



Standard Bank Group

ANNUAL INTEGRATED REPORT

for the year ended 31 December 2021

Standard Bank **IT CAN BE**[™]
Also trading as Stanbic Bank



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OUR 2025 AMBITION

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For easy access to download our pdf, [go here](#).

For information on forward-looking statements, refer to the [page 166](#).



Our reporting suite

Our full suite of reports caters for the diverse needs of our stakeholders. As the central connection point of our reporting suite and the primary report to our stakeholders, the integrated report contextualises the information in our other reports. Our remaining reports provide additional disclosure on our performance for the year and satisfy various compliance reporting requirements.

Intended readers

- Our shareholders, debt providers and regulators
- Our clients, employees and broader society



Our reporting portal

All our reports and latest results presentations, booklets and SENS announcements are available at <https://reporting.standardbank.com/>. A glossary of financial terms, other definitions, acronyms and abbreviations used in our reports is also available on this webpage. The invitation to the annual general meeting (AGM) and notice of resolutions to be tabled at the AGM, are sent separately to shareholders and are also available online.



Our annual integrated report

Provides an outline of our ability to create and preserve value, and guard against value erosion in the short, medium and long term.

Governance and remuneration report

Discusses the group's governance approach and priorities, and includes our remuneration policy and implementation report.

Environmental, social and governance (ESG) report

Provides an overview of the group's processes and governance structures as they relate to social and environmental matters.

Annual financial statements

Sets out the group's full audited annual financial statements, including the report of the group audit committee.

Risk and capital management report

Sets out the group's approach to risk management.

Report to society (RTS)

An assessment of our social and environmental impacts in the seven areas in which we believe we have the greatest impact and opportunity.

Climate-related financial disclosures (TCFD aligned reporting)

Discusses how the group is managing the risks and responding to the opportunities presented by climate change, aligned to Task force on Climate-related Financial Disclosures (TCFD) reporting.

Subsidiary annual reports

Our subsidiaries account to their stakeholders through their own annual reports, available on their respective websites.

- [The Standard Bank of South Africa Limited \(SBSA\)](#)
- [Liberty Holdings Limited \(Liberty\)](#)
- Other subsidiary reports, including legal entities in Africa Regions.



About our report

Our report sets out the progress we have made towards achieving our strategic priorities and 2025 Ambition in the period 1 January 2021 to 31 December 2021, and includes material information up to the date of board approval on 10 March 2022. Our progress is evaluated against our strategic value drivers. This report also provides an assessment of the opportunities, risks and impacts influencing our ability to create and preserve sustainable value, and guard against value erosion, as we deliver our purpose. The scope of information in this report relates predominantly to the medium term.

Key frameworks applied

Our integrated report considers information governed by a diverse set of frameworks, including the International Integrated Reporting <IR> Framework (January 2021), the Johannesburg Stock Exchange (JSE) Listings Requirements, International Financial Reporting Standards (IFRS) and King IV Report on Corporate Governance for South Africa 2016™*.

* Also known as King IV and King Code. Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.

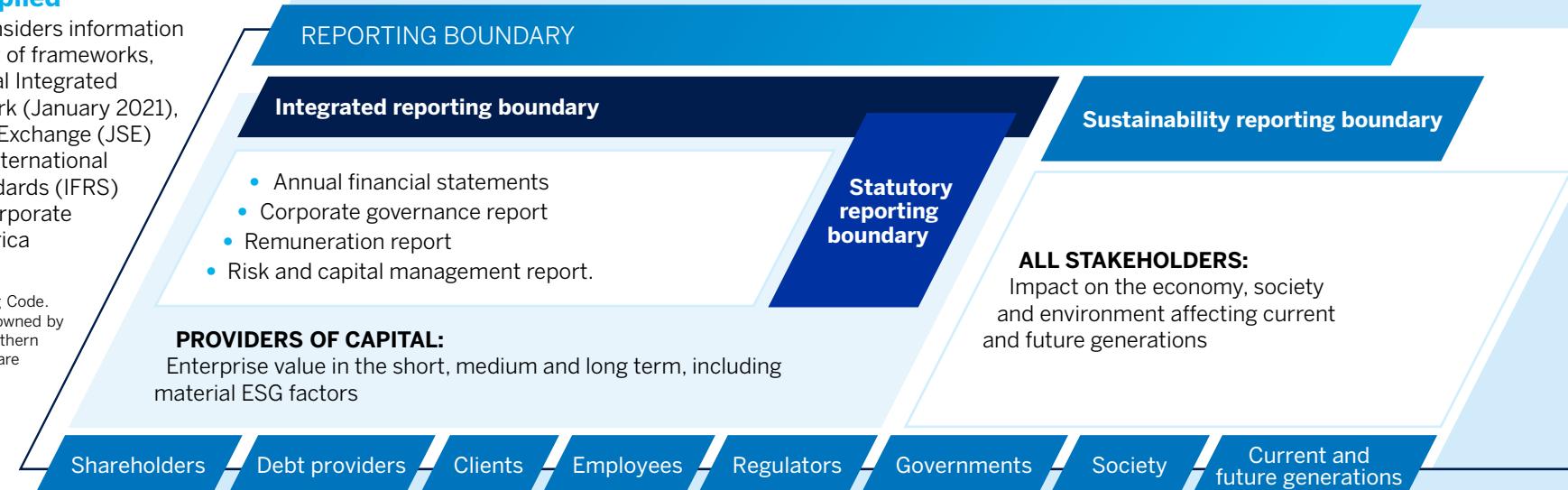
Our reporting boundary

The data in this report – both financial and non-financial – pertains to the Standard Bank Group (the group or SBG) as the reporting entity, which includes all entities over which we have control or significant influence. Certain metrics, however, relate to specific categories of activity only and are clearly noted as such.

The reporting boundary includes the strategic narrative pertaining to our Standard Bank Activities across the continent and internationally, which excludes Liberty¹ and our other banking interests unless relevant to the group's business model, strategy, performance and prospects. The risks, opportunities and outcomes arising from entities and stakeholders over which we do not have control or significant influence, are included where the nature and materiality of the risks, opportunities and outcomes affect our ability to create and preserve value and guard against value erosion.

Financial information has been prepared on an IFRS basis, unless otherwise specified, and therefore includes the consolidation of all entities in the group. Any restatements of comparable information are noted.

¹ The transaction to buy-out the Liberty minority shareholders has been completed, effective **1 March 2022**. Liberty will be integrated as a wholly owned subsidiary going forward.





Report preparation

Assurance

We apply a combined assurance model to assess and assure aspects of the group's operations, including the internal controls associated with elements of external reporting. We incorporate and optimise all assurance services and risk functions to enable an effective control environment that ensures the integrity of the information used in our decision-making and reporting. The assurance given to the board is underpinned by management (first line of defence), relevant functions (second line) and reviews performed by internal audit (third line).

While this report is not audited, it contains certain information that has been extracted from the group's audited consolidated annual financial statements, on which an unmodified audit opinion has been expressed by the group's external auditors, KPMG Inc. and PricewaterhouseCoopers Inc. (PwC). Similarly, it includes information extracted from the RTS and ESG reports on which assurance on selected information has been provided by PwC.



The reporting processes are assessed by an internal audit team who reviews the integrated report to ensure that it is materially in accordance with guidelines of the <IR> Framework and King IV. In addition, the team undertakes a process to substantiate the data disclosed in the report to provide additional comfort to the group audit committee and the board as to the integrity of information disclosed and the related reporting processes.

Process disclosures

The following processes were employed in the preparation and approval of our reports:

- An expert reporting project team, with support from specialist external reporting advisors, ensures that a mature and effective report preparation process is followed. Detailed debriefing together with internal and external feedback on processes, content and <IR> Framework application in the prior year's reporting was used to improve this integrated report.
- Oversight and guidance of the processes, particularly in the reporting approach and content planning, is provided by executives and senior management across the group. The group leadership council oversees the process and controls are applied in the information gathering and drafting process.
- The enterprise risk identification process enables the determination of material matters which are foundational to the preparation of the integrated report. Issues that are material are reviewed, finalised and approved by the board in a separate process.
- Information included in this report is sourced from interviews with leadership and members of the board, internal and external sources of trusted information used for decision-making purposes and from other reports in the reporting suite.
- All reports in the reporting suite are prepared in parallel to ensure that information and data across the suite is aligned and consistent.
- The group leadership council is accountable to the board for preparing the integrated report. It reviews the reporting suite prior to the submission of various reports to respective board sub-committees for review and discussion. The board sub-committees recommend the reports to the board for approval.



Board responsibility and approval statement

The board acknowledges its responsibility for the integrity of the 2021 integrated report and other reports in the group's reporting suite. The group audit committee, as mandated by the board to oversee the preparation and presentation of the integrated report, reviewed and recommended this report to the board for approval. The board considers the preparation and presentation of this report as being materially in accordance with the guidelines of the <IR> Framework. The board is therefore of the opinion that the report addresses material information on the group's ability to manage value creation and preservation and mitigate value erosion over the short, medium and long term, and provides a balanced and appropriate assessment of the group's governance, strategy, risks and opportunities, performance and prospects.

On behalf of the board,

**Thulani Gcabashe
Chairman**

**Sim Tshabalala
Group chief executive officer**



LEADERSHIP INSIGHT





Who we are

We are Africa focused, client led and digitally enabled.

We provide comprehensive and integrated financial and related solutions to our clients.

We drive inclusive growth and sustainable development.

① South Africa

West Africa

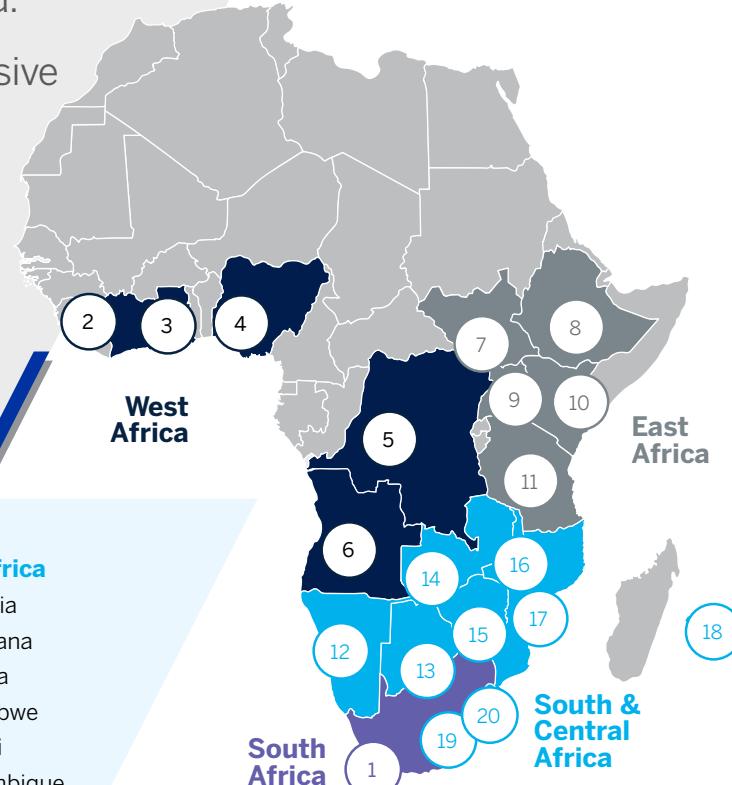
- ② Côte d'Ivoire
- ③ Ghana
- ④ Nigeria
- ⑤ Democratic Republic of Congo (DRC)
- ⑥ Angola

East Africa

- ⑦ South Sudan
- ⑧ Ethiopia (representative office)
- ⑨ Uganda
- ⑩ Kenya
- ⑪ Tanzania

South & Central Africa

- ⑫ Namibia
- ⑬ Botswana
- ⑭ Zambia
- ⑮ Zimbabwe
- ⑯ Malawi
- ⑰ Mozambique
- ⑱ Mauritius
- ⑲ Lesotho
- ⑳ Eswatini

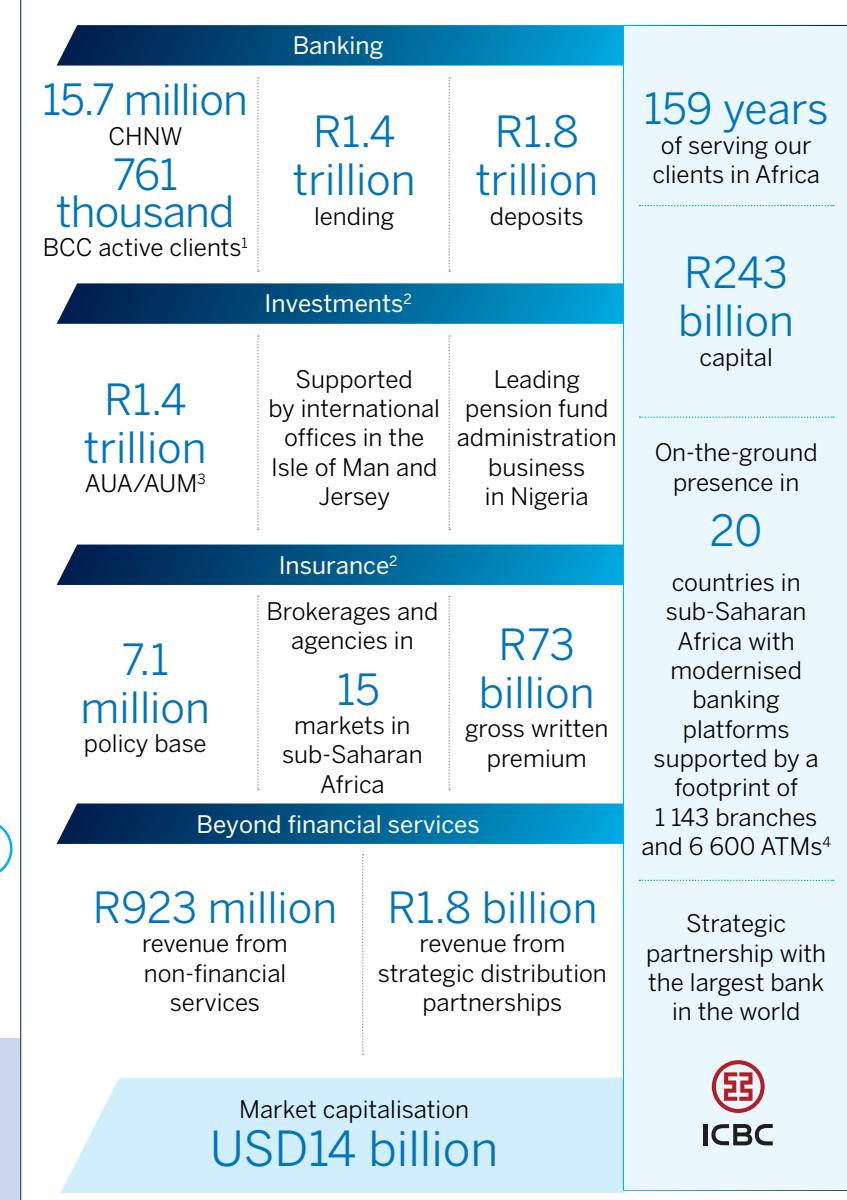


Presence in international markets:

- Beijing
- London
- São Paulo
- Dubai
- New York

International financial services:

- Isle of Man
- Jersey
- Mauritius



¹ CHNW – consumer and high net worth; and BCC – business and commercial active clients.

² Standard Bank and Liberty.

³ Assets under administration/management.

⁴ Automated teller machines.



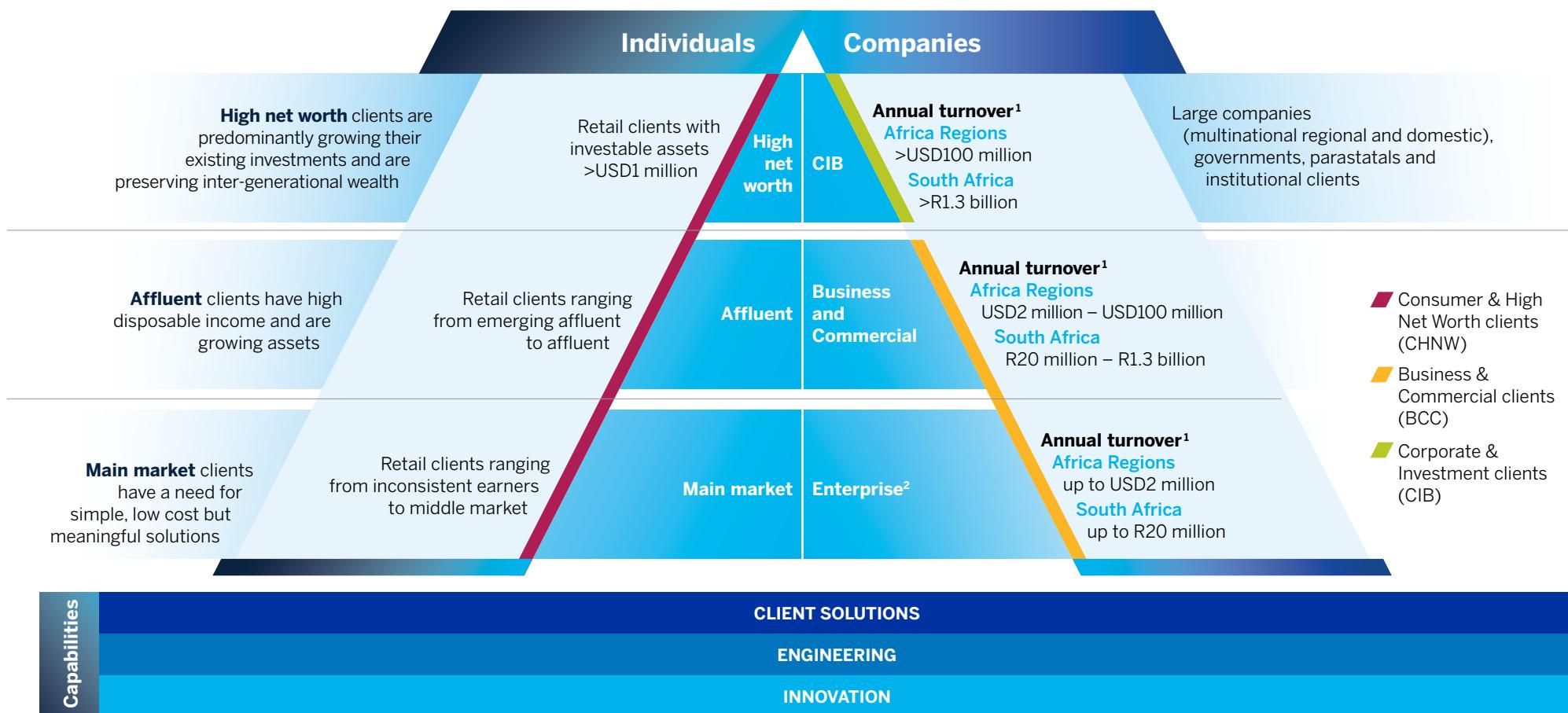
How we organise ourselves

In January 2021, we introduced a new operating model and we re-organised the group into three client segments that are enabled by three capabilities,

namely Client Solutions, Engineering and Innovation. These changes enable the group to deliver integrated and seamless financial services to our

clients, reduce the time and cost to serve, and to innovate more quickly and efficiently. The benefits are already evident in the measures against which

we track our progress, and we are confident that this momentum will continue.





Attractive investment proposition

As Africa's largest financial services group, we have scale advantages.

Positioned to respond to forces in our operating environment

The fundamental drivers of economic growth in sub-Saharan Africa remain intact, which will support strong growth in financial services firms who can navigate change, challenge and complexity.



Read more: [page 23](#).

Committed to driving sustainable growth and shared value

- We have set clear targets to achieve our 2025 Ambition and deliver superior shareholder value
- Our purpose and our strategy commits us to deliver sustainable and inclusive social, economic and environmental (SEE) value and positive impacts across sub-Saharan Africa.

Our scale advantages

Trusted brand

Our unparalleled brand strength and legitimacy is recognised continent-wide.

Our franchise strength is underpinned by our strong brand, fit-for-purpose physical distribution network and digital platforms.

Client community

Our large and growing client base with relevant client propositions and a significant opportunity to deepen client relationships and grow revenues by way of solution enhancement and cross-sell.

We are market leaders in many segments, with relationships throughout Africa and worldwide. Our 49 224 people, including Liberty, are deeply skilled and experienced, and strive to find relevant and effective solutions to meet client needs.

Established partners

Our strong partnerships and alliances, including Amazon Web Services (AWS), Microsoft and Salesforce.

We have the resources and appetite to expand on our own and through the strong relationships we have with our partners and service providers. Our scale and breadth allows us to leverage data to transform the lives of, and create shared value for, and with, our clients and our partners.

Available resources

Our robust capital structure and financial resources are underpinned by our modernised and increasingly efficient physical and digital infrastructure.

Our strong and liquid balance sheet provides flexibility to manage uncertainty, change, innovation and growth.

Deep African and sector expertise

Our on-the-ground operations in rapidly expanding African economies and our strong expertise in a number of fast-growing sectors.

Financial deepening and greater market penetration, particularly by way of new digital channels and partnerships, will drive revenue growth.

Our prospects for future growth are driven by regional fundamentals, including increasing financial inclusion and penetration as well as providing opportunities to increase our market shares. Our on-the-ground capabilities across 20 countries in sub-Saharan Africa, with links to international capital and funding pools, and our unique partnership with the Industrial and Commercial Bank of China (ICBC) drives Africa-China opportunities.

Why invest in us

We have updated our **strategic priorities**.

We will transform client experience; execute with excellence; and drive sustainable growth and value.

We have **powerful scale** advantages and strengths.

We have changed our structures and ways of working to become more **efficient** and **competitive**.

We are creating **new solutions** and **new partnerships** to serve our clients better and grow our revenues.

We have set ambitious new **financial targets** which we are confident we will achieve.



Chairman's statement

Thulani Gcabashe
Group chairman

As we enter 2022, we can say with confidence that the group continues to respond effectively to its challenges and that it is well into its recovery, measured by its financial and non-financial metrics. Importantly, the group has re-imagined itself to improve its competitiveness and secure its sustainability for decades to come.

Two years ago, once we had shaken off our shock and incredulity and had begun to understand the global scale of what we were all facing, the Standard Bank Group adopted a three-phase approach to managing the pandemic: respond, recover, and re-imagine.

During 2021, the board's overriding concern was to ensure that the group achieved the correct balance between these objectives. When the board thought the executives were too preoccupied with the immediate pandemic, or with one set of metrics, we have aimed to lift their eyes to the horizon and to the longer-term interests of all our stakeholders. On the occasions when they have become too visionary, we have been equally firm in redirecting attention to the here-and-now.

"We have well-defined governance structures embedded across the group, supporting our ability to create and preserve value, while guarding against value erosion."

Operating context

After shrinking by 6.4% in 2020, the South African economy has grown at around 4.6% in 2021¹. The depth of the pandemic recession, and the seriousness of subsequent difficulties, have meant that South Africa is unlikely to regain 2019 levels of economic activity until the second half of 2022.

After declining by 1.7% in 2020, the economy of sub-Saharan Africa recovered in 2021, growing at around 4.0% in 2021². This is a relatively subdued performance by the sub-Saharan African standards of recent times. It is likely to take another year or so before our continent returns to its position as the second-fastest growing region in the world.

¹ Statistics South Africa, March 2022.

² International Monetary Fund (IMF) World Economic Outlook (update January 2022).



Its growth and industrial development will be further boosted by the implementation of the African Continental Free Trade Area (AfCFTA).

As I write this in early 2022, according to the International Monetary Fund (IMF), we expect the South African economy to grow at around 2% in 2022 and sub-Saharan Africa as a whole at around 3.7%. Both of these expectations are subject to no further major shocks arising from the pandemic or from geopolitical tensions.

The economic burdens imposed by Covid-19 were lighter in its second year, but the pandemic has continued to expose and exacerbate the weaknesses of South Africa's economy, political structure and social fabric. All of us were shaken by the violence and disorder in KwaZulu-Natal and parts of Gauteng in July. Our branches and ATMs – and many of our clients' businesses – suffered significant damage.

The past year also created several reasons for optimism about South Africa. There has been encouraging progress in improving the transparency, accountability and performance of important parts of the public sector. The electricity and transport industries continue to be reformed and restructured. Importantly, and in sharp contrast to the July events, South Africa's local elections proceeded smoothly in October. The election outcomes have reinforced our conviction that South Africa's

democracy is well-entrenched and becoming more competitive, a trend that is likely to be positive for sustainable, inclusive growth and human development over the long term.

In the short and medium term, however, achieving faster and more inclusive economic growth will require more decisive political leadership on governance and on structural reform. I would argue that it will also require the creation of a national compact for growth and development that moves away from an impatient 'winner takes all' mindset and instead emphasises shared goals, an equitable distribution of burdens and benefits, and a long-term perspective. As always, the group and its leadership stand ready to participate in policy conversations on accelerating inclusive and sustainable growth in South Africa and throughout the continent.

Leading issues in 2021

In March and April, the board became increasingly concerned about the stability of the group's technology infrastructure. A series of widespread and extended outages had inconvenienced our clients and had begun to demoralise our employees. The executive invoked business continuity management procedures, after which system stability improved from May. It is important to emphasise that the security and confidentiality of our clients' information was never at

risk. The group experienced no material cybersecurity incidents during 2021.

The board remained concerned, however, that these outages could perhaps be symptoms of deeper problems. One possibility that worried us was that the significant changes to the group's structure, then underway, in combination with the rapid development of its digital platform, could be distracting attention from ensuring the group's basic technology infrastructure remained in good condition.

Following a special board meeting in May, we were able to satisfy ourselves that the structural changes were progressing well and that the modernisation of the group and creation of new digital solutions and services were not responsible for the problems. In July, we held comprehensive 'fireside' conversations with the chief executive officer and members of his team to look in detail at ensuring system stability and at the balance between managing for the present and innovating for the future.

These 'fireside chats' proved to be highly productive and were extended to include in-depth discussions of the group's thinking on ESG issues and on our communication with the investor community.

In last year's integrated report, I wrote that the board expected management to correct identified weaknesses in our approach to communicating with

investors and other stakeholders on our strategy as a whole, on ESG in general, and on environmental sustainability in particular. In the board's view, this expectation has been fulfilled; for instance, by the joint statement with shareholders released at the time of our 2020 AGM in May 2021, and by the commitments on sustainability announced at the group's [Strategic update](#) in August 2021, by our successful Climate Summit in October in partnership with SOAS University of London and by the evidence-based, specific and quantified commitments in the group's recently-published climate strategy.



Read more about our SEE impact from [page 121](#).

Throughout the year, the board continued to deliberate in detail on progress in implementing the group's revised structure (refer to [page 7](#)), on the plans of each of the group's major divisions, and on proposed material investments and innovations. As always, the board also spent a large proportion of our time exercising detailed oversight of the group's risks, conduct and controls. This entailed a particular focus on understanding the new third-party risks introduced into the business as the group builds its digital platform and expands into new markets adjacent to traditional finance.



The board remained close to the negotiations and other processes leading up to the Standard Bank Group's announcement in July of its intention to acquire 100% of Liberty. We carefully scrutinised the strategic rationale and worked hard to ensure that stakeholders' rights, perspectives and expectations were taken into account.

As the year progressed, the board became concerned about how the group's employees were faring in the second year of working under highly unusual and stressful conditions. In many ways, our employees have continued to do well, evidenced by the group's exceptionally good employee net promoter score (eNPS), by our employees' strong appetite for learning, and by their generally excellent conduct.



Read more in our employee engagement section from [page 69](#).

Nevertheless, directors had a growing sense that many people at all levels of the group were increasingly drained and feeling alienated, and that this was perhaps leading to a minor – but not to be ignored – increase in unforced errors. We are pleased by the consistent effort that the executive team has made to counteract these trends, notably through a heightened focus on internal communication, providing psycho-social support and on ensuring that lapses in conduct remain very rare and are swiftly and thoroughly attended to.

The board strongly supports management's decision to move towards a hybrid mode of working this year, enabled by the group's policy on mandatory vaccination against Covid-19. As we have all discovered, there are advantages and efficiencies in working remotely and online. However, we are now also certain that regular in-person interaction is important for morale and organisational coherence, and for maintaining a shared culture, and that it is much easier to solve complex and difficult problems in person.

Governance and risk

I have already mentioned the board's innovation of holding informal and in-depth 'fireside chats' with the executive team on topics of particular interest or concern. We intend to continue these conversations in 2022. As we aim to become a more digital and more agile board, we will also continue the practice of directors communicating more frequently with each other between board meetings, using a secure online discussion tool for this purpose.

To reflect the changes to the group's structure as described in more detail in this report, we have replaced the former group technology and information committee of the board with a group engineering committee, which will have oversight of all of the group's digital and physical infrastructure.

I remain satisfied that the board is appropriately balanced and has the skills required to ensure that the group is well-governed, and that the interests

of our shareholders, other stakeholders, and the societies in which we do business are well-served.

We are pleased with the board's current gender balance and will maintain it. We continue to look for opportunities to improve its age balance. We will also continue to improve the depth and breadth of ESG and digital innovation skills available to the board. We recognise that many people with such skills may prefer to be independent advisors rather than accept the considerable time demands and heavy fiduciary responsibilities borne by directors. We continue to work to ensure that the group meets the South African Prudential Authority's requirements on director independence.

The board is honoured to be joined by Paul Cook and Li Li, the nominated director for ICBC, and we welcome them as directors of the Standard Bank Group.

Lubin Wang, ICBC's nominated director, and Maureen Erasmus both stepped down, and André Parker retired from the board during the year. I thank them for their time and wisdom, and for their contribution to the board.

I am grateful to these deeply wise, conscientious and principled colleagues for their hard work as directors of our large and complex business.

Appreciation

My thanks to my board colleagues for their excellent work this year, which has enabled us to consider the group's plans, strengths and weaknesses in

unprecedented detail, and which has made a major contribution to the group's good progress in 2021.

The group's people have endured another grinding year of pandemic conditions. In truth, they have done far more than merely endure, they have been truly resilient. Thanks to their courage, commitment, expertise and hard work, they have enabled the group's strong strategic progress, shown across our 2021 performance measures. I believe this momentum will be maintained as we look with confidence to meeting the group's balanced commitments and targets as communicated in the group's

Strategic update

My time with the Standard Bank Group has come to an end and I will be stepping down at the AGM in May. I would like to express my gratitude to the directors of the group, past and present, as well as the chairmen of the subsidiaries with whom I have shared a collegial working relationship over the years. The work we have done in achieving our purpose – Africa is our home and we drive her growth – has been most fulfilling. Much has been achieved yet so much more remains to be done.

I wish the employees and directors of the Standard Bank Group the best of luck as they strive to achieve the ambitious strategic goals that have been set for the group. I am confident that you will succeed.



Group chief executive officer's review

Sim Tshabalala
Group chief executive officer

2021 was a year of strong financial recovery, pleasing growth and good strategic progress for the Standard Bank Group.

Group headline earnings for 2021 was R25 billion, 57% higher than in 2020. Group return on equity (ROE) was 13.5%, 460 basis points (bps) better than the prior year.

ICBC Standard Bank plc (ICBCS) has now maintained good profitability for two years, earning USD46 million

attributable to the group in 2020 and USD35 million attributable to the group in 2021. These outcomes position the group well to work with our strategic partners at ICBC to achieve the full integration of ICBCS into ICBC.

Due to the nature of its businesses, Liberty has been particularly hard-hit during the pandemic and will feel its effects for longer than the broader group. Nevertheless, Liberty's performance recovered during 2021, an outcome that reinforces our confidence that the closer integration to follow in 2022 will deliver the benefits we have identified.

Headline earnings from our Standard Bank Activities (excluding Liberty and ICBCS) rose by 59% to R24.9 billion, and generated an ROE of 14.7%, 510 bps higher than the prior year.

Thanks to a recovering economy, and to the greater agility and client focus arising from our updated strategy and revised operating model, our Standard Bank Activities revenues grew by 5% – or by a strong 10% in constant currency (CCY). Active clients in our Consumer & High Net Worth (CHNW) client segment grew by 8%. CHNW disbursements grew rapidly in South Africa, with home services registrations up 43% and new vehicle and asset finance lending up 41% on the prior

GROUP HEADLINE EARNINGS

↑ 57%

GROUP ROE

↑ 13.5%

2020: 8.9%



Credit impairment charges fell by 52% and our credit loss ratio was 73 bps – a welcome return to the pre-pandemic range as households and firms recovered from the extraordinary strains of 2020, particularly in South Africa.

Despite continued investment in digital innovation and growing market share, operating costs were well-controlled, rising 4%. We are pleased to report that the group's good cost discipline resulted in positive 'jaws' of 54 bps for 2021. More detail on the group's financial performance in 2021 is available in the financial outcome chapter from [9 page 107](#).

The group's common equity tier I (CET 1) capital adequacy ratio was 13.8%, up 60 bps on 2020, and 280 bps above the upper end of the board approved target range of over 11%. We consider this surplus to be prudent in light of the very challenging economic conditions, the rand's high volatility, and the risk that a further South African sovereign downgrade might cause large and rapid capital outflows.

As we emerge from the pandemic, and with the Liberty transaction finalised, we will be in a good position to optimise our capital structure during 2022.

Throughout the year, the group maintained liquidity buffers in line with regulatory, prudential and internal stress-testing requirements. At

31 December 2021, the group's net stable funding ratio was 122.0% and its liquidity coverage ratio was 144.3%, well above the required level of 100% and 80% respectively. The group's risk management is discussed in our risk and conduct chapter from [9 page 78](#), and in full in our risk and capital management report [online](#).

The Standard Bank Group's balance sheet is larger than ever and remains as formidably strong as always. We are growing our client base and market shares at an impressive pace. We are firmly on course to reach the financial and non-financial targets for 2025 that we announced at our group [Strategic update](#) event in August 2021.

We therefore enter 2022 in an excellent position to support our clients, capture new opportunities, generate good returns for our shareholders, and drive Africa's growth.

Moving into the post-pandemic world

As I began drafting this review, a colleague sent me a link to an article that had appeared in January in *The Lancet*. The author of this piece (a physician and health economist by training) argues that 'The era of extraordinary measures by government and societies to control SARS-CoV-2 transmission will be over. After the omicron wave, Covid-19 will return but the pandemic will not.'¹

The pandemic has shocked us before, and this prediction could turn out to be incorrect. But the evidence continues to mount that the end of the acute pandemic is indeed getting closer and that we must now learn to live with endemic Covid-19, as we do with many other illnesses. As *The Lancet* emphasises, however, this does not mean that we should stop taking sensible precautions. To the contrary, we now need to find a safe and sustainable path to post-pandemic life.

Given the current state of the pandemic and of medical knowledge, it is clear that vaccination is an essential step on that path. We therefore concluded that, from 4 April 2022, vaccination against Covid-19 will be mandatory for all Standard Bank employees accessing our workplaces in South Africa. We are working with our country chief executives and their teams throughout Africa to see how, and when, it will be possible to implement mandatory vaccination for colleagues in those businesses too. Our goal is to achieve this as soon as we can.

We will continue to do everything we can to respect people's rights and respond to their concerns while meeting the group's operational needs. But we are certain that requiring vaccination is the correct decision. In our firm view, concerns about vaccination are outweighed by the imperative to secure the safety and

wellbeing of our colleagues, clients, and communities.

We will keep close to the data, the science, and global norms in 2022, and will update our policy when necessary as these evolve.

We have only just begun to travel the path into the post-pandemic world. My colleagues still worked under unusually difficult and stressful conditions in 2021. Despite this, people in every part of the Standard Bank Group did excellent work in 2021, ensuring that we kept our promises to our clients, to our shareholders and other stakeholders, and to each other.

Many of the changes caused or accelerated by the pandemic are proving to be sticky. Most obviously, many people with desk jobs do not want – or need – to go to the office five days a week to be productive. There have also been changes in how education, healthcare, financial services, information and entertainment are delivered. Residential patterns too have changed, at least for many skilled professionals. All these changes have clear implications for the cost structure, risk appetite and profitability of our businesses.

One must be careful, however, about the tendency to see things too narrowly – from a techno-utopian perspective

¹ CJL Murray, 'Covid-19 will continue but the end of the pandemic is near,' *The Lancet*, 19 January 2022, [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(22\)00100-3/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(22)00100-3/fulltext)



and with only the affluent in mind. There are many people in Africa for whom the pandemic has changed very little, and many of society's most valuable people (teachers and health professionals, security workers, maintenance and delivery people, and the frontline staff in businesses like Standard Bank) have physically gone to work throughout the pandemic. There is also worrying evidence to suggest that the technological and social changes accelerated by the pandemic have shifted firms further towards more efficient – but less labour-intensive – ways of working. South Africa's unemployment numbers, for instance, are more distressing than they have ever been, underlining the imperative to achieve more inclusive growth going forward.

As always, our hopes and plans remain vulnerable to the risks posed by global tensions, which are particularly acute at present. Africa's economic prospects are likely to be relatively undamaged if the conflict in Ukraine is quickly resolved or contained, but the spill-over effects of a prolonged war in eastern Europe could have seriously negative effects on world and African economies.

We remain very concerned about the risks presented by cybercrime, and we continue to invest heavily in the human and technical resources necessary to keep our systems secure. Online fraud, and other malicious distortions of digital information, erode the trust necessary for economic efficiency and social wellbeing. They are, therefore,

an increasingly serious risk not just to banks but to society at large. Banks cannot, and should not, be expected to address these risks alone. We encourage both the authorities and civil society to invest more resources in maintaining the accuracy, reliability and resilience of the digital data and networks on which we are now all so dependent.

Other concerns this year include the risks posed by the 'grey listing' of South Africa by the Financial Action Task Force, and the possible barriers to our plans to move processing into the cloud created by some African jurisdictions' stances on how best to preserve their financial sovereignty.

Despite all the changes around us, the Standard Bank Group's commitment to our values and to our purpose is constant: Africa is our home, we drive her growth. As always, we exist to generate financial and social value that makes Africa a better place for everyone who lives here. As always, we promise to respect the inalienable rights and inherent dignity of every human being.

Outlook for the group's businesses in 2022 and beyond

On the assumption that the pandemic is indeed coming to an end, and that severe global instability is avoided, Standard Bank's economists expect that the world economy will grow at between 4.5% and 5% this year. There is a risk that world growth may be slowed by the series of interest rate

hikes we expect in 2022, or by prolonged supply chain disruptions – or by a combination of both.

We agree with the IMF that sub-Saharan Africa will grow at about 3.7% on average this year – somewhat more slowly than the world economy, which is unusual. As Covid-19 becomes endemic and vaccination rates rise in Africa, it is likely that this growth will accelerate. The IMF expects that Africa will grow faster than the world average from 2023, at about 4% a year for the period to 2026. Africa's economies are, of course, very diverse and the regional average conceals a lot of variation. Economies that are heavily dependent on oil exports, for instance, will probably have a much more difficult time than more diverse economies. As always, the superstar economies of the East African Community will continue their rapid growth, as will places like Ghana and Côte d'Ivoire.

I spent a lot of time talking to our corporate clients across Africa in 2021. It is clear that they are both impressively resilient and encouragingly optimistic. Their resilience can be seen, for instance, in the dramatic swing in CIB's credit impairment charges from a R4.2 billion charge in 2020 to a R311 million recovery in 2021. Their optimism arises from the fact that they now see attractive prospects for post-pandemic investment and growth in many sectors, including in increasing intra-African trade, in

energy and electricity generation, and in ICT (information, communication and technology).

Over the longer term, we expect Africa's population to grow quickly and to become healthier, wealthier, better educated, more urbanised, more digitally connected and more productive. It follows that we also expect trade and investment flows between Africa and the wider world to continue to increase, accelerated by the benefits of the AfCFTA.

These trends will, of course, have strongly positive effects on demand for financial services. In retail financial services, Africans will want a wider range of financial services as their incomes rise and will want these services to be delivered online. Given our plans with Liberty, it is relevant to note that demand for structured savings and insurance increases particularly rapidly as national income per head rises into the middle-income range. In commercial and corporate and investment banking, rapid growth will see increased demand for lending, equity, payment, transactional, advisory and risk management products and services in support of new infrastructure, new productive capacity and new patterns of trade.



We remain highly confident, therefore, that our robust and diverse businesses across Africa are a compelling commercial differentiator, and that our competitive advantages will continue to increase over the medium and longer term.

As the chairman writes in his letter, we think that the South African economy will grow at about 2% in 2022. As I write this, the latest data remains consistent with continued moderate economic recovery in South Africa – within which, however, there has been a stronger and more rapid recovery in consumer demand.

South Africa could grow much faster if structural reforms here were accelerated. More progress in opening up the electricity, transport and ICT sectors would be very helpful, as would greater attention to improving the accountability, stability and performance of local governments.

In my view, the close cooperation between the public and private sectors in implementing South Africa's vaccination programme offers a very promising template for other partnerships to create and deliver public goods and public infrastructure. It is both painful – and oddly encouraging – to reflect that South Africa could be on the verge of an investment and growth boom. All that would be required to spark a decade or more of much faster growth would be a broadening of public-private partnerships and more decisive and rapid implementation of policies to which the authorities are already committed.



Executing our strategy in 2021

We place our clients' needs and aspirations at the centre of our thinking, and – as illustrated in our report – executive performance evaluations and remuneration are linked to our clients' experience. From this perspective, the year began badly, with an unacceptable series of system outages in March and April. The group leadership council moved onto an emergency footing in this regard, and our systems were successfully stabilised from May onwards. Thanks to this – and to intense management focus on making sure we treat our clients with the understanding, care and respect they deserve – we were able to improve client experience in CHNW and BCC, and maintain client satisfaction at a high level in CIB. Further detail is included in our client focus chapter from [page 39](#).

We continued the comprehensive digitisation of our business, often in partnership with other large network businesses, or with innovative FinTechs. For example, during 2021 we:

- Launched our partnership with Pick n Pay, expanding our retail offering in South Africa and Namibia. This partnership includes our EasyScan service, which enables our clients to pay directly from their transactional accounts at Pick n Pay tills



- Introduced ApplePay in South Africa
- Expanded our Unayo platform into four countries, with another five to follow shortly
- Grew our Thrive stock advance service for small traders and their suppliers, enabling these small businesses to carry more stock and increase their revenues.

Our CIB business maintained its powerful scale advantages and first place market share in many markets, including debt capital markets and debt lending in South Africa, and foreign exchange in many other African countries. CIB also made important contributions to digitising the group, for instance by developing the PowerPulse platform, which links businesses with providers of renewable energy solutions and offers both parties funding and support in contracting and in meeting regulatory requirements. PowerPulse is one of the services accessible through CIB's OneHub platform.

In addition to this steady progress, the year had two distinct strategic high points. First, in July, we announced our intention to buy out the minority shareholders in Liberty, and received shareholder approval for the transaction in October. We received final regulatory approval for the transaction in February 2022, and will

begin the closer integration of Liberty into the wider group this year.

It is our intention to bring our banking, insurance, and asset management businesses much closer together to create a whole that will be much greater than the sum of its parts. The integration process will better leverage both companies' capabilities and footprint across Africa; enable us to deliver a single set of services and solutions to answer the needs of an extended client base; and to create opportunities to better capture and grow capital-light revenue with better returns.

My colleagues and I are very grateful to Liberty's management team for their exemplary professionalism throughout the process. We are equally grateful to Liberty's independent board for ensuring that the terms of the transactions took full account of the interests of all of Liberty's stakeholders. I must also pay tribute to my Standard Bank colleagues who worked extremely hard throughout 2021 to bring this transaction to its successful conclusion.

Our second strategic peak was reached in August, when we updated our strategy, announced our strategic and financial ambitions to 2025, and showed how the changes we have made to our internal structure over the past two years will enable us to meet

these ambitions. As we announced, we have reconfigured the relationships between the group as a whole and our countries, to enable them to respond more rapidly and precisely to our local clients' needs. Over the same period, we have worked hard to introduce new ways of working – creating a work culture and habits that emphasise speed, suppleness, and collaboration. As from the start of 2021, we are primarily organised into three client segments: CHNW, BCC, and CIB. Each of the three client segments is equally enabled by our Client Solutions, Engineering, and Innovation capabilities.

We have done this for three reasons. First, to provide all our clients – from individuals to major corporations – with a comprehensive range of financial services in a seamless way, without expecting them to navigate our internal complexities. Second, to reduce time and cost to serve. Third, to enable us to innovate much more quickly and efficiently in serving our clients, especially by creating new partnerships and new services.

As mentioned, during 2021 we began building out from our solid foundation in traditional financial services to meet our clients on the digital platforms where they are shopping, socialising and doing business. To use the current jargon, we are building an 'ecosystem'

of new partnerships and services. Our ten chosen ecosystems are all adjacent to traditional finance, and all will make a significant contribution to improving our clients' lives and businesses and, over time, to group revenues and earnings.

As the 'driver' of some ecosystems, for instance in international trade and in home services, we will become the market maker, as it were. As a contributor to ecosystems, including mobility and energy, we will lend our skills and capacities where we can be useful, but not absolutely central. To put the same point more concretely, when we are talking about driving or leading an ecosystem, we say that we do not just want to be the shop, we want to be the mall. We want to be a single convenient destination where people and firms can find the products and services they need quickly and conveniently. Equally, as an ecosystem participant, we aim to be a particularly attractive shop in somebody else's mall. Read more about our prioritised ecosystems on the next page, our strategic ambitions from [page 27](#) and how we organise ourselves on [page 7](#).



TRANSFORMING BEYOND FINANCIAL SERVICES



Our 2025 Ambition

We will drive some ecosystems...

...enabled by common capabilities



We have chosen to prioritise ten ecosystems, five where we can play a leading role and five in which we can make a significant contribution. We have a clear plan to build and launch a range of solutions, which will improve our clients' lives and businesses and, once scaled, create value for our shareholders.

Our ten prioritised ecosystems: accessing significant value pools totalling USD1.0 trillion – USD1.2 trillion

Five ecosystems we will drive	Trader	Home	Global citizen	Trade	Agriculture
Activities of small informal traders, including sale of FMCGs ¹ and small digital products such as airtime	Activities of small informal traders, including sale of FMCGs ¹ and small digital products such as airtime	Sale and rent of personal homes, including sales and moving logistics	Participation in a global world, including exchanging currencies and facilitating travel	International and regional exports and imports of goods, including trade logistics	All agricultural sales, including production tools and final sales of products such as fruit and vegetables
Five ecosystems we will contribute to	Energy	Education	Health	Fleet	Mobility
Activities within all sectors which generate energy	All forms of primary and secondary education, both private and public	Provision and coordination of medical and related goods and services	Coordination and delivery of goods by road, air or water and the management of the tools used	Transport of people for day-to-day activities, both public and private, by various modes	

¹ Fast moving consumer goods.



The group as an organ of society

These days, it is very fashionable – even expected – for corporations to say that they are purpose-driven. Some cynicism about such claims is natural. In our case, however, we have a very long track record of being committed to supporting economic and human development in South Africa and Africa-wide.

As the largest financial institution by assets in South Africa, we think it is incumbent on us to play a leading role in the economy, and to do everything we can to support transformation and inclusion. We also firmly believe that accelerated transformation and much greater inclusion are essential to strengthen South Africa's social fabric and to make faster growth possible over the medium and longer term.

Our sense of social duty is very similar in the other African countries where we have businesses – although our role and ambitions have to be commensurate with our scale in each market, and we must be very careful to make sure that our economic and social role is shaped by our local boards and management teams. It is very important to us that we never impose South African or other outside perceptions or priorities on Africa's sovereign states, vibrant economies and distinct societies.

We operationalise these commitments in four main ways. **First**, we have a detailed code of ethics and conduct that every Standard Bank employee must commit to.

Second, as illustrated in this report, we assess our performance against six value drivers, which include what we call 'SEE' value – that is, social, economic and environmental value. Every year, executive performance is measured in terms of their contribution to helping the group generate positive SEE impacts.

Third, our medium-term strategic priorities explicitly include a commitment to generating sustainable growth and value. Here we use 'sustainable' both to mean 'long-term' and to mean 'socially and environmentally sustainable'. For us, these two concepts are tightly – and indeed necessarily – linked to each other.

Fourth, as signatories to the United Nations Principles for Responsible Banking – and as a good corporate citizen – we are committed to supporting inclusive and sustainable development, and to reporting on our policies and performance with the greatest-possible transparency and detail.

This year, for instance, we published our climate strategy and targets, available [online](#). Our long-term goal is to achieve a portfolio mix that is net zero by 2050. That will entail both reducing our financed emissions and simultaneously scaling up our financing of renewables, reforestation, climate-smart agriculture, decarbonisation and transition technologies, and credible carbon offset programmes. We remain committed to engaging with, and

learning from, all our stakeholders. But, as always, we continue to emphasise that a transition to a low-carbon economy must respect Africans' rights to dignity, to autonomy, and to work towards prosperity.

Over the past five years, for example, we supported 55MWh of green energy investment in South Africa, replacing approximately 79GWh of coal-sourced power per annum; we have supported 321 client sites in their transition to more sustainable operations; and ten small-scale embedded generation independent power producers have started their asset portfolios with our support. In December, we issued our first South African tier 2 capital-qualifying green bond, raising another R1.4 billion bond to finance renewable energy projects in South Africa.

In line with our view that the weight placed on 'social' should be equal to that on 'environmental' in ESG matters, we issued our first South African social bonds in August 2021. The initial R2 billion, which subsequently increased to a cumulative R3.5 billion, raised funding to support the financing of mortgage loans in the affordable housing target market, with a focus on women borrowers.

Embodying and promoting sound governance is just as important to the group. Our close and detailed cooperation with the Zondo Commission in South Africa is an example of this, and I would add that we continue to participate – both directly and through industry associations – in public policy debates

relevant to our sector and its stakeholders. In doing so, we commit to taking a broad public interest perspective, as befits a firm with a direct commercial interest in promoting Africa's economic and human development.

We very much regret that Standard Bank Mozambique (SBM) was notified by the Bank of Mozambique of its suspension from the foreign exchange market for a period of up to 12 months and fined R65 million following an inspection. SBM cooperated in full with the authorities and the suspension has been partially lifted.

As our commitments and their associated metrics imply, we make by far the largest part of our contribution to society in the ordinary course of our business. In 2021, for instance, we did this by increasing the number of Instant Money access points we offer from 15 000 to over 50 000; by supporting women-owned small enterprises in Kenya, Nigeria and Zambia; by enabling small farmers to grow their businesses in Uganda, by matching 102 African exporters with Chinese importers, by lending almost R5 billion to new affordable housing mortgage clients in South Africa, and by investing in health and education throughout the continent – and a great deal more. Please read our [Report to Society](#) for the detail.



Priorities for 2022 and for the medium term

Our immediate priorities for 2022 are to:

- Achieve closer integration of Liberty into the Standard Bank Group
- Work with our strategic partners at ICBC to complete the sale and integration of ICBCS into ICBC
- Keep our employees safe, healthy, connected and motivated as we move to hybrid ways of working
- Continue to expand our range of new partnerships and new services that we can offer our clients, including launching the Standard Bank Group virtual 'mall' of financial and associated services
- Optimising our capital structure and rebalancing our portfolio to help the group achieve a higher ROE
- Focus intensely on growing our market shares and revenues, by building on the improvements we have achieved in client experience and operational efficiency.

Our medium-term priorities to 2025 align with our six strategic value drivers and remain as described in our August 2021 strategy update. We are committed to meeting our targets over each of the next three years so that, in 2025, the Standard Bank Group will:



- Achieve top quartile client and partner satisfaction scores
- Continue to have a highly motivated and highly skilled workforce that increasingly represents the societies in which we work, and that serves our clients with efficiency and empathy
- Provide an increasingly broad range of services and solutions on very user-friendly, very stable, and totally secure digital platforms
- Achieve:
 - revenue growth of 7% to 9% compound annual growth rate (CAGR) for 2020 – 2025
 - a cost-to-income ratio approaching 50%
 - a through-the-cycle credit loss ratio of 70 bps – 100 bps
 - ROE of between 17% and 20%
- As Africa's largest financial services group, continue to add SEE value to our continent in ways that match our scale, our purpose and values, our ambitions and capacities, and the needs of Africa's people.

I am pleased to echo our chairman's view that Standard Bank Group's recovery is close to complete. We have made excellent progress in reimagining and reshaping our business to serve our clients with excellence, and to compete profitably and sustainably in the years and decades ahead.

By the end of January 2022, ninety-nine of my colleagues had died of Covid-19. We now have good reason to hope that we will not have to bear many more losses to this disease. I pray that this may be so. I am sure that I speak for all of us at the Standard Bank Group when I say that we now rededicate ourselves to our purpose in memory of those we have lost. Africa is our home, we drive her growth.



OUR VALUE STORY



Our approach to value creation

Our strategy aims to deliver sustainable growth and value for all our stakeholders.

Our approach is underpinned by integrated thinking, connecting the emerging trends affecting our business and the issues that impact the execution of our strategy and the achievement of our value creation.

INFORMING OUR THINKING

Our operating context

As the Covid-19 pandemic and its socioeconomic effects ease, key trends provide opportunity for growth and development in sub-Saharan Africa that justify the optimism that underpins our strategy.



Read more: [page 23](#).

Our material matters

Our material matters are those that have the potential to substantially impact on our commercial viability, our social relevance and the quality of our relationships with our stakeholders.



Read more: [page 25](#).

EXECUTING OUR STRATEGY

Our strategy

Delivering our 2025 Ambition will allow us to achieve our financial targets and enable us to better fulfil our purpose.

Our strategic priorities

We have updated our strategic priorities to clarify what we need to do to deliver our 2025 Ambition.



Read more: [page 27](#).

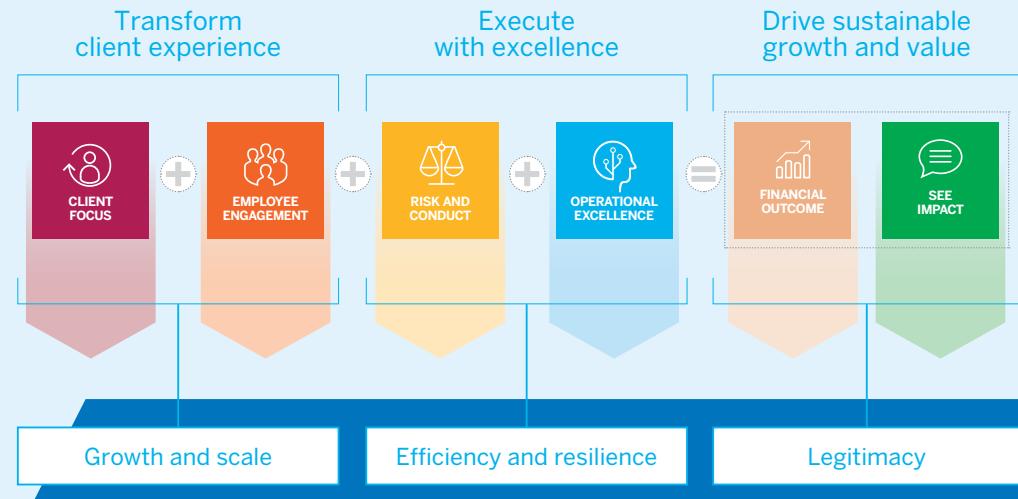
OUR PURPOSE

Africa is our home, we drive her growth

OUR STRATEGIC PRIORITIES

OUR SUCCESS MEASURES AND VALUE DRIVERS

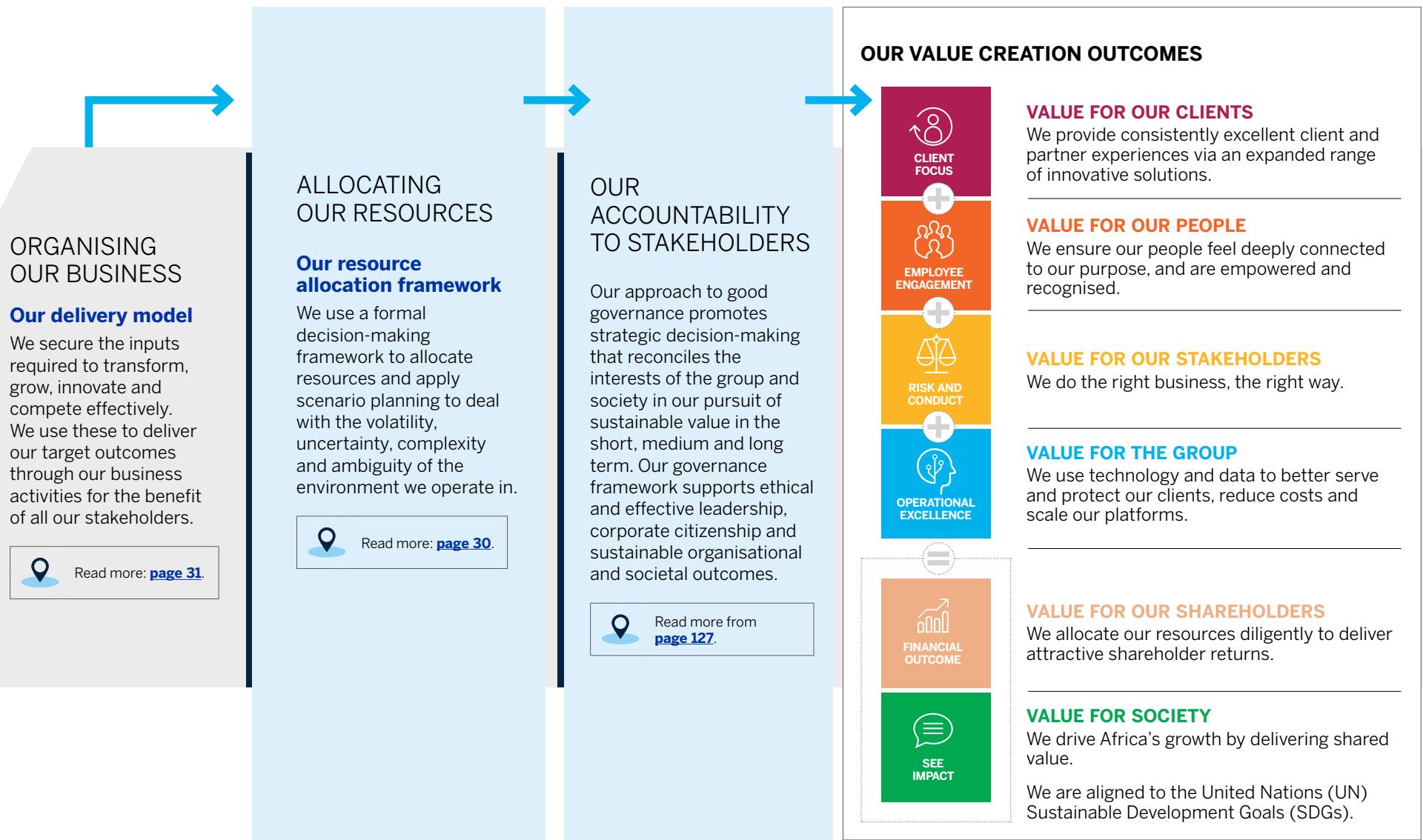
OUR TARGET OUTCOMES



MEASURING OUR STRATEGIC EXECUTION

We track the progress we make in executing our strategy through our strategic value drivers.





Read more: [page 33](#) and from [page 38](#).



Our operating context

As the Covid-19 pandemic and its socioeconomic effects ease, favourable macro and social trends underpin the sub-Saharan opportunity for growth and development in financial and non-financial services.

The bigger picture

2010 – 2019

Sub-Saharan Africa has shown fast and steady growth, driven by favourable demographics, urbanisation and digitisation. Some countries, such as Ethiopia, Kenya, and Ghana, have been radically transformed over the last 20 years.

Our largest market, South Africa, has experienced challenges. We are, however, encouraged by the pace of the South African economy's recovery from the pandemic and by the structural reforms currently underway. South Africa's economic performance should improve steadily over the medium and longer terms.

The key trends underpinning recent developments in Africa remain intact, which will support ongoing economic growth, as well as strong growth in financial services

EXPANDING
MARKETS FOR
FINANCIAL
SERVICES

GROWING MOBILE
MARKET SHARE AND
DIGITAL PAYMENT
SOLUTIONS ADOPTION

RAPID AND
SUSTAINED
ECONOMIC
GROWTH

INCREASING FOCUS
ON SUSTAINABLE
DEVELOPMENT
AND ESG



Read more [page 146](#).



Our stakeholder priorities

Our stakeholders provide us with the resources and capital we need to achieve our strategy and purpose, and create shared value.

Our stakeholders are the individuals, groups and organisations that materially affect or could be materially affected by our business activities, products, services and performance.

We are committed to:

- Constructive engagement; listening to concerns and suggestions with an open mind
- Being transparent in our engagements
- Responding appropriately to legitimate concerns
- Being accessible
- Ensuring our values and code of ethics and conduct underpin and inform our engagements.

How we engage with our stakeholders

Our stakeholder engagement principles govern our engagements, providing a guideline for our operations across geographical areas while also accommodating local contexts. Guidelines and policies for engagements with specific groups of stakeholders supplement our engagement principles.

Given the scale of our operations and the diversity of our stakeholders, we have adopted a de-centralised stakeholder engagement approach. Executives and managers across the group engage regularly with various stakeholders on relevant issues and are responsible for reporting material stakeholder priorities and concerns. Oversight is provided by executive management, country boards and the group board, via the group social and ethics committee.

Our stakeholder engagements during the year informed executive and board level discussions relating to the following issues:

- Progress on implementing the group's strategy as we evolve to become a platform organisation
- Alignment of the group's strategy with the SDGs, UN Principles for Responsible Banking, and Paris Climate Agreement
- Progress on embedding ESG considerations into group culture, client engagement and business unit strategies; integrating ESG risk management into non-financial risk and enterprise risk management frameworks; integrating ESG metrics into performance management and strengthening ESG skills at all levels, including board level
- Development of a group climate policy and targets, including a commitment to reduce exposure to fossil fuels while supporting a just transition to cleaner sources of energy
- Review of frameworks and processes to strengthen institutionalism of an ethical, client-focused culture and ensure effective controls
- Supporting clients through difficult times
- Effective risk management in the context of a platform organisation and greater reliance on third parties
- System stability, cybersecurity and resilience.



Read more about stakeholder groups and priorities: [page 150](#).



Our material matters

Issues that are material to our strategy are those that have a significant impact on our ability to create enterprise value in the short, medium and long term.

We have two important steps in determining our material issues. Firstly, we determine issues material to society. These are informed by the expectations and concerns of our stakeholders; the economic, social and environmental context in which we operate; and the risks and opportunities facing our business.

Secondly, the issues that are material to our strategy. These impact our ability to create and preserve value, and guard against value erosion and are determined as part of our enterprise risk assessment process.



How we determine issues material to society

While our issues material to society evolve over time, the broad themes remain relatively stable. We undertake an in-depth assessment every two to three years to help us identify our key impacts and understand how they affect our stakeholders. An in-depth material issues review, including engagement with a number of diverse stakeholders, was undertaken in 2020. In 2021, minor updates were made to the issues material to society based on the following:

1

An assessment of priority ESG risks were identified in a survey of internal stakeholders across the group.

2

Stakeholder priorities are identified through regular engagement processes.

3

Our issues material to society are aligned with our enterprise-wide risks.



Read more in our ESG report [online](#).



How we determine our issues material to strategy

Our enterprise risk landscape

Our enterprise risks are the issues which could have a material impact on the ability of the group to achieve its strategic priorities. Our enterprise risks, or the issues material to strategy, are identified through a robust annual process that includes content gathering from internal and external sources, followed by detailed analysis and curation of the information, and then prioritisation. Management apply heightened focus to those risks identified as top enterprise risks. In addition, attention is also paid to the financial risks to which the group is exposed, i.e credit risk, liquidity risk and market risk.

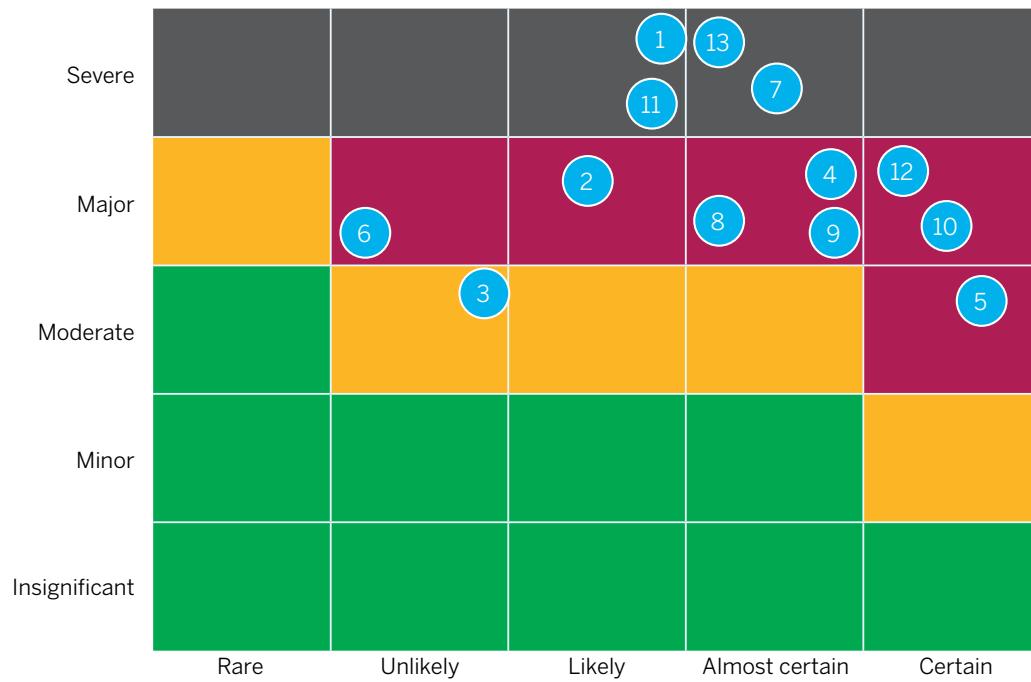
TOP 13 MEDIUM-TERM ENTERPRISE RISKS

- 1 Fitness to execute our strategy S
- 2 Competitiveness of our customer value proposition S
- 3 Psychological effects of Covid-19 NF
- 4 Technology instability NF
- 5 Fraud via digital channels NF
- 6 Ability to manage large-scale changes S
- 7 Threat posed from major and emerging technology companies S
- 8 Resourcing for ESG risk management NF
- 9 Operational dependence on third parties NF
- 10 Technology and data skills scarcity and talent war NF
- 11 Regulatory constraints related to digital transformation NF
- 12 Ransomware attacks NF
- 13 Back-to-back extreme weather events NF

Legend

- S Strategic risk
- F Financial risk
- NF Non-financial risk

IMPACT BY HEATMAP



Read more about our enterprise risks, their potential impact and our response: [page 85](#).



Our strategy

We have restructured the group to be more efficient, innovative, competitive and sustainable, and have updated our strategic priorities to deliver our 2025 Ambition and achieve our financial targets, thereby enabling us to better fulfil our purpose.

Our purpose

Africa is our home, we drive her growth

Our strategic priorities

Transform client experience

- **DEFEND** our current client franchise and market positions
- **GROW** as we capture opportunities, with specific focus on our ten prioritised ecosystems

We will transform client experience using digital technology, amplified by the human touch.

We aim to understand our clients as deeply and empathetically as we can, and then use our human skill and digital capabilities to help meet their needs and enable them to achieve their goals.

Execute with excellence

- **DELIVER** innovative and cost-effective client solutions
- **ENABLE** the group's platform
- **PARTNER** to drive value

We will execute with excellence, delivering innovative and cost-effective products and services ourselves and in partnership with others.

Drive sustainable growth and value

- Diligently **ALLOCATING RESOURCES**
- Delivering **ATTRACTIVE SHAREHOLDER RETURNS**
- Having a **POSITIVE IMPACT**

We will drive long-term, environmental and socially sustainable growth and value.

We will responsibly allocate our resources and strive to deliver positive impact.

Our success measures and value drivers



CLIENT FOCUS



EMPLOYEE ENGAGEMENT



RISK AND CONDUCT



OPERATIONAL EXCELLENCE



FINANCIAL OUTCOME

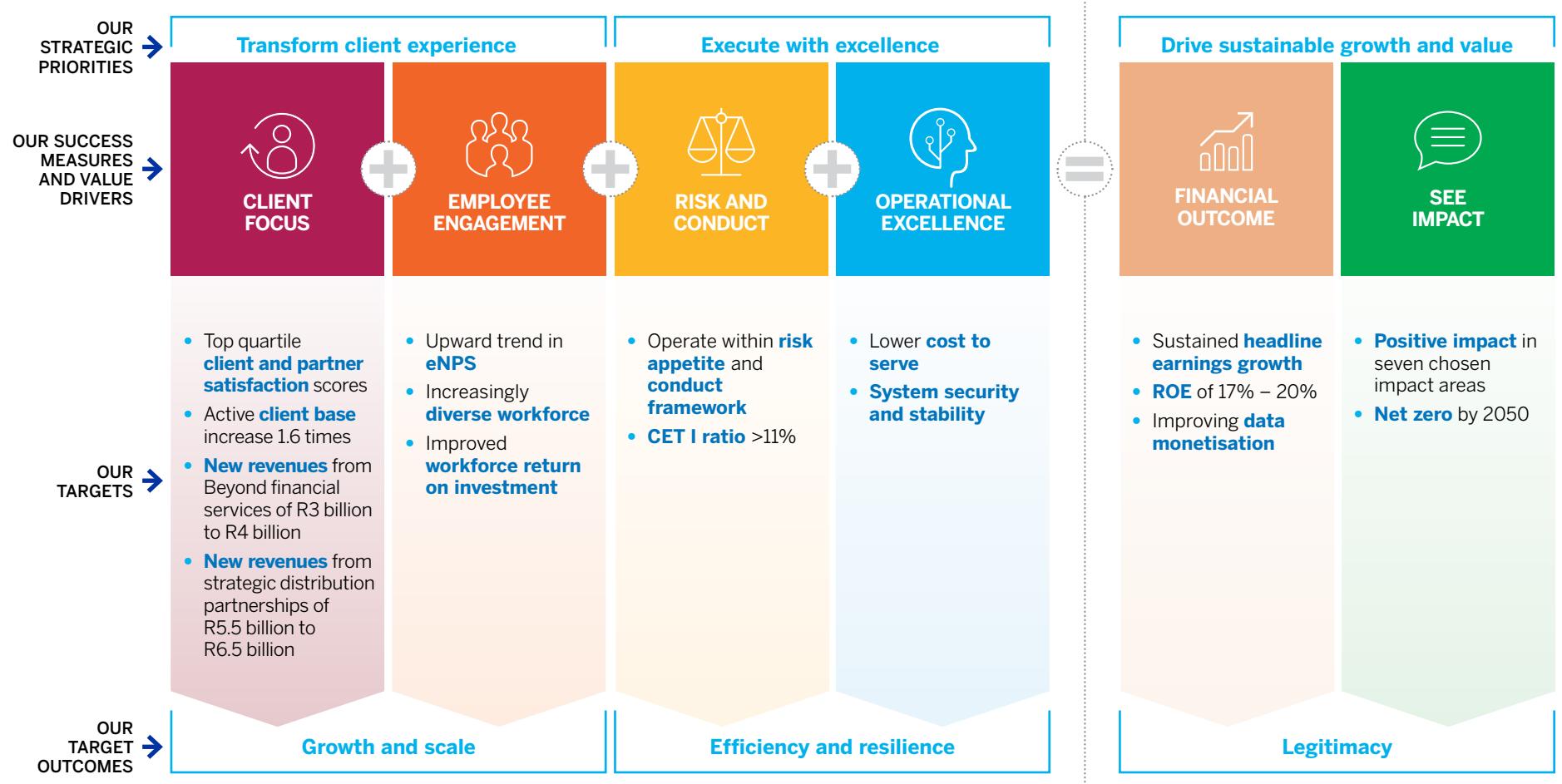


SEE IMPACT



Medium-term target summary (2025)

Our strategic priorities create the framework within which we work. Everything we do will further these three priorities and we have set targets against which we will track our progress.





Translating 2025 Ambition into execution

OUR SUCCESS
MEASURES
AND VALUE
DRIVERS →

HORIZON 1
Responding,
recovering and
re-imagining

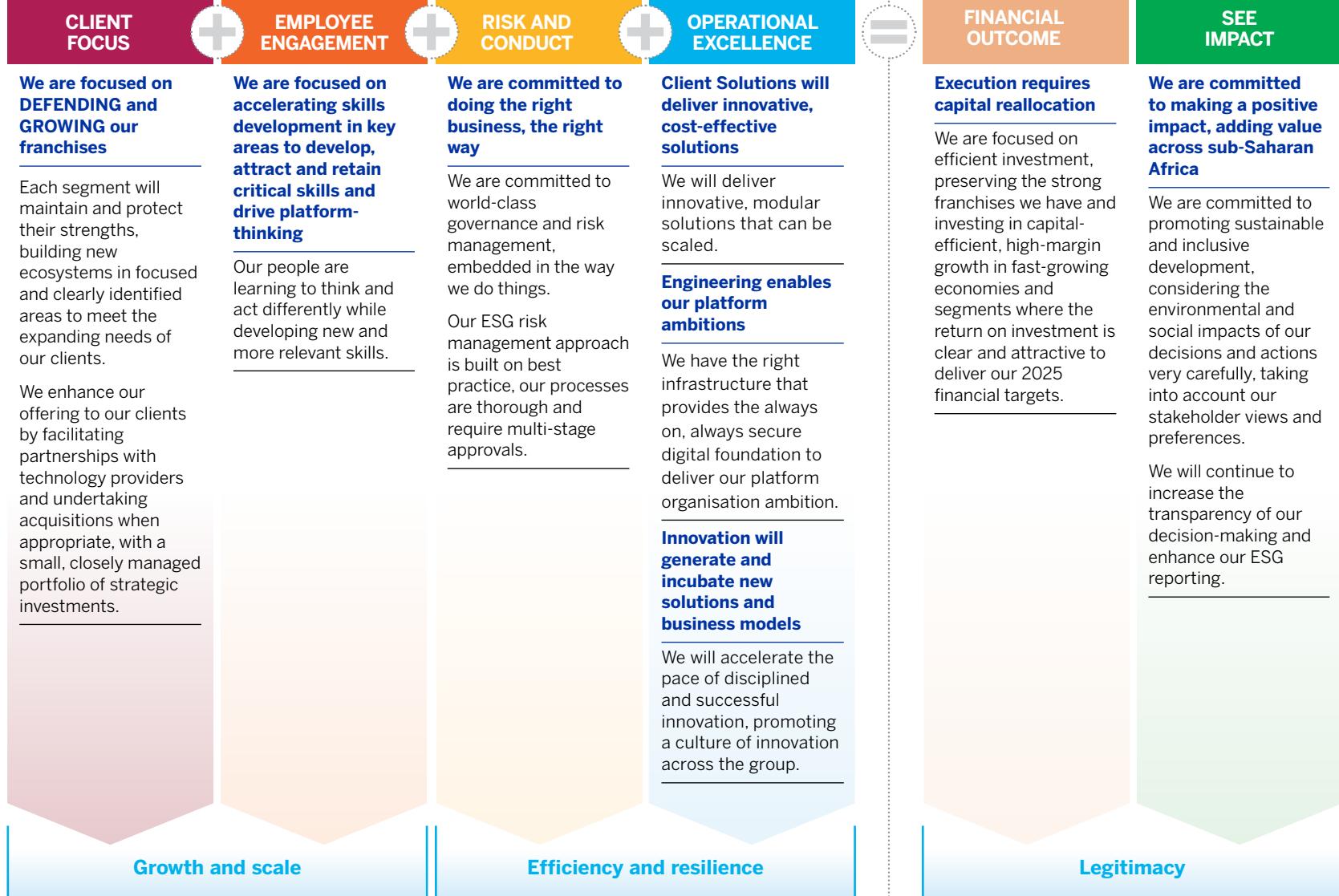
SHORT TERM
2022

HORIZON 2
A truly human, truly
digital group providing
a comprehensive
range of services

MEDIUM TERM
2022 – 2025

HORIZON 3
Africa's leading digital
platform organisation

LONG TERM
2025 ONWARD



Read more about our 2025 targets on [page 28](#) and our strategic progress on [page 33](#).



Allocating our resources

We have finite resources – capital, funding, capabilities and expertise (people and partnerships) – which we allocate carefully using our resource allocation framework.

Our resource allocation framework

Designed to drive sustainable growth and value, our resource allocation process centres on addressing a specific client need. We then apply gated hurdle rates to assess the soundness of the investment required. If the investment meets these hurdles, targeted metrics ensure that our required rates of return are achieved as the solution is implemented. Detailed scenario-based thinking, which allows us to anticipate and plan for volatility and complexity, frames the allocation process.



We invest to serve clients more efficiently, creating and distributing relevant, personalised and innovative solutions.

We are deliberately tilting our portfolio to grow the core banking franchise, grow capital efficient businesses, invest in high growth markets and scale new business models.

Our decision-making framework is aligned to our strategy. Resource allocation requests are subject to hurdle rates of return.

We regularly review and amend our risk appetite across segments, solutions and countries.

We develop, refine and track metrics that are easy to understand and measure, are actionable and aligned to our strategy.

Underpinned by our robust scenario thinking and planning

We have adopted scenario thinking and planning that challenges leaders to think clearly about the present and creatively about the future. This structured process stretches thinking, challenges conventional wisdom and better informs decision-making. The relevance of the group's strategic focus is tested against selected scenarios and we adjust our objectives to ensure that our strategy remains effective and our resource allocation is optimal.



Read more in our financial outcomes section: [page 107](#).



Our delivery model

Our business model enables us to manage our resources and relationships responsibly to deliver the best outcomes for all our stakeholders.

The inputs to our business model (alongside) explain the resources and relationships available to us. Our business activities transform these into our outputs, shown on [page 32](#). These drive the outcomes that we create as we deliver our 2025 Ambition, as measured against our strategic value drivers from [page 33](#).

The capitals that comprise the resources and relationship we access and use are explained from [page 152](#).

Our inputs

The resources and relationships we access and use to support the delivery of our strategic priorities



- Strong relationships with diverse and growing client base
- Recognised brand strength and legitimacy
- Strong strategic partnerships support excellent client experience
- Physical and digital presence supports distribution capability.

- Strong executive and leadership teams
- Deeply skilled and experienced people
- High-performance, ethical culture connected to our purpose.

- Trusted relationships with stakeholders
- Mature governance and control systems
- Well-developed financial risk and capital management framework

- Strategic partnerships and future-ready capabilities support developing innovative solutions
- Digital capabilities focused on providing 'always on, always secure' services
- Increasingly simplified systems architecture.

- Large and well-balanced portfolio
- Robust capital structure and strong balance sheet
- Future-focused resource allocation.

- Well-developed SEE strategy
- Focused positive impact in seven areas
- Climate policy that supports a just energy transition for Africa.



OUR BUSINESS ACTIVITIES AND OUTPUTS – how we create value

INFLOWS

BANKING

- Lend money
- Provide transactional banking facilities and knowledge-based services
- Provide market access and risk mitigation solutions

INVESTMENT AND INSURANCE

- Provide long- and short-term insurance, investment products and advisory services

BEYOND

- Derive revenue from non-financial services and solutions and strategic investments

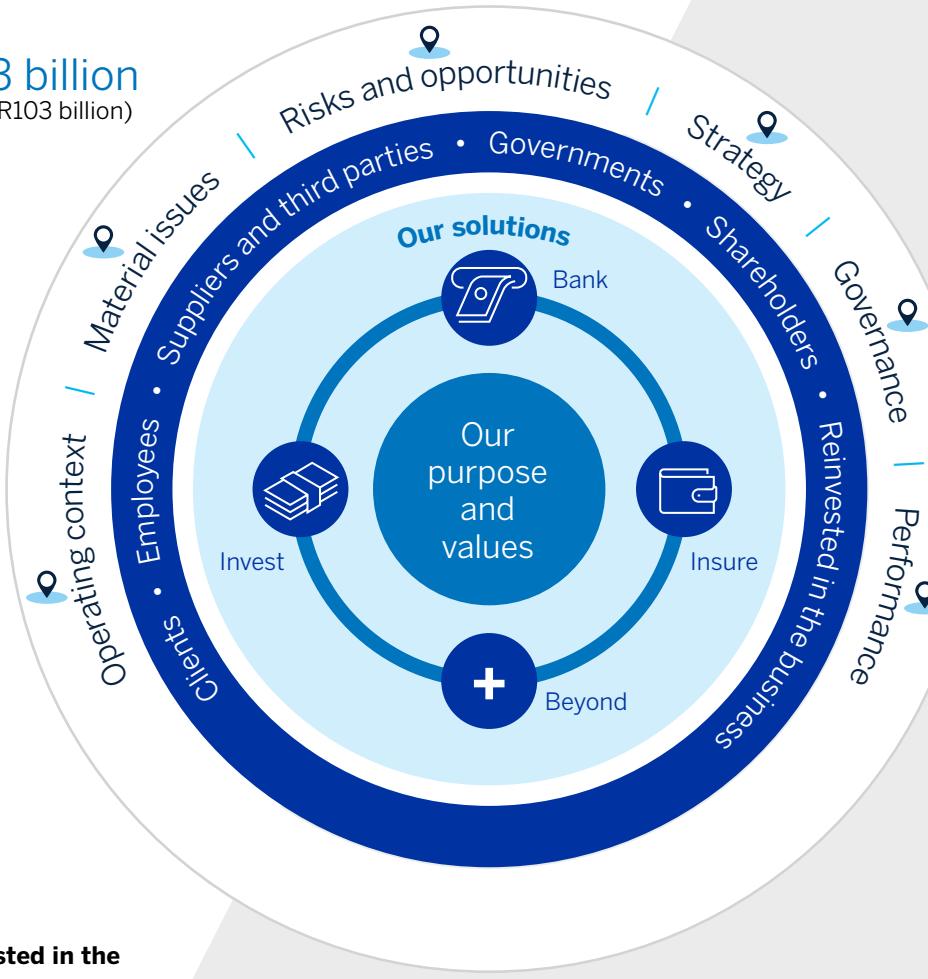
RE-INVEST

Reinvested to sustain and grow our business

Reinvested in the business
R15 billion
(2020: R7 billion)^{1,2}

Clients

R123 billion
(2020: R103 billion)



OUR VALUE CREATION OUTCOMES

Detailed information about our value creation outcomes is shown as our strategic progress, measured and tracked on the pages that follow.

Employees

R37 billion
(2020: R34 billion)

- Invest in our people

Suppliers and third parties

R46 billion
(2020: R45 billion)²

- Invest in our operations

Governments

R13 billion
(2020: R6 billion)¹

- Direct and indirect taxes to governments and regulators

Shareholders

R12 billion
(2020: R11 billion)²

- Returns to shareholders

The consideration of social and economic impacts is embedded into our business strategy and decision-making processes, enabling us to deliver positive outcomes across our SEE impact areas.

¹ Prior year figures updated to reflect group value created and include Liberty.

² Amount restated from prior year to reflect change in the basis of the calculation.

Read more: [page 121](#).



Our strategic progress

We measure our strategic progress using our strategic value drivers.

We report on the outcomes of the strategic progress that we have made in the period 1 January 2021 to 31 December 2021. We evaluate our financial and non-financial performance against our strategic value drivers. We continually improve the coverage, accuracy, depth and consistency of the metrics we use.



	Measure	Metric	Progress	Actual 2021				2025 Targets
				2020	2019	2018		
 CLIENT FOCUS We provide consistently excellent client and partner experiences via an expanded range of innovative solutions	Client satisfaction¹	CHNW NPS (South Africa)	↑	76	73	67	71	Top quartile
		CHNW NPS (Africa Regions)	↑	32	30	n/a	n/a	
		CHNW SA-csi ² ranking (South Africa)	↑	3 rd	5 th	6 th	5 th	
	Active client numbers³	BCC NPS (South Africa)	↑	71	64	n/a	n/a	
		BCC NPS (Africa Regions)	↑	29	26	23	22	
		CIB client satisfaction index (CSI)	< >	8.2	8.2	8.1	8.0	
New revenues 	CHNW	↑	15.7 million	14.5 million	n/a	n/a	Increase 1.6 times	R3 to R4 billion
	BCC	↑	761 thousand	726 thousand	n/a	n/a		
	Revenue from non-financial services (Rm)	↑	923	350	n/a	n/a		
	Revenue from strategic distribution partnerships (Rm)	↑	1 748	1 626	n/a	n/a	R5.5 to R6.5 billion	

¹ Updated to reflect operating model changes. Partner satisfaction metrics are being determined.

² Consulta South African Consumer Satisfaction index.

³ Active clients are clients who have been transacting on a solution over a predetermined period, categorised by segment and country specific rules, as applicable.

n/a Not reported.

Progress key

↑ Value created < > Value preserved ↓ Value eroded



Measure	Metric	Progress	Actual 2021		2019	2018	2025 Targets
			2020	2021			
Employee engagement	eNPS	↑	+47	+44	+18	+23	Upward trend ¹
Employee retention	Regrettable turnover rate (%)	↓	2.2	1.4	2.3	2.3	
Employee diversity	Women in executive positions (%)	↑	36.4	33.6	32.3	32.2	Increasingly diverse
	African senior management representation (South Africa only) (%)	↑	25.3	23.2	21.0	18.6	
Employee development	Learning hours per employee per year	↑	95.1	87.4	n/a	n/a	
	Workforce return on investment (times) ²	< >	2.3	2.3	2.4	2.3	Improved

We will ensure our **people feel deeply connected to our purpose**, and are empowered and recognised

¹ Positive trajectory from 2019 base and ahead of benchmarks.

² Net operating profit impact of each rand invested in human capital or total cost of workforce.

n/a Not measured.



Measure	Metric	Progress	Actual 2021		2019	2018	2025 Targets
			2020	2021			
Responsible risk taking	CET I ratio (%) ³	↑	13.8	13.2	13.8	13.1	>11%
Responsible risk taking	Liquidity coverage ratio (%)	↑	144.3	134.8	138.4	116.8	Operate within risk appetite
Conduct index	Net stable funding ratio (%)	↓	122.0	124.8	119.5	118.6	
Conduct index	Compliance training completion rate (%)	< >	98.0	98.0	n/a	n/a	

We do the **right business, the right way**

n/a Not measured. Introduced as a measure from 2020.

³ Excludes the effect of the South African Reserve Bank (SARB) IFRS 9 phased-in approach which was applicable to the 2018 to 2020 period.



Progress key

↑ Value created	< > Value preserved	↓ Value eroded
-----------------	---------------------	----------------



	Measure	Metric	Progress	Actual 2021			2018	2025 Targets
				2020	2019	2018		
 OPERATIONAL EXCELLENCE We use technology and data to better serve and protect our clients, reduce costs and scale our platforms	System security and stability	Priority 1 incidents ¹ (number)	↓	16	13	29	35	Increased security stability
		Core applications on cloud (%)	↑	15	4	n/a	n/a	
	Lower cost to serve	Digital solution fulfilment ² (%)	↑	28	23	n/a	n/a	
		Reduction in legacy systems (number)	↑	73	31	48	9	Lower cost to serve
		Physical footprint rationalisation (m ²)	< >	>77 000	n/a	n/a	n/a	

¹ A priority 1 incident refers to the non-availability of a critical service for which an acceptable alternative solution or workaround is not immediately available.

² A subjective assessment of a solution which assesses the extent to which it is sufficiently digitally based or if the solution is on a pathway to becoming digital end-to-end.

n/a Not previously disclosed.



	Measure	Metric	Progress	Actual 2021			2018	2025 Targets
				2020	2019	2018		
 FINANCIAL OUTCOME We allocate resources diligently to deliver attractive shareholder returns	Sustained headline earnings growth	Revenue ³ (Rbn)	↑	114	109	110	105	7% – 9% (CAGR 2020/25)
		Cost-to-income ratio ³ (%)	↑	57.9	58.2	56.4	57.0	Approaching 50%
		Credit loss ratio ³ (bps)	↑	73	151	68	56	70 bps – 100 bps (through-the-cycle)
	Return on equity	Headline earnings (Rbn)	↑	25.0	15.9	28.2	27.9	Growth
		ROE (%)	↑	13.5	8.9	16.8	18.0	17% – 20%
		Dividend payout ratio (%)	↑	55	24	56	55	45% – 60%

³ Standard Bank Activities.

Progress key

↑ Value created < > Value preserved ↓ Value eroded



Measure	Metric	Measure	Actual 2021	2020	2019	2018	2025 Targets
ESG performance	S&P Global Corporate Sustainability Assessment	Out of 100, higher is better	61%	60%	51%	46%	Improved ESG reporting and positive SEE impact – read more about the impacts we aim to make on page 37 .
	FTSE4Good Index series	0 to 5, higher is better	3.9, Included	Included	Included	Included	
	MSCI ESG rating	AAA to CCC	AA	AA	AA	AA	
	CDP Climate Score	A to F	C	C	B-	B-	
	Sustainalytics ESG risk rating	Out of 100, lower is better	25.6 med risk (298 out of 1 011 banks)	25.5 med risk (266 out of 975 banks)	29.9 med risk (339 out of 943 banks)	32 med risk (226 out of 975 banks)	
	Corporate Knights Global 100 most sustainable corporations	Out of 100, lower is better	n/a¹	53	51	n/a	
	Bloomberg Gender Equality Index	Percentage score	67.78²	n/a	n/a	n/a	

¹ Not included in 2021.

² First year of participation.





Our SEE impacts

OUR IMPACT AREA	Financial inclusion	Job creation and enterprise growth	Sustainable finance and climate change	Infrastructure	Africa trade and investment	Education	Health
OUR IMPACT	We enable individuals, entrepreneurs and small enterprises to access relevant and affordable financial products and services, including payments, savings, credit and insurance, enabling them to transact conveniently and cost effectively, save and plan for the future, and deal with unexpected emergencies. These benefits, in turn, support economic development and reduce inequality.	We work with our clients, from micro-enterprises to large corporations, to support their growth and sustainability. We take the time to understand their challenges, priorities and aspirations, and design solutions to support their unique needs. This includes targeted support for small enterprises. We continue to partner with our clients to help them manage the economic impacts of the pandemic.	We are working to support Africa's transition to a lower carbon economy. We are also working with our clients to enable mitigation of climate change impacts, and to improve access to reliable and sustainable energy sources, a critical factor in Africa's economic growth and poverty alleviation. We are committed to achieving net zero carbon emissions from our own operations by 2040, and from our portfolio of financed emissions by 2050.	We facilitate the development of quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, and support infrastructure upgrades to improve sustainability and support economic development and human wellbeing. In all infrastructure development projects, we partner with our clients to ensure environmental and social risks are appropriately managed and minimised.	We facilitate trade and investment flows between African countries, and with key global markets including China. Our clients benefit from our international payments expertise, and our trade loan, FX hedging and performance, and payment risk mitigation products.	We support access to inclusive quality education and to opportunities for life-long education and training, enabling Africa's people to acquire the knowledge and skills needed to thrive in an increasingly digitised world. This includes providing innovative finance solutions for students and educational institutions and investing in the development of our employees.	We contribute to better health outcomes for Africa's people by investing in our employees' health, safety and wellbeing, financing healthcare providers and the development of health-related infrastructure, and investing in health-focused corporate social investment (CSI) programmes to improve access to quality essential health-care services.
SUSTAINABLE DEVELOPMENT GOALS	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY INNOVATION AND INFRASTRUCTURE 	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION 	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY INNOVATION AND INFRASTRUCTURE 	8 DECENT WORK AND ECONOMIC GROWTH 	4 QUALITY EDUCATION 	3 GOOD HEALTH AND WELL-BEING



Read more: [page 121](#).



Client focus

DELIVERING VALUE





Client focus



TRANSFORM CLIENT EXPERIENCE

Our clients are at the centre of everything we do. We strive to understand their unique needs and aspirations, and to partner with them in making their dreams possible.

Our three client segments of Consumer & High Net Worth (CHNW), Business & Commercial (BCC), and Corporate & Investment Banking (CIB) deliver relevant and competitive value propositions to our clients, from individual consumers to major corporations.

In meeting our clients' needs, our client segments are partnered by our Client Solutions, Engineering and Innovation teams, as well as our other corporate functions. This gives our clients fast and easy access to the group's full range of services and to those of our partners, enabling us to serve clients more efficiently and to innovate more quickly across the group in creating and distributing new solutions.

MEASURING OUR STRATEGIC PROGRESS

Our 2025 Ambition centres on serving the needs of our clients

We aim to transform client experience by providing consistently exceptional client and partner experiences in all the markets in which we operate via an expanded range of innovative solutions.

How we measure progress

We aim to continually improve client satisfaction, and thus retention, to grow active clients. An appropriate measure for partner satisfaction is still being determined as we grow our partner base.

Key metrics

Client satisfaction

Net promoter score (NPS)

NPS indicates the likelihood of a CHNW or BCC client recommending Standard Bank to their friends, family and others. It is calculated by subtracting detractors from promoters. This value can range from -100 (if every client is a detractor) to +100 (if every client is a promoter). Any score above zero means there are more promoters than detractors.

Client satisfaction index (CSI)

CSI measures the extent to which our CIB clients are satisfied with the service we provide. This is calculated using a ten-point rating scale.

How we performed

During 2021, despite sustained economic and regulatory volatility, our client segments improved client experience and grew their client base. We have also focused on increasing new revenue streams as we move toward becoming a digital platform organisation.

Client satisfaction¹



¹ Updated to reflect operating model changes.
² Ranking in the 2021 Consulta SA-csi survey.



How we performed continued

Active client numbers¹

CHNW² total
↑ 15.7 million
 2020: 14.5 million

BCC² total
↑ 761 thousand
 2020: 726 thousand

Revenue from strategic distribution partnerships (Rm)

↑ R 1 748 million
 2020: R1 626 million
7% growth

South Africa
10.2 million

2020: 9.3 million

Africa Regions
5.5 million

2020: 5.2 million

South Africa
500 thousand

2020: 492 thousand

Africa Regions
261 thousand

2020: 234 thousand

Revenue from non-financial services (Rm)

↑ R923 million
 2020: R350 million
100% growth

Key trade-offs

Achieving our client focus priorities requires the following trade-offs:

- Our digitisation strategy, centred on providing 'always on and always secure' services, improves client experience and efficiency and is critical to our long-term competitiveness, but requires accelerated investment in digitisation.
- Our investments in innovative digital products and services drive client satisfaction, affordability and client retention but replace traditionally higher revenue streams.
- New business models make it necessary for the group to manage additional non-financial risks beyond those related to traditional banking.
- Our integration with new partners facilitates our transition to a digital platform organisation which is fundamental to protecting and growing our client franchise, but increases the need to manage the dependencies, risks and complexities of third- and fourth-party relationships to protect our service levels and our reputation.
- Increasing capital allocation to higher growth markets and new revenue streams will support the group's financial performance but gives rise to higher risk and return expectations.
- Developing new skill sets among our employees to equip them to improve the client experience, while also increasing their employability within and outside the group, can temporarily impact on productivity levels.

How we create and protect value

Mandated executives on the group leadership council, are accountable for delivering our client focus strategies. They are standing invitees to board sub-committee meetings to provide feedback on strategic progress. Key to effective creation and protection of value relating to client focus are the group engineering and group remuneration board sub-committees who have mandated oversight.



Read more about the purpose and activities of all the board sub-committees from [page 134](#).

¹ Updated to reflect operating model changes.

² Active clients are clients who have been transacting on a solution over a pre-determined period categorised by segment and country specific rules, as applicable.



Digital solutions

We continue to make progress in transforming to a platform organisation and in building scale in the solutions we offer our clients. These include:



EZ Cash

Our instant lending offering in Nigeria.

Acacia

A collateral backed student loan solution that has been defined and is currently in development phase.

Instant Money

Our money transfer solution that enables customers to send cash to anyone in South Africa with a mobile number. Beneficiaries can redeem money transfers at over 50 000 locations at major retailers and selected spaza shops around the country, or at any of our ATMs.

SERVING OUR RETAIL CLIENTS

@ease

An electronic wallet designed to meet the lifestyle needs of the unbanked, underbanked and multi-banked using a unique combination of technology and agent network. Using the digits of a phone number, customers can perform a range of banking activities, including pay their bills, buy airtime, do interbank transfers, receive money, and make cardless withdrawals from ATMs or the agent network. They can also get an @ease debit card, which they can use to withdraw from an ATM, or transact at a merchant or agent. The account can be opened using a feature phone/USSD¹ application or at agent locations around the country.

LookSee

Our home management platform provides a curated marketplace and set of services that delivers value to clients by reducing the cost of home ownership.

MyMo

A low-cost transactional account which can be opened online.

PayPulse

This solution enables clients to use their phones to pay anyone, at any time. Customers can link up to three debit or credit cards from any bank to the service and can access the full transactional capability of each card using PayPulse. This allows them to pay for goods quickly and easily, to send money to other PayPulse wallets, pay their municipal and other bills, buy airtime, pay for parking and top up electricity.

Sorted App

The app and prepaid debit card system enable the digitisation of payments and learner activities. By removing the need for cash, the app creates a safer environment for learners and employees, both in terms of security and minimising the risk of the spread of Covid-19. The app also provides learners with a safe space to become financially savvy.

Plugged-In

A youth-targeted platform designed to address youth unemployment by enabling them to access gig work opportunities, earn an income and upskill themselves through various learning opportunities. As a key strategy to gain market share in the youth segment, we completed a successful proof of concept and have partnered with Amazon to pilot the platform up to 1 000 'annotators' participating.

Unayo

A global platform, Unayo (or 'you have it') combines the simplicity of mobile money with the sophistication of a bank account, using technology to disrupt both. Customers can create a profile, sign up in minutes, and start banking in seconds on USSD or via the Unayo App.

¹ Unstructured supplementary service data.



SERVING OUR BUSINESS CLIENTS

BizConnect

Our BizConnect site offers a wide range of guides, resources, templates and information to equip and empower business owners to start, manage and grow their businesses.

BizFlex

An offering that offers short-term flexible cash flow linked lending solutions.



Enterprise Direct

Enterprise Direct banking centres offer our clients direct digital access to a team of business bankers and specialists, without the need to visit a branch. We also cater for clients who prefer to use the branch network, by providing Enterprise Direct Banking personnel at key locations, to support clients face-to-face for clients who prefer this option. All Enterprise Direct Banking employees have the relevant virtual capability and can access a range of specialists, enabling them to provide a one-stop service for clients through a single point of interaction. 90% of all client needs can be met virtually, including virtual onboarding, virtual authentication and virtual signing arrangements.

OneHub

A business-to-business (B2B) online marketplace to assist our corporate clients with their digital transformation. Clients benefit from a safe and convenient single sign-on, which gives them access to a one-stop shop to address their needs. They can access a range of digital tools and services, including web applications and application programming interfaces (APIs), developed by the group and its trusted network of technology partners, to enhance efficiencies and streamline their own processes. New capabilities can be co-created with developers to address specific client needs.

OneFarm platform

Our OneFarm platform connects small-scale farmers to an ecosystem of buyers. OneFarm Share makes use of the HelloChoice marketplace technology to relieve hunger and food insecurity by improving the national coordination and distribution of excess farm produce to registered charities through food distribution partners like Food Forward SA and SA Harvest.

Thundafund

A crowdfunding initiative which allowed four businesses impacted by the social unrest to create campaigns and receive contributions from members of the public.

MyMoBiz

MyMoBiz provides simple, affordable, pay-as-you-transact banking for small businesses from R5 a month. It enables small businesses to receive payments from their customers, pay their suppliers and staff, and keep track of their business finances in a simple and affordable way. It includes an optional PocketBiz point-of-sale device at a reduced fee.

Trade Club

A digital platform that connects clients to vetted, reputable, reliable and trusted sellers and buyers. It is part of the trade club alliance, connecting our customers to the customers of banks like Santander.



Read more in our RTS [online](#).



Serving our business clients continued

Trader Direct

Improves access to working capital for small traders and enables traders whose businesses are mainly cash-based to build up credit profiles and qualify for advances to support the growth of their businesses.

Trade Suite

A solution that provides end-to-end servicing of our clients' trade-related needs. Our dedicated team of trade experts partner our clients on their trade journey, from finding the right suppliers and buyers, to assisting them with trade finance solutions and import processes.

SimplyBlu

This solution enables small businesses to create a digital presence and access online customers. It includes no-code website building features, allowing business owners to customise their online store with built-in themes and templates, as well as e-invoicing services, and various online payment options powered by MasterCard Payment Gateway Services.

SME Health Score

Currently in pilot phase, SME Health Score is a credit scoring model incorporating a wide range of data from sources, including movement and sentiment data, together with bank data, into a credit score for small to medium-sized enterprises (SMEs), allowing us to expand our lending offering.

PowerPulse

A digital solution to help clients source alternative green energy solutions from a database of vetted providers. PowerPulse provides support to help clients make informed decisions about technical specifications and select the right provider for their needs, and links them to appropriate legal and funding solutions. It also supports compliance with regulatory requirements. PowerPulse is accessible through our OneHub platform.





Consumer & high net worth client segment

Funeka Montjane, chief executive officer, CHNW

"All our clients have one thing in common – a desire to see the next generation have a better life. We enable our clients' daily lives by providing relevant Banking, Investment, Insurance and Beyond financial services solutions."

Our segment serves consumer clients, ranging from high net worth clients to inconsistent income earners, based on their unique needs.

We believe that growth means a better life for our clients and each generation should be better off than the last. To realise our purpose, we are focusing on key opportunities across the continent. The opportunities we are choosing to actively pursue are:

Africa is young

We choose to power the population dividend by enabling young people to earn an income and have access to high quality education that drives leadership

Africa is rising

We choose to enable our clients to increase their disposable income to buy assets and to grow and safeguard their wealth

Financial inclusion

We choose to drive financial inclusion across the continent

We are pleased with the progress that we have made in the past year in our commitment of serving our clients with excellence, deepening our relationships with them, growing our client base and exceeding our financial expectations. The recovery of our markets, in particular South Africa, has been remarkable and the business has positive momentum which is giving our people renewed confidence and determination to win in the market.

Our financial results were above expectations. Client income levels recovered and, in turn, client spending returned to 2019 levels, improving non-interest revenue. We substantially grew our home loans market share by identifying specific opportunities to grow within our risk appetite, further affirming us as the market leader and the bank that supports our clients through all turbulent cycles. Our headline earnings improved by over 100% despite negative endowment from lower interest rates. We have focused on driving costs efficiencies, particularly branch transformation, while continuing to invest in digital capabilities that will transform client experience. We continue to optimise



For detailed results, refer to the Standard Bank Group financial results available online [here](#).

our distribution across the continent. As part of our journey, within South Africa we have moved cash from most branches into alternate devices, for example ATM recyclers, to reconfigure our branches to be smaller and more cost effective. This will allow us to further reduce distribution costs by R1 billion by 2025.

Credit impairments declined by 36%, with clients recovering quicker than originally expected. At the start of the pandemic we were clear that we would support our clients through this crisis and offered over R100 billion in payment holidays to them. This payment holiday book has performed exceptionally well and reduced to less than R200 million.

Transforming client experience remains vital to retaining our clients. We are deeply encouraged by the South Africa NPS improving to 76 in 2021, and we achieved third place in the Consulta SA-csi survey. In Africa Regions, we have also improved client scores, with NPS increasing to 32. In the KPMG Nigeria Banking Industry client experience survey, our Nigeria franchise was ranked first, up seven places from the prior year, when measured against its peers. This gives us confidence that our actions in transforming client experience are yielding results.



We are on track to meet our aspiration of enabling the lives of 25 million clients across the continent by 2025. Our active client base grew by 8% (9% in South Africa and 6% in Africa Regions). We reached a milestone of acquiring over one million new-to-bank clients, resulting in ten million active clients in South Africa. This growth has been a result of work done over time, underpinned by our substantial investment in improving the acquisition skills of our sales teams. We have competitive solutions that are relevant to our clients such as Flexi-Funeral, the fastest growing funeral plan in the market among other peer banks, reaching a milestone of one million new policies.

We have over 15 million clients across the continent. By responding to our clients' needs with our diverse propositions and solutions, we believe we will deepen our relationships while increasing our revenue. We use data science and artificial intelligence (AI) capabilities to provide meaningful personalised client conversations, and we continue to see meaningful financial impact. We have significant

opportunities to scale personalisation across the continent through bankers and on digital platforms.

Digital adoption remains critical to increasing engagement with clients, and we are seeing digitally active clients growing across the continent. Digitally active clients grew by 22% in South Africa, with over 85% of new clients registered on digital, while in Africa Regions, digitally active clients grew by 17%.

We launched our partnership with Pick n Pay in August 2021 which allows our clients to do their banking from selected Pick n Pay stores in South Africa and Namibia. This partnership is key in our journey to broaden our reach and being where our clients are. Clients can perform various transactions at the store branches. In addition, we launched EasyScan, a new cardless payment method which allows clients to purchase groceries by scanning a QR code at all Pick n Pay stores using our Mobile Banking App.

CHNW remains fully aligned to the group's purpose. We will continue to drive sustainable value creation for the

group and its stakeholders by steadily growing our revenue pools and reducing costs to serve. We are well positioned to support our 15.7 million clients across the continent and have attractive opportunities to continue to grow our active client numbers and to deepen our relationships with our clients. Transforming client experience remains our top priority. We will continue to accelerate digital client engagements as well as leverage data science and artificial intelligence capabilities to provide relevant and meaningful personalised client conversations at scale across the continent. We remain committed to driving Africa's growth through financial inclusion and by accelerating tangible advancement on our purpose-led innovative platforms such as Unayo, ease, FlexiPay and Paypulse.



2021 AWARDS

Private Banker International Awards:

- **Winner of**
 - Global Private Bank – Africa
 - Best Next-Generation Offering
 - Outstanding Relationship Manager Training and Development Programme

Highly commended

- Best Family Office
- Outstanding Wealth Management Technology Initiative – Back Office
- Wealth Management Technology Initiative – Front End

Sunday Times GenNext award, ranked the third coolest brand in its category

Africa's Best Bank for Wealth Management in the Euromoney Awards for Excellence

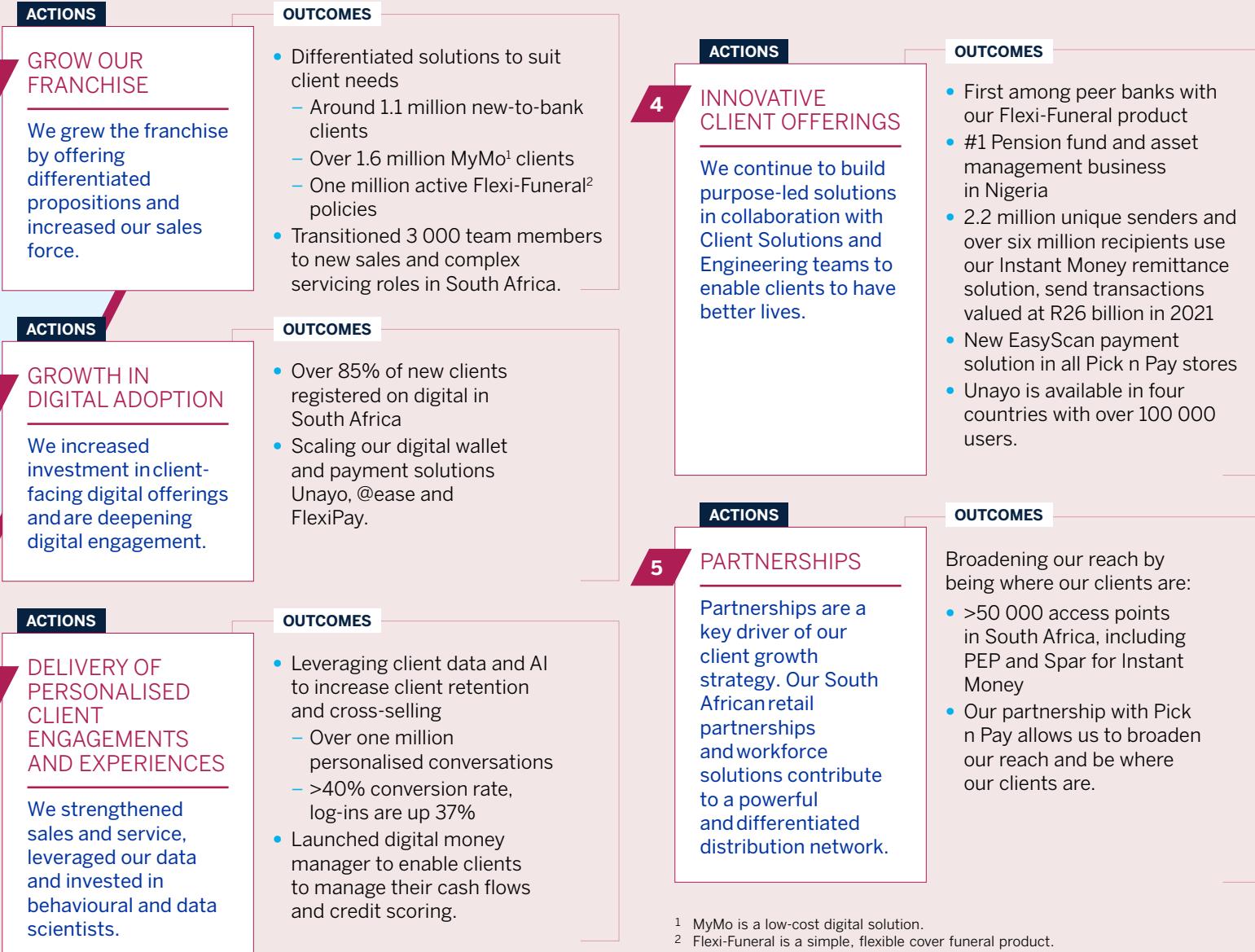
Best consumer digital bank in South Africa in the Global Finance Awards.



2021 performance against strategy

We provide consistently exceptional client experiences in all the markets in which we operate.

The improvement in client satisfaction and growth in our market share reflect the actions we implemented since 2018 to stabilise and grow the South African franchise and increase the growth momentum in the Africa Regions franchise. This strategic progress is the outcome of five deliberate actions that have been taken to date:



¹ MyMo is a low-cost digital solution.

² Flexi-Funeral is a simple, flexible cover funeral product.



We continue to drive digital adoption and engagement

Digitisation increases clients access to our propositions and services while reducing costs and improving client experience. Our success in enhancing this competitive advantage to capture, maintain and increase client loyalty is reflected in better SBG mobile app ratings in the iOS and Android stores and improvements in our net promoter scores. Our ability to improve system stability and client ease of use has been achieved in partnership with our Client Solutions and Engineering teams.



Read more: [page 94](#)

Growing digital adoption

Digitally active clients, in South Africa:

- App users grew 22%
- USSD users grew 40%
- Internet banking clients grew 13%

Digitally active clients grew by 22% in South Africa and by 17% in Africa Regions

Improving client offering



4.7 rating



4.2 rating

Increasing digital engagement

- **32%** DAU/MAU¹ (targeting 50%)
- **71%** increase in engagement time on app²

Increasing delivery cadence

Doubled delivery speed for deploying new and improved features on digital platforms³

¹ Daily active users as a % of monthly active users.

² Client time spent on SBG mobile app.

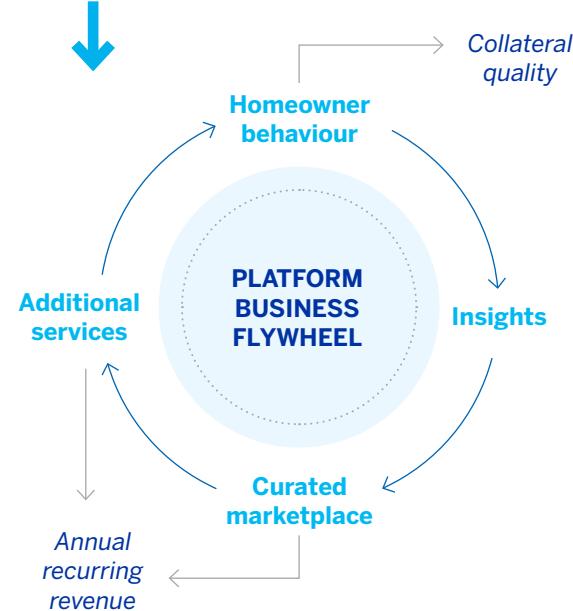
³ SBG mobile app and internet banking rollout.

Inline with our platform organisation strategy, we are building new businesses that create additional value for our clients and the group. Our LookSee platform leverages our strength in mortgages to provide CHNW clients with an expanded service offering, provide a market for BCC clients, particularly SMEs, and drives new revenue streams.

- Leverages SBG and partner data to provide clients with deep insights on their homes
- Provides access to a curated marketplace and suite of services
- Delivers value to clients through lower home-related costs
- Monetise through a subscription model.



Africa's first home management platform – reducing the cost of home ownership



92 000 unique users
for 2021

We are targeting:

- **>5 million** users by 2025
- **>R1 billion** cumulative value delivered to clients through a lower cost of home ownership



We are mitigating and managing factors that could constrain the implementation of our strategy.

FACTOR

The stability of our digital platforms as well as heightened cybersecurity risks remains a top priority.

RESPONSE

We continue to focus on investing in appropriate technology to improve stability and mitigate cyber risk to secure client and bank data and assets. We have significantly improved the availability of platforms and reduced outages.

FACTOR

Our consumer client franchise in some of our key markets within Africa Regions remains subscale, particularly as competition from non-traditional financial services providers continues to intensify.

RESPONSE

We are managing this by:

- Introducing mobile money platforms across the continent to drive scale in our chosen ecosystems, for example, Unayo, FlexiPay, @ease and PayPulse.
- Entering into appropriate partnerships with FinTechs, and non-traditional financial services to broaden our reach while containing costs.

FACTOR

There is a sizable opportunity to grow scale with main market clients across the continent where we have previously been perceived as a niche player.

RESPONSE

We will scale main markets by:

- Repositioning our brand to be relevant to this market
- Continuing to collaborate with CIB and BCC to bank their value chain
- Leveraging retail and partnerships for growth
- Building locally relevant digital solutions.



Towards 2025

Our strategic priorities

We will continue to enable our clients' to live better lives and partner with them to realise their dreams, to retain and entrench our clients, and grow and commercialise our client franchise.

To fulfil our purpose, we have identified the following focus areas:

RETAIN AND GROW

Continue to scale and retain consumer clients in South Africa

- We anticipate opportunities to enhance our client propositions and enhance client access through partnerships like Pick n Pay
- We have over ten million clients with over 1.6 million MyMo clients banked in the last two years. This gives us a significant opportunity to deepen our client relationships by supporting their day-to-day lives with our banking, insurance and investment solutions
- We continue to see opportunities to partner with young professionals for growth
- We will leverage internal partnerships with Liberty, Melville Douglas, and STANLIB to be a trusted advisor for our clients
- We have over six million Instant Money recipients that we are engaging with for further loyalty.



GROW

Scale and retain clients in Africa Regions

- Continue to collaborate with other segments to bank their clients' value chain
- Drive wealth creation through insurance and asset management solutions by providing access to international markets
- Leverage partnerships for scale across the continent
- Scale our main market segment using digital platforms such as Unayo, FlexiPay and PayPulse.



We have prioritised the following strategic choices to achieve our 2025 aspirations



ENGAGED PEOPLE

- We continue to invest in building the skills of our people
- We continue to focus on building a culture of execution diligence and commercial pragmatism
- We do the right business, the right way.



BE A LEADER IN CLIENT EXPERIENCE IN ALL OUR KEY MARKETS

- Always on and always secure, ensuring the stability of our digital platforms and systems, and protecting our clients' data and our own assets
- Continue to digitise for banking, asset management and insurance solutions to make the banking experience easier for clients
- Develop a culture of deep empathy for our clients.



ENGAGEMENT – DEEPENING CLIENT RELATIONSHIPS

- Increasing our digitally active client base and increasing engagement on our platforms
- Continue to leverage data and AI to enable personalised conversations that are delivered by bankers and on digital platforms
- Leverage the Liberty integration to enable financial freedom for clients.



BROADEN OUR REACH BY BEING WHERE OUR CLIENTS ARE

- Continue to drive the productivity of our bankers
- Improve brand presence to resonate with clients across segments, particularly in main markets where we have not dominated previously
- Drive significant opportunities in e-Commerce through digitally onboarding clients at a reduced cost
- Continue to focus on optimising distribution in South Africa and select markets in Africa Regions
- Leverage and scale partnerships to access new client pools and increase client access.



ENABLE BETTER LIFE THROUGH PURPOSE-LED INNOVATION

- In collaboration with BCC and Client Solutions, we will continue to scale Unayo and other digital platforms to improve financial access for our clients
- We have launched platforms that provide young people with jobs and education through platforms like Acacia, Sorted and Plugged-In, key in enhancing our brand within the youth market and increasing our market share
- Leveraging our scale and leading in home loans by scaling the LookSee platform
- We will continue to increase the speed and precision of innovation.

2025 TARGETS

REVENUE GROWTH¹

6% – 8%
(2021: 5%, CCY: 8%)

>25 million
Client base up from 15 million
– South Africa **>1.6 times**
– Africa Regions **>1.9 times**
(2021: 15.7 million clients)

Top quartile client satisfaction²
(2021: 3rd position)
Drive engagement through the ecosystems and platforms

>40%
Cross-sell improvement

COST-TO-INCOME RATIO

<55%
(2021: 61.5%)

Disciplined cost and risk management

CREDIT LOSS RATIO

100 bps – 150 bps
(2021: 137 bps)

RETURN ON EQUITY

>20%
(2021: 13.9%)

Diligent capital allocation

¹ CAGR 2020 to 2025.

² Customer experience based on independent survey results.



For more detail, refer to the Standard Bank Group Strategic update event [online](#).



Business & commercial client segment



David Hodnett, chief risk and corporate affairs officer¹



William Blackie,
chief executive officer, BCC²

"We are working to become partners for growth to business owners across the continent. We're achieving this by integrating into their journeys and ecosystems while leveraging our deep insights and sector expertise, grounded in years of experience. This enables us to support their growth ambitions and drive economic growth across Africa."

Our segment provides broad-based client solutions to a wide spectrum of business owners that include small enterprises and extends to medium-sized and commercial entities. Similarly, coverage capability encompasses a wide range of industries, sectors and solutions across Africa.

During the period under review, the business segment was faced with the significance of an organisational restructure, a recovering but weak economic environment and a customer base impacted by continued Covid related business disruption. Regardless of these challenges, the portfolio has shown meaningful improvement and the client franchise has shown positive productivity and growth trends. There is

recovery evident in our financial performance and the team has adapted and embraced the five clearly articulated key strategic focus areas, namely, trade, enterprise, partnerships, platforms and ecosystems.

We were very satisfied with the BCC headline earnings delivery during the year. At R5.3 billion, we experienced positive headline earnings growth of 25%, a meaningful ROE uplift to 24.5%

and robust double digit balance sheet growth of 16% and 14% for net loans and advances to customers and client deposits respectively. Revenue growth at 3% positively reflected the improved customer activity and trade recovery, although net interest income growth was softened by the impact of endowment resulting from the persistent low interest rate environment. The credit loss ratio reflected the improved economic cycle and declined by 92 bps to 124 bps, while cost growth was broadly contained at 3%. Negative jaws were realised due to muted revenue growth, which led to a marginal increase in the cost-to-income ratio to 63.5% (2020: 63.3%).



For detailed results refer to the Standard Bank Group financial results, available online [here](#).

To drive the business forward and deliver shareholder returns alongside client growth, we leveraged our existing franchise capabilities and offered personalised sector specific solutions that enable us to partner with our clients on their growth journey. This capability, combined with our ecosystem acquisition strategy and trade networking initiatives has supported the 5% growth in our active

client base, with our mature South Africa business growing by a moderate 2%, while Africa Regions delivered meaningful double-digit growth of 12%.

Our small business or enterprise segment is capably serviced by our Enterprise Direct capability. This virtual environment continues to mature and has the ability to deliver more than 90% of client servicing needs. In addressing this client segment, focus was placed on ease of access to funding, business skills and development, connectivity and, of course, solutioning requirements. In our commitment to service this client base, we have introduced multiple funding solutions, including Trader Direct, FlexiPay, BizFlex and EZ Cash to name a few. In addition, we continue to enhance our access to growth finance solutions by investing in scored and automated lending solutions. Multiple customer relationship tools have been developed and provided to frontline staff to ensure a holistic range of solutions can be provided in order to meet each individual business owner's unique needs. We invest in digital capabilities, which together with our virtual service environment provides a full service offering to our enterprise segment. Skills development and access to advisory content is a critical

¹ Interim chief executive officer, BCC, from 1 August 2021 to 31 December 2021.

² Appointed chief executive officer, BCC, effective 1 January 2022.



success factor in supporting the growth ambitions of SMEs and ensuring the health of this vibrant segment. In this regard, we have relaunched BizConnect and continued our development of business incubators alongside the business day SME online summit. We have supported our clients that have been seriously affected by incidents of unrest. This included the establishment of a "Business Bounce-Back" programme in partnership with Thundafund, a crowdfunding initiative while through the Covid pandemic we provided specific relief to business owners. It is pleasing to report that the relief provided through our Covid-related payment holiday programme has gradually reduced to only R434 million active restructures (<3% of relief provided), with the majority of the expired restructures returning to paying status.

We continue to partner with Founders Factory Africa to support and invest in start-up companies with great potential but requiring growth, investment and skills development. So far, we have supported 38 start-ups with more than 60% benefiting from substantial customer growth and feature development, translating into the creation of 30 000 new employment

opportunities. Additionally, through the business growth competition, we recognised and honoured businesses across Africa that have shown resilience and have worked hard to achieve growth during difficult times. The winners were offered non-repayable grants and business development support, to assist them in achieving their ambitions and growth objectives.

Our medium to large business clients, are serviced by our dedicated relationship managers that are empowered with client knowledge, banking skills to provide specialised solutioning and localised decision-making. Our keen focus on sectors and our embedded ecosystem financial services approach ensures that we consider an entire value chain to partner our clients for growth and identify key acquisition opportunities.

Understanding that our clients require beyond banking solutions, we invest in and drive the adoption of platforms and solutions, such as our trade and trader offerings. Furthermore, we have leveraged our relations in China to enhance and network our client base with potential importers or exporters which has led to healthy turnover growth during the period.

We saw a meaningful return of transactional and trade activity. Adoption of digital payment solutions has accelerated due to a combination of Covid-19 related necessity as well as other factors, such as the discontinuation of cheques in South Africa. Both of these had the effect of reducing foot flow through physical branches. On the positive side, our digitally active clients increased to 55% of the active client base while digital transaction volumes increased by 17% year on year.

As a bank we have our roots in trade and we aim to support business owners and their growth ambitions by delivering effective trade solutions. The trade opportunity across the African continent remains a key priority for the business and its future growth. In conjunction with the continued momentum created through trade solutions, BCC has had enormous customer success leveraging the deep connection with ICBC in China, and now has more than 1 200 customers benefiting from the trade club network. In addition, we hosted and supported several customer match-making events to link export clients with Chinese importers across a wide range of industries. These facilitated events

provide our clients with a range of benefits that included: introductions to suppliers, support in pricing negotiations, discount benefits and access to finance solutions. It is a market leading proposition that also enables us to win new business. Over and above this, several partner networks have been established across the 15 countries covering a broad range of sectors that include logistics companies through to renewable energy. By partnering with these organisations, we have supported our clients in gaining access to lending, forex and sustainable solutions. In addition, BCC placed emphasis on providing employees across the continent with the relevant trade skills and learnings. This culminated in the business evidencing substantial uplift from improved trade activities with trade values and volumes increasing.

The improvement in both our South Africa and Africa Region NPS scores to 71 and 29 respectively are indicative that our clients are appreciative of the personalised customer centric approach adopted by our coverage teams. We have maintained our existing market share in South Africa by working with our clients to deliver relevant solutions for their businesses



in 2021. Although our growing Africa Regions franchise remains subscale, we are capitalising on promising growth opportunities across 14 countries.

The Business Transformation Journey has allowed the BCC team to re-affirm the clear link between the products and solutions that BCC can offer, in support of Africa's growth, providing heightened energy and optimism to the team about the opportunities in this segment. We continue to ensure that our people have the right skills to serve our clients with excellence and are positioned for executing on our future fit strategic priorities. The combination of these factors has led to a positive improvement in our eNPS scores during the period.

Credit loss ratios returned to our through-the-cycle range as a result of improved payment behaviours. This resulted from an encouraging improvement in client business activity which is reflected in higher client business revenues post the prior period hard lockdowns. In fact, with the exception of small businesses and certain industries, turnover levels have largely fully recovered to pre-Covid levels. However, a handful of larger defaults, still led to increased non-performing loan levels specifically

within several African countries. The teams continue to focus on improving credit approval turnaround, augment credit scoring models and enhance collection processes.

During the year ahead, we will focus on retaining and growing our domestic market share, while driving trade in Africa and supporting the enterprise segment through strategic partnerships and innovative digital solutions. Our client needs and preferences are constantly evolving and our ability to respond with robust offerings will determine our success in the market. Investment is focused on delivering our client digital strategy, enabling process optimisation, enhancing client experience and ensuring ease of use.

Client insights support our work to develop and scale platforms, with specific focus placed on our trade capability, the trader and agricultural ecosystems. We continue to explore opportunities to contribute towards positive social and environmental outcomes, and through our agricultural initiatives, to support the group ambition to achieve net carbon neutral emissions by 2050.





2021 performance against strategy

We provide holistic solutions in all the markets in which we operate.

Our strategic progress to date has been driven by key interventions that differentiate our service and solutions and help us to grow and achieve the promises we make to our clients.

ACTIONS

Invested in engagement solutions to enhance client and employee value propositions.

These tools enabled our teams to understand clients' financial exposure, needs and future opportunities, allowing for proactive, personalised client engagement. They have driven improved customer engagement and increased conversion rates.

OUTCOMES

55% digital clients

Digital account – Unayo¹

- Over 100 000 registered users
- >8 000 registered merchants
- Active in four countries

Digital lending²

- **>100%** South Africa
- **↑200%** Africa Regions

ACTIONS

Unlocked client acquisition opportunities by banking the client value chain or ecosystems.

We solve clients' value chain pain points and enhance client relationships, in collaboration with other segments.

OUTCOMES

- >44 000 client value chains identified
- 246 000 clients, across segments, onboarded through ecosystem acquisitions
- 10% opportunities converted to date

ACTIONS

Focused on trade and related solutions, including our response to the Africa-China opportunity.

Our trade solutions and unique relationship with ICBC enabled us to capitalise on this opportunity.

OUTCOMES

Trade transactional values

- **↑18%** South Africa
- **↑16%** Africa Regions
- **↑18%** Africa-China trade values

Trade Club

- 20 356 vetted businesses registered in over 48 countries
- >1 200 clients
- >5 300 matches to date

ACTIONS

Underpinned strategic progress with internal and external partnerships.

We partner with other innovative companies to optimise client solutions and relationships.

OUTCOMES

FOUNDERS FACTORY AFRICA



ACTIONS

Invested in digital bank solutions for African SMEs focused on solving market-specific client needs.

These include e-Commerce solutions (SimplyBlu), flexible cash flow linked lending, alternative scoring methods to improve digital lending and the new BizConnect platform to support entrepreneur start-ups.

OUTCOMES

Enabled digital KYC for SMEs

- International Model Risk Manager Award – Celent Award (2021)

Unwavering support for Africa's SMEs

- African Bank of the Year – African Banker Awards (2021)
- >419 000 visits to BizConnect

¹ Since launch in 1Q 2021.

² 2021 relative to 2020.



We are mitigating and managing factors that could constrain the implementation of our strategy

FACTOR

Our Africa Regions ROE remains below our expectations, particularly in the East Region, largely as a consequence of low interest rates, elevated credit losses and insufficient scale.

RESPONSE

We are working to improve our Africa Regions ROE by:

- Tightening and enhancing credit risk appetite and collection processes
- Driving scale through client acquisition and growing ecosystems banking
- Increasing trade-related revenue.

FACTOR

Trade is a key driver of growth in Africa and a primary activity and focus across the bank. As we scale and strengthen our trade offerings, we continue to overcome obstacles to growth in the execution of our trade services.

RESPONSE

We are supporting our trade growth by:

- Leveraging the bank's competitive advantages, including access to markets and networks, international connections, finance and advisory services
- Offering innovative digital client solutions to improve market access, networking opportunities, partnerships, service efficiency and reduce cost.

FACTOR

The development of entrepreneurs and SMEs plays a critical role in fulfilling Africa's growth potential. However, these client segments tend to be cash-based and are relatively untested markets for financial services providers, while their future growth potential makes them highly contested.

RESPONSE

We support our entrepreneur and SME clients and mitigate competition by:

- Focusing on digital lending and onboarding, and transactional capability
- Expanding the use of alternative scoring methods to improve our lending decisions
- Developing and introducing a bespoke trader ecosystem solution that empowers traders to grow and manage their businesses
- Introducing customer relationship management tools to enable frontline employees to prioritise engagements, conversations and interventions to support clients' future growth plans.





Towards 2025

Our strategic priorities

To achieve our promise of partnering with our clients, we continue to migrate towards a platform-based business model that provides holistic client solutions. We have identified five focus areas to achieve our strategic goals and growth targets:

► DEFENDING OUR SOUTH AFRICAN BASE

► DRIVING AFRICAN TRADE

► SUPPORTING AND GROWING THE ENTERPRISE SEGMENT

► PARTNERING TO DRIVE GROWTH

► DEVELOPING KEY PLATFORMS, SUPPORTED BY OUR ECOSYSTEM EXPERIENCE AND DEEP CUSTOMER KNOWLEDGE

Underpinning our strategic focus areas is our deep sector focus and experience, digitisation and process simplification, a proven through-the-cycle risk approach, and ability to adjust for specific economic, geographic and sector dynamics.

DEFEND

Retain and grow our existing foothold in South Africa

Empowered by data analytics, our client teams build personal relationships and leverage our ability to connect clients to our broad-based customer networks.

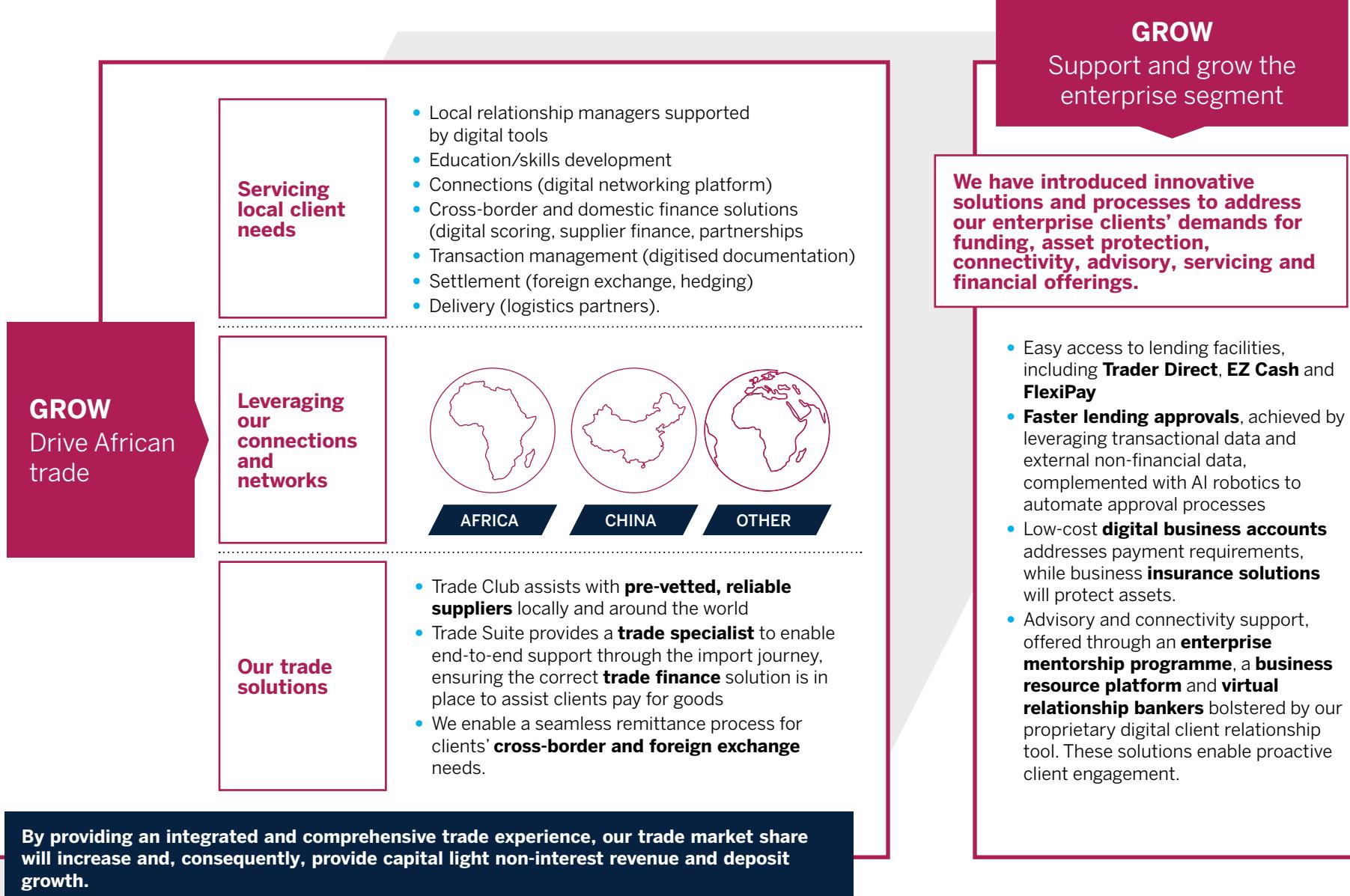
Our innovative offerings go beyond just banking to support our clients' growth ambitions.

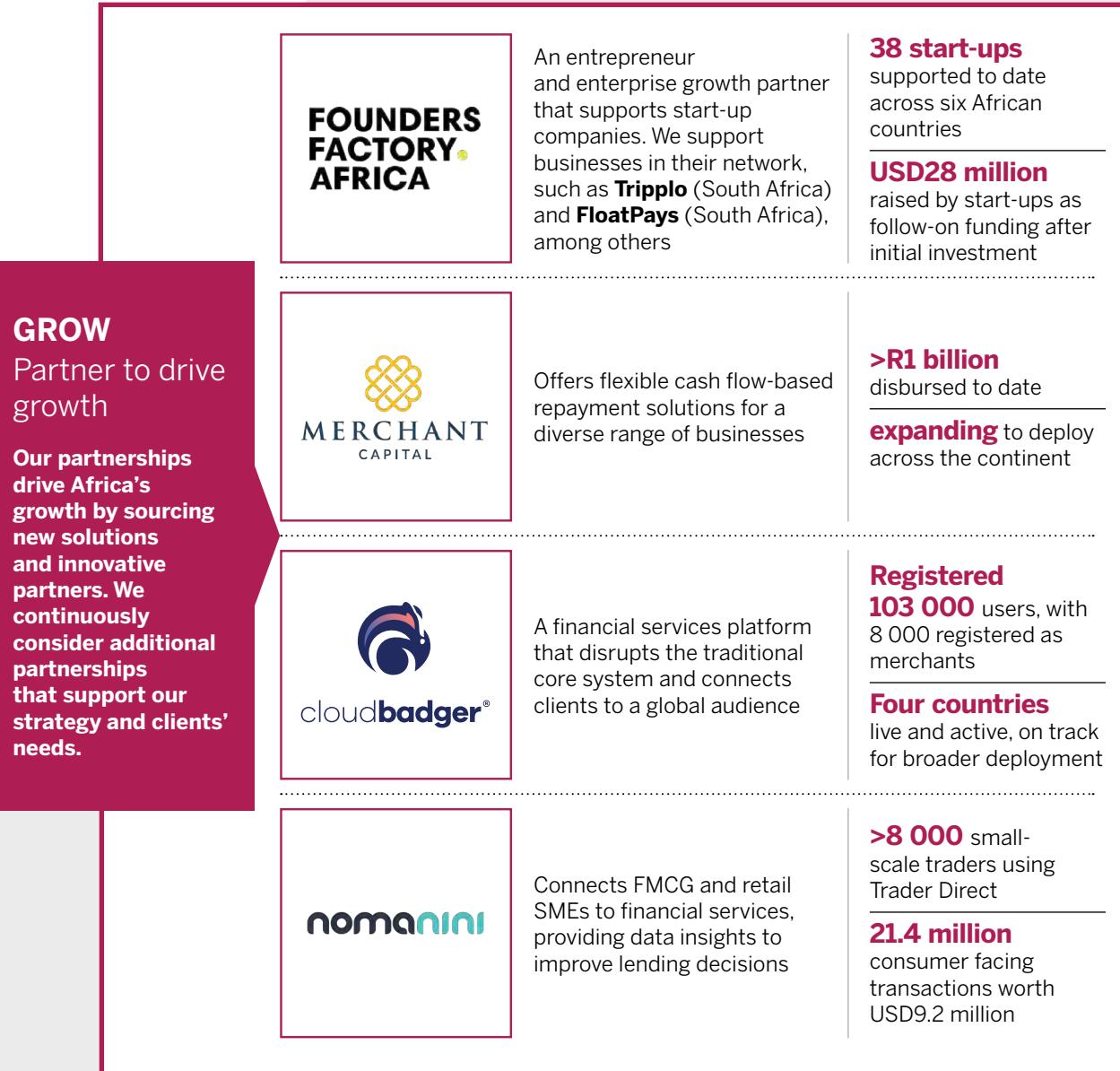
We collaborate with the other segments to drive expansion through our client ecosystems and value chains.

- **Enterprise Direct:** A team of virtual and remote business bankers assist businesses with sales and service
- **Dedicated relationship managers:** Trusted advisors and strategic partners to business and commercial clients
- **Deep established relationships with advisory capability:** We place specific focus on commercial clients with strength in our targeted sectors.

- **Trade solutions:** Solutions to facilitate our clients' growth and attract new clients
- **Fastest business lending in Africa:** Scored applications for existing clients are processed in three minutes
- **BizConnect:** A site offering information resources, tools and insights to start, manage and grow a business.

- **Ecosystems and value chains:** In collaboration with other segments, ecosystems and value chains have led to positive client engagements and delivered new client acquisitions across the segments.







GROW

Develop and scale platforms supported by our deep customer knowledge and ecosystems

Scaling our platform focus areas



TRADE

Our trade solutions, such as Thrive, that service the CIB and retail trader environments, will enhance the small trader market's traditional payment and financing models.



PAYMENTS

Our newly launched platform **Unayo** will service four key payment ecosystems, namely donor programmes, remittances, traders and salary payments. Active in four countries and on track for further deployment, Unayo provides a competitive offering in response to mobile virtual network operator (MVNO) solutions.



RENEWABLE ENERGY

The **PowerPulse** platform, launched by CIB, will be a key enabler for our business clients to access renewable energy solutions and source required funding solutions.



AGRICULTURE

Our OneFarm solution supports small farmers with production challenges and provides opportunities to enhance their yields and connect them to markets. The associated data is used to provide funding to small farmers. Through OneFarm Share, 5 900 tons of fresh produce has been distributed and 23.9 million meals have been provided to feed one million people through 1 850 registered charities across nine provinces in South Africa.

2025 SHAREHOLDER OUTCOME TARGETS	REVENUE GROWTH ¹			COST-TO- INCOME RATIO <55% (2021: 63.5%)	CREDIT LOSS RATIO 100 bps – 120 bps (2021: 124 bps)	RETURN ON EQUITY 25% – 30% (2021: 24.5%)
	Two times active client base primarily in Africa Regions	10% targeted market share growth	15% increase in client engagement			
				Disciplined cost and risk management		Diligent capital allocation

¹ CAGR 2020 to 2025.



For more detail, refer to the Standard Bank Group Strategic update event [online](#).



Corporate and investment banking client segment

Kenny Fihla,
chief executive officer, CIB

"We deliver compelling propositions to our clients through proactive partnerships, specialist sector expertise, on-the-ground presence and a balanced risk approach to support their growth across 20 African countries."

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

We are pleased with the delivery of a solid set of results for 2021. Headline earnings grew by 43% to R13.4 billion and ROE improved to 19.6% (2020: 13.8%). Our cost-to-income ratio of 53.3% (2020: 54.4%) shows diligent cost management and our customer credit loss ratio was (6) bps as impairment charges remained subdued.

This pleasing performance was underpinned by the strategic gains we have made, which included:

- Strengthening our existing relationships and acquiring new clients
- Growing our product market share in the countries where we operate, gaining significant ground across Africa by leveraging our sector expertise, and capitalising on renewable energy opportunities
- Optimising our key client engagement processes to improve client experience and growing digital transactions
- Concluding market-leading sustainable finance transactions.

CIB remains resilient despite a challenging macroeconomic climate, with revenue growing 5% to R40.4 billion and up 14% in constant currency. Client revenues for 2021 were flat year on year, but up 6% on a constant currency basis. The continued negative impact of Covid-19 was felt across Africa, even as countries reduced restrictions and resumed economic activities. Certain sectors remained severely constrained, for example, the hospitality and tourism sectors. We have however continued to benefit from our diversified portfolio and sector capability, which supported our resilience and strong performance in the year, demonstrated by the quality of the mandates won, the richness of our deal pipeline and the growth across CIB businesses.

The recovery of the mining and metals sector (largely driven by strong commodity prices and increased demand for base metals) together with increased activity in the consumer sector and the strengthening of the oil price have improved the economies of several African countries and supported increased client activity. This was offset by reduced client appetite for investment and challenging market conditions in Nigeria together with a slowdown in client capital expenditure, as well as fewer opportunities for structured trades across a number of other sectors.

Sustainability is a cornerstone of our business. We have gained momentum in our sustainable finance business, lending R26.9 billion – 99% growth over the prior year (2020: R13.5 billion), which is supporting our clients in their transition toward net zero. Growth in renewable energy in South Africa provides us with the opportunity to narrow the country's energy deficit. As sub-Saharan Africa transitions towards renewable energy, we are also cognisant of the role that natural gas will play as a transition fuel. Therefore, we are supporting natural gas opportunities in resource-endowed places, like Mozambique, which will significantly improve the region's economic development. We anticipate that the rate of acceleration of renewable energy and infrastructure development will increase in 2022 and beyond. ESG considerations are a vital component of our future growth and has become a focal point of investment and capital allocation decisions. As countries develop transition plans towards net zero by 2050, this provides us with further opportunities to partner with our clients in their sustainability journeys.



We develop specialised digital products to respond to emerging client needs and improve client experience. During the year, we launched PowerPulse, a renewable energy digital platform, as an enabler of our renewable energy sector strategy for clients across CIB and BCC. Our healthy and growing pipeline has converted into the first set of revenue-generating transactions in the latter half of 2021. We are confident that PowerPulse will allow us to capture and realise growth as we scale the business. In addition, we developed OneHub, a personalised digital platform where clients can access our digital solutions as well as the solutions of trusted partners. OneHub brings new electronic services such as know-your-customer (KYC), opening of accounts, and product origination including foreign exchange together into a unified client experience with single sign-on.



Read more: [page 67](#).

With a client satisfaction index score of 8.2 out of ten for 2021, CIB's client experience remained constant year on year, at the highest recorded level (2020: 8.2, 2019: 8.1). 96% of clients surveyed were satisfied with our proactive engagement during Covid-19.

We maintained a high eNPS score of +38 and our emotional promoter score improved to +73, increasing from +67 in 2020. We continue to align our people practices to our People Promise, which we are integrating with our overall client value proposition. Focused learning and development programmes continue to support the growth of our people. This will ensure that we have an attractive proposition to both retain our people and attract new talent to grow our business.

Global markets achieved revenue of R15.2 billion, 8% down on 2020 (3% up in constant currency), once again underlining the strength of the business, the diversity of the portfolio and the sustainable nature of the revenues earned from client activity.

Investment banking delivered an outstanding performance, with headline earnings more than doubling to R4.7 billion. We have maintained our focus on converting the current deal pipeline, originating new assets and seeking opportunities in the resurgent mergers and acquisitions market, and debt and equity capital markets.

Transactional products and services increased revenues by 7% (14% in constant currency) to R14.8 billion, underpinned by robust balance sheet growth as a result of new-to-bank client wins, retention of existing mandates, innovative solutioning and product diversification.

For more detail, refer to the Standard Bank Group financial results, available [online](#).

Our performance affirms the overall strength of the CIB franchise, and the deliberate execution of our strategy across our diverse product, client and operating markets.

We anticipate good opportunities to grow across our client sectors and win market share in our presence markets. This is based on our ability to acquire new clients, seize renewable energy and sustainable finance opportunities, and build and scale a disruptive digital and platform business. We will continue to expand and grow our revenue streams as we increase client and product diversification, within our risk framework and appetite, and drive increased origination at a country level in Africa Regions.



Read more about our focus areas going forward from [page 66](#).



2021 AWARDS

Global Finance, 2021 African Banking Awards

Best investment bank (Africa, Angola, Ghana, Mozambique)

Outstanding leadership in green, social and sustainable bonds

EMEA Finance, 2021 African Banking Awards

Best investment bank (Pan-Africa, Angola, Ghana, Kenya, Mozambique, Nigeria, Tanzania, Uganda, Zambia)

Green finance bank (Pan-Africa)

Global Finance, World's Best Digital Banking awards in Africa

Best Corporate/Institutional Digital Bank in Africa for Trade Finance Services

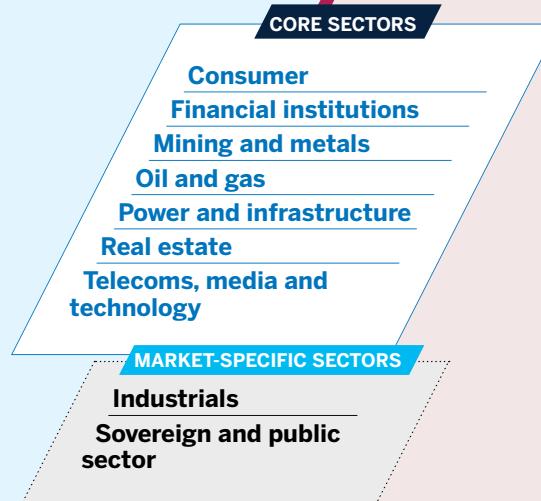
Best Corporate/Institutional Digital Bank in Africa for Online Treasury Services



2021 performance against strategy

We deliver value to our on-strategy clients where we have strong sector capabilities

We deliberately focus on clients that do business in Africa and we have a clear strategy in each country in which we operate. Our strong sector capabilities combined with our geographic presence and the long-lasting trust-based relationships we foster, continue to deliver value for our clients and drive growth in Africa. We maintain an appropriate risk appetite to support our target sectors:



We have made significant progress in retaining and growing our client relationships

The steady improvement in our client experience reflects ongoing growth in our client franchise and market share.

Acquired new clients and strengthened existing relationships

Growing client partnerships



Extending banking relationships



Retained and grew product market share in countries where we have a presence, despite Covid-19 induced headwinds

- | | |
|----|---|
| #1 | Foreign exchange market share in most countries of operation (Global Markets) |
| #1 | Debt capital markets and debt lending in South Africa (Investment Banking) |
| #1 | Deposit market share in South Africa (Transactional Products and Services) |

Leveraged our sector expertise to drive growth across Africa

R10.6 billion Underwriting commitment made in 2020 bid submission for RMIPPP¹

R8.5 billion Underwriting commitment made in 2021 in supporting preferred bidders in REIPPPP² Round 5 projects in South Africa, where financial close is expected in 2022.

Accelerated our digital efforts to optimise the client experience

Overhauled client lending process, saving clients time with more transparency, digital documentation and loan maintenance

Developed the leading sustainable finance offering on the continent

1st Retail sustainability-linked loan in South Africa with Woolworths

1st Sustainability-linked bond in Africa with Netcare

¹ Risk mitigation independent power producer procurement programme.

² Renewable energy independent power producer procurement programme.



We are recognised as a market leader

We continue to hold market-leading positions in value creating solutions across our Investment Banking, Global Markets, and Transactional Products and Services businesses.

Selected deals



SOUTH AFRICA

Debt capital markets | Sustainable finance

- Creating positive impact
- Social bond



UGANDA

Telecommunications | Initial public offering (IPO)

- The largest sub-Saharan African initial public offering in 2021 at USD163 million
- Broadened local participation (>20 000 Ugandan shareholders added)
- Doubled the Ugandan Stock Exchange market capitalisation (USD1.06 billion to USD2.3 billion)
- First-ever mobile subscription IPO platform for the East African community



SOUTH AFRICA

Healthcare | Sustainable finance

- Largest sustainability-linked loan to date
- Continued commitment to ESG



SUSTAINABLE FINANCE IS EVOLVING WITH STRONG GROWTH IN ORIGINATIONS

Growing sustainable finance

Our sustainable finance origination grew by
99%
to R26.9 billion in 2021

Revenue from our sustainable finance business grew
7 times
to R201 million

Sustainability-linked bonds

- Netcare **R1 billion**
- Investec Property Fund **R800 million**

Sustainability-linked loans

- Woolworths **R1.15 billion**
- Trans-Caledon Tunnel Authority **R575 million**
- Emira **R225 million**

Green bond

- Standard Bank **R1.4 billion**
- North South Power **R220 million**

Green loan

- Actis **R1.5 billion**

Social bonds

- Standard Bank **R3.5 billion**
- SA Taxi **R900 million**
- TUHF **R609 million**

Sustainable finance – a vital component of our future growth

We have seen exponential growth in the global sustainable finance market. We are able to provide our clients with market-leading sustainable finance solutions including green and social bonds, sustainability-linked loans, sustainable trade solutions and impact investing.

Opportunities

Increasing importance of ESG considerations in capital allocation and investments

Exponential growth in global sustainable finance market across sectors

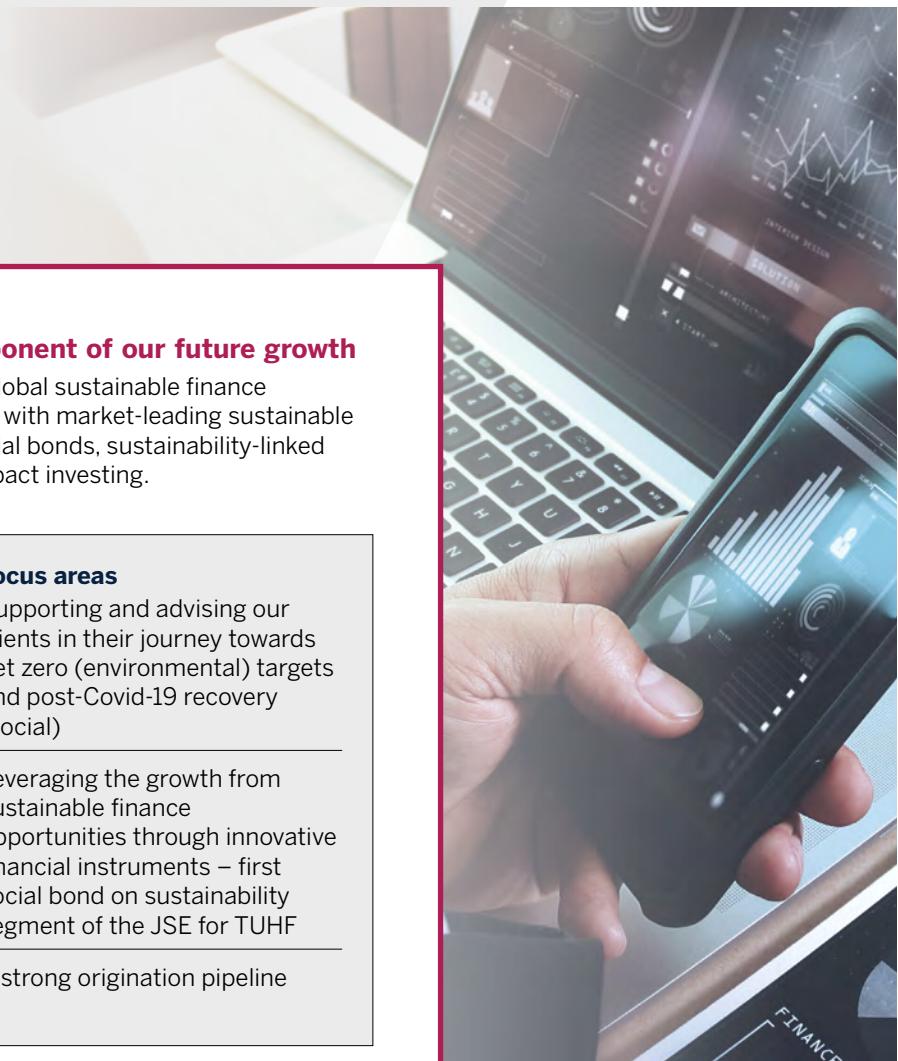
Strong client interest in the sustainable finance product

Focus areas

Supporting and advising our clients in their journey towards net zero (environmental) targets and post-Covid-19 recovery (social)

Leveraging the growth from sustainable finance opportunities through innovative financial instruments – first social bond on sustainability segment of the JSE for TUHF

A strong origination pipeline





We are mitigating and managing factors that could constrain the implementation of our strategy

FACTOR	RESPONSES
<p>Covid-19 continues to impact economic growth across our geographic markets. Although many sectors rebounded after certain restrictions were lifted, some sectors such as tourism and hospitality, which have a major GDP impact, remain constrained by travel and social distancing restrictions.</p>	<p>We continue to respond to the impact of Covid-19 by:</p> <ul style="list-style-type: none">• Proactively engaging with our clients to provide the appropriate support• Understanding the direct effects of the uncertainty of Covid-19 and the longer-term ramifications for our clients and markets, and for global trade flows
<p>The slow pace of national plans to transition towards net zero carbon emissions by 2050 could impact the achievement of this environmental goal. While certain sectors are moving ahead with plans to decarbonise their operations, governments are struggling to lead the development of cohesive implementation plans, based on shared goals.</p>	<p>We are supporting the acceleration of transition plans by:</p> <ul style="list-style-type: none">• Advocating coherent policies and plans to support implementation• Increasing sustainable finance issuances to a range of clients• Successful climate change summit hosted in October 2021
<p>Competition for skills in financial services continues to increase. This has heightened competition for the unique skills we develop across multiple geographies, sectors and disciplines.</p>	<p>We are managing the competition for skills by:</p> <ul style="list-style-type: none">• Ensuring that we create an inclusive environment where our people are recognised and rewarded for their contribution and have the opportunity to thrive and grow• Providing learning opportunities for all our people with a focus on developing future skills• Supporting our people's holistic wellbeing• Listening to our people to understand what really matters to enhance their work experience.



Towards 2025

Our strategic priorities

Our segment is well positioned to continue partnering our clients and supporting ongoing development, investment and trade opportunities in Africa. To achieve our strategic goals and growth targets, we have five focus areas:

► Maintain our multinational relationships

► Retain our leadership in South Africa

► Grow large local corporates in Africa Regions

► Capture regional, sector and product opportunities

► Respond to emerging client needs

We will continue to build on the solid foundation of our diversified portfolio across regions, sectors and products to defend our client franchise, while being well positioned to capture new opportunities and revenue streams associated with emerging client needs.

DEFEND

Maintain our multinational relationships and retain our leadership in South Africa

Multinational franchise

Our multinational client base is the largest contributor to our client revenue and we intend to maintain our franchise through retention, growth and acquisition strategies across our African footprint.

Largest contributor to our client revenue at
~60%

Strongest client relationships
Above average client satisfaction scores

Enable client connectivity via our African footprint

FOCUS AREAS

- Continue targeted **client acquisition**
- Grow **existing relationships** across our African footprint
- Maintain **multinational client positioning** through superior client experience across multiple geographies

South African franchise

South Africa remains a key franchise for our business. Maintaining our leadership in this market remains important for us. We will achieve this through utilising our balance sheet and resources appropriately to unlock growth opportunities.

Largest regional contributor to revenue
~40%

Largest revenue pool and lowest credit ratio, relative to South African peers

Strong deal flow driven by enduring franchise relationships

- **Leverage our asset book** to unlock opportunities across our clients' value chains
- **Align resources** (liquidity, capital, risk, people) to growth opportunities



GROW

Grow large corporates in Africa Regions

In collaboration with BCC, we have an opportunity to serve selected clients in key growth markets across Africa. We expect an incremental revenue opportunity from this under-tapped client segment of local corporates. We will achieve this through:

- **Targeted client acquisition**
 - Identified target clients to acquire in select markets
- **Best practice client service**
 - Improving client service through data analytics and organisational improvement
- **Distinct and clear value proposition**
 - Heightened collaboration with BCC to deliver a compelling value proposition
- **Banking our clients' value chains**
 - Identified opportunities to bank our clients' suppliers across their value chains

GROW

Respond to emerging client needs

We develop specialised digital products to interact with clients and their systems in a manner that is relevant to their needs and improves their client experience.

PowerPulse

An innovative renewable energy platform that addresses the challenges faced by clients who require a stable supply of electricity. PowerPulse helps client source alternative energy supply by connecting them with appropriate solution suppliers.

In South Africa, residential and business consumers have been challenged by steadily rising electricity costs and unpredictable supply. Many consumers are also actively looking for ways to decrease their carbon footprint and invest in more sustainable and environmentally alternatives to grid electricity. We work with our retail banking and business banking clients to provide sustainable finance solutions for their homes and businesses. Our commercial asset finance division provides bespoke solutions for solar PV projects, enabling residential property owners and businesses to achieve access to affordable and secure energy supply. The platform provides support to help clients make informed decisions about technical specifications and select the right provider for their needs, and links them to appropriate legal and funding solutions. It also supports compliance with regulatory requirements. PowerPulse is accessible through our OneHub platform.

Since launching in June 2021, PowerPulse has:

Earned its first revenues

Installed power capacity of 640 KWp for two client sites

Grown its revenue pipeline to around R370 million

OneHub

OneHub is an online marketplace where clients can access digital solutions provided by the group, and third-party solutions provided by our trusted partners.

Available solutions include

AUTHENTIFI

An intelligent data solution that empowers businesses with a deeper understanding of consumers' payment and transaction behaviours.

iiDENTIFI

A biometric verification system that empowers corporates to verify an individual's identity in real-time.

Client benefits

- **One-stop shop** for clients' banking needs
- **Safe and convenient single sign-on for account opening**, product origination and regulatory compliance (KYC)
- Access to **API products** and **web**
- Personalised **user experience**
- Access to **thought leadership** and **insights**

Since launching in June 2021, OneHub has grown to

559

corporate users across 370 clients

28

partner users

Won the 2021 Global Finance award for

Outstanding innovation in corporate finance



GROW

Capture regional, sector and product opportunities

We are well positioned as a thought leader to these sectors and are at the crossroads of investment flows between global capital markets and corporates and institutions operating within sub-Saharan Africa.

Renewable energy and decentralised power

- The renewable energy opportunity in South Africa is significant and will be meaningful in addressing the energy security, energy cost and environmental concerns of our clients
- Decentralised power will assist in closing the prevalent energy supply gap and provides us with an opportunity for new revenue streams including platform services.



Transition fuel

- The development of Africa's natural gas resources will help to balance economic development and social upliftment with the reduction of global emissions, by facilitating the switch from higher emitting energy sources such as wood and coal, to lower-carbon fuels, such as liquefied petroleum gas (LPG) for cooking and liquified natural gas (LNG) for the provision of baseload energy. Our commitment to gas financing is informed by emissions and development plans in our key markets and pathways for Africa that support global targets towards 1.5°C.



Infrastructure

- We support Africa's infrastructure needs by seeking innovative ways to bank strategic port, road and rail projects. These underpin the continent's intra-African trade and regional integration ambitions.
- Africa presents significant growth opportunities in the digital economy and we remain well-positioned to support the growth in digital infrastructure that ultimately bridges the digital divide.



Financial institutions

- We continue to position ourselves as the leading partner bank for international banks transacting in Africa.
- We continue to increase collaboration with domestic and international development financial institutions.
- Deepening financial inclusion and providing innovative digital solutions remains a core priority.



2025 TARGETS

REVENUE GROWTH¹

6% – 8%
(2021: 5%, CCY 14%)

Client acquisition and retention of strength in selected markets

Emerging revenues from new growth opportunities
Sustainable finance and platform proposition

COST-TO-INCOME RATIO

<50%
(2021: 53.3%)

Disciplined cost and risk management

CREDIT LOSS RATIO

40 bps – 60 bps
(2021: (6) bps)

RETURN ON EQUITY

>18
(2021: 19.6%)

Diligent capital allocation

¹ CAGR 2020 to 2025.



For more detail, refer to the Standard Bank Group Strategic update event [online](#).



Employee engagement



TRANSFORM
CLIENT EXPERIENCE

An engaged workforce is imperative for any organisation that is serious about transforming the experience of its clients.

Striving to create an environment that brings out the best in our people to passionately serve our clients, deliver operational excellence and contribute to achieving sustainable growth, is core to our strategy.

MEASURING OUR STRATEGIC PROGRESS

What success looks like

We ensure our people feel deeply connected to our purpose, and are empowered and recognised.

How we measure progress

Our anchor measure of employee engagement is our eNPS – an indicator of how likely an employee is to recommend the Standard Bank Group as a good place to work. We measure eNPS annually across our global footprint, through a survey of our people's perspectives and opinions. This is supplemented by indicators that provide additional insight.

Indicators of employee engagement

- **eNPS:** calculated by subtracting the percentage of survey detractors from the percentage of promoters. This value can range from -100 (if every employee is a detractor) to +100 (if every employee is a promoter). Although the eNPS score measures the distribution of promoters, insights gained from the responses of detractors and passives – employees who are satisfied but not necessarily enthusiastic – are also assessed for further action.
- **Employee turnover:** measures the percentage of employees who left our employ during the year.
- **Diversity and inclusion:** measures the proportion of people from under-represented groups and also assesses their qualitative experience of the work environment through an in-depth analysis of employee survey results.
 - Gender equity: measures the representation of women in senior management and executive positions across the group.
 - Employment equity: measures the representation of black people in management levels in South Africa.

How we performed

Employee engagement

eNPS¹

↑ +47

2020: +44

Emotional promoter score

↑ +77

2020: +66

Employee retention

Total employee turnover²

↑ 7.3%

2020: 6.0%

Regrettable employee turnover²

↑ 2.2%

2020: 1.4%

Voluntary employee turnover²

↑ 4.2%

2020: 3.0%

Voluntary employee turnover – executives²

↑ 5.5%

2020: 3.3%

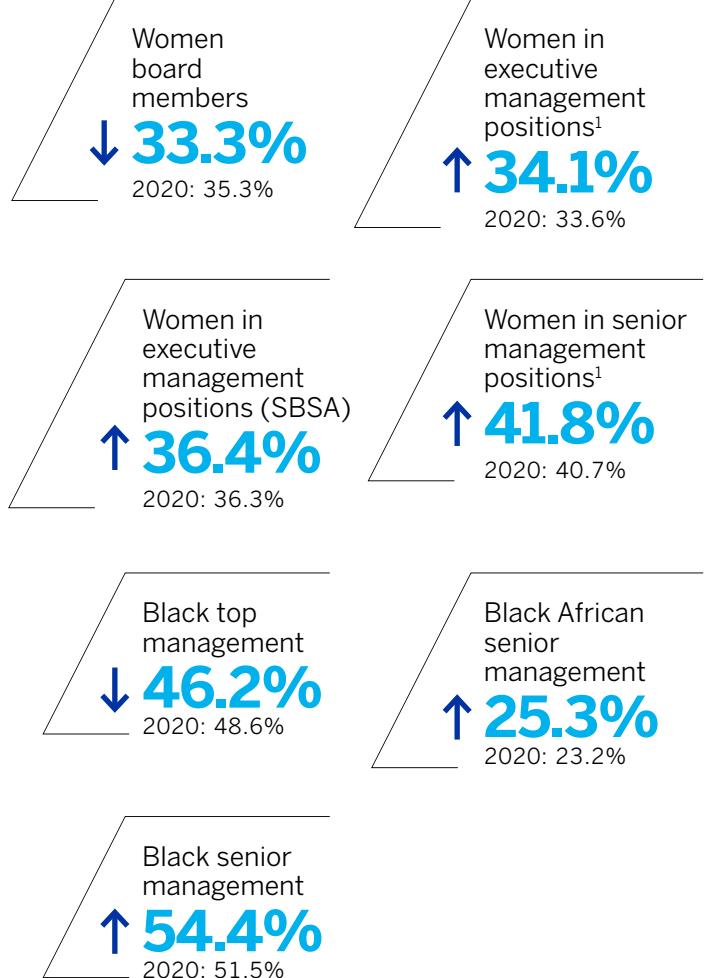
¹ Our eNPS improved from the prior year and participation in our annual engagement survey was 86%, up from 83% in 2020.

² Excluding Liberty.



How we performed (continued)

Employee diversity

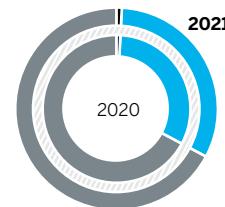


¹ Excluding Liberty.

Headcount¹

Permanent headcount ¹ ↓ 43 607 2020: 44 450	Non-permanent headcount ¹ ↑ 3 025 2020: 3 010
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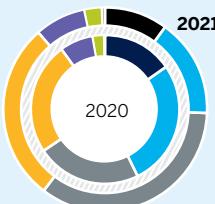
PERMANENT HEADCOUNT (%)



	2021	2020
International	1	1
Africa Regions	32	32
South Africa Operations	67	67

Tenure¹

TENURE BREAKDOWN (%)



	2021	2020
00 – 02 years	10.0	15.4
03 – 05 years	15.6	27.7
06 – 10 years	34.9	22.8
11 – 20 years	28.3	24.4
21 – 30 years	8.0	7.2
31 – 40 years	2.8	2.4
41+ years	0.4	0.1

Workforce

Workforce return on investment (times) ²	↔ 2.3
2020:	2.3

² Net operating profit impact of each rand invested in human capital or total cost of workforce.

How we create and protect value

Board sub-committees, including the group social and ethics committee, the group director's affairs committee and the remuneration committee, contribute to creating and preserving value for our stakeholders while providing mandated oversight governing our employee engagement value driver.

Read more about the purpose and activities of all the board sub-committees from [page 134](#).



Sharon Taylor
chief people and culture officer

"In many ways, 2021 proved to be a tougher year for our people than 2020 as the pandemic endured and worsened, remote working continued, and we embarked on the biggest transformation the group has experienced in recent times. Performing while transforming brings unique opportunities and challenges. We took great care to take our people along on the change journey, while continuing to support their wellbeing. We are exceptionally proud of their remarkable resilience and fortitude, in an unpredictable and challenging year."

Shaping the business for the future

During 2021, we significantly shifted the group's structures and capabilities to create distinct client segments, bring our new client solutioning capability to life and align our innovation, engineering, and all other partnering capabilities with this new operating model. The new executive leadership team, announced in late 2020, drove this business transformation at a group level during the first half of the year, with country alignment taking place in the second half of the year, following consultation with in-country boards and regulators. We deliberately chose to back our own talent, leveraging our deep talent pools, and supplementing this with new

and complementary skills from the market that will enable our shift to a platform organisation and the delivery of our 2025 Ambition.

Changing our operating model was the first thing we tackled to enable real business transformation. Ensuring that our leaders have the confidence and competence to drive our growth agenda in a changing business environment is equally important, and as a result, we have invested significantly in their personal development. Our top leadership cohort participated in a tailored programme, designed and delivered in partnership with the Massachusetts Institute of Technology (MIT). This programme ensured that our

leaders were aligned behind our strategic agenda and developed a deep understanding of the foundational constructs of a platform organisation. Our flagship Journey to Greatness leadership programme helped empower more than 1 000 of our people in senior and middle management roles across the group to drive strategic alignment.

Any change at scale requires clear communication and change support, so emphasis was placed on inspiring excitement and energy for the transformation, helping our people understand our vision for the future, the rationale for the shifts we were making and how the new structures would operate. Equally important was for people to understand their role in the journey. Regular communication from our leaders was a key feature, supplemented by tailored learning pathways built on our My Learning platform and accessible to all our people. High levels of change can be unsettling, so in our annual engagement survey we were particularly encouraged to see that our people still feel strongly aligned with the group's purpose and strategic intent – 94% understand their personal contribution to the broader Standard Bank Group's purpose and 91% are proud to be associated with the Standard Bank Group.



Nurturing a healthy and productive workforce

There is no doubt that the pressures experienced in 2021 impacted our people.

As the pandemic endured, the hope for a return to a more 'normal' existence faded. We experienced third, and in some cases fourth, waves of the pandemic in most of our countries of operation and for many of our people, the loss of loved ones, close friends and colleagues became a reality. Remote working was no longer the novelty it was in 2020. In an employee sentiment survey run early in the year, our people felt grateful and productive, and very appreciative of the support from their leaders. But they also indicated that they felt more stressed than they did in 2020, that they are grappling with long working hours, online fatigue, and a loss of connectedness and in-person interaction.

A range of initiatives were introduced to support our people during this time. We prioritised the safety of our people working on the frontline by continuing to apply strict Covid-19 protocols and following global best practice in the

physical work environment. We implemented a range of wellbeing interventions, which were delivered virtually and enjoyed great reach and uptake as a result. Our people also have access to a range of counselling services provided by our qualified and independent wellness partners.

We have seen an encouraging positive trend of people feeling free to ask for support and ask for it early, not once problems become severe.

To counter online fatigue for our people working remotely, we implemented 'Step Back Wednesdays', giving them the opportunity to reduce internal meetings on this day and to spend their time productively on delivering outcomes and taking the time to think, collaborate and learn. Client-facing teams could also use this day more productively to actively engage with clients. This initiative was met with an overwhelmingly positive response across our footprint.

The past two years have taught us that it is possible to operate effectively as an organisation in new and different ways. More than 50% of our people continue

to work from home and we have experimented with a framework and a range of solutions to help them be as productive and connected as they can in this context.

This new way of working over the past two years has certainly had its benefits but has also brought with it significant challenges – an impact most noticeably felt in the culture of the organisation, as people lost connection with each other. As we began to contemplate a safe return to the workplace, our thinking turned to a hybrid model in which we need to carefully balance our commercial interests with those of our clients, our people, and the communities we operate in. Our people who have been working remotely on a permanent basis have told us that they do not want to simply revert to the way we were working before the pandemic. They place the greatest value on having the ability to better balance remote work with much needed time interacting with colleagues face-to-face, as they miss this real human connection.

In contemplating our approach to hybrid work, we will seek to retain certain new good work habits formed

and to mitigate the negative impacts of remote work. Fostering the right culture is such a strong factor in driving longer-term employee engagement and needs to be solved for creatively as we contemplate future models of working. It is also clear that certain high-value activities are best done face-to-face and team collaboration is at the core of our business. We have taken the decision to experiment with a hybrid work model that considers several factors to determine if our people should work at our premises on a full-time basis or have a balance of time in the office and time at home. These new work models will strengthen our employer value proposition, as we move beyond the pandemic.



Accelerating our people's ability to grow and adapt

We want to attract, develop, and retain committed people, who have a passion for the continent, are motivated to deliver exceptional client experiences, and can embrace a platform mindset and skills to deliver our ambitions. Our people strategy includes a multi-pronged approach to foster a growth mindset and a learning culture, being deliberate about our talent acquisition and retention efforts, and ensuring a highly engaged and committed workforce. We place a premium on empowering our people to have long and meaningful careers that are in sync with our future aspirations.



Fostering a growth-mindset across the group

- Defined a set of priority future skills and bespoke learning paths
- Driving self-directed learning via our online learning platform
- Leadership development initiatives to lead strategy execution



Deliberate focus on building skills to enable a platform business

- Bespoke Academies and programmes to build digital skills
- Leveraging strategic partnerships to develop critical skills



Focus on retaining and attracting critical skills

- Deliberate focus on succession planning, talent development and meaningful employee engagement
- Talent acquisition strategies and market mapping for scarce critical skills and new capabilities



Continued drive to build a future skills pipeline

- Young talent development initiatives include a focus on behavioural economics and data and actuarial science

As our business transforms, we are actively promoting the 'truly human and truly digital' future skills priorities that we have identified as being foundational for anyone working across the group.

We have seen a remarkable uptake of learning this year as people are keen to make a difference and embrace new career opportunities. More than 94% of our people are actively using our My Learning platform and have spent on average 95 hours on learning this year. We continuously update our list of future skills priorities, which are supported by tailored on-line learning pathways. It is equally important to enhance our core banking skills. 59% of time dedicated to learning this year was spent on core banking skills and 41% on future skills. 'Truly digital' skills include all content related to our platform strategy, our strategic partnership with Salesforce, data, and technology. Employees have access to both long-form qualifications and shorter-form certificate programmes. In 2021, we invested R59.8 million in bursaries for under- and post-graduate studies for 1 868 employees. In total, the group invested more than R733 million in learning in 2021.

We have made a significant effort to equip our leaders with the right skills to lead and manage teams in a productive way. In 2021, a big focus was placed on the concept of 'the leader as coach', equipping leaders to hold effective performance coaching conversations. 7 565 employees took part in leadership development programmes in 2021, 54% of whom were women.



As we pivot to a new business model, we need to ensure that we have the right skills in place to help us get there. Informed by global research and business demand, we identify scarce skills sets and roles in high demand and then build specific learning academies to develop these capabilities and enable employees to transition into critical roles.

- We launched our strategic partnership with Salesforce in 2020. Over 78% of our employees are registered on the Salesforce Trailhead platform and more than 22 000 have achieved the status of Trailhead Rangers. Trailhead is dramatically accelerating our people's careers with a number of our people becoming certified Salesforce Administrators and Platform App builders.
- 1 276 people participated in our 2021 employed learnerships with qualifications including banking, entrepreneurship, data analytics, automation and Masters programmes.
- We won the Digital Learning Award for Strategic Alignment and Leading Practice from the SA Board of People Practices, for our Standard Bank Insurance Academy.

There is competition for scarce skills across Africa, with both local and international players now aggressively penetrating these markets, pursuing scarce skills and top talent. We ensure that we provide an attractive employee value proposition, offering an innovative, flexible environment coupled with a broad range of career growth opportunities to retain our people.

We pay close attention to people who have the potential to take up new and more complex roles. Our succession planning practices are robust and deliberate plans are put in place. We explore successors beyond traditional pipelines from different sectors, environments, and capabilities. Through targeted development initiatives we also aim to accelerate the readiness of our successor pools. As a result, our pools for key leadership roles have depth and are increasingly diverse. Growing our people is a core value of ours, with 60% of our vacant positions filled this year by our own people.

Given our extensive footprint across Africa, we value multi-country experience. International assignments build cross-cultural awareness and support succession planning for key roles. 78 employees participated in international assignments in 2021.

Our external hiring is focused on closing key capability gaps. We use targeted talent attraction strategies, employing multiple platforms and channels to attract a healthy blend of banking and future-ready skills. No hiring freezes were introduced as a result of Covid-19.

We continue to build a strong pipeline of young talent through our various development initiatives.

- Our graduate programme offers individual learning journeys, action learning projects, executive sponsorship, and accelerated work experience. 142 young people joined the programme in 2021 (130 in South Africa and 29 from countries in Africa Regions).
- In South Africa, we offer internships and learnership programmes for unemployed young people from disadvantaged backgrounds. 508 young people completed a learnership or internship in 2021 and 54% of them were offered employment opportunities with us.
- Our bursary beneficiaries provide a pool of candidates for our graduate, learnership and internship programmes. In 2021 we sponsored 71 students.
- Since the inception of the South African Graduate Employer Association (SAGEA) awards 11 years ago, we have won the award for the Employer of Choice in the Commercial & Retail Banking Sector ten times, including in 2021.



Learning¹

Training spend
↑ R733 million
 2020: R678 million

Number of employees participating in a leadership programme
↑ 7 565
 2020: 6 348

Women that attended a leadership program (%)
↓ 54%
 2020: 55%

Average learning hours per employee
↑ 95.1
 2020: 87.4

Number of employees accessing the My Learning platform
↑ > 44 000
 2020: > 40 000

Number of internal bursaries awarded
↑ 1 868
 2020: 1 831

Time spent on future skills (%)
↑ 41%
 2020: 31%

Work is a deeply personal experience

We are committed to delivering a more integrated and personalised human experience in everything we do. Ensuring that our people feel valued and fostering a strong sense of belonging in a deeply personal way is how we aim to keep our people fully engaged and productive.

We ensure that our people's voices are heard in shaping a great work environment. Since 2017, we have run an annual employee engagement survey, using the results to shape our people plans and future initiatives to continuously improve the employee experience. This is augmented with specific sentiment surveys and quick polls on an ongoing basis, to understand our people's views on specific topics.

Different perspectives make teams stronger and a diverse workforce is a great strategic advantage. For this reason, we have refreshed our diversity and inclusion strategy to recognise the intersection of diversity, inclusion, equity and belonging as critical to the creation of a high performing and engaged teams in a workplace where our people feel they truly belong. Each of our countries has a tailored diversity and inclusion plan and we are sharply focused on increasing the representation of women at our executive level, aligned to our targets. We are encouraged by the positive movement in female representation, especially at senior and executive levels across the continent and progress has been made in South Africa in our employment equity imperatives.

Our people feel valued when they are recognised for their contribution to driving successful outcomes. Effective performance management, and fair and competitive reward practices as key levers to drive the right behaviours and business outcomes. We have enhanced our performance management practices this year, ensuring that we directly connect the performance and productivity of our people to our business strategy. To help enable this, we introduced a new cloud based My Performance solution. We are evolving our reward philosophy and practices to increase alignment to our group ambitions and using our financial and non-financial value drivers and key metrics to inform our reward decision-making.

¹ Excluding Liberty.

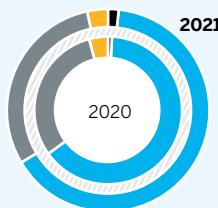


To ensure that our people spend more of their time serving our clients, they have access to a range of digital solutions to make their worklife easy and seamless. We concluded our journey to deliver integrated people systems that improve efficiencies, consistency and alignment and enhance the employee experience. Our people solutions are now fully cloud-enabled, and we have radically simplified our process and technology landscape.

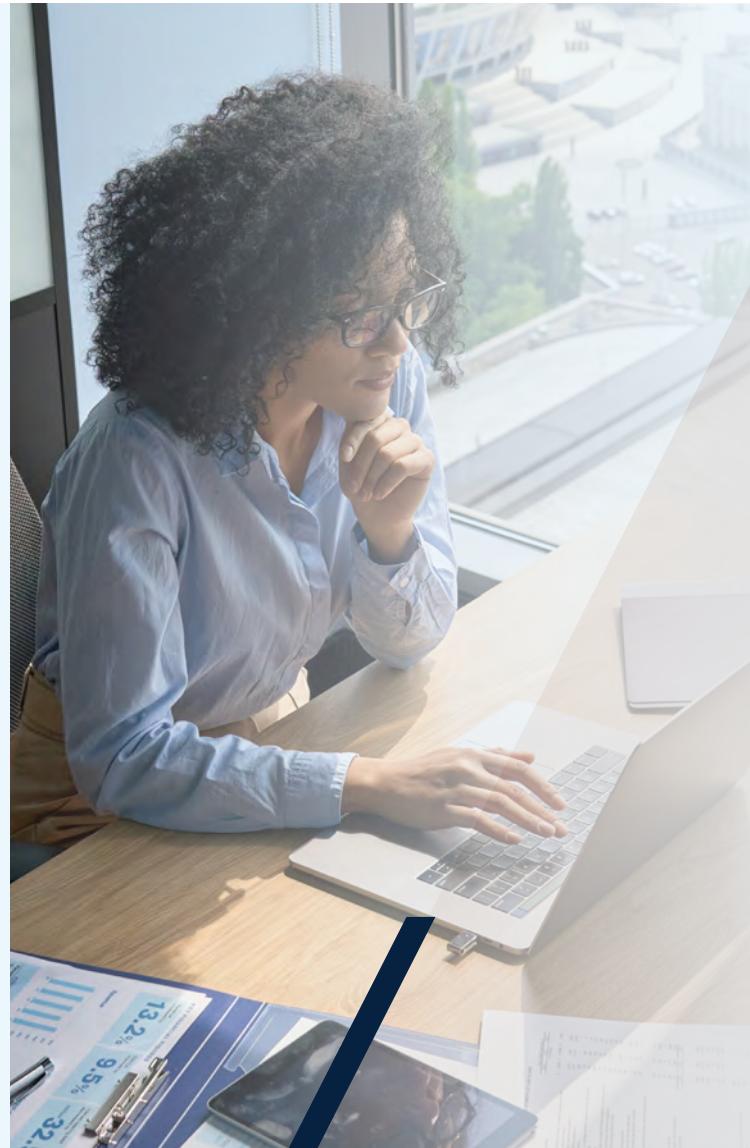
Our integrated systems provide a 'single view of the employee' and enable responsive people decisions, by giving deeper insight into people trends and predictive analytics. Our Meaningful Workforce Insights platform allows us to share integrated insights in real time on the full spectrum of people data.

Entrenching our People Promise, which is a two-way commitment clearly outlining what we offer our people and what we expect from them in return, gained significant momentum this year. Each business area and country took the initiative to unpack the People Promise in their specific context to align with their business priorities.

GENERATIONAL VIEW (%)



	2021	2020
Gen Z (Zoomers) (1997 – 2012)	1.8	1.0
Gen Y (Millennials) (1981 – 1996)	64.8	64.1
Gen X (1965 – 1980)	30.1	30.9
Baby Boomers (1946 – 1964)	3.3	4.0



Our people promise

Finding **new ways** to make our people's **dreams possible**



Driven to Win



Human at Heart



Africa to our Core



Looking ahead

Our focus in 2022 will be on driving priorities that will position us to capitalise on the anticipated market recovery and become even more progressive in our work practices as the ‘new normal’ takes on a different dimension.

- **Vaccination policy:** Introduce a Covid-19 Vaccination Policy, which requires all employees of the group who work from the premises to be vaccinated against Covid-19. We will make every reasonable attempt to accommodate employees who have valid reasons for not being vaccinated. The policy will be implemented in South Africa on 4 April 2022. Having due regard to local circumstances and laws, we will aim to establish similar requirements in Africa Regions in due course.
- **Hybrid working:** We will continue to test the efficacy of our hybrid work models in delivering desired outcomes for our clients, our people, and the communities in which we operate.
- **Enabling the workforce of the future:** We will continue to ensure that we find and keep the right people with the right skills. Targeted strategies to reskill, upskill and redeploy our people and attract the right talent, supported by a strong employer value proposition for various employee segments.
- **Client centricity:** We will continue our efforts to instil the right mindsets and behaviours across the organisation to serve our clients and collaborate with partners with excellence.
- **Leadership effectiveness:** Continued emphasis will be placed on empowering our leaders to ensure the depth and breadth of skills are in place to drive sustained performance today, help build the business of tomorrow and lead our people with confidence and empathy.
- **Evolving the way we operate:** As we realise our platform organisation aspirations, we will continue to evolve the way we operate to ensure integrated and seamless delivery in our chosen ecosystems.

The wellbeing of our people will remain front and centre in the year ahead. Maintaining and enhancing workforce health goes beyond just physical and mental wellbeing – it is also about nurturing healthy relationships with colleagues and creating a work environment where people feel valued and have psychological safety to contribute in their own unique way. We are excited about the opportunity to make Standard Bank a greater place to work and win, as we evolve from financial services to a platform organisation.



Risk and conduct



EXECUTE WITH EXCELLENCE

Our reputation as a trusted partner is founded on the strength of our risk management processes and ethical personal, market and societal conduct. These foundations protect the value we create for all our stakeholders.

As an African bank with multinational clients, global and local uncertainty and change remained features of our risk landscape in 2021. The health risks of the Covid-19 pandemic continued to evolve, impacting economic growth across our geographic markets and maintaining financial pressure on many of our clients affected by travel and lockdown restrictions. The accelerated digitisation of business activities continued to challenge the relevance of traditional financial services, intensifying competition for clients and increasing the pressure to transition to a platform organisation for growth, relevance and sustainability. Our regulatory environment remained complex and ever-changing. The pace of regulations being promulgated to facilitate supervision and regulation of new financial products, notably by non-traditional market entrants, is creating opportunities for arbitrage, which requires careful consideration by regulated institutions.

MEASURING OUR STRATEGIC PROGRESS

Our 2025 Ambition is centred around serving the needs of our clients

We do the right business, the right way.

What success looks like

- We are a responsible corporate citizen, adhering to good corporate governance practices and promoting the sustainability and social and economic development goals of Africa.
- We do the right business, the right way, without exception, rooted in a culture of conscious risk-taking.
- We contribute to safe and efficient financial systems in and across the markets in which we operate.
- We comply with all applicable laws and regulations and meet the highest standards of ethical business conduct.
- We safeguard our reputation and protect it from harm in everything we do.

Managing risk and conduct

Risk

Our robust risk management system is governed by mandated board and management committees with appropriate expertise. We take measured risks within the risk appetite set at group level by the board, and risk limits are set and reviewed regularly by the relevant management committees at legal entity and other levels of the group.

Our risk measurements are designed to balance regulatory capital requirements and shareholder expectations for risk-adjusted returns. They allow us to consciously manage our capital, liquidity and funding allocations to transform and grow the business, while maintaining depositor and creditor confidence. We continuously improve the management of complex non-financial risks that arise as we pursue growth opportunities that create value for all our stakeholders.

Conduct

We manage conduct risk in accordance with our conduct risk management framework, which defines the group's conduct risk appetite and informs the approach to managing misconduct.

Monthly monitoring and conduct reports are submitted to executive management. These include leading and lagging indicators and provide a balanced perspective of positive and negative culture indicators. Metrics include technology, compliance, regulatory and people risks. The dashboards are submitted quarterly to the group leadership council, social and ethics management committee and social and ethics board committee.

Where deficiencies are identified, immediate remedial action is taken. We continue to identify metrics and mitigation measures to improve the responsiveness and effectiveness of conduct risk controls.





How we performed

Responsible risk taking

CET I

A solvency measure that assesses capital strength against our risk-weighted assets (RWA).

↑ 13.8%

2020: 13.2%

Target: >11%

Total capital adequacy ratio

↑ 16.9%

2020: 16.1%

Liquidity coverage ratio

A measure of our ability to manage a sustained outflow of client funds in an acute stress event over a 30-day period.

↑ 144.3%

2020: 134.8%

**Internal target:
minimum >100%**

Net stable funding ratio

A measure of the amount of available stable funding in accordance with Basel III.

↓ 122.0%

2020: 124.8%

**Internal target:
minimum >100%**

Conduct index

Compliance training completion rate.

< >98.0%

2020: 98.0%

CET I RATIO¹



¹ Excludes the effect of the SARB IFRS 9 phased-in approach which was applicable to the 2018 to 2020 period.

RETURN ON RWA



How we create and protect value

Various group management committees report to board sub-committee meetings quarterly and certain group leadership council members are invitees. Key to effective creation and protection of value relating to the risk and conduct value driver are the group risk and capital management committee, the group audit committee, the group engineering committee, the group social and ethics committee, the group remuneration committee and the group model approval committee.



Read more about the purpose and activities of all the board sub-committees on [page 134](#) and the key trade-offs we make to create and protect value on [page 80](#).



2021 strategic performance

We made good progress against our key risk priorities during 2021. Our priorities are based on identified enterprise risks, their potential impact on our financial position and our stakeholders, and our commitment to protect our current businesses as we transition to a platform organisation.

Supporting client focus

- Partnered with the business segments to accelerate the automation and simplification of processes to win and retain clients by improving their experience
- Continued to leverage data as an asset to strengthen risk decision-making through technology
- Continued to monitor and support stressed client credit portfolios.

Building internal partnerships

- Continued to align risk and compliance functions to changes in the group architecture and transformation to a digital platform organisation
- Strengthened partnerships with business segments to identify opportunities, manage or mitigate risks and support the implementation of strategic change.

Embedding effective management of non-financial risks

- Reviewed our approach to the management of third-party relationships and related information risk by automating the onboarding of third parties
- Implemented a risk-based approach to model validation, to ensure that financial models remain relevant in our rapidly changing operating environments
- Enhanced the risk management experience by implementing data-intelligent risk management tools and apps.

Progressed ESG risk management

- Advanced the group's ESG journey by defining key ESG risks and their mitigation approach. We also developed a climate change policy with targets for priority sectors.

Delivering value-based risk management services linked to financial outcomes

- Leveraged data to strengthen credit risk management to support growth in our client bases and deliver on our financial growth targets.

Trade-offs

We manage these constraints to achieve our risk and conduct value driver goals:

- The group's successful transition to a platform organisation is dependent on optimising and automating client service processes and leveraging data to enhance internal decision-making and client experience. As we progress towards full digitisation, some processes have taken longer to automate. This exposes the group to potential human error and inefficient service delivery, while reliance on external expertise from third parties for rapid transition to digitisation introduces more business disruption and information risks.
- We manage the natural tension between client convenience, the speed at which we can fulfil their needs, and the parameters of our mature and continually evolving regulatory, supervisory and control environment.
- Digitisation reduces cost, improves efficiency and enhances client experience. However, the heightened cybersecurity risks associated with digitisation require constant management focus and significant resource allocation.
- Our size and footprint expose us to the constant scrutiny of regulators and other stakeholders. It is imperative to demonstrate that our business activities create measurable value in a socially and environmentally responsible manner.
- The slow pace of national plans to transition towards net zero carbon emissions by 2050 shifts the focus of societal expectations from government, which is responsible for establishing cohesive policy and regulatory frameworks, to the private sector who have a role in the implementation of progressive environmental programmes.



David Hodnett,
chief risk & corporate
affairs officer

"The proactive management of sustained pressure in our risk environment remained effective, with no material breaches of board-approved risk appetite and no material regulatory fines that affected our licence to operate. The group remained well capitalised despite the ongoing economic impacts of Covid-19. Through our actions and behaviour, we strive for fair outcomes for our stakeholders."

We leveraged our well-established risk management capabilities and evolved how we anticipate and manage risks as they arise, while capitalising on growth opportunities in view of the issues material to our stakeholders. The group and our employees remained resilient in a disrupted work and service environment that demanded a higher level of support for clients impacted by Covid-19, economic constraints and instances of socio-political upheaval.

As we addressed these challenges, we continued to introduce innovative new tools to create safe and secure banking for clients on digital channels.



Read more about our operating environment on [page 23](#); material matters on [page 25](#); client focus from [page 39](#); operating excellence from [page 94](#).





HOW WE MANAGE RISK

We manage risk by:

- Taking a holistic forward-looking view to identify the risks we face
- Assessing threats and opportunities in our operating environment
- Being consistent in our approach to risk and capital management, with guidance from our well-developed risk management framework.

Risk culture

Our risk culture enables us to consistently do the right business, the right way to achieve our strategic objectives.

Organisational design

Risk management is enterprise-wide, applying to all entity levels.

Risk management approach

- Ensures consistent and effective management of risk within our board-approved risk appetite
- Provides for appropriate oversight and accountability.

Risk governance

Our risk documents comprise governance frameworks, standards and policies. Our risk governance is:

- Underpinned by a strong control environment
- Defined in our risk governance and management standards and policies.

Our governance structure enables oversight and accountability through appropriately mandated board and management committees.

Risk management lifecycle

Our risk universe is managed through the risk lifecycle. The risk measurement process includes rigorous quantification of risks under normal and stressed conditions, up to and including recovery and resolution.



Three lines of defence

Three lines of defence maintain a strong and resilient risk culture.

1

Risk ownership:

Business unit and legal entity management

Design and implement an effective risk management programme across the enterprise.

2

Direct, control and oversight:

Risk and compliance management functions, and the board

Facilitate risk and capital management activities at an enterprise level and within different segments and entities.

3

Risk advisory and assurance:

Group internal audit

Provide assurance on the adequacy and effectiveness of the risk management programme.



Risk universe

Our risk universe comprises the core risks to our business. We routinely scan our operating environment for changes to ensure we respond appropriately to risk and opportunity.

STRATEGIC RISKS

The potential downside impact of an operating shortfall due to lower than expected performance in business volumes and margins not compensated for by a reduction in costs.



Strategy position risk

Risks relating to strategic position choices, such as value proposition, product, consumer segment and channel that result in unexpected variability of earnings and other business value drivers.



Strategy execution risk

Risks relating to strategy implementation failures where management execution capability and operational decisions do not meet strategic objectives.



Reputation risk

Risks relating to the potential or actual damage to our image which may impair the profitability and sustainability of our business.

FINANCIAL RISKS



Credit risk

The risk of loss arising from the failure of obligors to meet their financial or contractual obligations when due. It comprises obligor risk, concentration risk and country risk and represents the largest source of risk exposure for our banking segments.



Market risk

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



Funding and liquidity risk

The risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.



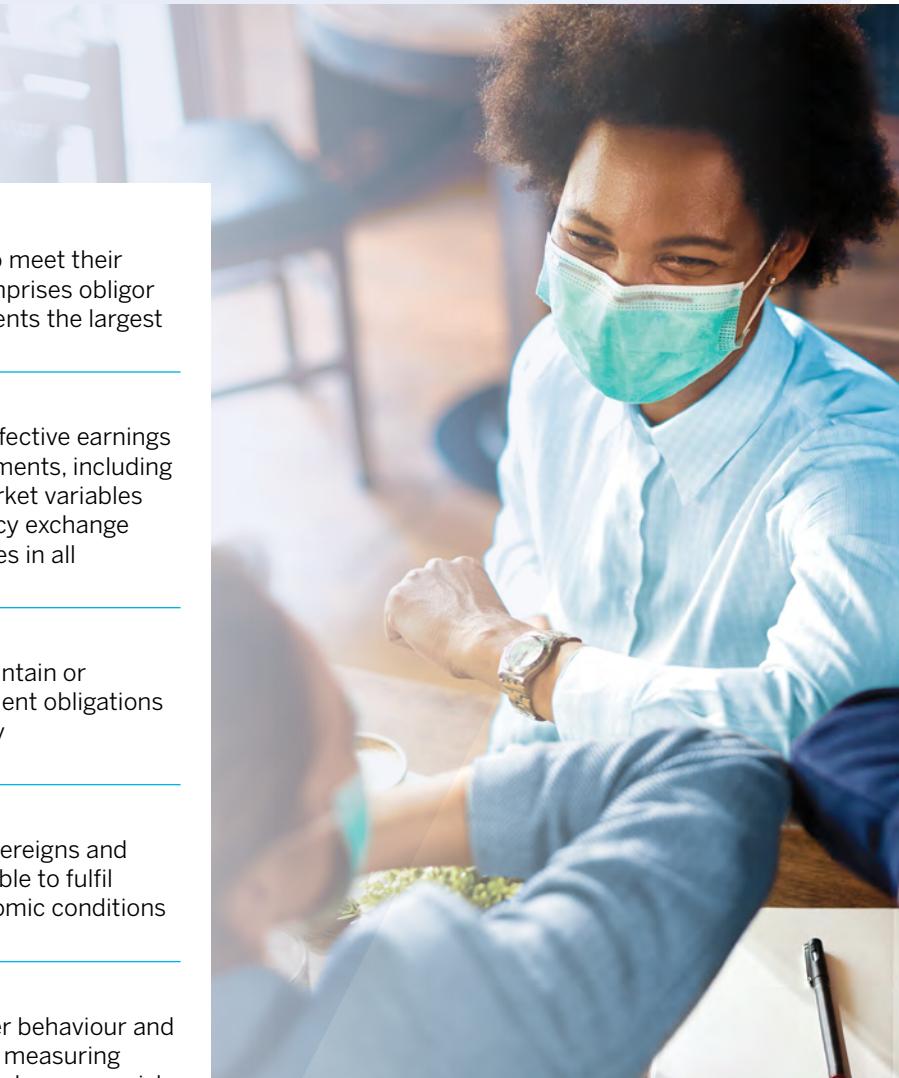
Country risk

The uncertainty that obligors, including relevant sovereigns and our branches and subsidiaries in a country, will be able to fulfil obligations due to the group, given political or economic conditions in the host country.



Insurance risk

The risk that actual future underwriting, policyholder behaviour and expense experience will differ from that assumed in measuring policyholder contract values and in pricing products. Insurance risk arises due to uncertainty about the timing and amount of future cash flow from insurance contracts.





NON-FINANCIAL RISKS

Non-financial risks cover operational risks from inadequate or failed processes, people and systems as a result of internal or external factors. They are managed separately from financial risks and exclude strategic risks. Non-financial risks are complex, and difficult to anticipate and to quantify. They evolve rapidly with significant overlap across risk types and could have financial and non-financial implications.

Business disruption risk

The inability to effectively respond to a disruptive event, resulting in failure to continue the provision of services.

Compliance risk

Legal or regulatory sanction, financial loss or damage to reputation that we may suffer as a result of failure to comply with laws, regulations, codes of conduct, internal policies, and standards of good practice applicable to our financial services activities.

Conduct risk

Inappropriate execution of business activities resulting in adverse impacts to our clients, markets, or the group itself.

Cyber risk

Potential digital attack on our systems resulting in disrupted services, reputational damage, or financial losses.

ESG risk

The inability to achieve our strategy arising from our direct and indirect impact on the environment, society, and governance.

Financial accounting risk

The risk of misstatement of financial statements.

Financial crime risk

Money laundering, sanctions violation, bribery and corruption, facilitation of tax evasion and perpetration of fraud.

Information risk

Accidental or intentional unauthorised use, access, modification, disclosure, dissemination or destruction of information resources, that compromises the confidentiality, integrity and availability of information

Legal risk

Financial or reputational loss that can result from lack of awareness or misunderstanding of, ambiguity in, or reckless indifference to, the way law and regulation apply to your business, its relationships, processes, products and services.

Model risk

Fundamental errors in models that may produce inaccurate outputs when viewed against the design objective and intended business uses, and the incorrect or inappropriate use of a model.

People risk

Inability to attract, develop, manage and retain the required talent; and unintentional breaches of employment legislation; and mismanaging employee relations.

Physical assets, safety and security risk

Damage to the group's physical assets, client assets, or public assets for which the group is liable, and (criminal) injury to the group's employees or affiliates.

Tax risk

Failure to meet statutory reporting and tax payments or tax filing requirements.

Technology risk

Failure to leverage emerging technologies and ineffective implementation, maintenance, or operation of technology assets resulting in reduced competitiveness, operational disruption and inefficiencies.

Third-party risk

Ineffective management of third-party relationships and the risks inherited through the association or services provided to the group.

Transaction processing risk

Failure to process, manage and execute transactions and/or other processes correctly or appropriately.



Read more about our [risk universe online](#).



Our top enterprise risks

Our top enterprise risk are the issues that could have a material impact on their ability to achieve our strategic objectives.

FITNESS TO EXECUTE STRATEGY

Lack of appropriate infrastructure in the group may hinder the execution of the platform organisation strategy, delay or prevent the transformation of the way we operate and increase operating and governance costs. Infrastructure includes funding, organisational processes, technology and leadership and operating skills.

(Not previously a top enterprise risk)

Impact

- Duplicated functions and additional costs
- Misalignment of deliverables and agreed objectives
- Decision referrals and opportunity losses
- Repeat failures due to poor consequence management
- Impact of unrealised cost savings on a platform organisation
- Credibility loss due to failure to achieve the strategy.

Treatment

- Workstreams and skilled teams appointed to manage the transformation of identified strategic transformation areas
- Transformation of non-digital leaders
- Review of decision-making processes and mandates
- Data collection and analysis of planned cost reduction.

PSYCHOLOGICAL EFFECTS OF COVID-19

Employees, customers, third parties and other partners experience widespread post-pandemic stress that results in low productivity, misconduct, debt defaults and **business closures**.
(Previously ranked as 11th top enterprise risk)

Impact

- Mental and physical health distress and fear of large gatherings or return to work
- Inability to perform work duties and related impact on employees taking up the slack
- Portfolio impact due to financial stress
- Increase in internal fraud and misconduct.

Treatment

- Employee wellbeing initiatives
- Credit portfolio management.

COMPETITIVENESS OF OUR CUSTOMER VALUE PROPOSITION

New customer solutions may offer a mediocre value proposition that is generic and easily substitutable due to poor research and development, resulting in loss of market share.

(Not previously a top enterprise risk)

Impact

- Loss of brand loyalty and client retention
- Loss of market share and revenue
- Costly innovation that does not yield anticipated outcomes
- Investor concerns about our sustainability.

Treatment

- Propositions carefully tailored to support customer journeys
- Appointed Client Solutions and Innovation teams to design and scale competitive solutions for client needs.

TECHNOLOGY INSTABILITY

Recurring unavailability of digital services erodes customer trust in the 'always on' promise that is core to the platform organisation value proposition.
(Not previously a top enterprise risk)

Impact

- Frustrated clients switch over to competitors
- Temporary loss of transaction volumes and revenue
- Reputation damage and reduced customer trust in our ability to operate a platform.

Treatment

- Incident management
- IT landscape simplification
- IT resilience programme
- Improved business resilience capability.



FRAUD VIA DIGITAL CHANNELS

Clients are defrauded by external parties on the digital channel we promoted as part of the digital strategy.

(Previously ranked as 9th top enterprise risk)

Impact

- Customer loss as customer culpability is not covered and the lack of resolution options frustrates clients and customer-facing employees
- Negative perceptions circulate on social media
- Customer trust is impaired.

Treatment

- Increase customer awareness on fraud scams and methods, and use of digital security
- Increase transaction monitoring to identify suspicious activity and minimise losses.

ABILITY TO MANAGE LARGE-SCALE CHANGES

Introducing new change initiatives before the completion, closure or realisation of benefits from previous change initiatives results in resistance to change, strained resources and poor delivery.

(Not previously a top enterprise risk)

Impact

- Overwhelmed employees contribute to poor service delivery and inflated costs
- Non-delivery of strategic initiatives results in opportunity losses and failure to achieve strategic objectives.

Treatment

- Data collection and analysis of change initiatives
- Lessons learnt support future development
- Monitoring of external environment to ensure continued relevance of changes.

THREAT POSED FROM MAJOR AND EMERGING TECHNOLOGY COMPANIES

BigTechs and FinTechs offer efficient and affordable banking and other services through existing and familiar platforms. Competitors have limited regulations restricting their innovations. Incumbent banks are slower to market new solutions.

(Previously ranked as 1st top enterprise risk)

Impact

- Inability to scale disruptive products on legacy systems
- High number of market misses and innovation write-offs
- Unrestrained by regulations, competitors market innovative new products faster
- Loss of customers to competitors.

Treatment

- Accelerated decommissioning of legacy systems
- Innovation and Client Solutions teams building competitive solutions
- Strategic partnerships to build a platform organisation
- Participation in regulation development.

RESOURCING FOR ESG RISK MANAGEMENT

A lack of dedicated resources to lead the management of ESG risks combined with limited client data sources limits our ability to demonstrate our commitment to sustainable financing. This may increase the cost or limit the availability of capital in international markets.

(Not previously a top enterprise risk)

Impact

- Slow development and implementation of ESG risk management processes
- Flight of international capital to entities with established climate risk management
- Client environmental and social requirement breaches not tracked and reported.

Treatment

- Increased board focus on ESG issues
- Climate policy established and strategy and targets defined
- Dedicated sustainable finance team established in 2020
- Strengthening ESG risk management.



OPERATIONAL DEPENDENCE ON THIRD PARTIES

A number of third-party partners enable critical services to our customers which may result in the loss of internal process intellectual property or know-how. If the third-party is disrupted, the group might not have adequate internal skills or capacity to continue operating these critical services.

(Previously ranked as 27th top enterprise risk)

Impact

- Limited internal capacity may cause lengthy disruption of payment or platform services
- Unauthorised access and use of data may compromise the integrity of the group's data
- Partners could leverage their position to exert undue influence during performance disputes.

Treatment

- Identify risk exposures and establish third-party management framework
- Cross-skill employees as subject matter experts
- Perform regular business continuity exercises and disaster recovery testing.

REGULATORY CONSTRAINTS RELATED TO DIGITAL TRANSFORMATION

Financial services innovation outpaces updates to regulatory frameworks, including that of suitable regulations for platform environments. Legacy regulations in some jurisdictions impede progress and allow unregulated competitors to progress faster.
(Not previously a top enterprise risk)

Impact

- Unsuitable/legacy regulations stifle innovation
- Cross-border platform enablement is limited compared to that of traditional jurisdictional banking business
- Regulatory processes can impede implementation of innovative solutions
- Non-regulated competitors and new entrants in some jurisdictions create competitive arbitrage.

Treatment

- In-country engagement with regulators to share strategy and regulatory implications
- Participate in regulatory initiatives and make use of regulatory sandboxes
- Digital platform regulatory playbook provides guidance to group subsidiaries on regulatory considerations in developing digital platforms and to assist with proactive engagement with regulators.

TECHNOLOGY AND DATA SKILLS SCARCITY AND TALENT WAR

Inability to attract and retain talent and the global shortage of future skills (IT engineering, data science, artificial intelligence (AI), robotics, quantum computing), may prevent the successful and timely delivery of strategic IT dependent initiatives and increase salary and consulting costs.

(Previously ranked as 10th top enterprise risk)

Impact

- Talent shortage and sub-par recruitments may limit strategic transformation
- Rising consultant costs to fill skills gaps
- Employee costs may exceed market rate
- Securing scarce skills may impact local employment metrics
- Competition for skills leads to bidding wars and high employee turnover.

Treatment

- Aggressive recruitment and retention of scarce skills
- Future-ready skills development
- Extended notice periods for scarce skills
- Increase focus on internal talent pipeline.



RANSOMWARE ATTACKS

Criminals could implant the latest malware to infect the group's network and hold our systems and data hostage to disrupt critical customer services. This may also result in large-scale data privacy breaches.

(Previously ranked as 2nd top enterprise risk)

Impact

- Loss of client and transaction data
- Corrupted, inaccessible or unusable data
- Disruptions of critical client services
- Client information may be used to commit crime
- Fines or penalties from multiple regulators, reputation damage and loss of trust
- Reputation damage.

Treatment

- Maintain information asset register
- Regular data back-ups on-site and off-site
- Business continuity plans
- Cyber insurance to enable quick access to services.

BACK-TO-BACK EXTREME WEATHER EVENTS

Repeat and severe extreme weather events deplete resources. The impact of drought (i.e three years of water scarcity) or flooding on agriculture reliant economies may be devastating and result in climate refugees.

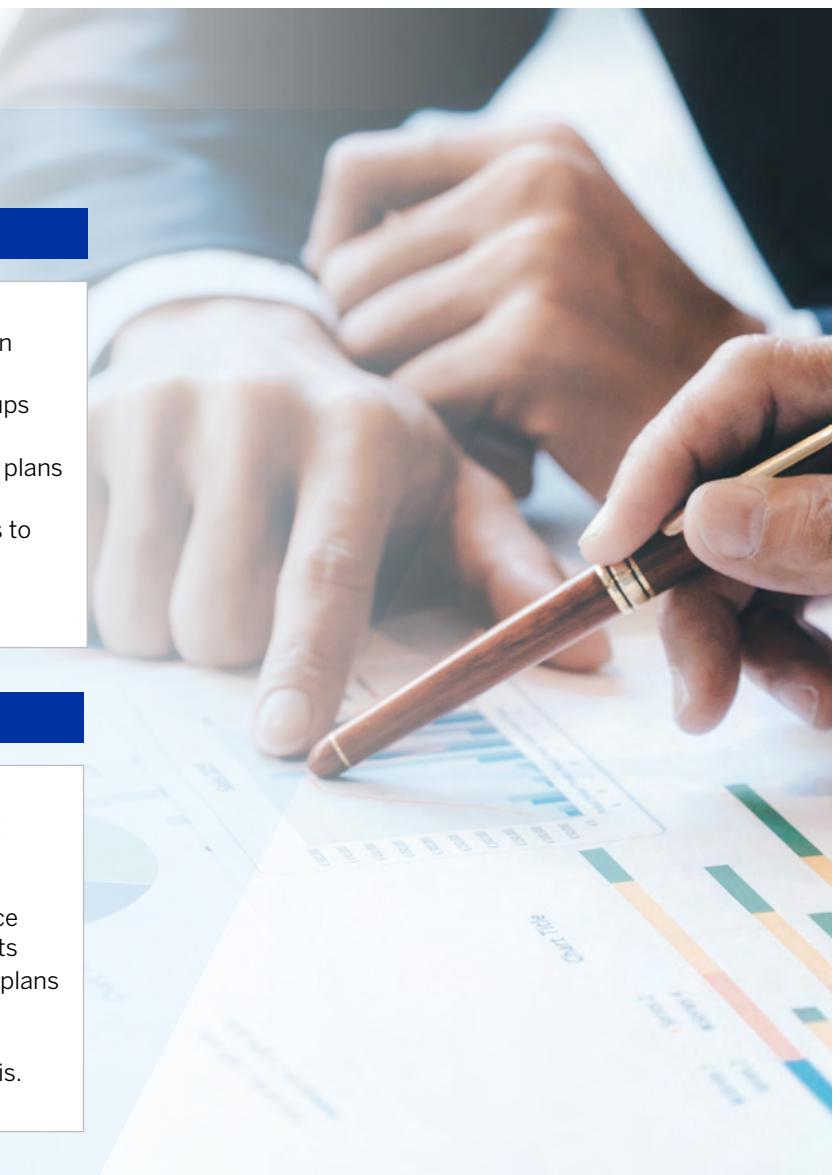
(Previously ranked as 3rd top enterprise risk)

Impact

- Depleted disaster recovery resources
- Damage to physical assets and lives lost
- Food and water shortages
- Prolonged disruption affecting access to basic goods and services
- High credit losses and deep economic recession.

Treatment

- Detailed multi-event scenario resilience planning
- Community resilience development projects
- Business continuity plans
- Country and environmental risk research and analysis.

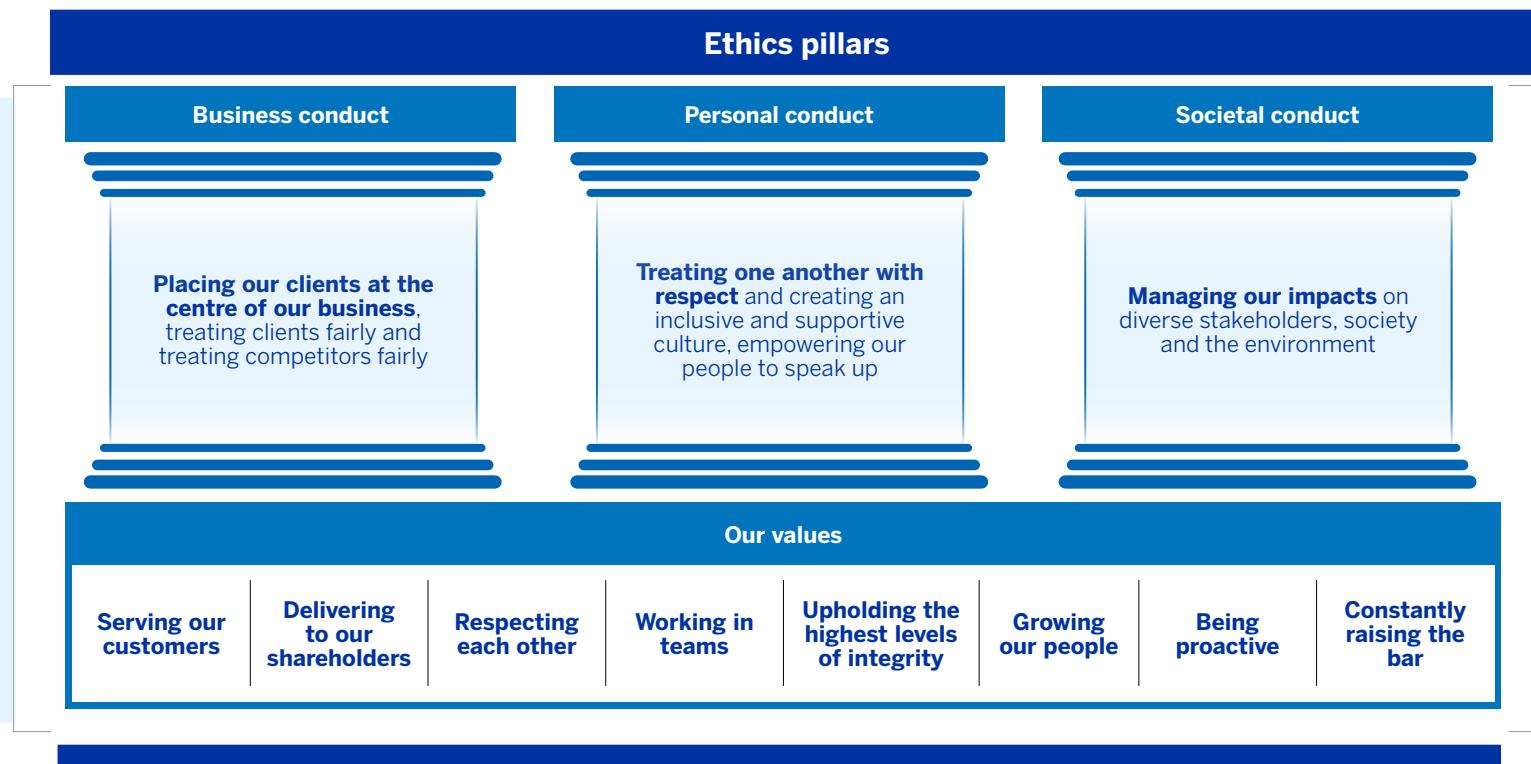




Managing ethics and conduct

Our reputation as a trusted partner underpins our ability to achieve our purpose. Our ethics and values shape the conduct and culture of our people, forming the basis of our reputation.

Our approach to ethics is based on three pillars linked to our purpose and values.



Our code of ethics and conduct (the code) requires all employees to act with integrity and to place the interests of our clients, and the communities impacted by our business, at the centre of our decision-making. It sets out clear principles to help our employees decide on the correct course of action. All employees must undertake annual mandatory training on the code. Regular training helps to ensure appropriate understanding and embedding of the group's expectations in terms of ethics and conduct.

We are currently in the process of updating the code to ensure that our focus on our social, economic and environmental impacts is reflected. Our group values, which underpin the code, are an integral part of our performance management process, which includes assessment of the extent to which employee behaviours align with our values. Our reward principles ensure we maintain a balance between financial and non-financial objectives.

Our code of ethics and conduct is supported by our comprehensive approach to conduct risk management. Our approach to conduct aims to ensure that the group maintains a client centric culture focused on achieving positive and fair client outcomes. Our conduct risk management framework integrates culture (the way we do things) and conduct risk (what we do).

Conduct risk management is embedded in our existing processes, procedures and practices. Our conduct risk management framework has been implemented across all our countries of operation. It gives effect to and defines the group's conduct risk appetite and informs our approach to managing and mitigating instances of conduct risk. Our conduct risk policy sets out the requirements for the timely identification, reporting, escalation, and remediation when conduct risk is identified.



Managing conduct

The board has oversight over the efforts of executive management to foster ethics and appropriate conduct within the group and instil the behaviours aligned to our values. Our leadership sets the tone at the top to inculcate a culture of operating ethically and treating customers fairly. Six habits linked to each of the fairness outcomes guide our treatment of customers.

- **Be fair:** Customers can be confident that fair treatment is central to our culture.
- **Meet the need:** Products and services are designed to meet the needs of identified customer groups.
- **Communicate:** Customers are provided with clear information and kept informed before, during and after the sale.
- **The right fit:** Advice to customers is suitable and considers their circumstances.
- **Your word, your honour:** Product performance and service meet the expectations that have been created.
- **Make it easy:** Customers do not face unreasonable barriers to change products, switch banks, claim or complain.

All aspects of conduct are central to our governance arrangements, including general execution of business activities, effective oversight of how fairly we treat customers and the way we uphold market integrity. This is achieved by:

- Enhancing governance structures as the management of conduct risk is integrated fully into business as usual.
- Overseeing the rigorous interrogation and assessment of identified conduct risks.
- Establishing escalation mechanisms when required.
- Monitoring the end-to-end client experience, including consistency across third-party supplier arrangements.
- Proactively identifying areas where misconduct occurs to ensure management responds swiftly and decisively when individuals act against the group's ethics and values.
- Maintaining an ethical culture by strengthening our control environment to promote good business practices and reinforce appropriate behaviours aligned to the group's values.

Our employees are guided by our compliance culture when executing their daily tasks. All employees, consultants, contractors, suppliers, other associated individuals and other third parties are required to:

- Act honestly and with integrity at all times.
- Execute business activities with care, skill, diligence and in the best interests of our clients.
- Be aware of, and adhere to, all regulatory requirements that apply in the jurisdictions in which the group operates.

All employees are required to complete mandatory compliance training, including regular information security and cybersecurity awareness training.

Evolving conduct regulation

New regulations in an evolving and dynamic environment:

Conduct of Financial Institutions (CoFI) Bill (group impact)

Once enacted will establish a holistic legal framework that significantly streamlines conduct regulation in the financial sector.

Conduct Standard for Banks (South Africa)

Entrenches into law the Treating Customers Fairly outcomes and enables the Financial Sector Conduct Authority (FSCA) to supervise banks.



Platform banking

Mitigating risk

The platform-based business model is changing the financial services landscape. Digital platforms provide new opportunities for serving customers but also present risks that need to be mitigated.

Digital economies reach across borders and digital regulation is pivotal to facilitate the flow of investment services and the development of high-capacity, resilient, open infrastructure for all. However, the efficiencies offered by digital platforms pose risks, such as outsourcing to third parties, data privacy and lack of consumer education.

Digital platform delivery requires a comprehensive public policy approach that combines financial regulation, competition policy, data privacy and consumer protection, while stronger international and regional cooperation would help to address issues related to digital trade, taxation, data protection and cybersecurity.

The group and its subsidiaries are cognisant of international standards and local regulatory requirements and have adopted suitable controls to meet these requirements and minimise potential risks.

Navigating an evolving regulatory environment

Given the characteristics of digital platforms, there are existing enabling regulations that underpin platform development and implementation. However, as digital platforms evolve, regulations are being enhanced globally to protect consumers and platform owners or producers.

Data privacy and information risk

- Regulators are exploring approaches to build on current data privacy regulations to hold platforms accountable for the management of risks associated with the large amounts of data gathered on digital platforms.

Cloud computing

- Regulators aim to ensure that digital platform owners mitigate the risks associated with reliance on third-parties to provide cloud and IT infrastructure services.

Open banking/Open finance

- Digital platforms use APIs or other methods to access or share customers' financial data. Regulations to govern open banking/open finance are expected.

Artificial intelligence (AI)

- Policies on AI principles consider five broad areas, namely benefits to people and the planet, respect for the rule of law and human rights, transparency and responsible disclosure, continuous risk assessment and accountability.

Consumer protection and ethics

- Digital platforms require a liability and ethics framework governing their data and consumer protection practices. They need to determine the safety and suitability of the financial products they intermediate for consumers and they are responsible for educating consumers on the products and services they intermediate.

Other legal requirements

- These include:
 - Competition law and anti-trust provisions which consider the role of data accumulation as a competitive factor and a means to increase dominance
 - Business protection, including regulations that address anti-competitive practices to ensure a level playing field for platform owners and producers.





CLIMATE-RELATED DISCLOSURES

We are working towards aligning our lending and investment portfolio with Africa's climate transition, based on Africa's fair contribution to the lower than 1.5°C by 2050 climate ambition.

While we recognise the harmful environmental impacts associated with the uses of fossil fuels and the associated transition risk of doing business with companies in this industry, we also recognise that Africa's growing urban populations require a reliable and sustainable energy supply to drive economic and socioeconomic development. This reality requires trade-offs to be made. We support a just transition that achieves environmental sustainability in a manner that creates decent work opportunities and social inclusion, addresses Africa's energy poverty and is grounded in a science-based understanding of developments in the energy mix.

We have structured our policy, strategy, assessment of risks and opportunities, and targets according to short-, medium- and long-term time horizons. We have identified an initial set of four sectors in our lending portfolio that present the most material exposure to climate risk or the greatest potential for climate-related opportunities.

Managing climate-related risk

Climate risk is a component of ESG risk and is governed under the ESG risk governance framework, which is embedded in the wider enterprise risk management system of the group.



Read more in our ESG report, available [online](#).

The group is exposed to both transition and physical climate-related risks, primarily but not limited to client-related credit risk. The risk identification matrix sets out some of the indicators identified through our scenario analysis and informed our climate policy and sector strategies.

TRANSITION RISK

Policy risk

Uncertain long-term demand for fossil fuels increasing financial risk

Technology risk

Risk of evolving technology to our clients' businesses

Liability risk

Increased potential for climate-related litigation driven by evolving regulation

Market risk

Driven by changing client and investor expectations

Reputation risk

Arising from negative stakeholder and media sentiment on projects or activities with negative impacts.

PHYSICAL RISK

Acute risk

Potential for increase in frequency and intensity of extreme weather events driven by climate change

Chronic risk

Climate change presents material risk for clients and insurance business.

OPPORTUNITIES

Products and services

We will continue to expand our offering of sustainable finance solutions and partner with clients to support climate smart and sustainable practices

Client engagement

We engage with a broad range of clients on their climate transition plans and readiness, and monitor their commitments

Portfolio resilience

We will continue to increase the proportion of our energy loan book committed to lending to green energy

Emissions reduction for own operations

We commit to achieving net zero carbon emissions from our own operations for newly built facilities by 2030, for existing facilities by 2040 and from our portfolio of financed emissions by 2050

Stakeholder engagement

We continue to engage with a broad range of stakeholders to develop solutions to climate risk challenges.

Legend

Short term

Up to five years (2022 to 2026)

Medium term

Five to ten years (2027 to 2032)

Long term

Over ten years (2033 to 2050)



Read more detail about how we manage climate-related risks and opportunities in our climate-related financial disclosures report, available [online](#).



SECTORS WITH MATERIAL EXPOSURES

We have adopted a phased and progressive approach to understanding our climate risk exposures and setting appropriate targets to reduce exposure and maximise opportunity. We have identified four sectors that are highly exposed to climate risk, and have developed risk management strategies in respect of each of these.

AGRICULTURE

- No finance for specific destructive agriculture practices
- Support clients in their transition to more sustainable agriculture practices, encouraging them to maximise opportunities in renewable energy, climate-smart agriculture and digital platforms.



GAS

- Finance gas-related projects and gas-fired powerplants within specific parameters
- Reduce exposure to gas by 2045, except where financing supports certified carbon neutral LNG projects.



THERMAL COAL

- No coal financing outside southern Africa region
- Reduce finance to power sector clients generating power predominantly from coal
- No finance for construction of new coal-fired power plants and most new coal mines.



OIL

- Reduce group advances to upstream oil by 5% by 2030. Review thereafter in line with oil's contribution to the overall energy mix
- No financing to companies with unrestricted flaring for new assets
- Reduce financing to power sector clients generating power predominantly from oil. Such clients will be required to provide comprehensive carbon emission reduction strategies in advance.
- Periodically review to assess progress against targets and alignment to net zero by 2050.



Read more about our approach and strategy governance, as well as metrics and targets developed for identified sectors in our climate-related financial disclosures report, available [online](#).

Governance of climate-related disclosures

In 2021, the board approved the group's climate policy. The board has oversight of the group's climate policy and climate risk management. The group board also participated in several training sessions focused on climate risk during the year.

Going forward

We will continue to undertake in-depth analysis and target setting to develop an understanding of climate risk exposure across our portfolio as a whole, and will continue to review our climate policy on a regular basis.

TARGETS

Sustainable finance

- Mobilise a cumulative amount of R250 billion to R300 billion for sustainable finance across all banking products by the end of 2026, against a 2020 baseline of sustainable finance gross origination of R13.5 billion.

Renewable energy

- Provide an additional R50 billion of financing for renewable energy power plants and underwriting of a further R15 billion of renewable energy power plants by 2024
- This commitment to financing renewable energy power plants is estimated to be 2.5 to three times greater than the group's financing commitment to fossil fuel-fired power plants by the end of 2024.



Towards 2025

Our strategic priorities

As we continue to evolve our risk capabilities to achieve the group's strategic objectives, our key focus areas are:

- Optimise capital allocation and CET I >11%
- Maintain a liquidity coverage ratio and net stable funding ratio in excess of the minimum regulatory requirements
- Further digitise, optimise and simplify risk management processes and financial models to serve a larger client base
- Integrate climate change and ESG risk management controls and targets into all relevant transaction decisions that will advance the 2050 net zero target
- Expand understanding of conduct measures using data insights
- Undertake in-depth analysis and target settings to develop an understanding of climate risk exposures across our portfolio
- Regularly review climate policy to incorporate technological changes, policy and regulatory changes, and developments in climate science.



Operational excellence



EXECUTE WITH EXCELLENCE

Each client segment is enabled by Client Solutions, Engineering and Innovation capabilities to enable the seamless delivery of integrated, innovative and cost-effective products and services.

Our **Client Solutions** team focuses on delivering innovative solutions that are modular – standardised, connectable and cost-effective – so they can be efficiently scaled across our client segments and to strategic distribution partners, creating new opportunities and new revenue streams for the group.

Our **Engineering** team provides the underpinning capabilities required to provide the always on, always secure digital foundation for excellent execution and superior client and partner experiences. Engineering brings together all the infrastructure capabilities (technology, operations, security, data and analytics, partnership delivery and real estate) needed to deliver the group's 2025 Ambition.

Our specialised **Innovation** capability enables us to accelerate the pace of scalable and impactful innovative solutions. This entails providing expertise and skills to amplify and support innovation, ensuring rigour and robust processes for prioritising and developing new business models, and promoting a culture of innovation across the group.

MEASURING OUR STRATEGIC PROGRESS

Our 2025 Ambition requires that we **execute with excellence**

We will use technology and data to better serve and protect our clients, reduce costs and scale our platform business.

How we measure progress

We will reduce our cost to serve, open new revenue streams for the group and ensure that our systems are always on and always secure for our clients.

How we performed

System security and stability

We aim to deliver safe and secure digital solutions, capabilities, platforms and ecosystems.

Lower cost to serve

We will lower the cost to serve by bringing together and centralising the capabilities that were previously run within business units to allow us to show up as integrated, simple and efficient, and able to build innovative and scalable solutions. A key focus area within lowering the cost to serve is to provide digital solutions, including straight through processing.

System security and stability

Priority 1 incidents¹ (number)

↑ 16

2020: 13

Core applications on cloud

15%

Lower cost to serve

Digital solution fulfilment²

↑ 28.3%

2020: 23%

Physical footprint rationalisation

>77 000m²

Reduction in legacy systems (number)

73

(cumulative reduction since 2018: 161)

How we create and protect value

Mandated executives, who are part of the group leadership council, are accountable for delivering our operational excellence strategies. As standing invitees to board sub-committee meetings, they provide feedback on strategic progress to board members. Key to effective creation and protection of value relating to operational excellence are the group engineering and group risk and capital management board sub-committees with mandated oversight.



Read more about the purpose and activities of all the board sub-committees on [page 134](#).

Key trade-offs

Achieving our operational excellence priorities is contingent on managing the following trade-offs:

- Our focus on delivering digital capabilities, centred on providing 'always on and always secure' services, improves client experience and efficiency and is critical to our long-term competitiveness, but requires accelerated investment in digitisation.
- Innovation requires investment in methodologies and capabilities to ensure that the most appropriate solution is identified, built and delivered to ensure solve the correct client needs.



Read more in our client focus trade-offs on [page 40](#).

¹ A priority 1 incident refers to the non-availability of a critical service for which an acceptable alternative solution or workaround is not immediately available. A lower number of incidents is better.

² A subjective assessment of a solution, which assesses the extent to which it is on a pathway to becoming digital end-to-end.



Client Solutions

Margaret Nienaber, chief executive officer,
Client Solutions

"Client Solutions delivers innovative, open architecture and cost-effective Banking, Insurance, Investment and Beyond (non-financial) services, which can be scaled across client segments and strategic distribution partners."

Client Solutions is a new business with new opportunities, offering solutions that go beyond financial services. Client Solutions works in partnership with client segments to design solutions that deliver excellent client and partner experiences, and interfaces with Innovation and Engineering for solution delivery.

Our purpose

Meeting the solution needs of our client segments

Building strategic distribution partnerships to distribute the full value chain, or parts of it (business-to-business-to-customer (B2B2C) or business-to-business-to-business (B2B2B), including white labelling)

Building solutions partnerships to complement our client value proposition (open architecture)

- Banking
- Insurance
- Investments

Expanding into non-financial products and services over time (Beyond)

During 2021, we have made significant progress in building the foundations that will enable us to achieve our 2025 Ambition. We have worked with client segments to play our primary role of servicing the solution needs of our clients. We have also made valuable progress in establishing strategic distribution partnerships to build opportunities for the group, opening new revenue streams.

In collaboration with CIB, we partnered with Flutterwave, Africa's leading payments technology company, to enhance digital payment experiences in nine countries on the continent. We are collaborating to build e-Commerce, card issuing, payments, collections, USSD, lending and buy-now-pay-later capabilities. We continue to see growth in our Beyond (non-financial services) solutions like Lotto, Airtime, Electricity, and have made progress on new Beyond opportunities identified.

We have successfully implemented our new strategy, ways of working and getting the right people in the right roles.

Going forward, we will continue to service the solution needs of the client segments, working towards lowering the group's cost to serve, generating more revenue through partnerships, non-financial services and strategic distribution partners, as well as unlocking value by fully integrating Liberty into the group.



AWARDS FOR 2021

PRM Diamond Arrow Award

- Best Fleet Management Company providing fleet cards to the private sector

Raging Bull Awards

- Melville Douglas: Best Offshore Management Company

MTN App of the year

- Shyft won for best financial solution

Euromoney Best Private Bank and Wealth Management Survey

- Serving Business Owners, South Africa
- Technology Innovation or Emerging Technology Adoption, Africa and South Africa
- Serving Ultra High Net Worth Clients (>USD30 million – USD250 million), South Africa

International Investment Awards

- IPB – Excellence in Private Banking category in 2019, 2020 and 2021

Euromoney Awards for Excellence

- Africa's Best Bank for Wealth Management

Global Islamic Finance Awards

- Excellence Awards for Premier Islamic Banking (Sharia'h Banking)

South African Listed Tracker Awards

- Best Total Return Performance, Foreign and Commodity ETFs, five years: 1Invest Rhodium ETF
- Best Total Return Performance, Commodity ETFs, three years: 1Invest Rhodium ETF
- Best Tracking Efficiency, Foreign and Commodity ETFs, three years: 1Invest Gold ETF
- Best Capital Raising Commodity ETFs, one year: 1Invest Platinum ETF

Global Brand Awards

- Best Asset Management Company in Nigeria



Executing with excellence

We execute with excellence by focusing on becoming a modular producer and growing partnerships.



BECOMING A MODULAR PRODUCER

In a fast-changing world, where value propositions are no longer fixed or static, we realise that no partner or client needs will ever be the same. This is why we use the analogy of the honeycomb to represent our client value proposition. Honeycomb technology is used in Formula 1, and in nature the honeycomb is flexible, adaptable and unique in its modular structure. Our honeycomb is built around key solutions defined as Banking, Insurance, Investments and non-financial services, or 'Beyond' as we refer to it. Within each of these modules are a number of client needs that we address, with each hexagon having its own unique products which can be tailored to suit individual requirements. None of our partners or clients will want the same honeycomb, and this modular approach enables us to cater for their unique needs on a personalised basis.

We apply this modular approach to achieve three primary outcomes:

Lowering the cost to serve

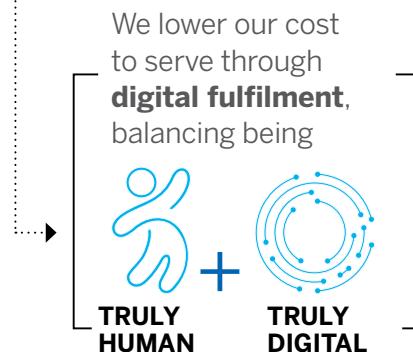
By combining the capabilities that previously resided in the historic business units, we integrate our operations, making them simpler and more efficient. This enables us to build innovative and scalable solutions faster than before and align them to specific client needs that are communicated to us by the client segments.

Standardising and simplifying what we do

Our capabilities and solutions become reusable across client segments and strategic distribution partners. We seek to standardise and commoditise solutions to achieve manufacturing efficiencies and economies of scale. Our Engineering teams simplify our technology landscape, decommissioning costly legacy systems and migrating to the cloud.

Ensuring we have the technological ability to connect with our partners

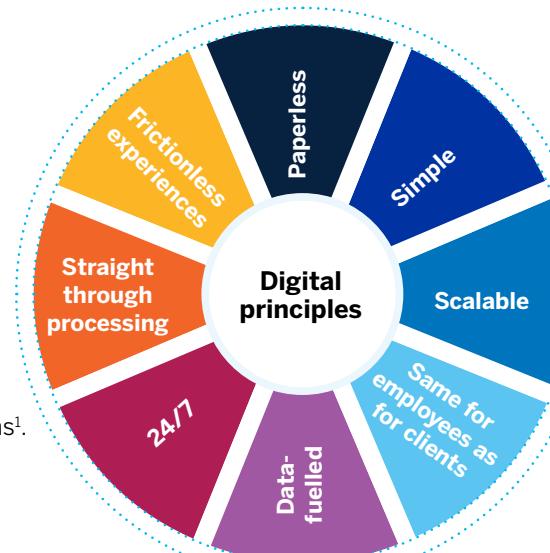
We connect into the businesses of our partners through APIs or otherwise to achieve seamless integration and scale. Our Engineering teams ensure scalable and interoperable platforms, and we commercialise our data insights to create new revenue streams.



Digital fulfilment

We track fulfilment on our digital solutions¹. At year end, we were at a combined digital fulfilment rate of 28%, and we aim to get to 50% by 2025, which compares well with global best practice.

¹ Weighted by revenue.



Digital strategy in action – Flexi-Funeral product

Our Flexi-Funeral product has grown to more than one million customers and policies since it was launched a year ago. Flexi-Funeral is sold through our branches and call centres and became fully digital on our mobile app. As a result, we have seen our digital acquisition and maintenance costs per policy reduce by more than 50% compared to the traditional business.



GROWING PARTNERSHIPS

Scaling our solutions through partnerships

Partnerships allow us to scale our value proposition, including on a white labelled basis, to extend our reach across the continent.

We focus on two types of partnerships:

- **Solutions partners** who complement our value proposition to clients, and therefore act as open architecture partners within the framework of Banking, Insurance, Investments and Beyond.
- **Strategic distribution partners** who enable us to offer our own manufactured honeycomb solutions within Banking, Insurance and Investments, into other client distribution channels, ecosystems or platforms on the basis of B2B2C or B2B2B.

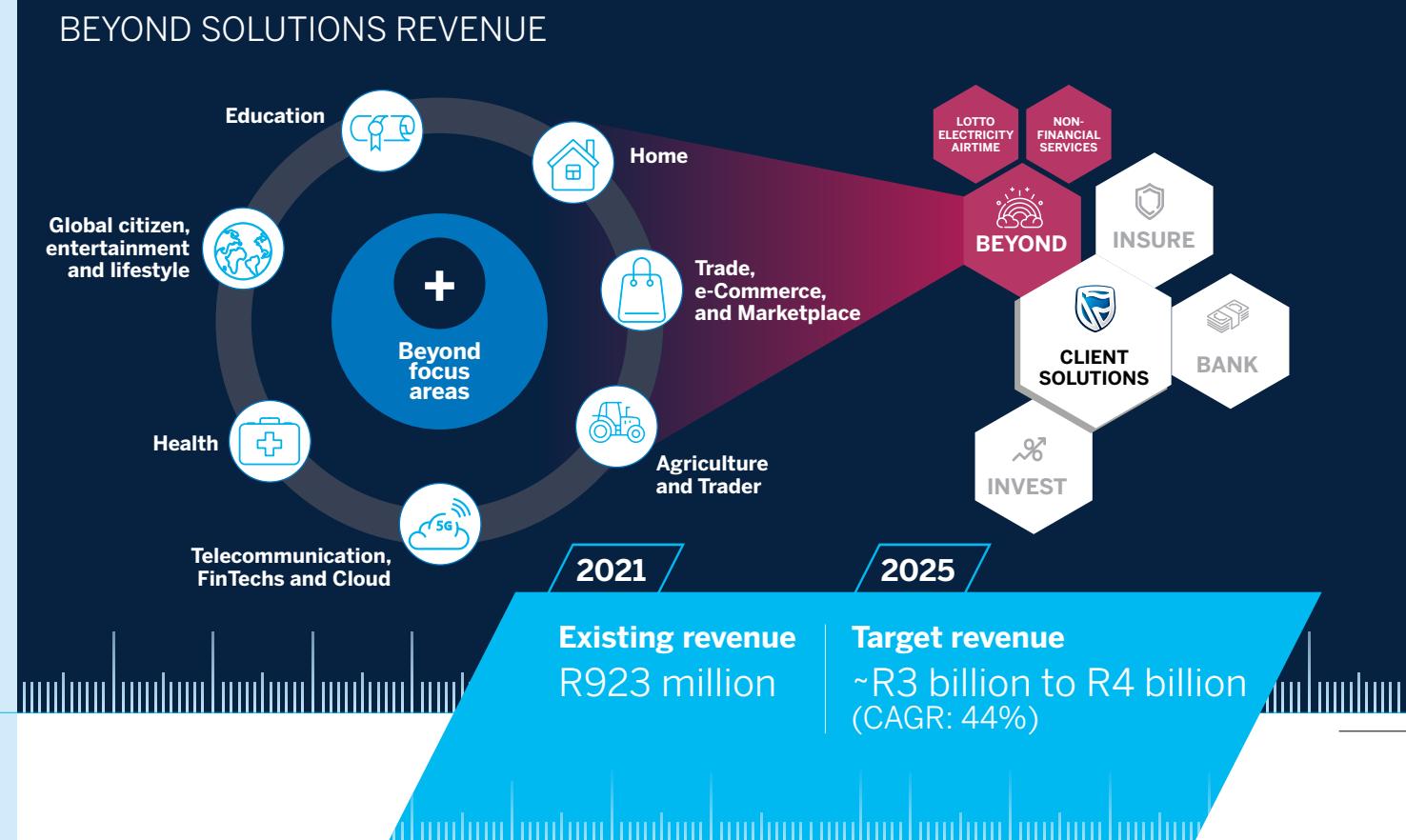
Solutions partners – complementing our client value proposition

We have successfully partnered with competitors like Sanlam, Hollard and Old Mutual to provide insurance solutions within Africa Regions. Going forward we will focus on our non-financial services, or Beyond solutions.

Standard Bank MVNO provides cellular and data services that form a key component of our Beyond value proposition. We generated revenue of R923 million from non-financial services in 2021. Seven Beyond focus areas

have been identified, being Education; Home (which complements our home loans business); Trade, e-Commerce and Marketplace; Agriculture and Trader; Telecommunication, FinTechs and Cloud; Health; Global citizen, entertainment and lifestyle.

We aim to grow revenue from these Beyond solutions to R3 billion – R4 billion by 2025.



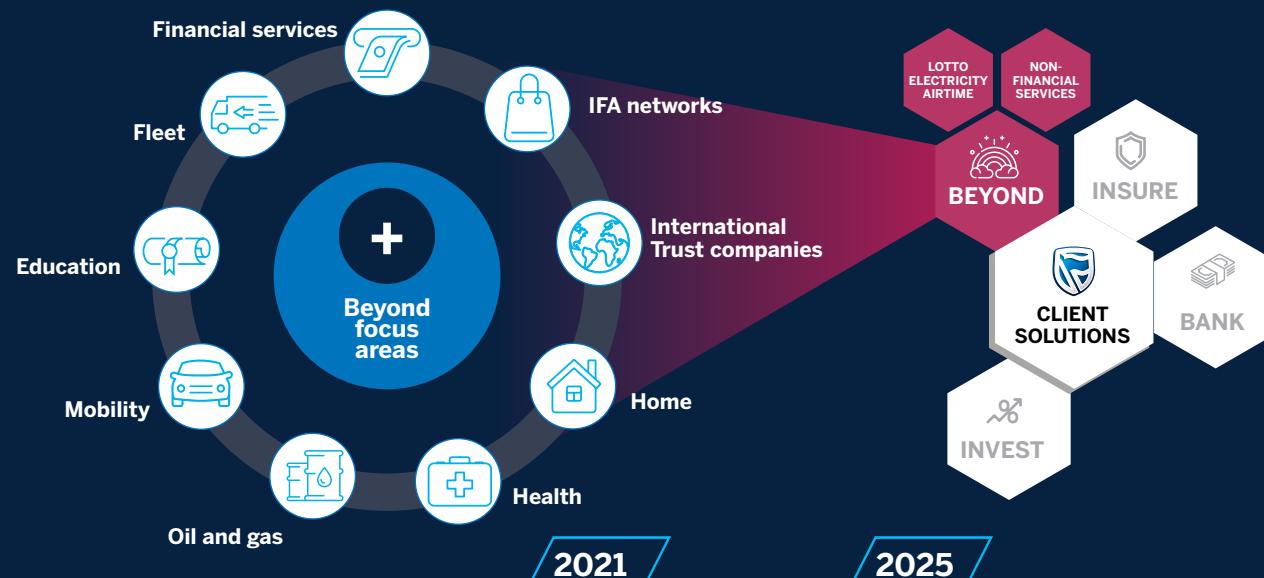


Strategic distribution partners – scaling our solutions

Examples of current strategic distribution partnerships include:

- Providing home services to clients of SA Home Loans
- Providing international solutions through trust and company service providers in Jersey, or Independent Financial Advisor networks partnering with us to offer our Standard Bank international banking solutions to their wealth management client base across the African continent
- With our colleagues in Innovation, we are engaging with a number of FinTech partners
- Partnering within our Vehicle and Asset Finance space with Mobility and Fleet partners.

EXISTING STRATEGIC DISTRIBUTION PARTNERS FOCUS AREAS



Existing revenue

R1.8 billion

Target revenue

~R5.5 billion to R6.5 billion
CAGR 39%





INTEGRATING WITH LIBERTY

The integration of Liberty into the group represents the next stage of our journey to become a platform organisation, meeting the banking, insurance, investment and non-financial needs of our clients, in partnership with others.

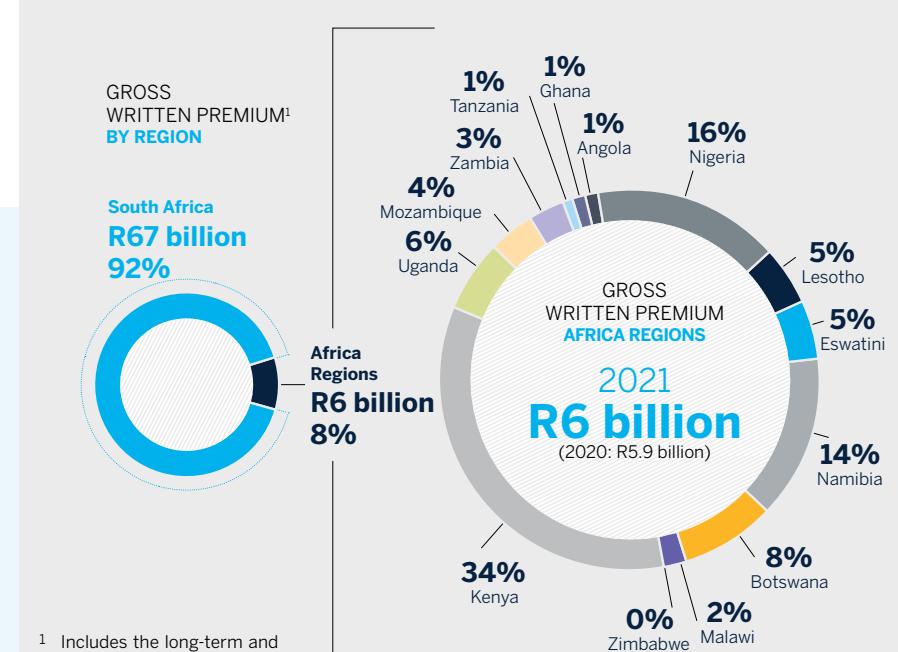
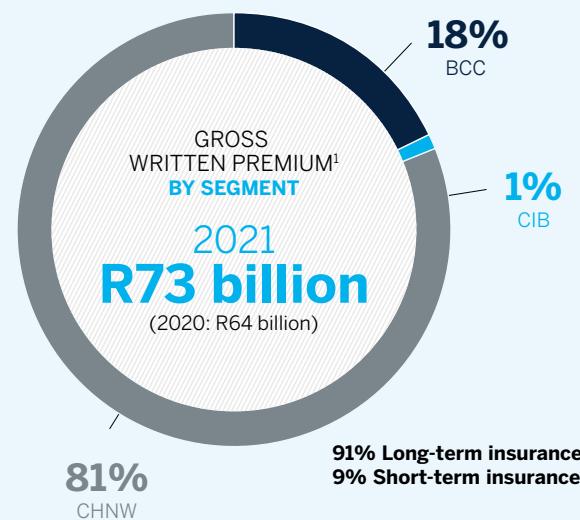
Unlocking the potential

We are focused on the transaction imperatives that will align and leverage our strengths, thereby enhancing client value propositions by allowing clients of the group and Liberty to benefit from scale and choice.

INSURANCE

Leveraging our distribution reach across client segments and partners

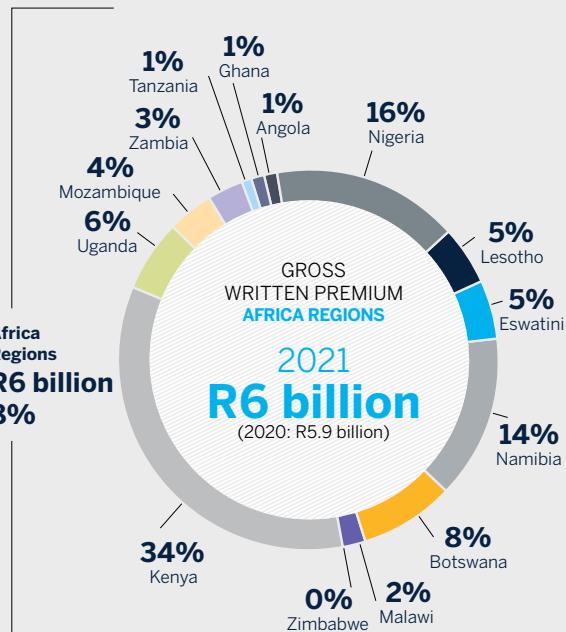
Our combined short-term and long-term insurance portfolios comprise a gross written premium of R73 billion, 91% of which is attributable to life insurance premiums. While these are mostly for CHNW clients at present, we are increasing our reach among BCC clients and anticipate opportunities to offer CIB clients insurance solutions in the future.



¹ Includes the long-term and short-term gross written premium, as well as our brokerage licences where we earn commission.

Leveraging our distribution reach across Africa

Approximately 92% of our combined insurance premiums are South African, with the balance spread across Africa Regions where we are steadily increasing our penetration. Our Stanbic IBTC life insurance licence in Nigeria will support future growth.



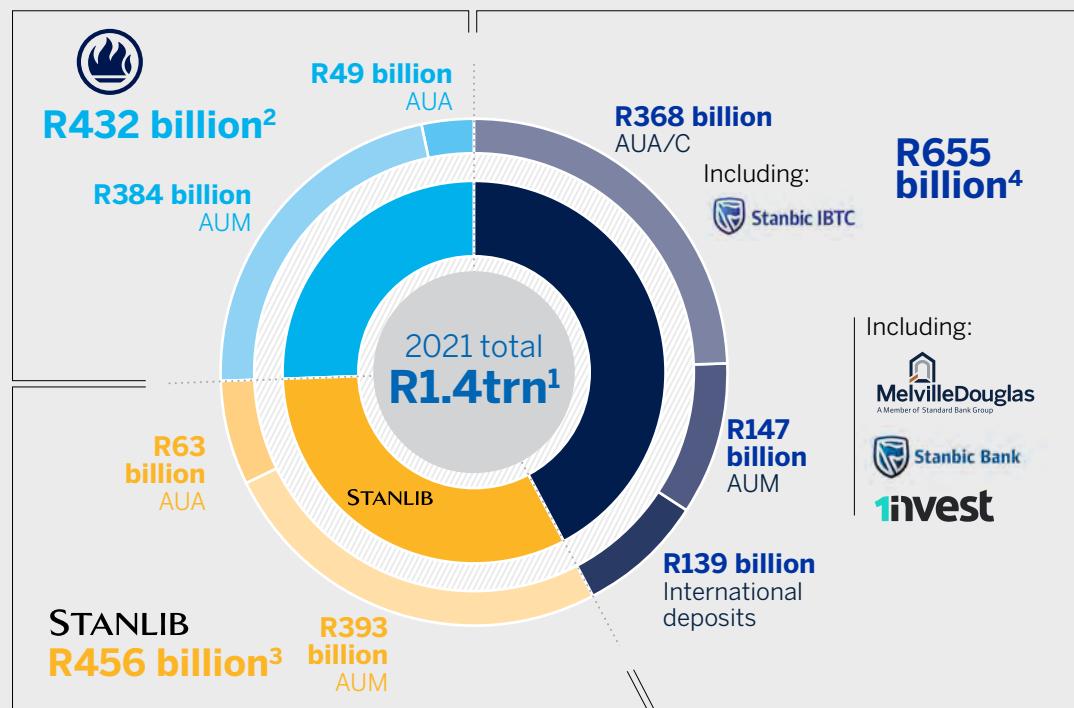
We will continue to focus on opportunities to leverage our distribution base to establish broking businesses for short-term and long-term insurance.



INVESTMENTS

Strengthening our leadership position in Africa

With R1.4 trillion¹ in combined assets under management, administration and custody, we are among the top three asset managers on the continent. We have the ability to scale our back-office support functions across these businesses. 25% of assets under management are currently outside South Africa.



AUA: Assets under administration and advice includes the STANLIB LISP
AUM: Assets under management
AUC: Assets under custody

- ¹ Intergroup transactions eliminated.
- ² Includes R37 billion from Standard Bank Financial Consultancy (SBFC) and high net worth (HNW).
- ³ Includes R95 billion from SBFC and HNW.
- ⁴ Includes R132 billion with STANLIB and Liberty.



We will lower our cost to serve, standardise and connect seamlessly with our partners. We will focus on **achieving 50% digital fulfilment on the solutions we provide to clients.**

We will generate between **R8.5 billion** and **R10.5 billion** of the group's revenue through partnerships; **R3 billion** to **R4 billion** from non-financial services and **R5.5 billion** to **R6.5 billion** from strategic distribution partners.

We will unlock value for stakeholders by **fully integrating Liberty into the group.**



For more detail, refer to the Standard Bank Group Strategic update event, available [online](#).



Engineering

Alpheus Mangale,
chief engineering officer

"I am incredibly proud of our achievements during the past period. Our dedicated focus on each of the key engineering capabilities, including technology, operations, security, data and analytics, partnership delivery and real estate services, has supported considerable progress in the achievement of the group's strategy while providing the always on, always secure digital foundation that underpins the group's reliability and trustworthiness."

Engineering remains an integral catalyst in the group in delivering our aspirations and enabling our client segments to meet their objectives. As we transform client experience, enhancing data security and agility, we have made progress in migrating our systems with more than 15% of our workloads now on the cloud. There has been a notable reduction in system outages and time taken to restore services due to dedicated focus on delivering brilliant basics to improve system resilience, ensuring that our clients are less inconvenienced by outages and can continue to transact on our platforms.

In 2021, we reduced our floor space by over 77 000m², using existing floor space more effectively together with a hybrid work model. We continue to improve operational excellence in our processing with more than 230 processes automated across the group.

We have launched both our data and partnerships capabilities, with rapid acceleration planned for 2022, and, despite significant investments in these new capabilities, we have managed to contain costs through our save to invest philosophy.

In 2022, we will accelerate the group's cloud migration, simplify client experience through ongoing reduction in legacy systems and process automation, while supporting the group's transformation to a platform organisation.

Our journey has been shaped by constant changes in technology and global financial services

	INDUSTRY CONTEXT	OUR STRATEGY
Traditional: 2000 – 2010	<ul style="list-style-type: none"> Product focused Monolith manual Slow to change 	<ul style="list-style-type: none"> • Internal focus on processes and systems • Substantial investments in system changes to support product focused innovation such as card, transactional, lending and network
Digital: 2011 – 2020	<ul style="list-style-type: none"> Still product focused Digital servicing Single view of client 	<ul style="list-style-type: none"> • External focus on client experience • Heavy investments in large-scale transformation of systems and processes to support digitisation such as core banking and modernisation journeys
Platform: 2021 onwards	<ul style="list-style-type: none"> Scalable platforms Fully digital Cloud enabled 	<ul style="list-style-type: none"> • Client and partner ecosystems focus • Continued investment in cloud computing, data analysis, AI and machine learning to enhance client experience and increase operational excellence • Strategic partnerships to enable our transformation to a platform organisation



Our key capabilities will enable our platform and ecosystem strategy

ENGINEERING CAPABILITIES

• TECHNOLOGY AND OPERATIONS

Deliver integrated, reliable, simple, efficient and scalable digital solutions to our clients and partners

PROGRESS TO DATE

Simplified landscape:

- 161 systems or applications decommissioned to date
- 15% of applications in the cloud, improving IT resilience and client experience
- 230 robotic process automations, freeing up the equivalent of almost 20 000 work days for our people
- Over 12 500 active users are on the Salesforce platform

• SECURITY

Ensure secure interactions with our clients and platform partners

PROGRESS TO DATE

Protecting our clients:

- No material breaches in over three years
- Ranked in the top quartile of comparative organisations (independent assessments)

• DATA

Employ >1 500 data specialists for data modelling, machine learning and artificial intelligence

PROGRESS TO DATE

Delivering client value:

- Increasing commercial value by capitalising on our unique footprint, focusing on effective execution at scale
- Created over R2 billion of business value through the use of data
- Collaborated with Transaction Capital to launch  AUTHENTIFI

Supported by:

Rapid innovation and business agility

- Faster response to client needs, pain points and opportunities by leveraging cloud partnerships
- Enhancements to increase volumes of client solutions and overall reduction in time-to-market of new features.

Engineering skills

- Launch of Africa skills development programme in partnership with Microsoft, Amazon and Salesforce.

• PARTNERSHIPS

Create robust, reliable mechanisms for our partners to seamlessly interact with our platforms and participate in our ecosystems

PROGRESS TO DATE

Enable seamless integration:

- 291 APIs
- >one billion transactions processed through APIs

REAL ESTATE

Reshape our traditional workspaces to provide better experience to our clients, partners and employees through smart digital channels and distribution partners

PROGRESS TO DATE

Reshaped estate in line with client and employee needs:

- Over 77 000m² reduction in floor space, resulting in a significant reduction in our carbon footprint and water consumption, and annual savings of over R300 million
- Partnering with client segments to open alternative distribution channels for example partnering with Pick n Pay in South Africa and Metro Cash n Carry in Namibia

Engineering culture

- Foster a growth mindset focused on learning-it-all, not knowing-it-all, and attract talent
- Significant strides in improving employee engagement
- More than 1 000 of our people are now cloud certified.



We are mitigating and managing factors that could constrain the implementation of our strategy

FACTOR

- We acknowledge that our core banking modernisation took too long and cost too much to complete
- We have a complex infrastructure that is expensive to run
- We are highly reliant on external expertise
- We have not yet leveraged our data to its full potential.

REMEDIAL ACTIONS

To reduce running costs we have embedded:

- Stronger governance processes
- Clearer accountability for delivery.



Towards 2025

Our focus areas

Our measures of success are aligned to the strategic priority of executing with excellence. Our focus areas for 2025 are:

Improved agility with >70% of core applications in the cloud by 2025. By improving **system agility** and **production stability**, we can deploy changes faster, improving client experience.

Simplified client experience with a **20% to 30% reduction in legacy systems** and **expansion of robotic process automation**. These measures will limit client friction or potential system failure and improve service efficiency.

>75% of partner engagements **digitally enabled**.

>R6 billion of business value **generated through the use of data**.



Refer to our Strategic update event for more detail, available [here](#).



Innovation

Adrian Vermooten,
chief innovation officer

"We are guided by our north star, our vision to make an impact by unlocking opportunities through new disruptive solutions at scale."

As the group transforms beyond financial services, our Innovation team collaborates with client segments, Client Solutions, country and Engineering teams to unlock new opportunities.

Our dedicated innovation capability will implement new solutions and business models with speed and rigour through:

- **A culture of innovation:** Our innovation capability promotes and fosters an entrepreneurial mindset, and provides the methods and expertise to amplify and support innovation across our operations.
- **Disruption:** We build innovations that do not yet exist in the market or fundamentally change the way the market is served. New business solutions are incubated and scaled into new markets to support the group's transformation to a platform organisation.
- **Discipline:** Innovation applies robust prioritisation of investment and project management.

Innovation is not new to the group. We have, however, taken a new approach to innovation by providing the guidance

needed to foster innovative mindsets and the discipline to ideate and scale breakthrough business solutions. We provide the capabilities and expertise to co-create internally and collaborate with strategic partners to develop these solutions.

During 2021, we achieved several milestones in the implementation of initiatives to support the group's transformation into a platform organisation. We have prioritised ten ecosystems in which the group will be a driver or modular producer, and have rolled out an execution framework and ecosystem toolkit in six countries. We have established the African Innovation Lab in partnership with AWS, and the African Digital Foundry with Microsoft. We continue to leverage the capabilities of our FinTech partners to accelerate the group's Beyond financial services aspirations.

Going forward, we will continue to unlock opportunities that drive Africa's growth through an entrepreneurial mindset, collaboration, and commercially viable innovative solutions that are scaled for impact.

Building ecosystem business models

We will accomplish our platform strategy to meet clients where they shop, socialise or do business by driving, or contributing to, ecosystems. We combine our own offerings with those of our partners to enable our clients in these coordinated networks of producers and consumers to seamlessly fulfil a range of needs. We made progress in establishing ecosystem solutions in the Trader and Agriculture ecosystems implemented in six countries.



Read more: Client solutions on [page 95](#).



Trader ecosystem

- Trader offerings provide financial and non-financial services to micro and informal businesses across Africa through platforms created by Nomanini (Trader Direct) and Cloudbadger (Unayo)
- Trader Direct has onboarded over 8 000 traders, giving access to credit (over 40 000 loans) and conducting more than 30 million transactions to date
- Unayo makes it easy to access aid, grants and funding via USSD and an app. More than 100 000 clients have registered on the platform, including 8 669 merchants.



Agriculture ecosystem

- Our OneFarm B2B platform provides services to buyers (outgrowers, offtakers and retailers) in the agriculture sector, onboarding five key CIB and BCC partners and four outgrowers
- OneFarm Share, a digital food relief programme, provides coordination and logistics through a platform that feeds the hungry, reduces food wastage and empowers emerging farmers. To date, over 126 contributors have delivered 23.9 million meals to 1 850 beneficiary organisations across South Africa.



Home ecosystem

Our LookSee platform empowers home buyers and home owners with comprehensive information and services for a range of clients from first time buyers to retirement home owners.



Financial services

SME Health Score is a solution being piloted, that combines financial and alternative data sources to enable lending to small businesses. More than 1 000 loans were paid to over 800 small businesses during the 2021 pilot. These businesses would not typically have qualified under traditional credit scoring methods.

Strategic partnerships

AWS and Microsoft

We established the African Innovation Lab in collaboration with Amazon Web Services and the African Digital Foundry with Microsoft to incubate new business solutions that we hope will positively impact approximately 100 million people across Africa and advance our platform business model.

Strategic investments and alliances

We leverage our strategic partnerships with our existing 34 FinTechs, and other alliances, to enable accelerated delivery of innovative solutions. These include Nomanini (Trader Direct), cloudbadger (Unayo), HelloChoice (OneFarm and OneFarm Share), iiIDENTIFI, and Tesserae, to name a few.

In 2021, we announced our partnership with Flutterwave which will enhance the digital payment experiences of individual, business and institutional clients in eight African countries.

Robust funding accelerating innovation

Our proven track record in scaling innovative business solutions has been strengthened by the Venture Board which:

- Provides governance for new business solutions through a structured process from screening to scaling breakthrough and disruptive new business solutions
- Allocated R100 million in funding and expertise to new internal start-ups during 2021
- Leverages innovation-as-a-service capabilities and our strategic partnerships to enable and accelerate new ventures.



We are mitigating and managing factors that could constrain the implementation of our strategy

FACTORS

As we transition to a platform organisation, we need to move from ad-hoc innovation to repeatable strategy-led innovation that underpins our ecosystems, partnerships and platform aspirations. Embedding an innovation culture requires a shift in our behaviours towards an entrepreneurial mindset that recognises opportunities to solve problems with breakthrough and disruptive business models.

RESPONSES

To achieve a more purposeful outcome, we have:

- Developed disciplined innovation frameworks to ensure consistency
- Applied three innovation horizons to enable the shift to new business models
- Defined a breakthrough and disrupt innovation strategy with robust processes to deliver new-to-bank revenue

We are embedding an innovation culture through:

- Storytelling – leveraging the power of stories to change beliefs and behaviours, simplify messages and inspire innovation
- Idea harvesting – capturing ideas from across the group that generate new products, services and business solutions.

Many of our innovations have been recognised by industry accolades



Shyft won the MTN award for Best Financial Solution

Best Digital Bank in South Africa

OneFarm Share won gold for the Social, Sustainable and Responsible Banking Award at the global Efma-Accenture Banking Innovations Awards

Best Online Product Offerings in Africa

Best Information Security and Fraud Management in Africa

Towards 2025

Our measures of success are aligned to the strategic priority of executing with excellence.

Our key focus areas for 2025 are:

- We will build scale in our ecosystem business, focusing on Trader and Agriculture ecosystems
- Create disruptive models and new markets with revenue potential of >R1 billion
- Deliver co-created opportunities with strategic partners.



Financial outcome



DRIVE SUSTAINABLE
GROWTH AND VALUE

Delivering sustainable returns to our shareholders depends on the extent to which we have made strategic progress in achieving client focus, employee engagement, risk and conduct, and operational excellence.

MEASURING OUR STRATEGIC PROGRESS

What success looks like

We allocate our resources diligently to deliver attractive shareholder returns.

How we measure our progress

We measure our progress in generating sustainable returns by how we manage revenues and costs, as well as creating sustainable shareholder value.

GROUP

Key metrics

Headline earnings

↑ R25.0 billion

2020: R15.9 billion

shows the profits we make, excluding profits or losses from non-recurring events¹.

ROE

↑ 13.5%

2020: 8.9%

shows how much profit we generate with the money shareholders have invested in us. ROE is the ultimate measure of our effectiveness in executing our group strategy.

Accountability for financial outcome

Board sub-committees provide mandated oversight for governing our financial outcome, contributing either directly or indirectly to creating and preserving value for our stakeholders. Key to effective creation and protection of value relating to financial outcome are the group audit committee and group risk and capital committee.

Read more about the purpose and activities of all the board sub-committees [here](#).

Key trade-offs

To ensure that we can continue to attract the capital we need to fund the growth in our assets, we must provide an appropriate rate of return to our equity shareholders and debt funders, including depositors, while creating value for other stakeholders. This requires that we balance our ability to generate revenue with the costs incurred in doing so.

STANDARD BANK ACTIVITIES²

Key metrics

Headline earnings

↑ R24.9 billion ↑ 14.7%

2020: R15.7 billion

ROE

↑ 14.7%

2020: 9.6%

Credit loss ratio (CLR)

↓ 73 bps

2020: 151 bps

measures our client credit impairment charges as a percentage of average loans and advances. We aim to maintain our CLR at an acceptable level in line with our risk appetite.

Cost-to-income ratio

↓ 57.9%

2020: 58.2%

measures our efficiency in generating revenues relative to the costs we have incurred, as containing our costs is key to growing headline earnings and improving ROE.

Jaws

54 bps

2020: (306) bps

measures total income growth minus total operating expenses growth. We aim to achieve positive jaws by growing our revenues faster than our costs.

Africa Regions contribution to headline earnings

36%

2020: 58%

measures the percentage contribution from African Regions countries to headline earnings.

¹ As prescribed by the South African Institute of Chartered Accountants (SAICA) circular.

² Standard Bank Activities comprise the activities of the group excluding Liberty and other banking interests.



Arno Daehnke, chief finance and value management officer

"The pandemic has tested our resilience in many ways and we have emerged stronger and more flexible. We have every confidence that we will meet our targets set out in our 2025 Ambition."

PERFORMANCE AGAINST STRATEGY

Group headline earnings rebounded by 57% to R25.0 billion, driven by a recovery in client activity, an improvement in client balance sheets and real growth in our underlying franchise. ROE improved to 13.5% (2020: 8.9%). Revenue grew by 5% and pre-provision operating profit grew by 5%, both with double digit growth in the second half of the year (2H21 on 2H20). Net asset value grew 13% and the group ended the year with a CET I ratio of 13.8% (31 December 2020: 13.2%). The board approved a final dividend of 511 cents per share. This equates to a dividend payout ratio of 55% for the full year.

Despite the pandemic-related disruptions, the group made significant strategic progress across several areas in 2021. The group's three client segments delivered client franchise growth. Our Banking solutions recorded a strong recovery, with headline earnings up 62% year on year. Our Investment and Insurance solutions grew headline earnings by 11% and 3% respectively, supported by asset under management and policy base growth. The group retained its position as the third largest asset manager on the continent. We made good progress in building out our new revenue streams and scaling our digital payments,

platforms and partnerships. We continued to simplify our business and invest in our people, our systems, our digital solutions and our data management, all while maintaining good cost discipline. The Liberty minority buyout, announced in July 2021, was successfully completed and Liberty delisted on 1 March 2022. Having successfully completed the buyout of the Liberty minorities, we have turned our attention to integration.

Standard Bank Activities' revenue grew by 5% year on year. Pressure on net interest income (NII) from negative endowment faded, activity-related fees continued to recover, and trading revenue remained robust. Revenue growth exceeded cost growth, resulting in positive jaws of 54 bps. Credit impairment charges declined by 52% but remained above pre-pandemic levels. Standard Bank Activities recorded headline earnings growth of 59% to R24.9 billion and ROE recovered to 14.7% (2020: 9.6%).

Liberty showed progress operationally but was negatively impacted by excess claims and a pandemic provision top-up. ICBCS benefited from attractive market conditions and client flows.





Standard Bank Activities by solution

In addition to reporting by client segment, we group products and services into banking, insurance and investments. For detail of the client segments results refer to the [client focus](#) section.



Banking solutions

The franchise grew clients and balances, and transactional and account activity improved relative to 2020. We have leading market shares in mortgages, card and deposits in South Africa. In addition, the group holds top three positions (in deposits) in Botswana, Eswatini, Ghana, Lesotho, Malawi, Namibia, Uganda, Zambia and Zimbabwe.

Insurance solutions

Our insurance business, excluding Liberty, recorded a healthy growth in policies and gross written premium (GWP) which supported revenue of R4.4 billion (up 5% year on year). The group is a significant player in the long-term insurance sector and the largest provider of credit insurance to the market. Our simple, digitally enabled funeral product continued to resonate with customers. We have sold over one million policies since its launch in 2020, now insuring over four million people's lives. Overall claims increased due to pandemic-related credit and funeral claims, and higher short-term claims driven by increased economic activity and weather-related claims. Retrenchment claims remained lower than expectations at the beginning of the pandemic. The majority of insurance headline earnings are generated in South Africa. The Africa Regions insurance businesses are starting to deliver strong growth.

Investment solutions

Including Liberty, we are the third largest asset manager on the continent, with combined AUM, administration and custody of R1.4 trillion. The group's AUM, excluding Liberty, grew by 12% year on year, supported by positive market performance. In addition, AUM grew across all three regions – South Africa (9%), Africa Regions (14%) and International (17%). Revenue grew 2%, dampened by the stronger rand. In South Africa, AUM growth was strong due to a healthy market performance and increased sales through our Standard Bank Financial Consultancy business. Melville Douglas won the coveted Raging Bull Award for the best Offshore Management company in 2021. In addition, our Nigeria pension fund business continued to retain its leading market share and our Ghana institutional business continued to record strong net client cash flows.



Measuring our financial outcome

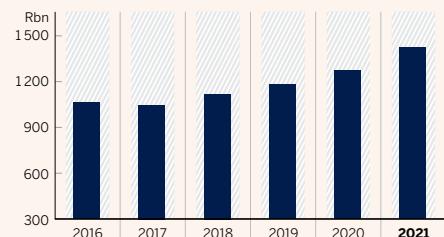
Headline earnings

The group's headline earnings is one of the components used in the determination of the group's ROE and represents the major lever in lifting the group's ROE.

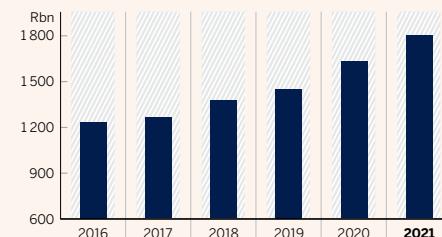
Standard Bank Activities balance sheet drivers

Balance sheet growth supported the group's headline earnings.

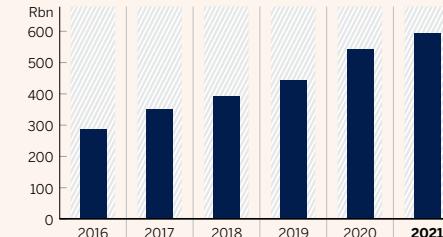
NET LOANS AND ADVANCES
CAGR: 6%



DEPOSITS AND DEBT FUNDING
CAGR: 8%



**TRADING AND PLEDGED ASSETS
AND FINANCIAL INVESTMENTS**
CAGR: 16%



↑ Average interest-earning assets

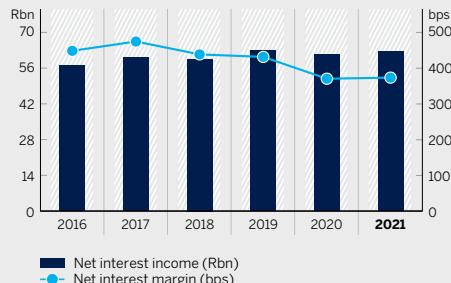
Strong growth in average retail and business portfolios of 9%, offset by decline in the average corporate book and other loans of 9%.

↑ 4% average deposits and funding

↑ 3 bps net interest margin

**NET INTEREST INCOME**

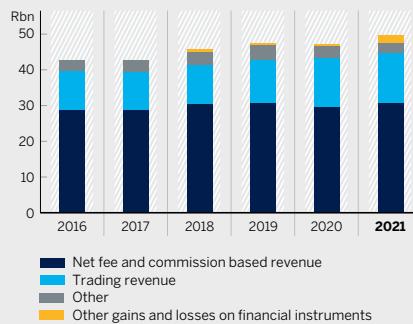
CAGR: 2%



NII grew by 2% off higher average balances and higher margins. Negative endowment equated to R1.9 billion in the year (2020: R7.4 billion), associated with the interest rate cuts across our markets. Net interest margin (NIM) increased by 3 bps to 373 bps.

NON-INTEREST REVENUE

CAGR: 4%



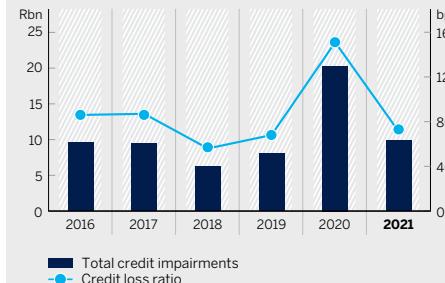
NIR increased by 8%. Net fee and commission income increased by 4% as client activity levels and transactional volumes improved relative to 2020. In South Africa, the negative impact of pricing adjustments to ATM and cash transaction fees, the discontinuation of cheques as well as the continued client migration to digital channels was more than offset by client growth and

higher transaction volumes. Digital transaction fees recorded double digit growth as we expanded our digital functionality and clients embraced digital solutions. Growth in our active merchant account base and point-of-sale devices combined with higher spending drove higher card acquiring and issuing turnover respectively.

Trading revenue remained above pre-pandemic trend, growing by 7% to R14.8 billion. The South African trading business recorded a strong performance, driven by structured trades and foreign exchange client sales. This more than offset a decline in Africa Regions, which came off a high base in 2020. Other revenue recorded double digit growth as improved economic conditions drove higher dividend and investment income. Other gains and losses benefited from the partial reversal of prior year equity revaluation losses.

CREDIT IMPAIRMENT CHARGES

CAGR: 1%



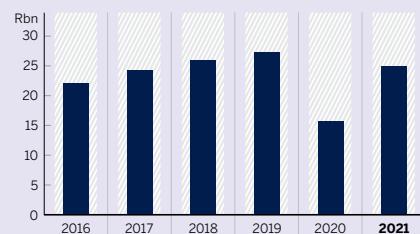
Credit impairment charges declined by 52% to R9.9 billion resulting the credit loss ratio decreasing to 73 bps (2020: 151 bps). Customer risk profiles, collections and forward-looking assumptions improved. Charges on the client relief portfolio declined (particularly in CHNW) as positive repayment behaviour drove higher cures. CIB recorded a net release for the period. CIB client provisions were released as loans were successfully restructured and/or repaid.

OPERATING EXPENSES

CAGR: 3%

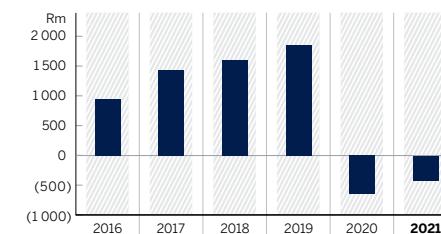


Cost growth was well contained at 4%, resulting in positive jaws of 54 bps and a banking cost-to-income ratio of 57.9%. Annual salary increases, higher performance-related incentives, and higher marketing costs were offset by lower professional fees, lower premises costs (as we rationalised our footprint) and lower depreciation. Discretionary spend remained tightly managed. Technology costs increased by 3% following strict prioritisation and adoption of a 'save to invest' philosophy. This, coupled with efficiencies delivered through our simplification journey and a conscious focus on reducing our dependency on third parties, allowed for investment to be prioritised in the acceleration of our cloud capabilities. Technology staff costs increased by 10% as we invested in growing our skills base in key areas such as cloud, cyber security and data science. Inflation in certain Africa Regions countries drove up costs in CCY.

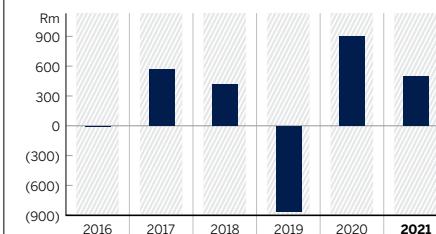

STANDARD BANK ACTIVITIES' HEADLINE EARNINGS
CAGR: 2%


Standard Bank Activities' headline earnings improved considerably, up 59% from 2020. The franchise grew clients and balances, and transactional and account activity improved relative to 2020.

Africa Regions' contribution to Standard Bank Activities headline earnings decreased to 36%, from 58% in 2020.

LIBERTY HEADLINE EARNINGS


Liberty's normalised operating earnings for the year ended 31 December 2021 (excluding the Covid-19 pandemic impact) amounted to R1 349 million (2020: R724 million). The improvement was driven primarily by the South Africa Insurance Operations. New business margin and value of new business improved, but remained below pre-pandemic levels. Mortality experience exceeded expectations resulting in excess claims of R1.2 billion and an additional Covid-19 pandemic reserve of R1.8 billion (post tax). Liberty recorded a headline loss of R112 million (2020: loss of R1.5 billion) as excess claims and an additional Covid-19 pandemic reserve were partially offset by a recovery in the shareholder investment portfolio. After adjusting for treasury shares, the group's share of the loss amounted to R419 million (2020: loss of R707 million). Liberty remains well capitalised, with a solvency capital requirement cover ratio of 1.72 times as at 31 December 2021.

OTHER BANKING INTERESTS HEADLINE EARNINGS


ICBCS' operational performance improved, due to favourable market conditions and increased client activity. ICBCS recorded a profit of USD87 million (2020: USD125 million, including a USD37 million insurance recovery). The group's 40% share of earnings equated to USD35 million or R500 million post translation (2020: R881 million). The stronger rand negatively impacted translated earnings.

GROUP HEADLINE EARNINGS
CAGR: 2%


Group headline earnings rebounded 57% to R25 billion, driven by a recovery in client activity, an improvement in client balance sheets and real growth in our underlying franchise. A total dividend of 871 cents per share was declared, representing a payout ratio of 55% on 2021 headline earnings.

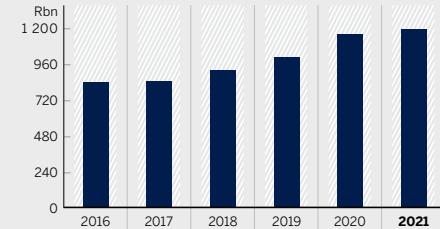


Return on equity

Our ROE is the most relevant measure of our financial performance over time as it combines all of our critical drivers, including earnings growth and capital utilisation, into a single metric. Internally we measure our return on risk-weighted assets (RoRWA) as a more direct measure of earnings relative to regulatory capital utilisation.



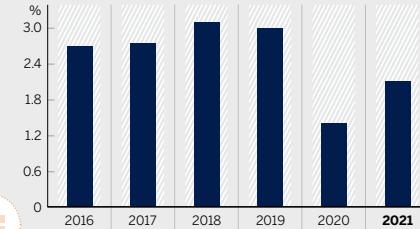
GROUP AVERAGE RWA
CAGR: 7%



Group average RWA increased in 2021 to R1 195 billion, from R1 060 billion in 2020, mainly due to rand depreciation against the USD and other currencies, and an increase in client exposures.

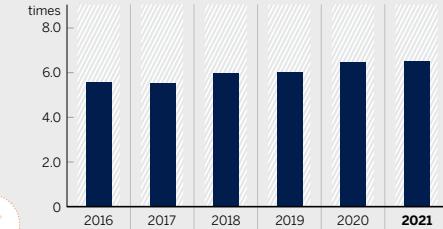


GROUP AVERAGE RoRWA



The group's average RoRWA increased to 2.1% (2020: 1.4%), driven by the higher group headline earnings and higher group average RWA.

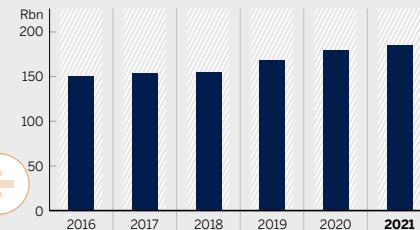
GROUP FINANCIAL LEVERAGE



The group's financial leverage is the ratio of average RWA to average shareholders' equity. For 2020, financial leverage was 6.5 times, unchanged from 2020, supported by higher group average shareholders' equity and average RWA.

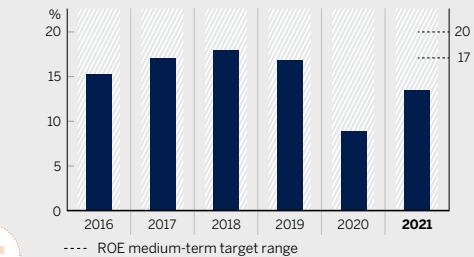


AVERAGE SHAREHOLDERS' EQUITY
CAGR: 4%



The group's average shareholders' equity increased by 3% from 2020, supported by the profit earned for the year.

RETURN ON EQUITY



In 2021, the group's ROE increased to 13.5%, reflecting a year of recovery following the negative effects of Covid-19. Our medium-term target range is 17% – 20%.





Our performance

The income statement below reflects the revenue generated and costs incurred by our Standard Bank Activities, with material income statement line items explained. A detailed analysis on the group's financial performance, and the principal headline earnings drivers for growth in our ROE, is on [page 110](#).



For further detail on the group results, including definitions, and details of restatements to previously reported figures, please refer to the Standard Bank Group analysis of financial results 2021 on our website:

<http://reporting.standardbank.com/results-reports/financial-results/>

Note: The income statement presents the Standard Bank Activities separately from other banking interests and Liberty. It differs to the income statement presented in the group's annual financial statements, which is presented on a consolidated basis.

INCOME STATEMENT for the year ended 31 December 2021

	CCY	Change %	2021 Rm	2020 Rm
Net interest income	6	2	62 436	61 425
Non-interest revenue	16	8	51 120	47 156
Net fee and commission revenue	9	4	30 613	29 413
Trading revenue	18	7	14 842	13 874
Other revenue	27	16	3 648	3 158
Other gains and losses on financial instruments	>100	>100	2 017	711
Total income	10	5	113 556	108 581
Credit impairment charges	(51)	(52)	(9 873)	(20 594)
Loans and advances	(50)	(51)	(9 920)	(20 228)
Financial investments	>100	(55)	(23)	(65)
Letters of credit and guarantees	(>100)	(>100)	70	(301)
Net income before operating expenses	25	18	103 683	87 987
Operating expenses	9	4	(65 735)	(63 182)
Staff costs	11	7	(36 642)	(34 380)
Other operating expenses	6	1	(26 093)	(28 802)
Net income before non-trading and capital related items	69	53	37 948	24 805
Non-trading and capital related items	(95)	(95)	(119)	(2 255)
Net income before equity accounting earnings	88	68	37 829	22 550
Share of post-tax profit from associates and joint ventures	>100	>100	620	191
Profit before direct and indirect taxation	90	69	38 449	22 741
Direct and indirect taxation	>100	>100	(10 393)	(4 901)
Profit for the period	73	57	28 056	17 840
Attributable to preference shareholders	(25)	(25)	(287)	(383)
Attributable to Additional tier 1 (AT1) capital shareholders	28	28	(538)	(420)
Attributable to non-controlling interests	(3)	(17)	(2 377)	(2 875)
Attributable to ordinary shareholders – Standard Bank Activities	92	75	24 854	14 162
Headline adjustable items – Standard Bank Activities	(95)	(94)	86	1 553
Standard Bank Activities – headline earnings	71	59	24 940	15 715
Other banking activities – headline earnings	(33)	(43)	500	881
Liberty – headline earnings	(41)	(36)	(419)	(651)
Standard Bank Group headline earnings	70	57	25 021	15 945

Net interest income

What it is: the interest received on lending products that we offer to our clients and investment in debt instruments, less the interest paid on the deposits that our clients place with us and debt funding sourced from other lenders

Drivers: number of clients, product offerings and pricing, level of economic and client activity, foreign exchange, pricing in commodities and equity capital markets, competition and market volatility.

Non-interest revenue

What it is: comprises net fee and commission revenue, trading revenue and other revenue.

Drivers: number of clients, transactional banking volumes and pricing, capital markets activity, trading volumes and market volatility, property-related revenue, and income from bancassurance and unlisted investments.

Credit impairment charges

What it is: losses incurred due to the inability of our clients to repay their debt obligations.

Drivers: probability of our clients defaulting, and the loss given default, business confidence, and levels of debt-to-disposable income.

Operating expenses

What it is: costs that are incurred to generate future and current revenues.

Drivers: inflation, headcount, investments in branch and IT infrastructure which results in depreciation/ amortisation and general costs to operate (including those related to innovation and work efficiency programmes).

Non-trading and capital related items

What it is: items typically excluded from headline earnings, for example, gains and losses on the disposal of businesses and property and equipment, impairment of goodwill and intangible assets.

Drivers: obsolescence and asset replacement, operational performance and changes in market prices, which result in impairment on goodwill and intangible assets, and corporate activity resulting in disposal-related gains.

Direct and indirect taxation

What it is: includes both direct income taxes (and related deferred tax in terms of IFRS) and indirect taxes, including withholding tax and value added tax.

Drivers: corporate tax rates in the countries in which the group operates, level of profitability of our operations, interest income from certain bonds and treasury bills, dividends on investments that are exempt, and costs that are not tax deductible.

Attributable to non-controlling interests

What it is: portion of profit generated which is attributable to minority shareholders in entities in which we own less than a 100% interest.

Drivers: level of profitability of these entities, and other shareholders' interest in our subsidiaries.


BALANCE SHEET as at 31 December 2021

	Change %	2021 Rm	2020 Rm
Assets			
Cash and balances with central banks	4	91 169	87 505
Derivative and trading assets	(7)	337 030	364 003
Pledged assets	(1)	10 318	10 382
Financial investments	10	301 497	275 066
Current and deferred tax assets	4	7 370	7 075
Disposal group assets classified as held for sale	>100	489	7
Loans and advances	12	1 424 328	1 271 255
Other assets	4	26 959	26 002
Interest in associates and joint ventures	8	2 910	2 703
Property, equipment and right of use asset	(0)	18 944	19 009
Goodwill and other intangible assets	(7)	16 468	17 764
Total assets – Standard Bank Activities	8	2 237 482	2 080 771
Total assets – other banking interests	21	4 248	3 522
Total assets – Liberty¹	8	484 087	448 647
Standard Bank Group – total assets	8	2 725 817	2 532 940
Equity and liabilities			
Equity			
Equity attributable to ordinary shareholders	13	183 685	161 848
Preference share capital and premium and AT1 capital	28	16 052	12 588
Equity attributable to non-controlling interests	17	13 056	11 118
Total equity – Standard Bank Activities	15	212 793	185 494
Total equity – other banking interests	21	4 248	3 522
Total equity – Liberty¹	(2)	25 808	26 256
Standard Bank Group – total equity	13	242 849	215 272
Liabilities			
Derivative and trading liabilities	(22)	141 035	181 322
Deposits and debt funding	9	1 797 291	1 642 401
Subordinated debt	7	24 852	23 225
Provisions and other liabilities	27	61 511	48 329
Total liabilities – Standard Bank Activities	7	2 024 689	1 895 277
Total liabilities – Liberty¹	8	458 279	422 391
Standard Bank Group – total liabilities	7	2 482 968	2 317 668
Total equity and liabilities – Standard Bank Activities	8	2 237 482	2 080 771
Total equity and liabilities – other banking interests	21	4 248	3 522
Total equity and liabilities – Liberty¹	8	484 087	448 647
Standard Bank Group – total equity and liabilities	8	2 725 817	2 532 940

Our resilient balance sheet

The balance sheet or statement of financial position shows the position of the group's assets, liabilities and equity, and reflects what the group owns, owes and the equity attributable to shareholders. Material line items have been discussed alongside.

¹ Includes adjustments on consolidation of Liberty into the group.

The balance sheet presents the Standard Bank Activities separately from other banking interests and Liberty. It differs to the balance sheet presented in the group's annual financial statements, which is presented on a consolidated basis.

Derivative and trading assets and liabilities

What it is: derivative assets and liabilities include transactions with clients for their trading requirements and hedges of those client positions with other market positions and hedges of certain group risks. Trading assets and liabilities are held by the group to realise gains from changes in underlying market variables.

Drivers: number of clients, product offerings, level of economic and client activity in debt, foreign exchange, commodities and equity capital markets, competition, and market volatility.

Loans and advances

What it is: includes our lending to banks and our clients.

Drivers: number of clients, product offerings, competition, level of economic and client activity, repayments and level of credit impairments.

Goodwill and other intangible assets

What it is: represents the excess of the purchase price over the fair value of business that we acquire, less impairments, where applicable, and the cost of internally developed IT assets less amortisation and impairments (where applicable).

Drivers: corporate activity, investment in IT and digital capabilities to better serve our clients.

AT1 capital issued

What it is: the group's Basel III compliant AT1 capital bonds that qualify as tier 1 capital. The capital notes are perpetual, non-cumulative with an issuer call option and contain certain regulatory prescribed write-off features.

Drivers: regulatory capital requirements, and growth in RWA.

Standard Bank Group – total equity

What it is: the total of the group's ordinary and preference share capital, AT1 capital, foreign currency translation reserve, minority interests and other reserves.

Drivers: income statement drivers, changes in foreign exchange rates, and regulatory capital requirements.

Deposits and debt funding and subordinated debt

What it is: provides the group with the funding to lend to clients, fulfilling the group's role in connecting providers of capital with those that require additional capital and thereby contributing to the functioning of the broader financial system.

Drivers: client demands, transactions and savings.



MAINTAINING OUR ROBUST BALANCE SHEET

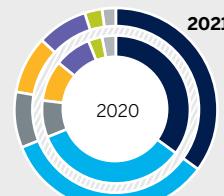
Loans and advances

Gross loans and advances to customers grew by 9% driven by strong growth in home services and double digit growth vehicle and asset finance and personal unsecured and business loans. Appetite to grow our card portfolio remained limited. Low interest rates drove strong demand. In South Africa, gross loans to customers grew by 6%. We proactively adjusted affordability criteria and managed risk appetite to take advantage of opportunities presented. CHNW disbursements reached record levels and our portfolio risk profile improved. In Africa Regions, a larger client base, our innovative digital scoring capability (now available in nine countries) and digital onboarding (now available in seven countries) drove growth. The CIB lending portfolio, including high quality liquid assets, grew year on year driven by increased origination and corporate demand.

In 2020, we extended R130 billion in client relief to our CHNW and BCC customers. By 31 December 2021, the CHNW active client relief portfolio had reduced to R225 million and the expired client relief portfolio was performing well, with more than 85% making full or partial payment. The BCC client relief active portfolio had reduced to R434 million and the expired portfolio was performing in line with expectations.

Total provisions increased by 3% relative to 31 December 2020, largely as a result of additional provisions raised on the VAF and card portfolios. As at 31 December 2021, stage 3 loans represented 4.7% of the portfolio and provisions held against these loans increased to 52% (31 December 2020: 5.5% and 46% respectively).

COMPOSITION OF LOANS
TO CUSTOMERS (%)



	2021	2020
Term loans	35	35
Home services	34	34
Other term loans	9	8
Vehicle and asset finance	9	9
Overdraft and other demand loans	8	8
Card and payments	3	3
Loans granted under resale agreements	2	3



Funding and liquidity

Longer term funding increased by R26.4 billion through the issuance of negotiable certificate of deposits, senior debt and syndicated loans. The group raised R3.2 billion tier II capital during 2021, with R1.4 billion relating to our first qualifying local green bond. Additionally, R3.5 billion AT1 capital was raised, the proceeds of which were invested in SBSA on the same terms and conditions. SBSA also issued its debut R2 billion social bond in August 2021, which was followed by a R1.5 billion increase in the fourth quarter of 2021. The group continues to benefit from favourable liquidity conditions that contribute to strong liquidity ratios.

Total deposits grew by 9%, underpinned by double digit growth in current and savings account balances as well as call, term and other deposits. Retail-priced deposits grew by 11% reflective of the success of targeted

campaigns. Wholesale-priced deposits grew by 9%. Africa Regions deposits from customers grew by 14% (CCY), underpinned by a larger client base. Deposits placed with our offshore operations in the Isle of Man and Jersey amounted to GBP6.5 billion at 31 December 2021 (31 December 2020: GBP5.5 billion).

COMPOSITION OF DEPOSITS FROM CUSTOMERS (%)



Capital management

The group's capital position remains strong and provides the financial resources to continue to support our clients and drive our growth aspirations. As at 31 December 2021, the group's CET I ratio (including unappropriated profits) was 13.8% (31 December 2020, 13.2%) and total capital ratio was 16.9% (31 December 2020, 16.1%).

The Prudential Authority announced the reinstatement of the pillar 2A capital requirement effective from 1 January 2022. We continue to analyse the potential impact of the Basel III reform proposals on our capital adequacy ratios, the more significant of which are due to be implemented from 1 January 2023 with a phase-in period for certain aspects.

The group's fourth quarter average Basel III liquidity coverage ratio amounted to 144%, well in excess of the temporarily reduced minimum regulatory requirement of 80%. Financial markets have largely normalised and as a result the SARB has withdrawn the temporary liquidity relief measures implemented in April 2020. The minimum liquidity coverage ratio increased from 80% at 31 December 2021 to 90% from 1 January 2022 and to 100% from 1 April 2022. The group's net stable funding ratio was 122%, in excess of the 100% regulatory requirement.

CAPITAL ADEQUACY (including unappropriated profit)





Regional performance

South Africa overview

SBSA is the largest contributor to group's headline earnings.

In South Africa, economic activity and business confidence improved as public health restrictions were eased. Stronger commodity prices supported recovery in tax collection, enabling extended assistance to citizens and sectors most impacted by the pandemic without creating excessive additional fiscal pressure. After a sluggish start, the national vaccine programme gained momentum through various government and public-private initiatives to improve awareness and access.

SBSA's headline earnings grew to R12 877 million in 2021, up more than 100% on the prior year, with an ROE of 12.5%.

SBSA maintained a strong liquidity position, and we continued to operate within approved risk appetite parameters. SBSA's capital and liquidity positions remained robust and in excess of regulatory minimums.

SBSA grew gross loans and advances by 6%, as disbursements and payouts improved across CHNW and BCC,

coupled with improved origination as general business activity resumed.

Strategic initiatives implemented in CHNW and BCC yielded growth of 5% in deposits and current accounts, alongside strong growth in savings and investment deposits. Although demand for longer-dated deposits declined in the corporate portfolio as clients continued to manage their cash flows in an uncertain market, the broader portfolio grew due to key client retention and new clients.

Total income improved by 10% compared to 2020, as lockdown measures eased and economic activity resumed. Investment in strategic digital initiatives together with normalised incentive provisioning drove an increase in operating expenses of 8%, leading to an improved cost-to-income ratio of 62.2% and positive jaws of 198 bps.

Credit impairment charges were 54% lower, largely due to improved collections as the economy recovered from the hard lockdown in 2020.





Africa Regions overview

Africa Region's contribution to the group's headline earnings was 36% for 2021.

As the pandemic and its socioeconomic effects eased, general business activity improved. The top six contributors to Africa Region's headline earnings remained Angola, Ghana, Kenya, Mozambique, Nigeria and Uganda. Sub-Saharan Africa benefited from global tailwinds, particularly in those countries with links to commodities. Interest rates remained low, with only Uganda recording an additional interest rate cut of 50 bps while the following countries recorded interest rate increases – Mozambique 300 bps, Zambia 50 bps and Ghana 100 bps during 2021.

Africa Regions legal entities' headline earnings reduced by 2% in rand terms, but increased 6% in CCY to R8 995 million and achieved an ROE of 18.2% (2020: 18.8%). The performance was impacted by lower market volatility which depressed trading revenues, a lower average interest rate environment which resulted in negative endowment, devaluation of local currencies against the US dollar, the strengthening of the rand, and continued investments in digital solutions to better serve our clients. Our markets continued to experience economic pressure associated with Covid-19 challenges. Despite this, the business recorded positive balance sheet growth in CCY, improved credit impairment charges, good growth in transactional activity and prudent costs management notwithstanding high inflation rates in significant markets.

Balance sheet performance was driven by strong deposit growth in CCY due to an increase in client acquisition numbers, particularly in Angola and Zambia, improved client performance, and the impact of delayed capital investment spend by clients as they remained cautious in an uncertain operating environment. Our new digital lending and client onboarding platforms contributed to an increase in overdraft utilisation and revolving credit facilities which supported the strong growth in loans and advances to customers. The impact of a decreasing cash reserving ratio, particularly in Nigeria, resulted in available liquidity to drive customer loan disbursements. Surplus liquidity was effectively deployed to invest in government securities, particularly in the West Africa region albeit at lower yields than 2020.

Credit impairment charges decreased to R2 076 million (2020: R2 982 million) due to improved customer risk profiles and forward-looking assumptions. There were no material sovereign risk downgrades during the period.

Operating expenses were up 18% in CCY but 2% lower than the weighted average inflation for the region. This was driven largely by staff cost increases commensurate with the high inflationary environment, higher depositor insurance charges in Nigeria and Ghana, and continued investments in digital capabilities delivering new client solutions resulting in transactional volume growth.

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

East Africa

Headline earnings grew 22% to R1 710 million in 2021. Growth in NII of 6% was supported by an increase in term loans and deposits in Kenya and Uganda due to aggressive client acquisition campaigns and propositions, and a change in balance sheet mix. This was partly offset by negative endowment in a lower average interest rate cycle. NIR grew by 9% mainly due to higher transactional volumes and increased cross-border activities as lockdown restrictions were eased across the market.

South & Central Africa

Headline earnings increased 8% to R4 099 million. Effective execution on our digital lending platforms led to strong balance sheet growth of 11% in both loans and deposits in Botswana, Mauritius, Mozambique and Zimbabwe.

Zimbabwe's hyperinflationary environment and the rapid depreciation of the local currency against the US dollar continued to put pressure on the operating results. In response to these factors, the strategy was to increase utilisation of digital platforms to drive transactional activity, protect foreign exchange market share and investment in non-monetary assets yielding positive fair value adjustments.

West Africa

Headline earnings decreased by 3% to R3 186 million in 2021. The performance was impacted by expenses which increased 13% due to higher depositor insurance charges in Nigeria and Ghana, the impact of local currency devaluation on US dollar denominated IT costs and continued investments in digital capabilities.



For detailed results, refer to the Standard Bank Group financial results available [online](#).



Towards 2025

2022 has started with strong business momentum. We are confident we are on track to deliver against the 2025 targets.

In 2022, global growth is expected to remain above trend, financing conditions are expected to tighten and inflation to fade. The IMF is forecasting global real GDP growth of 4.4% and 3.7% in sub-Saharan Africa. Pent-up consumer demand should fuel spending and support trade. Geopolitical tensions, particularly the developments in Ukraine, present risks. The situation in Russia and Ukraine is complex and constantly evolving. We are actively monitoring these events in order to comply with all relevant local and international laws and guidelines. The group has limited direct exposure to Russia and Ukraine across its controlled operations. We are however, giving due consideration to the potential secondary impacts across our countries of operation, for example financial markets, trade, transport logistics, commodity and food prices.

In many sub-Saharan economies, debt levels are high, and there will need to be balance between fighting inflation and supporting the economic recovery. Interest rate increases are expected in Botswana, Eswatini, Ghana, Lesotho, Mauritius, Namibia, South Africa, Uganda and Zambia and possibly Angola.

South Africa's economic rebound is expected to continue, albeit at a slower rate (SBG research forecasts 2022 real GDP to be 2.0%) as policy stimulus fades and terms of trade retreat from the recent record highs. Inflation is expected to moderate, supporting a gradual rate hiking cycle. We expect three further 25 bps increases over the course of the year. Persistent idiosyncratic risks remain, particularly electricity disruptions and high levels of unemployment. If structural reforms were accelerated, it could boost confidence, investment and drive faster growth.

We recognise the urgent need to develop new revenue streams and we are making good progress in terms of scaling our digital payments, platforms and partnerships. We remain focused on the diligent allocation of capital to fund expansion, while managing costs.

The risks we face are varied and complex, currently much attention has been placed on climate risk. We have published board-approved climate policy which includes short-, medium- and long-term targets and is aligned to our commitment to net zero by 2050. We recognise Africa's economic, social

and environmental development challenges and the need for a just transition, and are purposeful in delivering a positive impact.

Together, Liberty and Standard Bank represent a formidable competitor on the continent, with over R1.4 trillion in AUM and R73 billion in GWP across our short- and long-term businesses.

In 2022, we expect higher average interest rates to support margins, which, together with higher average balance sheets, will support NII growth. Non-interest revenue will continue to grow as our larger client franchise and higher

activity-related fees offset potentially lower trading revenues. We will maintain a continued focus on costs, in line with our 'save to invest' principle, with the objective of delivering positive jaws. CIB's credit impairments charges are expected to normalise. BCC's credit loss ratio is expected to move down into its through-the-cycle range. The group's CLR is expected to remain at the lower end of the group's through-the-cycle range of 70 to 100 basis points. Deliberate resource allocation, including to higher ROE businesses, and further capital optimisation, will support a further recovery in group ROE.

2025 financial targets

Revenue growth

CAGR 2020 to 2025

7% – 9%

Cost-to-income ratio

Approaching 50%

Credit loss ratio

Through-the-cycle

70 bps – 100 bps

Return on equity

17% – 20%

CET 1 ratio

>11.0%

- Banking **7% – 9%**
- Insurance and investments **10% – 14%**
- Beyond financial services **50%**

Disciplined cost and risk management

Diligent capital allocation with a dividend payout ratio of **45% – 60%**



SEE impact



DRIVE SUSTAINABLE
GROWTH AND VALUE

We are committed to Africa's growth and to forging a sustainable growth path that benefits both current and future generations.

We have embedded the consideration of social, economic and environmental (SEE) impacts into our business strategy and decision-making processes. We take our responsibilities to society and the environment seriously, and we commit to being transparent and accountable for our impacts.

MEASURING OUR STRATEGIC PROGRESS

What success looks like

We drive Africa's growth and create shared value, delivering positive outcomes across our seven SEE impact areas.

How we manage our SEE impact

Our focus is to leverage our business activities to drive Africa's growth while simultaneously making a substantial positive impact on society, the economy and the environment. Our selected impact areas align to our core competencies and are informed by the needs of Africa's people, businesses and economies as well as the UN SDGs, the African Union's Agenda 2063, the urgent need to lower carbon emissions to slow climate change, and to support mitigation and adaptation strategies.

How we measure our SEE impact

One of the ways we track and measure progress is through our inclusion in global environmental, social and governance (ESG) indices.

	Measure	2021	2020	2019	2018
S&P Global Corporate Sustainability Assessment	Out of 100, higher is better	61%	60%	51%	46%
FTSE4Good Index series	0 to 5, higher is better	Included (3.9)	Included	Included	Included
MSCI ESG rating	AAA to CCC	AA	AA	AA	AA
CDP Climate Score	A to F	C	C	B-	B-
Sustainalytics ESG risk rating	Out of 100, lower is better	25.6 med risk (298 out of 1 011 banks)	25.5 med risk (266 out of 975 banks)	29.9 med risk (339 out of 943 banks)	32 med risk (226 out of 975 banks)
Corporate Knights Global 100 most sustainable corporations		n/a¹	53	51	n/a
Bloomberg gender equality index		67.78²	n/a	n/a	n/a

¹ Not included in 2021.

² First year of participation.

Trade-offs and constraints to creating value

- Implementing new solutions to improve access to finance for small businesses and entrepreneurs to enhance their growth and job creation potential while managing the default risk for this client segment which is generally higher.
- Balancing the challenges posed by climate change and the need for a just energy transition in Africa that facilitates access to affordable energy, economic growth and poverty alleviation.

- Supporting innovation and debt restructuring for sectors impacted by climate change in a manner that maintains the integrity of our loan book and the viability of our clients' businesses.
- Ensuring that our decisions uphold human rights, adhere to applicable laws and regulations and consider the most optimal strategies to mitigate environmental impact may not result in short-term profits, but aligns with our purpose to achieve positive impacts for all our stakeholders in the longer term.



SEE IMPACT AREA

OUR SUSTAINABILITY PRIORITIES

OUR 2021 IMPACTS



Financial inclusion

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES



Accessible and affordable digital solutions for under-banked and unbanked individuals, entrepreneurs and small businesses.

Enabled people and enterprises to access sustainable finance products, ESG-linked investing and green energy solutions

- Ten million active retail clients in South Africa
- Increased digitally active clients and digital transaction volumes: digital lending up 40% in South Africa and 200% in Africa Regions; Instant Money access points up from 15 000 to 50 000, with 16% growth; over 100 000 people use Unayo digital accounts and over 1.6 million clients use MyMo
- Over 8 000 small-scale traders used Trader Direct.

Facilitated access to safe and affordable housing

- Affordable home loans book of R29.3 billion
- Almost R5 billion of new affordable home loans registered in South Africa in 2021.

Supported financial literacy

- Reached millions of South Africans through WalletWise campaigns on TV, radio and social media
- Over 11 000 people participated in Financial Fitness webinars and over 4 000 people participated in Leadership Academies.



Read more in our RTS [online](#).



Job creation and enterprise growth

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Improving access to a wide range of financial services for small enterprises, and supporting small enterprises to access value chains and markets.

Supported SME growth

- Almost 53 000 SMEs use our MyMoBiz account
- In South Africa, lent R140 million to 700 SMEs who would not normally qualify for a commercial bank loan under traditional scoring rules, sustaining 1 357 jobs
- Supported 38 start-ups through our partnership with Founders Factory Africa
- In South Africa, our OneFarm Share platform grew to 1 850 beneficiary organisations and 126 contributors, 75 of whom are emerging farmers, increasing access to market and improving food security
- Launched OneHub One, a business-to-business marketplace, which has 559 corporate users across 370 clients, and 28 partner users
- Partnered with SME clients impacted by Covid-19 across Africa, and by social unrest in South Africa.



Read more in our RTS [online](#).



SEE IMPACT AREA

OUR SUSTAINABILITY PRIORITIES

OUR 2021 IMPACTS

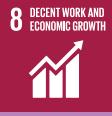
 Sustainable finance and climate change   	<p>Support Africa's transition to a lower carbon economy, partner with clients to enable mitigation of climate change impacts, and improve access to reliable and sustainable energy sources.</p> <p>Target: Mobilise a cumulative amount of R250 billion to R300 billion for sustainable finance by 2026.</p> <p>Baseline: 2020 sustainable finance gross origination of R13.5 billion.</p>	<p>Enabled people and enterprises to access sustainable financial products, ESG-linked investing and green energy solutions</p> <ul style="list-style-type: none"> Provided 14 sustainable finance loan facilities to the value of R16.2 billion, and arranged eight sustainability finance bonds, to the value of R5.8 billion Rolled out the PowerPulse digital platform to help clients source green energy solutions, supporting clients to transition 321 sites to more sustainable operations and partnered with 95 green energy solution providers to grow their businesses Supported ten small-scale embedded generation independent power producers to start their asset portfolios Provided clients with ESG-linked investing options through Melville Douglas discretionary managed responsible portfolios and Global Impact Fund. <div style="border: 1px solid #ccc; padding: 5px; display: inline-block;">  Read more in our RTS online. </div>
 Infrastructure  	<p>Invest in energy, water, transport and telecommunications infrastructure to facilitate economic growth and create opportunities for job creation and human development.</p> <p>Target: By end of 2024, provide an additional R50 billion financing for renewable energy power plants and underwrite financing of additional R15 billion (as part of the overall sustainable finance target).</p>	<p>Supported infrastructure development</p> <ul style="list-style-type: none"> Investment in renewable energy – R2.5 billion Investment in LNG – R616 million Investment in water infrastructure – R2.19 billion Investment in port infrastructure – R2.09 billion <p>Partnered with clients to ensure project level environmental and social risks are appropriately managed</p> <div style="border: 1px solid #ccc; padding: 5px; display: inline-block;">  Read more in our RTS online. </div>



SEE IMPACT AREA

OUR SUSTAINABILITY PRIORITIES

OUR 2021 IMPACTS

 Africa trade and investment 	<p>Provide clients with trade solutions to enable optimal international trade and minimise logistical challenges, and facilitate relationships with importers and exporters.</p>	<p>Facilitated trade and investment flows between African countries and with key global markets</p> <ul style="list-style-type: none"> Provided over 47 000 African businesses with trade finance solutions Assisted over 100 clients with logistics and trade financing needs to the value of almost R3 billion through Trade Suite in South Africa. <p>Facilitated cross-border payments in the Africa-China corridor in 2021</p> <ul style="list-style-type: none"> R46 billion cross-border payments, excluding South Africa, an increase of 40% in value and 33% in volume. <p>Matched 102 export businesses from 11 countries to Chinese importers via virtual matchmaking sessions</p> <div style="border: 1px solid #ccc; padding: 5px; display: inline-block;">  Read more in our RTS online. </div>
 Education 	<p>Support access to quality education and training to enable Africa's people to thrive in a digitised world through innovative financial solutions.</p>	<p>Provided tailored financial solutions to students and educational institutions</p> <ul style="list-style-type: none"> Partnered with FinTechs to deliver solutions including Fastcomm, for digitised Covid screening; Sorted, for cash-free campuses; and WaFunda, for financial literacy tailored for students. <p>Improved access to student finance</p> <ul style="list-style-type: none"> Disbursed over R75 million through Feenix, supporting 2 300 students since inception Assisted 116 medical students with loans totalling R16.5 million, through partnerships with Discovery Foundation and Stellenbosch University. <p>Invested in employee skills development</p> <ul style="list-style-type: none"> Invested R733 million in employee development across the group. <p>Supported access to education through CSI programmes</p> <ul style="list-style-type: none"> Invested R72.4 million in CSI programmes in South Africa and USD1.1 million in Africa Regions to improve access to quality education. <div style="border: 1px solid #ccc; padding: 5px; display: inline-block;">  Read more in our RTS online. </div>



SEE IMPACT AREA

OUR SUSTAINABILITY PRIORITIES

OUR 2021 IMPACTS



Health

3 GOOD HEALTH
AND WELL-BEING

Invest in our employees' health, safety and wellbeing, finance healthcare providers and develop health-related infrastructure in Africa.

Financed healthcare providers and the development of health-related infrastructure

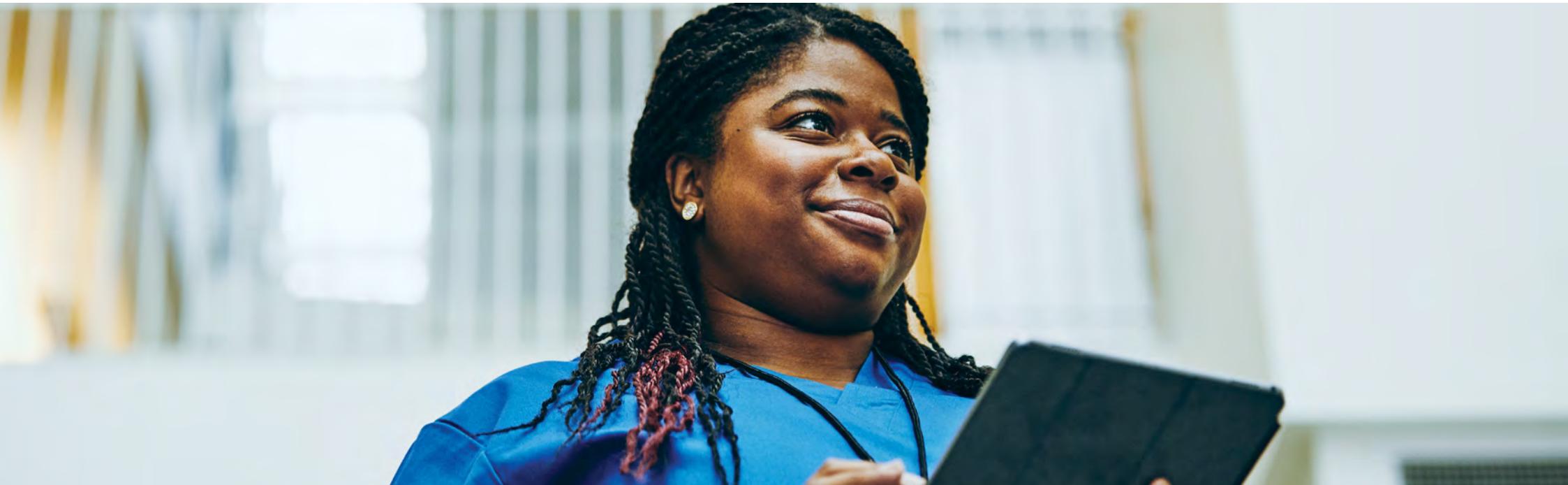
- Enabled expansion of world-class health facilities in Namibia and South Africa.

Supported employee health and wellbeing

- Spent R252 per employee p.a. on employee assistance programmes
- Supported employees to access Covid-19 vaccinations across our countries of operation.

Supported access to healthcare through CSI investment

- R8 million invested in CSI programmes to improve public access to Covid vaccinations in South Africa
- R67.9 million on humanitarian relief including food aid to communities impacted by social unrest and natural disasters in South Africa
- USD1.7 million on health-related CSI spending in Africa Regions.

[Read more in our RTS **online**.](#)



BEING ACCOUNTABLE





Governing value creation

We have well-defined governance structures embedded across the group, supporting our ability to create and preserve value, while guarding against value erosion.

Our approach to corporate governance enable integrated thinking and decision-making that balances the achievement of our strategic priorities over time and reconciles the interests of the group, stakeholders and society in creating and protecting sustainable shared value and guarding against value erosion in the short, medium and long term.

As an integral part of the societies in which we operate and on which we depend for our licence to operate, we recognise our duties as a responsible corporate citizen to act in a manner that benefits these societies.

Our corporate governance approach rests on the following clear commitments:

Promoting transparency, accountability and empathy in managing our stakeholder relationships and ensuring our clients are treated fairly and consistently.

Delivering a positive impact on society, the economy and the environment through our business activities.

Adhering to applicable regulatory and governance standards.

Instilling an ethical and risk-aware culture that recognises that the trust our stakeholders have in us is the foundation of our legitimacy and the basis on which we are able to compete, collaborate and change.

Our governance philosophy and framework

Our ability to anticipate and respond effectively to change underpins our governance philosophy and supports the acceleration of our strategy, including how the board provides counsel and oversight. Our philosophy supports the digital enablement of governance, allowing the group to adequately introduce new operating models, understand the opportunities and risks associated with accelerating the strategy and managing constraints to effectively allocate our resources in an ever-changing world to deliver and protect sustainable shared value. Our board-approved governance framework is embedded in all the group's operations and is designed to provide clear direction for responsive decision-making and support responsible behaviour.

King IV forms the cornerstone of our governance approach. Our application of its principles is embedded throughout our governance framework and this allows us to achieve the good governance principles of ethical culture, good performance, effective control and legitimacy.



Details on how the group applied the King IV principles are in the full governance report available [online](#).

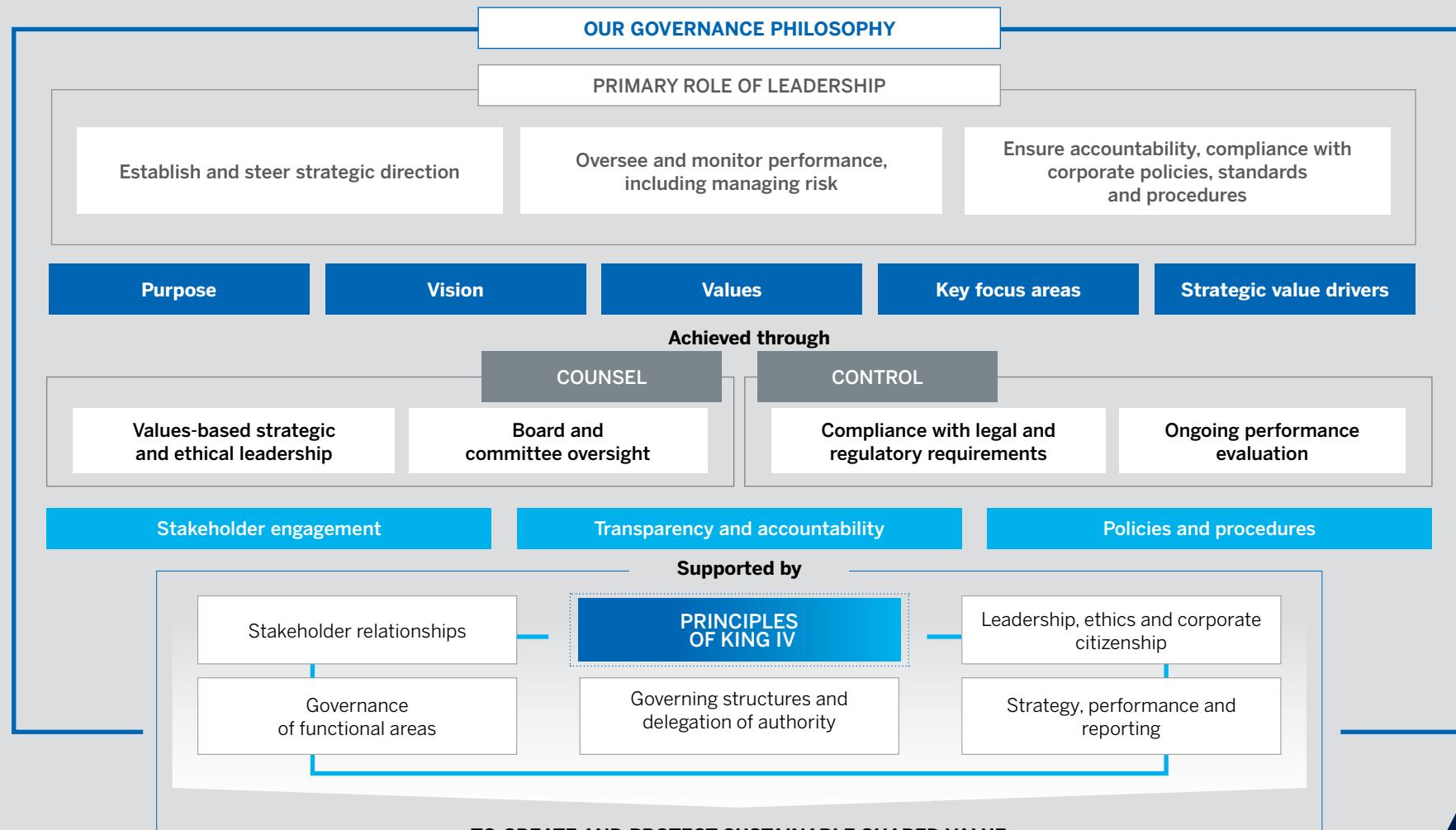
We implement our framework principles to:

Ensure the pursuit of strategic opportunities within the board-approved risk appetite, supporting a prudent balance of risk and return.

Provide controls that are effective in avoiding financial loss or reputational damage due to misconduct or unethical behaviour.

Embed the principle of doing the right business, the right way and ensuring ethical business practices are embedded within and across our markets.

Support our legitimacy as a responsible corporate citizen, enhancing the resources and relationships we rely on today for the future benefit of the group, our clients, employees, stakeholders and society.





Achieving governance outcomes that drive sustainable shared value

The embedded practices that support how the board executes its duties ensured that the board maintained its commitment to achieving high standards of corporate governance, integrity and a sound ethical culture across the group's operations.

STAKEHOLDER RELATIONSHIPS



Stakeholder engagement is governed by the group's stakeholder engagement principles and overseen by the group social and ethics committee. These principles provide a guideline for the group's operations across geographical areas and recognises the need to accommodate local contexts.



Read more on [page 24](#).

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP



Our board is responsible for the ethical and effective leadership of the group. The chairman and the board set the ethical tone for the group.

Our purpose, values and ethics are the basis on which we institutionalise an ethical culture across the group and in the delivery of our strategy. Our code of ethics provides our people with practical guidance on how to behave, outlines acceptable conduct and empowers them to make faster, more confident decisions within clearly defined parameters. The board and committee effectiveness assessments and executive management performance evaluations measure conduct against the group's values and code of ethics.

Our overarching governance framework supports the institutionalisation of an ethical culture providing the cornerstones for the group's legitimacy through its focus on the governance of our conduct as individuals, in our markets and in society.

Our ethics framework

Our ability to achieve our purpose depends on our legitimacy and reputation as a trusted partner to our clients, and is underpinned by the ethics and values shaping our organisational culture and the conduct of our people. The board and executive leadership are responsible for ensuring an appropriate focus on ethics, conduct and positive client outcomes. We continue to review our approach to ethics to ensure it remains relevant and evolves as we transform the group.



Read more about our approach to ethics on [page 89](#).

STRATEGY, PERFORMANCE AND REPORTING



In approving the group's strategy, the board considers the group's purpose, vision, values and legitimacy, as well as the external environment, the group's operating model, infrastructure and resources and its performance against the metrics associated with our value drivers to ensure the long-term success and sustainability of the group.

The board has continued to take steps to improve its oversight and understanding of the implications of the new operating model:

- Additional feedback from management on the progress to date from 'future-ready' workstreams was received
- Throughout the month of July the board hosted weekly series of 'fireside' conversations with management to discuss group performance. This included, but was not limited to:
 - The balance between 'future-ready transformation' and current business priorities
 - Share price performance, annual budgeting, system stability and communication
 - ESG considerations.

These sessions followed a less formal approach to traditional board meetings and provided

both the board and management with additional avenues to discuss group performance and get insights into the business.

Setting the agenda and board meetings

Board and committee meetings can be held in a combination of in-person and virtually, with virtual meetings ensuring the safety of board members and employees.

A forward planner with standing agenda items is prepared annually.

The chairman considers emerging issues affecting the group and adds these to the agenda as needed.

Care is taken to ensure the board has the appropriate time to consider matters critical to the group, including compliance, administrative and governance matters.

After each board meeting, a closed session is held for non-executive directors that provides them with an opportunity to test thoughts and raise matters considered inappropriate for discussion in the presence of the executive directors. The chairman provides feedback to the group chief executive officer.



Offering effective counsel

Covid-19 placed considerable strain on our retail, business and corporate clients, particularly in South Africa. The social unrest in South Africa and subsequent riots placed additional strain on an already suffering economy. We remained strategic in our response and balanced in our approach during this challenging and uncertain time. Through it all, our commitment to our purpose has been unwavering.

Our focus throughout 2021 was to continue serving our clients in a digital way, while supporting our employees and clients to navigate the risks brought about by the pandemic and the recent civil unrest.

Assessing the effectiveness of the board

The performance of the board and its committee are assessed through:

The board, together with the group risk and capital management committee, group engineering committee, group social and ethics committee and the group audit committee continued to provide oversight of the various impacts of the Covid-19 pandemic and of the social unrest, and the relief measures offered by the group. The board endorsed management's approach to respond to and recover from the pandemic.



Key matters that were discussed by the board in addition to standard board agenda items include those on [page 131](#).



Mandate reviews

A detailed assessment of the compliance of the board and each subcommittee with the provisions of their respective mandates is done annually. The group's external auditors conduct a limited assurance assessment on the review and express an opinion in this regard.

Effectiveness evaluation

The chairman, the board and its committees undergo an annual effectiveness evaluation, in terms of section 64B 2(b)(iv) of the South African Banks Act 94 of 1990. The board alternates every other year between an externally facilitated independent evaluation, and an internal evaluation facilitated by the chairman, supported by the group secretary. Directors also participate in peer reviews which are conducted every three years.

One-on-one discussions

Evaluation of individual director performance is carried out by the chairman in one-on-one discussion with individual directors.

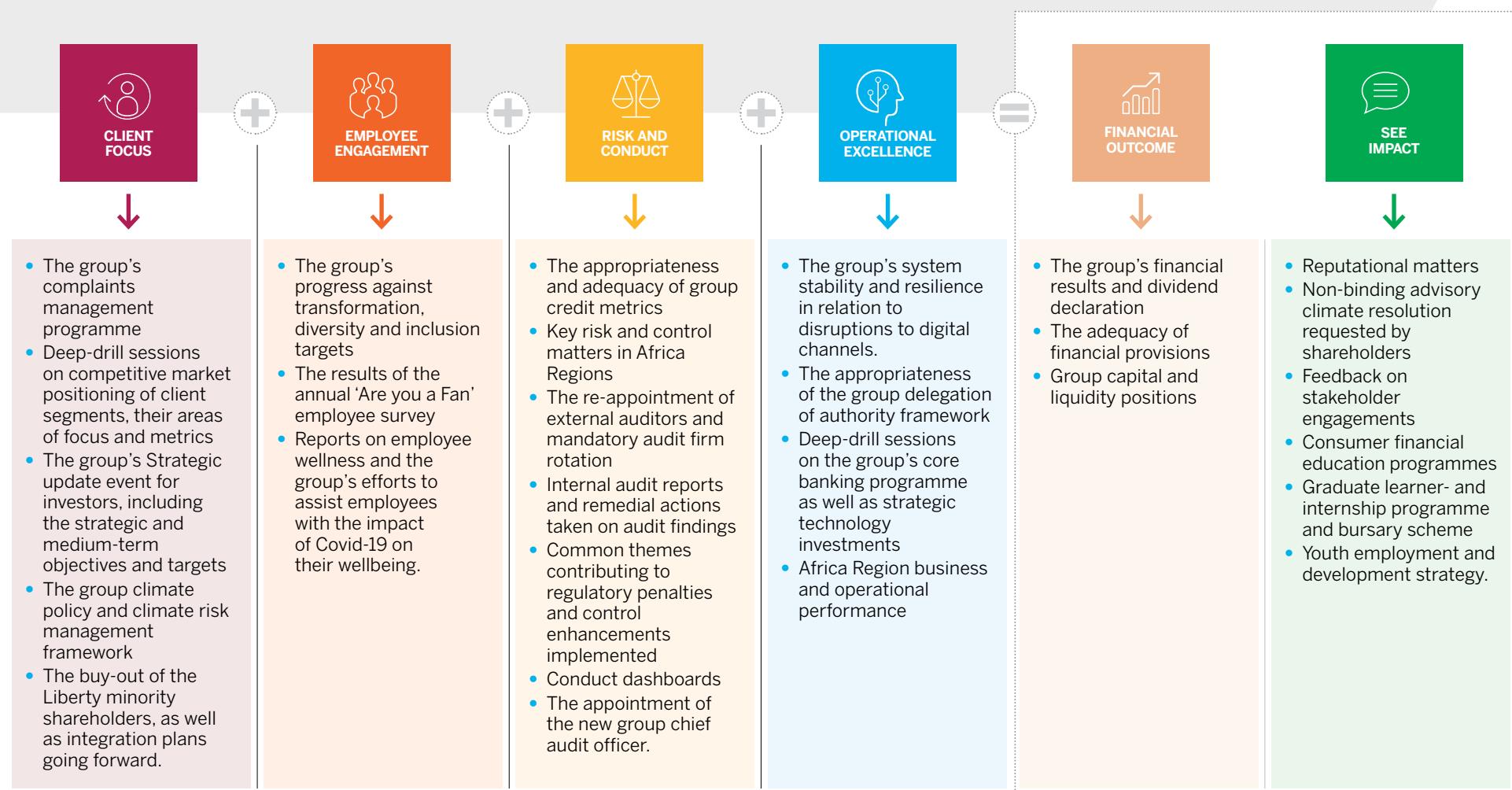
The annual board evaluation process provides an opportunity to identify greater efficiencies, maximise strengths and highlight areas of further development to enable the board to continually improve its performance and that of the group.

The 2021 board evaluation review was internally facilitated, conducted by the group secretary, with oversight by the DAC. This evaluation took the form of a series of questions with opportunity to provide free text comments or observations throughout the questionnaire. While the evaluation allowed for the board to review its effectiveness in 2021, the evaluation also intended to follow up on matters raised by directors in the 2020 Korn Ferry board effectiveness review, to assess whether directors are satisfied with progress. Key findings from the evaluation can be accessed online in the full [governance report](#).



BALANCING OUR VALUE OUTCOMES **providing effective oversight**

The board and its committees considered the following key items, in addition to the standard agenda items according to their mandates.





GOVERNING STRUCTURES AND DELEGATION OF AUTHORITY



The board retains effective control through the governance framework and delegates certain functions to its committees according to clearly defined mandates and decision-making rights set by the framework. This allows the board to allocate sufficient attention to the matters reserved for its decision-making, while also ensuring that delegated matters receive in-depth focus. Committee chairmen are accountable for the effective functioning of board committees.

The board delegates the management of the day-to-day business affairs of the group to the group chief executive officer, with full power on behalf of and in the name of the board. The group leadership council provides counsel to the group chief executive officer, acting as a sounding board and ensuring overall coordination across the group, legal entities and other key stakeholders. Members of the group leadership council exercise powers in accordance with their delegated authority.



Read more about the group leadership council on [page 139](#).

Separation of roles and responsibilities

The roles of chairman and group chief executive officer are separate. The allocation of responsibilities is clearly set out in the board mandate, ensuring that no single director has unfettered powers in the board decision-making process. Executive directors and the group's prescribed officers attend board meetings, increasing the contact between the board and management.

The board has appointed a lead independent director, whose role is to further strengthen the independence of the board and maintain an additional channel for shareholders to raise any concerns.

Board composition and skills

The collective background of the board members provides a balanced mix of skills, demographics, genders, nationalities, experience and tenures to enable it to fulfil its governance role and responsibilities objectively and effectively. The board considers its size and composition to be appropriate.

A skills matrix is applied to ensure directors have the relevant range of skills and experience in the short term and to identify specific skills required to create and preserve value in the long term.

To complement the board's current skill set, Paul Cook was appointed to the board in February 2021. Lubin Wang, ICBC's nominated director, resigned from the boards and was replaced by Li Li in November 2021. André Parker retired from the board at the conclusion of the 2021 AGM having reached the mandatory non-executive director retirement age and Maureen Erasmus resigned from the board with effect from 16 February 2022.

The below indicates the number of directors who are considered as highly skilled and experienced in each area.





Diversity and independence

The board-approved promotion of gender and diversity policy was approved in 2018 with a voluntary target of 33% female representation on the board by 2020. Having achieved this, the board has revised its female representation target to 40% by 2025.

The board resolved to maintain the race diversity targets in line with the management control scorecard as set out in the Amended Financial Sector Code of 2017. The board continues to consider these targets in the implementation of its succession plans and is satisfied with its progress.

An annual assessment of directors' independence is performed, including a self-assessment by each director and the consideration of each director's circumstances by the board.

Consideration is also given to whether directors' interests, position, association or relationships are likely to influence or unduly cause bias in decision-making when judged from the perspective of a reasonable and informed third-party.

Provision 8.1.2.8 of the directive deems non-executive directors who have served on the board for a period of nine years or more as not independent. The group applied for and was granted an exemption by the Prudential Authority from the effects of this provision until May 2023

for directors who had served on the board for longer than nine years. The exemption is subject to the annual external independent assessment classifications made.

Thulani Gcabashe, Myles Ruck and Kgomotso Moroka have all served for periods longer than nine years. Taking into account the above exemption and following a rigorous annual review, including independent external assessment confirmation, the board confirmed that Thulani Gcabashe and Myles Ruck continue to be independent in character, demonstrated behaviour and contribution to board deliberations and judgement, notwithstanding tenure. For the period under review Kgomotso Moroka, and ICBC's nominated directors Xueqing Guan and Li Li were not considered independent.

The board aims to pursue the race diversity targets included in the management control scorecard as set out in the Amended Financial Sector Code of 2017. The board considers these targets in the implementation of its succession plans and is satisfied with the progress made.

Board education and training

Continuing board education sessions are scheduled in advance to ensure full board participation. Ongoing director education ensures that the board has both the awareness of relevant trends and the appropriate skills to offer relevant counsel and provide effective oversight as the group delivers its 2025 Ambition.

Topics covered in 2021 included:

- **ESG:** A specialist-led panel discussion on ESG coordinated by the CIB team
- **Anti-financial crime:** A refresh of some of the well-known concepts of money laundering, terrorist financing and proliferation financing, as well as the measures that the group has in place to mitigate these risks
- **Financial Conglomerate Standards:** An update on the group's readiness for the implementation of the Financial Conglomerate Standards and an overview of the board's responsibilities in this regard.

Driving innovation

The board understands that information and technology is an integral part of the group's strategy and 2025 Ambition. In line with the group's transformation to a platform organisation, the group technology and information committee was reconstituted as the group engineering committee. This reconstitution expands the board committee's oversight responsibilities to focus more specifically on the specific components of the group's strategic platform initiatives, engineering and technology partnerships, as well as data and technology-related innovation initiatives and strategies. While the committee will continue to oversee the governance of technology and information in accordance with the requirements of King IV and assist the other board committees with oversight of relevant technical issues, this will not be the committee's major area of focus.



Board committees

Board committees in 2021 included:

GROUP RISK AND CAPITAL MANAGEMENT COMMITTEE

Chair: Myles Ruck

Attendance
98 %

Purpose

- To provide independent and objective oversight of risk and capital management across the group.
- Reviews and assesses the adequacy and effectiveness of the risk and capital management governance framework and ensures that associated standards and policies are clear, appropriate and effective.
- Evaluates and agrees the nature and extent of opportunities and ensures discipline and control in managing the associated risk in pursuit of the group's strategic priorities.

Key activities performed

- Oversight of the group's risk portfolio
- Financial and non-financial risk management
- Capital and liquidity risk management
- Internal capital adequacy assessment process
- Regulatory matters
- Governance
- Oversight

GROUP AUDIT COMMITTEE

Chair: Trix Kennealy

Attendance
100 %

Purpose

- To monitor and review the adequacy and effectiveness of accounting policies, financial and other internal control systems and financial reporting processes.
- Provides independent oversight of the group's assurance functions, including reviews of the independence and effectiveness of the external audit, internal audit and compliance functions.
- Assesses compliance with applicable legal, regulatory and accounting standards and policies in the preparation of fairly presented financial statements and external reports.

Key activities performed

- Oversight of the internal control environment and financial results
- Internal audit
- Compliance
- Tax
- Financial accounting and external reporting
- Financial control
- Non-audit services
- Interim and annual financial statements
- External audit
- Oversight

GROUP DIRECTORS' AFFAIRS COMMITTEE

Chair: Thulani Gcabashe

Attendance
85 %

Purpose

- Determines the appropriate corporate governance structures and practices.
- Maintains the board continuity programme.
- Ensures compliance with all applicable laws, regulations and codes of conduct and practice.
- Assesses and ensures the effectiveness of the board and its committees.

Key activities performed

- Succession planning and board composition
- Corporate governance
- Board performance review
- Group subsidiary governance framework

GROUP ENGINEERING COMMITTEE

Chair: John Vice

Attendance
100 %

Purpose

- Ensures prudent governance of technology and information.
- Oversees related governance mechanisms to support the group's achievement of its strategic objectives.

Key activities performed

- Oversight of technology strategy, governance and investment
- Cybersecurity and cyber resilience
- Enterprise data management
- Governance and assurance



GROUP SOCIAL AND ETHICS COMMITTEE

Chair: Kgomo Moroka

Attendance
100 %

Purpose

- Ensures that social conscience is embedded in the way the group does business.
- Ensures the development of appropriate policies relating to stakeholder and reputation management.
- Monitors the impact of the group's activities on the environment, society and how this is governed
- Considers the conduct of the group to ensure its in line with group values and code of ethics.
- Ensures material stakeholder concerns receive attention from the board and management.

Key activities performed

- Stakeholder engagement
- Transformation
- Employee engagement
- Ethics
- Reporting
- Corporate citizenship
- Impact on environment

GROUP REMUNERATION COMMITTEE

Chair: Trix Kennealy

Attendance
100 %

Purpose

- Assists the board with ensuring fair and responsible remuneration.
- Develops the group's remuneration philosophy and policy in line with best practices and engages key stakeholders in this regard.

Key activities performed

- Remuneration
- Incentive schemes, share-based payments and other benefits
- Subsidiary remuneration committees
- Governance

GROUP MODEL APPROVAL COMMITTEE

Chair: Jacko Maree

Attendance
100 %

Purpose

- Assists the board in managing model risk according to the advanced internal ratings-based approach for measuring exposure to credit risk, stipulated by the Banks Act.
- Performs functions set out in the associate regulations, including inspecting risk evaluation models for approval.
- Reviews model risk governance processes and monitors the group's model universe and model risk appetite.

Key activities performed

- Model approval
- Model risk oversight
- Model governance

GROUP LARGE EXPOSURE CREDIT COMMITTEE¹

Chair: Myles Ruck

Attendance
100 %

Purpose

- Responsible for overseeing compliance with relevant regulatory requirements in respect of large exposures.
- Reviews credit risks associated with the exposure as well as the mitigating actions to be implemented in order to ensure the maintenance of effective risk management in the bank.

Key activities performed

- Reviewed and approved loans, advances or credit in accordance with committee's mandate and as aligned to regulatory requirements in respect of large exposures.

¹ Following guidance received from the SARB on interpretation of existing regulations relating to the establishment of large exposure credit committees as well as proposed amendments to the large exposure regulations relating to banks, the group large exposure credit committee was constituted, effective 1 July 2021.



Read more in our full governance report [here](#).



Our leadership

The group board

Our directors have deep experience and diverse skills, enabling the board to provide informed counsel, rigorous oversight and independent interrogation in leading integrated thinking in the group and guiding the group leadership council in the design and delivery of the group's strategy. Non-executive directors provide independent and objective judgement. They constructively challenge and monitor the executive management's delivery of strategy within the approval framework and risk appetite agreed by the board.

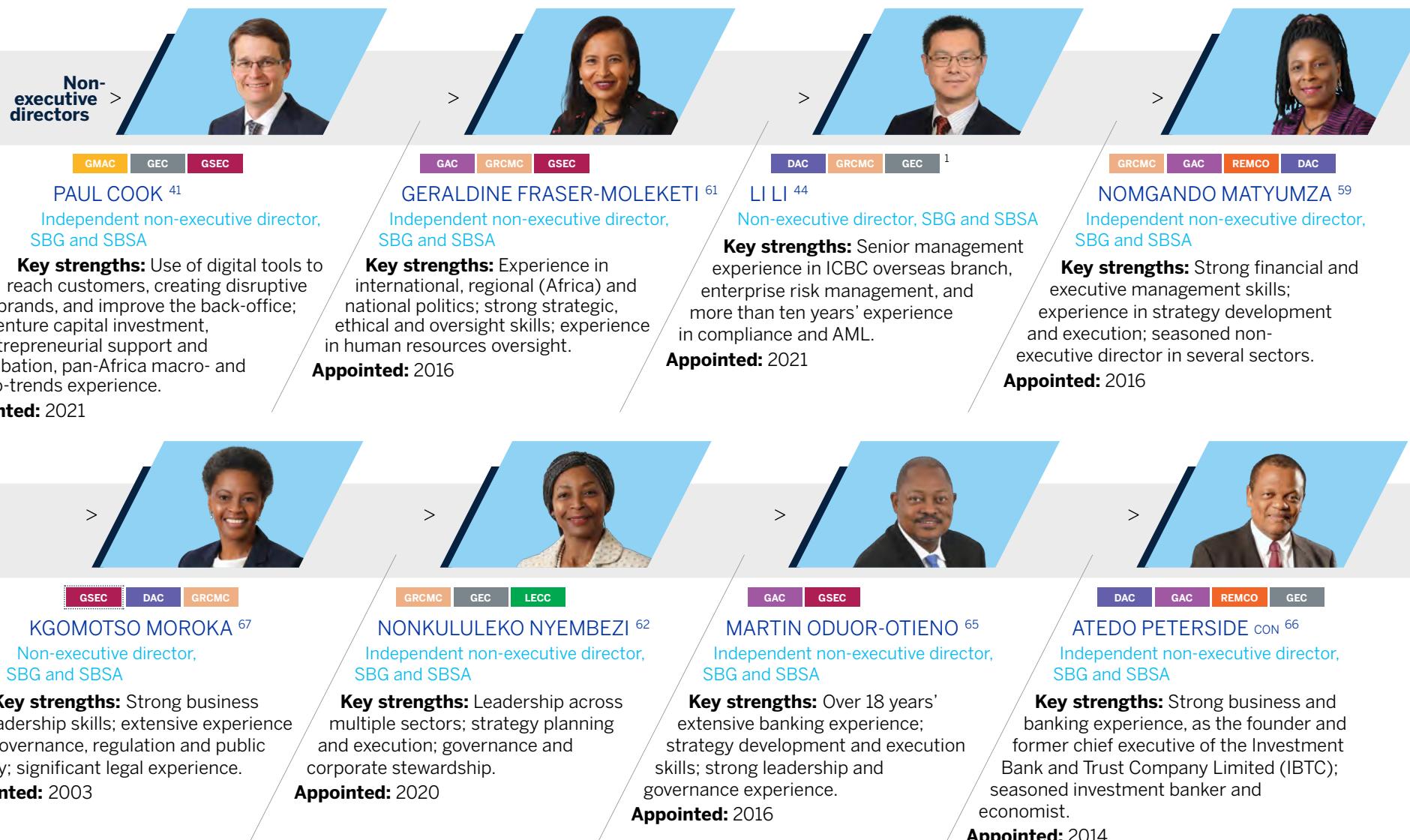


Committees:

DAC	Group directors' affairs committee
GEC	Group engineering committee
REMCO	Group remuneration committee

GAC	Group audit committee
LECC	Group large exposure credit committee
GSEC	Group social and ethics committee

GRCMC	Group risk and capital management committee
GMAC	Group model approval committee
	Committee chairman



¹ In capacity as alternative to Xueqing Guan.

Committees:

DAC	Group directors' affairs committee
GEC	Group engineering committee
REMCO	Group remuneration committee

GAC	Group audit committee
LECC	Group large exposure credit committee
GSEC	Group social and ethics committee

GRCMC	Group risk and capital management committee
GMAC	Group model approval committee
	Committee chairman

Non-executive
directors cont.

GRCMC LECC DAC

MYLES RUCK⁶⁶

Independent non-executive director, SBG and SBSA

Key strengths: Strong banking experience with a career spanning over 30 years; experience in running a large and complex business; extensive risk management experience.

Appointed: 2002

GEC GAC GRCMC

JOHN VICE⁶⁹

Independent non-executive director, SBG and SBSA

Key strengths: Extensive experience in auditing, accounting, risk and practice management; experienced IT advisor and consultant in IT strategy, risk, audit and controls; knowledge and experience of running businesses in South Africa and other African countries.

Appointed: 2016**Committees:**

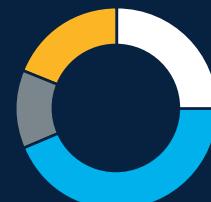
DAC	Group directors' affairs committee
GEC	Group engineering committee
REMCO	Group remuneration committee

GAC	Group audit committee
LECC	Group large exposure credit committee
GSEC	Group social and ethics committee

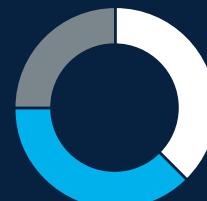
GRCMC	Group risk and capital management committee
GMAC	Group model approval committee
	Committee chairman

Independence

Independent non-executive directors	11
Non-executive directors	3
Executive directors	2

Tenure (years)

<3	4
3 – 6	7
6 – 9	2
>9	3

Race

White	6
Black	6
Non-South African	4

Age

Between 40 – 49	2
Between 49 – 59	4
<60	10

Gender

11



5

Committees:

DAC	Group directors' affairs committee
GEC	Group engineering committee
REMCO	Group remuneration committee

GAC	Group audit committee
LECC	Group large exposure credit committee
GSEC	Group social and ethics committee

GRCMC	Group risk and capital management committee
GMAC	Group model approval committee
	Committee chairman



Group leadership council

The group chief executive officer, supported by the members of the group leadership council, is accountable for the implementation of strategy and the performance of the group. The skills and experience of committee members underpins the group's ability to deliver its strategy.



SIM TSHABALALA
Group chief executive officer,
executive director, SBG and SBSA

Qualifications: BA, LLB (Rhodes), LLM (University of Notre Dame, USA), HDip Tax (Wits), AMP (Harvard)



ARNO DAEHNKE
Chief finance & value management
officer, executive director, SBG and
SBSA

Qualifications: BSc, MSc (UCT), PhD (Vienna University of Technology), MBA (Milpark), AMP (Wharton)



KENNY FIHLA
Chief executive officer, corporate &
investment banking

Qualifications: MSc (University of London), MBA (Wits)



DAVID HODNETT
Chief risk and corporate affairs officer

Qualifications: BCom (Wits), Bachelor of Accountancy (Wits), CA (SA), MBA (Manchester Business School/University of Wales), Advanced Diploma in Banking (RAU)



LUNGISA FUZILE
Chief executive officer, SBSA

Qualifications: MCom (UKZN), AMP (Harvard)



BILL BLACKIE
Chief executive officer, business &
commercial clients

Qualifications: BCom (Rhodes University), LLB (Rhodes University), MBA (Cape Town), AMP (INSEAD)



ALPHEUS MANGALE
Chief engineering officer

Qualifications: NDip Computer Systems Engineering (TUT), PG Management (Henley), EDP (CCL), AMP (Harvard)

Key:

Wits: University of the Witwatersrand | **UCT:** University of Cape Town | **UNISA:** University of South Africa; | **UKZN:** University of KwaZulu Natal | **TUT:** Tshwane University of Technology | **GIBS:** Gordon's Institute of Business | **UFS:** University of the Free State | **UJ:** University of Johannesburg



FUNEKA MONTJANE
Chief executive officer, consumer & high net worth clients

Qualifications: BCom (Hons) (Wits), MCom (UJ), CA(SA)



DAVID MUNRO
Group executive, Liberty integration

Qualifications: BCom, PGDip Accounting (UCT), CA(SA), AMP (Harvard)



MARGARET NIENABER
Chief executive officer, client solutions

Qualifications: BCompt (Hons) (UFS), CA(SA)



ADAM IKDAL
Chief strategy officer

Qualifications: MSC (Strategy and Finance) (Norwegian School of Economics), Bachelor in Business and Administration (University of Stavanger)



YINKA SANI
Chief executive officer, Africa Regions

Qualifications: B. Agric. (Hons) (Agricultural Economics) (University of Nigeria, Nsukka, Nigeria), MBA (Obafemi Awolowo University, Ile-Ife Nigeria), AMP (Harvard), Global CEO Programme (CEIBS, Wharton and IESE)



THULANI SIBEKO
Chief brand and marketing officer

Qualifications: BSc Bus Admin (California State University, Sacramento), MBA (Henley), Graduate Certificate (Harvard), CM(SA)



SHARON TAYLOR
Chief people and culture officer

Qualifications: BCom (UKZN), BCom (Hons) (UNISA)



ADRIAN VERMOOTEN
Chief innovation officer

Qualifications: MBA in New Venture Creation (Bond University, Australia)

Key:

Wits: University of the Witwatersrand | **UCT:** University of Cape Town | **UNISA:** University of South Africa; | **UKZN:** University of KwaZulu Natal | **TUT:** Tshwane University of Technology | **GIBS:** Gordon's Institute of Business | **UFS:** University of the Free State | **UJ:** University of Johannesburg



Background statement from the remuneration committee chair

Trix Kennealy
Chair of the remuneration
committee

Careful alignment of the interests of our shareholders with those of our executives, is the yardstick of our reward decisions. The extraordinary conditions of last year required us to moderate the negative impact on executives in the longer-run interests of all our stakeholders. It is gratifying that the group's better-than expected financial recovery and strong strategic progress in 2021 allowed us to restore the balance, with a leaning towards our shareholders.

Aligning interests of shareholders, stakeholders and society

Some two years ago, when the pandemic hit, the group committed to a three-phase approach: respond, recover, re-imagine. The group's operational and financial recovery has been steady and in the last year outpaced expectations, even as the socioeconomic implications of the pandemic persist.

Further, the group's [Strategy update](#) in August 2021 presented ambitious target-bound commitments to our stakeholders. This showed we are well on the way to re-imagining the business in a post-pandemic world, and in modernising the group for the digital era in a challenging – yet promising – African market.

Our strategy aims to make the group more efficient, innovative, competitive and sustainable as a digital platform organisation. This requires that we transform our client experience and execute with excellence, to deliver sustainable growth and value. Remco was pleased to note the specificity of the financial targets and, increasingly, also the non-financial targets that underpin the strategy, by which we will measure the group's progress on its strategic path to 2025.

We also note the balancing of expectations and interests of shareholders, stakeholders and society in the detailed strategies for each of the group's strategic value drivers. In summary, these will build loyalty and better engagement with our clients, by



serving them in ways that go beyond traditional financial services, and ensure we are able to secure the talent, relationships and resources we need to remain relevant and competitive.

Listening to, and hearing, our shareholders

Our 2021 AGM saw shareholders support all ordinary and special resolutions by healthy majorities. However, the non-binding advisory resolution on Standard Bank's remuneration policy received 68% in favour, falling short of the required 75%, and our implementation report cleared the threshold with 79% of shareholders in favour.

This gave us another opportunity to listen to shareholders and to better align their preferences and perspectives with those of executives and the long-term benefit of the group. Their feedback following the failed vote, together with the shareholder engagements earlier in the year, helped us adjust our policy accordingly.

We value active shareholders and, besides listening to them as we are required to do on the basis of a negative advisory vote, we are dedicated to ensuring their voices are heard in our decision-making. Indeed, the enhanced disclosures, with the tightening up of definitions and parameters for non-financial measures, and the increase in weighting for financial measures in the Performance Reward Plan (PRP) are the result of shareholder feedback.

We trust that our processes for arriving at decisions are clearer and simpler to assess. Transparency is all important and we remain committed to ongoing improvements in that regard. We have refined our descriptions of what constitutes value creation, setting clearer boundaries for discussion. Further, the crystallisation of our strategic priorities and associated targets allows for better oversight of executive performance across all dimensions of value.

Balancing financial and non-financial incentives

Non-financial measures in executive remuneration are becoming increasingly important, with providers of capital, governments and social actors adding their voices to the call for stakeholder involvement. ESG and sustainability are imperatives; companies must show that they are being run on ethical grounds, with due consideration of societal impact. Further, the concept of integrated reporting is based on the idea that companies enhance or deplete value which we measure across six value drivers, five of which are non-financial.

Another way of thinking about financial versus non-financial performance measures is in terms of lag and lead indicators. By definition, non-financial measures are lead indicators, anticipating the positive outcomes of brave and prescient decision-making; be they operational or in the wider realm of ESG.

The rise of non-financial metrics creates a challenge: the responsibility for remuneration committees to make, and justify, judgements on financial rewards. Our discretion is underpinned by a commitment to balanced outcomes and shared value, as encapsulated in our purpose and the clearly defined strategy that gives effect to it.

Our strategy depends on earning the trust of shareholders and winning the trust of stakeholders in Africa. And thus far the signs of progress are good. We have had clear indication from the market that our strategy is sound and sufficiently balanced to address the expectations of all our stakeholders. Therefore, at the heart of our non-financial measures, is how well executives are executing this strategy.

Evolution of policy

Remco obtained independent advice on a range of remuneration policy and implementation issues during 2021, as well as obtaining independent remuneration benchmark analysis from a range of survey providers.

Whereas there were no significant changes in policy from the previous reporting year, some modifications are worth mentioning:

- Shareholders expressed concern about uncapped short-term incentives (STIs), given their potential to reward risky decisions. We heard their concern and have implemented STI caps for executive directors and prescribed officers.

- As of March 2022, our PRP rewards will change. The PRP awards made in March 2021 had 60% financial (defined purely in terms of ROE) with the caveat that our ROE metric includes a cost to equity consideration. Shareholders expressed concern that 40% for non-financial strategic drivers is too high. In response to the feedback, the PRP weighting will change to 70% financial and 30% non-financial.
- Further, some major investors feel that we have not been clear enough on what constitutes recovery from the effects of the pandemic and that we should pin this down with hard metrics.

The policy changes we have made should ensure that shareholders feel assured that there is an even greater alignment between executive pay outcomes and the key financial measures. In the case of our STIs, the main financial driver is headline earnings, which provides a hard metric to align shareholder and executive interest according to a set formula. And our long-term incentives (LTIs) now have a greater weight of 70% on our ROE metric which includes cost of equity as the first hurdle. Further, it is important to note that not all non-financial measures require discretionary evaluation, even though they assess qualitative outcomes; increasingly, they have 'hard' metrics and targets assigned to them.



In sum, we believe that we have achieved a balance between non-financial and financial measures that is good for shareholders.

A study of FTSE 350 companies showed that, “firms combining non-financial and financial performance measures in CEO bonus plans tend to have a stronger CEO bonus pay sensitivity to shareholder returns than firms using financial measures alone”. And further, “...that boards of directors adopting non-financial performance measures are able to better align CEO incentives with shareholder interests”.¹

The question is how to improve relative return on capital while meeting the increasingly stringent requirements of ESG and sustainability. In rewarding executives we are looking for evidence of them having achieved this balance.

A balanced performance in a year of change

The banking performance of the South African franchise, even before reversal of credit provisioning, is most pleasing. On a constant currency basis our Africa Regions franchise performed well, notwithstanding difficulties in Nigeria. This has translated into positive financial measures of performance for 2021. Group headline earnings rose 57%, to R25.0 billion; ROE improved by 460 bps to 13.5%; impairment charges fell 52% and our CLR returned to pre-pandemic levels.

More importantly, as leading indicators of positive momentum, the signs are that our strategy is working, with notable improvement across all five of our non-financial strategic value drivers.

Client satisfaction scores across the business are good, and we commend executive leadership for protecting our reputation by dealing decisively with

system outages in the first quarter. Our CHNW client franchise in South Africa is growing again; there is growth in clients, deposits and lending in Africa Regions; our modern core banking system is in place; and physical channels have been rationalised to enable digital transition of high-volume transactions.

The flywheel of this progress is of course our people, so it is most heartening to see an exceptionally good eNPS, despite the pressures of the pandemic and the significant internal changes made in the last year.

We are also happy about headway made on the Liberty deal and the work done in updating our strategy and setting out clear targets for 2025, which link nicely with progress on rationalising our internal structures.

In terms of ESG and sustainability, we are satisfied with the progress being made in evolving meaningful measurements to account for the group’s commitments in our seven SEE focus areas. Certainly, the group has an exemplary record of meeting the transformational requirements of South Africa and in promoting a spirit of hope and inclusivity for Africa at large. The development of such measures will bring further substantiation to these purpose-led imperatives.

All this amounts to a decisive recovery in the making and a commensurate increase in the STI pool. Our position is that executives be rewarded for these positive developments, but that in doing so we lean toward favouring shareholders – in effect, reversing the approach we took last year given the extraordinary circumstances. It is fair that the executives share in the success of a decisive recovery, but not unduly so. The diagram alongside illustrates the point.

SBG progress against strategy

The detail on [page 33](#) provides a useful snapshot of the group’s performance against the measures that underpin the executive scorecards, as shown on [page 154](#). Full details are included in the implementation report section of the full remuneration report [online](#).

RELATIVE HEADLINE EARNINGS AND INCENTIVE POOLS



Future focus for remco

Sustainability is the watchword of our corporate era. By definition, sustainability is about lead indicators, it is about the expected impacts – both on the organisation and on society at large – of current decisions. How we determine this depends on a myriad of factors, not least of all our values. But we can all agree on one thing and that is the importance of growing enterprise value within a shifting African operating context.

¹ Myojung Cho, S. I. Y. Y., 2019. The use of non-financial performance measures in CEO bonus compensation. Corporate Governance: An International Review, 27(4), pp. 301-316.



It is common cause that notwithstanding Africa's socioeconomic challenges, a growing consumer class and rapid technological change are combining to make for exciting prospects. The only way to convert this potential is with a medium- to longer-term strategy that ensures we expand our offering beyond traditional financial services.

Our strategy is clear that by 2025 we should have created, and that we should participate in, ecosystems of value (for clients, partners and for the group) across various areas: e.g. agriculture, health, energy, international trade and home services. The ecosystems we have identified will enable the group to share in the significant revenue opportunities these value pools present.

As remco, it is our responsibility to ensure we show confidence in the right executives at the right time, encouraging them to build ecosystems of value that establish the group as a digital platform organisation; one that serves our clients with excellence, and is equipped to compete profitably and sustainably in the years and decades ahead.

Our job is to identify the lead indicators that will substantially upgrade enterprise value by 2025 and ensure sustainable growth for the group and shared value for our stakeholders. I can

attest to complex and nuanced discussions within the committee as we discern the most meaningful indicators to evidence progress toward our strategic ambition.

Operating across African countries presents numerous conundrums and trade-offs. Global investors expect world-class ESG standards, not always in keeping with the developmental imperatives of such markets. Expertise is in short supply in Africa, as is consistent sound governance. Directors must navigate the challenge with subtlety and grit.

And, given our strategy, they must have an instinct for innovation, a bias for action and a hunger to be first to market. If you are not a first mover, especially in terms of ecosystems, then someone else will enjoy the advantage.

Therefore remco must consider the central concern of retaining scarce skills and expertise, particularly those associated with the digital revolution. Having the right leaders is the key differentiator in a competitive business environment. In your reading of our implementation report, we trust you will agree that we have struck a reasonable balance in our remuneration policy between incentivising the execution of our strategy and ensuring that pay stays within the bounds of what is proportionate and appropriate.

Individual performance and remuneration of executive directors and prescribed officers

Context to awards

- Individual awards for executive directors and prescribed officers should be viewed in the context of a strong earnings recovery in 2021 although it is noted that the group's earnings are still below 2019 levels and the improved return on equity is still below the cost of equity.
- The strategic progress made under the other five value drivers is also taken into account in determining individual awards.
- In addition to performance, individual awards have taken the following factors into account:
 - The market price for executives
 - The commercial imperative to align employee and shareholder interests over the long term
 - Providing the right incentive structure to deliver on the successful execution of the group's future strategy
 - Ethical, political, and reputational considerations.
- Remco has decided to apply no increases in fixed pay for executive directors and prescribed officers.
- Individual short-term incentive awards in 2021 reflect the group's strong recovery in earnings relative to 2020 and the performance of the client segments for the prescribed officers.



Detail of individual awards for executive directors and prescribed officers is included from [page 154](#).



Full detail of remuneration, including the implementation report is available in our group remuneration report [online](#).

A photograph of two people wearing dark blue face masks. A woman with curly hair is in the foreground, smiling slightly. A man's profile is visible to her right. They appear to be in an office or public space with large windows in the background.

INTEGRATED REPORTING PRINCIPLES



Trends in our operating context

As the Covid-19 pandemic and its socioeconomic effects ease, key trends provide opportunity for growth and development in sub-Saharan Africa that justify the optimism that underpins our strategy. Our position in Africa will continue to be strategically advantageous over the medium and long term.

When it comes to Africa, we are in the business of optimism. Past trends indicate that Africa will continue to change and to grow. The group's success depends on how well we embrace, anticipate and manage change, with the wellbeing of our clients and our continent at the centre of our responses and aspirations for the future.

Key trends and expectations (2020 – 2030)

1	Expanding markets for financial services	2	Growing mobile market share and digital payment solutions adoption	3	Rapid and sustained economic growth	4	Increasing focus on sustainable development and ESG
	<p>↑ 26% Total population to increase to 1.7 billion people</p>		<p>↑ Growing handset market share</p>		<p>↑ 4% p.a. Average growth of sub-Saharan African economies over the next five years</p>		<p>↑ Number of corporates who need advice and assistance in accelerating their transition to lower carbon footprints</p>
	<p>↑ 50% Urban population to increase to >400 million more people in cities</p>		<p>>1.2 billion Mobile subscribers (if Africa reaches global levels of 108 subscriptions per 100 inhabitants)</p>		<p>↑ AfCFTA* will accelerate intra-Africa trade and boost Africa's trading position in the global market</p>		<p>↑ Interest in sustainable solutions</p>
	<p>>220 million New bank clients (if adult market share reaches 50%)</p>		<p>↓ Data costs</p>		<p>↑ Economic performance for South Africa over the medium to longer term as the country recovers from the Covid-19 pandemic and structural reforms are implemented</p>		<p>↑ Stakeholder capitalism and higher expectation that companies meet the highest standards of trust and propriety</p>



Read more about the related enterprise risks on [page 85](#).



Read more about our scale advantages on [page 8](#).

Sources: Standard Bank research, IMF data.

* African Continental Free Trade Area (AfCFTA).



Expanding markets for financial services

1

Between 2010 and 2019, Africa's population grew 30% to 1.3 billion with the median age being 19 years. Over these ten years, 180 million people moved to cities, a 44% increase in the urban population, and the middle class had grown 3.4 times what it had been in 2010. These trends are expected to continue to 2030¹.

As Africa's population continues to grow, and become healthier, wealthier, better educated, more urbanised, more digitally connected, and more productive, this will have a strong positive effect on the demand for financial services; as will the benefits of the AfCFTA, which will accelerate the already increasing trade and investment flows between Africa and the wider world.

¹ Standard Bank Research.

² <https://www.forbes.com/sites/tobyshapshak/2021/05/19/mobile-money-in-africa-reaches-nearly-500bn-during-pandemic/?sh=3fdc109c6a39>

³ Fulwood, 2021.

⁴ McKinsey & Company, 2021.

⁵ McKinsey & Company, 2021.

Growing mobile market share and digital payment solutions adoption

2

By 2019, mobile network coverage in Africa was at 90% with around 840 million mobile phone subscribers – indicating a high level of mobile phone usage. Between 2010 and 2019, the number of internet subscribers tripled; however, this represented only 28% of the population².

Covid-19 accelerated the move from cash to digital. According to the latest GSMA Global Adoption Survey, registered mobile money accounts in Africa grew 12% to 562 million in 2020 (monthly active accounts were 161 million), an 18% increase. Total transactions amounted to 27.5 billion (up 15%) valued at USD495 billion (up 23%).³

In the second quarter of 2021, Ethereum settled USD2.5 trillion worth of transactions.³ Applications like smart contracts, non-fungible tokens and fully automated protocols that protect buyer and seller without need for third-party intermediation are revolutionising finance and trade. As crypto becomes ever more mainstream and normalised, it has reduced costs and improved service for billions of people.

A key question for banks is 'are we going to be disintermediated by a currency system that does not need third-party verification and mediation?' The answer is no. Digital is also good for banks, allowing us to reduce our cost-to-asset ratio, which in Africa is double the global average. African banks can no longer rely on high interest rates for profit, they must derive it from superior innovation, service and efficiency.⁴

Companies who find better ways to use data and digital will have competitive advantage. For Africa, there is ample opportunity to leverage the hidden capital and earning potential of the hundreds of millions who operate outside the formal economy. Data-driven enhancements in risk assessment are but one area in which banks can drive growth in the small, medium and micro enterprises (SMMEs) and non-salaried workforce segments.⁵





Rapid and sustained economic growth

3

Sub-Saharan Africa has shown fast and steady growth, driven by favourable demographics, urbanisation and digitisation. Countries such as Ethiopia, Kenya and Ghana have radically transformed over the last 20 years. Between 2010 and 2018, Ethiopia (125%), Kenya (80%), Ghana (70%), Côte d'Ivoire (>40%) and Tanzania (>40%) increased their gross domestic product (GDP) per capita, while South Africa experienced a difficult decade with slower GDP growth of 1.7% per annum.

The real story for Africa's economic pivot rests on diversification, regional trade, governance, labour productivity, property rights and political freedom.

China is on track to pass the World Bank's threshold to qualify as a high-income country.⁶ There is extraordinary opportunity for African countries to cater to hundreds of millions of wealthy Chinese consumers. The obvious candidates for doing so are farming, tourism, and old-age services. But with a supportive business environment, African entrepreneurs will discover many other opportunities to meet the needs of a billion middle-class Chinese.

South Africa

While the group is committed to an African footprint, South Africa is our home base and primary source of profit and will likely be so in the short to medium term. According to economists surveyed by Bloomberg, South Africa's economy is set to grow by 4.9% in 2021 and by 2.0% and 2.1% over the following two years.⁷

In December 2021, Bloomberg reported that South African bonds topped the rankings of 46 markets, with a total return of 8.7% for the year.⁸ Also in late December 2021, Fitch upgraded its outlook on the country's credit rating, noting "the faster than expected economic recovery, the surprisingly strong fiscal performance this year and significant improvements to key GDP based metrics" (this last in reference to Stats SA revising South Africa's GDP 11% upwards in August 2021).⁹

The FTSE/JSE Africa All Share Index delivered a stellar performance in 2021, rising 20% for the year compared to a 6% loss for the MSCI Emerging Market Index. This was the country's best performance of its benchmark index since 2012.¹⁰

Africa Regions

Angola, Ghana, Kenya, Mozambique, Nigeria and Uganda are our key operations in Africa Regions. According to the IMF, while Angola's GDP will contract by -0.7% in 2021, it will break its six-year recession by growing 2.4% in 2022. Ghana can expect to grow 4.7% in 2021 and by 6.2% in 2022; Kenya by 5.6% and 6.0% for 2021 and 2022 respectively; Mozambique by 2.5% and 5.3%; Nigeria by 2.6% and 2.7%; and Uganda by 4.7% and 5.1%.

The World Bank's World Governance Indicators define institutional strength in terms of three metrics: peace and stability, democracy and rule of law. All are keys to economic growth. Our reading of the data across these three areas of institutional progress show that Angola, Kenya and Ghana are among the top performers since 2000 in reforming their polities. The Centre for Systemic Peace notes Africa's polity score improving from -5.4 in 1985 to 0.2 in 2000 and then to 2.6 in 2018. The number of democracies has doubled since 2000, with 33 countries democratic, or trending in that direction. Autocracies have declined from ten to three since 2000.¹¹

Covid-19 and health

As vaccines start to show high efficacy for preventing severe Covid-19 illness and hospitalisation, and the latest strain proving less serious than previous, there is hope that by 2023 "Covid-19 will be well on the way to becoming just another disease".¹² It is hard to quantify the health impact of Covid-19 on sub-Saharan Africa, but by some measures the continent has not been as badly affected as the developed world. This could be a function of demographics (an overall younger population) or perhaps under-reporting.

Of some concern is sub-Saharan Africa's low rate of Covid-19 vaccination; only around 5% by the end of 2021 and far behind most of the rest of the world. The reasons for this are multifaceted and a symptom of the general lack of socioeconomic development in Africa. On the upside, however, is the scientific advances in vaccines, with mRNA vaccines having implications for treating other diseases, like HIV and malaria – a development that will be hugely important for Africa.¹³

⁶ Larsen, 2021.

⁷ Prinesh Naidoo, 2021.

⁸ Lillian Karunungan, 2021.

⁹ Derived from Naidoo, 2021.

¹⁰ Gebre, 2021.

¹¹ Standard Bank, 2021.

¹² Carr, 2021.

¹³ The Economist, 2021.



Increasing focus on sustainable development and ESG 4

Climate change constitutes a real threat to the group, amplifying the risk of stranded assets, business disruption and growing insurance claims. There is a further reputation risk for banks invested in oil or coal. Increased environmental awareness is a global trend to hold organisations to account in how they respond to social, economic and environmental threats.

Climate change and energy

Africa accounts for less than 4% of the world's emissions, and sub-Saharan Africa is grossly underserved when it comes to electricity provision; a problem that has both economic and humanitarian implications. Fortunately, advances in solar photovoltaic (PV) technology and decentralised electricity solutions could change the power landscape. New technologies will improve solar PV efficiencies and greatly reduce the costs of panels, as well as the complexity of making them. This affords Africa the opportunity to manufacture panels locally. Countries willing to allow investment in distributed energy service companies, will benefit from the private sector filling in the gaps which the public sector cannot resolve by itself.

The rise of the green economy presents another major opportunity for mining in sub-Saharan Africa. There are various metals (for batteries, green hydrogen and nuclear power) that are becoming increasingly important in decarbonising transport and industry. These include cobalt, tin, copper, uranium, lithium, nickel, manganese, indium, silver, lead, chromium and rare earth metals. Many African countries have rich deposits of these types of metals. For example, the Democratic Republic of Congo provides some 70% of the cobalt used in batteries for electric vehicles.

Natural gas is also key to the transition to net zero. While oil remains a controversial investment, natural gas and nuclear are very much back on the table, with the European Union (EU) categorising natural gas and nuclear as 'sustainable'. This allows for EU financing of such projects. For now at least, natural gas is a credible alternative to coal, and discoveries in, among other places, Mauritania, Mozambique, Senegal and Tanzania are creating opportunities. Nigeria also has extensive natural gas reserves.



Read more about our climate-related disclosures [online](#).





Our stakeholder groups



CLIENTS

16.4 million clients in **27** countries

Metrics to assess relationship

Key metric

- Net promoter score (NPS) and client satisfaction index (CSI) surveys.

Other metrics

- Client experience real-time measurements
- Client growth and retention
- Complaint processes
- System outages
- App ratings
- Cross-sell ratios.

Priorities and concerns

- Affordable and personalised solutions
- Reliability of digital channels
- Data security and cybersecurity
- Financial impact of Covid-19.

Our response

- Affordable, digital solutions
- Improving system stability and security
- Support for SMEs
- Strong relationship management and personalised conversations.



EMPLOYEES

Over **46 000** Standard Bank Activities employees

42% male/58% female

Metrics to assess relationship

Key metrics

- eNPS
- Organisational alignment
- Engagement dimensions

Other metrics

- Workforce diversity
- Use of employee wellness services
- Feedback from trade unions
- Turnover data and exit interviews.

Priorities and concerns

- Health and wellness
- Staying connected in a virtual environment
- Skills development/re-skilling for digital age
- Diversity and inclusion.

Our response

- Business continuity management to keep employees safe
- Regular communication from leadership
- Regular engagement within and across teams
- Regular communication about wellness support services
- Support to access vaccinations
- Skills development and career progression.



REGULATORS

Our regulators include the SARB, FSCA, National Credit Regulator, South African Revenue Services, regulators in Africa Region countries and other jurisdictions in which we operate.

Metrics to assess relationship

Key metric

- Constructive and open engagement on policy, regulatory and operational issues.

Priorities and concerns

- Conduct
- Financial inclusion
- Covid impact on credit and operational risk
- Management of customer complaints
- Cloud computing risk
- Platform business risk
- Cybersecurity and data security
- Financial crime controls
- Exchange control
- System stability
- Climate and environmental risks and the role of banks.

Our response

- Reporting on conduct metrics
- Fair customer outcomes metric in individual performance scorecards
- Collaboration with government departments to develop joint solutions to specific issues.



Read more online in our ESG report, available [here](#).



SHAREHOLDERS AND INVESTORS

50.2% South Africans, **49.8%** International
ICBC owns 20.1%
Moody's & Fitch credit rating agencies
Ten sell-side analysts

Metrics to assess relationship

- Shareholder value created, including return on equity, earnings growth, net asset value growth and dividends
- Investor and other market participant feedback
- AGM voting outcomes
- ESG disclosures and ratings and sustainable finance solutions.

Our response

- Engagements on ESG and climate issues in advance of AGM
- Development of climate strategy and targets
- Quarterly reporting of investor issues to executives and board.

Priorities and concerns

- Competitiveness of the group's offering and ability to grow the franchise
- Access to appropriate skills and talent; and availability of specialised skills
- Governance, ethics, market conduct, internal controls and associated reputational impact
- Diversity and anti-discrimination policies
- System stability and value created from digitisation
- Revenue and credit trajectory, ability to deliver efficiency targets while investing in growth
- Environmental and social policy implementation
- Transparency on climate risks and exposures
- Sustainable finance solutions.



COMMUNITIES

Non-governmental organisations (NGOs) | Community representatives

Metrics to assess relationship

Key metric

- S&P Corporate Sustainability Assessment (CSA) score: 61/100

Other metrics

- Other ESG index ratings.

Priorities and concerns

- Our role in driving economic recovery
- Social and environmental impacts of our business activities (particularly fossil fuel finance).

Our response

- Executive level engagement
- Transparent reporting.



More information about how we engage with our stakeholders as well as specific stakeholder engagements that took place during the year: [ESG report online](#).



More detail about how we are responding to the priorities and concerns of our stakeholders: [RTS online](#).



Managing our resources and relationships

The capitals that are available to us by strategic priority, are the resources and relationships we access and use to support the delivery of our strategy.

TRANSFORM CLIENT EXPERIENCE

Resources and relationships (capital stocks)

SRC

- Large, diverse and growing base of business and personal clients, with market leadership in key client segments
- Formal cooperation agreement with the world's largest bank, ICBC, also the group's largest shareholder
- Strategic partnerships that support the group in engaging with our clients, and in creating and distributing our client solutions
- Growing portfolio of investments in disruptive FinTech innovators developing innovative solutions
- Partnering with clients to manage ESG risk.

HC

- Strong executive and leadership teams, with a leadership identity that defines the behaviours needed to achieve our strategy
- Deeply skilled and experienced people – the strongest financial services team on the continent
- A high-performance, client-centric and ethical culture strongly rooted in our purpose
- Significant investment in building a workforce equipped for the future, and in aligning our culture to support our 2025 Ambition.

IC

- Unique scale and reach in Africa, with deep expertise in fast-growing sectors in rapidly expanding economies on the African continent
- Comprehensive, relevant, competitive and innovative banking, insurance and investment solutions complemented by non-traditional ancillary solutions
- Future-ready capabilities organised to serve our clients in an integrated, innovative and comprehensive way.

MC

- Fit-for-purpose branch network and points of presence across Africa and in key global financial centres
- Digital presence that allows us to engage our clients where they socialise, shop and do business.

NC

- Sustainable finance capability focused on partnering with clients and other stakeholders to create and implement climate smart solutions in key industries.

Key:

SRC Social and relationship capital

HC Human capital

MC Manufactured capital

IC Intellectual capital

FC Financial capital

NC Natural capital



EXECUTE WITH EXCELLENCE

Resources and relationships (capital stocks)**SRC**

- Deepening our strategic partnerships to enable our platform strategy, achieve better cost efficiency and create new revenue and distribution streams.

HC

- Strategies to equip our people with the mindset and skills required to be a digital platform organisation.

MC

- Sophisticated credit models and scenario planning supporting risk-aware resource and capital allocation
- Forward-looking, integrated and digital approach to managing non-financial risks, leveraging digital solutions to be a more responsive partner to business
- Values-driven conduct management system, informed by progressive ethics policies and inculcated through our code of ethics
- Structured to design and distribute solutions much more cost-effectively, through more channels, on a larger scale.

IC

- Digital capabilities focused on providing 'always on, always secure' services, which generate data-driven insights that help us deeply understand our clients, manage our business better and create opportunities to monetise our data assets
- Dedicated innovation capability enabling us to innovate more quickly and efficiently, drive a culture of innovation across the group, and to secure new revenue streams through disruptive business models
- Mature governance and control systems, increasingly digitally enabled, support compliance with complex and rapidly changing legislation and regulation
- Commitment from the board to apply best practice governance standards in a way that reconciles the interests of the group, our stakeholders and society.

MC

- Modernised digital backbone, and increasingly simplified systems architecture, for better client and employee experiences and higher levels of efficiency
- Centralised capability focused on maintaining our physical infrastructure.

Resources and relationships (capital stocks)**SRC**

- Trust-based relationships with commercial, social and regulatory stakeholders throughout Africa and worldwide.

IC

- Recognised brand strength and legitimacy
- Risk management model underpinned by a commitment to doing the right business the right way, firmly embedded in our risk appetite and culture of conscious risk taking, with a focus on improving our management of emerging and non-traditional risks
- Well-developed SEE strategy, with focus areas aligned to Africa's wellbeing, benchmarked against global ESG frameworks and indices.

FC

- Large and well-balanced portfolio underpinned by appropriate risk appetite mandate and strong risk management skills
- Robust capital structure, proven capital management approach and future-focused resource allocation provides the resilience and flexibility to manage uncertainty, change, innovation and growth
- Driving sustainable investment by embedding SEE as a commercial strategy.

NC

- Climate policy that supports a just energy transition for Africa, in balance with the continent's socioeconomic development needs.

DRIVE SUSTAINABLE GROWTH AND VALUE

Key:**SRC**

Social and relationship capital

HC

Human capital

MC

Manufactured capital

IC

Intellectual capital

FC

Financial capital

NC

Natural capital



Linking remuneration and strategic progress

Remuneration policy summary

People are at the heart of our business. To satisfy our clients, meet their needs and accelerate our strategy to achieve higher growth and efficiency, our people must be highly skilled, experienced and engaged.

Our responsibility to them is to ensure that they have the resources and advanced capabilities needed to support our ambitions and are recognised and rewarded for their performance and the value they create for our stakeholders.

The remuneration policy sets out our methodology, agreed by Remco, to remunerate our employees and it ensures that value is appropriately shared among our shareholders, senior executives and employees.

Key objectives guiding our remuneration policy

1

Measure and reward for value created for all stakeholders over the short, medium and long term.

2

Be competitive in the global marketplace for skill.

3

Reward our people fairly while avoiding a bonus-centric culture that distorts motivations and may encourage excessive and irresponsible risk-taking.

4

Promote and reward teamwork.



Read more about how we engage with our people on [page 69](#).

REMUNERATION SCENARIOS FOR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

King IV requires disclosure of the potential consequences on the forward-looking total remuneration for executive directors and prescribed officers on a total single figure basis by applying the remuneration policy under minimum, on-target and maximum performance outcomes.

Remco considers the level of remuneration under these scenarios to ensure that remuneration is considered appropriate in terms of the group's performance and the value created for stakeholders.

The graphs that follow show hypothetical values of total remuneration under the following scenarios:

Minimum reward outcomes

- This outcome depicts a scenario in which only the fixed remuneration of the relevant individual would be paid.

On-target reward outcomes

- STIs have been set based on meeting targets (across the strategic value drivers) for the group, client segment (where applicable) and the individual.
- The scenario assumes around 55% of the STI will be deferred in share-linked awards.
- The LTI is the value at grant for the most recent PRP award and assumes performance condition achievement aligned to a 100% vesting outcome.

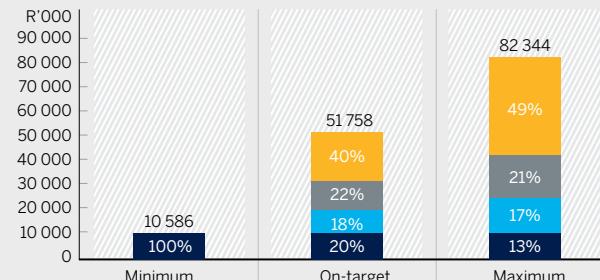
Maximum reward outcomes

- STIs depicted are in line with the STI cap level.
- This scenario also assumes around 55% of the STI will be deferred in share-linked awards.
- The LTI is set at 200% of the value at grant for the most recent PRP award to reflect the maximum achievement of the performance condition.
- The maximum reward outcome would only transpire if all targets are exceeded, resulting in the delivery of significant value for shareholders.



Remuneration scenarios for executive directors and prescribed officers continued

CHIEF EXECUTIVE OFFICER STANDARD BANK GROUP



The above scenarios include conditional LTI awards of R20 million and R40 million for on-target and maximum respectively.

■ Fixed remuneration ■ Deferred incentive
■ Cash incentive ■ Long-term incentive

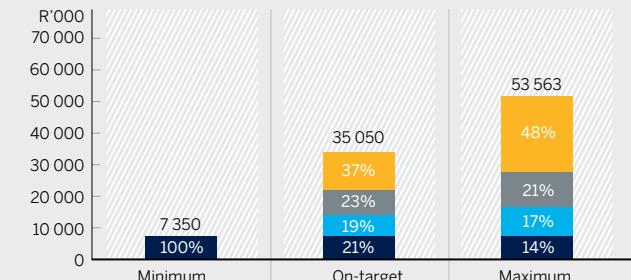
GROUP CHIEF FINANCE & VALUE MANAGEMENT OFFICER



The above scenarios include conditional LTI awards of R14 million and R28 million for on-target and maximum respectively.

■ Fixed remuneration ■ Deferred incentive
■ Cash incentive ■ Long-term incentive

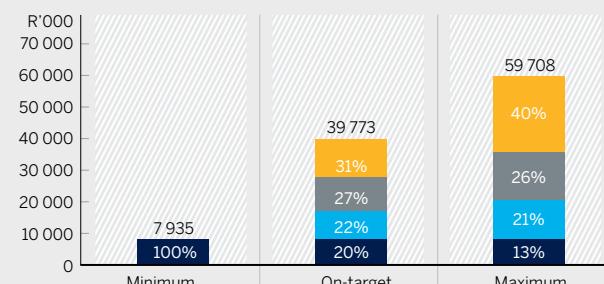
CHIEF EXECUTIVE OFFICER, CHNW



The above scenarios include conditional LTI awards of R13 million and R26 million for on-target and maximum respectively.

■ Fixed remuneration ■ Deferred incentive
■ Cash incentive ■ Long-term incentive

CHIEF EXECUTIVE OFFICER, CIB



The above scenarios include conditional LTI awards of R12 million and R24 million for on-target and maximum respectively.

■ Fixed remuneration ■ Deferred incentive
■ Cash incentive ■ Long-term incentive

CHIEF EXECUTIVE OFFICER, CLIENT SOLUTIONS



The above scenarios include conditional LTI awards of R12 million and R24 million for on-target and maximum respectively.

■ Fixed remuneration ■ Deferred incentive
■ Cash incentive ■ Long-term incentive



FAIR AND RESPONSIBLE REMUNERATION

Remco believes that fair and responsible remuneration means ensuring that remuneration is externally competitive, internally equitable and supports the delivery of the group's short-, medium- and long-term objectives. Our reward process is independently governed to enhance fairness and is applied with the same vigour and principles across the group.

Fair remuneration decisions are:

- Impartial, free from discrimination, free from self-interest, favouritism or prejudice on grounds including race, gender and sexual orientation.
- Rational and objective.
- South Africa: aligned with the Employment Equity Act's principle of equal pay for work of equal value.
- Pay differentiation is based on transparent and trusted processes to assess performance and identify and match benchmarks. This results in a reporting system that provides Remco with performance outcomes and reward proposals that are equitable and transparent.
- Horizontal fairness – employees performing the same or similar job requirements at the same or similar level of performance receive the same or similar levels of total remuneration, allowing for variations such as length of service, qualifications, performance and scarcity of relevant skills.
- Vertical fairness – differences in total remuneration between job levels can be explained and justified on a consistent basis, for example, according to factors such as risk and complexity of the job, level of responsibility of decision-making and consequence and impact on the organisation.

Responsible remuneration decisions are:

- Remuneration is funded by, and linked to, the creation of value over the long term, in a way that is transparently reported to internal and external stakeholders.
- Variable remuneration is clearly correlated with the achievement of criteria that measure performance and value creation over the short, medium and long term, aligned to the group's strategy and strategic value drivers which include non-financial measures.
- All remuneration falls under the ambit of Remco.
- Senior executive remuneration is:
 - Approved by Remco and recommended to the board.
 - Benchmarked to market.
 - Managed using a rigorous process to review risk and control issues. All share plans contain forfeiture and clawback clauses.
- Executive directors and prescribed officers are subject to a minimum shareholding requirement.

The wage gap and minimum salaries

Our remuneration policy is to pay for value delivered while ensuring that remuneration is competitive. The outcome of these two principles is that remuneration differs across levels, roles and geographies, creating a vertical wage gap.

Mindful of income gaps and our commitment to fair and responsible remuneration, our minimum incomes enable employees in the lowest employment band to participate with dignity in the economies of the countries where they reside. Remco keeps abreast of the minimum levels of income in each country of operation, even if no prescribed minimum income exists, and compares these minimum levels against financial service/banking minimums.

Remco is aware of the various pay gap ratios that are in use in other jurisdictions and is aware of the reviews and recommendation by various bodies on pay gap disclosure. When such guidance or regulations have been finalised, Remco will make the appropriate disclosures.

Minimum shareholding requirements

Executive directors and prescribed officers are required to maintain personal shareholdings valued as a multiple of fixed remuneration.

Where the required personal shareholding falls short, the full after-tax value of senior executives' deferred compensation that vests is applied in acquiring additional shares until the required shareholding is in place. This provision applies to incentive awards granted from March 2012, or from when the senior executive becomes a prescribed officer or executive director. Shareholdings are monitored annually.

Group chief executive officer

three times fixed remuneration

Executive directors and prescribed officers

two times fixed remuneration



IMPLEMENTATION REPORT SUMMARY

This section of our remuneration report sets out the reward decisions taken by remco in 2021 pertaining to the group's executive directors, prescribed officers and the general workforce. Remco is satisfied that it has achieved its mandate and that the group's remuneration policy remains appropriate, evidenced by its ability to stand the test of Covid-19. The committee is also satisfied that implementation of its remuneration policy has been carefully deliberated to achieve the best and fairest outcomes for our shareholders and executives.

Listening to shareholders

Remco's inclusive approach to remuneration requires it to listen to the concerns of our shareholders and engage with them on the challenges it faces. The remco chair and the head of reward have met with institutional shareholders with significant holdings in 2021. Following the failed AGM vote on remuneration policy, further engagements with shareholders has allowed remco to take into account a wider range of shareholder views when determining the following changes to remuneration policy.

Remuneration policy changes

1. Introduction of STI caps

With effect from the 2022 financial year (i.e. for awards to be made in March 2023), caps have been introduced on the STIs of executive directors and prescribed officers. The caps are set as a percentage of the fixed remuneration applicable as at 1 March as follows:

	% of cost to company
Chief executive officer, SBG	300%
Chief finance & value management officer	275%
Chief executive officer, CIB	350%
Chief executive officer, Client Solutions	275%
Chief executive officer, CHNW	275%

In setting the caps, remco considered the size, complexity and geographical footprint of the executive director and prescribed officer roles.

2. Change to non-financial performance weighting for PRP awards

Remco have responded to shareholder concerns that a 40% weighting on non-financial strategic drivers is too high. For the latest PRP awards in March 2022, the weighting on non-financial strategic drivers has been limited to 30%.

Improved disclosures

In addition to remuneration policy changes, remco have enhanced the disclosures covering the PRP performance measures, the minimum shareholding requirement and STI pools.

Other remco decisions and considerations

1. Fixed remuneration for executive directors and prescribed officers

For a second year, remco have agreed not to adjust fixed remuneration.

2. Mix of variable pay

To incentivise the execution of the group's future strategy, remco have started to make a gradual shift in the variable pay mix with a greater proportion of variable pay for executive directors and prescribed officers in the form of the conditional LTI awards (PRP).

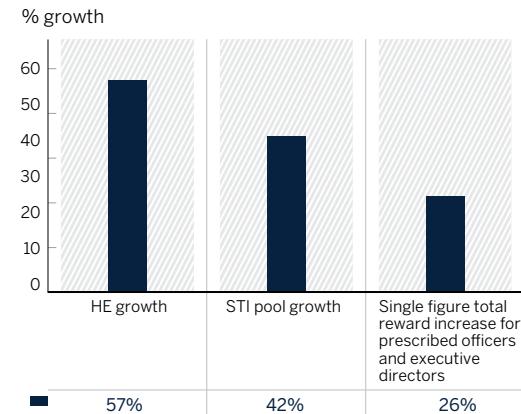
3. Vesting of long-term awards

Remco agreed that there will be no conditional payouts for PRP awards that were due to vest in March 2022 based on the three-year performance period ending December 2021. This is the second year of no payment.

Shareholder alignment

After remco's evaluation of the group's financial and risk-adjusted performance for the year and delivery against the group's strategy, the incentive pool for banking activities was increased by 42%, relative to group headline earnings growth of 57%. This was reversing the approach we took last year given the extraordinary circumstances but it is consistent with the cumulative shareholder bias over the long term.

SHAREHOLDER ALIGNMENT





Sim Tshabalala

Chief executive officer,
Standard Bank Group

Performance against:

- **Financial strategic value driver** – on-target rating
- **Non-financial strategic value drivers** – overall on-target rating

Sim's performance has been based on the group's 2021 financial results and the strategic progress made under the other five value drivers.

Remuneration awarded by remco for 2021

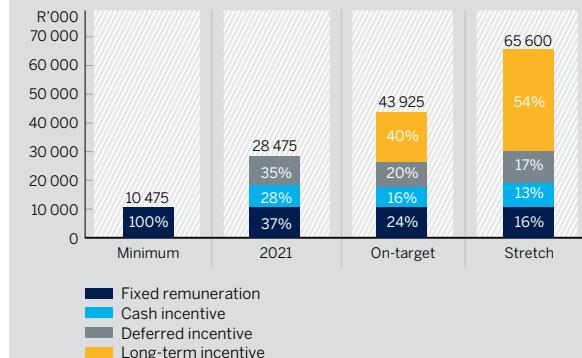
AWARDED

	2020	2021	% Increase
Fixed remuneration	10 586	10 586	0.0
Cash incentive	5 900	8 100	37.9
Deferred incentive	7 150	9 900	
PRP awarded	17 750	20 000	12.7
Total reward	41 386	48 586	17.4

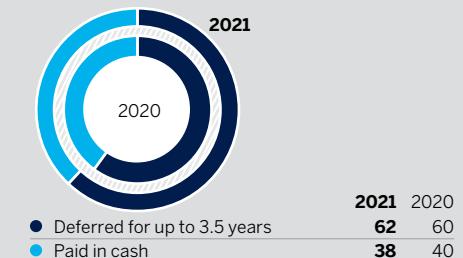
Link between performance and reward

- Fixed remuneration will not increase with effect from March 2022. This is the second year that fixed pay has not increased.
- The underlying financial performance is anchored around group headline earnings.
- The 38% increase in STI awards is in the context of:
 - Standard Bank Group headline earnings growth of 57%
 - On-target rating of the group's strategic value drivers
 - A smaller proportion of variable pay in the form of STI awards.
- To incentivise the execution of the group's future strategy, the conditional LTI award (PRP) has been increased from the prior year, reflecting a greater proportion of variable pay in the form of LTIs. Any delivery is subject to future performance conditions being met as assessed by remco.
- The total remuneration awarded by remco of R48.6 million (of which R20 million is at risk and may not deliver any value) is 17% higher than the prior year.
- The single figure award is 18% up on the prior year, reflecting the increase in the STI awarded for 2021.
- A second year of non-delivery of the PRP award evaluated on the three-year performance period ending December 2021, has meant that single figure remuneration is around half that of historical norms.
- The graph alongside shows that this year's single figure total reward of R28.5 million is 65% of the reward for on-target projected earnings and 43% of the reward for projected stretch earnings.

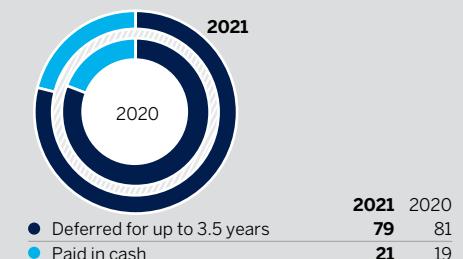
SINGLE FIGURE TOTAL REWARD FOR 2021 IN RELATION TO MINIMUM, ON-TARGET AND STRETCH PROJECTED REWARD



DEFERRED AWARDS AS PERCENTAGE OF TOTAL REWARD (%)



DEFERRED AWARDS AS PERCENTAGE OF TOTAL VARIABLE REWARD (%)



The full performance scorecard is included in the remuneration report [online](#).



Dr Arno Daehnke

Group chief finance & value management officer, Standard Bank Group

Performance against:

- Financial strategic value driver** – on-target rating
- Non-financial strategic value drivers** – overall above target rating

Arno's performance has been based on the group's 2021 financial results and the strategic progress made under the other five value drivers.

Remuneration awarded by remco for 2021

AWARDED

R'000	2020	2021	% Increase
Fixed remuneration	7 000	7 000	0.0
Cash incentive	4 600	7 525	65.8
Deferred incentive	5 500	9 225	
PRP awarded	14 000	14 000	0.0
Total reward	31 100	37 750	21.4

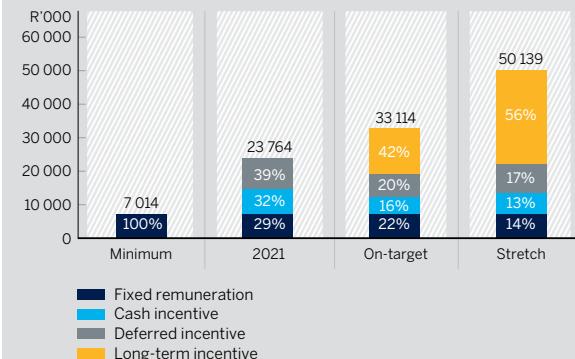
Link between performance and reward

- Fixed remuneration will not increase with effect from March 2022. This is the second consecutive year that fixed pay has not increased.
- The underlying financial performance is anchored around group headline earnings.
- The 66% increase in STI awards is in the context of:
 - Standard Bank Group headline earnings growth of 57%
 - Above target rating of the group's strategic value drivers and
 - Special recognition for his contribution to the acquisition of Liberty Group holdings.
- The conditional LTI award (PRP award) has been made to incentivise the execution of the group's future strategy. Any delivery is subject to performance conditions being met as assessed by remco.
- The total remuneration awarded by remco of R37.8 million (of which R14 million is at risk and may not deliver any value) is 21% higher than the prior year.
- The single figure award is 38% up on the prior year, reflecting the increase in the STI awarded for 2021.
- A second year of non-delivery of the PRP award, evaluated on the three-year performance period ending December 2021, has meant that single figure remuneration is lower than historical norms.
- The graph alongside shows that this year's single figure total reward of R23.8 million is 72% of the reward for on-target projected earnings and 47% of the reward for projected stretch earnings.

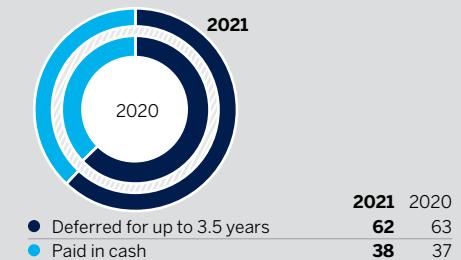
SINGLE FIGURE

R'000	2020	2021	% Increase
Fixed remuneration	7 139	7 014	(1.7)
Cash incentive	4 600	7 525	65.8
Deferred incentive	5 500	9 225	
PRP awarded	–	–	
Total reward	17 239	23 764	37.9

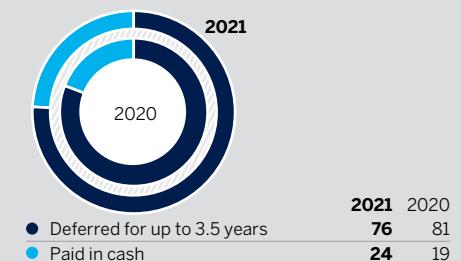
SINGLE FIGURE TOTAL REWARD FOR 2021 IN RELATION TO MINIMUM, ON-TARGET AND STRETCH PROJECTED REWARD



DEFERRED AWARDS AS PERCENTAGE OF TOTAL REWARD (%)



DEFERRED AWARDS AS PERCENTAGE OF TOTAL VARIABLE REWARD (%)



The full performance scorecard is included in the remuneration report [online](#).



Funeka Montjane

Chief executive officer, CHNW

Performance against:

- **Financial strategic value driver** – on-target rating
- **Non-financial strategic value drivers** – overall on-target rating

Funeka's performance has been based on the group's 2021 financial results, the CHNW segment results and the strategic progress made under the other five value drivers.

Remuneration awarded by remco for 2021

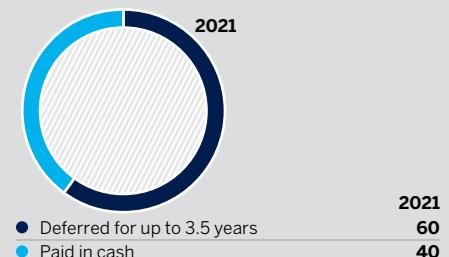
AWARDED

	2021
R'000	2021
Fixed remuneration	7 350
Cash incentive	6 500
Deferred incentive	8 000
PRP awarded	13 000
Total reward	34 850

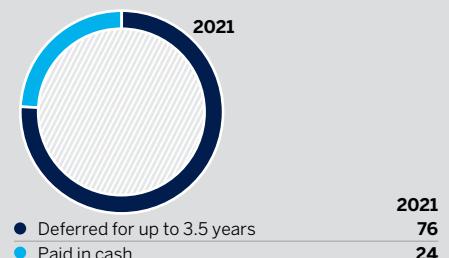
SINGLE FIGURE

	2021
R'000	2021
Fixed remuneration	7 202
Cash incentive	6 500
Deferred incentive	8 000
PRP awarded	21 702

DEFERRED AWARDS AS PERCENTAGE OF TOTAL REWARD (%)



DEFERRED AWARDS AS PERCENTAGE OF TOTAL VARIABLE REWARD (%)



The full performance scorecard is included in the remuneration report [online](#).



Kenny Fihla

Chief executive officer, CIB

Performance against:

- **Financial strategic value driver** – on-target rating
- **Non-financial strategic value drivers** – overall on-target rating

Kenny's performance has been based on the group's 2021 financial results, the CIB segment results and the strategic progress made under the other five value drivers.

Remuneration awarded by remco for 2021

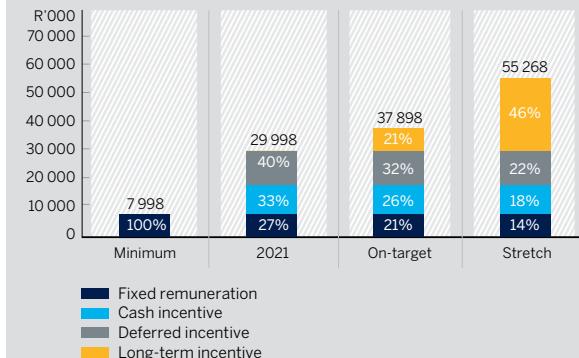
AWARDED

R'000	2020	2021	% Increase
Fixed remuneration	7 935	7 935	0.0
Cash incentive	7 400	9 900	35.0
Deferred incentive	8 900	12 100	
PRP awarded	12 000	12 000	0.0
Total reward	36 235	41 935	15.7

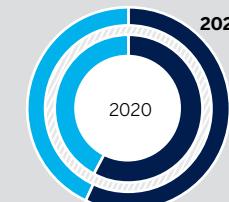
SINGLE FIGURE

R'000	2020	2021	% Increase
Fixed remuneration	8 227	7 998	(2.8)
Cash incentive	7 400	9 900	35.0
Deferred incentive	8 900	12 100	
PRP awarded	–	–	
Total reward	24 527	29 998	22.3

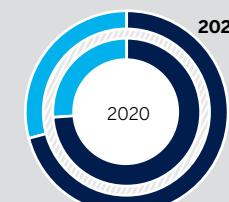
SINGLE FIGURE TOTAL REWARD FOR 2021 IN RELATION TO MINIMUM, ON-TARGET AND STRETCH PROJECTED REWARD



DEFERRED AWARDS AS PERCENTAGE OF TOTAL REWARD (%)



DEFERRED AWARDS AS PERCENTAGE OF TOTAL VARIABLE REWARD (%)



The full performance scorecard is included in the remuneration report [online](#).



Margaret Nienaber

Chief executive officer, Client Solutions

Performance against:

- **Financial strategic value driver** – on-target rating
- **Non-financial strategic value drivers** – overall on-target rating

Margaret's performance has been based on the group's 2021 financial results, the Client Solutions results and the strategic progress made under the other five value drivers.

Remuneration awarded by remco for 2021

AWARDED

	2020	2021	% Increase
Fixed remuneration	7 000	7 350	5.0
Cash incentive	5 675	8 100	43.4
Deferred incentive	6 875	9 900	
PRP awarded	11 000	12 000	9.1
Total reward	30 550	37 350	22.3

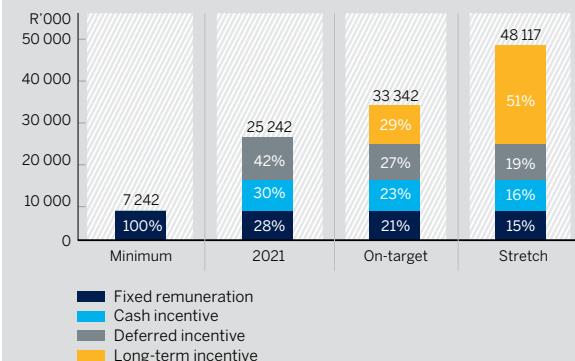
Link between performance and reward

- Fixed remuneration will not increase with effect from March 2022.
- As a chief executive of Client Solutions, the financial performance is equally anchored on performance of the Client Solutions segment and group.
- The 43% increase in STI awards is in the context of:
 - Standard Bank Group headline earnings growth of 57%
 - Client Solutions headline earnings growth of 74%
 - Achievement of the group's strategic value drivers
 - A smaller proportion of variable pay in the form of STI awards.
- To incentivise the execution of the group's future strategy, the conditional LTI award (PRP award) has been increased from the prior year, reflecting a greater proportion of variable pay in the form of LTIs. Any delivery is subject to performance conditions being met as assessed by remco.
- The total remuneration awarded by remco of R37.4 million (of which R12 million is at risk and may not deliver any value) is 22% higher than the prior year.
- The single figure award is 28% up on the prior year, reflecting the increase in the STI awarded for 2021.
- A second year of non-delivery of the PRP award, evaluated on the three-year performance period ending December 2021, has meant that single figure remuneration is lower than historical highs.
- The graph alongside shows that this year's single figure total reward of R25.2 million is 76% of the reward for on-target projected earnings and 52% of the reward for projected stretch earnings.

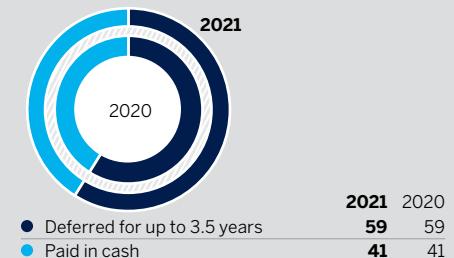
SINGLE FIGURE

	2020	2021	% Increase
Fixed remuneration	7 160	7 242	1.1
Cash incentive	5 675	8 100	43.4
Deferred incentive	6 875	9 900	
PRP awarded	–	–	
Total reward	19 710	25 242	28.1

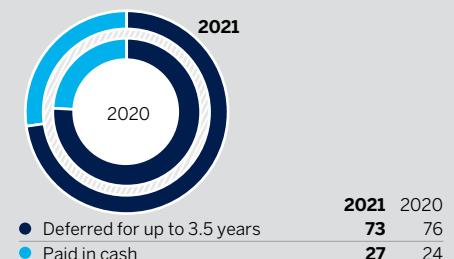
SINGLE FIGURE TOTAL REWARD FOR 2021 IN RELATION TO MINIMUM, ON-TARGET AND STRETCH PROJECTED REWARD



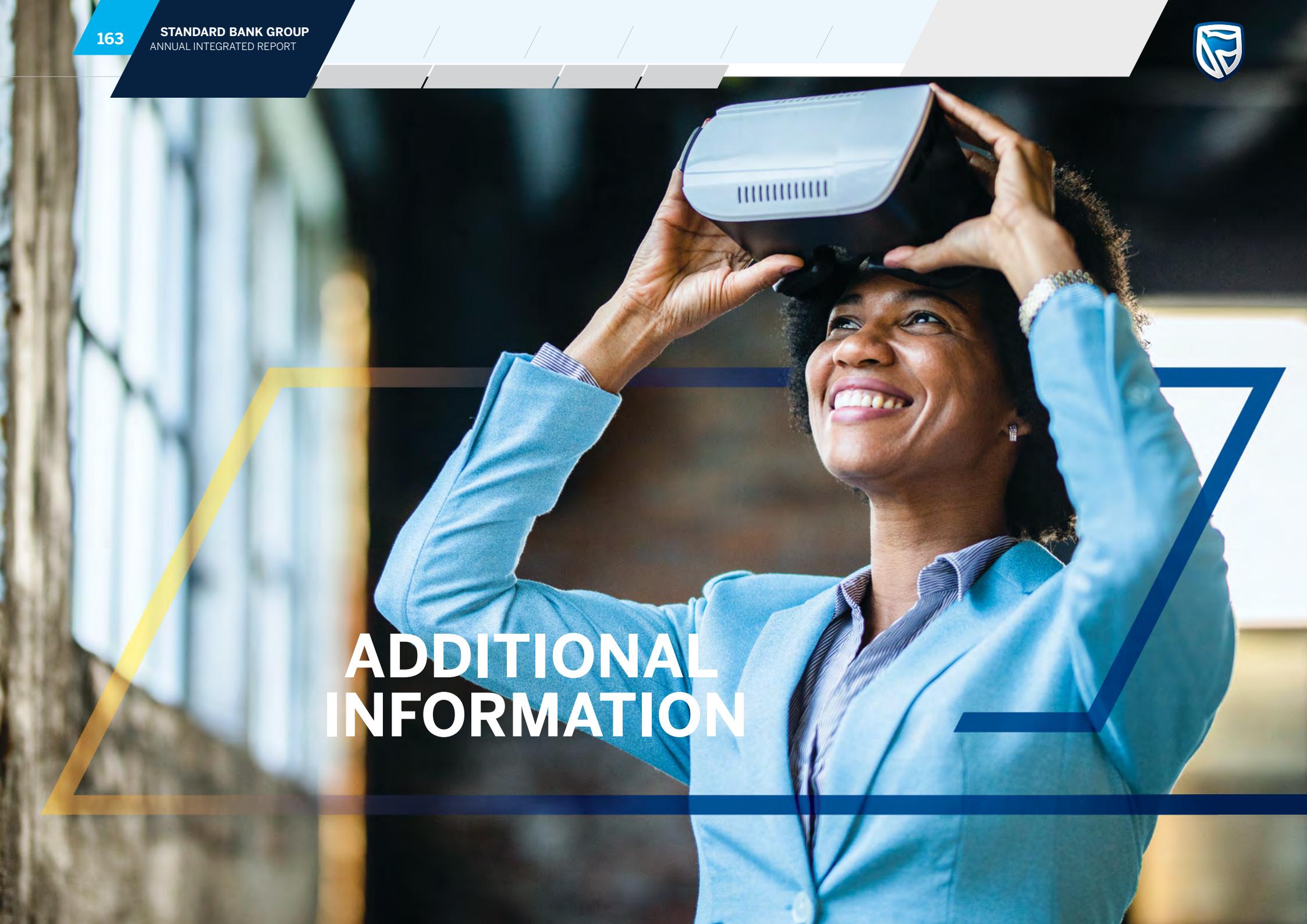
DEFERRED AWARDS AS PERCENTAGE OF TOTAL REWARD (%)



DEFERRED AWARDS AS PERCENTAGE OF TOTAL VARIABLE REWARD (%)



The full performance scorecard is included in the remuneration report [online](#).

A photograph of a woman with dark hair, wearing a light blue blazer over a striped shirt, smiling while wearing a white VR headset. She is holding the sides of the headset with both hands. The background is blurred, showing what appears to be an office or library setting with bookshelves. Overlaid on the image are several geometric shapes: a large yellow triangle on the left, a large blue triangle on the right, and several thin white lines forming a grid at the top.

ADDITIONAL INFORMATION



Pro forma financial information

Pro forma constant currency financial information

The pro forma constant currency information disclosed is the responsibility of the group's directors. The pro forma constant currency information has been presented to illustrate the impact of changes in currency rates on the group's results and may not fairly present the group's financial position and results of operations. In determining the change in constant currency terms, the income and expenditure items for the comparative financial reporting years have been adjusted for the difference between the current and prior year cumulative average exchange rate, determined as the average of the daily exchange rates. The statement of financial position item have been adjusted for the difference between the current and prior year closing rate. The measurement has been performed for each of the group's material currencies. The constant currency change percentage is calculated using this adjusted comparative amount.

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

	2021 average exchange rate	2021 average exchange rate
US dollar	14.77	16.45
Pound sterling	20.32	21.08
Angolan kwanza	0.02	0.03
Ghanaian cedi	2.50	2.86
Nigerian naira	0.04	0.04
Kenyan shilling	0.13	0.15
Mozambican metical	0.23	0.24

Standard Bank Group Limited credit ratings

As at 11 March 2022

	Short term	Long term	Outlook
Fitch Ratings			
Foreign currency issuer default rating	B	BB-	Stable
Local currency issuer default rating		BB-	Stable
National rating	F1+(zaf)	AA+(zaf)	Stable
Moody's Investor Services			
Issuer rating	Ba3		Negative



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