



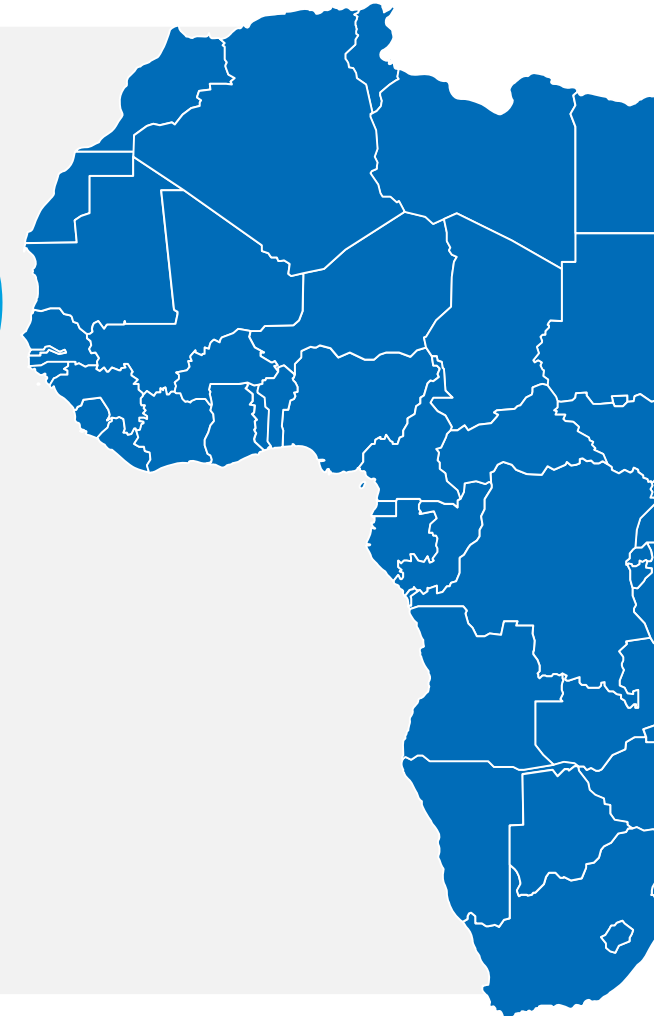
# STANDARD BANK GROUP FINANCIAL RESULTS PRESENTATION

FY20

11 March 2021

# Supporting our clients, employees and communities

Respond, recover and re-imagine



**Supported our people, clients and communities**

**Headline earnings fell sharply but revenues resilient**

**Purposefully expanded our balance sheet in support of our clients**

**Capacity for support – today and tomorrow – underpinned by strong capital and liquidity positions**

**Made good strategic progress**

# Clients, employees and communities valued our support

Their health, safety and wellbeing was a priority



## Clients

- **Engagement** – client experience scores improved
- **Digital** – customers embraced our digital client solutions and channels
- **Payment relief** – SME and individual customers took up ~R130bn of payment relief offered by the group
- **Restructurings** – R25 billion for corporate clients



## Employees

- **Engagement** – employee engagement scores improved to record levels
- **Digital** – employees embraced digital, self-service tools to enable successful remote working, including online learning
- **Safety** – employees appreciative of the range of measures taken to support them and keep them safe
- **Resilience** – employees demonstrated courage, determination and self-discipline under trying circumstances



## Communities

- **Community Social Investment** – focused on health, education and jobs
- **Nutrition** – OneFarm Share pilot provided 270 tonnes of food to 100 000 people in need in SA since November 2020
- **Jobs** – 470 beneficiaries took advantage of Enterprise Development initiatives in SA; creating 1 450 jobs
- **Crisis management** – award for Outstanding Crisis Leadership in Healthcare<sup>1</sup>
- **Sustainability** – recognised as the Best Bank for Sustainable Finance<sup>2</sup>

<sup>1</sup> Global Finance Outstanding Crisis Leadership 2020

<sup>2</sup> Global Finance World's Best Investment Banks 2020

# FY20 results

Decline driven by a significant increase in impairment charges



## Group headline earnings

FY20: **R15.9bn**

FY19: R28.2bn

↓ **43%**

## Common equity tier 1 ratio<sup>1</sup>

FY20: **13.3%**

FY19: 14.0%

**R78bn**  
Capital capacity<sup>2</sup>

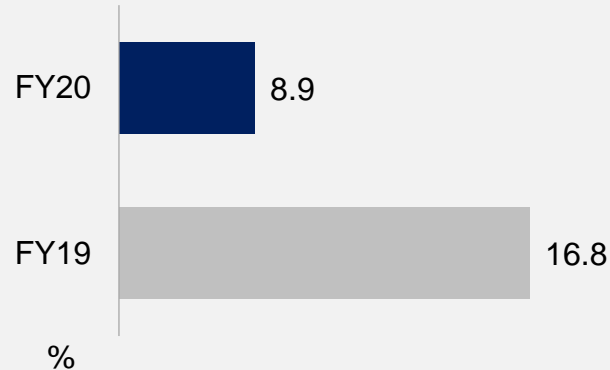
## Dividend per share

FY20: **240cps**

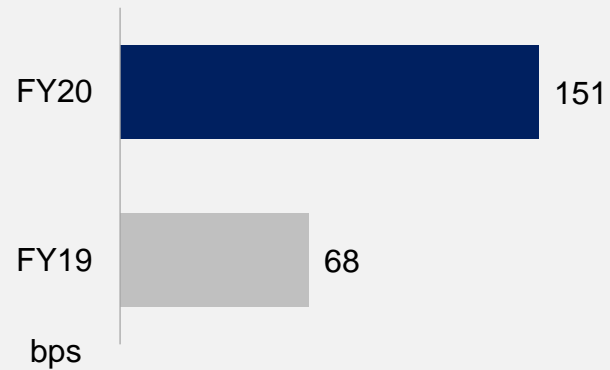
FY19: 994cps

**24%**  
payout

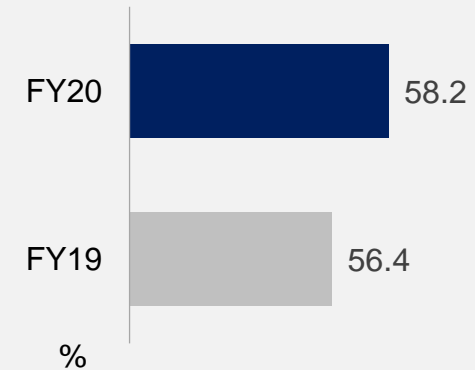
## Return on equity



## Credit loss ratio



## Cost-to-income ratio



<sup>1</sup> Common equity tier 1 (CET1) capital adequacy ratio (based on SARB IFRS 9 phased-in approach)

<sup>2</sup> CET1 capital available to absorb losses i.e. above regulatory minimum of 7.0%



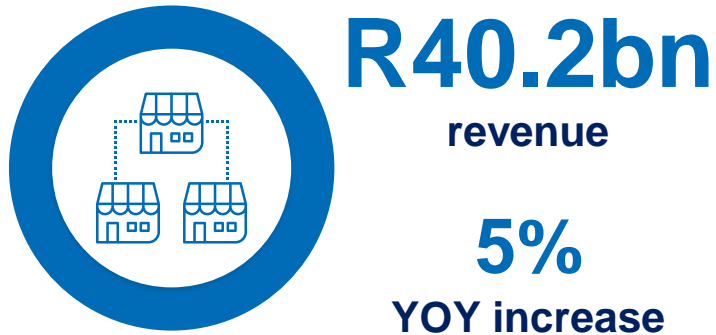
# CLIENT FRANCHISE

# Client franchise – CIB

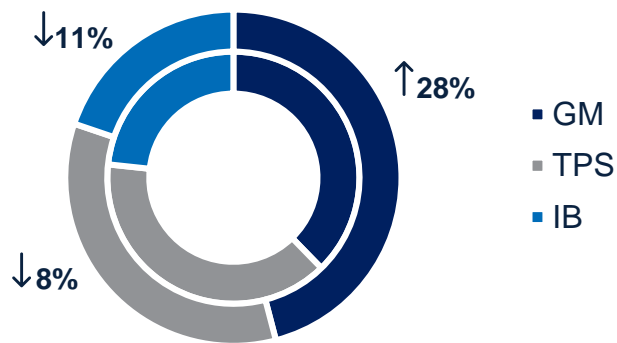
Resilience underpinned by a diverse and growing client franchise



## Client franchise



## Product revenues<sup>1</sup>



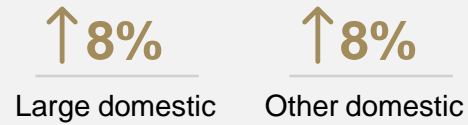
<sup>1</sup> Global Markets (GM), Transactional Products and Services (TPS), Investment Banking (IB)

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

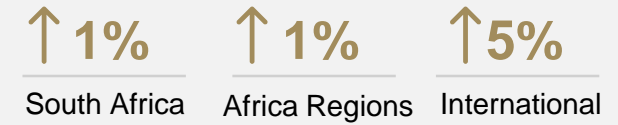
## Domestic corporate revenue growth outpaced MNCs

Client revenue

### DOMESTIC CORPORATES



### MULTI-NATIONAL CORPORATES



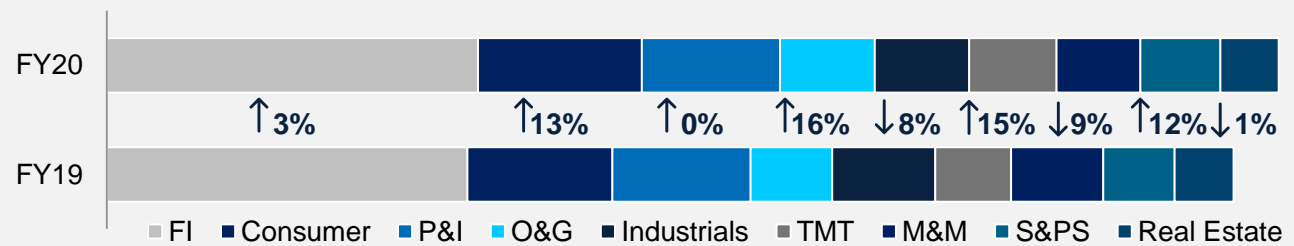
## Diversified across regions

Geographic revenue



## Diversified across sectors<sup>2</sup>

Sector revenue

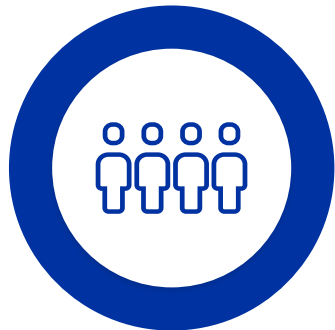


# Client franchise – PBB South Africa

Franchise stabilised, digital solution rollout accelerated, digital activity and engagement increased



## Client franchise – stabilised in 2H20



**~9.3m**  
active clients

**1%**  
HOH increase<sup>1</sup>

## Client solutions – digital rollout

### Mobile app features/ enhancements

- 14 major releases
- >55 features added
- 4.6 and 4.7 star rating<sup>2</sup>

### IB<sup>3</sup> upgrades

- 27 new releases
- 66 new features



<sup>1</sup> June 2020 to December 2020

<sup>2</sup> Google and IOS App store peak rating

<sup>3</sup> Internet Banking

<sup>4</sup> MyMo originations in 2020

## Acquisition & retention – attracted by digital ease & solution choice

### ONBOARDING & SOLUTION TAKE-UP

**29%**

of onboarding completed digitally<sup>4</sup>

**51%**

of unsecured personal loan disbursements are digital

**31%**

of savings & investment accounts opened digitally

## Engagement – clients embracing digital tools

### VIRTUAL CARDS

**>600k**

active cards

**~1m**

transactions

**R250m**

transaction spend

### TAP&PAY (MOBILE)

**19k**

new digitised cards

**~ 400K**

transactions

## Activity volumes – digital platforms



**↑ 22%**

# of transactions on cross-border FX payment platform



**↑ 29%**

# of unique visits to home services platform

### TOTAL TRANSACTION TURNOVER

**↑ 24%**

Snapscan (QR code)

**↑ 151%**

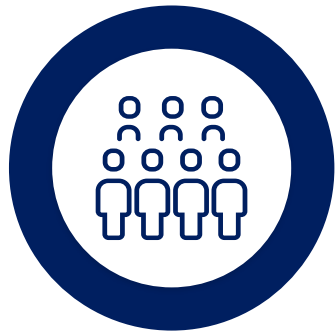
contactless cards

# Client franchise – PBB Africa Regions

Growing franchise, digitally engaged client base



## Client franchise – strong growth



**~5.4m**  
active clients

**7%**  
YoY increase

## Client solutions – digital rollout

### OneFarm

- Platform for small farmers in Uganda providing agronomy, financing and insurance

### Interoperable mobile wallets

- Malawi - Unayo
- Nigeria - @ease
- Namibia - Paypulse

### Ecosystems

- Ongoing acquisition via client ecosystems into employees, suppliers and customers

<sup>1</sup> Constant currency

<sup>2</sup> Current and savings accounts

<sup>3</sup> Out of 14 markets in PBB Africa Regions

## Acquisition – digital adoption levels high

### ONBOARDING & SOLUTION TAKE-UP

**77%**

of onboarding completed digitally

**56%**

of unsecured personal loan disbursements are digital

**9**

countries where paperless onboarding is live

## Engagement – flight to quality boosted growth

### BALANCE SHEET GROWTH, CCY<sup>1</sup>

**↑ 26%**

customer deposits

**↑ 34%**

CASA<sup>2</sup>

### TOP 3 RANKING<sup>3</sup>

**10**

countries by assets & deposits

### FOCUS ON GAINING SCALE AND GROWING MARKET SHARES

Angola, Kenya, Nigeria, Tanzania

## Activity volumes – digital platforms

**95%**

of total transactions were on digital channels



**↑ 128%**

top-up transactions

**↑ 131%**

spend volumes



# Client franchise – Wealth

Diversified and growing client base



## Client assets



**R461bn**

**Assets under management and advice**

**10%**

**YOY increase**

## Client solutions – digital rollout

### My360

- +42k app users
- +R47bn assets linked
- Robo-advisor released



### Flexi-funeral launched

- >250k policies taken up since launch in August

<sup>1</sup> By assets under management

## Leading franchise - recognised by our clients and industry



**Private Banker International**  
Outstanding Global Private Bank in Africa 2020



**Global Finance Private Bank**  
Best Private Bank in Africa 2020



**PWM / The Banker**  
Best Private Bank in Nigeria 2020



**Citywire Global Equity Sector Rating awards**  
Melville Douglas Top AA-rated Fund Manager



**Euromoney**  
Africa's Best Bank for Wealth Management 2020

## Wealth Management

**↑ 8%**

# of high net worth clients (\$1m investable assets)

**↑ 16%**

wealth international deposits

**LEADING MARKET SHARE<sup>1</sup>**

**>30%**

Nigeria pension fund administration

## Insurance

**3.6m**

credit life, funeral and general insurance policies

**↑ 5%**

gross written premiums

**R2.5bn**

insurance claims paid to SA clients



**R198m**

retrenchment claims paid



# GROUP FINANCIAL PERFORMANCE

# Income statement

Lower average interest rates, reduced customer activity and elevated credit charges



	FY20 Rbn	FY19 Rbn	Change %	Change CCY %
Net interest income	61.4	62.9	(2)	(3)
Non-interest revenue	47.2	47.5	(1)	(1)
<b>Total income</b>	<b>108.6</b>	<b>110.4</b>	<b>(2)</b>	<b>(2)</b>
Operating expenses	(63.2)	(62.3)	1	1
<b>Pre-provision profit</b>	<b>45.4</b>	<b>48.1</b>	<b>(6)</b>	<b>(7)</b>
Credit impairment charges	(20.6)	(8.0)	>100	>100
<b>Banking activities headline earnings</b>	<b>15.7</b>	<b>27.2</b>	<b>(42)</b>	<b>(44)</b>
Other banking interests	0.9	(0.9)	>100	>100
Liberty	(0.7)	1.9	(>100)	(>100)
<b>SBG headline earnings</b>	<b>15.9</b>	<b>28.2</b>	<b>(43)</b>	<b>(44)</b>
Net interest margin, bps	370	431		
Credit loss ratio, bps	151	68		
Cost-to-income ratio, %	58.2	56.4		
Jaws, bps	(306)	113		
ROE, %	8.9	16.8		

## Key takeouts

- NII adversely impacted by margin compression as a result of lower average interest rates, partially offset by strong loan and deposit growth
- NIR decline, driven by lower fees due to reduced customer activity and spend, an accelerated migration to digital as well as fee waivers and moratoriums, largely offset by a strong trading performance
- Continued focus on cost management resulted in well contained operating expenses - absorbing Covid-19 related costs and additional IT spend
- Credit impairment charges increased significantly, reflective of the deterioration in the environment, client risk profiles and the outlook

# Profit attributable to ordinary shareholders

FCTR<sup>1</sup> release and IT-related impairments of intangible assets impacted profit attributable



	FY20 Rbn	FY19 Rbn	Change %
<b>Standard Bank Group headline earnings</b>	<b>15.9</b>	<b>28.2</b>	<b>(43)</b>
Impairment of intangible assets <sup>2</sup>	(2.2)	(0.2)	
Gain on sale of ICBC Argentina	1.4	-	
FCTR release on sale of ICBC Argentina	(3.4)	-	
Other	0.7	(2.6)	
<b>Profit attributable to ordinary shareholders</b>	<b>12.4</b>	<b>25.4</b>	<b>(51)</b>
<b>Net asset value</b>	<b>176</b>	<b>171</b>	<b>3</b>

## Key takeouts

- Impairment of IT intangible assets in line with the group's accounting policy
- Completion of the sale of the group's 20% stake in ICBCA<sup>3</sup> in 1H20 gave rise to a gain on sale and FCTR release, excluded from headline earnings
- Impairment of investment in ICBCS included in "other" in FY19
- Key drivers of net asset value:
  - Negative: IT intangible impairments and 2H19 dividend paid in April 2020
  - Positive: Retained earnings, ZAR weakness and gain on sale of ICBCA

	2H20 Rbn	1H20 Rbn
HE	8.4	7.5
HE adj.	0.2	(3.7)
<b>Profit attrib.</b>	<b>8.6</b>	<b>3.8</b>

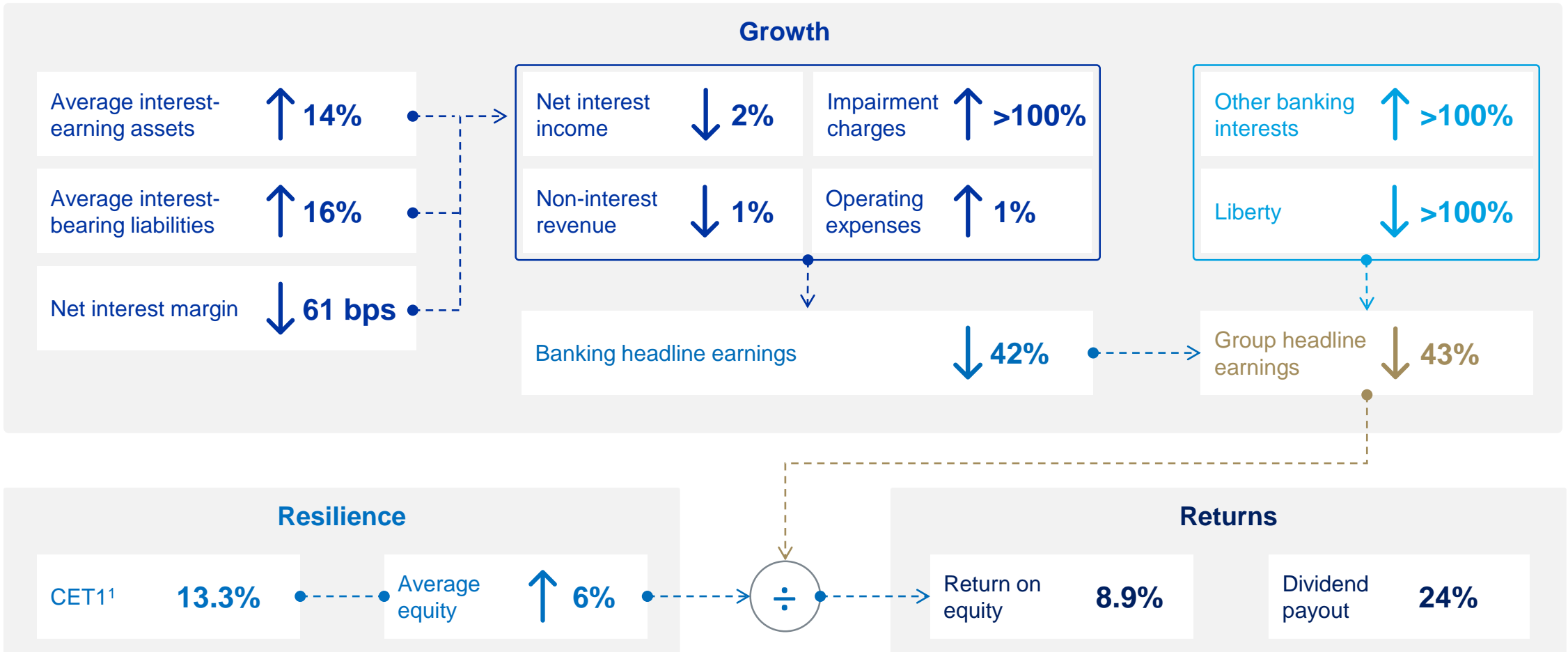
<sup>1</sup> Foreign Currency Translation Reserve

<sup>2</sup> Post-tax impact of impairments related to CIB (R1.8bn), PBB (R0.2bn), Centre (R0.1bn) and Liberty (R0.1m)

<sup>3</sup> ICBC Argentina

# Drivers of performance

Unpacking the group results



<sup>1</sup> CET1 ratio based on SARB IFRS 9 phased-in approach

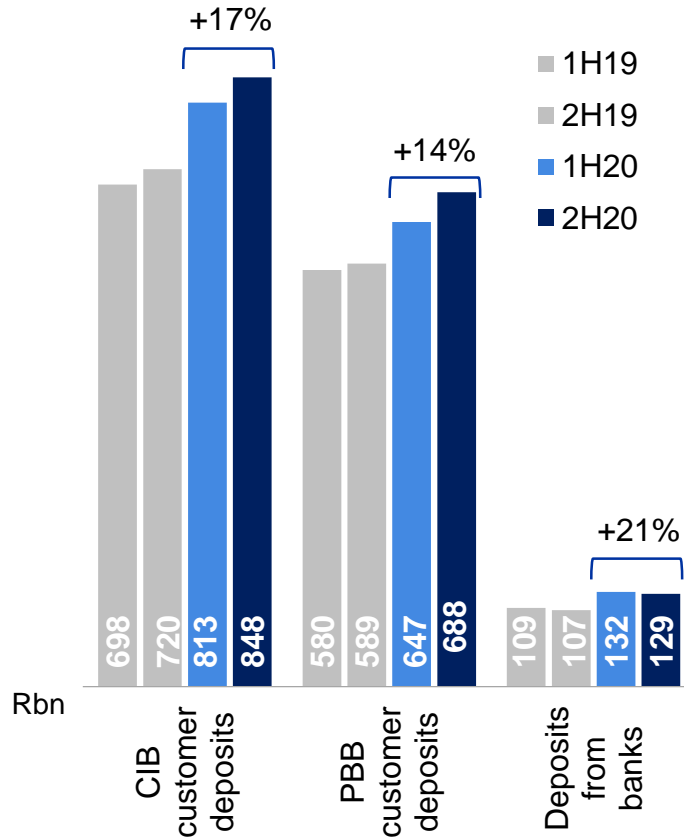
# Balance sheet

Strong deposit growth driven by cautious client behavior and a flight to quality



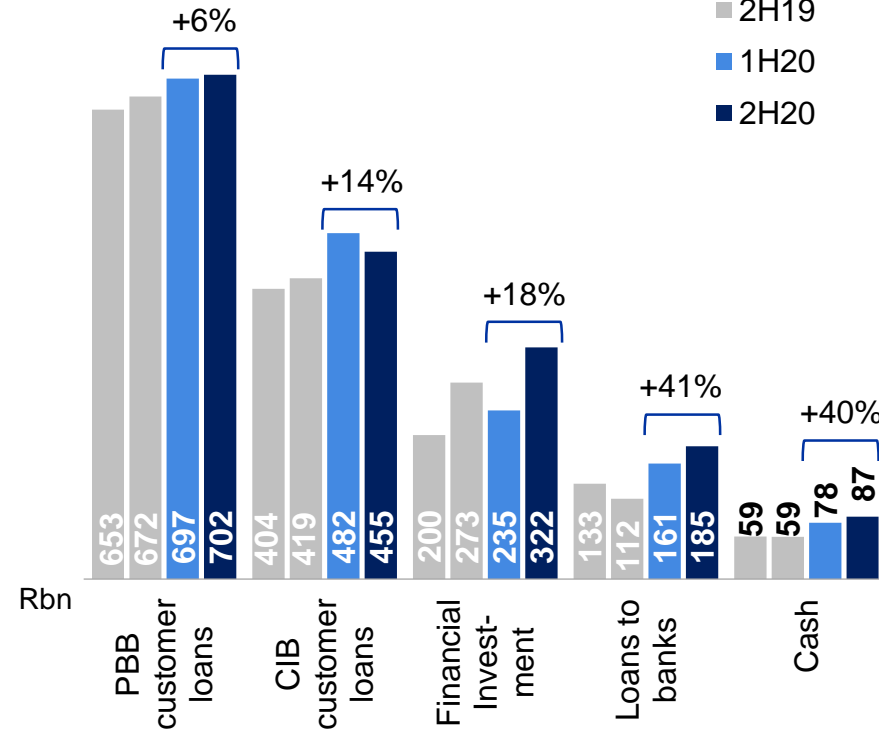
## Average interest-bearing liabilities

↑16%  
YOY



## Average interest-earning assets

↑14%  
YOY



## Key takeouts

- Average interest-earning liabilities grew as:
  - General caution by clients drove an accumulation of funds across all client account categories
  - Clients preferred to have access to their funds which supported growth in call and current accounts
- Average interest-earning assets grew as:
  - Stronger PBB disbursements in 2H20 supported average PBB balances
  - Strong growth in CIB in 4Q19 and 1Q20 supported average CIB balances
  - Excess liquidity was placed with banks and in financial investments
  - Higher deposit balances together with regulatory requirements in Nigeria drove higher cash balances
  - Grew market shares

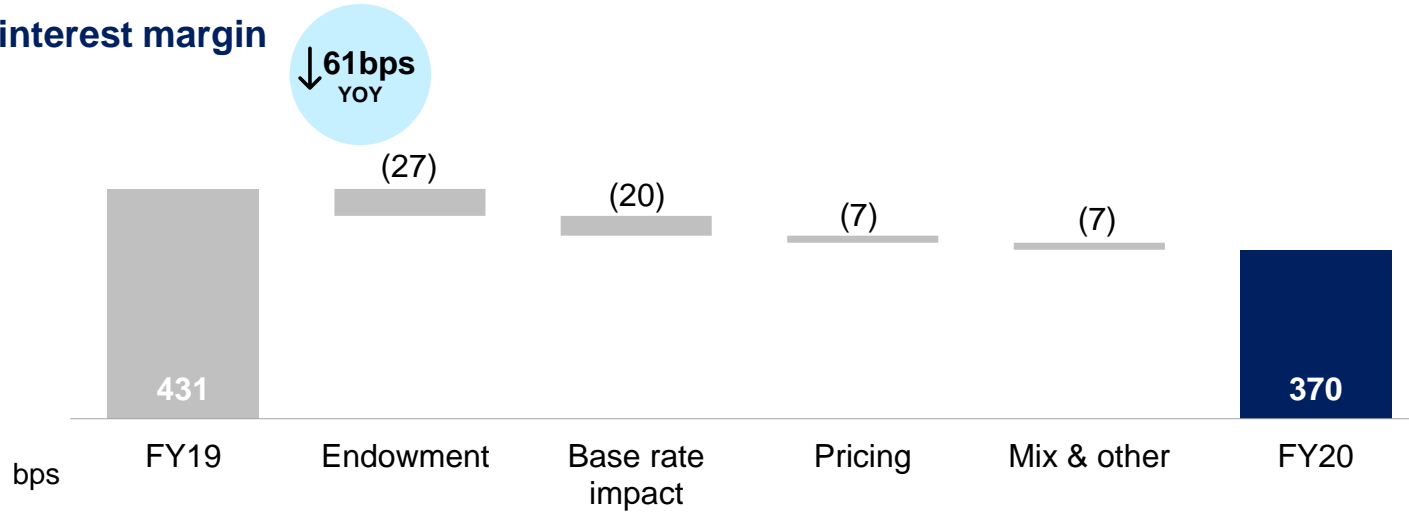
YOY % change

# Net interest income

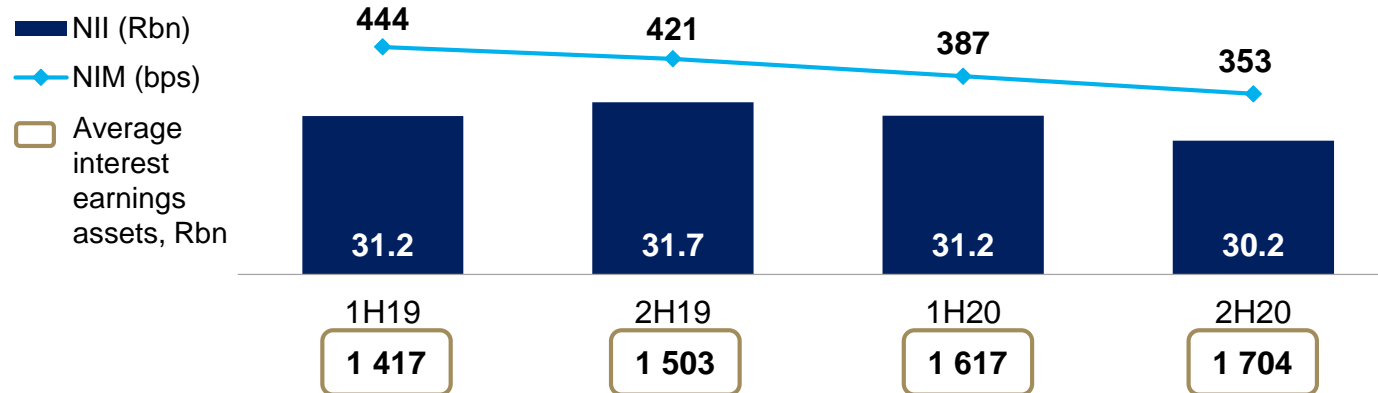
Downward pressure from declining rates, competitive pricing and excess liquidity



## Net interest margin



## NIM trend HOH



## Key takeouts

- Weighted average interest rates >200 bps lower than FY19
  - Negative endowment impact from lower interest earned on capital and CASA
  - Negative base impact from lower NII on AIEA<sup>1</sup> and AIEL<sup>1</sup> (excluding CASA) in a lower rate environment
- Pricing decline driven by competitive pressure
- NIM expected to stabilise at or around 2H20 levels as interest rates stabilise

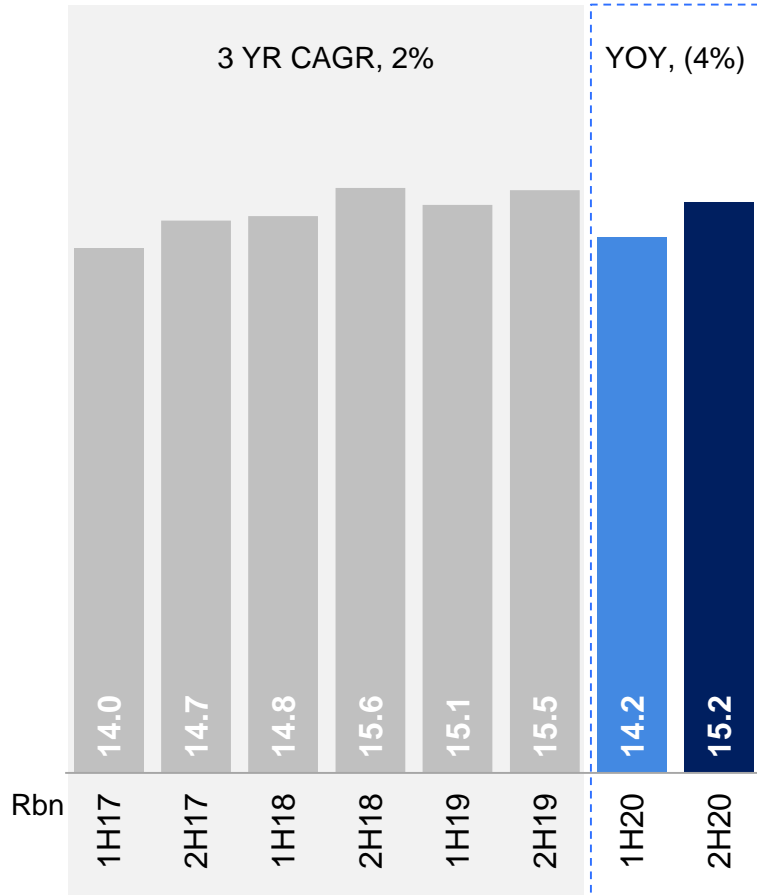
<sup>1</sup> Average interest-earning assets and average interest-earning liabilities

# Non-interest revenue

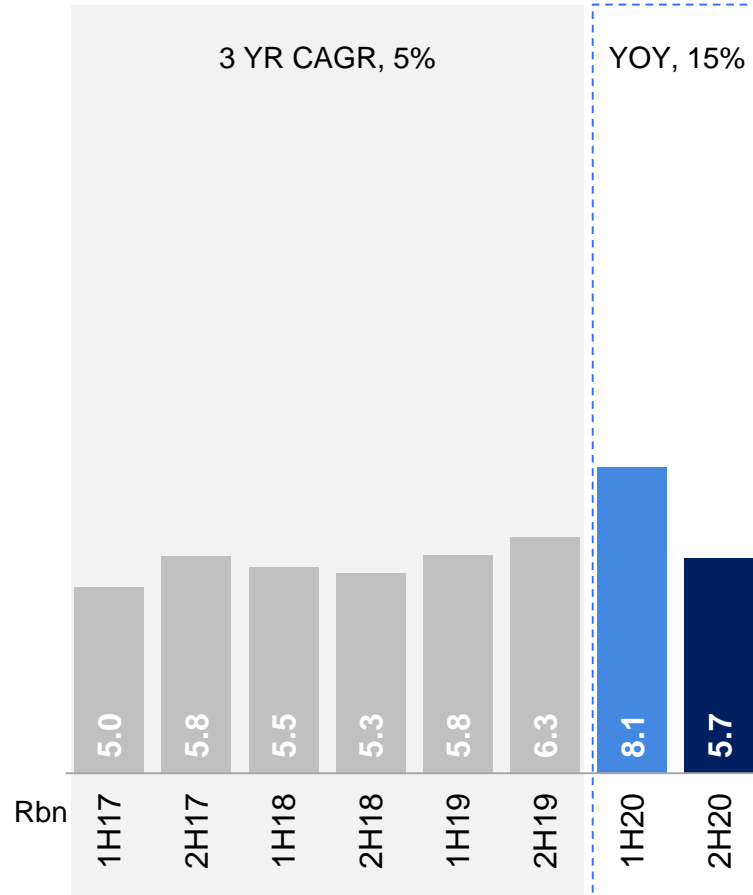
In 2H20 fees partially recovered, and trading revenue returned to a more normalised run rate



## Net fee & commission revenue



## Trading revenue



## Key takeouts

### Net fee & commission revenue

- In 2H20, fees recovered from 1H20 lows as lockdowns eased and activity picked up, but remained below 2H19 levels

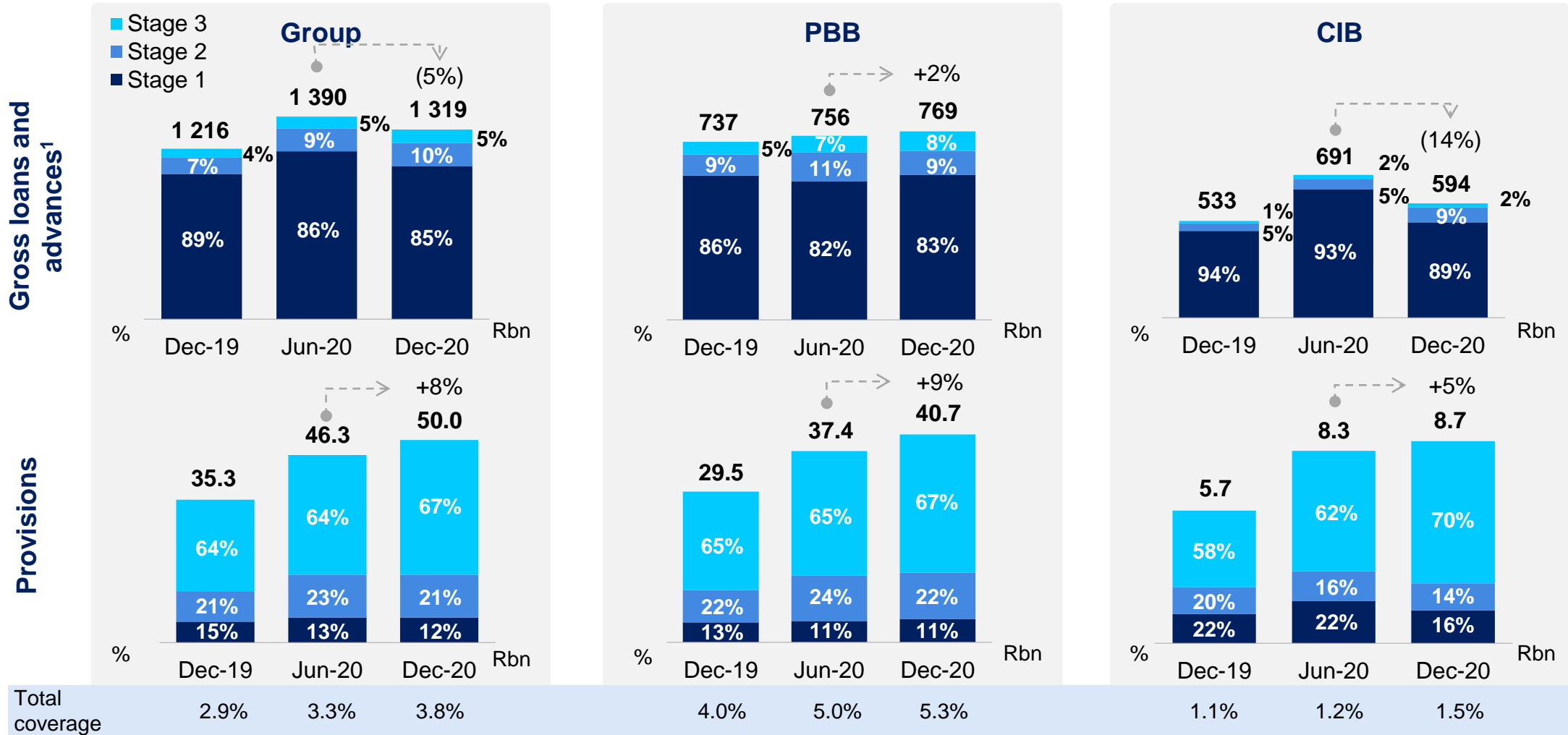
### Trading revenues

- In 1H20, CIB reported an exceptionally strong performance as the business assisted clients manage their risk through a period of high market volatility
- Volatility moderated in 2H20 and trading revenues were more in line with previous periods



# Gross loans and provisions

Coverage increased further in 2H20 as provisions increased, despite a slight decline in loans



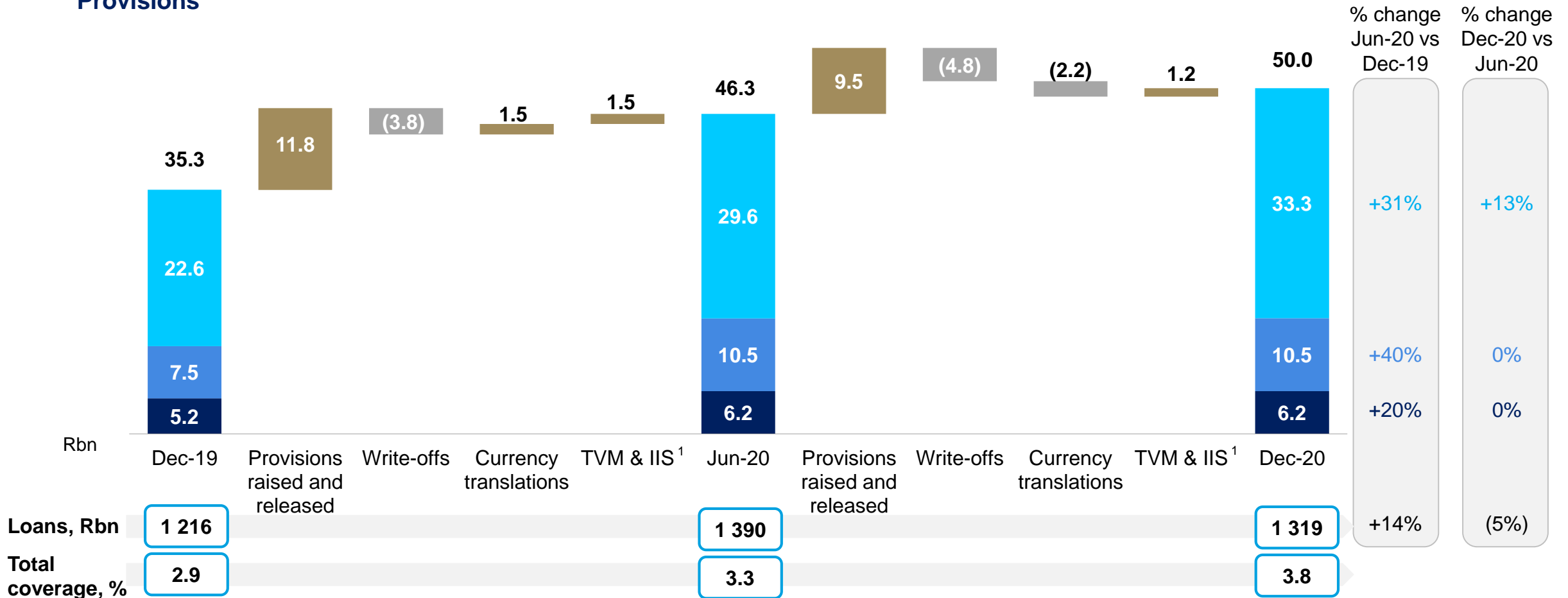
<sup>1</sup> Based on gross loans and advances and provisions per page 54-59 of the 2020 financial analysis booklet. Group net of interdivisional balances. Group includes the central provision of R500m, split stage 1, R185m and stage 2, R315m

# Balance sheet provisions – Group

Provisions up significantly YOY but slowed in 2H20



## Provisions



<sup>1</sup> Time value of money and interest in suspense

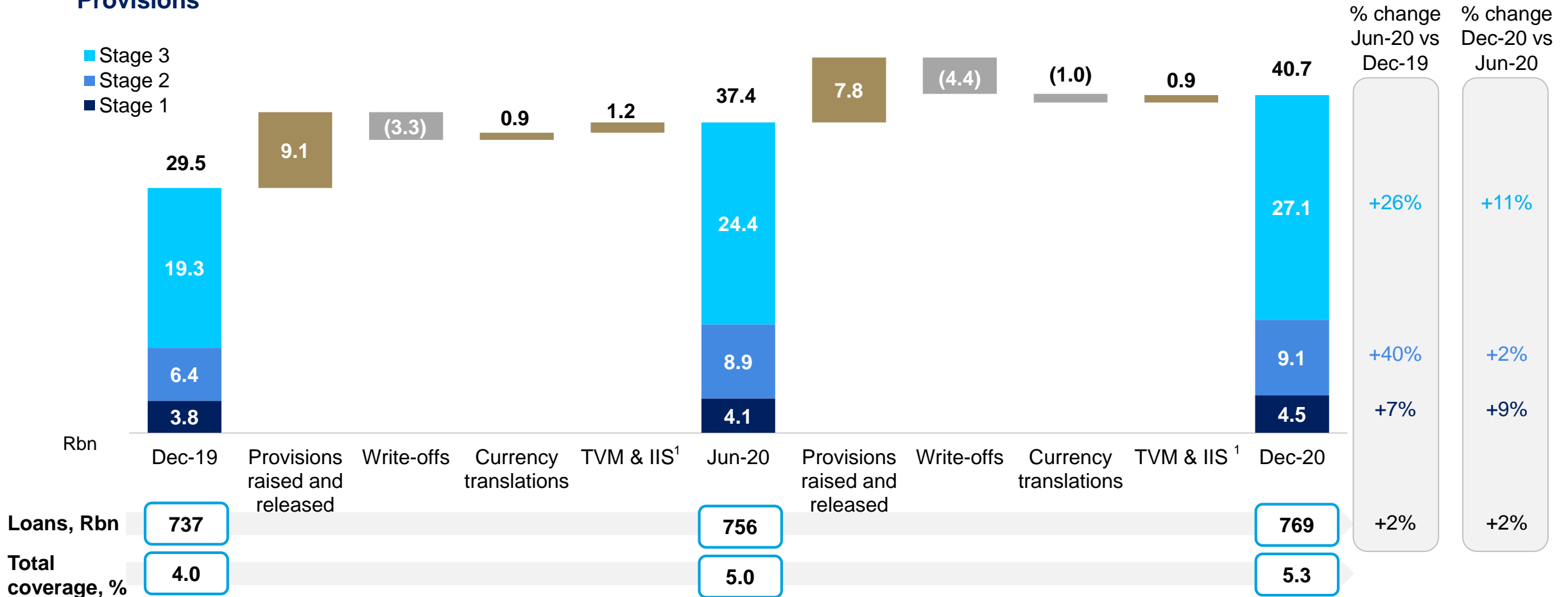
# Balance sheet provisions – PBB

Strengthened across all stages, surpassing book growth and driving up coverage



## Provisions

- Stage 3
- Stage 2
- Stage 1

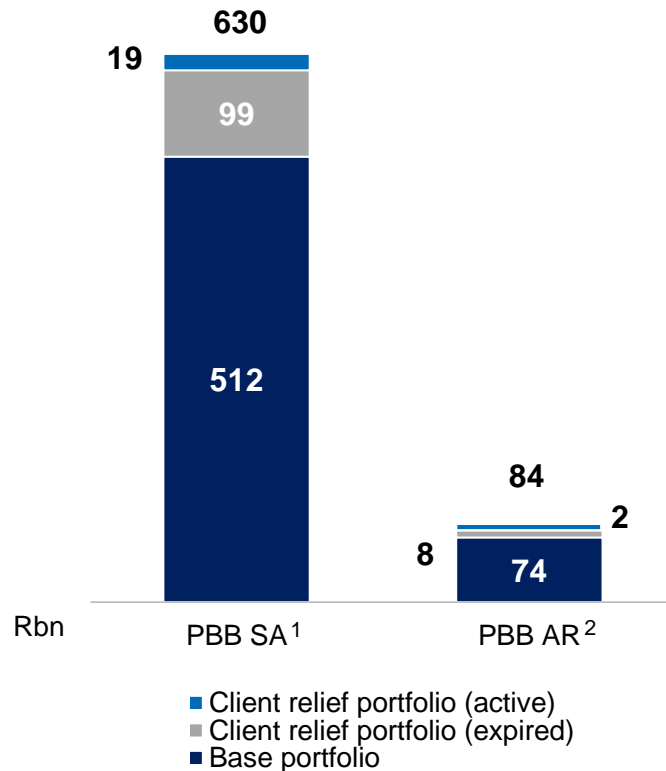


<sup>1</sup> Time value of money and interest in suspense

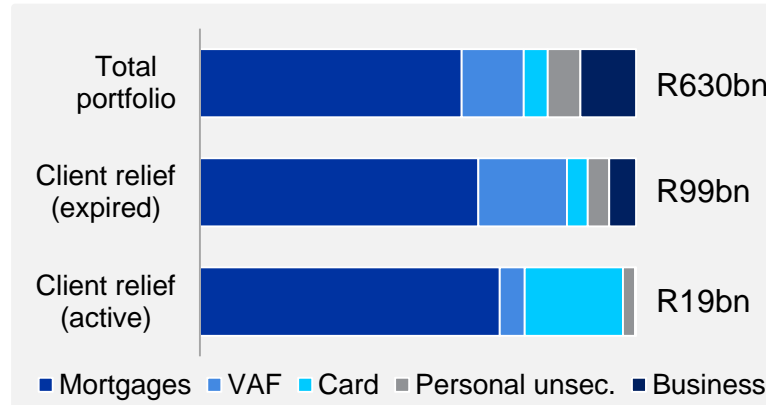
# Gross loans and provisions – PBB Balance sheet



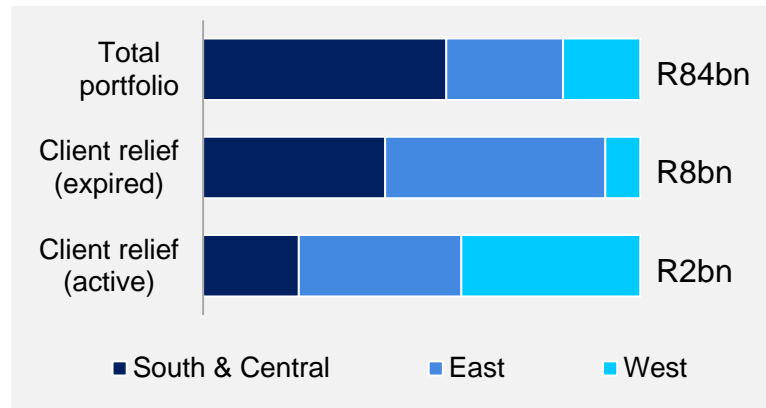
## PBB credit portfolio mix



## PBB SA by product type



## PBB Africa Regions by region



## Key takeouts

### PBB South Africa

- Active client relief portfolio represents 3% of the total PBB SA loans and advance portfolio, down from 18% at 1H20
- Mortgages remain the largest part of the active client relief portfolio by value

### PBB Africa Regions

- Active client relief portfolio represents 2% of the total PBB Africa Regions' gross loans and advances portfolio, down from 12% at 1H20
- The largest proportion of the active client relief portfolio related to the West Region, followed closely by the East Region

<sup>1</sup> Based on SBSA PBB gross loans and advances per page 84 and Africa Regions, per page 93 of the FY20 financial analysis booklet

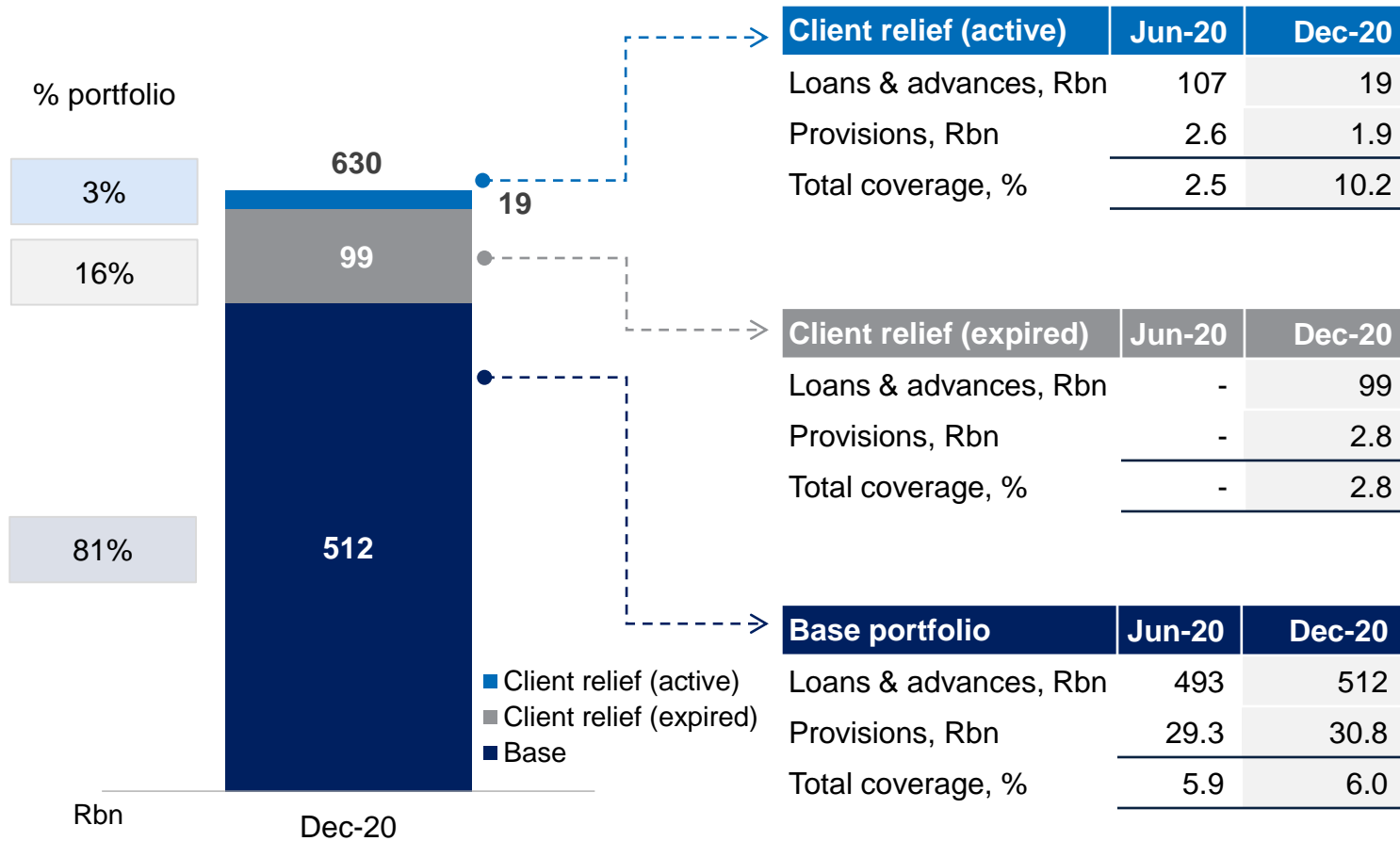
<sup>2</sup> PBB Africa Regions portfolio as at 31 December 2020

# Gross loans and provisions – PBB South Africa<sup>1</sup>

Additional provisions raised where there were indications of client stress



## Gross loans & advances



- Certain customers requested further extensions
- All extensions greater than 6 months deemed distressed and accelerated into stage 3 with elevated coverage
- Active portfolio declined to R12bn by 31 January 2021

- Behaviour largely in line with expectations as at 30 June 2020 – >90% paid full or partial instalments
- Transfers to stage 1 (performing) and stage 3 (SARB treatment of previous extensions)
- Total coverage lower than base due to portfolio mix and performing status

- Book growth drove Stage 1 provisions
- Forward-looking provisions stable
- Intuitive overlays<sup>2</sup> (higher coverage) offset higher proportion of stage 1 loans (lower coverage)

<sup>1</sup> Based on SBSA PBB gross loans and advances and provisions per pages 80-85 of the FY20 financial analysis booklet

<sup>2</sup> Additional intuitive overlays raised for retrenchments, SA Covid-19 loan guarantee loans, potential PD & LGD deterioration and Dec-20/Jan-21 lockdowns

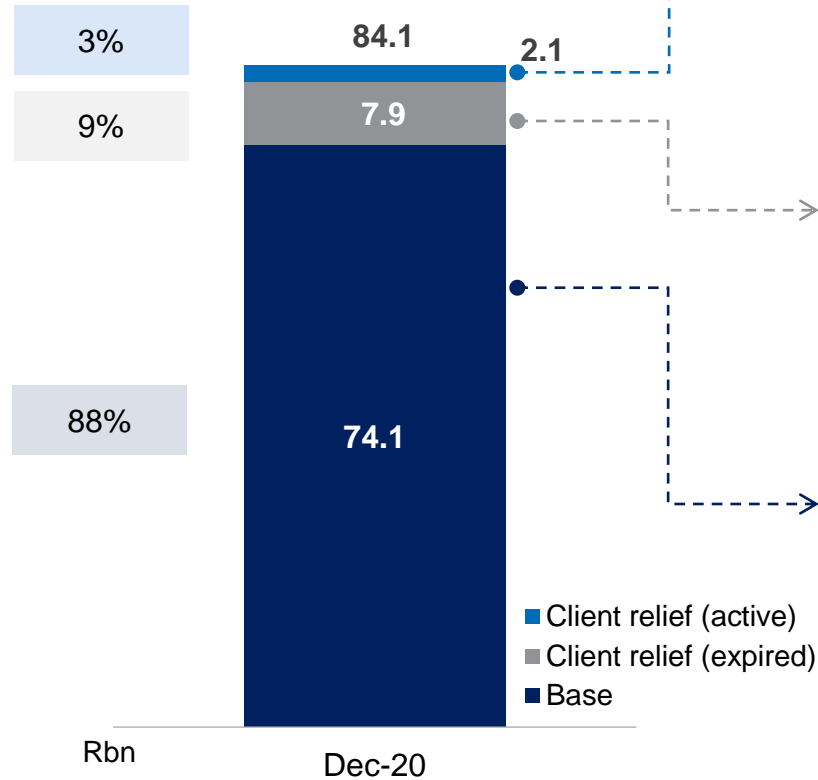
# Gross loans and provisions – PBB Africa Regions

Client relief provided largely due to regulations – coverage increased due to the environment



## Gross loans & advances to customers

% portfolio



Client relief (active)	Jun-20	Dec-20
Loans & advances, Rbn	10.9	2.1
Provisions, Rbn	0.3	0.1
<b>Total coverage, %</b>	<b>2.6</b>	<b>3.7</b>

Client relief (expired)	Jun-20	Dec-20
Loans & advances, Rbn	-	7.9
Provisions, Rbn	-	0.4
<b>Total coverage, %</b>	<b>-</b>	<b>4.6</b>

Base portfolio	Jun-20	Dec-20
Loans & advances, Rbn	77.9	74.1
Provisions, Rbn	5.5	5.1
<b>Total coverage, %</b>	<b>7.1</b>	<b>6.8</b>

- Exposures primarily to business banking clients, ~70%
- Term loans comprise ~60%
- Exposures primarily in Ghana, Kenya, Nigeria and Uganda
- Increased coverage to accommodate change in portfolio mix along with portfolio deterioration

- 88% instalments up to date (stage 1)
- Customer strain drove transfers to stage 3 and higher coverage vs Jun-20

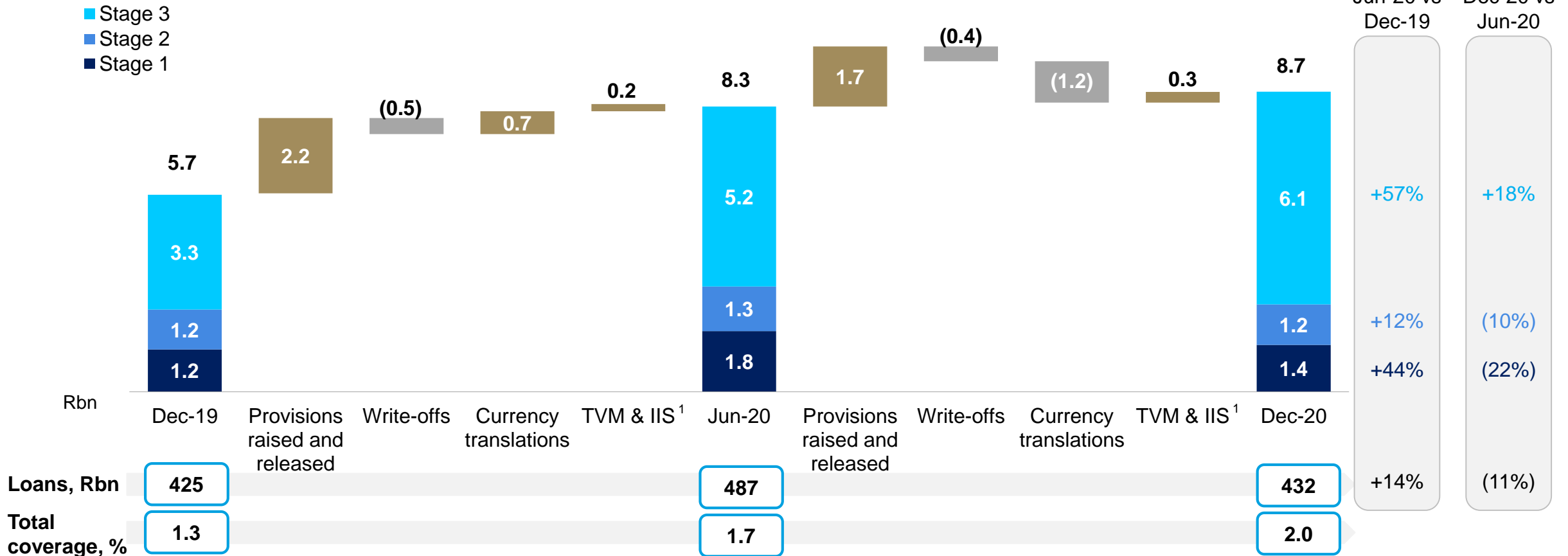
- Forward-looking provisions increased
- Book and provision growth in 2H20 diluted by relative ZAR strength

# Balance sheet provisions – CIB

CIB provisions by their nature lumpy – stage 3 mix change drove coverage higher in 2H20



## Provisions on gross loans to customers



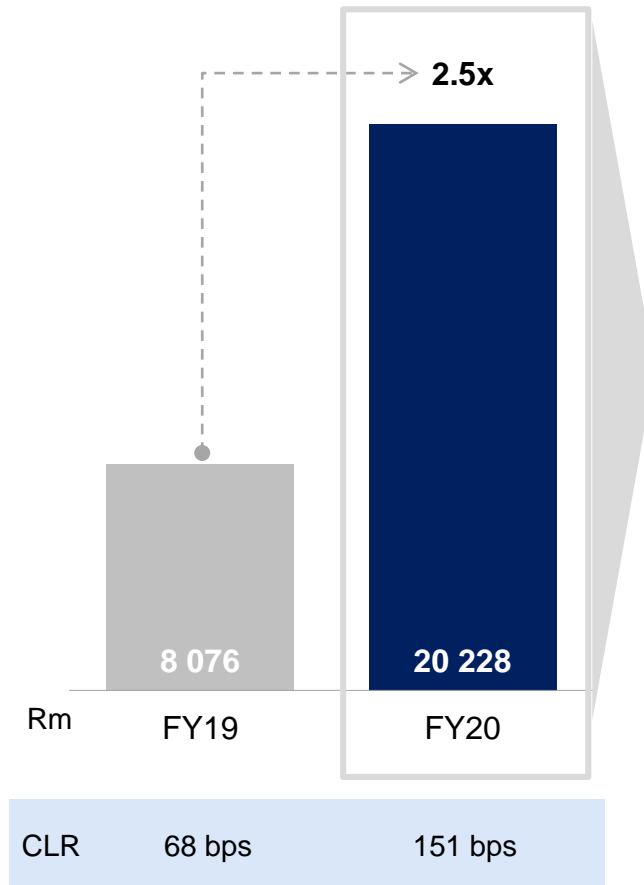
<sup>1</sup> Time value of money and interest in suspense

# Credit impairment charges

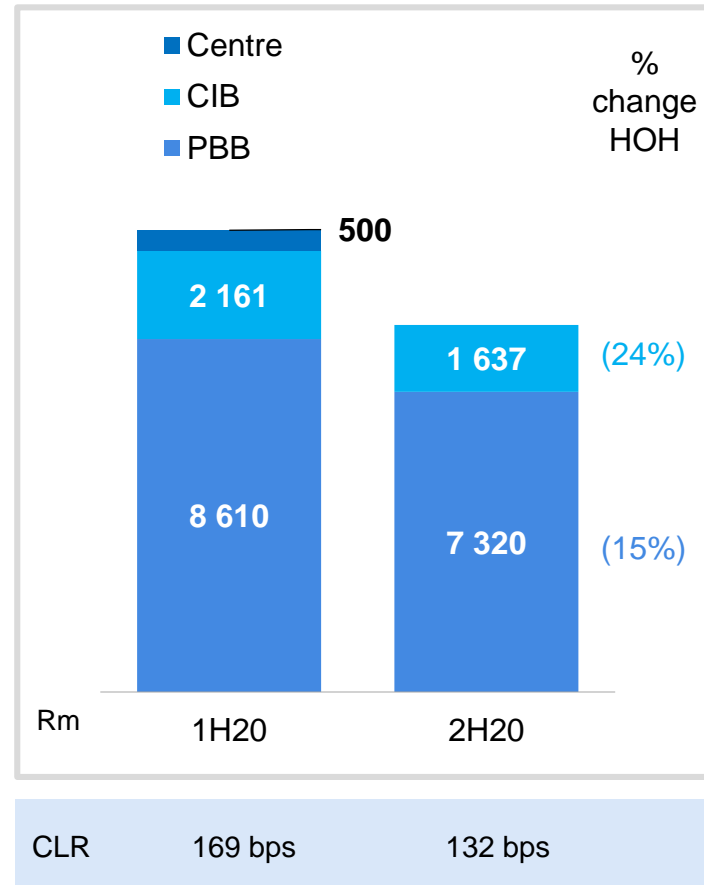
Significant increase year on year, but lower in 2H20 vs 1H20



Credit impairment charges<sup>1</sup>, YOY



Credit impairment charges<sup>1</sup>, HOH



## Key takeouts

- PBB charges driven by the impact of the weakened economy on individuals and businesses:
  - Job losses and income reduction experienced by individuals
  - Decline in turnover experienced by businesses
- CIB charges are client specific and increased YOY due to client migration to watchlist, lifetime expected losses and a deterioration of probability of defaults in the corporate lending portfolio
- Central provision raised at 1H20 remains appropriate due to the prevailing uncertainty

<sup>1</sup> Credit impairment charges on loans and advances



# Operating expenses

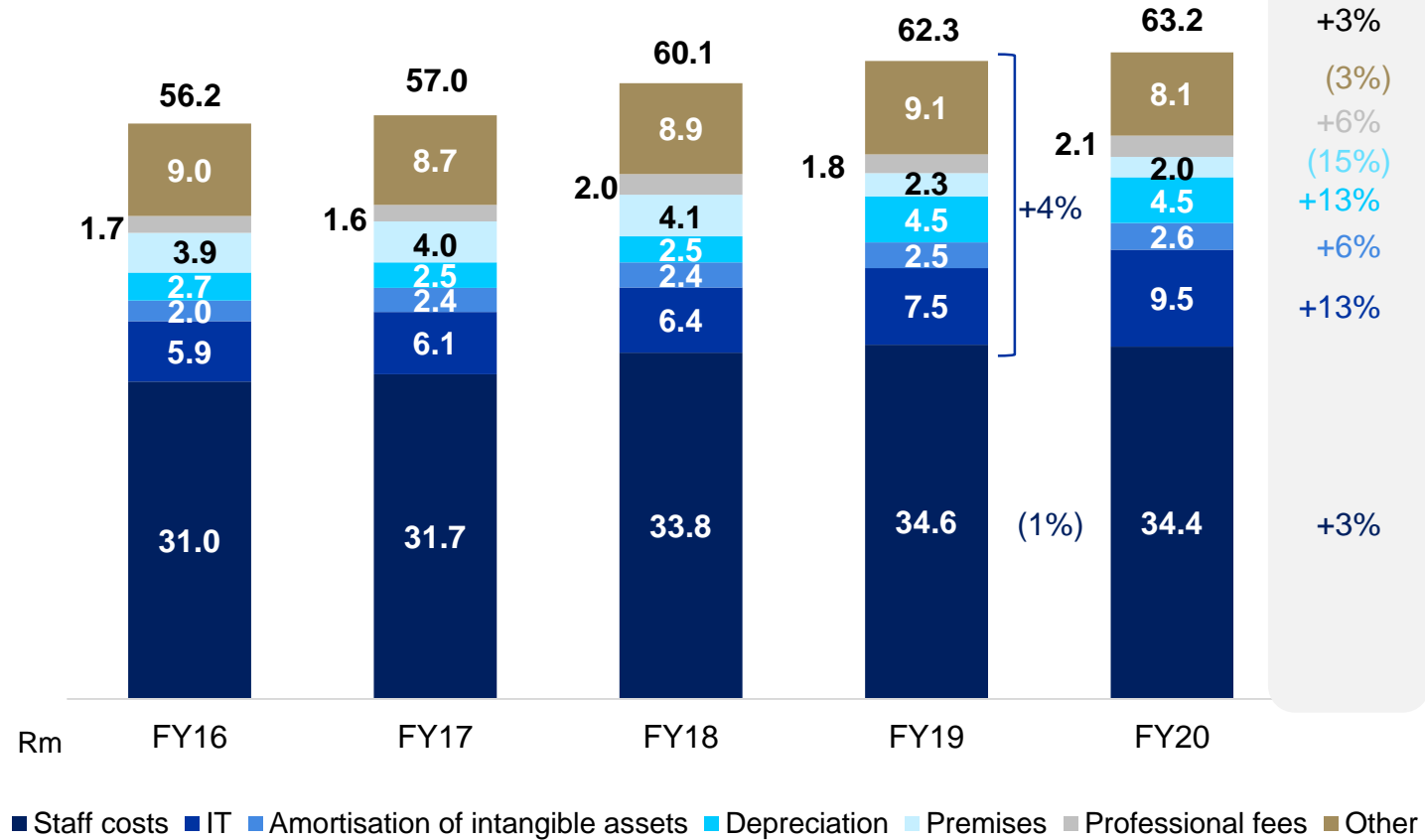
Continued focus on cost management



## Operating expenses

4-year CAGR, 3%

↑1%<sup>1</sup>  
YOY



## Key takeouts

### 4 year CAGR:

- Staff costs well managed:
  - Lower headcount, down 9% over 4 years, due to natural attrition and targeted interventions e.g. branch rationalisation
  - Offset by annual salary increases
  - FY20 staff costs lower due to lower headcount and incentives
- IT cost increases driven by continued investment in technology and platform enablers, partially offset by lower costs related to legacy systems and physical infrastructure
- Accounting treatment resulted in a reallocation between premises and depreciation
- Professional fees driven by strategic projects; FY20 increase related to digital platform development

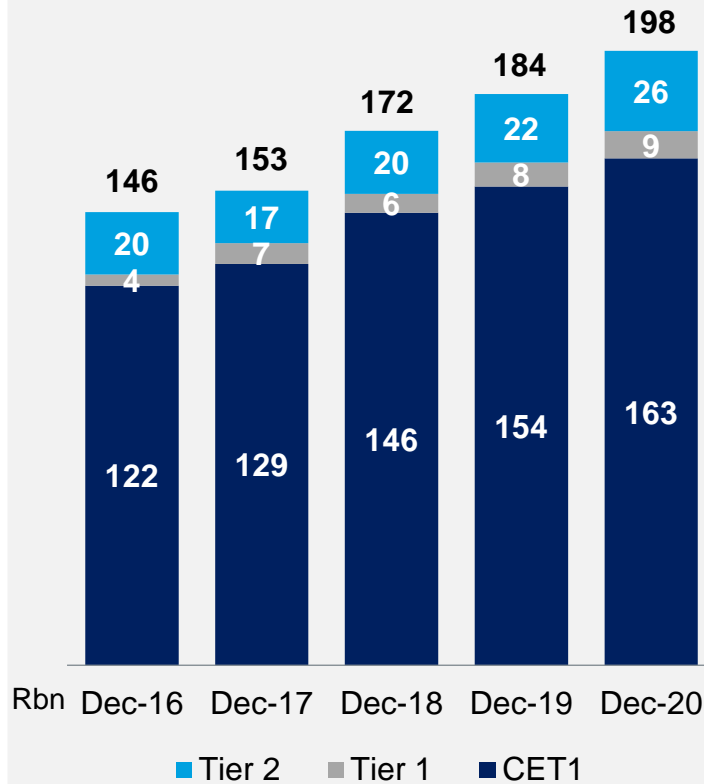
<sup>1</sup> Inclusive of Covid-19 costs

# Capital and liquidity

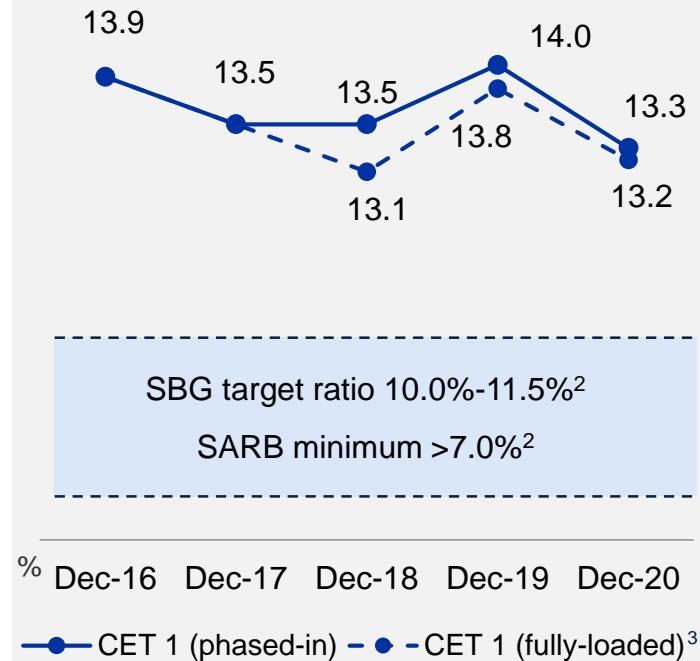
Strong capital and liquidity position – well in excess of regulatory minimums



## Capital<sup>1</sup>

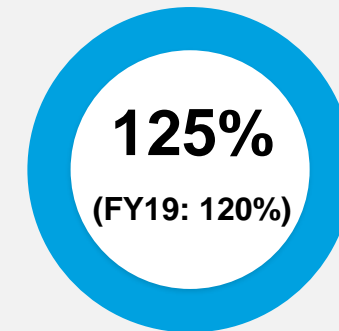


## Capital adequacy<sup>1</sup>



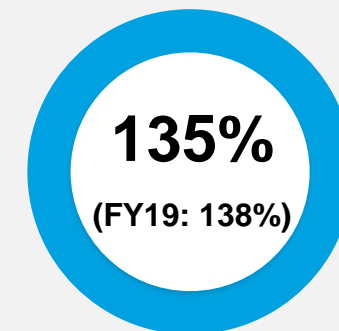
## Liquidity

Net stable funding ratio



Basel III minimum  
100%

Liquidity coverage ratio



Basel III minimum<sup>4</sup>  
80%

<sup>1</sup> Including unappropriated profits

<sup>2</sup> Excluding Pillar 2A buffer as per temporarily revised SARB requirement as at 31 December 2020, expected to be recalibrated upwards in 2021

<sup>3</sup> Including full IFRS 9 transitional impact

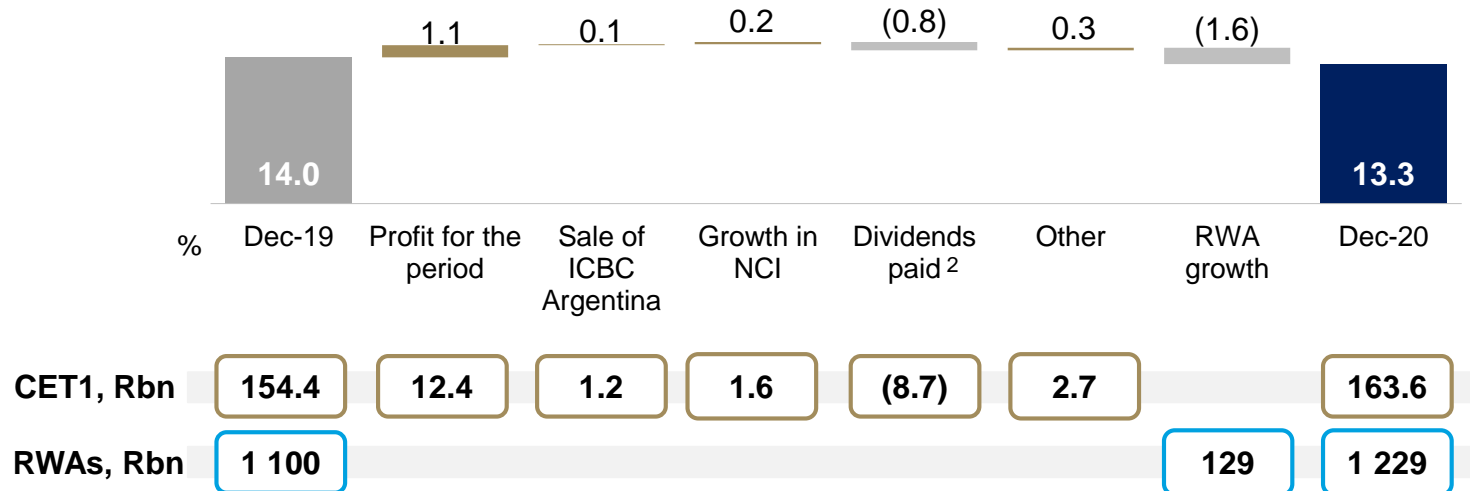
<sup>4</sup> Based on temporarily revised SARB requirement

# Capital and liquidity

CET1 ratio remained robust – capacity to support the recovery



## CET 1 ratio<sup>1</sup>



## Capital progression

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
CET1 capital <sup>1</sup> , Rbn	154	164	167	168	164
Risk weighted asset, Rbn	1 100	1 274	1 325	1 274	1 229
CET1 ratio <sup>1</sup> , %	14.0	12.9	12.6	13.2	13.3
NSFR <sup>4</sup> , %	120	117	122	124	125
LCR <sup>5</sup> , %	138	142	136	146	135

<sup>1</sup> Including unappropriated profits and IFRS 9 transitional impact  
<sup>2</sup> Dividend paid related to FY19 final dividend paid in April 2020

<sup>3</sup> Foreign Currency Translation Reserve  
<sup>4</sup> Net stable funding ratio

<sup>5</sup> Liquidity coverage ratio

## Key takeouts

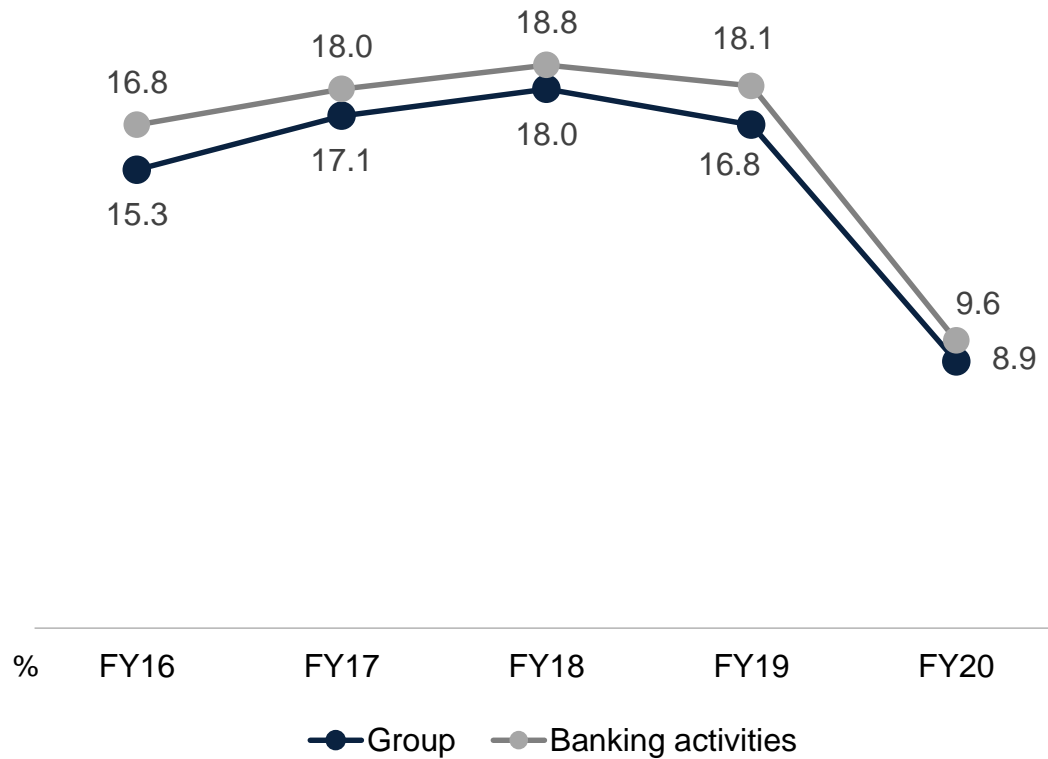
- CET1 ratio absorbed:
  - FY19 final dividend paid in April 2020
  - 12% increase in RWA
- Profit for the period is net of headline adjustable items
- Other includes FCTR<sup>3</sup> and other reserve movements
- RWA increased 20% in 1H20 due to growth in client exposures, client ratings migrations and ZAR weakness
- RWA declined 7% in 2H20 due to ZAR strength relative to 1H20 and a decline in CIB exposures

# Return and dividend

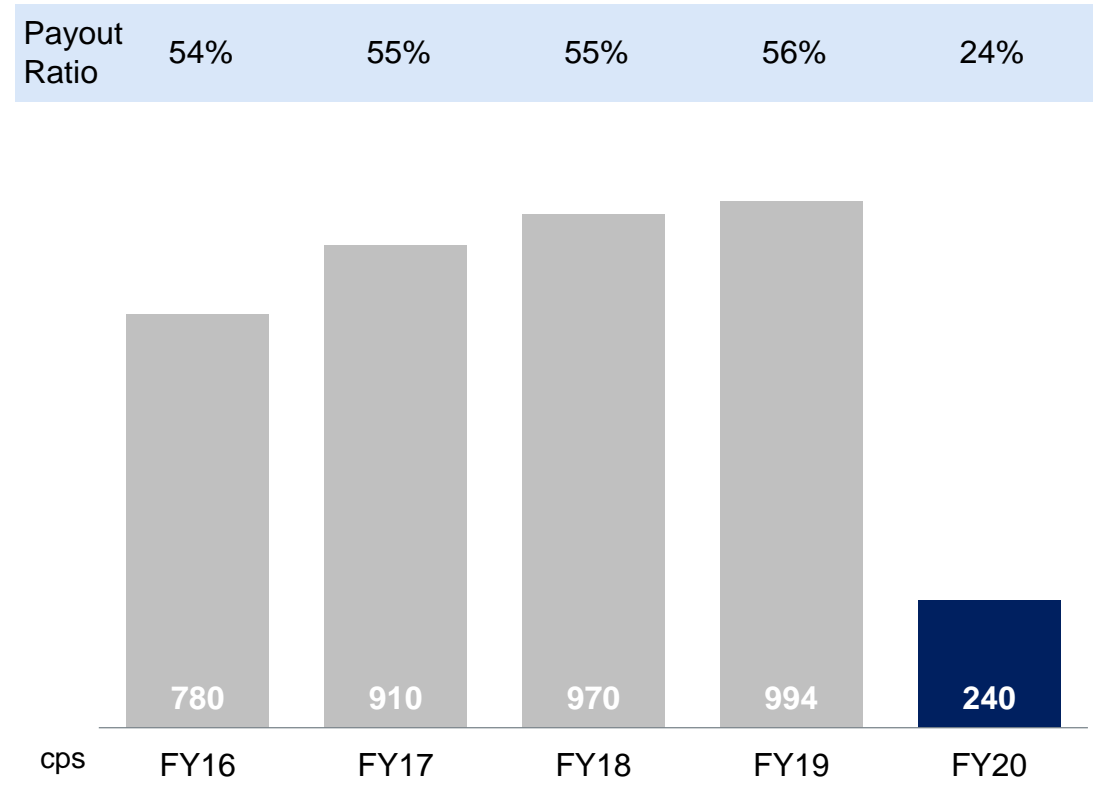
Lower earnings a significant drag on ROE, lower payout deemed appropriate at this stage



## Return on equity



## Dividend per share



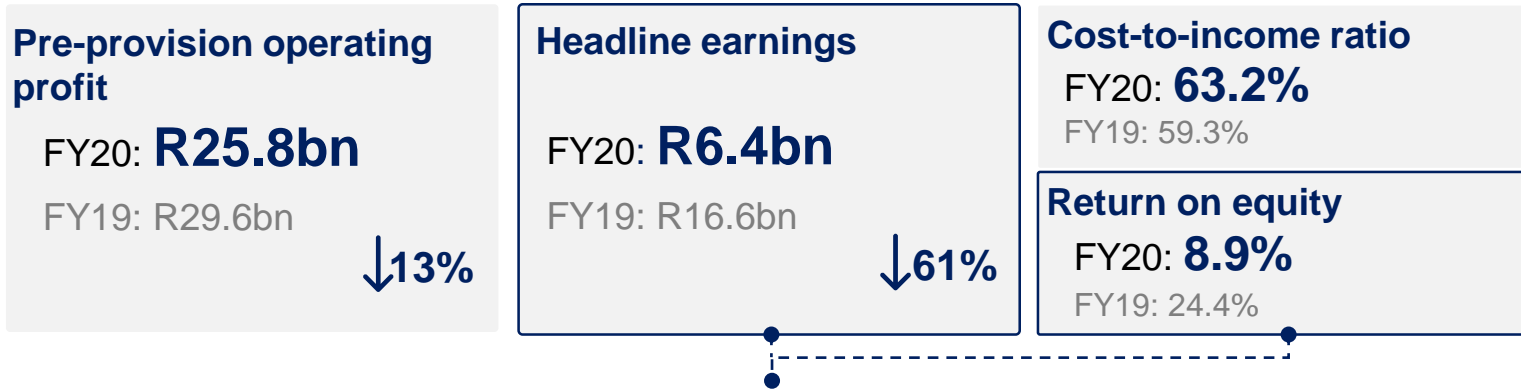
Payout Ratio	FY16	FY17	FY18	FY19	FY20
	54%	55%	55%	56%	24%



# BUSINESS UNIT & REGIONAL PERFORMANCE

# Personal and Business Banking

Performance adversely impacted by lower rates and activity and higher impairment charges



## Key takeouts

### South Africa

- Impacted by negative endowment, lower transactional volumes and high impairment charges

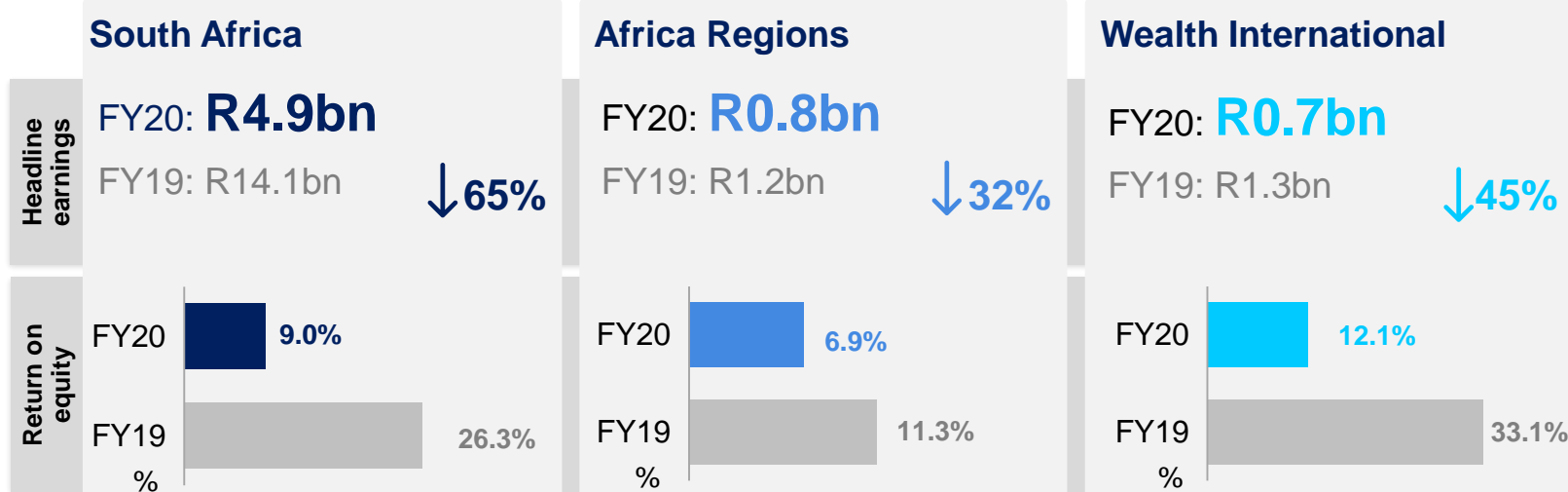
### Africa Regions

- Declined as impairment charges more than offset ongoing franchise-driven revenue growth and sub-inflationary cost growth

### International

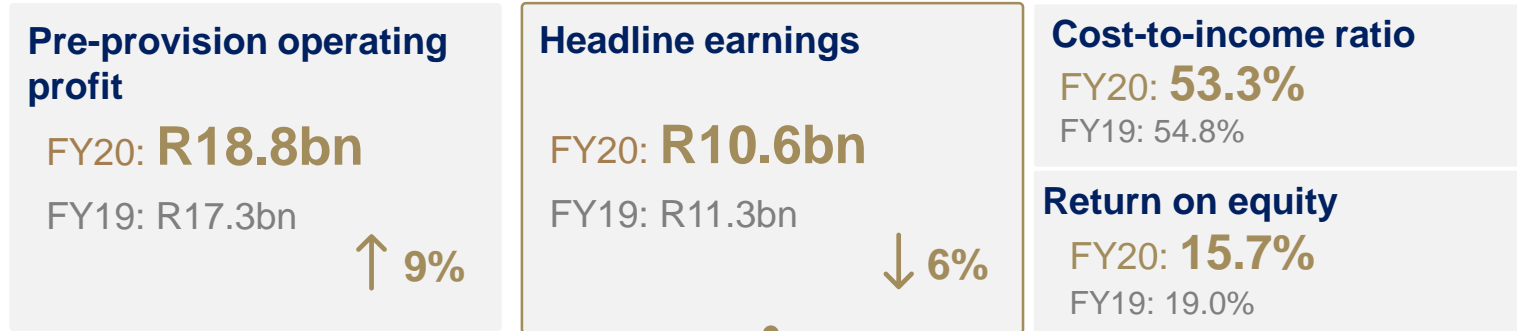
- Declined due to lower average UK and US interest rates

## Geographic Split



# Corporate and Investment Banking

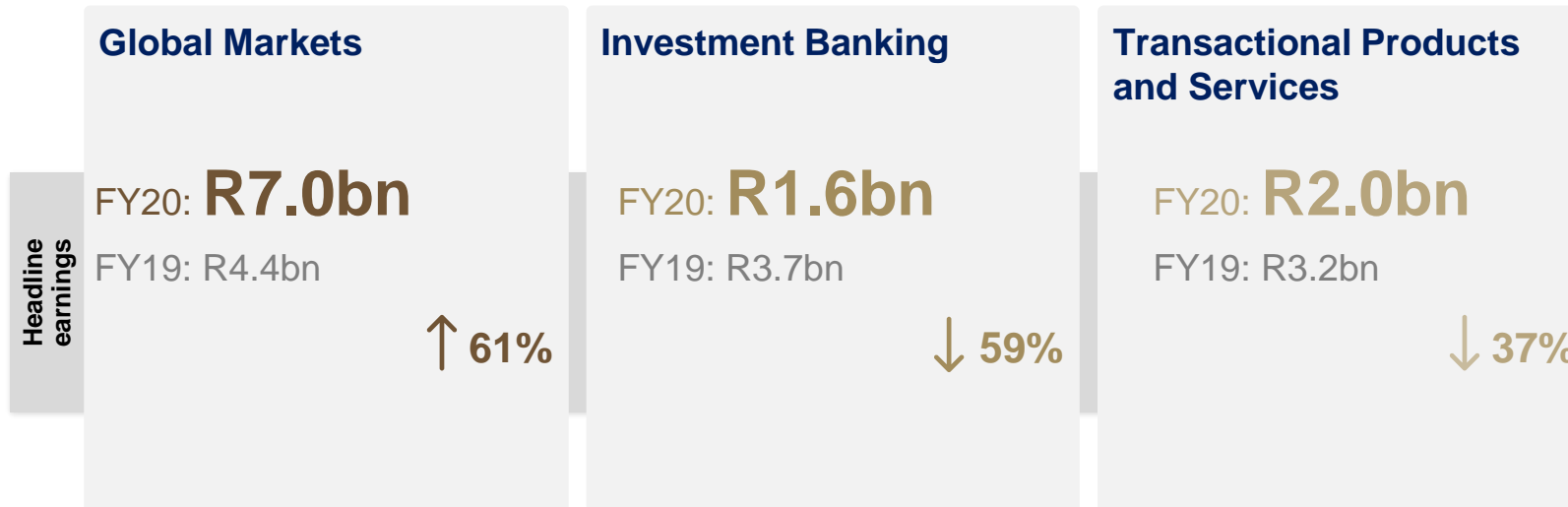
Resilient performance underpinned by diversification and strength of the client franchise



## Key takeouts

- **Global Markets**
  - Strong trading performance driven by client flows on the back of market volatility
- **Investment Banking**
  - Adverse macroeconomic environment drove higher impairments
  - Equity investment portfolio write-downs
- **Transactional Products and Services**
  - Negative endowment and competitive pressure affected margins
  - Regulatory headwinds, particularly in Kenya and Nigeria
  - Flight to quality boosted liabilities

## Product split



Headline earnings

# Business unit performance

Covid-19 impacted both business units, but CIB shielded somewhat by strong trading performance



	PBB 2020 Rbn	Change %	CIB 2020 Rbn	Change %
Net interest income	42.2	(4)	19.5	0
Non-interest revenue	27.9	(3)	20.7	10
<b>Total income</b>	<b>70.1</b>	<b>(4)</b>	<b>40.2</b>	<b>5</b>
Operating expenses	(44.3)	3	(21.4)	2
<b>Pre-provision profit</b>	<b>25.8</b>	<b>(13)</b>	<b>18.8</b>	<b>9</b>
Credit impairment charges	(15.9)	>100	(4.2)	>100
<b>Headline earnings</b>	<b>6.4</b>	<b>(61)</b>	<b>10.6</b>	<b>(6)</b>
Net interest margin, bps	537		209	
Credit loss ratio, bps	213		59	
Cost-to-income ratio, %	63.2		53.3	
Jaws, bps	(630)		294	
ROE, %	8.9		15.7	

## Key takeouts

### Personal & Business Banking

- Revenue pressure emanating from lower margins and activity levels
- Sub-inflationary costs growth
- Impairment charges elevated

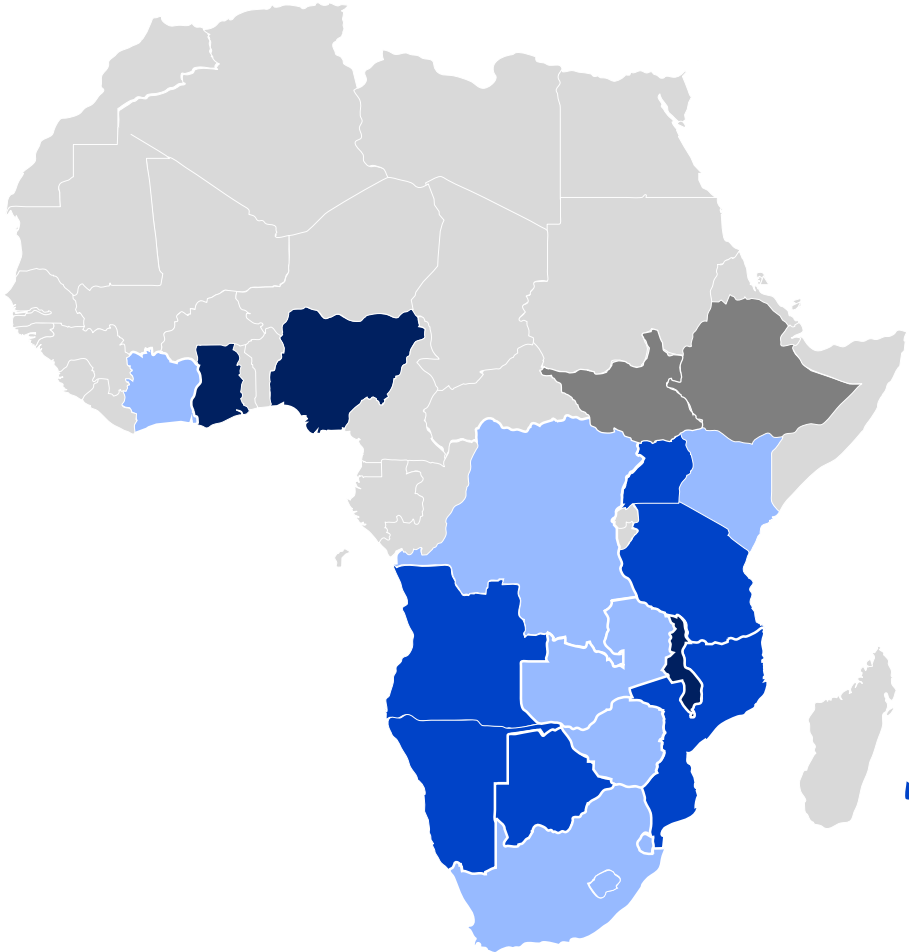
### Corporate & Investment Banking

- Resilient performance underpinned by diversification and strength of the client franchise
- Continued focus on multinationals and leveraging regional relationships
- Exceptional performance by Global Markets; particularly in Africa Regions



# Regional performance

Africa Regions cushioned a weak performance by SBSA



**SBSA**  
**Africa Regions**  
 East Africa<sup>1</sup>  
 South and Central Africa<sup>2</sup>  
 West Africa<sup>3</sup>

	Headline earnings				Return on equity	
	FY20 Rbn	FY19 Rbn	Change %	Change CCY %	FY20 %	FY19 %
<b>SBSA</b>	<b>4.7</b>	<b>16.6</b>	<b>(72)</b>	<b>(72)</b>	<b>4.8</b>	<b>16.9</b>
<b>Africa Regions</b>	<b>9.2</b>	<b>8.4</b>	<b>9</b>	<b>4</b>	<b>18.8</b>	<b>20.7</b>
East Africa <sup>1</sup>	1.6	1.6	(1)	(12)	14.2	17.0
South and Central Africa <sup>2</sup>	3.6	3.5	2	(3)	14.0	20.7
West Africa <sup>3</sup>	4.0	3.3	22	21	23.0	23.1

- Strong performance
- Moderate performance
- Significantly disrupted performance
- Single representation / development phase

<sup>1</sup> Kenya, South Sudan, Tanzania, Uganda

<sup>2</sup> Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Zambia, Zimbabwe

<sup>3</sup> Angola, DRC, Ghana, Côte d'Ivoire, Nigeria

# Regional performance

SBSA – good cost management more than offset by credit and revenue pressures, Africa Regions - resilient



	SBSA 2020 Rbn	Change %	Africa Regions 2020 Rbn	Change %
Net interest income	39.5	(5)	20.3	5
Non-interest revenue	27.0	(10)	18.4	16
<b>Total income</b>	<b>66.5</b>	<b>(7)</b>	<b>38.7</b>	<b>10</b>
Operating expenses	(41.9)	(2)	(19.8)	9
<b>Pre-provision profit</b>	<b>24.6</b>	<b>(15)</b>	<b>18.9</b>	<b>12</b>
Credit impairment charges	(17.1)	>100	(3.0)	36
<b>Headline earnings</b>	<b>4.7</b>	<b>(72)</b>	<b>9.2</b>	<b>9</b>
Credit loss ratio, bps	148		117	
Cost-to-income ratio, %	63.4		51.0	
Jaws, bps	(518)		168	
ROE, %	4.8		18.8	

## Key takeouts

### SBSA

- Decrease in NII mainly driven by the negative endowment, partially offset by growth in average loans and liabilities
- Lower NIR driven by lower transactional volumes and customer spend, coupled with the impact of equity valuation losses
- Lower operating expenses from conscious costs management, partly offset by increased IT spend and costs to enable employees to work remotely
- Credit impairments charges were 3.0x FY19 as strengthened provisions

### Africa Regions

- Strong balance sheet growth driven by successful client acquisition strategy
- Trading revenue underpinned by client activity during significant market volatility
- ROE declined as a result of additional capital charges related to higher credit risk and regulatory charges

# Liberty

Adversely impacted by Covid-19 – significant pandemic provision raised



	FY20 Rm	FY19 Rm	Change %
South African Insurance Operations	689	1 986	(65)
STANLIB South Africa	466	460	1
Africa Regions	21	54	(61)
Other	(548)	(299)	83
<b>Normalised operating earnings</b>	<b>628</b>	<b>2 201</b>	<b>(71)</b>
Covid-19 pandemic reserve	(2 227)	-	(100)
Shareholder Investment Portfolio (SIP)	27	1 004	(97)
<b>Normalised headline (loss) / earnings</b>	<b>(1 572)</b>	<b>3 205</b>	<b>(&gt;100)</b>
IFRS adjustments	33	49	(33)
<b>IFRS headline (loss) / earnings</b>	<b>(1 539)</b>	<b>3 254</b>	<b>(&gt;100)</b>
SBG share of IFRS headline earnings	(880)	1 847	(>100)
Treasury share adjustment <sup>1</sup>	229	8	>100
<b>Headline (loss) / earnings attrib. to SBG</b>	<b>(651)</b>	<b>1 855</b>	<b>(&gt;100)</b>

## Key takeouts

- Liberty's operations remain financially sound and well capitalised, with the Solvency Capital Requirement cover ratio of 1.81 times
- SA Insurance Operations decrease driven by:
  - Higher mortality and morbidity claims
  - Lower new business volumes
  - Unanticipated Covid-19 related costs
  - Partly offset by a positive investment variance off the annuity book
- STANLIB saw net client inflows
- Other decreases driven by:
  - Pandemic reserve to cover an expected increase in mortality and retrenchment claims
  - SIP was negatively impacted by market performance in 1H20 but recovered in 2H20

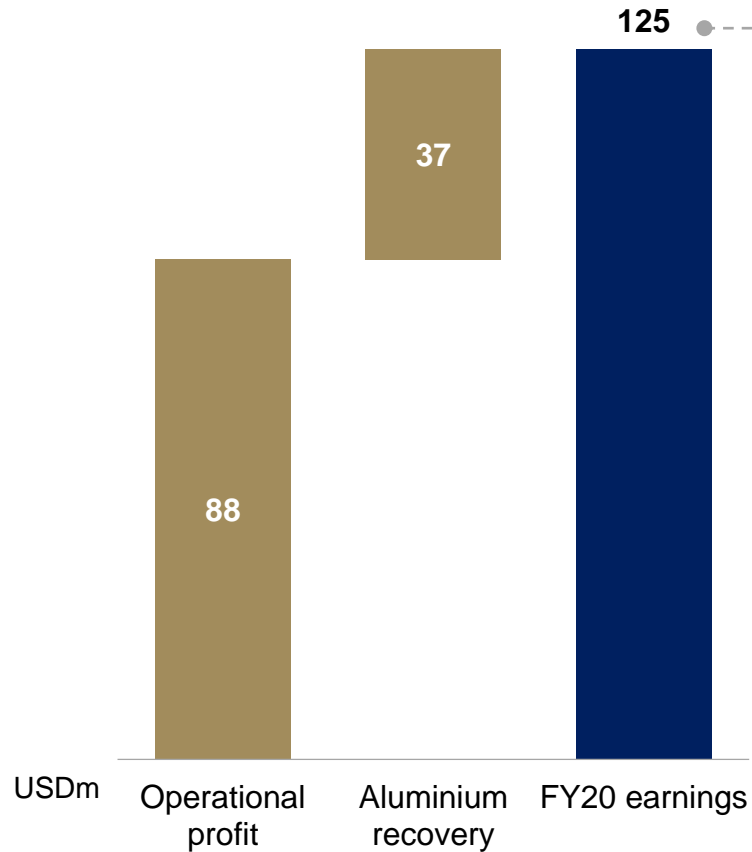
<sup>1</sup> Driven by change in SBK share price and number of shares. Share price as at 31 December 2019, R168.32, and as at 31 December 2020, R127.08

# ICBC Standard Bank Plc

Much improved outcome relative to FY19



## ICBCS FY20 performance



## SBG's share of earnings / (losses)

	FY20	FY19
<b>ICBCS earnings / (loss), USDm</b>	<b>125</b>	<b>(248)</b>
@ % stake	40%	40%
<b>SBG attributable earnings / (loss), USDm</b>	<b>50</b>	<b>(99)</b>
ZAR/USD <sup>1</sup>	17.6	14.6
<b>SBG attributable earnings / (loss), Rm</b>	<b>881</b>	<b>(1 447)</b>

## Key takeouts

- Operational profit underpinned by:
  - Strong underlying trading performance
  - Strong client flow volumes during the period of market volatility
  - Lower costs driven by lower headcount and lower operating costs following certain regional office and business line closures
- Aluminium recovery following the finalisation of an insurance claim related to the aluminium-related losses, incurred in Qingdao in FY15
- FY19 included a single name client loss

<sup>1</sup> Represents the effective year-to-date exchange rate from converting monthly ICBCS results to ZAR



# LOOKING FORWARD – RECOVERY

# FY21 key performance considerations

Recovery expected to be bumpy and take some time - may experience setbacks along the way



## Known positives

- Vaccine rollout underway
- Considerable stimulus unlikely to be withdrawn in short term
- Global recovery expected – led by China
- Digital adoption accelerated
- Pandemic-driven heightened awareness of society's dependence on the environment



## Known negatives

- Africa's vaccine rollout likely to take some time – countries face access & logistics issues
- Sovereign weaknesses exposed and exacerbated
- Social and economic inequalities widened
- Rates lower for longer



## Known unknowns

- Timing and extent of further waves and lockdown disruptions to activity
- Long-term physical and mental health impacts of the virus
- Efficacy of vaccines against new variants

# 2021 outlook

Performance subject to the timing and pace of the recovery



## Key drivers

<b>Net interest margin</b>	Stabilise, at levels similar to 2H20
<b>Cost growth</b>	Sub-inflationary target <sup>1</sup>
<b>Credit loss ratio</b>	Below FY20 but remain above TTC <sup>2</sup> range
<b>Group HE growth</b>	Positive
<b>ROE</b>	Higher than FY20
<b>Dividend</b>	Higher than FY20

<sup>1</sup> Based on weighted-average inflation across the group

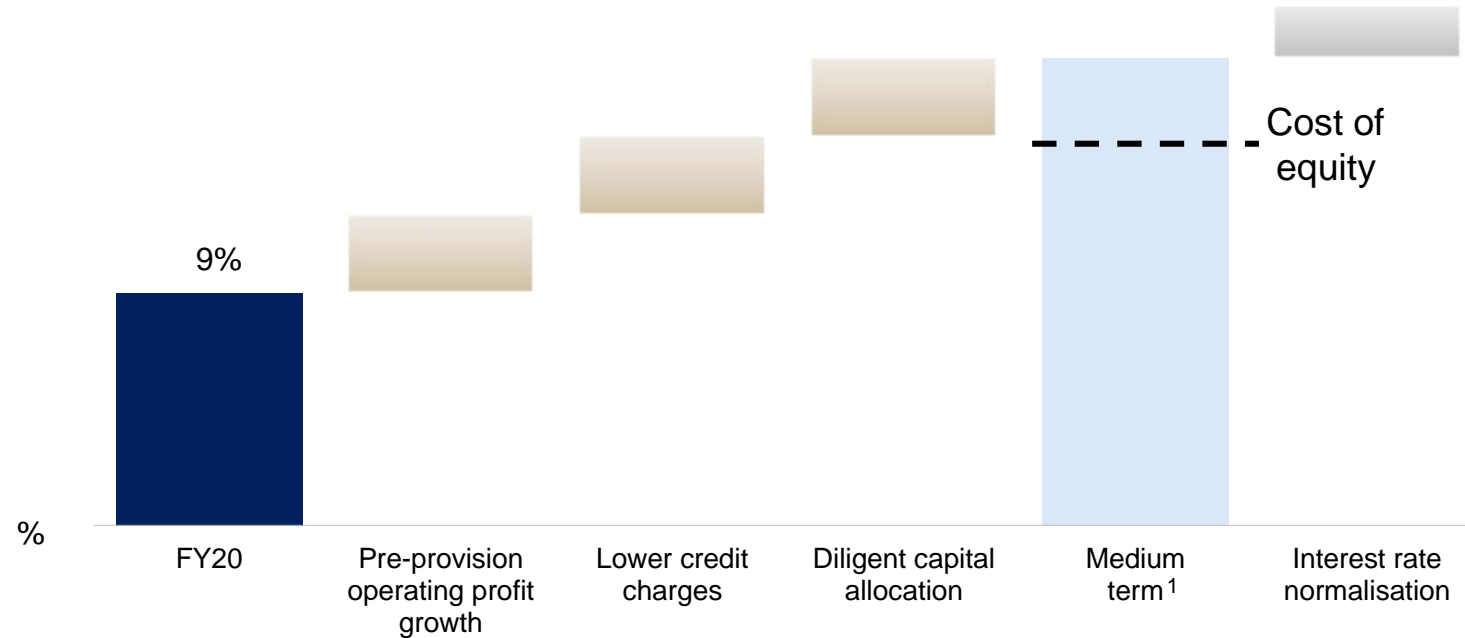
<sup>2</sup> Through-the-cycle

# ROE recovery

Management actions required to deliver ROE > COE over the medium term<sup>1</sup>



## Illustrative drivers of ROE recovery



<sup>1</sup> Medium term is 3-4 years

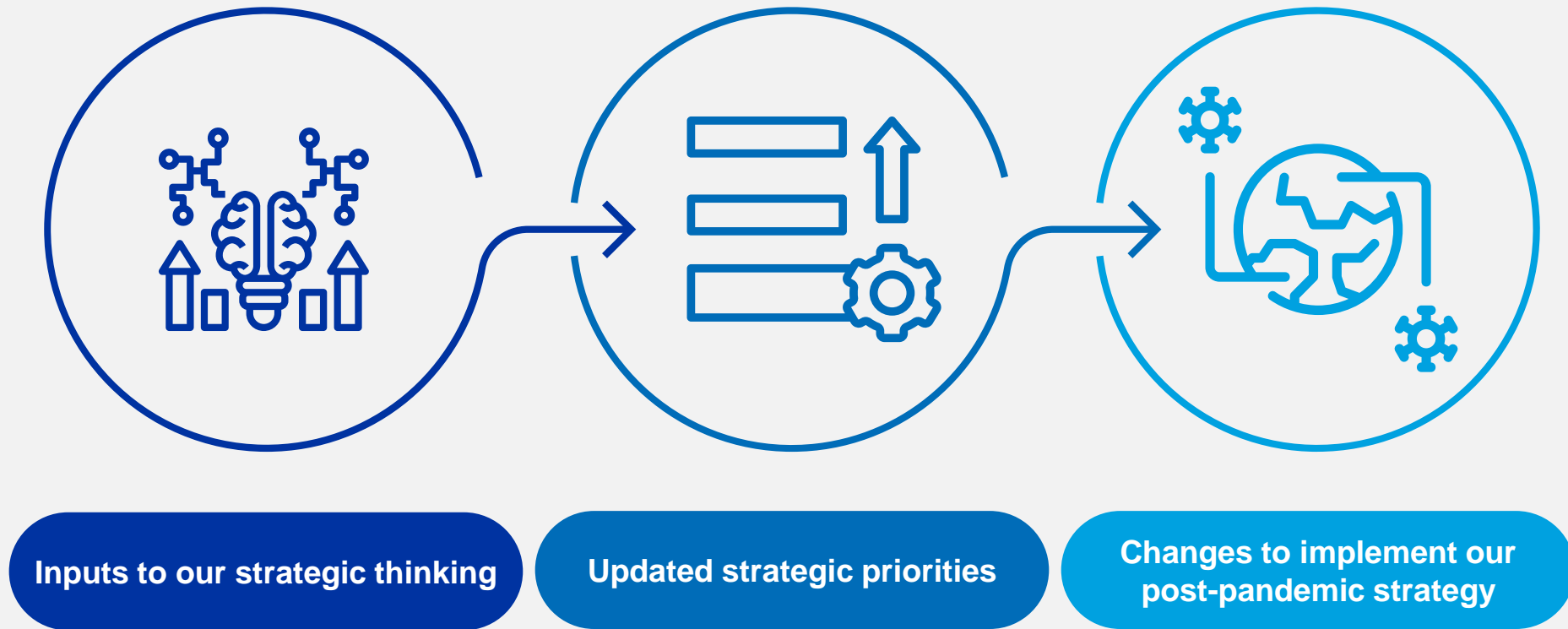
**Will provide updated medium-term targets at Investor Update in 3Q21**





**LOOKING FORWARD  
– RE-IMAGINING THE  
GROUP**

# Looking toward the post-pandemic world

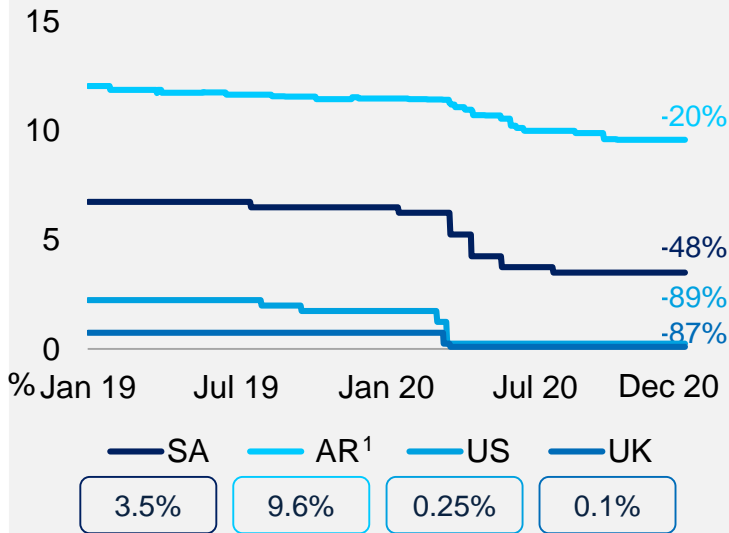


# Current trends impacting our business



## Interest rates expected to remain lower for longer

Interest rate evolution



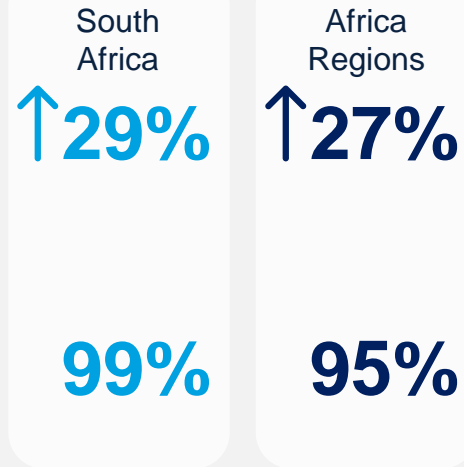
### SBG's response



- Grow capital-light revenue streams
- Increasingly allocate capital to higher growth clients, sectors and countries

## Digital channels increasingly becoming a customer norm

Digital transaction volumes



% digital transaction volumes

### SBG's response



- Ongoing investment to meet client expectations
- Partner to broaden our offering

## Increased focus on sustainable solutions

SBG Sustainable Finance transactions

Sustainable Finance raised

**21%**

% of total group funding raised

Quantum raised (USDm)

**385**

Green Bonds arranged

**36%**

% of total green bonds issued in sub-Saharan Africa

Quantum arranged (USDm)

**200**

### SBG's response



- Partner our clients in their sustainable transition
- Transparency and reporting of the group's activities

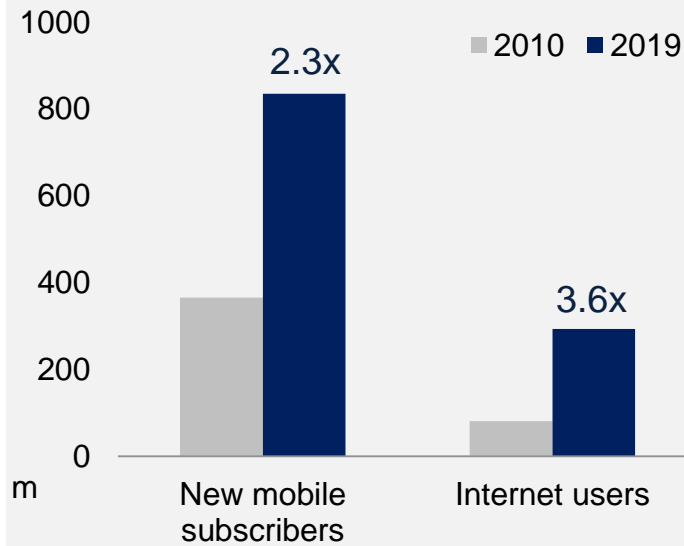
<sup>1</sup> Weighted average of interest rates of Africa Regions presence countries excluding Zimbabwe, South Sudan, Côte d'Ivoire and Ethiopia

# Medium and long-term African trends shaping our strategy



## Technology deepening

Africa mobile and internet user growth



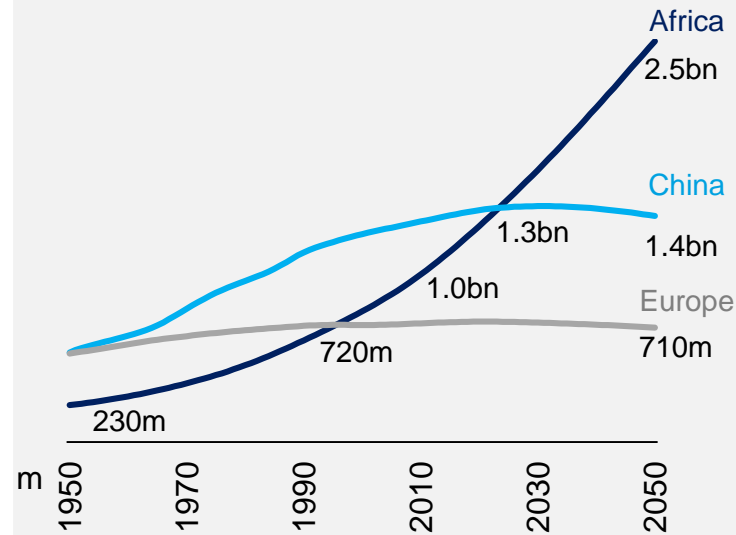
### SBG's response



Digital 1<sup>st</sup> solutions  
Exceptional client experience

## Demographics changing

Population growth



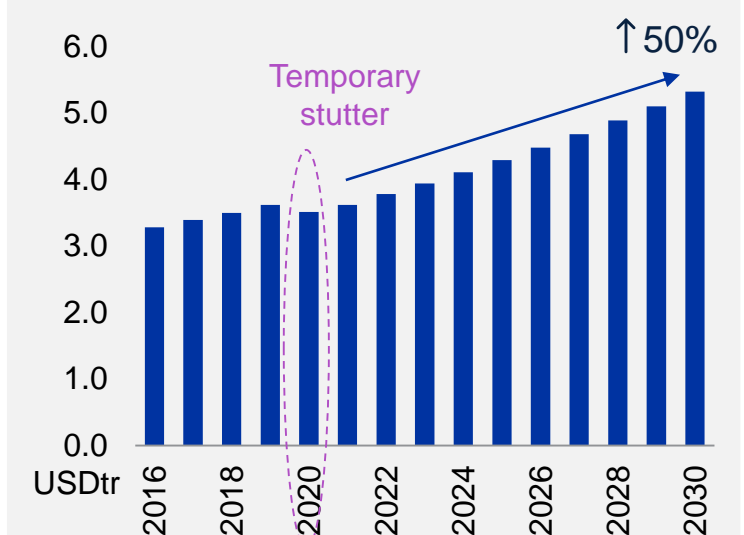
### SBG's response



Africa-focused strategy  
On-the-ground, local expertise in 20 countries in sub-Saharan Africa and 7 key international markets

## Consumer spending rising

Africa total consumer spending (PPP)



### SBG's response



Partner individuals and businesses to drive Africa's growth

# Committed to sustainable and inclusive development



## Standard Bank Group impact areas



## Relevant UN SDGs



## Key takeouts

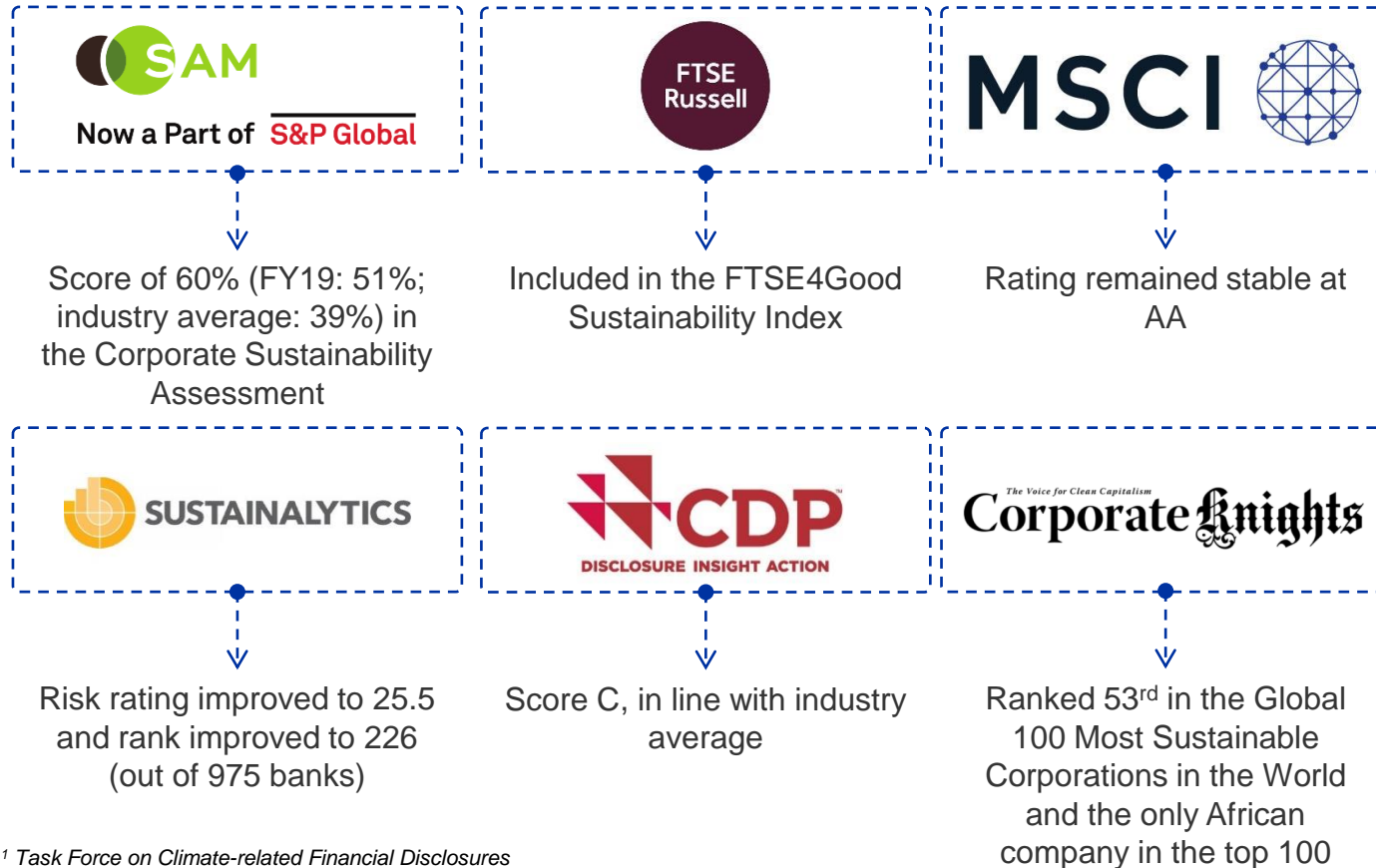
- Underpinned by our purpose to drive Africa's growth
- Committed to Africa's transition to a low carbon economy, while balancing the need to address energy poverty
- Aligning our business with the intentions and purpose of the Paris Agreement, relevant SDGs<sup>1</sup> and UN Principles for Responsible Banking commitments
- Embedding ESG into our day-to-day operations
  - Adopted revised ESG risk framework, which addresses social, environmental and climate-related risk
  - Integrated into Group enterprise risk management framework
  - ESG risk assessed at multiple points in the transaction process
  - ESG Board training
- Increasing transparency and reporting

<sup>1</sup> United Nations Sustainable Development Goals

# Improving transparency and reporting on sustainability



## ESG performance



## Key takeouts

- Publish a comprehensive suite of reports
  - ESG Report
  - Report to Society
  - SBSA Transformation Report
- Published during the year
  - Interim TCFD<sup>1</sup> Report (comprehensive report included in ESG Report going forward)
  - Fossil Fuel Policy
  - Sustainable Bonds Framework
- Participating in UNEP FI's<sup>2</sup> TCFD Banking Pilot Projects
- Working with BASA<sup>3</sup> and NBI<sup>4</sup> to enhance our data on climate risk
- Leader in Sustainable Finance on the continent and leading Green Bond arranger and issuer in South Africa
- Rated level 1 under the Financial Sector Code in SA for fourth consecutive year

<sup>1</sup> Task Force on Climate-related Financial Disclosures  
<sup>2</sup> United Nations Environment Programme Finance Initiative  
<sup>3</sup> Banking Association of South Africa  
<sup>4</sup> National Business Initiative

# Updated our strategic priorities



**Our purpose:**  
*Why we exist*

## Africa is our home, we drive her growth

**Our strategic priorities:**  
*What we need to do to deliver our purpose*

Transform client experience

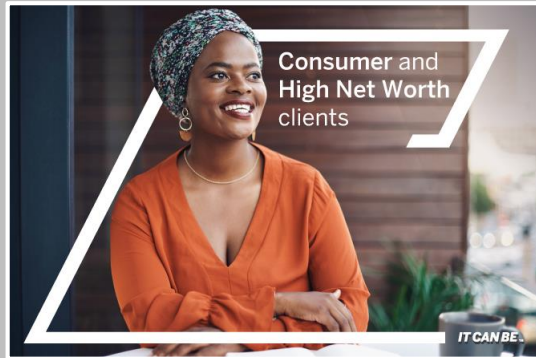
Execute with excellence

Drive sustainable growth and value

# Changes to the way we serve our clients



← • Client Segments • →



**CLIENT SOLUTIONS**

**ENGINEERING**

**INNOVATION**




# Immediate and medium-term priorities





Managing uncertainties and supporting the recovery



## Our immediate priorities for 2021 are to:

-  Keep our employees safe, healthy, connected and motivated, and then return to more normal ways of working as soon as safely possible, while retaining the new capacities, faster pace and increased flexibility we developed in 2020
-  Support our clients as they recover, rebuild and explore new opportunities
-  Continue to transform client experience and improve operational efficiency

## Over the medium term, we will continue to:

-  Ensure that we offer our clients a comprehensive range of financial solutions, increasingly supplemented by ancillary and additional services
-  Execute with excellence using technology and data to better serve and protect our clients, reduce costs and scale our businesses
-  Generate market-beating, sustainable returns for our investors
-  Create economic, social and environmental value for the communities and countries where we do business, making Africa – our home – a better place for everyone who lives here

# Disclaimer – Forward looking statements



The Group may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, expectations, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, the impact of the COVID-19 pandemic on Standard Bank Group's business, results of operations, financial condition and liquidity and statements regarding the effectiveness of any actions taken by the Group to address or limit any impact of COVID-19 on its business; statements regarding exchange rate fluctuations, volume growth, increases in market share, cost reductions, and business performance outlook.

By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.



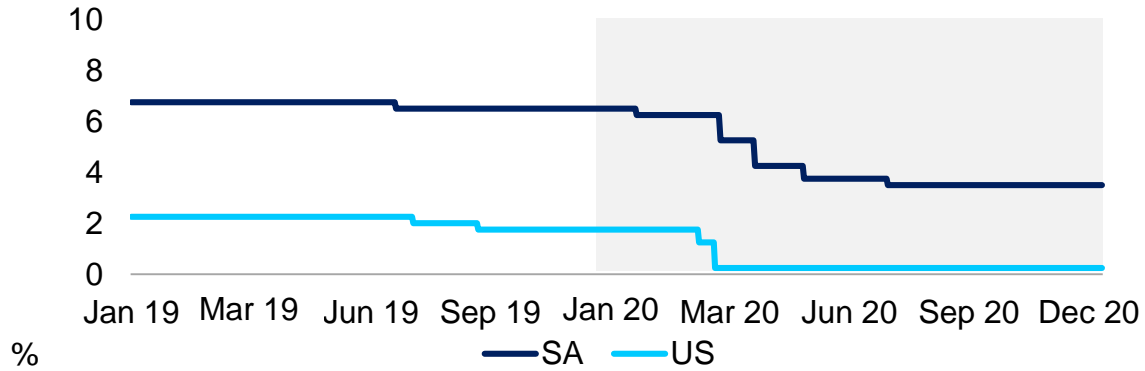
# APPENDIX I: GROUP FINANCIAL ANALYSIS

# Interest rates

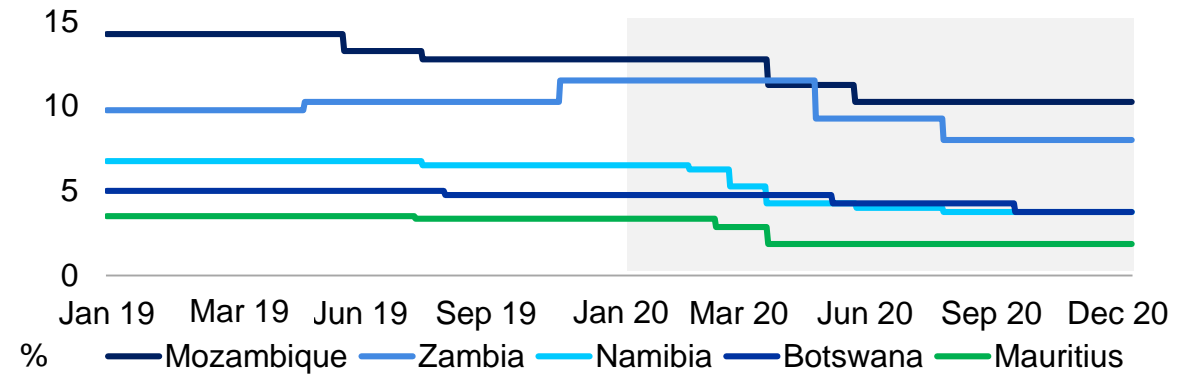
Average interest rates lower in all countries except Angola



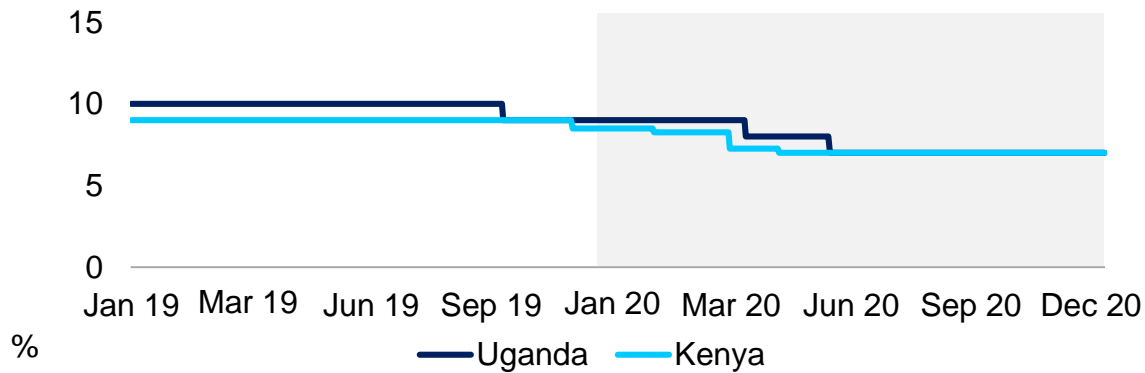
### South Africa and International



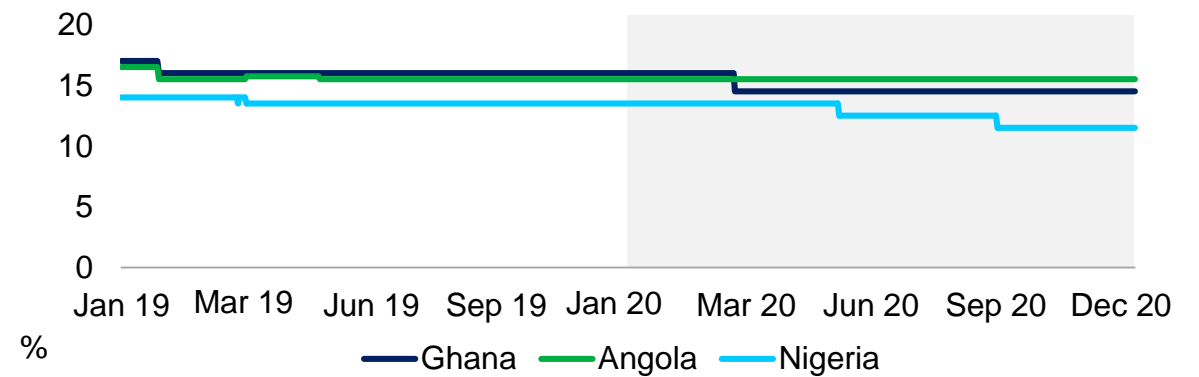
### South and Central Africa



### East Africa



### West Africa



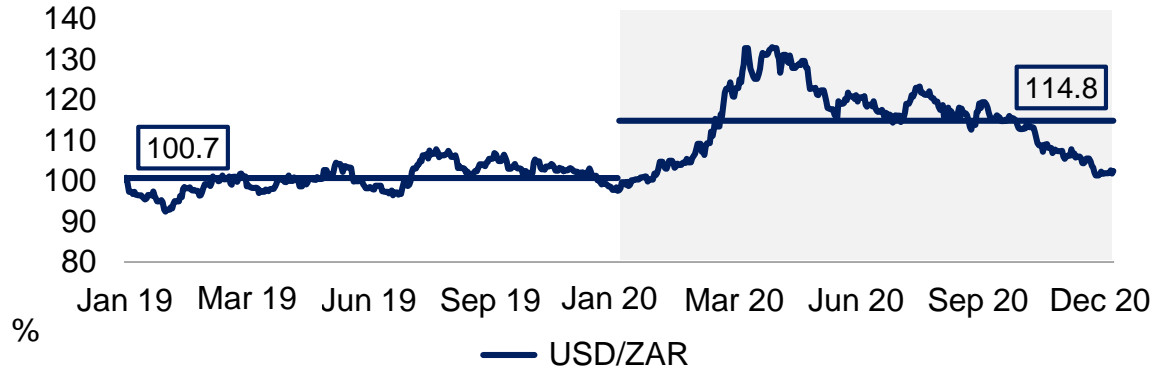
Source: Bloomberg

# Forex rates

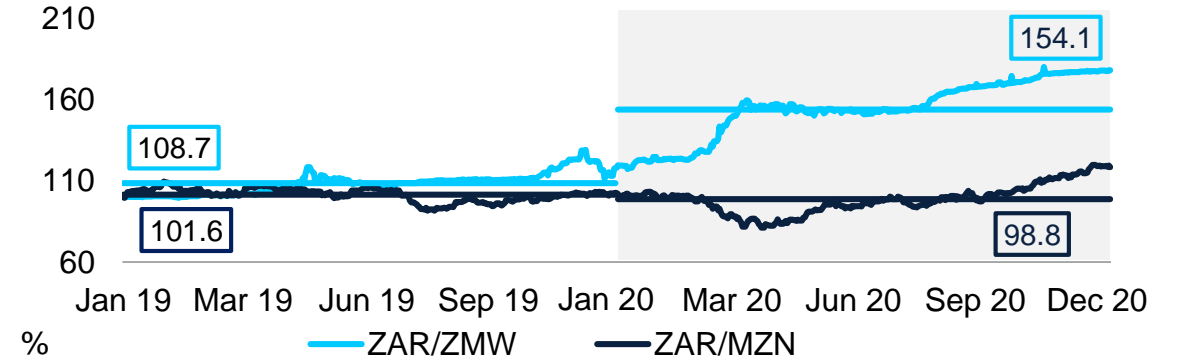
On average, ZAR weaker relative to USD, AOA and ZMW weaker relative to ZAR



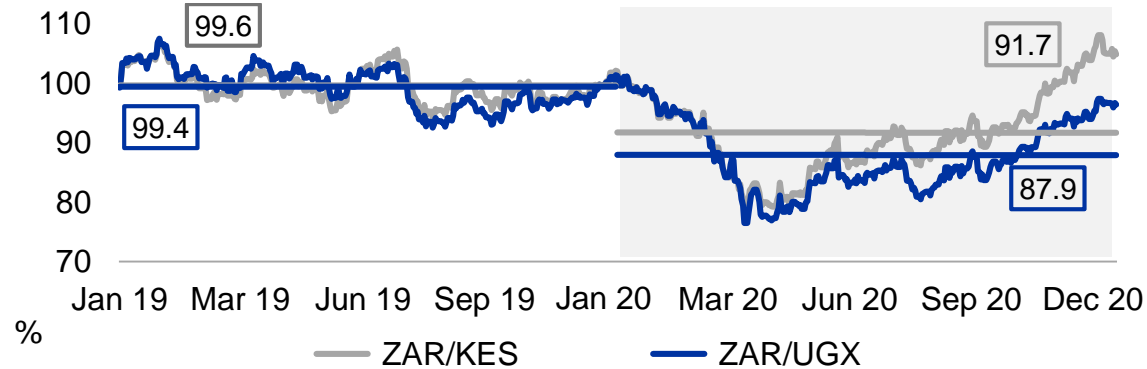
## South Africa and International



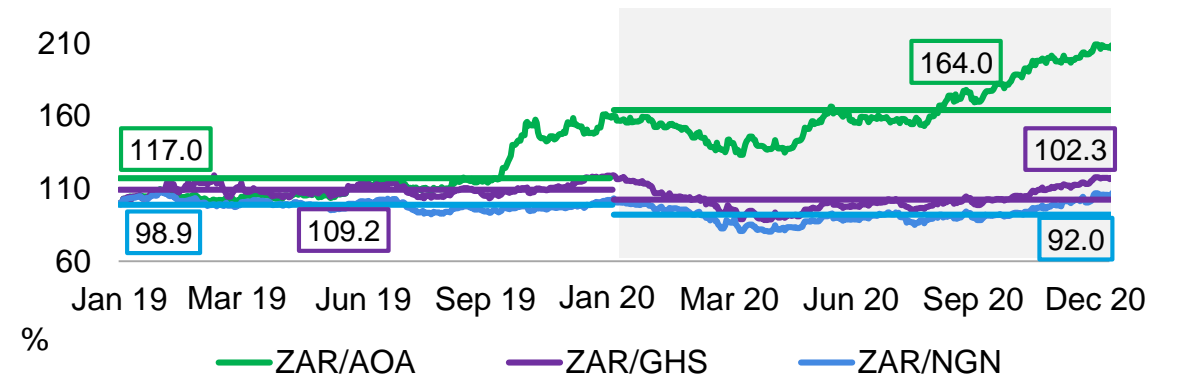
## South and Central Africa



## East Africa



## West Africa



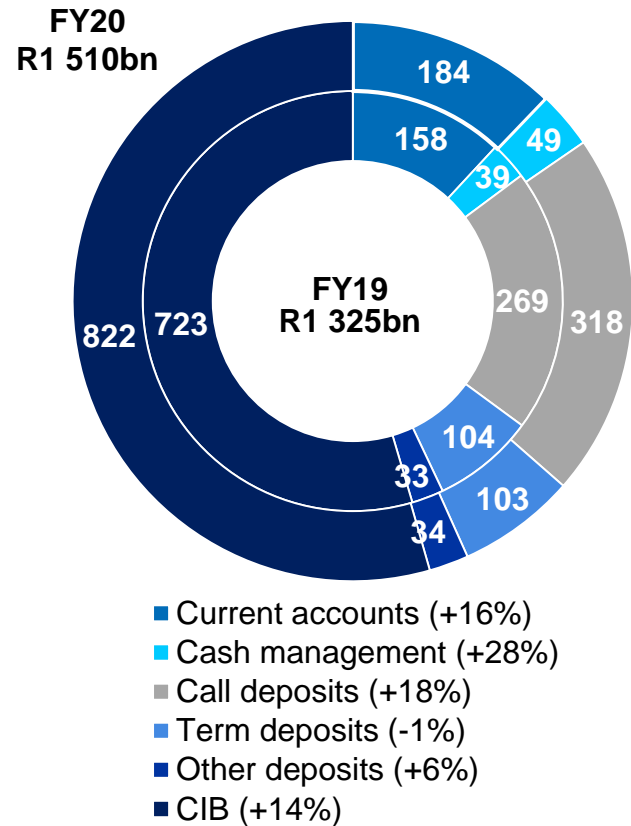
Source: Bloomberg, rates have been rebased to reflect movement since 1 January 2019, straight lines represent the average rebased rates for the respective 12-month periods

# Deposits from customers

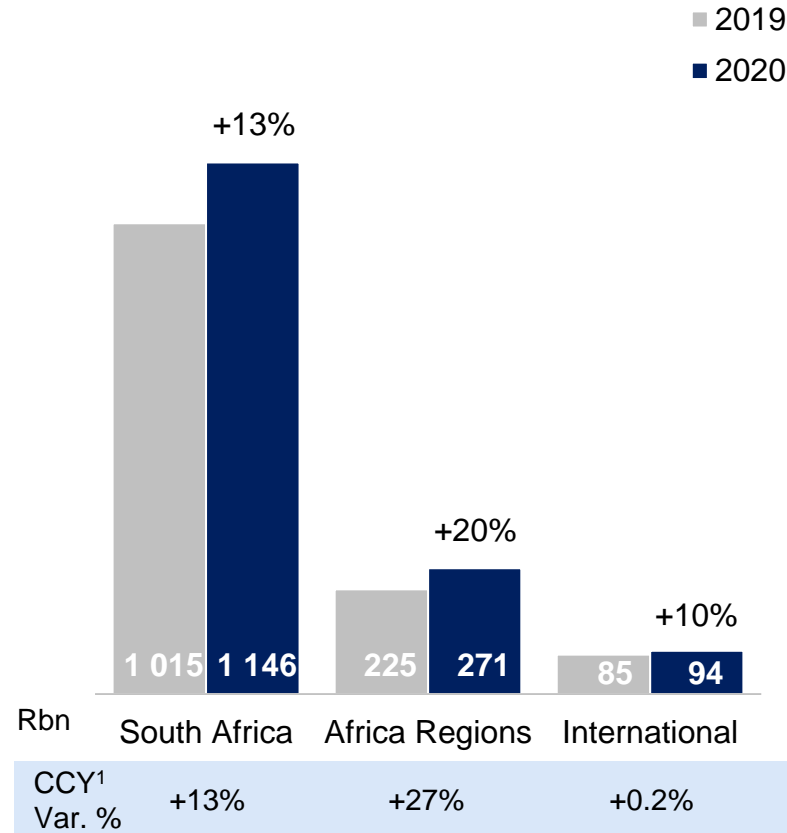
14% year-on-year deposit growth attributable to franchise growth and flight to quality



## Deposits from customers by product



## Deposits from customers by geography



## Key takeouts

- Growth due to subdued client spend and conscientious client liquidity management, given the uncertain environment, particularly in South Africa
- Strong growth in current and savings account balances in PBB Africa Regions continued
- Growth in CIB underpinned by increases in cash management and custody balances across the business
- International deposits grew in GBP

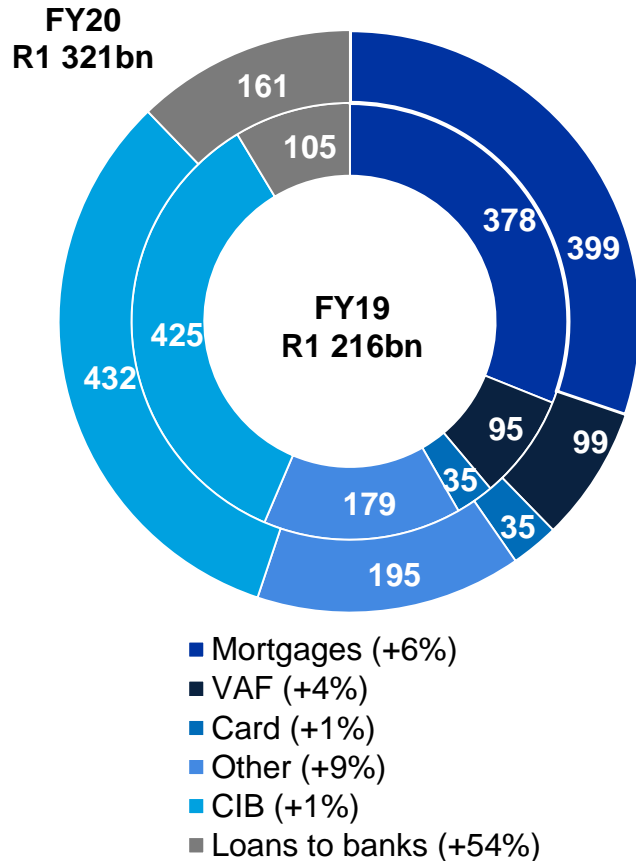
<sup>1</sup> Constant Currency

# Gross loans and advances

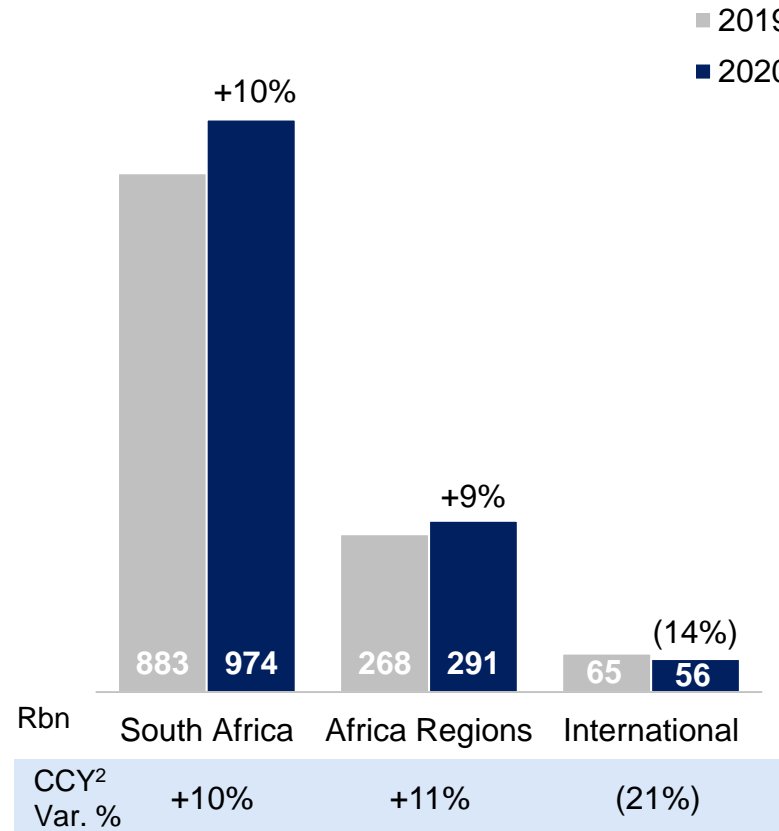
9% year-on-year growth driven by digital origination capabilities in PBB and loans to banks



## Gross loans to clients by product



## Gross loans to clients by geography



<sup>1</sup> Drawn balances totaled R7.1bn as at 31 December 2020

<sup>2</sup> Constant Currency

## Key takeouts

- Mortgage disbursements recovered from low levels in 1H20 to reach record levels in 2H20; fuelled by low interest rates
- Digital origination tools, available in South Africa and Africa Regions, drove the personal unsecured and business lending portfolio growth
- Business lending showed reasonable growth
  - In South Africa, the portfolio includes the South Africa Covid-19 loan guarantee scheme<sup>1</sup>
  - In Africa Regions, growth was driven by term lending and overdrafts
- Corporate book growth was limited as clients managed their debt levels and facilities down
- Excess liquidity was placed with banks

# Forward-looking economic expectations

IFRS 9 credit model parameters and scenarios



## Scenario weighting<sup>1</sup> and parameters

Base: 50% weight	Updated baseline scenario <sup>2</sup>	Jun-20 base scenario <sup>2</sup>		Dec-20 base scenario <sup>2</sup>		
		2020	2021-2024	2020	2021	2022-2024
Real GDP growth (annual, % change)	South Africa <sup>1</sup>	(8.5)	3.3	(7.0)	4.8	2.9
	Africa Regions <sup>3</sup>	(0.6)	6.2	(2.1)	3.6	4.6
Inflation (annual, %)	South Africa <sup>1</sup>	3.4	4.5	3.3	4.1	4.2
	Africa Regions <sup>3</sup>	8.2	7.5	8.4	8.5	7.0
Interest rate (%)	South Africa (prime rate) <sup>1</sup>	7.25	9.25	7.00	7.25	7.81
	Africa Regions (policy rate) <sup>3</sup>	8.71	8.67	9.22	8.90	8.30
Employment growth rate (%)	South Africa <sup>1</sup>	(2.6)	0.7	(3.3)	(0.0)	0.7

### Bull: 20% weight

Strong post-pandemic rebound driven by an efficient vaccine rollout programme. Structural reforms, higher levels of investment and a quicker recovery in consumer spending

### Bear: 30% weight

A more gradual economic recovery due to a slow vaccine rollout, successive Covid-19 waves and renewed restrictions and disruptions to economic activity. In South Africa, a lack of structural reforms places additional pressure on the fiscus

<sup>1</sup> Scenario weighting changed with updates to new macroeconomic assumptions as at 31 December 2020. SA scenario weighting was Base 55%, Bull 25% and Bear 20% as at 31 December 2019 (50%, 15%, 35% as at 30 June 2020)

<sup>2</sup> Full list of macroeconomic factors included in the Base, Bull and Bear scenarios are included in the FY20 financial analysis booklet

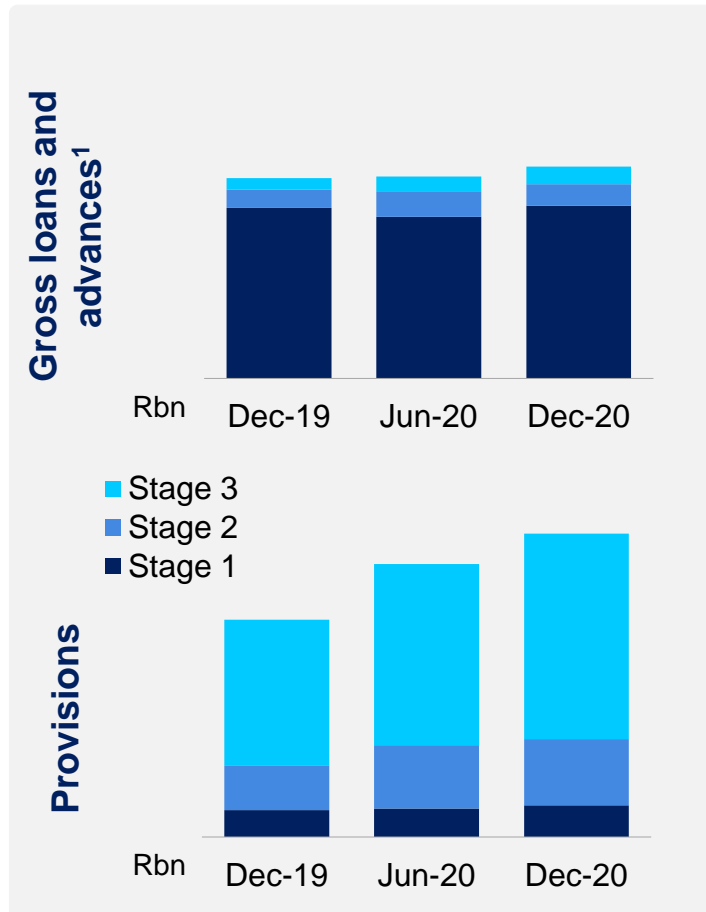
<sup>3</sup> Based on average, excluding Zimbabwe, Africa Regions scenario weightings set at a country level



# Gross loans and provisions – PBB South Africa<sup>1</sup>



Provisions increased faster than loans driving coverage higher



	Loans and advances, Rbn		
	Dec-19	Jun-20	Dec-20
Stage 3	34	44	52
Stage 2	54	76	64
Stage 1	507	480	514
<b>Total</b>	<b>595</b>	<b>600</b>	<b>630</b>

	Provisions, Rbn		
	Dec-19	Jun-20	Dec-20
Stage 3	17.0	21.2	24.0
Stage 2	5.2	7.4	7.8
Stage 1	3.2	3.3	3.7
<b>Total</b>	<b>25.4</b>	<b>31.9</b>	<b>35.5</b>

	Coverage, %		
	Dec-19	Jun-20	Dec-20
Stage 3	50.7	48.3	46.0
Stage 2	9.7	9.7	12.1
Stage 1	0.6	0.7	0.7
<b>Total</b>	<b>4.3</b>	<b>5.3</b>	<b>5.6</b>

- Deterioration reflected in higher stage 3 loans; including proactive transfers for example, in the case of loss of income, retrenchment claim or payment holiday extension requests

- Increase driven by protracted legal processes, job losses and payment holiday extension migration

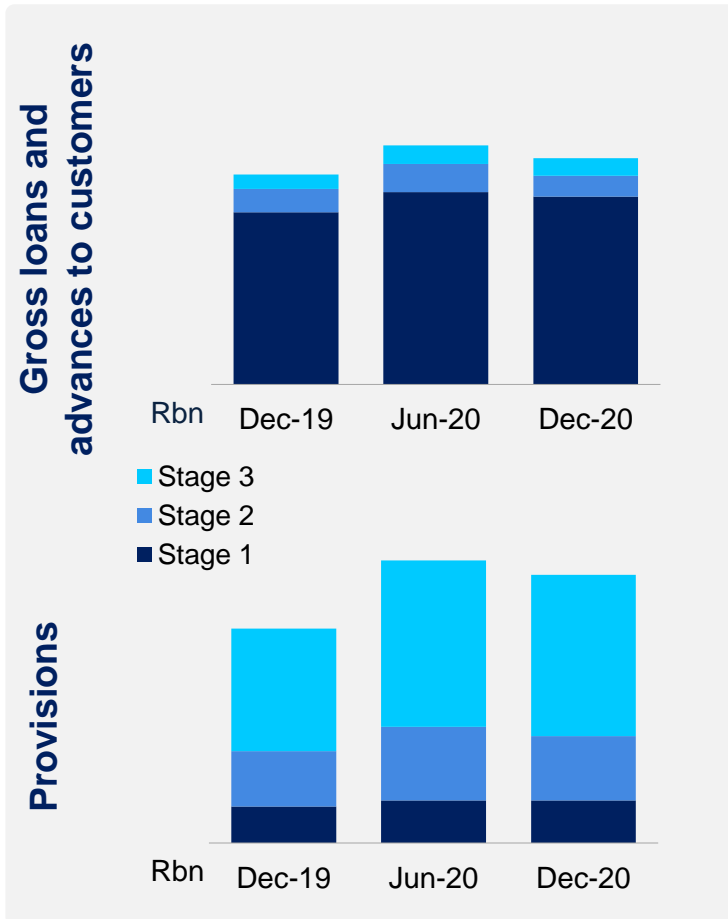
- Stage 3 coverage declined slightly due to a change in mix of the portfolio i.e. a higher proportion of secured loans (with underlying collateral) which require less coverage

- ~1.3% increase in overall coverage – well above the change recorded in the global financial crisis of ~1.0%

<sup>1</sup> Based on SBSA PBB gross loans and advances and provisions per pages 80-85 of the FY20 financial analysis booklet

# Gross loans and provisions – PBB Africa Regions

Portfolio growth and increased coverage



	Loans and advances, Rbn		
	Dec-19	Jun-20	Dec-20
Stage 3	5.3	6.8	6.6
Stage 2	8.7	10.5	7.7
Stage 1	64.0	71.5	69.8
<b>Total</b>	<b>78.0</b>	<b>88.8</b>	<b>84.1</b>

	Provisions, Rbn		
	Dec-19	Jun-20	Dec-20
Stage 3	2.5	3.4	3.3
Stage 2	1.1	1.5	1.3
Stage 1	0.8	0.9	0.9
<b>Total</b>	<b>4.4</b>	<b>5.8</b>	<b>5.5</b>

	Coverage, %		
	Dec-19	Jun-20	Dec-20
Stage 3	47.1	50.0	49.9
Stage 2	13.0	14.4	17.3
Stage 1	1.2	1.2	1.2
<b>Total</b>	<b>5.6</b>	<b>6.5</b>	<b>6.5</b>

- Balance sheet growth driven by personal unsecured
- ZAR weakness boosted growth in 1H20 and ZAR strength dampened growth in 2H20

- YOY increase driven principally by additional provisions raised for personal unsecured and business lending

- Stage 2 coverage increased as a result of mix changes between products and SIICR portfolio

- Coverage up relative to Dec-19 and maintained relative to Jun-20

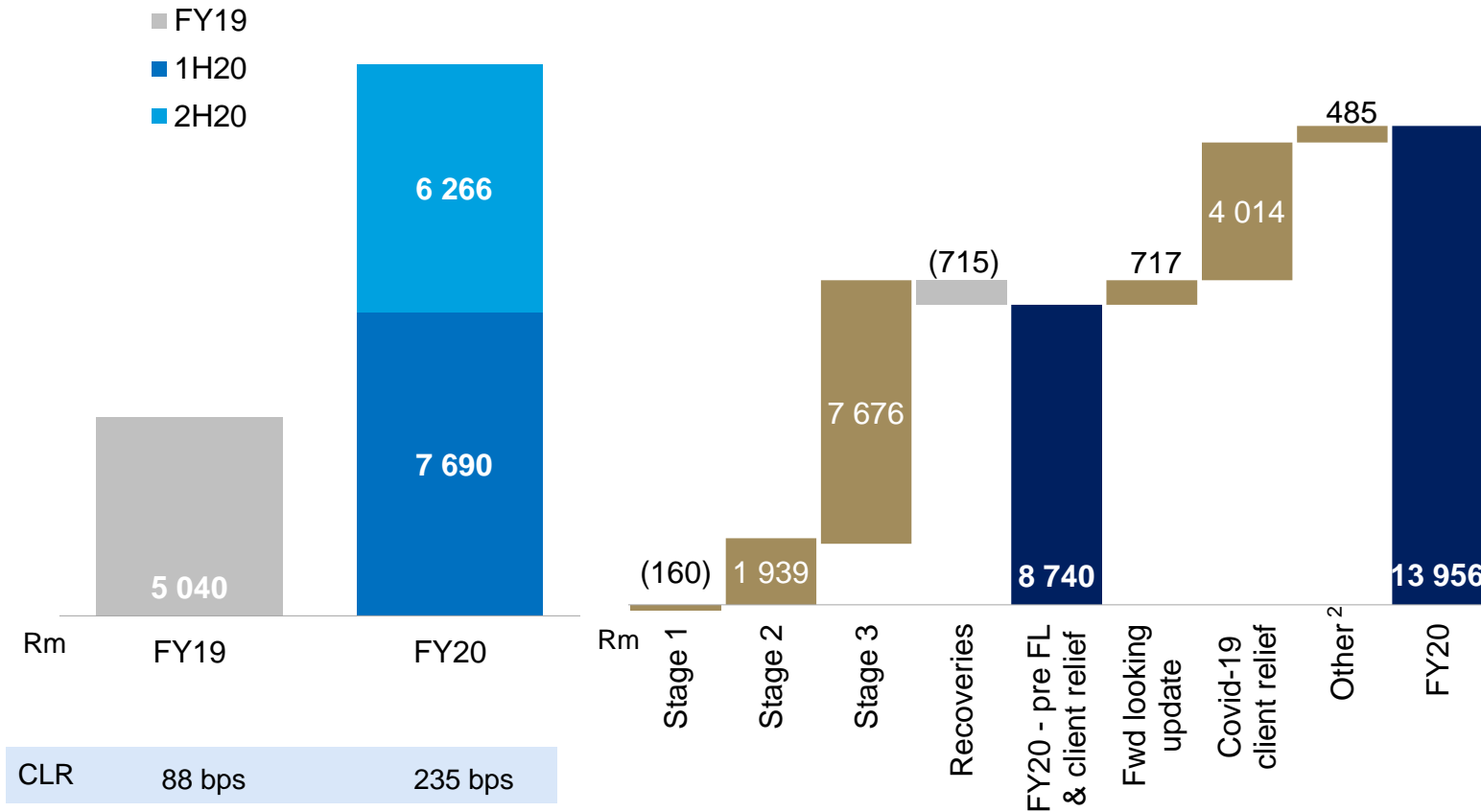
# Credit impairment charges – PBB South Africa

Increase driven by customer risk profiles and deteriorating outlook



## Credit impairment charges<sup>1</sup>

↑ 2.8x  
YOY



## Key takeouts

### HOH – charges lower in 2H20

- Accounts reclassified across stages based on customer risk profiles and assessed levels of distress, in line with SARB Directive 3
- Retrenchments and payment holiday extensions deemed distressed accounts and accelerated into stage 3
- Positive collection trends in 2H20 although still below pre-Covid levels and constrained by delays in the legal environment
- Strong performance observed in the expired payment holiday accounts
- Additional intuitive overlays raised for retrenchments, SA Covid-19 loan guarantee loans, potential PD & LGD deterioration and potential impact of Dec-20/Jan-21 lockdowns

<sup>1</sup>Credit impairments numbers include off-balance sheet provisions per page 35 financial analysis booklet

<sup>2</sup>Other relates to additional intuitive overlays

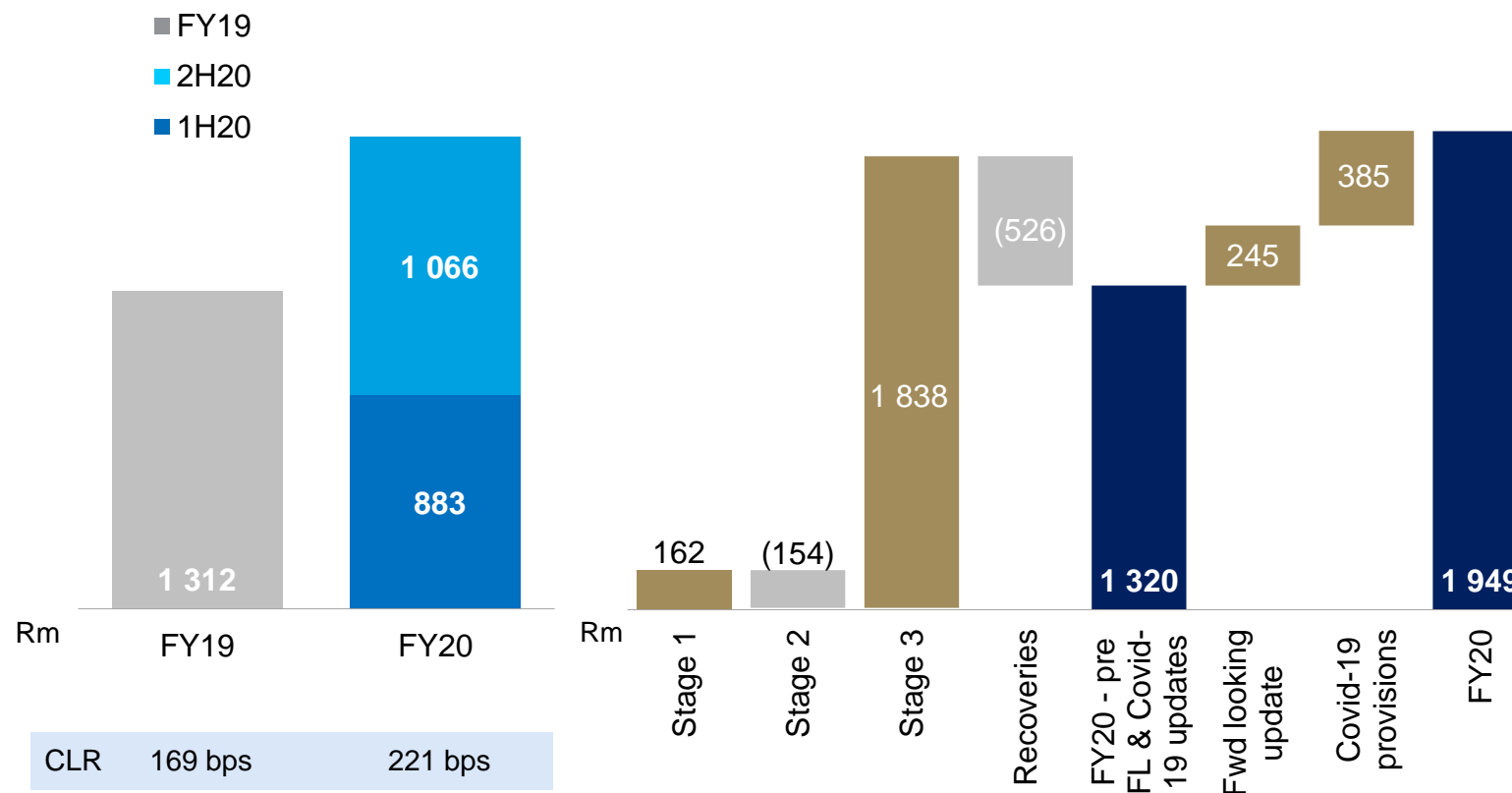
# Credit impairment charges – PBB Africa Regions

Increase due to deterioration in client risk profiles



Credit impairment charges<sup>1</sup>

↑ 1.5x  
YOY



## Key takeouts

**HOH – charges higher in 2H20**

### Stage 3 impairments

- Driven by provisions in Kenya, Uganda, Namibia, Tanzania and Ghana and transfers from stage 2 due to deterioration in client risk profiles

### Recoveries

- Post write-off recovery in Malawi

### Forward looking provision changes

- Increased by R104m in 2H20 to R245m at year end, on the back of deteriorating macro-economic outlook

### Covid-19 provisions

- Additional stage 2 and stage 3 provisions raised in 2H20 on specific clients impacted by Covid-19 amounted to R276m

<sup>1</sup>Credit impairments numbers include off-balance sheet provisions per page 35 financial analysis booklet

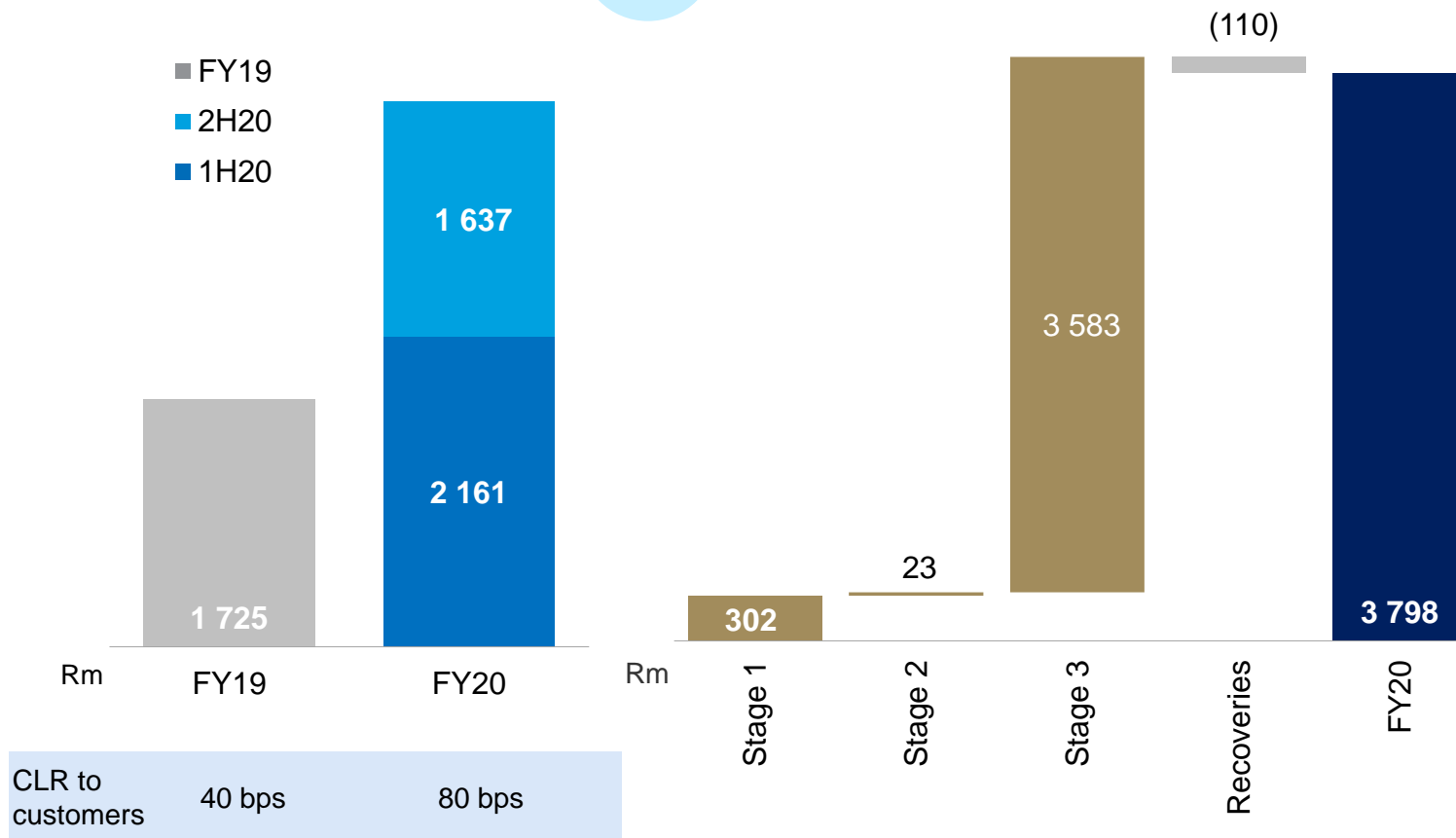
# Credit impairment charges – CIB

Concentrated in large names across SA and Africa Regions



Credit impairment charges<sup>1</sup>

↑2.2x  
YOY



<sup>1</sup> Relates to credit impairment charges on loans and advances

## Key takeouts

**HOH – charges lower in 2H20**

### Credit impairment charges

- CLR to customers well above through-the-cycle range of 40 – 60 bps

### Stage 1 impairment charges

- Sluggish balance sheet growth
- Deterioration of corporate and sovereign risk grades; particularly post Angolan, SA and Zambian downgrades

### Stage 2 impairment charges

- Higher lifetime expected losses related to certain higher risk sectors offset by transfers into stage 3

### Stage 3 impairment charges

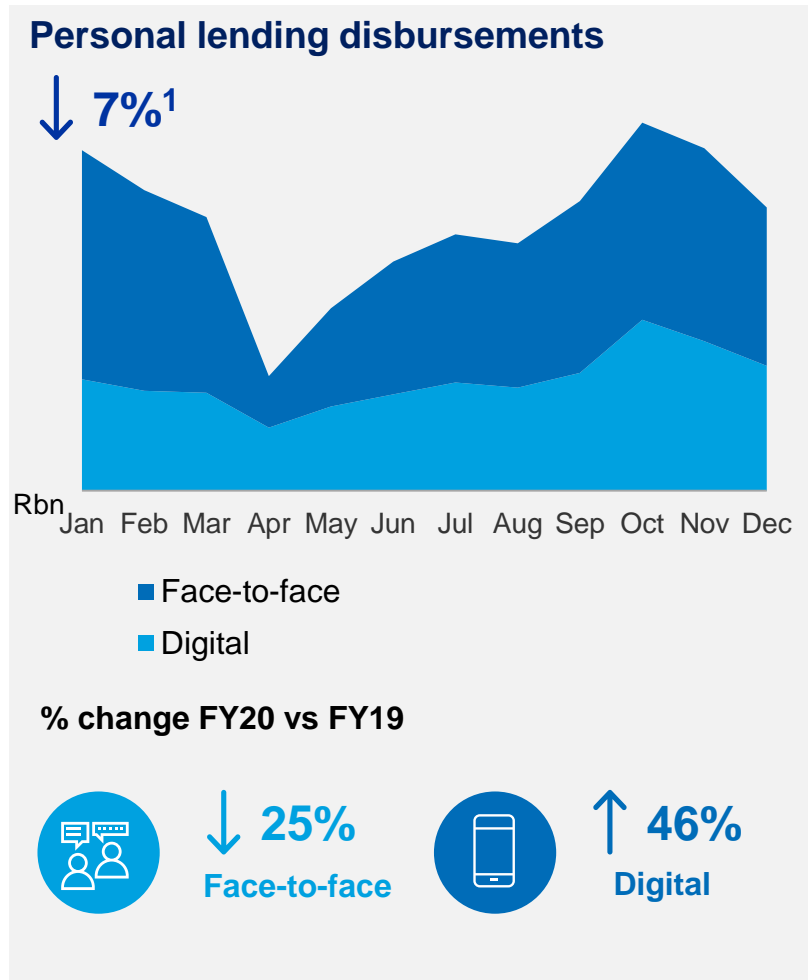
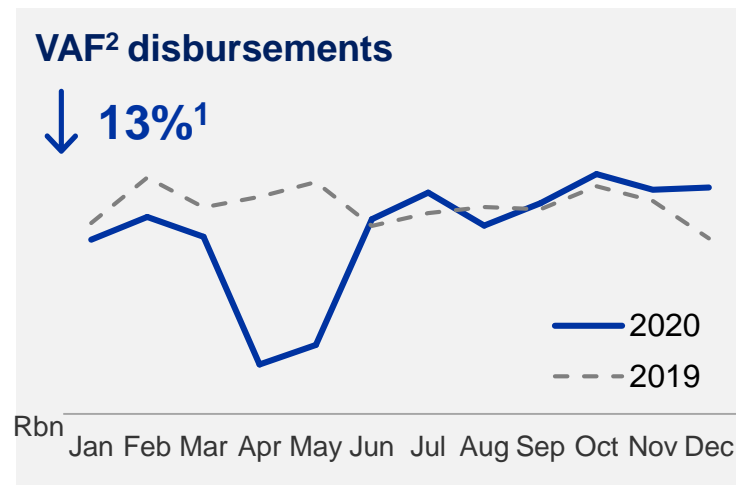
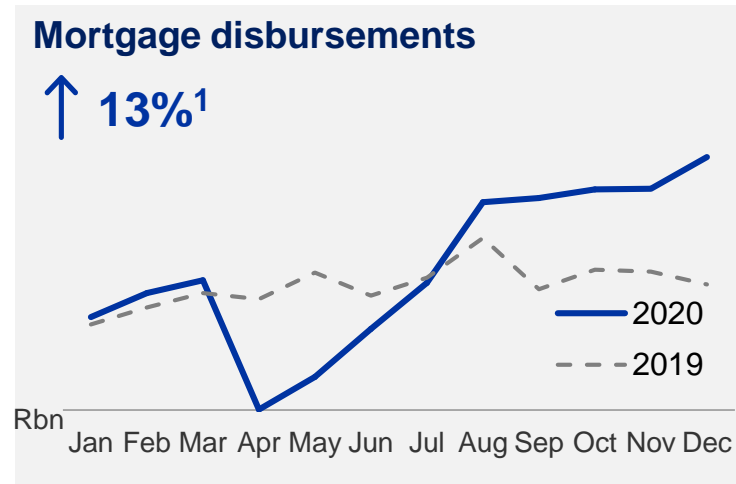
- Significant expected credit losses on stage 3 portfolio across both South Africa and Africa Regions particularly in the Oil & Gas and Power & Infrastructures sectors



# APPENDIX II – ACTIVITY ANALYSIS

# PBB South Africa – disbursements

Disbursements recovered in 2H20, supported by digital origination and process enhancements



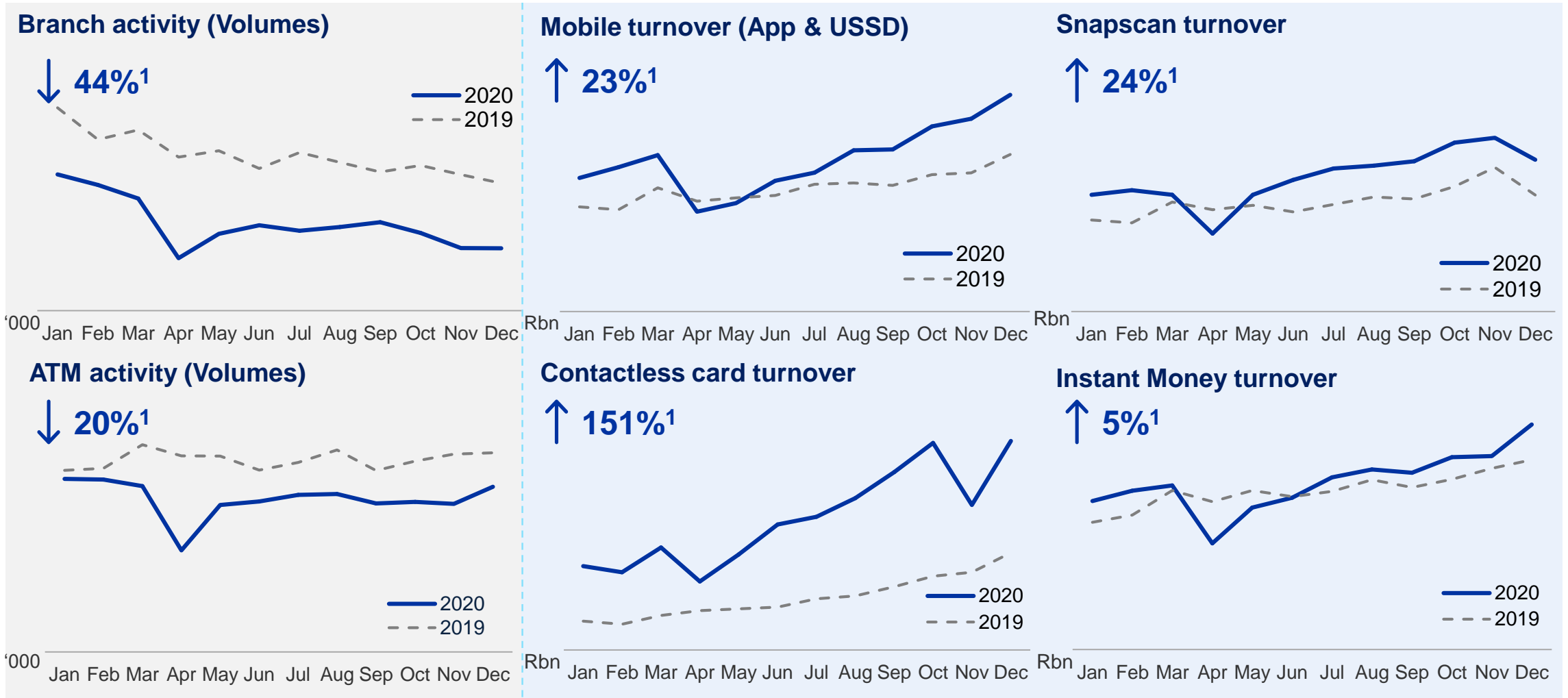
## Key takeouts

- Strategic focus on existing customers
- Proactively responding to market conditions - adjusted affordability criteria to take into account low interest rates
- Mortgage disbursements buoyed by low interest rates – particularly in mid-market segment in South Africa
- VAF disbursements closed the year above 2019 levels
- Personal lending recovery mixed; reflective of customers’ growing comfort with/ preference for convenient digital channels:
  - Face-to-face down
  - Digitally-originated up strongly

<sup>1</sup> % change relative to FY19  
<sup>2</sup> Vehicle and asset finance

# PBB South Africa – activity levels

Traditional channels down, while digital channels gained momentum

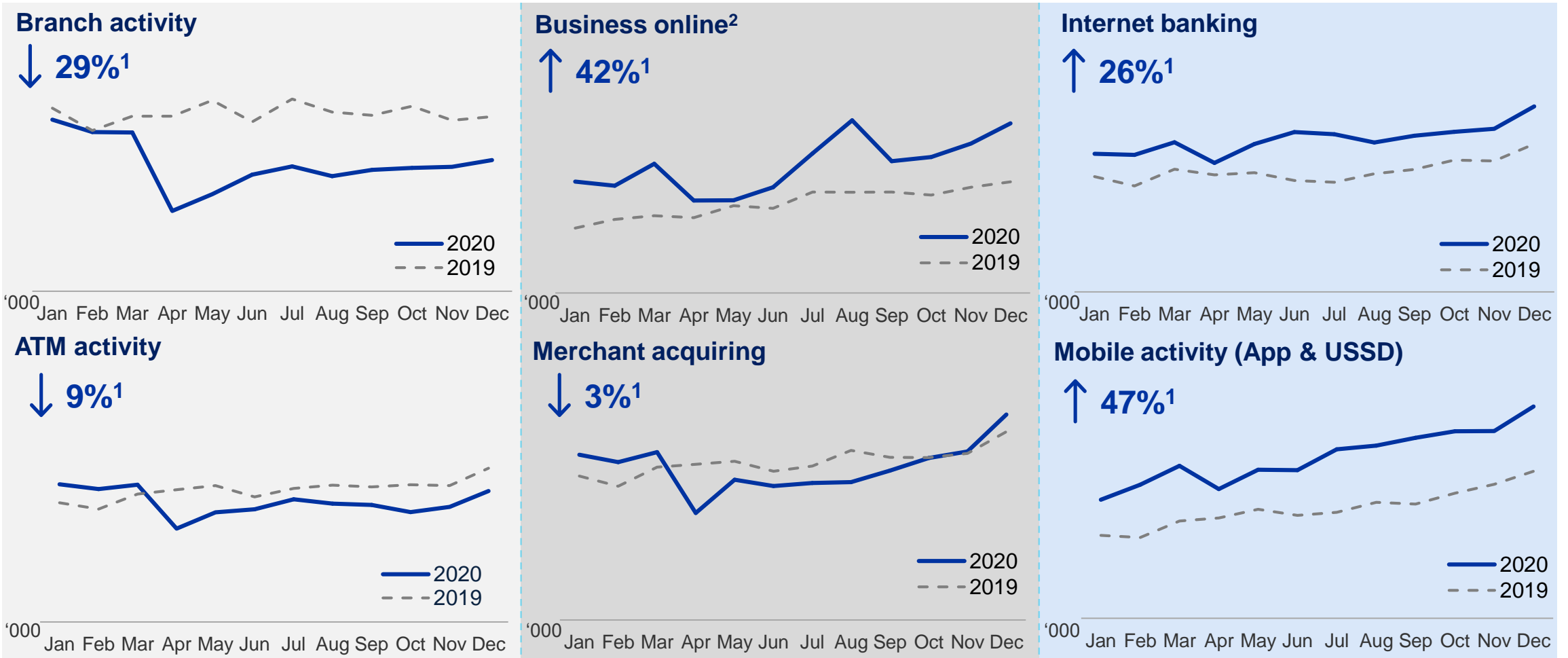


<sup>1</sup> % change relative to FY19



# PBB Africa Regions – activity volumes

Traditional channels down, business activity recovered, and digital channel usage increased



<sup>1</sup> % change relative to FY19

<sup>2</sup> Business banking



# STANDARD BANK GROUP FINANCIAL RESULTS PRESENTATION

FY20

11 March 2021