preference shareholders	(8)	<b>(383)</b>	(415)			
Attributable to AT1 capital noteholders	(8)	<b>(420)</b>	(458)			
Attributable to non-controlling interests	14	<b>(2 875)</b>	(2 528)			
<b>Attributable to ordinary shareholders</b>	(48)	<b>14 162</b>	27 049	(66)	<b>(1 111)</b>	(3 282)
Headline adjustable items	>100	<b>1 553</b>	167	(18)	<b>1 992</b>	2 418
<b>Headline earnings</b>	(42)	<b>15 715</b>	27 216	(>100)	<b>881</b>	(864)
NIM (bps)		<b>370</b>	431			
CLR (bps)		<b>151</b>	68			
Cost-to-income ratio (%)		<b>58.2</b>	56.4			
Number of employees	(1)	<b>44 450</b>	44 996			
ROE (%)		<b>9.6</b>	18.1		<b>21.7</b>	(13.1)

<sup>1</sup> Includes adjustments on consolidation of Liberty into the group.

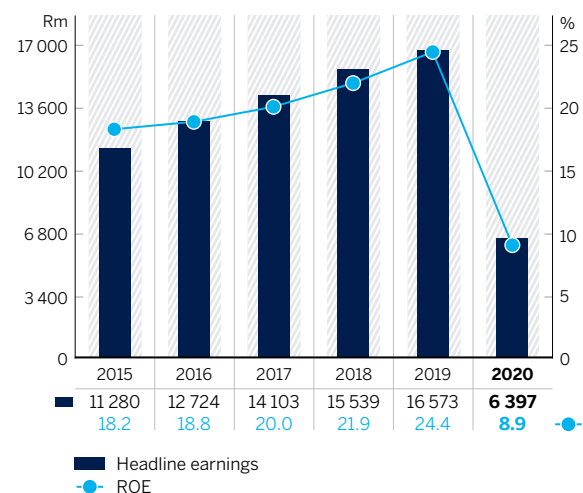
## INCOME STATEMENT

		Liberty <sup>1</sup>		Standard Bank Group		
	Change %	2020 Rm	2019 Rm	Change %	2020 Rm	2019 Rm
				(2)	<b>108 581</b>	110 461
				(2)	<b>61 425</b>	62 919
				(1)	<b>47 156</b>	47 542
				(4)	<b>29 413</b>	30 622
				15	<b>13 874</b>	12 075
				(23)	<b>3 158</b>	4 089
				(6)	<b>711</b>	756
	(36)	<b>15 086</b>	23 573	(36)	<b>15 086</b>	23 573
	(36)	<b>15 086</b>	23 573	(8)	<b>123 667</b>	134 034
				>100	<b>(20 594)</b>	(7 964)
				>100	<b>(20 228)</b>	(8 076)
				(24)	<b>(65)</b>	(86)
				(>100)	<b>(301)</b>	198
	(36)	<b>15 086</b>	23 573	(18)	<b>103 073</b>	126 070
				1	<b>(63 182)</b>	(62 335)
				(1)	<b>(34 380)</b>	(34 554)
				4	<b>(28 802)</b>	(27 781)
	(2)	<b>(16 139)</b>	(16 486)	(2)	<b>(16 139)</b>	(16 486)
	(>100)	<b>(1 053)</b>	7 087	(50)	<b>23 752</b>	47 249
	(61)	<b>(125)</b>	(321)	37	<b>(3 956)</b>	(2 890)
	(37)	<b>12</b>	19	(>100)	<b>1 084</b>	(512)
	(>100)	<b>(1 166)</b>	6 785	(52)	<b>20 880</b>	43 847
	6	<b>(624)</b>	(586)	5	<b>(2 727)</b>	(2 592)
	(>100)	<b>(1 790)</b>	6 199	(56)	<b>18 153</b>	41 255
	(84)	<b>(426)</b>	(2 671)	(66)	<b>(3 640)</b>	(10 559)
	(>100)	<b>(2 216)</b>	3 528	(53)	<b>14 513</b>	30 696
				(8)	<b>(383)</b>	(415)
				(8)	<b>(420)</b>	(458)
	(>100)	<b>1 523</b>	(1 852)	(69)	<b>(1 352)</b>	(4 380)
	(>100)	<b>(693)</b>	1 676	(51)	<b>12 358</b>	25 443
	(77)	<b>42</b>	179	30	<b>3 587</b>	2 764
	(>100)	<b>(651)</b>	1 855	(43)	<b>15 945</b>	28 207
	(1)	<b>5 665</b>	5 695	(1)	<b>50 115</b>	50 691
		<b>(5.8)</b>	16.5		<b>8.9</b>	16.8

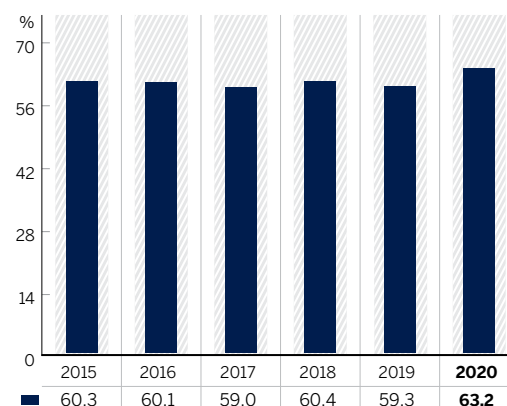
# PERSONAL & BUSINESS BANKING

## HEADLINE EARNINGS

CAGR (2015 – 2020): (11%)



## COST-TO-INCOME RATIO



	CCY %	Change %	2020 Rm	2019 Rm
Net interest income	(5)	(4)	42 167	43 987
Non-interest revenue	(3)	(3)	27 893	28 790
<b>Total income</b>	(4)	(4)	<b>70 060</b>	72 777
Credit impairment charges	>100	>100	(15 913)	(6 360)
Operating expenses	2	3	(44 259)	(43 152)
Taxation	(55)	(56)	(2 800)	(6 346)
<b>Headline earnings</b>	(62)	(61)	<b>6 397</b>	16 573
Headline earnings change	%		(61)	7
Headline earnings contribution to the group	%		40	59
NIM	bps		537	600
CLR	bps		213	89
CLR on loans to customers	bps		229	96
Cost-to-income ratio	%		63.2	59.3
Jaws	bps		(630)	212
Effective direct taxation rate	%		24.7	25.1
RoRWA	%		1.6	4.3
ROE	%		8.9	24.4
Number of employees		(2)	23 956	24 469

## Client focus

- Net promoter scores improved in South Africa to 72 points from 67 points in December 2019. Africa Regions has also shown an improvement to 33 points compared to 25 points in the prior year.
- Cumulative client relief of R118 billion in South Africa and R11 billion in Africa Regions was provided to both individual and business clients to assist with temporary liquidity constraints as a result of the impact of the pandemic.
- To proactively respond to the effects of the Covid-19 lockdown, we actively engaged with clients and provided temporary fee reductions, enhanced digital capabilities and e-commerce solutions.
- While a slow recovery was evidenced in the second half of the year, client turnover has not fully recovered to pre-Covid-19 levels.
- Business productivity was impacted by the implementation of business continuity management measures and focus on client and employee safety.
- Disbursements and new account origination improved in the second half of the year.
- Active client numbers continued to grow in Africa Regions. South Africa was a marginal reduction in active clients year on year but experienced an uplift post 1H20 driven by increased productivity.

## Financial outcome

- Strong deposit growth supported by reduced client spend and conscientious client liquidity management, given the uncertain environment.
- Loan growth was supported by strong disbursements in the second half of the year as lockdown restrictions eased.
- Reducing interest rates, across the continent, resulted in declining margins and lower NII compared to prior year.
- Fee and commission impacted by lower client transactional activity across all channels other than digital platforms.
- Credit impairment charges increased due to deteriorating economic outlook, proactive provisioning alongside client score deterioration.
- Operating expenses remained well contained, supported by the savings derived from the branch reconfiguration concluded in 1H19. This was partially offset by the continued investment in client experience and digitisation workstreams, as well as certain Covid-19 specific expenses, for example front-line employees and customer safety measures.

## LOANS AND ADVANCES BY PRODUCT

	CCY %	Change %	2020 Rm	2019 Rm
<b>Net loans and advances to banks</b>	(36)	(32)	<b>35 182</b>	51 377
Gross loans and advances to banks	(36)	(32)	<b>35 201</b>	51 391
Credit impairments on loans and advances to banks	>100	36	<b>(19)</b>	(14)
<b>Net loans and advances to customers</b>	6	6	<b>693 284</b>	656 686
Gross loans and advances to customers	7	7	<b>734 012</b>	686 214
Mortgage loans	6	6	<b>399 208</b>	378 003
Vehicle and asset finance	5	4	<b>99 071</b>	94 833
Card debtors	2	1	<b>35 121</b>	34 612
Other loans and advances	12	12	<b>200 612</b>	178 766
Personal unsecured lending	12	11	<b>73 607</b>	66 463
Business and other lending	13	13	<b>127 005</b>	112 303
Credit impairments on loans and advances to customers	39	38	<b>(40 728)</b>	(29 528)
Credit impairments on stage 3 loans	41	40	<b>(27 111)</b>	(19 298)
Credit impairments on stage 1 and 2 loans	34	33	<b>(13 617)</b>	(10 230)
<b>Net loans and advances</b>	2	3	<b>728 466</b>	708 063
Gross loans and advances	4	4	<b>769 213</b>	737 605
Credit impairments	39	38	<b>(40 747)</b>	(29 542)

## DEPOSITS AND CURRENT ACCOUNTS BY PRODUCT

	CCY %	Change %	2020 Rm	2019 Rm
<b>Wholesale priced call deposits</b>	16	16	<b>156 514</b>	135 377
<b>Retail priced deposits</b>	14	15	<b>543 099</b>	471 588
Current accounts	19	16	<b>183 537</b>	157 603
Cash management deposits	28	28	<b>49 263</b>	38 589
Call deposits	15	21	<b>161 363</b>	133 344
Savings accounts	28	26	<b>37 601</b>	29 828
Term deposits	(2)	(1)	<b>103 013</b>	104 368
Other funding	14	6	<b>8 322</b>	7 856
<b>Deposits from customers</b>	15	15	<b>699 613</b>	606 965
Deposits from banks	>100	>100	<b>9 948</b>	3 510
Wholesale priced interdivisional funding	(66)	(64)	<b>28 568</b>	80 348
<b>Total deposits</b>	6	7	<b>738 129</b>	690 823

# PERSONAL & BUSINESS BANKING

## KEY BUSINESS STATISTICS

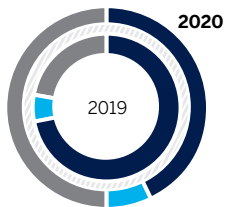
		Change %	2020	2019
<b>South Africa</b>				
<b>Mortgage lending</b>				
New business disbursements	Rm	13	<b>56 510</b>	49 870
Number of loan applications received	thousands	17	<b>258</b>	220
Average loan to value (LTV) of new business registered	%		<b>91.3</b>	87.9
Portfolio market share <sup>1</sup>	%		<b>34.5</b>	33.9
New business referred by mortgage originators	%		<b>62.4</b>	54.8
<b>Vehicle and asset finance</b>				
New business disbursements	Rm	(13)	<b>34 664</b>	39 890
– motor	Rm	(15)	<b>27 976</b>	33 016
– non-motor	Rm	(3)	<b>6 688</b>	6 874
<b>Clients</b>				
Active clients	thousands	(1)	<b>9 347</b>	9 482
Digital active clients	thousands	15	<b>3 004</b>	2 605
Ucount clients	thousands	8	<b>1 013</b>	935
Standard Bank Mobile subscribers	thousands	>100	<b>150</b>	68
<b>Client activity</b>				
Instant Money turnover	Rm	5	<b>21 211</b>	20 161
Instant Money transactional volumes	thousands	0	<b>26 858</b>	26 744
Digital transactional volumes	thousands	29	<b>2 273 592</b>	1 759 043
Internet banking transactional volumes	thousands	(6)	<b>463 408</b>	495 482
Mobile banking transactional volumes	thousands	43	<b>1 810 184</b>	1 263 561
ATM transactional volumes	thousands	(20)	<b>287 290</b>	360 726
Branch transactional volumes	thousands	(44)	<b>32 724</b>	58 453
<b>Points of representation</b>				
Branch square metres	thousands	(5)	<b>295</b>	311
Branches <sup>2</sup>		2	<b>540</b>	528
ATMs <sup>3</sup>		(34)	<b>4 444</b>	6 728
<b>Africa Regions</b>				
<b>Clients</b>				
Active clients	thousands	7	<b>5 439</b>	5 099
<b>Clients activity</b>				
Digital transactional volumes	thousands	27	<b>243 840</b>	191 750
Internet banking transactional volumes	thousands	26	<b>20 193</b>	16 001
Mobile banking transactional volumes	thousands	47	<b>124 997</b>	84 776
ATM transactional volumes	thousands	(9)	<b>136 191</b>	150 358
Branch transactional volumes	thousands	(29)	<b>20 652</b>	28 901
<b>Points of representation</b>				
Branches <sup>4</sup>		0	<b>584</b>	586
ATMs		4	<b>2 330</b>	2 248

<sup>1</sup> Residential mortgages only.

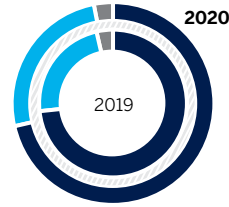
<sup>2</sup> Includes Kiosk and bank on wheels.

<sup>3</sup> ATMs declined predominately related to the termination of contracts relating to non-Standard Bank owned ATMs.

<sup>4</sup> Includes service centres, customer service trade points, agencies, in-store banking and 'bank at work' sites.

HEADLINE EARNINGS  
BY MARKET SEGMENT (%)

	2020	2019
● Retail and business banking	43	72
● Commercial banking	7	6
● Wealth	50	22

TOTAL INCOME  
BY GEOGRAPHY (Rm)

	2020	2019
● South Africa	50 072	53 416
● Africa Regions	17 931	16 851
● International	2 057	2 510

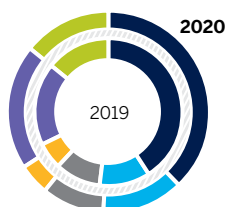
## SUMMARISED INCOME STATEMENT BY GEOGRAPHY

	South Africa				Africa Regions			
	CCY %	Change %	2020 Rm	2019 Rm	CCY %	Change %	2020 Rm	2019 Rm
Net interest income	(4)	(4)	31 163	32 614	1	3	9 901	9 649
Non-interest revenue	(9)	(9)	18 909	20 802	12	11	8 030	7 202
<b>Total income</b>	(6)	(6)	50 072	53 416	6	6	17 931	16 851
Credit impairment charges	>100	>100	(13 956)	(5 040)	48	49	(1 949)	(1 312)
Operating expenses	1	1	(29 550)	(29 317)	6	5	(13 433)	(12 740)
<b>Headline earnings</b>	(65)	(65)	4 889	14 111	(40)	(32)	821	1 202
CLR (bps)			235	88			221	169
Cost-to-income ratio (%)			59.0	54.9			74.9	75.6
ROE (%)			9.0	26.3			6.9	11.3

	Wealth International			
	CCY %	Change %	2020 Rm	2019 Rm
Net interest income	(44)	(36)	1 103	1 724
Non-interest revenue	5	21	954	786
<b>Total income</b>	(29)	(18)	2 057	2 510
Credit impairment charges	0	0	(8)	(8)
Operating expenses	1	17	(1 276)	(1 095)
<b>Headline earnings</b>	(52)	(45)	687	1 260
CLR (bps)			1	1
Cost-to-income ratio (%)			62.0	43.6
ROE (%)			12.1	33.1

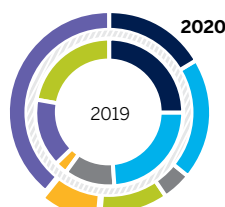
# PERSONAL & BUSINESS BANKING

## PBB COMPOSITION OF TOTAL INCOME BY PRODUCT (%)



	2020	2019
● Transactional products	38	41
● Mortgage lending	13	11
● Card products	10	10
● Vehicle and asset finance	5	6
● Lending products	20	18
● Wealth	14	14

## PBB COMPOSITION OF HEADLINE EARNINGS BY PRODUCT (%)



	2020	2019
● Transactional products	21	25
● Mortgage lending	25	24
● Card products	6	11
● Vehicle and asset finance	(14)	3
● Lending products	12	15
● Wealth	50	22

## SUMMARISED INCOME STATEMENT BY PRODUCT

	Transactional products				Mortgage lending			
	CCY %	Change %	2020 Rm	2019 Rm	CCY %	Change %	2020 Rm	2019 Rm
Net interest income	(17)	(17)	13 863	16 706	7	7	8 613	8 058
Non-interest revenue	(4)	(5)	12 751	13 456	14	14	349	306
<b>Total income</b>	(12)	(12)	26 614	30 162	7	7	8 962	8 364
Credit impairment charges					>100	>100	(4 372)	(923)
Operating expenses	2	2	(24 180)	(23 806)	3	2	(2 255)	(2 211)
<b>Headline earnings</b>	(70)	(69)	1 314	4 257	(57)	(57)	1 676	3 914

	Card products				Vehicle and asset finance			
	CCY %	Change %	2020 Rm	2019 Rm	CCY %	Change %	2020 Rm	2019 Rm
Net interest income	5	5	3 262	3 106	2	2	3 206	3 147
Non-interest revenue	(15)	(16)	3 441	4 086	(36)	(36)	619	969
<b>Total income</b>	(7)	(7)	6 703	7 192	(7)	(7)	3 825	4 116
Credit impairment charges	>100	>100	(2 231)	(992)	>100	>100	(2 618)	(969)
Operating expenses	4	4	(3 842)	(3 690)	5	5	(2 476)	(2 350)
<b>Headline earnings</b>	(78)	(78)	400	1 788	(>100)	(>100)	(917)	509

	Lending products				Wealth			
	CCY %	Change %	2020 Rm	2019 Rm	CCY %	Change %	2020 Rm	2019 Rm
Net interest income	10	11	11 263	10 191	(36)	(29)	1 960	2 779
Non-interest revenue	3	(2)	2 614	2 663	6	11	8 119	7 310
<b>Total income</b>	9	8	13 877	12 854	(6)	(0)	10 079	10 089
Credit impairment charges	90	92	(6 659)	(3 463)	>100	>100	(33)	(13)
Operating expenses	4	2	(5 943)	(5 825)	1	6	(5 563)	(5 270)
<b>Headline earnings</b>	(70)	(70)	743	2 458	(18)	(13)	3 181	3 647



## Transactional products

- Strong deposit growth realised across the portfolio driven by reduced customer spend and conscientious liquidity management. This behaviour persisted despite the easing of Covid-19 restrictions in the second half of the year.
- NII was impacted by negative endowment following the interest rate cuts across the continent.
- Net fee and commission revenue declined as a result of lower client activity, deliberate bank-deployed customer fee relief, combined with the impact of regulatory fee waivers and caps introduced across the continent.
- Once-off branch reconfiguration costs in the prior year as well as stringent cost efficiency measures implemented during 2020 resulted in below-inflation cost growth.

## Mortgage lending

- NII increased as a result of strong loan book growth in Ghana, Kenya, Namibia and South Africa driven by higher registrations.
- The already protracted legal environment remains constrained and backlogged following the lockdown regulations. In addition, increased probability of defaults and the acceleration of permanently distressed payment holiday extensions into stage 3 further contributed to higher impairments. This has been partially offset by continued asset realisation.

## Card products

- Higher average interest-earning asset balances supported NII growth.
- NIR was negatively impacted by lower transactional activity during the lockdown, regulatory fee capping as well as additional pressure on card-related fees impacting Botswana, Kenya, Namibia, Nigeria, South Africa and Uganda.
- The increased impairment charge and CLR largely emanates from consumer strain in older vintages, driven by the tough economic climate, intensified by a constrained collections environment. Higher expected losses coupled with the acceleration of payment holiday extensions into stage 3 further contributed to the elevated charge.

## Vehicle and asset finance

- Balance sheet growth supported by new disbursements partially offset by repayments in the last 12 months.
- NII increased in line with balance sheet growth, but partially offset by margin compression.

- Lower fleet rental income and lower end-of-contract profits as a result of early rental settlements led to lower NIR in South Africa.
- Increased impairment charge was primarily due to lower cash collections and increased forward rolls following job losses and income reductions consequential to the prolonged lockdown. Higher expected losses applied further contributed to the higher charge.

## Lending products

- New business disbursements, supported by new online origination capability, led to book growth.
- NII growth was assisted by good balance sheet growth, moderated by margin pressure.
- In support of the Covid-19 government guarantee loans scheme, new loans originated buoyed book growth, but provided minimal margin return in South Africa.
- The increase in personal lending impairments and CLR was driven by elevated consumer strain, constrained collection environment and ageing amplified by a larger customer base. In addition, higher forward looking provisions and the acceleration of permanently distressed client relief extensions into stage 3 further contributed to higher impairments. This was partially offset by debt sales proceeds.
- As a result of reduced turnover, resulting from the lockdown restrictions introduced across sectors, there was an increase in stage 2 (significant increase in credit risk) within the Small Enterprise and Business segment.

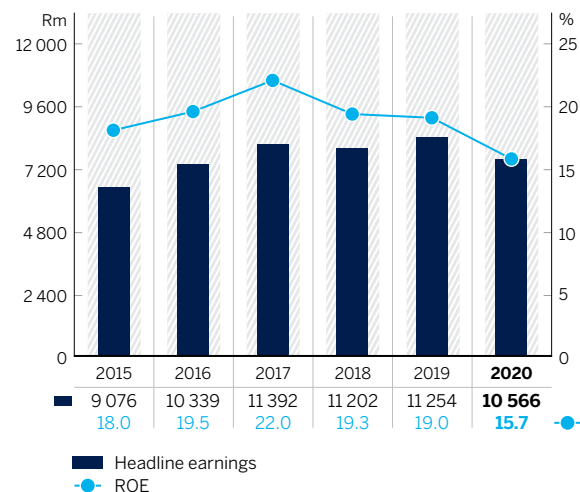
## Wealth

- Sustained growth in the Nigeria Wealth business' assets under management and continued diversification of the Wealth business in Africa Regions.
- Lower earnings in the Insurance business as a result of higher credit life and funeral claims, partially offset by lower short-term claims and improved client retention.
- Revenue pressures in the South African Investment business due to the subdued economic environment, notwithstanding above benchmark investment performance.
- Lower NII in Wealth International largely attributed to USD and GBP interest rate cuts coupled with the impact of the SA sovereign downgrade.
- Higher earnings in Wealth and Investment Africa Regions driven by deposit and lending growth, partially offset by negative endowment and higher credit impairments in South Africa.

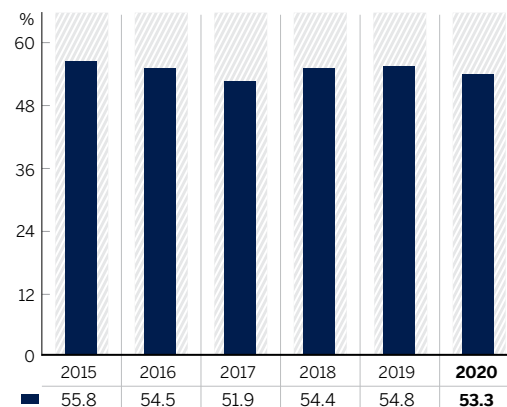
# CORPORATE & INVESTMENT BANKING

## HEADLINE EARNINGS

CAGR (2015 – 2020): 3%



## COST-TO-INCOME RATIO



	CCY %	Change %	2020 Rm	2019 Rm
Net interest income	(0)	0	19 501	19 457
Non-interest revenue	9	10	20 678	18 745
<b>Total income</b>	4	5	<b>40 179</b>	38 202
Credit impairment charges	>100	>100	<b>(4 190)</b>	(1 590)
Operating expenses	2	2	<b>(21 418)</b>	(20 950)
Taxation	(60)	(61)	<b>(917)</b>	(2 352)
<b>Headline earnings</b>	(9)	(6)	<b>10 566</b>	11 254
Headline earnings change	%		<b>(6)</b>	0
Headline earnings contribution to the group	%		<b>66</b>	40
NIM	bps		<b>209</b>	252
CLR	bps		<b>59</b>	32
CLR to customers	bps		<b>80</b>	40
Cost-to-income ratio	%		<b>53.3</b>	54.8
Jaws	bps		<b>294</b>	(90)
Effective direct taxation rate	%		<b>4.4</b>	13.4
RoRWA	%		<b>2.1</b>	2.6
ROE	%		<b>15.7</b>	19.0
Number of employees		0	<b>3 555</b>	3 551

## Client focus

- Proactively engaged our clients during the advent of the global Covid-19 pandemic and provided cumulative relief of R24.8 billion, including increased liquidity facilities, loan restructuring, covenant relaxations and payment holidays.
- Continued to be close to our clients and remained responsive to their evolving liquidity, capital and risk management needs in volatile market conditions.
- Successfully partnered with global multinational companies and large domestic corporates, consolidating our standing as a leading specialist investment bank on the continent.
- Our clients in essential services sectors, such as consumer goods and telecommunications, underpinned our client revenue growth. Our clients in the hospitality, automotive and mining sectors were most negatively impacted by the lockdown measures implemented across our markets.
- Our Sustainable Finance team facilitated funding solutions that supported our clients' adoption of environmentally and socially responsible practices.
- Focused on innovative digital solutions which improve service efficiency and client experience.

## Financial outcome

- The franchise continues to benefit from regional diversification with strong results in Africa Regions bolstering performance.
- Elevated market volatility, increased client activity and appropriate risk management supported trading revenue growth.
- Strong growth in customer deposits throughout the year, however the significant growth seen in customer loans and advances during 1H20 subsided during 2H20.
- Declining interest rate environment and competitive pressures resulted in margin compression.
- Negative revaluations on the equity investment portfolio were a significant drag on the South African results.
- Focus on cost discipline and management was maintained while absorbing Covid-19-related costs.
- Credit impairments escalated across sectors and regions, driven by stressed economic conditions and the impact of Covid-19.
- Deterioration of internal client and sovereign risk grades resulted in higher capital utilisation.
- The migration to the New Business Online (new BOL) platform in South Africa was halted in response to client needs, with new, more responsive solutions being explored to better serve our clients.

## LOANS AND ADVANCES BY PRODUCT

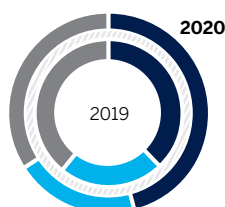
	CCY %	Change %	2020 Rm	2019 Rm
<b>Gross loans and advances to banks</b>	55	52	<b>164 245</b>	107 921
Credit impairments on loans and advances to banks	100	56	<b>(70)</b>	(45)
<b>Net loans and advances to banks</b>	55	52	<b>164 175</b>	107 876
Gross loans and advances to customers including high quality liquid assets (HQLA)	1	2	<b>452 619</b>	444 055
Global markets	38	40	<b>54 700</b>	39 115
Investment banking	(3)	(2)	<b>355 400</b>	361 554
Customer lending qualifying as HQLA	13	13	<b>21 118</b>	18 628
Other loans and advances to customers	(3)	(3)	<b>334 282</b>	342 926
Transactional products and services	0	(2)	<b>42 519</b>	43 386
Less: HQLA	13	13	<b>(21 118)</b>	(18 628)
<b>Gross loans and advances to customers</b>	1	1	<b>431 501</b>	425 427
Credit impairments on loans and advances to customers	54	52	<b>(8 669)</b>	(5 692)
Credit impairments on stage 3 loans	84	85	<b>(6 145)</b>	(3 316)
Credit impairments on stage 1 and 2 loans	10	6	<b>(2 524)</b>	(2 376)
<b>Net loans and advances to customers</b>	0	1	<b>422 832</b>	419 735
<b>Comprising:</b>				
<b>Net loans and advances</b>	11	11	<b>587 007</b>	527 611
Gross loans and advances	12	12	<b>595 746</b>	533 348
Credit impairments	54	52	<b>(8 739)</b>	(5 737)

## DEPOSITS AND DEBT FUNDING BY PRODUCT

	CCY %	Change %	2020 Rm	2019 Rm
Current accounts	27	19	<b>98 754</b>	82 911
Cash management deposits	52	52	<b>222 886</b>	146 378
Call deposits	31	31	<b>114 009</b>	87 030
Term deposits	1	1	<b>195 152</b>	193 655
Negotiable certificates of deposit	(27)	(27)	<b>109 076</b>	148 622
Other funding	28	27	<b>82 222</b>	64 527
<b>Deposits from customers</b>	15	14	<b>822 099</b>	723 123
Interbank deposits	(9)	(6)	<b>159 129</b>	168 828
Interdivisional funding	(54)	(52)	<b>(38 284)</b>	(79 608)
<b>Total deposits and debt funding</b>	17	16	<b>942 944</b>	812 343

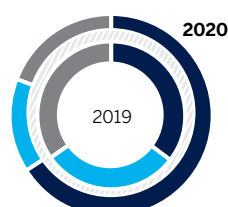
# CORPORATE & INVESTMENT BANKING

CIB COMPOSITION OF TOTAL INCOME BY PRODUCT (%)



	2020	2019
● Global markets	<b>46</b>	38
● Investment banking	<b>20</b>	23
● Transactional products and services	<b>34</b>	39

CIB COMPOSITION OF HEADLINE EARNINGS BY PRODUCT (%)



	2020	2019
● Global markets	<b>66</b>	39
● Investment banking	<b>15</b>	33
● Transactional products and services	<b>19</b>	28

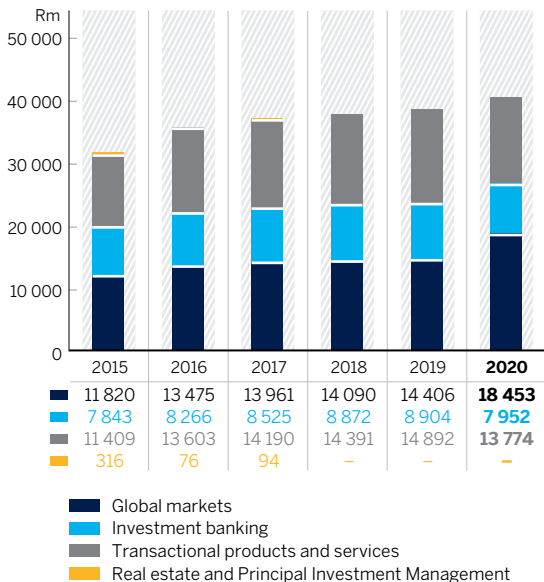
## SUMMARISED INCOME STATEMENT BY PRODUCT

	Global markets				Investment banking			
	CCY %	Change %	2020 Rm	2019 Rm	CCY %	Change %	2020 Rm	2019 Rm
Net interest income	5	1	<b>3 633</b>	3 594	13	18	<b>6 271</b>	5 317
Non-interest revenue	39	37	<b>14 820</b>	10 812	(56)	(53)	<b>1 681</b>	3 587
<b>Total income</b>	30	28	<b>18 453</b>	14 406	(15)	(11)	<b>7 952</b>	8 904
Credit impairment charges	>100	99	<b>(221)</b>	(111)	>100	>100	<b>(2 614)</b>	(580)
Operating expenses	5	5	<b>(7 361)</b>	(7 032)	(4)	(2)	<b>(4 977)</b>	(5 053)
<b>Headline earnings</b>	62	61	<b>7 014</b>	4 362	(61)	(59)	<b>1 552</b>	3 742

	Transactional products and services				Corporate & Investment Banking			
	CCY %	Change %	2020 Rm	2019 Rm	CCY %	Change %	2020 Rm	2019 Rm
Net interest income	(8)	(9)	<b>9 597</b>	10 546	(0)	0	<b>19 501</b>	19 457
Non-interest revenue	(7)	(4)	<b>4 177</b>	4 346	9	10	<b>20 678</b>	18 745
<b>Total income</b>	(8)	(8)	<b>13 774</b>	14 892	4	5	<b>40 179</b>	38 202
Credit impairment charges	48	51	<b>(1 355)</b>	(899)	>100	>100	<b>(4 190)</b>	(1 590)
Operating expenses	4	2	<b>(9 080)</b>	(8 865)	2	2	<b>(21 418)</b>	(20 950)
<b>Headline earnings</b>	(40)	(37)	<b>2 000</b>	3 150	(9)	(6)	<b>10 566</b>	11 254

## CIB TOTAL INCOME BY PRODUCT

CAGR: Global markets	9%
Investment banking	0%
Transactional products and services	4%



### Global markets

- Strong revenue performance driven by elevated market volatility, increased client activity and appropriate risk management.
- The Africa Regions portfolio produced strong revenue growth with our key markets benefitting from increased foreign exchange volumes and declining interest rate environments.
- Improved equities market share in a volatile trading environment. The consolidation of the South African equities offering into a single business continued to deliver benefits.

### Investment banking

- The portfolio continues to benefit from growing regional diversification, with Africa Regions revenue growing in tough market conditions.
- Improved capital markets and advisory fee performances off the back of increased client activity in Africa Regions.
- Loans and advances growth impacted by the slowdown in corporate activity in 2H20 as well as clients managing their debt levels down.
- Decrease in NIM as a result of competition for quality credit and interest rate reductions in most key markets.
- Equity investment portfolio in South Africa incurred significant writedowns as the economic environment impacted profitability of certain investments and their carrying value.
- Impairments increased sharply as a result of the worsening macroeconomic outlook and the deterioration in operating environments.

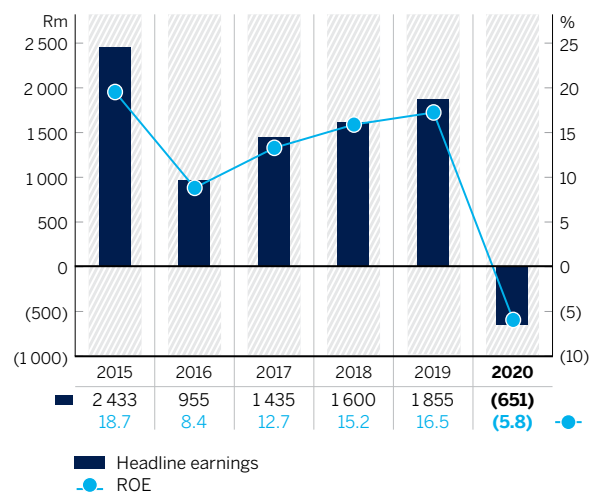
### Transactional products and services

- Strong growth in customer deposits in South Africa and Africa Regions as clients reassessed planned capital investments.
- Significant growth in loans and advances driven by increased utilisation of working capital and trade finance facilities.
- Declining interest rates negatively impacted revenues in key markets, including Mozambique, Nigeria and South Africa.
- Adverse impact of regulatory interventions in key markets, particularly Kenya and Nigeria.
- Stage 3 credit impairment charges increased, mainly as a result of stress in the South Africa construction sector, exacerbated by the impact of Covid-19.

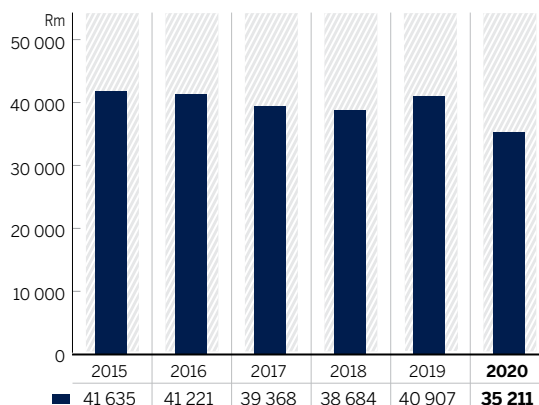
## LIBERTY

## HEADLINE EARNINGS – SBG SHARE

CAGR (2015 – 2020): (&gt;100%)



## NORMALISED GROUP EQUITY VALUE

CAGR<sup>1</sup> (2015 – 2020): (3%)

## KEY RATIOS AND STATISTICS AS REPORTED BY LIBERTY

		Change %	2020	2019
Normalised operating earnings	Rm	(>100)	(1 599)	2 201
Normalised headline earnings	Rm	(>100)	(1 572)	3 205
IFRS headline earnings	Rm	(>100)	(1 539)	3 254
Normalised return on Liberty group equity value <sup>1</sup>	%		(10.2)	11.5
Normalised group equity value	Rm	(14)	35 211	40 907
Solvency capital requirement coverage ratio	times		1.81	1.99
Indexed new business (excluding contractual increases)	Rm	(10)	7 302	8 125
New business margin	%		0.1	1.0
Value of new business	Rm	(94)	24	407
Net cash inflows in long-term insurance operations	Rm	>100	(3 397)	(142)
Group assets under management	Rbn	5	776	738
Asset management net cash flows (external)	Rm	>100	33 039	12 843

<sup>1</sup> Return on embedded value.

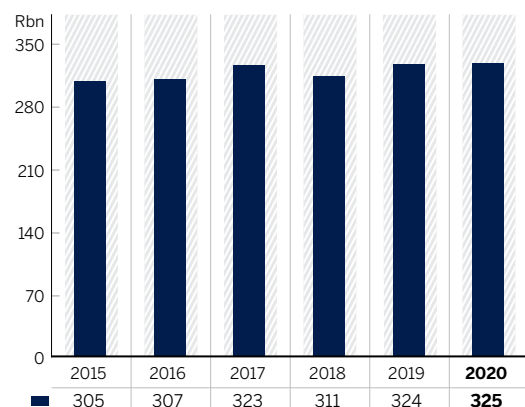
## KEY RATIOS AND STATISTICS AS CONSOLIDATED IN SBG

		Change %	2020	2019
Effective interest in Liberty at end of year	%		57.4	56.4
Headline earnings attributable to the group <sup>1</sup>	Rm	(>100)	(651)	1 855
SBG share of Liberty's IFRS headline earnings	Rm	(>100)	(880)	1 847
Impact of SBG shares held for the benefit of Liberty policyholders	Rm	>100	229	8
ROE	%		(5.8)	16.5

<sup>1</sup> Includes an adjustment for group shares held for the benefit of Liberty policyholders (deemed treasury shares).

## LONG-TERM POLICYHOLDER LIABILITIES

CAGR (2015 – 2020): 1%



## HEADLINE EARNINGS

	Change %	2020 Rm	2019 Rm
<b>South African insurance operations</b>	(65)	<b>689</b>	1 986
SA Retail	(68)	<b>484</b>	1 505
Liberty Corporate	(55)	<b>38</b>	85
LibFin Markets	(58)	<b>167</b>	396
<b>South Africa Asset Management – STANLIB</b>	1	<b>466</b>	460
<b>Africa Regions<sup>1</sup></b>	(61)	<b>21</b>	54
Liberty Africa Insurance	28	<b>37</b>	29
Liberty Health	(100)	<b>(43)</b>	
STANLIB Africa	8	<b>27</b>	25
<b>Operations under ownership review</b>	(63)	<b>(54)</b>	(147)
<b>Central costs and sundry income</b>	>100	<b>(494)</b>	(152)
<b>Normalised operating earnings excluding pandemic reserve</b>	(71)	<b>628</b>	2 201
Covid-19 pandemic reserve	(100)	<b>(2 227)</b>	
<b>Normalised operating (loss)/earnings</b>	(>100)	<b>(1 599)</b>	2 201
Shareholder Investment Portfolio (SIP)	(97)	<b>27</b>	1 004
<b>Normalised headline (loss)/earnings</b>	(>100)	<b>(1 572)</b>	3 205
BEE preference shares income	(33)	<b>(4)</b>	(6)
Accounting profit or loss mismatch arising on consolidation of Liberty Two Degrees	(33)	<b>37</b>	55
<b>IFRS headline (loss)/earnings</b>	(>100)	<b>(1 539)</b>	3 254

<sup>1</sup> Comprises Liberty Africa Insurance and STANLIB Africa within southern African Region.

## Client focus

- In continuing to support clients through their life journeys and fulfilling our promises to them, death and disability payments made by Liberty in 2020 increased by 11.4% to R11.7 billion and annuity payments increased by 9.2% to R8.6 billion.
- Various premium relief measures were implemented for risk and investment products during the year to assist and provide relief to our individual and corporate clients experiencing financial hardship during the Covid-19 pandemic.
- We continue to prioritise our employees and advisers health and safety to ensure that we provide uninterrupted service and support to our clients.

## Financial outcome

- Liberty's operations remain financially sound and well capitalised, with Liberty Group Limited remaining towards the upper end of the capital coverage target range of 1.5 – 2.0 times after considering the operational and financial market impacts of the pandemic and the establishment of the pandemic reserve.
- South African asset management business, STANLIB South Africa, reported marginally improved earnings for the year and increased net external third-party client cash inflows. This reflects the benefits of having diverse sources of income between the insurance and asset management operations within the group.
- Weak performance in SIP and LibFin Markets portfolios and lower earnings from all insurance business areas largely attributable to the Covid-19 pandemic impact, including creating pandemic reserve amounting to R2.2 billion post-tax.





# FINANCIAL PERFORMANCE

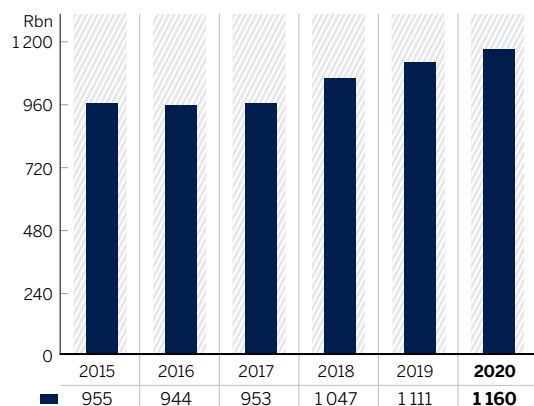
# 45

- 46** Loans and advances
- 47** Deposits and debt funding
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- 52** Income statement charges
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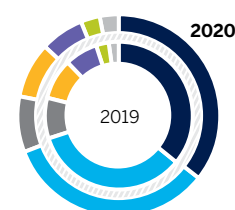
# LOANS AND ADVANCES

## GROSS LOANS AND ADVANCES TO CUSTOMERS

CAGR (2015 – 2020): 4%



## COMPOSITION OF LOANS TO CUSTOMERS (%)



	2020	2019
Term loans	36	36
Mortgage lending	34	34
Vehicle and asset finance	9	9
Overdraft and other demand loans	8	9
Other term loans	7	7
Card debtors	3	3
Loans granted under resale agreements	3	2

	CCY %	Change %	2020 Rm	2019 Rm
<b>Personal &amp; Business Banking</b>	7	7	734 012	686 214
Mortgage loans	6	6	399 208	378 003
Vehicle and asset finance	5	4	99 071	94 833
Card debtors	2	1	35 121	34 612
Other loans and advances	12	12	200 612	178 766
Personal unsecured	12	11	73 607	66 463
Business lending and other	13	13	127 005	112 303
<b>Corporate &amp; Investment Banking</b>	1	1	431 501	425 427
Global markets	38	40	54 700	39 115
Investment banking	(3)	(3)	334 282	342 926
Transactional products and services	0	(2)	42 519	43 386
<b>Central and other</b>	>100	>100	(5 491)	(199)
<b>Gross loans and advances to customers</b>	4	4	1 160 022	1 111 442
Credit impairments on loans and advances to customers	42	42	(49 897)	(35 220)
Credit impairments on stage 3 loans	47	47	(33 256)	(22 614)
Credit impairments on stage 1 and 2 loans	33	32	(16 641)	(12 606)
<b>Net loans and advances to customers</b>	3	3	1 110 125	1 076 222
<b>Gross loans and advances to banks</b>	51	54	161 219	104 904
Credit impairments on loans and advances to banks	>100	51	(89)	(59)
<b>Net loans and advances to banks</b>	51	54	161 130	104 845
<b>Net loans and advances</b>	7	8	1 271 255	1 181 067
Gross loans and advances	8	9	1 321 241	1 216 346
Credit impairments	42	42	(49 986)	(35 279)

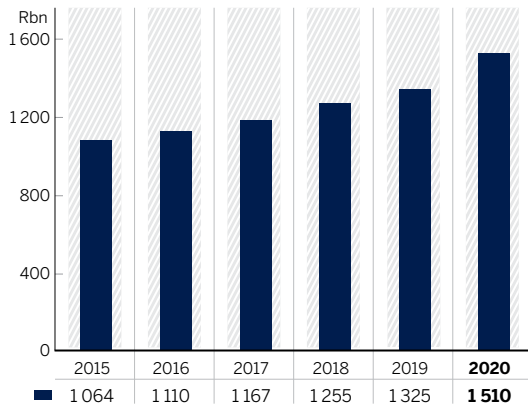
	2020 Rm	2019 Rm
<b>Loans and advances classification<sup>1</sup></b>		
Net loans and advances measured at amortised cost	1 269 051	1 180 906
Loans and advances measured at fair value through profit or loss	2 204	161
<b>Total net loans and advances</b>	<b>1 271 255</b>	<b>1 181 067</b>

<sup>1</sup> For more details on the classification of the group's assets and liabilities, refer to pages 108 – 111.

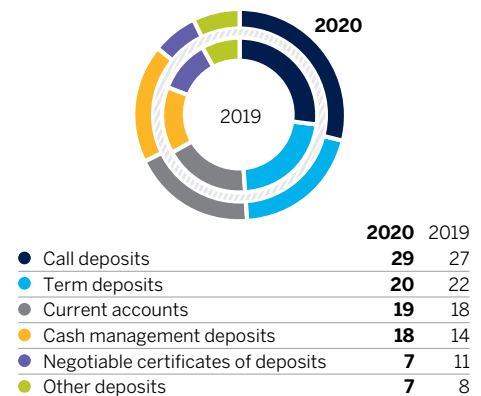
# DEPOSITS AND DEBT FUNDING

## DEPOSITS FROM CUSTOMERS

CAGR (2015 – 2020): 7%



## COMPOSITION OF DEPOSITS FROM CUSTOMERS (%)



	CCY %	Change %	2020 Rm	2019 Rm
<b>Personal &amp; Business Banking</b>	15	15	<b>699 613</b>	606 965
Wholesale priced deposits	16	16	<b>156 514</b>	135 377
Retail priced deposits	14	15	<b>543 099</b>	471 588
Current accounts	19	16	<b>183 537</b>	157 603
Cash management deposits	28	28	<b>49 263</b>	38 589
Call deposits	15	21	<b>161 363</b>	133 344
Savings accounts	28	26	<b>37 601</b>	29 828
Term deposits	(2)	(1)	<b>103 013</b>	104 368
Other deposits	14	6	<b>8 322</b>	7 856
<b>Corporate &amp; Investment Banking</b>	15	14	<b>822 099</b>	723 123
Current accounts	27	19	<b>98 754</b>	82 911
Cash management deposits	52	52	<b>222 886</b>	146 378
Call deposits	31	31	<b>114 009</b>	87 030
Term deposits	1	1	<b>195 152</b>	193 655
Negotiable certificates of deposit	(27)	(27)	<b>109 076</b>	148 622
Other funding	28	27	<b>82 222</b>	64 527
<b>Central and other</b>	>100	>100	<b>(11 485)</b>	(5 127)
<b>Deposits from customers</b>	14	14	<b>1 510 227</b>	1 324 961
<b>Deposits from banks</b>	4	9	<b>132 174</b>	121 119
<b>Total deposits and debt funding</b>	13	14	<b>1 642 401</b>	1 446 080
Retail priced deposits	14	15	<b>543 099</b>	471 588
Wholesale priced deposits	13	13	<b>1 099 302</b>	974 492
Wholesale priced deposits – customers	14	13	<b>967 128</b>	853 373
Wholesale priced deposits – banks	4	9	<b>132 174</b>	121 119

# BANKING ACTIVITIES' AVERAGE BALANCE SHEET

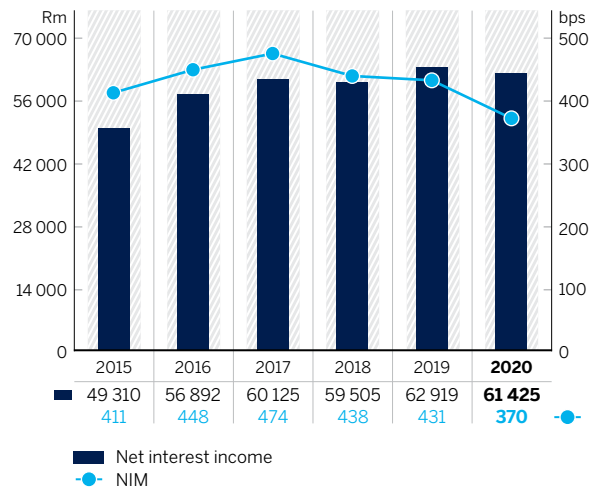
	2020			2019		
	Average balance Rm	Interest Rm	Average rate bps	Average balance Rm	Interest Rm	Average rate bps
<b>Interest-earning assets</b>						
Cash and balances with central banks <sup>1</sup>	82 628			59 052		
Financial investments	278 522	17 543	628	236 776	17 346	733
Net loans and advances	1 299 509	96 766	743	1 164 058	113 758	977
Gross loans and advances	1 336 059	96 766	722	1 194 110	113 758	953
Gross loans and advances to banks	172 667	1 123	65	122 336	2 475	202
Gross loans and advances to customers	1 163 392	95 643	820	1 071 774	111 283	1 038
<b>Personal &amp; Business Banking</b>	699 153	65 216	930	662 533	76 406	1 153
Mortgage loans	381 971	30 098	786	366 983	37 220	1 014
Vehicle and asset finance	95 346	8 788	919	91 591	10 274	1 122
Card debtors	34 407	5 417	1 570	33 390	5 922	1 774
Other loans and advances	187 429	20 913	1 113	170 569	22 990	1 348
<b>Corporate &amp; Investment Banking</b>	468 487	30 427	648	411 338	34 877	848
<b>Central and other</b>	(4 248)			(2 097)		
Credit impairment charges on loans and advances	(36 550)			(30 052)		
<b>Interest-earning assets</b>	<b>1 660 659</b>	<b>114 309</b>	<b>686</b>	1 459 886	131 104	898
Trading book assets	240 797			198 055		
Non-interest-earning assets	99 619			69 177		
<b>Average assets</b>	<b>2 001 075</b>	<b>114 309</b>	<b>570</b>	1 727 118	131 104	759
<b>Interest-bearing liabilities</b>						
Deposits and debt funding	1 621 810	50 639	311	1 395 220	65 927	473
Deposits from banks	130 417	1 692	129	107 995	1 782	165
Deposits from customers	1 491 393	48 947	327	1 287 225	64 145	498
<b>Personal &amp; Business Banking</b>	667 238	16 748	250	584 352	20 564	352
Current accounts	165 624	157	9	146 605	293	20
Cash management deposits	44 942	1 621	360	38 502	2 115	549
Call deposits	307 864	8 288	268	267 269	10 789	404
Savings accounts	36 128	692	191	28 532	589	206
Term and other deposits	112 680	5 990	530	103 444	6 778	655
<b>Corporate &amp; Investment Banking</b>	830 202	32 199	387	709 351	43 581	614
<b>Central and other</b>	(6 047)			(6 478)		
Subordinated bonds	24 504	2 245	914	24 066	2 258	938
<b>Interest-bearing liabilities</b>	<b>1 646 314</b>	<b>52 884</b>	<b>320</b>	1 419 286	68 185	480
Average equity	163 839			150 460		
Trading book liabilities	83 844			71 650		
Other liabilities	107 078			85 722		
<b>Average equity and liabilities</b>	<b>2 001 075</b>	<b>52 884</b>	<b>264</b>	1 727 118	68 185	395
Margin on average interest-earning assets	1 660 659	61 425	370	1 459 886	62 919	431

<sup>1</sup> 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.

# NET INTEREST INCOME AND NET INTEREST MARGIN

## NET INTEREST INCOME AND NET INTEREST MARGIN (NIM)

NII CAGR (2015 – 2020): 4%



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

	Average interest-earning assets Rm	Net interest income Rm	Net interest margin bps
<b>2019</b>	<b>1 459 886</b>	<b>62 919</b>	<b>431</b>
Asset growth	200 773	8 653	
Cash and cash balances with central banks	23 576		
Financial investments	41 746		
Loans and advances	135 451		
Base rate impact		(2 868)	(20)
Change in asset and liability pricing		(1 127)	(7)
Funding and capital reserves endowment		(4 550)	(27)
Change in balance sheet composition and other		(1 602)	(7)
<b>2020</b>	<b>1 660 659</b>	<b>61 425</b>	<b>370</b>

### Net interest income and NIM

Decrease in NII largely due to:

- Significant increase in negative endowment following deep interest rate cuts in South Africa and several markets in Africa Regions.
- Continued increase in cash reserving requirements owing to book growth in Angola, Ghana, Nigeria and South Africa.
- Impact of lower new business margins and pricing pressures.
- Margin pressures within Wealth International due to reductions in the USD and GBP interest rates coupled with the impact of the South Africa sovereign downgrade.

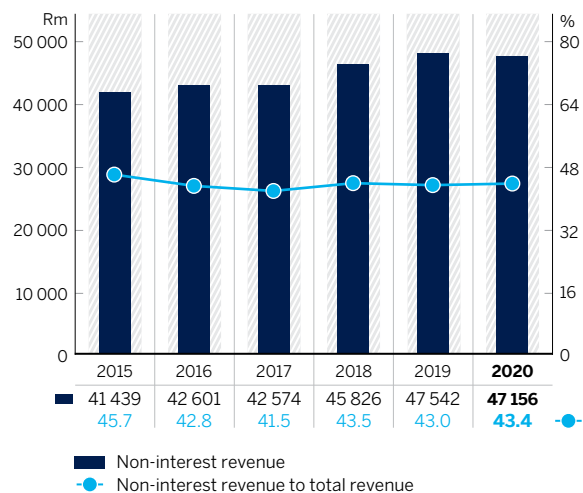
Partly offset by balance sheet growth:

- Strong lending disbursement within the retail portfolio in South Africa, particularly in the second half of 2020.
- Moderate growth in the corporate lending portfolio despite reduced demand for longer-term investment banking products.
- Increased placement with banks and financial investments due to higher surplus liquidity levels as consumers and businesses preserved cash in an uncertain environment.
- Marked increase in treasury activities to manage excess liquidity on the balance sheet.

# NON-INTEREST REVENUE ANALYSIS

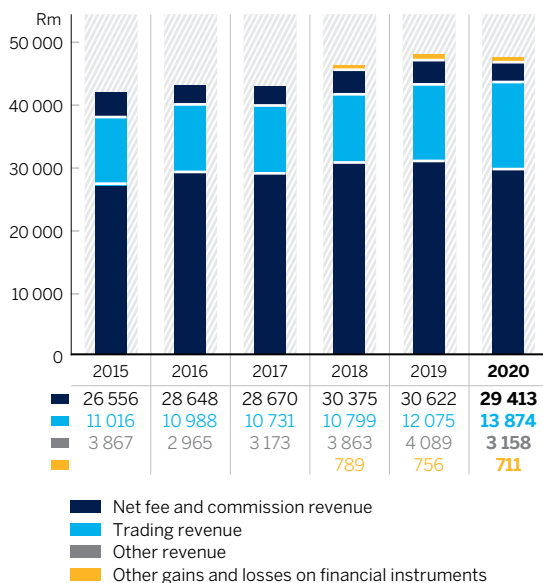
## NON-INTEREST REVENUE

CAGR (2015 – 2020): 3%



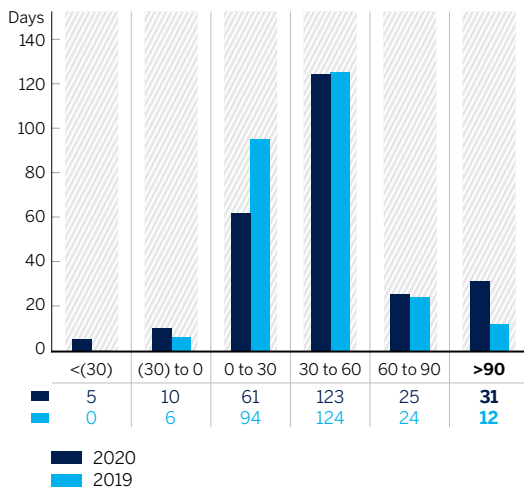
## ANALYSIS OF NON-INTEREST REVENUE

CAGR: Net fee and commission 2%  
Trading revenue 5%  
Other revenue (4%)



	CCY	Change	2020	2019
	%	%	Rm	Rm
<b>Net fee and commission revenue</b>	(5)	(4)	<b>29 413</b>	30 622
Fee and commission revenue	(5)	(4)	<b>35 933</b>	37 354
Account transaction fees	(8)	(8)	<b>10 348</b>	11 272
Electronic banking	(2)	(3)	<b>4 410</b>	4 546
Knowledge-based fees and commission	(5)	3	<b>2 371</b>	2 304
Card-based commission	(9)	(9)	<b>6 402</b>	7 041
Insurance – fees and commission	(1)	(1)	<b>1 839</b>	1 857
Documentation and administration fees	4	1	<b>2 300</b>	2 281
Foreign currency service fees	(4)	(8)	<b>2 067</b>	2 253
Other	(2)	7	<b>6 196</b>	5 800
Fee and commission expense	(3)	(3)	<b>(6 520)</b>	(6 732)
<b>Trading revenue</b>	17	15	<b>13 874</b>	12 075
Fixed income and currencies	28	25	<b>11 852</b>	9 452
Commodities	>100	>100	<b>142</b>	32
Equities	(27)	(27)	<b>1 880</b>	2 591
<b>Other revenue</b>	(24)	(23)	<b>3 158</b>	4 089
Banking and other	(43)	(42)	<b>760</b>	1 300
Property-related revenue	(75)	(76)	<b>72</b>	296
Insurance-related revenue	(7)	(7)	<b>2 326</b>	2 493
<b>Other gains and losses on financial instruments</b>	(8)	(6)	<b>711</b>	756
<b>Non-interest revenue</b>	(1)	(1)	<b>47 156</b>	47 542

## DISTRIBUTION OF DAILY TRADING INCOME (FREQUENCY OF DAYS)



### Net fee and commission revenue

- Fee and commission revenue was adversely impacted by lower transactional volumes across all fee lines as a result of the slowdown in economic activities linked to the Covid-19 lockdowns, including:
  - Decrease in account transaction fees due to a significant decline in transactional activity, notably cash deposit and withdrawal volumes in South Africa. This was partly offset by growth in Botswana, Malawi, Zambia and Zimbabwe due to increase in account management fees.
  - Lower electronic banking fees attributed to decrease in business online and electronic funds transfer volumes.
  - Decline in card-based commission revenue due to lower card issuing, acquiring, Diners and debit card turnover.
  - Decrease in foreign currency service fees as a result of lower international spend due to travel restrictions.
  - Regulatory imposed fee caps and waivers in certain Africa Region markets.
- Increase in knowledge-based fees driven by improved advisory and capital markets performances off the back of increased activity in Africa Regions.
- Growth in other fee and commission revenue mainly as a result of fees earned from Nigeria's pension fund business.
- Fee and commission expense decreased aligned to lower transactional volumes and activities.

### Trading revenue

- Strong growth in fixed income and currencies revenue driven by:
  - Increased forex volumes in South Africa and key Africa Regions markets, including Angola.
  - Desks being well positioned as market volatility increased across major risk classes, most notably during 1H20.
- Increased client flows as the consolidation of the South African equities offering into a single business continued to deliver benefits.

### Other revenue

- Banking and other revenue decreased due to:
  - Lower fleet end-of-contract profits and a decline in short-term fleet rentals.
  - Lower dividend income from joint venture insurance arrangement as a result of the Covid-19 pandemic loss reserve provisions.
- Property-related revenue reduced mainly due to lower rentals from Standard Bank owned properties.
- Insurance-related revenue decline attributed to:
  - Lower claims reserve in Stanbic International Insurance Limited in 2019.
  - Partly offset by higher gross written premium as the portfolio tilts towards higher cover and premium products.

### Other gains and losses on financial instruments

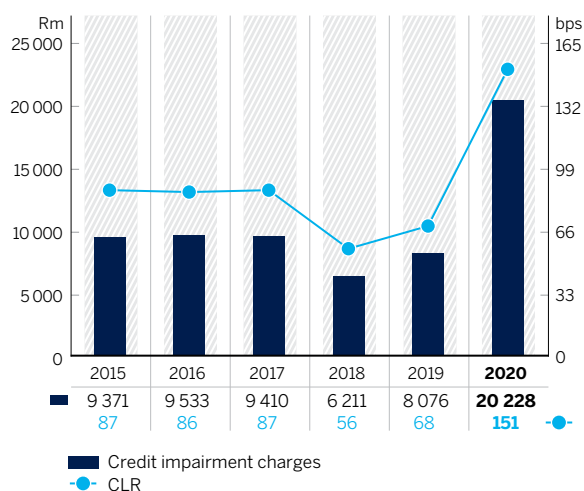
- Impacted by negative revaluations on equity investment portfolio in South Africa.

# CREDIT IMPAIRMENT ANALYSIS

## Income statement charges

### CREDIT IMPAIRMENT CHARGES ON LOANS AND ADVANCES

CAGR (2015 – 2020): 17%



### INCOME STATEMENT CREDIT IMPAIRMENT CHARGES

	Change %	2020					Credit loss ratio bps
		Stage 1 Rm	Stage 2 <sup>1</sup> Rm	Total stage 1 and 2 Rm	Stage 3 <sup>1</sup> Rm	Credit impairment charges Rm	
<b>Personal &amp; Business Banking</b>	>100	725	3 058	3 783	12 147	15 930	213
Mortgage loans	>100	178	1 260	1 438	2 934	4 372	114
Vehicle and asset finance	>100	57	516	573	2 045	2 618	275
Card debtors	>100	96	381	477	1 754	2 231	648
Other loans and advances	94	394	901	1 295	5 414	6 709	284
Personal unsecured lending	82	137	390	527	3 849	4 376	618
Business lending and other	>100	257	511	768	1 565	2 333	141
<b>Corporate &amp; Investment Banking</b>	>100	299	24	323	3 475	3 798	59
Corporate and sovereign lending	>100	270	24	294	3 475	3 769	80
Bank lending	(52)	29		29		29	2
<b>Central and other</b>	100	218	282	500		500	
<b>Total loans and advances credit impairment charges</b>	>100	1 242	3 364	4 606	15 622	20 228	151
Credit impairment charge – financial investments						65	
Credit impairment charge – letters of credit and guarantees						301	
<b>Total credit impairment charges</b>						20 594	

<sup>1</sup> Includes post-write-off recoveries and modification gains and losses.



## Credit impairment charges

### Personal & Business Banking

- Increased expectation of future credit losses on the back of the weakened economic outlook resulting in additional forward-looking provisioning.
- Prudent provisioning assumptions have been applied to the client relief and retrenchments portfolio, with proactive migration of distressed exposures into elevated coverage stages.
- Constraints in the collections environment combined with the lag in legal processes resulting from lockdown period, led to decreased collections and increased coverage as cash flow recovery reduced.
- Increased provisioning in Kenya, Tanzania, Uganda and Zambia driven by customer strain in business and unsecured lending portfolios leading from difficult economic conditions.
- Improved client payment behaviour was observed during the second half, driven by a collections recovery rate uplift, improved customer turnover levels and uplift in business revenue streams. The paying client relief portfolio also reflects positive payment trends.
- Risk appetite remains tightly managed to address any emerging risks.
- Post-write-off recovery realised in Malawi.

### Corporate & Investment Banking

- Significant expected credit losses on stage 3 portfolio across both South Africa and Africa Regions, particularly in the Oil & Gas and Power & Infrastructure sectors.
- Stage 3 credit impairment charges are driven by clients defaulting on debt obligations under stressed economic conditions, as well as deteriorating outlook on pre-existing stage 3 names.
- Increase in clients migrating to stage 2 following sector reviews considering the economic impact of Covid-19, offset by transfers into stage 3 as clients migrated through the credit deterioration lifecycle during 2020.
- Stage 1 and 2 credit impairment charges mitigated by successful restructures and reduction of debt levels on higher risk clients in stage 2, as well as robust risk management and Covid-19 relief measures provided to clients.

### Post-model adjustments held within central and other

- Additional R500 million judgemental credit adjustment on the total loans and advances to customers portfolio was deemed appropriate because of the continued uncertainty. Refer to page 103 for further detail.

2019						
Stage 1 Rm	Stage 2 <sup>1</sup> Rm	Total stage 1 and 2 Rm	Stage 3 <sup>1</sup> Rm	Credit impairment charges Rm	Credit loss ratio bps	
(684)	756	72	6 279	6 351	89	
(358)	(7)	(365)	1 288	923	25	
(107)	100	(7)	976	969	106	
(52)	62	10	982	992	297	
(167)	601	434	3 033	3 467	156	
(143)	591	448	1 952	2 400	391	
(24)	10	(14)	1 081	1 067	66	
313	254	567	1 158	1 725	32	
252	254	506	1 158	1 664	40	
61		61		61	5	
(371)	1 010	639	7 437	8 076	68	
				86		
				(198)		
				7 964		

# CREDIT IMPAIRMENT ANALYSIS

Reconciliation of expected credit loss for loans and advances measured at amortised cost

	1 January 2020 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm
<b>Personal &amp; Business Banking</b>	29 542		16 955
Stage 1	3 871	597	128
Stage 2	6 373	(1 687)	4 528
Stage 3	19 298	1 090	12 299
<b>Mortgage loans</b>	10 910		4 272
Stage 1	667	257	(79)
Stage 2	1 910	(339)	1 500
Stage 3	8 333	82	2 851
<b>Vehicle and asset finance</b>	3 720		2 719
Stage 1	663	133	(76)
Stage 2	991	(368)	884
Stage 3	2 066	235	1 911
<b>Card debtors</b>	2 656		2 837
Stage 1	592	98	(2)
Stage 2	975	(236)	555
Stage 3	1 089	138	2 284
<b>Other loans and advances</b>	12 256		7 127
Stage 1	1 949	109	285
Stage 2	2 497	(744)	1 589
Stage 3	7 810	635	5 253
<b>Personal unsecured lending</b>	7 445		4 465
Stage 1	1 253	(3)	140
Stage 2	1 780	(502)	836
Stage 3	4 412	505	3 489
<b>Business lending and other</b>	4 811		2 662
Stage 1	696	112	145
Stage 2	717	(242)	753
Stage 3	3 398	130	1 764
<b>Corporate &amp; Investment Banking</b>	5 737		3 908
Stage 1	1 267		299
Stage 2	1 154	(155)	179
Stage 3	3 316	155	3 430
<b>Corporate and sovereign lending</b>	5 692		3 879
Stage 1	1 222		270
Stage 2	1 154	(155)	179
Stage 3	3 316	155	3 430
<b>Bank lending</b>	45		29
Stage 1	45		29
<b>Central and other</b>			500
Stage 1			218
Stage 2			282
<b>Total</b>	35 279		21 363
Stage 1	5 138	597	645
Stage 2	7 527	(1 842)	4 989
Stage 3	22 614	1 245	15 729

The income statement credit impairment charge on loans and advances of R20 228 million is made up of total transfers, net provision raised and released of R21 363 million less modification losses and post-write-off recoveries of R1 135 million.

Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money & interest in suspense Rm	December 2020 closing balance Rm	Modification losses and recoveries of amounts written off Rm
(7 731)	(174)	2 155	40 747	1 025
	(65)		4 531	
	(109)		9 105	(217)
(7 731)		2 155	27 111	1 242
(789)	(66)	826	15 153	(100)
	(1)		844	
	(7)		3 064	(99)
(789)	(58)	826	11 245	(1)
(951)	(104)	264	5 648	101
			720	
	(9)		1 498	
(951)	(95)	264	3 430	101
(2 177)		128	3 444	606
	(2)		686	
	(2)		1 292	(62)
(2 177)	4	128	1 466	668
(3 814)	(4)	937	16 502	418
	(62)		2 281	
	(91)		3 251	(56)
(3 814)	149	937	10 970	474
(2 786)	(151)	740	9 713	89
	(22)		1 368	
	(51)		2 063	(56)
(2 786)	(78)	740	6 282	145
(1 028)	147	197	6 789	329
	(40)		913	
	(40)		1 188	
(1 028)	227	197	4 688	329
(885)	(540)	519	8 739	110
	(143)		1 423	
	(7)		1 171	
(885)	(390)	519	6 145	110
(885)	(536)	519	8 669	110
	(139)		1 353	
	(7)		1 171	
(885)	(390)	519	6 145	110
	(4)		70	
	(4)		70	
			500	
			218	
			282	
(8 616)	(714)	2 674	49 986	1 135
	(208)		6 172	
	(116)		10 558	(217)
(8 616)	(390)	2 674	33 256	1 352

# CREDIT IMPAIRMENT ANALYSIS

Reconciliation of expected credit loss for loans and advances measured at amortised cost

	1 January 2019 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm
<b>Personal &amp; Business Banking</b>	28 047		7 527
Stage 1	4 657	980	(1 664)
Stage 2	6 098	(1 141)	1 634
Stage 3	17 292	161	7 557
<b>Mortgage loans</b>	10 130		922
Stage 1	1 037	500	(858)
Stage 2	2 018	(306)	222
Stage 3	7 075	(194)	1 558
<b>Vehicle and asset finance</b>	3 402		1 253
Stage 1	770	92	(199)
Stage 2	948	(193)	293
Stage 3	1 684	101	1 159
<b>Card debtors</b>	3 067		1 675
Stage 1	643	216	(268)
Stage 2	980	(242)	240
Stage 3	1 444	26	1 703
<b>Other loans and advances</b>	11 448		3 677
Stage 1	2 207	172	(339)
Stage 2	2 152	(400)	879
Stage 3	7 089	228	3 137
<b>Personal unsecured lending</b>	6 687		2 474
Stage 1	1 435	99	(242)
Stage 2	1 300	(53)	520
Stage 3	3 952	(46)	2 196
<b>Business lending and other</b>	4 761		1 203
Stage 1	772	73	(97)
Stage 2	852	(347)	359
Stage 3	3 137	274	941
<b>Corporate &amp; Investment Banking</b>	8 638		1 792
Stage 1	1 083	6	307
Stage 2	1 046	109	145
Stage 3	6 509	(115)	1 340
<b>Corporate and sovereign lending</b>	8 575		1 731
Stage 1	1 023	6	246
Stage 2	1 043	109	145
Stage 3	6 509	(115)	1 340
<b>Bank lending</b>	63		61
Stage 1	60		61
Stage 2	3		
<b>Total</b>	36 685		9 319
Stage 1	5 740	986	(1 357)
Stage 2	7 144	(1 032)	1 779
Stage 3	23 801	46	8 897

The income statement credit impairment charge on loans and advances of R8 076 million is made up of total transfers, net provision raised and released of R9 319 million less modification losses and post-write-off recoveries of R1 243 million.

Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money and interest in suspense Rm	December 2019 closing balance Rm	Modification losses and recoveries of amounts written off Rm
(8 016)	(582)	2 566	29 542	1 176
	(102)		3 871	
	(218)		6 373	(263)
(8 016)	(262)	2 566	19 298	1 439
(1 069)	(119)	1 046	10 910	(1)
	(12)		667	
	(24)		1 910	(77)
(1 069)	(83)	1 046	8 333	76
(1 017)	(128)	210	3 720	284
	(57)		663	
(1 017)	(71)	210	991	284
(2 213)	(2)	129	2 066	284
	1		2 656	683
	(3)		592	
(2 213)		129	975	(64)
(3 717)	(333)	1 181	1 089	747
	(91)		12 256	210
	(134)		1 949	
(3 717)	(108)	1 181	2 497	(122)
(2 459)	(105)	848	7 810	332
	(39)		7 445	74
	13		1 253	
(2 459)	(79)	848	1 780	(124)
(1 258)	(228)	333	4 412	198
	(52)		4 811	136
	(147)		696	
(1 258)	(29)	333	717	2
			3 398	134
(4 974)	(347)	628		
	(129)		5 737	67
	(146)		1 267	
(4 974)	(72)	628	1 154	
(4 974)	(268)	628	3 316	67
	(53)		5 692	67
	(143)		1 222	
(4 974)	(72)	628	1 154	
	(79)		3 316	67
	(76)		45	
	(3)		45	
(12 990)	(929)	3 194		
	(231)		35 279	1 243
	(364)		5 138	
(12 990)	(334)	3 194	7 527	(263)
			22 614	1 506

# 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
<b>2020</b>							
<b>Personal &amp; Business Banking</b>	<b>769 011</b>	<b>232 218</b>	<b>757</b>	<b>387 563</b>	<b>19 995</b>	<b>17 993</b>	<b>51 863</b>
Mortgage loans	399 208	141 847	129	175 643	13 917	8 401	25 628
Vehicle and asset finance	99 071	17 972	297	61 499	1 380	1 201	9 179
Card debtors	35 121	3 091	88	24 398	749	927	3 791
Other loans and advances	235 611	69 308	243	126 023	3 949	7 464	13 265
Personal unsecured lending	73 607	3 590	18	51 982	252	3 549	6 421
Business lending and other	162 004	65 718	225	74 041	3 697	3 915	6 844
<b>Corporate &amp; Investment Banking</b>	<b>593 744</b>	<b>265 548</b>	<b>3 289</b>	<b>260 593</b>	<b>45 244</b>	<b>1 754</b>	<b>3 844</b>
Corporate and sovereign lending	431 501	168 633	3 289	198 147	43 531	1 228	3 201
Bank lending	162 243	96 915		62 446	1 713	526	643
<b>Central and Other</b>	<b>(43 718)</b>	<b>(43 718)</b>					
<b>Gross loans and advances</b>	<b>1 319 037</b>	<b>454 048</b>	<b>4 046</b>	<b>648 156</b>	<b>65 239</b>	<b>19 747</b>	<b>55 707</b>
<b>Percentage of total book (%)</b>	<b>100.0</b>	<b>34.4</b>	<b>0.3</b>	<b>49.1</b>	<b>5.0</b>	<b>1.5</b>	<b>4.2</b>
Gross loans and advances at amortised cost	1 319 037						
Gross loans and advances at fair value	2 204						
<b>Total gross loans and advances</b>	<b>1 321 241</b>						

	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
<b>2019</b>							
<b>Personal &amp; Business Banking</b>	<b>737 494</b>	<b>264 388</b>	<b>475</b>	<b>355 060</b>	<b>16 932</b>	<b>16 076</b>	<b>45 900</b>
Mortgage loans	378 003	168 629	17	146 081	10 231	7 046	24 329
Vehicle and asset finance	94 833	10 467	164	68 906	2 238	2 406	6 352
Card debtors	34 612	1 245	11	27 480	646	858	2 871
Other loans and advances	230 046	84 047	283	112 593	3 817	5 766	12 348
Personal unsecured lending	66 463	3 065	32	46 597	715	4 784	5 935
Business lending and other	163 583	80 982	251	65 996	3 102	982	6 413
<b>Corporate &amp; Investment Banking</b>	<b>533 348</b>	<b>314 850</b>	<b>2 731</b>	<b>176 738</b>	<b>20 537</b>	<b>7 523</b>	<b>2 704</b>
Corporate and sovereign lending	425 427	219 616	2 731	168 117	20 258	4 035	2 405
Bank lending	107 921	95 234		8 621	279	3 488	299
<b>Central and other</b>	<b>(54 657)</b>	<b>(54 657)</b>					
<b>Gross loans and advances</b>	<b>1 216 185</b>	<b>524 581</b>	<b>3 206</b>	<b>531 798</b>	<b>37 469</b>	<b>23 599</b>	<b>48 604</b>
<b>Percentage of total book (%)</b>	<b>100.0</b>	<b>43.1</b>	<b>0.3</b>	<b>43.7</b>	<b>3.1</b>	<b>1.9</b>	<b>4.0</b>
Gross loans and advances at amortised cost	1 216 185						
Gross loans and advances at fair value	161						
<b>Total gross loans and advances</b>	<b>1 216 346</b>						

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.

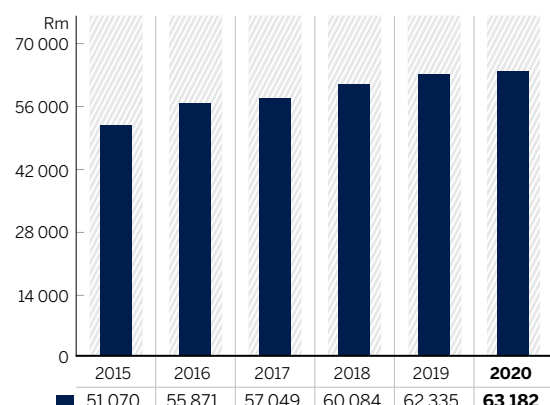
Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loans Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
710 389	58 622	31 511	27 111	46	7.6
365 565	33 643	22 398	11 245	33	8.4
91 528	7 543	4 113	3 430	45	7.6
33 044	2 077	611	1 466	71	5.9
220 252	15 359	4 389	10 970	71	6.5
65 812	7 795	1 513	6 282	81	10.6
154 440	7 564	2 876	4 688	62	4.7
580 272	13 472	7 327	6 145	46	2.3
418 029	13 472	7 327	6 145	46	3.1
162 243					
(43 718)					
1 246 943	72 094	38 838	33 256	46	5.5
94.5	5.5	3.0	2.5		5.5

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 %
698 831	38 663	19 365	19 298	50	5.2
356 333	21 670	13 337	8 333	38	5.7
90 533	4 300	2 234	2 066	48	4.5
33 111	1 501	412	1 089	73	4.3
218 854	11 192	3 382	7 810	70	4.9
61 128	5 335	923	4 412	83	8.0
157 726	5 857	2 459	3 398	58	3.6
525 083	8 265	4 949	3 316	40	1.5
417 162	8 265	4 949	3 316	40	1.9
107 921					
(54 657)					
1 169 257	46 928	24 314	22 614	48	3.9
96.1	3.9	2.0	1.9		3.9

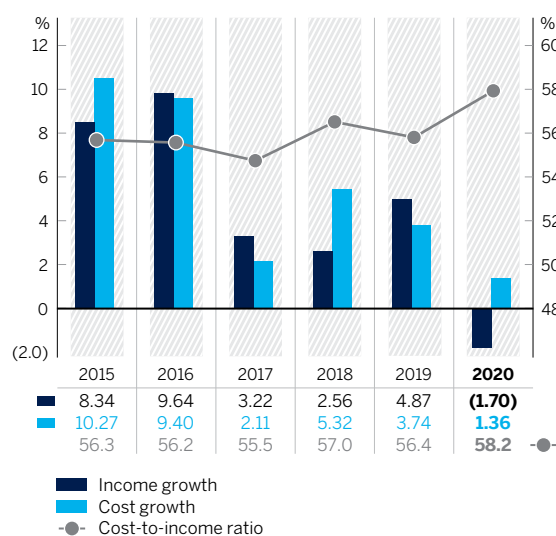
# OPERATING EXPENSES

## OPERATING EXPENSES

CAGR (2015 – 2020): 4%



## COST AND INCOME GROWTH



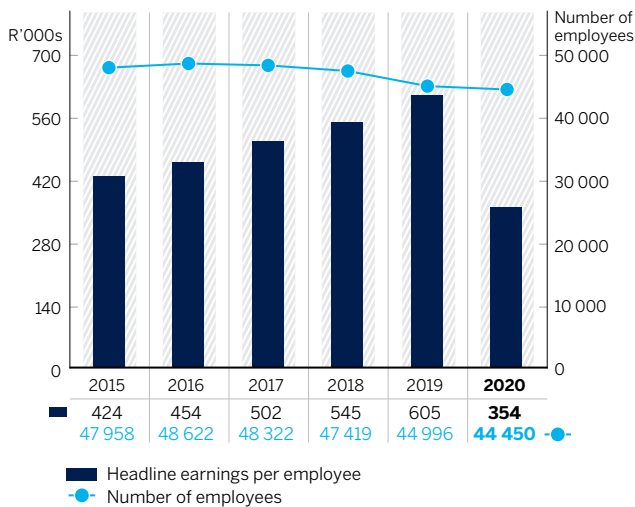
	CCY %	Change %	2020 Rm	2019 Rm
<b>Staff costs</b>				
Fixed remuneration		5	25 278	24 125
Variable remuneration		(19)	6 233	7 714
Charge for incentive payments		(25)	4 318	5 744
IFRS 2 charge: cash-settled share schemes (including associated hedge)		6	489	461
IFRS 2 charge: equity-settled share schemes		(6)	1 426	1 509
Other staff costs		6	2 869	2 715
<b>Total staff costs</b>	(1)	(1)	<b>34 380</b>	34 554
Variable remuneration as a % of total staff costs			<b>18.1</b>	22.3
<b>Other operating expenses</b>				
Information technology		26	9 454	7 487
Amortisation of intangible assets		4	2 587	2 497
Depreciation		(1)	4 465	4 504
Premises		(11)	2 007	2 263
Professional fees		14	2 081	1 828
Communication		12	1 250	1 114
Marketing and advertising		(4)	1 813	1 889
Other		(17)	5 145	6 199
<b>Total other operating expenses</b>	4	4	<b>28 802</b>	27 781
<b>Total operating expenses</b>	1	1	<b>63 182</b>	62 335
Total income	(2)	(2)	<b>108 581</b>	110 461
Cost-to-income ratio (%)			<b>58.2</b>	56.4
Jaws (bps)			<b>(306)</b>	113

## ANALYSIS OF TOTAL INFORMATION TECHNOLOGY FUNCTION SPEND

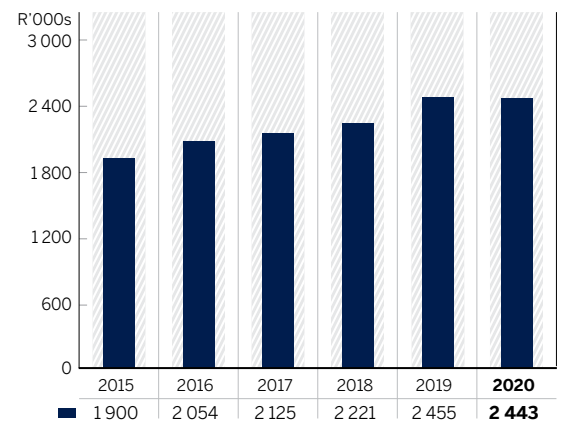
	Change %	2020 Rm	2019 Rm
Staff costs	2	3 957	3 866
Licences, maintenance and related costs	26	9 454	7 487
Amortisation of intangible assets	4	2 587	2 497
Depreciation and other expenses	5	2 667	2 550
<b>Total information technology function spend</b>	14	<b>18 665</b>	16 400



## BANKING ACTIVITIES HEADLINE EARNINGS PER EMPLOYEE



## BANKING ACTIVITIES REVENUE PER EMPLOYEE



	Change %	2020 Number	2019 Number
<b>Headcount by business unit</b>			
Personal & Business Banking	(2)	23 956	24 469
Corporate & Investment Banking	0	3 555	3 551
Central and other (including corporate functions)	(0)	16 939	16 976
<b>Banking activities</b>	(1)	<b>44 450</b>	44 996
<b>Headcount by geography</b>			
South Africa	(2)	29 580	30 102
Africa Regions	(0)	14 248	14 274
International	0	622	620
<b>Banking activities</b>	(1)	<b>44 450</b>	44 996

## Staff costs and headcount

- Annual salary increases partly offset by savings from business rationalisation across the group.
- Lower variable remuneration as incentive accruals decreased due to business performance.
- Reduced headcount as a result of natural attrition in the current year.

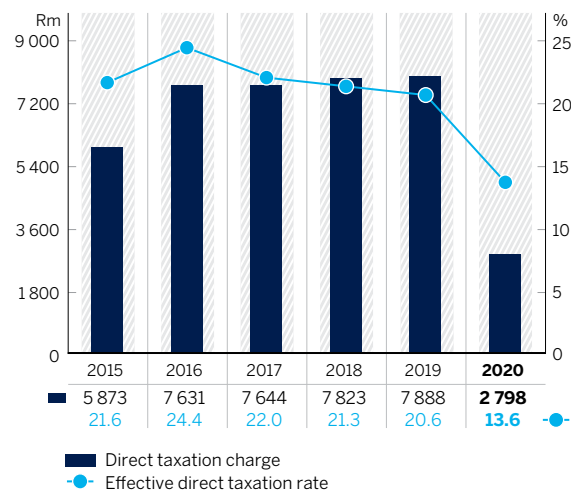
## Other operating expenses

- Increased information technology costs attributed to continued investment in new capabilities, with specific focus on:
  - Furthering the bank's cloud strategy.
  - Investing in customer proposition initiatives.
  - Strengthening our client relationship management capabilities.
  - Costs incurred to enable more than 75% of employees to work remotely during Covid-19 lockdowns.

- Decrease in premises costs as a result of branch closures in South Africa in 2019.
- Growth in professional fees driven by digital platform spend.
- Increased communication expenses in order to maintain connectivity of employees working remotely.
- Lower other expenses largely due to savings from business travel and conferencing costs following restrictions on such activities during Covid-19 lockdowns. This was partly offset by an increase in insurance costs due to higher depositor insurance linked to deposit growth in Nigeria and Ghana.

# TAXATION

## DIRECT TAXATION CHARGE AND EFFECTIVE DIRECT TAXATION RATE



## DIRECT TAXATION RATE RECONCILIATION

	2020 %	2019 %
<b>Direct taxation – statutory rate</b>	<b>28.0</b>	28.0
Prior year tax	(0.4)	(0.5)
<b>Total direct taxation – current year</b>	<b>27.6</b>	27.5
Capital gains tax	1.1	(0.1)
Adjustment: Foreign tax and withholdings tax	4.5	3.0
<b>Normal direct taxation – current year</b>	<b>33.2</b>	30.4
Permanent differences:	(19.6)	(9.8)
Non-taxable income – capital profit	(1.5)	0.0
Non-taxable income – dividends	(9.1)	(5.1)
Non-taxable income – other <sup>1</sup>	(10.6)	(5.6)
Effects of profits taxed in different jurisdictions	(1.2)	(1.0)
Other	2.8	1.9
<b>Effective direct taxation rate</b>	<b>13.6</b>	20.6

<sup>1</sup> Primarily comprises non-taxable interest income.

### Direct taxation rate

The decrease in the effective direct taxation rate is primarily driven by the decrease in the net profit before taxation as well as the following:

- Increase in the impact of dividends received in SBSA.
- Increase in the impact of non-taxable interest income in Africa Regions.
- Marginally offset by an increase in the impact of foreign tax and withholdings tax in Africa Regions.

# LIQUIDITY AND CAPITAL MANAGEMENT

## 63

- 64** Liquidity management
- 66** Return on equity, cost of equity and economic returns
- 67** Currency translation impact and economic capital
- 68** Risk-weighted assets
- 69** Return on risk-weighted assets
- 70** Capital adequacy
- 72** Other capital instruments

# LIQUIDITY MANAGEMENT

## Liquidity management overview

- Appropriate liquidity buffers were held in line with the assessment of liquidity risk in stressed market conditions across the geographies in which the group operates.
- Proactive liquidity management in line with group liquidity standards ensured that, despite volatile and constrained liquidity environments at the onset of the Covid-19 pandemic, adequate liquidity was maintained to fully support balance sheet strategies. This has been achieved through continuous engagements between treasury and capital management, risk and business units in which the liquidity risk with respect to on- and off-balance sheet positions was carefully monitored. Bank wholesale funding markets continue to show improved stability post-market fragility in early 2020. At the same time consideration has been provided to the adequacy of contingent funding, ensuring sufficiency to accommodate unexpected liquidity demands.
- The group continues to leverage the extensive deposit franchises across the portfolio to ensure that it has the appropriate amount, tenor and diversification of funding to support its current and forecast asset base while minimising cost of funding.
- In light of the effects of Covid-19 on the South African market, the SARB amended the minimum requirements relating to the liquidity coverage ratio (LCR) from 100% to 80% (effective 1 April 2020) to provide temporary liquidity relief to banks, in line with the intention of the Basel III LCR framework, and to promote continued provision of credit by banks. No temporary measures have been applied to the net stable funding ratio (NSFR).
- The group maintained both the LCR and the NSFR in excess of the minimum regulatory requirements during 2020.
- Longer-term funding was increased by R52.8 billion through the issuance of negotiable certificate of deposits, senior debt and syndicated loans. The group continues to benefit from increased liquidity in the market, contributing to the strong liquidity ratios being reported.
- R7.0 billion tier 2 capital and R1.5 billion Additional tier 1 capital was issued during 2020, 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 disruptions in cash flows. These portfolios are managed within ALCO-defined limits on the basis of diversification and liquidity.
- Managed liquidity represents unencumbered marketable instruments other than eligible Basel III LCR high quality liquid assets (HQLA) (excluding trading assets), which would be able to provide sources of liquidity in a stress scenario.

	2020 Rbn	2019 Rbn
Eligible LCR HQLA <sup>1</sup> comprising:	356	305
Notes and coins	19	17
Balances with central banks	36	37
Government bonds and bills	265	207
Other eligible liquid assets	36	44
Managed liquidity	166	122
<b>Total contingent liquidity</b>	<b>522</b>	<b>427</b>
<b>Total contingent liquidity as a % of funding-related liabilities</b>	<b>31.3</b>	<b>29.1</b>

<sup>1</sup> Eligible LCR HQLA are defined according to the Basel Committee on Banking Supervision LCR and liquidity risk monitoring framework which 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 it has sufficient HQLA to meet potential outflows in a stressed environment.
- The SBG and SBSA LCR figures reflect the simple average of daily observations over the periods as reflected in the table below.

	4Q20 Rbn	4Q19 Rbn
<b>SBG<sup>1</sup></b>		
Total HQLA	349	294
Net cash outflows	259	212
LCR (%)	134.8	138.4
<b>SBSA<sup>2</sup></b>		
Total HQLA	230	205
Net cash outflows	204	165
LCR (%)	112.6	124.4
Minimum requirement (%)	80.0	100.0

<sup>1</sup> Includes quarterly daily results 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.

<sup>2</sup> Excludes foreign branches.

## Structural liquidity requirements

### Net stable funding ratio (NSFR)<sup>1</sup>

- 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.

	2020 Rbn	2019 Rbn
<b>SBG</b>		
Available stable funding	1 298	1 171
Required stable funding	1 040	980
NSFR (%)	124.8	119.5
<b>SBSA<sup>2</sup></b>		
Available stable funding	904	831
Required stable funding	808	764
NSFR (%)	111.9	108.8
Minimum requirement (%)	100.0	100.0

<sup>1</sup> Period-end position.

<sup>2</sup> Excludes foreign branches.

## Diversified funding base

- Funding markets are evaluated on an ongoing basis to ensure appropriate group funding strategies are executed depending on the competitive and regulatory environment.
- The group continued to focus on building its deposit base as a key component of the funding mix. Deposits sourced from South Africa and other major jurisdictions in the Africa Regions, Isle of Man and Jersey provide diversity of stable sources of funding for the group.

## FUNDING-RELATED LIABILITIES COMPOSITION<sup>1</sup>

	2020 Rbn	2019 Rbn
Corporate funding	504	437
Retail deposits <sup>2</sup>	448	395
Institutional funding	347	324
Government and parastatals	147	97
Interbank funding	86	84
Senior debt	60	65
Term loan funding	46	37
Subordinated debt issued	23	23
Other liabilities to the public	4	7
<b>Total banking activities funding-related liabilities</b>	<b>1 665</b>	<b>1 469</b>

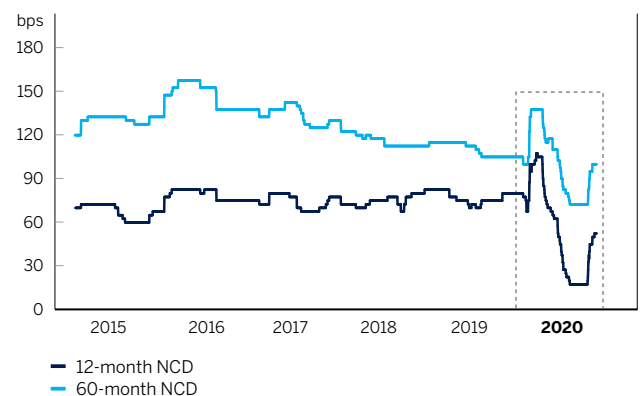
<sup>1</sup> Composition aligned to Basel III liquidity classification.

<sup>2</sup> Comprises individual and small business customers.

## Funding costs

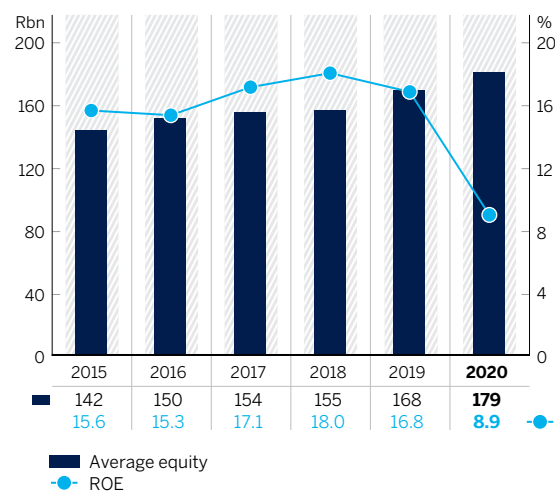
- The market cost of liquidity is measured as the spread paid on negotiable certificates of deposits (NCDs) relative to the prevailing reference rate, three-month JIBAR.
- The graph is based on actively issued money market instruments by SBSA, namely 12- and 60-month NCDs.
- The cost of liquidity, as measured by pricing of 12-month and 60-month NCDs, decreased materially during 2020. This was mainly driven by strong demand for bank credit from investors, healthy bank liquidity ratios due to strong deposit growth and a significant amount of liquidity availability in the economy in the second and third quarter combined with reduced client lending demand. Pricing began to increase in the fourth quarter, as market surplus liquidity conditions began to reduce and bank's resumed access to wholesale funding markets to support normal funding requirements.

## SBSA 12- AND 60-MONTH LIQUIDITY SPREAD



# RETURN ON EQUITY, COST OF EQUITY AND ECONOMIC RETURNS

## RETURN ON ORDINARY SHAREHOLDERS' EQUITY – GROUP



## ROE AND AVERAGE EQUITY<sup>1</sup>

	2020		2019	
	Average equity Rm	ROE %	Average equity Rm	ROE %
Personal & Business Banking	71 896	8.9	68 025	24.4
Corporate & Investment Banking	67 271	15.7	59 347	19.0
Central and other	24 672	(5.1)	23 088	(2.6)
<b>Banking activities</b>	<b>163 839</b>	<b>9.6</b>	150 460	18.1
Other banking interests	4 063	21.7	6 613	(13.1)
Liberty	11 214	(5.8)	11 247	16.5
<b>Standard Bank Group</b>	<b>179 116</b>	<b>8.9</b>	168 320	16.8

<sup>1</sup> Capital allocation methodology amended to allocate equity based on the regulatory rules in the jurisdictions in which the group operates. Previously based on SARB rules. 2019 restated for new methodology.

## COST OF EQUITY ESTIMATES<sup>1</sup>

	Average 2020 %	Average 2019 %
<b>Standard Bank Group</b>	<b>14.4</b>	13.9
<b>Banking activities</b>	<b>14.5</b>	14.0

<sup>1</sup> Estimated using the capital asset pricing model, by applying estimates of risk free rate, 9.3% (2019: 8.9%), equity risk premium, 6.1% (2019: 6.2%), and beta 83.6% (2019: 80.3%). Beta for banking activities estimated at 84.2% (2019: 81.4%).

## ECONOMIC RETURNS

	Change %	2020 Rm	2019 Rm
<b>Average ordinary shareholders' equity</b>	6	<b>179 116</b>	168 320
Headline earnings	(43)	<b>15 945</b>	28 207
Cost of equity charge	10	<b>(25 793)</b>	(23 396)
<b>Economic returns</b>	(>100)	<b>(9 848)</b>	4 811

# CURRENCY TRANSLATION IMPACT AND ECONOMIC CAPITAL

## MOVEMENT IN GROUP RESERVE

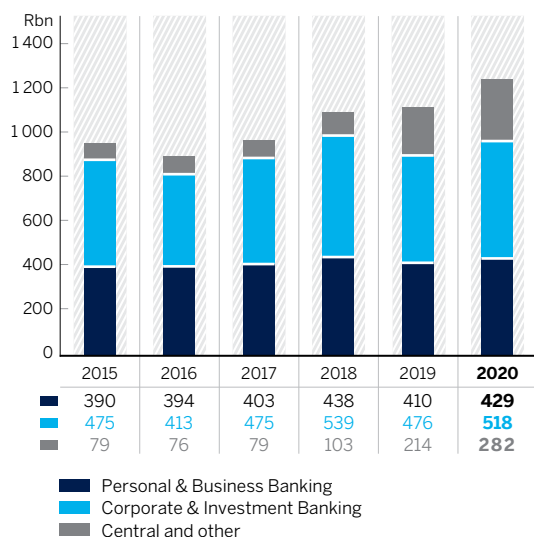
	2020 Rm	2019 Rm
Balance at beginning of the period: (debit)	(8 566)	(2 783)
Translation and hedge reserve decrease for the year	(3 284)	(5 783)
Africa Regions	(3 950)	(4 964)
International	705	(798)
Liberty	(39)	(21)
Movement due to disposal and liquidation of entities	3 131	
<b>Balance at end of the period: (debit)</b>	<b>(8 719)</b>	<b>(8 566)</b>

## ECONOMIC CAPITAL UTILISATION BY RISK TYPE

	Change %	2020 Rm	2019 Rm
Credit risk	23	107 182	87 068
Equity risk	(16)	5 557	6 617
Market risk	14	1 512	1 322
Operational risk	9	15 960	14 695
Business risk	2	4 139	4 039
Interest rate risk in the banking book	(16)	4 016	4 782
<b>Economic capital requirement</b>	17	<b>138 366</b>	118 523
<b>Available financial resources</b>	9	<b>189 870</b>	174 417
<b>Economic capital coverage ratio (times)</b>		<b>1.37</b>	1.47

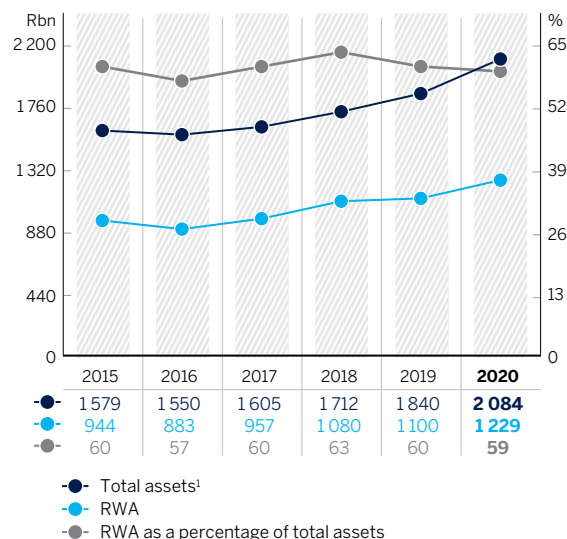
# RISK-WEIGHTED ASSETS

## RISK-WEIGHTED ASSETS (RWA) BY BUSINESS LINE<sup>1</sup>



<sup>1</sup> Business unit allocation based on regulatory rules in the jurisdictions in which the group operates. 2019 restated for new methodology. 2015 to 2018 allocations based on SARB rules.

## RWA AND TOTAL ASSETS (CLOSING BALANCES)



<sup>1</sup> Banking activities and other banking interest.

## BY BUSINESS UNIT

	Change %	2020 Rm	2019 Rm
Personal & Business Banking	5	429 024	410 263
Corporate & Investment Banking	9	517 912	476 263
Central and other	33	282 542	213 002
<b>Standard Bank Group</b>	12	<b>1 229 478</b>	1 099 528

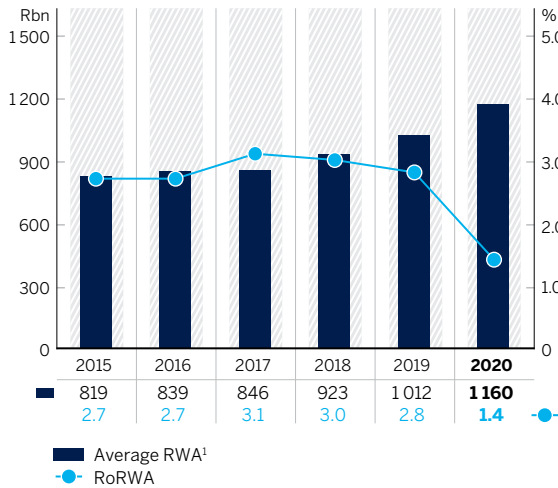
## BY RISK TYPE

	Change %	2020 Rm	2019 Rm
Credit risk	16	879 273	757 517
Counterparty credit risk	61	51 330	31 912
Market risk	(16)	63 043	75 383
Operational risk	(1)	163 648	165 819
Equity risk in the banking book	(17)	14 029	16 954
RWA for investments in financial entities	12	58 155	51 943
<b>Standard Bank Group</b>	12	<b>1 229 478</b>	1 099 528

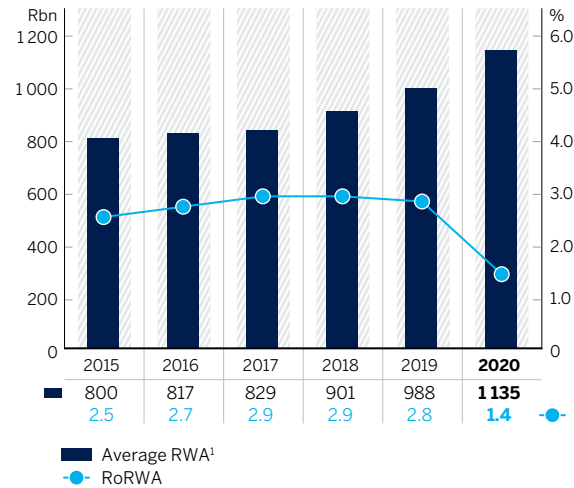


# RETURN ON RISK-WEIGHTED ASSETS

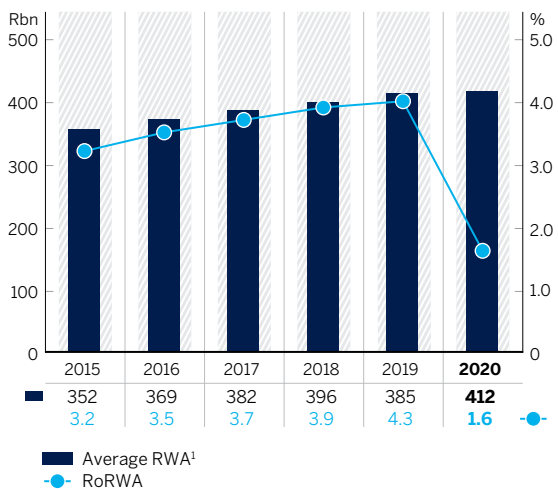
SBG RoRWA



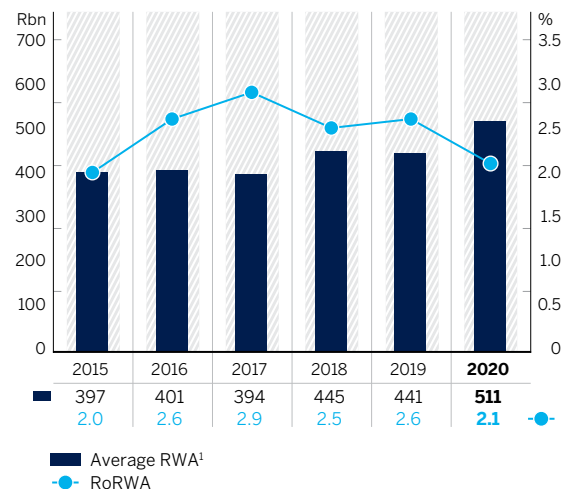
BANKING ACTIVITIES RoRWA



PBB RoRWA<sup>2</sup>



CIB RoRWA<sup>2</sup>



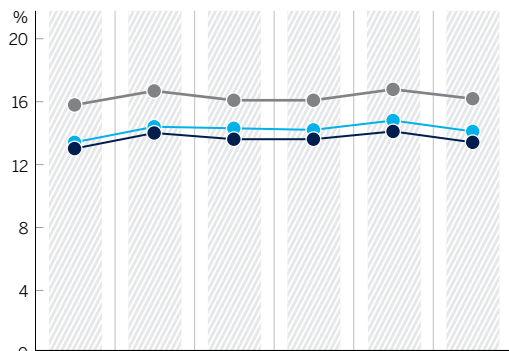
<sup>1</sup> Average RWA calculated net of non-controlling interests.

<sup>2</sup> Average RWA based on regulatory rules in the jurisdictions in which the group operates. 2019 restated for new methodology. 2015 to 2018 based on SARB rules.

# CAPITAL ADEQUACY

## CAPITAL ADEQUACY<sup>1</sup>

(including unappropriated profit)



	2015	2016	2017	2018	2019	2020
● Common equity tier 1 capital adequacy ratio <sup>1</sup>	12.9	13.9	13.5	13.5	14.0	13.3
● Tier 1 capital adequacy ratio <sup>1</sup>	13.3	14.3	14.2	14.1	14.7	14.0
● Total capital adequacy ratio <sup>1</sup>	15.7	16.6	16.0	16.0	16.7	16.1

● Common equity tier 1 capital adequacy ratio<sup>1</sup>

● Tier 1 capital adequacy ratio<sup>1</sup>

● Total capital adequacy ratio<sup>1</sup>

<sup>1</sup> Capital adequacy ratios based on the SARB IFRS 9 phased-in approach.

## QUALIFYING REGULATORY CAPITAL EXCLUDING UNAPPROPRIATED PROFIT

	Change %	2020 Rm	2019 Rm
<b>Ordinary shareholders' equity</b>	3	176 371	171 229
Qualifying non-controlling interest	25	7 039	5 611
Regulatory adjustments	(12)	(19 814)	(22 459)
Goodwill	1	(2 207)	(2 186)
Other intangible assets	(16)	(13 797)	(16 518)
Investments in financial entities	(32)	(3 953)	(5 833)
Other adjustments including IFRS 9 phase-in	(93)	143	2 078
<b>Total common equity tier 1 capital (including unappropriated profit)</b>	6	163 596	154 381
Unappropriated profit	(40)	(8 517)	(14 159)
<b>Common equity tier 1 capital</b>	11	155 079	140 222
Qualifying other equity instruments	14	8 124	7 123
Qualifying non-controlling interest	17	742	636
<b>Tier 1 capital</b>	11	163 945	147 981
<b>Tier 2 capital</b>	18	25 903	22 002
Qualifying tier 2 subordinated debt	9	21 152	19 317
General allowance for credit impairments	77	4 751	2 685
<b>Total regulatory capital</b>	12	189 848	169 983

## CAPITAL ADEQUACY RATIOS (PHASED-IN)

	Internal target ratios <sup>1,2</sup>	SARB minimum regulatory requirement <sup>3</sup>	Excluding unappropriated profit		Including unappropriated profit	
			2020 %	2019 %	2020 %	2019 %
Common equity tier 1 capital adequacy ratio	10.0 – 11.5	8.0	12.6	12.8	13.3	14.0
Tier 1 capital adequacy ratio	>11.0	10.0	13.3	13.5	14.0	14.7
Total capital adequacy ratio	>14.0	12.0	15.4	15.5	16.1	16.7

<sup>1</sup> Including unappropriated profit.

<sup>2</sup> Recalibrated in line with the temporary removal of Pillar 2A buffer requirements by the Prudential Authority.

<sup>3</sup> Excluding confidential bank specific requirements. Pillar 2A buffer requirements temporarily removed in response to the Covid-19 pandemic.

CAPITAL ADEQUACY RATIOS (FULLY LOADED)<sup>1</sup>

	Internal target ratios <sup>2,3</sup> %	SARB minimum regulatory requirement <sup>4</sup> %	Excluding unappropriated profit		Including unappropriated profit	
			2020 %	2019 %	2020 %	2019 %
Common equity tier 1 capital adequacy ratio	10.0 – 11.5	8.0	<b>12.5</b>	12.5	<b>13.2</b>	13.8
Tier 1 capital adequacy ratio	>11.0	10.0	<b>13.2</b>	13.2	<b>13.9</b>	14.5
Total capital adequacy ratio	>14.0	12.0	<b>15.4</b>	15.4	<b>16.1</b>	16.6

<sup>1</sup> Capital ratios based on the inclusion of the full IFRS 9 transitional impact.

<sup>2</sup> Including unappropriated profit.

<sup>3</sup> Recalibrated in line with the temporary removal of Pillar 2A buffer requirements by the Prudential Authority.

<sup>4</sup> Excluding confidential bank specific requirements. Pillar 2A buffer requirements temporarily removed in response to the Covid-19 pandemic.

CAPITAL ADEQUACY RATIOS PER LEGAL ENTITY<sup>1</sup>

	Tier 1 host regulatory requirement %	Total host regulatory requirement %	2020		2019	
			Tier 1 capital %	Total capital %	Tier 1 capital %	Total capital %
<b>Standard Bank Group</b>	10.0	10.5	<b>14.0</b>	<b>16.1</b>	14.7	16.7
<b>The Standard Bank of South Africa Group (SBSA group)</b>	10.0	10.5	<b>13.1</b>	<b>16.0</b>	14.0	16.8
<b>Africa Regions</b>						
Stanbic Bank Botswana	7.5	12.5	<b>9.2</b>	<b>16.9</b>	10.2	17.7
Stanbic Bank Ghana	9.5	11.5	<b>16.5</b>	<b>18.5</b>	12.4	14.4
Stanbic Bank Kenya	10.5	14.5	<b>16.0</b>	<b>18.1</b>	15.2	18.3
Stanbic Bank S.A. (Côte d'Ivoire)	7.9	10.4	<b>&gt;100</b>	<b>&gt;100</b>	>100	>100
Stanbic Bank Tanzania	12.5	14.5	<b>20.5</b>	<b>22.0</b>	17.3	18.8
Stanbic Bank Uganda	10.0	12.0	<b>15.9</b>	<b>18.1</b>	16.9	19.4
Stanbic Bank Zambia	5.0	10.0	<b>19.2</b>	<b>22.0</b>	19.7	22.5
Stanbic Bank Zimbabwe	8.0	12.0	<b>15.9</b>	<b>23.6</b>	16.7	26.5
Stanbic IBTC Bank Nigeria		10.0	<b>17.2</b>	<b>19.4</b>	16.5	19.4
Standard Bank de Angola		10.0	<b>32.6</b>	<b>38.0</b>	28.3	34.1
Standard Bank Malawi	10.0	15.0	<b>21.6</b>	<b>24.0</b>	20.0	22.0
Standard Bank Mauritius	9.9	11.9	<b>32.2</b>	<b>33.0</b>	26.2	26.4
Standard Bank Mozambique		13.0	<b>24.8</b>	<b>24.8</b>	27.7	29.3
Standard Bank Namibia	7.5	10.0	<b>12.1</b>	<b>13.5</b>	12.8	14.1
Standard Bank RDC (DRC) <sup>2</sup>	7.5	10.0	<b>21.5</b>	<b>23.6</b>	36.1	38.6
Standard Bank Eswatini	5.5	8.0	<b>10.0</b>	<b>13.0</b>	10.4	14.0
Standard Lesotho Bank	6.0	8.0	<b>25.9</b>	<b>22.4</b>	21.7	17.3
<b>International</b>						
Standard Bank Isle of Man	8.5	10.0	<b>19.4</b>	<b>19.5</b>	22.4	22.5
Standard Bank Jersey	8.5	11.0	<b>17.9</b>	<b>17.9</b>	20.6	20.7
Capital adequacy ratio – times covered						
<b>Standard Insurance Limited (SIL)<sup>3</sup></b>						
Solvency capital requirement coverage ratio				<b>2.70</b>		2.71
<b>Liberty Group Limited<sup>3</sup></b>						
Solvency capital requirement coverage ratio				<b>1.81</b>		1.99

<sup>1</sup> IFRS 9 transitional impact phased-in according to local regulatory requirements or elections for SBG, SBSA, Kenya, Zambia, Botswana and Tanzania.

<sup>2</sup> 2019 tier 1 and total capital adequacy restated.

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

# OTHER CAPITAL INSTRUMENTS

## SUBORDINATED DEBT

	Redeemable/ repayable date	Callable date	Notional value <sup>1</sup> LCm	2020		2019	
				Carrying value <sup>1</sup> Rm	Notional value <sup>1</sup> Rm	Carrying value <sup>1</sup> Rm	Notional value <sup>1</sup> Rm
<b>Standard Bank Group Limited</b>				<b>19 353</b>	<b>18 869</b>	11 843	11 601
SBT 201 <sup>2,3</sup>	13 Feb 2028	13 Feb 2023	ZAR3 000	3 026	3 000	3 040	3 000
SBT 202 <sup>2,3</sup>	3 Dec 2028	3 Dec 2023	ZAR1 516	1 523	1 516	1 527	1 516
SBT 203 <sup>2,3</sup>	3 Dec 2028	3 Dec 2023	ZAR484	535	484	506	484
SBT 204 <sup>2,3</sup>	16 Apr 2029	16 Apr 2024	ZAR1 000	1 012	1 000	1 019	1 000
SBT 205 <sup>2,3</sup>	31 May 2029	31 May 2024	USD400	6 236	5 869	5 751	5 601
SBT 206 <sup>2,3</sup>	31 Jan 2030	31 Jan 2025	ZAR2 000	2 018	2 000		
SBT 207 <sup>2,3</sup>	25 Jun 2030	25 Jun 2025	ZAR3 500	3 503	3 500		
SBT 208 <sup>2,3</sup>	28 Nov 2030	28 Nov 2025	ZAR1 500	1 500	1 500		
<b>SBSA group</b>				<b>2 798</b>	<b>2 700</b>	8 975	8 830
SBK 21 <sup>2</sup>	28 Jan 2025	28 Jan 2020	ZAR750			763	750
SBK 22 <sup>2</sup>	28 May 2025	28 May 2020	ZAR1 000			1 010	1 000
SBK 24 <sup>2</sup>	19 Oct 2025	19 Oct 2020	ZAR880			886	880
SBK 18	24 Oct 2025	24 Oct 2020	ZAR3 500			3 560	3 500
SBK 25 <sup>2</sup>	25 Apr 2026	25 Apr 2021	ZAR1 200	1 216	1 200	1 218	1 200
SBK 26 <sup>2</sup>	25 Apr 2026	25 Apr 2021	ZAR500	518	500	521	500
SBK 23 <sup>2</sup>	28 May 2027	28 May 2022	ZAR1 000	1 064	1 000	1 017	1 000
<b>Standard Bank Eswatini</b>	29 Jun 2028	30 Jun 2023	E100	105	100	105	100
<b>Stanbic Botswana</b>	2027-2029	2022-2024	BWP500	683	679	664	662
<b>Standard Bank Mozambique</b>	2025	2020	MZN1 001			237	225
<b>Stanbic Bank Kenya</b>	2021-2029	2020-2024	KES4 000/ USD20	298	293	839	833
<b>Stanbic IBTC Bank Nigeria</b>	30 Sept 2024	30 Sept 2020	NGN15 440			618	601
<b>Stanbic Bank Zambia</b>	31 Oct 2024	30 Apr 2020	ZMK37			38	37
<b>Subordinated debt issued to group companies<sup>4</sup></b>				<b>(28)</b>	<b>(28)</b>	(86)	(86)
<b>Total subordinated debt – banking activities</b>				<b>23 209</b>	<b>22 613</b>	23 233	22 803
<b>Liberty (qualifying as regulatory insurance capital)</b>			ZAR6 000	<b>6 097</b>	<b>6 000</b>	5 668	5 500
<b>Total subordinated debt</b>				<b>29 306</b>	<b>28 613</b>	28 901	28 303

<sup>1</sup> 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.

<sup>2</sup> Basel III compliant tier 2 instruments which contain a contractual non-viability write-off feature.

<sup>3</sup> SBSA on a reciprocal basis entered into subordinated tier 2 capital lending agreements with SBG under identical terms.

<sup>4</sup> Includes R16 million (2019: R86 million) relating to subordinated debt from investment management and life insurance activities.

## OTHER EQUITY HOLDERS

	First callable date	Notional value LCm	2020		2019	
			Carrying value Rm	Notional value Rm	Carrying value Rm	Notional value Rm
Cumulative preference share capital (SBKP)		ZAR8	8	8	8	8
Non-cumulative preference share capital (SBPP)		ZAR1	5 495	1	5 495	1
<b>Total preference share capital</b>			<b>5 503</b>	<b>9</b>	5 503	9
SBT 101 <sup>1</sup>	31 Mar 2022	ZAR1 744	1 744	1 744	1 744	1 744
SBT 102 <sup>1</sup>	30 Sep 2022	ZAR1 800	1 800	1 800	1 800	1 800
SBT 103 <sup>1</sup>	31 Mar 2024	ZAR1 942	1 942	1 942	1 942	1 942
SBT 104 <sup>1</sup>	30 Sept 2025	ZAR1 539	1 539	1 539		
<b>Total AT1 capital bonds</b>			<b>7 025</b>	<b>7 025</b>	5 486	5 486
<b>Total other equity instruments</b>			<b>12 528</b>	<b>7 034</b>	10 989	5 495

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

# KEY BANKING LEGAL ENTITY INFORMATION

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# THE STANDARD BANK OF SOUTH AFRICA

## Key financial results, ratios and statistics

		Change %	2020	2019
<b>SBSA group<sup>1</sup></b>				
<b>Income statement</b>				
Headline earnings	Rm	(72)	<b>4 728</b>	16 646
Headline earnings as consolidated into SBG <sup>2</sup>	Rm	(68)	<b>5 394</b>	16 706
Profit attributable to ordinary shareholders	Rm	(84)	<b>2 543</b>	16 398
<b>Statement of financial position</b>				
Ordinary shareholders' equity	Rm	(3)	<b>98 352</b>	101 177
Total assets	Rm	12	<b>1 659 467</b>	1 480 746
Net loans and advances	Rm	10	<b>1 124 238</b>	1 026 242
<b>Financial performance</b>				
ROE	%		<b>4.8</b>	16.9
Non-interest revenue to total income	%		<b>40.7</b>	41.8
Loan-to-deposit ratio	%		<b>85.2</b>	86.6
CLR	bps		<b>148</b>	57
CLR on loans to customers	bps		<b>170</b>	64
Cost-to-income ratio	%		<b>63.4</b>	60.2
Jaws	bps		<b>(518)</b>	3
Number of employees		(2)	<b>29 022</b>	29 578
<b>Capital adequacy</b>				
Total risk-weighted assets	Rm	8	<b>722 809</b>	669 571
Common equity tier 1 capital adequacy ratio <sup>3</sup>	%		<b>12.1</b>	13.2
Tier 1 capital adequacy ratio <sup>3</sup>	%		<b>13.1</b>	14.0
Total capital adequacy ratio <sup>3</sup>	%		<b>16.0</b>	16.8
<b>SBSA company<sup>1</sup></b>				
Headline earnings	Rm	(72)	<b>4 394</b>	15 469
Headline earnings as consolidated into SBG <sup>2</sup>	Rm	(72)	<b>4 326</b>	15 529
Total assets	Rm	12	<b>1 659 180</b>	1 479 177
ROE	%		<b>4.5</b>	16.4

<sup>1</sup> SBSA group is a consolidation of entities including subsidiaries as well as structured entities, whereas SBSA company is a legal entity.

<sup>2</sup> At an SBSA level, certain share-based payment schemes are accounted for on a cash-settled basis, but at a consolidated SBG level they are accounted for on an equity-settled basis. In addition, the hedges of those share schemes are recognised in the income statement at an SBSA level and in equity at an SBG level. Given SBG share price fluctuation, it is considered appropriate also to reflect SBSA's headline earnings as consolidated into SBG.

<sup>3</sup> Represents the ratio after applying the SARB phase-in provision for IFRS 9. Refer to page 87 for details regarding the fully loaded ratios.

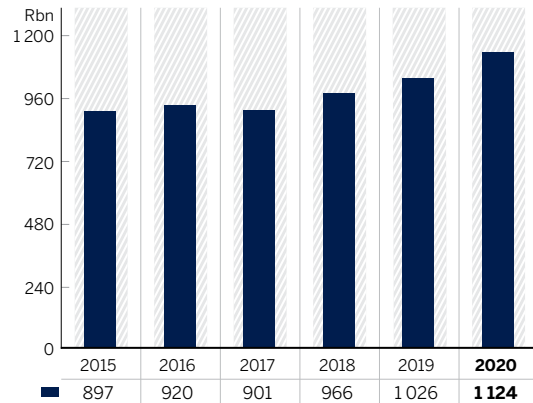
## HEADLINE EARNINGS

CAGR (2015 – 2020): (19%)



## NET LOANS AND ADVANCES

CAGR (2015 – 2020): 5%



## Key highlights

- Business performance impacted by the slowdown in the South African economy as a result of Covid-19.
- Supported both retail and corporate clients in mitigating the impact of the slowdown of the economy by providing:
  - Payment holiday relief loans.
  - Participated in the government loan guarantee scheme.
  - Loan restructuring and increased liquidity facilities.
- Subdued growth in loans and advances to customers assisted by higher retail lending disbursements, offset by slowdown in corporate loan origination particularly in 2H20.
- Strong growth in customer deposits as clients reassess their liquidity and planned investment positions and held large cash balances as a defensive strategy given the uncertain market conditions.
- NII reduced due to:
  - Lower average interest rates resulted in negative endowment and reduced margins.
  - Partly offset by:
    - Strong disbursement growth, particularly in Mortgage Lending, which supported asset growth.
    - Higher deposit balances as clients reduced spending and focused on conscientious liquidity management.
- Fee and commission declined as a result of reduced transactional volumes and client activity due to Covid-19 lockdown restrictions.
- Trading revenue had a very strong 1H20 but this momentum reduced in 2H20 as the economy opened up and volatility decreased.
- Reduced other revenue including other gains and losses was driven by lower equity valuations as business performance outlook weakened.
- Credit impairment charges increase was reflective of the distressed financial status of individuals and corporates in South Africa. With a low growth and recessionary outlook, the impairment charges reflect both incurred losses and forward-looking adjustments required under IFRS 9.
- Lower operating expenses largely due to sustained cost-saving initiatives, partly offset by increased IT spend to support our client proposition journey together with spend to enable employees to work remotely.

# THE STANDARD BANK OF SOUTH AFRICA

## Statement of financial position

	Group			Company		
	Change %	2020 Rm	2019 Rm	Change %	2020 Rm	2019 Rm
<b>Assets</b>						
Cash and balances with central banks	3	34 030	33 060	3	34 030	33 060
Derivative assets	66	110 350	66 392	66	110 343	66 366
Trading assets	14	211 658	186 090	13	208 099	183 591
Pledged assets	(88)	911	7 481	(88)	911	7 481
Financial investments	12	129 461	115 127	12	129 857	116 048
Non-current assets held for sale	(100)		346	(100)		346
Net loans and advances	10	1 124 238	1 026 242	10	1 123 188	1 023 391
Gross loans and advances to banks	87	169 608	90 593	88	169 478	90 353
Gross loans and advances to customers	3	995 326	963 455	3	994 284	960 716
Credit impairments	46	(40 696)	(27 806)	47	(40 574)	(27 678)
Other assets	49	23 161	15 562	50	23 149	15 482
Interest in associates and joint ventures	(39)	744	1 227	12	4 885	4 371
Property, equipment and right of use assets	(4)	12 449	12 983	(4)	12 375	12 929
Goodwill and other intangible assets	(23)	12 465	16 236	(23)	12 343	16 112
<b>Total assets</b>	12	<b>1 659 467</b>	1 480 746	12	<b>1 659 180</b>	1 479 177
<b>Equity and liabilities</b>						
<b>Equity</b>	(0)	<b>106 224</b>	106 717	3	<b>104 555</b>	101 818
Equity attributable to ordinary shareholders	(3)	98 352	101 177	1	97 530	96 332
Equity attributable to other equity holders	42	7 815	5 486	28	7 025	5 486
Equity attributable to AT1 capital noteholders	28	7 025	5 486	28	7 025	5 486
Equity attributable to non-controlling interests within Standard Bank Group	100	790				
Equity attributable to non-controlling interests	6	57	54			
<b>Liabilities</b>	13	<b>1 553 243</b>	1 374 029	13	<b>1 554 625</b>	1 377 359
Derivative liabilities	71	112 138	65 710	71	112 122	65 710
Trading liabilities	(3)	75 231	77 647	(3)	75 231	77 647
Deposits and debt funding	11	1 318 773	1 184 748	11	1 320 655	1 188 208
Deposits from banks	2	173 029	170 088	1	174 229	172 306
Deposits from customers	13	1 145 744	1 014 660	13	1 146 426	1 015 902
Subordinated debt	6	22 151	20 818	6	22 151	20 818
Provisions and other liabilities	(1)	24 950	25 106	(2)	24 466	24 976
<b>Total equity and liabilities</b>	12	<b>1 659 467</b>	1 480 746	12	<b>1 659 180</b>	1 479 177



# THE STANDARD BANK OF SOUTH AFRICA

## Income statement

	Group			Company		
	Change %	2020 Rm	2019 Rm	Change %	2020 Rm	2019 Rm
Net interest income	(5)	39 472	41 581	(4)	38 075	39 764
Non-interest revenue	(10)	27 038	29 922	(10)	26 232	29 306
Net fee and commission revenue	(10)	18 937	20 991	(10)	17 980	19 909
Trading revenue	(3)	5 157	5 331	(1)	5 128	5 192
Other revenue	(22)	2 472	3 151	(28)	2 692	3 756
Other gains and losses on financial instruments	5	472	449	(4)	432	449
<b>Total income</b>	(7)	66 510	71 503	(7)	64 307	69 070
Credit impairment charges	>100	(17 095)	(5 724)	>100	(17 068)	(5 713)
Loans and advances	>100	(16 779)	(5 962)	>100	(16 752)	(5 951)
Financial investments	>100	(42)	(4)	>100	(42)	(4)
Letters of credit and guarantees	(>100)	(274)	242	(>100)	(274)	242
<b>Income before revenue sharing agreements</b>	(25)	49 415	65 779	(25)	47 239	63 357
Revenue sharing agreements with group companies	(29)	(435)	(614)	(29)	(435)	(614)
<b>Income before operating expenses</b>	(25)	48 980	65 165	(25)	46 804	62 743
Operating expenses	(2)	(41 875)	(42 644)	(2)	(40 975)	(41 735)
Staff costs	(5)	(22 142)	(23 344)	(5)	(21 644)	(22 817)
Other operating expenses	2	(19 733)	(19 300)	2	(19 331)	(18 918)
<b>Net income before non-trading and capital items, and equity accounted earnings</b>	(68)	7 105	22 521	(72)	5 829	21 008
Non-trading and capital related items	>100	(3 040)	(341)	>100	(3 040)	(341)
Share of post-tax profit from associates and joint ventures	(35)	26	40	(35)	26	40
<b>Profit before indirect taxation</b>	(82)	4 091	22 220	(86)	2 815	20 707
Indirect taxation	(2)	(1 313)	(1 345)	(2)	(1 307)	(1 340)
<b>Profit before direct taxation</b>	(87)	2 778	20 875	(92)	1 508	19 367
Direct taxation	(>100)	924	(4 015)	(>100)	1 121	(3 688)
<b>Profit for the year</b>	(78)	3 702	16 860	(83)	2 629	15 679
Attributable to AT1 capital noteholders	(8)	(420)	(458)	(8)	(420)	(458)
Attributable to non-controlling interests with Standard Bank Group	(100)	(734)				
Attributable to non-controlling interests	25	(5)	(4)			
<b>Attributable to ordinary shareholders</b>	(84)	2 543	16 398	(85)	2 209	15 221
Headline adjustable items	>100	2 185	248	>100	2 185	248
<b>Headline earnings</b>	(72)	4 728	16 646	(72)	4 394	15 469
Profit attributable to non-controlling interests within Standard Bank Group	100	734				
IFRS 2 adjustment – staff costs net of taxation	(>100)	(68)	60	(>100)	(68)	60
<b>Headlines earnings as consolidated into SBG<sup>1</sup></b>	(68)	5 394	16 706	(72)	4 326	15 529

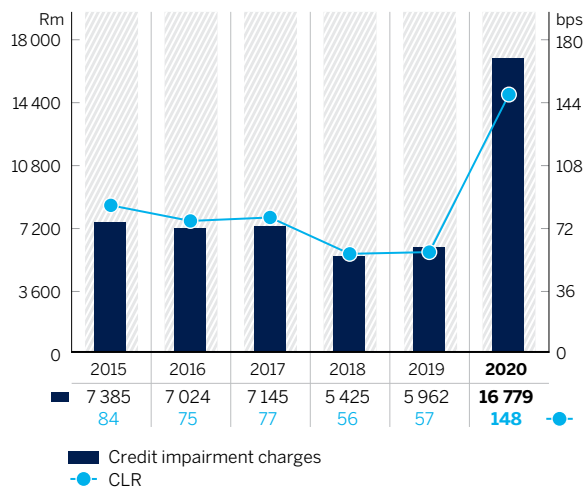
<sup>1</sup> At an SBSA level, the share-based payment schemes are accounted for on a cash-settled basis, but at a consolidated SBG level they are accounted for on an equity-settled basis. Given the fluctuation in the SBG share price, it is considered appropriate to also reflect SBSA's headline earnings as consolidated into SBG.

# THE STANDARD BANK OF SOUTH AFRICA GROUP

## Credit impairment charges

### CREDIT IMPAIRMENT CHARGES ON LOANS AND ADVANCES

CAGR (2015 – 2020): 18%



### INCOME STATEMENT CREDIT IMPAIRMENT CHARGES

	Change %	2020					
		Stage 1 Rm	Stage 2 <sup>1</sup> Rm	Total stage 1 and 2 Rm	Stage 3 <sup>1</sup> Rm	Credit impairment charges Rm	Credit loss ratio bps
<b>Personal &amp; Business Banking</b>	>100	540	2 758	3 298	10 657	13 955	235
Mortgage loans	>100	156	1 243	1 399	2 733	4 132	116
Instalment sale and finance leases	>100	79	488	567	1 853	2 420	286
Card debtors	>100	95	378	473	1 711	2 184	646
Other loans and advances	>100	210	649	859	4 360	5 219	435
Personal unsecured lending	89	65	253	318	3 314	3 632	783
Business lending and other	>100	145	396	541	1 046	1 587	216
<b>Corporate &amp; Investment Banking</b>	>100	111	204	315	2 509	2 824	52
Corporate and sovereign lending	>100	113	204	317	2 509	2 826	71
Bank lending	(>100)	(2)		(2)		(2)	
<b>Total loans and advances credit impairment charges</b>	>100	651	2 962	3 613	13 166	16 779	148
Credit impairment charge – financial investments						42	
Credit impairment charge – letters of credit and guarantees						274	
<b>Total credit impairment charges</b>						17 095	

<sup>1</sup> Includes post-write-off recoveries and modification gains and losses.

2019						
	Stage 1 Rm	Stage 2 <sup>1</sup> Rm	Total stage 1 and 2 Rm	Stage 3 <sup>1</sup> Rm	Credit impair- ment charges Rm	Credit loss ratio bps
	(840)	801	(39)	5 078	5 039	88
	(352)	19	(333)	1 044	711	20
	(122)	105	(17)	832	815	99
	(48)	62	14	962	976	296
	(318)	615	297	2 240	2 537	225
	(235)	544	309	1 616	1 925	436
	(83)	71	(12)	624	612	89
	106	239	345	578	923	20
	99	239	338	578	916	25
	7		7		7	1
	(734)	1 040	306	5 656	5 962	57
					4	
					(242)	
					5 724	

# THE STANDARD BANK OF SOUTH AFRICA GROUP

## Reconciliation of expected credit loss for loans and advances measured at amortised cost

	1 January 2020 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm
<b>Personal &amp; Business Banking</b>	<b>25 417</b>		<b>14 446</b>
Stage 1	3 154	592	(52)
Stage 2	5 227	(1 486)	4 027
Stage 3	17 036	894	10 471
<b>Mortgage loans</b>	<b>10 150</b>		<b>4 007</b>
Stage 1	613	244	(88)
Stage 2	1 729	(319)	1 463
Stage 3	7 808	75	2 632
<b>Instalment sale and finance leases</b>	<b>3 107</b>		<b>2 477</b>
Stage 1	586	83	(4)
Stage 2	790	(314)	802
Stage 3	1 731	231	1 679
<b>Card debtors</b>	<b>2 582</b>		<b>2 777</b>
Stage 1	572	92	3
Stage 2	945	(231)	547
Stage 3	1 065	139	2 227
<b>Other loans and advances</b>	<b>9 578</b>		<b>5 185</b>
Stage 1	1 383	173	37
Stage 2	1 763	(622)	1 215
Stage 3	6 432	449	3 933
<b>Personal unsecured lending</b>	<b>6 078</b>		<b>3 588</b>
Stage 1	885	97	(32)
Stage 2	1 306	(445)	642
Stage 3	3 887	348	2 978
<b>Business lending and other</b>	<b>3 500</b>		<b>1 597</b>
Stage 1	498	76	69
Stage 2	457	(177)	573
Stage 3	2 545	101	955
<b>Corporate &amp; Investment Banking</b>	<b>2 389</b>		<b>2 836</b>
Stage 1	792	27	84
Stage 2	666	(159)	363
Stage 3	931	132	2 389
<b>Corporate and sovereign lending</b>	<b>2 342</b>		<b>2 838</b>
Stage 1	745	27	86
Stage 2	666	(159)	363
Stage 3	931	132	2 389
<b>Bank lending</b>	<b>47</b>		<b>(2)</b>
Stage 1	47		(2)
<b>Total</b>	<b>27 806</b>		<b>17 282</b>
Stage 1	3 946	619	32
Stage 2	5 893	(1 645)	4 390
Stage 3	17 967	1 026	12 860

The income statement credit impairment charge on loans and advances of R16 779 million is made up of total transfers, net provision raised and released of R17 282 million less modification losses and post-write-off recoveries of R503 million.

Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money and interest in suspense Rm	December 2020 closing balance Rm	Modification losses and recoveries of amounts written off Rm
(6 539)		2 181	35 505	491
			3 694	
			7 768	(217)
(6 539)		2 181	24 043	708
(729)		828	14 256	(125)
			769	
			2 873	(99)
(729)		828	10 614	(26)
(833)		264	5 015	57
			665	
			1 278	
(833)		264	3 072	57
(2 131)		128	3 356	593
			667	
			1 261	(62)
(2 131)		128	1 428	655
(2 846)		961	12 878	(34)
			1 593	
			2 356	(56)
(2 846)		961	8 929	22
(2 285)		745	8 126	(44)
			950	
			1 503	(56)
(2 285)		745	5 673	12
(561)		216	4 752	10
			643	
			853	
(561)		216	3 256	10
(151)	(102)	219	5 191	12
	(4)		899	
	13		883	
(151)	(111)	219	3 409	12
(151)	(102)	219	5 146	12
	(4)		854	
	13		883	
(151)	(111)	219	3 409	12
			45	
			45	
(6 690)	(102)	2 400	40 696	503
	(4)		4 593	
	13		8 651	(217)
(6 690)	(111)	2 400	27 452	720

# THE STANDARD BANK OF SOUTH AFRICA GROUP

## Reconciliation of expected credit loss for loans and advances measured at amortised cost

	1 January 2019 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm
<b>Personal &amp; Business Banking</b>	23 749		5 947
Stage 1	3 994	871	(1 711)
Stage 2	4 689	(836)	1 374
Stage 3	15 066	(35)	6 284
<b>Mortgage loans</b>	9 365		690
Stage 1	965	461	(813)
Stage 2	1 784	(291)	236
Stage 3	6 616	(170)	1 267
<b>Instalment sale and finance leases</b>	2 724		1 064
Stage 1	708	61	(183)
Stage 2	685	(163)	268
Stage 3	1 331	102	979
<b>Card debtors</b>	2 985		1 643
Stage 1	620	213	(261)
Stage 2	947	(239)	237
Stage 3	1 418	26	1 667
<b>Other loans and advances</b>	8 675		2 550
Stage 1	1 701	136	(454)
Stage 2	1 273	(143)	633
Stage 3	5 701	7	2 371
<b>Personal unsecured lending</b>	5 333		1 879
Stage 1	1 120	64	(299)
Stage 2	886	8	412
Stage 3	3 327	(72)	1 766
<b>Business lending and other</b>	3 342		671
Stage 1	581	72	(155)
Stage 2	387	(151)	221
Stage 3	2 374	79	605
<b>Corporate &amp; Investment Banking</b>	5 519		951
Stage 1	677	4	102
Stage 2	444	142	97
Stage 3	4 398	(146)	752
<b>Corporate and sovereign lending</b>	5 476		944
Stage 1	648	4	95
Stage 2	430	142	97
Stage 3	4 398	(146)	752
<b>Bank lending</b>	43		7
Stage 1	29		7
Stage 2	14		
<b>Total</b>	29 268		6 898
Stage 1	4 671	875	(1 609)
Stage 2	5 133	(694)	1 471
Stage 3	19 464	(181)	7 036

The income statement credit impairment charge on loans and advances of R5 962 million is made up of total transfers, net provision raised and released of R6 898 million less modification losses and post-write-off recoveries of R936 million.

Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money and interest in suspense Rm	December 2019 closing balance Rm	Modification losses and recoveries of amounts written off Rm
(6 575)		2 296	25 417	908
			3 154	
			5 227	(263)
(6 575)		2 296	17 036	1 171
(982)		1 077	10 150	(21)
			613	
			1 729	(74)
(982)		1 077	7 808	53
(849)		168	3 107	249
			586	
			790	
(849)		168	1 731	249
(2 176)		130	2 582	667
			572	
			945	(64)
(2 176)		130	1 065	731
(2 568)		921	9 578	13
			1 383	
			1 763	(125)
(2 568)		921	6 432	138
(1 864)		730	6 078	(46)
			885	
			1 306	(124)
(1 864)		730	3 887	78
(704)		191	3 500	59
			498	
			457	(1)
(704)		191	2 545	60
(4 442)	44	317	2 389	28
	9		792	
	(17)		666	
(4 442)	52	317	931	28
(4 442)	47	317	2 342	28
	(2)		745	
	(3)		666	
(4 442)	52	317	931	28
	(3)		47	
	11		47	
	(14)			
(11 017)	44	2 613	27 806	936
	9		3 946	
	(17)		5 893	(263)
(11 017)	52	2 613	17 967	1 199

# THE STANDARD BANK OF SOUTH AFRICA GROUP

## 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
<b>2020</b>							
<b>Personal &amp; Business Banking</b>	<b>630 095</b>	<b>179 852</b>	<b>686</b>	<b>316 300</b>	<b>19 207</b>	<b>17 651</b>	<b>44 138</b>
Mortgage loans	378 124	144 652	106	157 268	13 826	8 371	22 853
Instalment sale and finance leases	89 481	17 280	275	54 227	1 380	1 178	8 145
Card debtors	34 592	3 090	88	24 003	742	927	3 688
Other loans and advances	127 898	14 830	217	80 802	3 259	7 175	9 452
Personal unsecured lending	47 363	3 375		28 203	175	3 512	5 103
Business lending and other	80 535	11 455	217	52 599	3 084	3 663	4 349
<b>Corporate &amp; Investment Banking</b>	<b>533 604</b>	<b>275 942</b>	<b>3 283</b>	<b>201 886</b>	<b>40 397</b>	<b>956</b>	<b>1 483</b>
Corporate and sovereign lending	366 124	166 365	3 283	145 793	39 026	535	1 465
Bank lending	167 480	109 577		56 093	1 371	421	18
<b>Gross loans and advances</b>	<b>1 163 699</b>	<b>455 794</b>	<b>3 969</b>	<b>518 186</b>	<b>59 604</b>	<b>18 607</b>	<b>45 621</b>
<b>Percentage of total book (%)</b>	<b>100.0</b>	<b>39.3</b>	<b>0.3</b>	<b>44.5</b>	<b>5.1</b>	<b>1.6</b>	<b>3.9</b>
Gross loans and advances at amortised cost	1 163 699						
Gross loans and advances at fair value	1 235						
<b>Total gross loans and advances</b>	<b>1 164 934</b>						

	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
<b>2019</b>							
<b>Personal &amp; Business Banking</b>	<b>595 041</b>	<b>195 094</b>	<b>222</b>	<b>296 248</b>	<b>16 636</b>	<b>15 975</b>	<b>37 252</b>
Mortgage loans	357 182	167 590	17	131 731	10 182	7 046	21 139
Instalment sale and finance leases	84 948	9 962	162	61 533	2 234	2 305	4 990
Card debtors	34 010	1 205	4	27 047	646	858	2 774
Other loans and advances	118 901	16 337	39	75 937	3 574	5 766	8 349
Personal unsecured lending	44 780	1 073		28 696	715	4 784	4 779
Business lending and other	74 121	15 264	39	47 241	2 859	982	3 570
<b>Corporate &amp; Investment Banking</b>	<b>458 846</b>	<b>281 035</b>	<b>2 585</b>	<b>148 161</b>	<b>19 262</b>	<b>2 081</b>	<b>1 229</b>
Corporate and sovereign lending	372 103	211 313	2 585	131 612	19 060	1 829	1 211
Bank lending	86 743	69 722		16 549	202	252	18
<b>Gross loans and advances</b>	<b>1 053 887</b>	<b>476 129</b>	<b>2 807</b>	<b>444 409</b>	<b>35 898</b>	<b>18 056</b>	<b>38 481</b>
<b>Percentage of total book (%)</b>	<b>100.0</b>	<b>45.2</b>	<b>0.3</b>	<b>42.1</b>	<b>3.4</b>	<b>1.7</b>	<b>3.7</b>
Gross loans and advances at amortised cost	1 053 887						
Gross loans and advances at fair value	161						
<b>Total gross loans and advances</b>	<b>1 054 048</b>						

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 %
577 834	52 261	28 218	24 043	46	8.3
347 076	31 048	20 434	10 614	34	8.2
82 485	6 996	3 924	3 072	44	7.8
32 538	2 054	626	1 428	70	5.9
115 735	12 163	3 234	8 929	73	9.5
40 368	6 995	1 322	5 673	81	14.8
75 367	5 168	1 912	3 256	63	6.4
523 947	9 657	6 248	3 409	35	1.8
356 467	9 657	6 248	3 409	35	2.6
167 480					
1 101 781	61 918	34 466	27 452	44	5.3
94.7	5.3	2.9	2.4		5.3

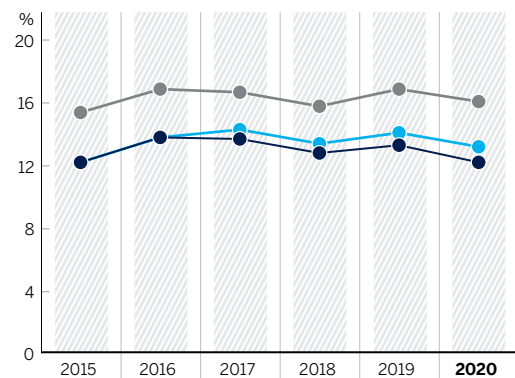
Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loans Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
561 427	33 614	16 578	17 036	51	5.6
337 705	19 477	11 669	7 808	40	5.5
81 186	3 762	2 031	1 731	46	4.4
32 534	1 476	411	1 065	72	4.3
110 002	8 899	2 467	6 432	72	7.5
40 047	4 733	846	3 887	82	10.6
69 955	4 166	1 621	2 545	61	5.6
454 353	4 493	3 562	931	21	1.0
367 610	4 493	3 562	931	21	1.2
86 743					
1 015 780	38 107	20 140	17 967	47	3.6
96.4	3.6	1.9	1.7		3.6

# THE STANDARD BANK OF SOUTH AFRICA GROUP

## Capital adequacy and risk-weighted assets

### CAPITAL ADEQUACY – SBSA GROUP<sup>1</sup>

(including unappropriated profit)



	2015	2016	2017	2018	2019	2020
● Common equity tier 1 capital	12.1	13.7	13.6	12.7	13.2	<b>12.1</b>
● Tier 1 capital	12.1	13.7	14.2	13.3	14.0	<b>13.1</b>
● Total regulatory capital	15.3	16.8	16.6	15.7	16.8	<b>16.0</b>

- Common equity tier 1 capital
- Tier 1 capital
- Total regulatory capital

<sup>1</sup> Capital adequacy ratios based on the SARB IFRS 9 phased-in approach.

### RISK-WEIGHTED ASSETS

	Change %	2020 Rm	2019 Rm
Credit risk	11	<b>521 314</b>	471 745
Counterparty credit risk	58	<b>40 290</b>	25 430
Market risk	(11)	<b>41 537</b>	46 770
Operational risk	(2)	<b>97 069</b>	99 434
Equity risk in the banking book	(43)	<b>7 718</b>	13 582
RWA for investments in financial entities <sup>1</sup>	18	<b>14 881</b>	12 610
<b>Total risk-weighted assets</b>	<b>8</b>	<b>722 809</b>	669 571

<sup>1</sup> Including phase-in of the IFRS 9 transitional adjustment.

# THE STANDARD BANK OF SOUTH AFRICA GROUP

## Capital adequacy

### QUALIFYING REGULATORY CAPITAL EXCLUDING UNAPPROPRIATED PROFIT

	Change %	2020 Rm	2019 Rm
Share capital and premium	9	49 313	45 248
Retained earnings	(12)	48 241	55 086
Other reserves	(5)	798	841
Regulatory adjustments	(13)	(10 934)	(12 588)
Goodwill	0	(42)	(42)
Other intangible assets	(22)	(10 511)	(13 561)
Deferred tax assets	>100	(551)	(1)
Other adjustments including IFRS 9 phase-in	(83)	170	1 016
<b>Total (including unappropriated profit)</b>	(1)	<b>87 418</b>	88 587
Unappropriated profit	(62)	(3 742)	(9 912)
<b>Common equity tier 1 capital</b>	6	<b>83 676</b>	78 675
Qualifying other equity instruments	27	6 944	5 475
<b>Tier 1 capital</b>	8	<b>90 620</b>	84 150
<b>Tier 2 capital</b>	15	<b>21 449</b>	18 726
Qualifying tier 2 subordinated debt	6	21 569	20 431
General allowance for credit impairments	>100	2 418	852
Regulatory adjustments – investment in tier 2 instruments in other banks	(1)	(2 538)	(2 557)
<b>Total qualifying regulatory capital</b>	9	<b>112 069</b>	102 876

### CAPITAL ADEQUACY RATIOS (PHASED-IN)

	Internal target ratios <sup>1,2</sup> %	SARB minimum regulatory requirement <sup>3</sup> %	Excluding unappropriated profit		Including unappropriated profit	
			2020 %	2019 %	2020 %	2019 %
Common equity tier 1 capital adequacy ratio	10.0 – 11.5	8.0	11.6	11.7	12.1	13.2
Tier 1 capital adequacy ratio	>11.0	10.0	12.5	12.6	13.1	14.0
Total capital adequacy ratio	>14.0	12.5	15.5	15.4	16.0	16.8

<sup>1</sup> Including unappropriated profit.

<sup>2</sup> Recalibrated in line with the temporary removal of Pillar 2A buffer requirements by the Prudential Authority.

<sup>3</sup> Excluding confidential bank specific requirements. Pillar 2A buffer requirements temporarily removed in response to the Covid-19 pandemic.

### CAPITAL ADEQUACY RATIOS (FULLY LOADED)<sup>1</sup>

	Internal target ratios <sup>2,3</sup> %	SARB minimum regulatory requirement <sup>4</sup> %	Excluding unappropriated profit		Including unappropriated profit	
			2020 %	2019 %	2020 %	2019 %
Common equity tier 1 capital adequacy ratio	10.0 – 11.5	8.0	11.5	11.5	12.0	13.0
Tier 1 capital adequacy ratio	>11.0	10.0	12.4	12.4	13.0	13.8
Total capital adequacy ratio	>14.0	12.5	15.5	15.4	16.0	16.8

<sup>1</sup> Capital ratios based on the inclusion of the full IFRS 9 transitional impact.

<sup>2</sup> Including unappropriated profit.

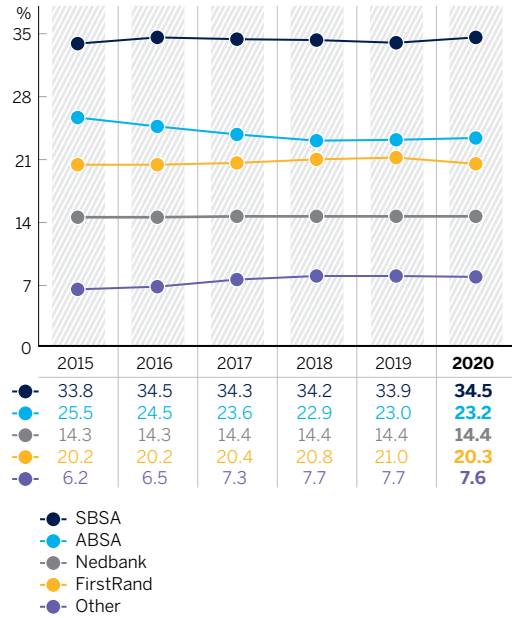
<sup>3</sup> Recalibrated in line with the temporary removal of Pillar 2A buffer requirements by the Prudential Authority.

<sup>4</sup> Excluding confidential bank specific requirements. Pillar 2A buffer requirements temporarily removed in response to the Covid-19 pandemic.

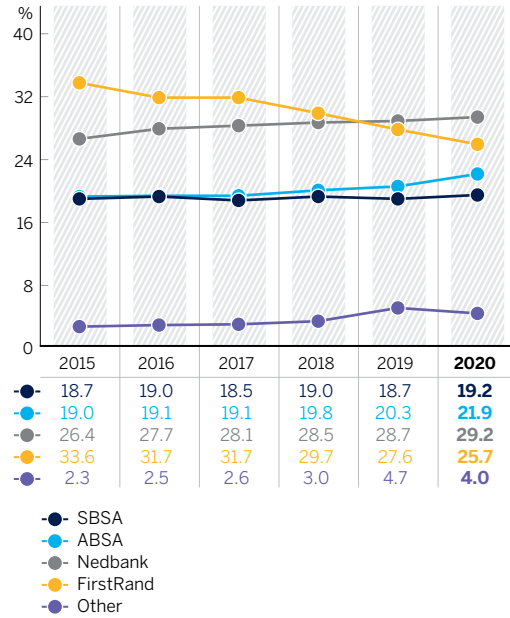
# THE STANDARD BANK OF SOUTH AFRICA

## Market share analysis<sup>1</sup>

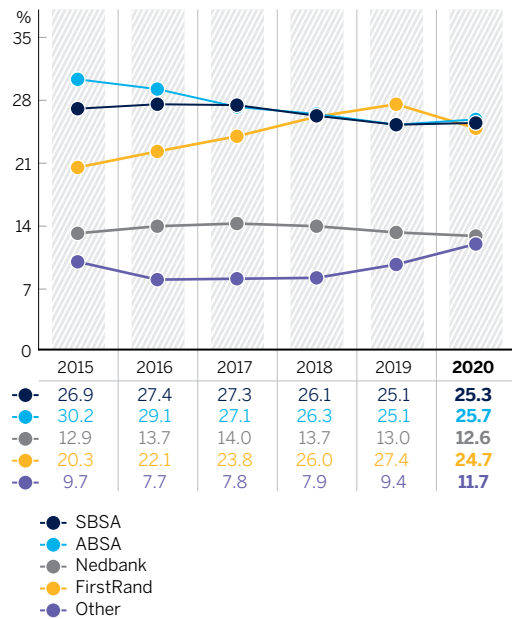
### MORTGAGE LOANS<sup>2</sup>



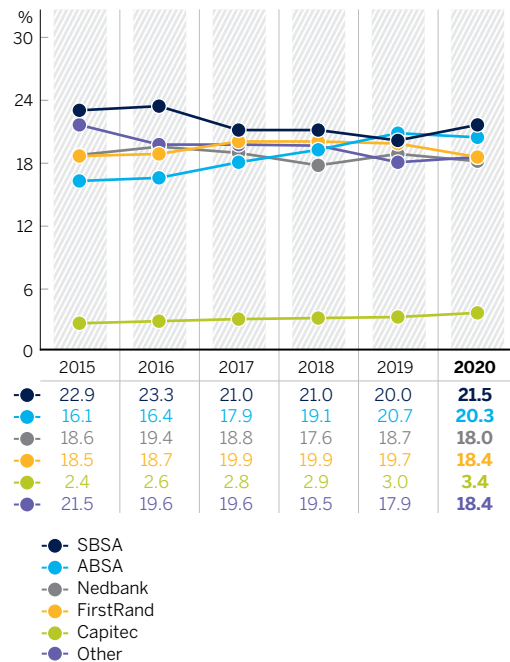
### VEHICLE AND ASSET FINANCE



### CARD



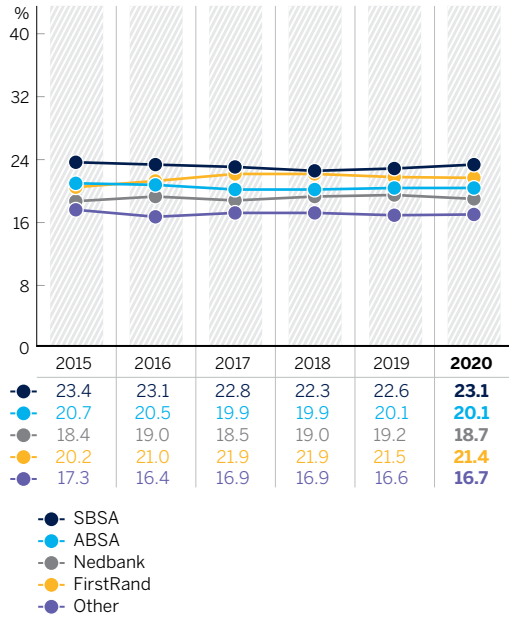
### OTHER LOANS AND ADVANCES



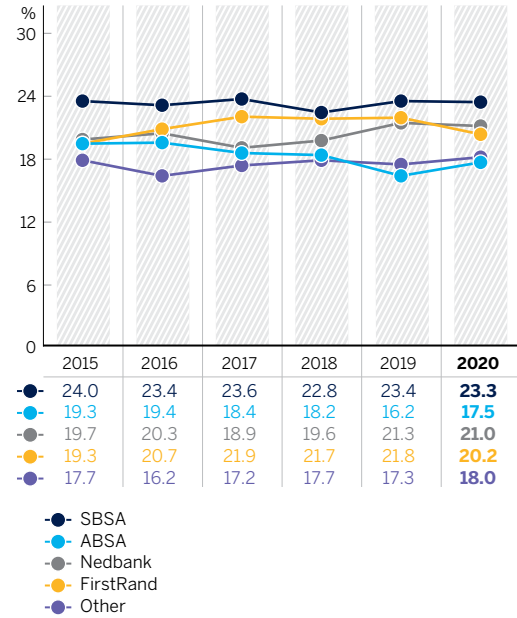
<sup>1</sup> Source: SARB BA 900.

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

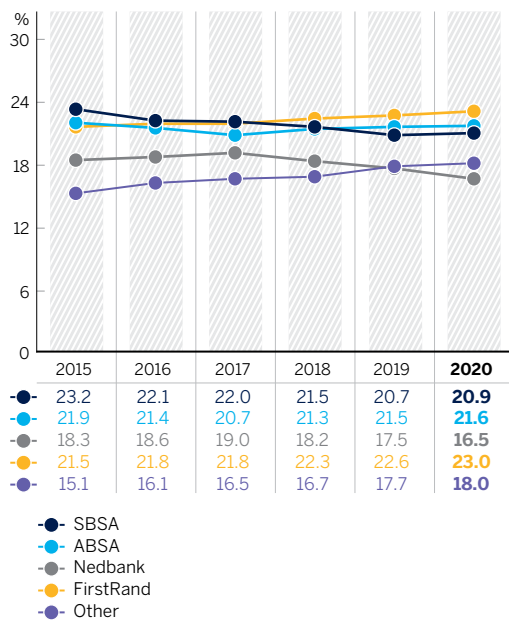
## DEPOSITS



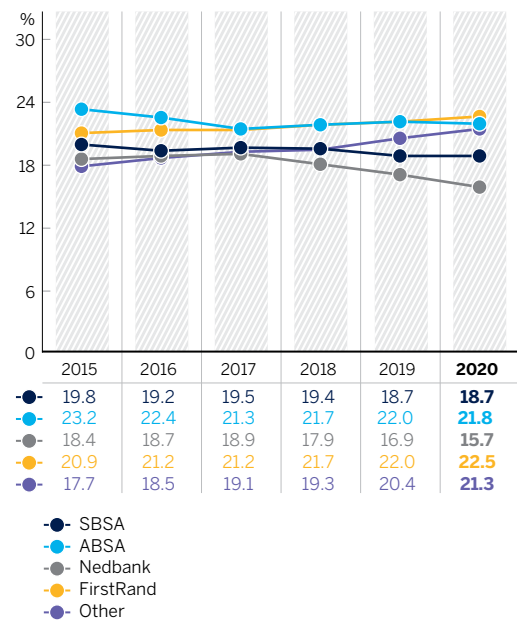
## CORPORATE DEPOSITS



## RETAIL DEPOSITS<sup>3</sup>



## HOUSEHOLD DEPOSITS



<sup>3</sup> Retail priced deposits include households, non-profit organisations serving households and unincorporated business enterprises.

# AFRICA REGIONS LEGAL ENTITIES

## Regional income statement

	East Africa <sup>1</sup>				South & Central Africa <sup>2</sup>			
	CCY %	Change %	2020 Rm	2019 Rm	CCY %	Change %	2020 Rm	2019 Rm
Net interest income	(1)	11	5 051	4 553	8	1	8 067	8 011
Non-interest revenue	(1)	10	3 328	3 027	27	11	7 017	6 309
Net fee and commission revenue	(13)	(3)	1 452	1 497	24	7	3 568	3 326
Trading revenue	18	31	1 816	1 381	36	19	2 897	2 441
Other revenue	14	23	58	47	(5)	(6)	370	392
Other gains and losses on financial instruments	(98)	(98)	2	102	22	21	182	150
<b>Total income</b>	(1)	11	<b>8 379</b>	7 580	16	5	<b>15 084</b>	14 320
Credit impairment charges	77	93	(1 257)	(652)	(12)	(22)	(998)	(1 287)
Loans and advances	80	97	(1 244)	(632)	(8)	(16)	(1 019)	(1 215)
Financial investments	(>100)	(>100)	(3)	2	(>100)	(>100)	30	(77)
Letters of credit and guarantees	(57)	(55)	(10)	(22)	(>100)	(>100)	(9)	5
<b>Income before operating expenses</b>	(8)	3	<b>7 122</b>	6 928	19	8	<b>14 086</b>	13 033
<b>Operating expenses</b>	(6)	4	<b>(4 273)</b>	(4 096)	27	9	<b>(8 093)</b>	(7 444)
Staff costs	(3)	7	(2 054)	(1 913)	11	1	(3 823)	(3 777)
Other operating expenses	(8)	2	(2 219)	(2 183)	45	16	(4 270)	(3 667)
<b>Net income before non-trading and capital related items, and equity accounted earnings</b>	(11)	1	<b>2 849</b>	2 832	9	7	<b>5 993</b>	5 589
Non-trading and capital related items	(>100)	(>100)	(6)	3	(>100)	(68)	60	186
Share of profit from joint ventures					(100)	(100)		4
<b>Profit before indirect taxation</b>	(11)	0	<b>2 843</b>	2 835	11	5	<b>6 053</b>	5 779
Indirect taxation	4	17	(219)	(187)	16	9	(322)	(295)
<b>Profit before direct taxation</b>	(13)	(1)	<b>2 624</b>	2 648	11	5	<b>5 731</b>	5 484
Direct taxation	(9)	3	(624)	(604)	36	4	(1 602)	(1 545)
<b>Profit for the period</b>	(14)	(2)	<b>2 000</b>	2 044	3	5	<b>4 129</b>	3 939
Attributable to non-controlling interests	(17)	(6)	(453)	(482)	48	57	(444)	(282)
<b>Attributable to ordinary shareholders</b>	(13)	(1)	<b>1 547</b>	1 562		1	<b>3 685</b>	3 657
Headline adjustable items	(>100)	(>100)	4	(1)	(>100)	(47)	(41)	(78)
<b>Headline earnings</b>	(12)	(1)	<b>1 551</b>	1 561	(3)	2	<b>3 644</b>	3 579
ROE (%)			<b>14.2</b>	17.0			<b>14.0</b>	20.7
CLR (bps)			<b>202</b>	136			<b>85</b>	115
CLR on loans to customers (bps)			<b>251</b>	163			<b>123</b>	167
Cost-to-income ratio (%)			<b>51.0</b>	54.0			<b>53.7</b>	52.0
Effective direct taxation rate (%)			<b>23.8</b>	22.8			<b>28.0</b>	28.2
Effective total taxation rate (%)			<b>29.7</b>	27.9			<b>31.8</b>	31.8

<sup>1</sup> Kenya, South Sudan, Tanzania, Uganda.

<sup>2</sup> Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Zambia, Zimbabwe.

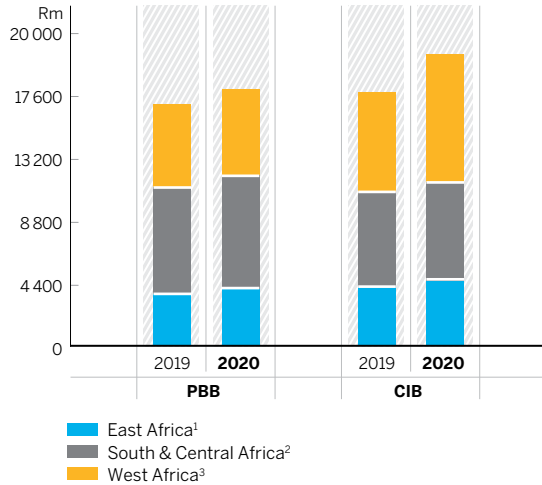
<sup>3</sup> Angola, Democratic Republic of the Congo, Ghana, Côte d'Ivoire, Nigeria.

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

		West Africa <sup>3</sup>			Africa Regions legal entities			
	CCY %	Change %	2020 Rm	FY19 Rm	CCY %	Change %	2020 Rm	FY19 Rm
	7	7	<b>7 206</b>	6 713	5	5	<b>20 324</b>	19 277
	19	24	<b>8 025</b>	6 456	17	16	<b>18 370</b>	15 792
	2	10	<b>4 474</b>	4 070	7	7	<b>9 494</b>	8 893
	53	51	<b>3 497</b>	2 319	38	34	<b>8 210</b>	6 141
	5	29	<b>22</b>	17	(3)	(1)	<b>450</b>	456
	(45)	(36)	<b>32</b>	50	(33)	(28)	<b>216</b>	302
	13	16	<b>15 231</b>	13 169	11	10	<b>38 694</b>	35 069
	>100	>100	<b>(727)</b>	(248)	42	36	<b>(2 982)</b>	(2 187)
	>100	>100	<b>(654)</b>	(221)	44	41	<b>(2 917)</b>	(2 068)
	(>100)	>100	<b>(66)</b>	(1)	30	(49)	<b>(39)</b>	(76)
	(76)	(73)	<b>(7)</b>	(26)	(46)	(40)	<b>(26)</b>	(43)
	10	12	<b>14 504</b>	12 921	9	9	<b>35 712</b>	32 882
	7	11	<b>(7 387)</b>	(6 639)	11	9	<b>(19 753)</b>	(18 179)
	12	15	<b>(3 594)</b>	(3 134)	8	7	<b>(9 471)</b>	(8 824)
	2	8	<b>(3 793)</b>	(3 505)	14	10	<b>(10 282)</b>	(9 355)
	13	13	<b>7 117</b>	6 282	6	9	<b>15 959</b>	14 703
	>100	>100	<b>18</b>	1	(>100)	(62)	<b>72</b>	190
					(100)	(100)		4
	13	14	<b>7 135</b>	6 283	7	8	<b>16 031</b>	14 897
	42	43	<b>(179)</b>	(125)	17	19	<b>(720)</b>	(607)
	13	13	<b>6 956</b>	6 158	7	7	<b>15 311</b>	14 290
	(17)	(13)	<b>(975)</b>	(1 118)	5	(2)	<b>(3 201)</b>	(3 267)
	20	19	<b>5 981</b>	5 040	7	10	<b>12 110</b>	11 023
	17	12	<b>(1 973)</b>	(1 760)	13	14	<b>(2 870)</b>	(2 524)
	21	22	<b>4 008</b>	3 280	5	9	<b>9 240</b>	8 499
	(>100)	(100)	<b>(11)</b>		(>100)	(39)	<b>(48)</b>	(79)
	21	22	<b>3 997</b>	3 280	4	9	<b>9 192</b>	8 420
			<b>23.0</b>	23.1			<b>18.8</b>	20.7
			<b>98</b>	45			<b>117</b>	103
			<b>147</b>	70			<b>167</b>	143
			<b>48.5</b>	50.4			<b>51.0</b>	51.8
			<b>14.0</b>	18.2			<b>20.9</b>	22.9
			<b>16.2</b>	19.8			<b>24.5</b>	26.0

# AFRICA REGIONS LEGAL ENTITIES

## CONTRIBUTION BY BUSINESS UNIT TO THE AFRICA REGIONS LEGAL ENTITIES TOTAL INCOME



<sup>1</sup> Kenya, South Sudan, Tanzania, Uganda.

<sup>2</sup> Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Zambia, Zimbabwe.

<sup>3</sup> Angola, Democratic Republic of the Congo, Ghana, Côte d'Ivoire, Nigeria.



### Balance sheet (in CCY)

- Strong deposit growth driven by ongoing growth of the client franchise and a flight to quality in a difficult environment.
- Customer loans and advances growth was driven by increased term loans disbursements across the portfolio.
- Strong growth in financial investments and interbank placements as excess liquidity was invested in bonds and government securities; mainly in West and East Africa region.
- NIM compressed due to the declining interest rates in several markets.

### East Africa (in CCY)

- NII decreased as balance sheet growth was offset by the impact of lower interest rates.
- Fee and commission revenue reflects lower transactional volumes due to the Covid-19 lockdown restrictions, as well as reduced fees following regulatory imposed fee caps and waivers.
- Market volatility and increased client volumes resulted in robust trading revenue growth, particularly in Kenya and Uganda.
- Credit impairment charges increased as a result of a deterioration in customer risk profiles and forward looking assumptions.
- Operating expenses decreased mainly due to lower headcount in Kenya following the voluntary early retirement programme completed in Q3 2019 and lower provisions for incentives in alignment with performance.

### South & Central Africa (in CCY)

- Zimbabwe's earnings were impacted by hyperinflation following a significant depreciation of the Zimbabwe Dollar (ZWL) as well as the introduction of a formal foreign exchange auction trading system for ZWL.
- Loan and deposit market shares in Botswana, Mozambique and Zimbabwe increased, however, revenue remained under pressure as interest rates declined, higher foreign currency reserving requirements were implemented, and forex trading was impacted by regulatory directives issued.
- Fee and commission revenue growth was supported by foreign denominated fees in Zimbabwe as well as customer account growth and upward pricing adjustments in Zambia.

- Trading revenue increased in Malawi and Mozambique due to improved foreign exchange customer volumes and mark-to-market gains following the depreciation of the MZN as well as improved volumes and margins in Zambia following the ZMW volatility.
- Credit impairment charges declined following an improvement in internal risk grading on Mozambiquan government bonds and treasury bills as well as recoveries on accounts previously written off in Botswana and Malawi. This was partly offset by higher impairment changes in Zimbabwe and Zambia following the sovereign rating downgrade.
- Operating expenses increased driven by higher IT and licence costs and cost of living adjustments and the impact of the ZWL devaluation on USD denominated costs in Zimbabwe.

### West Africa (in CCY)

- Loans and advances growth driven by the introduction of minimum loan-to-deposit ratio in Nigeria and increased medium-term lending in Angola and Ghana.
- Revenue growth was underpinned by strong balance sheet growth, offsetting lower interest rates, and an increase in transactional and trading volumes in Ghana.
- Fair value gains on treasury bills and increased interbank foreign exchange volumes in Nigeria.
- Angola's revenue growth was underpinned by strong trading revenue related to the AOA devaluation and increased foreign exchange volumes as well as NII growth following strong balance sheet growth, particularly financial investments.
- Credit impairment charges increased due to the non-recurrence of prior year recoveries in Nigeria, increased growth in exposures in Ghana and the impact of the downgrades in Angola.
- Operating expenses increased due to the introduction of depositor insurance in Ghana and the impact of AOA devaluation on USD denominated costs in Angola as well as higher IT costs.



## AFRICA REGIONS LEGAL ENTITIES

## Statement of financial position

	CCY %	Change %	2020 Rm	2019 Rm
<b>Assets</b>				
Cash and balances with central banks	40	27	53 474	42 228
Derivative assets	64	57	3 427	2 180
Trading assets	(12)	(15)	20 244	23 882
Pledged assets	(3)	(8)	9 471	10 319
Financial investments	74	64	75 981	46 470
Net loans and advances	21	16	228 717	197 484
Gross loans and advances	21	16	237 434	204 943
Gross loans and advances to banks	37	26	81 541	64 907
Gross loans and advances to customers	15	11	155 893	140 036
Loans and advances to PBB customers	11	8	84 158	78 005
Loans and advances to CIB customers	20	16	71 735	62 031
Credit provisions on loans and advances	21	17	(8 717)	(7 459)
Other assets	(13)	(10)	12 646	14 007
Investment property	>100	65	614	373
Property and equipment	15	(1)	7 005	7 057
Goodwill and other intangible assets	(1)	(3)	5 301	5 473
Goodwill	(2)	(3)	2 047	2 121
Other intangible assets	0	(3)	3 254	3 352
<b>Total assets</b>	26	19	<b>416 880</b>	349 473
<b>Equity and liabilities</b>				
<b>Equity</b>	15	11	57 219	51 649
Equity attributable to ordinary shareholders	14	10	46 188	41 864
Equity attributable to non-controlling interest	20	13	11 031	9 785
<b>Liabilities</b>	28	21	359 661	297 824
Derivative liabilities	>100	>100	3 102	1 275
Trading liabilities	(13)	(20)	10 464	13 124
Deposits and debt funding	30	23	315 444	256 700
Deposits from banks	47	42	44 473	31 314
Deposits from PBB customers	26	19	109 565	92 293
Deposits from CIB customers	28	21	161 406	133 093
Subordinated debt	(23)	(27)	3 550	4 884
Provisions and other liabilities	35	24	27 101	21 841
<b>Total equity and liabilities</b>	26	19	<b>416 880</b>	349 473

# STANDARD BANK GROUP

## Headline earnings and net asset value reconciliation by key legal entity

### HEADLINE EARNINGS

	Change %	2020 Rm	2019 Rm
<b>SBSA group as consolidated into SBG</b>	(68)	<b>5 394</b>	16 706
<b>Africa Regions legal entities</b>	9	<b>9 192</b>	8 420
<b>Standard Bank Wealth International</b>	(46)	<b>680</b>	1 254
<b>Other group entities</b>	(46)	<b>449</b>	836
Standard Insurance Limited	19	<b>558</b>	467
SBG Securities	>100	<b>427</b>	199
Standard Advisory London	(10)	<b>43</b>	48
Other <sup>1</sup>	(>100)	<b>(579)</b>	122
<b>Banking activities</b>	(42)	<b>15 715</b>	27 216
<b>Other banking interests</b>	(>100)	<b>881</b>	(864)
ICBC Standard Bank Plc (40% shareholding)	(>100)	<b>881</b>	(1 447)
ICBC Argentina (20% shareholding) <sup>2</sup>	(100)		583
<b>Liberty</b>	(>100)	<b>(651)</b>	1 855
<b>Standard Bank Group</b>	(43)	<b>15 945</b>	28 207

<sup>1</sup> Included is the elimination of gains and losses on deemed IFRS treasury shares relating to client trading activities and hedging in SBG Securities of (R413) million (2019: R18 million).

<sup>2</sup> The disposal of ICBC Argentina was completed during June 2020.

### NET ASSET VALUE

	Change %	2020 Rm	2019 Rm
<b>SBSA group</b>	(3)	<b>98 352</b>	101 177
<b>Africa Regions legal entities</b>	10	<b>46 188</b>	41 864
<b>Standard Bank Wealth International</b>	18	<b>8 169</b>	6 924
<b>Other group entities</b>	60	<b>9 139</b>	5 699
Standard Insurance Limited	16	<b>2 193</b>	1 885
SBG Securities	23	<b>2 013</b>	1 631
Standard Advisory London	6	<b>658</b>	621
Other	>100	<b>4 275</b>	1 562
<b>Banking activities</b>	4	<b>161 848</b>	155 664
<b>Other banking interests</b>	(8)	<b>3 522</b>	3 841
ICBC Standard Bank Plc (40% shareholding)	33	<b>3 522</b>	2 645
ICBC Argentina (20% shareholding) <sup>2</sup>	(100)		1 196
<b>Liberty</b>	(6)	<b>11 001</b>	11 724
<b>Standard Bank Group</b>	3	<b>176 371</b>	171 229

# OTHER 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 year ended 31 December 2020 (results) are prepared, as a minimum, in accordance with the requirements of the JSE Listings Requirements, the requirements of 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 International Accounting Standards 34 *Interim Financial Reporting* (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. This report is presented in South African Rand (Rand), which is the presentation currency of the group, unless otherwise indicated. All amounts are stated in millions of Rand (Rm), unless otherwise indicated. FY20 and 2020 refer to the full year results for 2020. 1H20 refers to the six months ended 30 June 2020. FY19 and 2019 refer to the full year results for 2019. Change percentage reflects FY20 change on FY19, unless otherwise indicated. All amounts relate to the group's consolidated results, unless otherwise indicated.

The group's 2020 financial information has been correctly extracted from the underlying audited consolidated annual financial statements, where applicable, for the year ended 31 December 2020. While this report, in itself, is not audited, the consolidated annual financial statements from which the results are derived were audited by KPMG Inc. and PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The full audit opinion, including any key audit matters, is available at [www.standardbank.com/reporting](http://www.standardbank.com/reporting) and on the following link: <https://reporting.standardbank.com/results-reports/annual-reports/> as part of the group's annual financial statements, which have been released in conjunction with these results. Scan the image on the inside back cover of

this report to be taken there directly. The audit report does not report on all the information contained in this report. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditors' engagement and, more specifically, the nature of the information that has been audited, they should obtain a copy of the auditors' report together with the accompanying audited consolidated annual financial statements.

The remainder of the group's reporting suite, including the group's annual integrated report will be made available before or during April 2021. Copies can be requested at the company's registered office or downloaded from the company's website following the announcement on the JSE's Stock Exchange News Service (SENS).

The accounting policies applied in the preparation of this report are in terms of IFRS. These accounting policies are consistent with the accounting policies applied in the preparation of the group's previous consolidated annual financial statements with the exception of changes referred to within these results. For more detail on the accounting policies applied by the group, refer to the group's annual financial statements.

This report contains *pro forma* constant currency financial information. Refer to the *pro forma* constant currency paragraph of the other reportable items section of these results for further detail.

The board of directors (the board) of the group take 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. The results were made publicly available on 11 March 2021.

In terms of the JSE's Listings Requirements, the group no longer posts a physical copy of this announcement to its shareholders. Shareholders are reminded that should they wish to make use of the group's electronic communication notification system to receive all shareholder entitled communication electronically as opposed to delivery through physical mail and have not already done so, this option can still be elected by advising the group's transfer secretaries at the following email address [ecomms@computershare.co.za](mailto:ecomms@computershare.co.za) or fax to +27 11 688 5248 or contact the call centre on +27 861 100 933. Other related queries can be sent to [electroniccommunication@standardbank.co.za](mailto:electroniccommunication@standardbank.co.za).

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	2020 Rm	2019 Rm
<b>Net cash flows from operating activities</b>	<b>28 421</b>	23 347
Direct taxation paid	(7 100)	(9 907)
Operating activities	<b>35 521</b>	33 254
<b>Net cash flows used in investing activities</b>	<b>430</b>	(5 105)
Capital expenditure	(2 488)	(5 535)
Other investing activities	<b>2 918</b>	430
<b>Net cash flows used in financing activities</b>	<b>(12 495)</b>	(15 639)
Dividends paid	(11 220)	(18 649)
Equity transactions with non-controlling interests	(1 379)	391
Issuance of other equity instruments <sup>1</sup>	<b>1 539</b>	1 942
Issuance of subordinated debt	<b>8 500</b>	7 269
Redemption of subordinated debt	(8 488)	(4 850)
Other financing activities	(1 447)	(1 742)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(4 139)</b>	(12 460)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12 217</b>	(9 857)
Cash and cash equivalents at the beginning of the year	<b>75 288</b>	85 145
<b>Cash and cash equivalents at the end of the year</b>	<b>87 505</b>	75 288
Cash and balances with central banks	<b>87 505</b>	75 288

<sup>1</sup> Refer to the other reportable items section of this report for detail on the issued AT1 equity as well as the dividends paid to AT1 equity holders.

## CHANGES IN ACCOUNTING POLICIES

### Adoption of amended standards effective for the current financial year

The accounting policies are consistent with those reported in the previous year except for the adoption of the following standards and amendments effective for the current year:

- IFRS 3 *Business Combinations* (amendment) (IFRS 3), the amendment clarifies the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment will be applied prospectively.
- IFRS 7 *Financial Instruments: Disclosures* (IFRS 7), IFRS 9 *Financial Instruments (amendments)* (IFRS 9) and IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39). Interest Rate Benchmark Reform resulted in amendments to IFRS 9, IAS 39 and IFRS 7 requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest rate benchmarks such as interbank offered rates (IBORs) on hedge accounting. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendment will be applied retrospectively.
- Conceptual Framework for Financial Reporting (revised) (Conceptual Framework), the revised Conceptual Framework includes a comprehensive set of concepts for financial reporting, replacing the previous version of the Conceptual Framework. These concepts are used by the IASB as the framework for setting IFRS standards. The revision did not result in any changes to IFRS standards.

Early adoption of revised standards:

- IFRS 3 *Business Combinations* (amendments). This standard requires an entity to refer to the Conceptual Framework for Financial Reporting in determining what constitutes an asset or a liability. The amendments update the reference from the previous version of the Conceptual Framework that existed to the version issued in March 2018 and adds an exception for some types of liabilities and contingent liabilities to refer to IAS 37 instead of the Conceptual Framework. The amendments will be applied prospectively.
- IAS 16 *Property, Plant and Equipment* (amendments) (IAS 16). Narrow-scope amendments to IAS 16 for the accounting of amounts received when selling items produced while an entity is preparing an asset for its intended use. The amendments clarify the accounting requirements in prohibiting the entity from deducting such amount from the cost of property, plant and equipment and instead recognising such sales proceeds and related cost in profit or loss. The amendments will be applied retrospectively.
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (amendments) (IAS 37). Narrow-scope amendments to IAS 37 in determining which costs to include in estimating the cost of fulfilling a contract for the purposes of assessing whether that contract is onerous. The amendments clarify that the cost of fulfilling the contract includes both the incremental costs of fulfilling the contract and an allocation of costs that relate directly to fulfilling contracts. The amendments will be applied retrospectively. Adjusting prior periods is not required, but rather adjusting the opening retained earnings with the cumulative effect of the amendments on transition date.

The adoption of the above amended standards on 1 January 2020 did not affect the group's previously reported financial results and did not impact the group's results upon transition. Disclosures and accounting policies have been amended as relevant.

# 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 financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. While models have been enhanced, no material changes to assumptions have occurred since year-end. The following represents the most material key management assumptions applied in preparing these financial statements.

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

A range of base, bull and bear forward-looking economic expectations were determined, as at 31 December 2020, for inclusion in the group's forward-looking process and ECL calculation:

### South African economic expectation

Our base case for South Africa assumes a relatively sharp recovery in the growth rate in 2021 on the back of strong base effects. The performance of the economy in 2021 will be influenced, both directly and indirectly, by the recovery post the Covid-19 pandemic and the roll back of lockdown regulations in 2021. This scenario assumes that a global economic recovery will provide support. We remain confident about gradual policy reform, but the recovery remains fragile.

In our bear case scenario, we assume a more gradual economic recovery than the base case, on the back of a larger and more permanent destruction of businesses and jobs from the Covid-19 pandemic and a deeper GDP growth contraction in 2020. Disappointing and/or a lack of local policy reforms worsens the fiscal prognosis in this scenario with further pressure on ratings.

The bull case scenario assumes that the current economic crisis triggers accelerated economic reforms and an efficient vaccine rollout programme to curb the spread of the coronavirus. This supports the post-pandemic growth rebound that we foresee in 2021. Strong fixed investment, employment growth and a rebound in consumption expenditure, as well as capital inflows will spur economic growth. In this scenario, ratings upgrades are still only expected in the medium term.

### Africa Regions economic expectation

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

We expect GDP growth to show some recovery in 2021. It is worth noting that on an annual basis in 2021, GDP growth figures are expected to be bolstered by unwinding base effects mainly from Q2:20. We maintain that Q2:20 was most likely the worst of the pandemic for economic activity. It is likely that underlying consumption, and perhaps even investment, may not be as robust as the GDP growth number would imply for the period.

The Angolan economy is set to remain in recession in 2021, a condition now dating back to 2016. Moreover, our base case foresees another recession in 2023. The medium-term growth prospects for Angola remain weak due to maturing oil fields, declining oil output, and slow progress on economic diversification, now exacerbated by the pandemic's impact.

The dislocation caused by Covid-19 has exposed long-standing structural deficiencies within many African economies. In Nigeria, economic momentum will remain sluggish in 2021 as the pandemic has exacerbated pre-existing vulnerabilities. For Zambia, the

pandemic coupled with the sovereign's fiscal challenges will weigh down on the recovery. In our base case scenarios, we expect the gradual easing of public health restrictions.

Our bear case assumes stringent public health restrictions are reintroduced as successive waves of Covid-19 continue to disrupt economic activity. Should Malawi's current health restrictions, which are more stringent than previous sets of restrictions, remain in place for a prolonged period, this could see economic growth for 2021 be in line with a bear case outcome.

Notably, it is not clear when vaccines will be rolled out and how countries will administer that process. Delays would pose a risk of new cases rising before vaccines have become widely available, which could then stall the economic recovery. Idiosyncratic factors in certain markets may also delay the economic recovery. protracted debt restructuring talks between the Zambian sovereign and its creditors could limit growth momentum over the medium term. In Kenya, a bear case scenario factors in significant structural damage to the economy from the pandemic, which could be exacerbated by rising political tensions over the next two years.

Our bull case assumes a strong post-pandemic recovery, with economic growth reaching pre-pandemic growth much sooner. The various vaccination programmes across the continent are successful. This reduces the spread of the virus and limits further disruptions. In many instances, the recovery is V-shaped. Structural reforms, higher levels of investments and a quicker recovery in consumption also underpin a more robust recovery.

### Global economic expectation

The global base case comprises the following outlook and conditions:

The global base case is that the likely decline of around 4% in global GDP 2020 will be followed by a rise in 2021 of over 4%. The recovery will be back-loaded into the second half 2021 as the rollout of vaccines and easing of lockdown restrictions causes a recovery in growth, particularly spending on services. The base case assumes that the rollout of vaccines occurs broadly as planned and there are no major setbacks in the efficacy of the vaccines. While the recovery in the second half of 2021 could be strong amongst developed nations, the peak of the global recovery could take longer as developing nations' vaccine rollouts take longer.

Policymakers will continue to nurture the recovery. Central banks in developed countries are expected to keep policy rates as low as they are now, or lower, through the course of 2021. In addition, many major central banks will continue with hefty asset purchases - mainly bonds - right through 2021. On the fiscal side, the extent of support in 2021 is expected to be a fraction of what we saw in 2020. Policy will still remain supportive with governments unlikely to try to recoup the expenditures made in 2020 with tax cuts or spending cuts in 2021.

Improved growth and policy support should help maintain asset price strength. This being said, prices of bonds and stocks have risen sharply, and many appear to be somewhat overvalued, especially in the US. This could impair their ability to provide returns in 2021 that match those seen in 2020. A fall of some 10% is expected in the dollar's trade-weighted value in 2021 and this should help foster positive sentiment in riskier assets.

A bear case scenario would envisage difficulties in the rollout and/or efficacy of the coronavirus vaccines, resulting in strict lockdown measures for longer. The global economy would probably still grow in 2021, if only as a reaction to the depth of the fall 2020 and the fact that therapeutics to treat the coronavirus have improved.

# KEY MANAGEMENT ASSUMPTIONS

A bull scenario supposes that vaccine rollout is far speedier than current plans and efficacy is such that lockdowns can end more quickly than the base case. In this scenario the growth in 2021 is still back-loaded into the second half 2021 but at a much stronger pace than under the base case.

## Main macroeconomic factors

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

Macroeconomic factors – 2020	Base scenario			Bear scenario			Bull scenario		
	2020 <sup>1</sup>	2021 (Next 12 months)	Remaining forecast period <sup>2</sup>	2020 <sup>1</sup>	2021 (Next 12 months)	Remaining forecast period <sup>2</sup>	2020 <sup>1</sup>	2021 (Next 12 months)	Remaining forecast period <sup>2</sup>
<b>South Africa<sup>3</sup></b>									
Inflation (%)*	3.30	4.06	4.18	3.30	5.42	5.47	3.30	3.68	3.83
Prime (%)*	7.00	7.25	7.81	7.00	8.25	9.44	7.00	6.75	7.31
Real GDP (%)*	(7.00)	4.79	2.85	(10.30)	5.87	3.03	(5.84)	6.52	4.10
Employment rate growth (%) <sup>#</sup>	(3.27)	(0.01)	0.74	(3.27)	(0.66)	0.27	(3.27)	0.64	1.22
Household credit (%) <sup>#</sup>	3.86	3.18	4.44	3.71	1.71	2.66	3.56	4.82	6.20
Exchange rate USD/ZAR	14.86	15.46	16.01	14.86	17.50	17.84	14.86	14.50	15.15
<b>Africa Regions<sup>4</sup> (excluding Zimbabwe) (averages)</b>									
Inflation (%) <sup>#</sup>	8.36	8.50	7.00	8.39	10.10	8.90	7.96	7.20	5.90
Policy rate (%)*	9.22	8.90	8.30	9.22	10.10	9.50	9.22	8.50	7.60
3m Tbill rate (%)*	7.98	8.60	7.90	7.98	10.00	9.20	7.98	7.90	6.70
6m Tbill rate (%)*	8.57	8.60	8.80	8.57	10.20	9.90	8.57	8.00	7.60
Real GDP (%) <sup>#</sup>	(2.14)	3.60	4.60	(2.68)	2.20	3.00	0.58	6.30	7.00
<b>Africa Regions<sup>4</sup> (averages)</b>									
Inflation (%) <sup>#</sup>	30.58	15.70	8.20	33.27	40.60	78.50	30.11	9.40	9.40
Policy rate (%)*	10.18	10.10	9.50	10.18	10.90	10.20	10.18	8.90	7.90
3m Tbill rate (%)*	7.98	8.60	7.90	7.98	10.00	9.20	7.98	7.90	6.70
6m Tbill rate (%)*	8.57	8.60	8.80	8.57	10.20	9.90	8.57	8.00	7.60
Real GDP (%) <sup>#</sup>	(2.35)	3.70	4.70	(3.05)	1.80	2.70	0.57	6.20	7.00
<b>Global<sup>5</sup></b>									
Inflation (%)*	0.60	1.80	2.10	0.60	2.20	1.80	0.60	1.90	2.60
Policy rate (%)*	0.10	0.10	0.30	0.10	(0.10)	(0.08)	0.10	0.10	0.50
Exchange rate GBP/USD*	1.37	1.46	1.54	1.37	1.24	1.28	1.37	1.49	1.54
Real GDP (%) <sup>#</sup>	(10.50)	4.80	2.20	(10.50)	0.30	2.00	(10.50)	7.00	2.70
Unemployment rate (%)*	5.00	5.60	4.90	5.00	5.90	5.90	5.00	5.30	4.40

<sup>1</sup> Revised as at 31 December 2020. The 2020 (next 12 month) view disclosed as at 31 December 2019, has been revised due to the changes in the macroeconomic factors including the impact of Covid-19.

<sup>2</sup> The remaining forecast period is 2022 to 2024.

<sup>3</sup> The scenario weighting is: base at 50%, bull at 20% and bear at 30%. The scenario weighting has been revised due to the changes in the macroeconomic factors including the impact of Covid-19.

<sup>4</sup> Where multiple jurisdictions are considered averages are used. The scenario weighting is: base at 55%, bull at 16% and bear at 29%. The scenario weighting has been revised due to the changes in the macroeconomic factors including the impact of Covid-19.

<sup>5</sup> Based on UK outlook. The scenario weighting is: base at 50%, bull at 20% and bear at 30%. The scenario weighting has been revised due to the changes in the macroeconomic factors including the impact of Covid-19.

\* Actual rates for 2020.

<sup>#</sup> Estimated rates for 2020.



Macroeconomic factors – 1H20	Base scenario			Bear scenario			Bull scenario		
	2020 <sup>1</sup>	2H20 to 1H21 (Next 12 months)	Remaining forecast period <sup>2</sup>	2020 <sup>1</sup>	2H20 to 1H21 (Next 12 months)	Remaining forecast period <sup>2</sup>	2020 <sup>1</sup>	2H20 to 1H21 (Next 12 months)	Remaining forecast period <sup>2</sup>
<b>South Africa<sup>3</sup></b>									
Inflation (%)	3.40	3.84	4.50	3.62	4.19	5.41	3.81	4.17	4.52
Prime (%)	7.25	7.25	9.30	7.75	7.56	9.75	7.50	6.94	9.39
Real GDP (%)	(8.50)	(0.85)	3.30	(13.22)	(7.34)	1.73	(4.64)	(0.60)	3.33
Employment rate growth (%)	(2.58)	(3.90)	0.70	(4.92)	(7.94)	0.59	(1.32)	(1.50)	1.48
Household credit (%)	(14.23)	(12.14)	5.07	(18.97)	(21.37)	1.92	(1.71)	(6.59)	5.42
Exchange rate USD/ZAR	17.39	16.43	15.86	18.46	18.23	16.88	16.65	15.53	15.35
<b>Africa Regions<sup>4</sup> (excluding Zimbabwe) (averages)</b>									
Inflation (%)	8.24	9.69	7.47	7.49	8.96	7.47	7.64	8.05	6.31
Policy rate (%)	8.71	8.58	8.67	9.01	9.51	8.67	8.55	8.25	8.06
3m Tbill rate (%)	8.31	8.21	8.42	8.66	8.59	8.42	7.92	7.55	7.47
6m Tbill rate (%)	8.79	8.95	9.08	9.42	9.83	9.08	8.57	8.55	8.24
Real GDP (%)	(0.63)	1.36	6.21	(2.68)	(1.03)	6.21	0.49	2.42	7.00
<b>Africa Regions<sup>4</sup> (averages)</b>									
Inflation (%)	34.66	34.71	11.03	43.94	74.02	87.27	29.00	18.29	6.35
Policy rate (%)	9.85	9.74	9.50	9.78	10.28	10.82	9.69	9.03	8.27
3m Tbill rate (%)	8.31	8.21	8.42	8.66	8.59	8.97	7.92	7.55	7.47
6m Tbill rate (%)	8.79	8.95	9.08	9.42	9.83	10.10	8.57	8.55	8.24
Real GDP (%)	(0.81)	1.23	6.09	(2.95)	1.31	4.19	0.65	2.52	7.00
<b>Global<sup>5</sup></b>									
Inflation (%)	0.85	0.80	1.80	0.10	(0.50)	1.00	0.98	1.00	1.60
Policy rate (%)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.20
Exchange rate GBP/USD	1.28	1.35	1.50	1.14	1.10	1.25	1.30	1.40	1.60
Real GDP (%)	(5.15)	(9.00)	2.50	(7.90)	(12.00)	2.00	(4.40)	(6.00)	3.00
Unemployment rate (%)	6.58	7.00	5.50	8.08	9.00	7.00	6.45	6.50	4.50

<sup>1</sup> Revised as at 30 June 2020. The 2020 (next 12 month) view disclosed as at 31 December 2019, has been revised due to the changes in the macroeconomic factors including the impact of Covid-19.

<sup>2</sup> The remaining forecast period is 2021 to 2024.

<sup>3</sup> The scenario weighing is: base at 50%, bull at 15% and bear at 35%. The scenario weighting has been revised due to the changes in the macroeconomic factors including the impact of Covid-19.

<sup>4</sup> Where multiple jurisdictions are considered averages are used. The scenario weighting is: base at 55%, bull at 25% and bear at 20%. The scenario weighting has been revised due to the changes in the macroeconomic factors including the impact of Covid-19.

<sup>5</sup> Based on UK outlook. The scenario weighting is: base at 50%, bull at 20% and bear at 30%. The scenario weighting has been revised due to the changes in the macroeconomic factors including the impact of Covid-19.

# KEY MANAGEMENT ASSUMPTIONS

Macroeconomic factors – 2019	Base scenario		Bear scenario		Bull scenario	
	FY20 <sup>1</sup>	Remaining forecast period <sup>2</sup>	FY20 <sup>1</sup>	Remaining forecast period <sup>2</sup>	FY20 <sup>1</sup>	Remaining forecast period <sup>2</sup>
<b>South Africa<sup>3</sup></b>						
Inflation (%)	4.60	4.86	6.03	5.58	4.38	4.24
Prime (%)	9.75	10.03	10.69	10.63	9.50	9.66
Real GDP (%)	1.33	2.17	0.18	0.38	1.96	3.19
Employment rate growth (%)	0.51	0.94	(0.13)	0.17	0.89	1.78
Household credit (%)	6.53	6.82	5.52	6.50	6.96	7.50
Exchange rate USD/ZAR	14.83	14.43	16.44	15.32	13.70	13.58
<b>Africa Regions<sup>4</sup> (averages)</b>						
Inflation (%)	7.60	7.10	9.20	8.40	6.50	6.30
Policy rate (%)	9.40	8.80	10.10	10.10	9.00	8.10
3m Tbill rate (%)	8.70	8.30	9.90	9.30	8.10	7.70
6m Tbill rate (%)	9.40	8.90	10.30	9.50	9.10	8.40
Real GDP (%)	3.70	4.60	2.60	3.60	4.50	5.40
<b>Global<sup>5</sup></b>						
Inflation (%)	1.70	2.30	2.80	1.70	1.70	1.90
Policy rate (%)	0.30	1.00	0.10	0.80	1.30	1.90
Exchange rate GBP/USD	1.28	1.50	1.18	1.40	1.41	1.40
Real GDP (%)	0.90	1.90	(0.50)	1.40	2.00	1.90
Unemployment rate (%)	4.50	4.50	5.50	5.00	3.80	4.40

<sup>1</sup> As reported for the year ended 31 December 2019.

<sup>2</sup> The remaining forecast period is 2021 to 2023.

<sup>3</sup> The scenario weighing is: base at 55%, bull at 25% and bear at 20%.

<sup>4</sup> Where multiple jurisdictions are considered weighted averages are used. The scenario weighted average is: base at 55%, bull at 25% and bear at 20%.

<sup>5</sup> Based on UK outlook. The scenario weighting is: base at 60%, bull at 20% and bear at 20%.

## Sensitivity analysis of CIB forward-looking impact on the total ECL provision on all financial instruments

Management assessed and considered the sensitivity of the provision against the forward-looking economic conditions at a client level. The reviews and ratings of each client are performed at least annually. This process entails credit analysts completing a credit scorecard and incorporating forward-looking information. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting provision for the individual client. Therefore the impact of forward-looking economic conditions is embedded into the total provision for each CIB client and cannot be stressed or separated out of

the overall CIB provision. Thus, a sensitivity analysis of the total CIB provision of R9 581 million as at 31 December 2020 was performed. This analysis entailed recalculating the total provision, using a 100% portfolio weighting of each scenario. The impact of each scenario is R9 564 million (0.3% decrease in the total provision) for the base scenario, R9 733 million (3% increase in total provision) for the bear scenario and R9 401 million (3% decrease in total provision) for the bull scenario. The income statement impact of R4 190 million for 2020 was assessed by applying the same sensitivity analysis principles mentioned above. The impact for each scenarios is R4 173 million (decrease of R17 million) for the base scenario, R4 342 million (increase of R152 million) for the bear scenario and R4 010 million (decrease of R180 million) for the bull scenario.

## Sensitivity analysis of PBB forward-looking impact on ECL provision

The following table shows a comparison of the forward-looking impact on the provision as at 31 December 2020, 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.

	2020		2019	
	Forward looking component of Balance Sheet provision Rm	Income Statement Rm	Forward looking component of Balance Sheet provision Rm	Income Statement Rm
Forward-looking impact	2 689	961	1 681	(60)
<b>Scenarios</b>				
Base	2 671	943	1 466	(275)
Bear	3 539	1 810	2 970	1 229
Bull	1 801	73	983	(758)

Refer to the financial performance section, for the carrying amounts of loans and advances and to the credit risk section of the risk and capital management section for the group's assessment of the risk of loss arising out of the failure of counterparties to meet their financial or contractual obligations when due.

### Post-model adjustments

Covid-19 has had a profound impact globally and there remains much uncertainty as to the future economic path and recovery. As mentioned in the sections above in determining the forward-looking impact, from an IFRS 9 perspective, the group has forecasted three possible future macroeconomic scenarios, being the base, bear and bull scenarios and attributed weightings to these three scenarios. The outcome of the Covid-19 pandemic is unpredictable, and this makes determining these scenarios and the assumptions underlying them complex. Given this uncertainty and the fact that the pandemic has impacted clients across all geographies and client segments, these scenarios have been stressed. Therefore, the group has deemed it appropriate to recognise an additional R500 million judgemental credit adjustment on the total loans and advances to customers portfolio. The credit adjustment is based on the group's best estimate of the post-model stressed scenarios using reasonable and supportable information available at the reporting date and is held within central and other and disclosed as part of other loans and advances.

### Computer software intangible assets

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

During 2020, the group's computer software assets' recoverable values were determined to be lower than their carrying values and were impaired by a total amount of R3 221 million (2019: R234 million). These impairments are excluded from the group's headline earnings, details of the impairments are listed below.

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

- New BOL platform (impairment write-off of R2 262 million)
- Payment Execution System (PES) (impairment write-off of R215 million)
- Online Business Banking (OBB) digital channel (impairment write-off of R286 million)
- Other intangible assets (impairment write-off of R458 million).

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

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

### New Business Online Platform

During 2020 the further migration of South African clients onto the new BOL platform was discontinued. This decision was informed by, inter alia, the complex nature of the South African product set, feature gaps to existing capabilities, increasing client demands, significant technology developments in banking platforms in recent years and the opportunity to accelerate the deployment of the new, more modern, replacement platform. As a result, the new BOL platform has been assessed as impaired for the South Africa client franchise. The platform remains in full use for the Africa Regions franchises. The carrying amount of the new BOL platform in South Africa is based on its value in use, thus an impairment of R2 262 million has been recognised for the year.

The principal assumptions considered in determining the SA new BOL platform's value in use include:

- Future cash flows – a forecast period of three years has been adopted by management to reflect revenue which, based on management's judgement and expected market conditions, could be sustainably generated in South Africa from the clients that have already been migrated onto the platform. No more clients will be migrated onto the platform, therefore no additional revenue or over a longer period was considered. The cash flows over the cash flow period are increased at an inflationary rate to reflect volumes and revenue growth of the asset.
- Discount rate – the future cash flows are discounted using a pre-tax rate of 13.5%. The discount rate utilised in the calculation of new BOL's value in use is deemed appropriate based on the asset under review.

The key assumptions impacting the total impairment recognised as at 31 December 2020 are the future cash flow period and the discount rate. Thus, a sensitivity analysis of the total impairment R2 262 million as at 31 December 2020 was performed. This analysis entailed recalculating the total impairment, by changing the future cash flow period and changing the discount rate. The impact of each scenario is insignificant to the total impairment recognised.

### Payment Execution System

PES was initially planned as the payments integration layer for new BOL in Namibia and South Africa. The asset is currently only deployed in Namibia and experiences through the implementation of PES in Namibia has highlighted that the asset was not fit for purpose as intended by management, requiring a complete replacement of the system with a solution with greater stability, agility and ability to adapt. As a result, no future cash flows are expected from the use of the system, therefore the entire asset of R215 million was impaired.

### Online Business Banking

The OBB digital channel was an asset under construction related to small enterprise internet banking. Subsequent to its launch, the full internet capability for small enterprise businesses will be replaced under SA Digital on the Backbase platform rendering the full OBB digital channel as obsolete before the asset could become available for use in as intended by management. Due to no future cash flows expected from the use of the platform as none of the services developed can be reused or repurposed, the entire asset of R286 million was impaired.

### Other intangible assets

Impairments relating to other intangible assets comprise of capitalised internally developed computer software, primarily within Liberty. These intangible assets have been reviewed for impairment, particularly in the light of the current ongoing poor economic environment as well as the unknown consequences of the pandemic on the recovery of future economic activity, and were impaired by R458 million as at 31 December 2020.

# ADDITIONAL NOTES TO THE PRIMARY STATEMENTS

## Overview

The following notes have been extracted from the group's audited annual financial statements, which have been released in conjunction with these results and are available at <https://reporting.standardbank.com/results-reports/annual-reports/>.

## Consolidated reconciliation of profit for the year to group headline earnings

	2020 Audited Rm	2019 Audited Rm
<b>Profit for the period attributable to ordinary shareholders</b>	<b>12 358</b>	25 443
<b>Headline earnings adjustable items</b>	<b>3 956</b>	2 890
IAS 16 – Loss on sale of properties and equipment	24	94
IAS 21 – Realised foreign currency movements on foreign operations and associates	3 120	
IAS 27/IAS 28 – Gains on disposal of business	(28)	
IAS 28 – Gain on disposal of associate	(1 835)	
IAS 28/IAS 36 – Impairment of associate <sup>1</sup>	52	2 418
IAS 36 – Impairment of intangible assets	3 221	234
IAS 36 – Goodwill impairment		11
IAS 40 – Fair value gains on investment property	(67)	(188)
IFRS 5 – Remeasurement of disposal group assets held for sale	(35)	321
IFRS 16 – Profit on sale and leaseback	(496)	
<b>Taxation on headline earnings adjustable items</b>	<b>(338)</b>	15
<b>Non-controlling interests' share of headline earnings adjustable items</b>	<b>(31)</b>	(141)
<b>Standard Bank Group headline earnings</b>	<b>15 945</b>	28 207
<sup>1</sup> Includes R44 million of impairments of assets within associates.		
<b>Headline earnings per ordinary share (cents)</b>		
Headline earnings per ordinary share	<b>1 002.6</b>	1 766.7
Diluted headline earnings per ordinary share	<b>999.6</b>	1 756.9

## Day one profit or loss

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

	Derivative instruments Rm	Trading assets Rm	Total Rm
<b>Unrecognised net profit at 1 January 2019</b>	176	845	1 021
Additional net profit on new transactions during the year	387	233	620
Recognised in trading revenue during the year	(315)	(178)	(493)
Exchange differences	(7)		(7)
<b>Unrecognised net profit at 31 December 2019</b>	241	900	1 141
<b>Unrecognised net profit at 1 January 2020</b>	<b>241</b>	<b>900</b>	<b>1 141</b>
Additional net profit on new transactions during the period	<b>431</b>	<b>258</b>	<b>689</b>
Recognised in trading revenue during the period	<b>(662)</b>	<b>(145)</b>	<b>(807)</b>
Exchange differences	<b>26</b>		<b>26</b>
<b>Unrecognised net profit at 30 December 2020</b>	<b>36</b>	<b>1 013</b>	<b>1 049</b>

## Private equity associates and joint ventures

The following table provides disclosure of those private equity associates and joint ventures 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 Accountant, and amended from time to time. On the disposal of these associates and joint ventures held by the group's private equity division, the gain or loss on the disposal will be included in headline earnings.

	2020 Rm	2019 Rm
Cost <sup>1</sup>	56	56
Carrying value	538	551
Fair value	538	551
Attributable (loss)/income before impairment	66	2

<sup>1</sup> Restated. It was noted that the FY19 cost amount was understated with R8 million. This restatement did not impact the carrying value, fair value or attributable income for the private equity associates and joint ventures or the group's statement of financial position.

# ADDITIONAL NOTES TO THE PRIMARY STATEMENTS

## Contingent liabilities and commitments

	2020 Rm	2019 Rm
<b>Contingent liabilities</b>		
Letters of credit and bankers' acceptances	15 828	15 104
Guarantees	86 307	79 202
<b>Total</b>	<b>102 135</b>	<b>94 306</b>
<b>Commitments</b>		
Investment property	458	601
Property and equipment	788	284
Other intangible assets	138	191
<b>Total</b>	<b>1 384</b>	<b>1 076</b>

Loan commitments of R92 663 million (FY19: R73 940 million) are either irrevocable over the life of the facility or revocable only in response to material adverse changes.

## Related party balances and transactions

### Balances and transactions with ICBCS

The following significant balances and transactions were entered into between the group and ICBCS, an associate of the group.

Amounts included in the group's statement of financial position	2020 Rm	2019 Rm
Derivative assets	7 367	4 227
Trading assets		10
Loans and advances	11 269	11 394
Other assets	742	392
Derivative liabilities	(7 280)	(2 573)
Deposits and debt funding	(1 232)	(2 184)
Other liabilities	(150)	(1 595)

### 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. As at 31 December 2020 the expense recognised in respect of these arrangements amounted to R137 million (2019: R496 million).

## Balances and transactions with the 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 on market-related terms. The following balances and transactions were entered into between the group and ICBC, a 20.1% shareholder of the group, excluding those with ICBCS.

Amounts included in the group's statement of financial position	2020 Rm	2019 Rm
Loans and advances	23 346	14 569
Other assets <sup>1</sup>	620	433
Deposits and debt funding <sup>2</sup>	(14 535)	(8 569)

<sup>1</sup> The group recognised losses in respect of certain commodity reverse repurchase agreements with third parties prior to the date of conclusion of the sale and purchase agreement, relating to SB Plc (now ICBCS) with ICBC. As a consequence of the sale and purchase agreement, the group holds the right to 60% of insurance and other recoveries, net of costs, relating to claims for those recognised losses prior to the date of conclusion of the transaction. Settlement of these amounts will occur based on audited information on pre-agreed anniversaries of the completion of the transaction and the full and final settlement of all claims in respect of losses incurred. As at 31 December 2020, a balance of USD41.7 million (R610.3 million) is receivable from ICBC in respect of this arrangement (2019: USD26.7 million; R374 million).

<sup>2</sup> Restated. It was noted that the related party deposits and debt funding amount with ICBC for 2019 was understated with R7 780 million. This restatement did not impact the group's statement of financial position.

The group has off-balance sheet letters of credit exposure issued to ICBC as at 31 December 2020 of R2 573 million (FY19: R3 573 million). The group received R96 million in fee and commission revenue relating to these transactions (FY19: R91 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:

Amounts included in the group's statement of financial position and income statement	2020 Rm	2019 Rm
Trading liabilities	(27)	(86)
Deposits and debt funding	(22 007)	(22 519)
Trading losses	(19)	(17)
Interest expense	(1 674)	(1 270)

## Post-employment benefit plans

The group manages R9 882 million (FY19: R7 774 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:

	2020 Rm	2019 Rm
Financial investments held in bonds and money market	651	833
Value of ordinary group shares held <sup>1</sup>	296	315

<sup>1</sup> Restated. 2019 was overstated by R2393 million due to rounding error in the calculation of shares held.

# ADDITIONAL 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 between financial and non-financial.

2020	Fair value through profit or loss		
	Held-for-trading Rm	Designated at fair value Rm	Default Rm
<b>Assets</b>			
Cash and balances with central banks			75 208
Derivative assets	118 290		
Trading assets	262 627		
Pledged assets	2 451		8 599
Financial investments		28 219	341 225
Disposal of group assets held for sale			213
Loans and advances			1 242
Policyholders' assets			
Interest in associates and joint ventures			
Investment property			
Other financial assets <sup>3</sup>			
Other non-financial assets			
<b>Total assets</b>	<b>383 368</b>	<b>28 219</b>	<b>426 487</b>
<b>Liabilities</b>			
Derivative liabilities	111 577		
Trading liabilities	81 261		
Disposal of group liabilities held for sale			
Deposits and debt funding		3 352	
Policyholders' liabilities <sup>4</sup>		106 954	
Subordinated debt		6 081	
Other financial liabilities <sup>3</sup>		76 885	
Other non-financial liabilities			
<b>Total liabilities</b>	<b>192 838</b>	<b>193 272</b>	

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

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

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

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



	Fair value through OCI		Total assets and liabilities measured at fair value Rm	Amortised cost <sup>1</sup> Rm	Other non-financial assets/liabilities Rm	Total carrying amount Rm	Fair value <sup>2</sup> Rm
	Debt instruments Rm	Equity instruments Rm					
			75 208	12 297		87 505	87 565
			118 290			118 290	118 290
			262 627			262 627	262 627
	7 402		18 452	529		18 981	18 980
	76 613	1 084	447 141	203 157		650 298	655 007
			213		7	220	213
	962		2 204	1 269 051		1 271 255	1 269 805
					5 050	5 050	
					6 498	6 498	
					29 917	29 917	29 917
				26 365		26 365	
					55 934	55 934	
	84 977	1 084	924 135	1 511 399	97 406	2 532 940	
			111 577			111 577	111 577
			81 261			81 261	81 261
					92	92	
			3 352	1 620 692		1 624 044	1 623 404
			106 954		218 238	325 192	106 954
			6 081	23 225		29 306	28 996
			76 885	23 662		100 547	
					45 649	45 649	
			386 110	1 667 579	263 979	2 317 668	

# ADDITIONAL 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 between financial and non-financial.

2019	Fair value through profit or loss		
	Held-for-trading Rm	Designated at fair value Rm	Default Rm
<b>Assets</b>			
Cash and balances with central banks			65 650
Derivative assets	71 407		
Trading assets	222 802		
Pledged assets	11 629		11 577
Financial investments		24 028	344 484
Disposal of group assets held for sale			261
Loans and advances			161
Policyholders' assets			
Interest in associates and joint ventures			
Investment property			
Other financial assets <sup>3</sup>			
Other non-financial assets			
<b>Total assets</b>	<b>305 838</b>	<b>24 028</b>	<b>422 133</b>
<b>Liabilities</b>			
Derivative liabilities	69 498		
Trading liabilities	83 847		
Disposal of group liabilities held for sale			
Deposits and debt funding		5 646	
Policyholders' liabilities <sup>4</sup>		107 891	
Subordinated debt		5 668	
Other financial liabilities <sup>3</sup>		74 985	
Other non-financial liabilities			
<b>Total liabilities</b>	<b>153 345</b>	<b>194 190</b>	

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

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

<sup>3</sup> The fair value of the other financial assets and liabilities approximates the carrying value due to their short-term nature.

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

	Fair value through OCI		Total assets and liabilities measured at fair value Rm	Amortised cost <sup>1</sup> Rm	Other non-financial assets/liabilities Rm	Total carrying amount Rm	Fair value <sup>2</sup> Rm
	Debt instruments Rm	Equity instruments Rm					
			65 650	9 638		75 288	75 289
			71 407			71 407	71 407
			222 802			222 802	222 802
	5 509		28 715	662		29 377	29 378
	43 763	1 284	413 559	153 760		567 319	567 355
			261		2 338	2 599	2 599
			161	1 180 906		1 181 067	1 182 663
					7 017	7 017	
					5 423	5 423	
					34 180	34 180	34 180
				19 198		19 198	
					59 912	59 912	
	49 272	1 284	802 555	1 364 164	108 870	2 275 589	
			69 498			69 498	69 498
			83 847			83 847	83 847
					246	246	
			5 646	1 420 547		1 426 193	1 426 651
			107 891		216 355	324 246	107 891
			5 668	23 233		28 901	29 263
			74 985	19 492		94 477	
					38 697	38 697	
			347 535	1 463 272	255 298	2 066 105	

# ADDITIONAL NOTES TO THE PRIMARY STATEMENTS

## Fair value disclosures

### Financial assets and liabilities measured at fair value

#### Fair value hierarchy

The table that follows analyses the group's financial instruments carried at fair value, by level of fair value hierarchy. The different levels are based on the extent that available market data is used in the calculation of the fair value of the financial instruments.

The levels have been defined as follows:

**Level 1** – fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability.

**Level 2** – fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices.

**Level 3** – fair value is determined through valuation techniques using significant unobservable inputs.

Measured on a recurring basis <sup>1</sup>	2020				2019			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>Financial assets</b>								
Cash and balances with central bank	73 656	1 552		75 208	60 079	5 571		65 650
Derivative assets	65	115 802	2 423	118 290	143	68 653	2 611	71 407
Trading assets	164 122	95 315	3 190	262 627	134 506	85 674	2 622	222 802
Pledged assets	15 757	2 695		18 452	28 612	103		28 715
Financial investments	228 228	196 873	22 040	447 141	216 360	186 535	10 664	413 559
Disposal of group assets classified as held for sale <sup>2</sup>	213			213	261			261
Loans and advances <sup>2</sup>		2 011	193	2 204			161	161
<b>Total financial assets at fair value</b>	<b>482 041</b>	<b>414 248</b>	<b>27 846</b>	<b>924 135</b>	439 961	346 536	16 058	802 555
<b>Financial liabilities</b>								
Derivative liabilities	48	105 397	6 132	111 577	42	63 854	5 602	69 498
Trading liabilities	42 349	35 734	3 178	81 261	45 016	35 632	3 199	83 847
Deposits and debt funding		3 352		3 352		5 646		5 646
Policyholders' liabilities		106 954		106 954		107 891		107 891
Other financial liabilities		70 839	6 046	76 885		67 692	7 293	74 985
Subordinated debt		6 081		6 081		5 668		5 668
<b>Total financial liabilities at fair value</b>	<b>42 397</b>	<b>328 357</b>	<b>15 356</b>	<b>386 110</b>	45 058	286 383	16 094	347 535

<sup>1</sup> Recurring fair value measurements of assets or liabilities are those assets and liabilities that IFRS require or permit to be carried at fair value in the statement of financial position at the end of each reporting period.

<sup>2</sup> The disposal group is measured on a non-recurring basis.

Level 2 and 3 – valuation techniques and inputs	
Item and valuation technique	Main inputs and assumptions
<p><b>Derivative financial instruments</b></p> <p>Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include:</p> <ul style="list-style-type: none"> <li>discounted cash flow model</li> <li>Black-Scholes model</li> <li>combination technique models.</li> </ul>	<p><b>For level 2 and 3 fair value hierarchy items:</b></p> <ul style="list-style-type: none"> <li>discount rate*</li> <li>spot prices of the underlying</li> <li>correlation factors</li> <li>volatilities</li> <li>dividend yields</li> <li>earnings yield</li> <li>valuation multiples.</li> </ul>
<p><b>Trading assets and trading liabilities, pledged assets and financial investments</b></p> <p>Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial instrument being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.</p>	
<p><b>Loans and advances to banks and customers</b></p> <p>For certain loans, fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.</p>	<p><b>For level 2 and 3 fair value hierarchy items:</b></p> <p>discount rate*</p>
<p><b>Deposits and debt funding</b></p> <p>For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the group's credit risk relevant for that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.</p>	
<p><b>Policyholders' assets and liabilities</b></p> <p>Unit-linked policies: assets which are linked to the investment contract liabilities are owned by the group. The investment contract obliges the group to use these assets to settle these liabilities. Therefore, the fair value of investment contract liabilities is determined with reference to the fair value of the underlying assets (i.e. amount payable on surrender of the policies).</p> <p>Annuity certain: discounted cash flow models are used to determine the fair value of the stream of future payments.</p>	<p><b>For level 2 and 3 fair value hierarchy items</b></p> <p>discount rate* spot price of underlying</p>
<p><b>Third-party financial liabilities arising on the consolidation of mutual funds (included in other liabilities)</b></p> <p>The fair value of third-party financial liabilities arising on the consolidation of mutual funds are determined using the quoted put (exit) price provided by the fund manager and discounted for the applicable notice period. The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.</p>	<p><b>For level 2 and 3 fair value hierarchy items</b></p> <p>discount rate*</p>

\* Discount rates, where applicable, include the risk-free rate, risk premiums, liquidity spreads, credit risk (own and counterparty as appropriate), timing of settlement, storage or service costs, prepayment and surrender risk assumptions and recovery rates/loss given default.

# ADDITIONAL NOTES TO THE PRIMARY STATEMENTS

## Reconciliation of level 3 financial assets

The following table provides a reconciliation of the opening to closing balance for all financial 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	Total Rm
<b>Balance at 1 January 2019</b>	3 409	2 367	10 906		16 682
<b>Total gains/(losses) included in profit or loss</b>	261	401	(643)	(19)	
Trading revenue	261	401			662
Other revenue			(97)	(19)	(116)
Investment losses			(546)		(546)
Total gains included in OCI			86		86
Issuances and purchases	1 921	969	2 182	330	5 402
Sales and settlements	(2 705)	(1 115)	(2 089)	(150)	(6 059)
Transfers into level 3 <sup>1</sup>	56				56
Transfers out of level 3 <sup>2</sup>	(304)				(304)
Exchange differences	(27)		222		195
<b>Balance at 31 December 2019</b>	2 611	2 622	10 664	161	16 058
<b>Balance at 1 January 2020</b>	2 611	2 622	10 664	161	16 058
<b>Total gains/(losses) included in profit or loss</b>	857	(92)	(1 402)	(74)	(711)
Trading revenue	857	(92)			765
Other revenue			(977)	(74)	(1 051)
Investment losses			(425)		(425)
Total gains included in OCI			(158)		(158)
Issuances and purchases	1 035	838	15 905	493	18 271
Sales and settlements	(2 082)	(124)	(960)	(387)	(3 553)
Transfers into level 3 <sup>1</sup>	62				62
Transfers out of level 3 <sup>2</sup>	(149)	(54)	(1 946)		(2 149)
Exchange differences	89		(63)		26
<b>Balance at 31 December 2020</b>	2 423	3 190	22 040	193	27 846

<sup>1</sup> Transfers of financial assets between levels of the fair value hierarchy are deemed to have occurred during 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.

<sup>2</sup> 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 financial assets

The following table provides disclosure of the unrealised gains/(losses) included in profit or loss for level 3 financial assets that are held at the end of the respective reporting periods:

	Derivative assets Rm	Trading assets Rm	Financial investments Rm	Loans and advances Rm	Total Rm
<b>2020</b>					
Non-interest revenue	690	(92)	(942)	74	(270)
Income from investment management and life insurance activities			(596)		(596)
<b>2019</b>					
Non-interest revenue	802	364	(15)	(19)	1 132
Income from investment management and life insurance activities			(504)		(504)

**Reconciliation of level 3 financial 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
<b>Balance at 1 January 2019</b>	6 151	2 757	6 186	15 094
Total losses/(gains) included in profit or loss – non-interest revenue	256	(265)	(18)	(27)
Issuances and purchases	347	1 050	1 125	2 522
Sales and settlements	(959)	(458)		(1 417)
Transfers out of level 3 <sup>1</sup>	(212)			(212)
Transfers into level 3 <sup>2</sup>	19	115		134
<b>Balance at 31 December 2019</b>	5 602	3 199	7 293	16 094
<b>Balance at 1 January 2020</b>	<b>5 602</b>	<b>3 199</b>	<b>7 293</b>	<b>16 094</b>
Total losses/(gains) included in profit or loss – non-interest revenue	<b>758</b>	<b>495</b>	<b>(28)</b>	<b>1 225</b>
Issuances and purchases	<b>129</b>	<b>889</b>	<b>174</b>	<b>1 192</b>
Sales and settlements	<b>(226)</b>	<b>(1 405)</b>	<b>(1 393)</b>	<b>(3 024)</b>
Transfers out of level 3 <sup>1</sup>	<b>(131)</b>			<b>(131)</b>
Transfers into level 3 <sup>2</sup>				
<b>Balance at 31 December 2020</b>	<b>6 132</b>	<b>3 178</b>	<b>6 046</b>	<b>15 356</b>

<sup>1</sup> 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.

<sup>2</sup> 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 financial liabilities**

The following table provides disclosure of the unrealised losses/(gains) included in profit or loss for level 3 financial liabilities that are held at the end of the respective reporting years.

	Derivative liabilities Rm	Trading liabilities Rm	Other financial liabilities Rm	Total Rm
<b>2020</b>				
Non-interest revenue	<b>977</b>	<b>319</b>		<b>1 296</b>
<b>2019</b>				
Non-interest revenue	253	(264)	(18)	(29)

# ADDITIONAL NOTES TO THE PRIMARY STATEMENTS

## 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 that have been used in the analysis have been determined taking into account several considerations such as the nature of the asset or liability and the market within which the asset or liability is transacted. Stress tests have been conducted by only flexing/stressing a major significant unobservable input of risk factor (i.e. assumes that all risks are mutually exclusive).

	Change in significant unobservable input	Effect on profit or loss	
		Favourable Rm	(Unfavourable) Rm
<b>2020</b>			
Derivative instruments	From (1%) to 1%	191	(191)
Trading assets	From (1%) to 1%	165	(223)
Financial investments	From (1%) to 1%	68	(68)
Trading liabilities	From (1%) to 1%	69	(69)
<b>Total</b>		<b>493</b>	<b>(551)</b>
<b>2019</b>			
Derivative instruments	From (1%) to 1%	295	(295)
Trading assets	From (1%) to 1%	445	(378)
Financial investments	From (1%) to 1%	65	(65)
Trading liabilities	From (1%) to 1%	29	(29)
<b>Total</b>		<b>834</b>	<b>(767)</b>

The measurement of financial investments classified as FVOCI would result in a R130 million favourable (2019: R129 million) and R125 million unfavourable (2019: R127 million) impact on OCI applying a 1% change (both favourable and unfavourable) of the significant unobservable inputs used to determine the fair value.



## OTHER REPORTABLE ITEMS

### Additional tier 1 capital

The group issued R1 539 million Basel III compliant AT1 capital bonds that qualify as tier 1 capital during 2020 (FY19: R1 942 million). During 2020, coupons to the value of R583 million (FY19: R636 million) were paid to AT1 capital bondholders. Current tax of R163 million (FY19: R178 million) relating to the AT1 capital bonds was recognised directly in equity resulting in an aggregate net equity impact of R420 million (FY19: R458 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 year ended 31 December 2020 and up to 11 March 2021:

Appointments		
BP Mabelane	As non-executive director	1 January 2020
NMC Nyembezi	As non-executive director	1 January 2020
Dr X Guan	As non-executive director and joint deputy chairman	1 August 2020
PLH Cook	As independent non-executive director	22 February 2021
Retirements		
PD Sullivan	As non-executive director	26 June 2020
Resignations		
Dr H Hu	As non-executive director and joint deputy chairman	24 February 2020
BP Mabelane	As non-executive director	31 July 2020

### Equity securities

During 2020, the group allotted 231 636 shares (FY19: 1 195 330 shares) in terms of the group's share incentive schemes and did not repurchase any shares (FY19: no shares). The equity securities held as treasury shares at the end of 2020 was a long position of 27 036 663 shares with no short positions (FY19: long position of 25 637 095 shares with no short positions). All shares in the Tutuwa entities were redeemed prior to the final redemption date of 4 October 2019, thus there were no shares in issue that are financed by the group during 2020 (FY19: no shares in issue and weighted number of these shares equated to 2 049 551 shares).

### 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.

### Competition Commission – trading of foreign currency

On 15 February 2017, South Africa's Competition Commission lodged five complaints with the Competition Tribunal against 18 institutions, including one against The Standard Bank of South Africa Limited (SBSA) and two against a former subsidiary of the group, Standard New York Securities Inc (SNYS), in which it alleges unlawful collusion between those institutions in the trading of USD/ZAR. The group has, with the help of external counsel, conducted its own internal investigations and found no evidence that supports the complaints. Both SBSA and SNYS, together with 12 of the other respondents, applied for dismissal of the complaint referral on various legal grounds. These applications were heard in July 2018. The complaint against SNYS was dismissed on the grounds that South Africa's competition regulators lack jurisdiction over it. In the case of SBSA, the Competition Commission was directed to file an amended complaint containing sufficient facts to evidence the collusion alleged within 40 business days of the ruling or risk dismissal of the complaint. The allegations against SBSA are confined to USD/ZAR trading activities within SBSA and do not relate to the conduct of the group more broadly. A number of respondents have filed an appeal to the ruling raising various grounds, which will impact on the 40 business day deadline imposed on the Competition Commission for the filing of the amended complaint against SBSA. The Competition Tribunal (CT) issued a directive on 24 July 2019 to all parties. Pursuant to two appeals filed by the Competition Commission against judgments handed down by the Competition Appeal Court in favour of The Standard Bank of South Africa Limited ("SBSA"), on 20 February 2020 the Constitutional Court, by a majority of five to four judges, ordered that (a) the Competition Commission need not disclose its record of investigation into alleged collusion in foreign exchange markets until after both SBSA has filed its written defence to the complaint against it and the Competition Tribunal has directed that all parties make discovery of relevant documents, and (b) the Competition Appeal Court erred in not deciding if it had the requisite jurisdiction before ordering the Competition Commission to lodge its record of decision in SBSA's application to have the Competition Commission's decision to initiate a complaint of collusion against SBSA reviewed and set aside, and remitted that issue of jurisdiction back to the Competition Appeal Court for determination. The Competition Appeal Court, upon the ordered remission, ruled that it can have jurisdiction over the foreign respondents provided the Commission can prove that the alleged collusion had a direct, foreseeable and material effect within South Africa. The Appeal Court also ruled that the allegations against all the respondents were so vague as to be unintelligible. Therefore the Commission was given a

## OTHER REPORTABLE ITEMS

fixed period to file a wholly new complaint affidavit that addresses all of the identified shortcomings. The Commission, after lengthy delays, filed a wholly new complaint affidavit. In response all of the respondents other than Investec filed notices of objection or notices to compel more particulars and, in the case of the Standard Bank related respondents, applications for the dismissal of the complaint in its entirety. The Tribunal has invited all parties to a pre-hearing meeting to attempt to reach an all party agreement on how these multiple challenges will be heard and/or resolved.

### Indemnities granted following disposal of Standard Bank Plc

Under the terms of the disposal of Standard Bank Plc on 1 February 2015, the group provided ICBC with certain indemnities to be paid in cash to ICBC or, at ICBC's direction, to any Standard Bank Plc (now ICBCS) group company, a sum equal to the amount of losses suffered or incurred by ICBC arising from certain circumstances. Where an indemnity payment is required to be made by the group to the ICBCS group, such payment would be grossed up from ICBC's shareholding at the time in ICBCS to 100%. These payments may, inter alia, arise as a result of an enforcement action, the cause of which occurred prior to the date of disposal. Enforcement actions include actions taken by regulatory or governmental authorities to enforce the relevant laws in any jurisdiction. While there have been no material claims relating to these indemnification provisions during 2020, the indemnities provided are uncapped and of unlimited duration as they reflect that the pre-completion regulatory risks attaching to the disposed-of business remain with the group post-completion.

### Other banking interests

#### Completion of the disposal of the group's residual 20% shareholdings in Industrial and Commercial Bank of China (Argentina) S.A. and its affiliates

In June 2020, after all governance and regulatory approvals were received, the group completed the disposal of its residual 20% shareholdings in ICBCA to ICBC. These residual investments were previously classified as investments in associates and accounted for using the equity accounting method in terms of IAS 28 *Investments in Associates and Joint Ventures*. In August 2019 these investments were classified, in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, as non-current assets held for sale since the put option granted by ICBC to the group was exercised.

The disposal proceeds of R3 094 million before tax amounts to *circa* R2 678 million (USD156 million) after taxes. The difference, between the net proceeds and the group's carrying value in ICBCA, of R1 835 million was recognised in profit or loss (within non-trading and capital related items) as a pre-tax gain outside of headline earnings (R1 419 million gain net of tax).

The FCTR debit balance of R3 367 million, associated with the investment, was released to profit or loss outside of headline earnings. The remaining impact of the disposal to headline earnings was negligible.

### 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 comparative financial reporting years have been adjusted for the difference between the current and prior year cumulative average exchange rates, determined as the average of the daily exchange rates. The measurement has been performed for each of the group's material currencies. The constant currency change percentage is calculated using this adjusted comparative amount.

The 2020 *pro forma* constant currency information, including comparatives for 2019, where applicable, contained in these results, where applicable, 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 in the determination of 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).

### Subordinated debt

During 2020, the group issued R7.0 billion (FY19: R6.6 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 relevant regulator, the Prudential Authority, that a write-off without which the issuer would have become non-viable is necessary, or a decision to make a public sector injection of capital or equivalent support, without which the issuer would have become non-viable.

The group redeemed R7.5 billion (FY19: R4.8 billion) Basel III and Basel II compliant tier 2 notes that were eligible for redemption during 2020.

During 2020, the group issued R1.5 billion (FY19: Rnil) subordinated debt instruments that qualify as regulatory insurance capital and redeemed R1.0 billion (FY19: Rnil).

# 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.

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

The concentration risk management disclosure that follows is limited to concentration risk relating to the group's banking operations. Further banking operations risk management disclosures as well as disclosures relating to investment management and life insurance activities can be found in the group's annual financial statements.

## 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.

### INDUSTRY SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	2020 Rm	2019 Rm
Agriculture	34 722	37 496
Construction	19 001	16 986
Electricity	24 557	25 794
Finance, real estate and other business services	394 045	329 628
Individuals	563 610	528 993
Manufacturing	74 834	74 503
Mining	32 873	40 319
Transport	51 395	44 439
Wholesale	64 345	71 000
Other services	61 859	47 188
<b>Gross loans and advances</b>	<b>1 321 241</b>	<b>1 216 346</b>

### GEOGRAPHIC SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	2020		2019	
	%	Rm	%	Rm
South Africa	65	861 565	72	879 654
Africa Regions	24	321 356	19	228 183
International	11	138 320	9	108 509
<b>Gross loans and advances</b>	<b>100</b>	<b>1 321 241</b>	<b>100</b>	<b>1 216 346</b>

# RISK MANAGEMENT – IFRS DISCLOSURES

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

	2020 Rm	2019 Rm
Agriculture	1 431	1 840
Construction	1 343	1 076
Electricity	579	72
Finance, real estate and other business services	2 784	1 473
Individuals	20 578	14 302
Manufacturing	862	1 402
Mining	363	234
Transport	1 709	351
Wholesale	2 096	670
Other services	1 511	1 194
<b>Credit impairment of NPLs</b>	<b>33 256</b>	<b>22 614</b>

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

	2020		2019	
	%	Rm	%	Rm
South Africa	77	25 504	77	17 346
Africa Regions	21	7 082	22	5 053
International	2	670	1	215
<b>Credit impairment of NPLs</b>	<b>100</b>	<b>33 256</b>	<b>100</b>	<b>22 614</b>

# FINANCIAL AND OTHER DEFINITIONS

Standard Bank Group	
<b>Common equity tier 1 capital adequacy ratio (fully loaded) (%)</b>	Common equity tier 1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets, before the adjustment for the SARB three-year phase-in provision.
<b>Common equity tier 1 capital adequacy ratio (phase-in) (%)</b>	Common equity tier 1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets, after the adjustment for the SARB three-year phase-in provision.
<b>Common equity tier 1 capital adequacy ratio (%)</b>	Common equity tier 1 regulatory capital as a percentage of total risk-weighted assets.
<b>Constant currency (%)</b>	Comparative financial results adjusted for the difference between the current and prior year cumulative average exchange rates.
<b>Consumer Price Index</b>	A South African index of prices used to measure the change in the cost of basic goods and services.
<b>Covid-19</b>	Covid-19 is the acronym for the full name coronavirus disease of 2019. Formerly, this disease was referred to as '2019 novel coronavirus' or '2019-nCoV.' The COVID-19 virus is a virus linked to the same family of viruses as Severe Acute Respiratory Syndrome (SARS) and some types of common cold.
<b>Diluted headline earnings per ordinary share (cents)</b>	Headline earnings divided by the weighted average number of shares, adjusted for potential dilutive ordinary shares.
<b>Dividend cover (times)</b>	Headline earnings per share divided by dividend per share.
<b>Dividend payout ratio (%)</b>	Dividend per share divided by headline earnings per share.
<b>Dividend per share (cents)</b>	Dividends declared to ordinary shareholders divided by weighted average number of shares.
<b>Earnings per share (cents)</b>	Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.
<b>Headline earnings (Rm)</b>	Determined by excluding from reported earnings specific separately identifiable remeasurements net of related tax and non-controlling interests.
<b>Headline earnings per ordinary share (cents)</b>	Headline earnings divided by the weighted average number of ordinary shares in issue.
<b>Net asset value (Rm)</b>	Equity attributable to ordinary shareholders.
<b>Net asset value per share (cents)</b>	Net asset value divided by the number of ordinary shares in issue at the end of the period.
<b>Profit attributable to ordinary shareholders (Rm)</b>	Profit for the period after distributions to non-controlling interests and other equity instrument holders.
<b>Profit for the period (Rm)</b>	Profit for the period attributable to ordinary shareholders, before non-controlling interests and other equity instrument holders.
<b>Return on average risk-weighted assets</b>	Headline earnings as a percentage of monthly average risk-weighted assets.
<b>Return on equity (%)</b>	Headline earnings as a percentage of monthly average ordinary shareholders' equity.
<b>Risk-weighted assets (Rm)</b>	Determined by applying prescribed risk weightings to on-balance sheet and off-balance sheet exposures according to the relative risk of the counterparty.
<b>Shares in issue (number)</b>	Number of ordinary shares in issue listed on the JSE.
<b>Structured entity</b>	Entities created to accomplish a narrow and well-defined objective.
<b>Tangible net asset value (Rm)</b>	Equity attributable to ordinary shareholders, excluding goodwill and other intangible assets.
<b>Tangible net asset value per share (cents)</b>	Tangible net asset value divided by the number of ordinary shares in issue at the end of the period.
<b>Tier 1 capital adequacy ratio (%)</b>	Tier 1 regulatory capital as a percentage of total risk-weighted assets.
<b>Total capital adequacy ratio (fully loaded) (%)</b>	Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets, before the adjustment for the SARB three-year phase-in provision.
<b>Total capital adequacy ratio (phase-in) (%)</b>	Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets, after the adjustment for the SARB three-year phase-in provision.
<b>Total capital adequacy ratio (%)</b>	Total regulatory capital as a percentage of total risk-weighted assets.
<b>Tutuwa</b>	Tutuwa is the group's black economic empowerment ownership initiative entered into in terms of the Financial Sector Charter.
<b>Weighted average number of shares (number)</b>	The weighted average number of ordinary shares in issue during the period as listed on the JSE.

# FINANCIAL AND OTHER DEFINITIONS

Banking activities	
<b>Available financial resources (Rm)</b>	The amount of permanent capital that is available to the group to absorb potential losses.
<b>Cost-to-income ratio (%)</b>	Operating expenses as a percentage of total income after revenue sharing agreements with group companies but before credit impairments.
<b>Credit loss ratio (%)</b>	Total income statement impairment charges on loans and advances, as a percentage of average daily and monthly gross loans and advances, excluding interest in suspense.
<b>Economic capital coverage ratio (times)</b>	Available financial resources divided by minimum economic capital requirements.
<b>Effective direct taxation rate (%)</b>	Direct taxation as a percentage of net income before direct taxation.
<b>Effective total taxation rate (%)</b>	Direct and indirect taxation as a percentage of net income before taxation.
<b>Gross stage 3 loans coverage ratio (%)</b>	Balance sheet (BS) impairments for credit impaired loans and off-balance sheet credit impaired exposures (O/BS) including interest in suspense (IIS), as a percentage of gross NPLs (including IIS).
<b>Interest-earnings assets (Rm)</b>	Net loans and advances, financial investments, and cash and balances with central banks.
<b>Interest in suspense (Rm)</b>	Contractual interest on loans that have been classified as stage 3 and cannot be recognised in terms of IFRS 9.
<b>Jaws (%)</b>	Total income growth minus total operating expenses growth.
<b>Loan-to-deposit ratio (%)</b>	Net loans and advances as a percentage of deposits and debt funding.
<b>Net interest margin (%)</b>	Net interest income as a percentage of average interest-earning assets.
<b>Non-interest revenue to total income (%)</b>	Non-interest revenue as a percentage of total income.
<b>Stage 1 and 2 (Rm)</b>	Performing loans include credit exposures classified as follows: <ul style="list-style-type: none"> <li>• Credit exposures for which there has been no default event and for which the credit risk has not significantly increased since recognition.</li> <li>• Credit exposures for which the credit risk has increase significantly since recognition, unless the credit risk is low in which case it remains classified as stage 1.</li> </ul>
<b>Stage 1 and 2 loans credit impairments (Rm)</b>	Impairment for latent losses inherent in groups of loans and advances that have not yet been classified as non-performing.
<b>Stage 3 loans (Rm)</b>	Credit exposures that are either in default or where default is imminent. There is a rebuttable presumption that the default does not occur later than when a financial asset is 90 days past due.
<b>Stage 3 loan credit impairments (Rm)</b>	Impairment for credit impaired (stage 3) loans, net of the present value of estimated recoveries.

Abbreviations and acronyms			
<b>AT1</b>	Additional tier 1	<b>PDs</b>	Probability of defaults
<b>BEE</b>	Black economic empowerment	<b>PIM</b>	Principal Investment Management
<b>bps</b>	Basis points	<b>Rand</b>	South African Rand
<b>CAGR</b>	Compound annual growth rate	<b>ROE</b>	Return on equity
<b>CCY</b>	Constant currency	<b>RoARWA</b>	Return on average risk-weighted assets
<b>CET1</b>	Common equity tier 1	<b>RWA</b>	Risk-weighted assets
<b>CIB</b>	Corporate & Investment Banking	<b>SA</b>	South Africa
<b>CLR</b>	Credit loss ratio	<b>SAICA</b>	South African Institute of Chartered Accountants
<b>ECL</b>	Expected credit loss	<b>SARB</b>	South African Reserve Bank
<b>EPS</b>	Earnings per share	<b>SBG</b>	Standard Bank Group Limited
<b>HEPS</b>	Headline earnings per share	<b>SBSA</b>	The Standard Bank of South Africa Limited and its subsidiaries
<b>HQLA</b>	High quality liquid assets	<b>SIP</b>	Shareholder Investment Portfolio
<b>IAS</b>	International Accounting Standards	<b>The group</b>	The Standard Bank Group Limited
<b>ICBC</b>	Industrial and Commercial Bank of China Limited	<b>UK</b>	United Kingdom
<b>ICBCS</b>	ICBC Standard Bank Plc	<b>US</b>	United States
<b>IFRS</b>	International Financial Reporting Standards	<b>VAF</b>	Vehicle and Asset Finance
<b>IMF</b>	International Monetary Fund	<b>VaR</b>	Value at risk
<b>JSE</b>	Johannesburg Stock Exchange	<b>SVaR</b>	Stressed value at risk
<b>LCR</b>	Liquidity coverage ratio	<b>ZAR</b>	South African Rand
<b>MSCI</b>	Morgan Stanley Capital International		
<b>NCD</b>	Negotiable certificates of deposit		
<b>NII</b>	Net interest income		
<b>NIM</b>	Net interest margin		
<b>NIR</b>	Non-interest revenue		
<b>NPLs</b>	Non-performing loans		
<b>NSFR</b>	Net stable funding ratio		
<b>PBB</b>	Personal & Business Banking		





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# ANALYSIS OF SHAREHOLDERS

## TEN MAJOR SHAREHOLDERS<sup>1</sup>

	2020		2019	
	Number of shares (million)	% holding	Number of shares (million)	% holding
Industrial and Commercial Bank of China	325.0	20.1	325.0	20.1
Government Employees Pension Fund (PIC)	229.5	14.2	215.0	13.3
Alexander Forbes Investments	34.2	2.1	24.3	1.5
Allan Gray Balanced Fund	30.2	1.9	26.2	1.6
Old Mutual Life Assurance Company	29.5	1.8	20.6	1.3
Vanguard Total International Stock Index Fund	19.1	1.2	21.4	1.3
Abu Dhabi Investment Authority (AE)	19.1	1.2	13.2	0.8
GIC Asset Management	17.9	1.1	31.3	1.9
Government of Norway	16.9	1.0	14.4	0.9
Government Institutions Pensions Fund	16.6	1.0	12.2	0.8
	<b>738.0</b>	<b>45.6</b>	703.6	43.5

<sup>1</sup> 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

	2020		2019	
	Number of shares (million)	% holding	Number of shares (million)	% holding
South Africa	833.7	51.5	769.9	47.5
Foreign shareholders	786.2	48.5	849.8	52.5
China	329.8	20.4	327.8	20.2
United States of America	207.7	12.8	232.8	14.4
Namibia	24.2	1.5	19.4	1.2
United Kingdom	23.5	1.5	24.7	1.5
Singapore	21.5	1.3	34.9	2.2
United Arab Emirates	19.9	1.2	19.9	1.2
Norway	17.2	1.1	15.7	1.0
Ireland	14.1	0.9	13.8	0.9
Netherlands	14.0	0.9	15.3	0.9
Luxembourg	13.4	0.8	15.3	0.9
Japan	12.7	0.8	14.9	0.9
Hong Kong	9.9	0.6	12.5	0.8
Switzerland	9.1	0.6	8.1	0.5
Saudi Arabia	5.7	0.4	7.7	0.5
Other	63.5	3.7	87.0	5.4
	<b>1 619.9</b>	<b>100.0</b>	1 619.7	100.0

# CREDIT RATINGS

RATINGS AS AT 11 MARCH 2021 FOR KEY BANKING ENTITIES WITHIN STANDARD BANK GROUP

	Short term	Long term	Outlook
<b>Standard Bank Group Limited</b>			
<b>Fitch Ratings</b>			
Foreign currency issuer default rating	B	BB-	Negative
Local currency issuer default rating		BB-	Negative
National rating	F1+(zaf)	AA+(zaf)	Stable
<b>Moody's Investor Services</b>			
Foreign currency issuer rating		Ba3	Negative
Local currency issuer rating		Ba3	Negative
<b>The Standard Bank of South Africa</b>			
<b>Fitch Ratings</b>			
Foreign currency issuer default rating	B	BB-	Negative
Local currency issuer default rating		BB-	Negative
National rating	F1+(zaf)	AA+(zaf)	Stable
<b>Moody's Investor Services</b>			
Foreign currency deposit rating	NP	Ba2	Negative
Local currency deposit rating	NP	Ba2	Negative
National rating	P-1.za	Aa1.za	
<b>RSA Sovereign</b>			
<b>Fitch Ratings</b>			
Foreign currency issuer default rating	B	BB-	Negative
Local currency issuer default rating	B	BB-	Negative
<b>Moody's Investor Services</b>			
Foreign currency issuer rating		Ba2	Negative
Local currency issuer rating		Ba2	Negative
<b>Standard &amp; Poor's</b>			
Foreign currency	B	BB-	Stable
Local currency	B	BB	Stable
National rating	zaA-1+	zaAAA	
<b>Stanbic IBTC Bank PLC</b>			
<b>Fitch Ratings</b>			
National rating	F1+(nga)	AAA(nga)	
<b>Standard &amp; Poor's</b>			
Foreign currency	B	B-	Stable
Local currency	B	B-	Stable
National rating	ngA-2	ngBBB	
<b>Stanbic Bank Kenya</b>			
<b>Fitch Ratings</b>			
Foreign currency issuer default rating	B	B+	Negative
National rating	F1+(ken)	AAA(ken)	Negative
<b>Stanbic Bank Uganda</b>			
<b>Fitch Ratings</b>			
Foreign currency issuer default rating	B	B+	Negative
National rating	F1+(uga)	AAA(uga)	Stable
<b>Moody's Investor Services</b>			
Foreign currency deposit rating	NP	B1	Stable
Local currency deposit rating	NP	B1	Stable

# DECLARATION OF FINAL 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 a final gross cash dividend No. 102 of 240 cents per ordinary share (the cash dividend) to ordinary shareholders recorded in the register of the company at the close of business on Friday, 16 April 2021. The last day to trade to participate in the dividend is Tuesday, 13 April 2021. Ordinary shares will commence trading ex dividend from Wednesday, 14 April 2021.

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, 14 April 2021, and Friday, 16 April 2021 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, 19 April 2021.

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 final dividends:

- 6.5% first cumulative preference shares (first preference shares) dividend No. 103 of 3.25 cents (gross) per first preference share, payable on Monday, 12 April 2021, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday, 9 April 2021. The last day to trade to participate in the dividend is Tuesday, 6 April 2021. First preference shares will commence trading ex dividend from Wednesday, 7 April 2021.
- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 33 of 272.93 cents (gross) per second preference share, payable on Monday, 12 April 2021, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 9 April 2021. The last day to trade to participate in the dividend is Tuesday, 6 April 2021. Second preference shares will commence trading ex dividend from Wednesday, 7 April 2021.

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, 7 April 2021, and Friday, 9 April 2021, both days inclusive. Preference shareholders (first and second) who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 12 April 2021.

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) <sup>1</sup>
<b>JSE Limited</b>			
Share code	SBK	SBKP	SBPP
ISIN	ZAE000109815	ZAE000038881	ZAE000056339
<b>Namibian Stock Exchange (NSX)</b>			
Share code	SNB		
ISIN	ZAE000109815		
<b>Dividend number</b>	<b>102</b>	<b>103</b>	<b>33</b>
<b>Gross distribution/dividend per share (cents)</b>	<b>240</b>	<b>3.25</b>	<b>272.93</b>
Net dividend	192	2.60	218.344
Last day to trade in order to be eligible for the cash dividend	Tuesday, 13 April 2021	Tuesday, 6 April 2021	Tuesday, 6 April 2021
Shares trade ex the cash dividend	Wednesday, 14 April 2021	Wednesday, 7 April 2021	Wednesday, 7 April 2021
Record date in respect of the cash dividend	Friday, 16 April 2021	Friday, 9 April 2021	Friday, 9 April 2021
Dividend cheques posted and CSDP/broker account credited/updated (payment date)	Monday, 19 April 2021	Monday, 12 April 2021	Monday, 12 April 2021

<sup>1</sup> 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 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 192 cents per ordinary share, 2.60 cents per first preference share and 218.344 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.

## Shares in issue

The issued share capital of the company, as at the date of declaration, is as follows:

- 1 619 941 184 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.

The company's tax reference number is 9800/211/71/7 and registration number is 1969/017128/06.



# Administrative and contact details



## Standard Bank Group Limited

Registration No. 1969/017128/06 | Incorporated in the Republic of South Africa  
Website: [www.standardbank.com](http://www.standardbank.com)

### Standard Bank Group Limited

Registration No. 1969/017128/06  
Incorporated in the Republic of South Africa  
Website: [www.standardbank.com](http://www.standardbank.com)

### Investor Relations

**Sarah Rivett-Carnac**  
Tel: +27 11 631 6897  
Email: [Sarah.Rivett-Carnac@standardbank.co.za](mailto:Sarah.Rivett-Carnac@standardbank.co.za)

### Group Secretary

**Zola Stephen**  
Tel: +27 11 631 9106  
Email: [Zola.Stephen@standardbank.co.za](mailto:Zola.Stephen@standardbank.co.za)

### Chief Finance & Value Management Officer

**Arno Daehnke**  
Tel: +27 11 636 3756  
Email: [Arno.Daehnke@standardbank.co.za](mailto:Arno.Daehnke@standardbank.co.za)

### Registered Office

9th Floor, Standard Bank Centre  
5 Simmonds Street, Johannesburg, 2001  
PO Box 7725, Johannesburg, 2000

### Directors

TS Gcabashe (chairman), PLH Cook, A Daehnke\*, MA Erasmus<sup>1</sup>, GJ Fraser-Moleketi, X Guan<sup>2</sup> (deputy chairman), GMB Kennealy, JH Maree (deputy chairman), NNA Matyumza, KD Moroka, NMC Nyembezi, ML Oduor-Otieno<sup>3</sup>, AC Parker, ANA Peterside con<sup>4</sup>, MJD Ruck, SK Tshabalala\* (chief executive), JM Vice, L Wang<sup>2</sup>.

\* Executive director <sup>1</sup> British <sup>2</sup> Chinese <sup>3</sup> Kenyan <sup>4</sup> 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 Independent Sponsor

J.P. Morgan Equities South Africa  
Proprietary Limited

### Namibian Sponsor

Simonis Storm Securities (Proprietary) Limited

### JSE Joint Sponsor

The Standard Bank of South Africa 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)

Please direct all **customer queries** and **comments** to:

[information@standardbank.co.za](mailto:information@standardbank.co.za)

Please direct all **shareholder queries** and **comments** to:

[InvestorRelations@standardbank.co.za](mailto:InvestorRelations@standardbank.co.za)

Refer to [www.standardbank.com/reporting](http://www.standardbank.com/reporting) for a list of definitions, acronyms and abbreviations.



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### 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 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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