



Standard Bank Group

FINANCIAL RESULTS PRESENTATION

FOR THE YEAR ENDED 31 DECEMBER 2018





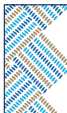
STANDARD BANK GROUP

FY18 FINANCIAL RESULTS

PRESENTATION


Standard Bank Moving Forward™

Notes






STANDARD BANK GROUP

STRATEGIC FOCUS IS UNCHANGED




Group Purpose the reason we exist	Africa is our home, we drive her growth
Group Vision what we aspire to be	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

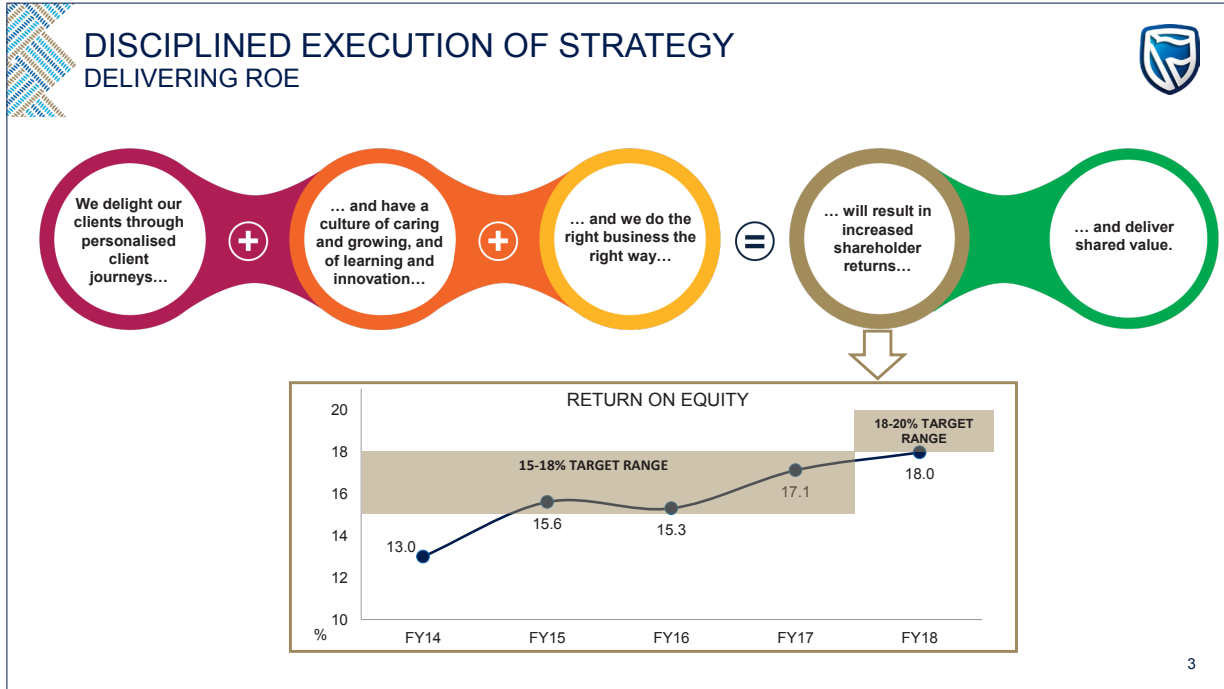
	Client centricity	Do valuable things for clients
	Digitisation	Digitise front to back
	Integration	Seamlessly deliver relevant, holistic solutions

We measure our progress using five strategic value drivers



SEE = Social, economic and environmental

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Notes

FINANCIAL OUTCOME

Standard Bank Moving Forward™

OVERVIEW OF RESULTS

DELIVERING SUSTAINABLE EARNINGS GROWTH AND IMPROVING RETURNS



GROUP HEADLINE EARNINGS

FY18: R27.9bn
FY17: R26.3bn



BANKING HEADLINE EARNINGS

FY18: R25.8bn
FY17: R24.3bn

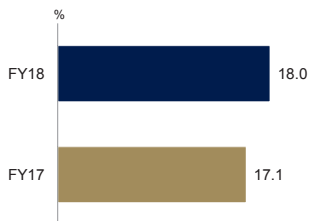


DIVIDEND PER SHARE

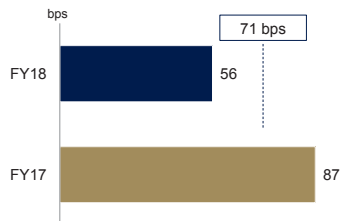
FY18: 970 cents
FY17: 910 cents



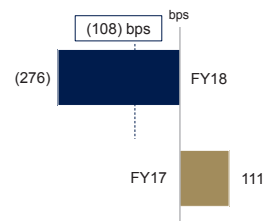
ROE



CREDIT LOSS RATIO



JAWS



----- Credit loss ratio and jaws adjusted for IFRS 9-related accounting impact

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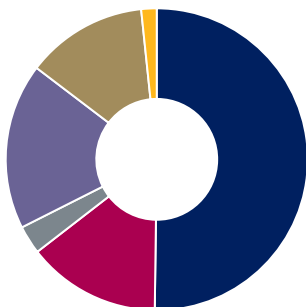
Notes

OVERVIEW OF RESULTS

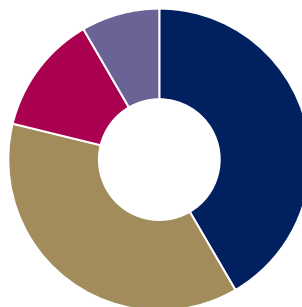
STRENGTH AND BREADTH OF THE FRANCHISE



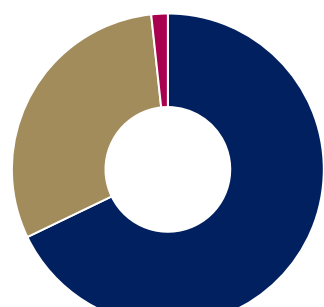
CLIENT



PRODUCT



GEOGRAPHY



- Retail
- Business
- Commercial
- Multinational corporate
- Domestic corporate
- HNW

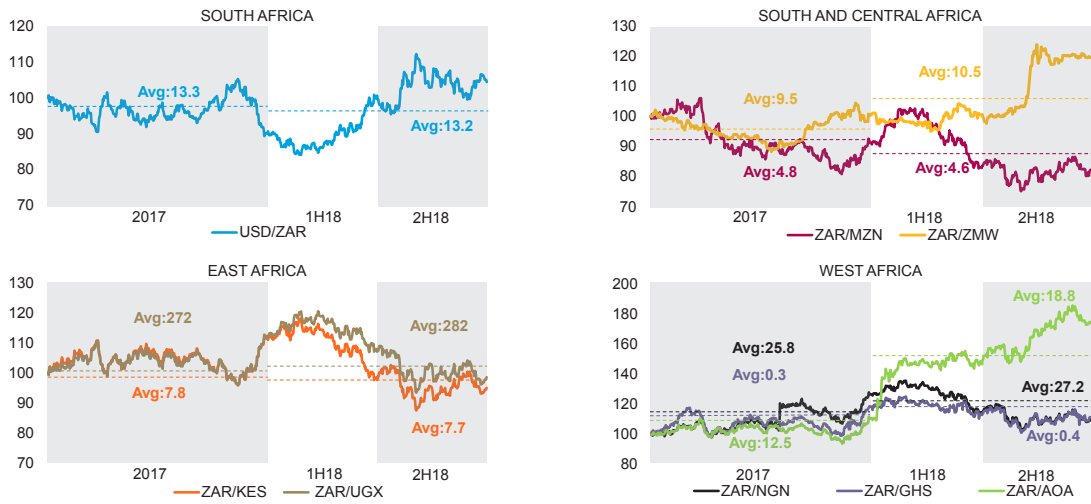
- Transactional Banking
- Lending
- Markets
- Insurance

- South Africa
- Africa Regions
- International

Analysis reflects banking revenue

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FOREIGN CURRENCY TRENDS

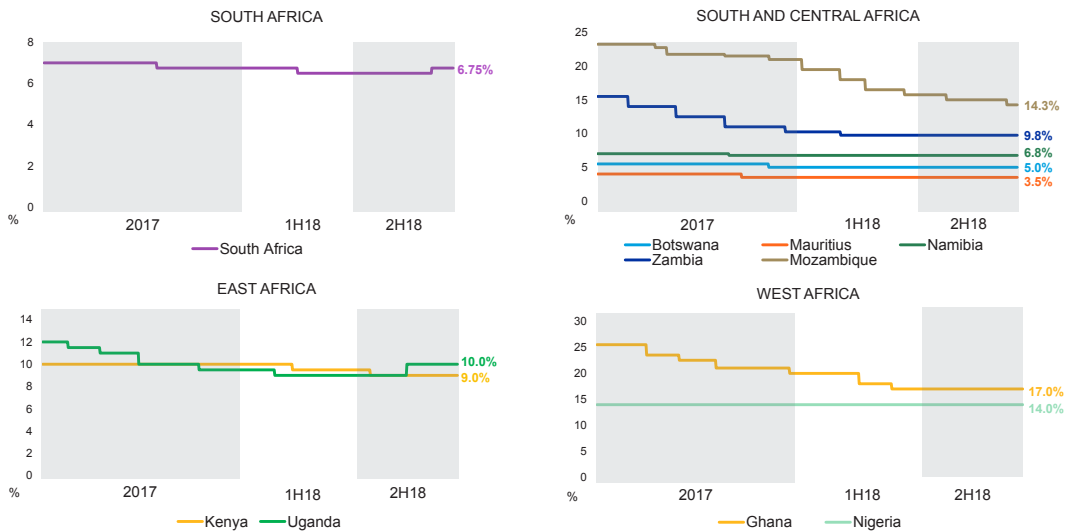


Note: Currency rebased at 1 January 2017, average exchange rate calculated as daily average over 12-month period and expressed relative to ZAR

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Notes

INTEREST RATE TRENDS



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INCOME STATEMENT



	FY18 Rbn	change %	change CCY %	FY17 Rbn
Net interest income	59.6	(1)	1	60.1
Non-interest revenue	45.7	7	9	42.6
Total income	105.3	3	4	102.7
Credit impairment charges	(6.5)	(31)	(32)	(9.4)
Income before operating expenses	98.8	6	8	93.3
Operating expenses	(60.1)	5	6	(57.0)
Banking activities headline earnings	25.8	7	8	24.3
Other banking interests	0.4	(26)	-	0.6
Liberty attributable to the group	1.6	11	11	1.4
SBG headline earnings	27.9	6	8	26.3

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Notes

IFRS 9-RELATED ACCOUNTING IMPACT DAMPENED INCOME AND LOWERED CREDIT IMPAIRMENT CHARGES



	FY18 Rbn	IFRS 9- related IIS impact Rbn*	FY18 adjusted Rbn	FY18 vs FY17 %	FY18 adjusted vs FY17 %	FY17 Rbn
Net interest income	59.6	1.7	61.3	(1)	2	60.1
Non-interest revenue	45.7		45.7	7	7	42.6
Total income	105.3	1.7	107.0	3	4	102.7
Credit impairment charges	(6.5)	(1.7)	(8.2)	(31)	(13)	(9.4)
Operating expenses	(60.1)		(60.1)	5	5	(57.0)
SBG headline earnings	27.9	-	27.9	6	6	26.3
Credit loss ratio (bps)	56		71			87
Jaws (bps)	(276)		(108)			111
Cost-to-income ratio (%)	57.0		56.1			55.5

*IFRS 9-related accounting impact of R1 722m (PBB SA R1 617m, CIB SA R40m and CIB AR R65m)

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SEGMENTAL PERFORMANCE



	FY18 Rbn	change %	change CCY %	FY17 Rbn
PBB	15.5	10	10	14.1
South Africa	13.7	3	3	13.3
Africa Regions	0.8	>100	>100	0.2
International	1.0	60	56	0.6
CIB	11.2	(2)	1	11.4
Central & other	(0.9)	(28)	(32)	(1.2)
Banking activities	25.8	7	8	24.3
Other banking interests	0.4	(26)	-	0.6
ICBCS	(0.1)	(>100)	(>100)	0.2
ICBC Argentina	0.5	19	95	0.4
Liberty attributable to the group	1.6	11	11	1.4
SBG headline earnings	27.9	6	8	26.3

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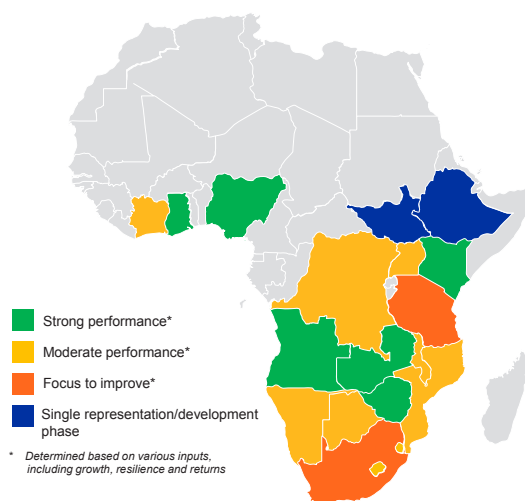
Notes

REGIONAL PERFORMANCE



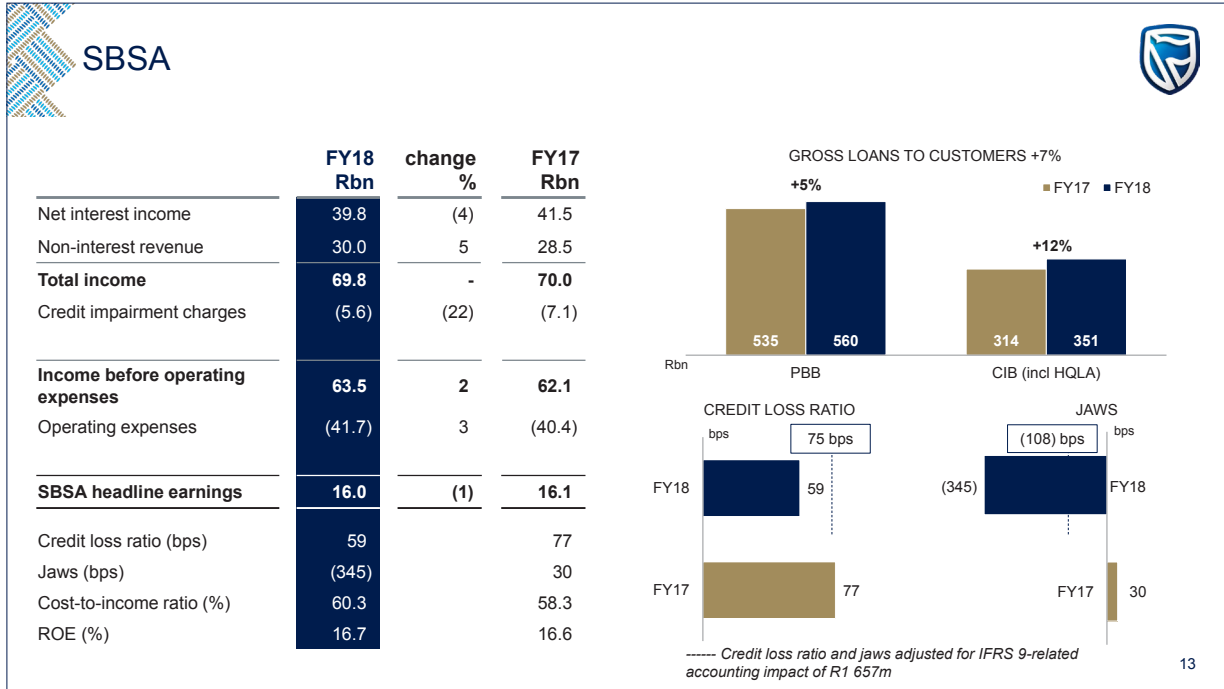
Headline earnings	FY18 Rm	change %	change CCY %	FY17 Rm
SBSA	15 971	(1)	(1)	16 078
Africa Regions	8 025	19	26	6 751
East	1 228	19	21	1 033
South & Central	3 858	10	9	3 512
West	2 939	33	60	2 206

ROE	FY18 %	FY17 %
SBSA	16.7	16.6
Africa Regions	24.0	23.8
East	21.1	16.0
South & Central	24.5	26.3
West	30.4	26.0



The group increased its stake in Stanbic Holdings Plc (Kenya) from 60% to 68% in July 2018 and Stanbic IBTC PLC (Nigeria) from 53% to 65% in May 2018

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Notes

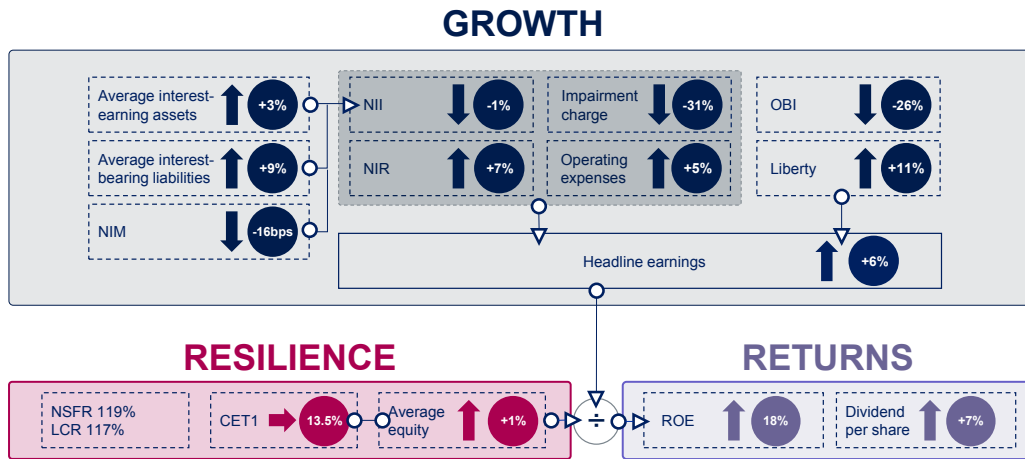



DRIVERS OF PERFORMANCE

Standard Bank Moving Forward™

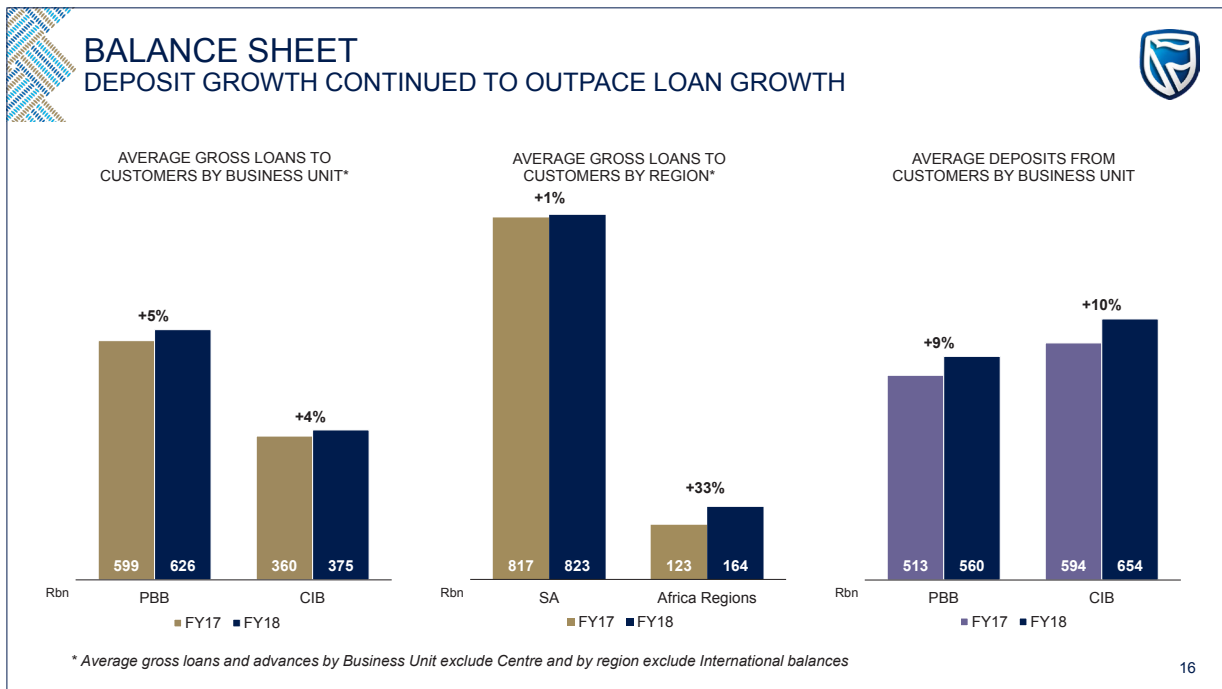


DRIVING SHAREHOLDER VALUE



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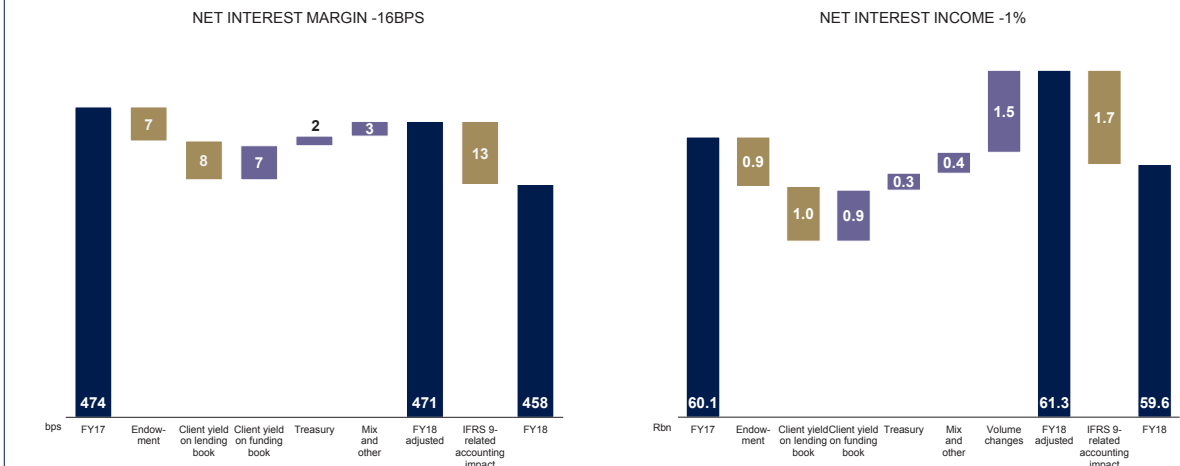
Notes



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NET INTEREST INCOME

NEGATIVE ENDOWMENT AND COMPETITIVE PRICING OFFSET BY FAVOURABLE MIX

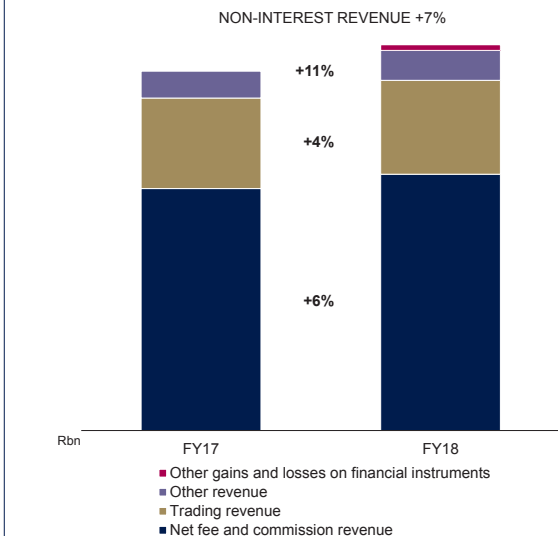


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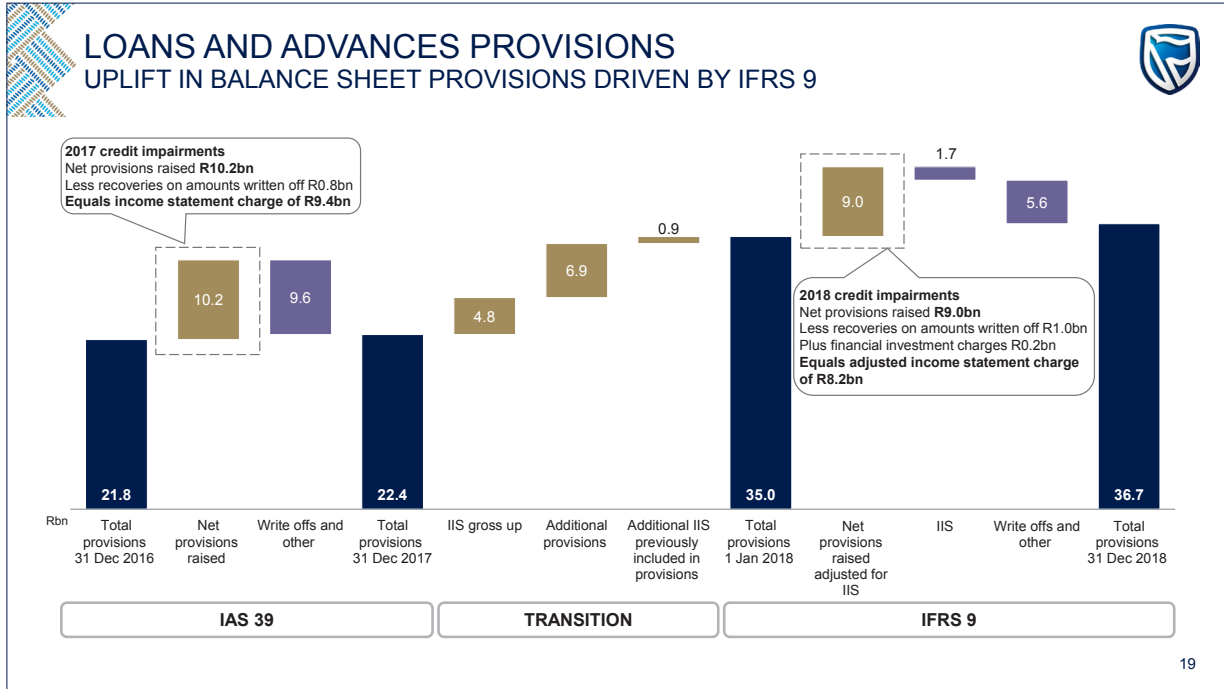
NON-INTEREST REVENUE

GROWTH UNDERPINNED BY DIVERSIFIED REVENUE STREAMS

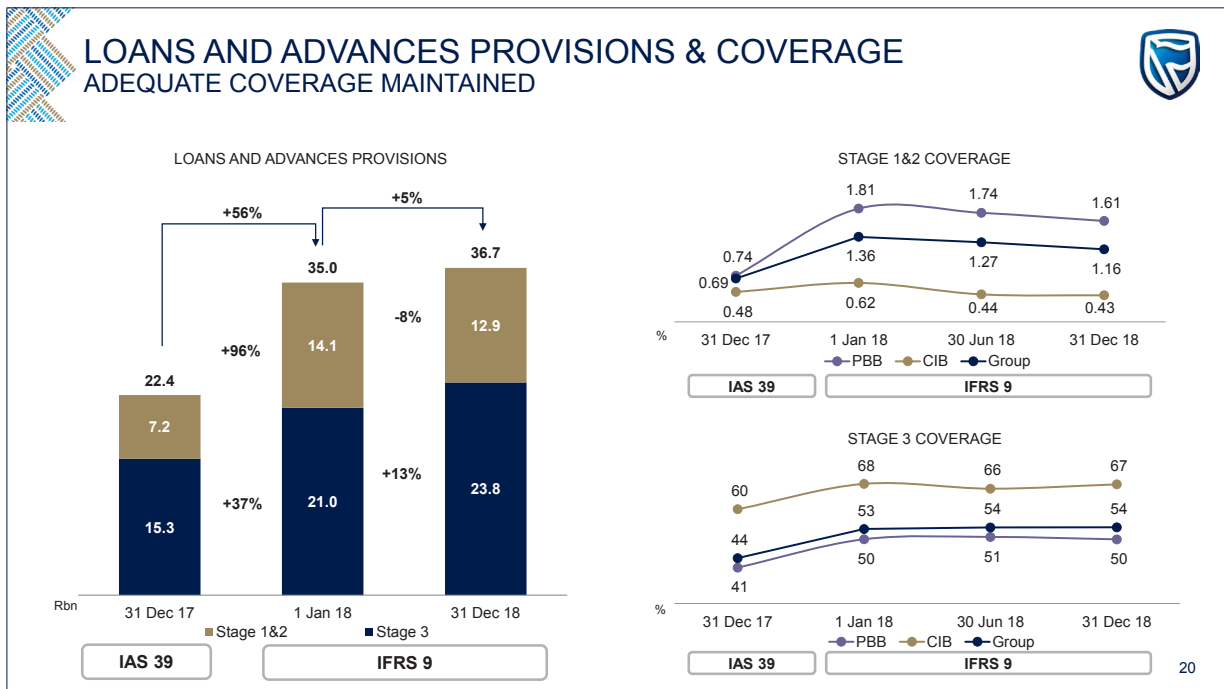


- Net fee and commission revenue
 - Digital transaction volumes and values driving growth in SA and Africa Regions
 - Softer traditional account fee growth
- Trading revenue
 - Impacted by subdued demand
 - Equities provided support and FIC underperformed
- Other revenue supported by bancassurance
- Other gains and losses on financial instruments - driven by IFRS 9

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Notes



OPERATING EXPENSES COST GROWTH SLOWED IN 2H18



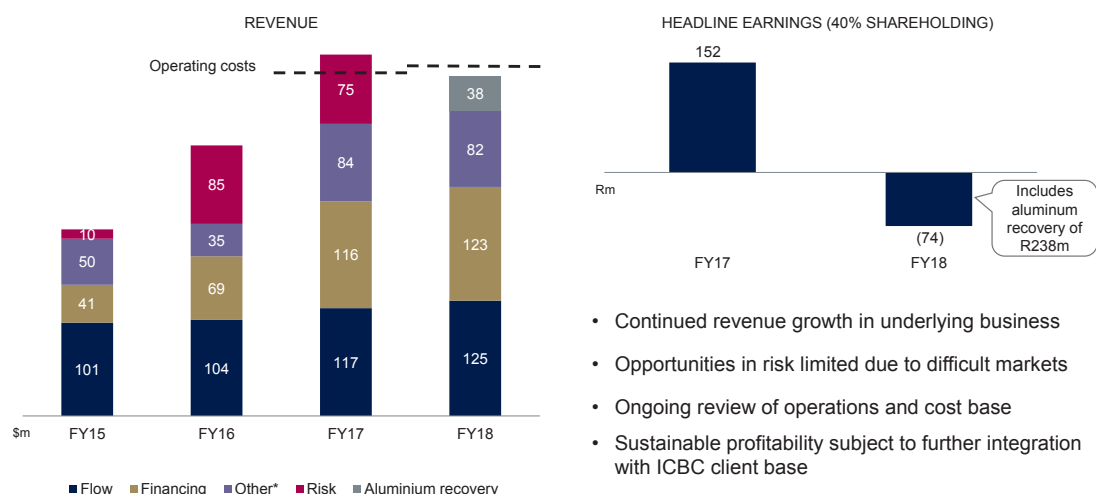
	FY18 Rbn	change %	change CCY %	FY17 Rbn
Staff costs	33.8	7	8	31.7
Fixed remuneration	23.5	8	10	21.7
Variable remuneration	7.7	1	2	7.6
Other staff cost	2.6	10	12	2.3
Other operating expenses	26.3	4	5	25.4
IT	6.4	5	5	6.1
Premises	4.1	1	3	4.0
Depreciation	2.5	3	4	2.5
Amortisation of intangibles	2.4	3	3	2.4
Marketing	2.0	(1)	-	2.0
Professional fees	2.0	23	22	1.6
Other	6.9	1	3	6.8
Total operating expenses	60.1	5	6	57.0

- Staff costs
 - Net headcount down ~900 yoy
 - Costs up due to strategic hires and upskilling of the PBB frontline
 - IT separation costs
 - Salary adjustments to take into account high inflation rates in Ghana and Angola
- Other operating expenses
 - Sub-inflationary increases on the back of tight cost control and management actions in 2H18
 - Professional fees related to specific projects focusing on customer experience and regulatory changes

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Notes

ICBC STANDARD BANK PLC INTEGRATION REMAINS KEY TO UNLOCKING SUSTAINABLE PROFITABILITY



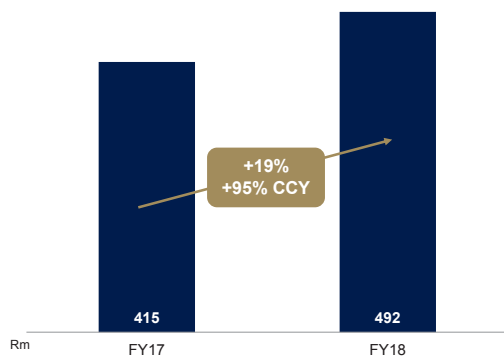
- Continued revenue growth in underlying business
- Opportunities in risk limited due to difficult markets
- Ongoing review of operations and cost base
- Sustainable profitability subject to further integration with ICBC client base

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ICBC ARGENTINA STRONG PERFORMANCE IN VOLATILE MARKET



ICBC ARGENTINA (20% SHAREHOLDING)



- Strong growth in net interest income driven by margin expansion
- Non-interest revenue growth mainly due to increased volumes and fees in trading related revenue
- Challenging operating environment resulted in higher impairments
- Inflationary linked operating expenses

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Notes

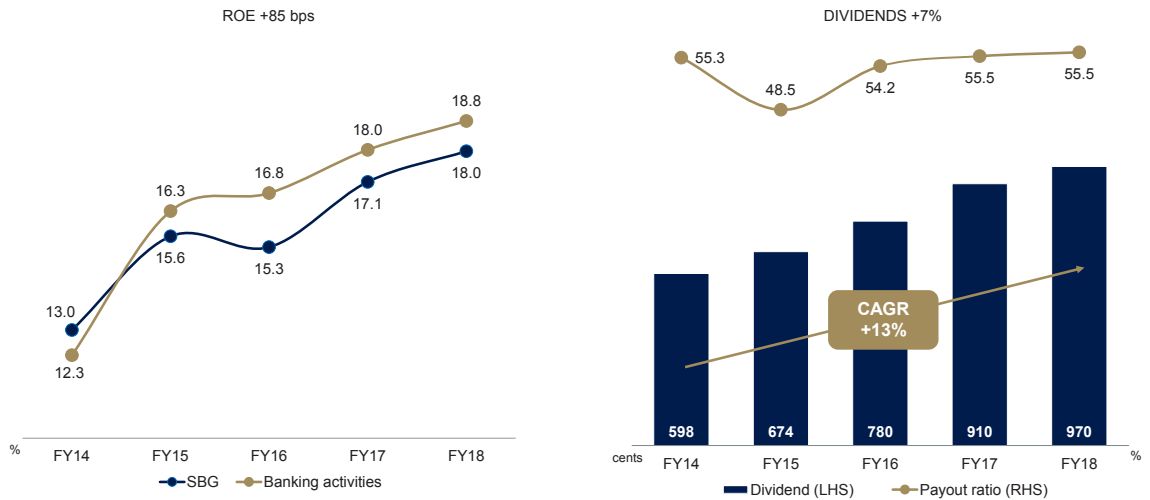
LIBERTY EXECUTING TURNAROUND STRATEGY



	FY18 Rm	change %	FY17 Rm
SA insurance operations	2 009	21	1 665
SA asset management – STANLIB	355	41	252
Africa Regions	8	14	7
Other	(366)	(29)	(512)
Normalised operating earnings	2 006	42	1 412
LibFin investments - SIP	250	(81)	1 307
Normalised headline earnings	2 256	(17)	2 719
IFRS adjustments	389	(27)	533
IFRS headline earnings	2 645	(19)	3 252
SBG share of IFRS headline earnings	1 471	(18)	1 804
Treasury share adjustment	129	(>100)	(369)
Headline earnings attributable to SBG	1 600	11	1 435

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RETURN ON EQUITY AND DIVIDENDS



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Notes

MEASURING OUR FINANCIAL PROGRESS



	MEDIUM TERM TARGETS		FY18	
GROWTH	Africa Regions contribution*	> 30%	31%	●
	Cost-to-income ratio	Approaching 50%	57.0%	●
	Credit loss ratio**	80 – 100bps	56 bps	●
	Group HE growth	Sustainable growth	6%	●
RESILIENCE	LCR and NSFR	> 100%	> 100%	●
	CET 1 ratio	11.0% - 12.5%	13.5%	●
RETURNS	ROE	18% - 20%	18.0%	●
	Dividend	Sustainable growth	7%	●

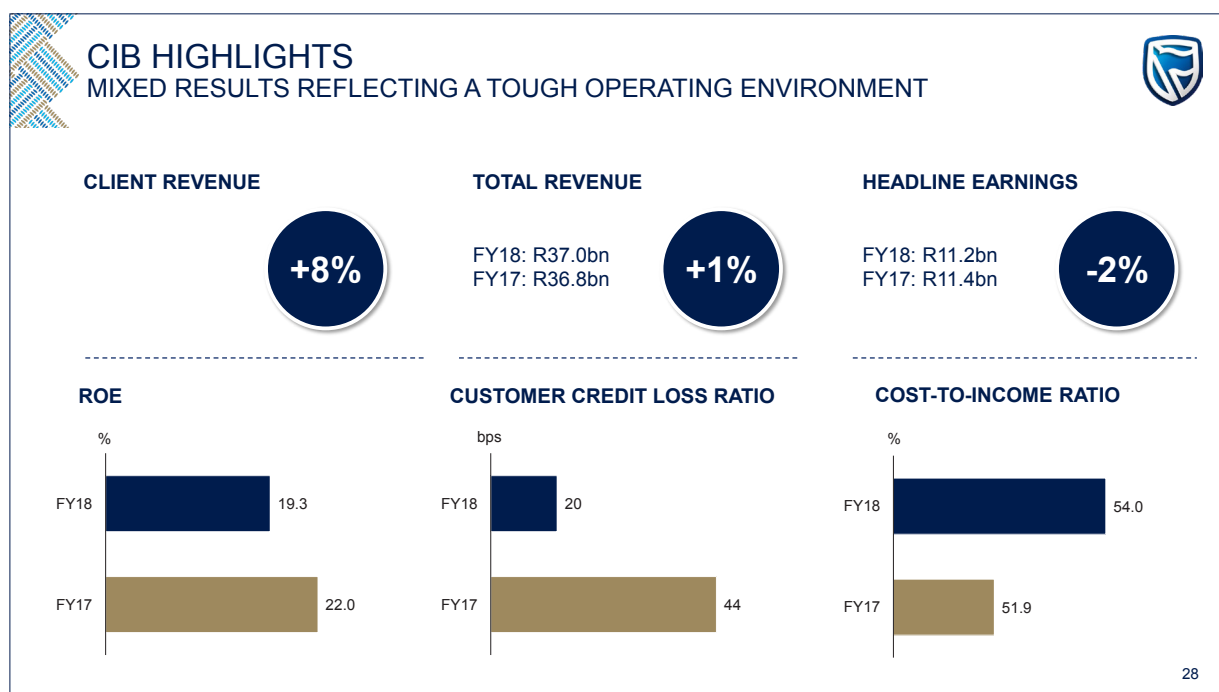
* Contribution to banking headline earnings

** Target ratio to be reviewed following the introduction of IFRS 9

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Notes





CIB HIGHLIGHTS IN CONTEXT COMMITTED TO EXECUTING OUR STRATEGY



Challenging operating environment

- Results impacted by a challenging and dynamic environment across our markets
 - Strengthening of the Rand against other African currencies had a dilutive effect on revenue performance
 - Recovery of commodity prices positively impacted some of our sectors
 - Decreasing interest rate environment in key African markets

Focusing on clients

- Client revenue increase of 8% year-on-year with strong diversification through region, sector, client and product
- 13% growth in customer loans and advances
- Achieved our highest client satisfaction index (CSI) result of 8.0 out of 10, up from 7.8 in 2017
- Acquired notable clients and partnered our clients on landmark transactions

Modernising the bank

- Significant progress in improving and simplifying core processes – real-time account opening in South Africa for our existing clients
- Progress in transitioning to digital channels, with more than 20% increase in online channel usage in cash, trade and foreign exchange

Driving efficiencies

- Doing the right business the right way evidenced by a customer credit loss ratio reduction to 20bps and no major market conduct issues
- Cost discipline and drive for productivity gains resulted in a 1% headcount reduction and a below weighted average inflation cost increase

Investing in our people

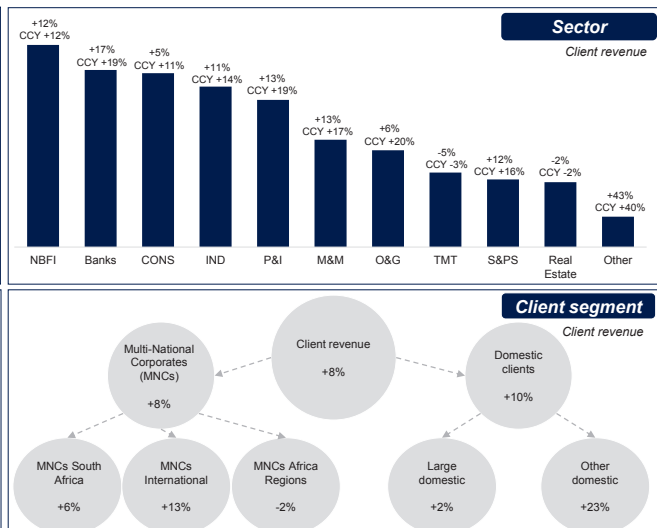
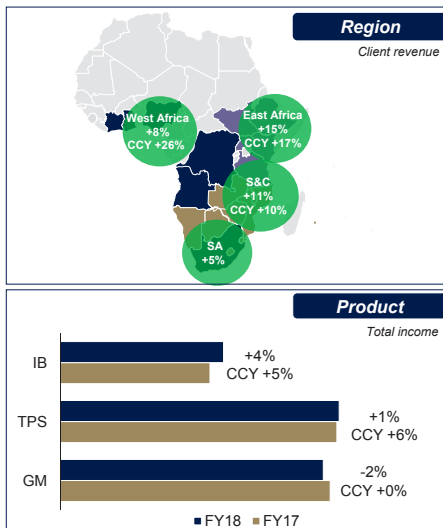
- Continuing with programmes to drive shifts in our culture
- Relooking at our skills for the future – established a CIB Digital team focused on creating new ventures and enhancing client experiences

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Notes



CIB CLIENT REVENUES DIVERSIFIED AND SUSTAINABLE FRANCHISE



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CIB – PARTNERING OUR CLIENTS FRANCHISE DEFINING DEALS



VIVO ENERGY

Vivo Energy
Pan Africa

2018
USD 745m
Initial Public Offering

Joint Bookrunner

Standard Bank

Transaction Capital

BEE structured deal:
Sale of 25% of SA Taxi Finance
Holdings to SANTACO consortium

2018
ZAR 1.7bn

Lead arranger & joint funder

Standard Bank

airtel tigo

AirtelTigo
Ghana

2018
USD115m

Term Loan & Overdraft Facility
Funding in USD & GHS

Sole Lender

Standard Bank

LIBSTAR

Libstar

2018
ZAR3bn

Joint Global Coordinator / Bookrunner
Stabilisation Agent
Transaction Sponsor

Standard Bank

SERITI

Acquisition Term Loan

2018
USD 1.7bn

Exclusive mandated lead arranger
Underwriter
Book Runner

Standard Bank

Round 4 REIPPP

Scatec Solar
"Improving our future"

Solar Capital
"Renewable Energy Solutions"

elawan
energy

InnoWind

2018
ZAR 7.59bn

Mandated lead arranger
Hedge Provider
Co-MLA and underwriter
Account Bank and Agent

Standard Bank

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Notes

CIB RESULTS SUMMARISED FINANCIAL PERFORMANCE



	FY18 Rbn	change %	change CCY %	FY17 Rbn
Net interest income	19.2	(6)	(2)	20.4
Non-interest revenue	17.8	9	11	16.3
Total income	37.0	1	3	36.7
Credit impairment charges	(1.0)	(35)	(35)	(1.6)
Income before operating expenses	36.0	2	5	35.1
Operating expenses	(20.0)	5	7	(19.1)
CIB headline earnings	11.2	(2)	1	11.4
Jaws (bps)	(414)			456
Cost-to-income ratio (%)	54.0			51.9
ROE (%)	19.3			22.0
Gross loans and advance to customers	398.4	13	9	352.2
Deposits from customers	667.8	5	4	635.8

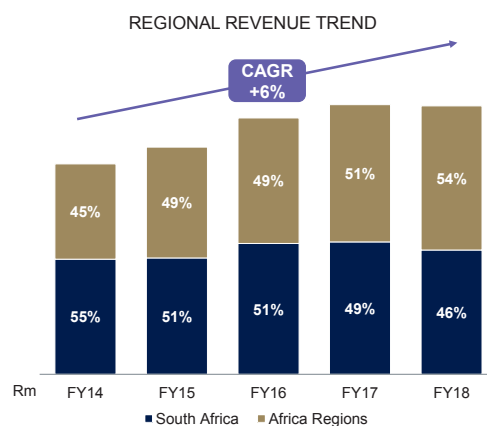
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CIB BUSINESS UNITS BUSINESS UNIT AND REGIONAL CONTRIBUTION



	FY18 Rbn	change %	change CCY %	FY18 Rbn	change %	change CCY %
	Total income			Headline earnings		
Investment Banking*	9.1	5	5	3.6	16	16
Transactional Products and Services	14.3	1	6	3.5	(5)	2
Global Markets	13.6	(2)	-	4.1	(12)	(10)
CIB	37.0	1	3	11.2	(2)	1

* Includes Real Estate and PIM



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Notes

CIB OUTLOOK LOOKING FORWARD



- We see opportunities for growth across the continent at the back of client activities
- We will continue to modernise our business in order to improve client and employee experiences
- Continued commitment to cost management has not changed
- Challenging trading conditions expected to continue with elections in key markets
- Momentum from Q4 2018 provides a solid base for improved performance into 2019

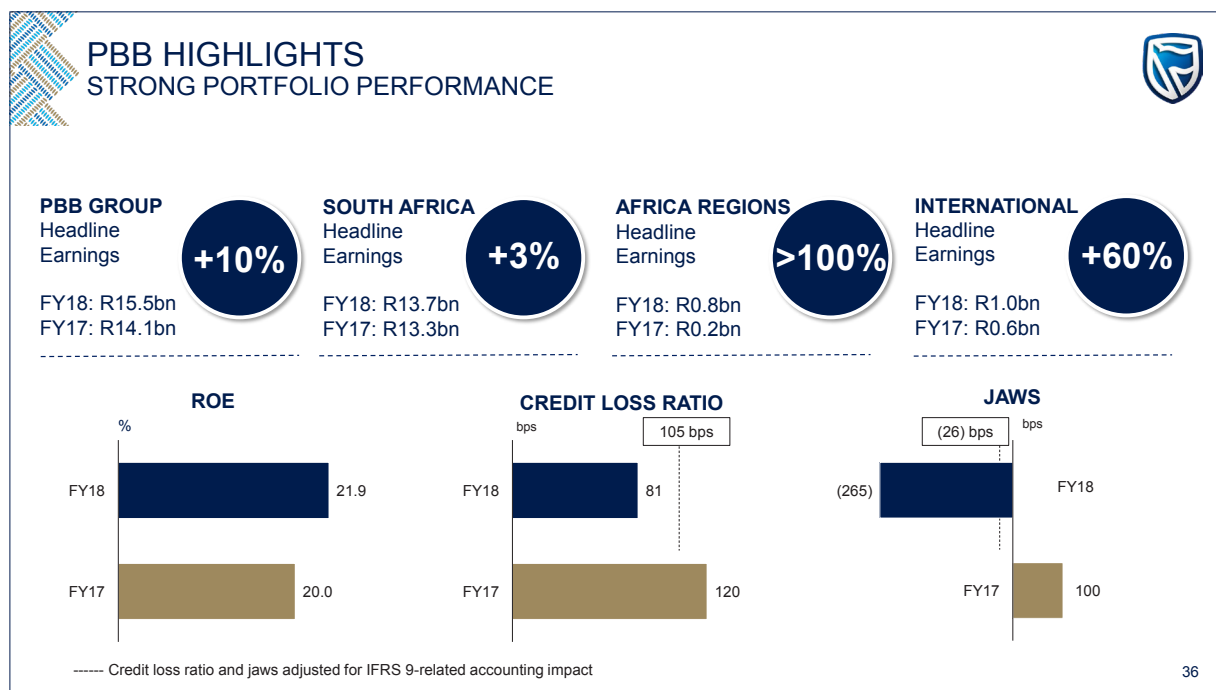
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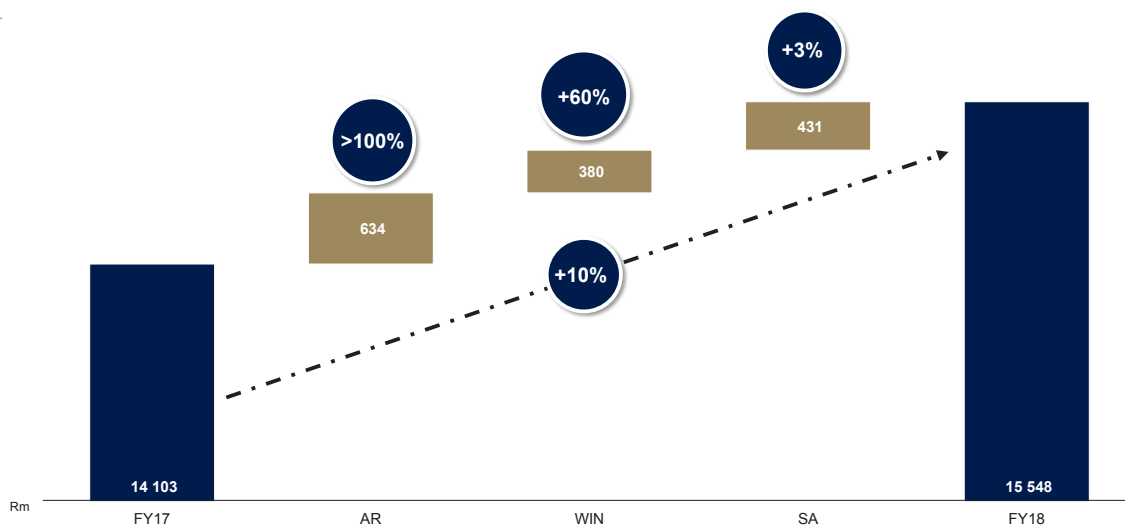
PERSONAL AND BUSINESS BANKING

Standard Bank Moving Forward™

Notes



PBB HIGHLIGHTS CONTRIBUTION FROM ALL 3 REGIONS



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Notes

PBB RESULTS MOMENTUM DRIVING UNDERLYING OPERATIONAL PERFORMANCE



	FY18 Rbn	IFRS 9- related IIS impact Rbn	FY18 adjusted Rbn	FY18 vs FY17 %	FY18 adjusted vs FY17 %	FY17 Rbn
Net interest income	41.8	1.6	43.4	2	6	41.0
Non-interest revenue	28.0		28.0	5	5	26.7
Total income	69.8	1.6	71.4	3	5	67.7
Credit impairment charges	(5.4)	(1.6)	(7.1)	(30)	(9)	(7.8)
Operating expenses	(42.3)		(42.3)	6	6	(40.0)
PBB headline earnings	15.5	-	15.5	10	10	14.1
Credit loss ratio (bps)	81		105			120
Jaws (bps)	(265)		(26)			100
Cost-to-income ratio (%)	60.6		59.2			59.0

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PBB SUMMARISED BALANCE SHEET

PBB AR MAKING GOOD PROGRESS



	FY18 Rbn	change %	change CCY %	FY17 Rbn
Loans and advances to customers	650	7	6	605
Mortgage loans	362	4	4	346
Vehicle and asset finance	89	10	9	82
Card debtors	33	3	3	32
Other loans and advances	165	14	11	145

17% and 19% CCY growth in Africa Regions and Wealth International respectively

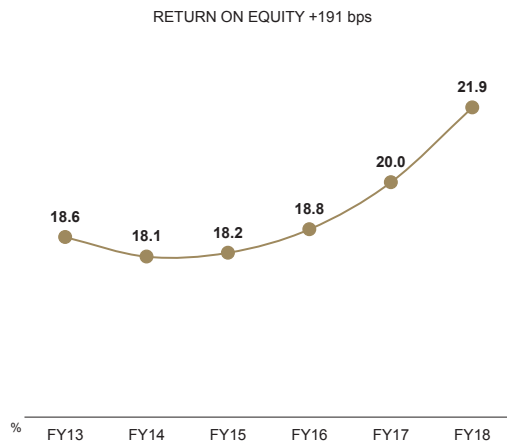
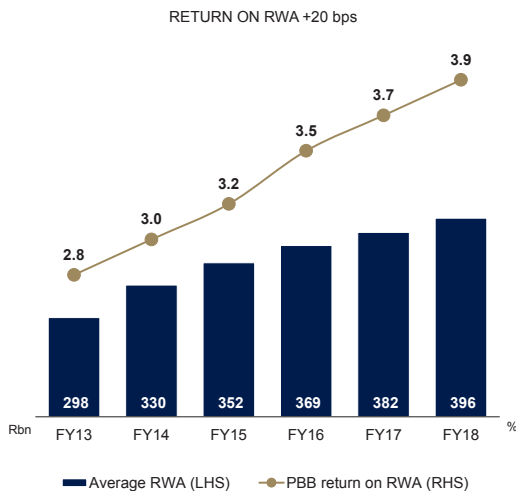
	FY18 Rbn	change %	change CCY %	FY17 Rbn
Deposits from customers	591	10	7	535
Current accounts	159	9	7	146
Savings and investments	432	11	8	389

14% CCY growth in current accounts in Africa Regions

Notes

PBB RETURNS

STRONG IMPROVEMENT WHILST REPLACING CORE SYSTEMS



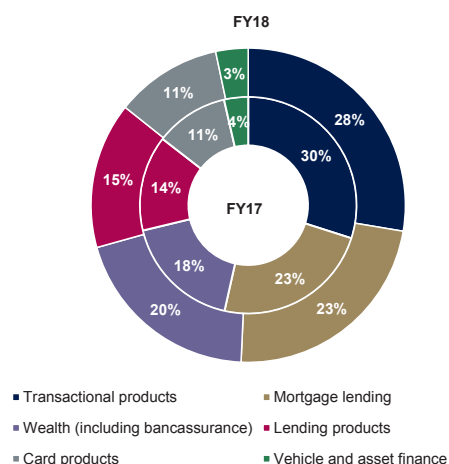
PBB PRODUCTS

ALL PRODUCTS DELIVERED HEADLINE EARNINGS GROWTH



	FY18 Rbn	change %	change CCY %	FY18 Rbn	change %	change CCY %
Total income				Headline earnings		
Transactional products	30.1	4	5	4.3	2	2
Mortgage lending	8.3	(2)	(2)	3.6	8	8
Card products	6.8	-	1	1.7	11	11
Lending products	12.1	-	-	2.3	16	16
Vehicle and asset finance	3.6	(4)	(4)	0.5	2	1
Wealth (including bancassurance)	8.9	16	17	3.1	24	24
PBB	69.8	3	4	15.5	10	10

CONTRIBUTION TO HEADLINE EARNINGS BY PRODUCT



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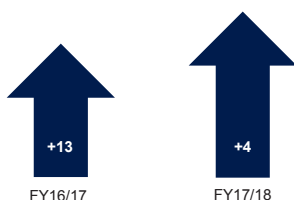
Notes

PBB SOUTH AFRICA

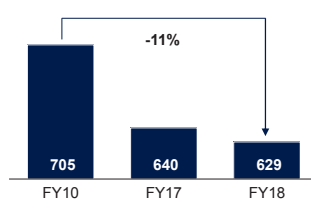
GAINING MOMENTUM, SUPPORTED BY NEW CLIENT-CENTRIC MODEL



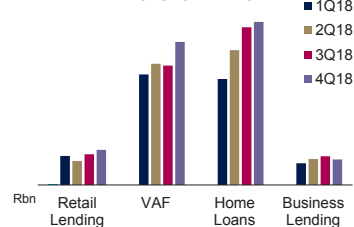
NET PROMOTER SCORE, YOY CHANGE



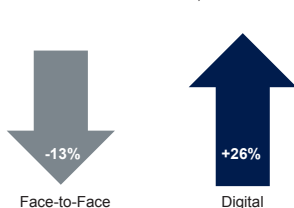
NUMBER OF BRANCHES



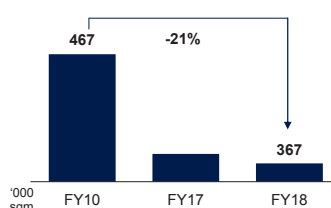
DISBURSEMENTS



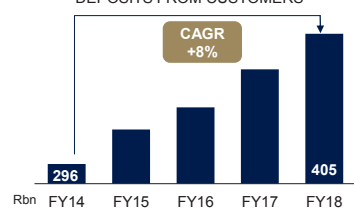
TRANSACTION VOLUMES, YOY CHANGE



BRANCH SQR METERAGE



DEPOSITS FROM CUSTOMERS



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PBB SOUTH AFRICA TRANSITION YEAR RE-ORIENTATE BANK AROUND THE CUSTOMER – MUTLI DISCIPLINARY TEAMS



- Service clients in their local context
- Deliver fully integrated financial services
- Increase speed of execution and customer experience

WHAT WE HAVE DELIVERED:

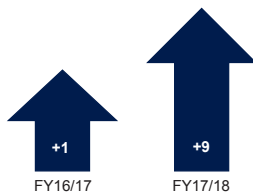
- VAF dealer integration
- Launch of SBG Mobile Network Operator
- Significant reduction in Ombudsman complaints
- Reduction in digital fraud losses for clients and bank
- Strong growth of Instant Money volumes
- Acceleration of digitisation

Notes

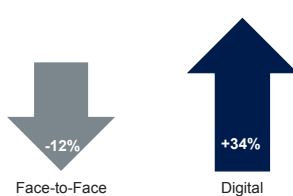
PBB AFRICA REGIONS STRATEGY DELIVERING ACCELERATED GROWTH



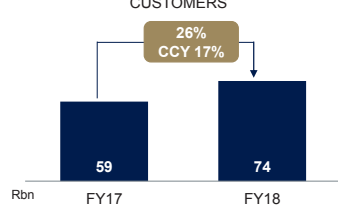
NET PROMOTER SCORE, YOY CHANGE



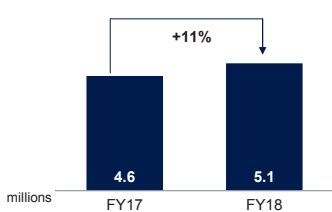
TRANSACTION VOLUMES, YOY CHANGE



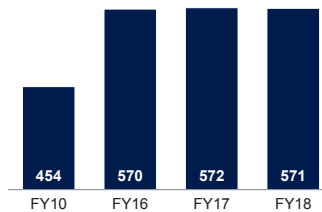
LOANS AND ADVANCES TO CUSTOMERS



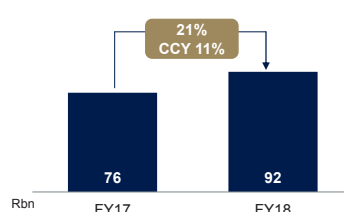
NUMBER OF ACTIVE CUSTOMERS



NUMBER OF BRANCHES



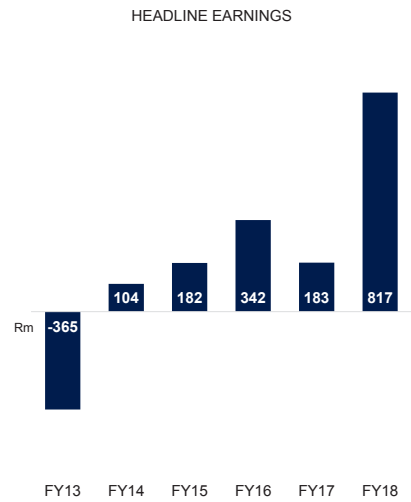
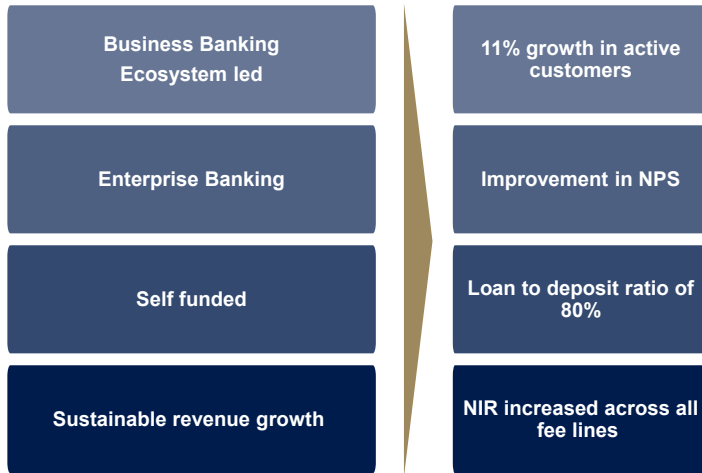
DEPOSITS FROM CUSTOMERS





PBB AFRICA REGIONS

STRATEGY REMAINS UNCHANGED, ACCELERATED EXECUTION



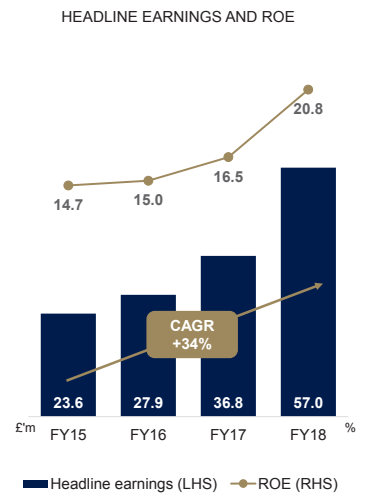
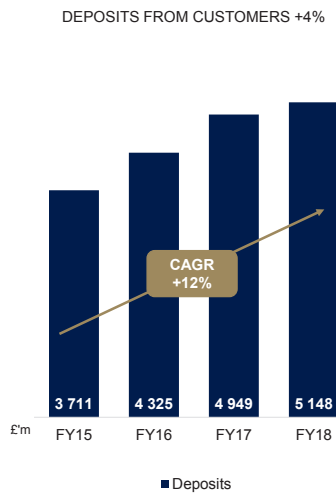
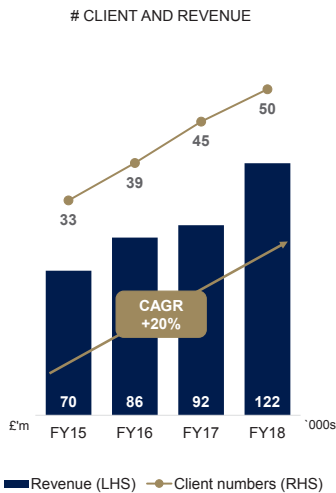
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Notes




PBB WEALTH INTERNATIONAL

ROBUST, GROWING FRANCHISE




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PBB OUTLOOK

STRATEGY REMAINS THE SAME, FOCUS IS ON EXECUTION


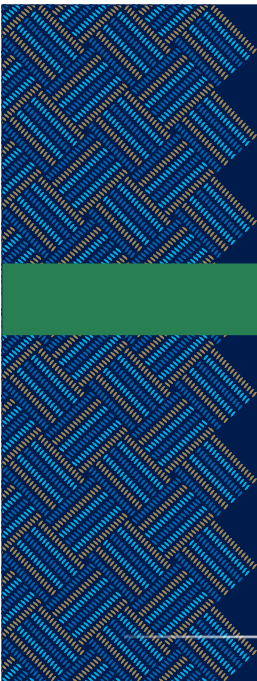


ACCELERATION OF EXECUTION IN THE FOLLOWING KEY FOCUS AREAS

- Client Journeys and Personalisation
- Proactive customer relationship management for mass-affluent market and small enterprises
- Africa China Banking
- Sharpening our local market-facing capabilities to grow the franchise
- Banking the ecosystem
- Judicious cost management
- Building and acquiring skills required to win in the 4th industrial revolution era

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Notes



LOOKING FORWARD

Standard Bank Moving Forward™



STANDARD BANK GROUP

OUR STRATEGIC PROGRESS



Group Purpose
the reason we exist

Africa is our home, we drive her growth

Group Vision
what we aspire to be

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

Do valuable things for clients



Digitisation

Digitise front to back



Integration

Seamlessly deliver relevant, holistic solutions

We measure our progress using five strategic value drivers



SEE = Social, economic and environmental

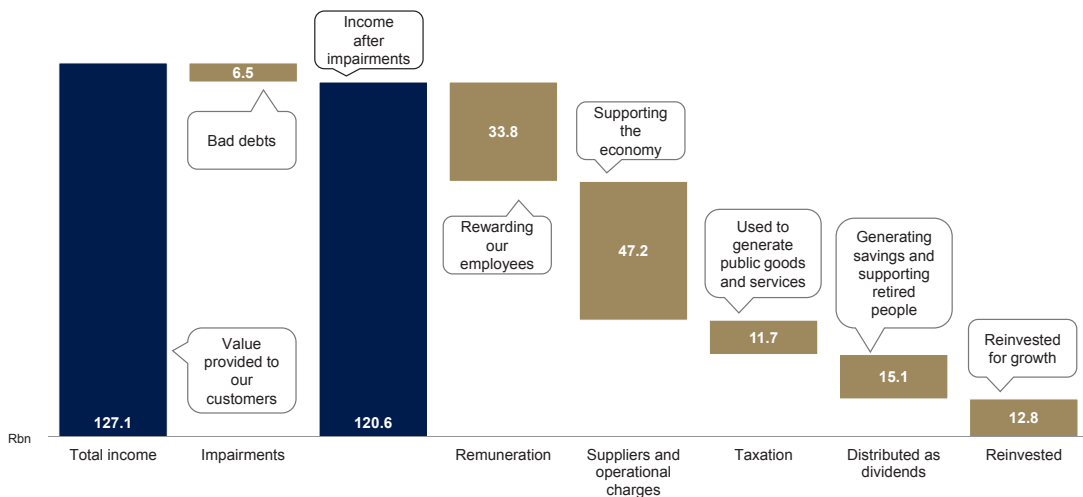
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Notes




STANDARD BANK GROUP


LIVING OUR PURPOSE



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STANDARD BANK GROUP DELIVERING SEE




AFRICA TRADE AND INVESTMENT

Facilitating trade and investment flows drives growth
In 2018, we celebrated the 10-year anniversary of our strategic partnership with ICBC. The partnership has provided **US\$10 billion** in financing support to over 40 projects, leveraging investment of around US\$30 billion




FINANCIAL INCLUSION


A home provides shelter & dignity & an opportunity to build wealth
In 2018, we registered **R20.5 billion** in home loans for previously disadvantaged customers, 16% up on 2017



EDUCATION & SKILLS DEVELOPMENT

Africa's growth depends on quality education
In 2017 we launched crowdfunding platform Feenix enabling individuals and companies to donate money directly to universities on behalf of a student. To date over **R22 million** has been raised and **800** students have been fully funded






Deliver shared value


ENTERPRISE DEVELOPMENT & ENTREPRENEURSHIP

Small businesses are key drivers of growth & job creation
In 2018, we worked with more than **12 000 SMEs** to grow and develop, through finance, access to value chains and business development support




EMPLOYEE DEVELOPMENT & TRAINING

We encourage continuous learning to ensure our people are future-ready
We have launched the careers of **1 800** university graduates since 1997 through our graduate programmes across the continent



INFRASTRUCTURE DEVELOPMENT

Reliable infrastructure is crucial to grow trade and export capacity
During 2018, in Ghana, we financed the first phase of **Tema Port** Development, and provided finance for **Nacala railway and port corridor** which crosses Mozambique and Malawi



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Notes



STANDARD BANK GROUP TOP PRIORITIES FOR 2019



- Continue to make progress against our medium-term financial targets
- Continue to reduce cost growth and increase efficiency; permanently reshape the group's cost structure
- Continue to accelerate digitisation to meet our clients' needs and enhance competitiveness and efficiency; reconfigure distribution capabilities
- Continue to improve client experience
- Pursue growth opportunities, including
 - PBB: VAF, client journeys, ecosystems
 - CIB: good AR opportunities, SA gradual recovery
- Continue to support Liberty's recovery and expand our relationship
- Find lasting solutions for Other Banking Interests

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