



Standard Bank Group

**FINANCIAL RESULTS
PRESENTATION**
FOR THE YEAR ENDED
31 DECEMBER 2017





Notes

STRATEGY DELIVERING



Group Purpose

it all starts with being more than a bank – the reason we exist

Africa is our home, we drive her growth

Group Vision

a picture of what we would like to be in five years

To be the **leading** financial services organisation **in, for and across Africa**, delivering **exceptional client experiences and superior value**

In executing our group strategy our key focus areas are



Client centricity

We want to do valuable things for clients



Digitisation

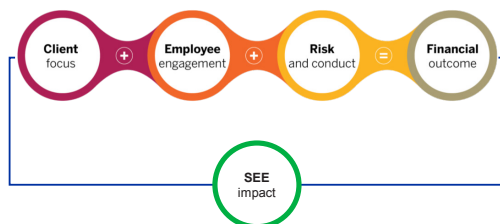
Via digital platforms



Universal financial services organisation

Delivering a seamless universal financial services proposition

We measure our progress using five strategic value drivers



SEE = Social, economic and environmental

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OPERATING CONTEXT

KEY EXTERNAL DRIVERS

West Africa: Recovery

- Uneventful election in Angola and transition to new President
- Political event risk due to delayed elections in DRC
- Interest rates and inflation remained at elevated levels
- Foreign currency liquidity constraints eased in Nigeria but continued in Angola
- Devaluation of Nigerian naira
- Strong economic growth in Ghana and Côte d'Ivoire

East Africa: Political upheaval

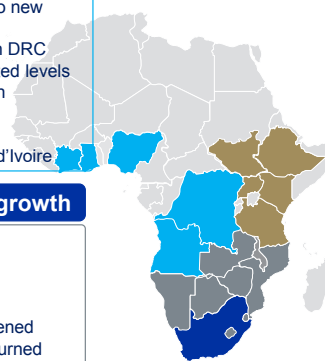
- Extended and disputed election process in Kenya
- Continued civil war in South Sudan
- Moderating inflation provided scope for rate cuts
- Low credit demand in Uganda despite monetary stimulus
- Interest rate caps and floors in Kenya impacted credit supply
- Pressure on margins

South Africa: Low confidence and growth

- Political uncertainty
- Low confidence and subdued growth
- Ratings downgrades
- Supportive EM risk-on trade continued
 - Equity market rallied and ZAR strengthened
 - Inflation moderated and the rate cycle turned
- Increasingly competitive banking environment

South & Central: Sovereign debt concerns

- Sovereign debt concerns in Mozambique, Zambia and Zimbabwe
- Political event risk in Lesotho
- Higher commodity prices, in particular coal and copper
- IMF discussions in Zambia and Mozambique
- Severe cash shortages in Zimbabwe
- Weaker growth and ratings downgrade in Namibia



■ West – Angola, Cote d'Ivoire, DRC, Ghana, Nigeria
 ■ South & Central – Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Zambia, Zimbabwe
■ East – Ethiopia, Kenya, South Sudan, Tanzania, Uganda

Notes



**FINANCIAL
OUTCOME**

ROBUST RESULTS



GROUP HEADLINE EARNINGS

FY17: R26 270m
FY16: R23 009m

+14%

BANKING HEADLINE EARNINGS

FY17: R24 268m
FY16: R22 062m

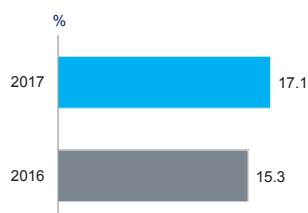
+10%

DIVIDEND PER SHARE

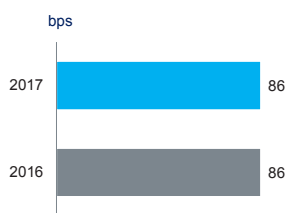
FY17: 910 cents
FY16: 780 cents

+17%

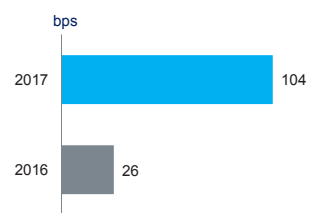
ROE



CREDIT LOSS RATIO



JAWS



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Notes

INCOME STATEMENT



	2017 Rm	change %	change CCY %	2016 Rm
Net interest income	60 125	6	10	56 892
Non-interest revenue	43 037	0	7	42 965
Total income	103 162	3	9	99 857
Operating expenses	57 512	2	8	56 235
Pre-provision profit	45 650	5	10	43 622
Credit impairment charges	9 410	(1)	5	9 533
Taxation	9 493	(0)	5	9 496
Attributable to minorities and other equity instrument holders	2 800	17	39	2 383
Banking activities headline earnings	24 268	10	14	22 062
Other banking interests	567	>100	>100	(8)
Liberty attributable to the group	1 435	50	50	955
SBG headline earnings	26 270	14	18	23 009

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SEGMENTAL VIEW

	2017 Rm	change %	change CCY %	2016 Rm
PBB	14 008	10	12	12 724
South Africa	13 176	11	11	11 824
Africa Regions	202	(41)	9	342
International	630	13	32	558
CIB	11 506	11	17	10 339
Central & other	(1 246)	24	22	(1 001)
Banking activities	24 268	10	14	22 062
Other banking interests	567	>100	>100	(8)
ICBCS	152	>100	>100	(591)
ICBC Argentina	415	(29)	(11)	583
Liberty attributable to the group	1 435	50	50	955
SBG headline earnings	26 270	14	18	23 009

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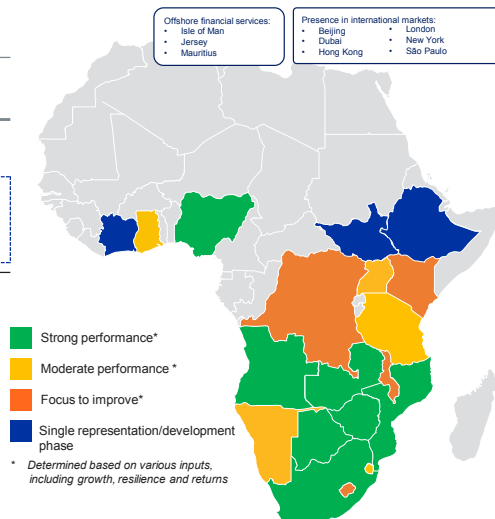
Notes

GEOGRAPHIC VIEW



Headline earnings	FY17 Rm	change %	change CCY %	FY16 Rm
SBSA	16 078	10	10	14 599
Africa Regions	6 751	19	35	5 676
East	1 033	(13)	0	1 192
South & Central	3 512	21	29	2 912
West	2 206	40	76	1 572

ROE	FY17 %	FY16 %
SBSA	16.6	15.8
Africa Regions	23.8	20.6
East	16.0	20.1
South & Central	26.3	20.2
West	26.0	21.5
Banking activities	18.0	16.8



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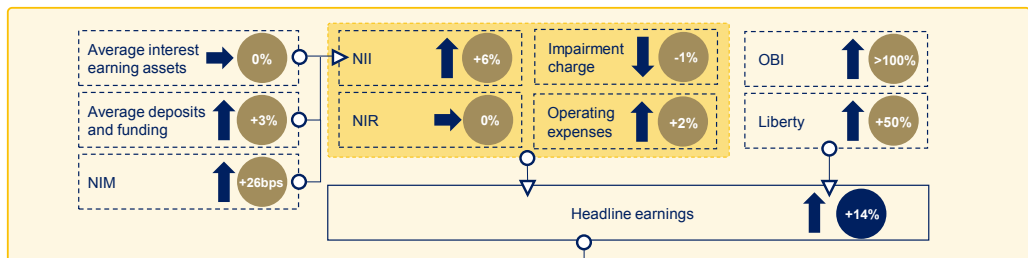
DRIVERS OF PERFORMANCE

Notes

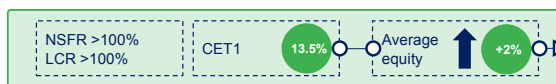
DRIVING SHAREHOLDER VALUE IN 2017



GROWTH

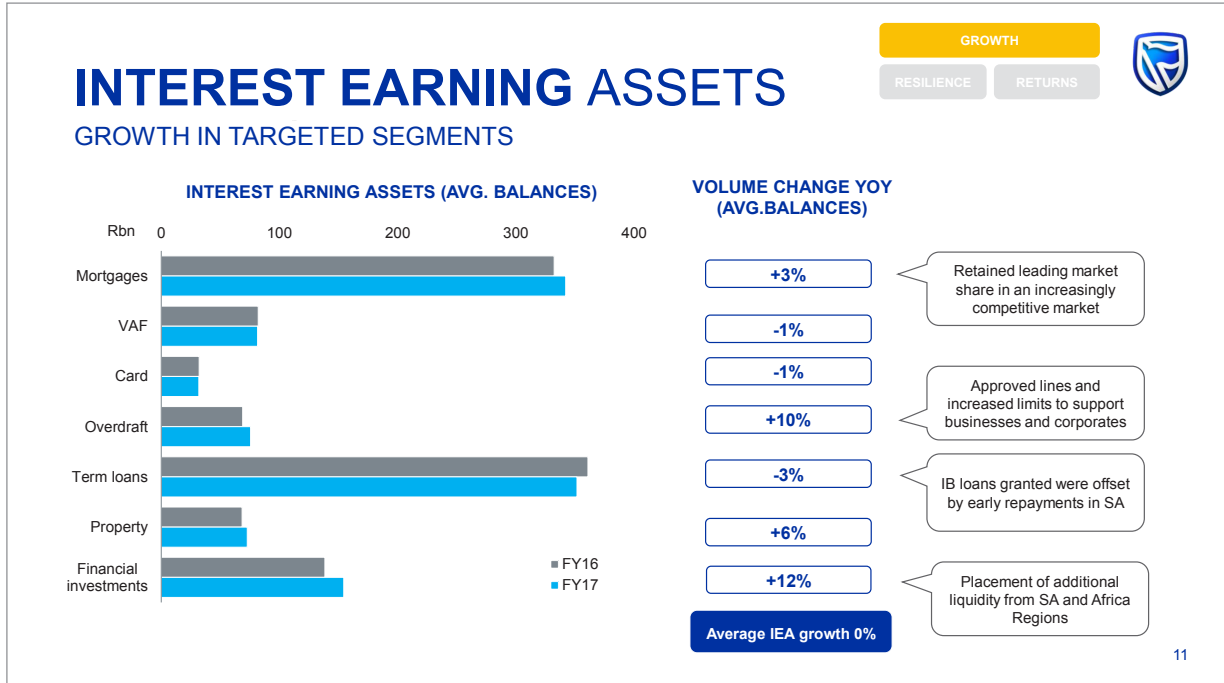


RESILIENCE

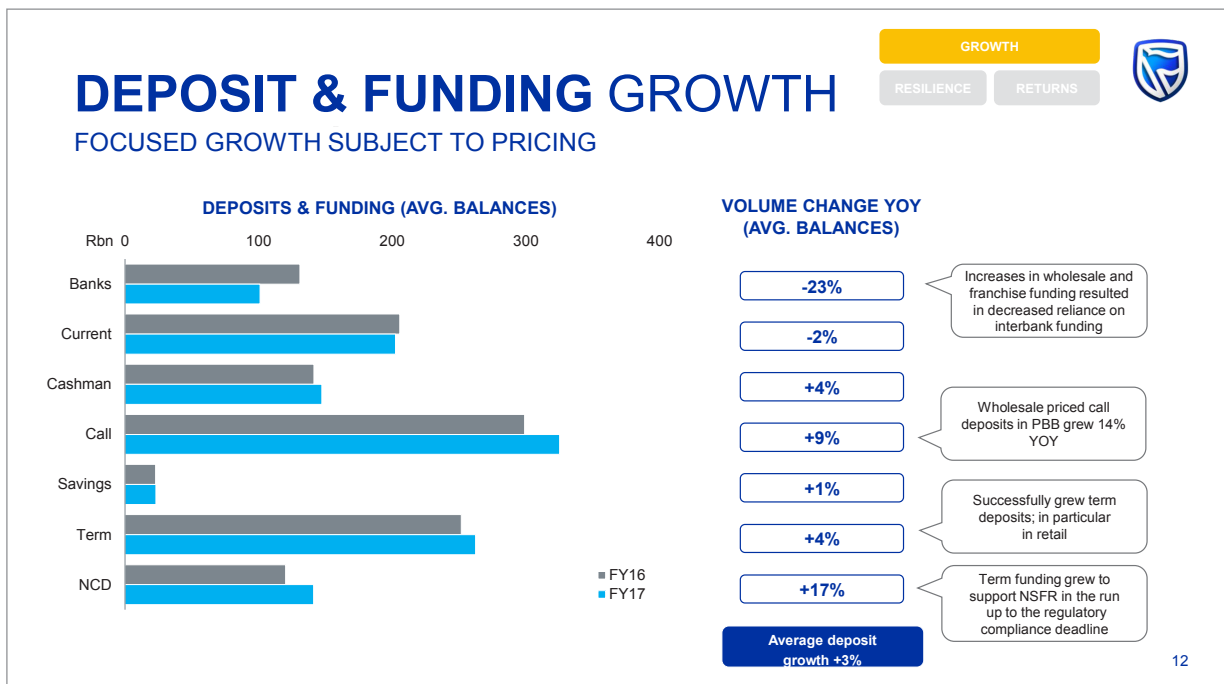


RETURNS





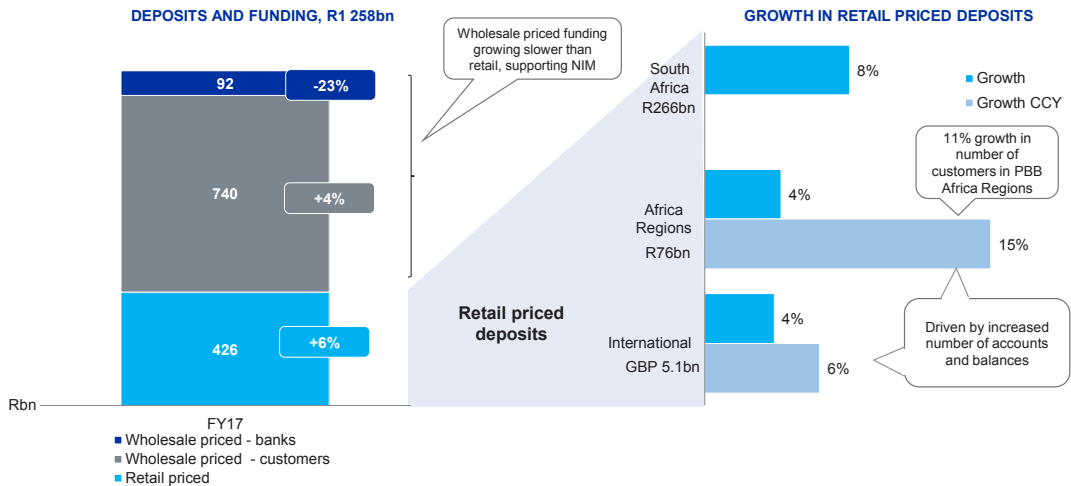
Notes



RETAIL DEPOSIT GROWTH

GAINING MOMENTUM IN AFRICA REGIONS AND INTERNATIONAL

GROWTH
RESILIENCE RETURNS



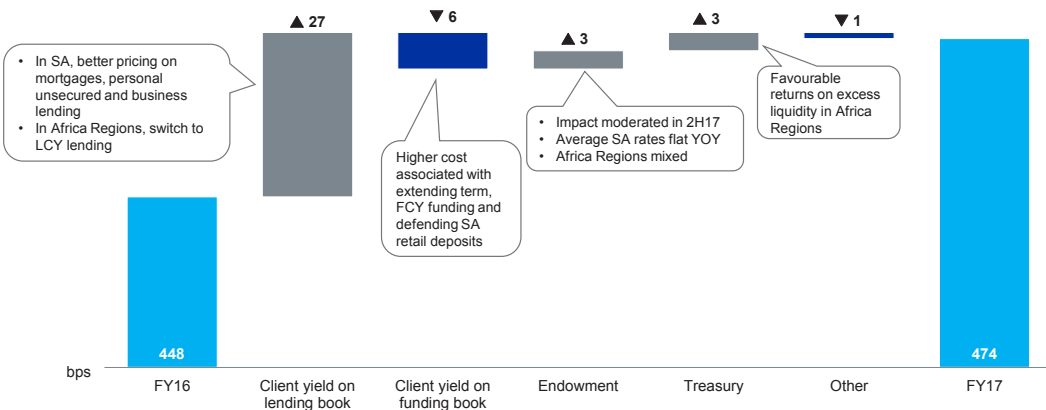
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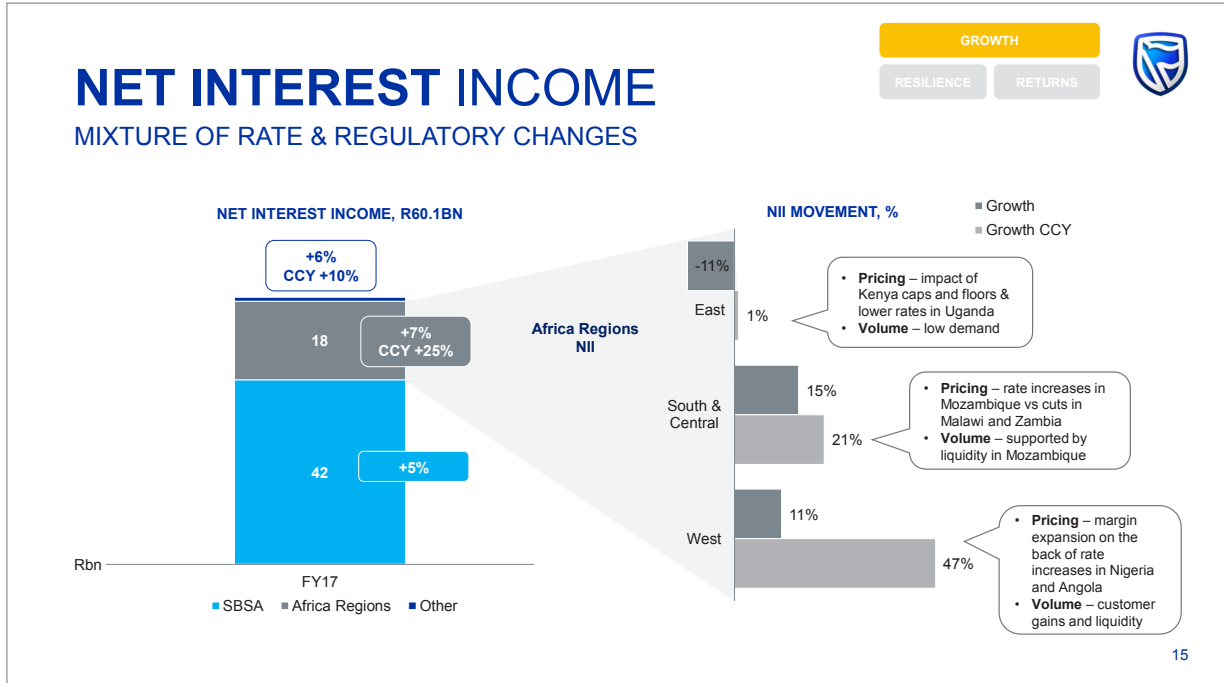
NET INTEREST MARGIN

PRICING DOMINATING AS ENDOWMENT FADES

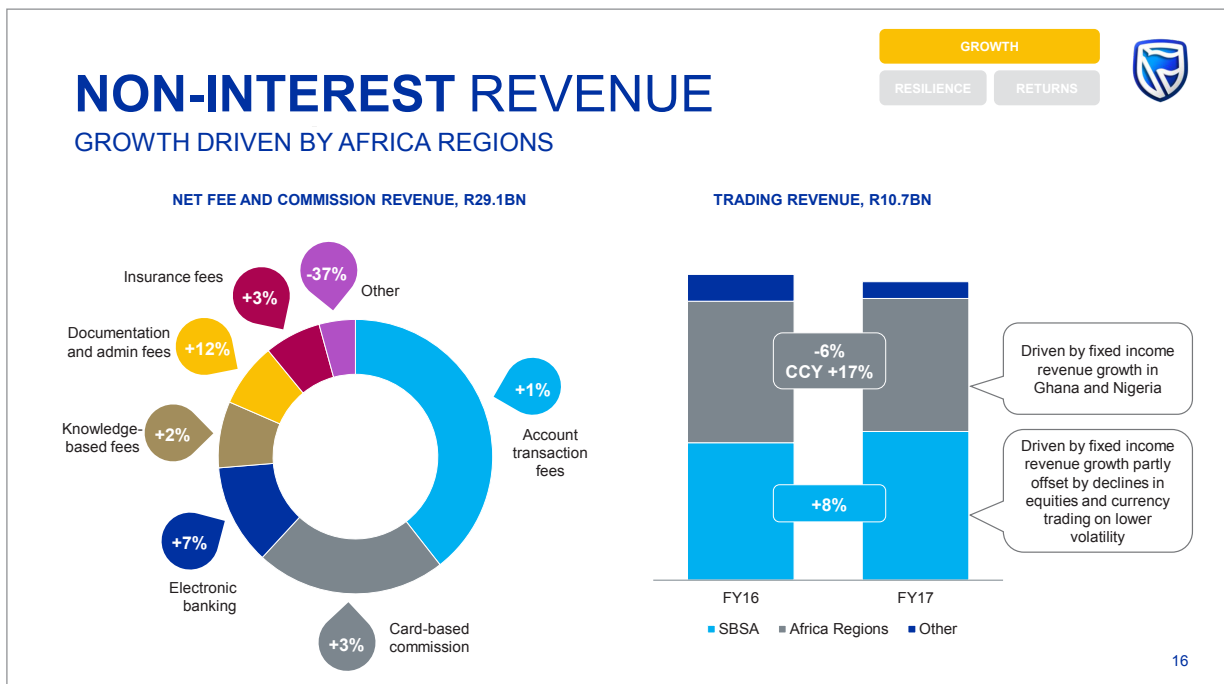
GROWTH
RESILIENCE RETURNS



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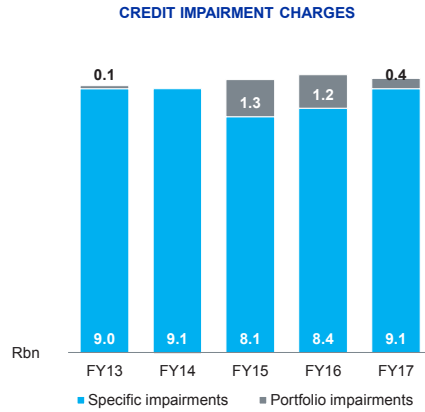
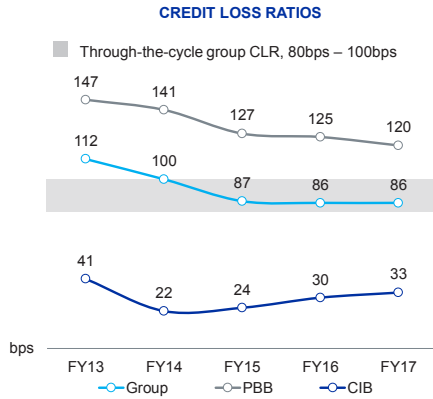
Notes



CREDIT PERFORMANCE

FLAT GROUP CLR MASKS UNDERLYING MOVEMENTS

GROWTH
RESILIENCE RETURNS



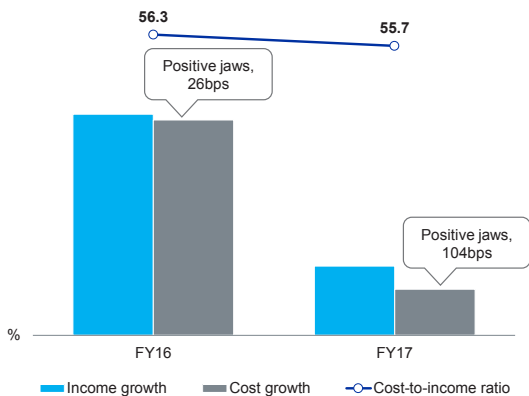
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Notes

COST GROWTH

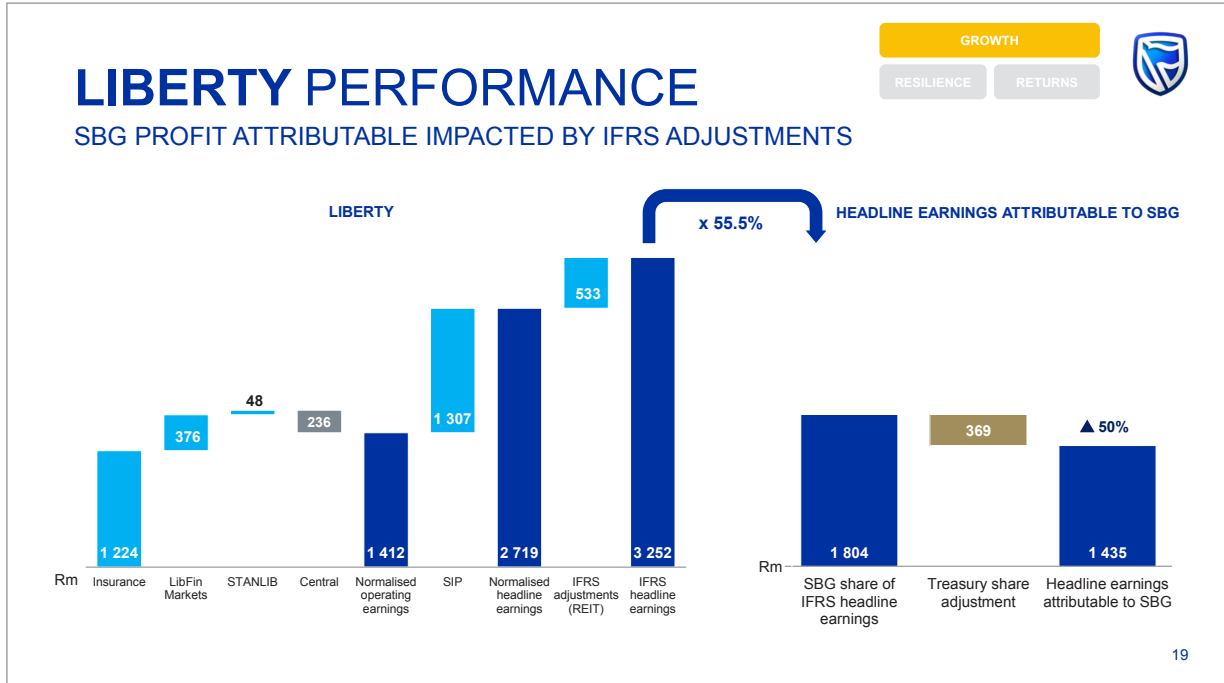
DRIVING OPERATIONAL LEVERAGE

GROWTH
RESILIENCE RETURNS

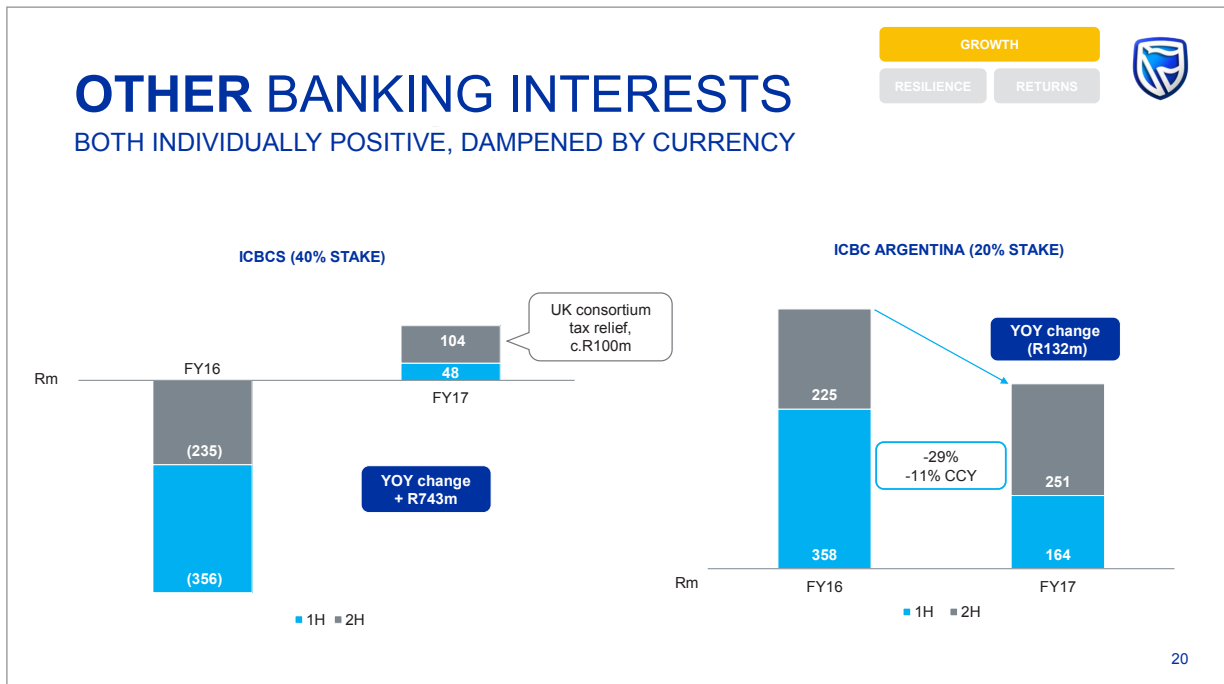


	FY17 Rm	change %	CCY change %	FY16 Rm
Staff costs	31 672	2	8	30 976
Other operating expenses	25 840	2	9	25 259
IT	6 073	3	6	5 880
Premises	3 994	3	9	3 870
Depreciation	2 471	(9)	(4)	2 725
Amortisation of intangibles	2 371	18	18	2 015
Marketing	1 967	19	25	1 653
Professional fees	1 636	(1)	7	1 658
Other	7 328	(2)	9	7 458
Total operating expenses	57 512	2	8	56 235

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Notes



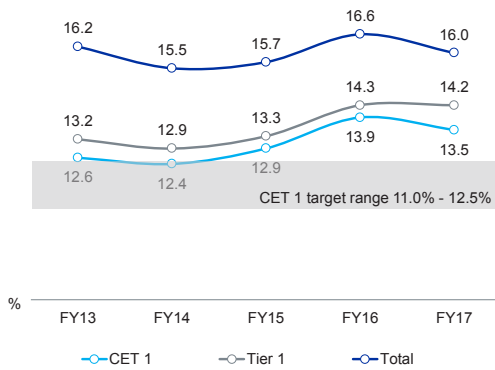
BALANCE SHEET RESILIENCE

POSITIONED FOR DOWNGRADE RISK AND REGULATORY REFORMS

GROWTH
RESILIENCE
RETURNS



CAPITAL ADEQUACY RATIOS



Capital

- AT1 issued - R3.5bn
- Estimated IFRS 9 impact
 - Balance sheet provisions ~ +32%
 - Fully-loaded CET1 impact of ~ 70 bps
 - Elected 3 year phase-in
- Finalisation of Basel III – evaluating the impact

Liquidity

- LCR >100%
- NSFR >100% as at 1 January 2018
- Term funding raised - R57bn

Notes

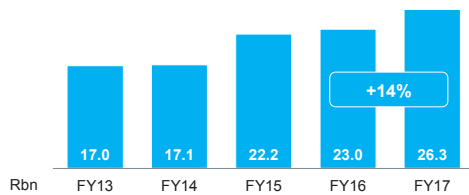
RETURN ON RWA

EXPANDING RETURN ON RWA

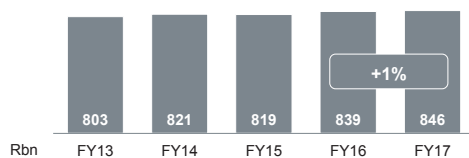
GROWTH
RESILIENCE
RETURNS



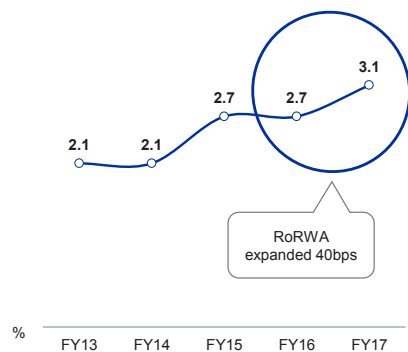
HEADLINE EARNINGS

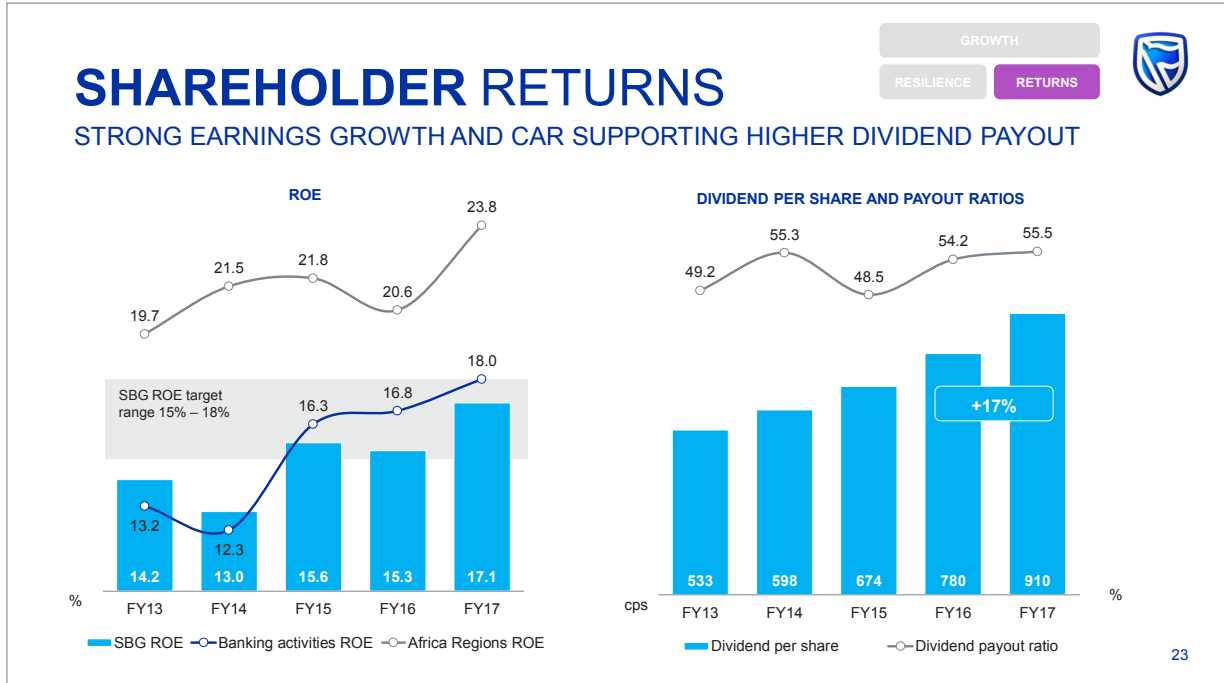


AVERAGE RWA



SBG RETURN ON RWA





Notes

LOOKING FORWARD

IN THE MEDIUM TERM

GROWTH

Growing our client franchise
Delivering sustainable earnings growth

Africa Regions contribution to banking HE > 30%

Revenue growth > cost growth

CLR 80bps – 100bps

RESILIENCE

Maintaining a resilient balance sheet and diversified earnings streams across products and geographies

LCR & NSFR >100%

CET1 11.0% – 12.5%

RETURNS

Increasing return on equity

ROE 18% – 20%



Notes

CIB HIGHLIGHTS



REVENUE GROWTH



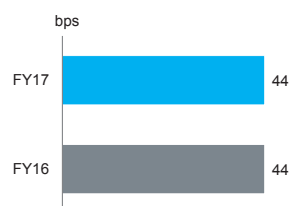
CLIENT REVENUE GROWTH



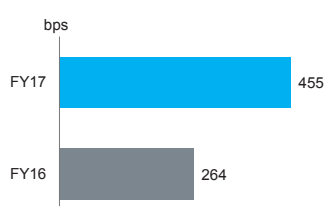
HEADLINE EARNINGS GROWTH



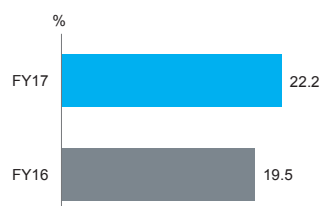
CREDIT LOSS RATIO TO CUSTOMERS



JAWS



ROE



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CIB HIGHLIGHTS



- Committed and delivering on strategy
- Sustainable growth through regional, sector, client and product diversification
- Effective use of the balance sheet to support clients
- Responsive risk management strategy to market realities
- Continued focus on cost discipline and productivity gains
- ROE of 22.2% with headline earnings of R11.5bn

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Notes

CIB SUMMARISED INCOME STATEMENT



	FY17 Rm	change %	change CCY %	FY16 Rm
Net interest income	20 747	10	17	18 796
Non-interest revenue	16 504	(1)	9	16 624
Total income	37 251	5	13	35 420
Operating expenses	19 436	1	8	19 317
Pre-provision profit	17 815	11	19	16 103
Credit impairment charges	1 625	1	28	1 603
CIB headline earnings	11 506	11	17	10 339
Jaws (bps)	455			264
Cost-to-income ratio (%)	52.2			54.5
ROE (%)	22.2			19.5

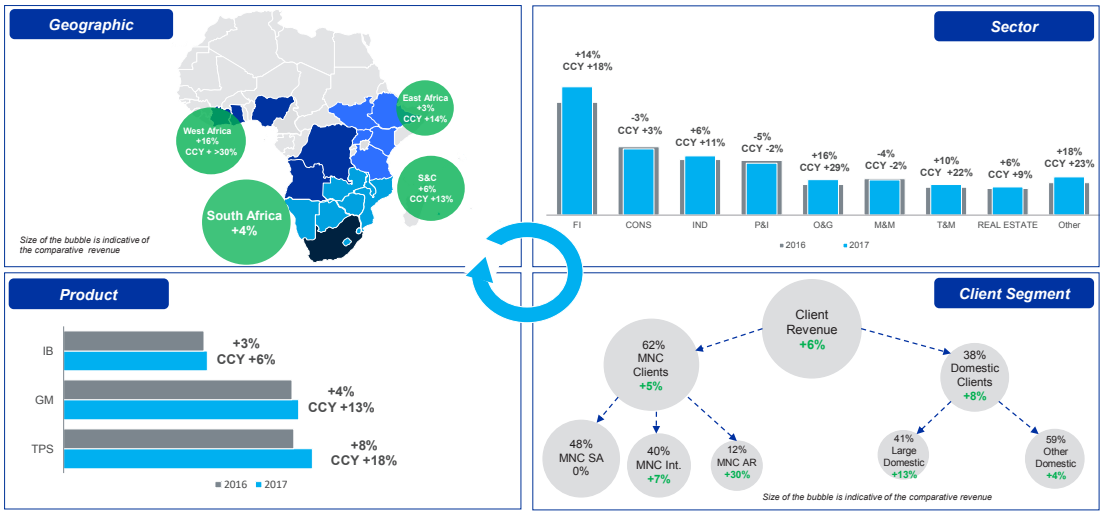
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CIB CLIENT FRANCHISE

SUSTAINABILITY THROUGH DIVERSIFICATION

Analysis based on client revenues



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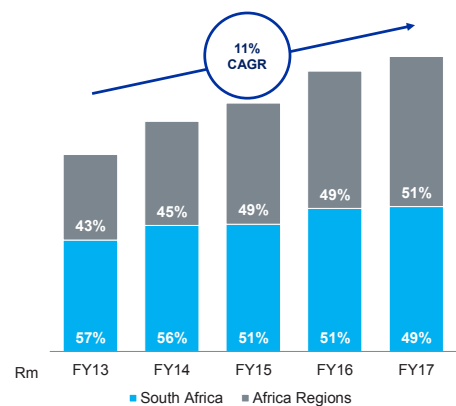
Notes

CIB BUSINESS UNITS



	Total income			Headline earnings		
	FY17	change	change	FY17	change	change
	Rbn	%	CCY	Rbn	%	CCY
Transactional Products and Services	14.7	8	18	3.7	24	32
Global Markets	14.0	4	13	4.6	3	13
Investment Banking*	8.6	3	6	3.2	11	7
CIB	37.3	5	13	11.5	11	17

REGIONAL REVENUE TREND



* Includes Real Estate and PIM

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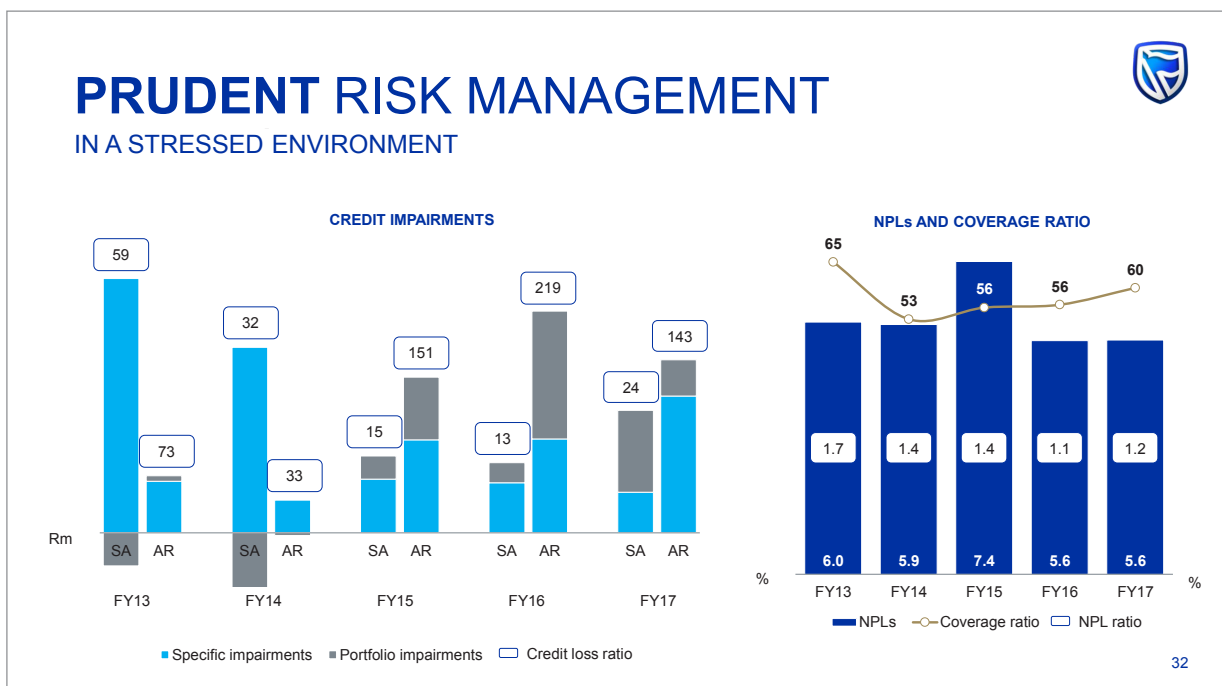
PARTNERING OUR CLIENTS

AS THEY GROW

<p>Eni Coral FLNG</p> <p>2017 USD 8 billion</p> <p>Commercial Facility Agent and Onshore Bank ICBC : Pathfinder Bank (Mozambique)</p>	<p>Banque Ouest Africaine de Développement</p> <p>2017 Eurobond USD 850 million 5% Bond due 2027</p> <p>Joint Lead arranger Long dated currency hedge provider (Ivory Coast)</p>	<p>Sea Harvest Group</p> <p>2017 R 1.3bn IPO</p> <p>Sole Advisor Sole Bookrunner Sole Transaction Sponsor (South Africa)</p>
<p>City Lodge</p> <p>2017 ZAR 800 million</p> <p>BEE Refinance Sole Debt Funder (South Africa)</p>	<p>AFCONS Infrastructure Ltd</p> <p>2017 USD 398m</p> <p>Issuance of Performance Guarantee (Ghana)</p>	

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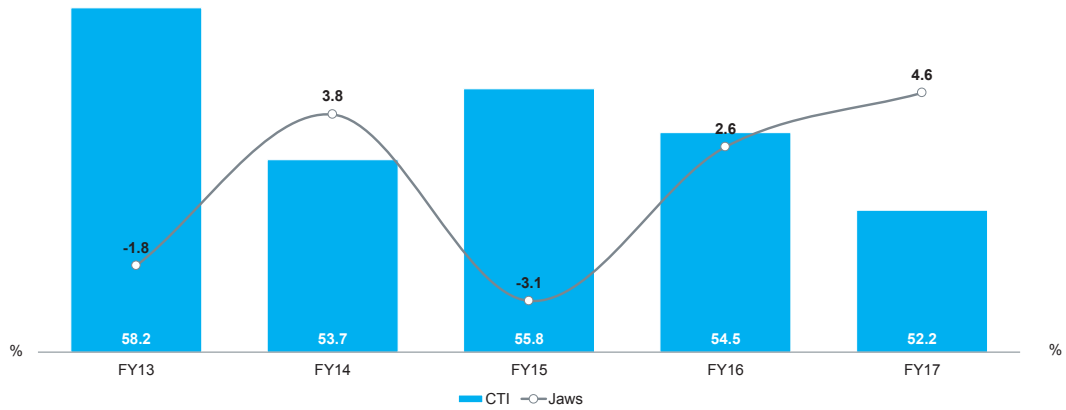
Notes



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COST DISCIPLINE & PRODUCTIVITY GAINS



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Notes

MOVING FORWARD



- Africa is transforming and offers great opportunities for growth
- Our strategy remains relevant and we will continue to focus on execution



- Maintain our commitment to partner our existing and new clients as they grow
- Strive to continuously improve client experience and relevance



- Manage costs through productivity and improved efficiencies to achieve consistently positive jaws ratio and lower cost-to-income ratio
- Create an environment that encourages innovation and rewarding careers for our staff

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Notes

PBB HIGHLIGHTS



STRONG PORTFOLIO PERFORMANCE WITH HEADLINE EARNINGS OF R14bn, UP 10%

**SOUTH AFRICA
HEADLINE
EARNINGS**



FY17: R13 176m
FY16: R11 824m

**AFRICA REGIONS
HEADLINE
EARNINGS**



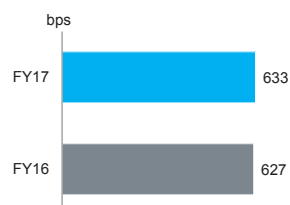
FY17: R202m
FY16: R342m

**WEALTH INTL
HEADLINE
EARNINGS**

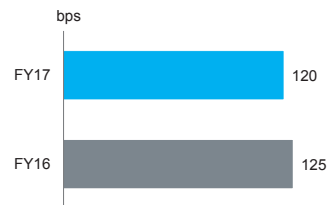


FY17: R630m
FY16: R558m

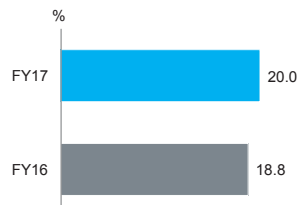
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CREDIT LOSS RATIO



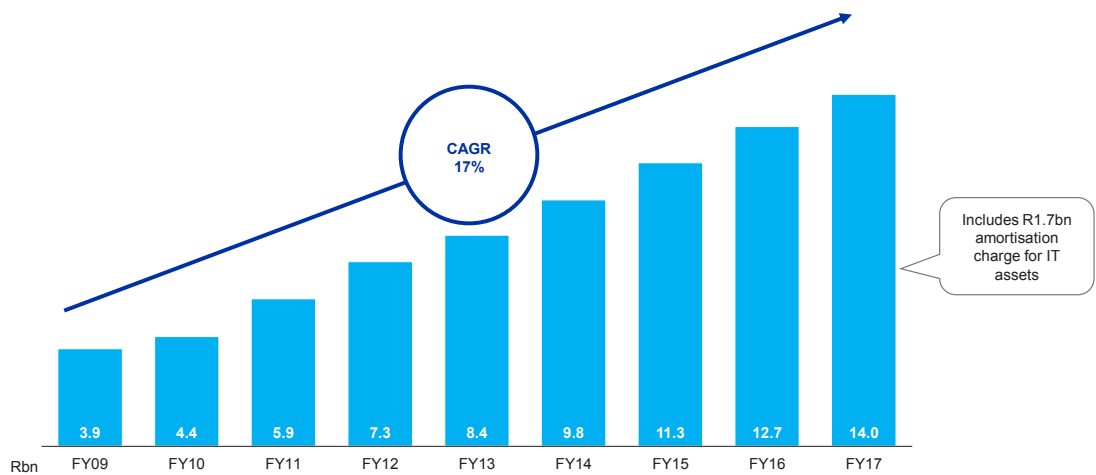
ROE



SUSTAINED GROWTH IN HEADLINE EARNINGS



OFF A HIGH BASE, WHILE INVESTING FOR THE FUTURE



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Notes

PBB SUMMARISED INCOME STATEMENT



	FY17 Rm	change %	change CCY %	FY16 Rm
Net interest income	41 432	3	7	40 067
Non-interest revenue	28 094	2	8	27 568
Total income	69 526	3	7	67 635
Operating expenses	41 926	3	8	40 616
Pre-provision profit	27 600	2	6	27 019
Credit impairment charges	7 785	(3)	(0)	8 030
Net income after credit impairments	19 815	4	8	18 989
Share of profit from associates and joint ventures	241	43	43	169
Attributable to non-controlling interest	153	(74)	(61)	586
PBB headline earnings	14 008	10	12	12 724
Jaws (bps)	(43)			51
Cost-to-income ratio (%)	60.3			60.1
ROE (%)	20.0			18.8

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PBB SUMMARISED BALANCE SHEET

#1 MARKET SHARE IN RETAIL DEPOSITS, MORTGAGE LOANS AND CARD DEBTORS IN SOUTH AFRICA

	FY17 Rbn	change %	change CCY %	FY16 Rm
Loans and advances to customers	605	3	4	588
Mortgage loans	347	3	3	336
Vehicle and asset finance	82	1	2	81
Card debtors	32	3	3	31
Other loans and advances	144	4	6	140

~70% of mortgages in SA written post 2008

Dealer sales up 24% despite the market in South Africa only growing 2%

	FY17 Rm	change %	change CCY %	FY16 Rm
Deposits and current accounts from customers	535	8	10	498
Current accounts	146	7	9	137
Savings and investments	389	8	10	361

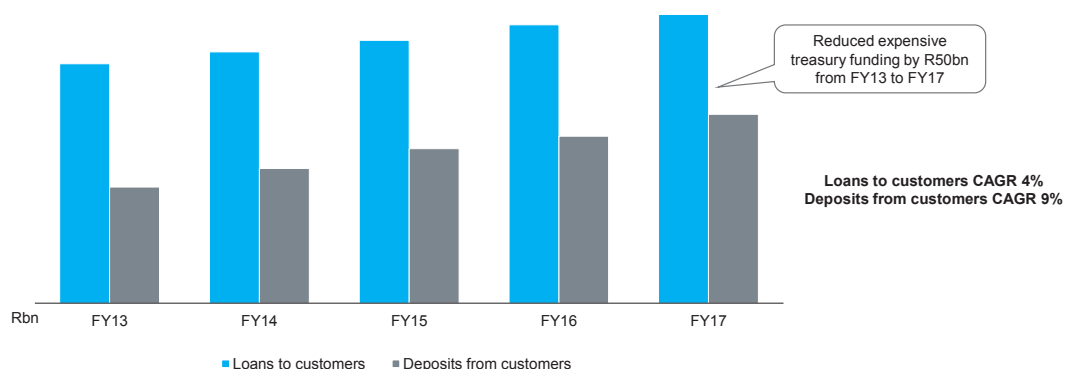
Retail priced deposits up 6% to R427bn, with Africa Regions, up 15% (CCY)

Notes



PBB SA FRANCHISE

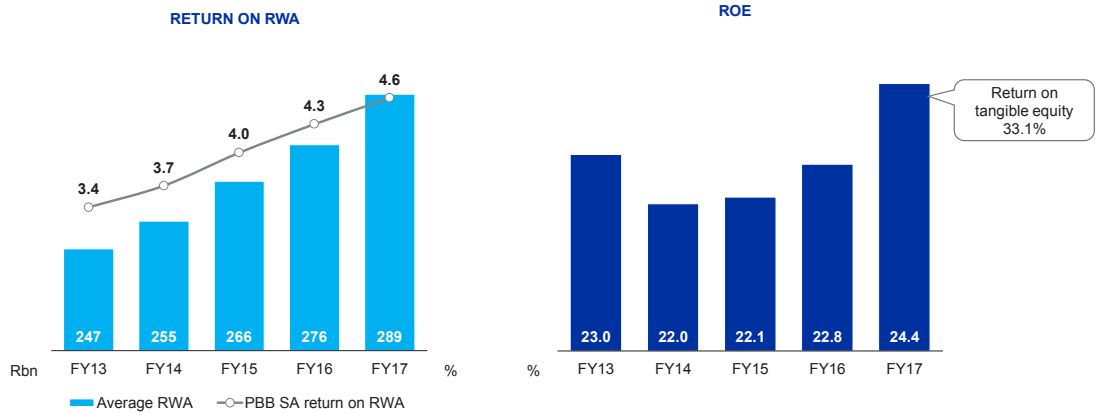
DEPOSIT-LED STRATEGY CONTINUES TO SHOW HEALTHY RESULTS





PBB SA RETURNS

IMPROVEMENT DESPITE INCREASE IN INTANGIBLE ASSETS

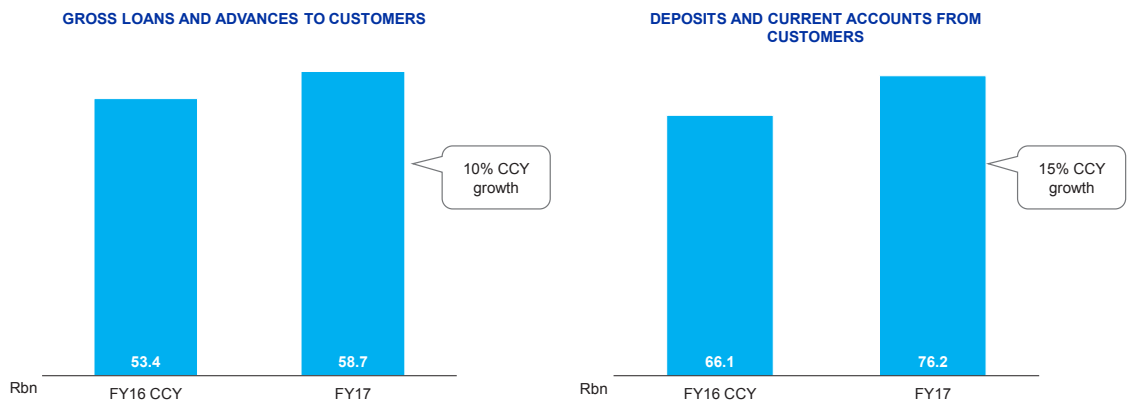


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Notes

PBB AFRICA REGIONS

ENCOURAGING MOMENTUM CONTINUES

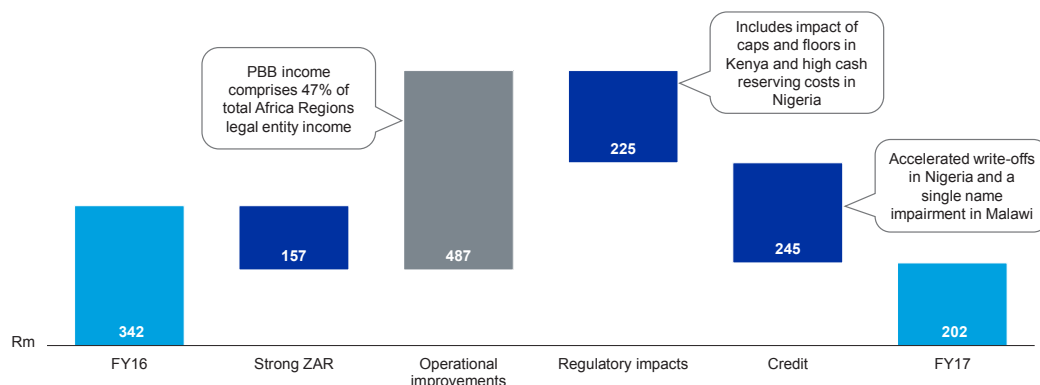


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PBB AFRICA REGIONS

ROBUST OPERATIONAL IMPROVEMENTS



Notes

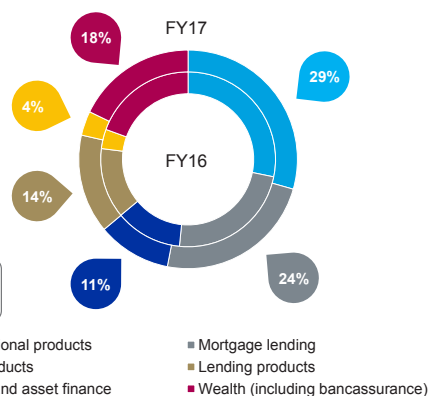


PBB PRODUCTS

ALL DELIVERED GROWTH IN CCY

	Total income			Headline earnings		
	FY17 Rbn	change %	change CCY %	FY17 Rbn	change %	change CCY %
Transactional products	30.4	4	8	4.1	15	22
Mortgage lending	8.4	2	3	3.3	11	11
Card products	6.9	(1)	3	1.5	(3)	3
Lending products	12.2	7	11	2.0	24	5
Vehicle and asset finance	3.9	3	5	0.5	11	11
Wealth (including bancassurance)	7.7	(4)	8	2.5	1	10
PBB	69.5	3	7	14.0	10	12

CONTRIBUTION TO HEADLINE EARNINGS BY PRODUCT

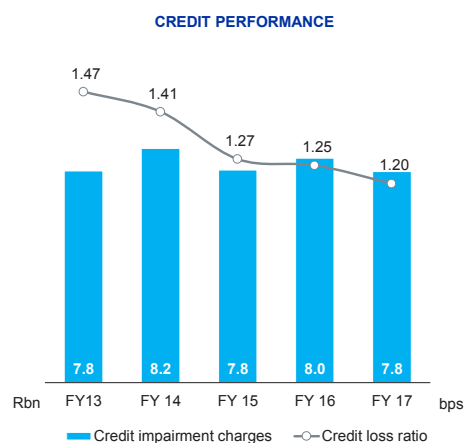


PBB GROUP

STRONG CREDIT PERFORMANCE



	FY17 %	FY16 %
Mortgage loans	0.46	0.58
Vehicle and asset finance	1.09	1.24
Card debtors	4.33	4.70
Other loans and advances	2.01	1.84
Personal unsecured lending	4.10	4.39
Access loans	8.86	9.98
Business lending and other	1.15	0.77
PBB credit loss ratio	1.20	1.25
By geography		
South Africa	1.19	1.29
Africa Regions	2.53	2.28
PBB credit loss ratio	1.20	1.25



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Notes

PBB GROUP

NPLs INCREASED SLIGHTLY, COVERAGE RATIOS MAINTAINED



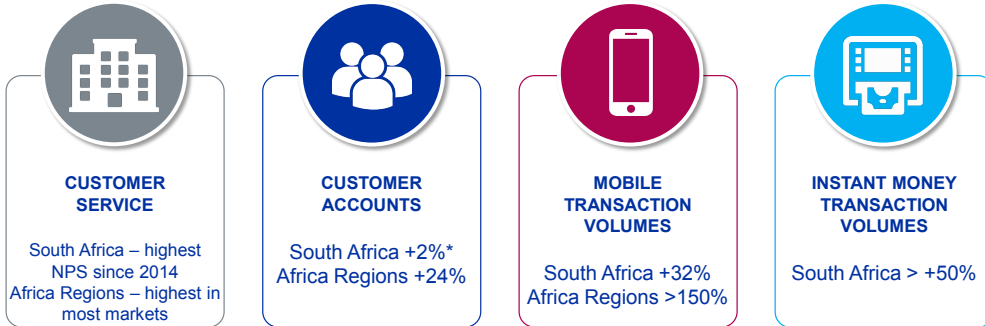
Non-performing loans ratio	FY17 %	FY16 %	Coverage ratio	FY17 %	FY16 %
Mortgage loans	4.5	4.3	Mortgage loans	26	25
Vehicle and asset finance	3.8	3.8	Vehicle and asset finance	44	46
Card debtors	6.6	7.1	Card debtors	75	72
Other loans and advances	4.4	4.1	Other loans and advances	61	64
Personal unsecured lending	7.8	9.0	Personal unsecured lending	75	73
Access loans	13.5	12.5	Access loans	89	84
Business lending and other	3.0	2.2	Business lending and other	46	49
PBB	4.5	4.3	PBB	41	42
By geography			By geography		
South Africa	4.7	4.7	South Africa	41	42
Africa Regions	6.7	5.9	Africa Regions	42	47
PBB	4.5	4.3	PBB	41	42

Early arrears reduced by R1.8bn to 4.7% of advances

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PBB FRANCHISE

HEALTHY AND GROWING

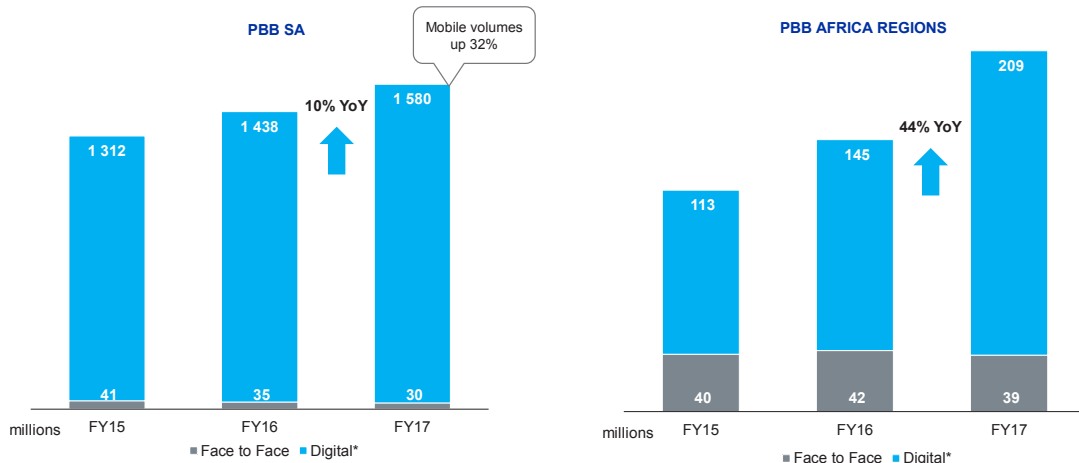


* Targeted current accounts

Notes

PBB TRANSACTION VOLUMES

DIGITAL CHANNELS DOMINATING

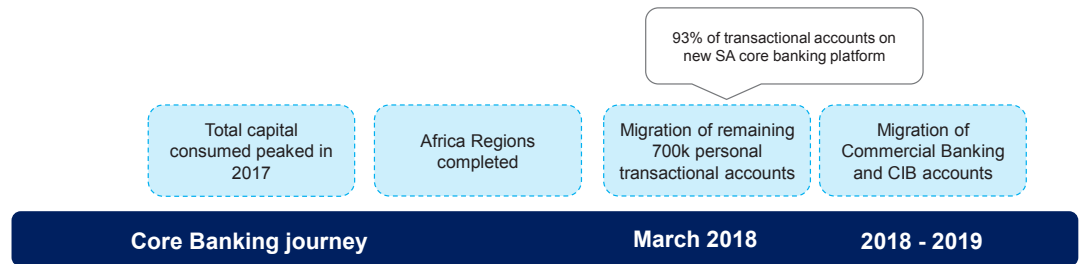


* Digital includes ATM



CORE BANKING

COMPLETED AS A FORMAL PROGRAM, BUSINESS AS USUAL



BENEFITS INCLUDE



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Notes

IMPROVING OUTLOOK



- Momentum in customer franchise and improved service levels
- Confidence in the team



- Core banking largely complete
- Improved capabilities
- Accelerating digital journey
- Real focus on value extraction on new platforms



- Renewed sense of optimism in economic outlook

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Notes

STRATEGY UNCHANGED



Group Purpose

it all starts with being more than a bank – the reason we exist

Africa is our home, we drive her growth

Group Vision

a picture of what we would like to be in five years

To be the **leading** financial services organisation **in, for and across Africa**, delivering **exceptional client experiences** and **superior value**

In executing our group strategy our key focus areas are



Client centricity

We want to do valuable things for clients



Digitisation

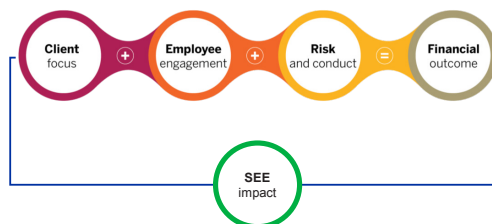
Via digital platforms



Universal financial services organisation

Delivering a seamless universal financial services proposition

We measure our progress using five strategic value drivers

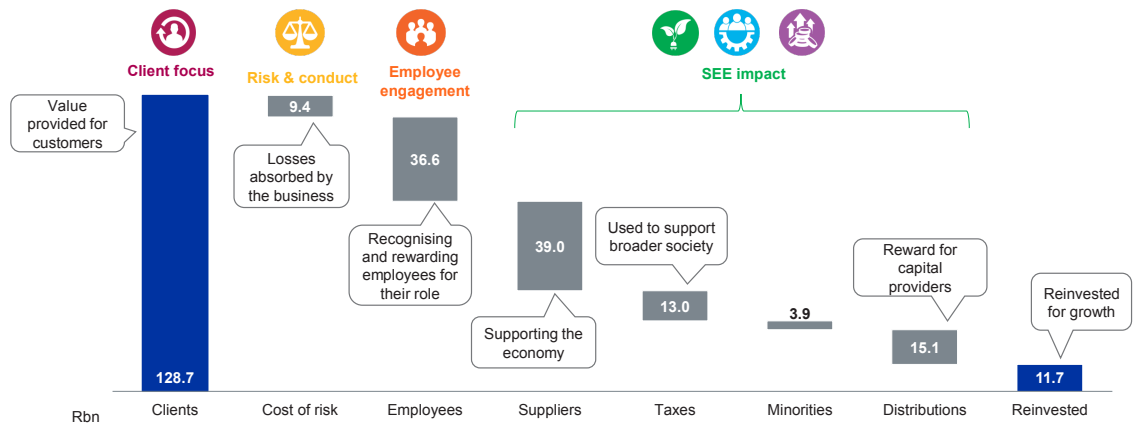


SEE = Social, economic and environmental



DISTRIBUTION OF VALUE

OUR KEY STAKEHOLDERS



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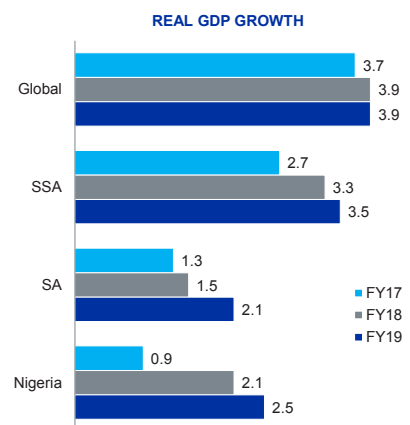
Notes

LOOKING FORWARD

SUPPORTIVE BACKDROP



- Global macros point to synchronised growth
- Commodities on a firmer footing, supported by China demand
- Sub-Saharan Africa recovery accelerating
 - Oil-reliant West
 - Commodity-reliant South & Central
 - Trade-driven East
- Sentiment-driven momentum in South Africa underpinned by
 - Political change that has created the prospect of policy progress
 - An opportunity for real wage growth as inflation subsides
 - Expected uptick in household consumption and private investment supported by pent up demand, a decade of deleveraging and policy easing
- Outlook moderated by endowment headwinds in SA and Africa Regions, IFRS 9 impact and ongoing regulatory changes



Source: IMF, SBG Research

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LOOKING FORWARD

STANDARD BANK – DRIVING SUSTAINABLE VALUE CREATION

To deliver on our new medium term ROE target range of 18% – 20% we will look to

SOUTH AFRICA

- Grow in our targeted segments
- Keep our promises to our clients
- Leverage our brand, skills, data and IT capabilities to remain relevant and competitive

AFRICA REGIONS

- Leverage our deep local understanding and unrivalled network
- Grow our customer base – retail, business and corporate

INTERNATIONAL

- Leverage our network to drive global connections
- Collaborate with ICBC in Africa and across our networks

Never compromise on risk or conduct – we will always do the right business the right way

Support faster, more inclusive and more sustainable economic growth and human development in South Africa and throughout the continent we are proud to call our home

Notes



LOOKING FORWARD

OUR TOP PRIORITIES FOR 2018



CLIENT

- Continue to improve client experience
- Develop and deliver relevant, reliable, safe products and services



DIGITAL

- Continue to accelerate the digitisation of the group for the benefit of clients and employees
- Explore new technologies



UNIVERSAL FINANCIAL SERVICES ORGANISATION

- Clarify and simplify the group's architecture
- Deepen and extend our collaboration with Liberty