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**PRO FORMA FINANCIAL INFORMATION OF SBG**

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The tables below set out the *pro forma* financial information of SBG and have been prepared for illustrative purposes only, in order to enable Scheme Participants to assess the impact of the Scheme on SBG.

The *pro forma* financial information set out below is the responsibility of the SBG Directors.

Due to its nature, the *pro forma* financial information may not fairly present the financial position or the effect on earnings, changes in equity or cash flows of SBG after implementation of the Scheme.

The *pro forma* financial information has been prepared in accordance with the Listings Requirements, the Takeover Regulations, the accounting policies adopted by SBG, which are in compliance with International Financial Reporting Standards, and the SAICA Guide on *Pro Forma* Financial Information.

## PRO FORMA CONSOLIDATED INCOME STATEMENT OF STANDARD BANK GROUP LIMITED

The *pro forma* consolidated income statement presented below is based on the assumption that the Scheme was effective 1 January 2021 and as set out in the notes presented below.

Rm	30 June 2021 (Before) <sup>(1)</sup>	Special Distribu- tion <sup>(2)</sup>	Scheme Considera- tion <sup>(3)</sup>	Share incentive scheme replacement <sup>(4)</sup>	Transaction costs <sup>(5)</sup>	<i>Pro forma</i> After
<b>Income from Standard Bank activities</b>	<b>54,453</b>					<b>54,453</b>
<b>Net interest income</b>	<b>29,968</b>					<b>29,968</b>
<b>Non-interest revenue</b>	<b>24,485</b>					<b>24,485</b>
<b>Income from investment management and life insurance activities</b>	<b>10,362</b>	<b>(86)</b>	<b>(114)</b>			<b>10,162</b>
<b>Total income</b>	<b>64,815</b>	<b>(86)</b>	<b>(114)</b>			<b>64,615</b>
Credit impairment charges	(5,797)					(5,797)
<b>Net income before operating expenses</b>	<b>59,018</b>	<b>(86)</b>	<b>(114)</b>			<b>58,818</b>
Operating expenses in banking activities	(31,770)					(31,770)
Operating expenses in investment management and life insurance activities	(8,286)			94	(165)	(8,357)
<b>Net income before capital items and equity accounted earnings</b>	<b>18,962</b>	<b>(86)</b>	<b>(114)</b>	<b>94</b>	<b>(165)</b>	<b>18,691</b>
Non-trading and capital-related items	(116)					(116)
Share of post-tax profit/ (loss) from associates	546					546
<b>Profit before indirect taxation</b>	<b>19,392</b>	<b>(86)</b>	<b>(114)</b>	<b>94</b>	<b>(165)</b>	<b>19,121</b>
Indirect taxation	(1,431)					(1,431)
<b>Profit before direct taxation</b>	<b>17,961</b>	<b>(86)</b>	<b>(114)</b>	<b>94</b>	<b>(165)</b>	<b>17,690</b>
Direct taxation	(4,640)	24	32	(26)		(4,610)
<b>Profit for the period</b>	<b>13,321</b>	<b>(62)</b>	<b>(82)</b>	<b>68</b>	<b>(165)</b>	<b>13,080</b>
Attributable to ordinary shareholders	11,414	(62)	13	54	(128)	11,291
Attributable to equity instrument holders	389					389
Attributable to non-controlling interests	1,518		(95)	14	(37)	1,400
<b>Weighted average number of ordinary shares in issue (number of shares)</b>						
Weighted average shares in issue before adjustments ('000)	1,619,941		57,958			1,677,899
Deemed treasury shares ('000)	(28,935)					(28,935)
Adjusted for deemed treasury shares held by entities within the Group ('000)						
<b>Basic earnings per ordinary share (cents)</b>	<b>1,591,006</b>		<b>57,958</b>			<b>1,648,964</b>
<b>Diluted earnings per ordinary share</b>	<b>717.4</b>					<b>684.72</b>
Weighted average number of ordinary shares in issue ('000)	<b>1,591,006</b>		<b>57,958</b>			<b>1,648,964</b>

**PRO FORMA CONSOLIDATED INCOME STATEMENT OF STANDARD BANK GROUP LIMITED (CONTINUED)**

<b>Rm</b>	<b>30 June 2021 (Before)<sup>(1)</sup></b>	<b>Special Distribu- tion<sup>(2)</sup></b>	<b>Scheme Considera- tion<sup>(3)</sup></b>	<b>Share incentive scheme replacement<sup>(4)</sup></b>	<b>Transaction costs<sup>(5)</sup></b>	<b>Pro forma After</b>
<b>Adjusted for the following potential dilution ('000)</b>						
<b>Share incentive schemes</b>	<b>8,907</b>					<b>8,907</b>
Group share incentive schemes	69					69
Equity growth scheme	343					343
Deferred bonus scheme, long-term incentive plans and related hedges	8 495					8,495
<b>Diluted weighted average number of ordinary shares</b>						
<b>in issue ('000)</b>	<b>1,599,913</b>		<b>57,958</b>			<b>1,657,871</b>
<b>Diluted earnings per ordinary share (cents)</b>	<b>713.4</b>					<b>681.0</b>
<b>Headline earnings per ordinary share (cents)</b>	<b>721.4</b>					<b>688.5</b>
<b>Diluted headline earnings per ordinary share (cents)</b>	<b>717.4</b>					<b>684.8</b>
<b>Headline earnings reconciliation</b>						
<b>Profit for the period</b>	<b>11,414</b>	<b>(62)</b>	<b>13</b>	<b>54</b>	<b>(128)</b>	<b>11,291</b>
<b>Headline adjustable items added</b>	<b>63</b>					<b>63</b>
IAS 36 – Impairment of Intangible assets						
IAS 21 – Realised foreign currency movements on foreign operations and associates						
IFRS 16 – Profit on sale and leaseback						
IAS 16 – Losses on sale of property and equipment						
IAS 28/IAS36 – Impairment of associate						
IAS 27/28 – Gains on disposal of business						
IAS 40 – Fair value gains on investment property	62					62
<b>Headline earnings</b>	<b>11,477</b>	<b>(62)</b>	<b>12</b>	<b>54</b>	<b>(128)</b>	<b>11,354</b>

**Notes:**

1. Extracted from the interim financial results of SBG for the six months ended 30 June 2021, included as **Annexure 5** to this Circular.
2. Represents the effect of the yield, net of related taxation, assumed to be foregone on the cash distributed to Scheme Participants in terms of the Special Distribution of 8.7% per annum. The assumed yield to be foregone is based on the weighted average yield earned by Liberty for the six months to 30 June 2021 on the investments assumed to be utilised to fund the Special Distribution.
3. Represents the effect of the Scheme Consideration as follows:
  - i. Yield of 8.7% per annum, net of related taxation, assumed to be foregone on the cash distributed to Scheme Participants in terms of the Cash Consideration and the Preference Scheme cash consideration of R23 million. The assumed yield to be foregone is based on the weighted average yield earned by Liberty for the six months to 30 June 2021 on the investments assumed to be utilised to fund the Cash Consideration;
  - ii. Issue of SBG Shares in respect of the Share Consideration; and
  - iii. Elimination of Liberty non-controlling shareholders' interest.
4. Represents the estimated net impact of anticipated acceleration of certain vesting conditions (which will be cash settled), combined with replacement awards within SBG share incentive plans for the participants of the Liberty share incentive plans, as a consequence of the Scheme, and non-controlling shareholders' interest therein.
5. SBG estimates to incur c. R165 million once-off transaction costs (with c. R87 million incurred by Liberty) and related non-controlling shareholders' interest therein.
6. All effects are of a recurring nature except where otherwise stated.

## PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF STANDARD BANK GROUP LIMITED

The *pro forma* consolidated statement of financial position presented below is based on the assumption that the Scheme was effective 30 June 2021 and as set out in the notes presented below.

Rm	30 June 2021 (Before) <sup>(1)</sup>	Special Distribu- tion <sup>(2)</sup>	Scheme Consider- ation <sup>(3)</sup>	Share incentive scheme replacement <sup>(4)</sup>	Transaction costs <sup>(5)</sup>	Pro forma (After)
<b>ASSETS</b>						
Cash and bank balances with central banks	84,440	(1,287)	(1,692)		(165)	81,296
Derivative assets	72,605					72,605
Trading assets	254,186					254,186
Pledged assets	16,509					16,509
Financial investments	668,808					668,808
Current and deferred tax assets	7,127					7,127
Disposal of Group assets held for sale	500					500
Loans and advances	1,314,976					1,314,976
Policyholder's assets	4,241					4,241
Other assets	40,906					40,906
Investment in associates and joint ventures	6,951					6,951
Investment property	29,453					29,453
Property, equipment and right of use assets	19,667					19,667
Goodwill and other intangible assets	17,555					17,555
<b>Total assets</b>	<b>2,537,924</b>	<b>(1,287)</b>	<b>(1,692)</b>		<b>(165)</b>	<b>2,534,780</b>

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF STANDARD BANK GROUP LIMITED (CONTINUED)**

<b>Rm</b>	<b>30 June 2021 (Before)<sup>(1)</sup></b>	<b>Special Distribu- tion<sup>(2)</sup></b>	<b>Scheme Consider- ation<sup>(3)</sup></b>	<b>Share incentive scheme replacement<sup>(4)</sup></b>	<b>Transaction costs<sup>(5)</sup></b>	<b>Pro forma (After)</b>
<b>Equity and liabilities</b>	<b>223,440</b>	<b>(1,287)</b>	<b>(1,692)</b>	<b>(328)</b>	<b>(165)</b>	<b>219,968</b>
<b>Equity</b>						
Equity attributable to ordinary shareholders	182,851		5,243	(187)	(128)	187,779
Equity attributable to other equity instrument holders	14,328					14,328
Equity attributable to non-controlling interests	26,261	(1,287)	(6,935)	(141)	(37)	17,861
<b>Liabilities</b>	<b>2,314,484</b>			<b>328</b>		<b>2,314,812</b>
Derivative liabilities	71,354					71,354
Trading liabilities	80,986					80,986
Current and deferred tax liabilities	8,794			12		8,806
Disposal of Group liabilities held for sale	86					86
Deposits and debt funding	1,632,201					1,632,201
Policyholders' liabilities	340,490					340,490
Subordinated debt	28,918					28,918
Provisions and other liabilities	151,655			316		151,971
<b>Total equity and liabilities</b>	<b>2,537,924</b>	<b>(1,287)</b>	<b>(1,692)</b>	<b>(328)</b>	<b>(165)</b>	<b>2,534,780</b>
<b>Shares in issue ('000)</b>	<b>1,588,707</b>		<b>57,958</b>			<b>1,646,665</b>
<b>NAV per share (cents)</b>	<b>11,509</b>					<b>11,404</b>
<b>TNAV per share (cents)</b>	<b>10,000</b>					<b>9,947</b>

**Notes:**

- Extracted from the interim financial results of SBG for the six months ended 30 June 2021, included as **Annexure 5** to this Circular. In calculating the net asset value ("NAV") per share (cents) of 10,000 (presented above) a deferred tax asset balance of R6,424 million was deducted as required by the applicable listing requirements which was not deducted in calculating a NAV per share (cents) that is disclosed in the SBG interim results.
- Represents the cash distributed to Scheme Participants in terms of the Special Distribution of R1.10 per Liberty share based on 115.9 million Scheme Shares, being Liberty shares in issue (excluding treasury shares) at 30 June 2021 of 268.5 million plus an estimated 0.9 million Liberty shares held in the Liberty Restricted Share Trust expected to vest prior to the Scheme Record Date less 153.5 million Liberty shares held by SBG, and to preference shareholders in terms of the Preference Scheme of R23 million;
- Represents the effect of the Scheme Consideration as follows:
  - Cash distributed to Scheme Participants in terms of the Cash Consideration of R14.40 per Liberty Share, based on 115.9 million Scheme Shares, being Liberty shares in issue (excluding treasury shares) at 30 June 2021 of 268.5 million plus an estimated 0.9 million Liberty shares held in the Liberty Restricted Share Trust expected to vest prior to the Scheme Record Date less 153.5 million Liberty shares held by SBG, and to preference shareholders in terms of the Preference Scheme of R23 million;
  - Issue of 57,958 million SBG Shares in respect of the Share Consideration, based on an estimated 115.9 million Scheme Shares (refer to note 2 above), at a price of R130.62 per share, being the 30 day VWAP at the close of business a day before the date of announcement. The value of the SBG Shares to be issued will be determined based on the market price at the date of issue; and
  - Elimination of non-controlling shareholders' interest in Liberty.
- The premium to the carrying value of the minority shareholders' interest in Liberty on acquisition of R2.32 billion and the premium of R8 million on the acquisition of preference shares pursuant to the Preference Scheme is recognised in equity in line with SBG's accounting policies.
- Represents the estimated net impact of anticipated acceleration of certain vesting conditions (which will be cash settled), combined with replacement awards within SBG share incentive plans for the participants of the Liberty share incentive plans, as a consequence of the Scheme and non-controlling shareholders' interest therein.
- Estimated once-off transaction costs of R165 million (with c. R87 million incurred by Liberty) and non-controlling shareholders' interest therein.

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## REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS TO SBG ON THE PRO FORMA FINANCIAL INFORMATION OF SBG

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To the Directors of Standard Bank Group Limited

### **Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in a Circular**

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Standard Bank Group Limited (the "Company" or "SBG") by the directors. The *pro forma* financial information, as set out in paragraph 19.6 and Annexure 6 of the Circular, consists of the *pro forma* financial effects and the *pro forma* consolidated statement of financial position as at 30 June 2021, the *pro forma* statement of consolidated income statements for the six months then ended and related notes (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are specified in the JSE Limited (JSE) Listings Requirements and described in paragraph 19.6 and Annexure 6 of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the scheme of arrangement between Liberty Holdings Limited and its eligible shareholders. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's interim financial results for the six months ended 30 June 2021 which is unaudited.

#### **Directors' responsibility**

The directors of the Company are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 19.6 and Annexure 6 of the Circular.

#### **Our independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firms apply International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Reporting accountant's responsibility**

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 19.6 of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 19.6 and Annexure 6 of the Circular.

### **Restriction on use**

This Report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.

#### **KPMG Inc.**

Gavin de Lange  
Registered Auditor  
Johannesburg  
7 September 2021

#### **PricewaterhouseCoopers Inc.**

Gino Fraser  
Registered Auditor  
Johannesburg