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Standard Chartered Bank - Johannesburg Branch

(Registered as an external company in terms of the South African Companies Act 71 of 2008)
Registration number 2003/020177/10 ("Standard Charted" or "the bank")

QUARTERLY REPORT ON PILLAR 3 DISCLOSURES AT 31 December 2021

Quarterly disclosures in accordance with the Basel Committee on Banking Supervision's revised Pillar 3 disclosure requirements, the Prudential Authority (PA) Directives 1 of 2019, issued in terms of section 6(6) of the Banks Act No.94 of 1990 and Regulation 43 of the regulations relating to Banks.

KEY METRICS (KM1)

No transitional arrangements per Directive 5/2017 were applied prior to Q1'21. Capital ratios excludes unappropriated profits.

The NSFR ratio decreased due to lower available stable funding, directly impacted by the enhanced disclosure for operational deposits. Increased investment in HQLA positively impacted the ratios.

	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20
			R'million		
Available capital amounts					
Common Equity Tier 1 (CET1)	3,786	3,797	3,808	3,773	3,896
Fully loaded Expected Credit Loss (ECL) accounting model	3,786	3,797	3,808	3,773	3,896
Tier 1	3,786	3,797	3,808	3,773	3,896
Fully loaded ECL accounting model Tier 1	3,786	3,797	3,808	3,773	3,896
Total capital	3,859	3,895	4,023	4,026	4,124
Fully loaded ECL accounting model total capital	3,859	3,895	4,023	4,026	4,124
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	19,319	21,408	25,467	26,087	24,580
Total risk-weighted assets (pre-floor)	19,319	21,408	25,467	26,087	24,580
Risk-based capital ratios as a percentage of RWA					
CET 1 ratio (%)	19.59%	17.74%	14.95%	14.46%	15.85%
Fully loaded ECL accounting model CET1 (%)	19.59%	17.74%	14.95%	14.46%	15.85%
CET1 ratio (%) (pre-floor ratio)	19.59%	17.74%	14.95%	14.46%	15.85%
Tier 1 ratio (%)	19.59%	17.74%	14.95%	14.46%	15.85%
Fully loaded ECL accounting model Tier 1 ratio (%)	19.59%	17.74%	14.95%	14.46%	15.85%
Tier 1 ratio (%) (pre-floor ratio)	19.59%	17.74%	14.95%	14.46%	15.85%
Total capital ratio (%)	19.97%	18.19%	15.80%	15.43%	16.78%
Fully loaded ECL accounting model total capital ratio (%)	19.97%	18.19%	15.80%	15.43%	16.78%
Total capital ratio (%) (pre-floor ratio)	19.97%	18.19%	15.80%	15.43%	16.78%
Additional CET1 buffer requirements as a percentage of RWA					
Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Bank G-SIB and/or D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Total of bank CET1 specific buffer requirements (%) (rows 8,9 and 10)	2.50%	2.50%	2.50%	2.50%	2.50%
CET1 available after meeting the bank's minimum capital requirements (%)	12.21%	10.36%	7.57%	7.08%	8.47%
Basel III leverage ratio					
Total Basel III leverage ratio exposure measure	48,918	46,662	38,474	44,314	45,158
Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	7.74%	8.14%	9.90%	8.51%	8.63%
Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	7.74%	8.14%	9.90%	8.51%	8.63%
Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	7.74%	8.14%	9.90%	8.51%	8.63%
Liquidity Coverage Ratio					
Total high-quality liquid assets (HQLA)	9,806	8,237	7,514	7,390	10,590
Total net cash outflow	3,862	3,492	3,479	3,352	6,235
LCR ratio (%)	254%	236%	216%	220%	170%
Net Stable Funding Ratio					
Total available stable funding	20,301	27,583	28,082	27,765	25,376
Total required stable funding	16,773	15,231	19,268	18,894	18,317
NSFR ratio	121%	181%	146%	147%	139%

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OVERVIEW OF RWA (OV1)

		Risk-weighted assets	Risk-weighted assets	Minimum Capital Requirements
		Dec-21	Sep-21	Dec-21
			R'million	
1	Credit risk (excluding counterparty credit risk)	12,469	14,391	1,309
2	Of which standardised approach	12,469	14,391	1,309
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
4	Of which: Supervisory slotting approach	-		
5	Of which Advanced internal ratings-based (A-IRB) approach	-	-	-
6	Counterparty credit risk (CCR)	2,038	2,627	214
7	Of which: standardised approach for counterparty credit risk	2,038	2,627	214
8	Of which: Internal Model Method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	1,094	1,147	115
11	Equity positions under the simple risk weight approach	-	-	-
12	Equity investments in funds – look-through approach	-	-	-
13	Equity investments in funds – mandate-based approach	-	-	-
14	Equity investments in funds – fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	172	141	18
21	Of which standardised approach	172	141	18
22	Of which internal model approaches	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	3,094	3,102	325
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	453	-	48
26	Floor Adjustment	-	-	-
27	**Total**	19,320	21,408	2,029

Minimum capital requirements - This includes the Basel base minimum of 8%, plus Pillar 2A capital requirement, plus any applicable Basel buffers.

Counterparty credit risk and market risk movements are attributable to business as usual activities.

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SUMMARY OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE (LR1)

	Dec-21 R'million
Total assets	**43,309**
Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
Adjustments for derivative financial instruments	1,329
Adjustments for securities financing transactions (SFTs)) (i.e. repos and similar secured lending)	(1,538)
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	6,483
Other adjustments	(665)
Leverage ratio exposure measure	**48,918**

Based on quarter-end balances.

LEVERAGE RATIO COMMON DISCLOSURE (LR2)

	Dec-21	Sep-21
	R'million	
On-balance sheet exposures		
On-balance sheet exposures (excluding derivatives and SFT's but including collateral)	38,697	35,920
Asset amounts deducted in determining tier 1 capital	(333)	(349)
Total on-balance sheet exposures (excluding derivatives and SFT's (total of items 1 and 2)	**38,364**	**35,571**
Derivative exposures		
Replacement costs associated with all derivative transactions, net of eligible cash variation margin	2,324	2,370
Add-on amounts for PFE associated with all derivative transactions	1,747	2,667
Gross-up derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
Deductions from receivables assets for cash variation margin provided in derivatives transactions	-	-
Exempted CCP leg of client-cleared trade exposure		
Adjusted effective notional amount of written credit derivatives	-	-
Adjusted effective notional offsets and add-on deductions for written credit derivatives	-	-
Total derivatives exposure (sum rows 4 to 10)	**4,071**	**5,037**
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	1,538	1,372
Netted amounts of cash payables and cash receivables of gross SFT assets	(1,538)	(1,372)
CRR exposure for SFT assets	-	-
Agent transaction exposures	-	-
Total securities financing transaction exposures (sum of rows 12 to 15)	**-**	-
Other off-balance sheet exposures		
Off-balance sheet exposure at gross notional amount	28,302	27,354
Adjustment for conversion to credit equivalent amounts	(21,819)	(21,300)
Off-balance sheet items (sum of rows 17 and 18)	**6,483**	**6,054**
Capital and total exposures		
Tier 1 capital [1]	**3,786**	**3,797**
Total exposures (sum of rows 3,11,16 and 19)	**48,918**	**46,662**
Leverage ratio		
Leverage ratio (expressed as a percentage)	**7.74%**	**8.14%**

Based on quarter-end balances.

[1]Excluding unappropriated profits.

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LIQUIDITY COVERAGE RATIO (LIQ1)

	Dec-21 Total Unweighted Value (average) R'million	Dec-21 Total Weighted (average) R'million
High-Quality Liquid Assets		
Total HQLA		9,806
Cash outflows		
Retail deposits and deposits from small business customers, of which:	-	-
Stable deposits	-	-
Less stable deposits	-	-
Unsecured wholesale funding, of which:	18,431	11,070
Operational deposits (all counterparties) and deposits in networks of cooperative banks	4,295	1,074
Non-operational deposits (all counterparties)	14,137	9,996
Unsecured debt	-	-
Secured wholesale funding		-
Additional requirements	19,586	2,501
Outflows related to derivative exposures and other collateral requirements	1,530	1,530
Outflows related to loss of funding on debt products	-	-
Credit and liquidity facilities	13,585	748
Other contractual funding obligations	-	-
Other contingent funding obligations	4,471	224
Total cash outflows		**13,571**
Cash inflows		
Secured lending (e.g. reverse repos)	-	-
Inflows from fully performing exposures	9,219	8,243
Other cash inflows	1,466	1,466
Total cash inflows	**10,685**	**9,709**
		Total adjusted value
Total HQLA		9,806
Total net cash outflows		3,862
Liquidity coverage ratio (%)		**254%**

Simple average of 92 days of daily observations over the quarter ended 31 December 2021.

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NET STABLE FUNDING RATIO (LIQ2)

	Unweighted value by residual maturity				
	No maturity	<6 months	6 months to <1 year	≥1 year	Weighted Value
	R'million	R'million	R'million	R'million	
Available stable funding (ASF) item					
Capital:	-	-	-	4,914	4,914
Regulatory capital	-	-	-	4,914	4,914
Other capital instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:	-	-	-	-	-
Stable deposits	-	-	-	-	-
Less stable deposits	-	-	-	-	-
Wholesale funding:	-	-	-	-	-
Operational deposits	-	-	-	-	-
Other wholesale funding		33,456			13,526
Liabilities with matching interdependent assets	-	-	-	-	-
Other liabilities:	-	-	-	-	-
NSFR derivative liabilities		-	-	-	
All other liabilities and equity not included in the above categories				1,859	1,859
Total ASF					20,301
Required stable funding (RSF) item					
Total NSFR high-quality liquid assets (HQLA)					
Deposits held at other financial institutions for operational purposes	-	-	-	-	-
Performing loans and securities:					
Performing loans to financial institutions secured by Level 1 HQLA	-	5,614	4,500	3,000	656
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	10,454	32	59	3,223
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs , of which:	0	7,990	200	1,048	1,564
With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit	-	-	-	-	-
Performing residential mortgages, of which:	-	-	-	-	-
With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		935	-	200	638
Assets with matching interdependent liabilities	-	-	-	-	-
Other liabilities:					
Physical traded commodities, including gold	-				-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
NSFR derivative assets		-	-	2,742	2,742
NSFR derivative liabilities before deduction of variation margin posted		-	-	-	-
All other assets not included in the above categories	-	-	-	6,536	6,536
Off-balance sheet items		-	-	28,302	1,415
Total RSF					16,773
Net Stable Funding Ratio (%)					**121%**

Based on month end balances.

The NSFR ratio decreased due to lower available stable funding, directly impacted by the enhanced disclosure for operational deposits.