



Standard Bank Group

FINANCIAL RESULTS PRESENTATION

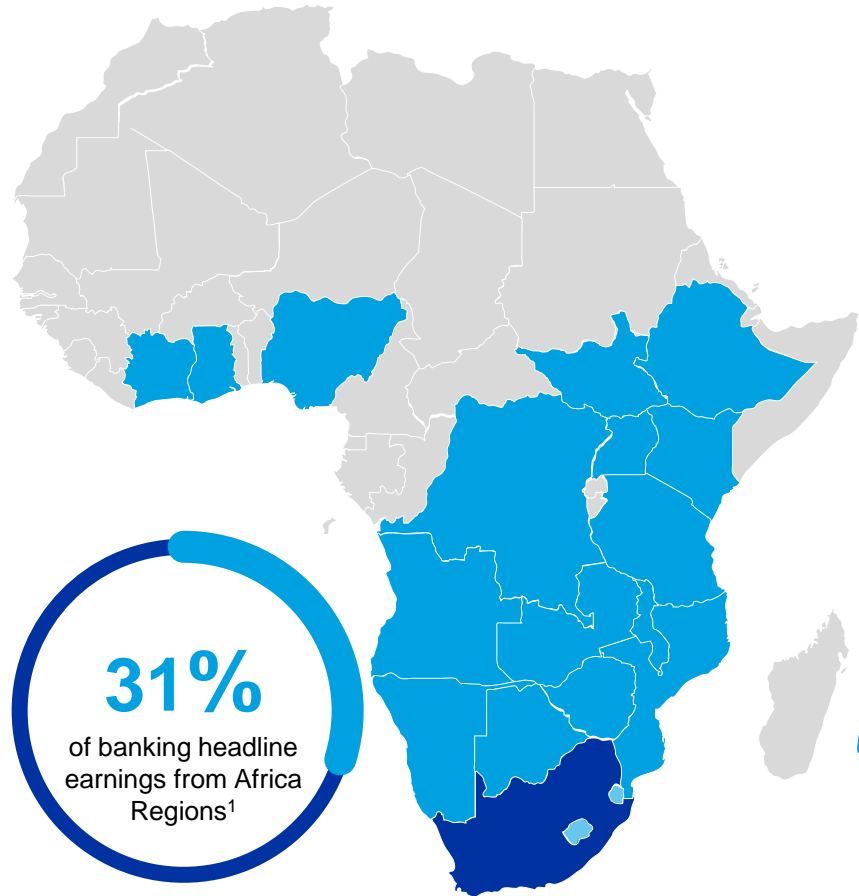
FY19



OUR PURPOSE

Africa is our home, we drive her growth

WE ARE AN AFRICAN-FOCUSED FINANCIAL SERVICES PROVIDER

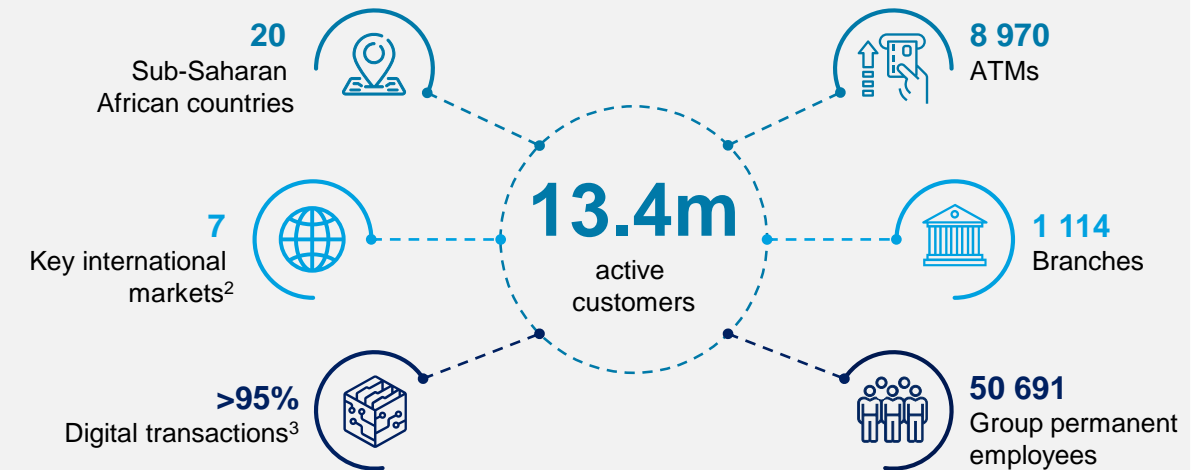


¹ Operations in Africa outside of South Africa

WITH COMPELLING COMPETITIVE ADVANTAGES

- Unrivalled African-focused capabilities
- Established franchise with a large growing client base
- Diversified revenue streams
- Robust capital and liquidity position
- Strong growth prospects
- Resources and appetite to expand
- Attractive medium-term financial targets
- Purpose-driven organisation

AND A SIGNIFICANT, PROVEN REACH



² Beijing, Dubai, Isle of Man, Jersey, London, New York, Sao Paulo

³ PBB client transactions



Global expectations moderated, SA faced a difficult environment



GLOBALLY

- Global uncertainty
- Ongoing US/China trade war
- Politics of Brexit
- European slowdown



IN SUB-SAHARAN AFRICA

- East Africa growth slowed but remained relatively robust
- West Africa supported by a moderate recovery in Nigeria
- South and Central Africa impacted by the poor SA environment
- Inflation rates trended downwards
- Currencies in Angola, Zambia and Zimbabwe devalued
- Adverse regulatory developments¹



IN SOUTH AFRICA

- Electricity disruptions undermined confidence and growth prospects
- GDP growth expectations were downgraded repeatedly
- Progress on governance reforms, but growth failed to gain momentum
- Business and consumer confidence levels remained low, constraining spending and reduced demand for credit

¹ Regulatory developments in Angola, Eswatini, Ghana, Malawi, Mozambique, Nigeria and Zambia

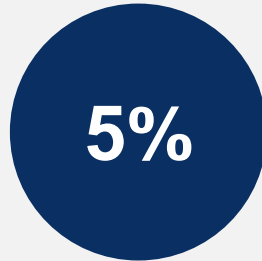
FINANCIAL OUTCOME

Resilient performance shown by our core businesses



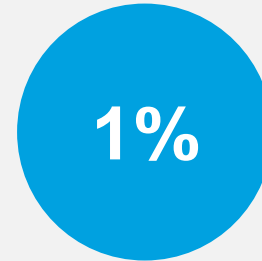
BANKING HEADLINE EARNINGS

FY19: **R27.2bn**
FY18: R25.8bn



GROUP HEADLINE EARNINGS

FY19: **R28.2bn**
FY18: R27.9bn

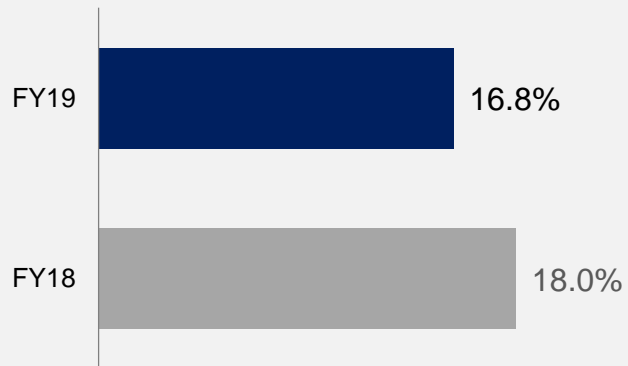


DIVIDEND PER SHARE

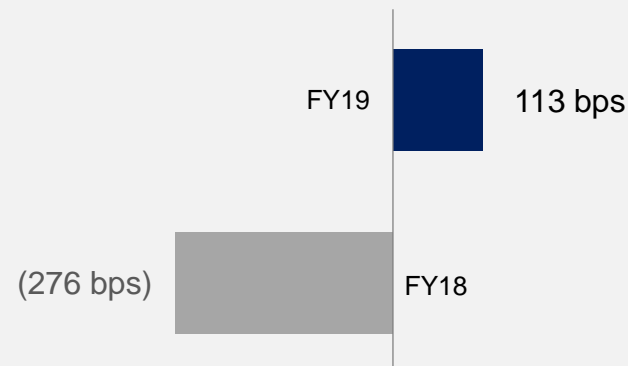
FY19: **994 cents**
FY18: 970 cents



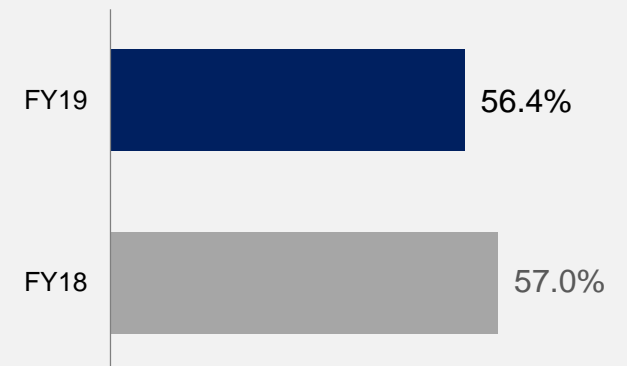
RETURN ON EQUITY



JAWS



COST-TO-INCOME RATIO



STRATEGIC FOCUS

Continued focus on executing our Group strategy



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

Deliver exceptional client experiences



Digitisation

Leverage our digital platforms



Integration

Collaborate to deliver the Group

WE MEASURE OUR PROGRESS USING FIVE STRATEGIC VALUE DRIVERS



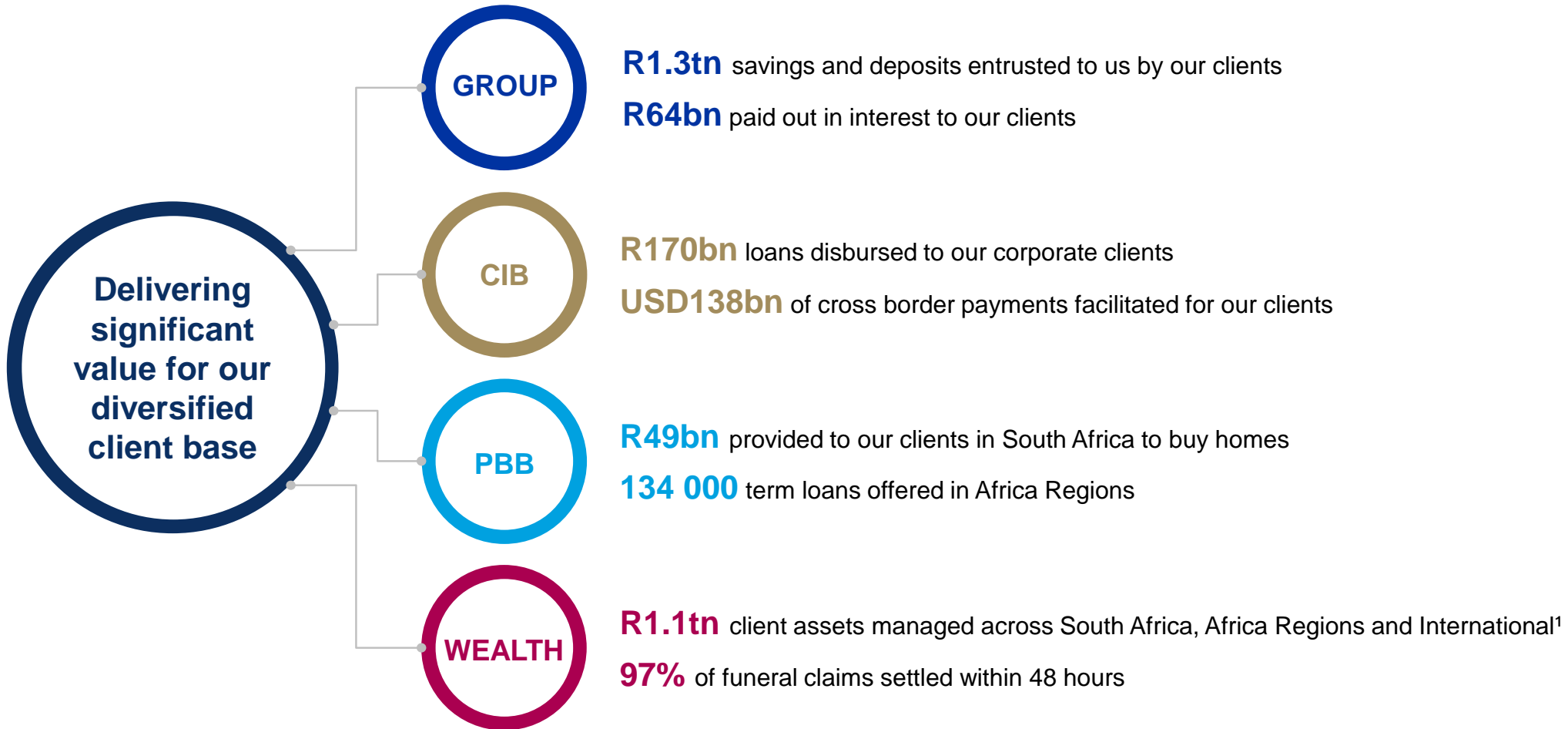
SEE = Social, economic and environmental



CLIENT FOCUS



Delivered value for our clients



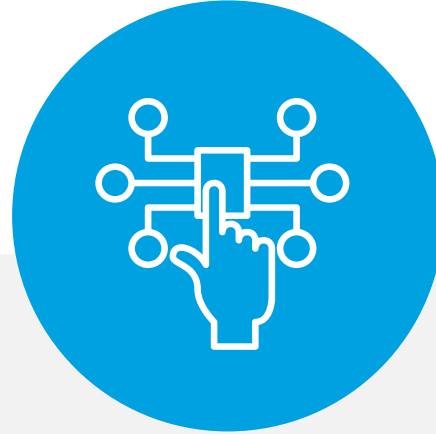
¹ Across Standard Bank and Liberty (AUM, AUA and International deposits)

CLIENT FOCUS

Investment in technology and partnerships to deliver innovative, relevant client solutions



LEVERAGING PARTNERSHIPS



DELIVERING DIGITAL SOLUTIONS

- My360** Wealth aggregator that provides a consolidated view of a client's net worth
- MyMo** Low cost, transactional account, with fully digital onboarding
- invest** Simple, transparent, cost-effective, passive offering with Liberty and STANLIB (R17bn AUM)



RE-ENGINEERING INFRASTRUCTURE AND CAPABILITIES

- Ongoing reconfiguration of distribution infrastructure
- Investment in outbound sales capability
- Intelligent automation - **>250** bots
- Cloud first - **>50** workloads deployed



EMPLOYEE ENGAGEMENT



EMPLOYEE ENGAGEMENT

Building a future-ready workforce



INVESTMENT IN THE DEVELOPMENT OF OUR PEOPLE

>4 200

Branch-based employees re-trained as universal bankers

>150

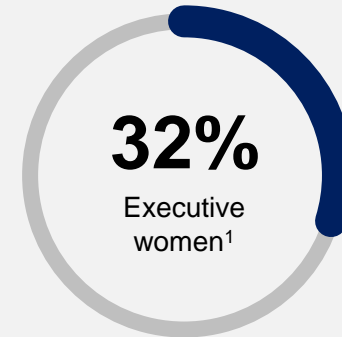
Employees reskilled as robotics engineers and data scientists

>200 000

Digital learning videos accessed by employees

DIVERSITY IN OUR ORGANISATION

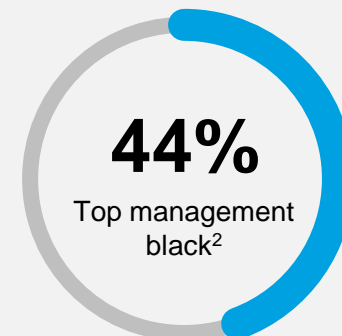
GENDER EQUALITY



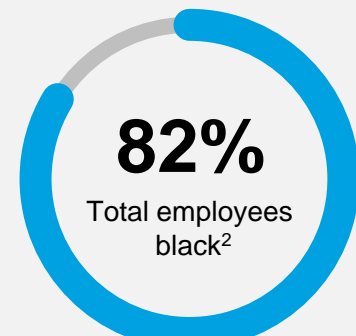
Target 40% by 2023



EMPLOYMENT EQUITY



Target 50% by 2021



¹ Banking operations

² Representation of black people in Standard Bank of South Africa Limited



RISK AND CONDUCT





TOP-OF-MIND RISKS¹



CYBER RISK



BUSINESS DISRUPTION RISK



REGULATORY IMPACT RISK



CLIMATE CHANGE RISK

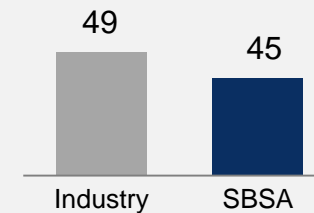
¹ Emerging risks selected from top 10 risks

CONDUCT

- Delivering fair client outcomes, underpinning our license to operate
- Implementing policies and training to protect and support our employees
- Embedding a culture of ethics and accountability
- Focused on system availability and security:
 - IT incidents down 12%²
 - Recovery time is an area of focus
- Ombudsman statistics:

↓ 6%

Number of complaints



Days to close issues



Winner of best large banks for resolving banking customer complaints

² Level 1 and 2 incidents in South Africa and Africa Regions



FINANCIAL OUTCOME

GROUP PERFORMANCE



STRENGTH AND BREADTH OF THE FRANCHISE

Diversified revenue streams underpin resilience



CLIENT

Retail

Business

Multinational corporate

High net worth



Commercial

Large domestic

PRODUCT

Transactional Banking

Lending

Markets

Wealth Management



Insurance

GEOGRAPHY

South Africa

Africa Regions

International



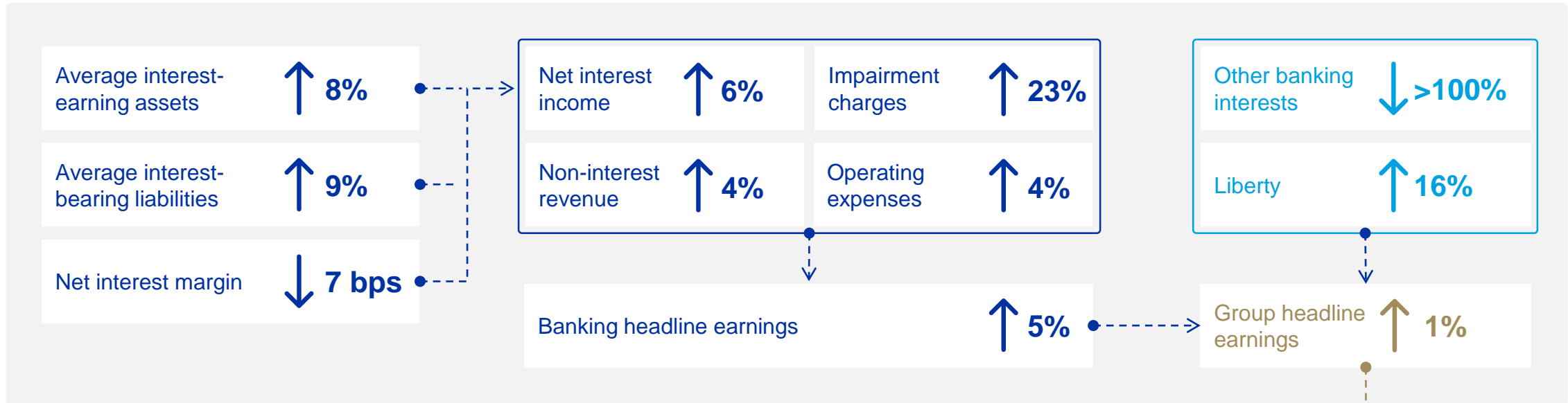
Analysis reflects banking revenue

DRIVERS OF PERFORMANCE

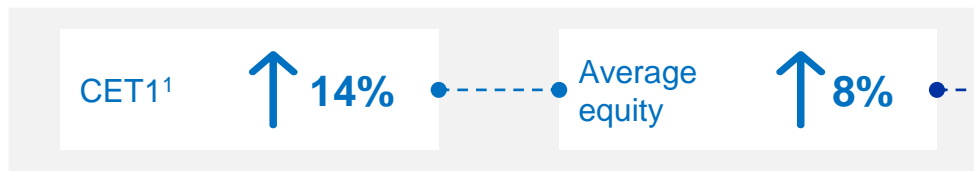
Group financial outcome



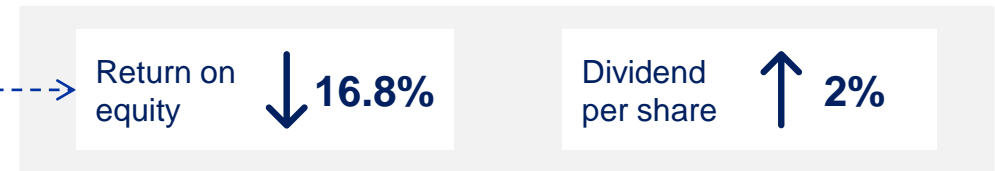
GROWTH



RESILIENCE



RETURNS



¹ Common equity tier 1 capital adequacy ratio (based on SARB IFRS 9 phased-in approach)

INCOME STATEMENT

Resilient banking performance



	FY19 Rbn	FY18 Rbn	change %
Net interest income	62.9	59.5	6
Non-interest revenue	47.5	45.8	4
Total income	110.5	105.3	5
Operating expenses	(62.3)	(60.1)	4
Pre-provision profit	48.2	45.2	6
Credit impairment charges	(8.0)	(6.5)	23
Banking activities headline earnings	27.2	25.8	5
Net interest margin, bps	431	438	
Credit loss ratio, bps	68	56	
Cost-to-income ratio, %	56.4	57.0	
Jaws, bps	113	(276)	

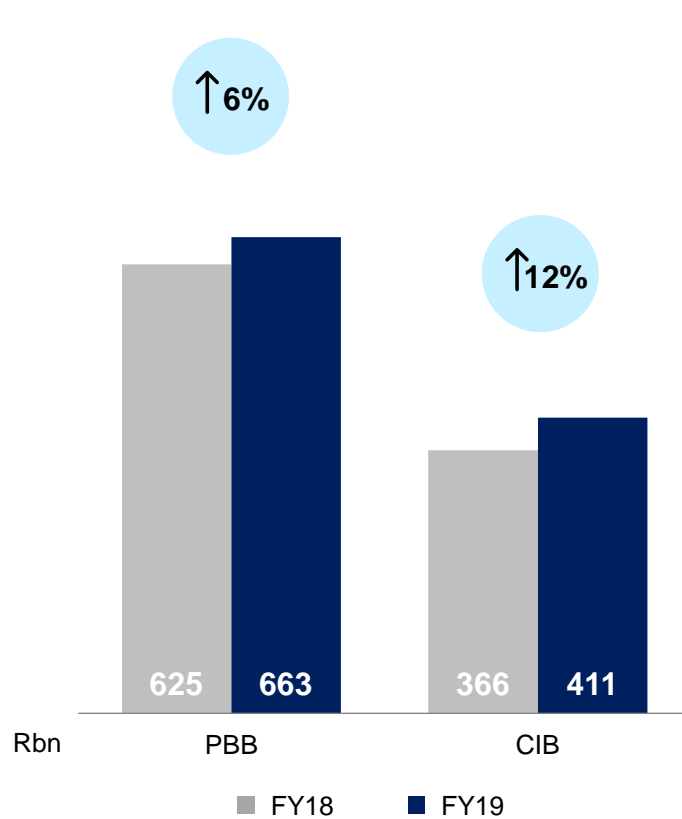
KEY TAKEOUTS

- Strong loan and deposit growth offset a decline in margin
- NIR growth driven by trading revenues
- Costs were tightly managed
- Delivered positive jaws
- Credit normalised, in line with expectations

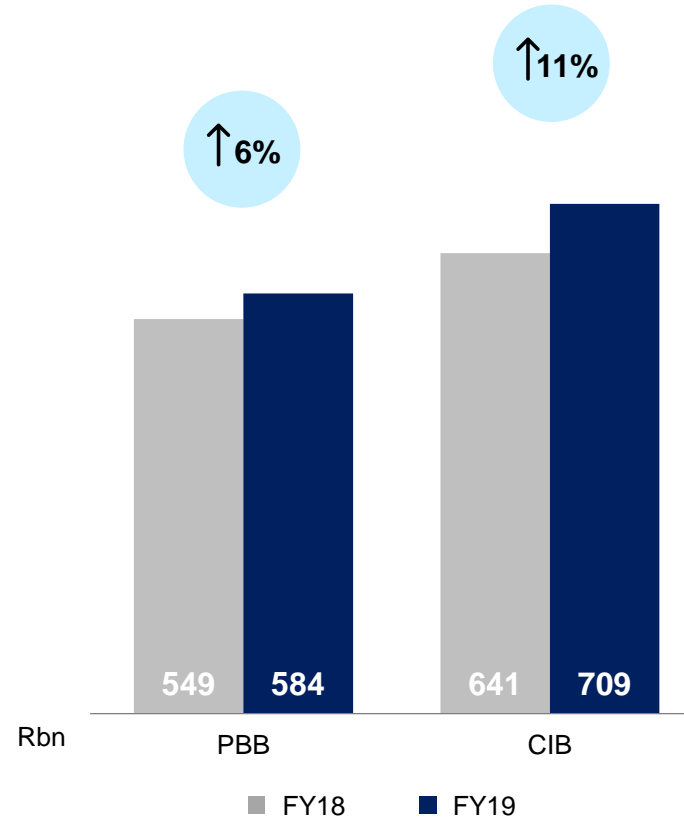
Client initiatives delivered growth



AVERAGE GROSS LOANS TO CLIENTS BY BUSINESS UNIT



AVERAGE DEPOSITS FROM CLIENTS BY BUSINESS UNIT



KEY TAKEOUTS

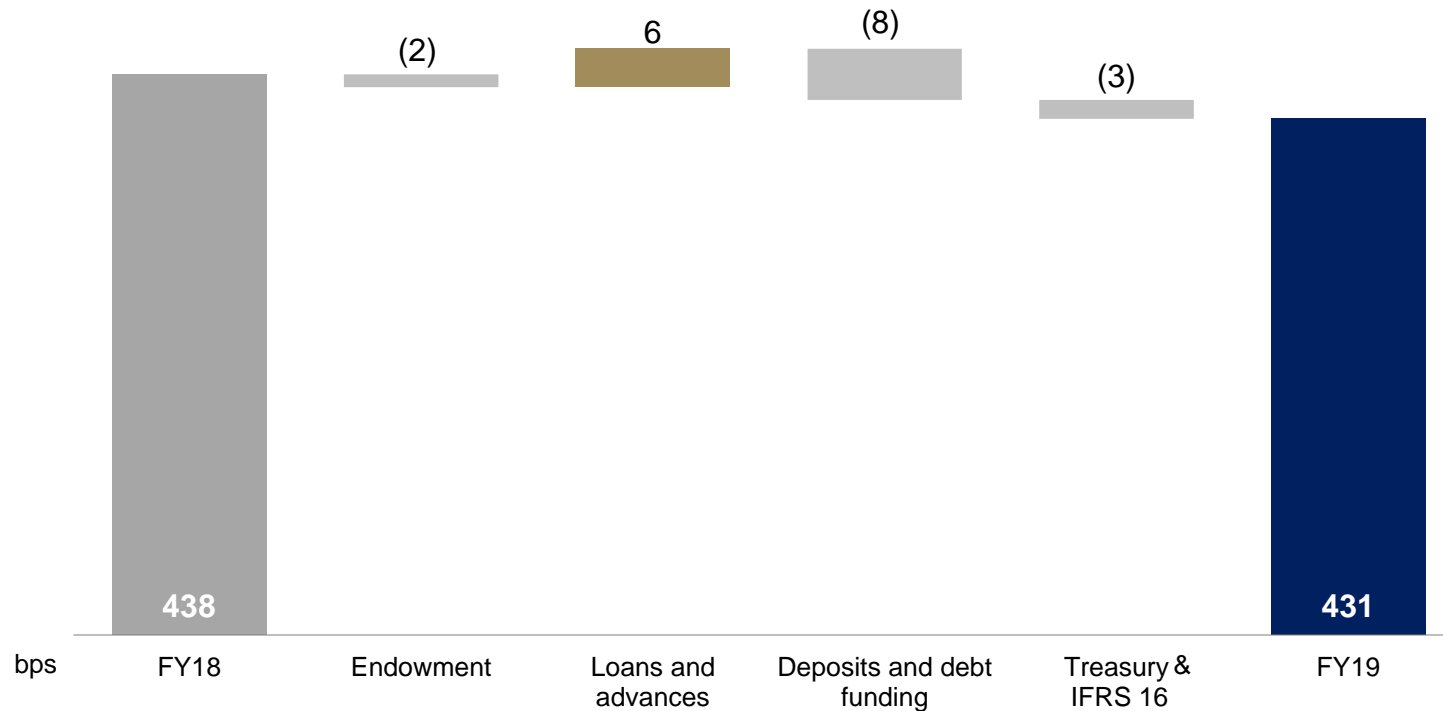
- Loan growth:
 - Average loans grew 8%
 - Strong growth in mortgage and VAF disbursements
 - Good growth across unsecured lending
 - R170bn loans disbursed by Investment Banking
- Deposit growth:
 - PBB clients invested in higher-yielding demand accounts
 - Strong CIB deposit growth in Ghana, Kenya and Mozambique



NET INTEREST INCOME

NII up 6%, volume growth offset a decline in margin

NET INTEREST MARGIN ↓7bps



KEY TAKEOUTS

- Negative endowment in Africa Regions
- Loan pricing and mix was positive:
 - Changing mix in lending portfolios as growth in Africa Regions lending outpaced growth in South Africa
 - Unsecured lending becoming a bigger proportion of our loan portfolio
 - Partially offset by competitive loan pricing in CIB, particularly for investment grade names in South Africa
- Deposit pricing and mix was negative:
 - Higher cash reserving requirements in Nigeria
 - Wholesale-priced deposit growth was greater than retail-priced deposits

¹ IFRS 16 implemented 1 January 2019, no retrospective adjustment to FY18 numbers

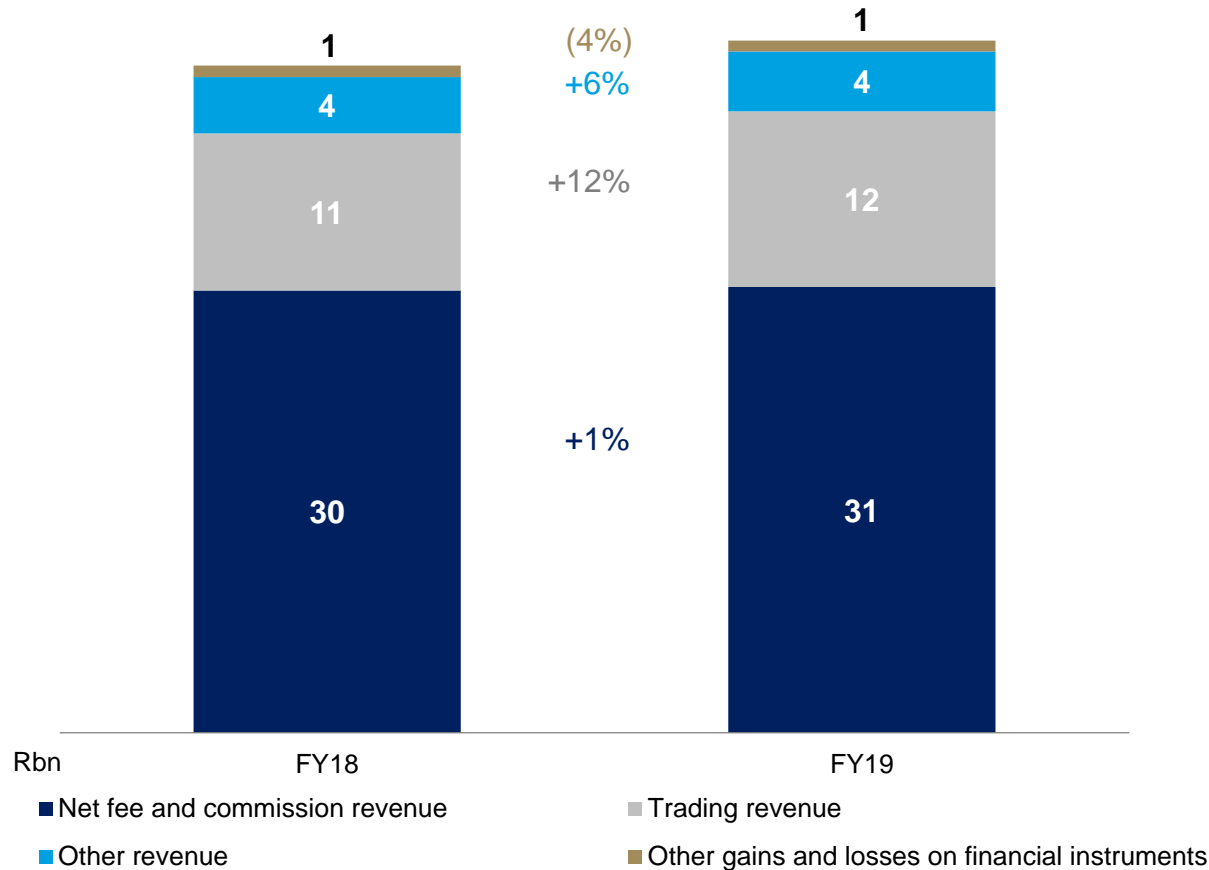
NON-INTEREST REVENUE

Fee pressure offset by digital volumes and trading revenue



NON-INTEREST REVENUE

↑4%

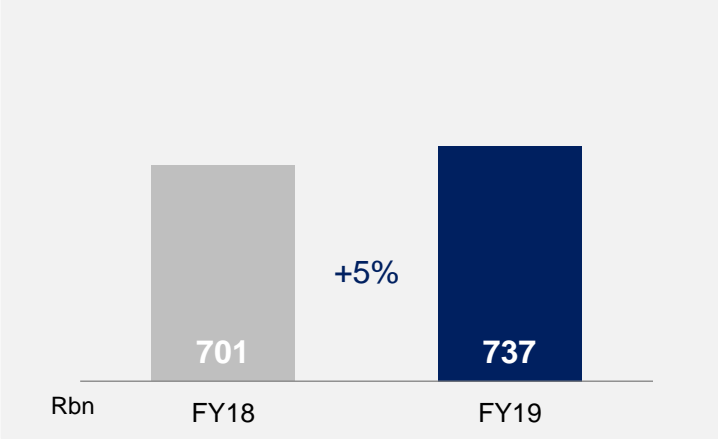


KEY TAKEOUTS

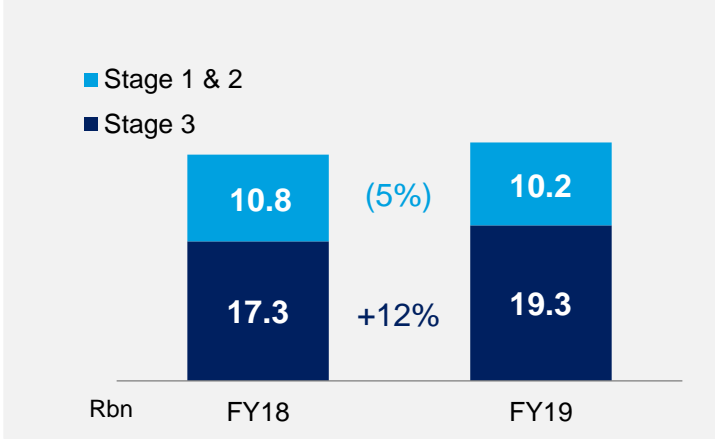
- Net fees and commission under pressure due to:
 - Client's preference for cheaper, digital services
 - Regulatory fee caps in Africa Regions
 - Competitive pressure in South Africa
 - Higher card and cash-related expenses
 - Higher reward programme costs
- Digital transaction volumes supported electronic fees
- Volatility picked up in 2H19, supporting trading activity and associated revenues
- Other revenue growth supported by VAF fleet portfolio and bancassurance revenue



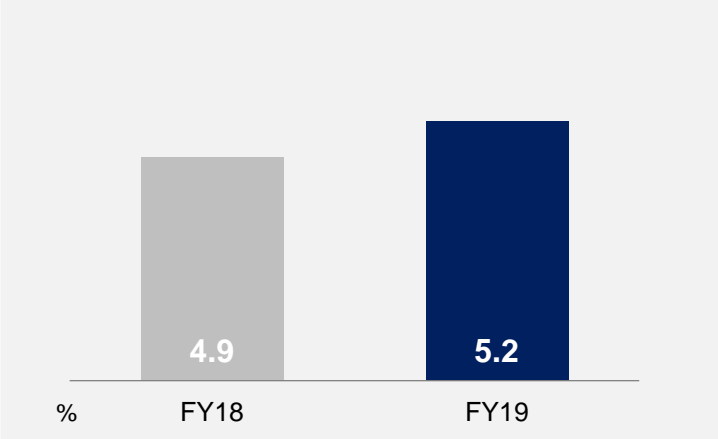
GROSS LOANS AND ADVANCES



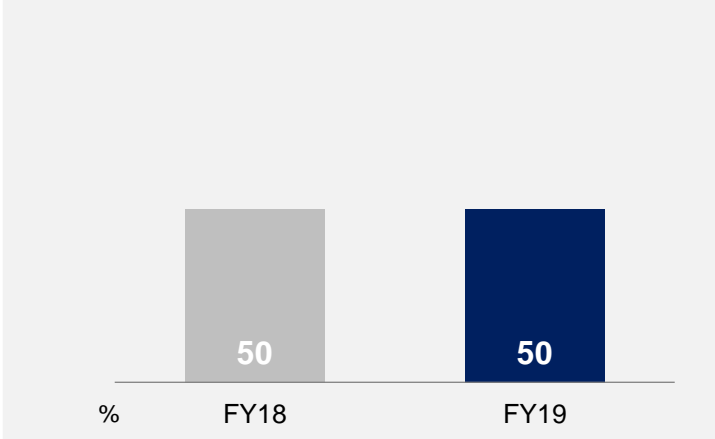
BALANCE SHEET PROVISIONS



STAGE 3 RATIO



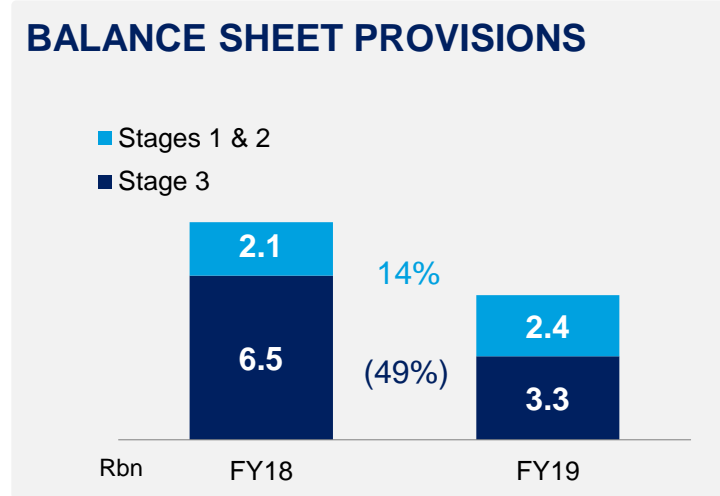
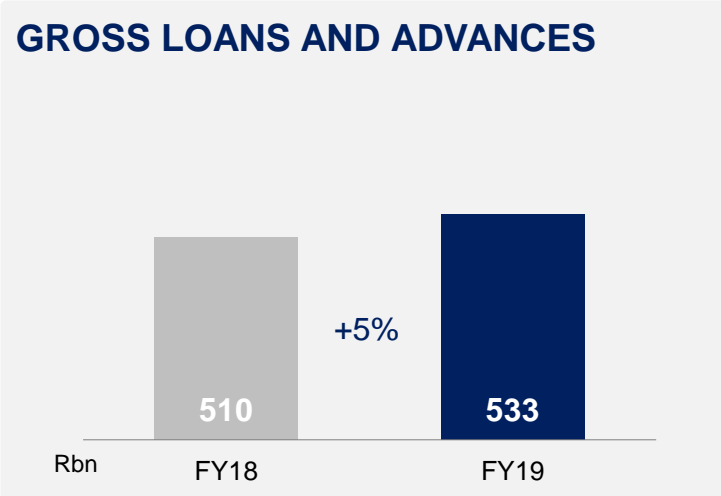
STAGE 3 COVERAGE RATIO



KEY TAKEOUTS

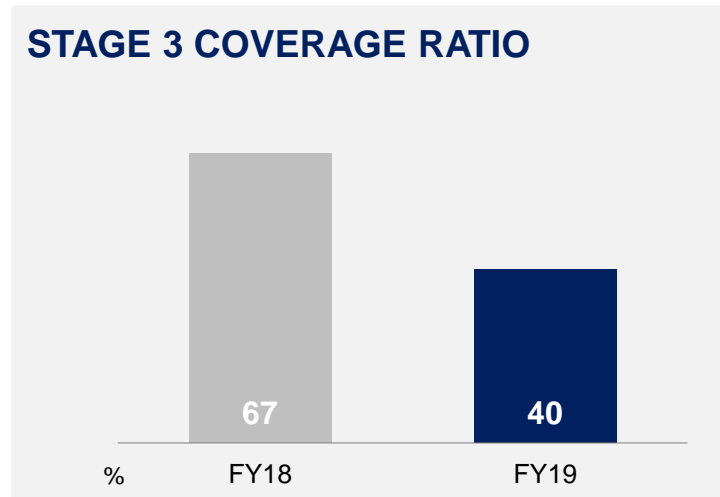
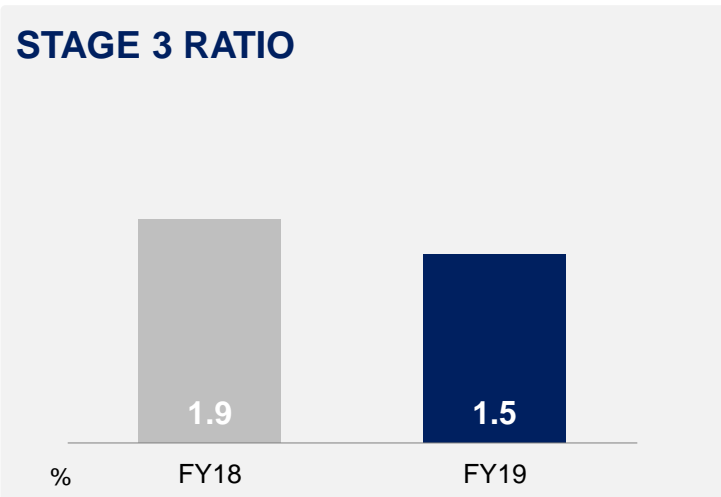
- Stage 1 & 2 provisions:
 - Declined due to enhancements in the mortgage lending scoring and changes to staging
 - Partially offset by the IFRS 9 impact on higher disbursements
- Stage 3 provisions grew faster than gross loans due to:
 - Delays in legal foreclosures in mortgages in South Africa
 - Increased defaults in the VAF portfolio, linked to the difficult economic conditions

CIB balance sheet and provision movements



KEY TAKEOUTS

- Stage 1 & 2 provisions increased faster than gross loans and advances due to:
 - Deterioration of corporate risk grades in SA
 - Difficult economic conditions in certain Africa Regions countries
- Stage 3 provisions and coverage ratio declined due to:
 - Write off of legacy exposures in South Africa and West Africa, which were provided for in previous years and were well covered
 - Sufficient collateral held against stage 3 exposures



CREDIT IMPAIRMENT CHARGES

Moved towards the lower end of the through-the-cycle credit loss ratio range¹



CREDIT IMPAIRMENT CHARGES

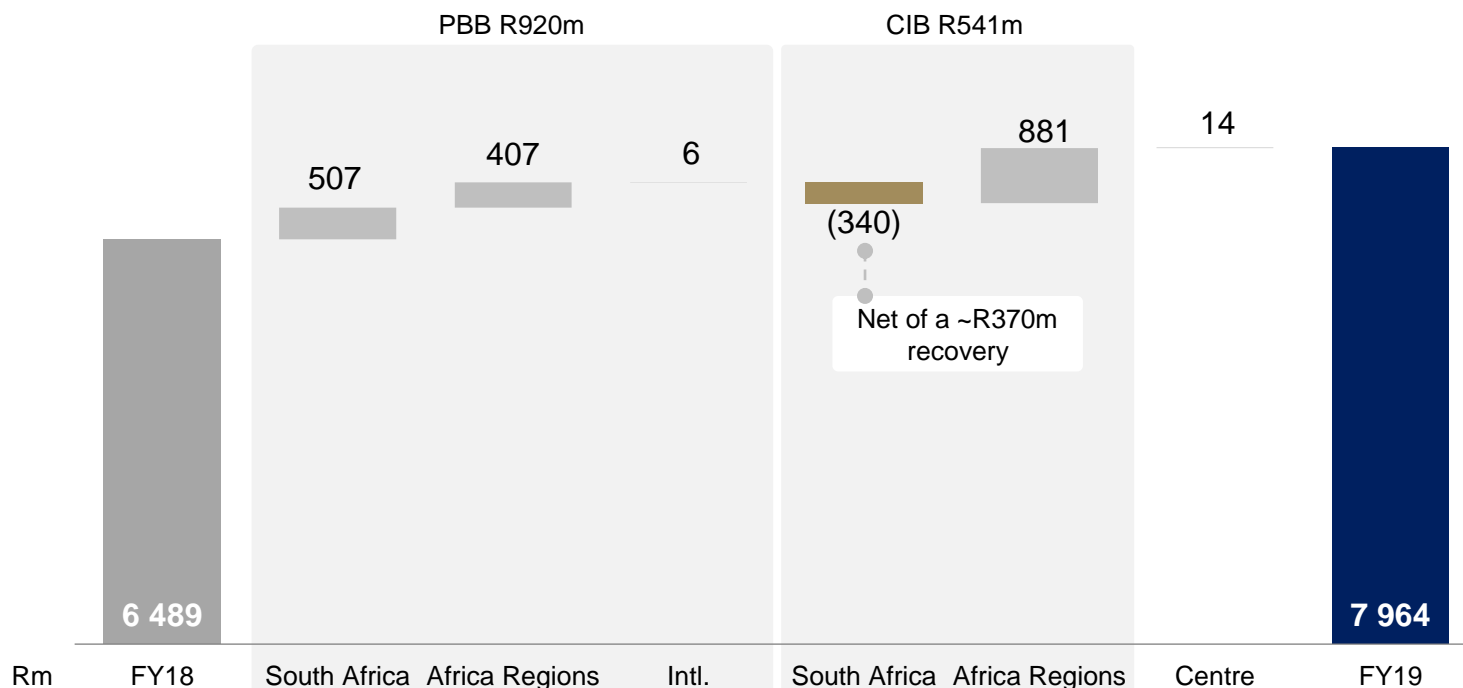
↑ 23%

Credit loss ratio

Group – 56 bps
PBB – 81 bps
CIB – 16 bps

Credit loss ratio

Group – 68 bps
PBB – 89 bps
CIB – 32 bps



KEY TAKEOUTS

- PBB charges increased 17%:
 - In South Africa, personal lending early stages increased as a result of strong asset growth and appropriate provisioning and in VAF due to the difficult economic climate
 - In Africa Regions, charges increased due to asset growth and the deterioration of certain business clients
- CIB charges increased 52%:
 - In South Africa, charges were offset by recoveries
 - In Africa Regions, charges increased off a low base in 2018 and due to new stage 3 provisions raised in East and South & Central

¹ Group through-the-cycle credit loss ratio range, 70 – 100 bps

OPERATING EXPENSES

Sub-inflationary growth in expenses while investing in digital capabilities¹



	FY19 Rbn	FY18 Rbn	change %
Staff costs	34.6	33.8	2
Other operating expenses	27.8	26.3	6
IT	7.5	6.4	17
Depreciation ²	4.5	2.5	77
Premises ²	2.3	4.1	(44)
Amortisation of intangibles	2.5	2.4	2
Marketing	1.9	2.0	(3)
Professional fees	1.8	2.0	(9)
Other	7.3	6.9	5
Total operating expenses	62.3	60.1	4

KEY TAKEOUTS

- Contained staff cost growth driven by lower headcount and incentive costs
- IT cost growth driven by:
 - Higher licensing and maintenance costs (USD denominated)
 - Lower capitalisation as large projects moved to production e.g. core banking
 - Additional turnkey resources due to difficulty in sourcing skills to deliver key digital initiatives
 - Move from owned to outsourced and cloud journey costs
- IFRS 16² impacted depreciation and premises costs
- Absorbed branch reconfiguration costs³

¹ Cost growth of 4% against weighted average inflation of 5% (excluding Zimbabwe)

² IFRS 16 implemented 1 January 2019, no retrospective adjustment to FY18 numbers

³ Branch reconfiguration costs of ~R500m in 1H19 and savings of ~R200m in 2H19

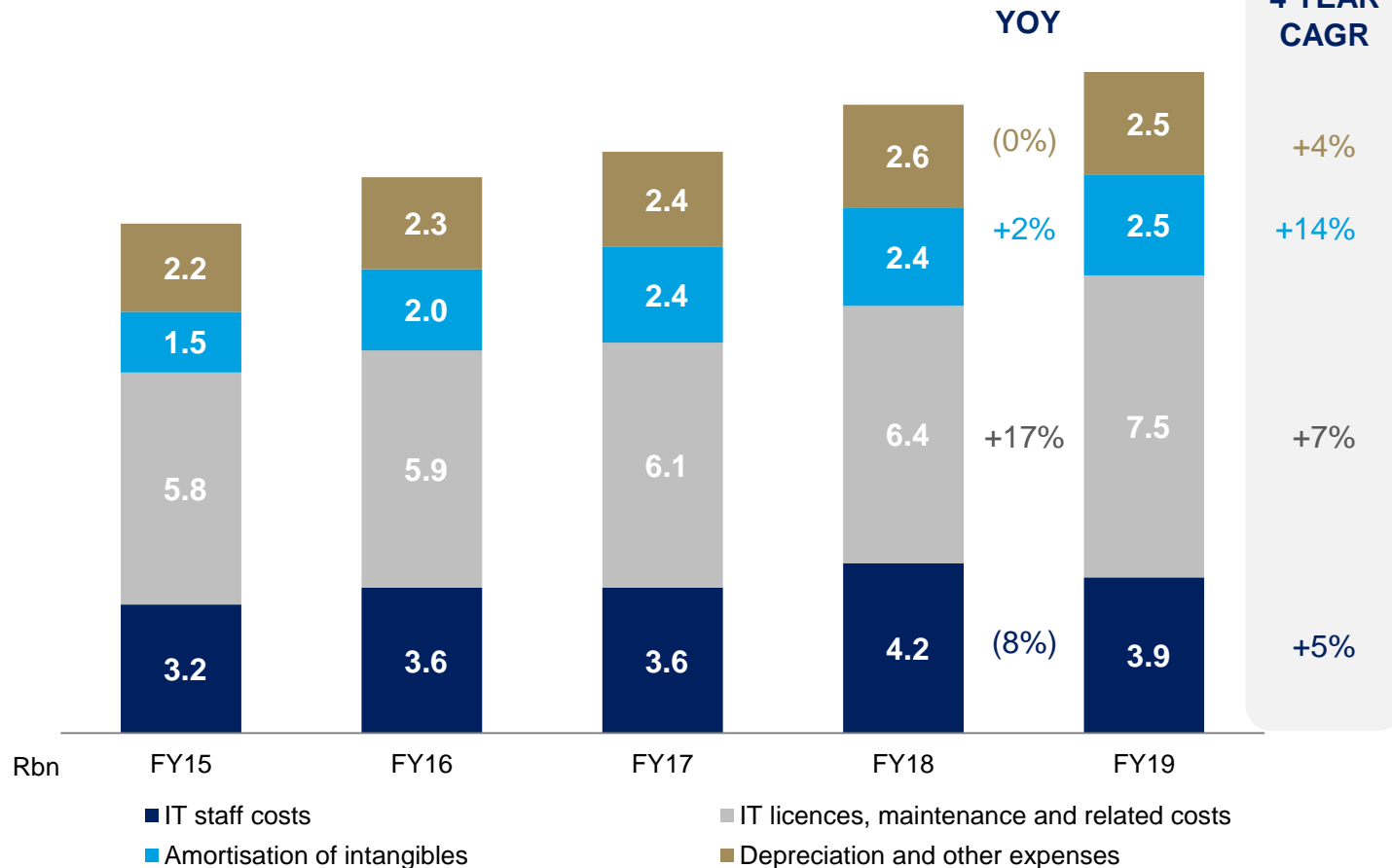


TOTAL IT FUNCTION SPEND

Ongoing investment to meet client expectations and to transform into a future-ready group

TOTAL IT FUNCTION SPEND
4 YEAR CAGR, 7%

↑5%



KEY TAKEOUTS

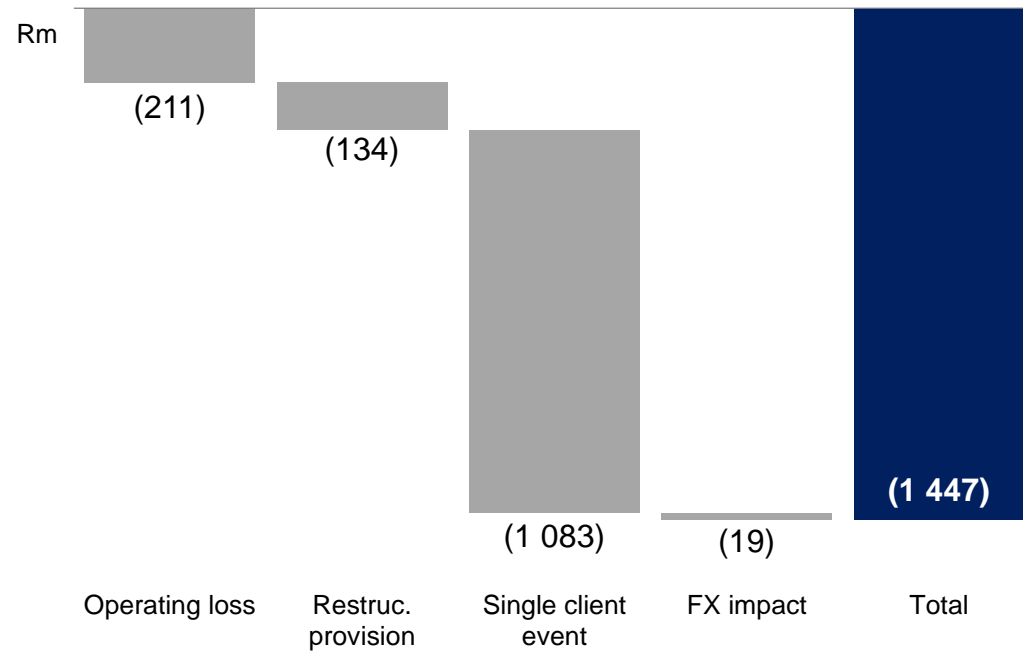
- Amortisation grew 14% driven by large strategic projects, for example:
 - SAP in South Africa
 - Finacle/Infosys in 16 Africa Regions countries
- IT licences, maintenance and other costs grew 7% driven by the need to meet growing digital requirements
- IT function staff costs grew 5%, decreasing in FY19 following the review of the IT skills base in FY18



OTHER BANKING INTERESTS

ICBCS' loss overshadowed ICBCA's strong performance

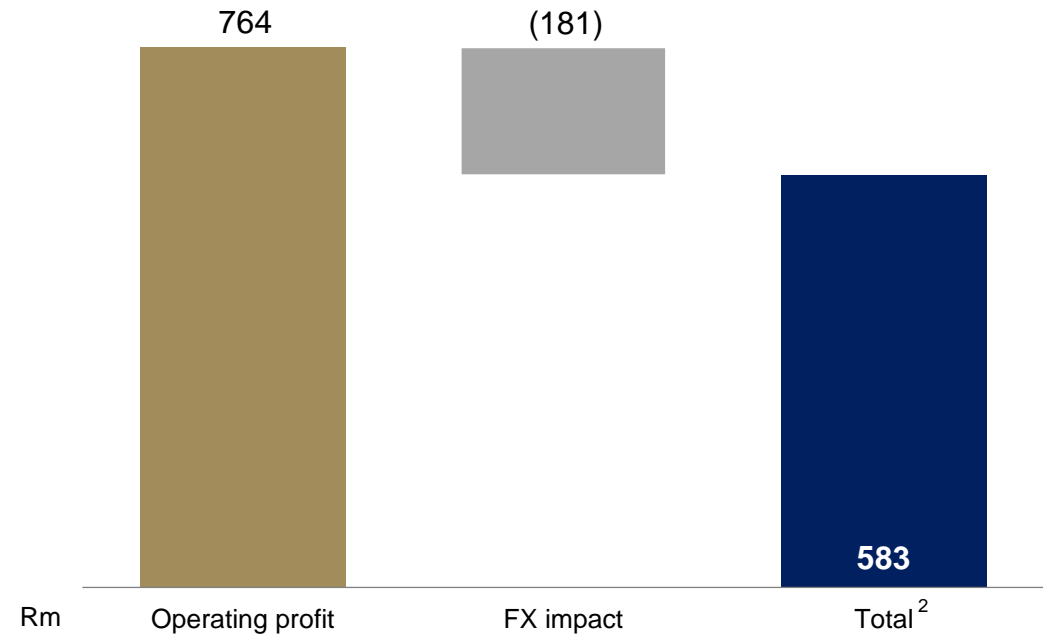
ICBC STANDARD BANK PLC (40% STAKE)¹



- Operational losses due to subdued markets
- Restructuring provision following steps to streamline the business
- Losses from a single client event

¹ In September 2019, the group's investment in ICBCS was impaired by USD163m (R2.4bn)

ICBC ARGENTINA (20% STAKE)



- Contribution dampened by the depreciation of the Argentine Peso
- Sale of the group's stake awaiting Chinese regulatory approval

² 8 months to 31 August 2019

Focus changed from turnaround to growth



	FY19 Rm	FY18 Rm	change %
South African Insurance Operations	1 986	1 954	2
STANLIB South Africa	460	355	30
Africa Regions	54	8	>100
Other	(299)	(311)	(4)
Normalised operating earnings	2 201	2 006	10
Shareholder Investment Portfolio (SIP)	1 004	250	>100
Normalised headline earnings	3 205	2 256	42
IFRS adjustments	49	389	(87)
IFRS headline earnings	3 254	2 645	23
SBG share of IFRS headline earnings	1 847	1 471	26
Treasury share adjustment	8	129	(94)
Headline earnings attributable to SBG	1 855	1 600	16

KEY TAKEOUTS

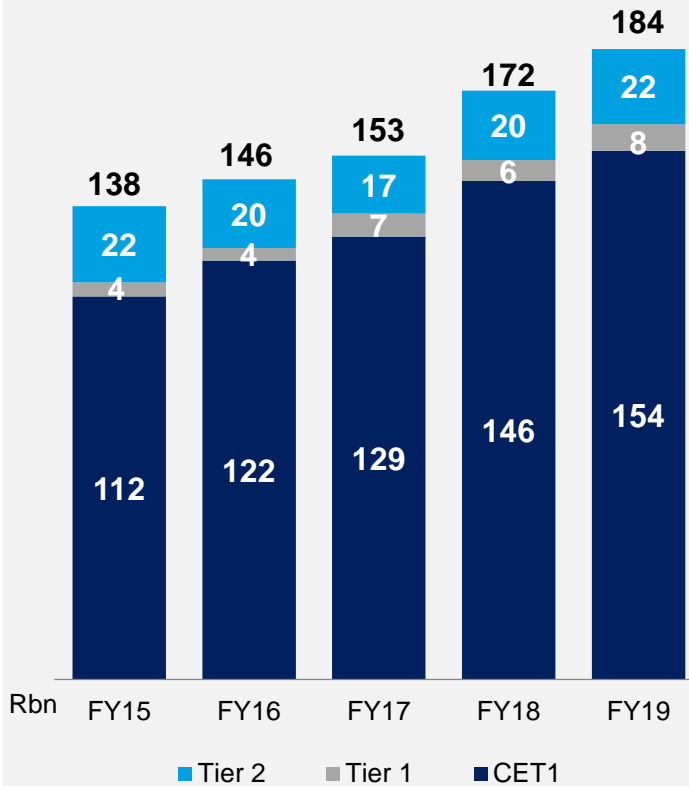
- Delivered product and channel enhancements
- Performance improved across all three core business lines
- Good investment market returns supported the SIP earnings
- Continued progress on medium-term financial outcomes
- Continued cost discipline
- Liberty earnings attributable to the group's 56% stake was up 16%

CAPITAL AND LIQUIDITY

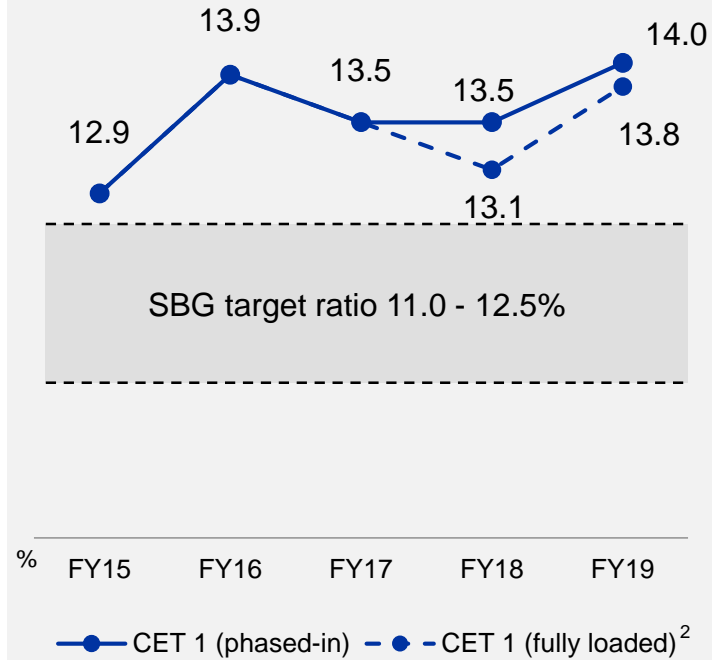
Robust Basel III compliant capital and liquidity positions



CAPITAL¹

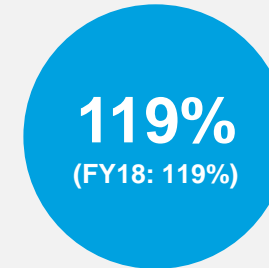


CAPITAL ADEQUACY¹



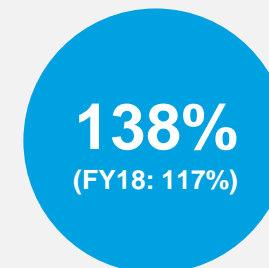
LIQUIDITY

NET STABLE FUNDING RATIO



Basel III requirement >100%

LIQUIDITY COVERAGE RATIO



Basel III requirement >100%

¹ Including unappropriated profits

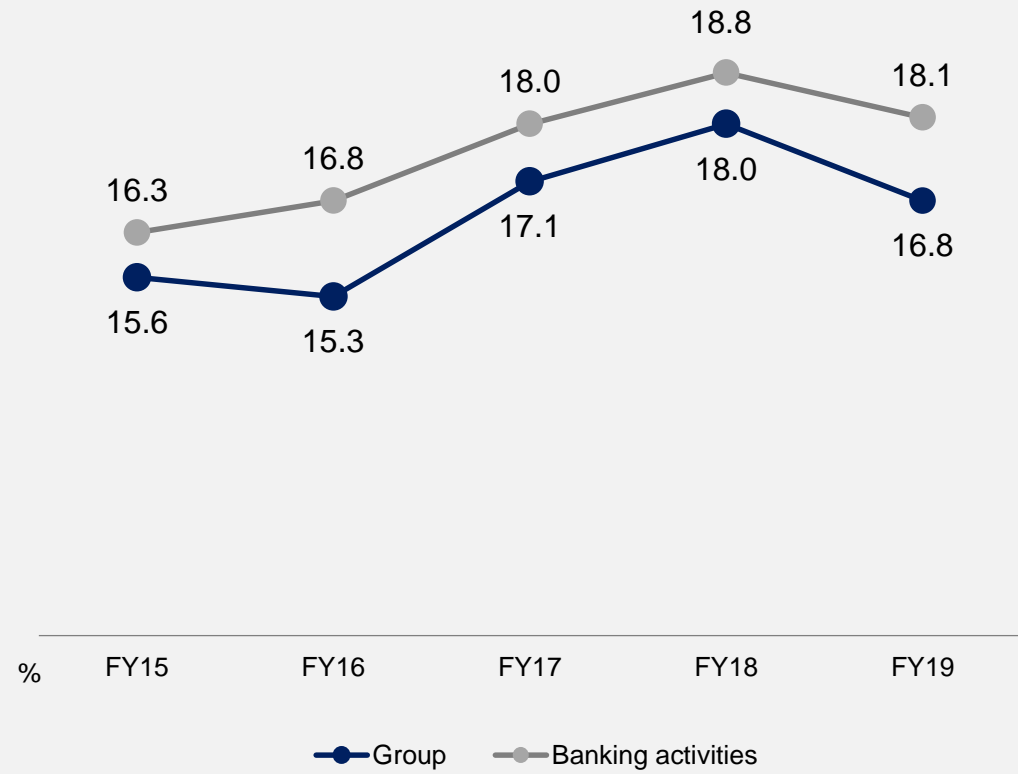
² Including full IFRS 9 transitional impact

RETURNS AND DIVIDENDS



Returns dipped but dividend growth sustained

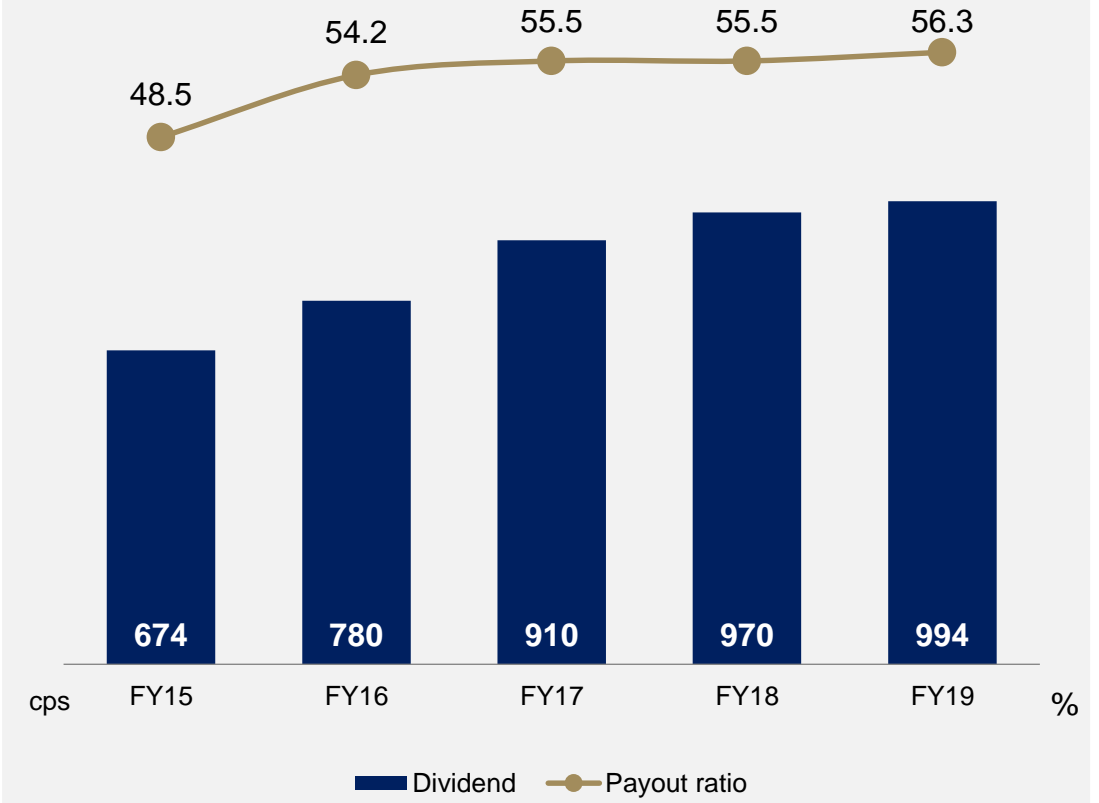
RETURN ON EQUITY



DIVIDENDS PER SHARE

4 YEAR CAGR, 10%

↑2%





FINANCIAL OUTCOME BUSINESS LINE AND REGIONAL PERFORMANCE





Transforming to meet changing client preferences

DELIVERING SELF-SERVICE DIGITAL OFFERINGS

Disbursements via digital channels, %

Personal unsecured disbursements



FY19: **26%**
FY18: 8%

Savings and investment origination



FY19: **28%**
FY18: 18%

GROWING CLIENT ENGAGEMENT AND ACTIVITY

Transaction values, YOY % change

↑ **31%**
SnapScan

↑ **22%**
Instant Money

↑ **8%**
Credit Card

ADAPTING OUR INFRASTRUCTURE ACCORDINGLY

↓ **16%**
Branches

↓ **15%**
Branch m²

↓ **8%**
ATMs

↓ **5%**
Employees

99%
transaction volumes through digital channels

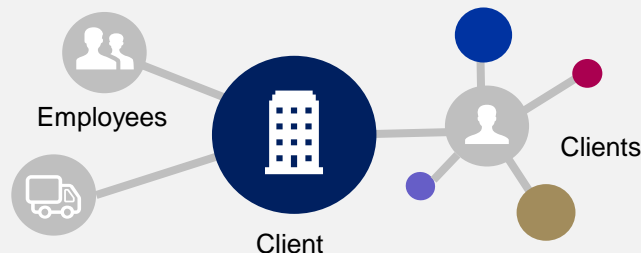
↑ **11%**
Digital

↓ **16%**
Face-to-Face



Client volumes driving expanding capabilities

ACQUIRING CLIENTS THROUGH CLIENT ECOSYSTEMS



Ecosystems growth, YOY %

↑ **85%**
Number of ecosystems

↑ **296%**
Business and retail ecosystem customers

DELIVERING ENHANCED CLIENT EXPERIENCE

Digital onboarding

14.4k

New customers onboarded remotely since going live

Digital lending

R350m

Loans disbursed via digital channels across 4 countries

On-location cash management

R2bn

Transactions processed by cash deposit machines

INVESTING IN OUR FRANCHISE AND CAPABILITIES

↑ **26%**

Active merchants

↑ **15%**

Card machines

↑ **74%**

Cash deposit machines

↑ **12%**

ATMs

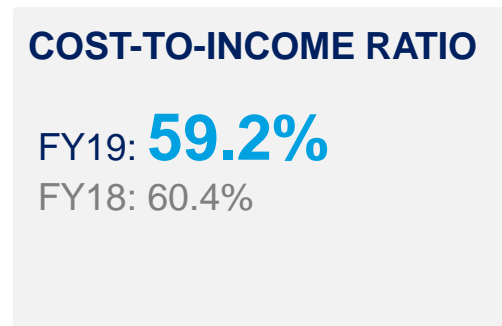
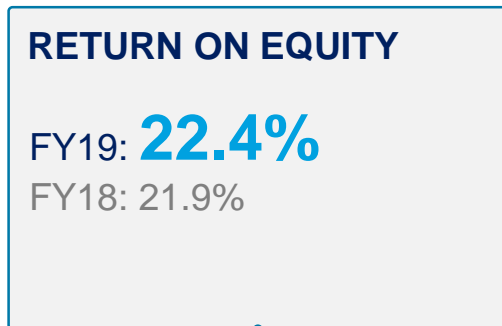
92%
transaction volumes through digital channels

↑ **21%**
Digital

↓ **11%**
Face-to-Face



Franchise growth outpaced regulatory and competitive pressures

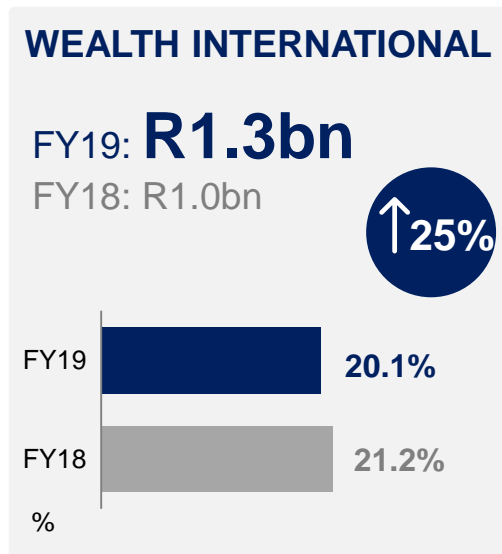
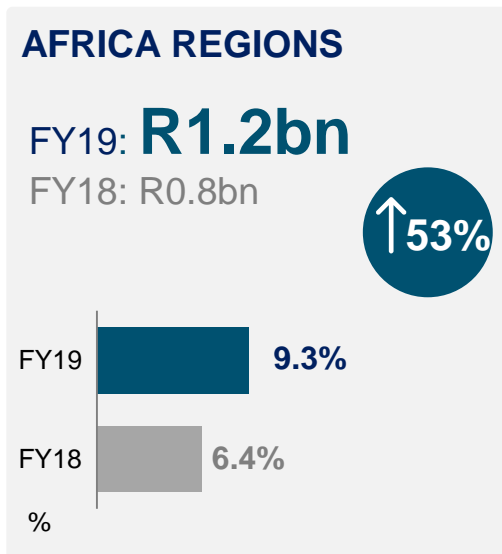
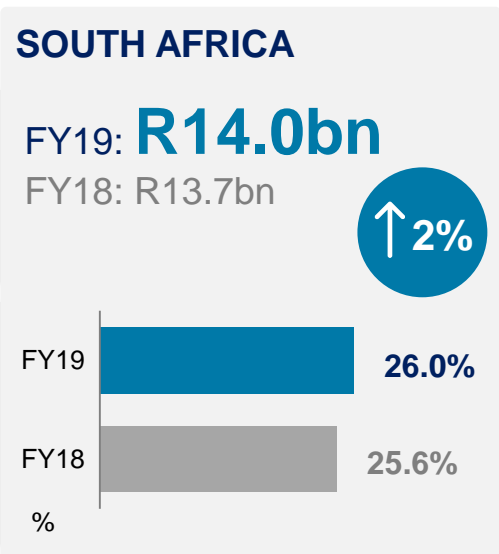


KEY TAKEOUTS

- Business highlights:
 - Loan growth and margin expansion supported NII
 - Credit well managed, at the lower end of the target range
 - Positive jaws of 210 bps
 - Continued upward trajectory on ROE
- Geographic performance:
 - South Africa saw headline earnings growth despite difficult market conditions and distribution capability reconfiguration
 - Robust customer growth and cost containment in Africa Regions led to strong headline earnings growth
 - Increased client activity and balance sheet optimisation initiatives delivered solid offshore returns

GEOGRAPHIC SPLIT

Headline Earnings

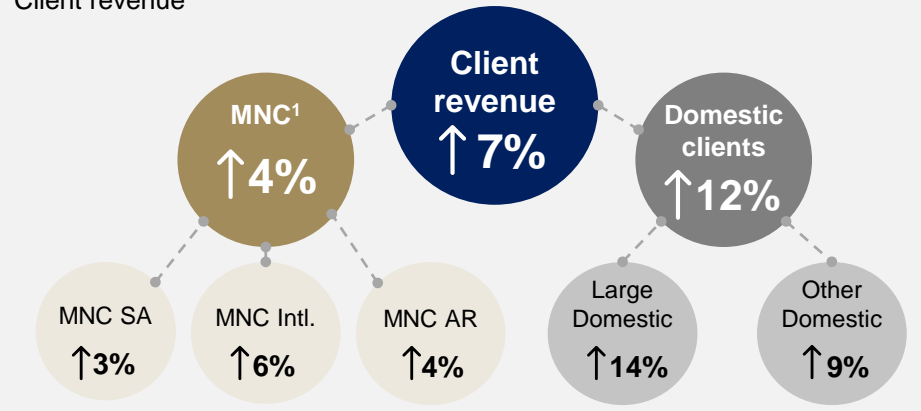


Return on Equity



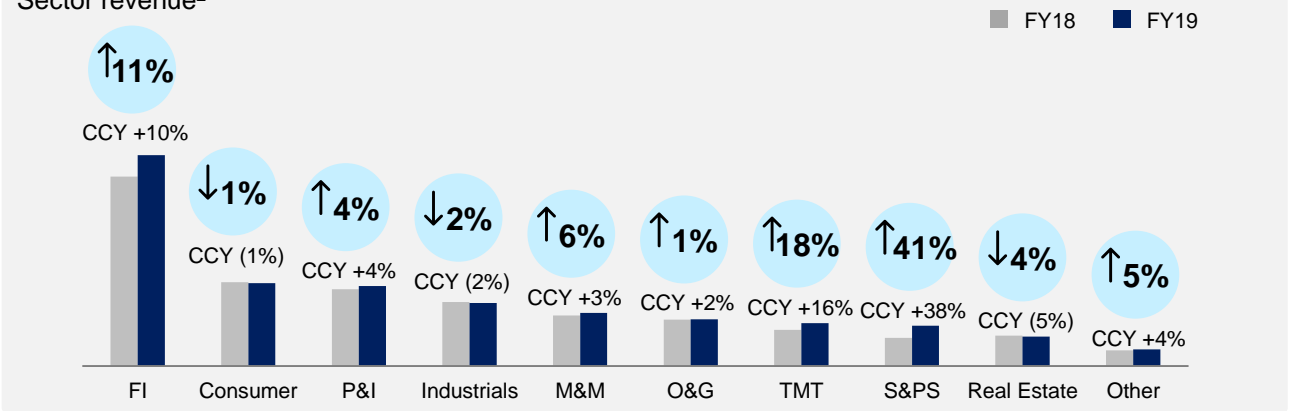
DIVERSIFIED CLIENT BASE

Client revenue



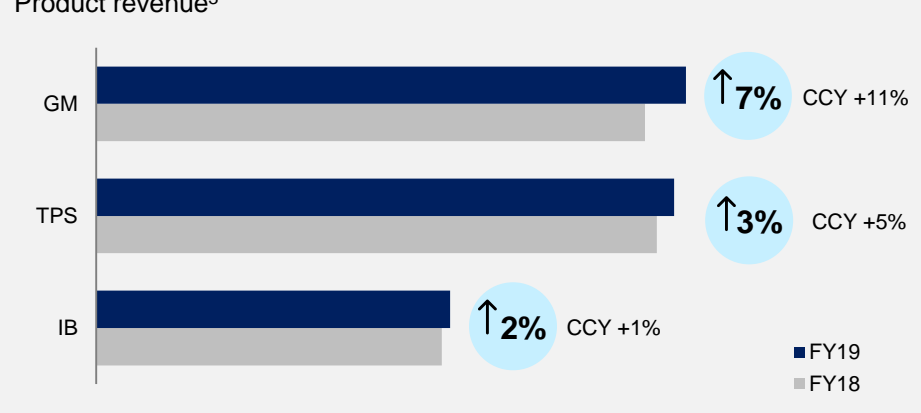
OPERATING ACROSS MULTIPLE SECTORS

Sector revenue²



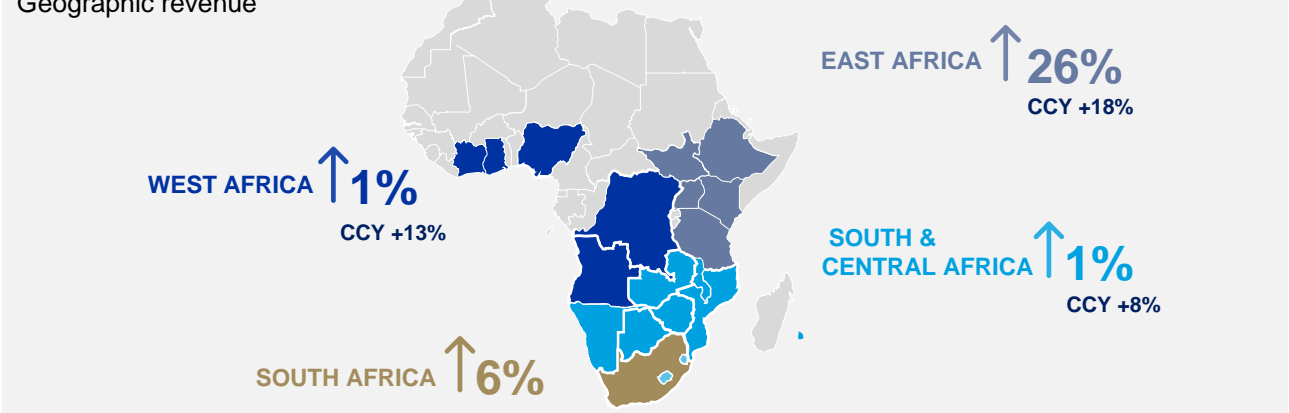
ESTABLISHED PRODUCT OFFERING

Product revenue³



REVENUE INCREASED ACROSS OUR REGIONS

Geographic revenue



¹ Multinational Corporates (MNC)

² Financial Institutions (FI), Power and Infrastructure (P&I), Mining and Metals (M&M), Oil and Gas (O&G), Technology, Media and Telecommunications (TMT), State and Public Sector (S&PS),

³ Global Markets (GM), Transactional Products and Services (TPS), Investment Banking (IB)

Sustained performance in tough markets



HEADLINE EARNINGS

FY19: **R11.8bn**

FY18: R11.2bn

↑5%

RETURN ON EQUITY

FY19: **18.1%**

FY18: 19.3%

COST-TO-INCOME RATIO

FY19: **53.7%**

FY18: 54.4%

KEY TAKEOUTS

- Business highlights:
 - Strong average loan growth supported NII
 - NII outpaced NIR
 - Credit impairment charges increased off a low base
 - Positive jaws, 128 bps
 - Higher capital allocation, driven by risk downgrades, was a drag on ROE
- Product performance:
 - Global Markets driven by Africa Regions
 - Investment Banking supported by strong balance sheet growth
 - Transactional Products and Services impacted by higher costs and credit impairment charges

PRODUCT SPLIT

GLOBAL MARKETS

FY19: **R4.9bn**

FY18: R4.3bn

↑15%

INVESTMENT BANKING

FY19: **R3.9bn**

FY18: R3.5bn

↑12%

TRANSACTIONAL PRODUCTS AND SERVICES

FY19: **R3.0bn**

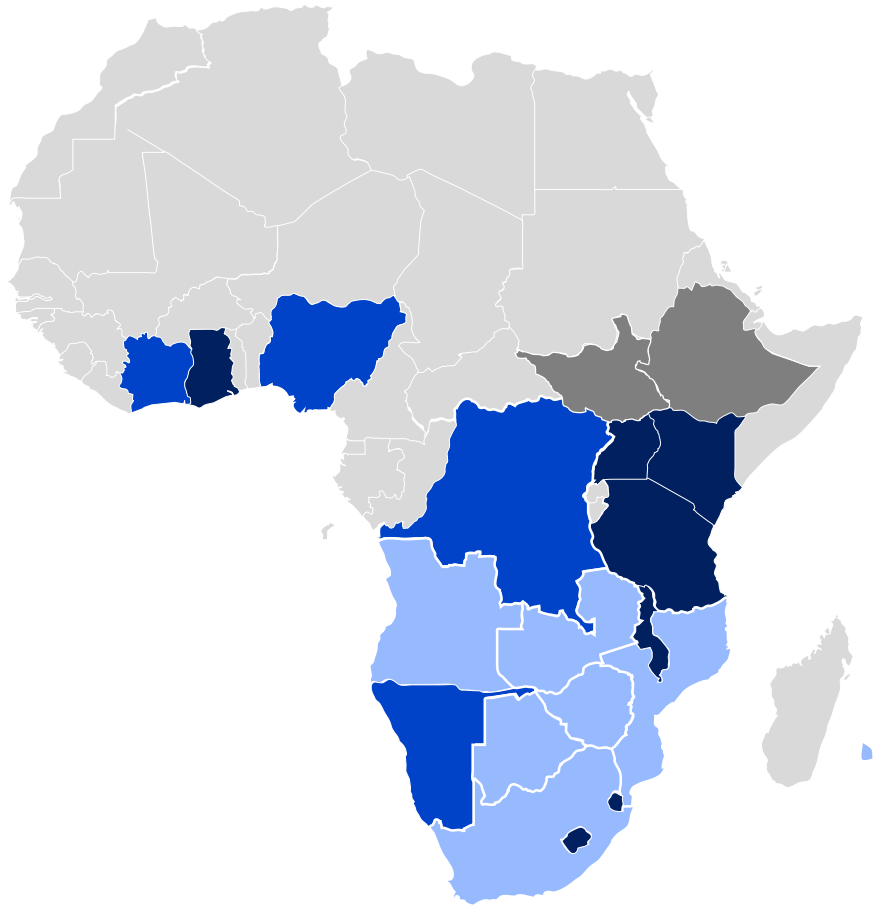
FY18: R3.5bn

↓13%

Headline Earnings

REGIONAL PERFORMANCE

Africa Regions continued to outpace South Africa



	HEADLINE EARNINGS				RETURN ON EQUITY	
	FY19 Rbn	FY18 Rbn	change CCY %	change %	FY19 %	FY18 %
SBSA	16.7	16.0	4	4	16.9	16.7
Africa Regions	8.4	8.0	9	5	20.7	24.0
East ¹	1.6	1.2	16	27	17.0	17.2
South & Central ²	3.6	3.9	1	(7)	20.7	24.7
West ³	3.3	2.9	16	12	23.1	27.5

- Strong performance
- Moderate performance
- Muted performance
- Single representation/development phase

¹ Kenya, South Sudan, Tanzania, Uganda

² Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Zambia, Zimbabwe

³ Angola, DRC, Ghana, Côte d'Ivoire, Nigeria

MEASURING OUR FINANCIAL PROGRESS

Remain committed to achieving our medium-term targets



MEDIUM-TERM TARGETS		FY19	FY18
Cost-to-income ratio	Approaching 50%	56.4%	57.0%
Credit loss ratio	70 - 100 bps	68 bps	56 bps
Group HE growth	Sustainable growth	+1%	+6%
ROE	18.0 - 20.0%	16.8%	18.0%
Dividend	Sustainable growth	+2%	+7%
CET 1 ratio ¹	11.0 - 12.5%	14.0%	13.5%

¹ Common equity tier 1 capital adequacy ratios based on the SARB IFRS 9 phased-in approach



SEE IMPACT



OUR SOCIAL, ECONOMIC AND ENVIRONMENTAL IMPACT

Assessing our impact



GUIDELINES AND FRAMEWORKS



SOUTH AFRICAN NATIONAL DEVELOPMENT PLAN



United Nations
Framework Convention on
Climate Change

OUR 7 SEE IMPACT AREAS



HEALTH



INFRASTRUCTURE



FINANCIAL
INCLUSION



AFRICA TRADE
& INVESTMENT



EDUCATION &
SKILLS
DEVELOPMENT



JOB CREATION
& ENTERPRISE
DEVELOPMENT



CLIMATE CHANGE
& ENVIRONMENTAL
SUSTAINABILITY

TRACKING OUR PROGRESS

PRINCIPLES FOR RESPONSIBLE BANKING



MEMBER SUSTAINABILITY INDICES



ESG RATINGS



OUR SOCIAL, ECONOMIC AND ENVIRONMENTAL IMPACT

Our impact has been deliberate and tangible



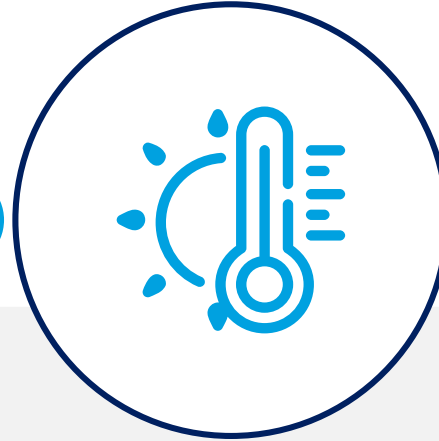
AFRICA TRADE AND INVESTMENT

- R217bn raised from international markets for governments and corporates
- Partnered with ICBC to help African importers and exporters build direct relationships with buyers and suppliers in China



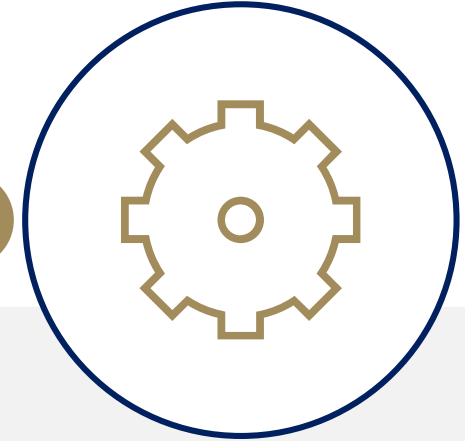
FINANCIAL INCLUSION

- South Africa, Zimbabwe and Nigeria: launched low-cost digital services to improve access and affordability
- Provided micro-insurance to small businesses in 14 African countries



CLIMATE CHANGE AND SUSTAINABLE FINANCE

- Established Africa's first dedicated Sustainable Finance Business Unit which structured Africa's 1st ESG-linked funding arrangement and East Africa's 1st green bond
- Developed a Sustainable Bond Framework that allows us to issue sustainable, green and social bonds to support green projects

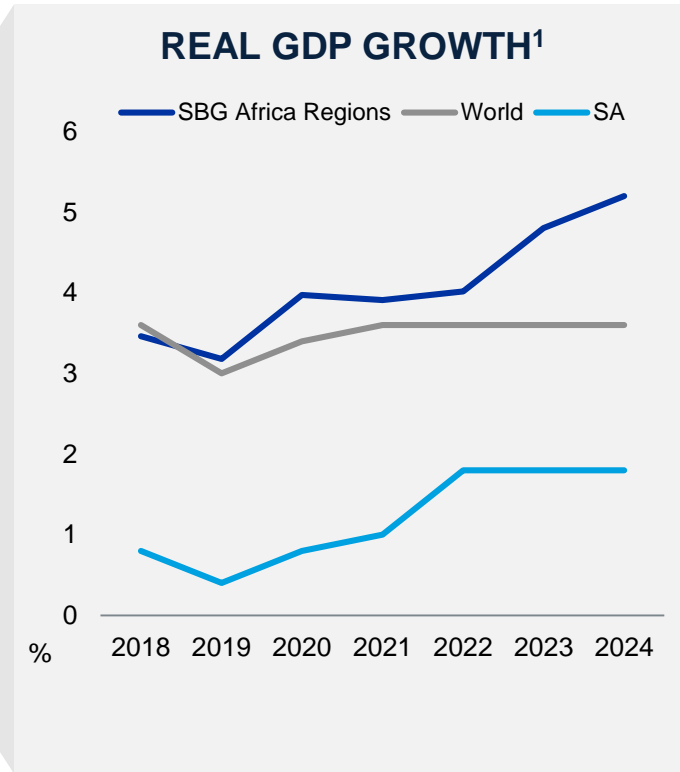


INFRASTRUCTURE

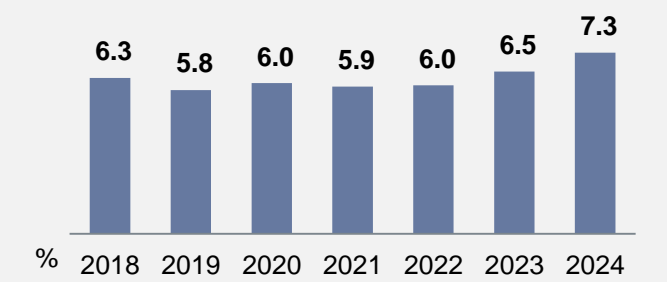
- South Africa: partnered with ICBC to deliver a R2bn solution to fund the acquisition of mobile services equipment
- Uganda: partnered with Mkopa to enable 22 primary schools access solar-powered electricity, benefiting 105 teachers and 5 300 students



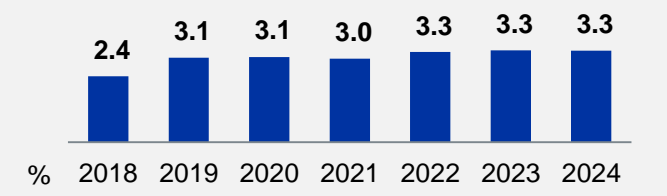
**LOOKING
FORWARD**



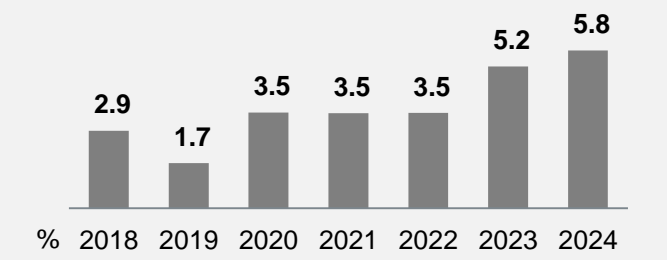
EAST AFRICA



WEST AFRICA

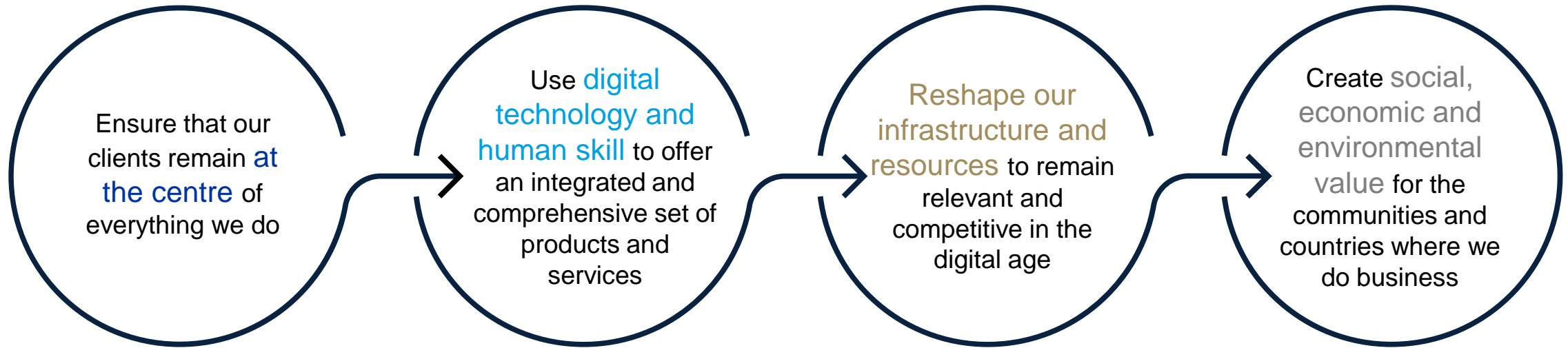


SOUTH & CENTRAL AFRICA



¹ Source: IMF; SBG Africa Regions represents GDP growth outlook for countries in which Standard Bank operates weighted by capital allocated as at 31 December 2019

Well-defined medium and long-term goals



TO BECOME



TRULY HUMAN

Providing services, solutions and opportunities that our clients and employees need to achieve growth, prosperity and fulfilment



TRULY DIGITAL

Serving clients predominantly online, processing in the cloud, embracing open innovation underpinned by data and insights

Diligent execution



Deliver consistent, excellent client experience in order to grow market share and revenues



Accelerate digitisation to meet clients' needs



Improve resource allocation to support growth in Africa Regions



Continue to improve our efficiency by generating meaningful positive jaws



Make progress in returning our ROE to the 18% to 20% target range



Standard Bank Group

FINANCIAL RESULTS PRESENTATION

FY19