Standard Bank

Standard Bank Group

FINANCIAL RESULTS

for the six months ended 30 June 2021

Standard Bank IT CAN BE™

Also trading as Stanbic Bank

Standard Bank Group

ANALYSIS OF FINANCIAL RESULTS

for the six months ended 30 June 2021

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ANALYSIS OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

158-year operating history in South Africa

Client segments: Consumer & High Net Worth, Business & Commercial, Wholesale and Liberty

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

Listed on the JSE Limited (JSE) since 1970

Operates in 20 countries in sub-Saharan Africa

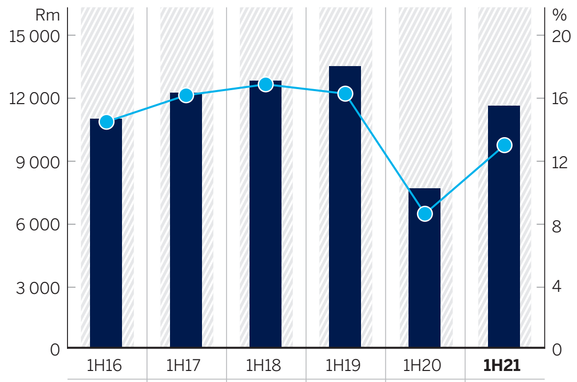
CONTENTS

HIGHLIGHTS

Measure	Change	1H21	1H20
Headline earnings (Rm)	↑ 52%	11 477	1H20: R7 541 million
Headline earnings per share (HEPS) (c)	↑ 52%	721	1H20: 474 cents
Dividend per share (DPS) (c)	↑ >100%	360	1H20: 0 cents
Net asset value (NAV) per share (c)	↑ 2%	11 509	1H20: 11 265 cents
Return on equity (ROE) (%)	↑	12.9	1H20: 8.5%
Common equity tier 1 ratio (%)	↑	13.5	1H20: 12.5%
Credit loss ratio (CLR) (bps)	↓	88	1H20: 169 bps
Jaws (bps)	↓	(328)	1H20: 100 bps
Cost-to-income ratio (%)	↑	58.3	1H20: 56.4%

HEADLINE EARNINGS AND RETURN ON EQUITY

CAGR[1] (1H16 – 1H21): 1%

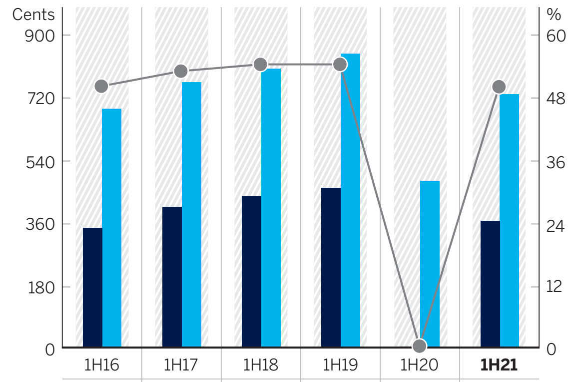


	1H16	1H17	1H18	1H19	1H20	**1H21**
Headline earnings	10 861	12 111	12 663	13 361	7 541	**11 477**
ROE	14.4	16.1	16.8	16.2	8.5	**12.9**

[1] Compound annual growth rate

HEADLINE EARNINGS AND DIVIDEND PER SHARE

CAGR (1H16 – 1H21): Dividend per share: 1%
Headline earnings per share: 1%



	1H16	1H17	1H18	1H19	1H20	**1H21**
Dividend per share	340	400	430	454	0	**360**
Headline earnings per share	680	756	794	837	474	**721**
Dividend payout ratio	50	53	54	54	0	**50**

Standard Bank Group's (SBG or the group) analysis of financial results for the six months ended 30 June 2021 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.

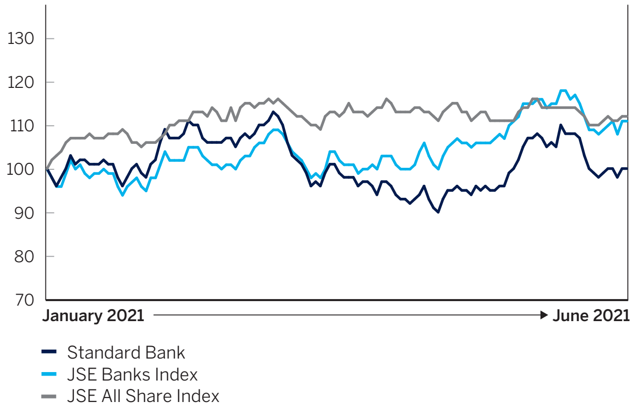
FINANCIAL RESULTS, RATIOS AND STATISTICS

		Change %	1H21	1H20	FY20
Standard Bank Group (SBG)					
Headline earnings contribution by client solution[1]					
Total headline earnings	Rm	52	**11 477**	7 541	15 945
Standard Bank Activities	Rm	41	**10 894**	7 740	15 715
Banking	Rm	39	**9 759**	7 024	14 261
Insurance	Rm	4	**987**	946	1 810
Investments	Rm	6	**427**	403	701
Central and other	Rm	(56)	**(279)**	(633)	(1 057)
Liberty	Rm	(>100)	**163**	(707)	(651)
Other banking interests	Rm	(17)	**420**	508	881
Ordinary shareholders' interest					
Profit attributable to ordinary shareholders	Rm	>100	**11 414**	3 767	12 358
Ordinary shareholders' equity	Rm	2	**182 851**	179 244	176 371
Share statistics					
Headline earnings per ordinary share (HEPS)	cents	52	**721.4**	473.8	1 002.6
Diluted headline EPS	cents	52	**717.4**	471.8	999.6
Basic EPS	cents	>100	**717.4**	236.7	777.0
Diluted EPS	cents	>100	**713.4**	235.7	774.7
Dividend per share	cents	>100	**360**	0	240
Net asset value per share	cents	2	**11 509**	11 265	11 072
Tangible net asset value per share	cents	4	**10 404**	10 004	9 926
Dividend payout ratio	%		**50**	0	24
Dividend cover	times		**2.0**	0	4.2
Number of ordinary shares in issue	thousands		**1 588 707**	1 591 162	1 592 904
Return ratios					
ROE	%		**12.9**	8.5	8.9
Return on risk-weighted assets (RoRWA)	%		**2.0**	1.3	1.4
Capital adequacy[2]					
Common equity tier 1 capital adequacy ratio	%		**13.5**	12.5	13.2
Tier 1 capital adequacy ratio	%		**14.3**	13.1	13.9
Total capital adequacy ratio	%		**16.4**	15.4	16.1
Cost of equity estimates					
Cost of equity[3]	%		**14.5**	14.3	14.4
Employee statistics					
Number of employees		(2)	**49 662**	50 707	50 115
Standard Bank Activities					
ROE	%		**13.3**	9.5	9.6
RoRWA	%		**1.9**	1.4	1.4
Cost of equity[3]	%		**14.6**	14.4	14.5
Loan-to-deposit ratio	%		**79.7**	80.4	77.4
Net interest margin (NIM)	bps		**361**	387	370
Non-interest revenue to total income	%		**45.0**	44.1	43.4
CLR	bps		**88**	169	151
Jaws	bps		**(328)**	100	(306)
Cost-to-income ratio	%		**58.3**	56.4	58.2
Effective direct taxation rate	%		**22.3**	16.6	13.6
Effective total taxation rate	%		**27.4**	25.2	21.6
Employee statistics					
Number of employees		(2)	**44 045**	45 042	44 450

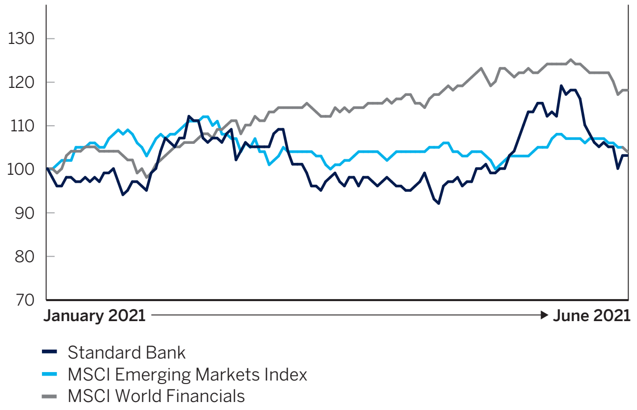
[1] Refer to pages 22-25 for more information.
[2] IFRS 9 fully phased-in for capital adequacy purposes from 01 January 2021.
[3] Estimated using the capital asset pricing model, by applying estimates of risk free rate, 9.38% (1H20: 9.30%), equity risk premium, 6.0% (1H20: 6.1%), and beta 85.8% (1H20: 82.1%). Beta for Standard Bank Activities estimated at 86.2% (1H20: 83.1%).

MARKET AND ECONOMIC INDICATORS

SBK VERSUS JSE BANKS AND ALL SHARE INDEX (ZAR)



SBK VERSUS EMERGING MARKETS AND WORLD FINANCIALS (USD)



		Average				Closing			
		Change %	1H21	1H20	FY20	Change %	1H21	1H20	FY20
Market indicators									
South Africa (SA) prime overdraft rate	%		**7.00**	8.66	7.84		**7.00**	7.25	7.00
SA SARB repo rate	%		**3.50**	5.16	4.34		**3.50**	3.75	3.50
SA Consumer Price Index	%		**4.0**	3.4	3.3		**4.9**	2.2	3.1
Weighted average Africa Regions inflation	%		**23.1**	55.8	58.0		**17.3**	88.9	39.7
JSE All Share Index		28	**66 216**	51 867	54 116	22	**66 249**	54 362	59 409
JSE Banks Index		11	**7 138**	6 440	6 076	48	**7 618**	5 133	6 849
SBK share price		1	**128.00**	126.35	120.22	22	**127.61**	104.50	127.08
Key exchange rates									
USD/ZAR		(13)	**14.53**	16.64	16.45	(18)	**14.28**	17.34	14.67
GBP/ZAR		(4)	**20.17**	20.93	21.08	(8)	**19.74**	21.43	20.04
ZAR/AOA		39	**44.54**	32.03	34.85	35	**45.07**	33.38	44.58
ZAR/GHS		18	**0.40**	0.34	0.35	21	**0.40**	0.33	0.40
ZAR/KES		19	**7.48**	6.27	6.47	21	**7.42**	6.14	7.44
ZAR/MZN		15	**4.58**	4.00	4.21	(1)	**3.97**	4.02	5.10
ZAR/NGN		28	**27.72**	21.61	22.40	36	**28.27**	20.74	26.66
ZAR/UGX		11	**249.11**	224.84	225.95	15	**246.30**	214.79	249.02
ZAR/ZMW		51	**1.51**	1.00	1.10	52	**1.54**	1.01	1.44
ZAR/ZWL		>100	**5.66**	1.34	2.10	75	**5.83**	3.33	5.64

OVERVIEW OF FINANCIAL RESULTS

Group results

The first six months of 2021 were another exceptionally difficult period for many of our clients, staff and stakeholders but we are now hopeful that the worst phase of the pandemic is behind us. Notwithstanding these continuing strains, some early signs of recovery are evident in the Standard Bank Group's (SBG or the group) financial results for the first half of 2021 (1H21). Our underlying business has strong momentum and, relative to this time last year, we have seen a recovery in client activity, an improved outlook and lower impairment charges. The group's South African business recorded a strong recovery, particularly in the Consumer and High Net Worth (CHNW) client segment. The Wholesale client segment reported strong earnings growth on the back of net credit recoveries and tight cost control.

Our Standard Bank Activities' (group excluding ICBC Standard Bank plc (ICBCS) and Liberty Holdings Limited (Liberty)) earnings were supported by growth in the client franchise, a recovery in client transactional activity, and fees and significantly lower credit charges. Underlying revenue growth was supportive although negatively impacted by lower interest rates period on period and an outsized performance in trading revenue in the prior period. Despite tight cost management, the decline in revenues drove negative jaws. Credit impairment charges halved but remained above 1H19 levels. Consequently, Standard Bank Activities' reported headline earnings of R10.9 billion, up 41% on 1H20, and a return on equity (ROE) of 13.3% (1H20: 9.5%). Liberty returned to profitability and ICBCS continued to perform well.

Group headline earnings were R11.5 billion, an increase of 52% on 1H20, and ROE was 12.9% (1H20: 8.5%). The group's capital position remained robust, with a common equity tier 1 capital adequacy (CET1) ratio as at 30 June 2021 of 13.5%. Taking into account the momentum in the underlying business and the group's strong capital position, the SBG Board has declared an interim dividend of 360 cents per share, representing a 50% dividend payout ratio.

The group's regional performance reflects the underlying recovery trends in our countries of operation. The group's South African business rebounded strongly, recording earnings of almost three times that of 1H20. Client demand and activity improved, disbursements and fees recovered, and credit charges declined from very elevated levels in 1H20. Africa Regions' performance was significantly impacted by currency movements, particularly the stronger Rand. By way of example, revenue declined 11% but grew 10% in constant currency (CCY). Underlying growth was underpinned by ongoing balance sheet and client franchise growth. Africa Regions' contribution to 1H21 group headline earnings was 35%. The top six contributors to Africa Regions' headline earnings remained Angola, Ghana, Kenya, Mozambique, Nigeria and Uganda.

Operating environment

Overall, the global environment was favourable. Continued low interest rates and fiscal stimulus supported global equity markets. Inflationary fears waxed and waned. Vaccination rates improved as the rollout beyond developed markets gained momentum. Lockdown restrictions were reintroduced in many places to deal with the Delta variant outbreaks, however in most cases they were less restrictive than the initial lockdowns. Travel and trade resumed; however supply disruptions remained an issue.

Sub-Saharan Africa benefited from the global tailwinds, particularly in those countries with links to commodities. Interest rates remained low, with only Mozambique and Zambia recording interest rate increases of 300 basis points and 50 basis points respectively in the period. Inflation upticks were limited to specific markets, namely Malawi, Nigeria and Zambia. The vaccine roll-out has been slow – constrained by access and logistics. Many countries experienced further waves of infection in the period. Recovery rates differ and are expected to continue to be bumpy.

In South Africa, as lockdowns eased, activity and confidence improved.

High commodity prices supported the fiscus (tax collection) and enabled the state to continue to support those impacted by the pandemic. The vaccination programme got off to a slow start but has gained momentum. Reform progress, particularly in energy, was positive. The social unrest, experienced in July 2021 in KwaZulu Natal and Gauteng, exposed the urgent need to tackle rising inequality through accelerated growth, investment-related reforms and job creation. While we experienced damage to our infrastructure, we were most concerned about the safety of our colleagues and clients. We have offered various forms of support to our clients, our colleagues and to the communities impacted. We are working hard to get back up and running and have put contingency plans in place where necessary. The unrest occurred post the reporting date and therefore any financial impact will be recorded in 2H21. The impact is however, expected to be limited due to insurance.

Overview of performance

Standard Bank Activities by client segment

Client segments is our primary axis of reporting. The client segments are responsible for designing and executing the client value proposition strategy.

HEADLINE EARNINGS BY CLIENT SEGMENT

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Consumer & High Net Worth clients (CHNW)	>100	>100	**2 371**	1 024	2 905
Business & Commercial clients (BCC)	2	1	**2 156**	2 136	4 160
Wholesale clients	38	27	**6 646**	5 213	9 707
Central and other	(86)	(56)	**(279)**	(633)	(1 057)
Standard Bank Activities	49	41	**10 894**	7 740	15 715

CHNW delivered a solid set of results in a difficult environment. Headline earnings improved 132% to R2 371 million and ROE increased to 9.7% (1H20: 4.3%). An improving trend in client experience scores, growth in active clients, increase in digital capabilities, and robust balance sheet growth reflect the underlying franchise momentum.

BCC's headline earnings increased 1% to R2 156 million and ROE improved to 20.8% (1H20: 19.5%). Lower net interest income (NII), due to a sizeable negative endowment impact, was offset by lower credit impairment charges. Increased client demand for lending to support business growth, alongside growth in client transactional activity and turnover was evident. Improvements in global trade supported the trading environment across many markets.

Wholesale delivered headline earnings of R6 646 million, an increase of 27% on 1H20, and an ROE of 20.0% (1H20: 15.3%). Revenue pressures were more than offset by tailwinds from impairment releases, the partial reversal of the equity fair value write downs suffered in 1H20, and good cost containment.

Standard Bank Activities by solution

For the purposes of our secondary reporting axis, we group products and services into banking, insurance and investments.

HEADLINE EARNINGS BY SOLUTION

	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Banking	39	**9 759**	7 024	14 261
Insurance	4	**987**	946	1 810
Investments	6	**427**	403	701
Central and other	(56)	**(279)**	(633)	(1 057)
Standard Bank Activities	41	**10 894**	7 740	15 715

Banking solutions

Banking solutions headline earnings improved considerably, up 39% period on period. The franchise grew clients and balances, and transactional and account activity improved relative to the low levels seen during the lockdowns in 1H20.

Active clients	'000	% Change
CHNW South Africa	9 721	4%
CHNW Africa Regions	5 261	6%
BCC South Africa	498	3%
BCC Africa Regions	248	12%

Loans and advances

Gross loans and advances to customers were flat period on period, as strong growth in CHNW loans was offset by repayments of liquidity and facilities drawn down by Wholesale clients in 1H20. CHNW client demand experienced in 2H20, continued into 1H21. Personal unsecured lending growth continued to be driven through our digital channels. Wholesale origination momentum improved towards the end of the period.

Total provisions were up marginally from 31 December 2020. As at 30 June 2021, stage 3 loans represented 5.5% of the portfolio and provisions held against these loans remained sufficient at 47% and largely unchanged from year end (30 December 2020, 5.5% and 46% respectively).

In South Africa, gross loans to customers grew 2%. We continued to support our clients as they sought to buy homes and cars. Applying consistent risk appetite and more stringent affordability criteria (to take into account future increases in interest rate), we found many attractive opportunities to lend to the clients we know well. New mortgage loan-to-value was unchanged from 2020. As at 30 June 2021, the active payment holiday portfolio amounted to R5 billion (30 June 2020: R107 billion), of which the vast majority is home loans. Payment rates remained at 90% on the expired portfolio and additional provisions were raised for accounts deemed to be high risk. Strain in the expired card population resulted in an increase in coverage from 4% in December 2020 to 5.4% as at 30 June 2021. In addition, loans disbursed under the South African Covid-19 loan guarantee scheme totalled approximately R7 billion as at the end of the period. These loans are included in the business lending portfolio, with total coverage ratio of over 5.0%.

Within Africa Regions, the accelerated rollout of our digital lending capabilities drove continued strong growth in our gross loans to customers (CCY: 14%). Countries supporting this growth included Botswana, Eswatini, Ghana, Kenya, Malawi, Nigeria, and Uganda.

Deposits and funding

Total deposits were largely flat period on period. Muted net credit demand and higher business transactional balances reduced the need for wholesale funding (i.e. NCDs). South African deposits from customers were flat period on period at R1.2 trillion. Balances accumulated in the prior period were largely retained. Africa Regions deposits from customers grew 20% (CCY) and current and savings account (CASA) balances grew 19% (CCY), underpinned by new active customers. CASA balances grew across the portfolio, but particularly in Angola, Ghana, Kenya, Mozambique Nigeria, Uganda, and Zambia. Deposits placed with our offshore operations in the Isle of Man and Jersey totalled GBP5.9 billion as at 30 June 2021 (30 June 2020: GBP5.2 billion).

Revenue

Banking solution revenue declined 2%. NII declined 5% driven by margin compression. Lower average interest rates continued to be a drag – negative endowment equated to R2.2 billion in the period (1H20: R1.8 billion, 2H20: R5.7 billion). Net interest margin (NIM) declined 26 basis points to 361 basis points.

Non-interest revenue (NIR) grew 1% to R21.2 billion. Net fee and commission income increased 3% as consumer activity levels and transactional volumes improved relative to levels recorded in the 1H20 lockdowns. In South Africa, NIR was negatively impacted by pricing adjustments, on account and ATM fees, as well as lower cash-related fees as customers switched from branch to ATM and electronic channels. While the latter had a negative impact on fees, it is in line with our strategy to drive our clients to our digital channels and de-cash our branches, where possible. Reducing branch sizes and removing cash are key to our ongoing drive to lower distribution costs. Regulatory restrictions on fees remained in place in some of the markets in which we operate. These include fee moratoriums in Eswatini, Lesotho and Malawi and restrictions on card-based fees and commissions in Nigeria, Angola, Lesotho and Eswatini. In Africa Regions, card-based and trade finance revenues improved as travel and trade restrictions eased. Digital transaction fees recorded exceptional growth as clients increasingly embraced our innovative, convenient digital solutions.

Trading revenue declined from record levels in 1H20. 1H20 volatility-related gains were replaced with revenue from strong client flows and client revenue growth in Angola, Ghana, Mozambique, and Zambia. Other income and gains and losses benefited from the non-recurrence of prior year equity revaluation losses.

OVERVIEW OF FINANCIAL RESULTS

Credit impairment charges

Credit impairment charges declined 49% to R5.8 billion, from elevated levels in 1H20. The improvement was driven by improved collections (aided by less restrictive lockdowns), improved customer risk profiles and forward-looking assumptions, lower charges associated with the client relief portfolio in CHNW, and a net release in the Wholesale client portfolio. Wholesale client provisions were released as client exposures matured and were paid down. The credit loss ratio decreased to 88 basis points (1H20: 169 basis points).

Operating expenses

Costs were well contained, increasing only 2% after absorbing annual salary increases, ongoing work-from-home costs, higher digital capability development costs and the normalising of performance-related incentive costs. Inflation in certain Africa Regions countries drove up costs in CCY. Softer revenue resulted in negative jaws and a banking cost-to-income ratio of 60.9%.

Insurance solutions

The insurance business recorded growth in policies, gross written premiums (GWP) and revenues (up 6% to R2.3 billion). Revenue growth more than offset higher claims leading to headline earnings growth of 4% to R987 million. Long-term insurance GWP increased by 13%, with Funeral GWP growing by more than 20%, supported by strong growth in the underlying policy base (driven principally by our well-positioned Flexi Funeral solution in South Africa). Our long-term insurance products are mainly underwritten by Liberty. Short-term insurance recorded a 2% increase in GWP.

Claims increased across almost all products due to the Covid-19 pandemic as well as the difficult economic environment, resulting in higher loss ratios in both short-term and long-term insurance results.

Investment solutions

The investment business continued to grow assets under management (AUM) and headline earnings. Total AUM as at 30 June 2021 amounted to R462 billion (10% up in CCY, negatively impacted by a stronger ZAR), split approximately 50/40/10 across South Africa, Africa Regions and International. Africa Regions AUM relates primarily to Nigeria and International, to Isle of Man and Jersey. Our operation in Ghana, while still small, is showing strong momentum. Due to the sizable non-Rand-denominated AUM and revenue contribution, the stronger Rand impacted period-on-period performance. Investment revenue declined 2% in ZAR to R1.7 billion, but grew 14% in CCY. Headline earnings grew 6% to R427 million (+39% in CCY).

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 amounted to R279 million (1H20: R633 million).

Other banking interests

ICBCS recorded a profit of USD72 million in 1H21 (1H20: USD70 million). The business continues to make good operational progress and is becoming more integrated with ICBC. The group's 40% share of earnings equated to USD29 million or R420 million post translation (1H20: R508 million). SBG's attributable profit declined 17% due to the stronger Rand period on period.

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.

Liberty's performance in 1H21 was much improved from 1H20. It did, however, continue to be impacted by the pandemic. In the period, additional prospective pandemic reserves raised, together with excess risk claims, amounted to R1.1 billion (post tax and non-controlling interests). Improved global and South African financial market conditions positively impacted the Shareholder Investment Portfolio performance. Liberty reported headline earnings of R222 million (1H20: loss of R2.3 billion). After adjusting for treasury shares, the group's share of the earnings amounted to R163 million (1H20: loss of R0.7 billion). Liberty remains well capitalised, with a Solvency Capital Requirement cover ratio of 1.73 times as at 30 June 2021.

On 15 July 2021, the group and Liberty jointly announced the group's intention to buy out the Liberty minority shareholders and to integrate Liberty more closely into the greater group. The transaction is expected to close in 1Q22, subject to Liberty shareholder and regulatory approvals. Further details thereof are outlined in the aforementioned announcement.

Profit attributable

There were no material headline adjustable items in 1H21 and profit attributable to ordinary shareholders amounted to R11.4 billion.

Capital management

The group maintained strong capital adequacy ratios, with a CET1 ratio of 13.5% (1H20:12.5%) and a total capital adequacy ratio of 16.4% (1H20: 15.4%).

The group's liquidity position remained strong. The group's second quarter average Basel III liquidity coverage ratio amounted to 141%, well in excess of the temporarily reduced minimum phased-in regulatory requirement of 80%. The group maintained its net stable funding ratio in excess of the 100% regulatory requirement.

During 1H21, the group successfully raised over R14 billion of longer-term funding. The group also issued R1.7 billion Basel III compliant Tier 2 capital and R1.8 billion of Additional Tier 1 capital, the proceeds of which were invested in The Standard Bank of South Africa.

Prospects

The global backdrop is expected to remain favourable, supported by sustained low interest rates, continued fiscal stimulus and consumer demand. Developed countries, with stronger balance sheets and higher vaccination rates, are expected to recover quicker than developing economies. The International Monetary Fund is forecasting global real GDP to grow 6.0% and sub-Saharan Africa to grow 3.4% in 2021. Recovery paths across our markets of operation are expected to be uneven.

In South Africa, while the recent unrest has dented consumer, business and investor confidence, we do not believe it will meaningfully derail the nascent economic recovery in the near term. South Africa's GDP is expected to grow 4.0% in 2021 and interest rates are expected to remain unchanged for the remainder of the year. Unforeseen spending pressures are a risk to the fiscal outlook. Structural reform implementation remains key to sustainable growth and job creation.

The group's performance trends in the second six months of the year (2H21), and for the twelve months to 31 December 2021 (FY21) overall, will continue to be impacted by the base effects of 2020. Most of the interest rate cuts occurred in 1H20 and therefore, FY21 NIM is expected to be similar to the 1H21 level. CHNW balance sheet growth is expected to moderate from recent elevated levels, but 1H21 balance sheet growth should support average balances and NII growth in 2H21. The Wholesale client pipeline is strong, but conversion remains subject to reform execution and improved confidence. Lockdown restrictions are not expected to return to previous levels, which should aid transactional activity and NIR year on year. We expect revenue growth to exceed cost growth in 2H21. Credit impairment charges are expected to increase from 1H21 levels, as Wholesale credit charges normalise. The FY21 credit loss ratio is expected to be within the group's through-the-cycle credit loss ratio range of 70 to 100 basis points. FY21 ROE is expected to be well above the prior year, but remain below cost of equity and the final dividend payout ratio is expected to be similar to 1H21.

We will provide updated medium-term targets tomorrow at our Strategy Update.

Further infection waves are likely, particularly in sub-Saharan Africa where vaccination levels are still low. In July 2021, there were elevated infection levels in 16 of our 20 markets on the continent. In line with our continued focus on keeping our staff safe and well, we expect that many of our colleagues will continue to work from home for the rest of the year. In 2H21, the vaccine rollout is expected to gain momentum, particularly in South Africa. We look forward to returning to work on a hybrid basis in 2022. We thank all our colleagues for their continued commitment in what has been another mentally challenging six months. We look forward to building on the progress we have made in 1H21 and remain steadfast in delivering on our purpose, "Africa is our home, we drive her growth" in 2H21 and beyond.

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.

Trading statement

FY21 headline earnings per ordinary share (HEPS) and basic earnings per ordinary share (EPS) are expected to increase by more than 20% when compared with those in the 12-month period ended 31 December 2020 (HEPS: 1 002.6 cents, basic EPS: 777.0 cents). A further trading statement will be issued to provide more specific guidance when there is reasonable certainty about the extent of the increases and the relevant HEPS and basic EPS ranges.

Shareholders are advised that the information in this trading statement has not been reviewed or reported on by the group's joint auditors.

Sim Tshabalala	**Thulani Gcabashe**
Group Chief Executive Officer	Chairman
19 August 2021	19 August 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Assets				
Cash and balances with central banks	(21)	**84 440**	107 405	87 505
Derivative assets	(39)	**72 605**	118 679	118 290
Trading assets	(5)	**254 186**	267 197	262 627
Pledged assets	(35)	**16 509**	25 356	18 981
Financial investments	9	**668 808**	612 463	650 298
Current and deferred tax assets	41	**7 127**	5 065	7 315
Disposal of group assets held for sale	(52)	**500**	1 036	220
Loans and advances	(2)	**1 314 976**	1 345 870	1 271 255
Policyholders' assets	(26)	**4 241**	5 746	5 050
Other assets	(6)	**40 906**	43 658	36 020
Interest in associates and joint ventures	7	**6 951**	6 505	6 498
Investment property	(3)	**29 453**	30 243	29 917
Property, equipment and right of use assets	(9)	**19 667**	21 632	20 702
Goodwill and other intangible assets	(12)	**17 555**	20 057	18 262
Total assets	(3)	**2 537 924**	2 610 912	2 532 940
Equity and liabilities				
Equity	2	**223 440**	218 453	215 272
Equity attributable to ordinary shareholders	2	**182 851**	179 244	176 371
Equity attributable to other equity instrument holders	30	**14 328**	10 989	12 528
Equity attributable to non-controlling interests	(7)	**26 261**	28 220	26 373
Liabilities	(3)	**2 314 484**	2 392 459	2 317 668
Derivative liabilities	(42)	**71 354**	123 502	111 577
Trading liabilities	(7)	**80 986**	86 955	81 261
Current and deferred tax liabilities	33	**8 794**	6 623	8 302
Disposal of group liabilities held for sale	(50)	**86**	172	92
Deposits and debt funding	(1)	**1 632 201**	1 654 238	1 624 044
Policyholders' liabilities	8	**340 490**	315 852	325 192
Subordinated debt	(15)	**28 918**	34 132	29 306
Provisions and other liabilities	(11)	**151 655**	170 985	137 894
Total equity and liabilities	(3)	**2 537 924**	2 610 912	2 532 940

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2021

	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Income from Standard Bank Activities	(2)	**54 453**	55 784	108 581
Net interest income	(4)	**29 968**	31 204	61 425
Non-interest revenue	0	**24 485**	24 580	47 156
Income from investment management and life insurance activities	81	**10 362**	5 733	15 086
Total income	5	**64 815**	61 517	123 667
Credit impairment charges	(49)	**(5 797)**	(11 291)	(20 594)
Net income before operating expenses	18	**59 018**	50 226	103 073
Operating expenses from Standard Bank Activities	1	**(31 770)**	(31 489)	(63 182)
Operating expenses from investment management and life insurance activities	0	**(8 286)**	(8 267)	(16 139)
Net income before non-trading and capital related items and equity accounted earnings	81	**18 962**	10 470	23 752
Non-trading and capital related items	(97)	**(116)**	(4 134)	(3 956)
Share of post-tax profit from associates and joint ventures	4	**546**	523	1 084
Profit before indirect taxation	>100	**19 392**	6 859	20 880
Indirect taxation	3	**(1 431)**	(1 384)	(2 727)
Profit before direct taxation	>100	**17 961**	5 475	18 153
Direct taxation	>100	**(4 640)**	(1 353)	(3 640)
Profit for the period	>100	**13 321**	4 122	14 513
Attributable to ordinary shareholders	>100	**11 414**	3 767	12 358
Attributable to other equity instrument holders	(9)	**389**	429	803
Attributable to non-controlling interests	(>100)	**1 518**	(74)	1 352
Earnings per share (cents)				
Basic earnings per ordinary share	>100	**717.4**	236.7	777.0
Diluted earnings per ordinary share	>100	**713.4**	235.7	774.7

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2021

		1H21			1H20			FY20		
	Change %	Ordinary shareholders' equity Rm	Non-controlling interests and other equity instruments Rm	Total equity Rm	Ordinary shareholders' equity Rm	Non-controlling interests and other equity instruments Rm	Total equity Rm	Ordinary shareholders' equity Rm	Non-controlling interests and other equity instruments Rm	Total equity Rm
Profit for the period	>100	**11 414**	**1 907**	**13 321**	3 767	355	4 122	12 358	2 155	14 513
Other comprehensive (loss)/income after tax for the period		**(1 196)**	**(490)**	**(1 686)**	12 733	2 312	15 045	(275)	(641)	(916)
Items that may be subsequently reclassified to profit or loss		**(1 218)**	**(478)**	**(1 696)**	12 886	2 271	15 157	(225)	(658)	(883)
Movements in the cash flow hedging reserve		**(81)**	**8**	**(73)**	(394)	(12)	(406)	27	(4)	23
Movement in debt instruments measured at fair value through other comprehensive income (OCI)		**(114)**	**(89)**	**(203)**	224	148	372	(79)	(29)	(108)
Exchange difference on translating foreign operations		**(1 023)**	**(397)**	**(1 420)**	13 056	2 135	15 191	(172)	(625)	(797)
Net change on hedges of net investments in foreign operations								(1)		(1)
Items that may not be subsequently reclassified to profit of loss		**22**	**(12)**	**10**	(153)	41	(112)	(50)	17	(33)
Total comprehensive income for the period		**10 218**	**1 417**	**11 635**	16 500	2 667	19 167	12 083	1 514	13 597
Attributable to ordinary shareholders		**10 218**		**10 218**	16 500		16 500	12 083		12 083
Attributable to other equity instrument holders			**389**	**389**		429	429		803	803
Attributable to non-controlling interests			**1 028**	**1 028**		2 238	2 238		711	711

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2021

	Ordinary share capital and premium Rm	Empowerment reserve Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Foreign currency hedge of net investment reserve Rm	Total hedge reserve[1] Rm	Regulatory 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
Balance at 1 January 2020	17 984	(69)	(2 659)	(7 583)	(983)	(4)	4 353	597	284	246	159 063	171 229	10 989	27 266	209 484
Increase in statutory credit risk reserve							935				(935)				
Transactions with non-controlling shareholders			(17)	31			7				(36)	(15)		(150)	(165)
Equity-settled share-based payments									804		(164)	640		7	647
Deferred tax on share-based payments											(283)	(283)			(283)
Transfer of vested equity options									(117)		117				
Net (increase)/decrease in treasury shares			(686)								277	(409)		100	(309)
Net issue of share capital and share premium and other equity instruments	31											31			31
Unincorporated property partnerships capital reductions and distributions														71	71
Redemption of empowerment funding		9										9			9
Hyperinflation adjustments											263	263		(1)	262
Total comprehensive income for the period				13 056		(394)		167		26	3 645	16 500	429	2 238	19 167
Dividends paid											(8 721)	(8 721)	(429)	(1 311)	(10 461)
Balance at 30 June 2020	18 015	(60)	(3 362)	5 504	(983)	(398)	5 295	764	971	272	153 226	179 244	10 989	28 220	218 453
Balance at 1 July 2020	18 015	(60)	(3 362)	5 504	(983)	(398)	5 295	764	971	272	153 226	179 244	10 989	28 220	218 453
Decrease in statutory credit risk reserve							(105)				105				
Transactions with non-controlling shareholders			(6)	(11)			3	6			(34)	(42)		(169)	(211)
Equity-settled share-based payments									446		(79)	367		38	405
Deferred tax on share-based payments											(8)	(8)			(8)
Transfer of vested equity options									(460)		460				
Net decrease/(increase) in treasury shares			623								(212)	411		252	663
Net issue of share capital and share premium and other equity instruments	1											1	1 539		1 540
Unincorporated property partnerships capital reductions and distributions														(195)	(195)
Redemption of empowerment funding		(1)										(1)			(1)
Hyperinflation adjustments											790	790		1	791
Total comprehensive income for the period				(13 228)	(1)	421		(352)		(48)	8 791	(4 417)	374	(1 527)	(5 570)
Dividends paid											26	26	(374)	(247)	(595)
Balance at 31 December 2020	18 016	(61)	(2 745)	(7 735)	(984)	23	5 193	418	957	224	163 065	176 371	12 528	26 373	215 272
Balance at 1 January 2021	**18 016**	**(61)**	**(2 745)**	**(7 735)**	**(984)**	**23**	**5 193**	**418**	**957**	**224**	**163 065**	**176 371**	**12 528**	**26 373**	**215 272**
Increase in statutory credit risk reserve							**562**				**(562)**				
Transactions with non-controlling shareholders				**1**							**32**	**33**		**(56)**	**(23)**
Equity-settled share-based payments									**626**		**(8)**	**618**		**(10)**	**608**
Deferred tax on share-based payments											**(37)**	**(37)**			**(37)**
Transfer of vested equity options									**2**		**(2)**				
Net (increase)/decrease in treasury shares			**(542)**								**(16)**	**(558)**			**(558)**
Net issue of share capital and share premium and other equity instruments													**1 800**		**1 800**
Unincorporated property partnerships capital reductions and distributions														**(100)**	**(100)**
Hyperinflation adjustments											**76**	**76**			**76**
Total comprehensive income for the period				**(1 023)**		**(81)**		**(89)**		**1**	**11 410**	**10 218**	**389**	**1 028**	**11 635**
Dividends paid											**(3 870)**	**(3 870)**	**(389)**	**(974)**	**(5 233)**
Balance at 30 June 2021	**18 016**	**(61)**	**(3 287)**	**(8 757)**	**(984)**	**(58)**	**5 755**	**329**	**1 585**	**225**	**170 088**	**182 851**	**14 328**	**26 261**	**223 440**

All balances are stated net of applicable tax.

[1] The total hedge reserve included the cash flow hedge reserve and the foreign currency basis spread. Refer to the changes in accounting policies section under IFRS 9: General Hedge Accounting for further details.

STANDARD BANK ACTIVITIES' INCOME STATEMENT

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Net interest income	2	(4)	**29 968**	31 204	61 425
Non-interest revenue	9	0	**24 485**	24 580	47 156
Net fee and commission revenue	11	3	**14 659**	14 239	29 413
Trading revenue	(5)	(14)	**7 038**	8 143	13 874
Other revenue	23	4	**1 807**	1 737	3 158
Other gains and losses on financial instruments	>100	>100	**981**	461	711
Total income	5	(2)	**54 453**	55 784	108 581
Credit impairment charges	(47)	(49)	**(5 797)**	(11 291)	(20 594)
Loans and advances	(45)	(47)	**(5 939)**	(11 271)	(20 228)
Financial investments	(62)	(44)	**67**	119	(65)
Letters of credit and guarantees	(>100)	(>100)	**75**	(139)	(301)
Net income before operating expenses	19	9	**48 656**	44 493	87 987
Operating expenses	8	1	**(31 770)**	(31 489)	(63 182)
Staff costs	8	2	**(18 010)**	(17 618)	(34 380)
Other operating expenses	9	(1)	**(13 760)**	(13 871)	(28 802)
Net income before non-trading and capital related items and equity accounted earnings	45	30	**16 886**	13 004	24 805
Non-trading and capital related items	(96)	(95)	**(116)**	(2 428)	(2 255)
Net income before equity accounting earnings	85	59	**16 770**	10 576	22 550
Share of post-tax profits from associates and joint ventures	>100	>100	**151**	28	191
Profit before indirect taxation	86	60	**16 921**	10 604	22 741
Indirect taxation	6	0	**(1 100)**	(1 099)	(2 103)
Profit before direct taxation	96	66	**15 821**	9 505	20 638
Direct taxation	>100	>100	**(3 532)**	(1 574)	(2 798)
Profit for the period	73	55	**12 289**	7 931	17 840
Attributable to preference shareholders	(30)	(30)	**(145)**	(206)	(383)
Attributable to additional tier 1 capital noteholders	9	9	**(244)**	(223)	(420)
Attributable to non-controlling interests	(12)	(30)	**(1 069)**	(1 518)	(2 875)
Attributable to ordinary shareholders	99	81	**10 831**	5 984	14 162
Headline adjustable items	(97)	(96)	**63**	1 756	1 553
Standard Bank Activities – headline earnings	49	41	**10 894**	7 740	15 715

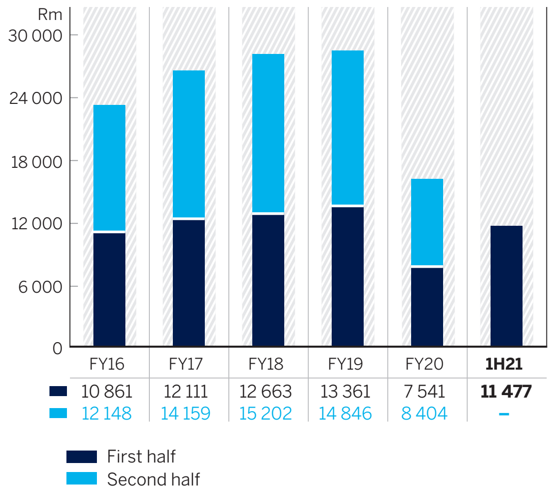
RECONCILIATION TO SBG HEADLINE EARNINGS

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Standard Bank Activities	49	41	**10 894**	7 740	15 715
Liberty	(>100)	(>100)	**163**	(707)	(651)
Other banking interests	5	(17)	**420**	508	881
Standard Bank Group headline earnings	64	52	**11 477**	7 541	15 945

HEADLINE EARNINGS

HEADLINE EARNINGS

CAGR (1H16 – 1H21): 1%



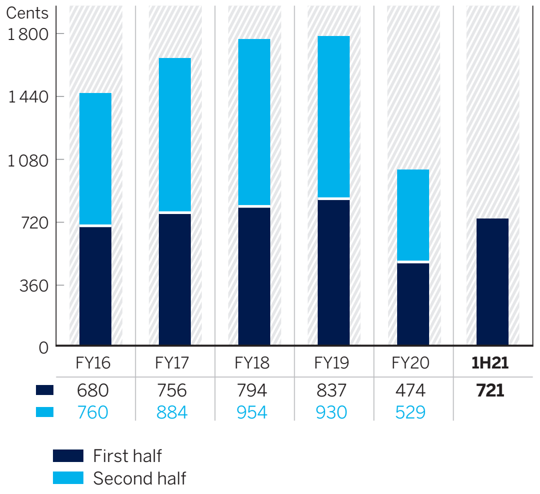
RECONCILIATION OF PROFIT FOR THE PERIOD TO GROUP HEADLINE EARNINGS

	1H21				1H20				FY20
	Gross Rm	**Tax[1] Rm**	**NCI and other[2] Rm**	**Net Rm**	Gross Rm	Tax[1] Rm	NCI and other[2] Rm	Net Rm	Net Rm
Profit for the period – Standard Bank Activities	**15 821**	**(3 532)**	**(1 458)**	**10 831**	9 505	(1 574)	(1 947)	5 984	14 162
Headline adjustable items – Standard Bank Activities added	**116**	**(53)**		**63**	2 428	(668)	(4)	1 756	1 553
IAS 36 – Impairment of intangible assets					2 610	(729)	(2)	1 879	2 196
IAS 21 – Realised foreign currency profit on foreign operations									(247)
IFRS 16 – Profit on sale and leaseback									(358)
IAS 16 – Losses on sale of properties and equipment	**3**	**(2)**		**1**	27	(6)	(2)	19	16
IAS 28/IAS 36 – Impairment of associate									6
IAS 27/IAS 28 – Gains on disposal of business									(14)
IAS 40 – Fair value losses/(gains) on investment property	**113**	**(51)**		**62**	(209)	67		(142)	(46)
Headline earnings – Standard Bank Activities	**15 937**	**(3 585)**	**(1 458)**	**10 894**	11 933	(2 242)	(1 951)	7 740	15 715
Headline earnings/(losses) – Liberty	**1 720**	**(1 108)**	**(449)**	**163**	(2 832)	588	1 537	(707)	(651)
Profit/(loss) for the period – Liberty	**1 720**	**(1 108)**	**(449)**	**163**	(3 006)	637	1 592	(777)	(693)
IFRS 5 – Remeasurement of disposal groups held for sale									(20)
IAS 27/IAS 28 – Gain on sale of business									(8)
IAS 36 – Impairment of intangible assets					174	(49)	(55)	70	70
Headline earnings – Other banking interests	**420**			**420**	508			508	881
Gains/(loss) for the period – other banking interests	**420**			**420**	(1 024)	(416)		(1 440)	(1 111)
IAS 28 – Gain on disposal of associate					(1 835)	416		(1 419)	(1 419)
IAS 21 – FCTR release on disposal of associate					3 367			3 367	3 367
IAS 36 – Impairment of assets within associate									44
Standard Bank Group headline earnings	**18 077**	**(4 693)**	**(1 907)**	**11 477**	9 609	(1 654)	(414)	7 541	15 945

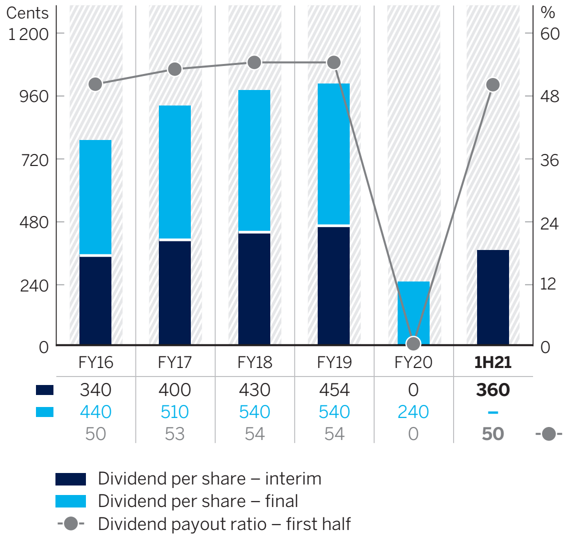
[1] Direct taxation.
[2] Non-controlling interests and other equity instrument holders.

HEADLINE EARNINGS AND DIVIDEND PER SHARE

HEADLINE EARNINGS PER SHARE
CAGR (1H16 – 1H21): 1%



DIVIDEND PER SHARE AND PAYOUT RATIO
CAGR (1H16 – 1H21): (1%)



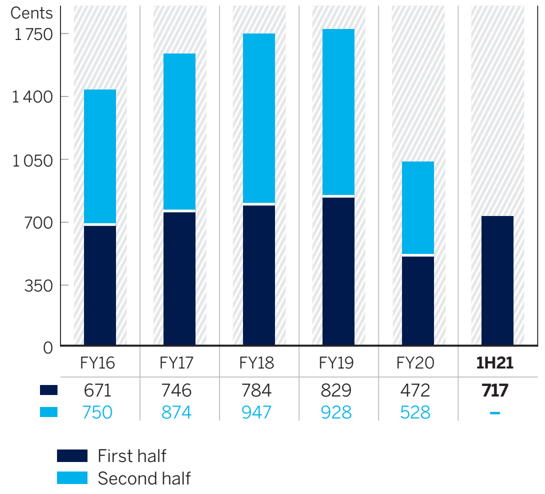
		Change %	1H21	1H20	FY20
Headline earnings	Rm	52	**11 477**	7 541	15 945
Headline EPS	cents	52	**721**	474	1 003
Basic EPS	cents	>100	**717**	237	777
Total dividend per share	cents	>100	**360**		240
Interim	cents	>100	**360**		
Final	cents				240
Dividend cover – based on headline EPS	times		**2.0**		4.2
Dividend payout ratio – based on headline EPS	%		**50**		24

MOVEMENT IN THE NUMBER OF ORDINARY AND WEIGHTED AVERAGE SHARES ISSUED

	1H21		1H20		FY20	
	Issued number of shares '000	**Weighted number of shares '000**	Issued number of shares '000	Weighted number of shares '000	Issued number of shares '000	Weighted number of shares '000
Beginning of the period – IFRS shares	**1 592 904**	**1 592 904**	1 594 072	1 594 072	1 594 072	1 594 072
Shares in issue	**1 619 941**	**1 619 941**	1 619 709	1 619 709	1 619 709	1 619 709
Deemed treasury shares	**(27 037)**	**(27 037)**	(25 637)	(25 637)	(25 637)	(25 637)
Shares issued for equity compensation plans			220	148	232	190
Movement in deemed treasury shares	**(4 197)**	**(1 898)**	(3 130)	(2 532)	(1 400)	(3 848)
Share exposures held within Standard Bank Activities	**(4 641)**	**(2 121)**	(5 276)	(3 435)	(6 038)	(6 389)
Share exposures held to facilitate client trading activities	**708**	**935**	2 369	959	(652)	(901)
Share exposures held to hedge the group's equity compensation plans	**(5 349)**	**(3 056)**	(7 645)	(4 394)	(5 386)	(5 488)
Shares held for the benefit of Liberty policyholders	**444**	**223**	2 146	903	4 638	2 541
End of the period – IFRS shares	**1 588 707**	**1 591 006**	1 591 162	1 591 688	1 592 904	1 590 414
Shares in issue	**1 619 941**	**1 619 941**	1 619 929	1 619 857	1 619 941	1 619 899
Deemed treasury shares	**(31 234)**	**(28 935)**	(28 767)	(28 169)	(27 037)	(29 485)

DILUTED HEADLINE EARNINGS PER SHARE

DILUTED HEADLINE EARNINGS PER SHARE
CAGR (1H16 – 1H21): 1%



	Change %	1H21 cents	1H20 cents	FY20 cents
Diluted headline EPS	52	**717**	472	1 000
Diluted EPS	>100	**713**	236	775

DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ISSUED

	1H21 '000	1H20 '000	FY20 '000
Weighted average shares	**1 591 006**	1 591 688	1 590 414
Dilution from equity compensation plans	**8 907**	6 657	4 786
Group share incentive scheme	**69**	95	44
Equity growth scheme	**343**	61	295
Deferred bonus scheme, long-term incentive plans and related hedges	**8 495**	6 501	4 447
Diluted weighted average shares	**1 599 913**	1 598 345	1 595 200

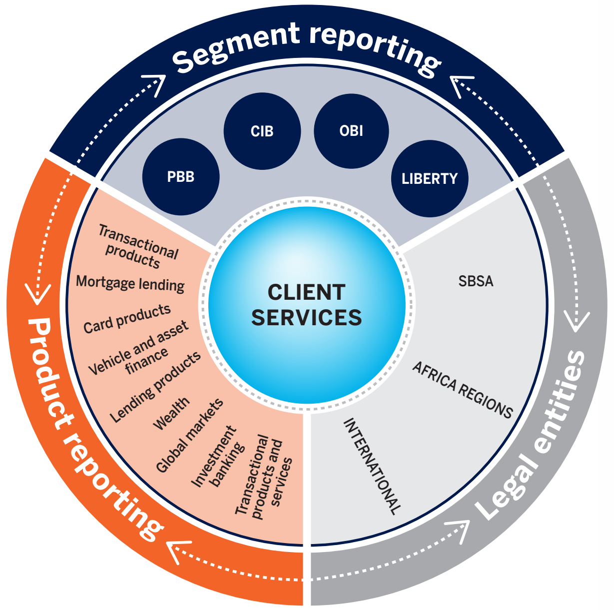
Notes

19 Segmental reporting

SEGMENTAL STRUCTURE FOR KEY BUSINESS LINES

Standard Bank Group

Our traditional structure to 31 December 2020



NEW CAPABILITY MODEL from 01 January 2021

Client segments

We have shifted the business to be future-ready and client centric. Our reporting has changed to align to this principle. The client segments will be responsible for designing and executing the client value proposition strategy. Client segments will own the client relationship and create multi-product customer experiences to address life events distributed through our client engagement platforms.

Consumer & High Net Worth clients

The consumer & high net worth (CHNW) client segment is responsible for the end-to-end lifecycle of clients. CHNW services individual clients across Sub-Saharan Africa. We enable our clients' daily lives by providing relevant solutions throughout their life journeys.

Business & Commercial clients

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

Wholesale clients

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

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

Client solutions

Client solutions support the client segments and the group as a whole. This team works in partnership with the client segments in pursuit of the client value proposition strategy. Client solutions provide products and services for banking, insurance and investments and will expand into non-financial services and solutions over time.

Banking

Home services Residential accommodation financing solutions, including related value added services.	**Vehicle and asset finance** Comprehensive finance solutions in instalment credit, fleet management and related services across our retail and business markets.	**Card and payments** Credit card facilities to individuals and businesses. Merchant acquiring services. Enablement of digital payment capabilities through various products and platforms. Mobile money and cross-border businesses.
Retail lending Comprehensive suite of lending products provided to individuals and small and medium-sized businesses.	**Retail transactional** Comprehensive suite of transactional, savings, payment and liquidity management solutions.	**Global markets** Trading and risk management solutions across financial markets, including foreign exchange, money markets, interest rates, equities, credit and commodities.
Investment banking Full suite of advisory and financing solutions, from term lending to structured and specialised products across equity and debt capital markets.	**Transactional products and services** Comprehensive suite of cash management, international trade finance, working capital and investor services solutions.	

Insurance

Short-term and life insurance activities

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

Investments

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

Central and other

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

Liberty

Life insurance and investment management activities

- 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: Capabilities to manage investment assets in South Africa and southern African Regions.

Other banking interests

Equity investments held in terms of strategic partnership agreements with ICBC

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

CONDENSED CONSOLIDATED CLIENT SEGMENTAL RESULTS

	Consumer & High Net Worth				Business & Commercial				Wholesale				Central and other				Standard Bank Activities			
	Change %	1H21 Rm	1H20 Rm	FY20 Rm	Change %	1H21 Rm	1H20 Rm	FY20 Rm	Change %	1H21 Rm	1H20 Rm	FY20 Rm	Change %	1H21 Rm	1H20 Rm	FY20 Rm	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Income statement																				
Income from Standard Bank Activities	2	23 477	22 969	46 227	(3)	12 354	12 789	25 201	(6)	19 232	20 374	38 540	75	(610)	(348)	(1 387)	(2)	54 453	55 784	108 581
Net interest income	0	13 832	13 774	27 218	(8)	7 433	8 036	15 094	(10)	8 794	9 744	19 372	(74)	(91)	(350)	(259)	(4)	29 968	31 204	61 425
Non-interest revenue	5	9 645	9 195	19 009	4	4 921	4 753	10 107	(2)	10 438	10 630	19 168	(>100)	(519)	2	(1 128)	0	24 485	24 580	47 156
Net fee and commission revenue	5	7 595	7 248	14 992	4	3 663	3 516	7 670	(2)	3 499	3 584	7 014	(10)	(98)	(109)	(263)	3	14 659	14 239	29 413
Trading revenue	(3)	542	557	1 073	(9)	993	1 096	2 186	(14)	5 612	6 518	11 267	>100	(109)	(28)	(652)	(14)	7 038	8 143	13 874
Other revenue	10	1 519	1 376	2 930	92	225	117	182	>100	376	102	251	(>100)	(313)	142	(205)	4	1 807	1 737	3 158
Other gains and losses on financial instruments	(>100)	(11)	14	14	67	40	24	69	>100	951	426	636	(>100)	1	(3)	(8)	>100	981	461	711
Total income	2	23 477	22 969	46 227	(3)	12 354	12 789	25 201	(6)	19 232	20 374	38 540	75	(610)	(348)	(1 387)	(2)	54 453	55 784	108 581
Credit impairment charges	(31)	(4 668)	(6 814)	(12 414)	(20)	(1 414)	(1 761)	(3 490)	(>100)	278	(2 225)	(4 199)	(>100)	7	(491)	(491)	(49)	(5 797)	(11 291)	(20 594)
Income before operating expenses	16	18 809	16 155	33 813	(1)	10 940	11 028	21 711	7	19 510	18 149	34 341	(28)	(603)	(839)	(1 878)	9	48 656	44 493	87 987
Operating expenses in Standard Bank Activities	5	(14 940)	(14 193)	(28 924)	(1)	(7 832)	(7 925)	(15 709)	0	(10 213)	(10 255)	(20 723)	37	1 215	884	2 174	1	(31 770)	(31 489)	(63 182)
Staff costs	4	(4 789)	(4 598)	(8 691)	3	(2 281)	(2 216)	(4 424)	4	(3 698)	(3 549)	(7 475)	(0)	(7 242)	(7 255)	(13 790)	2	(18 010)	(17 618)	(34 380)
Other operating expenses	6	(10 151)	(9 595)	(20 233)	(3)	(5 551)	(5 709)	(11 285)	(3)	(6 515)	(6 706)	(13 248)	4	8 457	8 139	15 964	(1)	(13 760)	(13 871)	(28 802)
Profit attributable to ordinary shareholders	>100	2 353	1 053	2 886	8	2 130	1 969	3 952	84	6 627	3 593	8 203	(55)	(279)	(626)	(878)	81	10 831	5 989	14 163
Headline adjustable items	(>100)	18	(29)	19	(84)	26	167	208	(99)	19	1 620	1 504	(100)		(7)	(179)	(96)	63	1 751	1 552
Headline earnings	>100	2 371	1 024	2 905	1	2 156	2 136	4 160	27	6 646	5 213	9 707	(56)	(279)	(633)	(1 057)	41	10 894	7 740	15 715
Statement of financial position																				
Net loans and advances	9	553 541	506 486	528 653	8	169 670	157 649	159 669	(13)	600 644	690 164	591 965	5	(8 879)	(8 429)	(9 032)	(2)	1 314 976	1 345 870	1 271 255
Net loans and advances to banks									(15)	175 906	206 589	164 171	(74)	(2 004)	(7 587)	(3 041)	(13)	173 902	199 002	161 130
Net loans and advances to customers	9	553 541	506 486	528 653	8	169 670	157 649	159 669	(12)	424 738	483 575	427 794	>100	(6 875)	(842)	(5 991)	(1)	1 141 074	1 146 868	1 110 125
Other assets	8	67 229	62 268	66 864	12	49 744	44 276	48 868	(15)	594 294	696 694	647 906	>100	46 797	21 253	45 878	(8)	758 064	824 491	809 516
Total assets	9	620 770	568 754	595 517	9	219 414	201 925	208 537	(14)	1 194 938	1 386 858	1 239 871	>100	37 918	12 824	36 846	(4)	2 073 040	2 170 361	2 080 771
Equity	8	54 025	49 994	50 218	1	23 620	23 341	23 006	2	74 748	73 423	73 065	(3)	40 682	41 900	39 205	2	193 075	188 658	185 494
Liabilities	9	566 745	518 760	545 299	10	195 794	178 584	185 531	(15)	1 120 190	1 313 435	1 166 806	(90)	(2 764)	(29 076)	(2 359)	(5)	1 879 965	1 981 703	1 895 277
Deposits and debt funding	1	334 052	330 741	329 998	11	388 345	349 568	376 241	(5)	951 505	1 000 228	948 422	>100	(23 025)	(6 884)	(12 260)	(1)	1 650 877	1 673 653	1 642 401
Deposits from banks					>100	7 312	1 123	6 626	(20)	105 513	131 618	126 323	>100	(5 974)	(937)	(775)	(19)	106 851	131 804	132 174
Deposits and current accounts from customers	1	334 052	330 741	329 998	9	381 033	348 445	369 615	(3)	845 992	868 610	822 099	>100	(17 051)	(5 947)	(11 485)	0	1 544 026	1 541 849	1 510 227
Other liabilities[1]	24	232 693	188 019	215 301	13	(192 551)	(170 984)	(190 710)	(46)	168 685	313 207	218 384	(>100)	20 261	(22 192)	9 901	(26)	229 088	308 050	252 876
Total equity and liabilities	9	620 770	568 754	595 517	9	219 414	201 925	208 537	(14)	1 194 938	1 386 858	1 239 871	>100	37 918	12 824	36 846	(4)	2 073 040	2 170 361	2 080 771
CLR (bps)		165	257	231		167	228	225		(4)	67	59						88	169	151
Cost-to-income ratio (%)		63.6	61.8	62.6		63.4	62.0	62.3		53.1	50.3	53.8						58.3	56.4	58.2
ROE (%)		9.7	4.3	6.0		20.8	19.5	19.2		20.0	15.3	14.3						13.3	9.5	9.6
Average ordinary shareholders' equity	2	49 101	47 915	48 162	(5)	20 890	22 079	21 762	(2)	66 870	68 350	68 001		27 842	24 986	25 914	1	164 703	163 330	163 839

[1] Other liabilities includes inter divisional funding which fluctuates in line with asset growth.

CONDENSED CONSOLIDATED CLIENT SEGMENTAL RESULTS

	Standard Bank Activities				Liberty				Other banking interests				Standard Bank Group			
	Change %	1H21 Rm	1H20 Rm	FY20 Rm	Change %	1H21 Rm	1H20 Rm	FY20 Rm	Change %	1H21 Rm	1H20 Rm	FY20 Rm	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Income statement																
Income from Standard Bank Activities	(2)	**54 453**	55 784	108 581									(2)	**54 453**	55 784	108 581
Net interest income	(4)	**29 968**	31 204	61 425									(4)	**29 968**	31 204	61 425
Non-interest revenue	(0)	**24 485**	24 580	47 156									0	**24 485**	24 580	47 156
Net fee and commission revenue	3	**14 659**	14 239	29 413									3	**14 659**	14 239	29 413
Trading revenue	(14)	**7 038**	8 143	13 874									(14)	**7 038**	8 143	13 874
Other revenue	4	**1 807**	1 737	3 158									4	**1 807**	1 737	3 158
Other gains and losses on financial instruments	>100	**981**	461	711									>100	**981**	461	711
Net income from investment management and life insurance activities					81	**10 362**	5 733	15 086					81	**10 362**	5 733	15 086
Total income	(2)	**54 453**	55 784	108 581	81	**10 362**	5 733	15 086					5	**64 815**	61 517	123 667
Credit impairment charges	(49)	**(5 797)**	(11 291)	(20 594)									(49)	**(5 797)**	(11 291)	(20 594)
Income before operating expenses	9	**48 656**	44 493	87 987	81	**10 362**	5 733	15 086					18	**59 018**	50 226	103 073
Operating expenses in Standard Bank Activities	1	**(31 770)**	(31 489)	(63 182)									1	**(31 770)**	(31 489)	(63 182)
Staff costs	2	**(18 010)**	(17 618)	(34 380)									2	**(18 010)**	(17 618)	(34 380)
Other operating expenses	(1)	**(13 760)**	(13 871)	(28 802)									(1)	**(13 760)**	(13 871)	(28 802)
Operating expenses in insurance activities					0	**(8 286)**	(8 267)	(16 139)					0	**(8 286)**	(8 267)	(16 139)
Profit attributable to ordinary shareholders	81	**10 831**	5 989	14 163	(>100)	**163**	(777)	(693)	(>100)	**420**	(1 440)	(1 111)	>100	**11 414**	3 772	12 359
Headline adjustable items	(96)	**63**	1 751	1 552	(100)		70	42	(100)		1 948	1 992	(98)	**63**	3 769	3 586
Headline earnings	41	**10 894**	7 740	15 715	(>100)	**163**	(707)	(651)	(17)	**420**	508	881	52	**11 477**	7 541	15 945
Statement of financial position																
Net loans and advances	(2)	**1 314 976**	1 345 870	1 271 255									(2)	**1 314 976**	1 345 870	1 271 255
Net loans and advances to banks	(13)	**173 902**	199 002	161 130									(13)	**173 902**	199 002	161 130
Net loans and advances to customers	(1)	**1 141 074**	1 146 868	1 110 125									(1)	**1 141 074**	1 146 868	1 110 125
Policyholders' assets						**4 241**	5 746	5 050					(26)	**4 241**	5 746	5 050
Other assets	(8)	**758 064**	824 491	809 516	6	**456 839**	431 134	443 597	4	**3 804**	3 671	3 522	(3)	**1 218 707**	1 259 296	1 256 635
Total assets	(4)	**2 073 040**	2 170 361	2 080 771	6	**461 080**	436 880	448 647	4	**3 804**	3 671	3 522	(3)	**2 537 924**	2 610 912	2 532 940
Equity	2	**193 075**	188 658	185 494	2	**26 561**	26 124	26 256	4	**3 804**	3 671	3 522	2	**223 440**	218 453	215 272
Liabilities	(5)	**1 879 965**	1 981 703	1 895 277	6	**434 519**	410 756	422 391					(3)	**2 314 484**	2 392 459	2 317 668
Deposits and debt funding	(1)	**1 650 877**	1 673 653	1 642 401	(4)	**(18 676)**	(19 415)	(18 357)					(1)	**1 632 201**	1 654 238	1 624 044
Deposits from banks	(19)	**106 851**	131 804	132 174									(19)	**106 851**	131 804	132 174
Deposits and current accounts from customers	0	**1 544 026**	1 541 849	1 510 227	(4)	**(18 676)**	(19 415)	(18 357)					0	**1 525 350**	1 522 434	1 491 870
Policyholders' liabilities					8	**340 490**	315 852	325 192					8	**340 490**	315 852	325 192
Other liabilities	(26)	**229 088**	308 050	252 876	(1)	**112 705**	114 319	115 556					(19)	**341 793**	422 369	368 432
Total equity and liabilities	(4)	**2 073 040**	2 170 361	2 080 771	6	**461 080**	436 880	448 647	4	**3 804**	3 671	3 522	(3)	**2 537 924**	2 610 912	2 532 940
CLR (bps)		**88**	169	151												
Cost-to-income ratio (%)		**58.3**	56.4	58.2												
ROE (%)		**13.3**	9.5	9.6		**2.9**	(12.5)	(5.8)		**22.8**	23.5	21.7		**12.9**	8.5	8.9
Average ordinary shareholders' equity	1	**164 703**	163 330	163 839	(1)	**11 216**	11 337	11 214	(15)	**3 713**	4 356	4 063	0	**179 632**	179 023	179 116

CONSUMER & HIGH NET WORTH

Consumer & High Net Worth Clients (CHNW)

The first half of 2021 was characterised by the recovery of the global economy and African economies in which we operate. This recovery resulted in the increase of general business activity in our markets. The rebound in clients' transactional flows in South Africa was greater than expected and increased by 12% in comparison to first half of 2019. The low interest rate environment continued to support our clients' credit demand particularly for home loans.

The CHNW business delivered a strong recovery in headline earnings of 132% to R2 371m and improvement in ROE from 4.3% to 9.7%. Gross loans and advances increased by 11% in constant currency (CCY) at the back of meaningful growth in South Africa. Net interest income (NII) was 3% higher in CCY against the first half of 2020 fuelled by robust asset growth, offset by negative endowment. Non-interest revenue (NIR) increased by 10% in CCY in comparison to 1H20 powered by a larger client franchise and increased transactional activity.

Credit impairments declined by 31% to R4 668m (1H20: R6 814m) driven by collection efficiencies, improved customer payment behaviour and the non-recurrence of higher forward-looking provisions raised in the prior period. The credit loss ratio (CLR) improved to 165 bps (1H20: 257 bps) albeit being still above the through the cycle range of (100 bps – 150 bps) and higher than the first half of 2019.

Costs remained elevated across the continent driven by IT investments to further accelerate digitisation, exacerbated by higher inflationary environment in African countries. The non-recurrence of a once off insurance claim in Nigeria in the prior period and the depreciation of local currencies against the USD adversely impacted costs. These impacts were partially offset by the insurance claim settlement against the large credit card fraud that occurred in 2016.

Active client numbers increased by 4% in South Africa. This increase stems at the back of reduced attrition and improved new acquisitions three times higher than the first half of 2019. The adoption of digital platforms by new clients accelerated to 83%. The increase in new client acquisitions were driven by relevant solutions such as MyMo and the new funeral plan product complemented by the well-disciplined execution diligence by our client-facing teams. The UCount rewards programme now has over 1 million clients, growing at 10% period-on-period and continues to provide meaningful benefits to clients.

Clients are increasingly doing more business with us. Card turnover increased by 27%, Instant Money turnover improved by 34%, and Virtual Card turnover grew by 206%. We have retained our BA 900 market share of 21.1% in Current and Savings Accounts (CASA) whilst assets under management (AUM) grew 9% to R221bn.

The South African Customer Satisfaction Index published by Consulta rated most of our channels on par with the industry. Our App was ranked third and UCount rated first in loyalty and rewards. Our branch experience is lagging and remains a key area of focus.

Client ratings have improved on both Android and IOS app stores reaching highs of 4.4 and 4.7 respectively over the reporting period. Active digital clients in South Africa increased by 24%. The time spent on our app increased by 71% in comparison to the first half of 2020 and 33% of our clients now use our App daily. We are increasingly enabling execution of end to end solutions for clients through our digital platforms. We executed 60% of personal lending disbursements through digital channels across the continent. The volumes of transactions on digital platforms in SA are up 16%.

ATM volumes in SA have reduced by 7% driven by the termination of a partnership for ATM infrastructure. We have removed barriers to entry encouraging our clients to use any third-party ATMs thereby improving overall convenience. Branch volumes in SA declined by 39% as we continue to digitise branch transactions and migrate cash to alternative convenient channels.

Loans disbursed across all solutions within South Africa exceeded the performance of first half of 2020 whilst maintaining internal risk appetite levels. Home services was up 163%, personal lending 19%, and VAF 83%, against the first half of 2020 and also exceeded 2019 levels.

The headline earnings of CHNW South Africa increased by 205% to R1 910m and ROE improved to 9.8%. NII increased by 3% at the back of 10% asset growth particularly in home services, complemented with the 6% deposit growth. This was offset by the impact of negative endowment. The improvement in NIR of 4% was driven by the growing client base, higher client spend, higher digital revenue such as real time clearing, instant money and insurance revenue albeit being partially offset by pricing adjustments. Growth in costs outpaced revenue resulting in negative jaws. The observed improvement in credit impairment charges was better than expected, reducing to R4 120m (1H20: R6 171m) and CLR to 164 bps (1H20: 262 bps). The Covid relief payment holiday book declined to R5bn from R18bn in December 2020 as payment holidays continue to expire and customers return to normal payment behaviours.

The headline earnings of Africa Regions increased by 105% and ROE increased to 9.8%. This performance was dampened by the strengthening of the ZAR against most African currencies. Active clients increased by 6% and clients continue to migrate towards digital platforms translating into a 49% increase in Digital volumes. Gross loans and advances growth of 17% was noted in CCY, as we continue to accelerate digital lending and government scheme lending in markets such as Uganda and Botswana. The franchise experienced strong deposit growth of 13%, and AUM growth of 15% in CCY compared to June 2020. NII has remained resilient with a growth of 12% (CCY) despite negative endowment and cash reserving requirements in Nigeria. The solid NIR growth of 26% (CCY) stems from the increase in client growth, improved transactional activity, annual price increases, and an increase in cross border transactions. Cost growth of 18% in CCY was impacted by high inflationary markets, non-recurrence of an insurance recovery in Nigeria, and investment in new digital platforms such as Unayo. Despite an increase in costs, the franchise achieved positive jaws due to strong income growth of 19% in CCY. Credit impairments improved due to the non-recurrence of forward-looking impairments raised in the prior period.

International Client Solution (ICS) earnings reduced by 52% to R108m at an ROE of 8.8%. Revenues were adversely impacted by negative endowment (USD and GBP) combined with the sovereign downgrade impact of South Africa which saw funds being migrated away from SBSA. This was partially offset by the meaningful lending growth of 20% in constant currency. Costs remained well contained and reduced against the first half of 2020.

CHNW is a resilient business, with a competitive client value proposition and an unmatched presence across the African continent. This segment continues to make progress in delivering what matters to clients.

KEY BUSINESS STATISTICS

		Change %	1H21	1H20	FY20
South Africa					
Clients					
Active clients	thousands	4	**9 721**	9 364	9 321
Digital active clients	thousands	24	**3 141**	2 533	2 744
UCount clients	thousands	10	**1 024**	929	965
SBSA Mobile Subscribers	thousands	69	**203**	120	145
Disbursements					
Home services (mortgages)	Rm	>100	**39 737**	15 139	56 510
Average loan to value (LTV) of home services new business registered	%		**91**	90	91
Personal lending	Rm	19	**5 807**	4 880	10 937
VAF retail	Rm	83	**11 430**	6 241	17 786
Client activity					
Instant Money turnover	Rm	34	**12 273**	9 190	21 211
Digital value transactional volumes	thousands	16	**100 581**	87 019	192 952
Internet banking transactional volumes	thousands	2	**17 068**	16 724	35 252
Mobile banking transactional volumes	thousands	19	**83 513**	70 295	157 700
ATM transactional volumes	thousands	(7)	**126 895**	137 156	278 919
Branch transactional volumes	thousands	(39)	**5 433**	8 924	15 852
Gross Written Premium	Rm	13	**4 009**	3 533	7 043
Points of representation					
Branch square metres	thousands	(3)	**294**	303	295
Branches[1]		4	**543**	524	540
ATMs[2]		(22)	**4 226**	5 390	4 444
ATMs (Standard Bank owned)		(10)	**4 141**	4 594	4 347
ATMs (non-Standard Bank owned)		(89)	**85**	796	97
Africa Regions					
Clients					
Active clients	thousands	6	**5 261**	4 967	5 205
Client activity					
Digital value transactional volumes	thousands	49	**93 357**	62 601	148 179
ATM transactional volumes	thousands	(4)	**65 987**	68 790	139 721
Branch transactional volumes	thousands	1	**5 425**	5 377	10 300
Gross Written Premium	Rm	(8)	**741**	804	1 687
Points of representation					
Branches[3]		(2)	**567**	580	579
ATMs		7	**2 397**	2 248	2 330

[1] Includes kiosk and bank on wheels.
[2] ATM's decline predominately related to the termination of contracts of non-Standard Bank owned ATM's.
[3] Includes service centres, customer service trade points, agencies, in-store banking and 'bank at work' sites.

CONSUMER & HIGH NET WORTH

SUMMARISED INCOME STATEMENT

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Net interest income	3	0	**13 832**	13 774	27 218
Non-interest revenue	10	5	**9 645**	9 195	19 009
Net fee and commission revenue	12	5	**7 595**	7 248	14 992
Trading revenue	3	(3)	**542**	557	1 073
Other revenue	10	10	**1 519**	1 376	2 930
Other gains and losses on financial instruments	(>100)	(>100)	**(11)**	14	14
Total income	6	2	**23 477**	22 969	46 227
Credit impairment charges	(31)	(31)	**(4 668)**	(6 814)	(12 414)
Operating expenses	10	5	**(14 940)**	(14 193)	(28 924)
Headline earnings	>100	>100	**2 371**	1 024	2 905

LOANS AND ADVANCES

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Gross loans and advances to customers	11	10	**586 369**	535 105	559 553
Credit impairments for loans and advances to customers	16	15	**(32 828)**	(28 619)	(30 900)
Credit impairments for stage 3 loans	22	20	**(22 299)**	(18 532)	(20 432)
Credit impairments for stage 1 and 2 loans	6	4	**(10 529)**	(10 087)	(10 468)
Net loans and advances	11	9	**553 541**	506 486	528 653
Gross loans and advances	11	10	**586 369**	535 105	559 553
Credit impairments	16	15	**(32 828)**	(28 619)	(30 900)

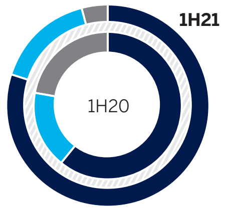
DEPOSITS AND CURRENT ACCOUNTS

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Deposits from customers	7	1	**334 052**	330 741	329 998
Current accounts	12	6	**74 516**	70 626	72 054
Savings and investments	5	0	**259 536**	260 115	257 944

KEY RATIOS

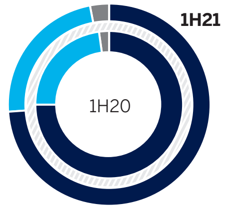
		1H21 Rm	1H20 Rm	FY20 Rm
Headline earnings contribution to the group	%	**21**	14	18
CLR	bps	**165**	257	231
Cost-to-income ratio	%	**63.6**	61.8	62.6
ROE	%	**9.7**	4.3	6.0

HEADLINE EARNINGS BY GEOGRAPHY (%)



	1H21	1H20
South Africa	**80**	61
Africa Regions	**16**	17
International	**4**	22

TOTAL INCOME BY GEOGRAPHY (%)



	1H21	1H20
South Africa	**75**	74
Africa Regions	**23**	23
International	**2**	3

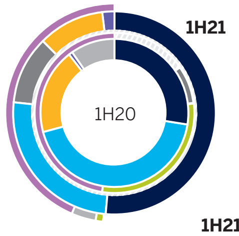
SUMMARISED FINANCIAL RESULTS BY GEOGRAPHY

	South Africa					Africa Regions				
	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Net interest income	3	3	**11 093**	10 774	21 392	12	(2)	**2 547**	2 603	5 199
Non-interest revenue	4	4	**6 483**	6 234	12 925	26	5	**2 806**	2 671	5 482
Total income	3	3	**17 576**	17 008	34 317	19	1	**5 353**	5 274	10 681
Credit impairment charges	(33)	(33)	**(4 120)**	(6 171)	(11 291)	(1)	(14)	**(550)**	(643)	(1 118)
Operating expenses	8	8	**(10 843)**	(10 027)	(20 314)	18	(2)	**(3 664)**	(3 727)	(7 738)
Headline earnings	>100	>100	**1 910**	627	2 039	>100	>100	**353**	172	549
Net loans and advances	10	10	**491 117**	447 612	469 471	17	5	**51 102**	48 681	48 784
Deposits and current accounts	6	6	**221 434**	208 726	217 361	13	(12)	**51 067**	57 800	52 162
CLR (bps)			**164**	262	237			**213**	259	221
Cost-to-income ratio (%)			**61.7**	59.0	59.2			**68.4**	70.7	72.4
ROE (%)			**9.8**	3.3	5.3			**9.8**	5.2	8.1

	International				
	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Net interest income	(51)	(52)	**192**	397	627
Non-interest revenue	28	23	**356**	290	602
Total income	(18)	(20)	**548**	687	1 229
Credit impairment charges	100	100	**2**		(5)
Operating expenses	3	(1)	**(433)**	(439)	(872)
Headline earnings	(52)	(52)	**108**	225	317
Net loans and advances	20	11	**11 322**	10 193	10 398
Deposits and current accounts	3	(4)	**61 551**	64 215	60 475
CLR (bps)			**(4)**		5
Cost-to-income ratio (%)			**79.0**	63.9	71.0
ROE (%)			**8.8**	15.6	11.1

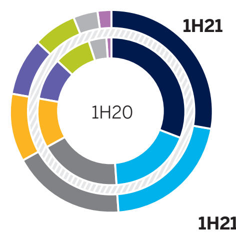
CONSUMER & HIGH NET WORTH

COMPOSITION OF HEADLINE EARNINGS BY SOLUTION (%)



	1H21	1H20
Home services	**84**	58
Insurance	**41**	91
Retail lending	**18**	(10)
Investment	**17**	39
Global markets	**3**	1
Vehicle and asset finance	**(1)**	(38)
Card and payments	**(5)**	20
Retail transactional	**(57)**	(61)

COMPOSITION OF TOTAL INCOME BY SOLUTION (%)



	1H21	1H20
Retail transactional	**28**	31
Home services	**21**	18
Retail lending	**18**	18
Card and payments	**11**	11
Insurance	**9**	9
Investment	**7**	8
Vehicle and asset finance	**4**	4
Global markets	**2**	1

SUMMARISED INCOME STATEMENT BY SOLUTION

	Banking solutions									
	Home services					Vehicle and asset finance				
	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Net interest income	21	20	**4 713**	3 922	8 226	15	14	**899**	791	1 637
Non-interest revenue	6	5	**130**	124	264	(15)	(17)	**79**	95	159
Total income	20	20	**4 843**	4 046	8 490	11	10	**978**	886	1 796
Credit impairment charges	(58)	(58)	**(910)**	(2 158)	(4 233)	(54)	(54)	**(437)**	(945)	(1 607)
Operating expenses	6	3	**(1 012)**	(980)	(2 018)	15	13	**(569)**	(502)	(1 039)
Headline earnings	>100	>100	**2 032**	595	1 494	(>100)	(91)	**(34)**	(392)	(592)

	Banking solutions									
	Card and payments					Retail lending				
	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Net interest income	0	0	**1 611**	1 612	3 151	5	1	**3 481**	3 451	7 014
Non-interest revenue	4	4	**1 022**	984	2 007	1	(10)	**668**	741	1 434
Total income	2	1	**2 633**	2 596	5 158	5	(1)	**4 149**	4 192	8 448
Credit impairment charges	45	44	**(1 424)**	(986)	(2 174)	(29)	(30)	**(1 897)**	(2 725)	(4 400)
Operating expenses	8	5	**(1 353)**	(1 284)	(2 595)	20	9	**(1 616)**	(1 484)	(3 062)
Headline earnings	(>100)	(>100)	**(116)**	206	244	(>100)	(>100)	**417**	(107)	577

	Banking solutions									
	Retail transactional[1]					Global markets				
	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Net interest income	(18)	(21)	**2 956**	3 759	6 802	(30)	(29)	**5**	7	12
Non-interest revenue	10	7	**3 599**	3 354	7 288	49	32	**407**	309	691
Total income	(5)	(8)	**6 555**	7 113	14 090	47	30	**412**	316	703
Operating expenses	10	6	**(8 272)**	(7 824)	(15 765)	3	(9)	**(266)**	(293)	(585)
Headline earnings	>100	>100	**(1 391)**	(619)	(1 387)	>100	>100	**77**	11	94

	Insurance solutions					Investments solutions				
	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Net interest income	(19)	(19)	**76**	94	160	(23)	(34)	**91**	138	216
Non-interest revenue	9	8	**2 106**	1 952	3 883	17	0	**1 634**	1 636	3 283
Total income	8	7	**2 182**	2 046	4 043	14	(3)	**1 725**	1 774	3 499
Operating expenses	7	6	**(1 030)**	(975)	(2 029)	6	(3)	**(822)**	(851)	(1 831)
Headline earnings	5	4	**970**	929	1 780	30	4	**416**	401	695

[1] Operating expenses includes Core banking amortisation, branch and ATM costs.

BUSINESS & COMMERCIAL

Business & Commercial Clients (BCC)

During 1H21, BCC's performance reflected the general economic recovery following the severity and impact of the pandemic experienced during 2020. Business confidence showed some improvement, with business client transactional activity and turnover reflecting positive uplift and client appetite for lending to support business growth was evident. The trading environment across most markets began to normalise and business & commercial clients were able to capitalise on the positive growth trends noted in global trade.

Relative to 1H20, Business & Commercial's (BCC) headline earnings improved marginally by 1% to R2 156m, and continues to deliver a meaningful ROE of 20.8%. The marginal drop is an outcome of lower levels of net interest income as the business continues to be challenged with a material negative endowment impact which more than offset the strong balance sheet performance and led to an 8% decline in net interest income. There was some relief evidenced on transactional revenue streams as we saw recovery in customer activity levels across almost all markets. Non-interest revenue reflected period on period improvement of 4% whilst total income evidenced a 3% decline from the prior period. The particularly good revenue performance in Africa Regions (AR) was dampened by ZAR currency strength but supported by improved levels of trade activity and transactional values.

As anticipated, in relation to the challenging prior periods, the business experienced improvements in credit impairment charges due to lower specific provisions raised in the current period. While impairments reduced 20% during the period, performance remained elevated relative to through the cycle risk expectations due to a handful of large exposures in South Africa and the non-recurrence of a material post write off recovery in Africa Regions. We continued to support our clients in need of debt relief, with R630m remaining on the payment holiday portfolio, 97% down from 2020. The BCC CLR declined by 61bps to 167bps in 1H21.

Continued cost focus coupled with a currency translation benefit in Africa Regions resulted in operating expenses decline of 1%. Savings were achieved in South Africa through the reduction of amortisation costs, cheque processing fees and cash operations costs. In Africa Regions however, continued investment in client solutions and digitisation workstreams saw elevated cost growth which was offset by currency conversion impacts. Against the difficult revenue environment, BCC jaws were negative 223 bps and the cost-to-income ratio increased to 63.4% (1H20: 62.0%).

Notwithstanding the muted financial performance, consistent implementation of the BCC strategy to provide exceptional customer experiences saw the net active customers grow by 6% to 744 thousand for the period supported by various customer acquisition and growth initiatives. Client initiatives have translated into double digit growth (in constant currency terms) on the customer balance sheet. Growth in disbursements, particularly in business lending and VAF, were a highlight, with overall loans and advances for BCC increasing by 8%, supported by our franchises in South Africa, the West Region and International Client Solutions (ICS). Deposits increased by 9% as clients retained their cash flows in an uncertain market coupled with the outcomes of client acquisitions.

Facilitating our client's growth remains a key focus for BCC, evidenced by the improvement in transactional values across the portfolio. We have experienced continued migration to digital channels across the continent as various digital solutions are increasingly adopted. The ratio of digital transactions relative to physical transactions has improved from 79% in the prior period to 82% with digital volumes increasing 12% for the period. In South Africa, more than 87% of value transactions are digital, influenced by the continued drive to reduce cash and the decommissioning of cheques within the industry. Pleasing card acquiring turnover levels recovered sufficiently to even exceed 2019 turnover levels driven by client and consumer activity.

During 2021, BCC experienced an encouraging uplift in trade turnover as economies showed initial recovery, we saw growth of trade activity levels (31%) and values (15%). We are diligently working towards solving customer trade challenges whilst also building an integrated trade platform. There are >950 businesses currently utilising our trade club network and by leveraging our deep connection with ICBC in China we have assisted several clients with supplier introductions, pricing negotiations, discount benefits and financing demands. We have connected many of our clients, specifically in agriculture, with Chinese importers driving up our client business turnover and their returns. These initiatives have contributed to the BCC customer growth evidenced in the first half of the year.

Solutions and capabilities introduced during the period assisted our front-line teams with the ability to proactively engage on a very personalised basis with our clients. An example is the launch of Customer 360, a tool to provide deep customer understanding across 12 markets. We apply data science and behavioural patterns to increase uptake and usage of digital channels, cash deposit solutions as well as improve customer retention by optimising the customer experience. We improved our capability to deliver digitised lending through alternative scoring methods, preapproved limits and the use of artificial intelligent bots to enhance our turn-around time which is live in 6 countries. The introduction of client appreciation days to acknowledge, engage and thank our clients for their loyalty further embeds our obsession with client-centricity.

Business and Commercial Clients Regional View

BCC is represented across 15 countries on the African continent, and operates an international business based in Jersey. The portfolio is managed in three regions, namely South Africa, Africa Regions and ICS.

BCC South Africa's headline earnings grew 5% on 1H20. The ongoing pandemic combined with the low interest rate environment impacted on our operations and earnings performance. Non-interest revenue was negatively impacted by the migration to digital channels and the discontinuation of cheques, however a meaningful improvement in acquiring turnover and trade revenues mitigated these impacts. Credit impairment charges decreased due to the forward looking provisions raised in 2020 and an improvement in the book performance in the current period. Operating expenses decreased 5%, supported by a reduction in cash and cheque operating costs as well as amortisation charges. Our BCC South Africa franchise has a solid market presence and delivers a substantial ROE of 26%. Focus in our SA business remains on retaining our existing foothold, through our continued focus on trade and our client ecosystem acquisition strategy to enhance our presence as a leading bank to partner with.

The BCC Africa Regions countries reflected resilience and growth in 1H21 as most markets experienced recovery from the pandemic. Business clients seized these opportunities to return trade and operations to pre-Covid-19 levels, evidenced in the client activity levels and growth in the BCC AR balance sheet. Headline earnings performance, at R380m, for 1H21 improved 19% in constant currency against the prior period. The improved financial performance was supported by recovery in our revenue streams. Double digit growth (in constant currency terms) on the customer balance sheet assisted in offsetting the negative endowment from the continued low rate environment. The portfolio's credit impairment reflected YoY growth in constant currency, as a consequence of a significant post write off recovery recorded in the prior period which did not repeat. Operating cost growth was elevated in the period (in constant currency) as the portfolio responded to higher inflationary environments as well as investment and system costs.

ICS evidenced a challenging first half of the year reporting a decline in headline earnings of 40%.The earnings contraction followed the SBSA downgrades in March 2021 and November 2020 which saw the placement of certain funds away from SBSA resulting in material margin compression. Net interest income was also influenced by the USD and GBP interest rate environments which exacerbated the BCC Group's negative endowment impact. The business was able to focus efforts on growing the asset portfolio with 32% growth materialising year on year which assisted in compensating for the margin compression and endowment. Non-interest revenues reduced for the period on banking solutions, despite good growth in accounts, fee increases and pricing changes implemented. Operating expenses retracted 6% for the period, a result of the currency translation benefit somewhat reduced by the investment in information technology and an increase in general management and banking costs.

KEY BUSINESS STATISTICS

		Change %	1H21	1H20	FY20
South Africa					
Clients					
Active clients	thousands	3	**498**	483	492
Digitally active users	thousands	10	**312**	283	292
Client activity					
VAF disbursements	Rm	11	**8 317**	7 505	16 877
Business lending disbursements	Rm	43	**8 560**	5 989	13 233
Card acquiring turnover	Rm	29	**95 077**	73 683	169 686
Digital banking volumes	thousands	6	**50 037**	47 254	101 248
Internet banking volumes	thousands	4	**41 941**	40 462	85 496
Mobile banking volumes	thousands	19	**8 096**	6 792	15 752
ATM transactional volumes	thousands	6	**5 544**	5 211	10 918
Branch transactional volumes	thousands	(41)	**1 918**	3 235	6 069
Africa Regions					
Clients					
Active clients	thousands	12	**248**	222	234
Digitally active users	thousands	27	**84**	66	84
Client activity					
VAF disbursements	Rm	>100	**2 075**	1 028	2 565
Business lending disbursement	Rm	9	**9 331**	8 535	15 893
Card acquiring turnover	Rm	7	**19 040**	17 871	37 200
Digital banking volumes	thousands	47	**11 416**	7 782	18 308
Internet banking volumes	thousands	28	**8 914**	6 954	15 755
Mobile banking volumes	thousands	>100	**1 691**	698	1 854
Wallets	thousands	>100	**811**	130	699
ATM transactional volumes	thousands	(9)	**2 379**	2 600	5 387
Branch transactional volumes	thousands	(5)	**3 652**	3 858	7 485

BUSINESS & COMMERCIAL

SUMMARISED INCOME STATEMENT

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Net interest income	(2)	(8)	**7 433**	8 036	15 094
Non-interest revenue	11	4	**4 921**	4 753	10 107
Net fee and commission revenue	9	4	**3 663**	3 516	7 670
Trading revenue	(3)	(9)	**993**	1 096	2 186
Other revenue	>100	92	**225**	117	182
Other gains and losses on financial instruments	68	67	**40**	24	69
Total income	3	(3)	**12 354**	12 789	25 201
Credit impairment charges	(16)	(20)	**(1 414)**	(1 761)	(3 490)
Operating expenses	6	(1)	**(7 832)**	(7 925)	(15 709)
Headline earnings	2	1	**2 156**	2 136	4 160

LOANS AND ADVANCES

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Gross loans and advances to customers	13	8	**180 238**	166 408	169 446
Credit impairments for loans and advances to customers	28	21	**(10 568)**	(8 759)	(9 777)
Credit impairments for stage 3 loans	37	29	**(7 522)**	(5 818)	(6 672)
Credit impairments for stage 1 and 2 loans	10	4	**(3 046)**	(2 941)	(3 105)
Net loans and advances	13	8	**169 670**	157 649	159 669
Gross loans and advances	13	8	**180 238**	166 408	169 446
Credit impairments	28	21	**(10 568)**	(8 759)	(9 777)

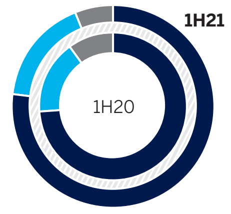
DEPOSITS AND CURRENT ACCOUNTS

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Deposits from customers	14	9	**381 033**	348 445	369 615
Current accounts	16	7	**113 328**	106 194	111 483
Savings and investments	13	11	**267 705**	242 251	258 132
Deposits from banks	>100	>100	**7 312**	1 123	6 626
Total deposits	16	11	**388 345**	349 568	376 241

KEY RATIOS

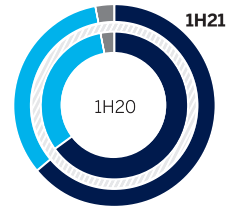
		1H21 Rm	1H20 Rm	FY20 Rm
Headline earnings contribution to the group	%	**18**	28	26
CLR	bps	**167**	228	225
Cost-to-income ratio	%	**63.4**	62.0	62.3
ROE	%	**20.8**	19.5	19.2

HEADLINE EARNINGS PER GEOGRAPHY (%)



	1H21	1H20
South Africa	**77**	74
Africa Regions	**17**	16
International	**6**	10

TOTAL INCOME PER GEOGRAPHY (%)



	1H21	1H20
South Africa	**64**	65
Africa Regions	**33**	32
International	**3**	3

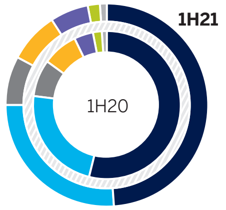
SUMMARISED FINANCIAL RESULTS BY GEOGRAPHY

	South Africa					Africa Regions				
	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Net interest income	(7)	(7)	**4 868**	5 252	9 931	14	(5)	**2 396**	2 516	4 700
Non-interest revenue	1	1	**3 061**	3 039	6 377	40	10	**1 704**	1 546	3 375
Total income	(4)	(4)	**7 929**	8 291	16 308	23	1	**4 100**	4 062	8 075
Credit impairment charges	(27)	(27)	**(1 107)**	(1 519)	(2 656)	79	27	**(305)**	(240)	(831)
Operating expenses	(1)	(1)	**(4 451)**	(4 513)	(8 894)	20	(1)	**(3 195)**	(3 214)	(6 411)
Headline earnings	5	5	**1 652**	1 578	3 366	19	9	**380**	350	436
Net loans and advances	8	8	**121 963**	112 610	117 842	19	(2)	**34 235**	34 805	30 284
Deposits and current accounts	13	13	**271 479**	240 007	268 995	17	0	**62 429**	62 344	57 403
CLR (bps)			**183**	273	242			**173**	149	236
Cost-to-income ratio (%)			**56.1**	54.4	54.5			**77.9**	79.1	79.4
ROE (%)			**26.3**	22.3	24.7			**14.7**	13.2	8.3

	International				
	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Net interest income	(36)	(37)	**169**	268	463
Non-interest revenue	(4)	(7)	**156**	168	355
Total income	(24)	(25)	**325**	436	818
Credit impairment charges	97	0	**(2)**	(2)	(3)
Operating expenses	(2)	(6)	**(186)**	(198)	(404)
Headline earnings	(40)	(40)	**124**	208	358
Net loans and advances	44	32	**13 472**	10 234	11 543
Deposits and current accounts	27	15	**54 437**	47 217	49 843
CLR (bps)			**3**	4	3
Cost-to-income ratio (%)			**57.2**	45.4	49.4
ROE (%)			**8.4**	16.6	12.5

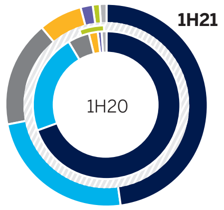
BUSINESS & COMMERCIAL

COMPOSITION OF TOTAL INCOME BY SOLUTION (%)



	1H21	1H20
Retail transactional	**49**	54
Retail lending	**26**	23
Global markets	**8**	8
Vehicle and asset finance	**8**	8
Card and payments	**6**	4
Home services	**2**	2
Insurance and Investment solutions	**1**	1

COMPOSITION OF HEADLINE EARNINGS BY SOLUTION (%)



	1H21	1H20
Retail transactional	**48**	73
Global markets	**24**	23
Retail lending	**17**	5
Card and payments	**7**	2
Home services	**2**	1
Vehicle and asset finance	**1**	(5)
Insurance and Investment solutions	**1**	1

	Banking solutions									
	Home services					Vehicle and asset finance				
	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Net interest income	7	3	**206**	200	389	5	0	**772**	769	1 534
Non-interest revenue	52	33	**12**	9	18	(7)	(9)	**198**	217	397
Total income	9	4	**218**	209	407	2	(2)	**970**	986	1 931
Credit impairment charges	(40)	(41)	**(41)**	(69)	(139)	(47)	(48)	**(246)**	(472)	(1 008)
Operating expenses	14	5	**(103)**	(98)	(199)	13	9	**(682)**	(627)	(1 298)
Headline earnings	50	52	**47**	31	53	(>100)	(>100)	**27**	(100)	(268)

	Banking solutions									
	Card and payments					Retail lending				
	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Net interest income	(32)	(33)	**14**	21	56	15	7	**2 537**	2 376	4 739
Non-interest revenue	49	32	**702**	530	1 175	44	23	**750**	610	1 313
Total income	46	30	**716**	551	1 231	20	10	**3 287**	2 986	6 052
Credit impairment charges	42	37	**(41)**	(30)	(51)	(4)	(9)	**(1 086)**	(1 190)	(2 292)
Operating expenses	6	3	**(447)**	(436)	(887)	15	4	**(1 681)**	(1 609)	(3 246)
Headline earnings	>100	>100	**144**	50	173	>100	>100	**376**	97	288

	Banking solutions									
	Retail transactional					Global markets				
	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Net interest income	(13)	(17)	**3 822**	4 597	8 218	16	16	**81**	70	154
Non-interest revenue	(3)	(7)	**2 230**	2 398	5 222	12	3	**939**	912	1 837
Total income	(10)	(13)	**6 052**	6 995	13 440	13	4	**1 020**	982	1 991
Operating expenses	2	(5)	**(4 584)**	(4 813)	(9 404)	16	(5)	**(281)**	(296)	(583)
Headline earnings	(33)	(33)	**1 033**	1 553	2 866	7	3	**502**	486	1 012

	Insurance and Investment solutions				
	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Net interest income	(53)	(67)	**1**	3	4
Non-interest revenue	33	17	**90**	77	145
Total income	30	14	**91**	80	149
Operating expenses	35	17	**(54)**	(46)	(92)
Headline earnings	45	42	**27**	19	36

WHOLESALE

Overview

The first half of 2021 can be characterised as a recovery period. Revenue pressures in the Wholesale client segment were more than offset by significant tailwinds. Impairment releases, once off equity fair value write downs suffered in 1H20, and good cost containment resulted in headline earnings of R6 646 million, an increase of 27% on 1H20.

The revenue pressures evident in 2H20 continued into 1H21, with revenue decreasing by 6% to R19 232 million (increasing 6% in constant currency). Reduced client activity (particularly in 1Q21), Rand strength and reduced trading opportunities (because of lower market volatility) led to a subdued revenue print in comparison to the 1H20 performance. Revenue growth is a key focus for the business. We are confident that the opportunities we have identified and are working on across our markets, together with coordinated efforts across our client coverage, product and risk functions, and the health of our pipeline, will lead to positive outcomes.

Client revenues were 8% down compared to 1H20, but up 1% on a constant currency basis. The consumer (particularly food & beverages and agri sub-sectors) and oil & gas sectors performed well, supporting client activity in Africa Regions. Reduced client appetite for investment in Nigeria, a slowdown in client capital expenditure and fewer opportunities for structured trades led to challenges across a number of our other sectors. After a particularly challenging 1Q21, we saw improved momentum in the business and our results in 2Q21 were more encouraging, particularly in asset origination and advisory. Our strategy of supporting global multinational corporates across our operating footprint was a significant contributor to 1H21 performance, particularly in the non-bank space, which showed positive growth from a high base in 1H20.

Our South African franchise had a good 1H21, benefiting from current period gains on the equity fair value portfolio in Investment Banking (opposed to prior period losses), and lower impairment charges. This business continues to operate in a challenging macro-economic environment. However, with GDP growth expected to rise above 2020 levels, as well as several revenue opportunities across emerging themes (including renewable and decentralised energy, ESG and sustainable finance) our clear and focused strategy to provide a positive impact for our clients and the communities in which we operate will lead to further revenue growth.

Rand strength through 1H21 as well as an extremely challenging six months for the West African franchise led to a lower revenue contribution from Africa Regions. Nigeria's performance was significantly impacted by a difficult regulatory environment, low interest rates, fewer trading opportunities and lower client activity. On a constant currency basis, most of our other countries showed growth from 1H20. The key strategies in Africa Regions are to continue to diversify our revenue streams, increase client and product diversification through focusing on the next tier of local clients (within our risk framework) and to drive increased origination at a country level.

In contrast to the significant impairment charges incurred in 1H20, we have released R278 million of provisions through the income statement in 1H21 (compared to a charge of R2 225 million in the prior period). Impairment releases were driven by sufficient provisions raised on our existing stage 3 provisions in 1H20, no new material client deteriorations nor defaults in 1H21, and an overall release across our performing book (stage 1 and 2) as higher risk stage 2 exposures matured or were paid down.

Our improved headline earnings resulted in an ROE of 20.0% (from 15.3% in 1H20). After an extremely challenging 2020, this represents an excellent return for 1H21. The business continues to increase its focus on client revenue growth through focused client engagements and solutioning, and deliberate and accurate execution of our strategy across our diverse product, client and operating markets.

Global markets

As expected, Global Markets did not match the exceptional revenue performance from 1H20 and ended the period with revenues of R7 042 million 23% down on 1H20 (13% in constant currency).

Reduced market volatility led to fewer opportunities to generate trading revenues. Rand strength also contributed to the decline in Global Markets Africa franchise revenues.

Despite muted markets, the Global Markets client franchise remained resilient with strong growth across several key countries including Angola, Ghana, Uganda, and Zambia. Client revenue decreased 10% (flat in constant currency), impacted by a reduction in structured client deals as well as investor flows across Equities, Credit and Money Markets. However, with economies opening up and continued focus on client-centricity, foreign currency client flows ticked up in both South Africa and Africa Regions.

A key strategy of the Global Markets business is to improve the quality and consistency of the revenue flows through growing the client franchise in both flow and structured trade products. Although we have skilled trading teams, able to take advantage of market opportunities as and when they present themselves, sustainable increases in revenue will be achieved through our client revenue growth strategy.

Investment banking

Investment Banking delivered a strong set of results, with headline earnings increasing >100% driven by growth in non-interest revenue and significantly lower impairment charges.

Loans and advances decreased mainly due to early repayments as clients managed their debt levels down, revolving credit facilities returning to normalised levels and the Rand strengthening against major currencies. Net interest income decreased by 10%, due to lower average loans and advances offset to a degree by margin expansion. The impairment release was driven by lower loans and advances, resulting in lower stage 1 and 2 impairment charges and no material new stage 3 provisions.

Non-interest revenue was bolstered by positive revaluations on equity exposures. Fees and commissions increased by 3% driven by significant transactions in debt products and increased activity in debt capital markets.

Investment Banking continues to benefit from a diversified portfolio with most sectors and regions achieving earnings growth. The real estate sector has proven to be more resilient than anticipated but remains under pressure in current economic environment. The portfolio is well diversified with good quality collateralised assets. The sustainable finance market for bonds and loans remains a key focus and the portfolio is exhibiting robust growth and strong pipeline across various sectors.

A key focus for the business is on advancing our client value proposition and enhancing the client experience and value delivered. These enhancements will be delivered through a combination of digitisation and a focus on holistic client solutioning.

Transactional products and services

Revenue pressures continued in Transactional Products and Services with revenue down 3% on 1H20. Rand strength, economic lockdowns, and a low interest rate environment negatively impacted performance. The business's sizeable contribution from the Africa Regions operations were negatively impacted as various currencies depreciated against the Rand, however, in constant currency the performance fared better with total revenues up 10%.

There were several positive factors in 1H21 performance, including key client mandates that were either retained or won, growth in the deposit book, good local currency performance in the Trade business across several Africa Regions markets, and a strong performance in the Consumer sector.

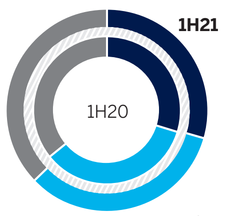
The South African franchise reported a decline in revenue, with a reduction in net interest income largely attributable to low interest rates. However, the business saw strong growth in the deposit book on the back of client acquisition and increased activity.

Transactional Products and Services benefited from provision releases in comparison to significant provisions raised in 1H20. This combined with good cost management, resulted in headline earnings of R1 582 million, a 30% increase on1H20 (43% in constant currency).

A key focus area for Transactional Products and Services is to leverage a well-diversified business and client franchise to grow through the commercialisation of digital platforms. The business is well positioned to benefit from the upsurge in e-commerce volumes experienced across its retail clients. We will continue to support our clients by providing working capital facilities. Asset origination and utilisation are likely to improve driven by changes in country fundamentals, risk appetite and the longer cash conversion cycles of our clients.

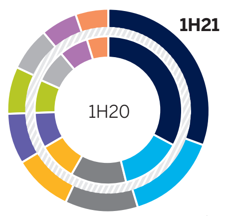
WHOLESALE

COMPOSITION OF CLIENT REVENUE BY CLIENT



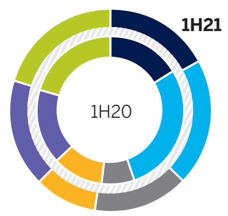
	Change %	CCY %
Multi-national corporates – Africa	(9)	(3)
Multi-national corporates – International	(10)	2
Large local corporates	(4)	3

COMPOSITION OF CLIENT REVENUE BY SECTOR



	Change %	CCY %
Financial Institutions	(15)	(9)
Consumer	(1)	13
Power & Infrastructure	(12)	(5)
Oil & Gas	2	21
Industrials	(4)	3
Mining & Metals	(7)	4
Telecommunication & Media	(13)	(2)
Sovereign & Public Sector	(17)	(11)
Real Estate	2	7

COMPOSITION OF TOTAL INCOME BY GEOGRAPHY (%)



	1H21	1H20
Global markets South Africa	17	16
Global markets Africa Regions	20	28
Investment banking South Africa	15	7
Investment banking Africa Regions	10	11
Transactional products and services South Africa	17	16
Transactional products and services Africa Regions	20	20

SUSTAINABLE FINANCE IMPACT INDICATORS

		1H21	1H20
Lending			
Number of sustainable finance deals closed in the period		**5**	4
Cumulative balance of sustainable finance deals funded – limits	Rbn	**14.1**	4.8
Cumulative balance of sustainable finance deals funded – exposure	Rbn	**6.7**	2.6
Arranging			
Number of sustainable debt capital market issuances arranged in the period		**5**	1
Amount of sustainable debt capital markets funding arranged in the period	Rbn	**3.5**	2.5

SUMMARISED INCOME STATEMENT

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Net interest income	2	(10)	**8 794**	9 744	19 372
Non-interest revenue	9	(2)	**10 438**	10 630	19 168
Net fee and commission revenue	7	(2)	**3 499**	3 584	7 014
Trading revenue	(5)	(14)	**5 612**	6 518	11 267
Other revenue	>100	>100	**376**	102	251
Other gains and losses on financial instruments	>100	>100	**951**	426	636
Total income	6	(6)	**19 232**	20 374	38 540
Credit impairment charges	(>100)	(>100)	**278**	(2 225)	(4 199)
Operating expenses	9	0	**(10 213)**	(10 255)	(20 723)
Headline earnings	38	27	**6 646**	5 213	9 707

LOANS AND ADVANCES

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Net loans and advances to banks	0	(15)	**175 906**	206 589	164 171
Gross loans and advances to banks	0	(15)	**175 979**	206 663	164 241
Credit impairments for loans and advances to banks	41	(1)	**(73)**	(74)	(70)
Net loans and advances to customers	(6)	(12)	**424 738**	483 575	427 794
Gross loans and advances to customers	(6)	(12)	**432 329**	491 864	436 514
Gross loans and advances to customers including high quality liquid assets (HQLA)	(5)	(11)	**453 614**	510 882	457 632
Less: HQLA	12	12	**(21 285)**	(19 018)	(21 118)
Credit impairments for loans and advances to customers	1	(8)	**(7 591)**	(8 289)	(8 720)
Credit impairments for stage 3 loans	13	2	**(5 297)**	(5 205)	(6 152)
Credit impairments for stage 1 and 2 loans	(18)	(26)	**(2 294)**	(3 084)	(2 568)
Net loans and advances	(4)	(13)	**600 644**	690 164	591 965
Gross loans and advances	(4)	(13)	**608 308**	698 527	600 755
Credit impairments	2	(8)	**(7 664)**	(8 363)	(8 790)

DEPOSITS AND CURRENT ACCOUNTS

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Deposits from customers	1	(3)	**845 992**	868 610	822 099
Deposits from banks	(10)	(20)	**105 513**	131 618	126 323
Total deposits	0	(5)	**951 505**	1 000 228	948 422

KEY STATEMENT OF FINANCIAL POSITION ITEMS

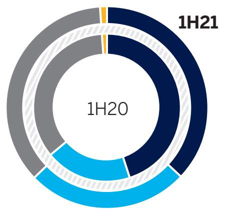
	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Cash and balances with central banks	(7)	(23)	**71 108**	92 807	71 289
Financial investments	2	(4)	**177 866**	185 320	180 492
Trading assets	(2)	(6)	**252 861**	268 432	261 173
Trading liabilities	(2)	(9)	**80 887**	88 778	80 385

KEY RATIOS

		1H21 Rm	1H20 Rm	FY20 Rm
Headline earnings contribution to the group	%	**58**	69	61
CLR	bps	**(4)**	67	59
Customer CLR	bps	**(5)**	87	80
Cost-to-income ratio	%	**53.1**	50.3	53.8
ROE	%	**20.0**	15.3	14.3

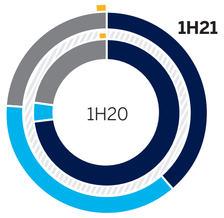
WHOLESALE

COMPOSITION OF TOTAL INCOME BY SOLUTION (%)



	1H21	1H20
Global markets	**37**	45
Investment banking	**26**	19
Transactional products and services	**36**	35
Vehicle and asset finance and card payments	**1**	1

COMPOSITION OF HEADLINE EARNINGS BY SOLUTION (%)



	1H21	1H20
Global markets	**39**	74
Investment banking	**38**	4
Transactional products and services	**24**	23
Vehicle and asset finance and card payments	**(1)**	(1)

SUMMARISED INCOME STATEMENT BY SOLUTION

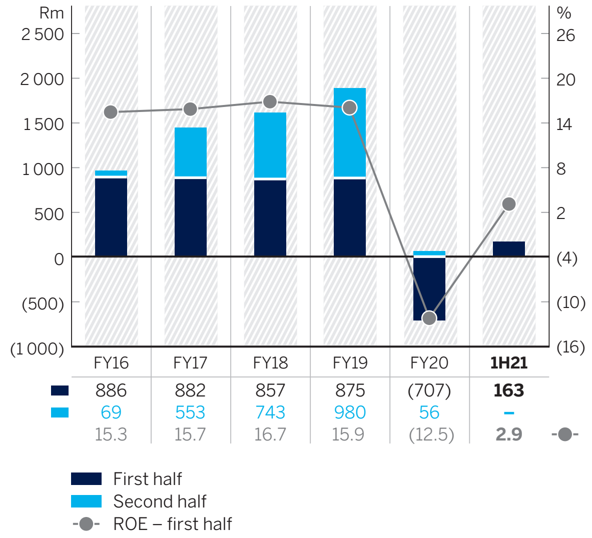
	Banking solutions									
	Global markets					Investment banking				
	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Net interest income	(9)	(28)	**1 097**	1 529	3 467	(3)	(10)	**2 831**	3 138	6 271
Non-interest revenue	(14)	(22)	**5 945**	7 628	12 994	>100	>100	**2 129**	707	1 687
Total income	(13)	(23)	**7 042**	9 157	16 461	39	29	**4 960**	3 845	7 958
Credit impairment charges	17	94	**91**	47	(218)	(>100)	(>100)	**131**	(1 615)	(2 615)
Operating expenses	7	(1)	**(3 107)**	(3 149)	(6 158)	7	0	**(2 423)**	(2 413)	(4 984)
Headline earnings	(27)	(33)	**2 579**	3 852	6 437	>100	>100	**2 498**	201	1 539

	Banking solutions									
	Transactional products and services					Vehicle and asset finance & Card and payments				
	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Net interest income	7	(5)	**4 823**	5 066	9 597	>100	>100	**42**	11	37
Non-interest revenue	18	2	**2 162**	2 113	4 192	10	10	**200**	182	293
Total income	10	(3)	**6 985**	7 179	13 789	25	25	**242**	193	330
Credit impairment charges	(>100)	(>100)	**47**	(657)	(1 357)	100	100	**10**		(9)
Operating expenses	11	0	**(4 414)**	(4 410)	(9 015)	(5)	(5)	**(269)**	(283)	(566)
Headline earnings	43	30	**1 582**	1 219	1 916	(75)	(75)	**(15)**	(59)	(186)

LIBERTY

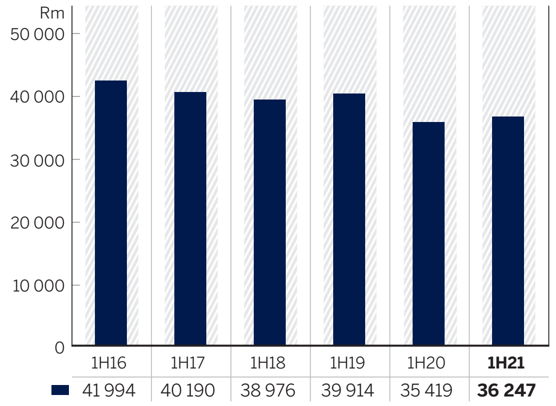
HEADLINE EARNINGS – SBG SHARE

CAGR (1H16 – 1H21): (29%)



NORMALISED GROUP EQUITY VALUE

CAGR[1] (1H16 – 1H21): (3%)



KEY RATIOS AND STATISTICS AS REPORTED BY LIBERTY

		Change %	**1H21**	1H20	FY20
Normalised operating earnings	Rm	70	**(465)**	(1 542)	(1 599)
Normalised headline earnings	Rm	>100	**288**	(2 173)	(1 572)
Headline earnings	Rm	>100	**222**	(2 263)	(1 539)
Normalised return on Liberty group equity value[1]	%		**5.8**	(18.9)	(10.2)
Normalised group equity value	Rm	2	**36 247**	35 419	35 210
Solvency capital requirement coverage ratio	times		**1.73**	1.83	1.81
Indexed new business (excluding contractual increases)	Rm	25	**4 281**	3 430	7 302
New business margin	%		**0.2**	0.2	0.1
Value of new business	Rm	92	**46**	24	24
Net cash inflows in long-term insurance operations	Rm	(89)	**(2 005)**	(1 062)	(3 397)
Group assets under management	Rbn	14	**823**	725	776
Asset management net cash flows (external)	Rm	(21)	**11 953**	15 076	33 039

[1] Return on embedded value.

KEY RATIOS AND STATISTICS AS CONSOLIDATED IN SBG

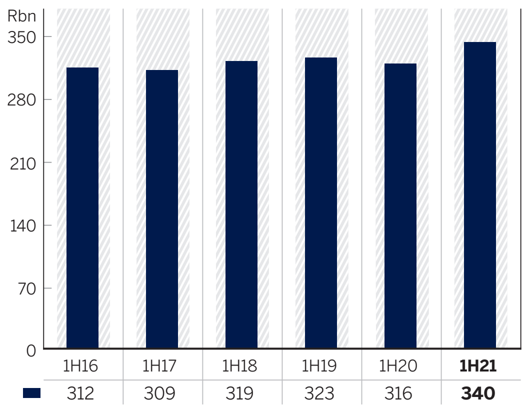
		Change %	**1H21**	1H20	FY20
Effective interest in Liberty at end of period	%		**57.3**	57.1	57.4
Headline earnings attributable to the group[1]	Rm	>100	**163**	(707)	(651)
SBG share of Liberty's IFRS headline earnings	Rm	>100	**128**	(1 294)	(880)
Impact of SBG shares held for the benefit of Liberty policyholders	Rm	(94)	**35**	587	229
ROE	%		**2.9**	(12.5)	(5.8)

[1] Includes an adjustment for group shares held for the benefit of Liberty policyholders (deemed treasury shares).

LIBERTY

LONG-TERM POLICYHOLDER LIABILITIES

CAGR (1H16 – 1H21): 2%



HEADLINE EARNINGS

	Change %	1H21 Rm	1H20 Rm	FY20 Rm
South African insurance operations	6	**576**	544	685
SA Retail	1	**463**	458	484
Liberty Corporate	(>100)	**(10)**	28	34
LibFin Markets	>100	**123**	58	167
South Africa Asset Management – STANLIB	7	**242**	226	466
Africa Regions[1]	(>100)	**(40)**	37	41
Liberty Africa Insurance	36	**34**	25	57
Liberty Health	(100)	**(86)**		(43)
STANLIB Africa	0	**12**	12	27
Operations under ownership review	>100	**13**	(67)	(54)
Group strategic initiatives	(80)	**(169)**	(94)	(307)
Central costs and sundry income	>100	**30**	(13)	(107)
Normalised operating earnings excluding pandemic reserve	3	**652**	633	724
Excess risk claims not covered, net of taxation and non-controlling interest[2]	(100)	**(388)**		(96)
Covid-19 pandemic reserve	66	**(729)**	(2 175)	(2 227)
Normalised operating (loss)	70	**(465)**	(1 542)	(1 599)
Shareholder Investment Portfolio (SIP)	>100	**753**	(631)	27
Normalised headline earnings/(loss)	>100	**288**	(2 173)	(1 572)
BEE preference shares income	0	**(2)**	(2)	(4)
Accounting profit or loss mismatch arising on consolidation of Liberty Two Degrees	27	**(64)**	(88)	37
Headline earnings/(loss)	>100	**222**	(2 263)	(1 539)

[1] Comprises Liberty Africa Insurance, Liberty Health operations (excluding total Health Trust Limited in Nigeria still shown under 'operations under ownership review') and STANLIB Africa within southern African Region.
[2] These amounts are claims that were not covered through the pandemic reserve and represent excess claims not anticipated in the pricing of short contract boundary business.

Overview

The global economic environment continued to recover in the first half of 2021, positively impacting global and South African financial market conditions which contributed to returns from the Shareholder Investment Portfolio (SIP) during the period. Total death and disability claims paid during 1H21 was at R8.5 billion, a 61.4% increase against 1H20, which is due to the severe impact of the pandemic on our clients. Total annuity payments to clients were R4.5 billion, up 10.3% which represented a critical injection of income into society to sustain many vulnerable people in the latter years of their lives.

Liberty's operations remain financially sound and well capitalised, with the Solvency Capital Requirement ('SCR') cover ratio of Liberty Group Limited, the group's main long-term insurance licence, at 1.73 times at 30 June 2021 (31 December 2020: 1.81 times). This includes a required increase in the pandemic reserve, underpinning its ability to fulfil our promises to policyholders and other stakeholders.

Group long-term insurance indexed new business of R4.3 billion was 25% higher than 1H20 and was supported by a 31% increase in SA Retail indexed new business. The growth seen in the group value of new business to R46 million was due to improved sales volumes, however partly offset by increased acquisition expenses.

Financial performance

CONDENSED CONSOLIDATED CLIENT SOLUTIONS RESULTS

	Standard Bank Activities											Standard Bank Activities				
	Banking															
1H21	Home services Rm	Vehicle and asset finance Rm	Card and payments Rm	Retail lending Rm	Retail transactional Rm	Global markets Rm	Investment banking Rm	Transactional products and services Rm	Banking Rm	Insurance Rm	Investments Rm	Central and other Rm	Standard Bank Activities Rm	Liberty Rm	Other banking interests Rm	Standard Bank Group Rm
Income statement																
Income from Standard Bank Activities	5 061	2 077	3 462	7 436	12 609	8 474	4 960	6 985	51 064	2 265	1 734	(610)	54 453			54 453
Net interest income	4 919	1 709	1 629	6 018	6 779	1 183	2 831	4 823	29 891	79	89	(91)	29 968			29 968
Non-interest revenue	142	368	1 833	1 418	5 830	7 291	2 129	2 162	21 173	2 186	1 645	(519)	24 485			24 485
Net income from investment management and life insurance activities														10 362		10 362
Total income	5 061	2 077	3 462	7 436	12 609	8 474	4 960	6 985	51 064	2 265	1 734	(610)	54 453	10 362		64 815
Credit impairment charges	(951)	(668)	(1 470)	(2 984)		91	131	47	(5 804)			7	(5 797)			(5 797)
Income before operating expenses	4 110	1 409	1 992	4 452	12 609	8 565	5 091	7 032	45 260	2 265	1 734	(603)	48 656	10 362		59 018
Operating expenses in Standard Bank Activities	(1 115)	(1 393)	(1 927)	(3 297)	(12 856)	(3 654)	(2 423)	(4 414)	(31 079)	(1 087)	(819)	1 215	(31 770)			(31 770)
Operating expenses in insurance activities														(8 286)		(8 286)
Headline earnings	2 079	(7)	13	793	(357)	3 158	2 498	1 582	9 759	987	427	(279)	10 894	163	420	11 477
Statement of financial position																
Loans and advances	401 534	97 048	32 472	197 546		210 995	318 204	66 056	1 323 855			(8 879)	1 314 976			1 314 976
Net loans and advances to banks						159 190	7 034	9 682	175 906			(2 004)	173 902			173 902
Net loans and advances to customers	401 534	97 048	32 472	197 546		51 805	311 170	56 374	1 147 949			(6 875)	1 141 074			1 141 074
Policyholders' assets														4 241		4 241
Deposits and debt funding				7 312	715 085	592 912	11 607	370 159	1 697 075			(46 198)	1 650 877	(18 676)		1 632 201
Deposits from banks				7 312		96 852	9 252	22 582	135 998			(29 147)	106 851			106 851
Deposits and current accounts from customers					715 085	496 060	2 355	347 577	1 561 077			(17 051)	1 544 026	(18 676)		1 525 350
Policyholders' liabilities														340 490		340 490
Ratios																
CLR (bps)	47	136	834	289					88				88			
Cost-to-income ratio (%)	22.0	67.1	55.7	44.3	102.0	43.1	48.9	63.2	60.9	48.0	47.2		58.3			

CONDENSED CONSOLIDATED CLIENT SOLUTIONS RESULTS

1H20	Standard Bank Activities								Standard Bank Activities							
	Banking															
	Home services Rm	Vehicle and asset finance Rm	Card and payments Rm	Retail lending Rm	Retail transactional Rm	Global markets Rm	Investment banking Rm	Transactional products and services Rm	Banking Rm	Insurance Rm	Investments Rm	Central and other Rm	Standard Bank Activities Rm	Liberty Rm	Other banking interests Rm	Standard Bank Group Rm
Income statement																
Income from Standard Bank Activities	4 255	1 957	3 255	7 178	14 108	10 455	3 845	7 179	52 232	2 131	1 769	(348)	55 784			55 784
Net interest income	4 122	1 565	1 639	5 827	8 356	1 606	3 138	5 066	31 319	99	136	(350)	31 204			31 204
Non-interest revenue	133	392	1 616	1 351	5 752	8 849	707	2 113	20 913	2 032	1 633	2	24 580			24 580
Net income from investment management and life insurance activities														5 733		5 733
Total income	4 255	1 957	3 255	7 178	14 108	10 455	3 845	7 179	52 232	2 131	1 769	(348)	55 784	5 733		61 517
Credit impairment charges	(2 227)	(1 413)	(1 020)	(3 915)		47	(1 615)	(657)	(10 800)			(491)	(11 291)			(11 291)
Income before operating expenses	2 028	544	2 235	3 263	14 108	10 502	2 230	6 522	41 432	2 131	1 769	(839)	44 493	5 733		50 226
Operating expenses in Standard Bank Activities	(1 078)	(1 269)	(1 863)	(3 093)	(12 637)	(3 738)	(2 413)	(4 410)	(30 501)	(1 034)	(838)	884	(31 489)			(31 489)
Operating expenses in insurance activities														(8 267)		(8 267)
Headline earnings	626	(521)	226	(10)	934	4 349	201	1 219	7 024	946	403	(633)	7 740	(707)	508	7 541
Statement of financial position																
Loans and advances	368 303	90 990	30 842	179 047		227 548	391 316	66 253	1 354 299			(8 429)	1 345 870			1 345 870
Net loans and advances to banks						186 793	8 359	11 437	206 589			(7 587)	199 002			199 002
Net loans and advances to customers	368 303	90 990	30 842	179 047		40 755	382 957	54 816	1 147 710			(842)	1 146 868			1 146 868
Policyholders' assets														5 746		5 746
Deposits and debt funding				1 123	679 186	649 588	2 864	395 601	1 728 362			(54 709)	1 673 653	(19 415)		1 654 238
Deposits from banks				1 123		151 748	26	27 669	180 566			(48 762)	131 804			131 804
Deposits and current accounts from customers					679 186	497 840	2 838	367 932	1 547 796			(5 947)	1 541 849	(19 415)		1 522 434
Policyholders' liabilities														315 852		315 852
Ratios																
CLR (bps)	119	301	597	418					169				169			
Cost-to-income ratio (%)	25.3	64.8	57.2	43.1	89.6	35.8	62.8	61.4	58.4	48.5	47.4		56.4			

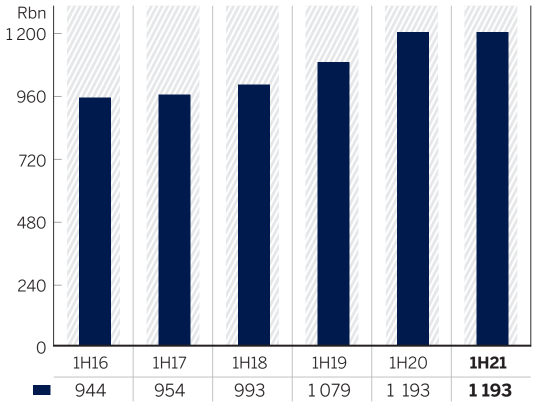
CONDENSED CONSOLIDATED CLIENT SOLUTIONS RESULTS

	Standard Bank Activities								Standard Bank Activities							
	Banking															
FY20	Home services Rm	Vehicle and asset finance Rm	Card and payments Rm	Retail lending Rm	Retail transactional Rm	Global markets Rm	Investment banking Rm	Transactional products and services Rm	Banking Rm	Insurance Rm	Investments Rm	Central and other Rm	Standard Bank Activities Rm	Liberty Rm	Other banking interests Rm	Standard Bank Group Rm
Income statement																
Income from Standard Bank Activities	8 897	3 816	6 630	14 501	27 531	19 155	7 958	13 789	102 277	4 201	3 490	(1 387)	108 581			108 581
Net interest income	8 615	3 195	3 220	11 753	15 020	3 633	6 271	9 597	61 304	167	213	(259)	61 425			61 425
Non-interest revenue	282	621	3 410	2 748	12 511	15 522	1 687	4 192	40 973	4 034	3 277	(1 128)	47 156			47 156
Net income from investment management and life insurance activities														15 086		15 086
Total income	8 897	3 816	6 630	14 501	27 531	19 155	7 958	13 789	102 277	4 201	3 490	(1 387)	108 581	15 086		123 667
Credit impairment charges	(4 372)	(2 618)	(2 231)	(6 692)		(218)	(2 615)	(1 357)	(20 103)			(491)	(20 594)			(20 594)
Income before operating expenses	4 525	1 198	4 399	7 809	27 531	18 937	5 343	12 432	82 174	4 201	3 490	(1 878)	87 987	15 086		103 073
Operating expenses in Standard Bank Activities	(2 217)	(2 614)	(3 771)	(6 308)	(25 169)	(7 326)	(4 984)	(9 015)	(61 404)	(2 145)	(1 807)	2 174	(63 182)			(63 182)
Operating expenses in insurance activities														(16 139)		(16 139)
Headline earnings	1 547	(1 008)	379	866	1 479	7 543	1 539	1 916	14 261	1 810	701	(1 057)	15 715	(651)	881	15 945
Statement of financial position																
Loans and advances	384 055	93 423	31 677	184 129		202 760	336 031	48 212	1 280 287			(9 032)	1 271 255			1 271 255
Net loans and advances to banks						148 157	7 141	8 873	164 171			(3 041)	161 130			161 130
Net loans and advances to customers	384 055	93 423	31 677	184 129		54 603	328 890	39 339	1 116 116			(5 991)	1 110 125			1 110 125
Policyholders' assets														5 050		5 050
Deposits and debt funding				6 626	699 613	600 773	2 197	378 260	1 687 469			(45 068)	1 642 401	(18 357)		1 624 044
Deposits from banks				6 626		132 493	1 071	25 567	165 757			(33 583)	132 174			132 174
Deposits and current accounts from customers					699 613	468 280	1 126	352 693	1 521 712			(11 485)	1 510 227	(18 357)		1 491 870
Policyholders' liabilities														325 192		325 192
Ratios																
CLR (bps)	114	275	648	362					151				151			
Cost-to-income ratio (%)	24.9	68.5	56.9	43.5	91.4	38.2	62.6	65.4	60.0	51.1	51.8		58.2			

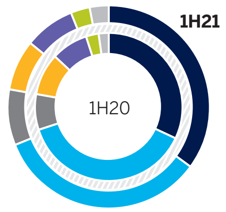
LOANS AND ADVANCES

GROSS LOANS AND ADVANCES TO CUSTOMERS

CAGR (1H16 – 1H21): 5%



COMPOSITION OF LOANS TO CUSTOMERS (%)



	1H21	1H20
Home services	**35**	32
Term loans	**34**	38
Vehicle and asset finance	**9**	8
Overdraft and other demand loans	**8**	9
Other term loans	**8**	8
Card debtors	**3**	3
Loans granted under resale agreements	**3**	2

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Banking	5	0	**1 198 936**	1 193 377	1 165 513
Home services	10	9	**417 148**	381 614	399 208
Vehicle and asset finance	9	8	**103 112**	95 814	99 071
Card and payments	7	7	**36 684**	34 188	35 121
Retail lending	17	10	**215 085**	194 991	200 612
Global markets	24	27	**51 865**	40 782	54 700
Investment banking	(13)	(19)	**316 257**	388 173	334 282
Transactional products and services	14	2	**58 785**	57 815	42 519
Central and other	>100	>100	**(6 375)**	(342)	(5 491)
Gross loans and advances to customers	4	0	**1 192 561**	1 193 035	1 160 022
Credit impairments on loans and advances to customers	16	12	**(51 487)**	(46 167)	(49 897)
Credit impairments on stage 3 loans	24	19	**(35 118)**	(29 555)	(33 256)
Credit impairments on stage 1 and 2 loans	2	(1)	**(16 369)**	(16 612)	(16 641)
Net loans and advances to customers	4	(1)	**1 141 074**	1 146 868	1 110 125
Net loans and advances to banks	7	(13)	**173 902**	199 002	161 130
Gross loans and advances to banks	7	(13)	**173 975**	199 096	161 219
Credit impairments on loans and advances to banks	16	(22)	**(73)**	(94)	(89)
Net loans and advances	4	(2)	**1 314 976**	1 345 870	1 271 255
Gross loans and advances	4	(2)	**1 366 536**	1 392 131	1 321 241
Credit impairments	16	11	**(51 560)**	(46 261)	(49 986)

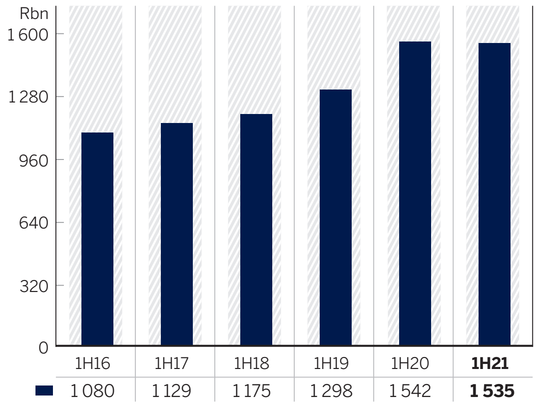
	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Loans and advances classification[1]				
Net loans and advances measured at amortised cost	(2)	**1 313 478**	1 343 578	1 269 051
Loans and advances measured at fair value through profit or loss	(35)	**1 498**	2 292	2 204
Total net loans and advances	(2)	**1 314 976**	1 345 870	1 271 255

[1] For more details on the classification of the group's assets and liabilities, refer to pages 112 – 115.

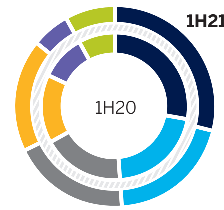
DEPOSITS AND DEBT FUNDING

DEPOSITS FROM CUSTOMERS

CAGR (1H16 – 1H21): 7%



COMPOSITION OF DEPOSITS FROM CUSTOMERS (%)



	1H21	1H20
Call deposits	**29**	28
Term deposits	**20**	21
Current accounts	**19**	18
Cash management deposits	**18**	15
Negotiable certificates of deposits	**6**	10
Other deposits	**8**	8

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Banking	2	1	**1 561 077**	1 547 796	1 521 712
Current accounts	17	4	**294 706**	282 862	282 291
Cash management deposits	22	22	**274 101**	224 000	272 149
Call deposits	6	3	**441 893**	429 623	431 300
Savings accounts	16	2	**38 746**	38 103	37 729
Term deposits	(2)	(5)	**299 254**	315 267	291 520
Negotiable certificates of deposit	(43)	(43)	**91 542**	160 447	109 827
Other deposits	32	24	**120 835**	97 494	96 896
Central and other	>100	>100	**(17 051)**	(5 947)	(11 485)
Deposits from customers	4	0	**1 544 026**	1 541 849	1 510 227
Deposits from banks	13	(19)	**106 851**	131 804	132 174
Total deposits and debt funding	5	(1)	**1 650 877**	1 673 653	1 642 401
Retail priced deposits		4	**698 034**	673 239	688 128
Wholesale priced deposits		(5)	**952 843**	1 000 414	954 273
Wholesale priced deposits – customers		(3)	**845 992**	868 610	822 099
Wholesale priced deposits – banks		(19)	**106 851**	131 804	132 174

STANDARD BANK ACTIVITIES' AVERAGE STATEMENT OF FINANCIAL POSITION

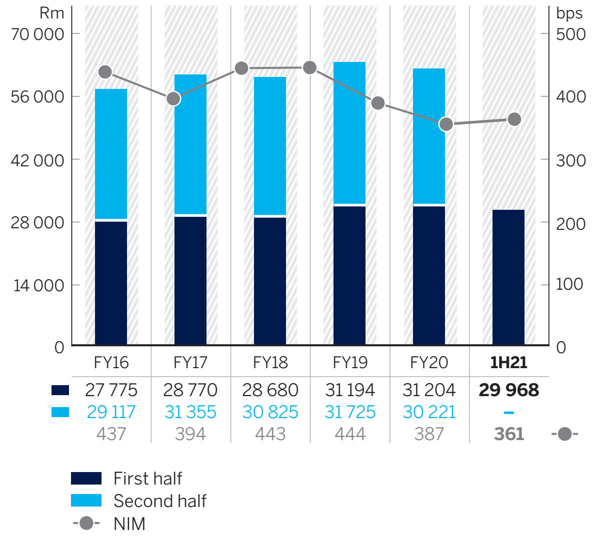
	1H21			1H20		
	Average balance Rm	Interest Rm	Average rate bps	Average balance Rm	Interest Rm	Average rate bps
Interest-earning assets						
Cash and balances with central banks[1]	86 834			78 268		
Financial investments	277 111	8 327	606	234 707	8 378	716
Net loans and advances	1 309 114	45 441	700	1 304 021	54 615	840
Gross loans and advances	1 353 565	45 441	677	1 337 243	54 615	819
Gross loans and advances to banks	187 430	1 567	169	160 613	2 158	269
Gross loans and advances to customers	1 166 135	43 874	759	1 176 630	52 457	894
Mortgage loans	404 593	14 629	729	377 865	16 242	862
Vehicle and asset finance	99 374	4 274	867	94 496	4 504	956
Card debtors	35 562	2 606	1 478	34 347	2 865	1 673
Personal and business loans	206 369	10 509	1 027	189 909	10 955	1 157
Medium term loans	216 372	7 151	666	226 298	9 622	853
Other loans	207 291	4 705	458	255 282	8 269	651
Central and other	(3 426)			(1 567)		
Credit impairment charges on loans and advances	(44 451)			(33 222)		
Interest-earning assets	1 673 059	53 768	648	1 616 996	62 993	781
Trading book assets	242 646			237 838		
Non-interest-earning assets	169 326			91 202		
Average assets	2 085 031	53 768	520	1 946 036	62 993	649
Interest-bearing liabilities						
Deposits and debt funding	1 660 930	22 841	277	1 583 736	30 680	389
Deposits from banks	146 286	1 333	184	131 822	1 287	196
Deposits from customers	1 514 644	21 508	286	1 451 914	29 393	407
Current accounts	279 748	227	16	260 900	234	18
Savings accounts	37 827	399	213	34 470	372	217
Cash management deposits	252 800	2 979	238	187 706	3 859	413
Call deposits	456 876	5 520	244	419 125	7 203	346
Negotiable certificates of deposit	98 718	2 634	538	155 663	5 585	722
Term and other deposits	412 924	9 749	476	401 342	12 140	608
Central and other	(24 249)			(7 292)		
Subordinated bonds	22 438	959	862	24 722	1 109	900
Interest-bearing liabilities	1 683 368	23 800	285	1 608 458	31 789	396
Average equity	164 703			163 330		
Trading book liabilities	80 595			85 925		
Other liabilities	156 365			88 323		
Average equity and liabilities	2 085 031	23 800	230	1 946 036	31 789	328
Margin on average interest-earning assets	1 673 058	29 968	361	1 616 996	31 204	387

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

NET INTEREST INCOME AND NET INTEREST MARGIN

NET INTEREST INCOME AND NET INTEREST MARGIN (NIM)

NII CAGR (1H16 – 1H21): 2%



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

	Average interest-earning assets Rm	Net interest income Rm	Net interest margin bps
1H20	1 616 996	31 204	387
Asset growth	56 063	1 082	
Cash and cash balances with central banks	8 566		
Financial investments	42 404		
Loans and advances	5 093		
Base rate impact		18	0
Change in asset and liability pricing		(972)	(12)
Funding and capital reserves endowment		(2 260)	(27)
Change in balance sheet composition and other		896	13
1H21	1 673 059	29 968	361

Net interest income and net interest margin

Decrease in net interest income largely due to:

- Increase in negative endowment following deep interest rate cuts in South Africa and several markets in Africa Regions.
- Margin pressure in our Client Solutions International business due to reductions in the USD and GBP interest rates coupled with the impact of the South Africa sovereign downgrade in the prior period.

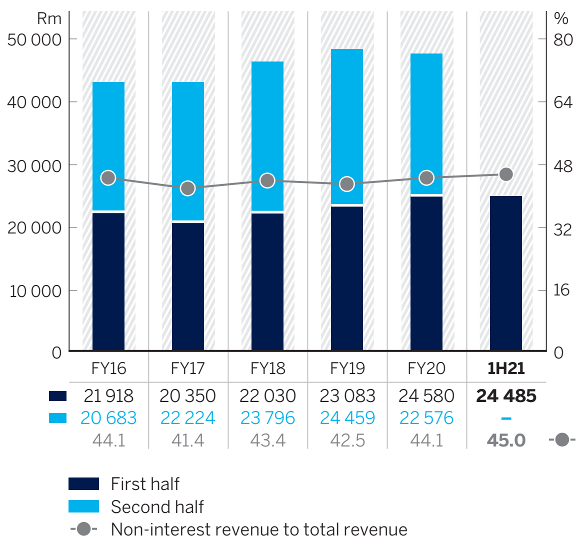
Partly offset by balance sheet growth and change in mix across the portfolio:

- Strong lending disbursements and higher new business margins in the retail portfolio, particularly in South Africa.
- Marked increase in financial investments to manage excess liquidity on the balance sheet, with margin expansion in the South African portfolio offset by softer yields in Africa Regions in a low interest rate environment.
- Change in balance sheet mix as retail loans and deposits outpaced wholesale growth.

NON-INTEREST REVENUE ANALYSIS

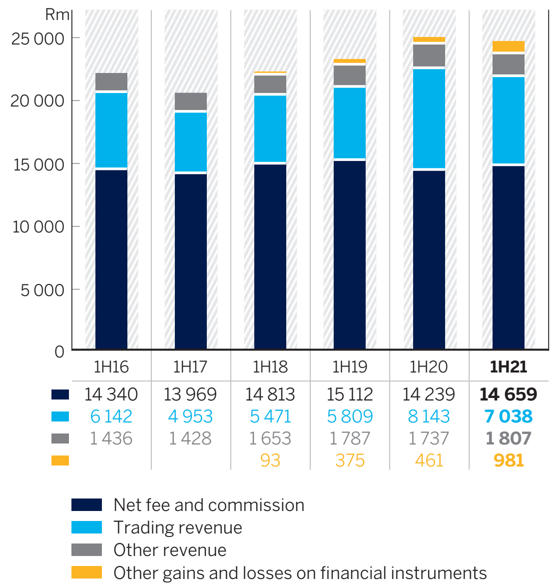
NON-INTEREST REVENUE

CAGR (1H16 – 1H21): 2%



ANALYSIS OF NON-INTEREST REVENUE

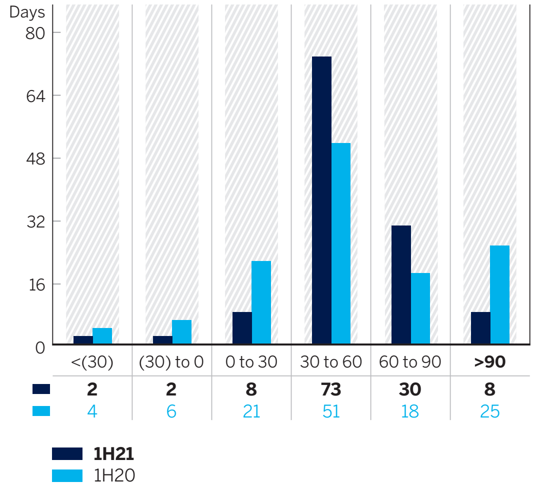
CAGR (1H16 – 1H21): Net fee and commission 0%
Trading revenue 3%
Other revenue 5%



	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Net fee and commission revenue	11	3	**14 659**	14 239	29 413
Fee and commission revenue	11	4	**17 978**	17 300	35 933
Account transaction fees	(3)	(7)	**4 556**	4 903	10 348
Electronic banking	19	14	**2 331**	2 053	4 410
Knowledge-based fees and commission	3	(2)	**1 162**	1 183	2 371
Card-based commission	21	17	**3 486**	2 980	6 402
Insurance – fees and commission	25	23	**1 074**	875	1 839
Documentation and administration fees	18	8	**1 193**	1 104	2 300
Foreign currency service fees	30	9	**1 042**	960	2 067
Other	10	(3)	**3 134**	3 242	6 196
Fee and commission expense	11	8	**(3 319)**	(3 061)	(6 520)
Trading revenue	(5)	(14)	**7 038**	8 143	13 874
Fixed income and currencies	(4)	(15)	**5 665**	6 685	11 852
Commodities	35	36	**60**	44	142
Equities	(7)	(7)	**1 313**	1 414	1 880
Other revenue	23	4	**1 807**	1 737	3 158
Banking and other	>100	(8)	**352**	383	760
Property-related revenue	(59)	(61)	**55**	140	72
Insurance-related revenue	15	15	**1 400**	1 214	2 326
Other gains and losses on financial instruments	>100	>100	**981**	461	711
Non-interest revenue	9	0	**24 485**	24 580	47 156

	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Banking	1	**21 173**	20 913	40 973
Insurance	8	**2 186**	2 032	4 034
Investments	1	**1 645**	1 633	3 277
Central and other	(>100)	**(519)**	2	(1 128)
Non-interest revenue	0	**24 485**	24 580	47 156

DISTRIBUTION OF DAILY TRADING INCOME (FREQUENCY OF DAYS)



Net fee and commission revenue

Fee and commission revenue:

- Decrease in account transaction fees driven by a discontinuation of cheques, combined with a continued decline in ATM and branch transactional volumes.
- Higher electronic banking fees due to an increase in digital transactional volumes as client's preference to utilise digital channels continue.
- Lower knowledge-based fees due to a decline in brokerage commission earned as retail reduced in the current period.
- Increase in card-based commission due to higher card issuing and acquiring turnover, coupled with good growth in active merchant account base and point-of-sale devices.
- Growth in insurance fees and commission mainly due to a combination of improved policy base resulting from the launch of the Flexi Funeral product, and improved new business volumes in Standard Bank Financial Consultancy.
- Higher foreign currency service fees generated from structured deals across the African continent.

Higher fee and commission expenses due to higher card interchange costs and volumes.

Trading revenue

Prior period was characterised by high market volatility and client trading activity commensurate with the impact of the global pandemic. Current period is more representative of normalised activity, with resilient client flow evidenced particularly in South Africa and across Africa Regions.

Current period characterised by:

- Significantly lower market volatility compared to prior year reduced the opportunity for trading gains.
- Lower foreign exchange and fixed income mark-to-market gains.
- Reduced client activity in structured trades, mainly in South Africa and West Africa.

Other revenue

- Banking and other revenue reduced period on period as a result of lower joint venture income due to higher credit life and funeral claims.
- Property-related revenue declined following the sale of the Samrand Data Centre towards the end of 2020.
- Increase in insurance-related revenue due to higher gross written premiums as the portfolio tilts towards higher cover and premium products.

Other gains and losses on financial instruments

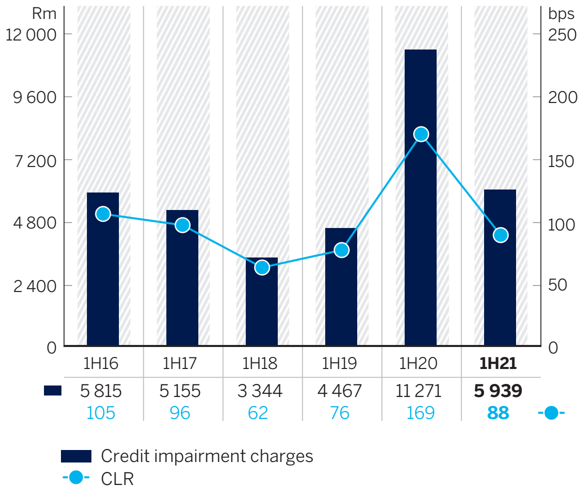
- Current period reflects equity investment portfolio gains as corporate outlook improves in South Africa.

CREDIT IMPAIRMENT ANALYSIS

Income statement charges

CREDIT IMPAIRMENT CHARGES ON LOANS AND ADVANCES

CAGR (1H16 – 1H21): 0%



Credit impairment charges

- Strengthened client rehabilitation processes and collection efficiencies.
- Strong book growth underpinned by robust risk management and proactive refinements of risk appetites.
- High cures within the client relief population as customers resume payments.
- Increased business activities and payment behaviour linked to higher turnover post the prior period hard lockdown.
- Decreased provisioning in Nigeria and Zimbabwe driven by higher collections in business lending portfolios.
- Lower term lending in Wholesale driving the impairment release on the performing portfolio, partially offset by muted charges on stage 3 non-performing clients due to robust risk management.
- Lower Africa Regions charges largely driven by currency fluctuations.

Partly offset by:

- Strain observed in a tranche of expired payment holidays within the Card portfolio.
- Increase in stage 3 exposures within the Business Banking segment.
- Prior period post-write off recovery realised in Malawi.

INCOME STATEMENT CREDIT IMPAIRMENT CHARGES

		1H21						1H20						FY20					
	Change %	Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges/ (release) Rm	Credit loss ratio bps	Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges/ (release) Rm	Credit loss ratio bps	Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges Rm	Credit loss ratio bps
Home services	(57)	**(13)**	**(108)**	**(121)**	**1 072**	**951**	**47**	81	724	805	1 422	2 227	119	178	1 260	1 438	2 934	4 372	114
Vehicle and asset finance	(53)	**70**	**(291)**	**(221)**	**889**	**668**	**136**	109	285	394	1 019	1 413	301	57	516	573	2 045	2 618	275
Card and payments	44	**23**	**19**	**42**	**1 428**	**1 470**	**834**	(73)	308	235	785	1 020	597	96	381	477	1 754	2 231	648
Personal unsecured lending	(31)	**26**	**223**	**249**	**1 616**	**1 865**	**510**	(10)	831	821	1 892	2 713	788	137	390	527	3 849	4 376	618
Business lending and other	(12)	**29**	**116**	**145**	**945**	**1 090**	**130**	108	425	533	704	1 237	143	257	511	768	1 565	2 333	141
Corporate and sovereign lending	(>100)	**(45)**	**(216)**	**(261)**	**155**	**(106)**	**(5)**	431	36	467	1 631	2 098	88	270	24	294	3 475	3 769	80
Bank lending	(98)	**1**		**1**		**1**		63		63		63	8	29		29		29	2
Central and other	(100)							185	315	500		500		218	282	500		500	
Total loans and advances credit impairment charges	(47)	**91**	**(257)**	**(166)**	**6 105**	**5 939**	**88**	894	2 924	3 818	7 453	11 271	169	1 242	3 364	4 606	15 622	20 228	151
Credit impairment (release)/charges – financial investments						**(67)**						(119)						65	
Credit impairment (release)/charges – letters of credit and guarantees						**(75)**						139						301	
Total credit impairment charges	(49)					**5 797**						11 291						20 594	

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

CREDIT IMPAIRMENT ANALYSIS

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

	1 January 2021 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm	Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money & interest in suspense Rm	June 2021 closing balance Rm	Modification losses and recoveries of amounts written off Rm
Home services	15 153		902	(429)	(12)		15 614	(49)
Stage 1	844	669	(682)		5		836	
Stage 2	3 064	(214)	67		(1)		2 916	(39)
Stage 3	11 245	(455)	1 517	(429)	(16)		11 862	(10)
Vehicle and asset finance	5 648		723	(537)	85	145	6 064	55
Stage 1	720	293	(223)				790	
Stage 2	1 498	(179)	(112)		7		1 214	
Stage 3	3 430	(114)	1 058	(537)	78	145	4 060	55
Card and payments	3 444		1 679	(987)	(12)	88	4 212	209
Stage 1	686	121	(98)				709	
Stage 2	1 292	(366)	362		2		1 290	(23)
Stage 3	1 466	245	1 415	(987)	(14)	88	2 213	232
Personal unsecured lending	9 713		1 894	(1 919)	49	401	10 138	29
Stage 1	1 368	145	(119)		(4)		1 390	
Stage 2	2 063	(336)	523		(90)		2 160	(36)
Stage 3	6 282	191	1 490	(1 919)	143	401	6 588	65
Business lending and other	6 789		1 221	(535)	(283)	196	7 388	131
Stage 1	913	119	(90)		57		999	
Stage 2	1 188	(235)	351		(22)		1 282	
Stage 3	4 688	116	960	(535)	(318)	196	5 107	131
Corporate and sovereign lending	8 669		(52)	(1 267)	(125)	346	7 571	54
Stage 1	1 353	47	(92)		(22)		1 286	
Stage 2	1 171	(71)	(145)		42		997	
Stage 3	6 145	24	185	(1 267)	(145)	346	5 288	54
Bank lending	70		1		2		73	
Stage 1	70		1		2		73	
Central and other	500						500	
Stage 1	218						218	
Stage 2	282						282	
Total	49 986		6 368	(5 674)	(296)	1 176	51 560	429
Stage 1	6 172	1 394	(1 303)		38		6 301	
Stage 2	10 558	(1 401)	1 046		(62)		10 141	(98)
Stage 3	33 256	7	6 625	(5 674)	(272)	1 176	35 118	527

The income statement credit impairment charge on loans and advances of R5 939 million is made up of total transfers, net provision raised and released of R6 368 million less modification losses and post-write-off recoveries of R429 million.

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	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
Home services	10 910		4 272	(789)	(66)	826	15 153	(100)
Stage 1	667	257	(79)		(1)		844	
Stage 2	1 910	(339)	1 500		(7)		3 064	(99)
Stage 3	8 333	82	2 851	(789)	(58)	826	11 245	(1)
Vehicle and asset finance	3 720		2 719	(951)	(104)	264	5 648	101
Stage 1	663	133	(76)				720	
Stage 2	991	(368)	884		(9)		1 498	
Stage 3	2 066	235	1 911	(951)	(95)	264	3 430	101
Card and payments	2 656		2 837	(2 177)		128	3 444	606
Stage 1	592	98	(2)		(2)		686	
Stage 2	975	(236)	555		(2)		1 292	(62)
Stage 3	1 089	138	2 284	(2 177)	4	128	1 466	668
Personal unsecured lending	7 445		4 465	(2 786)	(151)	740	9 713	89
Stage 1	1 253	(3)	140		(22)		1 368	
Stage 2	1 780	(502)	836		(51)		2 063	(56)
Stage 3	4 412	505	3 489	(2 786)	(78)	740	6 282	145
Business lending and other	4 811		2 662	(1 028)	147	197	6 789	329
Stage 1	696	112	145		(40)		913	
Stage 2	717	(242)	753		(40)		1 188	
Stage 3	3 398	130	1 764	(1 028)	227	197	4 688	329
Corporate and sovereign lending	5 692		3 879	(885)	(536)	519	8 669	110
Stage 1	1 222		270		(139)		1 353	
Stage 2	1 154	(155)	179		(7)		1 171	
Stage 3	3 316	155	3 430	(885)	(390)	519	6 145	110
Bank lending	45		29		(4)		70	
Stage 1	45		29		(4)		70	
Central and other			500				500	
Stage 1			218				218	
Stage 2			282				282	
Total	35 279		21 363	(8 616)	(714)	2 674	49 986	1 135
Stage 1	5 138	597	645		(208)		6 172	
Stage 2	7 527	(1 842)	4 989		(116)		10 558	(217)
Stage 3	22 614	1 245	15 729	(8 616)	(390)	2 674	33 256	1 352

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.

CREDIT IMPAIRMENT ANALYSIS

Loans and advances performance

	Gross carrying loans and advances Rm	SB 1 – 12 Stage 1 Rm	SB 1 – 12 Stage 2 Rm	SB 13 – 20 Stage 1 Rm	SB 13 – 20 Stage 2 Rm	SB 21 – 25 Stage 1 Rm	SB 21 – 25 Stage 2 Rm	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 %
1H21													
Home services	**417 148**	**150 635**	**29**	**187 282**	**12 489**	**8 276**	**23 683**	**382 394**	**34 754**	**22 892**	**11 862**	**34**	**8.3**
Vehicle and asset finance	**103 112**	**20 108**	**133**	**64 623**	**1 082**	**1 819**	**7 606**	**95 371**	**7 741**	**3 681**	**4 060**	**52**	**7.5**
Card and payments	**36 684**	**2 768**		**25 715**	**160**	**859**	**3 906**	**33 408**	**3 276**	**1 063**	**2 213**	**68**	**8.9**
Personal unsecured lending	**76 717**	**2 624**		**52 917**	**172**	**5 897**	**6 889**	**68 499**	**8 218**	**1 630**	**6 588**	**80**	**10.7**
Business lending and other	**157 803**	**57 700**	**87**	**78 034**	**3 933**	**3 044**	**6 866**	**149 664**	**8 139**	**3 032**	**5 107**	**63**	**5.2**
Corporate and sovereign lending	**426 907**	**162 100**	**2 447**	**214 990**	**30 348**	**1 164**	**2 987**	**414 036**	**12 871**	**7 583**	**5 288**	**41**	**3.0**
Bank lending	**172 791**	**156 370**	**53**	**14 329**	**1 364**	**61**	**614**	**172 791**					
Central and Other	**(26 124)**	**(26 124)**						**(26 124)**					
Gross loans and advances	**1 365 038**	**526 181**	**2 749**	**637 890**	**49 548**	**21 120**	**52 551**	**1 290 039**	**74 999**	**39 881**	**35 118**	**47**	**5.5**
Percentage of total book (%)	**100**	**38.6**	**0.2**	**46.7**	**3.6**	**1.6**	**3.8**	**94.5**	**5.5**	**2.9**	**2.6**		**5.5**
Gross loans and advances at amortised cost	**1 365 038**												
Gross loans and advances at fair value	**1 498**												
Total gross loans and advances	**1 366 536**												

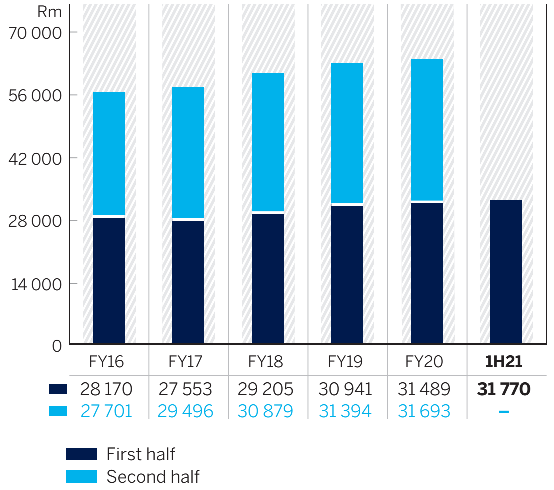
	Gross carrying loans and advances Rm	SB 1 – 12 Stage 1 Rm	SB 1 – 12 Stage 2 Rm	SB 13 – 20 Stage 1 Rm	SB 13 – 20 Stage 2 Rm	SB 21 – 25 Stage 1 Rm	SB 21 – 25 Stage 2 Rm	Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loans Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
FY20													
Home services	399 208	141 847	129	175 643	13 917	8 401	25 628	365 565	33 643	22 398	11 245	33	8.4
Vehicle and asset finance	99 071	17 972	297	61 499	1 380	1 201	9 179	91 528	7 543	4 113	3 430	45	7.6
Card and payments	35 121	3 091	88	24 398	749	927	3 791	33 044	2 077	611	1 466	71	5.9
Personal unsecured lending	73 607	3 590	18	51 982	252	3 549	6 421	65 812	7 795	1 513	6 282	81	10.6
Business lending and other	162 004	65 718	225	74 041	3 697	3 915	6 844	154 440	7 564	2 876	4 688	62	4.7
Corporate and sovereign lending	431 501	168 633	3 289	198 147	43 531	1 228	3 201	418 029	13 472	7 327	6 145	46	3.1
Bank lending	162 243	96 915		62 446	1 713	526	643	162 243					
Central and other	(43 718)	(43 718)						(43 718)					
Gross loans and advances	1 319 037	454 048	4 046	648 156	65 239	19 747	55 707	1 246 943	72 094	38 838	33 256	46	5.5
Percentage of total book (%)	100	34.4	0.3	49.1	5.0	1.5	4.2	94.5	5.5	3.0	2.5		5.5
Gross loans and advances at amortised cost	1 319 037												
Gross loans and advances at fair value	2 204												
Total gross loans and advances	1 321 241												

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.

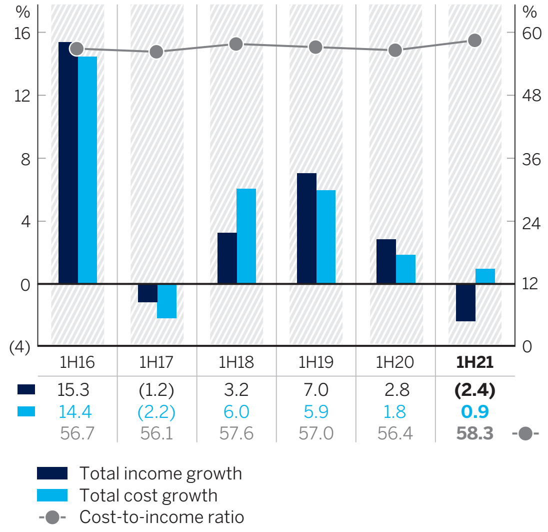
OPERATING EXPENSES

OPERATING EXPENSES

CAGR (1H16 – 1H21): 2%



COST AND INCOME GROWTH

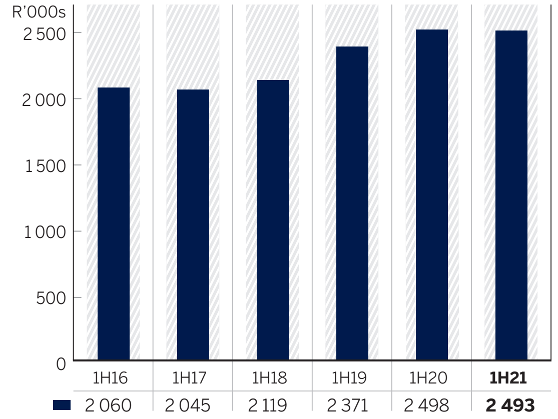


	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Staff costs					
Fixed remuneration	5	0	**12 808**	12 829	25 278
Variable remuneration	21	15	**3 725**	3 236	6 233
Charge for incentive payments	30	21	**2 852**	2 353	4 318
IFRS 2 charge: cash-settled share schemes (including associated hedge)	24	24	**192**	155	489
IFRS 2 charge: equity-settled share schemes	(6)	(6)	**681**	728	1 426
Other staff costs	6	(5)	**1 477**	1 553	2 869
Total staff costs	8	2	**18 010**	17 618	34 380
Variable remuneration as a % of total staff costs			**20.7**	18.4	18.1
Other operating expenses					
Information technology	13	9	**4 813**	4 399	9 454
Amortisation of intangible assets	3	0	**1 287**	1 284	2 587
Depreciation	(1)	(6)	**2 095**	2 233	4 465
Premises	(8)	(13)	**891**	1 029	2 007
Professional fees	18	12	**951**	847	2 081
Communication	15	8	**602**	558	1 250
Marketing and advertising	(11)	(14)	**687**	800	1 813
Other	11	(11)	**2 434**	2 721	5 145
Total other operating expenses	9	(1)	**13 760**	13 871	28 802
Total operating expenses	8	1	**31 770**	31 489	63 182
Total income	5	(2)	**54 453**	55 784	108 581
Cost-to-income ratio (%)			**58.3**	56.4	58.2
Jaws (bps)			**(328)**	100	(306)

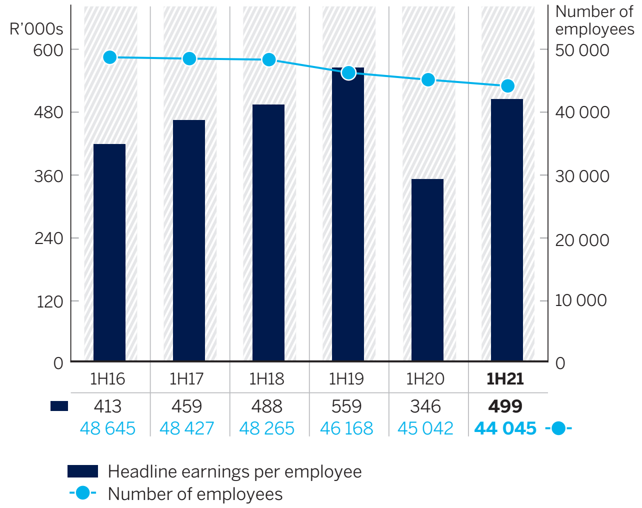
ANALYSIS OF OPERATING EXPENSES BY CLIENT SOLUTION

	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Banking	2	**31 079**	30 501	61 404
Insurance	5	**1 087**	1 034	2 145
Investments	(2)	**819**	838	1 807
Central and other	37	**(1 215)**	(884)	(2 174)
Total operating expenses	1	**31 770**	31 489	63 182

STANDARD BANK ACTIVITIES REVENUE PER EMPLOYEE



STANDARD BANK ACTIVITIES HEADLINE EARNINGS PER EMPLOYEE



ANALYSIS OF HEADCOUNT BY GEOGRAPHY

	Change %	1H21 Number	1H20 Number	FY20 Number
South Africa	(3)	**29 295**	30 058	29 580
Africa Regions	(2)	**14 125**	14 369	14 248
International	2	**625**	615	622
Standard Bank Activities	(2)	**44 045**	45 042	44 450

ANALYSIS OF TOTAL INFORMATION TECHNOLOGY FUNCTION SPEND

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Staff costs	14	12	**2 266**	2 025	3 957
Licences, maintenance and related costs	13	9	**4 813**	4 399	9 454
Amortisation of intangible assets	2	0	**1 287**	1 284	2 587
Depreciation and other expenses	4	(2)	**1 348**	1 376	2 667
Total information technology function spend	10	7	**9 714**	9 084	18 665

Staff costs and headcount

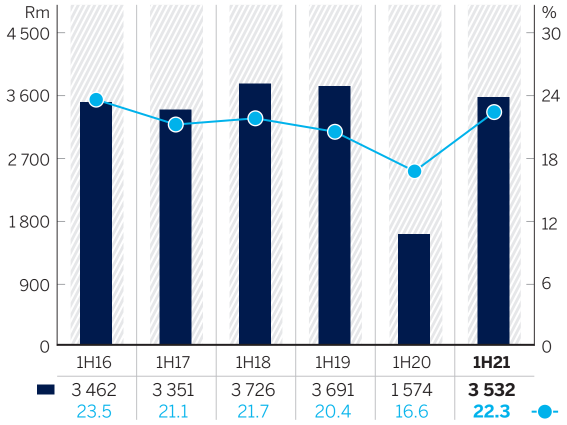
- Reduced headcount largely due to natural attrition offsetting annual salary increases.
- Higher variable remuneration in line with improved business performance.
- Other staff costs were lower for the period as pension and retirement fund costs declined in line with headcount movements.

Other operating expenses

- Increased information technology costs attributed to continued investment in new capabilities, with specific focus on:
  - Furthering the Group's cloud strategy.
  - Continued investment in customer proposition initiatives.
  - Strengthening of client relationship management capabilities.
  - Costs incurred to support employees working remotely.
- Decrease in premises expenses due to the exit of third-party leases and prior period Covid-19 set up costs not repeated in 1H21.
- Growth in professional fees to support digital platform investment.
- Increased communication expenses to maintain connectivity requirements as employees continue to work remotely.
- Reduced marketing and advertising spend due to the exit of sponsorships and 1H20 brand positioning costs not repeated.
- Contraction in other expenses largely due to insurance recoveries coupled with the full impact of savings from discretionary spend due to Covid-19 restrictions.

TAXATION

DIRECT TAXATION CHARGE AND EFFECTIVE DIRECT TAXATION RATE



DIRECT TAXATION RATE RECONCILIATION

	1H21 %	1H20 %	FY20 %
Direct taxation – statutory rate	**28.0**	28.0	28.0
Prior period tax	**(1.6)**	0.1	(0.4)
Total direct taxation – current period	**26.4**	28.1	27.6
Capital gains tax	**0.0**	0.0	1.1
Adjustment: Foreign tax and withholdings tax	**4.0**	5.5	4.5
Change in tax rate	**0.0**	1.2	0.0
Normal direct taxation – current period	**30.4**	34.8	33.2
Permanent differences:	**(8.1)**	(18.2)	(19.6)
Non-taxable income – capital profit	**0.0**	0.0	(1.5)
Non-taxable income – dividends	**(4.5)**	(8.3)	(9.1)
Non-taxable income – other[1]	**(5.4)**	(12.9)	(10.6)
Effects of profits taxed in different jurisdictions	**(0.4)**	(1.2)	(1.2)
Other	**2.2**	4.2	2.8
Effective direct taxation rate	**22.3**	16.6	13.6

[1] Primarily comprises non-taxable interest income.

Direct taxation rate

The increase in the effective direct taxation rate (from 16.6% to 22.3%) is primarily driven by the increase in the net profit before taxation and a decrease in non-taxable interest income earned in Nigeria.

Partially offset by:

- Prior period tax adjustment in Nigeria due to a change in legislation.
- Foreign tax and withholding tax in Africa Regions.
- Non-recurrence of change in Corporate Income Tax rate in Kenya.
- Decrease in non-deductible interest expense (included within Other) incurred to generate exempt income in Nigeria.

69 Liquidity and capital management

LIQUIDITY MANAGEMENT

Liquidity management overview

- Appropriate liquidity buffers were held in line with the assessment of liquidity risk across the geographies in which the group operates.
- Bank wholesale funding markets continue to show stability post market fragility in early 2020 during the onset of Covid-19. The resurgence of infections and ongoing lockdown requirements continue to necessitate close monitoring of liquidity across the group.
- The group's available contingent liquidity remains adequate to meet internal as well as regulatory stress requirements.
- The group continues to leverage its extensive deposit franchises to ensure that it has the appropriate amount, tenor and diversification of funding to support its current and forecast funding requirements while minimising funding costs.
- In light of the continued effects of Covid-19 on the South African market, the minimum regulatory requirement for the liquidity coverage ratio (LCR) remains at 80% (effective 1 April 2020). No relief measures have been applied to the net stable funding ratio (NSFR).
- The group maintained both the LCR and the NSFR in excess of minimum regulatory requirements during the first half of 2021.
- Longer term funding increased by R14.2 billion through the issuance of negotiable certificate of deposits, senior debt and syndicated loans. The group continues to benefit from favourable liquidity conditions, contributing to strong liquidity ratios.
- R1.7 billion of Tier II capital and R1.8 billion of Additional Tier 1 capital were issued during the first half of 2021, the proceeds of which were invested in SBSA on the same terms and conditions.

Total contingent liquidity

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

	1H21 Rbn	1H20 Rbn	FY20 Rbn
Eligible LCR HQLA[1] comprising:	**329**	361	356
Notes and coins	**18**	17	19
Balances with central banks	**42**	34	36
Government bonds and bills	**233**	270	265
Other eligible liquid assets	**36**	40	36
Managed liquidity	**176**	201	166
Total contingent liquidity	**505**	562	522
Total contingent liquidity as a % of funding-related liabilities	**30.2**	33.0	31.3

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

Liquidity coverage ratio (average)

- The Basel III LCR promotes short-term resilience of the group's 30 calendar day liquidity risk profile by ensuring 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.

	2Q21 Rbn	2Q20 Rbn	4Q20 Rbn
SBG[1]			
Total HQLA	**318**	342	349
Net cash outflows	**225**	251	259
LCR (%)	**141.3**	136.1	134.8
SBSA[2]			
Total HQLA	**199**	222	230
Net cash outflows	**176**	189	204
LCR (%)	**112.7**	117.2	112.6
Minimum requirement (%)	**80.0**	80.0	80.0

[1] 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.
[2] Excludes foreign branches.

Structural liquidity requirements

Net stable funding ratio (NSFR)[1]

- 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.

	1H21 Rbn	1H20 Rbn	FY20 Rbn
SBG			
Available stable funding	**1 315**	1 333	1 298
Required stable funding	**1 055**	1 090	1 040
NSFR (%)	**124.6**	122.2	124.8
SBSA[2]			
Available stable funding	**917**	891	904
Required stable funding	**838**	806	808
NSFR (%)	**109.4**	110.5	111.9
Minimum requirement (%)	**100.0**	100.0	100.0

[1] Period-end position.
[2] Excludes foreign branches.

Diversified funding base

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

FUNDING-RELATED LIABILITIES COMPOSITION[1]

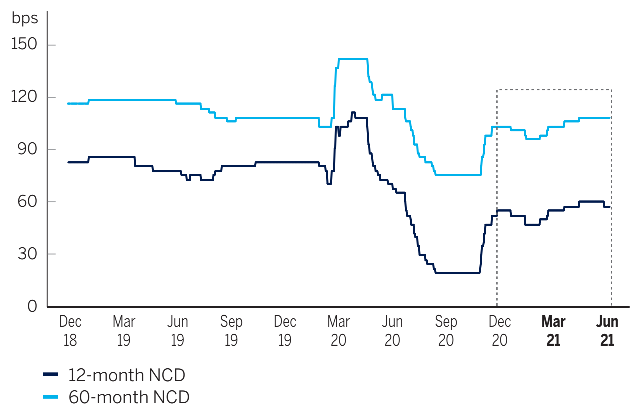
	1H21 Rbn	1H20 Rbn	FY20 Rbn
Corporate funding	**511**	530	504
Retail deposits[2]	**455**	441	448
Institutional funding	**337**	398	347
Government and parastatals	**171**	98	147
Interbank funding	**78**	81	86
Senior debt	**56**	66	60
Term loan funding	**37**	51	46
Subordinated debt issued	**23**	29	23
Other liabilities to the public	**6**	8	4
Total Standard Bank Activities funding-related liabilities	**1 674**	1 702	1 665

[1] Composition aligned to Basel III liquidity classification.
[2] Comprises individual and small business customers.

Funding costs

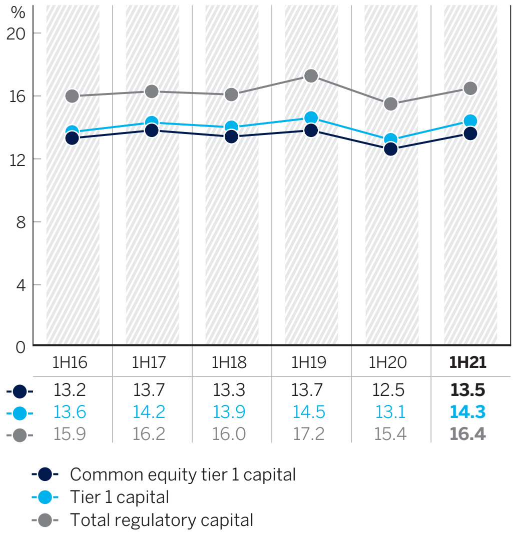
- The market cost of liquidity is measured as the spread paid on NCDs above the prevailing reference rate, namely three-month JIBAR.
- The graph is based on actively issued money market instruments by SBSA, namely 12- and 60-month NCDs.
- The cost of liquidity, as measured by pricing of 12-month and 5-year negotiable certificates of deposit increased marginally during 2021. The marginal increase was driven by increased demand for wholesale funding as elevated deposit levels reduced following the initial Covid-19 market impacts. Wholesale funding issuance remains below pre Covid-19 levels on the back of strong transactional balances and muted credit demand.

SBSA 12- AND 60-MONTH LIQUIDITY SPREAD



CAPITAL ADEQUACY

CAPITAL ADEQUACY



CAPITAL ADEQUACY RATIOS

	Internal target ratios[1,2] %	SARB minimum regulatory requirement[3] %	Excluding unappropriated profit 1H21 %	1H20 %	FY20 %	Including unappropriated profit 1H21 %	1H20 %	FY20 %
Common equity tier 1 capital adequacy ratio	>11.0	8.0	**12.5**	12.3	12.5	**13.5**	12.5	13.2
Tier 1 capital adequacy ratio	>12.0	10.0	**13.4**	12.9	13.2	**14.3**	13.1	13.9
Total capital adequacy ratio	>15.0	12.0	**15.5**	15.2	15.4	**16.4**	15.4	16.1

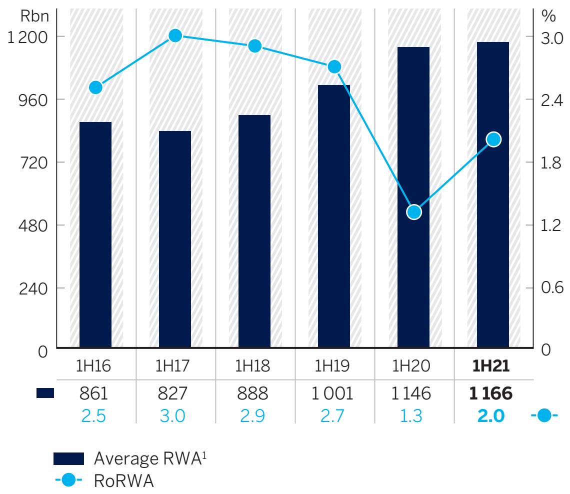
[1] Including unappropriated profit.
[2] Recalibrated inclusive of Pillar 2A requirements that will be reinstated by the Prudential Authority from 1 January 2022.
[3] Excluding confidential bank specific requirements. Pillar 2A buffer requirements temporarily removed in response to the Covid-19 pandemic.

QUALIFYING REGULATORY CAPITAL EXCLUDING UNAPPROPRIATED PROFIT

	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Ordinary shareholders' equity	2	**182 851**	179 244	176 371
Qualifying non-controlling interest	(13)	**7 306**	8 354	7 039
Regulatory adjustments	3	**(20 712)**	(20 171)	(19 814)
Goodwill	(18)	**(2 141)**	(2 616)	(2 207)
Other intangible assets	(10)	**(13 240)**	(14 646)	(13 797)
Investments in financial entities	59	**(4 546)**	(2 866)	(3 953)
Other adjustments including IFRS 9 phase-in for 2020	>100	**(785)**	(43)	143
Total common equity tier 1 capital (including unappropriated profit)	1	**169 445**	167 427	163 596
Unappropriated profit	>100	**(11 592)**	(2 743)	(8 517)
Common equity tier 1 capital	(4)	**157 853**	164 684	155 079
Qualifying other equity instruments	42	**9 375**	6 585	8 124
Qualifying non-controlling interest	(7)	**1 117**	1 198	742
Tier 1 capital	(2)	**168 345**	172 467	163 945
Tier 2 capital	(11)	**26 968**	30 169	25 903
Qualifying tier 2 subordinated debt	(15)	**21 133**	24 993	21 152
General allowance for credit impairments	13	**5 835**	5 176	4 751
Total regulatory capital	(4)	**195 313**	202 636	189 848

RETURN ON RISK-WEIGHTED ASSETS AND RISK-WEIGHTED ASSETS

SBG RoRWA



[1] Average RWA calculated net of non-controlling interests.

RISK-WEIGHTED ASSETS BY RISK TYPE

	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Credit risk	(5)	**882 570**	930 543	879 273
Counterparty credit risk	1	**56 730**	56 073	51 330
Market risk	(15)	**72 839**	86 062	63 043
Operational risk	(6)	**167 695**	178 506	163 648
Equity risk in the banking book	50	**23 658**	15 723	14 029
RWA for investments in financial entities	(4)	**55 757**	57 860	58 155
Standard Bank Group	(5)	**1 259 249**	1 324 767	1 229 478

CAPITAL ADEQUACY RATIOS PER LEGAL ENTITY

CAPITAL ADEQUACY RATIOS PER LEGAL ENTITY

			1H21		1H20		FY20	
	Tier 1 host regulatory requirement %	Total host regulatory requirement %	**Tier 1 capital %**	**Total capital %**	Tier 1 capital %	Total capital %	Tier 1 capital %	Total capital %
Standard Bank Group	10.0	12.0	**14.3**	**16.4**	13.2	15.5	14.0	16.1
The Standard Bank of South Africa Group (SBSA Group)	10.0	12.5	**13.7**	**16.7**	12.1	15.4	13.1	16.0
Africa Regions								
Stanbic Bank Botswana	7.5	12.5	**11.4**	**17.3**	10.0	16.8	9.2	16.9
Stanbic Bank Ghana	11.0	13.0	**16.9**	**18.9**	17.3	19.3	16.5	18.5
Stanbic Bank Kenya	10.5	14.5	**16.1**	**18.1**	15.4	17.9	16.0	18.1
Stanbic Bank S.A. (Cote d' Ivoire)	7.9	10.4	**77.1**	**77.1**	>100	>100	>100	>100
Stanbic Bank Tanzania	12.5	14.5	**20.2**	**21.7**	20.4	21.9	20.5	22.0
Stanbic Bank Uganda	10.0	12.0	**19.4**	**21.5**	18.5	20.9	15.9	18.1
Stanbic Bank Zambia	5.0	10.0	**18.9**	**21.4**	20.0	22.9	19.2	22.0
Stanbic Bank Zimbabwe	8.7	12.0	**15.0**	**20.7**	12.9	24.1	15.9	23.6
Stanbic IBTC Bank Nigeria		10.0	**16.3**	**17.1**	17.2	20.6	17.2	19.4
Standard Bank de Angola		10.0	**33.9**	**38.6**	29.8	34.5	32.6	38.0
Standard Bank Malawi	10.0	15.0	**19.6**	**21.7**	21.7	23.6	21.6	24.0
Standard Bank Mauritius	9.9	11.9	**29.6**	**30.4**	28.5	29.4	32.2	33.0
Standard Bank Mozambique		13.0	**24.5**	**24.5**	20.7	22.1	24.8	24.8
Standard Bank Namibia	7.5	10.0	**12.1**	**14.0**	12.8	14.2	12.1	13.5
Standard Bank RDC (DRC)[1]	7.5	10.0	**16.2**	**18.2**	35.6	38.1	21.5	23.6
Standard Bank Eswatini	5.5	8.0	**9.1**	**11.7**	9.9	13.1	10.0	13.0
Standard Lesotho Bank	6.0	8.0	**26.4**	**22.9**	26.9	22.9	25.9	22.4
International								
Standard Bank Isle of Man	8.5	10.0	**17.8**	**17.9**	20.1	20.2	19.4	19.5
Standard Bank Jersey	8.5	11.0	**17.2**	**17.3**	18.3	18.4	17.9	17.9
Capital adequacy ratio – times covered								
Standard Insurance Limited (SIL)[2]								
Solvency capital requirement coverage ratio				**3.28**		2.50		2.70
Liberty Group Limited[2]								
Solvency capital requirement coverage ratio				**1.73**		1.83		1.81

[1] 1H20 tier 1 and total capital adequacy restated.
[2] Calculated in terms of the Insurance Act, 2017, which came into effect on 1 July 2018.

CURRENCY TRANSLATION IMPACT, ECONOMIC CAPITAL AND ECONOMIC RETURNS

MOVEMENT IN THE FOREIGN CURRENCY TRANSLATION RESERVE

	1H21 Rm	1H20 Rm	FY20 Rm
Balance at beginning of the period: (debit)	**(8 719)**	(8 566)	(8 566)
Translation and hedge reserve (decrease)/increase for the period	**(1 022)**	9 720	(3 284)
Translation reserve (decrease)/increase	**(1 022)**	9 781	(3 284)
Africa Regions	**(729)**	7 297	(3 950)
International	**(279)**	2 403	705
Liberty	**(14)**	81	(39)
Currency hedge losses		(61)	
Movement due to disposal and liquidation of entities		3 367	3 131
Balance at end of the period: (debit)/credit	**(9 741)**	4 521	(8 719)

ECONOMIC CAPITAL UTILISATION BY RISK TYPE

	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Credit risk	3	**108 953**	105 773	107 182
Equity risk	13	**5 760**	5 083	5 557
Market risk	0	**2 019**	2 015	1 512
Operational risk	(7)	**15 420**	16 553	15 960
Business risk	(1)	**4 139**	4 182	4 139
Interest rate risk in the banking book	(1)	**4 800**	4 835	4 016
Economic capital requirement	2	**141 091**	138 441	138 366
Available financial resources	3	**199 847**	194 523	189 870
Economic capital coverage ratio (times)		**1.42**	1.41	1.37

ECONOMIC RETURNS

	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Average ordinary shareholders' equity	0	**179 632**	179 023	179 116
Headline earnings	52	**11 477**	7 541	15 945
Cost of equity charge	1	**(12 916)**	(12 730)	(25 793)
Economic returns	72	**(1 439)**	(5 189)	(9 848)

OTHER CAPITAL INSTRUMENTS

SUBORDINATED DEBT

	Redeemable/ repayable date	Callable date	Notional value[1] LCm	1H21 Carrying value[1] Rm	1H21 Notional value[1] Rm	1H20 Carrying value[1] Rm	1H20 Notional value[1] Rm	FY20 Carrying value[1] Rm	FY20 Notional value[1] Rm
Standard Bank Group Limited				**20 784**	**20 434**	19 121	18 437	19 353	18 869
SBT 201[2,3]	13 Feb 2028	13 Feb 2023	ZAR3 000	**3 027**	**3 000**	3 031	3 000	3 026	3 000
SBT 202[2,3]	3 Dec 2028	3 Dec 2023	ZAR1 516	**1 523**	**1 516**	1 523	1 516	1 523	1 516
SBT 203[2,3]	3 Dec 2028	3 Dec 2023	ZAR484	**519**	**484**	543	484	535	484
SBT 204[2,3]	16 Apr 2029	16 Apr 2024	ZAR1 000	**1 013**	**1 000**	1 015	1 000	1 012	1 000
SBT 205[2,3]	31 May 2029	31 May 2024	USD400	**5 946**	**5 712**	7 481	6 937	6 236	5 869
SBT 206[2,3]	31 Jan 2030	31 Jan 2025	ZAR2 000	**2 020**	**2 000**	2 023	2 000	2 018	2 000
SBT 207[2,3]	25 Jun 2030	25 Jun 2025	ZAR3 500	**3 504**	**3 500**	3 505	3 500	3 503	3 500
SBT 208[2,3]	28 Nov 2030	28 Nov 2025	ZAR1 500	**1 509**	**1 500**			1 500	1 500
SBT 209[2,3]	29 Jun 2031	29 Jun 2026	ZAR1 722	**1 723**	**1 722**				
SBSA group				**1 007**	**1 000**	7 222	7 080	2 798	2 700
SBK 24[2]	19 Oct 2025	19 Oct 2020	ZAR880			882	880		
SBK 18	24 Oct 2025	24 Oct 2020	ZAR3 500			3 520	3 500		
SBK 25[2]	25 Apr 2026	25 Apr 2021	ZAR1 200			1 211	1 200	1 216	1 200
SBK 26[2]	25 Apr 2026	25 Apr 2021	ZAR500			522	500	518	500
SBK 23[2]	28 May 2027	28 May 2022	ZAR1 000	**1 007**	**1 000**	1 087	1 000	1 064	1 000
Standard Bank Eswatini	29 Jun 2028	30 Jun 2023	E100	**102**	**100**	100	100	105	100
Stanbic Botswana	2027-2029	2022-2024	BWP500	**659**	**655**	740	735	683	679
Standard Bank Mozambique	2025	2020	MZN1 001			264	249		
Stanbic Bank Kenya	21 Dec 2028	15 Feb 2024	USD20	**292**	**286**	355	347	298	293
Stanbic IBTC Bank Nigeria	30 Sep 2024	30 Sep 2020	NGN15 440			764	744		
Subordinated debt issued to group companies[4]				**(11)**	**(11)**	(34)	(34)	(28)	(28)
Total subordinated debt – Standard Bank Activities				**22 833**	**22 464**	28 532	27 658	23 209	22 613
Liberty (qualifying as regulatory insurance capital)			ZAR6 000	**6 085**	**6 000**	5 600	5 500	6 097	6 000
Total subordinated debt				**28 918**	**28 464**	34 132	33 158	29 306	28 613

[1] The difference between the carrying and notional value represents accrued interest together with, where applicable, the unamortised fair value adjustments relating to bonds hedged for interest rate risk.
[2] Basel III compliant tier 2 instruments which contain a contractual non-viability write-off feature.
[3] SBSA on a reciprocal basis entered into subordinated tier 2 capital lending agreements with SBG under identical terms.
[4] Includes R11 million (2020: R16 million) relating to subordinated debt from investment management and life insurance activities.

OTHER EQUITY HOLDERS

	First callable date	Notional value LCm	1H21 Carrying value Rm	1H21 Notional value Rm	1H20 Carrying value Rm	1H20 Notional value Rm	FY20 Carrying value Rm	FY20 Notional value Rm
Cumulative preference share capital (SBKP)		ZAR8	**8**	**8**	8	8	8	8
Non-cumulative preference share capital (SBPP)		ZAR1	**5 495**	**1**	5 495	1	5 495	1
Total preference share capital			**5 503**	**9**	5 503	9	5 503	9
SBT 101[1]	31 Mar 2022	ZAR1 744	**1 744**	**1 744**	1 744	1 744	1 744	1 744
SBT 102[1]	30 Sep 2022	ZAR1 800	**1 800**	**1 800**	1 800	1 800	1 800	1 800
SBT 103[1]	31 Mar 2024	ZAR1 942	**1 942**	**1 942**	1 942	1 942	1 942	1 942
SBT 104[1]	30 Sep 2025	ZAR1 539	**1 539**	**1 539**			1 539	1 539
SBT 105[1]	31 Mar 2026	ZAR1 800	**1 800**	**1 800**				
Total AT1 capital bonds			**8 825**	**8 825**	5 486	5 486	7 025	7 025
Total other equity instruments			**14 328**	**8 834**	10 989	5 495	12 528	7 034

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

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THE STANDARD BANK OF SOUTH AFRICA

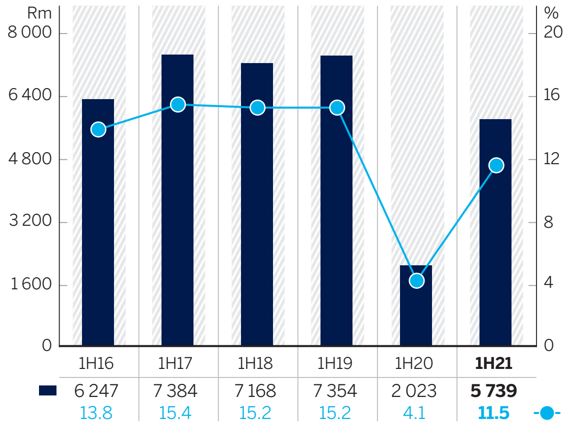
Key financial results, ratios and statistics

		Change %	1H21	1H20	FY20
SBSA group[1]					
Income statement					
Headline earnings	Rm	>100	**5 739**	2 023	4 728
Headline earnings as consolidated into SBG[2]	Rm	>100	**6 198**	1 938	5 394
Profit attributable to ordinary shareholders	Rm	>100	**5 740**	134	2 543
Statement of financial position					
Ordinary shareholders' equity	Rm	6	**102 807**	96 550	98 352
Total assets	Rm	(3)	**1 624 327**	1 679 307	1 659 467
Net loans and advances	Rm	(1)	**1 141 337**	1 148 302	1 124 238
Financial performance					
ROE	%		**11.5**	4.1	4.8
Non-interest revenue to total income	%		**43.3**	41.3	40.7
Loan-to-deposit ratio	%		**87.2**	86.4	85.2
CLR	bps		**84**	172	148
CLR on loans to customers	bps		**101**	197	170
Cost-to-income ratio	%		**60.9**	60.9	63.4
Jaws	bps		**(16)**	93	(518)
Number of employees		(2)	**28 727**	29 447	29 022
Capital adequacy					
Total risk-weighted assets	Rm	(1)	**736 840**	746 991	722 809
Common equity tier 1 capital adequacy ratio[3]	%		**12.5**	11.3	12.0
Tier 1 capital adequacy ratio[3]	%		**13.7**	12.0	13.0
Total capital adequacy ratio[3]	%		**16.7**	15.4	16.0
SBSA company[1]					
Headline earnings	Rm	>100	**5 621**	1 611	4 394
Headline earnings as consolidated into SBG[2]	Rm	>100	**5 487**	1 377	4 326
Total assets	Rm	(3)	**1 624 040**	1 681 245	1 659 180
ROE	%		**11.4**	3.4	4.5

[1] SBSA group is a consolidation of entities including subsidiaries as well as structured entities, whereas SBSA company is a legal entity.
[2] 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.
[3] IFRS 9 fully phased-in for capital adequacy purposes from 01 January 2021.

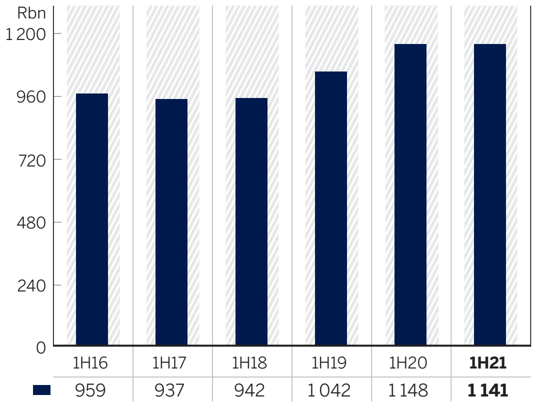
HEADLINE EARNINGS

CAGR (1H16 – 1H21): (2%)



NET LOANS AND ADVANCES

CAGR (1H16 – 1H21): 4%



SBSA group results

Standard Bank of South Africa (SBSA) supports the Group's sustainable growth by fulfilling its role as an integrated financial services organisation that facilitates the growth of the real economy and socioeconomic development in South Africa.

SBSA group's headline earnings grew by R3 716m to R5 739m, >100% up on prior period and achieved an ROE of 11.5%, driven by strong disbursement growth, improved transactional activity and volumes, as well as an improvement in credit impairment charges. This performance was characterised by an economy which began the 2021 financial period on an adjusted level 3 lockdown which placed considerable strain on an already weak economy. Electricity interruptions weighed on sentiment and investment; consumer and business confidence remained low.

Despite the volatility and constrained liquidity environment experienced at the onset of the Covid-19 pandemic, adequate liquidity was maintained to fully support balance sheet strategies and clients. This has been maintained in 2021 and remains a priority for the group in a complex operating environment. SBSA group continues to operate within risk appetite parameters. Capital and liquidity positions remain robust, with capital well in excess of regulatory minimums.

Disbursements and pay-outs particularly in retail and business, were a highlight in a softer economic environment, with gross loans and advances to customers increasing by 2%. The growth was however dampened by a declining corporate loan portfolio as origination experienced a significant slowdown due to client's focus on liquidity management and degearing balance sheets, coupled with delays in capital expenditure projects since the onset of lockdown.

Deposits and current accounts to customers were flat from prior period as a significant decline in longer-dated deposits was experienced in the corporate portfolio as clients managed their cash flows in an uncertain market. Retail and commercial deposits sustained levels of deposit growth noted in harder lockdown periods in 2020 with strong growth in savings and investment deposits.

Total income improved by 6% compared to 1H20 and 1% when compared to 1H19 as lockdown measures were eased and economic activity picked up, while investment in strategic initiatives together with normalised incentive provisioning resulted in operating expenses growth of 6%. This led to a flat cost-to-income ratio against the prior period of 60.9% and negative jaws of 16bps.

Net interest income increased by 2% period on period as balance sheet growth outweighed the impact of negative endowment in a lower average interest rate environment.

Net fee and commission revenue grew by 3% due to an increase in transactional activity compared to 1H20 (and 1H19) mainly in Card turnover. ATM volumes related to SBSA clients started to show recovery; however, cash transactions continued to decline particularly within branches due to deliberate efforts to digitise transactions and provide alternative channels for customers to transact. This was further impacted by continued initiatives to support our clients in a challenging economic environment.

Reduced client structured deals in fixed income, credit and equities and the non-recurrence of prior period market volatility impacted trading revenue. This was partially offset by market trading gains, particularly in foreign exchange and equities.

Other income and Other gains and losses on financial instruments both improved due to current period gains on the Investment Banking equity portfolio against prior period losses.

Credit impairment charges improved significantly by 49% largely driven by improved collections as the economy eased from the hard lockdown in 2020, higher cures as a result of client relief population reclassified into the performing portfolio as customers resume payments and improved risk profile across portfolios.

The business remains well positioned to support growth as signs of economic recovery continue. South Africa's recovery is expected to be multi-year and will be closely linked to the effectiveness of its vaccine rollout programme. The health of the SBSA franchise remains strong, and we will continue to support our clients in these uncertain times as they recover, rebuild and explore new opportunities.

THE STANDARD BANK OF SOUTH AFRICA
Condensed statement of financial position

	Group				Company			
	Change %	1H21 Rm	1H20 Rm	FY20 Rm	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Assets								
Cash and balances with central banks	14	**35 765**	31 380	34 030	14	**35 765**	31 380	34 030
Derivative assets	(42)	**67 606**	116 685	110 350	(42)	**67 551**	116 669	110 343
Trading assets	(4)	**200 821**	209 633	211 658	(6)	**195 585**	207 068	208 099
Pledged assets	84	**2 174**	1 180	911	84	**2 174**	1 180	911
Financial investments	3	**128 200**	124 112	129 461	3	**128 597**	125 017	129 857
Non-current assets held for sale	(100)		346		(100)		346	
Net loans and advances	(1)	**1 141 337**	1 148 302	1 124 238	(1)	**1 140 254**	1 148 356	1 123 188
Gross loans and advances to banks	(11)	**168 917**	188 756	169 608	(11)	**168 765**	189 483	169 478
Gross loans and advances to customers	2	**1 015 315**	995 985	995 326	2	**1 014 261**	995 177	994 284
Credit impairments	18	**(42 895)**	(36 439)	(40 696)	18	**(42 772)**	(36 304)	(40 574)
Other assets	13	**23 992**	21 323	23 161	11	**24 307**	21 935	23 149
Interest in associates and joint ventures	(9)	**1 107**	1 211	744	53	**6 672**	4 356	4 885
Property, equipment and right of use assets	(3)	**11 470**	11 802	12 449	(3)	**11 396**	11 728	12 375
Goodwill and other intangible assets	(11)	**11 855**	13 333	12 465	(11)	**11 739**	13 210	12 343
Total assets	(3)	**1 624 327**	1 679 307	1 659 467	(3)	**1 624 040**	1 681 245	1 659 180
Equity and liabilities								
Equity	10	**112 405**	102 191	106 224	10	**110 715**	100 931	104 555
Equity attributable to ordinary shareholders	6	**102 807**	96 550	98 352	7	**101 890**	95 445	97 530
Equity attributable to other equity instrument holders	71	**9 539**	5 587	7 815	61	**8 825**	5 486	7 025
Equity attributable to AT1 capital noteholders	61	**8 825**	5 486	7 025	61	**8 825**	5 486	7 025
Equity attributable to non-controlling interests within Standard Bank Group	>100	**714**	101	790				
Equity attributable to non-controlling interests	9	**59**	54	57				
Liabilities	(4)	**1 511 922**	1 577 116	1 553 243	(4)	**1 513 325**	1 580 314	1 554 625
Derivative liabilities	(39)	**75 160**	123 535	112 138	(39)	**75 160**	123 535	112 122
Trading liabilities	14	**75 939**	66 335	75 231	14	**75 939**	66 335	75 231
Deposits and debt funding	(2)	**1 309 037**	1 329 733	1 318 773	(2)	**1 311 114**	1 333 609	1 320 655
Deposits from banks	(12)	**158 293**	179 699	173 029	(18)	**149 733**	181 936	174 229
Deposits from customers	0	**1 150 744**	1 150 034	1 145 744	1	**1 161 381**	1 151 673	1 146 426
Subordinated debt	(17)	**21 791**	26 343	22 151	(17)	**21 791**	26 343	22 151
Provisions and other liabilities	(4)	**29 995**	31 170	24 950	(4)	**29 321**	30 492	24 466
Total equity and liabilities	(3)	**1 624 327**	1 679 307	1 659 467	(3)	**1 624 040**	1 681 245	1 659 180

THE STANDARD BANK OF SOUTH AFRICA
Condensed income statement

	Group				Company			
	Change %	1H21 Rm	1H20 Rm	FY20 Rm	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Net interest income	2	**20 188**	19 768	39 472	2	**19 453**	19 144	38 075
Non-interest revenue	11	**15 404**	13 926	27 038	11	**14 902**	13 416	26 232
Net fee and commission revenue	3	**9 294**	9 048	18 937	3	**8 802**	8 574	17 980
Trading revenue	(4)	**3 117**	3 251	5 157	(4)	**3 056**	3 183	5 128
Other revenue	58	**2 017**	1 280	2 472	53	**2 068**	1 352	2 692
Other gains and losses on financial instruments	>100	**976**	347	472	>100	**976**	307	432
Total income	6	**35 592**	33 694	66 510	6	**34 355**	32 560	64 307
Credit impairment charges	(49)	**(5 001)**	(9 840)	(17 095)	(49)	**(4 975)**	(9 821)	(17 068)
Loans and advances	(48)	**(5 062)**	(9 710)	(16 779)	(48)	**(5 036)**	(9 689)	(16 752)
Financial investments	(>100)	**10**	(15)	(42)	(>100)	**12**	(16)	(42)
Letters of credit and guarantees	(>100)	**51**	(115)	(274)	(>100)	**49**	(116)	(274)
Income before revenue sharing agreements	28	**30 591**	23 854	49 415	29	**29 380**	22 739	47 239
Revenue sharing agreements with group companies	0	**(207)**	(207)	(435)	0	**(207)**	(207)	(435)
Income before operating expenses	28	**30 384**	23 647	48 980	29	**29 173**	22 532	46 804
Operating expenses	6	**(21 559)**	(20 377)	(41 875)	6	**(21 192)**	(19 902)	(40 975)
Staff costs	8	**(12 094)**	(11 179)	(22 142)	8	**(11 808)**	(10 912)	(21 644)
Other operating expenses	3	**(9 465)**	(9 198)	(19 733)	4	**(9 384)**	(8 990)	(19 331)
Net income before non-trading and capital related items and equity accounted earnings	>100	**8 825**	3 270	7 105	>100	**7 981**	2 630	5 829
Non-trading and capital related items	(100)	**(7)**	(2 624)	(3 040)	(99)	**(34)**	(2 624)	(3 040)
Share of post-tax (loss)/profit from associates and joint ventures	(97)	**(2)**	(62)	26	(97)	**(2)**	(62)	26
Profit/(loss) before indirect taxation	>100	**8 816**	584	4 091	(>100)	**7 945**	(56)	2 815
Indirect taxation	1	**(717)**	(712)	(1 313)	1	**(713)**	(709)	(1 307)
Profit/(loss) before direct taxation	(>100)	**8 099**	(128)	2 778	(>100)	**7 232**	(765)	1 508
Direct taxation	(>100)	**(1 517)**	635	924	(>100)	**(1 393)**	710	1 121
Profit/(loss) for the period	>100	**6 582**	507	3 702	(>100)	**5 839**	(55)	2 629
Attributable to AT1 capital noteholders	9	**(244)**	(223)	(420)	9	**(244)**	(223)	(420)
Attributable to non-controlling interests with Standard Bank Group	>100	**(593)**	(149)	(734)				
Attributable to non-controlling interests	>100	**(5)**	(1)	(5)				
Attributable to ordinary shareholders	>100	**5 740**	134	2 543	(>100)	**5 595**	(278)	2 209
Headline adjustable items	(>100)	**(1)**	1 889	2 185	(99)	**26**	1 889	2 185
Headline earnings	>100	**5 739**	2 023	4 728	>100	**5 621**	1 611	4 394
Profit attributable to non-controlling interests within Standard Bank Group	>100	**593**	149	734				
IFRS 2 adjustment – staff costs net of taxation	(43)	**(134)**	(234)	(68)	(43)	**(134)**	(234)	(68)
Headlines earnings as consolidated into SBG[1]	>100	**6 198**	1 938	5 394	>100	**5 487**	1 377	4 326

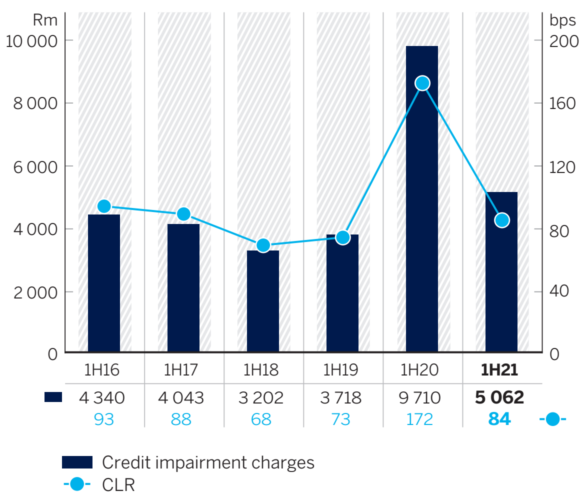
[1] At an SBSA level, the share-based payment schemes are accounted for on a cash-settled basis, but at a consolidated SBG level they are accounted for on an equity-settled basis. Given the fluctuation in the SBG share price, it is considered appropriate to also reflect SBSA's headline earnings as consolidated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

THE STANDARD BANK OF SOUTH AFRICA GROUP

Credit impairment charges

CREDIT IMPAIRMENT CHARGES ON LOANS AND ADVANCES

CAGR (1H16 – 1H21): 3%



INCOME STATEMENT CREDIT IMPAIRMENT CHARGES

	1H21							1H20						FY20					
	Change %	Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges/ (release) Rm	Credit loss ratio bps	Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges/ (release) Rm	Credit loss ratio bps	Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges/ (release) Rm	Credit loss ratio bps
Banking																			
Home services	(63)	**(14)**	**(123)**	**(137)**	**914**	**777**	**41**	79	700	779	1 330	2 109	119	156	1 243	1 399	2 733	4 132	116
Instalment sale and finance leases	(54)	**69**	**(292)**	**(223)**	**815**	**592**	**133**	113	290	403	893	1 296	308	79	488	567	1 853	2 420	286
Card and payments	46	**20**	**15**	**35**	**1 426**	**1 461**	**841**	(74)	310	236	762	998	593	95	378	473	1 711	2 184	646
Personal unsecured lending	(34)	**2**	**182**	**184**	**1 318**	**1 502**	**642**	(33)	714	681	1 580	2 261	997	65	253	318	3 314	3 632	783
Business lending and other	(16)	**19**	**80**	**99**	**766**	**865**	**211**	85	280	365	663	1 028	278	145	396	541	1 046	1 587	216
Corporate and sovereign lending	(>100)	**(53)**	**(206)**	**(259)**	**125**	**(134)**	**(7)**	395	66	461	1 062	1 523	77	113	204	317	2 509	2 826	71
Bank lending	(80)	**(1)**		**(1)**		**(1)**		(5)		(5)		(5)	(1)	(2)		(2)		(2)	
Central and other	(100)							185	315	500		500							
Total loans and advances credit impairment charges	(48)	**42**	**(344)**	**(302)**	**5 364**	**5 062**	**84**	745	2 675	3 420	6 290	9 710	172	651	2 962	3 613	13 166	16 779	148
Credit impairment (release)/charge – financial investments						**(10)**						15						42	
Credit impairment (release)/charge – letters of credit and guarantees						**(51)**						115						274	
Total credit impairment charges	(49)					**5 001**						9 840						17 095	

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

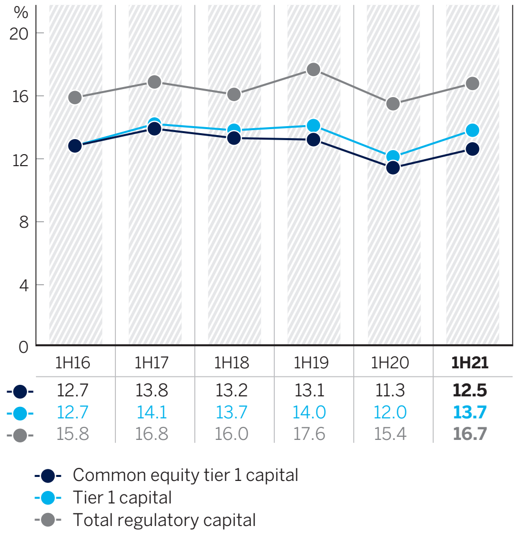
THE STANDARD BANK OF SOUTH AFRICA GROUP

Credit impairments provisions and loans and advances performance

	Credit impairments for loans and advances Rm	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Gross carrying loans and advances Rm	Loans and advances performance Stage 1 Rm	Loans and advances performance Stage 2 Rm	Loans and advances performance Stage 3 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 %
1H21												
Banking												
Home services	14 690	755	2 713	11 222	395 896	330 367	33 434	32 095	20 873	11 222	35	8.1
Instalment sale and finance leases	5 311	734	986	3 591	93 188	78 175	7 925	7 088	3 497	3 591	51	7.6
Card and payments	4 132	687	1 253	2 192	36 161	28 954	3 951	3 256	1 064	2 192	67	9.0
Personal unsecured lending	8 375	952	1 649	5 774	48 310	35 174	5 782	7 354	1 580	5 774	79	15.2
Business lending and other	5 446	662	933	3 851	85 063	71 653	7 626	5 784	1 933	3 851	67	6.8
Corporate and sovereign lending	4 897	793	675	3 429	359 623	311 596	37 999	10 028	6 599	3 429	34	2.8
Bank lending	44	44			164 498	163 327	1 171					
Total	42 895	4 627	8 209	30 059	1 182 739	1 019 246	97 888	65 605	35 546	30 059	46	5.5
Percentage of total book (%)					100.0	86.2	8.3	5.5	3.0	2.5		5.5
Gross loans and advances at amortised cost					1 182 739							
Gross loans and advances at fair value					1 493							
Total gross loans and advances					1 184 232							
FY20												
Banking												
Home services	14 256	769	2 873	10 614	378 124	310 291	36 785	31 048	20 434	10 614	34	8.2
Instalment sale and finance leases	5 015	665	1 278	3 072	89 481	72 685	9 800	6 996	3 924	3 072	44	7.8
Card and payments	3 356	667	1 261	1 428	34 592	28 020	4 518	2 054	626	1 428	70	5.9
Personal unsecured lending	8 126	950	1503	5 673	47 363	35 090	5 278	6 995	1 322	5 673	81	14.8
Business lending and other	4 752	643	853	3 256	80 535	67 717	7 650	5 168	1 912	3 256	63	6.4
Corporate and sovereign lending	5 146	854	883	3 409	366 124	312 693	43774	9 657	6 248	3 409	35	2.6
Bank lending	45	45			167 480	166 091	1 389					
Total	40 696	4 593	8 651	27 452	1 163 699	992 587	109 194	61 918	34 466	27 452	44	5.3
Percentage of total book (%)					100.0	85.4	9.3	5.3	2.9	2.4		5.3
Gross loans and advances at amortised cost					1 163 699							
Gross loans and advances at fair value					1 235							
Total gross loans and advances					1 164 934							

THE STANDARD BANK OF SOUTH AFRICA GROUP
Capital adequacy and risk-weighted assets

CAPITAL ADEQUACY – SBSA GROUP



RISK-WEIGHTED ASSETS

	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Credit risk	(2)	**524 077**	536 670	521 314
Counterparty credit risk	14	**44 013**	38 464	40 290
Market risk	0	**46 984**	46 999	41 537
Operational risk	(2)	**97 226**	99 517	97 069
Equity risk in the banking book	8	**13 262**	12 241	7 718
RWA for investments in financial entities	(14)	**11 278**	13 100	14 881
Total risk-weighted assets	(1)	**736 840**	746 991	722 809

THE STANDARD BANK OF SOUTH AFRICA GROUP
Capital adequacy

QUALIFYING REGULATORY CAPITAL EXCLUDING UNAPPROPRIATED PROFIT

	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Share capital and premium	0	**49 313**	49 313	49 313
Retained earnings	16	**52 980**	45 864	48 241
Other reserves	(63)	**514**	1 373	798
Regulatory adjustments	(10)	**(10 532)**	(11 740)	(10 934)
Goodwill	0	**(42)**	(42)	(42)
Other intangible assets	(12)	**(10 001)**	(11 346)	(10 511)
Deferred tax assets	(97)	**(39)**	(1 171)	(551)
Other adjustments including IFRS 9 phase-in for 2020	(>100)	**(450)**	819	170
Total (including unappropriated profit)	9	**92 275**	84 810	87 418
Unappropriated profit	>100	**(7 797)**	(634)	(3 742)
Common equity tier 1 capital	0	**84 478**	84 176	83 676
Qualifying other equity instruments	60	**8 728**	5 458	6 944
Tier 1 capital	4	**93 206**	89 634	90 620
Tier 2 capital	(12)	**21 983**	25 014	21 449
Qualifying tier 2 subordinated debt	(16)	**21 434**	25 517	21 569
General allowance for credit impairments	26	**3 121**	2 475	2 418
Regulatory adjustments – investment in tier 2 instruments in other banks	(14)	**(2 572)**	(2 978)	(2 538)
Total qualifying regulatory capital		**115 189**	114 648	112 069

CAPITAL ADEQUACY RATIOS

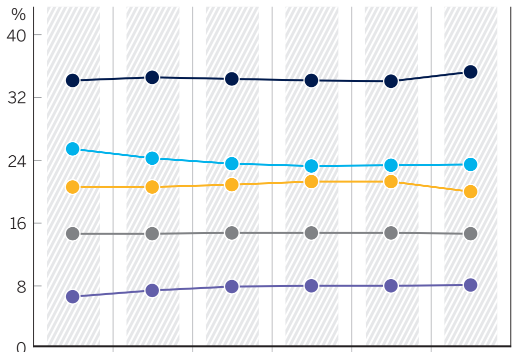
	Internal target ratios[1,2] %	SARB minimum regulatory requirement[3] %	Excluding unappropriated profit 1H21 %	Excluding unappropriated profit 1H20 %	Excluding unappropriated profit FY20 %	Including unappropriated profit 1H21 %	Including unappropriated profit 1H20 %	Including unappropriated profit FY20 %
Common equity tier 1 capital adequacy ratio	>11.0	8.0	**11.5**	11.2	11.5	**12.5**	11.3	12.0
Tier 1 capital adequacy ratio	>12.0	10.0	**12.6**	11.9	12.4	**13.7**	12.0	13.0
Total capital adequacy ratio	>15.0	12.5	**15.6**	15.3	15.5	**16.7**	15.4	16.0

[1] Including unappropriated profit.
[2] Recalibrated inclusive of Pillar 2A requirements that will be reinstated by the Prudential Authority from 1 January 2022
[3] 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[1]

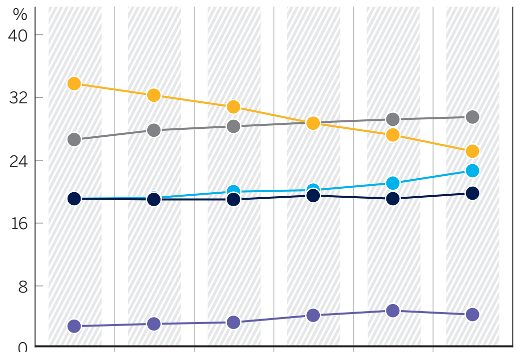
MORTGAGE LOANS[2]



	1H16	1H17	1H18	1H19	1H20	**1H21**
SBSA	34.0	34.4	34.2	34.0	33.9	**35.1**
ABSA	25.2	24.0	23.3	23.0	23.1	**23.2**
Nedbank	14.3	14.3	14.4	14.4	14.4	**14.3**
FirstRand	20.3	20.3	20.6	21.0	21.0	**19.7**
Other	6.2	7.0	7.5	7.6	7.6	**7.7**

- SBSA
- ABSA
- Nedbank
- FirstRand
- Other

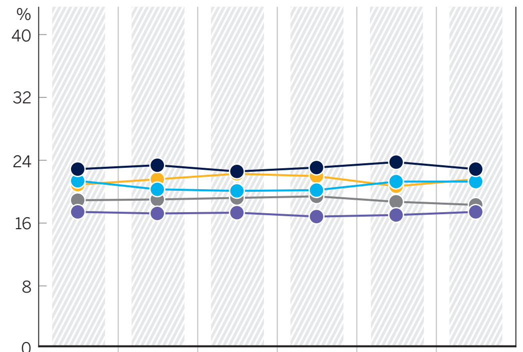
VEHICLE AND ASSET FINANCE



	1H16	1H17	1H18	1H19	1H20	**1H21**
SBSA	18.8	18.7	18.7	19.2	18.8	**19.5**
ABSA	18.8	18.9	19.7	19.9	20.8	**22.4**
Nedbank	26.4	27.6	28.1	28.6	29.0	**29.3**
FirstRand	33.6	32.1	30.6	28.5	27.0	**24.9**
Other	2.4	2.7	2.9	3.8	4.4	**3.9**

- SBSA
- ABSA
- Nedbank
- FirstRand
- Other

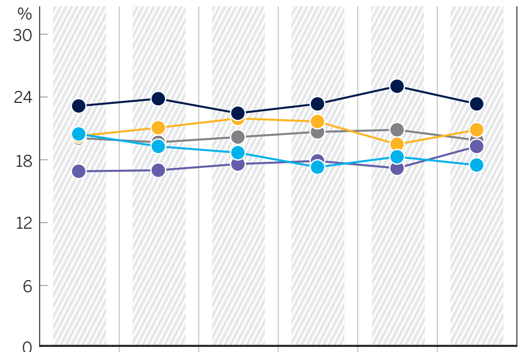
DEPOSITS



	1H16	1H17	1H18	1H19	1H20	**1H21**
SBSA	22.6	23.1	22.3	22.8	23.5	**22.6**
ABSA	21.1	20.0	19.8	19.9	21.0	**21.0**
Nedbank	18.6	18.7	18.9	19.1	18.4	**18.0**
FirstRand	20.6	21.3	22.0	21.7	20.4	**21.3**
Other	17.1	16.9	17.0	16.5	16.7	**17.1**

- SBSA
- ABSA
- Nedbank
- FirstRand
- Other

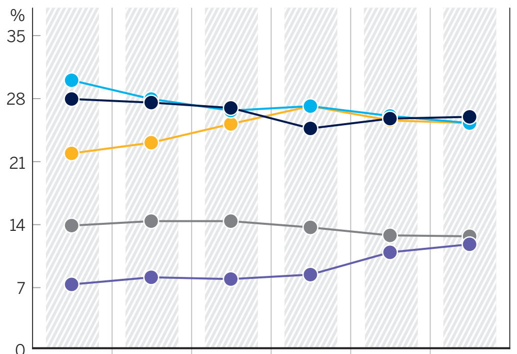
CORPORATE DEPOSITS



	1H16	1H17	1H18	1H19	1H20	**1H21**
SBSA	23.0	23.7	22.3	23.2	24.9	**23.2**
ABSA	20.3	19.1	18.5	17.1	18.1	**17.3**
Nedbank	19.9	19.5	20.0	20.5	20.7	**19.7**
FirstRand	20.1	20.9	21.8	21.5	19.3	**20.7**
Other	16.7	16.8	17.4	17.7	17.0	**19.1**

- SBSA
- ABSA
- Nedbank
- FirstRand
- Other

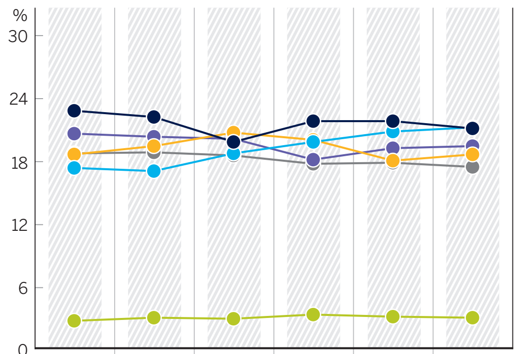
CARD



	1H16	1H17	1H18	1H19	1H20	**1H21**
SBSA	27.8	27.4	26.8	24.5	25.6	**25.8**
ABSA	29.9	27.8	26.5	27.0	25.9	**25.1**
Nedbank	13.6	14.1	14.1	13.4	12.5	**12.4**
FirstRand	21.7	22.9	25.0	27.0	25.4	**25.2**
Other	7.0	7.8	7.6	8.1	10.6	**11.5**

- SBSA
- ABSA
- Nedbank
- FirstRand
- Other

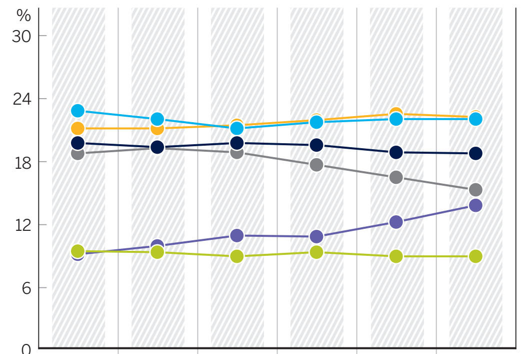
OTHER LOANS AND ADVANCES



	1H16	1H17	1H18	1H19	1H20	**1H21**
SBSA	22.7	22.1	19.7	21.7	21.7	**21.0**
ABSA	17.2	16.9	18.6	19.7	20.7	**21.1**
Nedbank	18.6	18.7	18.4	17.6	17.7	**17.3**
FirstRand	18.5	19.3	20.6	19.9	17.9	**18.5**
Capitec	2.5	2.8	2.7	3.1	2.9	**2.8**
Other	20.5	20.2	20.0	18.0	19.1	**19.3**

- SBSA
- ABSA
- Nedbank
- FirstRand
- Capitec
- Other

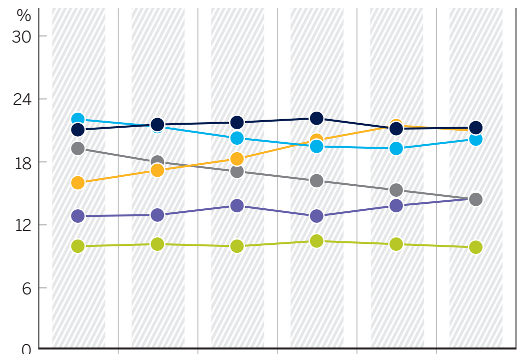
HOUSEHOLD DEPOSITS



	1H16	1H17	1H18	1H19	1H20	**1H21**
SBSA	19.6	19.2	19.6	19.4	18.7	**18.6**
ABSA	22.7	21.9	21.0	21.6	21.9	**21.9**
Nedbank	18.6	19.1	18.7	17.5	16.3	**15.1**
FirstRand	21.0	21.0	21.3	21.8	22.4	**22.1**
Investec	9.2	9.1	8.7	9.1	8.7	**8.7**
Other	8.9	9.7	10.7	10.6	12.0	**13.6**

- SBSA
- ABSA
- Nedbank
- FirstRand
- Investec
- Other

HOUSEHOLD DEPOSITS – CASA[3]



	1H16	1H17	1H18	1H19	1H20	**1H21**
SBSA	20.9	21.4	21.6	22.0	21.0	**21.1**
ABSA	21.9	21.2	20.1	19.3	19.1	**20.0**
Nedbank	19.1	17.8	16.9	16.0	15.1	**14.2**
FirstRand	15.8	17.0	18.1	19.9	21.3	**20.8**
Investec	9.7	9.9	9.7	10.2	9.9	**9.6**
Other	12.6	12.7	13.6	12.6	13.6	**14.3**

- SBSA
- ABSA
- Nedbank
- FirstRand
- Investec
- Other

[1] Source: SARB BA 900.
[2] Mortgage loans refers to residential households only. Commercial property finance is included in Other loans and advances.

[3] CASA: Cheque, savings, on-demand and 1 to 30 day accounts.

AFRICA REGIONS LEGAL ENTITIES

Condensed regional income statement

	East Africa[1]					South & Central Africa[2]				
	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Net interest income	2	(11)	**2 327**	2 627	5 051	23	3	**4 247**	4 140	8 067
Non-interest revenue	19	1	**1 680**	1 656	3 328	30	0	**3 409**	3 407	7 017
Net fee and commission revenue	11	(6)	**687**	731	1 452	61	23	**1 982**	1 608	3 568
Trading revenue	26	7	**964**	901	1 816	(6)	(17)	**1 211**	1 458	2 897
Other revenue	17	8	**27**	25	58	(>100)	(35)	**152**	234	370
Other gains and losses on financial instruments	(>100)	(>100)	**2**	(1)	2	(39)	(40)	**64**	107	182
Total income	8	(6)	**4 007**	4 283	8 379	26	1	**7 656**	7 547	15 084
Credit impairment charges	19	1	**(428)**	(425)	(1 257)	(15)	(47)	**(368)**	(699)	(998)
Loans and advances	25	6	**(434)**	(411)	(1 244)	(31)	(48)	**(424)**	(817)	(1 019)
Financial investments	(100)	(100)		(1)	(3)	(73)	(62)	**50**	131	30
Letters of credit and guarantees	(>100)	(>100)	**6**	(13)	(10)	(>100)	(>100)	**6**	(13)	(9)
Income before operating expenses	7	(7)	**3 579**	3 858	7 122	30	6	**7 288**	6 848	14 086
Operating expenses	14	(3)	**(2 040)**	(2 100)	(4 273)	47	9	**(4 322)**	(3 971)	(8 093)
Staff costs	8	(8)	**(951)**	(1 036)	(2 054)	33	4	**(2 016)**	(1 935)	(3 823)
Other operating expenses	20	2	**(1 089)**	(1 064)	(2 219)	61	13	**(2 306)**	(2 036)	(4 270)
Net income before non-trading and capital related items, and equity accounted earnings	0	(12)	**1 539**	1 758	2 849	11	3	**2 966**	2 877	5 993
Non-trading and capital related items	(>100)	(>100)	**1**	(7)	(6)	(>100)	(>100)	**(112)**	202	60
Share of profit from joint ventures										
Profit before indirect taxation	0	(12)	**1 540**	1 751	2 843	5	(7)	**2 854**	3 079	6 053
Indirect taxation	8	(5)	**(105)**	(111)	(219)	29	5	**(170)**	(162)	(322)
Profit before direct taxation	0	(13)	**1 435**	1 640	2 624	4	(8)	**2 684**	2 917	5 731
Direct taxation	(19)	(31)	**(368)**	(531)	(624)	73	(8)	**(760)**	(827)	(1 602)
Profit for the period	8	(4)	**1 067**	1 109	2 000	(10)	(8)	**1 924**	2 090	4 129
Attributable to non-controlling interests	27	14	**(260)**	(228)	(453)	(1)	(8)	**(174)**	(190)	(444)
Attributable to ordinary shareholders	3	(8)	**807**	881	1 547	(11)	(8)	**1 750**	1 900	3 685
Headline adjustable items	(>100)	(>100)	**(2)**	5	4	(>100)	(>100)	**67**	(136)	(41)
Headline earnings	3	(9)	**805**	886	1 551	(6)	3	**1 817**	1 764	3 644
ROE (%)			**14.7**	15.4	14.2			**19.2**	19.0	14.0
CLR (bps)			**149**	135	202			**67**	135	85
CLR on loans to customers (bps)			**192**	171	251			**121**	204	123
Cost-to-income ratio (%)			**50.9**	49.0	51.0			**56.5**	52.6	53.7
Effective direct taxation rate (%)			**25.6**	32.4	23.8			**28.3**	28.4	28.0
Effective total taxation rate (%)			**30.7**	36.7	29.7			**32.6**	32.1	31.8

	West Africa[3]					Africa Regions legal entities				
	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm	CCY %	Change %	**1H21 Rm**	1H20 Rm	FY20 Rm
Net interest income	(7)	(27)	**2 780**	3 792	7 206	7	(11)	**9 354**	10 559	20 324
Non-interest revenue	(1)	(23)	**3 314**	4 277	8 025	14	(10)	**8 403**	9 340	18 370
Net fee and commission revenue	22	(4)	**2 192**	2 272	4 474	33	5	**4 861**	4 611	9 494
Trading revenue	(24)	(42)	**1 157**	1 987	3 497	(7)	(23)	**3 332**	4 346	8 210
Other revenue	>100	>100	**26**	10	22	>100	(24)	**205**	269	450
Other gains and losses on financial instruments	(>100)	(>100)	**(61)**	8	32	(95)	(96)	**5**	114	216
Total income	(4)	(24)	**6 094**	8 069	15 231	10	(11)	**17 757**	19 899	38 694
Credit impairment charges	(90)	(93)	**(23)**	(318)	(727)	(20)	(43)	**(819)**	(1 442)	(2 982)
Loans and advances	(78)	(84)	**(49)**	(305)	(654)	(23)	(41)	**(907)**	(1 533)	(2 917)
Financial investments	(>100)	(>100)	**11**	(13)	(66)	(65)	(48)	**61**	117	(39)
Letters of credit and guarantees	>100	100	**15**		(7)	(>100)	(>100)	**27**	(26)	(26)
Income before operating expenses	0	(22)	**6 071**	7 751	14 504	13	(8)	**16 938**	18 457	35 712
Operating expenses	15	(9)	**(3 511)**	(3 842)	(7 387)	27	0	**(9 873)**	(9 913)	(19 753)
Staff costs	7	(16)	**(1 486)**	(1 760)	(3 594)	17	(6)	**(4 453)**	(4 731)	(9 471)
Other operating expenses	22	(3)	**(2 025)**	(2 082)	(3 793)	35	5	**(5 420)**	(5 182)	(10 282)
Net income before non-trading and capital related items, and equity accounted earnings	(16)	(35)	**2 560**	3 909	7 117	(3)	(17)	**7 065**	8 544	15 959
Non-trading and capital related items	100	100	**2**	1	18	(>100)	(>100)	**(109)**	196	72
Share of profit from joint ventures										
Profit before indirect taxation	(16)	(34)	**2 562**	3 910	7 135	(5)	(20)	**6 956**	8 740	16 031
Indirect taxation	36	1	**(80)**	(79)	(179)	23	1	**(355)**	(352)	(720)
Profit before direct taxation	(17)	(35)	**2 482**	3 831	6 956	(6)	(21)	**6 601**	8 388	15 311
Direct taxation	8	(14)	**(491)**	(573)	(975)	20	(16)	**(1 619)**	(1 931)	(3 201)
Profit for the period	(21)	(39)	**1 991**	3 258	5 981	(12)	(23)	**4 982**	6 457	12 110
Attributable to non-controlling interests	(24)	(42)	**(632)**	(1 098)	(1 973)	(12)	(30)	**(1 066)**	(1 516)	(2 870)
Attributable to ordinary shareholders	(19)	(37)	**1 359**	2 160	4 008	(12)	(21)	**3 916**	4 941	9 240
Headline adjustable items					(11)	(>100)	(>100)	**65**	(131)	(48)
Headline earnings	(19)	(37)	**1 359**	2 160	3 997	(10)	(17)	**3 981**	4 810	9 192
ROE (%)			**16.3**	23.7	23.0			**17.1**	19.9	18.8
CLR (bps)			**14**	92	98			**73**	123	117
CLR on loans to customers (bps)			**24**	140	147			**115**	177	167
Cost-to-income ratio (%)			**57.6**	47.6	48.5			**55.6**	49.8	51.0
Effective direct taxation rate (%)			**19.8**	15.0	14.0			**24.5**	23.0	20.9
Effective total taxation rate (%)			**22.3**	16.7	16.2			**28.4**	26.1	24.5

[1] Kenya, South Sudan, Tanzania, Uganda.
[2] Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Zambia, Zimbabwe.
[3] Angola, Democratic Republic of the Congo, Ghana, Côte d'Ivoire, Nigeria.
The entity information included within the African Regions legal entities disclosure in this report aligns to the group's Africa Regions geographic information in terms of IFRS 8 Operating Segments.

AFRICA REGIONS LEGAL ENTITIES

Africa Regions results

Africa Regions continues to support the Group's strategy to drive growth across the markets in which it operates. At 1H21, the businesses' contribution to the Group's headline earnings was 35%.

Africa Regions legal entities' headline earnings reduced 17% in Rand terms and 10% in constant currency (CCY) on 1H20 to R3 981m and achieved an ROE of 17.1% (1H20: 19.9%). This performance was significantly impacted by lower market volatility which depressed trading revenues, a low interest rate environment resulting in a negative endowment effect, devaluation of local currencies against the US dollar, the strengthening of the Rand, and continued investments in client solutions and digitisation workstreams. Our markets continued to experience economic pressure associated with Covid-19 challenges. Despite this, the business recorded positive balance sheet growth in CCY, improved credit impairment charges and good growth in transactional activity.

Balance sheet performance was driven by strong deposit growth in CCY due to an increase in client acquisition numbers, particularly in Angola and Zambia, improved client performance, and the impact of delayed capital investment spend due to Covid-19 sentiment. Our new digital lending and client onboarding platforms contributed to an increase in overdraft utilisation and revolving credit facilities which supported the strong growth in loans and advances to customers. The impact of a decreasing cash reserving ratio particularly in Nigeria resulted in available liquidity to drive customer loan disbursements. Surplus liquidity was effectively deployed to invest in government securities, particularly in the West Africa region albeit at lower yields than 1H20. Interest rates remained low, which contributed to margin compression, with only Mozambique and Zambia recording interest rate increases of 300 basis points and 50 basis points respectively in 1H21.

Credit impairment charges decreased to R819m (1H20: R1 442m) due to improved customer risk profiles and forward-looking assumptions. There were no material sovereign risk downgrades during 1H21.

Operating expenses were flat in Rand terms and 27% up in CCY. This was driven by staff cost increases commensurate with the high inflationary environment, continued investments in digitisation, and bolstering balance sheet growth initiatives. The region incurred Covid-19 related expenses to support remote working conditions and increased marketing campaigns to attract customer activity.

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

East Africa

The East Africa region recorded headline earnings growth in CCY of 3% in 1H21. Good balance sheet momentum in Kenya, particularly on investments in government securities, an increase in term loans in Uganda, and a change in balance sheet mix supported net interest income in a low interest rate cycle. Lockdown restrictions were relaxed across the markets supporting higher transactional volumes and fee income growth.

The region experienced increased client activity on the fixed income and money markets desks, especially with offshore investors and fund managers, which led to improved trading revenue performance. This was further supported by higher client activity in structured foreign exchange (FX) transactions and improved FX spreads.

Credit impairment charges were higher than 1H20, as a result of a non-recurrence of 1H20 recoveries in Tanzania. This was partly offset by lower impairment charges in Kenya and Uganda following improved credit risk profiling as these economies continued to recover. Risk profiling and collections strategies remain a key focus for the region.

Our continued investment in technology to support client growth strategies together with communication costs to facilitate a remote work environment for our people, grew the cost base above weighted average inflation. We track this investment spend regularly and continue to explore opportunities to create efficiencies.

South & Central Africa

South & Central Africa region showed a decline in CCY on 1H20 of 6%. This performance was driven by strong growth in loans and deposits in Mauritius, Malawi, Mozambique, Eswatini, Zambia and Zimbabwe on the back of effective execution of our digital lending platforms. Zimbabwe's hyperinflationary environment and the rapid depreciation of the local currency against the US dollar continued to put pressure on the operating results. The business strategy, in response to these factors, was to increase utilisation of digital platforms to drive transactional activity and investment in non-monetary assets. Zambia delivered improved net interest income supported by good growth in financial investments and trade loans, coupled with improved margins following an unexpected increase in interest rates in 1H21. Subdued US interest rates adversely impacted net interest income in our US dollar denominated loan book, particularly in Mauritius.

Higher transactional volumes, coupled with the reinstatement of digital fees which were waived in 1H20 to encourage customers to use digital platforms during the lockdown periods, resulted in fee and commission revenue growth.

Credit impairments charges were significantly lower following the reversal of provisions on savings bonds and treasury bills which matured in Zimbabwe and Zambia respectively, which is accounted in loans and advances to banks.

Cost growth was largely driven by our continued investment in technology to support client growth strategies together with cost-of-living adjustments in Zimbabwe due to the hyperinflationary environment and the impact of currency devaluation on foreign exchange denominated expenses. Cost containment measures continued to be monitored on a regular basis to ensure that efficiencies are achieved from information technology spend.

West Africa

During 1H21, West Africa region's headline earnings base declined in CCY on 1H20, by 19%. This was despite strong growth in loans and advances due to increased medium-term lending disbursements in Angola, Cote D'Ivoire, DRC and Nigeria, an increase in revolving credit loans in Ghana, and higher financial investments in Angola and Nigeria, albeit at lower yields.

Trading revenue performance decreased 24% in CCY, largely driven by subdued market volatility which resulted in softer yields, heightened US dollar liquidity shortages, constrained foreign exchange volumes and compressed margins. This was partly offset by an increase in banking transactional volumes and cross border trade flows as lockdown measures were eased in the region.

The region experienced lower credit impairment charges as a result of post write off recoveries and continued economic recovery. This was slightly offset by larger stage 1 provisions due to book growth in Angola and Ghana.

Operating expenses grew 15% in CCY due to higher depositor insurance in Nigeria and Ghana in line with growth in the deposit base, and the non-recurrence of prior period insurance recovery. In addition, costs increased to support our investment in digitisation and technology initiatives across the region to transition into a platform business and the impact local currency devaluation on US dollar denominated IT contract costs.

The business remains well positioned to grow Africa and its people. We will continue to support our client's growth strategies and explore opportunities across the continent.

AFRICA REGIONS LEGAL ENTITIES

Condensed statement of financial position

	CCY %	Change %	1H21 Rm	1H20 Rm	FY20 Rm
Assets					
Cash and balances with central banks	(16)	(36)	**48 674**	76 025	53 474
Derivative assets	(59)	(68)	**1 798**	5 655	3 427
Trading assets	(28)	(44)	**24 876**	44 791	20 244
Pledged assets	(10)	(34)	**7 253**	11 014	9 471
Financial investments	31	9	**74 584**	68 445	75 981
Net loans and advances	18	(3)	**250 369**	257 644	228 717
Gross loans and advances	17	(3)	**258 543**	267 374	237 434
Gross loans and advances to banks	23	(1)	**94 535**	95 555	81 541
Gross loans and advances to customers	14	(5)	**164 008**	171 819	155 893
Credit provisions on loans and advances	1	(16)	**(8 174)**	(9 730)	(8 717)
Other assets	40	(33)	**13 737**	20 601	12 645
Investment property	(30)	(30)	**448**	637	614
Property and equipment	4	(17)	**6 828**	8 269	7 005
Goodwill and other intangible assets	(11)	(22)	**5 152**	6 636	5 301
Goodwill	(13)	(22)	**1 978**	2 552	2 047
Other intangible assets	(10)	(22)	**3 174**	4 084	3 254
Total assets	9	(13)	**433 719**	499 717	416 879
Equity and liabilities					
Equity	26	(10)	**57 685**	63 967	57 219
Equity attributable to ordinary shareholders	30	(8)	**46 928**	51 282	46 188
Equity attributable to non-controlling interest	9	(15)	**10 757**	12 685	11 031
Liabilities	7	(14)	**376 034**	435 750	359 660
Derivative liabilities	(47)	(59)	**1 840**	4 452	3 102
Trading liabilities	(54)	(67)	**7 882**	23 593	10 464
Deposits and debt funding	16	(4)	**331 255**	346 393	315 444
Deposits from banks	(4)	(23)	**40 124**	52 336	44 473
Deposits from customers	20	(1)	**291 131**	294 057	270 971
Subordinated debt	(16)	(33)	**3 461**	5 166	3 550
Provisions and other liabilities	(25)	(44)	**31 596**	56 146	27 100
Total equity and liabilities	9	(13)	**433 719**	499 717	416 879

STANDARD BANK GROUP

Headline earnings and net asset value reconciliation by key legal entity

HEADLINE EARNINGS

	Change %	1H21 Rm	1H20 Rm	FY20 Rm
SBSA group as consolidated into SBG	>100	**6 198**	1 938	5 394
Africa Regions legal entities	(17)	**3 981**	4 810	9 192
Standard Bank Wealth International	(47)	**233**	436	680
Other group entities	(13)	**482**	556	449
Standard Insurance Limited	(7)	**255**	275	558
SBG Securities	88	**404**	215	427
Standard Advisory London	0	**37**	37	43
Other[1]	(>100)	**(214)**	29	(579)
Standard Bank Activities	41	**10 894**	7 740	15 715
Liberty	(>100)	**163**	(707)	(651)
Other banking interests	(17)	**420**	508	881
Standard Bank Group	52	**11 477**	7 541	15 945

[1] Included is the elimination of gains and losses on deemed IFRS treasury shares relating to client trading activities and hedging in SBG Securities of (R80) million (1H20: R7 million; FY20: (R413) million).

NET ASSET VALUE

	Change %	1H21 Rm	1H20 Rm	FY20 Rm
SBSA group	6	**102 807**	96 549	98 352
Africa Regions legal entities	(8)	**46 928**	51 282	46 188
Standard Bank Wealth International	(2)	**8 250**	8 434	8 169
Other group entities	15	**9 917**	8 635	9 139
Standard Insurance Limited	13	**2 448**	2 161	2 193
SBG Securities	30	**2 340**	1 798	2 013
Standard Advisory London	(4)	**630**	659	658
Other	12	**4 499**	4 017	4 275
Standard Bank Activities	2	**167 902**	164 900	161 848
Liberty	4	**11 145**	10 673	11 001
Other banking interests	4	**3 804**	3 671	3 522
Standard Bank Group	2	**182 851**	179 244	176 371

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Other information

BASIS OF PREPARATION AND PRESENTATION

The Standard Bank Group Limited's (the group) financial results, including the condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows, for the six months ended 30 June 2021 (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. The results are 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. 1H21 refers to the first six months' results for 2021. 1H20 refers to the first six months' results for 2020. FY20 refers to the full year results for 2020. Change percentage reflects 1H21 change on 1H20, unless otherwise indicated. All amounts relate to the group's consolidated results, unless otherwise indicated.

The accounting policies applied in the preparation of the results 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 the changes in accounting policies section of these results. For more detail on the accounting policies applied by the group, refer to the group's annual financial statements.

The group's FY20 financial information has been correctly extracted from the underlying audited consolidated annual financial statements for the year ended 31 December 2020, where applicable, which is available at **www.standardbank.com/reporting** and on the following link: **https://reporting.standardbank.com/results-reports/annual-reports/.** These results contain *pro forma* constant currency financial information. Refer to the *pro forma* constant currency paragraph within the other reportable items section of these results for further detail. Only the FY20 *pro forma* constant currency information, where applicable, contained in these results, has been reviewed by the group's external auditors. The 1H21 *pro forma* constant currency financial information and 1H21 results, including comparatives for 1H20, where applicable, have not been audited or independently reviewed by the group's external auditors.

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 19 August 2021.

In terms of the JSE's Listings Requirements, the group no longer posts a physical copy of these results 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** 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.**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2021

	1H21 Rm	1H20 Rm	FY20 Rm
Net cash flows from operating activities	**7 322**	40 757	28 421
Direct taxation paid	**(3 842)**	(4 274)	(7 100)
Other operating activities	**11 164**	45 031	35 521
Net cash flows used in investing activities	**(1 143)**	(4 984)	430
Capital expenditure	**(1 262)**	(2 430)	(5 535)
Other investing activities	**119**	(2 554)	5 965
Net cash flows used in financing activities	**(7 620)**	(7 475)	(12 495)
Dividends paid[1]	**(5 327)**	(10 461)	(11 220)
Equity transactions with non-controlling interests	**(848)**	(625)	(1 379)
Issuance of other equity instruments[1]	**1 800**		1 539
Issuance of subordinated debt	**1 722**	5 500	8 500
Redemption of subordinated debt	**(1 700)**	(2 438)	(8 488)
Other financing activities	**(3 267)**	549	(1 447)
Effect of exchange rate changes on cash and cash equivalents	**(1 624)**	3 819	(4 139)
Net (decrease)/increase in cash and cash equivalents	**(3 065)**	32 117	12 217
Cash and cash equivalents at the beginning of the period	**87 505**	75 288	75 288
Cash and cash equivalents at the end of the period	**84 440**	107 405	87 505
Cash and balances with central banks	**84 440**	107 405	87 505

[1] Refer to the other reportable items section of these results for details on the issued AT1 equity as well as the dividends paid to AT1 equity holders and the related tax implications.

CHANGES IN ACCOUNTING POLICIES

The accounting policies are consistent with those reported in the previous year, except as required in terms of the adoption of the following:

Adoption of amended standards effective for the current financial year

- **IFRS 4 Insurance Contracts (IFRS 4), IFRS 7 Financial Instruments: Disclosures (IFRS 7), IFRS 9 Financial Instruments (IFRS 9), IFRS 16 Leases (IFRS 16), IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) (amendments)**. The second phase of Interest Rate Benchmark Reform (IBOR) resulted in amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 requirements to enable companies to deal with its effect on financial instruments and to continue providing useful information to investors. The amendments require entities to update the effective interest rate to reflect the change to the alternative benchmark rate instead of derecognising or adjusting the carrying amount of financial instruments for changes required by the reform. An entity will not have to discontinue hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria. In addition, the amendments require companies to provide additional information to investors about new risks arising from the reform and how it manages the transition to alternative benchmark rates. The group will transition to alternative benchmarks as each interest rate benchmark is replaced. The group established a committee and working group within treasury and capital management to manage this transition.
- **IFRS 16 (amendment)**. In light of the recent Covid-19 pandemic and resultant rent concessions to be granted by lessors, the amendment permits lessees, as a practical expedient, not to assess whether particular Covid-19 related rent concessions are lease modifications and instead account for those rent concessions as if they were not lease modifications. The amendment permits lessees to apply the practical expedient as an accounting policy choice to rent concessions for which any reduction in lease payments affects payments originally due on or before 30 June 2021. The group elected not to apply this practical expedient.
- **Circular 1 2021 – *Headline Earnings.*** SAICA has issued amendments and clarifications mainly to existing headline earnings on IAS 16, IAS 39, IFRS 9 and IFRS 16 variable payments and rent concessions. The amendments have been applied retrospectively.

Early adoption of amended standards

- **IFRS 9: General Hedge Accounting (GHA).** The revised general hedge accounting requirements are better aligned with an entity's risk management activities, provide additional opportunities to apply hedge accounting and various simplifications in achieving hedge accounting. The group has elected to adopt and transition to IFRS 9 GHA for all current and further micro hedges (hedges that minimise/manage the risk exposure of a single instrument), in line with some market competitors both locally and globally. However, due to the IASB's project, Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach (PRA), not yet being finalised, the group will continue to apply IAS 39 for all macro hedges (hedges that minimise/manage the risk exposure of a portfolio). As at 1 January 2021, the risk management objective and the hedge documentation for all micro hedges has been updated to comply with the requirements of IFRS 9 GHA. The micro hedge relationships which existed as at 1 January 2021 were treated as continuing hedge relationships, and qualifying criteria was met which resulted in no transition or profit or loss impact for the group. The group has applied IFRS 9 GHA prospectively for all micro hedge relationships apart from certain hedge relationships where the group has elected to separate the foreign currency basis spread, IFRS 9 GHA has been applied retrospectively for these hedge relationships. This resulted in the total hedge reserve comprising of the foreign currency basis spread for these hedge relationships as well as the existing cash flow hedge reserve. Accordingly, the total hedge reserve remains unchanged on transition being 1 January 2021, with R66 million of the total hedge reserve comprising of the foreign currency basis spread for these hedge relationships.
- **IFRS 16 (amendment).** The amendment extends the availability of the practical expedient so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The group elected not to apply this practical expedient.
- **IAS 1 *Presentation of Financial Statements* (amendments), IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8) (amendments).** In response to the IASB's Disclosure Initiative – Principles of Disclosure, the amendments introduce a requirement on entities to disclose their material accounting policy information rather than significant accounting policies. To support this amendment the IASB also amended its IFRS Materiality Practice Statement to explain and demonstrate the application of the materiality process to accounting policy disclosures. The amendments have been applied prospectively.
- **IAS 8 (amendment).** The amendments introduce the definition of accounting estimates and include amendments to assist entities to distinguish changes in accounting estimates from changes in accounting policies. The amendments have been applied prospectively.
- **IAS 12 *Income Taxes* (amendment).** The amendments narrow the scope of the initial recognition exemption of deferred tax assets and liabilities. The exemption no longer applies to transactions that, at initial recognition, give rise to equal taxable and deductible temporary differences. The amendments have been applied retrospectively.
- **Annual improvements 2018-2020 cycle.** The IASB has issued various amendments and clarifications to existing IFRS. The amendments have been applied retrospectively.

The adoption of the above amended standards on 1 January 2021 did not affect the group's previously reported financial results, unless otherwise specified above. Accounting policies and disclosures 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 reporting period. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. The following represents the most material key management assumptions applied in preparing these financial results.

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

A range of base, bull and bear forward-looking economic expectations were determined, as at 30 June 2021, 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 recovery is also premised on support from a global economic recovery this year. The performance of the economy in 2021 will continue to be influenced by the post Covid-19 recovery, the easing of lockdown restrictions and the rollout of the mass vaccination drive in 2021. We expect gradual policy reform and the recovery remains fragile. We see a recovery in asset prices and investment growth from 2020's weakness. However, uncertainty around electricity supply continues to weigh on economic activity. Our base case assumes that rating agencies keep South Africa's sovereign ratings unchanged.

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 Covid-19. Disappointing and/or a lack of local policy reforms worsens the fiscal prognosis in this scenario with further pressure on ratings. In addition, a worsening health crisis and a disappointing rollout of the vaccination drive will also weigh on the economic recovery.

The bull case scenario assumes that the economic crisis triggers accelerated economic reforms. 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, rating 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 maintain that the combination of vaccine distribution and unwinding base effects will spur the GDP growth recovery this year. Though vaccine roll-out has been sluggish across most of the continent, as more consignments are delivered and/or manufactured in Africa, vaccine distribution should improve and then gain further impetus from 2H21. This will be vital for a sustained economic recovery over the next few years. However, to reiterate, underlying growth will initially not be as robust as headline growth may imply. The recurrence of prolonged health restrictions is still the most notable downside risk to our growth outlook, however, most governments seem reluctant to impose restrictions, such as those in 2Q20, again.

Since advanced economies are expected to progress faster with vaccinations, external demand for African goods exports should benefit over the next few years, nevertheless, for Botswana, Mozambique, Tanzania, Ghana and Nigeria, a notable share of these exports rely on demand from India where a new variant of Covid-19 has caused much disruption.

That said, service exports will probably still lag, especially if vaccinations remain slow in Africa. In our coverage, in Ethiopia and Mauritius services exports are larger than goods exports, however, Kenya, Tanzania, Mauritius, and Rwanda too have prominent services balances. For Ethiopia and Kenya, there is a higher concentration towards transport services rather than travel (tourism), but services are notably skewed towards tourism for Tanzania, Mauritius, and Rwanda.

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 pick up pace as the vaccination supply improves. 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 anticipates a rise in global GDP of over 5% in 2021 after the 3.3% fall in 2020. Growth in 2022 should be robust as well, probably close to 5%. The vaccine rollout has been swift, and efficacy has been high in the advanced nations. Developing nations have seen slower rollouts and hence the global recovery will not be fully synchronized across all countries as developing countries lag behind. We expect the remaining lockdown restrictions to be lifted in the second half of the year in advanced nations. Fiscal policy support has been the mainstay of the economic recovery. But while this has started to ebb, rising private demand should take its place as individuals run down the very high levels of involuntary savings accumulated during the pandemic.

As well as a negative shock to global demand, Covid-19 has also been a negative supply shock as many individuals and firms have not been able to supply the goods and services that they would have wished. An adverse supply shock such as this can lift inflation as supply-chain disruptions arise. Add to this the bounce-back that we are now seeing in demand and it creates a perfect storm of rising inflation. Some of this price pressure will ease as supply rebounds but there could be a legacy of higher inflation than that experienced before the pandemic struck. That will be good for many central banks as inflation had generally been undershooting their targets. But excessively high inflation creates the risk that central banks have to pull forward policy tightening. Indeed, many central banks that provide signals about future policy, including the Federal Reserve, have made these sorts of noises. Some advanced-country central banks will start to lift rates as early as this year but the globally important ones, such as the Federal Reserve probably won't start lifting rates until the end of 2022 or, more likely in 2023.

Asset prices such as equities and bonds have been supported by the provision of ample central bank monetary support and fiscal aid. As these supports erode there is a risk that asset prices suffer. Much here will depend on whether high inflation takes a grip and central banks have to rush to hike rates. That is not the assumption used in our base case.

The bull scenario assumes a faster vaccine rollout and quicker removal of lockdown restrictions. We also assume that restrictions do not have to be reimposed again at a later date. In the bear scenario the efficacy and rollout of vaccines is weak leading to new and significant lockdowns that weigh heavily on the economic recovery.

KEY MANAGEMENT ASSUMPTIONS

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 1H21	Base scenario			Bear scenario			Bull scenario		
	FY21[1]	2H21 to 1H22 (next 12 months)[2]	Remaining forecast period[3]	FY21[1]	2H21 to 1H22 (next 12 months)[2]	Remaining forecast period[3]	FY21[1]	2H21 to 1H22 (next 12 months)[2]	Remaining forecast period[3]
South Africa[4]									
Inflation (%)	4.15	4.40	4.40	4.46	4.70	5.30	3.86	3.50	4.00
Prime (%)	7.00	7.50	9.50	7.75	8.50	10.25	7.00	7.00	9.25
Real GDP (%)	4.80	2.70	2.10	3.86	1.70	1.00	5.54	3.70	2.70
Employment rate growth (%)	(0.01)	0.70	1.00	(0.38)	0.10	0.70	0.64	1.10	1.40
Household credit (%)	5.79	6.30	6.40	5.21	5.50	4.00	5.93	6.60	8.10
Exchange rate USD/ZAR	14.63	14.80	15.80	15.47	15.90	17.60	14.15	14.20	14.60
Africa Regions[5] (excluding Zimbabwe) (averages)									
Inflation (%)	8.85	7.80	7.00	10.08	9.90	8.80	8.15	6.60	5.80
Policy rate (%)	8.60	8.40	8.70	8.84	9.00	9.80	8.42	8.00	7.70
3m Tbill rate (%)	7.90	8.00	7.70	7.81	8.50	8.80	9.06	8.40	7.50
6m Tbill rate (%)	8.84	8.90	8.60	9.52	10.10	10.30	8.82	8.50	8.40
Real GDP (%)	4.25	4.30	4.60	2.68	2.70	3.20	7.02	6.90	6.90
Africa Regions[5] (averages)									
Inflation (%)	13.16	11.60	9.40	15.58	20.30	27.80	12.09	8.40	6.10
Policy rate (%)	9.75	9.60	9.60	9.61	9.70	10.30	8.79	8.30	7.90
3m Tbill rate (%)	7.90	8.00	7.70	7.81	8.50	8.80	9.06	8.40	7.50
6m Tbill rate (%)	8.84	8.90	8.60	9.52	10.10	10.30	8.82	8.50	8.40
Real GDP (%)	4.30	4.30	4.70	2.29	2.40	3.00	6.87	6.80	7.00
Global[6]									
Inflation (%)	1.80	2.20	2.30	2.50	2.00	1.90	2.00	3.00	3.00
Policy rate (%)	0.10	0.10	0.50	(0.10)	(0.25)	0.10	0.25	0.50	1.00
Exchange rate GBP/USD	1.37	1.50	1.54	1.25	1.20	1.25	1.50	1.60	1.54
Real GDP (%)	6.50	5.00	2.30	4.00	0.50	2.00	8.00	6.00	2.80
Unemployment rate (%)	4.80	5.00	4.70	6.00	6.50	5.50	4.20	4.50	4.30

[1] Revised at 30 June 2021. FY21 (1 January 2021 to 31 December 2021) disclosed as at 31 December 2020, has been revised due to the changes in the macroeconomic factors.
[2] Next 12 months following the reporting date is 1 July 2021 to 30 June 2022.
[3] The remaining forecast period is 1 July 2022 to 30 June 2025.
[4] The economic factors disclosed are as at 30 June 2021, therefore excludes the impact of the unrest in South Africa which occurred post the reporting date. The scenario weighing is: base at 55%, bull at 20% and bear at 25%, which has been revised due to the changes in the macroeconomic factors.
[5] Where multiple jurisdictions are considered averages are used. The scenario weighting is: base at 55%, bull at 20% and bear at 25%. The scenario weighting has been revised due to the changes in the macroeconomic factors.
[6] Based on UK outlook. The scenario weighting is: base at 50%, bull at 20% and bear at 30%. The scenario weighting remains unchanged.

Macroeconomic factors FY20	Base scenario			Bear scenario			Bull scenario		
	FY20[1]	FY21 (next 12 months)	Remaining forecast period[2]	FY20[1]	2021 (next 12 months)	Remaining forecast period[2]	FY20[1]	2021 (next 12 months)	Remaining forecast period[2]
South Africa[3]									
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 (%)#	(3.27)	(0.01)	0.74	(3.27)	(0.66)	0.27	(3.27)	0.64	1.22
Household credit (%)#	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
Africa Regions[4] (excluding Zimbabwe) (averages)									
Inflation (%)#	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 (%)#	(2.14)	3.60	4.60	(2.68)	2.20	3.00	0.58	6.30	7.00
Africa Regions[4] (averages)									
Inflation (%)#	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 (%)#	(2.35)	3.70	4.70	(3.05)	1.80	2.70	0.57	6.20	7.00
Global[5]									
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 (%)#	(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

[1] Revised as at 31 December 2020.
[2] The remaining forecast period is 1 January 2022 to 31 December 2024.
[3] The scenario weighing is: base at 50%, bull at 20% and bear at 30%.
[4] Where multiple jurisdictions are considered averages are used. The scenario weighting is: base at 55%, bull at 16% and bear at 29%.
[5] Based on UK outlook. The scenario weighting is: base at 50%, bull at 20% and bear at 30%.
* Actual rates for 2020
# Estimated rates for 2020

KEY MANAGEMENT ASSUMPTIONS

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

The following table shows a comparison of the forward-looking impact on the ECL provision, 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 for the combined Home services, VAF, Card, personal, business and other lending product outlook.

	1H21		FY20	
	Forward looking component of ECL provision Rm	**Income statement (release)/ charge Rm**	Forward looking component of ECL provision Rm	Income statement charge Rm
Forward-looking impact	**2 493**	**(189)**	2 689	961
Scenarios				
Base	**2 497**	**(185)**	2 671	943
Bear	**3 322**	**640**	3 539	1 810
Bull	**1 664**	**(1 018)**	1 801	73

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

Post-model adjustments

Covid-19 continued to have 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 remains unpredictable, and this makes determining these scenarios and the assumptions underlying them complex. Given this uncertainty and the fact that the pandemic continues to impact clients across all geographies and client segments, these scenarios have been further stressed by increasing the percentage weighting of the bear scenario to 50 percent. On the back of this stress analysis, the group has deemed it appropriate to retain the 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, has been reviewed and signed off by senior management in the group, and continues to be held within central and other and disclosed as part of other loans and advances.

Fair value

Financial instruments

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

Valuation process

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

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

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

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

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

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

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

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

Portfolio exception: The group has, on meeting certain qualifying criteria, elected the portfolio exception which allows an entity to measure the fair value of certain groups of financial assets and financial liabilities on a net basis similar to how market participants would price the net risk exposure at the measurement date. The total amount of the change in fair value estimated using valuation techniques not based on observable market data that was recognised in profit or loss for 1H21 was a net loss of R324 million (FY20: R7 355 million net loss). Other financial instruments, not at level 3, are utilised to mitigate the risk of these changes in fair value.

Liberty

The below update focuses on key judgements that are significant, or those that have changed, and risks that are of particular interest as a consequence of the Covid-19 pandemic (for full details of Liberty's key judgements and risk management, refer to Liberty Holdings Limited's annual financial statements for the year ended 31 December 2020). Other assumptions have been set following principles consistent with the prior period and consistent with actuarial guidance. In particular, an update is provided on how the pandemic reserve assumptions have changed as a consequence of the events over the last six months.

Update on the key judgements in setting the Covid-19 pandemic reserve

Due to the high levels of uncertainty associated with the unfolding Covid-19 pandemic, the directors and management are required to apply significant judgement to the potential future impact that Covid-19 will have on the group's operations and the associated measurement of various assets and liabilities as at 30 June 2021. The assets and liabilities where measurement judgements have been significantly revised or are still subject to uncertainty as at 30 June 2021 are summarised below.

Details of key judgements applied

Taking external information into account, management established a plausible 'reference scenario' in order to quantify a best estimate of the likely financial outcome of the pandemic, whilst recognising that the range of outcomes is large. This reference scenario was then applied, where applicable, to the assets and liabilities measurement models under the respective requirements of the IFRS, regulatory capital and group equity value (GEV) frameworks.

Revisions to underlying Covid-19 mortality assumptions for the reference scenario

With the emergence of the more contagious Delta variant, it is assumed that 30% of the population are still to be infected with Covid-19 for the first time for the assumed theoretical herd immunity threshold of 80% – 85% to be reached. This is based on projections from various serology studies, which suggest that 50% – 55% of the population had already been infected at least once by 30 June 2021. However, with indications that natural immunity wanes over several months and that immunity is not always applicable for new emerging variants, it is further assumed that infections and reinfections will continue to occur until vaccinations reduce Covid-19 excess mortality to negligible levels. It is assumed that these infections and reinfections will equate to the same mortality as if a further 15% of people were to be infected for the first time. Of the 45% to be infected (i.e. 30% + 15%), it is assumed that 20% of them, hence 9% (45% x 20%) of the South African population (FY20: 8% being 40% x 20%), will experience the age-specific case fatality rate assumptions as specified below, with the other 80% assumed to fully recover. It is anticipated that the majority of these excess deaths will occur during the current third wave with the balance occurring late in 2021 and into 2022.

COVID-19 CASE FATALITY RATE ASSUMPTIONS BY AGE GROUP

Age	1H21[1,2]	FY20[3]
0-10	**0,0%**	0,0%
10-20	**0,2%**	0,2%
20-30	**0,2%**	0,2%
30-40	**0,2%**	0,2%
40-50	**0,4%**	0,4%
50-60	**1,3%**	1,3%
60-70	**2.5%**	3,6%
70-80	**5.6%**	8,0%
80+	**10.4%**	14,8%

[1] The assumed case fatality rates have been reduced for Ages 60+ from those used at 31 December 2020 to allow for the increasing proportion vaccinated.
[2] In line with relative excess experience observed between different portfolios in the first and second wave, the Covid-19 case fatality rate assumptions on non-underwritten assured lives (which excludes annuitants) are assumed to be a relative 50% higher than the rates in the table for each age band to better reflect the excess mortality expected.
[3] Based on age based Covid-19 mortality experience as evidenced in the published Wuhan research study.

KEY MANAGEMENT ASSUMPTIONS

In African Regions outside of South Africa in which the group operates, the assumptions have been assessed taking the circumstances of each country into account.

Policyholder insurance contracts and investment contracts with discretionary participation features

As a result of the emergence of Covid-19 in 2020 in South Africa and in the other jurisdictions in which Liberty operates, the group held a pandemic reserve (included in insurance contract liabilities) at FY20 on the various reported financial metrics in respect of insurance contracts in-force. This reflected the estimated net adverse impact in the short-term to the best estimate cash flows and related margins on these contracts, in excess of the supportable long-term assumptions. These impacts are a combination of the likely impact to the health of customers (mortality and morbidity) as well as the indirect impacts that the pandemic is expected to have on retrenchments, withdrawals and expenses. The impacts to the group's IFRS earnings, group equity value (including SA covered business embedded value) and the group's solvency capital position have been assessed. Given the continued high level of uncertainty of these short-term assumptions, sensitivities to these assumptions continue to be disclosed.

A pandemic reserve similarly reflecting the estimated net adverse future impact in the short-term at 30 June 2021 based on a revised reference scenario has been maintained on various reported financial metrics. For IFRS purposes, this has resulted in the recognition of a short-term pandemic reserve pre-tax and non-controlling interests' share of R1 552 million (FY20: R2 291 million) net of reinsurance. The pandemic reserve has also led to a R536 million (FY20: R1 077 million) value of in-force impairment in respect of South African (SA) covered business embedded value post-tax. The pandemic reserve impact on Liberty Group Limited (LGL) required capital and available capital resulted in the LGL solvency capital requirement cover ratio decreasing from 1,80 (excluding the pandemic reserve) to 1,73 at 30 June 2021 (FY20: 1,91 to 1,81).

The pandemic reserve estimate at 30 June 2021 has been derived from the following assumptions:

- The age-based case fatality rate assumptions tabled above will apply to 9% of Liberty's customers, including life assureds and annuitants (8% at FY20);
- The lump sum disability experience outgo will increase by a relative 15% over a one-year period from 1 July 2021 (FY20: a relative 35% over a one-year period from 1 January 2021);
- An additional absolute 2% (FY20: an additional absolute 6%) of retail customers will be retrenched, above long-term assumptions;
- Liberty Corporate's customer revenue base reduces by an additional absolute 15% (FY20: 15%) through a combination of increased customer terminations and member withdrawals related to the adverse economic conditions expected;
- An absolute additional 1,5% (FY20: absolute 5%) of retail risk and voluntary investment policies will terminate; and
- Cost overruns in the short-term as a result of lower than budgeted new business volumes and higher than expected terminations.

The short-term impacts on dread disease and income disability benefits continue to be within the typical variability of the long-term experience and are thus considered supportable by the long-term assumptions.

These assumptions have been consistently applied in the determination of the value of in-force contracts in the SA covered business embedded value, as well as for solvency capital requirement calculations.

Excess mortality over the last 6 months was higher than assumed in the pandemic reserve at FY20. Emerging evidence suggests that this was as a result of a worse than anticipated (40% worse) severity of the Beta variant which was the main variant circulating late in 2020 and early this year. With the recent emergence of the assumed more contagious Delta variant in South Africa, together with longer delays in vaccination rollouts than anticipated, the infection rate assumptions were revised at 30 June 2021 to reflect that a higher proportion of people are expected to be infected or reinfected with variants of Covid-19 before vaccinations are expected to reduce such deaths to negligible levels. The severity of the Delta variant, and subsequent variants, is assumed to be more in line with the variants in the first wave in 2020. In combination, these factors have resulted in the mortality component of the pandemic reserve being topped up in the first 6 months of 2021.

The lump sum disability, retrenchment, withdrawal and expense experience in the first half of 2021 were well within the assumptions of the pandemic reserve set up at FY20. These assumptions were revised for the pandemic reserve established at 30 June 2021 to reflect a better expected outlook, based on the better than expected experience thus far during the pandemic. The reserve release from these revisions has been used to partly offset the top-up required on the mortality assumption.

The pandemic estimates have been disclosed on a net of reinsurance basis, allowing for expense modelling considerations and reinsurance recoveries where applicable. The impacts of applying these assumptions on the various bases are summarised in the table below:

Reference scenario	Group Equity Value Rm	IFRS Net Asset Value Rm	Value of in-force net cost of capital Rm
Pandemic reserve raised 30 June 2020 – net of tax and non-controlling interests	3 003	2 175	828
Pandemic reserve raised 30 June 2020 – net of reinsurance	4 191	3 041	1 150
Taxation relief and non-controlling interests applied	(1 188)	(866)	(322)
Pandemic reserve utilised 1 July to 31 December 2020 – net of tax and non-controlling interests	(592)	(592)	
Pandemic reserve utilised 1 July to 31 December 2020 – net of reinsurance	(823)	(823)	
Taxation relief and non-controlling interests applied	231	231	
Pandemic reserve recalibration at 31 December 2020 – net of tax and non-controlling interests	301	52	249
Pandemic reserve recalibration at 31 December 2020 – net of reinsurance	419	73	346
Taxation relief and non-controlling interests applied	(118)	(21)	(97)
Pandemic reserve raised 31 December 2020– net of tax and non-controlling interests	**2 712**	**1 635**	**1 077**
Pandemic reserve raised 31 December 2020 – net of reinsurance	**3 787**	**2 291**	**1 496**
Taxation relief and non-controlling interests applied	**(1 075)**	**(656)**	**(419)**
Pandemic reserve utilised from 1 January to 30 June 2021 – net of tax and non-controlling interests	**(1 215)**	**(1 254)**	**39**
Pandemic reserve utilised from 1 January to 30 June 2021 – net of reinsurance	**(1 708)**	**(1 761)**	**53**
Taxation relief and non-controlling interests applied	**493**	**507**	**(14)**
Pandemic reserve top-up on 30 June 2021 – net of tax and non-controlling interests	**149**	**729**	**(580)**
Pandemic reserve top-up on 30 June 2021 – net of reinsurance	**217**	**1 022**	**(805)**
Taxation relief and non-controlling interests applied	**(68)**	**(293)**	**225**
Pandemic reserve at 30 June 2021 – net of tax and non-controlling interests	**1 646**	**1 110**	**536**
Pandemic reserve at 30 June 2021 – net of reinsurance	**2 296**	**1 552**	**744**
Taxation relief and non-controlling interests applied	**(650)**	**(442)**	**(208)**

	LGL solvency capital requirement cover	
	1H21 Times	FY20 Times
Reduction in LGL solvency capital requirement coverage ratio due to pandemic reserve adjustments	**(0.07)**	(0.10)

The IFRS insurance liability adjustment includes an overall assessment of the liability adequacy requirement as prescribed under IFRS 4 *Insurance Contracts*.

Great uncertainty about the long-term impact of the pandemic remains. With no clear indication that there is any material adverse long-term impact of the pandemic, no changes to long-term assumptions were considered necessary at 30 June 2021. In anticipation of vaccination rollouts at frequencies required to suppress new evolving variants, and improvements in therapeutics and medical access, it is still expected that Covid-19 experience will fall within the typical variability of experience arising from general contagious disease spread in the long-term.

Policyholder assets and liabilities under insurance contracts include provisions for the net present value of expected future benefits and expected future costs, less expected future premiums; plus, claims incurred and not reported (IBNR). An IBNR provision is an estimate of the ultimate cost of claims where the loss event has occurred prior to financial position date, but which have not been reported at that date. In South Africa, material increases in excess deaths occurred in June 2021 and December 2020. The IBNR at 30 June 2021 factored in an additional R196 million (31 December 2020: R342 million) net of expected reinsurance recoveries to reflect the estimated excess Covid-19 death claims incurred in the month preceding the reporting date that were yet to be reflected in the development of reported claims by the reporting date.

Sensitivities to the LGL insurance contract pandemic reserve are tabled below. Sensitivities have only been determined for an upward shock. The impact of a downward shock would be a profit similar in magnitude to the loss on the upward shock presented. The pre non-controlling interest and tax reserve of R32 million (FY20: R41 million) in respect of Liberty Africa Insurance has not been included in the sensitivities as it is considered immaterial from a group perspective. The impacts presented below are net of reinsurance and taxation consequences. Any taxation relief is assumed to be recoverable. Some of the stress adjustments applied to the reference scenario have changed between FY20 and 1HY21 to reflect an updated view of the extent of the presumed risk.

KEY MANAGEMENT ASSUMPTIONS

Sensitivity variable	IFRS contract boundary[1]	Adjustment to the reference scenario[2]	1H21 Impact to the group's IFRS reported profit or loss Rm	1H21 Impact to the group's reported Group Equity Value earnings Rm	1H21 Impact to the LGL solvency capital requirement cover Times
Mortality risk experience – assured lives	Long	+4.5% absolute to the expected 9% of population experiencing the revised 2021 case fatality rate assumptions (equates to a 50% relative increase to the pandemic reserve in respect of mortality)[3]	**(334)**	**(310)**	**(0.017)**
	Short[4]		**(118)**	**(115)**	**(0.006)**
Mortality risk experience – annuitants[5]		(equates approximately to a +14% relative increase to overall mortality on average for 1 year)	**44**	**48**	**0.003**
Lump sum disability risk experience	Long	+10% proportional increase for 1 year	**(32)**	**(29)**	**(0.001)**
	Short		**(8)**	**(8)**	**(0.000)**
Retail retrenchment risk experience	Long	+2% absolute increase for 1 year	**(10)**	**(9)**	**(0.000)**
	Short	(equates to a greater than +80% relative increase for 1 year)		**(22)**	
Corporate withdrawals and terminations		+10% absolute increase in loss of customer revenue base (equates approximately to a +100% relative increase on average for 1 year)		**(167)**	
Retail risk and investment policy terminations		+1.5% absolute increase on Retail risk and voluntary investment business	**(140)**	**(366)**	**(0.008)**

Refer to the footnotes under the comparative table that follows.

Sensitivity variable	IFRS contract boundary[1]	Adjustment to the reference scenario[2]	FY20 Impact to the group's IFRS reported profit or loss Rm	FY20 Impact to the group's reported Group Equity Value earnings Rm	FY20 Impact to the LGL solvency capital requirement cover Times
Mortality risk experience – assured lives	Long	+4% absolute to the expected 8% of population experiencing Wuhan mortality in the calculation of the pandemic reserve (i.e. a 50% relative increase to the pandemic reserve in respect of mortality)[3]	(344)	(320)	(0.019)
	Short		(82)	(79)	(0.005)
Mortality risk experience – annuitants		(equates approximately to a +14% relative increase to overall mortality on average for 1 year)	51	56	0.003
Lump sum disability risk experience	Long	+10% proportional increase for 1 year	(32)	(29)	(0.002)
	Short		(8)	(8)	(0.000)
Retail retrenchment risk experience	Long	+5% absolute increase for 1 year	(25)	(23)	(0.001)
	Short	(equates to a greater than +200% relative increase for 1 year)		(55)	
Corporate withdrawals and terminations		+10% absolute increase in loss of customer revenue base (equates approximately to a +100% relative increase on average for 1 year)		(184)	
Retail risk and investment policy terminations		+5% absolute increase on Retail risk and voluntary investment business (equates approximately to a +50% relative increase on average for 1 year)	(483)	(1 092)	(0.072)

[1] In some instances, the sensitivities have been split dependent on whether the IFRS contract boundary is considered short or long. Short boundary business encompasses Corporate risk fund business, and Retail embedded credit business. The balance of the group's business is categorised as long boundary. This is to facilitate a comparison with the IFRS sensitivities provided in the Risk management section in the annual financial statements for the year ended 31 December 2020, since the impact on the sensitivities is zero for contracts with a short boundary definition, but given the extent of the stress in the short-term it does give rise to a sensitivity in the table above.
[2] In some instances, approximate proportional sensitivities have been provided to aid comparison with the sensitivities provided in the Risk management section in the annual financial statements, after adjusting with a suitable assumed discounted weighted average outstanding term of the cash flows. The stresses have been calibrated such that the actual financial consequence, if adverse, is reasonably likely to fall within the impact disclosed above.
[3] The 50% relative stress is considered a reasonable stress to appropriately reflect the range of likely impact for Liberty given its small weighted exposure to HIV and TB relative to the population.
[4] The short-boundary mortality risk sensitivities have primarily increased from 31 December 2020 to 30 June 2021 due to the assumed additional 50% relative increase applied to the case fatality rates on non-underwritten assured lives.
[5] The annuitant mortality sensitivities have primarily reduced from 31 December 2020 to 30 June 2021 due to the assumed adjustment to case fatality rates from Age 60+ to allow for the increasing proportion of vaccinated individuals.

ADDITIONAL NOTES TO THE PRIMARY STATEMENTS

Consolidated reconciliation of profit for the period to group headline earnings

	1H21 Unaudited Rm	1H20 Unaudited Rm	FY20 Audited Rm
Profit for the period attributable to ordinary shareholders	**11 414**	3 767	12 358
Headline earnings adjustable items	**116**	4 134	3 956
IAS 16 – Losses on sale of properties and equipment	**3**	27	24
IAS 21 – Realised foreign currency movements on foreign operations and associates		3 367	3 120
IAS 27/IAS 28 – Gains on disposal of business			(28)
IAS 28 – Gain on disposal of associate		(1 835)	(1 835)
IAS 28/IAS 36 – Impairment of associate			52
IAS 36 – Impairment of intangible assets		2 784	3 221
IAS 40 – Fair value losses/(gains) on investment property	**113**	(209)	(67)
IFRS 5 – Remeasurement of disposal group assets held for sale			(35)
IFRS 16 – Profit on sale and leaseback			(496)
Taxation on headline earnings adjustable items	**(53)**	(301)	(338)
Non-controlling interests' share of headline earnings adjustable items		(59)	(31)
Standard Bank Group headline earnings	**11 477**	7 541	15 945
Headline earnings per ordinary share (cents)			
Headline earnings per ordinary share	**721.4**	473.8	1 002.6
Diluted headline earnings per ordinary share	**717.4**	471.8	999.6

Derivative instruments

All derivatives are classified either as held-for-trading or held-for-hedging. A summary of the total derivative assets and liabilities is shown in the table below.

	Fair value of assets		Fair value of (liabilities)	
	1H21 Rm	FY20 Rm	1H21 Rm	FY20 Rm
Total derivative assets/(liabilities) held-for-trading	**68 014**	111 148	**(64 624)**	(102 369)
Total derivative assets/(liabilities) held-for-hedging	**4 591**	7 142	**(6 730)**	(9 208)
Total	**72 605**	118 290	**(71 354)**	(111 577)

Use and measurement of derivative instruments

The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations. All derivatives are classified either as held-for-trading or held-for-hedging.

In the normal course of business, the group enters into a variety of foreign exchange, interest rate, commodity, credit and equity derivative transactions in accordance with the group's risk management policies and practices. Derivative instruments used by the group are held for both trading and hedging purposes and include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, interest rates, credit risk and the prices of commodities and equities.

A summary of the total derivative assets and liabilities are shown in the table that follows.

Derivatives held-for-trading

The group transacts into derivative contracts to address client demand, both as a market maker in the wholesale markets and in structuring tailored derivatives for clients. The group also takes proprietary positions for its own account. Trading derivative products include the following:

	Fair value of assets		Fair value of (liabilities)	
	1H21 Rm	FY20 Rm	1H21 Rm	FY20 Rm
Foreign exchange derivatives	**22 042**	36 209	**(21 337)**	(32 928)
Interest rate derivatives	**38 387**	64 135	**(35 907)**	(59 746)
Commodity derivatives	**580**	295	**(414)**	(209)
Credit derivatives	**1 237**	1 880	**(2 733)**	(2 497)
Equity derivatives	**5 768**	8 629	**(4 233)**	(6 989)
Total	**68 014**	111 148	**(64 624)**	(102 369)

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[1] Rm	Trading assets[1] Rm	Total Rm
Unrecognised net profit at 1 January 2020	1 132	9	1 141
Additional net profit on new transactions during the period	667	22	689
Recognised in trading revenue during the period	(807)		(807)
Exchange differences	26		26
Unrecognised net profit at 31 December 2020	1 018	31	1 049
Unrecognised net profit at 1 January 2021	**1 018**	**31**	**1 049**
Additional net profit on new transactions during the period	**107**		**107**
Recognised in trading revenue during the period	**(113)**		**(113)**
Exchange differences	**(3)**		**(3)**
Unrecognised net profit at 30 June 2021	**1 009**	**31**	**1 040**

[1] Restated. During 1H21, it was noted that day one profit or loss balances and movements totalling to R982 million at 31 December 2020 had been erroneously disclosed under trading assets instead of derivative instruments. This restatement did not impact the group's statement of financial position or income statement.

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.

	1H21 Rm	FY20 Rm
Cost	**56**	56
Carrying value	**416**	538
Fair value	**416**	538
Attributable income before impairment		66

ADDITIONAL NOTES TO THE PRIMARY STATEMENTS

Contingent liabilities and commitments

	1H21 Rm	FY20 Rm
Contingent liabilities		
Letters of credit and bankers' acceptances	**18 625**	15 828
Guarantees	**87 218**	86 307
Total	**105 843**	102 135
Commitments		
Investment property	**672**	458
Property and equipment	**796**	788
Other intangible assets	**358**	138
Total	**1 826**	1 384

Loan commitments of R92 701 million (FY20: R92 663 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	1H21 Rm	FY20 Rm
Derivative assets	**4 561**	7 367
Loans and advances	**11 033**	11 269
Other assets	**181**	742
Derivative liabilities	**(4 424)**	(7 280)
Deposits and debt funding	**(115)**	(1 232)
Other liabilities	**(365)**	(150)

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 30 June 2021 the net income recognised in respect of these arrangements amounted to R7 million (FY20: net expense of R130 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 and 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	1H21 Rm	FY20 Rm
Loans and advances[1]	**3 315**	3 715
Other assets[2]	**655**	620
Deposits and debt funding	**(10 135)**	(14 535)

[1] Restated. During 1H21, it was noted that loans and advances with ICBC erroneously overstated as it included balances relating to another counterparty of R19 631 million for FY20, the disclosure has been restated to exclude these balances. This restatement did not impact the group's statement of financial position or any key ratios relating to loans and advances.

[2] 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 30 June 2021, a balance of USD42.9 million (R612.6 million) is receivable from ICBC in respect of this arrangement (FY20: USD41.7 million; R610.3 million).

The group has off-balance sheet guarantees and letters of credit exposure issued to ICBC as at 30 June 2021 of R2 842 million (FY20: R2 573 million). The group received R13 million in fee and commission revenue relating to these transactions (FY20: R96 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	1H21 Rm	FY20 Rm
Trading liabilities	**(79)**	(27)
Deposits and debt funding	**(22 467)**	(22 007)
Trading losses	**(11)**	(19)
Interest expense	**(572)**	(1 674)

Post-employment benefit plans

The group manages R10 911 million (FY20: R9 882 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:

	1H21 Rm	FY20 Rm
Financial investments held in bonds and money market	**780**	651
Value of ordinary group shares held	**235**	296

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.

	Fair value through profit or loss			Fair value through OCI						
1H21	Held-for-trading Rm	Designated at fair value Rm	Default Rm	Debt instruments Rm	Equity instruments Rm	Total assets and liabilities measured at fair value Rm	Amortised cost[1] Rm	Other non-financial assets/ liabilities Rm	Total carrying amount Rm	Fair value[2] Rm
Assets										
Cash and balances with central banks			73 169			73 169	11 271		84 440	84 440
Derivative assets	72 605					72 605			72 605	72 605
Trading assets	254 186					254 186			254 186	254 186
Pledged assets	3 303		7 073	5 252		15 628	881		16 509	16 509
Financial investments		45 212	386 247	78 711	978	511 148	157 660		668 808	670 959
Disposal of group assets held for sale			494			494		6	500	494
Loans and advances			1 498			1 498	1 313 478		1 314 976	1 314 090
Policyholders' assets								4 241	4 241	
Interest in associates and joint ventures								6 951	6 951	
Investment property								29 453	29 453	29 453
Other financial assets[3]							26 521		26 521	
Other non-financial assets								58 734	58 734	
Total assets	330 094	45 212	468 481	83 963	978	928 728	1 509 811	99 385	2 537 924	
Liabilities										
Derivative liabilities	71 354					71 354			71 354	71 354
Trading liabilities	80 986					80 986			80 986	80 986
Disposal of group liabilities held for sale								86	86	
Deposits and debt funding		3 784				3 784	1 628 417		1 632 201	1 630 877
Policyholders' liabilities[4]		112 846				112 846		227 644	340 490	112 846
Subordinated debt		7 134				7 134	21 784		28 918	28 733
Other financial liabilities[3]		104 872				104 872	7 763		112 635	
Other non-financial liabilities								47 814	47 814	
Total liabilities	152 340	228 636				380 976	1 657 964	275 544	2 314 484	

Refer to footnotes under the comparative table that follows.

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.

	Fair value through profit or loss			Fair value through OCI						
FY20	Held-for-trading Rm	Designated at fair value Rm	Default Rm	Debt instruments Rm	Equity instruments Rm	Total assets and liabilities measured at fair value Rm	Amortised cost[1] Rm	Other non-financial assets/ liabilities Rm	Total carrying amount Rm	Fair value[2] Rm
Assets										
Cash and balances with central banks			75 208			75 208	12 297		87 505	87 565
Derivative assets	118 290					118 290			118 290	118 290
Trading assets	262 627					262 627			262 627	262 627
Pledged assets	2 451		8 599	7 402		18 452	529		18 981	18 980
Financial investments		28 219	341 225	76 613	1 084	447 141	203 157		650 298	655 007
Disposal of group assets held for sale			213			213		7	220	213
Loans and advances			1 242	962		2 204	1 269 051		1 271 255	1 269 805
Policyholders' assets								5 050	5 050	
Interest in associates and joint ventures								6 498	6 498	
Investment property								29 917	29 917	29 917
Other financial assets[3]							26 365		26 365	
Other non-financial assets								55 934	55 934	
Total assets	383 368	28 219	426 487	84 977	1 084	924 135	1 511 399	97 406	2 532 940	
Liabilities										
Derivative liabilities	111 577					111 577			111 577	111 577
Trading liabilities	81 261					81 261			81 261	81 261
Disposal of group liabilities held for sale								92	92	
Deposits and debt funding		3 352				3 352	1 620 692		1 624 044	1 623 404
Policyholders' liabilities[4]		106 954				106 954		218 238	325 192	106 954
Subordinated debt		6 081				6 081	23 225		29 306	28 996
Other financial liabilities[3]		76 885				76 885	23 662		100 547	
Other non-financial liabilities								45 649	45 649	
Total liabilities	192 838	193 272				386 110	1 667 579	263 979	2 317 668	

[1] Includes financial assets and financial liabilities for which the carrying value has been adjusted for changes in fair value due to designated hedged risks.
[2] Carrying value has been used where it closely approximates fair values, excluding non-financial assets and liabilities.
[3] The fair value of other financial assets and liabilities measured at amortised cost approximates the carrying value due to their short-term nature.
[4] The fair value has been provided for financial liabilities under investment contracts which have been designated at fair value. The remaining liabilities for which fair value disclosure has not been provided relate to insurance contracts and investment contracts with discretionary participation features that are not financial instruments as defined.

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.

	1H21				FY20			
Measured on a recurring basis[1]	**Level 1 Rm**	**Level 2 Rm**	**Level 3 Rm**	**Total Rm**	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets								
Cash and balances with central bank	72 249	920		73 169	73 656	1 552		75 208
Derivative assets	633	68 506	3 466	72 605	65	115 802	2 423	118 290
Trading assets	165 619	85 208	3 359	254 186	164 122	95 315	3 190	262 627
Pledged assets	15 014	614		15 628	15 757	2 695		18 452
Financial investments	242 011	240 784	28 353	511 148	228 228	196 873	22 040	447 141
Disposal of group assets classified as held for sale[2]	494			494	213			213
Loans and advances		1 189	309	1 498		2 011	193	2 204
Total financial assets at fair value	496 020	397 221	35 487	928 728	482 041	414 248	27 846	924 135
Financial liabilities								
Derivative liabilities	601	67 843	2 910	71 354	48	105 397	6 132	111 577
Trading liabilities	51 895	26 717	2 374	80 986	42 349	35 734	3 178	81 261
Deposits and debt funding		3 784		3 784		3 352		3 352
Policyholders' liabilities		112 846		112 846		106 954		106 954
Other financial liabilities		98 584	6 288	104 872		70 839	6 046	76 885
Subordinated debt		7 134		7 134		6 081		6 081
Total financial liabilities at fair value	52 496	316 908	11 572	380 976	42 397	328 357	15 356	386 110

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

Level 2 and 3 – valuation techniques and inputs	
Item and valuation technique	**Main inputs and assumptions**
Derivative financial instruments Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: • discounted cash flow model • Black-Scholes model • combination technique models. **Trading assets and trading liabilities, pledged assets and financial investments** Where there are no recent market transactions in the specific instrument, fair value is derived from the latest 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.	**For level 2 and 3 fair value hierarchy items:** • discount rate* • spot prices of the underlying • correlation factors • volatilities • dividend yields • earnings yield • valuation multiples.
Loans and advances to banks and customers For certain loans, fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	**For level 2 and 3 fair value hierarchy items:** • discount rate*.
Deposits and debt funding 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.	
Policyholders' assets and liabilities 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). Annuity certains: discounted cash flow models are used to determine the fair value of the stream of future payments.	**For level 2 and 3 fair value hierarchy items** • discount rate* • spot price of underlying.
Third-party financial liabilities arising on the consolidation of mutual funds (included in other liabilities) 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.	**For level 2 and 3 fair value hierarchy items** • discount rate*.

* Discount rates, where applicable, include the risk-free rate, risk premiums, liquidity spreads, credit risk (own and counterparty as appropriate), timing of settlement, storage 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
Balance at 1 January 2020	2 611	2 622	10 664	161	16 058
Total gains/(losses) included in profit or loss	857	(92)	(1 402)	(74)	(711)
Non-interest revenue	857	(92)	(977)	(74)	(286)
Income from investment management and life insurance activities			(425)		(425)
Total loss included in OCI			(158)		(158)
Issuances and purchases	1 035	838	15 905	493	18 271
Sales and settlements[3]	(2 082)	(124)	(2 906)	(387)	(5 499)
Transfers into level 3[1]	62				62
Transfers out of level 3[2,3]	(149)	(54)			(203)
Exchange differences	89		(63)		26
Balance at 31 December 2020	2 423	3 190	22 040	193	27 846
Balance at 1 January 2021	**2 423**	**3 190**	**22 040**	**193**	**27 846**
Total gains/(losses) included in profit or loss	**559**	**202**	**488**	**(23)**	**1 226**
Non-interest revenue	**559**	**202**	**(58)**	**(23)**	**680**
Income from investment management and life insurance activities			**546**		**546**
Total gains included in OCI			**20**		**20**
Issuances and purchases	**333**	**67**	**9 690**	**357**	**10 447**
Sales and settlements	**(83)**	**(115)**	**(3 885)**	**(218)**	**(4 301)**
Transfers into level 3[1]	**248**	**88**			**336**
Transfers out of level 3[2]		**(73)**			**(73)**
Exchange differences	**(14)**				**(14)**
Balance at 30 June 2021	**3 466**	**3 359**	**28 353**	**309**	**35 487**

[1] 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.
[2] During the period, the valuation inputs of certain level 3 financial assets became observable. The fair value of these financial assets was transferred into level 2.
[3] Restated. During 1H21 it was noted that R1 946 million was erroneously included in transfers out of level 3, instead of sales and settlements. This restatement has no impact on the group's statement of financial position.

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
1H21					
Non-interest revenue	**547**	**200**	**180**	**(5)**	**922**
Income from investment management and life insurance activities			**108**		**108**
FY20					
Non-interest revenue	690	(92)	(942)	74	(270)
Income from investment management and life insurance activities			(596)		(596)

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[1] Rm	Total Rm
Balance at 1 January 2020	5 602	3 199	7 293	16 094
Total losses/(gains) included in profit or loss – non-interest revenue	758	495	(28)	1 225
Issuances and purchases	129	889	174	1 192
Sales and settlements	(226)	(1 405)	(1 393)	(3 024)
Transfers out of level 3[1]	(131)			(131)
Balance at 31 December 2020	6 132	3 178	6 046	15 356
Balance at 1 January 2021	**6 132**	**3 178**	**6 046**	**15 356**
Total losses/(gains) included in profit or loss – non-interest revenue	**387**	**(32)**	**(15)**	**340**
Issuances and purchases	**193**	**207**	**2 316**	**2 716**
Sales and settlements	**(3 739)**	**(917)**	**(2 059)**	**(6 715)**
Transfers out of level 3[1]	**(129)**	**(62)**		**(191)**
Transfers into level 3[2]	**66**			**66**
Balance at 30 June 2021	**2 910**	**2 374**	**6 288**	**11 572**

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

Level 3 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
1H21				
Non-interest revenue	**1 301**	**(32)**	**(15)**	**1 254**
FY20				
Non-interest revenue	977	319		1 296

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
1H21			
Derivative instruments	**From (1%) to 1%**	**289**	**(289)**
Trading assets	**From (1%) to 1%**	**61**	**(61)**
Financial investments	**From (1%) to 1%**	**380**	**(429)**
Trading liabilities	**From (1%) to 1%**	**57**	**(57)**
Total		**787**	**(836)**
FY20			
Derivative instruments	From (1%) to 1%	191	(191)
Trading assets	From (1%) to 1%	68	(68)
Financial investments	From (1%) to 1%	165	(223)
Trading liabilities	From (1%) to 1%	69	(69)
Total		493	(551)

The measurement of financial investments classified as FVOCI would result in a R104 million favourable (FY20: R130 million favourable) and R105 million unfavourable (FY20: R125 million unfavourable) impact on OCI applying a 1% change of the significant unobservable inputs used to determine the fair value.

OTHER REPORTABLE ITEMS

Additional tier 1 capital

The group issued R1 800 million Basel III compliant AT1 capital bonds that qualify as tier 1 capital during 1H21 (FY20: R1 539 million). During 2020, coupons to the value of R338 million (FY20: R583 million) were paid to AT1 capital bondholders. Current tax of R95 million (FY20: R163 million) relating to the AT1 capital bonds was recognised directly in equity resulting in an aggregate net equity impact of R243 million (FY20: R420 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 six months ended 30 June 2021 and up to 19 August 2021:

Appointments		
PLH Cook	As independent non-executive director	22 February 2021
Retirements		
AC Parker	As independent non-executive director	27 May 2021

Disposal of group assets and liabilities held by Liberty

The Total Health Trust Limited in Nigeria (part of Health risk solutions) business operation remains under a sale process at 30 June 2021.

During 1H21, a conditional offer has been accepted for the disposal of a property held by Liberty, that previously was classified partially as property, equipment and right of use assets, with the remainder as investment property. The property has been reclassified to disposal of group assets and has been remeasured to the value of the conditional offer.

Effective 31 January 2021, Liberty concluded the sale of its entire shareholding of Liberty General Botswana (Pty) Ltd, previously disclosed as a disposal group, for a purchase consideration of BWP6.7 million (R9 million). The sale was concluded at the net asset value of the entity as at 31 January 2021.

Based on the requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5), the assets and liabilities in these disposal groups were classified as held for sale and presented separately on the statement of financial position. The disposal groups are measured at the lower of carrying amount and fair value less costs to sell, there were no further remeasurements, as set out below:

Liberty	1H21 Rm	FY20 Rm
Disposal of group assets held for sale	**494**	213
Disposal of group liabilities held for sale	**(86)**	(92)
Total disposal group held for sale	**408**	121

The potential sales are not discontinued operations as defined under IFRS 5 as they are not disposals of separate major lines of business or geographical areas of operation. Profit or loss from cash-generating units within disposal groups have consequently not been separately identified in the statement of comprehensive income.

Equity securities

During 1H21, the group allotted no shares (FY20: 231 936) in terms of the group's share incentive schemes and did not repurchase any shares during 1H21 or FY20. The equity securities held as treasury shares at 1H21 was a long position of 31 233 624 shares with no short positions (FY20: long position of 27 036 663 shares with no short positions).

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,

OTHER REPORTABLE ITEMS

ordered that (a) the Competition Commission need not disclose its record of investigation into alleged collusion in foreign exchange markets until after both SBSA has filed its written defence to the complaint against it and the Competition Tribunal has directed that all parties make discovery of relevant documents, and (b) the Competition Appeal Court erred in not deciding if it had the requisite jurisdiction before ordering the Competition Commission to lodge its record of decision in SBSA's application to have the Competition Commission's decision to initiate a complaint of collusion against SBSA reviewed and set aside, and remitted that issue of jurisdiction back to the Competition Appeal Court for determination. The Competition Appeal Court, upon the ordered remission, ruled that it can have jurisdiction over the foreign respondents provided the Commission can prove that the alleged collusion had a direct, foreseeable and material effect within South Africa. The Appeal Court also ruled that the allegations against all the respondents were so vague as to be unintelligible. Therefore the Commission was given a fixed period to file a wholly new complaint affidavit that addresses all of the identified shortcomings. The Commission, after lengthy delays, filed a wholly new complaint affidavit. In response all of the respondents other than Investec filed notices of objection or notices to compel more particulars and, in the case of the Standard Bank related respondents, applications for the dismissal of the complaint in its entirety. 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. Multiple dates were made available in November and December 2021 for all Respondents and the Competition Commission to set out their various applications to dismiss, exceptions and requests for information to be heard and for responses from the Competition Commission.

Separately SBSA has requested a date for hearing of its review application from the Competition Appeal Court (CAC). This review is requested of the Competition Commission's decision to refer the complaint against SBSA to the tribunal following new case law confirming the CAC's jurisdiction to hear reviews of this nature.

Indemnities granted following disposal of Standard Bank Plc

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

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.

Only the FY20 *pro forma* constant currency information, where applicable, contained in these results, has been reviewed by the group's external auditors and their unmodified assurance report prepared in terms of International Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* (ISAE 3420) is available for inspection at the company's registered office on weekdays from 09:00 to 16:00.

The average exchange and closing rates used 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 1H21, the group issued R1.7 billion (FY20: R7.0 billion) Basel III compliant bonds that qualify as tier 2 capital. The capital notes constitute direct, unsecured and subordinated obligations. The notes may be redeemed prior to their respective maturity dates at the option of the issuer and subject to regulatory approval, after a minimum period of five years.

The terms of the Basel III compliant tier 2 capital bonds include a regulatory requirement which provides for the write-off, in whole or in part, on the earlier of a decision by the 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 R1.7 billion (FY20: R7.5 billion) Basel III and Basel II compliant tier 2 notes that were eligible for redemption during 1H21.

During 1H21, the group did not issue or redeem subordinated debt instruments that qualify as regulatory insurance capital (FY20: R1.5 billion issued; R1.0 billion redeemed).

Post reporting date event

Standard Bank Mozambique Foreign Currency Trading

At the time of preparing this report an on-site inspection by the Bank of Mozambique (BOM) was underway regarding allegation of breaches in foreign exchange control requirements. On 12 July 2021, Standard Bank Mozambique (SBM) was notified by BOM of the suspension from the foreign exchange market for a period of up to 12 months and fined R65 million for contravention processes instituted against SBM following findings of the on-site inspection. The notice received from the BOM provides further information and evidences of on-site inspection that existed at the end of at the reporting date, as such the fine was duly accounted for in this interim financial results.

SBM is cooperating and working closely with BOM to address the situation as soon as possible. As a result, with effect from 26 July 2021, BOM conceded a partial lifting of SBM's suspension from the foreign exchange market. The lifting of the suspension, although it still prevents SBM, from participating in the Interbank foreign exchange market, allows SBM to resume currency conversion operations with our clients.

The group remains committed to do business ethically and responsible and governance and compliance processes are rigorous, as we consider reputation our most valuable asset.

RISK MANAGEMENT – IFRS DISCLOSURES

Overview

The group's activities give rise to various financial and insurance risks. Financial risks are categorised into credit, funding and liquidity and market risk, of which an update from FY20 has been included in these results relating to concentration and certain market risks relating to Standard Bank Activities and capital management, enterprise risk, insurance risk, market risk, credit risk and liquidity risk relating to Liberty. The group's approach to managing risk and capital is set out in the group's risk, compliance and capital management (RCCM) governance framework approved by the group risk and capital management committee (GRCMC).

Standard Bank Activities

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

	1H21 Rm	FY20 Rm
Agriculture	**35 125**	34 722
Construction	**20 803**	19 001
Electricity	**26 186**	24 557
Finance, real estate and other business services	**406 382**	394 045
Individuals	**579 627**	563 610
Manufacturing	**74 093**	74 834
Mining	**27 550**	32 873
Transport	**50 891**	51 395
Wholesale	**75 081**	64 345
Other services	**70 798**	61 859
Total	**1 366 536**	1 321 241

GEOGRAPHIC SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	1H21		FY20	
	%	Rm	%	Rm
South Africa	**66**	**903 620**	65	861 565
Africa Regions[1]	**18**	**245 431**	18	242 030
International[1]	**16**	**217 485**	17	217 646
Total	**100**	**1 366 536**	100	1 321 241

[1] Restated. During 1H21 it was noted that the FY20 amounts relating to Africa Regions erroneously included R79 226 million relating to International. This restatement has no impact on the group's statement of financial performance or any key ratios relating to loans and advances.

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

	1H21 Rm	FY20 Rm
Agriculture	**1 149**	1 431
Construction	**1 875**	1 343
Electricity	**560**	579
Finance, real estate and other business services	**2 746**	2 784
Individuals	**22 230**	20 578
Manufacturing	**849**	862
Mining	**332**	363
Transport	**1 684**	1 709
Wholesale	**2 107**	2 096
Other services	**1 586**	1 511
Total	**35 118**	33 256

RISK MANAGEMENT – IFRS DISCLOSURES

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

	1H21		FY20	
	%	Rm	%	Rm
South Africa	81	28 504	77	25 504
Africa Regions	18	6 161	21	7 082
International	1	453	2	670
Total	100	35 118	100	33 256

Market risk

Definition

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

The group's key market risks are:

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

Trading book market risk

Definition

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

Approach to managing market risk in the trading book

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

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

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

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

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

VaR and SVaR

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

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

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

Daily losses exceeding the VaR are likely to occur, on average, 13 times in every 250 days.

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

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

Limitations of historical VaR are acknowledged globally and include:

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

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

Trading book portfolio characteristics

VaR for the period under review

Trading book market risk exposures arise mainly from residual exposures from client transactions and limited trading for the group's own account. In general, the group's trading desks have run increased levels of market risk throughout the first six months of 2021 for most asset classes when compared to the 2020 aggregate normal VaR, and aggregate SVaR.

TRADING BOOK NORMAL VAR ANALYSIS BY MARKET VARIABLE

	Normal VaR			
	Maximum[1] Rm	Minimum[1] Rm	Average Rm	Closing Rm
1H21				
Commodities risk	2		1	
Foreign exchange risk	28	11	18	17
Equity position risk	17	10	14	14
Debt securities	72	26	41	27
Diversification benefits[2]			(28)	(22)
Aggregate	70	31	45	37
FY20				
Commodities risk	2		1	1
Foreign exchange risk	25	10	17	16
Equity position risk	17	3	9	14
Debt securities	60	17	33	59
Diversification benefits[2]			(23)	(38)
Aggregate	56	27	38	52

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

TRADING BOOK SVAR ANALYSIS BY MARKET VARIABLE

	SVaR			
	Maximum[1] Rm	Minimum[1] Rm	Average Rm	Closing Rm
1H21				
Commodities risk	13	1	5	3
Foreign exchange risk	320	178	246	206
Equity position risk	356	81	188	114
Debt securities	953	285	462	356
Diversification benefits[2]			(490)	(313)
Aggregate	903	259	411	366
FY20				
Commodities risk	48	4	11	9
Foreign exchange risk	410	88	188	177
Equity position risk	333	34	152	110
Debt securities	773	179	351	420
Diversification benefits[2]			(298)	(342)
Aggregate	855	191	403	373

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

RISK MANAGEMENT – IFRS DISCLOSURES

Approach to managing IRRBB

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

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

Measurement

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

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

INTEREST RATE SENSITIVITY ANALYSIS[1]

		ZAR	USD	GBP	Euro	Other	Total
1H21							
Increase in basis points	Basis points	**200**	**100**	**100**	**100**	**100**	
Sensitivity of annual net interest income	Rm	**2 740**	**528**	**329**	**58**	**881**	**4 536**
Decrease in basis points[2]	Basis points	**200**	**100**	**100**	**100**	**100**	
Sensitivity of annual net interest income	Rm	**(3 190)**	**(122)**	**(18)**		**(895)**	**(4 225)**
FY20							
Increase in basis points	Basis points	200	100	100	100	100	
Sensitivity of annual net interest income	Rm	2 386	448	308	68	796	4 006
Decrease in basis points[2]	Basis points	200	100	100	100	100	
Sensitivity of annual net interest income	Rm	(2 962)	(89)	(5)		(757)	(3 813)

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

Equity risk in the banking book

Definition

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

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

Approach to managing equity risk in the banking book

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

For the avoidance of doubt, equity risk in the banking book excludes strategic investments in the group's subsidiaries, associates and joint ventures deployed in delivering the group's business and service offerings unless the group chief finance & value management officer and chief risk and corporate affairs officer deem such investments to be subject to the consideration and approval by the group ERC.

MARKET RISK SENSITIVITY OF NON-TRADING EQUITY INVESTMENTS

	10% reduction in fair value Rm	Fair value Rm	10% increase in fair value Rm
1H21			
Equity securities listed and unlisted	**3 074**	**3 416**	**3 758**
Listed		**160**	
Unlisted		**3 256**	
Impact on profit or loss	**(244)**		**244**
Impact on OCI	**(98)**		**98**
FY20			
Equity securities listed and unlisted	3 197	3 552	3 907
Listed		155	
Unlisted		3 397	
Impact on profit or loss	(247)		247
Impact on OCI	(108)		108

Liberty – as disclosed by Liberty Holdings Limited

Enterprise risk management

South Africa experienced an anticipated third Covid-19 wave in June 2021, driven by the highly transmissible Delta variant. This resulted in new lockdown restrictions being implemented to curb infections. Due to the slow initial vaccine rollout, the severity of the disease remains high and the financial impact of this wave is expected to be material. The low severity levels being experienced in recent new waves of infection in countries with high levels of vaccination highlight the effectiveness of vaccines in mitigating the risks associated with Covid-19.The South African vaccination rollout has accelerated significantly over the last quarter with further acceleration expected. The persistent nature of this pandemic has materially raised physical as well as mental health risks. Management will keep monitoring these developments and take actions as required.

The Crisis Management Team "CMT" (comprised of the executive committee given the breadth of the crisis) with two sub-committees: the Operations and Continuity CMT (chaired by the chief risk officer) and the Business Impact and Rapid Response CMT (chaired by the group's financial director) continued to monitor the progression and impact of the Covid-19 pandemic over the first half of 2021. Liberty's risk management policies facilitated the process to respond to the Covid-19 crisis by providing direction in terms of the high- level principles that needed to be adopted by executive management and the CMT.

Capital management

Solvency capital requirement coverage

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

Liberty	1H21	FY20
Available capital (or own funds) (Rm)	**31 068**	30 275
SCR (Rm)	**17 933**	16 703
SCR coverage ratio (times)	**1.73**	1.81
Target SCR coverage ratio (times)	**1.5 – 2.0**	1.5 – 2.0

The Solvency Capital Requirement (SCR) cover of Liberty Group Limited (LGL), the group's main long-term insurance licence at 30 June 2021 remains strong at 1,73 times, which is well within the target range of 1,5 to 2,0 times. The reduction in SCR coverage is mainly driven by the continued impact of the Covid-19 pandemic, in particular setting up a further provision for worse mortality; as well as the increased foreign equity symmetric adjustment together with the Rand strengthening over the period.

Insurance risk

Over the last 6 months, the group has closely monitored the direct and indirect impacts emerging from the Covid-19 pandemic in order to inform appropriate management actions to be taken timeously.

The group has continued to take actions to refine underwriting and to put through premium increases, where considered necessary, to help ensure that the experience on new underwriting risks entered into is broadly in line with expectation. Further, the group continues to implement retention initiatives to manage its persistency. These initiatives have helped ensure that the excess withdrawal costs expected from the indirect impact of Covid-19, and the associated expected overrun in maintenance expenses, have been well within the allowance made in the pandemic reserve.

With the pandemic and socio-economic situation rapidly evolving, the group will continue to monitor the insurance environment, including the competitive landscape, to take appropriate management actions where required.

RISK MANAGEMENT – IFRS DISCLOSURES

Market risk

Shareholder Investment Portfolio (SIP)

The following table summarises exposures in the shareholder investment portfolio.

SHAREHOLDER INVESTMENT PORTFOLIO

	1H21				FY20			
Exposure category	**Local Rm**	**Foreign Rm**	**Total Rm**	**%**	Local Rm	Foreign Rm	Total Rm	%
Equities	**3 749**	**2 953**	**6 702**	**24**	3 456	2 284	5 740	22
Bonds	**8 369**	**386**	**8 755**	**32**	8 190	399	8 589	32
Cash	**2 404**	**50**	**2 454**	**9**	3 516	50	3 566	13
Property	**7 991**		**7 991**	**29**	7 010		7 010	26
Other	**861**	**842**	**1 703**	**6**	890	983	1 873	7
Total	**23 374**	**4 231**	**27 605**	**100**	23 062	3 716	26 778	100
Assets backing capital			**9 725**	**35**			11 545	43
Assets backing policyholder liabilities			**11 779**	**43**			9 618	36
90:10 exposure[1]			**2 951**	**11**			2 915	11
Property exposure backing other liabilities[2]			**3 150**	**11**			2 700	10
Reconciliation to IFRS shareholders' equity								
Shareholder Investment Portfolio			**27 605**				26 778	
Less: 90:10 exposure[1]			**(2 951)**				(2 915)	
Less: Property exposure backing other liabilities[2]			**(3 150)**				(2 700)	
Less: Subordinated notes			**(5 994)**				(5 998)	
South African insurance operations Liberty funds			**15 510**				15 165	
Liberty Group Limited group's IFRS shareholders' equity			**16 547**				16 459	
Insurance group funds			**15 510**				15 165	
Liberty Two Degrees[3]			**1 037**				1 294	

[1] The 90:10 exposure is the exposure on certain contracts which include terms that allocate 10% of the investment returns to Liberty shareholders.

[2] Property exposures backing other liabilities represents exposures on property assets backing certain policyholder reserves where the shareholder is exposed to the capital return on the backing assets.

[3] This represents the difference between Liberty group's share of the net asset value of Liberty Two Degrees as at the reporting date and the listed price of Liberty Two Degrees shares multiplied by the number of shares in issue to Liberty group at the reporting date. Adjusting the valuation from net asset value to share price is required to ensure consistency between policyholder liabilities and their backing assets, and to provide a market consistent valuation of the Liberty Two Degrees shares held within the Shareholder Investment Portfolio.

SHAREHOLDER INVESTMENT PORTFOLIO PERCENTAGE ALLOCATION

	1H21				FY20			
Exposure category %	**Assets backing capital**	**Assets backing policyholder liabilities**	**90:10 exposure and other property exposure**	**Total**	Assets backing capital	Assets backing policyholder liabilities	90:10 exposure and other property exposure	Total
Local assets								
Equities	**5**	**5**	**4**	**14**	9		4	13
Bonds, cash and property	**18**	**37**	**14**	**69**	21	36	13	70
Other	**3**			**3**	3			3
Foreign assets								
Equities	**6**	**1**	**3**	**10**	6		3	9
Bonds, cash and property			**1**	**1**			1	1
Other	**3**			**3**	4			4
Total	**35**	**43**	**22**	**100**	43	36	21	100

Given global liquidity and accommodative monetary stances taken by central banks, markets have recovered strongly and have experienced a period of relative stability in 2021. The portfolio has benefited from this broad-based recovery, with the strengthening of the Rand offsetting some of the gains during the period.

Asset/liability management portfolio (ALM portfolio)

The hedging program continued to be effective in reducing earnings volatility and was managed within approved risk limits during the period. Global inflationary concerns and the implications for global liquidity remains top of mind for investors heading into the second half of 2021.

Property

The group remains exposed to tenant default, depressed rental markets and unlet space within its investment property portfolio. The first half of 2021 has seen a steady recovery in trading and a consequential reduction in rental rebates and discounts. Operational performance has improved in 2021 despite the ongoing uncertain socio-economic environment. Key operational indicators, including customer visits to malls, tenant occupancies, rental collections, turnover growth and occupational health and safety, have been encouraging. Processes remain in place with security teams, business partners and government to safeguard property assets, tenants and customers, to restore confidence and support these assets in the period ahead. The office sector remains under pressure with the industry oversupply further impacted by the working from home trend.

The last six months have seen an improvement in the rental arrears position, with most rental relief negotiations related to the 2020 period now concluded. The ongoing impact of the Covid-19 pandemic along with the recent events of social unrest in South Africa, post 30 June 2021, continue to weigh on the economy and have contributed to a difficult trading environment for the property sector in particular. Liberty properties were not damaged during the recent unrest.

Policyholder net outflows from the Liberty Property Portfolio have continued, albeit at a slower pace, in the first half of 2021, leading to increased shareholder property exposure. The exposures however remain well within Liberty's risk appetite limits in terms of both market and liquidity risk.

Credit risk

Ongoing credit research and engagements with borrower management teams have improved Liberty's understanding of the impact of Covid-19 and the lockdowns. Most of the borrowers initially impacted have been able to make changes to their business models and, in some cases, have sourced additional equity in order to stabilize their businesses. There are, however, still relatively small exposures to the hospitality sector and gyms where the longer-term impact is not yet well understood and further material interventions and/or concessions will be needed to save these businesses.

Overall credit risk being taken has increased due to the deterioration of the macro economic environment and weaknesses in the state owned enterprise sector as evidenced by the rating agency down grades.

Liquidity risk

LGL's efforts to conserve liquidity, primarily through constraining credit origination activities in 2020, resulted in a build-up of liquidity with the group's liquidity position strengthening significantly. Credit origination activities have resumed which will consume some of this liquidity during the remainder of the year. The overall liquidity position remains strong.

Policyholder outflows from illiquid assets have continued to be experienced, resulting in increased exposure for shareholders. Given the strong liquidity position of the group the outflows do not pose near-term threats to risk appetite.

Notes

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ANALYSIS OF SHAREHOLDERS

TEN MAJOR SHAREHOLDERS[1]

	1H21		1H20		FY20	
	Number of shares (million)	**% holding**	Number of shares (million)	% holding	Number of shares (million)	% holding
Industrial and Commercial Bank of China	**325.0**	**20.1**	325.0	20.1	325.0	20.1
Government Employees Pension Fund (PIC)	**230.5**	**14.2**	225.1	13.9	229.5	14.2
Alexander Forbes Investments	**35.8**	**2.2**	30.4	1.9	34.2	2.1
Old Mutual Life Assurance Company	**30.2**	**1.9**	24.7	1.5	29.5	1.8
Allan Gray Balanced Fund	**26.9**	**1.7**	38.2	2.4	30.2	1.9
Prudential Equity Fund	**19.5**	**1.2**	11.7	0.7	14.2	0.9
Government of Norway	**18.8**	**1.2**	15.9	1.0	16.9	1.0
Vanguard Emerging Markets Stock Index Fund (US)	**17.5**	**1.1**	17.3	1.1	16.2	1.0
Vanguard Total International Stock Index Fund	**17.0**	**1.0**	22.6	1.4	19.1	1.2
Government Institutions Pension Fund (Namibia)	**15.8**	**1.0**	13.2	0.8	16.6	1.0
	737.0	**45.6**	732.3	45.3	731.4	45.2

[1] Beneficial holdings determined from the share register and investigations conducted on our behalf in terms of section 56 of the Companies Act, 71 of 2008.

GEOGRAPHIC SPREAD OF SHAREHOLDERS

	1H21		1H20		FY20	
	Number of shares (million)	**% holding**	Number of shares (million)	% holding	Number of shares (million)	% holding
South Africa	**806.6**	**49.8**	806.6	49.8	833.7	51.5
Foreign shareholders	**813.3**	**50.2**	813.3	50.2	786.2	48.5
China	**330.5**	**20.4**	327.2	20.2	329.8	20.4
United States of America	**197.4**	**12.2**	211.7	13.1	207.7	12.8
Namibia	**22.4**	**1.4**	20.3	1.3	24.2	1.5
United Kingdom	**21.8**	**1.3**	24.0	1.5	23.5	1.5
Norway	**19.1**	**1.2**	17.9	1.1	17.2	1.1
United Arab Emirates	**15.0**	**0.9**	21.3	1.3	19.9	1.2
Ireland	**14.8**	**0.9**	13.4	0.8	14.1	0.9
Luxembourg	**14.3**	**0.9**	13.0	0.8	13.4	0.8
Singapore	**13.9**	**0.9**	27.5	1.7	21.5	1.3
Japan	**13.0**	**0.8**	15.8	1.0	12.7	0.8
Netherlands	**11.9**	**0.7**	13.2	0.8	14.0	0.9
Hong Kong	**9.6**	**0.6**	12.7	0.8	9.9	0.6
Switzerland	**8.5**	**0.5**	8.6	0.5	9.1	0.6
Saudi Arabia	**8.0**	**0.5**	7.9	0.5	5.7	0.4
Kuwait	**5.5**	**0.3**				
Denmark	**4.9**	**0.3**	5.9	0.4	3.6	0.2
Sweden	**4.9**	**0.3**	5.2	0.3	5.0	0.3
Other	**97.8**	**6.1**	67.7	4.1	54.9	3.2
	1 619.9	**100.0**	1 619.9	100.0	1 619.9	100.0

CREDIT RATINGS

RATINGS AS AT 19 AUGUST 2021 FOR KEY BANKING ENTITIES WITHIN STANDARD BANK GROUP

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

DECLARATION OF DIVIDENDS

Shareholders of Standard Bank Group Limited (the company) are advised of the following dividend declarations out of income reserves in respect of ordinary shares and preference shares.

Ordinary shares

Ordinary shareholders are advised that the board has resolved to declare an interim gross cash dividend No. 103 of 360 cents per ordinary share (the cash dividend) to ordinary shareholders recorded in the register of the company at the close of business on Friday, 17 September 2021. The last day to trade to participate in the dividend is Tuesday, 14 September 2021. Ordinary shares will commence trading ex dividend from Wednesday, 15 September 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, 15 September 2021, and Friday, 17 September 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, 20 September 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 interim dividends:

- 6.5% first cumulative preference shares (first preference shares) dividend No. 104 of 3.25 cents (gross) per first preference share, payable on Monday, 13 September 2021, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday, 10 September 2021. The last day to trade to participate in the dividend is Tuesday, 7 September 2021. First preference shares will commence trading ex dividend from Wednesday, 8 September 2021.
- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 34 of 267.28 cents (gross) per second preference share, payable on Monday, 13 September 2021, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 10 September 2021. The last day to trade to participate in the dividend is Tuesday, 7 September 2021. Second preference shares will commence trading ex dividend from Wednesday, 8 September 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, 8 September 2021, and Friday, 10 September 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, 13 September 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)[1]
JSE Limited			
Share code	**SBK**	**SBKP**	**SBPP**
ISIN	**ZAE000109815**	**ZAE000038881**	**ZAE000056339**
Namibian Stock Exchange (NSX)			
Share code	**SNB**		
ISIN	**ZAE000109815**		
Dividend number	**103**	**104**	**34**
Gross distribution/dividend per share (cents)	**360**	**3.25**	**267.28493**
Net dividend	**288**	**2.60**	**213.82794**
Last day to trade in order to be eligible for the cash dividend	**Tuesday, 14 September 2021**	**Tuesday, 7 September 2021**	**Tuesday, 7 September 2021**
Shares trade *ex* the cash dividend	**Wednesday, 15 September 2021**	**Wednesday, 8 September 2021**	**Wednesday, 8 September 2021**
Record date in respect of the cash dividend	**Friday, 17 September 2021**	**Friday, 10 September 2021**	**Friday, 10 September 2021**
CSDP/broker account credited/ updated (payment date)	**Monday, 20 September 2021**	**Monday, 13 September 2021**	**Monday, 13 September 2021**

[1] The non-redeemable, non-cumulative, non-participating preference shares (SBPP) are entitled to a dividend of not less than 77% of the prime interest rate 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 288 cents per ordinary share, 2.60 cents per first preference share and 213.82794 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.

Notes

ADMINISTRATIVE AND CONTACT DETAILS

Standard Bank Group Limited
Registration No. 1969/017128/06
Incorporated in the Republic of South Africa
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Directors
TS Gcabashe (chairman), PLH Cook, A Daehnke*, MA Erasmus[1], GJ Fraser-Moleketi, X Guan[2] (deputy chairman), GMB Kennealy, JH Maree (deputy chairman), NNA Matyumza, KD Moroka, NMC Nyembezi, ML Oduor-Otieno[3], ANA Peterside CON[4], MJD Ruck, SK Tshabalala* (chief executive), JM Vice, L Wang[2].

* Executive director [1] British [2] Chinese [3] Kenyan [4] Nigerian

All nationalities are South African, unless otherwise specified.

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Share Transfer Secretaries in South Africa
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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

Please direct all **shareholder queries** and comments to:
InvestorRelations@standardbank.co.za

Website:
www.standardbank.com/reporting

Refer to **www.standardbank.com/reporting** for a list of definitions, acronyms and abbreviations.

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