

# About this report

As a financial services group focused on Africa, we play a fundamental role in the socioeconomic development of the continent we serve.

The success of our customers and clients, and the trust and support of all our stakeholders, underpin our commercial sustainability.

This interdependence requires that we conduct our business ethically and responsibly to create value in the long-term interest of society. Although our annual integrated report is aimed principally at providers of capital, it is also considered to be of interest to a diverse range of other stakeholders.

## Scope and boundary

The 2014 annual integrated report covers the period 1 January 2014 to 31 December 2014. All material matters up to group board of directors (board) approval on 4 March 2015 are included. The annual integrated report discusses our operations in South Africa, the rest of Africa and outside Africa; the terms we use to describe the geographic regions in which we operate. The acronyms and abbreviations used in this report are explained on page 189. Unless indicated otherwise, all data pertains to the group, which includes our banking operations, subsidiaries and Liberty. Any restatements of comparable information are noted as such. While group financial information is prepared according to IFRS, non-financial information deemed material is also included. Information relating only to SBSA, the group's largest subsidiary and contributor to headline earnings, has been clearly marked.

## Materiality determination

Our annual integrated report aims to present a balanced and succinct analysis of our strategy, performance, governance and prospects.

In determining the content to be included in this report, we consider the pertinent developments and initiatives, and the related performance indicators and future expectations that relate to our material issues. We consider an issue to be material if it is likely to impact our ability to achieve our strategy, and to remain commercially sustainable and socially relevant. In particular, material issues are those that have a strong bearing on our stakeholders' assessments of the extent to which we fulfil their needs over the long term. We also take into account the factors that affect the economic growth and social stability of the countries and regions in which we do business.

In 2013 we undertook an extensive consultative process to determine the material issues that affect our longer-term sustainability. These issues are outlined in relation to our operating context on page 10, and form the lens for the narrative in this report. The specific short- to medium-term matters that relate to how we deliver on our strategy and manage each of these sustainability issues, are discussed with leadership every year in producing the annual integrated report. This year, we broadened this process with the aim of connecting risk disclosure more specifically to the strategic narrative.

Based on our leadership engagement, governance processes and our formal and informal stakeholder engagement initiatives, particularly with investors, we are confident that all material matters have been identified and disclosed in this report. The group audit committee recommends the integrated report for approval to the board. The board and various subcommittees review the report to ensure all material matters have been disclosed and appropriately discussed.

## Statement of the board of directors of Standard Bank Group Limited

The board acknowledges its responsibility to ensure the integrity of the annual integrated report. In the board's opinion, the report addresses all material issues and matters, and fairly presents the group's integrated performance.

On behalf of the board:



**Fred Phaswana**  
Chairman



**Sim Tshabalala**  
Group chief executive



**Ben Kruger**  
Group chief executive

4 March 2015



Feedback

We welcome the views of our stakeholders on the annual integrated report. Please contact us at [Annual.Report@standardbank.co.za](mailto:Annual.Report@standardbank.co.za) with your feedback.

A limited number of printed risk and capital management report and annual financial statements books are available on request. Please contact our investor relations department, using the details at the back of this report, and we will gladly make arrangements to provide a copy to you.

# Integrated thinking

Our commercial sustainability depends on our effectiveness in assisting Africa's people, businesses and institutions to fulfil their economic potential by facilitating payments, managing risk and creating and preserving wealth. We intermediate between providers of capital and employers of capital, providing the former with competitive returns on their investments, and the latter with access to the liquidity and capital they need to realise their objectives.

These functions of our core business can in no way be separated from our developing social and environmental context – whether at local, national, regional or global level. Strong institutions are essential to ensure market outcomes that are socially beneficial in both the short and long term. These institutions include both formal regulatory institutions and informal social institutions such as civil society structures. Well-functioning businesses and markets require appropriate regulation to continue as constructive organs of society, to restore trust and to participate in the shared

interest of maintaining stable and thriving African economies and societies.

We believe that a community-minded worldview is integral to our legitimacy and represents a consistent and considered level of integrated thinking, which we continue to deepen within our organisation through our group strategic construct set out on page 8. In effect it corresponds to the capitals model of value creation, adopted by the International Integrated Reporting Council (IIRC) in the International <IR> Framework. While we have not formally adopted the six capitals categorisation, based on our understanding of the IIRC's guidance, our report explains our dependence and impact on the forms of capital that are fundamental to our ability to create value over the long term. We have not structured this report using the capitals but have embedded them within each section to enable us to plot the interrelationships and trade-offs between them in relation to our group and business unit strategies. The capitals are introduced below.

## Financial capital

is the money we obtain from providers of capital that we use to support our business activities and invest in our strategy. Financial capital, which includes reserves generated through share capital, other equity-related funding and retained profits generated from our operations, is used to fund our business activities.

## Human capital

refers to our people and how we select, manage and develop them. This enables them to utilise their skills, capabilities, knowledge and experience to improve and develop products and services that meet the needs of our customers and clients across the diverse regions in which we operate.

## Natural capital

relates to the natural resources on which we depend to create value and returns for our stakeholders. As a financial services group we must deploy our financial capital in such a way that promotes the preservation or at least minimises the destruction of natural capital.

## Social and relationship capital

is the cooperative relationships with our customers, clients, capital providers, regulators and other stakeholders that we create, develop and maintain to remain socially relevant and operate as a responsible corporate citizen.

## Manufactured capital

is our tangible and intangible infrastructure that we use to conduct our business activities, including our IT assets.

## Intellectual capital

which includes the knowledge of our people and our intellectual property, brand and reputation, is closely related to financial, human and manufactured capital given the nature of our business.