THE STANDARD BANK OF SOUTH AFRICA LIMITED

(Incorporated with limited liability on 13 March 1962 under Registration Number 1962/000738/06 in the Republic of South Africa)

as **Issuer**

ISSUER DISCLOSURE SCHEDULE RELATING TO THE STANDARD BANK OF SOUTH AFRICA LIMITED USD 1,000,000,000 STRUCTURED NOTE PROGRAMME

*This is the Issuer Disclosure Schedule ("**The Issuer Disclosure Schedule**") relating to The Standard Bank of South Africa Limited USD 1,000,000,000 Structured Note Programme (the "**Programme**") applicable to all Notes issued under the Programme pursuant to the Programme Memorandum dated as of 12 September 2023 (the " **Programme Memorandum**").*

This Issuer Disclosure Schedule dated as of 12 September 2023 contains all information pertaining to the description of the Issuer, including, but not limited to, its business, management, directors and corporate governance disclosure

This Issuer Disclosure Schedule relating to The Standard Bank of South Africa Limited supercedes and replaces the Issuer Disclosure Schedule relating to The Standard Bank of South Africa Limited dated as of 9 September 2022.

Capitalised terms used in this Issuer Disclosure Schedule are defined in the section of the Programme headed "Terms and Conditions of the Notes", unless separately defined or clearly inappropriate from the context.

DESCRIPTION OF THE STANDARD BANK OF SOUTH AFRICA LIMITED

OVERVIEW

The Standard Bank of South Africa Limited ("**SBSA**") is the largest bank in South Africa (measured by assets) as at 31 December 2022. SBSA is a wholly-owned subsidiary of Standard Bank Group Limited ("**SBG**"). SBSA is a universal bank providing retail, corporate, commercial and investment banking services to individuals and companies across South Africa. SBSA considers itself to be both a strong domestic bank, and a cross-border bank, integrated within SBG's operations and business. SBSA plays a fundamental role in positioning the Standard Bank Group to capitalise on the pace of growth in African markets. SBSA is the head office for SBG's African focus and provides the springboard for SBG's strategy: the capacities developed by SBSA's South African operations provide the foundation of knowledge and experience required in markets in sub-Saharan Africa. As SBG's largest operating entity, SBSA provides balance sheet capacity on which to book deals executed in support of SBG's African strategy. All references herein to the "**Group**" are to SBG and its subsidiaries. All references herein to the "**SBSA Group**" are to SBSA and its subsidiaries.

As at 31 December 2022, SBSA Group had total assets of R1,850,040 million (compared to R1,725,074 million as at 31 December 2021) and had loans and advances of R1,254,969 million for the year ended 31 December 2022 (compared to R1,203,254 million for the year ended 31 December 2021). As at 31 December 2022, SBSA Group had headline earnings of R16,256 million (compared to R12,877 million as at 31 December 2021) and had profit for the year attributable to the ordinary shareholder of R16,023 million (compared to R12,821 million for the year ended 31 December 2021).

Originally founded in 1862, SBSA was a member of Standard Chartered Bank group ("**Standard Chartered**") until 1987. Since that time, SBSA has focused on consolidating its position as the premier universal bank in South Africa, while its parent company SBG operates in 20 African countries. SBG is a leading African integrated financial services group offering a full range of banking, investment, insurance and related services. SBG's vision is to be the leading financial services organisation in, for and across Africa by delivering exceptional client experiences and superior value.

SBSA is organised into three client segments, Consumer & High Net Worth clients, Business & Commercial clients and Corporate & Investment Banking clients each of which is supported by Central and Other, which provides support functions, such as hedging activities, unallocated capital, liquidity earnings and central costs. These four segments are aligned with the structural changes adopted by SBG in January 2021. SBG was listed on the Johannesburg Stock Exchange ("**JSE**"), operated by JSE Limited in 1970 and owns a controlling stake in the South African-listed, wealth management group, Liberty Holdings Limited. As at December 2022, SBSA was the largest operating subsidiary by total assets and income within the Group and represents nearly all of Standard Bank Activities within SBG's South African operations.

Consumer & High Net Worth ("CHNW") SA: CHNW SA is responsible for the end-to-end lifecycle of clients. CHNW SA services individual clients across sub-Saharan Africa. For the year ended 31 December 2022, CHNW SA recorded headline earnings of R6,251 million, constituting 38 per cent. of SBSA Group's total headline earnings (compared to R4,680 million and 36 per cent., respectively, for the year ended 31 December 2021). As at 31 December 2022, assets attributable to CHNW SA constituted 30 per cent. of SBSA Group's total assets (compared to 31 per cent. as at 31 December 2021).

Business & Commercial Clients ("BCC") SA: BCC SA provides broad based client solutions for a wide spectrum of small and medium sized businesses as well as large commercial enterprises. BCC SA's client coverage support extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by its clients to enable their growth. For the year ended 31 December 2022, BCC SA recorded headline earnings of R5,341 million, constituting 33 per cent. of SBSA Group's total headline earnings (compared to R3,860 million and 30 per cent., respectively, for the year ended 31 December 2021). As at 31 December 2022, assets attributable to BCC SA constituted 8 per cent. of SBSA Group's total assets, consistent with the figures as at 31 December 2021.

Corporate & Investment Banking ("CIB") SA: CIB SA segment serves large companies (multinational, regional and domestic), governments, parastatals and institutional clients across Africa and internationally. CIB's clients leverage its in-depth sector and regional expertise, specialist capabilities and access to global capital markets for advisory, transactional, trading and funding support. For the year ended 31 December 2022, CIB SA recorded headline earnings of R6,072 million, constituting 37 per cent. of SBSA Group's total headline earnings (compared to R6,000 million and 47 per cent., respectively, for the year ended 31 December 2021). As at 31 December 2022, assets attributable to CIB SA constituted 61 per cent. of SBSA Group's total assets (59 per cent. as at 31 December 2021).

Other services: For the year ended 31 December 2022, Other services recorded negative headline earnings of R1,408 million, constituting negative 8 per cent. of SBSA Group's total headline earnings (compared to negative R1,663 million and 13 per cent., respectively, for the year ended 31 December 2021). As at 31 December 2022, assets attributable to other services constituted 1 per cent. of SBSA Group's total assets (3 per cent. as at 31 December 2021).

SBSA is incorporated in South Africa as a limited liability company and operates under South African law. SBSA's registered address is 9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg, PO Box 7725, Johannesburg 2000, South Africa (telephone number: + 27 11 636 9111).

HISTORY

SBSA is one of the oldest banks in South Africa having originally been incorporated in London as The Standard Bank of British South Africa Limited in 1862. The word "British" was dropped from SBSA's name in 1883. SBSA commenced operations in Port Elizabeth in 1863 and gradually expanded its geographic area of operation to include the whole of South Africa. In 1962, SBSA was formed and registered as a South African company, operating as a subsidiary of Standard Bank in London (subsequently to become Standard Chartered Bank plc).

SBSA is a wholly-owned subsidiary of SBG, formerly known as Standard Bank Investment Corporation Limited, which was established in 1969 as the holding company for SBSA. SBG continued as a member of Standard Chartered until 1987 when Standard Chartered plc sold its 39 per cent. ownership of SBG to Liberty Group Limited, transferring complete ownership of the holding company to local South African ownership.

CORPORATE STRUCTURE

The Group and relationship with SBSA

SBSA is both a strong domestic bank, which leverages the advantages of its size and scope, and a cross-border bank, fully integrated with the rest of the Group.

SBG is the ultimate holding company of the Group, which is South Africa's largest banking group by assets. SBG is a leading African integrated financial services group offering a full range of banking, investment and insurance and related financial services. SBG's strategic focus is on Africa, and SBG currently operates in 20 countries in sub-Saharan Africa (including South Africa).

The Group's competitive positioning as an African banking group which operates in a number of African countries and a strong resources focus gives CIB SA access to revenue opportunities beyond the borders of South Africa. It also provides commercial opportunities, experience, expertise, and intellectual capital from other SBG entities to CIB SA which both enhances the offering to clients and enables SBSA to better manage risk.

Investors should note that SBG is not a guarantor of, and will not guarantee, any Notes issued by SBSA under the Programme. Investors sole recourse in respect of any Notes issued by SBSA is to SBSA.

STRATEGY

SBSA is wholly owned by SBG and is the largest operating subsidiary of the Group, contributing 64 per cent. of the Group's assets as at 31 December 2022 and 61 per cent. of the Group's total income for the year ended 31 December 2022.

SBSA's strategy is aligned with and reflects SBG's strategic focus areas. SBG expresses its corporate purposes as "Africa is our home, we drive her growth". Within South Africa, SBSA's vision is to leverage its collective strengths, to amplify its delivery capabilities and to retain its leading position in South Africa. SBSA‘s strategic priorities, which are aligned to SBG's priorities, - are to:

- transform client experience using digital technology, amplified by human touch aimed at meeting clients’ needs and enable them to achieve their goals;
- execute with excellence by delivering innovative and cost-effective products and services ourselves and in partnership with selected other businesses to provide a range of new services; and
- drive long-term, environmental and socially sustainable growth and value whilst diligently allocating resources, having a positive impact and delivering attractive shareholder returns.

Continuing to align to the Group, SBSA's operating model is client-led and structured around three client segments which are CHNW BCC and CIB. Client segments own the client relationship and create customer products, services and solutions which are distributed through

SBSA's client engagement platforms. This enables SBSA to deliver integrated and seamless financial services that meet individual client needs, reduce the time and cost to serve them, and to innovate more quickly and efficiently.

SBSA's balance sheet is an important resource for the Group. Foreign currency transactions that are too large to be booked solely on the Group's Africa Region subsidiaries balance sheets, are funded by SBSA. This increases capital utilisation in South Africa. SBSA therefore is not directly comparable with some of its domestic competitors as it carries assets from entities outside South Africa on its balance sheet. Additionally, as a result of SBSA constituting SBG's largest operating entity, it bears costs on its income statement that are attributable to SBG as well as related revenues where applicable.

Aligned to SBG's strategic focus areas, SBSA measures its execution of its strategic priorities through six value drivers as set out below:

- Client focus – to consistently provide excellent client experiences, delivering relevant and complete digital solutions.
- Employee engagement – to ensure employees feel deeply connected to SBSA's purpose, and are empowered and recognised.
- Risk and conduct – to do the right business, the right way.
- Operational excellence – to use technology and data to better serve and protect clients, reduce costs and grow the platform businesses to their efficient scales.
- Financial outcome – to allocate resources to deliver attractive value to shareholders and strive to meet SBSA's medium term financial targets.
- Social, Economic and Environmental (SEE) impact – to make a positive impact toward Africa's prosperity, economic growth and sustainability.

Client focus

SBSA's clients are at the centre of everything it does and the three client segments – CHNW, BCC and CIB – deliver relevant and competitive value propositions to its clients, from individual consumers to major corporations. SBSA is pleased with the progress that it has made in its commitment to serving clients with excellence and the actions it has taken to deepen relationships with clients. The recovery of the South African economy post the pandemic has been remarkable, with improvement in the broader economic environment and increased client activity across all segments. SBSA continued to support its clients throughout the 2022 financial year, applying its targeted risk appetite allowing it to take advantage of market opportunities. Early indications show that this strategy of continuing to support clients is yielding positive outcomes, from both a credit performance and customer sentiment perspective. Client satisfaction scores, which demonstrate how clients perceive SBSA, remain positive.

Employee engagement – Build excellence through engaged and committed people

SBSA believes that the workplace experience of employees is core to its business, driven by the personal needs and aspirations of existing and prospective employees, technological advancements and broader societal and economic trends.

SBSA strives to create an environment that provides an excellent workplace experience and brings out the best in its people. SBSA's value proposition for employees is encapsulated in its "People Promise". SBSA seeks to shape a workforce that is future ready and enabled to respond to evolving client needs. This is key to ensuring that SBSA's relevance in the marketplace remains strong.

The shift in ways of working during the Covid-19 pandemic enabled SBSA to experiment with more flexible work arrangements for employees, aligned with their roles. This allowed SBSA to provide greater flexibility to its employees while maintaining social connection and collaboration.

SBSA continues to invest in its people for current and future skills. SBSA's critical focus is to build the core capabilities and skills required to deliver on changing client needs as well as the shift towards a more digital and platform organisation.

SBSA's annual employee satisfaction survey for the year ended 31 December 2022 had an employee net promoter score of 47 (compared to 51 for the year ended 31 December 2021).

SBSA continues to focus on attracting and retaining quality employees, who are appropriately resourced, developed and empowered to fulfil the commitments made to clients. SBSA has intensified its focus on transformation and diversity.

SBSA has improved the representation of under-represented groups, particularly the representation of African men and women in senior and middle management levels and it has achieved its targets for African men and women in middle management. Although there is a noted improvement in the level of representation of women at executive and senior management level, SBSA remains focused on continued improvement in this area. Further, SBSA has improved the representation of persons living with disabilities and has driven awareness of disability across the organisation.

Risk and Conduct

SBSA is a responsible corporate citizen, adhering to good corporate governance practices and promoting the sustainability and social and economic development goals of South Africa. SBSA is committed to doing the right business, the right way, without exception. This is rooted in a culture of conscious risk-taking and ensures that it complies with all applicable laws and regulations, meeting the highest standards of ethical business conduct. SBSA contributes to a safe and efficient financial systems in and across the markets in which it operates. SBSA continues to refine its processes to ensure a seamless experience for its clients, whilst mitigating risk and increasing efficiency.

Operational Excellence

SBSA is committed to consistently performing with excellence as it better serves and protects its clients, reduces costs and to scale the platform business. System stability remains a priority as SBSA seeks to continuously improve its resilience, minimise system disruption and improve communication with clients. SBSA continues to make good progress in its digital transformation journey. Aligned to the strategic objective of transforming client experience, the SBSA mobile app was rated second in the Columinate survey in 2022, up from fourth position in the prior year.

SBSA's simplification and cloud journey have gained substantial traction due to the enhanced focus placed on modernisation. In 2022, SBSA decommissioned 27 systems/applications and continued to simplify its IT architecture, with 28 per cent. of core applications now running in the cloud. SBSA's cloud strategy allows it to leverage the innovative strength of its partners, Amazon, Microsoft and Salesforce, and to use these solutions to improve client experience.

Financial outcome - Delivering sustainable returns to shareholders

The ability to deliver sustainable returns to shareholders, depends on the extent to which SBSA has made strategic progress in transforming client experience (through client focus and employee engagement) and executing with excellence (measured through SBSA's risk and conduct metrics and operational excellence). SBSA's key metrics to measure its progress in generating sustainable returns are headline earnings, credit-loss ratio, cost-to-income ratio, jaws and return on equity ("**ROE**"). ROE is the ultimate measure of SBSA's effectiveness in executing its strategy, as it combines all critical drivers, including earnings growth and capital utilisation, into a single metric. Various committees are key to the effective creation and protection of value relating to financial outcomes and sustainable returns including, the Group Audit Committee, Risk & Capital committees, Assets & Liabilities committee.

Despite the tough economic environment, for the year ended 31 December 2022 SBSA's headline earnings were R16,256 million (an increase of 26 per cent. compared to the prior year), ROE of 15.2 per cent.. This was as a result of the strong trading revenue growth from increased client activity, continued momentum from balance sheet growth and higher average interest rates, particularly in the second half of 2022, supported net interest income growth. Credit impairment charges increased by 10 per cent. during 2022 compared to 2021, mainly driven by balance sheet growth and specific charges in the consumer sector. Total income growth of 12 per cent. in 2022 exceeded operating expense growth of 8 per cent., resulting in positive jaws of 4.27 per cent. and an improved cost-to-income ratio of 59.7 per cent. for the year ended 31 December 2022 compared to the year ended 31 December 2021.

During 2022, SBSA's liquidity and capital positions remained strong and continued to provide financial resources to support clients and drive the growth aspirations. This was underpinned by the execution of robust credit modelling and risk management processes that ensured the banks remained within risk appetite parameters and above regulatory minimum requirements.

SBSA's available contingent liquidity remains adequate to meet both internal and regulatory stress requirements. Contingent funding plans, stress testing assumptions as well as early warning indicators continue to be reassessed for appropriateness given South Africa’s inflationary outlook and volatile market conditions. Appropriate liquidity buffers are held in line with SBSA's liquidity risk requirements. As at 31 December 2022, SBSA maintained the liquidity coverage ratio at 129.1 per cent. and the net stable funding ratio at 110.6 per cent., both in excess of minimum regulatory requirements. Longer-term funding increased by R64.2 billion during 2022 when compared to 2021 through the issuance of negotiable certificate of deposits (NDCs), senior debt and syndicated loans. SBSA continues to benefit from favourable liquidity conditions, contributing to strong liquidity ratios.

SBSA's CET1 and total capital adequacy ratios including unappropriated profits of 12.1 per cent. and 16.6 per cent. respectively as at 31 December 2022 remain above the regulatory minimums required by the Prudential Authority ("**PA**"). The Group manages its capital levels to support business growth, maintain depositor and creditor confidence and create value while ensuring regulatory compliance.

Social and Economic Impact

SBSA's focus is to leverage its business activities to drive growth, while at the same time making a positive impact on society, the economy and the environment. SBSA's selected impact areas align to its core business and are informed by the needs of South Africa's people, businesses and economy, as well as the UN sustainable development goals, the Paris Agreement, the African Union's Agenda 2063 and the urgent need to lower carbon emissions to slow climate change and to support climate change mitigation and adaptation strategies.

As a responsible corporate citizen, SBSA is committed to making a positive investment into the lives and livelihoods of South Africa's people, contributing to positive social, economic and the environmental ("**SEE**") impact through its business activities. SBSA has embedded the consideration of SEE impacts into its business strategy and decision-making processes. SBSA continuously works to identify opportunities to accelerate transformation, leveraging its skills, expertise, and access to various stakeholders in the economy to enable it to achieve transformation internally and be a catalyst for societal transformation through its core business activities.

Developing sustainable finance solutions, including green and social bonds, impact investing and ESG linked products and services, to drive sustainable and inclusive economic development in South Africa is a key priority, and continues to receive substantial attention from the SBSA Board and executive management.

SBSA retained its Black Economic Empowerment rating at Level 1 and continues to do the right business, the right way, upholding its governance and ethical principles. SBSA is working closely with relevant government departments and regulators to strengthen financial crime controls, in line with the recommendations of the Financial Action Task Force ("**FATF**"). SBSA also engaged extensively with regulators on issues related to conduct and fair treatment of customers.

COMPETITIVE STRENGTHS

SBSA believes that it has the following competitive strengths:

Market position in key products

SBSA offers a wide range of retail, wealth, commercial and investment banking products and is one of the four major South African banks. According to the SARB BA 900 Filings as at 31 December 2022, in the 5 product categories tracked by the SARB, SBSA held a market share of 34.8 per cent. of mortgage lending at 31 December 2022 (compared to 35.2 per cent. as at 31 December 2021), 19.8 per cent. of vehicle and asset finance at 31 December 2022 (compared to 20.0 per cent. as at 31 December 2021), 24.4 per cent. of card debtors at 31 December 2022 (compared to 25.5 per cent. as at 31 December 2021), 21.3 per cent. of other loans and advances as at 31 December 2022 (compared to 21.2 per cent. as at 31 December 2021) and 22.5 per cent. of deposits at 31 December 2022 (compared to 22.5 per cent. as at 31 December 2021).

According to the SARB BA 900 Filings as at 31 December 2022, SBSA's market share in mortgage loans and corporate priced deposits are the largest of the four major South African banks.

A universal financial services company with a strong franchise, a modern digital core and diverse revenue sources

SBSA's franchise strength is underpinned by its strong brand, the calibre of its employees and a fit-for purpose physical distribution network and digital platforms. SBSA is able to generate revenue from sources that are well-diversified across clients, sectors, product groups and geographies, which provides protection in times of volatility. These include generating net interest income from its lending portfolio, fees and trading profits from corporate advisory services, foreign exchange and derivatives, stock and bond trading, brokerage reserve and transactional services.

Robust capital and liquidity position

SBSA's strong and liquid balance sheet provides flexibility to manage uncertainty, change, innovation and growth. SBSA has access to diverse and sophisticated liquidity sources for senior funding and capital requirements.

Experienced management team

SBSA's senior management has experience both at SBSA and at other institutions throughout the banking industry. SBSA's position in the market has allowed it to attract top managers from across the industry, both domestically and abroad. Managers are dedicated to the goals of the institution. A compensation structure that includes both short and long-term incentive plans assists in retaining key managers and leads to continuity in business operations.

Position within Standard Bank Group

SBSA is both a strong domestic bank, which leverages the advantages of its size and scope, and a cross-border bank, fully integrated with the rest of the Group.

The Group's competitive positioning as an African bank which operates in a number of African countries and strong resources-focus gives CIB SA access to revenue opportunities beyond the borders of South Africa. It also provides commercial opportunities, experience, expertise, and intellectual capital from other Group entities to CIB SA which both enhances the offering to clients and enables SBSA to better manage risk.

Appetite to invest and partner

SBSA has the resources and appetite to expand on its own as well as through partnerships and alliances, particularly with businesses specialising in digital financial services and digital networks and communications providers.

BUSINESS OF SBSA

Introduction

SBSA is a universal bank providing retail, corporate, commercial and investment banking services to individuals and companies across South Africa. SBSA has a broad franchise and is active in almost all banking markets in South Africa.

As at 31 December 2022, the SBSA Group's total assets amounted to R1,850,040 million (compared to R1,725,074 million as at 31 December 2021), an increase of 7.2 per cent. For the year ended 31 December 2022, SBSA Group's profit for the year attributable to the ordinary shareholder increased by 25 per cent. to R16,023 million from R12,821 million for the year ended 31 December 2021.

For the year ended 31 December 2022, SBSA Group's net interest income increased by 12 per cent. to R45,632 million, largely driven by higher average interest earning assets and positive endowment in a higher interest rate environment. Overall non-interest revenue increased by 13 per cent. to R36,039 million for the year ended 31 December 2022 (compared to R31,983 million for the year ended 31 December 2021). Net fee and commission revenue increased by 7 per cent. to R20,416 million for the year ended 31 December 2022 (compared to R19,127 million for the year ended 31 December 2021), mainly due to higher transactional activity as lockdown restrictions eased as well as the impact of annual price increases. In addition, growth was further supported by good client acquisitions, increased digital transactional volumes in line with SBSA's strategy focus and increased card-based commissions as a result of higher turnover driven by easing of global restrictions. Trading revenue for the year ended 31 December 2022 increased by 27 per cent. relative to 2021 due to a combination of strong commodities performance, gains from market opportunities and structured sales transactions, as well as increased client flows related to credit-linked notes. Other revenue for the year ended 31 December 2022 increased by 15 per cent. mainly due to bancassurance income due to higher premiums and lower credit life claims. This was partially offset by higher short-term insurance claims in the current year due to extreme weather across the country, with the largest impact from the April 2022 floods in KwaZulu-Natal. In response to this difficult period, SBSA supported clients by guiding them through available relief measures. Other gains and losses on financial instruments increased by 16 per cent. following an increase in valuations in the equity portfolio as well as fair value gains in prudential assets.

Credit impairment charges for the year ended 31 December 2022 amounting to R8.6 billion increased by 10 per cent. and credit loss ratio slightly increased to 0.69 per cent. compared to 0.68 per cent. for the year ended 31 December 2021, driven by balance sheet growth coupled with specific charges in the consumer sector. This was partially offset by improved collections and payments in the legacy payment holiday portfolio as well as improvement in the card portfolio due to non-recurrence of strain in expired client relief population.

Operating expenses for the year ended 31 December 2022 increased by 8 per cent. to R48.5 billion compared to 2021. Staff costs were 8 per cent. higher in 2022 largely driven by higher incentive accruals which is aligned to business performance, and inflationary annual increases. Other operating expenses for the year ended 31 December 2022 increased as information technology (IT) costs grew by 9 per cent. compared to the year ended 31 December 2021, mainly due to investments in advancing the Group's cloud strategy, continued investment in customer proposition initiatives, strengthening of client relationship management capabilities and costs incurred to enable employees enhanced working. This was partially set off by amortisation (which decreased 9 per cent. compared to 2021) and depreciation costs (which declined by 5 per cent. compared to 2021) as a result of reduced dependency on on-premises hardware. Other expenses increased due to the non-recurrence of an insurance recovery for the year ended 31 December 2021, marketing and advertising spend on client campaigns and brand repositioning, higher communication related expenses and travel and entertainment costs due to the return-to-work policy and normal business activity resumed as Covid-19 restrictions eased.

The following table shows selected ratios for SBSA Group as at, and for the years ended, 31 December 2022 and 31 December 2021:

	31 December	
	2022	**2021**
Income statement		
Total income (Rm)	81,671	72,789
Headline earnings (Rm)	16,256	12,877
Profit for the year attributable to ordinary shareholders (Rm)	16,023	12,821
Statement of financial position		
Gross loans and advances (Rm)	1,300,172	1,244,735
Total assets (Rm)	1,850,040	1,725,074
Total liabilities (Rm)	1,724,217	1,606,106
Stage 3 loans[3] (Rm)	66,707	59,163
Stage 1 and 2 credit impairment /charge[2]/(release) (Rm)	1,544	(1,697)
Stage 3 credit impairment charge (Rm)	7,155	9,600
Credit loss ratio (per cent.)	0.69	0.68
Non-performing exposures ratio (per cent.)	5.1	4.8
Return on equity (per cent.)	15.2	12.5
Loans – to- deposit ratio (per cent.)	84.5	85.6
Cost -to – income ratio (per cent.)	59.7	62.0

[2] Stage 1 & 2: SBSA 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). Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of SBSA's master rating scale.

[3] Stage 3: SBSA 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). Exposures which are in default are not considered in the 1 to 25-point master rating scale.

The table below presents the SBSA Group's principal sources of income for the years ended 31 December 2022 and 31 December 2021:

	31 December	
	2022	**2021**
	(Rm)	
Net interest income	45,632	40,806
Non-interest revenue	36,039	31,983
Net fee and commission revenue	20,416	19,127
Trading revenue	8,590	6,765
Other revenue	4,755	4,124
Other gains and losses on financial instruments[1]	2,278	1,967
Total income	**81,671**	**72,789**

[1] For further information on Other gains and losses on financial instruments, refer to page 127 of the SBSA's Annual Financial Statements.

The following table shows the contribution of the different divisions within SBSA Group to its major financial indicators as at, and for the years ended, 31 December 2022 and 31 December 2021:

	Consumer & High Net Worth[1]		**Business & Commercial[1]**		**Corporate & Investment Banking clients SA**		**Central and Other[1]**	
	31 December		**31 December**		**31 December**		**31 December**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
				(Rm)				
Total assets	558,058	527,330	147,512	132,884	1,125,742	1,010,913	18,728	53,947
Profit/(Loss) for the year attributable to the ordinary	6,182	4,632	5,282	3,852	5,999	6,001	(1,440)	(1,664)

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

The Standard Bank of South Africa's activities – Products and Services (Solutions)

Home Services

Home services (previously known as mortgage lending) provides residential accommodation loans to individual customers. Gross mortgages increased 6 per cent. for the year ended 31 December 2022 to R436,952 million (compared to R411,412 million for the year ended 31 December 2021), constituting 34 per cent. of loans and advances by the CHNW SA business unit in 2022 compared to 33 per cent. in 2021.

Vehicle and asset finance

Vehicle and asset finance provides finance to retail market customers, finances vehicles and equipment to the business market and fleet solutions. As at 31 December 2022, gross loans and advances in vehicle and asset finance amounted to R108,303 million (compared to R99,531 million as at 31 December 2021), an increase of 9 per cent.

Card and payments

SBSA provides credit card facilities to individuals and businesses (credit card issuing) and merchant transaction acquiring services (card acquiring). The credit card product has been an important aspect of SBSA's strategic focus on the emerging middle-class consumer segment in South Africa. SBSA has developed sophisticated origination methods using internal and external data to identify existing and potential customers with suitable risk profiles for credit extension. For the year ended 31 December 2022, SBSA's credit card debtors increased by 5 per cent. to R37,698 million (compared to R35,779 million for the year ended 31 December 2021).

Retail transactional

Retail transactional provides a comprehensive suite of transactional, savings, payment and liquidity management solutions.

Retail lending

Retail lending provides a comprehensive suite of lending products provided to individuals and small and medium-sized businesses.

Global markets

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

Investment banking

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

Transactional products and services

Transactional products and services provides a comprehensive suite of cash management, international trade finance, working capital and investor services solutions.

Insurance solutions

Insurance solutions provides short term insurance solutions including, homeowners' insurance, household contents and vehicle insurance. Long term insurance solutions include life, disability, funeral cover and loan protection plans which are sold in conjunction with related banking products.

Investment solutions

Investment solutions include, stockbroking & advisory, alternative investments, compulsory investments and discretionary investments; wealth management, passive investments, international investments, structured products and social impact investing; as well as integrated fiduciary services including fiduciary advice, will drafting, custody services as well as trust and estate administration.

Standard Bank Activities – Client Segments

Consumer & High Net Worth SA

CHNW SA services individual clients across South Africa, ranging from high-net-worth and affluent to main market clients. CHNW SA offers tailored and comprehensive banking, investment, insurance and beyond financial services solutions. CHNW SA's investments in digital systems and the upskilling of employees is enabling agile cross-functional client service teams to deliver innovative, cost effective and personalised solutions to all clients in this segment. CHNW SA accounted for 46 per cent. of SBSA’s total income for the year ended 31 December 2022 compared to 47 per cent. in the prior year.

For the year ended 31 December 2022, CHNW SA recorded profit for the year attributable to ordinary shareholders of R6,182 million, an increase of 33 per cent. compared to the year ended 31 December 2021. Net interest income amounted to R24,497 million for the year ended 31

December 2022 constituted 65 per cent. of CHNW SA's total income (compared to R22,532 million and 66 per cent. for the year ended 31 December 2021). Non-interest revenue for the year ended 31 December 2022 amounted to R12,956 million, an increase of 11 per cent. compared to the year ended 31 December 2021. Credit impairment charges for the year ended 31 December 2022 amounted to R6,448 million, a decrease of 6 per cent.. Total operating expenses for the year ended 31 December 2022 amounted to R22,348 million, an increase of 7 per cent. compared to 2021.

SBSA's clients continue to migrate to digital platforms, particularly as more services are digitised. Digital adoption by clients has continued to grow with an increase of digital clients by 12 per cent. and with digital volumes growth of 6 per cent. in 2022, with most digital channel engagements via the SBSA mobile app. In addition, engagements through SBSA's cell-phone banking platform (known as USSD) also grew by 16 per cent.

Branch volumes continued to decline as clients migrate to digital platforms and alternate devices, as well as digital payment options for cash transactions.

The following table presents a summary of CHNW SA's main performance indicators for the years ended 31 December 2022 and 31 December 2021.

	31 December	
	2022	**2021**
	(Rm)	
Net interest income	24,497	22,532
Non-interest revenue	12,956	11,628
Total income	**37,453**	**34,160**
Credit impairment charges	(6,448)	(6,876)
Income before operating expenses	**31,005**	**27,284**
Operating expenses	**(22,348)**	**(20,848)**
Staff costs	(6,974)	(6,619)
Other operating expenses	(15,374)	(14,229)
Net income before capital items and equity accounted earnings	**8,657**	**6,436**
Share of (losses)/profits from associates and joint ventures	—	—
Non-trading and capital related items	(132)	(68)
Net income/(loss) before indirect taxation	**8,525**	**6,368**
Indirect taxation	(302)	(268)
Profit/(loss) before direct taxation	**8,223**	**6,100**
Direct taxation	(1,825)	(1,293)
Attributable to non-controlling interest	—	—
Attributable to other equity instrument holders	(216)	(175)
Profit for the year attributable to ordinary shareholders	**6,182**	**4,632**
Headline earnings	**6,251**	**4,680**
Net loans and advances	**539,919**	**509,700**
Total assets	**558,058**	**527,330**
Total liabilities	**519,272**	**488,030**

Business & Commercial Clients SA

BCC SA provides broad based client solutions for a wide spectrum of small- and medium-sized businesses as well as large commercial enterprises. BCC SA's client coverage support extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by SBSA's clients to enable their growth.

BCC SA's profit for the year attributable to the ordinary shareholder increased by 37 per cent. from R3,852 million for the year ended 31 December 2021 to R5,282 million for the year ended 31 December 2022. Non-interest revenue increased by a marginal 10 per cent. in the year ended 31 December 2022 compared to 2021. Credit impairment charges decreased by 16 per cent. in the year ended 31 December 2022 compared to 2021. Operating expenses increased by 8 per cent. to R11,161 million for the year ended 31 December 2022.

The value of the total net loans and advances amounted to R141,574 million as at 31 December 2022 (compared to R127,099 million as at 31 December 2021), which represents 11 per cent. of SBSA's total net loans and advances as at 31 December 2022 (compared to 11 per cent. of SBSA's total net loans and advances as at 31 December 2021).

The following table presents a summary of BCC SA's main performance indicators for the years ended 31 December 2022 and 31 December 2021.

	31 December	
	2022	**2021**
	(Rm)	
Net interest income	12,267	10,170
Non-interest revenue	7,739	7,025
Total income	**20,006**	**17,195**
Credit impairment charges	(1,179)	(1,398)
Income before operating expenses	**18,827**	**15,797**
Operating expenses	**(11,161)**	**(10,304)**
Staff costs	(3,077)	(2,643)
Other operating expenses	(8,084)	(7,661)
Net income before capital items and equity accounted earnings	**7,666**	**5,493**
Share of (losses)/profits from associates and joint ventures	—	—
Non-trading and capital related items	(82)	(11)
Net income/(loss) before indirect taxation	**7,584**	**5,482**
Indirect taxation	(81)	(53)
Profit/(loss) before direct taxation	**7,503**	**5,429**
Direct taxation	(2,132)	(1,516)
Attributable to non-controlling interest	—	—
Attributable to other equity instrument holders	(89)	(61)
Profit for the year attributable to ordinary shareholders	**5,282**	**3,852**
Headline earnings	**5,341**	**3,860**
Net loans and advances	**141,574**	**127,099**
Total assets	**147,512**	**132,884**
Total liabilities	**133,107**	**117,482**

Corporate & Investment Banking SA

The CIB SA business unit comprises four main product groupings, namely: Global Markets, Transactional Products and Services, Investment Banking and Client Coverage.

CIB SA offers a wide range of corporate and investment banking services including global markets, banking and trade finance, investment banking and advisory services. This business unit's clients include governments, parastatals, larger corporates, financial institutions and multinational corporates in South Africa and sub-Saharan Africa.

SBSA's client coverage model is fundamental to its strategy and its approach to delivering value to clients. Under this model, each client is allocated a client coordinator who establishes a client service team with representatives across CIB SA and other business units, as necessary, in order to develop a comprehensive understanding of its clients' needs and prospects and to provide them with integrated financial services solutions. SBSA continues to support the expansion of many corporate clients into African markets beyond South Africa.

CIB SA's profit for the year attributable to the ordinary shareholder decreased marginally from R6,001 million for the year ended 31 December 2021 to R5,999 million for the year ended 31 December 2022. Non-interest revenue increased by 18 per cent. in the year ended 31 December 2022. Credit impairment charges increased by more than 100 per cent. in the year ended 31 December 2022. Operating expenses increased by 8 per cent. to R14,878 million for the year ended 31 December 2022.

The value of the total net loans and advances amounted to R571,346 million as at 31 December 2022 (compared to R530,375 million as at 31 December 2021), which represents 46 per cent. of SBSA's total net loans and advances as at 31 December 2022 (compared to 44 per cent. of SBSA's total net loans and advances as at 31 December 2021).

The table below presents a summary of the CIB SA division's main performance indicators for the years ended 31 December 2022 and 31 December 2021:

	31 December	
	2022	**2021**
	(Rm)	
Net interest income	9,675	8,854
Non-interest revenue	14,671	12,386
Total income	**24,346**	**21,240**
Credit impairment charges	(991)	461
Net income after credit impairment charges	**23,355**	**21,701**
Revenue sharing agreements[1]	(502)	(413)
Operating expenses	**(14,878)**	**(13,790)**
Staff costs	(6,273)	(5,950)
Other operating expenses	(8,605)	(7,840)
Net income before capital items and equity accounted earnings	**7,975**	**7,498**
Share of (losses)/profits from associates and joint ventures	—	—
Non-trading and capital related items	(101)	1
Net income/(loss) before indirect taxation	**7,874**	**7,499**
Indirect taxation	(301)	(264)
Profit/(loss) before direct taxation	**7,573**	**7,235**
Direct taxation	(1,225)	(977)
Attributable to non-controlling interest	—	—
Attributable to other equity instrument holders	(349)	(257)
Profit for the year attributable to ordinary shareholders	**5,999**	**6,001**
Headline earnings	**6,072**	**6,000**
Net loans and advances	**571,346**	**530,375**
Total assets	**1,125,742**	**1,010,913**
Total liabilities	**1,066,569**	**958,440**

[1] Revenue sharing agreements are agreements that allow for the sharing of income with other SBG companies

The following table presents selected financial information for CIB SA's products for the years ended 31 December 2022 and 31 December 2021:

	31 December	
	2022	**2021**
Stage 3 exposures ratios (per cent.):		
Corporate and sovereign	2.6	2.2
Bank		
Credit loss ratios (per cent.):		
Corporate and sovereign	0.26	(0.07)
Bank		
Gross loans and advances (Rm):		
Corporate and sovereign	399,001	368,365
Bank	171,255	191,214

Central and other

This segment includes costs associated with corporate functions and SBSA Group's treasury and capital requirements that have not been otherwise allocated to the business units.

Central & other's profit for the year attributable to the ordinary shareholder increased by 13 per cent. from a negative R1,664 million for the year ended 31 December 2021 to negative R1,440 million for the year ended 31 December 2022. Non-interest revenue decreased by 29 per cent. in 2021 to R673 million (compared to R944 million for 31 December 2021). Operating expenses increased by over 100 per cent. to R77 million for the year ended 31 December 2022 (compared to an income of R40 million for the year ended 31 December 2021).

The value of the total net loans and advances amounted to R2,130 million as at 31 December 2022 (compared to R36,080 million as at 31 December 2021), which represents 0.2 per cent. of SBSA's total net loans and advances as at 31 December 2022 (compared to 3 per cent. of SBSA's total net loans and advances as at 31 December 2021).

LOAN PORTFOLIO

Introduction

The SBSA Group extends advances to the personal, commercial and corporate sectors as well as to the public sector. Advances to individuals are mostly in the form of mortgages, vehicle and asset finance, card lending and overdrafts. A significant portion of SBSA's advances to commercial and corporate borrowers consist of advances made to companies engaged in manufacturing, finance and service industries.

As at 31 December 2022, SBSA Group's total loans and advances to customers amounted to R1,124,225 million (compared to R1,050,255 million as at 31 December 2021), an increase of 7 per cent.

Expected credit losses on loans and advances amounted to R45,203 million for the year ended 31 December 2022, resulting in a marginal increase from the year ended 31 December 2021.

Loan portfolio by category of loans and advances

The following table sets out the composition of SBSA's advances by category of loan or advance as at 31 December 2022 and 31 December 2021.

	31 December	
	2022	2021
	(Rm)	
Loans and advances measured at fair value	**664**	**486**
Net loans and advances measured at amortised cost	**1,254,305**	**1,202,768**
Gross loans and advances measured at amortised cost	**1,299,508**	**1,244,249**
Home services	436,952	411,412
Vehicle and asset finance	108,303	99,531
Card and payments	37,698	35,779
Personal and unsecured lending	51,020	48,279
Business and other lending	95,279	120,617
Corporate and sovereign	399,001	368,365
Bank[1]	171,255	160,266
Expected credit losses	**(45,203)**	**(41,481)**
Net loans and advances	**1,254,969**	**1,203,254**
Comprising:		
Gross loans and advances	1,300,172	1,244,735
Less: Expected credit losses	(45,203)	(41,481)

[1] Included in Bank is an amount of R10,657 (2021: R17,938) relating to on demand gross loans and advances to banks that qualifies as cash and cash equivalents (note 39.6) for group and company.

Loan portfolio by industry sector

The following table sets out the composition of SBSA's advances by industry sector as at 31 December 2022 and 31 December 2021:

	31 December	
	2022	2021
	(Rm)	
Segmental analysis – industry		
Agriculture	29,821	29,648
Construction	10,187	9,042
Electricity	27,264	22,792
Finance, real estate and other business services	364,983	395,520
Individuals[1]	589,477	558,884
Manufacturing	61,055	55,895
Mining	40,890	27,377
Transport	50,175	48,304
Wholesale	76,979	60,228
Other services	49,341	37,045
Gross loans and advances	**1,300,172**	**1,244,735**

[1] Includes mortgages.

Geographical concentration of loans

The following table sets out the distribution of SBSA's loans and advances by geographic area where the loans are recorded as at 31 December 2022 and 31 December 2021.

	31 December	
	2022	**2021**[1]
	(Rm)	
Segmental analysis by geographic area		
South Africa	1,046,801	969,849
Africa Regions	85,254	72,198
International	168,117	202,688
Gross loans and advances	**1,300,172**	**1,244,735**

[1] Restated. During 2022 it was noted that gross loans and advances of R45,531 million had been erroneously disclosed as originating in South Africa instead of Africa Regions, R23,885 million, and International, R21,646 million. The restatement had no impact on the SBSA Group's statement of financial position, income statement or any other analysis relating to loans and advances.

Credit impairments for loan and advances

The tables below present a reconciliation of the credit impairments for loans and advances for the years ended 31 December 2022 and 31 December 2021:

	31 December	
	2022	**2021**
	(Rm)	
Opening Expected Credit Losses ("ECL") - 1 January	**41,481**	**40,696**
Net ECL raised and released	8,764	8,498
Impaired accounts written off	(8,561)	(10,155)
Exchange and other movements	3,519	2,442
Closing ECL - 31 December	**45,203**	**41,481**
Comprising:		
Stage 1 ECL	4,724	4,560
Stage 2 ECL	8,135	6,881
Stage 3 ECL	32,344	30,040
	45,203	**41,481**

The table below sets out a segmental analysis of stage 3 loans and advances by industry as at 31 December 2022 and 31 December 2021:

	31 December	
	2022	**2021**
	(Rm)	
Segmental analysis of specific impairments by industry		
Agriculture	505	530
Construction	765	1,212
Electricity	556	528
Finance, real estate and other business services	2,810	2,545
Individuals	22,711	21,337
Manufacturing	1,673	685
Mining	96	37
Transport	975	613
Wholesale	1,394	1,636
Other services	859	917
	32,344	**30,040**

The table below sets out a segmental analysis of stage 3 loans and advances by geographic area as at 31 December 2022 and 31 December 2021:

	31 December	
	2022	**2021**
	(Rm)	
Segmental analysis by geographic area		
South Africa	30,770	28,592
Africa Regions	1,282	852
International	292	596
Gross loans and advances	**32,344**	**30,040**

The following table presents the stage 3 exposures ratios for SBSA's products for the years ended 31 December 2022 and 31 December 2021:

	31 December	
	2022	**2021**
Stage 3 exposures ratios:	*(per cent.)*	
Home services	7.0	7.0
Vehicle and asset finance	7.4	6.6
Card and payments	8.4	7.9
Personal unsecured lending	14.9	15.2
Business lending and other	7.1	6.4
Corporate and sovereign	2.6	2.2
Bank		
Central and other		
Total	**5.1**	**4.8**

Credit portfolio characteristics and metrics

Maximum exposure to credit risk

Debt financial assets at amortised cost and fair value through other comprehensive income as well as off-balance sheet exposure subject to an ECL are analysed and categorised based on credit quality using SBSA's master rating scale. SBSA uses a 25-point master rating scale to quantify the credit risk for each borrower (corporate asset classes) or facility (specialised lending and retail asset classes). Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of SBSA's master rating scale. These ratings are mapped to probability of default ("**PDs**") by means of calibration formulae that use historical default rates and other data from the applicable CHNW SA portfolios. SBSA distinguishes between through-the-cycle PDs and point-in-time PDs, and utilises both measures in decision-making, managing credit risk exposures and measuring impairments against credit exposures. Exposures which are in default are not considered in the 1 to 25-point master rating scale.

Default

SBSA's definition of default has been aligned to its internal credit risk management definitions and approaches. While the specific determination of default varies according to the nature of the product, it is generally determined (aligned to the Basel III definition) as occurring at the earlier of:

- where, in SBSA's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

SBSA does not rebut IFRS 9's 90 days past due rebuttable presumption.

A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of the borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower);
- a breach of contract, such as default or delinquency in interest and/or principal payments;
- disappearance of active market due to financial difficulties;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; or
- where the group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider.

Exposures which are overdue for more than 90 days are also considered to be in default.

GOVERNANCE

SBSA's governance framework is derived from SBG's governance framework, which in turn is based on principles in the King IV Report on Corporate Governance for South Africa 2016 (the "**King Code**"). This governance framework enables the board of directors of SBSA (the "**SBSA Board**") to balance its role of providing risk oversight and strategic counsel with ensuring adherence to regulatory requirements and risk tolerance. The SBSA Board is ultimately responsible for governance. The chairman is an independent non-executive and the roles of chairman and chief executive are separate. The SBSA Board composition is both qualitatively and quantitatively balanced in terms of skills, demographics, gender, nationality, experience and tenure. There is a clear division of responsibilities ensuring that no one director has unfettered powers in the decision-making process.

The SBSA Board has delegated certain functions to its committees in line with its governance framework. This enables the SBSA Board to allocate sufficient time to all matters within its sphere, including execution of strategy and forward-looking agenda items. Each committee has a mandate, which the SBSA Board reviews at least once a year. Mandates for each committee set out its role, responsibilities, scope of authority, composition, terms of reference and procedures. The SBSA Board's committees include the directors' affairs committee; audit committee; risk and capital management committee; and SBSA large exposure credit committee. The SBSA Board monitors oversight over compliance through its SBSA Board committees. The SBSA Board has delegated the management of the day-to-day business and affairs of SBSA to the chief executive. The executive committee assists the chief executive, subject to statutory parameters and matters reserved for the SBSA Board.

Board of Directors

As at 10 August 2023, SBSA is managed by one independent non-executive chairman, three non- executive directors, three executive directors and 10 independent non-executive directors.

The members of the SBSA Board as at the date of this Issuer Disclosure Schedule are listed below:

Name	Title	Year Joined SBSA Board
Nonkululeko Nyembezi	Chairman, Independent, non-executive	2020
Xueqing Guan	Non-executive	2020
Jacko Maree	Independent, non-executive	2016
Lwazi Bam	Independent, non-executive	2022
Paul Cook	Independent, non-executive	2021
Geraldine Fraser-Moleketi	Independent, non-executive	2016
Trix Kennealy	Independent, non-executive	2016
Ben Kruger	Independent, non-executive	2022
Li Li	Non-executive	2021
Nomgando Matyumza	Independent, non-executive	2016
Martin Oduor – Otieno	Independent, non-executive	2016
Atedo Peterside	Independent, non-executive	2014
Lungisa Fuzile	Chief executive, SBSA	2018
Sim Tshabalala	Executive Director SBSA, Chief Executive, SBG	2008
Arno Daehnke	Executive – Chief finance and value management officer	2016

Changes to the SBSA's Board

John Vice and Kgomotso Moroka retired from the boards of SBSA at the close of its AGM on 25 May 2023.

The business address of the members of the SBSA Board is SBSA's registered address, 9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg 2001, PO Box 7725, Johannesburg 2000, South Africa.

The SBSA Board has the same membership as that of SBG, except for Lungisa Fuzile, chief executive, SBSA.

Abridged curriculum vitae of the SBSA Board members follows:

Chairman

Nonkululeko Nyembezi / 63 *Chairman and independent non-executive director, Standard Bank Group (SBG) and The Standard Bank of South Africa (SBSA)* *Appointed:* *1 January 2020, appointed chairman 1 June 2022*	**Qualifications**: > BSc (Hons) (University of Manchester) > MSc (electrical engineering) (California Institute of Technology) > MBA (Open University Business School, UK)	**External directorships**: > Anglo American Plc > Macsteel Service Centres South Africa (Pty) Limited (chairman) **Other governing body and professional positions held:** > Business Leadership South Africa (chairman) > Durban University of Technology (chancellor) **Previous roles**: > CEO of ArcelorMittal South Africa > CEO and executive director of Ichor Coal N.V > Chairman of Alexander Forbes Group Holdings Limited and the JSE Limited > Non-executive director of Old Mutual	**Committees**: > DAC (chairman) > GRCMC > GITC > REMCO > GSEC > LEC
Jacko Maree / 67 *Deputy chairman, SBG and non-executive director, SBG and SBSA*	**Qualifications:** > BCom (University of Stellenbosch)	**External directorships:** > Phembani Group **Other governing body and professional positions held:**	**Committees:** > GMAC (chairman) > GRCMC

Appointed: *21 November 2016*	> BA and MA (politics and economics) (Oxford) > PMD (Harvard)	> China Investment Corporation – International advisory council > Presidential Special Envoy on Investments to RSA **Previous roles:** > Chief executive of SBG for more than 13 years > Senior banker focusing on key client relationships	> REMCO > GSEC > LEC
Xueqing Guan / 59	**Qualifications:**	**Appointments held:**	**Committees:**
Senior deputy chairman, SBG and non-executive director, SBG and SBSA *Appointed:* 1 August 2020	> Doctorate Degree in Economics (Southwestern University of Finance and Economics, China)	> Board secretary, ICBC **Previous roles:** > General manager of Corporate Strategy and Investor Relations Department of ICBC > Head of Sichuan Branch, ICBC	> DAC > GRCMC > GITC > GSEC > LEC
Trix Kennealy / 65	**Qualifications:**	**External directorships:**	**Committees**:
Lead independent director SBG and independent non-executive director SBSA *Appointed*: 21 November 2016	> BCom (University of Pretoria) > BCom (Hons) (University of Johannesburg)	> Sasol **Previous roles:** > Chief financial officer of the South African Revenue Service > Chief operating officer of ABSA corporate and business bank	> GAC (chairman) > GRCMC > REMCO (chairman) > DAC
Sim Tshabalala / 55	**Qualifications:**	**Appointments held within the Group**:	**Committees:**
Group chief executive, SBG and executive director, SBSA *Appointed*: 1 June 2008 (SBSA)	> BA, LLB (Rhodes University) > LLM (University of Notre Dame, USA)	> Stanbic Africa Holdings **Other governing body and professional positions held:**	> GITC > GSEC > GMAC

7 March 2013 (SBG)	> HDip Tax (University of the Witwatersrand) > AMP (Harvard)	> Institute of International Finance > International Monetary Conference	> LEC
Arno Daehnke / 55 *Chief finance and value management officer, executive director, SBG and SBSA* *Appointed*: 1 May 2016	**Qualifications:** > BSc, MSc (University of Cape Town) > PhD (Vienna University of Technology) > MBA (Milpark Business School) > AMP (Wharton)	**Appointments held within the Group:** > Stanbic Africa Holdings **Previous roles:** > Head of the SBG's treasury and capital management function	**Committees:** > GITC > GMAC > LEC
Lwazi Bam / 51 *Independent non-executive director, SBG and SBSA* *Appointed*: 1 November 2022	**Qualifications:** > CA(SA) > B.Com (Hons) (University of KwaZulu Natal) > B.Compt (UNISA) > AMP (Harvard Business School)	**External directorships:** > Zeda Limited (chairman) > Woolworths > Anglo American Platinum **Other governing body and professional positions** > Presidential Climate Finance Task Team > Nelson Mandela Foundation **Previous roles:** > Chief executive officer of Deloitte Africa > Past president of the Association for the Advancement of Black Accountants in Southern Africa (ABASA) > Former chairman of the South African Institute of Chartered Accountants (SAICA) > Former chairman of the African Children's Feeding Scheme (ACFS).	**Committees:** > GAC > GRCMC > LEC > GSEC

Paul Cook / 43 *Independent non-executive director, SBG and SBSA* *Appointed*: 22 February 2021	**Qualifications**: > Doctor of Philosophy (PhD), in physics (California Institute of Technology) > Bachelor of Science with Honours (University of Witwatersrand)	**External directorships:** > Managing director of Silvertree brands > Chief executive officer of Faithful to Nature **Previous roles:** > Managing Director, Ringier Africa Deals Group	**Committees:** > GITC (chairman) > GSEC > GMAC
Geraldine Fraser-Moleketi / 63 *Independent non-executive director, SBG and SBSA* *Appointed*: 21 November 2016	**Qualifications:** > Doctorate in Philosophy (Honoris Causa) (North West University) > Doctorate in Philosophy (Honoris Causa) (Nelson Mandela University) > Master's degree in public administration (University of Pretoria) > Leadership programme (Wharton) > Fellow of the Institute of Politics (Harvard)	**External directorships:** > Exxaro Resources > Tiger Brands (chairman) **Other governing body and professional positions held:** > UN economic and social council, committee of experts of public administration (chairman) > Nelson Mandela University (chancellor) > Government Technical Advisory Centre Winter School Advisory Panel **Previous roles:** > special envoy on gender at African Development Bank Côte d'Ivoire > director of the UN development programme's global democratic governance group > minister of Welfare and Population Development from 1996 to 1999, and Public Service and Administration from 1999 to 2008	**Committees:** > DAC > GRCMC > GSEC (chairman)

		> ISID Advisory Board McGill University Canada	
Ben Kruger / 64 *Independent non-executive director, SBG and SBSA* *Appointed*: 6 June 2022	**Qualifications** > BCom Acc (Hons) (Pretoria) > CA(SA) > AMP (Harvard)	**External directorships** > Aspen Pharmacare Holdings (lead independent director) > JSE Limited > Ruby Rock Investments (executive chairman) **Appointments held within the Group** > Stanbic IBTC Holdings Plc **Other governing body and professional roles** University of Pretoria (deputy chair and member of council) **Previous roles** > executive director SBG > joint group chief executive officer SBG > deputy group chief executive officer SBG	**Committees:** > GRCMC (chairman) > LEC (chairman) > GITC > REMCO
Li Li / 46 *Non-executive director, SBG and SBSA* *Appointed*: 11 November 2021	**Qualifications:** > Masters degree in economics (University of International Business and Economics) > Bachelors degree in economics (Zhengzou University)	**Other governing body and professional positions held:** > Chief representative officer of ICBC African representative office **Appointments held within the Group:** > ICBC Standard Bank Plc. **Previous roles:** > Deputy general manager of ICBC Zurich Branch > deputy head of the preparatory team for Zurich Branch	**Committees:** > DAC* > GRCMC* > GITC* * as alternate to Xueqing Guan

Nomgando Matyumza / 60 *Independent non-executive director, SBG and SBSA* *Appointed*: 21 November 2016	**Qualifications:** > BCompt (Hons) (University of Transkei) > LLB (University of Natal) > CA (SA)	**External directorships:** > Sasol > VW of South Africa > Clicks Group Limited **Previous roles:** > Deputy chief executive at Transnet Pipelines > Non-executive director on the boards of Cadiz, Transnet SOC, Ithala Development Finance Corporation, WBHO and Hulamin	**Committees:** > GRCMC > REMCO > GAC > DAC
Martin Oduor-Otieno / 66 *Independent non-executive director, SBG and SBSA* *Appointed*: 1 January 2016	**Qualifications**: > BCom (University of Nairobi) > CPA (Kenya) > Executive MBA (ESAMI/ Maastricht Business School) > Honorary Doctor of Business Leadership (KCA University) > AMP (Harvard), > Fellow at the Institute of Bankers (Kenya)	**External directorships**: > British American Tobacco Kenya > East African Breweries **Other governing body and professional positions held**: > Chairman of Council of the Africa Executive Coaching Council **Previous roles**: > CEO of the Kenya Commercial Bank Group > partner at Deloitte East Africa > non-executive director of Kenya Airways and GA Life Insurance Company	**Committees**: > GAC > GSEC > GITC
Atedo Peterside CON / 68 *Independent non-executive director, SBG and SBSA* *Appointed*: 22 August 2014	**Qualifications**: > BSc (economics) (The City University, London) > MSc (economics) (London School of	**External directorships**: > Anap Holdings Ltd (chairman) > Anap Business Jets Ltd (chairman)	**Committees**: > GAC > DAC > GITC > REMCO

	Economics and Political Science) > Owner/President Management Programme (Harvard)	**Other governing body and professional positions held**: > Endeavor High Impact Entrepreneurship Ltd/Gde (chairman) **Previous roles**: > Founder and chief executive of the then IBTC > Chairman of Stanbic IBTC Bank Plc and Cadbury Nigeria Plc > Non-executive director of Flour Mills of Nigeria Plc, Unilever Nigeria Plc and Nigerian Breweries Plc	
Lungisa Fuzile / 57 *Chief Executive SBSA* *Appointed*: 2018	**Qualifications**: > MCom (Natal) > AMP (Harvard)	**Appointments held within the Group:** > The Standard Bank Tutuwa Community Foundation > Stanbic Bank Botswana Other governing body and professional positions held: > Business Leadership South Africa **Previous roles**: > Director general – National Treasury	**Committees**: > LEC (SBSA only) > GSEC

<u>Key:</u>

DAC – Directors' affairs committee

GAC – Group audit committee

GITC – Group information technology committee

GRCMC – Group risk and capital management committee

REMCO – Group remuneration committee

GMAC – Group model approval committee

GITC - Group information technology committee

LEC – SBG/SBSA large exposure credit committee

Conflicts of Interest

In accordance with paragraph 7.4, 7.5 and 7.6 of the JSE Debt Listings Requirements and in addition to the requirements of Section 75 of the Companies Act 71 of 2008, SBG and SBSA directors' interests are disclosed quarterly at the start of SBG and SBSA Board and SBSA Board committee meetings. These disclosures include a register of all personal financial interests as well as any declarations of interest in matters on the agenda and in SBSA Board and SBSA Board committee papers that may constitute, or be perceived to constitute, a potential conflict of interest. All conflicts of interest are considered and managed by the SBSA Board/SBSA Board committees in terms of the Management of Conflicts of Interests Policy as published on the Group's website.

EMPLOYEES

For the year ended 31 December 2022, the SBSA Group had 28,871 employees (compared to 29,313 employees for the year ended 31 December 2021).

For the year ended 31 December 2022, approximately 56.0 per cent. of SBSA's employees worked in the CHNW SA segment, whereas 17.0 per cent. of staff worked in the BCC SA segment; and 13.4 per cent. worked in the CIB SA segment. During the same period 2.6 per cent. of SBSA's employees worked in Insurance & Asset Management, with the remaining 11.0 per cent. of employees working in Group Functions and the office of the CEO.

COMPETITION

Competitors

As at 31 December 2022, there were 14 locally controlled banks, 4 foreign controlled banks, 3 mutual banks, 12 local branches of foreign banks and 28 foreign banks with approved representative offices in South Africa. According to the SARB BA 900 report for 31 December 2022, the banking sector in South Africa had total assets of R7.2 trillion as at 31 December 2022. SBSA's principal competitors are Absa Bank Limited, FirstRand Bank Limited, and Nedbank Limited. Apart from SBSA, these represent the largest banks in South Africa. The following table sets out total assets and capital and reserves for each as at 31 December 2022.

	Total Assets	Capital and reserves
	(Rm)	
Absa Bank Limited	1,478,722	100,514
FirstRand Bank Limited	1,555,284	97,526
Nedbank Limited	1,159,255	80,320
The Standard Bank of South Africa Limited	1,755,076	110,523

Source: BA 900 filings – SARB, 31 December 2022

SBSA operates in a highly competitive environment. The economic pressures experienced in developed economies have caused banks based in those jurisdictions to seek out growth opportunities within South Africa. As banks in developed economies are often able to benefit from lower costs of funding, this has resulted in greater competition for SBSA within South Africa and other emerging markets.

CAPITAL ADEQUACY

SBSA's capital management function is designed to ensure that regulatory requirements are met at all times and that SBSA is capitalised in line with its risk appetite and target ranges, both of which are approved by the SBSA Board. It further aims to facilitate the optimised allocation and use of capital, such that it generates a return that appropriately compensates shareholders for the risks incurred. Capital adequacy is actively managed and forms a key component of SBSA's planning and forecasting process. The capital plan is tested under a range of stress scenarios.

The PA adopted the Basel III framework, subject to certain phase-in provisions as provided by the BCBS from 1 January 2013. From 1 January 2019 the requirements that were subject to phase-in provisions have been fully implemented.

The PA reinstated the pillar 2A buffer requirement for banks in South Africa effective from 1 January 2022 following the temporary relaxation of the requirements in 2022 in response to the Covid-19 pandemic.

South African minimum Basel III capital requirements were 8.5 per cent. for CET 1, 10.8 per cent. for tier 1 and 14.0 per cent. for total capital adequacy in 2022. These minimums exclude the countercyclical buffer, which for the time being has not been announced as a requirement for South Africa, and confidential bank-specific pillar 2B capital requirements but include the maximum potential domestic systemically important bank (D-SIB) requirement of 2.5 per cent. South African banks were required to disclose their D-SIB capital requirements from 1 September 2020. SBSA's D-SIB buffer requirement amounts to 1.5 per cent. as at 31 December 2022 of which 1 per cent. is required to be held in CET 1.

On 11 May 2022 the PA issued guidance note G4/2022 confirming the delay in implementation of the Basel III Finalisation rules to 1 January 2024 from 1 January 2023. SBSA continues to analyse the potential impact of these rules on the capital adequacy ratios, systems and processes while engaging with the PA on areas of national discretion specified by the BCBS together with items requiring further clarification.

SBSA manages its capital levels to support business growth, maintain depositor and creditor confidence, create value for shareholders, and ensure regulatory compliance. The main regulatory requirements to be complied with are those specified in the South African Banks Act, No. 94 of 1990, as amended or replaced from time to time (the "**Banks Act**") and related regulations, which are aligned with Basel III.

Regulatory capital adequacy is measured through three risk-based ratios, namely common equity tier 1, tier 1 and total capital adequacy ratios which are calculated on the following basis:

- Common equity tier 1: ordinary share capital, share premium, retained earnings, other reserves and qualifying non-controlling interest less impairments divided by total RWA.
- Tier 1: common equity tier 1 and other qualifying non-controlling interest plus perpetual, non-cumulative instruments with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA.

- Total capital adequacy: tier 1 plus other items such as general credit impairments and subordinated debt with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA.

RWA are calculated in terms of the Banks Act and related regulations, which are aligned with Basel III.

The SARB adopted the leverage framework that was issued by the BCBS in January 2014 with formal disclosure requirements commencing from 1 January 2015. The non risk-based leverage measure is designed to complement the Basel III risk-based capital framework. SBSA's leverage ratio inclusive of unappropriated profit was 6.3 per cent. as at 31 December 2022 (compared to 5.8 per cent. as at 31 December 2021), in excess of the PA minimum requirement of 4 per cent.

The following table sets out SBSA's Tier 1 and Tier 2 capital excluding unappropriated profit for the years ended 31 December 2022 and 31 December 2021.

Basel III qualifying capital excluding unappropriated profits

	31 December	
	2022	**2021**
	(Rm)	
Ordinary shareholders' equity	111,081	107,416
Regulatory adjustments	(8,206)	(10,063)
Goodwill	(42)	(42)
Other intangible assets	(7,483)	(9,117)
Other adjustments	(681)	(904)
Unappropriated profits	(9,122)	(8,323)
CET 1 capital	**93,753**	**89,030**
Qualifying other equity instruments	14,098	10,502
Tier 1 capital	**107,851**	**99,532**
Qualifying Tier 2 subordinated debt	24,594	23,520
General allowance for credit impairments	2,674	2,836
Less: regulatory adjustments - investment in Tier 2 instruments in other banks	(3,125)	(2,498)
Tier 2 capital	24,143	23,858
Total regulatory capital	**131,944**	**123,390**

Basel III risk-weighted assets and associated capital requirements

	RWA		Minimum capital requirements[1]
	2022	2021	2022
	(Rm)		*(Rm)*
Credit risk (excluding counterparty credit risk (CCR))	**619,503**	**554,739**	**80,535**
Of which: standardised approach[2]	55,709	46,576	7,242
Of which: internal rating-based (IRB) approach	563,794	508,163	73,293
CCR	**35,939**	**35,315**	**4,672**
Of which: standardised approach for CCR	34,988	34,536	4,548
Of which: IRB approach	951	779	124
CVA	14,037	17,117	1,825
Equity positions in banking book under market-based approach	**3,419**	**3,140**	**444**
Equity investment in funds - look through approach	**1,143**	**1,722**	**149**
Equity investment in funds - mandate-based approach	**3,145**	**1,543**	**409**
Equity investment in funds - fall-back approach	**252**	**358**	**33**
Securitisation exposures in banking book	**905**	**611**	**117**
Of which: IRB approach		593	
Of which: IRB supervisory formula approach		18	
Of which: Internal Ratings-Based Approach (SEC-IRBA)	**534**		**69**
Of which: External Ratings-Based Approach (SEC-ERBA)	**371**		**48**
Market risk	**50,675**	**43,891**	**6,587**
Of which: standardised approach	30,911	28,898	4,018
Of which: internal model approach (IMA)	19,764	14,993	2,569
Operational risk	**103,860**	**97,393**	**13,502**
Of which: standardised approach	15,323	12,991	1,992
Of which: advanced measurement approach (AMA)	88,537	84,402	11,510
Amounts below the thresholds for deduction (subject to 250 per cent. risk	18,633	16,225	2,422
	851,511	**772,054**	**110,695**

[1] Measured at 13.0 per cent. (2021: 12.5 per cent.) and excludes any bank-specific capital requirements. Pillar 2A requirements reinstated by the Prudential Authority from 1 January 2022. SBSA's D-SIB buffer requirement amounts to 1.5 per cent., of which 1.0 per cent. is required to be held in CET 1. There is currently no requirement for the countercyclical buffer add-on in South Africa or in other jurisdictions in which SBSA has significant exposures.

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

The following table details SBSA's capital adequacy ratios for the years ended 31 December 2022 and 31 December 2021 on a Basel III basis.

Capital Adequacy Ratios

	Internal target ranges [1]	SARB minimum regulatory requirement [2]	Excluding unappropriated profits		Including unappropriated profits	
			2022	2021	2022	2021
	(per cent.)	*(per cent.)*	*(per cent.)*	*(per cent.)*	*(per cent.)*	*(per cent.)*
CET 1 capital adequacy ratio	>11.0	8.5	11.0	11.5	12.1	12.6
Tier 1 capital adequacy ratio	>12.0	10.8	12.6	12.9	13.7	14.0
Total capital adequacy ratio	>15.0	13.0	15.5	16.0	16.6	17.1

[1] Including unappropriated profits.

[2] Excluding confidential bank specific requirements. Pillar 2A buffer requirements reinstated by the Prudential Authority from 1 January 2022.

Source: This information has been extracted from the SBG 2022 Risk and Capital Management Report

For further information, see "Annexure C – Risk and Capital Management – IFRS disclosures" set out in SBSA 2022 Annual Report which are incorporated by reference into the Programme Memorandum.

Climate Policy

The Group is committed to balancing the challenges posed by climate change with the need to support access to reliable energy that supports economic growth and poverty alleviation, in line with the United Nations Sustainable Development Goals. The Group has adopted a climate policy which applies to all its client segments and subsidiaries (excluding Liberty) and which therefore applies to SBSA. The climate policy commits the Group to achieving net zero carbon emissions from its own operations for newly built facilities by 2030, for existing facilities by 2040 and from its portfolio of financed emissions by 2050. The Group interprets "net zero" to mean that greenhouse gas emissions produced are balanced by absorbing or removing an equivalent amount from the atmosphere. To achieve a just transition toward net zero, the Group applies several complementary approaches including:

- setting targets to increase lending to sustainable finance solutions;
- refining existing lending policies;
- setting climate targets to reduce financed emissions in specific sectors;
- engaging with clients and supporting their climate transition commitments; and
- monitoring clients' commitments as part of their transition.

Initially, the Group has set climate targets and commitments for the following four sectors based on their identified levels of elevated climate risk: agriculture, gas, oil and thermal coal. The Group intends to establish targets and commitments for additional sectors over the next two to three years, including insurance, residential and commercial property and transportation.

The Group seeks to engage with clients to support their transition toward net zero through a variety of sustainable finance solutions including the use of proceeds and sustainability-linked instruments. The Group's five-year target is to mobilise a cumulative amount of between R250 billion and R300 billion in sustainable finance by the end of 2026. This includes an additional R50 billion of financing for renewable energy power plants over the next three years and to underwrite the financing of a further R15 billion of renewable energy power plants over the same period.

The Group will monitor its progress on the achievement of its climate targets and commitments annually and disclose the results in its annual reporting. The Group will also review and, where necessary, revise its climate policy, as well as the targets and commitments identified in it, at least every three years.

Legal Proceedings

There are no governmental, legal or arbitration proceedings (nor are there any such proceedings which are pending or threatened of which SBSA is aware) during the 12 months prior to the date of the Programme Memorandum which may have, or have had, in the recent past a significant effect on the financial position or profitability of SBSA and/or the SBSA Group. SBSA and its subsidiaries have sued and are defendants in a number of legal proceedings incidental to their operations. While any litigation has an element of uncertainty, SBSA does not expect that the outcome of any such proceeding, either individually or in aggregate, will have a material adverse effect upon the SBSA Group's consolidated financial position or results.

Property

As at 31 December 2022, SBSA Group held freehold title (net book value) to land and property of R2,803 million (compared to R2,903 million as at 31 December 2021).

Insurance

SBSA has a comprehensive insurance programme with cover for bankers' bond, computer crime, professional indemnity, directors' and officers' liability, assets and liabilities. An annual benchmarking review of policy wording, covers and limits ensures that the level of risk mitigation is adequate in relation to SBSA's risk profile.

All insurance cover is placed at SBG level to maximize on economies of scale and to ensure all business units are included.

SBSA Technology Capability

With the significant impact of the digital revolution, consumers and businesses are being forced to change the way they interact. Technology is central to SBSA's ability to adapt to a changing world and create sustainable long-term value for SBSA's stakeholders. SBSA regards technology as a strategic asset which supports, sustains and enables growth and operational excellence within the Group.

SBSA's technology strategy is aligned to, and a key enabler of SBSA's and the Group's strategic vision. The key elements of SBSA's technology strategy are focused on embedding a client-centric culture which is aimed at ensuring that SBSA's systems are "always on" (available to its customers) and secure (through managing the risk of unauthorised security breaches), systems adopt a platform business view, enable the digital transformation of SBSA, drive the simplification of SBSA's systems, and in having the right, engaged employees to deliver on the strategy.

Management believes that SBSA's overall technology stability is currently acceptable with significant volumes noted across SBSA's digital offerings (the SBSA mobile app and SBSA's internet banking platform). This includes a 9 per cent. increase in volumes for the year ended 31 December 2022 (compared to the year ended 31 December 2021), processing approximately 186 million transactions per month in 2022 and a decline in material system stability incidents from 14 incidents in 2021 to 4 incidents in 2022.

Technology governance functions provide oversight of technology within the Group to ensure that technology contributes to creating sustainable value both in the short and long term. The SBG Board is responsible for ensuring that prudent and reasonable steps have been taken regarding technology governance. The Group Information Technology Committee is an SBG Board committee which has the authority to review and provide guidance on matters related to the SBSA's technology strategy, budget, operations, policies and controls, SBSA's assessment of risks associated with technology, including disaster recovery, business continuity and technology security, as well as oversight of significant technology investments and expenditure.

The committee is chaired by an independent board member, who is also a member of the Group Risk and Capital Management Committee. The Group Chief Operating Officer, Group Chief Information Officer and Group Chief Information Security Officer, in addition to other key executive management, are standing invitees to committee meetings.

REGULATION

General regulatory requirements

SBSA is subject to, amongst other pieces of legislation, the Banks Act and the The Financial Sector Regulation Act, No. 9 of 2017 and is supervised by the Financial Conglomerate Supervision Department of the Prudential Authority.

SBSA holds a full banking licence granted by the SARB. It is an authorised dealer in foreign exchange in terms of the Exchange Control Regulations of the SARB.

Please see the heading titled "*The impact of any future change in law or regulation on the Issuer's business is uncertain*" on page 20 of the document titled "*Risk Factors and Other Disclosures Schedule relating to The Standard Bank of South Africa Limited USD 1,000,000,000 Structured Note Programme Risk Factors*" available on the website of the Issuer at https://reporting.standardbank.co./debt-investors/debt-securities/.

Anti-money laundering regulatory requirements

SBSA is committed to and supports global efforts to combat ML and TF. Consequently, SBSA has implemented the Group Money Laundering Control Policy, and approved standards and procedures to ensure compliance with its legislative obligations in respect of AML and CFT requirements. Meeting ML and TF control requirements imposes significant obligations in terms of client identification and verification, record keeping, staff training and the detection and reporting of suspicious and unusual transactions. Minimum standards are implemented throughout SBSA, while particular emphasis is placed on implementing bespoke ML/TF controls which are designed to mitigate the risks identified in country and business risk assessments. SBSA continues to enhance and automate its ML and TF detection measures, and has a dedicated AML surveillance team that is responsible for receiving, evaluating and reporting suspicious or unusual transactions and activities to the appropriate authorities. This team has taken the approach of full co-operation with law enforcement agencies from an information sharing perspective, while still ensuring that it operates within the parameters defined by legislation.

Anti-bribery and corruption requirements

ABC policies are implemented across SBSA. SBSA is committed to the highest level of ethical behaviour, and has a zero-tolerance approach towards bribery and corruption. SBSA has designed and implemented an anti-bribery management system to ensure compliance with ABC laws. These laws include, but are not limited to, the South African Prevention and Combating of Corrupt Activities Act No.12 of 2004, the UK Bribery Act and the U.S. Foreign Corrupt Practices Act.

SBSA has developed and implemented an ABC compliance programme which is aligned with global best practice (in particular the ABC guidance that has been issued by the Organisation for Economic Co-operation and Development). Programme activities include periodically providing inputs to the Group ABC risk assessment process, and implementing updates to the ABC policy.

Furthermore, all SBSA staff are required to complete ABC general awareness training annually. Regular reviews of the effectiveness of the ABC programme are conducted in the form of a combined assurance approach to monitoring activities.

Risk Management

SBSA's risk management approach ensures consistent and effective management of risk and provides for appropriate accountability and oversight. Risk management is enterprise wide, applying to all entity levels and is a crucial element in the execution of its strategy.

SBSA's risk universe represents the risks that are core to its financial services business. SBSA organise these into strategic, financial and non-financial categories and biennially identify key enterprise risks. These top enterprise risks require focused management because they represent material impacts to the strategy. SBSA regularly scans the environment for changes to ensure that its risk universe remains relevant.

The risk universe is managed through the lifecycle from identification to reporting. SBSA's assessment process includes rigorous quantification of risks under normal and stressed conditions up to, and including, recovery and resolution. The annual recovery planning process facilitates proactive consideration by senior management and the SBSA Board of appropriate actions that could be taken in the event of severe stress. The recovery plan process enhances SBSA's ability to make timely, well-informed decisions to mitigate the risk and impact should a severely adverse scenario arise.

Risk exposures are managed through different techniques and are monitored against a risk appetite that supports SBSA's strategy. SBSA manages and allocates capital efficiently to grow shareholder value while ensuring that regulatory capital requirements are met.

Risk information is subject to strong data and reporting controls. It is integrated into all business reporting and governance structures. SBSA's governance structure enables oversight and accountability through appropriately mandated SBSA Board and management committees. The three lines of defence model is leveraged to maintain a strong risk culture with an emphasis on doing the right business, the right way.

This is all underpinned by a control environment defined in the Standard Bank risk governance and management standards and policies. Through the embedding of SBSA's values and ethics policies, compliance training and whistleblowing programmes, its employees are empowered to act with confidence, drive meaningful behavioural changes and place the client at the centre of everything they do.

SBSA'S Risk Management System

SBSA's risk management system is governed by appropriately mandated governance committees and fit-for-purpose governance documents.

SBSA operates under the SBG enterprise risk management ("**ERM**") governance framework with SBSA- specific policies to address SBSA-specific business and regulatory requirements. SBSA's chief risk officer is accountable to the SBSA Board and SBSA's regulators.

Risk governance committees

Board sub-committees responsible for the oversight of risk management comprise the Risk and Capital Management Committee ("**RCMC**"), the Audit Committee ("**AC**") and the large exposure credit committee. The information technology committee, the model approval committee, the remuneration committee and the social and ethics committee are sub-committees of SBG, but consider matters related to SBSA as part of their mandates.

Executive management oversight for all risk types has been delegated by the Group leadership council to the Group Risk Oversight Committee (**"GROC"**), which, in turn, assists the RCMC to fulfil its mandate. As is the case with the RCMC, the GROC calls for and evaluates in-depth investigations and reports based on its assessment of the risk profile and external factors. The GROC is chaired by the chief risk officer and delegates authority to various sub-committees which deal with specific risk types or oversight activities. Matters are escalated to the GROC, based on materiality, through reports or feedback from the sub-committee chairman.

For further information, please also see "*Annexure C – Risk and capital management – IFRS disclosures*" in the SBSA 2022 Annual Report.

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