ICBC Standard Bank

Unaudited Interim Results

ICBC Standard Bank Plc

FOR THE PERIOD ENDED 30 JUNE 2021

AT A GLANCE

OVERVIEW

ICBC Standard Bank is a London-based banking specialist, focused on the provision of Commodities and Financial Markets solutions, to its global client base.

CREDIT RATING - ICBC STANDARD BANK

	Short Term	Long Term	Outlook
Fitch	F1	A-	Stable
Moody's	P2	Baa1	Stable

PURPOSE, VALUES AND STRATEGIC PRIORITIES

Our purpose statement

To serve our clients globally as the Commodities and Financial Markets hub of ICBC.

Underpinned by our values

- Integrity 诚 信
- Openness 开 放
- Prudence 稳 健
- Innovation 创 新
- Excellence 卓 越

Our strategic priorities

- Simplification for sustainable growth
- Focus our efforts where we are differentiated
- Maximise group franchise value through integration

OFFICES AND AVERAGE NUMBER OF EMPLOYEES

840
employees

OWNERSHIP STRUCTURE

ICBC → 20% → Standard Bank

World's largest bank by deposits, assets and Tier 1 capital

Pre-eminent Africa-focused financial services group

60% → ICBC Standard Bank ← 40%

GROUP PERFORMANCE 30 JUNE 2021

$270.6m **Total Operating Income**	$72.1m **Net Profit After Tax**	10.9% **Return on Equity**
$7.8bn **Total Risk Weighted Assets**	$29.2bn **Balance Sheet Assets**	15.8% **Tier 1 Capital Adequacy Ratio**

Contents

Overview and summary of results	3
Key financial results, ratios and statistics	7
Consolidated balance sheet	8
Consolidated income statement	9
Consolidated statement of comprehensive income	10
Consolidated statement of changes in equity	11
Accounting policies	12
Other Assets	13
Deposits	14
Financial instruments measured at fair value	15
Credit quality	16
Value at risk	18

Overview and summary of results

Introduction

ICBC Standard Bank Plc ("the company") and its subsidiaries (together "the group") is a financial markets and commodities focused bank, which leverages its unique Chinese and African ownership to serve the growing needs of its clients, while also acting as a distribution platform for risk across Africa and other geographies.

The group specialises in global markets traded products including commodities, fixed income and currencies, with a focus on frontier and emerging market jurisdictions. These span Asia, Africa, Central and Eastern Europe, the Middle East and Latin America.

The group is headquartered in London, with additional operations in Singapore and New York. It also maintains a commodities sales presence in Shanghai through its subsidiary, ICBC Standard Resources (China) Limited.

Within the UK, the company is authorised and regulated by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA).

The group has access to major international financial exchanges and has membership of the London Metals Exchange, and seats on the New York Mercantile Exchange (Comex division) and the Shanghai Gold Exchange International Board.

Business model

The business offers its clients a wide spectrum of traded financial market and commodity assets, and risk management products. The business originates exposures directly from clients and its market-making activities, which are subsequently risk managed and traded with other market participants and clients through the group's distribution network.

The group's access to its shareholders' large client bases has expanded the strategic opportunity of the business to serve the increasing demand for commodities, hedging and capital markets products.

1 Commodities

The Commodities business provides trading, sales and structuring expertise through its Metals and Energy teams. The product offering extends to the management and financing of physical commodity inventories across these asset classes. The group is one of five members of London Precious Metals Clearing Limited, offering vaulting and clearing services for clients, including safe custody for physical bullion at its own vault in London and at market recognised vaults globally.

2 Fixed Income and Currencies

The Fixed Income and Currencies (FIC) business offers a comprehensive set of foreign exchange, money markets, interest rate and credit products, including risk management, financing and complex structured products.

FIC also includes the Debt Capital Markets activities which provide origination, structuring and execution capabilities, for the shareholders' client base.

Market conditions

At the beginning of 2021, the economic and market prospects remained highly uncertain with the global economy hit hard by the pandemic at a loss of 5% GDP in 2020. Although speedy vaccine approvals and rollout in advanced economies have lifted market sentiment, renewed waves and new Covid-19 variants continue to pose concerns for the outlook. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the different extent and outcome of policy support.

In H1 2021, governments and central banks around the world continued to take concerted action and extend the ultra-loose monetary policy to help rebuild growth, with a few large economies, namely the U.S., taking additional fiscal support. These extraordinary policy measures have eased financial conditions, supported a recovery, and to some extent contained financial stability risks.

Whilst the virus remains a key factor in shaping the global recovery, the market has become increasingly sensitive and vulnerable to risks around inflation or yield surprises, amidst rising commodity prices and volatile movements of US treasury yields. The return of inflation remains a market concern.

Crude oil prices have risen since May 2021, exceeding pre-pandemic levels, to around USD75/bbl. Industrial metal prices have been volatile in the first six months of 2021. Global primary bond markets have also benefited from the stable rate environment, abundant liquidity and robust risk appetite as new issuance conditions have been extremely constructive throughout H1 2021.

In emerging markets, the pace of recovery has varied widely. China and a few south-east Asian economies have kept domestic outbreaks under control with economies largely kept open for most of H1 2021. Nonetheless, India and a few Latin American countries continued to suffer severe impacts. Covid-19 variants have spread quickly, affecting many EM countries with low vaccination rates. Year-to-date performance of EM assets by the end of June remained negative at minus 1.0%.

Global prospects remain highly uncertain one year into the pandemic with divergent recoveries across countries and sectors. In June 2021, the IMF projected global growth will reach 6% in 2021, but is likely to moderate to around 4.4% in 2022. A recovery in H2 2021 is anticipated to be supported by vaccine rollouts and continued adaptation of economic activity during limited social mobility. Persistent social and economic damage as well as financial instabilities caused by the pandemic may become more evident in the medium-term.

Financial results

The group's results for the six months ended 30 June 2021 are shown in the consolidated income statement on page 9.

The profit attributable to equity shareholders for the period is US$72.1 million. This compares to a profit of US$70.3 million for the six months ended 30 June 2020 and US$115.5 million for the full year 2020.

Total operating income for the first half of 2021 of US$270.6 million was 3.2% higher than for the equivalent period in the prior year (US$262.1 million).

Revenues for the Commodities business were up on prior year, reflecting increased client financing and flow volumes across the franchise. The comparative period included gains from the monetisation of the Covid-19 related market dislocation on Exchange for Physical Gold Futures, which was not repeated in 2021.

The FIC franchise also delivered a year-on-year increase in revenues. Although client flow volumes were lower across Emerging Markets compared to the record highs at the onset of the Covid pandemic in the first half of 2020, the business navigated a more stable market environment during 2021 to deliver a strong risk management result. The Structured Financing portfolio has delivered an increase in annuity income, and Debt Capital Markets continued its growth trajectory by leveraging the ICBC group's client franchise.

Operating costs of US$185.2 million reflect an increase from the prior year (US$177.3 million). The underlying cost run-rate remains steady, with the increase primarily attributable to increased technology investment and an increase in the cost of deferred incentive awards to extend the vesting period to include the relevant performance year. The income tax charge for the period was US$17.6 million, which is higher than the prior year (US$15.2 million), primarily driven by increased foreign withholding taxes.

Total assets at 30 June 2021 were US$29.2 billion, representing an increase of 6.0% on prior year (US$27.5 billion), and 5.3% on year end (US$27.7 billion).

The increase on prior year of US$1.7 billion was primarily attributable to higher levels of commodity inventories, US$1.9 billion. Non-trading fair valued loans also increased US$0.7 billion. Offsetting these movements, there has been a reduction in derivative asset fair values of US$0.8 billion and cash deposits with central banks of US$0.4 billion.

Total liabilities at 30 June 2021 were US$27.8 billion, representing an increase of 5.8% on prior year (US$26.3 billion) and 5.3% on year end (US$26.4 billion).

The increase on prior year of US$1.5 billion was largely attributable to increased precious metal payables, US$1.3 billion. Additionally, liabilities designated at fair value increased US$0.9 billion. Offsetting these movements was a reduction in derivative liability fair values of US$1.1 billion.

Whilst there has been considerable movement within each of the three key funding lines of due to banks and other financial institutions, due to customers and repurchase agreements, overall funding remains consistent with prior year across the three liability categories.

Total equity at 30 June 2021 is US$1.4 billion, representing an increase of US$131.3 million on prior year, which is mainly a result of the US$45.2 million of profits generated in the second half of 2020, and the US$72.1 million of profits generated in the first half of 2021. Within equity, the court sanctioned share premium restructure took effect in June 2021 involving the cancellation of the share premium account and transfer of the balance on that account to retained earnings.

Capital resources

At 30 June 2021, the group's equity capital resources amounted to US$1,367.3 million (30 June 2020: US$1,236.0 million) and total capital resources qualifying for prudential purposes were US$1,473.1 million (30 June 2020: US$1,355.3 million).

The group remains strongly capitalised at 30 June 2021, with a total capital adequacy ratio of 19.0% (30 June 2020: 18.0%), a tier 1 capital ratio of 15.8% (30 June 2020: 14.7%), a common equity tier 1 (CET1) capital ratio of 13.7% (30 June 2020: 12.6%) and risk weighted assets of US$7,764.6 million (30 June 2020: US$7,527.4 million).

The group's leverage ratio at 30 June 2021, which measures tier 1 capital to a defined measure of on-balance sheet assets and certain off-balance sheet items, was 4.4% (30 June 2020: 4.5%). A minimum leverage ratio of 3.25% is expected to be applied by the PRA from 2023.

Key financial results, ratios and statistics

at 30 June 2021

Income statement	June 2021 $m	June 2020 $m	December 2020 $m
Operating income	**270.6**	262.1	489.1
Operating expenses	**(185.2)**	(177.3)	(351.5)
Profit attributable to equity shareholders	**72.1**	70.3	115.5
Balance sheet			
Equity attributable to ordinary shareholders	**1,367.3**	1,236.0	1,301.5
Total assets	**29,213.8**	27,549.1	27,736.3
Capital adequacy			
Risk-weighted assets	**7,764.6**	7,527.4	8,122.8
Total Tier 1 capital	**1,223.1**	1,105.3	1,232.9
Tier 1 capital adequacy ratio (%)	**15.8**	14.7	15.2
Total capital adequacy ratio (%)	**19.0**	18.0	18.3

Consolidated balance sheet

at 30 June 2021

	June 2021 $m	June 2020 $m	December 2020 $m
Assets	**Unaudited**	Unaudited	Audited
Cash and balances with central banks	**2,255.4**	2,642.5	3,117.0
Due from banks and other financial institutions	**2,276.3**	2,510.2	2,777.7
Financial assets held for trading	**2,634.6**	1,801.1	2,187.6
Non-trading financial assets at fair value through profit or loss	**1,969.1**	1,225.5	1,971.5
Derivative financial assets	**4,839.4**	5,684.6	6,084.5
Reverse repurchase agreements	**3,930.6**	4,174.0	4,021.1
Loans and advances to customers	**625.7**	421.1	581.2
Financial investments	**1,381.1**	1,680.4	1,569.5
Property and equipment	**55.8**	68.5	57.9
Current tax assets	**1.6**	0.3	-
Deferred tax assets	**0.6**	0.4	0.7
Other assets	**9,243.6**	7,340.5	5,367.6
Non-financial assets held for trading – Commodities inventory	**8,828.0**	6,925.4	5,118.6
Other	**415.6**	415.1	249.0
Total assets	**29,213.8**	27,549.1	27,736.3
Liabilities and equity			
Liabilities	**27,846.5**	26,313.1	26,434.8
Financial liabilities held for trading	**1,401.4**	1,238.6	1,615.8
Non-trading financial liabilities at fair value through profit or loss	**2,095.7**	1,202.1	2,068.2
Derivative financial liabilities	**5,250.2**	6,311.7	6,558.5
Due to banks and other financial institutions	**7,822.4**	8,732.9	9,065.3
Repurchase agreements	**2,622.2**	2,324.0	2,417.1
Due to customers	**2,058.1**	1,429.2	2,273.8
Current tax liabilities	**8.6**	10.1	3.6
Subordinated debt	**250.8**	250.9	250.8
Other liabilities	**6,337.1**	4,813.6	2,181.7
Payables of precious metals	**5,795.7**	4,466.7	1,903.5
Other	**541.4**	346.9	278.2
Equity			
Equity attributable to shareholders	**1,367.3**	1,236.0	1,301.5
Share capital	**1,083.5**	1,083.5	1,083.5
Ordinary share premium	**-**	996.0	996.0
Other equity instruments	**160.0**	160.0	160.0
Reserves	**123.8**	(1,003.5)	(938.0)
Total liabilities and equity	**29,213.8**	27,549.1	27,736.3

Consolidated income statement

for the period ended 30 June 2021

	June 2021 $m Unaudited	June 2020 $m Unaudited	December 2020 $m Audited
Net interest income	**58.0**	53.3	112.9
Interest income	**69.3**	105.9	180.6
Interest expense	**(11.3)**	(52.6)	(67.7)
Non-interest revenue	**212.6**	208.8	376.2
Net fees and commission	**20.3**	19.3	43.7
Fees and commission income	**29.1**	39.0	63.4
Fees and commission expense	**(8.8)**	(19.7)	(19.7)
Net trading revenue	**171.0**	150.1	285.1
Net gain on financial assets and liabilities at fair value through profit or loss	**20.0**	16.4	24.0
Losses on commodity inventory intermediation	**(0.7)**	(2.1)	(13.7)
Recoveries on commodity reverse repurchase agreements	**2.0**	25.1	37.1
Total operating income	**270.6**	262.1	489.1
Credit impairment recovery / (charge)	**4.3**	0.7	(4.7)
Income after credit impairments	**274.9**	262.8	484.4
Operating expenses	**(185.2)**	(177.3)	(351.5)
Staff costs	**(122.2)**	(107.7)	(211.8)
Other operating expenses	**(60.7)**	(60.1)	(117.0)
Restructuring costs and other impairments	**1.4**	(5.6)	(18.8)
Indirect taxation	**(3.7)**	(3.9)	(3.9)
Profit before taxation	**89.7**	85.5	132.9
Income tax charge	**(17.6)**	(15.2)	(17.4)
Profit attributable to equity shareholders	**72.1**	70.3	115.5

Consolidated statement of comprehensive income

for the period ended 30 June 2021

	June 2021 $m Unaudited	June 2020 $m Unaudited	December 2020 $m Audited
Profit attributable to equity shareholders	**72.1**	70.3	115.5
Items that may be subsequently reclassified to profit or loss[1]			
Foreign currency translation reserve	**0.4**	(0.4)	1.8
Cash flow hedging reserve[2, 3]	**(7.6)**	(7.0)	10.2
Effective portion of changes in fair value	**(0.1)**	(12.4)	8.2
Net amount transferred to profit or loss	**(7.5)**	5.4	2.0
Changes in fair value of debt instruments measured at FVOCI	**0.6**	(0.4)	0.8
Items that will not be reclassified subsequently to profit or loss[1]			
Gain / (loss) attributed to own credit risk	0.3	-	(0.3)
Total comprehensive profit attributable to equity shareholders	**65.8**	62.5	128.0

1. Amounts are presented net after tax
2. The cash flow hedges relate to hedges of the group's cost base for future highly probable expenses in currencies other than US dollars (i.e. the company's functional currency and group's reporting currency) and hedges of the long term incentive liability due to changes in the ICBC share price
3. The cash flow hedging reserve movement of US$(7.6) million is primarily attributable to the crystallisation of $8.8m of gains in the P&L on maturity of the FX forward contracts in 2021 which hedge the group's expense base

Consolidated statement of changes in equity

for the period ended 30 June 2021

	Ordinary share capital and share premium $m	Other equity instruments $m	Cash flow hedging reserve $m	FVOCI reserve $m	Foreign currency translation reserve $m	Net investment hedge reserve $m	Own credit reserve $m	Retained earnings $m	Total equity $m
Balance at 1 January 2020	2,079.5	160.0	4.0	0.1	(2.5)	(1.7)	-	(1,065.9)	1,173.5
Total comprehensive gain / (loss) for the year	-	-	10.2	0.8	1.8	-	(0.3)	115.5	128.0
Balance at 31 December 2020	2,079.5	160.0	14.2	0.9	(0.7)	(1.7)	(0.3)	(950.4)	1,301.5
Balance at 1 January 2021	2,079.5	160.0	14.2	0.9	(0.7)	(1.7)	(0.3)	(950.4)	1,301.5
Total comprehensive gain / (loss) for the period	-	-	(7.6)	0.6	0.4	-	0.3	72.1	65.8
Share premium restructure[1]	(996.0)	-	-	-	-	-	-	996.0	-
Balance at 30 June 2021	**1,083.5**	**160.0**	**6.6**	**1.5**	**(0.3)**	**(1.7)**	**-**	**117.7**	**1,367.3**

1 The share premium restructure took effect in June 2021 involving cancellation of the share premium account and transfer of the balance on that account to retained earnings

Accounting policies

The financial results and financial position for the period ended 30 June 2021 set out on pages 8 to 11 have been prepared on a consistent basis to the group's consolidated annual financial statements for the year ended 31 December 2020. They do not include all information required for full annual financial statements or condensed consolidated financial statements prepared in accordance with IAS 34 *Interim Financial Reporting*.

The group's annual financial statements for the year ended 31 December 2020 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with the going concern principle.

The group's annual financial statements were prepared on the historical cost basis except as modified by the fair value accounting for certain assets and liabilities where required or permitted by IFRS.

Interest Rate Benchmark Reform Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 was issued by the International Accounting Standards Board (IASB) in August 2020. This represents the second phase of the IASB's project on the effects of interest rate benchmark reform, addressing issues affecting financial statements when changes are made to contractual cash flows and hedging relationships as a result of the reform.

These amendments apply from 1 January 2021. The group will make the additional disclosures required by the amendments in its annual financial statements for the year ending 31 December 2021.

At 30 June 2021, no changes required by interest rate benchmark reform had been made to financial instruments held by the group and so the amendments had no impact on the group's financial results and financial position for the period then ended.

Other Assets

	June 2021 $m Unaudited	June 2020 $m Unaudited	December 2020 $m Audited
Non-financial assets held for trading – Commodities inventory	**8,828.0**	6,925.4	5,118.6
Precious metals	**6,663.4**	5,339.2	2,952.6
Base metals	**1,190.4**	265.1	955.9
Energy	**974.2**	1,321.1	1,210.1
Other	**415.6**	415.1	249.0
Unsettled dealing balances	**269.4**	257.1	97.9
Other receivables	**114.1**	116.2	116.3
Intangible assets	**32.1**	41.8	34.8
	9,243.6	7,340.5	5,367.6

Precious metals allocated balances held by the group on behalf of customers are not recognised on the group's balance sheet and were as follows:

	June 2021 $m Unaudited	June 2020 $m Unaudited	December 2020 $m Audited
Precious metals – Allocated balances	**9,731.7**	7,435.5	13,675.5

Deposits

Due to banks and other financial institutions

	June 2021 $m Unaudited	June 2020 $m Unaudited	December 2020 $m Audited
Due to banks	**6,594.1**	7,815.4	7,979.1
Other financial institutions	**1,228.3**	917.5	1,086.2
	7,822.4	8,732.9	9,065.3

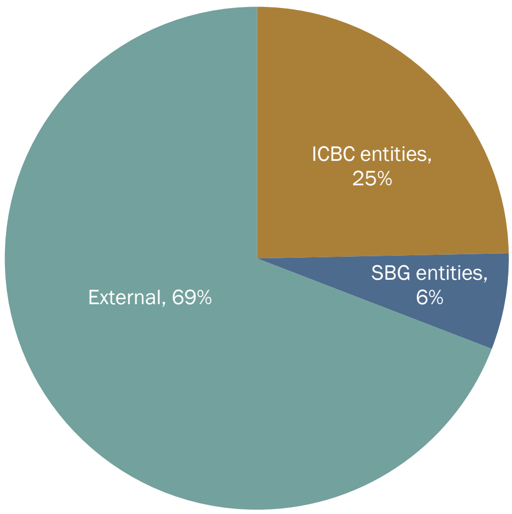
Repurchase agreements

	June 2021 $m Unaudited	June 2020 $m Unaudited	December 2020 $m Audited
Measured at amortised cost: Banks and other financial institutions	**2,167.6**	2,324.0	1,975.0
Measured at FVTPL: Banks and other financial institutions	**454.6**	-	442.1
	2,622.2	2,324.0	2,417.1

Due to customers

	June 2021 $m Unaudited	June 2020 $m Unaudited	December 2020 $m Audited
Call deposits	**572.7**	439.6	502.3
Term deposits	**1,485.4**	989.6	1,771.5
	2,058.1	1,429.2	2,273.8

Deposit providers



Financial instruments measured at fair value

The tables below analyse financial instruments carried at fair value at the end of the reporting period by valuation methodology (fair value hierarchy). Fair values are classified into three levels, depending on the extent to which quoted prices or observable pricing inputs are used in the calculation of the fair value of financial instruments, with the levels defined as follows:

Level 1 – quoted market price: financial instruments with quoted prices for identical instruments in active markets that the group can access at the measurement date.

Level 2 – valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 – valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

June 2021	**Composition %**	**Asset $m**	**Composition %**	**Liability $m**
Level 1	**24.4**	**2,999.7**	**12.5**	**1,149.8**
Level 2	**73.7**	**9,074.8**	**85.3**	**7,849.8**
Level 3	**1.9**	**235.8**	**2.2**	**202.3**
Financial instruments at fair value	**100.0**	**12,310.3**	**100.0**	**9,201.9**
Reconciled as follows:				
FVOCI		**1,381.1**		**-**
Held for trading		**7,474.1**		**6651.6**
Non-trading at fair value		**3,455.1**		**2550.3**
		12,310.3		**9201.9**
June 2020				
Level 1	25.8	2,684.0	9.6	839.1
Level 2	71.0	7,376.1	86.5	7,570.2
Level 3	3.2	331.5	3.9	343.1
Financial instruments at fair value	100.0	10,391.6	100.0	8,752.4
Reconciled as follows:				
FVOCI		1,680.4		-
Held for trading		7,485.7		7,550.3
Non-trading at fair value		1,225.5		1,202.1
		10,391.6		8,752.4
December 2020				
Level 1	21.0	2,786.5	8.7	928.2
Level 2	76.7	10,188.9	88.1	9,415.0
Level 3	2.3	314.1	3.2	341.4
Financial instruments at fair value	100.0	13,289.5	100.0	10,684.6
Reconciled as follows:				
FVOCI		1,569.5		-
Held for trading		9,748.5		8,616.4
Non-trading at fair value		1,971.5		2,068.2
		13,289.5		10,684.6

Credit quality

The table below shows the group's maximum exposure to credit risk in the event of other parties failing to perform on their obligations before taking account of any collateral held or other credit enhancements.

	Performing			Non-performing	
	Neither past due nor impaired	Past due but not specifically impaired		Specifically impaired	Gross credit exposure
		< 90 days	>= 90 days		
June 2021 – Unaudited	$m	$m	$m	$m	$m
Cash and balances with central banks	2,255.4	-	-	-	2,255.4
Financial assets held for trading	2,634.6	-	-	-	2,634.6
Non-trading financial assets at fair value	1,969.1	-	-	-	1,969.1
Derivative financial assets	4,827.2	-	-	12.2	4,839.4
Due from banks and other financial institutions	2,277.8	-	-	-	2,277.8
Reverse repurchase agreements	3,930.9	-	-	-	3,930.9
Loans and advances to customers	626.9	-	-	-	626.9
Financial investments	1,381.1	-	-	-	1,381.1
Gross on balance sheet credit exposure	19,902.9	-	-	12.2	19,915.1
Guarantees					54.3
Irrevocable unutilised facilities					24.0
Commodity leases					1,277.7
Gross off-balance sheet exposures to credit risk					1,356.0

The table below provides an analysis of gross balances subject to the three stage expected credit loss (ECL) model in IFRS 9 *Financial Instruments*.

	Stage 1	Stage 2	Stage 3			
			Substandard	Doubtful	Loss	Total
June 2021 – Unaudited	$m	$m	$m	$m	$m	$m
Cash and balances with central banks	2,255.4	-	-	-	-	2,255.4
Due from banks and other financial institutions	2,277.8	-	-	-	-	2,277.8
Reverse repurchase agreements	2,444.8	-	-	-	-	2,444.8
Loans and advances to customers	624.3	2.5	-	-	-	626.9
Financial investments	1,381.1	-	-	-	-	1,381.1
Commitments and financial guarantees given	78.3	-	-	-	-	78.3
Total	9,061.7	2.5	-	-	-	9,064.3

	Performing			Non-performing	
	Neither past due nor impaired	Past due but not specifically impaired		Specifically impaired	Gross credit exposure
		< 90 days	>= 90 days		
June 2020 – Unaudited	**$m**	**$m**	**$m**	**$m**	**$m**
Cash and balances with central banks	2,642.5	-	-	-	2,642.5
Financial assets held for trading	1,801.1	-	-	-	1,801.1
Non-trading financial assets at fair value	1,225.5	-	-	-	1,225.5
Derivative financial assets	5,684.6	-	-	-	5,684.6
Due from banks and other financial institutions	2,511.5	-	-	-	2,511.5
Reverse repurchase agreements	4,174.2	-	-	-	4,174.2
Loans and advances to customers	423.0	-	-	-	423.0
Financial investments	1,680.4	-	-	-	1,680.4
Gross on balance sheet credit exposure	20,142.8	-	-	-	20,142.8
Guarantees					-
Irrevocable unutilised facilities					20.9
Commodity leases					801.9
Gross off-balance sheet exposures to credit risk					822.8

	Stage 1	Stage 2	Stage 3			
			Substandard	Doubtful	Loss	Total
June 2020 – Unaudited	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Cash and balances with central banks	2,642.5	-	-	-	-	2,642.5
Due from banks and other financial institutions	2,511.5	-	-	-	-	2,511.5
Reverse repurchase agreements	4,174.2	-	-	-	-	4,174.2
Loans and advances to customers	414.7	8.3	-	-	-	423.0
Financial investments	1,680.4	-	-	-	-	1,680.4
Commitments and financial guarantees given	20.9	-	-	-	-	20.9
Total	11,444.2	8.3	-	-	-	11,452.5

Value at risk

Analysis of trading book market risk exposures

The table below shows the aggregated historical value at risk (VaR) for the group's trading positions. The maximum and minimum VaR amounts show the bands in which the values at risk fluctuated during the period. Stop loss triggers are used to contain losses for individual business units by enforcing management intervention at predetermined loss levels. Other risk metrics specific to individual business units are also used. These include permissible instruments, concentration of exposures, gap limits and maximum tenor.

During the period there were no back-testing exceptions at a 99% confidence level, with the cumulative total over the last 250 days at one back-testing exception.

		VaR (1 Day 99%)[2]		
June 2021	**Maximum[1] $m**	**Minimum[1] $m**	**Average $m**	**Period end $m**
Commodities	4.1	1.4	2.6	2.6
Foreign exchange	8.3	2.4	4.0	3.2
Equities	0.0	0.0	0.0	0.0
Debt securities	8.0	2.4	4.4	2.5
Diversification benefit[4]				(4.4)
Total	9.2	3.6	5.3	3.9

	Stress VaR (10 Day 99%)[3]		
	June 2021 $m Unaudited	June 2020 $m Unaudited	December 2020 $m Audited
Commodities	3.6	2.2	3.9
Foreign exchange	20.8	8.1	22.6
Equities	0.0	0.0	-
Debt securities	18.9	24.2	17.6
Diversification benefit[4]	(17.8)	(9.9)	(13.9)
Total	25.5	24.6	30.2

		Normal VaR (1 Day 99%)[2]		
June 2020	Maximum[1] $m	Minimum[1] $m	Average $m	Period end $m
Commodities	2.4	0.6	1.3	0.9
Foreign exchange	2.7	0.8	1.7	2.3
Equities	1.9	0.0	0.3	0.0
Debt securities	8.4	2.9	5.4	6.6
Diversification benefit[4]				(2.9)
Total	10.4	3.2	5.7	6.4

		Normal VaR (1 Day 99%)[2]		
December 2020	Maximum[1] $m	Minimum[1] $m	Average $m	Year end $m
Commodities	2.4	0.8	1.5	1.7
Foreign exchange	8.1	1.8	3.8	7.9
Equities	0.0	0.0	0.0	0.0
Debt securities	7.5	4.6	6.4	6.1
Diversification benefit[4]				(2.9)
Total	8.9	4.8	6.6	8.0

1. The maximum and minimum VaR figures reported for each market variable did not necessarily occur on the same days. As a result, the aggregate VaR will not equal the sum of the individual market VaR values, and it is inappropriate to ascribe a diversification effect to VaR when these values may have occurred on different dates.
2. Normal VaR is based on a holding period of one day and a confidence interval of 99%.
3. Stress VaR is based on a holding period of ten days and a confidence interval of 99%.
4. Diversification benefit is the benefit of measuring the VaR of the trading portfolio as a whole, i.e. the difference between the sum of the individual VaRs and measuring the VaR of the whole trading portfolio.

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