THE STANDARD BANK OF SOUTH AFRICA LIMITED

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

as **Issuer**

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

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*This is the Issuer Disclosure Schedule ("**The Issuer Disclosure Schedule**") relating to The Standard Bank of South Africa Limited USD 1,000,000,000 Structured Note Programme (the "**Programme**") applicable to all Notes issued under the Programme pursuant to the Programme Memorandum dated as of 11 September 2024 (the "**Programme Memorandum**").*

This Issuer Disclosure Schedule dated as of 11 September 2024 contains all information pertaining to the description of the Issuer, including, but not limited to, its business, management, directors and corporate governance disclosure

This Issuer Disclosure Schedule relating to The Standard Bank of South Africa Limited supersedes and replaces the Issuer Disclosure Schedule relating to The Standard Bank of South Africa Limited dated as of 12 September 2023.

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

DESCRIPTION OF THE STANDARD BANK OF SOUTH AFRICA LIMITED

OVERVIEW

The Standard Bank of South Africa Limited ("**SBSA**") is a wholly-owned subsidiary of Standard Bank Group Limited ("**SBG**"). SBSA is a universal bank providing retail, corporate, commercial and investment banking services to individuals and companies across South Africa. SBSA considers itself to be both a strong domestic bank, and a cross-border bank, integrated within SBG's operations and business. SBSA plays a fundamental role in positioning the Standard Bank Group to capitalise on the pace of growth in African markets. As SBG's largest operating entity, SBSA provides balance sheet capacity on which to book deals executed in support of SBG's African strategy. All references herein to the "**Group**" are to SBG and its subsidiaries. All references herein to the "**SBSA Group**" are to SBSA and its subsidiaries.

Originally founded in 1862, SBSA was a member of Standard Chartered Bank group ("**Standard Chartered**") until 1987. Since that time, SBSA has focused on positioning itself as a premier universal bank in South Africa. SBG, its parent company is a leading African integrated financial services group offering a full range of banking, investment, insurance and related services.

SBG has been listed on the Johannesburg Stock Exchange ("**JSE**"), operated by JSE Limited since 1970 with secondary listings on the A2X Markets in South Africa and the Namibian Stock Exchange. As at December 2023, SBSA was the largest operating subsidiary by total assets and income within the Group and represents nearly all of the banking activities within SBG's South African operations.

During 2023, SBG and the SBSA Group carried out structural changes to better serve its clients. The SBSA Group's operating model is client led and structured around its business units, previously referred to as segments, namely: Personal & Private Banking ("**PPB SA**"), Business & Commercial Banking ("**BCB SA**") and Corporate & Investment Banking ("**CIB SA**"). SBSA Group has a central support area, Central and Other, which provides support functions to its business units, such as hedging activities, unallocated capital, liquidity earnings, insurance brokerage and central costs.

Personal & Private Banking SA: The PPB SA business unit offers tailored and comprehensive banking financial services solutions to individual clients across Africa ranging from wealth and investment, to private and personal banking markets. PPB SA's products and services include home loans, vehicle and asset finance, unsecured personal loans, credit card, transactional banking, and forex solutions as well as certain insurance and investment offerings.

Business & Commercial Banking SA: The BCB SA business unit provides broad based client solutions for a wide spectrum of small-and-medium-sized businesses as well as large commercial enterprises across a wide range of industries and sectors. BCB SA provides the following banking solutions: vehicle and asset finance, card and payment facilities, transactional products, lending products and forex solutions.

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

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

HISTORY

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

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

CORPORATE STRUCTURE

The Group and relationship with SBSA

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

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

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

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

For further information, see Annexure A "*Subsidiaries, Consolidated and Unconsolidated Structured Entities*" to the SBSA 2023 Annual Financial Statements.

STRATEGY

SBSA's strategy is aligned with and reflects SBG's strategic focus areas. SBG expresses its corporate purposes as “Africa is our home, we drive her growth".

SBSA's strategic priorities, which are aligned to SBG's priorities, are to:

- transform client experience using digital technology and human skill to understand its clients as deeply and empathetically as possible; to help them meet their needs and achieve their goals; and to defend its current client franchise and market position whilst also focusing on expanding its range of services in selected markets;
- execute with excellence by (1) delivering traditional financial services solutions with maximum efficiency and total integrity, (2) developing new solutions, (3) building and maintaining the Group's digital services, and (4) forming partnerships with selected businesses to provide a range of new services; and
- drive sustainable growth and value, where 'sustainable' is understood to mean both 'long-term' and 'environmentally and socially sustainable' and be purposeful in having a positive impact, diligent in allocating resources and delivering attractive shareholder returns.

SBSA has identified the following short – medium term and long-term focus areas:

- revenue growth of upper single digits, return on equity above the cost of equity while achieving the desired cost-to-income ratio targets by 2025;
- attracting and retaining a skilled workforce that will ensure that it realises its strategic priorities while serving its clients;
- continuing to mature its risk management;
- driving inclusive and sustainable economic growth and supporting the transformation;
- defending the SBSA Group's strong market position and growing its franchise where it lags behind;
- leveraging data and its digitisation journey to mature its risk management and deliver its strategic ambitions; and
- ensuring a diverse and inclusive work environment that supports a sense of belonging for all employees.

Positive Impact

Achieving positive impact is integral to SBSA's core business activities and is one of the six value drivers against which it assesses its success. SBSA strives to understand the needs and challenges of Africa's people and to deliver solutions to address these challenges. SBSA has identified four core areas of impact, informed by the global priorities identified by the United Nations Sustainable Development Goals, African priorities identified by the African Union's Agenda 2063, priorities identified in development agendas and sustainability frameworks in its countries of operation, and the commitments made in the Paris Climate Agreement.

The four core areas of impact are:

- financial inclusion – which is to be achieved by providing:
    - relevant, accessible, cost-effective financial products and services, including digital products and services accessible without a bank account;

    - access to finance, training, networking and market opportunities for SMEs to promote sustainability and growth;
    - solutions that are tailored to the needs of young people, including student finance and affordable, unsecured student loans;
    - consumer education to support individuals and business owners to effectively manage, save and plan ahead; and
    - affordable mortgage finance and partnerships with government to expand affordable housing stock.
- enterprise growth and job creation – which is to be achieved by providing:
    - support for improved productivity, profitability and food security in the agriculture value chain; and
    - support for game-changing start-ups in the fintech, healthtech, agritech and logistics sectors to launch and/ or scale their businesses.
- infrastructure development and the just energy transition – which is to be achieved by providing:
    - finance for renewable energy infrastructure and being a leading enabler of Africa's energy transition; and
    - finance for developmental infrastructure, including energy, water, transport and telecommunications infrastructure, while ensuring environmental and social risks are appropriately managed and minimised.
- climate change mitigation and resilience – which is to be achieved by providing:
    - sustainability-linked lending and investment solutions for corporate clients;
    - support for agribusiness clients to strengthen climate resilience;
    - solutions for homeowners and business owners to strengthen climate resilience; and
    - skills development to enable SBSA's people to support its clients on their transition journeys.

COMPETITIVE STRENGTHS

SBSA believes that it has the following competitive strengths:

Market position in key products

SBSA offers a wide range of retail, wealth, commercial and investment banking products and is one of the four major South African banks. According to the SARB BA 900 Filings as at 31 December 2023, SBSA held a market share of 34.1 per cent. of mortgage lending at 31 December 2023 (compared to 34.8 per cent. as at 31 December 2022), 18.9 per cent. of vehicle and asset finance at 31 December 2023 (compared to 19.8 per cent. as at 31 December 2022), 22.8 per cent. of card debtors at 31 December 2023 (compared to 24.8 per cent. as at 31 December 2022), 22.1 per cent. of other loans and advances as at 31 December 2023 (compared to 21.3 per cent. as at 31 December 2022), 22.5 per cent. of deposits at 31 December 2023 (compared to

22.5 per cent. as at 31 December 2022) and 23.7 per cent. of deposits at 31 December 2023 (compared to 24.0 per cent. as at 31 December 2022). According to the SARB BA 900 Filings as at 31 December 2023, SBSA's market share in mortgage loans and corporate priced deposits are the largest of the four major South African banks.

A universal financial services company with a strong fit-for-purpose franchise, a modern digital core and diverse client base, service offering and revenue sources

SBSA's franchise strength is underpinned by its strong, recognised and trusted brand, its strong, long-standing client relationships, the calibre of its employees and a fit-for-purpose physical distribution network and digital platforms. SBSA has invested significantly in technology and digital capabilities to improve client experience and operational efficiency to enhance its competitive advantage.

SBSA is able to generate revenue from sources that are well-diversified across clients, sectors, and product groups, which provides SBSA with a level of protection in times of volatility.

Robust capital and liquidity position

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

Experienced management team

SBSA operates within strong corporate governance and assessment frameworks, and within a sophisticated, Basel III compliant regulatory framework. SBSA's senior management has experience both at SBSA and at other institutions throughout the banking industry. SBSA's position in the market has allowed it to attract top managers from across the industry, both domestically and abroad. Managers are dedicated to the goals of the institution. A compensation structure that includes both short and long-term incentive plans assists in retaining key managers and leads to continuity in business operations.

Position within Standard Bank Group

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

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

Appetite to invest and partner

SBSA has the resources and appetite to expand organically through partnerships and alliances.

Targeted technology investments enabling competitiveness and resilience

SBSA has made targeted investments in technology to reinforce its competitive position, increase the resilience of its systems and increase productivity.

BUSINESS OF SBSA

Introduction

SBSA is a universal bank providing retail, corporate, commercial and investment banking services to individuals and companies across South Africa. SBSA has a broad franchise and is active in almost all banking markets in South Africa. SBSA's operating model is structured around its business units, PPB SA, BCB SA and CIB SA. A central support area, Central and Other, provides support functions to these business units.

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

Overview of SBSA Group results

In 2023, the South African operating environment was characterised by persistent challenges including continued loadshedding, underperforming rail and port infrastructure, as well as low business and consumer confidence which weighed on economic growth. Average consumer price inflation for the year ended 31 December 2023 was within the Monetary Policy Committee target range at 5.9 per cent. (compared to 6.9 per cent. for the year ended 31 December 2022) with interest rates increasing by 1.25 per cent. from 7.0 per cent. to 8.25 per cent. Global growth slowdown and rising geopolitical tensions placed further strain on the economy.

Given the strain in the South African operating environment during the year ended 31 December 2023, SBSA's headline earnings grew by 3 per cent. to R16,756 million with a return on equity of 14.6 per cent. (compared to 15.2 per cent. for the year ended 31 December 2022). SBSA contributed 39 per cent. towards SBG's earnings performance (compared to 48 per cent. for the year ended 31 December 2022). Headline earnings were constrained by higher credit impairment charges, as well as higher operating expenses growth. For the year ended 31 December 2023, operating expenses of 16.4 per cent. outpaced total net income growth of 13.4 per cent. which resulted in negative jaws of 2.9 per cent. and a cost-to-income ratio of 60.4 per cent. (compared to 58.8 per cent. for the year ended 31 December 2022).

Balance sheet metrics remained strong for the year ended 31 December 2023, with a CET1 capital ratio of 12.7 per cent., liquidity coverage ratio of 127.4 per cent. and net stable funding ratio of 107.0 per cent., all above the regulatory minimum requirements and board-approved targets. Capital optimisation initiatives focused on a combination of demand and mix of the portfolio after considering the appropriateness of buffers and future changes in regulations. Contingent liquidity buffers remained adequate in catering for internal as well as regulatory stress testing requirements. Deposit diversification across the South African ZAR and foreign currency funding portfolio supported competitive funding costs while sustainably underpinning client lending growth in key sectors.

Gross loans and advances to customers increased by 8 per cent. for the year ended 31 December 2023, supported by strong energy transition and sustainable finance loan origination in the corporate portfolio, together with an increased demand for trade facilities as client activity increased. The higher average interest environment curbed disbursements and pay-outs which resulted in muted loan growth in home services, vehicle and asset finance, and lending solutions albeit off a high base. The SBSA Group continued to support clients in the strained environment through heightened engagement and relevant solutions. Risk appetite was managed robustly, and collection optimisation strategies are yielding effective outcomes.

Deposits and debt funding from customers increased by 7 per cent. for the year ended 31 December 2023, mainly due to targeted client acquisition and retention strategies, as well as pricing of product offerings which led to good growth in call, term and cash management deposits of 10 per cent. Growth in current and savings accounts softened as households increasingly relied on quick access to liquidity due to economic pressures which reduced disposable income.

For the year ended 31 December 2023, net interest income grew by 16 per cent. to R54,555 million, supported by growth in average interest-earning assets and average interest-bearing liabilities, together with positive endowment in a higher average interest rate environment which led to margin expansion. This was partially offset by pricing pressures in a competitive market.

Net fee and commission revenue increased by 6 per cent. to R21,637 million for the year ended 31 December 2023 due to a higher active client base, good growth in transactional volumes linked to travel and e-commerce, and annual price increases. In addition, client acquisitions and new client deals delivered improved cash transaction volumes from corporates in Transaction banking. This was partially offset by higher US dollar Mastercard and Visa expenses in line with increased transactional activity and a weaker ZAR against the USD.

For the year ended 31 December 2023, strong trading revenue growth of 15 per cent. to R9,847 million was achieved on the back of client demand for foreign exchange, increased structured funding and good risk management in a volatile environment. This was partially offset by lower commodities revenue due to the non-recurrence of prior period gains on the back of higher commodity prices.

Other revenue increased by 18 per cent. to R5,588 million for the year ended 31 December 2023, mainly due to a marked increase in vehicle and asset finance fleet rental income on the back of higher volumes on long-term rentals.

For the year ended 31 December 2023, other gains and losses on financial instruments increased by 8 per cent. to R2,463 million in line with asset growth in the fair value portfolio.

Credit impairment charges grew by 34 per cent. to R13,256 million for the year ended 31 December 2023. The key drivers of the increase included an 8 per cent. growth in gross loans and advances to customers, new corporate defaults, provisioning linked to rapid interest rate hikes and the non-recurrence of prior year credit recoveries in the payment holiday portfolio. Notwithstanding the additional provisions raised, the credit loss ratio remained within the portfolio's through-the-cycle target range of 70 – 100bps with the credit loss ratio increasing to 98bps (compared to 79bps for the year ended 31 December 2022).

Operating expenses grew by 16 per cent. to R56,392 million for the year ended 31 December 2023 driven by annual salary increases, an increase in skilled employee complement, as well as higher performance-linked variable remuneration that resulted in higher deferred incentive provisions. Continued investment in technology costs to support client experience, improve business agility by migrating to cloud software, the impact of a weaker ZAR on US dollar contracts, higher fuel and maintenance costs related to electricity shortages. The optimisation of the distribution network continues to be an important lever in reducing the cost to serve clients with a 4 per cent. reduction in branch square meterage in 2023 compared against 2022, while increasing points of representation through the rollout of low-cost kiosks.

SBSA continues to focus on driving sustainable growth in South Africa by utilising its strong balance sheet position to grow market share in selected segments. SBSA will continue to support its clients to navigate through the challenging macroeconomic environment and be a partner for enabling the energy transition in the country.

The following table shows selected ratios for SBSA Group as at, and for the years ended, 31 December 2023 and 31 December 2022:

	31 December	
	2023	**2022**
Income statement		
Total net income (Rm)	94,090	82,950
Headline earnings (Rm)	16,756	16,256
Profit for the year attributable to ordinary shareholders (Rm)	16,779	16,023
Statement of financial position		
Gross loans and advances (Rm)	1,397,103	1,300,172
Total assets (Rm)	1,966,580	1,850,040
Total liabilities (Rm)	1,826,050	1,724,217
Stage 3 loans[3] (Rm)	85,007	66,707
Stage 1 and 2 credit impairment /charge[2]/(release) (Rm)	1,331	1,544
Stage 3 credit impairment charge (Rm)	11,782	8,434
Credit loss ratio (per cent.)	0.98	0.79
Non-performing exposures ratio (per cent.)	6.1	5.1
Return on equity (per cent.)	14.6	15.2
Loans-to-deposit ratio (per cent.)	84,4	84.5
Cost-to-income ratio (per cent.)	60.4	58.8

[2] Stage 1 & 2: SBSA uses a 25-point master rating scale to quantify each borrower's credit risk (corporate asset classes) or facility (specialised lending and retail asset classes). Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of SBSA's master rating scale.

[3] Stage 3: SBSA uses a 25-point master rating scale to quantify each borrower's credit risk (corporate asset classes) or facility (specialised lending and retail asset classes). Exposures which are in default are not considered in the 1 to 25-point master rating scale.

The table below presents the SBSA Group's principal sources of income for the years ended 31 December 2023 and 31 December 2022:

	31 December	
	2023	**2022**
	(Rm)	*(Rm)*
Net interest income	54,555	46,911
Non-interest revenue	39,535	36,039
Net fee and commission revenue	21,637	20,416
Trading revenue	9,847	8,590
Other revenue	5,588	4,755
Other gains and losses on financial instruments[1]	2,463	2,278
Total net income	**94,090**	**82,950**

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

SBSA's Business Units – overview of results

The SBSA Group's operating model is structured around its business units, which are responsible for designing and executing the client value proposition. This enables the SBSA Group to deliver integrated and seamless financial services that meet individual client needs, reducing the time and the costs of serving them and innovating more quickly and efficiently.

The following table shows the contribution of the different business units within SBSA Group to its major financial indicators as at, and for the years ended, 31 December 2023 and 31 December 2022:

	Personal & Private Banking SA[1]		Business & Commercial Banking SA[1]		Corporate & Investment Banking SA[1]		Central and Other[1]	
	31 December		31 December		31 December		31 December	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Rm)							
Total assets	587,124	582,665	130,302	131,017	1,228,597	1,119,168	20,557	17,190
Headline Earnings	6,299	6,672	5,643	4,723	7,255	5,943	(2,441)	(1,082)

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

PPB SA – overview of results

PPB SA showed great resilience despite the challenging operating environment, as reflected in continued pressure on personal incomes. For the year ended 31 December 2023, the PPB SA franchise grew the active client base by 6 per cent. to 11.4 million and continued to deepen relationships with its customers. Headline earnings of R6,299 million were 6 per cent. lower in 2023 than in 2022. Total income growth of 9 per cent. for the year ended 31 December 2023 was dampened by higher credit impairment charges in 2023 growing 34 per cent. compared to 2022. This was largely due to consumer strain linked to the elevated interest and inflationary environment, increased non-performing loans and the non-recurrence of prior year's recoveries in the payment holiday portfolio.

As its clients continue to face challenges, PPB SA is committed to supporting them by providing the right products and services, while ensuring that a robust risk management and collection strategy is in place. Optimisation of the distribution network continues to be an important lever in reducing SBSA's cost to serve customers, with a 4 per cent. reduction in square meterage for the year ended 31 December 2023 compared to the year ended 31 December 2022, while SBSA increased its points of representation by 10 per cent. to 652 through low-cost kiosks to continue to provide its clients with physical access.

BCB SA – overview of results

BCB SA recorded headline earnings of R5,643 million for the year ended 31 December 2023 (an increase of 19 per cent. compared to for the year ended 31 December 2022), with total income growth of 14 per cent. This performance was underpinned by solid growth in deposits and continued active client growth. Loans and advances recorded muted growth as a result of challenging economic conditions and strain experienced in the agriculture sector. BCB SA's products and services include vehicle and asset financing, unsecured personal loans, credit card facilities, transactional banking services, international trade and foreign exchange services.

CIB SA – overview of results

The CIB SA franchise recorded headline earnings growth of 22 per cent. to R7,255 million for the year ended 31 December 2023. This was mainly supported by strong loan origination driven by the energy transition strategy, and the demand for sustainable finance. Deposits and debt funding from customers grew by 7 per cent. for the year ended 31 December 2023, due to increased client deposits in its Transaction banking SA business. This performance, as well as positive endowment in a higher average interest rate environment resulted in net interest income growth of 25 per cent. for the year ended 31 December 2023. Non-interest revenue increased by 12 per cent. for the year ended 31 December 2023, mainly due to strong trading revenues, particularly in the first half of 2023 with increased client activity and liquidity management opportunities in volatile markets.

Central and Other

Central and Other houses SBSA Group hedging activities, unallocated capital, liquidity earnings, insurance brokerage and central costs.

LOAN PORTFOLIO

Introduction

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

Loan portfolio by category of loans and advances

The following table sets out the composition of SBSA's advances by category of loan or advance as at 31 December 2023 and 31 December 2022.

	31 December	
	2023	**2022**
	(Rm)	*(Rm)*
Loans and advances measured at fair value	**715**	**664**
Net loans and advances measured at amortised cost	**1,343,083**	**1,254,305**
Gross loans and advances measured at amortised cost	**1,396,388**	**1,299,508**
Home services	444,438	436,952
Vehicle and asset finance	114,123	108,303
Card and payments	38,285	37,698
Personal and unsecured lending	58,512	51,020
Business lending and other	82,738	95,279
Corporate and sovereign	472,066	399,001
Bank[1]	186,226	171,255
Expected credit losses	**(53,305)**	**(45,203)**
Net loans and advances	**1,343,798**	**1,254,969**
Comprising:		
Gross loans and advances	1,397,103	1,300,172
Less: Expected credit losses	(53,305)	(45,203)

[1] Included in Bank is an amount of R19,563 (2022: R10,657) relating to on demand gross loans and advances to banks that qualifies as cash and cash equivalents (Note 39.5) for group and company.

Loan portfolio by industry sector

The following table sets out the composition of SBSA's advances by industry sector as at 31 December 2023 and 31 December 2022:

	31 December	
	2023	**2022**
	(Rm)	*(Rm)*
Segmental analysis – industry		
Agriculture	32,269	29,821
Construction	8,619	10,187
Electricity	38,005	27,264
Finance, real estate and other business services	438,216	364,983
Individuals[1]	598,590	589,477
Manufacturing	73,524	61,055
Mining	38,458	40,890
Transport	43,331	50,175
Wholesale	81,023	76,979
Other services	45,068	49,341
Gross loans and advances	**1,397,103**	**1,300,172**

[1] Includes mortgages.

Geographical concentration of loans

The following table sets out the distribution of SBSA's loans and advances by geographic area where the loans are recorded as at 31 December 2023 and 31 December 2022:

	31 December	
	2023	**2022[1]**
	(Rm)	*(Rm)*
Segmental analysis by geographic area		
South Africa	1,104,661	1,046,801
Africa Regions	106,434	85,254
International	186,008	168,117
Gross loans and advances	**1,397,103**	**1,300,172**

Credit impairments for loan and advances

The tables below present a reconciliation of the credit impairments for loans and advances for the years ended 31 December 2023 and 31 December 2022:

	31 December	
	2023	**2022**
	(Rm)	*(Rm)*
Opening Expected Credit Losses ("ECL") - 1 January	**45,203**	**41,481**
Net ECL raised and released	12,635	10,043
Impaired accounts written off	(8,077)	(8,563)
Exchange and other movements	3,544	2,242
Closing ECL - 31 December	**53,305**	**45,203**
Comprising:		
Stage 1 ECL	4,962	4,724
Stage 2 ECL	9,013	8,135
Stage 3 ECL	39,330	32,344
Total	**53,305**	**45,203**

The table below sets out a segmental analysis of expected credit losses on stage 3 loans and advances by industry as at 31 December 2023 and 31 December 2022:

	31 December	
	2023	**2022**
	(Rm)	*(Rm)*
Segmental analysis of stage 3 expected credit losses by industry		
Agriculture	944	505
Construction	945	765
Electricity	829	556
Finance, real estate and other business services	4,218	2,810
Individuals	27,142	22,711
Manufacturing	1,906	1,673
Mining	202	96
Transport	745	975
Wholesale	1,486	1,394
Other services	913	859
Credit impairment on non-performing loans	**39,330**	**32,344**

The table below sets out a segmental analysis of stage 3 expected credit losses on loans and advances by geographic area as at 31 December 2023 and 31 December 2022:

	31 December	
	2023	**2022**
	(Rm)	*(Rm)*
Segmental analysis by geographic area		
South Africa	37,216	30,770
Africa Regions	1,765	1,282
International	349	292
Credit impairment on non-performing loans	**39,330**	**32,344**

The following table presents the stage 3 exposures ratios for SBSA's products for the years ended 31 December 2023 and 31 December 2022:

	31 December	
	2023	**2022**
Stage 3 exposures ratios:	*(per cent.)*	*(per cent.)*
Home services	9.3	7.0
Vehicle and asset finance	8.8	7.4
Card payments	10.6	8.4
Personal unsecured lending	17.6	14.9
Business lending and other	8.0	7.1
Corporate and sovereign	2.7	2.6
Bank		
Central and Other		
Stage 3 exposures ratio	**6.1**	**5.1**

Credit portfolio characteristics and metrics

For further information on SBSA's approach to managing and measuring credit risk and SBSA's credit portfolio characteristics and metrics, please see "*Annexure C – IFRS Risk and capital management disclosures*" in the SBSA 2023 Annual Financial Statements.

GOVERNANCE

SBSA's governance framework is derived from SBG's governance framework. This governance framework enables the board of directors of SBSA (the "**SBSA Board**") to balance its role of providing risk oversight and strategic counsel with ensuring adherence to regulatory requirements and risk tolerance.

The SBSA Board is ultimately responsible for governance. The chairman is an independent non-executive and the roles of chairman and chief executive are separate. The SBSA Board composition is both qualitatively and quantitatively balanced in terms of skills, demographics, gender, nationality, experience and tenure. There is a clear division of responsibilities ensuring that no one director has unfettered powers in the decision-making process.

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

SBSA's board-approved governance framework is embedded in all its operations and is designed to provide clear direction for responsive decision-making and to support responsible behaviour.

The King IV Report on Corporate Governance for South Africa 2016 forms the cornerstone of the Group's governance approach. The SBSA Group's application of its principles is embedded throughout its governance framework, allowing the SBSA Group to achieve the good governance principles of ethical culture, good performance, effective control and legitimacy. The SBSA implements its 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 the SBSA Group's markets; and
- support the SBSA Group's legitimacy as a responsible corporate citizen, enhancing the resources and relationships it relies on today for the future benefit of the SBSA Group, its clients, employees, stakeholders and society.

SBSA's ability to anticipate and respond effectively to change underpins its governance philosophy and supports the acceleration of its strategy, including how the board provides counsel and oversight.

SBSA's philosophy supports the digital enablement of governance, allowing it to adequately introduce new operating models, understand the opportunities and risks associated with accelerating the strategy and managing constraints, and effectively allocating its resources in an ever-changing world to deliver and protect sustainable shared value.

Board of Directors

The current members of the SBSA Board are listed below:

Name	Title	Year Joined SBSA Board
Lungisa Fuzile	Chief executive officer, executive director, SBSA	2018
Sim Tshabalala	Executive director, SBG and SBSA	2008
Arno Daehnke	Executive director, SBG and SBSA	2016
Nonkululeko Nyembezi	Chairman, independent, non-executive director SBG and SBSA	2020
Martin Oduor – Otieno	Independent, non-executive director, SBG and SBSA	2016
Trix Kennealy	Independent, non-executive director, SBG and SBSA	2016
Geraldine Fraser-Moleketi	Independent, non-executive director, SBG and SBSA	2016
Jacko Maree	Independent, non-executive director, SBG and SBSA	2016
Nomgando Matyumza	Independent, non-executive director, SBG and SBSA	2016
Paul Cook	Independent, non-executive director, SBG and SBSA	2021
Ben Kruger	Independent, non-executive director, SBG and SBSA	2022
Lwazi Bam	Independent, non-executive director, SBG and SBSA	2022
Sola David-Borha	Independent, non-executive director, SBG and SBSA	2024
Li Li	Non-executive director, SBG and SBSA	2021

Changes to the SBSA's Board

The SBSA board appointed Sola David-Borha as non-executive director of SBSA with effect from 13 March 2024 and she was reclassified as an independent director from 23 May 2024.

Atedo Peterside and Dr Xueqing Guan retired at the close of the Annual General Meeting held on 23 May 2024.

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

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

Conflicts of Interest

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

EMPLOYEES

For the year ended 31 December 2023, the SBSA Group had 29,712 permanent employees (compared to 28,871 permanent employees for the year ended 31 December 2022).

COMPETITION

Competitors

As at 31 December 2023, there were 14 locally controlled banks, 4 foreign controlled banks, 4 mutual banks, 11 local branches of foreign banks and 28 foreign banks with approved representative offices in South Africa. According to the SARB BA 900 report for 31 December 2023, the banking sector in South Africa had total assets of R7.6 trillion as at 31 December 2023. SBSA's principal competitors are Absa Bank Limited, FirstRand Bank Limited, and Nedbank Limited. Apart from SBSA, these represent the largest banks in South Africa. The following table sets out total assets and capital and reserves for each as at 31 December 2023.

	Total Assets	**Capital and reserves**
	(Rm)	*(Rm)*
Absa Bank Limited	1,533,059	102,732
FirstRand Bank Limited	1,638,745	108,696
Nedbank Limited	1,213,594	78,935
The Standard Bank of South Africa Limited	1,870,751	121,006

Source: BA 900 filings – SARB, 31 December 2023

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

CAPITAL ADEQUACY

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

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

South African minimum Basel III capital requirements were 8.5 per cent. for CET 1, 10.75 per cent. for tier 1 and 14.0 per cent. for total capital adequacy in 2023. These minimums exclude the countercyclical buffer, which was not announced as a requirement for South Africa for the 2023 financial year, and confidential bank-specific pillar 2b capital requirements but include the maximum potential domestic systemically important bank ("**D-SIB**") requirement of 2.5 per cent.

The PA has announced its intention, subject to industry comment, to introduce a positive cycle neutral countercyclical buffer of 1 per cent. effective from 1 January 2026 with phase-in requirements from 1 January 2025.

The PA announced a further delay in implementation of the Finalisation of Post Crisis Reforms to 1 July 2025 from 1 January 2024. SBSA continues to analyse the potential impact of these rules on the capital adequacy ratios, systems and processes of the bank while engaging with the PA on areas of national discretion specified by the BCBS together with items requiring further clarification.

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

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

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

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

The SARB adopted the leverage framework that was issued by the BCBS in January 2014 with the minimum leverage ratio being set at 4 per cent. During 2023, the PA proposed a leverage ratio buffer requirement for D-SIB banks in South Africa equal to 50 per cent. of higher loss absorbency requirements imposed on a D-SIB's CET 1 ratio, effective from 1 January 2025. This will increase SBSA's minimum leverage ratio requirement to 4.5 per cent. effective from 1 January 2025.

The non-risk-based leverage measure is designed to complement the Basel III risk-based capital framework. SBSA's leverage ratio inclusive of unappropriated profit was 6.5 per cent. as at 31 December 2023 (compared to 5.9 per cent. as at 31 December 2022).

Basel III qualifying capital excluding unappropriated profits

The following table sets out SBSA's Tier 1 and Tier 2 capital excluding unappropriated profit for the years ended 31 December 2023 and 31 December 2022:

	31 December	
	2023	**2022**
	(Rm)	*(Rm)*
Ordinary shareholders' equity	121,715	111,081
Regulatory adjustments	(7,451)	(8,206)
Goodwill	(48)	(42)
Other intangible assets	(6,520)	(7,483)
Other adjustments	(883)	(681)
Unappropriated profits	(7,974)	(9,122)
CET 1 capital	**106,290**	**93,753**
Qualifying other equity instruments	18,661	14,098
Tier 1 capital	**124,951**	**107,851**
Qualifying Tier 2 subordinated debt	25,682	24,594
General allowance for credit impairments	3,594	2,674
Less: regulatory adjustments - investment in Tier 2 instruments in other banks	(3,862)	(3,125)
Tier 2 capital	25,414	24,143
Total regulatory capital	**150,365**	**131,994**

Source: Extracted from page 95 of SBG's FY2023 Investor Booklet

Basel III risk-weighted assets and associated capital requirements

The following table details SBSA's capital adequacy ratios for the years ended 31 December 2023 and 31 December 2022 on a Basel III basis.

	RWA		Minimum capital
	2023	**2022**	**2023**
	(Rm)	*(Rm)*	*(Rm)*
Credit risk (excluding counterparty credit risk (CCR))	**653,053**	**619,503**	**84,897**
Of which: standardised approach2	51,649	55,709	6,714
Of which: internal rating-based (IRB) approach	601,404	563,794	78,183
CCR	**35,469**	**35,939**	**4,611**
Of which: standardised approach for CCR	34,304	34,988	4,460
Of which: other CCR	1,165	951	151
CVA	**9,746**	**14,037**	**1,267**
Equity positions in banking book under market-based approach	**2,951**	**3,419**	**384**
Equity investment in funds - look through approach	**712**	**1,143**	**93**
Equity investment in funds - mandate-based approach	**4,650**	**3,145**	**605**
Equity investment in funds - fall-back approach	**204**	**252**	**27**
Securitisation exposures in banking book	**1,315**	**905**	**171**
Of which: Internal Ratings-Based Approach (SEC-IRBA)	**792**	**534**	**103**
Of which: External Ratings-Based Approach (SEC-ERBA)	**523**	**371**	**68**
Market risk	**53,344**	**50,675**	**6,935**
Of which: standardised approach	25,135	30,911	3,268
Of which: internal model approach (IMA)	28,209	19,764	3,667
Operational risk	**117,122**	**103,860**	**15,226**
Of which: standardised approach	32,125	19,304	4,176
Of which: advanced measurement approach (AMA)	84,997	84,556	11,050
Amounts below the thresholds for deduction (subject to 250 per cent. risk	20,128	18,633	2,617

	RWA		Minimum capital
	2023	2022	2023
	(Rm)	*(Rm)*	*(Rm)*
Total	**898,694**	**851,511**	**116,333**

1 Measured at 13.0 per cent. and excludes any bank-specific capital requirements. SBSA's D-SIB buffer requirement amounts to 1.5 per cent., of which 1.0 per cent. is required to be held in CET 1. There is currently no requirement for the countercyclical buffer add-on in South Africa or in other jurisdictions in which SBSA has significant exposures.
2 Portfolios on the standardised approach relate to portfolios for which application to adopt the internal model approach has not been submitted, or for which application has been submitted but approval has not been granted.
Source: Extracted from SBG's 2023 Risk and Capital Management Report

Capital Adequacy Ratios

The following table details SBSA's capital adequacy ratios for the years ended 31 December 2023 and 31 December 2022 on a Basel III basis:

	Internal target ranges [1]	SARB minimum regulatory requirement [2]	Excluding unappropriated profits		Including unappropriated profits	
			2023	2022	2023	2022
	(per cent.)	*(per cent.)*	*(per cent.)*	*(per cent.)*	*(per cent.)*	*(per cent.)*
CET 1 capital adequacy ratio	>11.0	8.5	11.8	11.0	12.7	12.1
Tier 1 capital adequacy ratio	>12.0	10.75	13.9	12.6	14.8	13.7
Total capital adequacy ratio	>15.0	13.0	16.7	15.5	17.6	16.6

[1] Including unappropriated profits.

[2] Excluding confidential bank specific requirements.

Source: This information has been extracted from the SBG FY 2023 Investor Booklet.

For further information, please see "*Annexure C – IFRS Risk and capital management disclosures*" set out in SBSA 2023 Annual Report which are incorporated by reference into the Programme Memorandum.

Climate Policy

The Group is committed to supporting the reduction of greenhouse gas emissions while enabling a just transition that balances access to electricity, energy security, food security, economic growth and human development with the decarbonisation required to mitigate the impacts of climate change. The Group's climate policy, published in 2022, applies to all its business units and subsidiaries, including SBSA. The climate policy commits the Group to achieving net zero carbon emissions from its own operations for newly built facilities by 2030, for existing facilities by 2040 and from its portfolio of financed emissions by 2050. The Group interprets "net zero" to mean that greenhouse gas emissions produced are balanced by absorbing or removing an equivalent amount from the atmosphere. To achieve a just transition toward net zero, the Group applies several complementary approaches including:

- setting targets to increase mobilisation of sustainable finance solutions, including for mitigation of and adaptation to climate change;
- setting limits for loans and advances to high emitting sectors (thermal coal, upstream oil, coal-fired power plants, oil-generated power plants and standalone gas-fired power plants) as a percentage of total group loans and advances;
- developing methodologies to measure its financed emissions in specific sectors, in order to set appropriate targets for reduction of financed emissions in due course;

- engaging with clients, requiring clients in high emitting sectors to provide emissions reduction strategies in advance of financing, and supporting clients in their climate transition commitments; and
- monitoring clients’ commitments as part of their transition.

In 2022, the Group set initial climate targets and commitments, expressed in terms of lending exposure, for sustainable finance, renewable energy, gas, oil and thermal coal and coal-fired power generation. Commitments and targets were published for additional sectors in 2023, namely residential real estate and personal lending, commercial real estate, and short-term insurance. The Group intends to publish commitments and targets for additional sectors in 2024 and 2025.

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

The Group publishes updates on its progress on the achievement of its climate targets in its annual reporting. The Group will review and update its climate policy, and associated targets and commitments, in 2024, as per its commitment to review the policy at least every three years.

Legal Proceedings

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

SBSA Technology Capability

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

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

SBSA placed considerable emphasis in 2023 on managing its third parties as cyber and information risks were trending across the industry. SBSA adopted threat profiling, dark web risk mitigation strategies and assessed operational readiness of critical third-parties to mitigate cyber threats and information risks that may emerge. SBSA's information technology refined strategy and approach focused on its individual business units has improved system stability and resilience including better recovery time in 2023 when outages did occur. SBSA attributes this improvement to its ongoing "always-on" focus and the diligent execution of basic IT practices and processes by SBSA. Further noteworthy examples of SBSA's IT practices include improvements in the cadence and quality of disaster recovery testing, remediation of end-of-life and end-of-support systems, and rigorous IT change management.

SBSA sets security, recovery, and business resumption as a key focus area, and regularly tests contingency procedures so that interruptions are minimized. This yielded a 63 per cent. decrease in material system stability incidents in 2023 and 68 per cent. reduction in the average time to resolve incidents. This translated to an 88 per cent. improvement cumulative system downtime for the year ended 31 December 2023 (compared to the prior year). Despite an increasing trend both globally and domestically of increased cyber-attacks including ransomware, malware, distributed denial of service and others in 2023, SBSA's clients were not impacted. SBSA appointed an independent reviewer to undertake a quantitative review of its cyber risk and security measures and provide additional insights based on insurance data and expertise.

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

REGULATION

General regulatory requirements

SBSA is subject to, amongst other pieces of legislation, the Banks Act and the FSR Act and is supervised by the Financial Conglomerate Supervision Department of the Prudential Authority.

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

Please see the heading titled "*Risk Factors - The impact of any future change in law or regulation on the Issuer's business is uncertain* " *on page 18 of the document titled* "*Risk Factors and Other Disclosures Schedule relating to The Standard Bank of South Africa Limited USD 1,000,000,000 Structured Note Programme Risk Factors*" available on the website of the Issuer at https://reporting.standardbank.co./debt-investors/debt-securities/.

Anti-money laundering regulatory requirements

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

Anti-bribery and corruption requirements

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

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

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

Risk Management

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

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

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

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

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

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

Risk Governance

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

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

Risk governance committees

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

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

Please also see "*Annexure C – IFRS Risk and capital management disclosures*" in the SBSA 2023 Annual Report.

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