STANDARD BANK GROUP

FINANCIAL RESULTS PRESENTATION

FY20

11 March 2021

Supporting our clients, employees and communities

Respond, recover and re-imagine

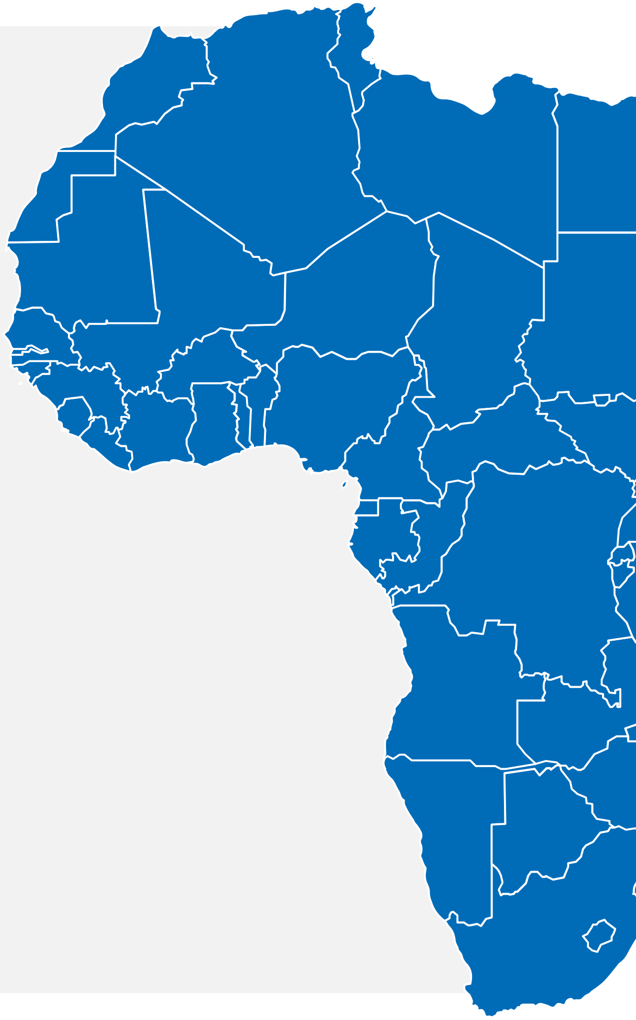
Supported our people, clients and communities

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[1]
- **Sustainability** – recognised as the Best Bank for Sustainable Finance[2]

[1] *Global Finance Outstanding Crisis Leadership 2020*
[2] *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[1]

FY20: **13.3%**

FY19: 14.0%

R78bn
Capital capacity[2]

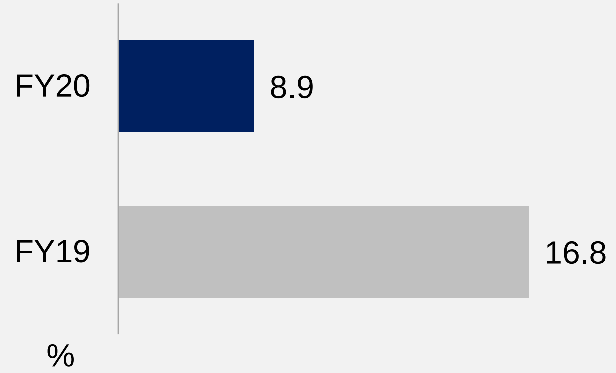
Dividend per share

FY20: **240cps**

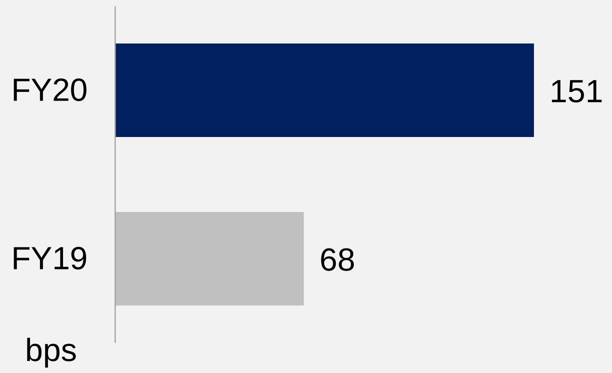
FY19: 994cps

24%
payout

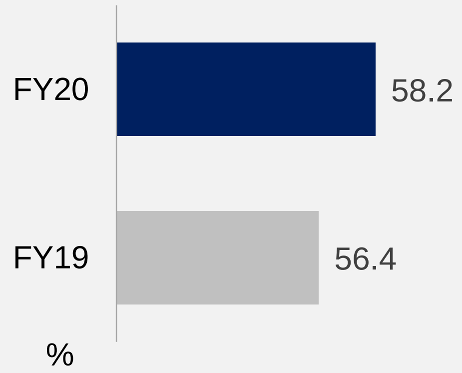
Return on equity



Credit loss ratio



Cost-to-income ratio



[1] Common equity tier 1 (CET1) capital adequacy ratio (based on SARB IFRS 9 phased-in approach)
[2] CET1 capital available to absorb losses i.e. above regulatory minimum of 7.0%

CLIENT FRANCHISE

Client franchise – CIB

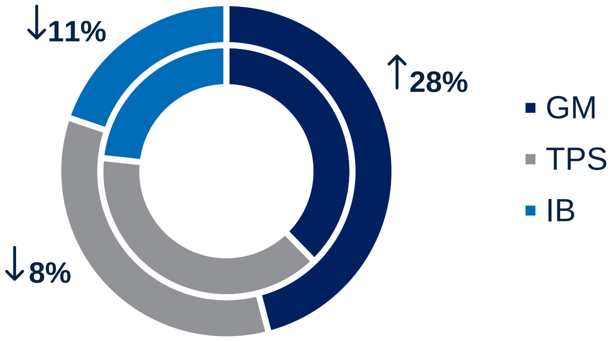
Resilience underpinned by a diverse and growing client franchise

Client franchise

R40.2bn
revenue

5%
YOY increase

Product revenues[1]



Domestic corporate revenue growth outpaced MNCs

Client revenue

DOMESTIC CORPORATES

↑8% Large domestic

↑8% Other domestic

MULTI-NATIONAL CORPORATES

↑1% South Africa

↑1% Africa Regions

↑5% International

Diversified across regions

Geographic revenue

SOUTH AFRICA
↓1%

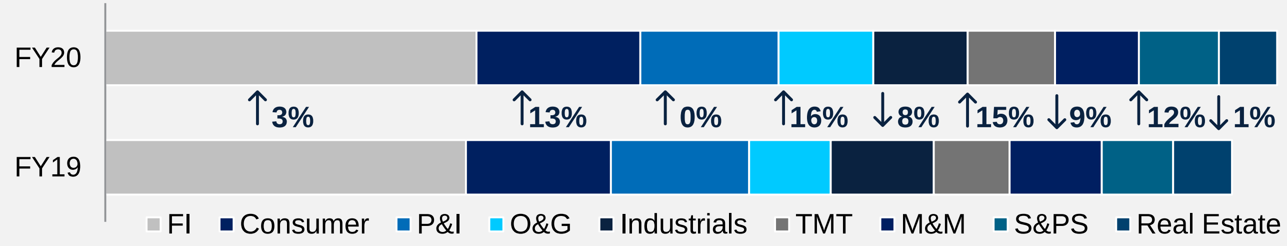
WEST AFRICA
↑15%
CCY +17%

EAST AFRICA
↑10%
CCY (0%)

SOUTH AND CENTRAL AFRICA
↑7%
CCY +17%

Diversified across sectors[2]

Sector revenue



[1] Global Markets (GM), Transactional Products and Services (TPS), Investment Banking (IB)

[2] 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)

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[1]

Client solutions – digital rollout

Mobile app features/ enhancements

- 14 major releases
- >55 features added
- 4.6 and 4.7 star rating[2]

IB[3] upgrades

- 27 new releases
- 66 new features

[1] June 2020 to December 2020
[2] Google and IOS App store peak rating
[3] Internet Banking
[4] MyMo originations in 2020

Acquisition & retention – attracted by digital ease & solution choice

ONBOARDING & SOLUTION TAKE-UP

- **29%** of onboarding completed digitally[4]
- **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

Shyft: ↑ 22% # of transactions on cross-border FX payment platform

LookSee: ↑ 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

[1] Constant currency
[2] Current and savings accounts
[3] 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[1]

↑ **26%** customer deposits

↑ **34%** CASA[2]

TOP 3 RANKING[3]

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

PAYPULSE

↑ **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

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[1]
>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

[1] By assets under management

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)
Total income	**108.6**	**110.4**	**(2)**	**(2)**
Operating expenses	(63.2)	(62.3)	1	1
Pre-provision profit	**45.4**	**48.1**	**(6)**	**(7)**
Credit impairment charges	(20.6)	(8.0)	>100	>100
Banking activities headline earnings	**15.7**	**27.2**	**(42)**	**(44)**
Other banking interests	0.9	(0.9)	>100	>100
Liberty	(0.7)	1.9	(>100)	(>100)
SBG headline earnings	**15.9**	**28.2**	**(43)**	**(44)**
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[1] release and IT-related impairments of intangible assets impacted profit attributable

	FY20 Rbn	FY19 Rbn	Change %
Standard Bank Group headline earnings	**15.9**	**28.2**	**(43)**
Impairment of intangible assets[2]	(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)	
Profit attributable to ordinary shareholders	**12.4**	**25.4**	**(51)**
Net asset value	**176**	**171**	**3**

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[3] 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)
Profit attrib.	**8.6**	**3.8**

[1] Foreign Currency Translation Reserve
[2] Post-tax impact of impairments related to CIB (R1.8bn), PBB (R0.2bn), Centre (R0.1bn) and Liberty (R0.1m)
[3] ICBC Argentina

Drivers of performance

Unpacking the group results

Growth

Average interest-earning assets	↑ 14%
Average interest-bearing liabilities	↑ 16%
Net interest margin	↓ 61 bps

Net interest income	↓ 2%
Impairment charges	↑ >100%
Non-interest revenue	↓ 1%
Operating expenses	↑ 1%
Banking headline earnings	↓ 42%

Other banking interests	↑ >100%
Liberty	↓ >100%
Group headline earnings	↓ 43%

Resilience

CET1[1]	13.3%
Average equity	↑ 6%

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Returns

Return on equity	8.9%
Dividend payout	24%

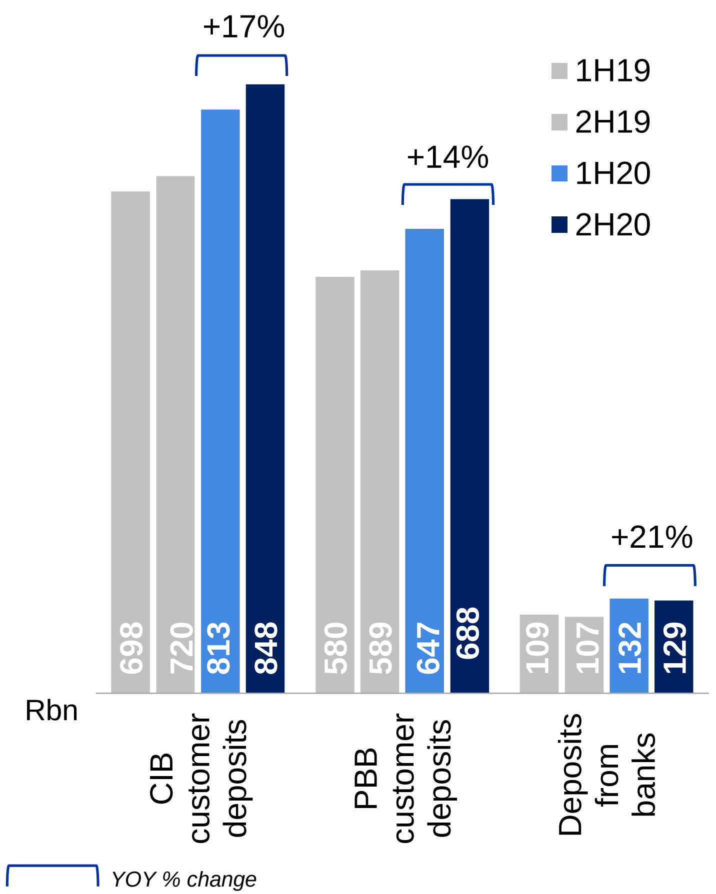
[1] *CET1 ratio based on SARB IFRS 9 phased-in approach*

Balance sheet

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

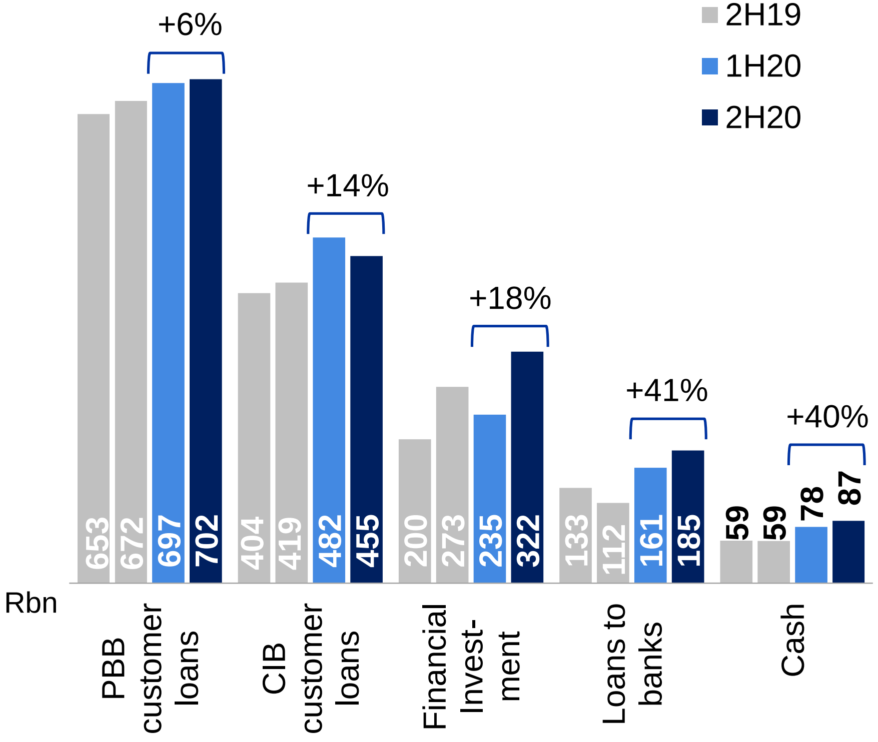
Average interest-bearing liabilities

↑16% YOY



Average interest-earning assets

↑14% YOY



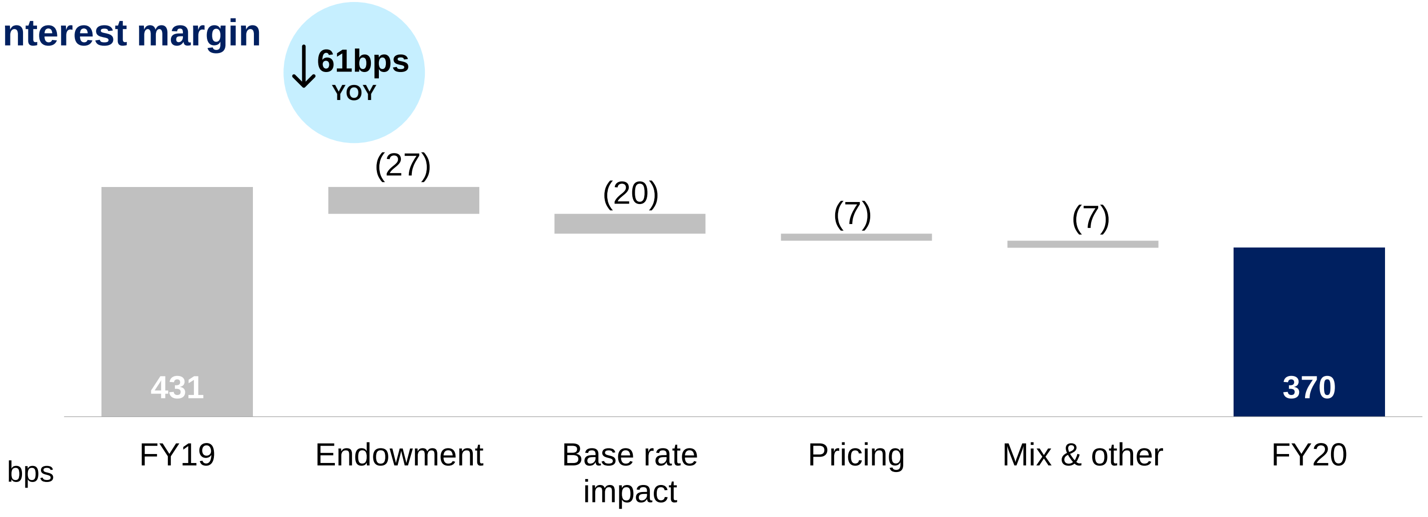
Key takeouts

- 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

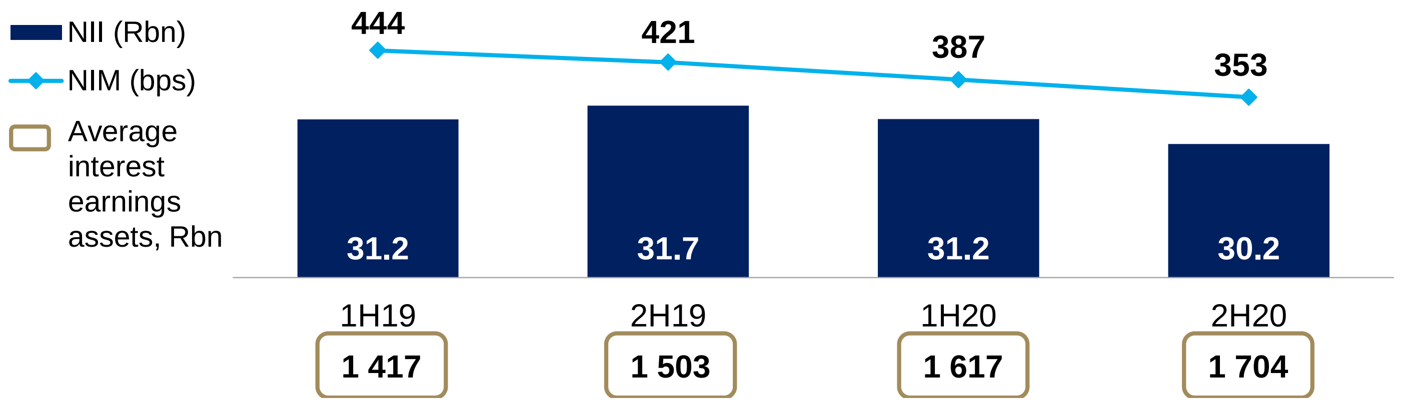
Net interest income

Downward pressure from declining rates, competitive pricing and excess liquidity

Net interest margin



NIM trend HOH



[1] *Average interest-earning assets and average interest-earning liabilities*

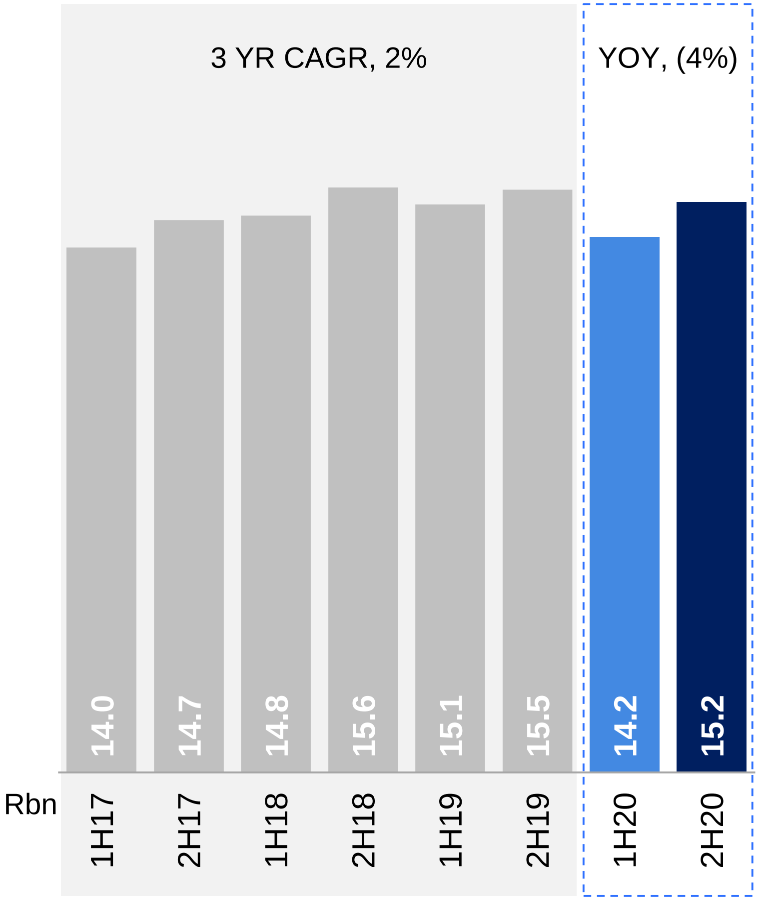
Key takeouts

- 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[1] and AIEL[1] (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

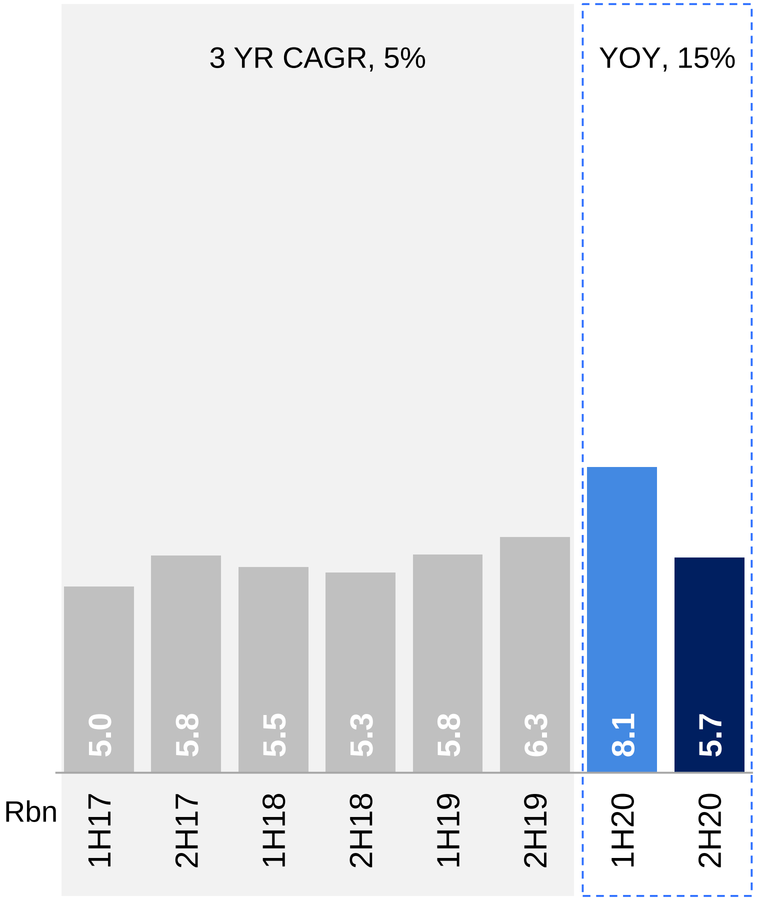
Non-interest revenue

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

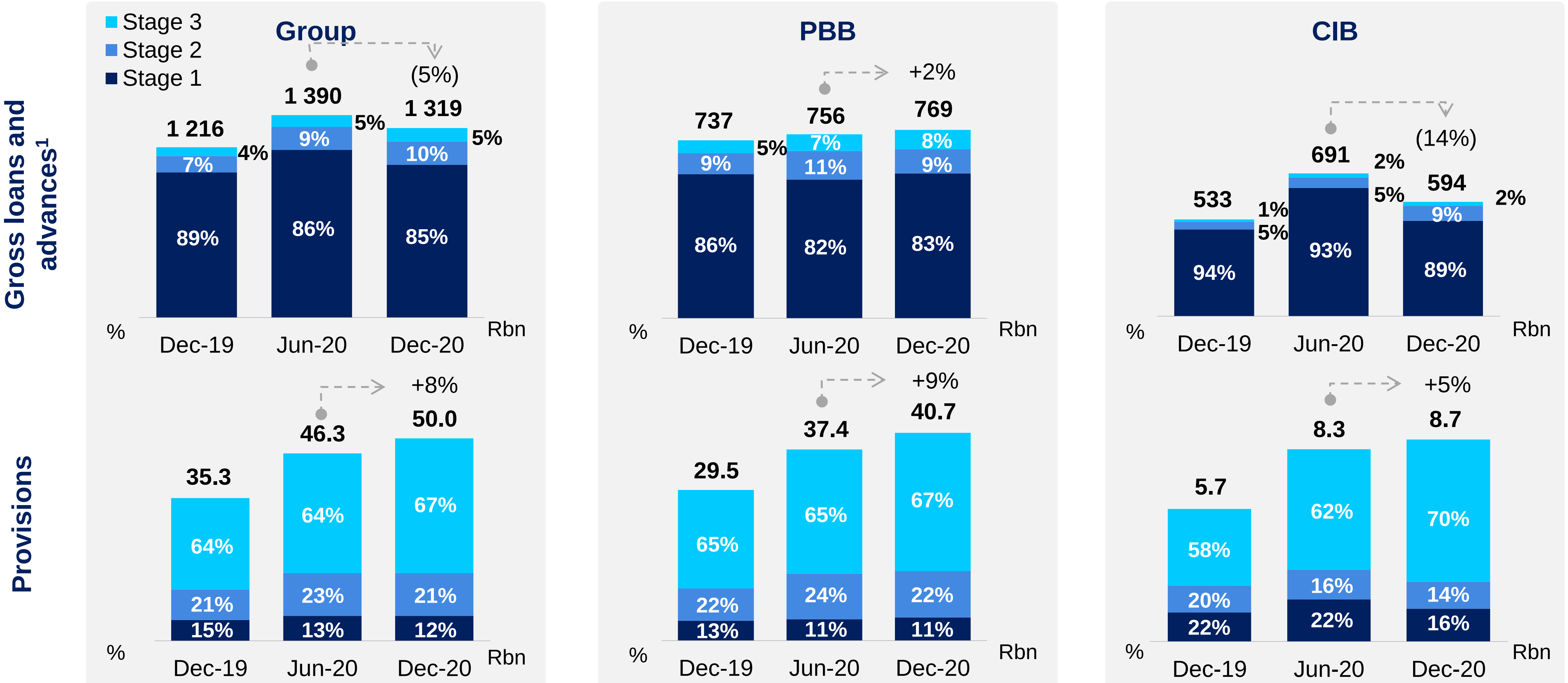
- In 2H20, fees recovered from 1H20 lows as lockdowns eased and activity picked up, but remained below 2H19 levels

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



	Group Dec-19	Group Jun-20	Group Dec-20	PBB Dec-19	PBB Jun-20	PBB Dec-20	CIB Dec-19	CIB Jun-20	CIB Dec-20
Total coverage	2.9%	3.3%	3.8%	4.0%	5.0%	5.3%	1.1%	1.2%	1.5%

[1] 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

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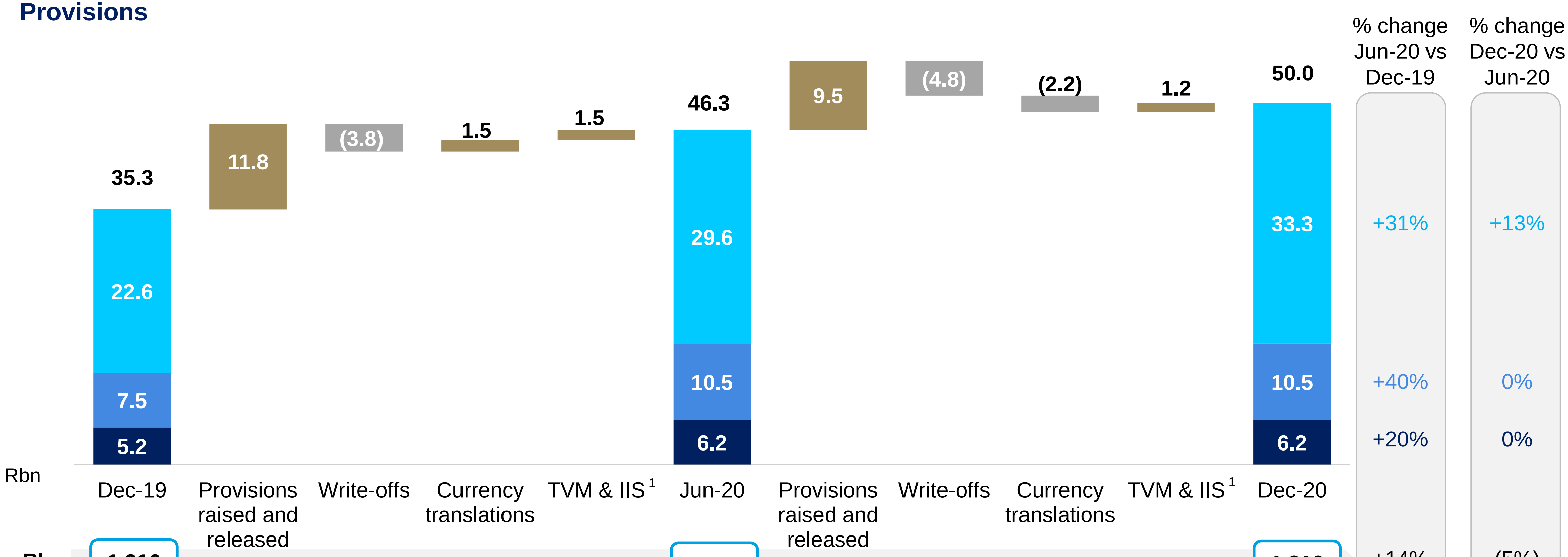
Balance sheet provisions – Group

Provisions up significantly YOY but slowed in 2H20

Provisions



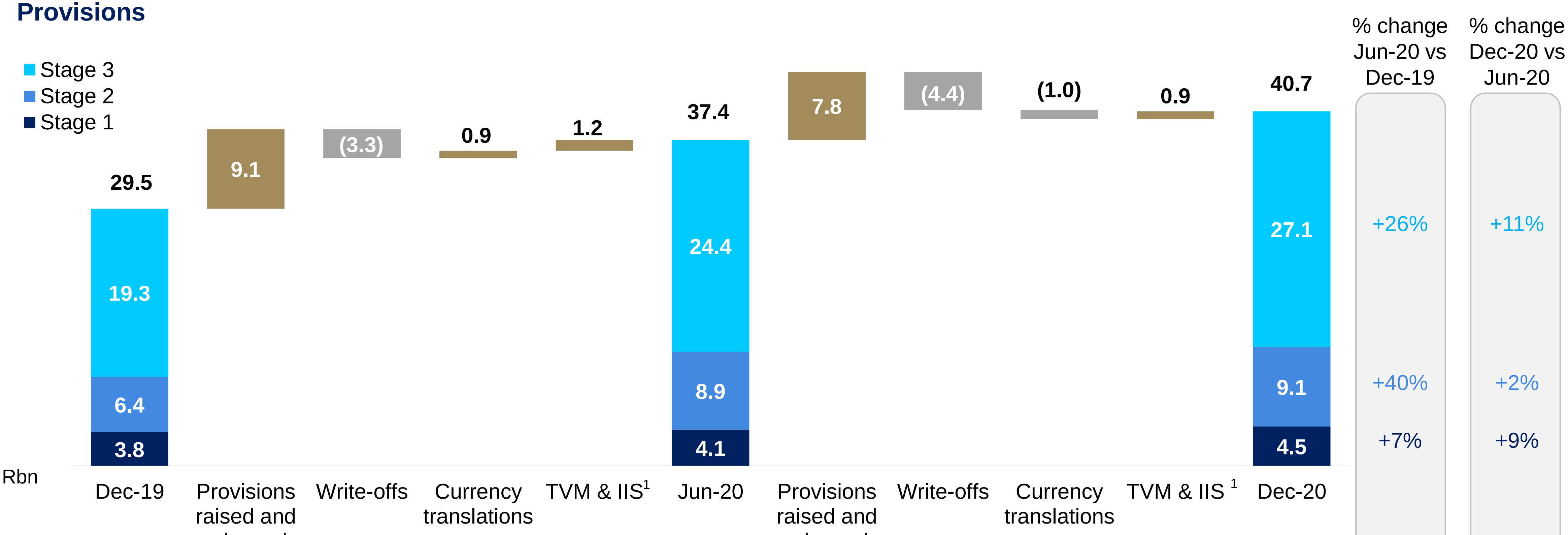
	Dec-19	Jun-20	Dec-20	% change Jun-20 vs Dec-19	% change Dec-20 vs Jun-20
Loans, Rbn	1 216	1 390	1 319	+14%	(5%)
Total coverage, %	2.9	3.3	3.8		

[1] *Time value of money and interest in suspense*

Balance sheet provisions – PBB

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

Provisions

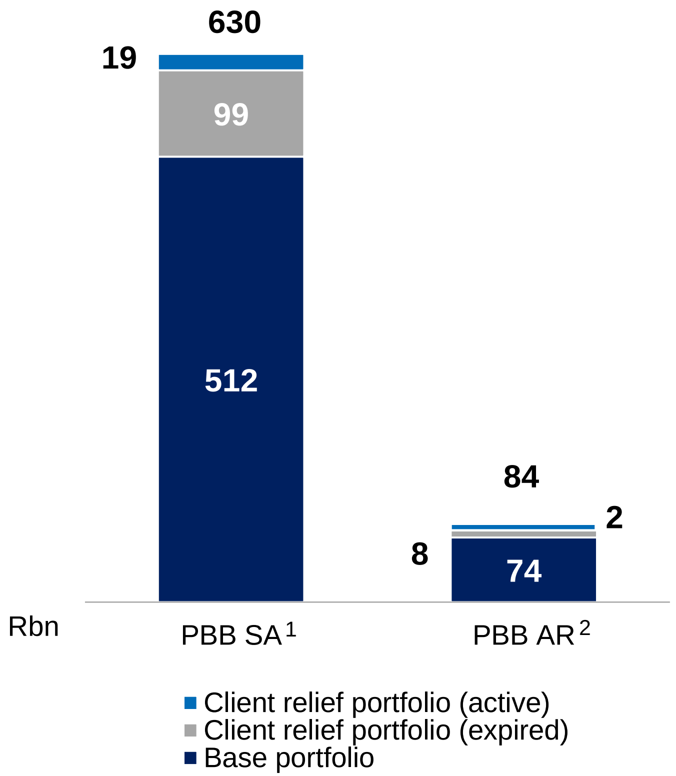


	Dec-19	Jun-20	Dec-20	% change Jun-20 vs Dec-19	% change Dec-20 vs Jun-20
Loans, Rbn	737	756	769	+2%	+2%
Total coverage, %	4.0	5.0	5.3		

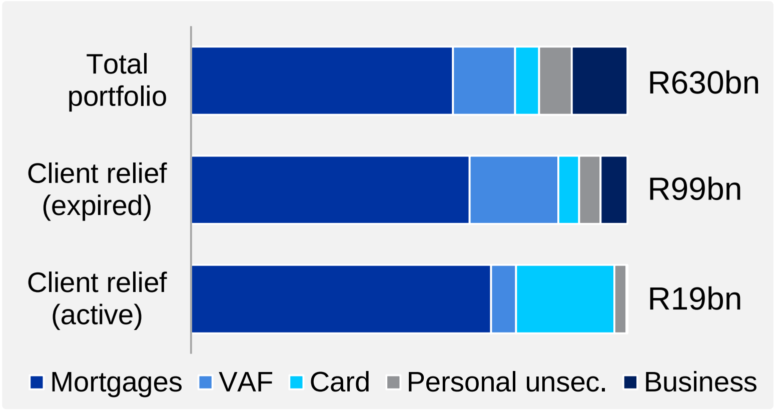
[1] Time value of money and interest in suspense

Gross loans and provisions – PBB Balance sheet

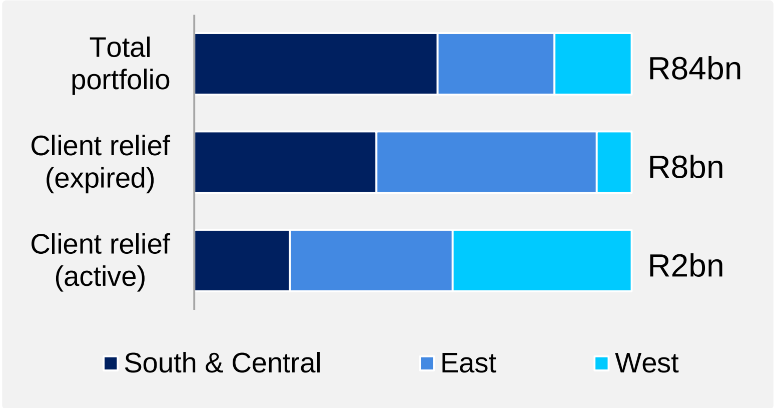
PBB credit portfolio mix



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

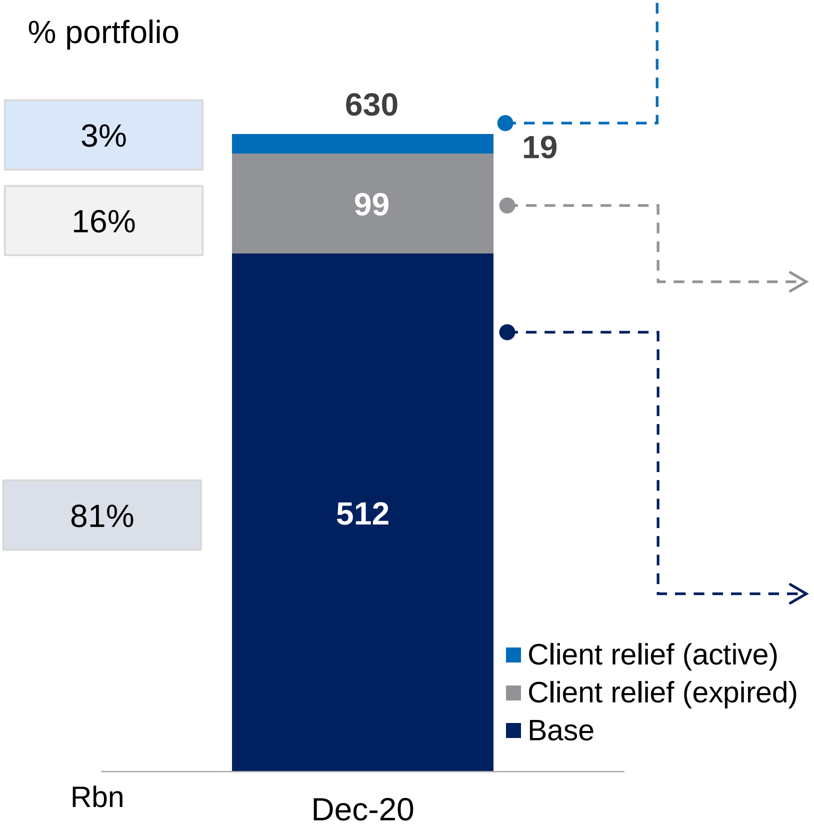
- Active client relief portfolio represents 2% of the total PBB Africa Regions' gross loans and advances portfolio, down from 12% at 1H20
- The largest proportion of the active client relief portfolio related to the West Region, followed closely by the East Region

[1] *Based on SBSA PBB gross loans and advances per page 84 and Africa Regions, per page 93 of the FY20 financial analysis booklet*
[2] *PBB Africa Regions portfolio as at 31 December 2020*

Gross loans and provisions – PBB South Africa[1]

Additional provisions raised where there were indications of client stress

Gross loans & advances



Client relief (active)	Jun-20	Dec-20
Loans & advances, Rbn	107	19
Provisions, Rbn	2.6	1.9
Total coverage, %	2.5	10.2

- 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

Client relief (expired)	Jun-20	Dec-20
Loans & advances, Rbn	-	99
Provisions, Rbn	-	2.8
Total coverage, %	-	2.8

- 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

Base portfolio	Jun-20	Dec-20
Loans & advances, Rbn	493	512
Provisions, Rbn	29.3	30.8
Total coverage, %	5.9	6.0

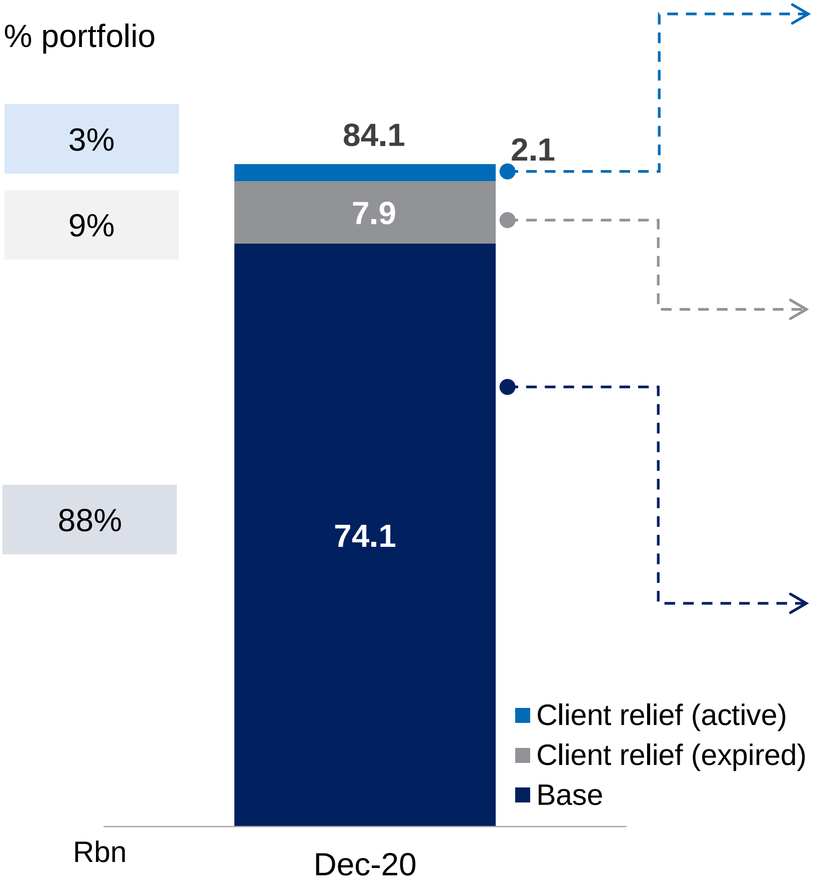
- Book growth drove Stage 1 provisions
- Forward-looking provisions stable
- Intuitive overlays[2] (higher coverage) offset higher proportion of stage 1 loans (lower coverage)

[1] *Based on SBSA PBB gross loans and advances and provisions per pages 80-85 of the FY20 financial analysis booklet*
[2] *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



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

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

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

- 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

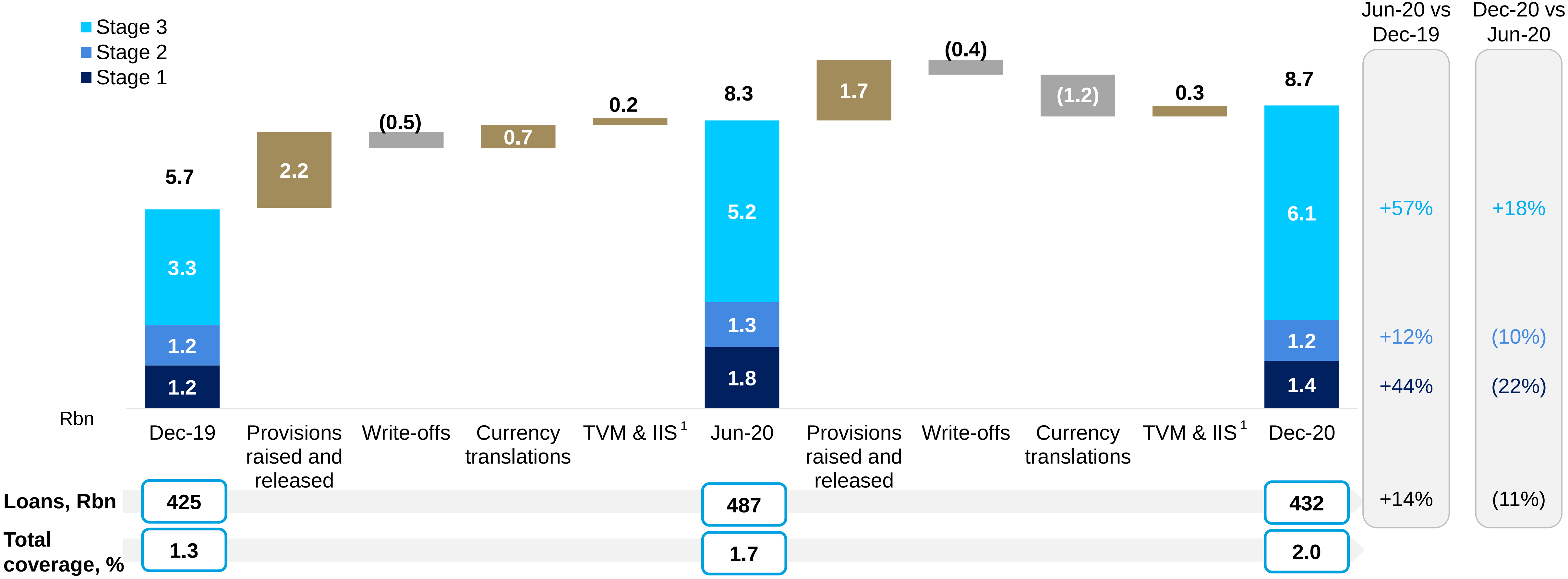
- 88% instalments up to date (stage 1)
- Customer strain drove transfers to stage 3 and higher coverage vs Jun-20

- 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

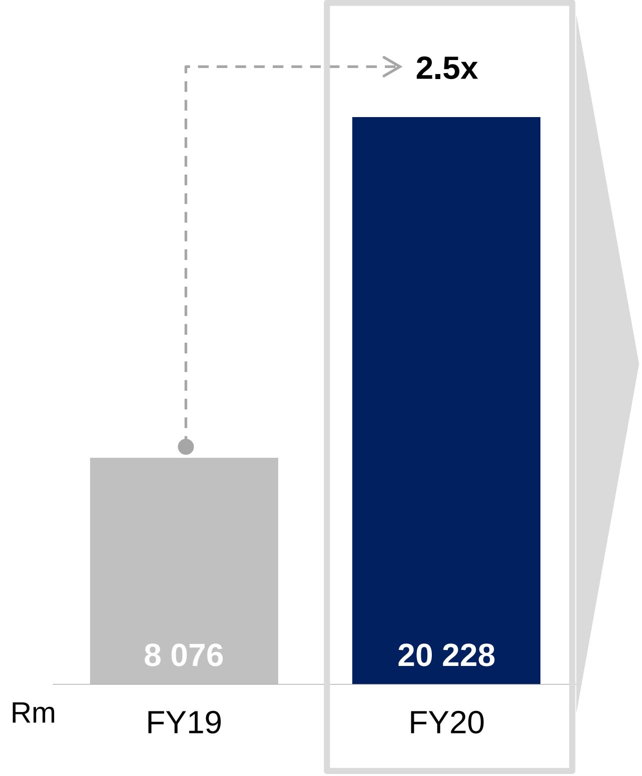


[1] *Time value of money and interest in suspense*

Credit impairment charges

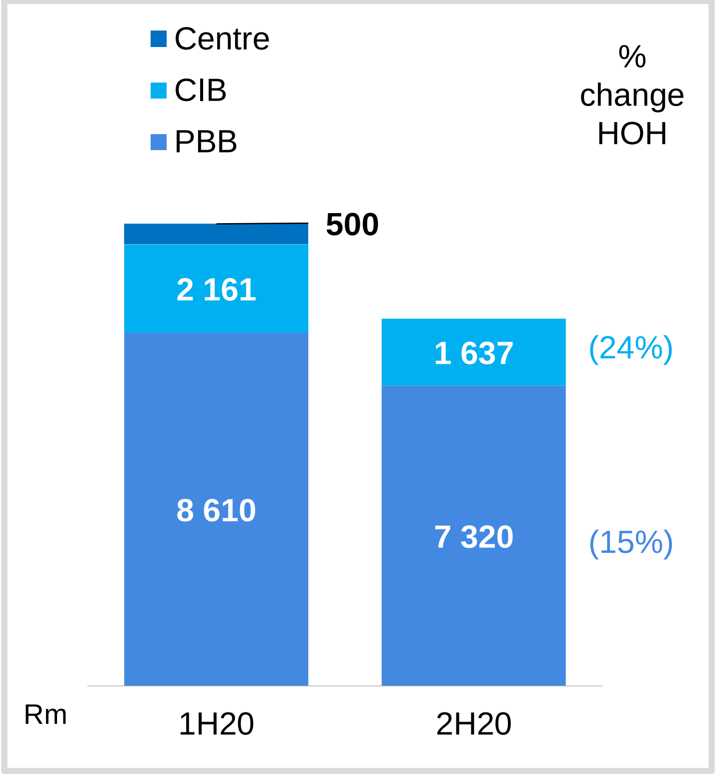
Significant increase year on year, but lower in 2H20 vs 1H20

Credit impairment charges[1], YOY



CLR	68 bps	151 bps

Credit impairment charges[1], HOH



CLR	169 bps	132 bps

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

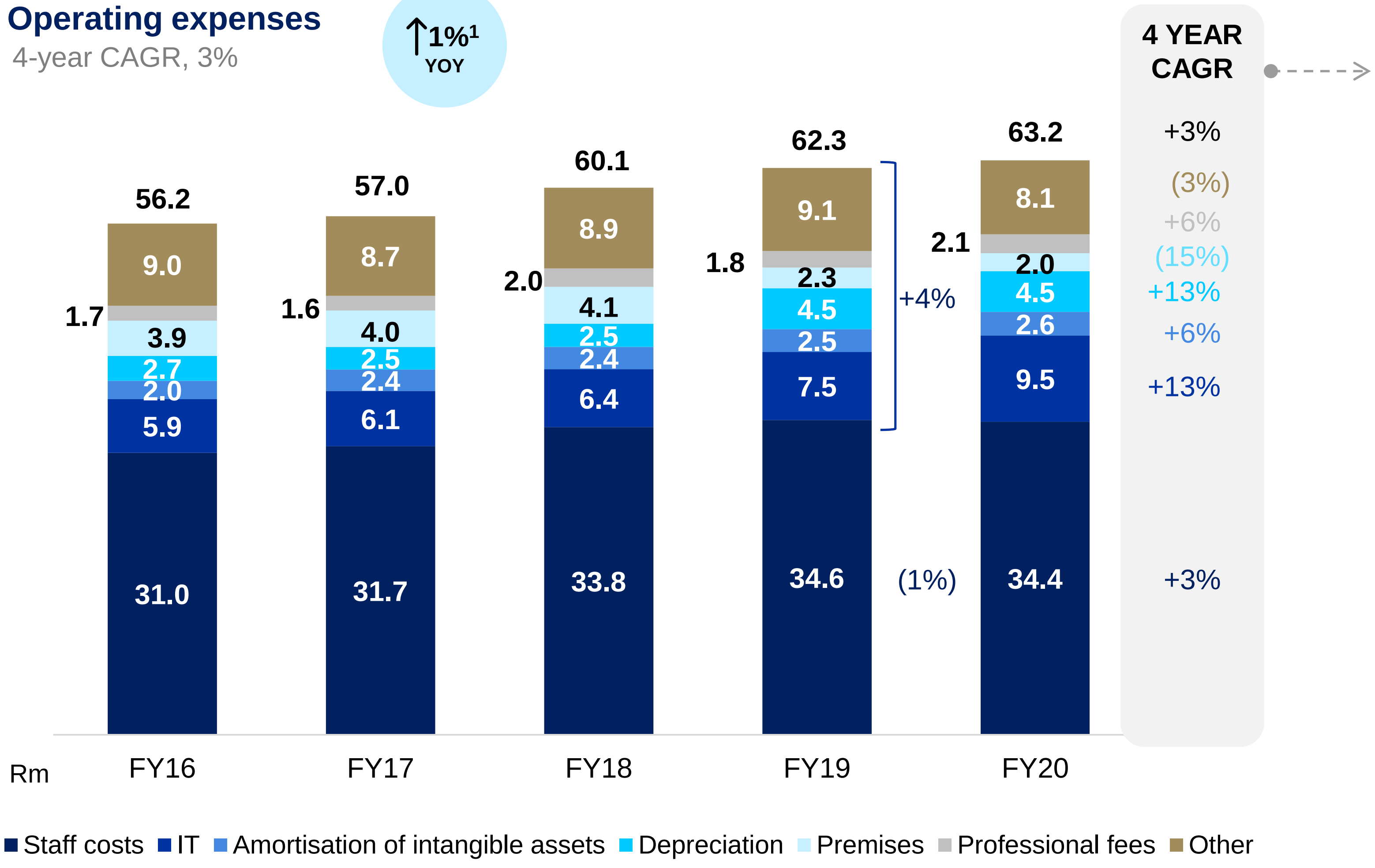
[1] *Credit impairment charges on loans and advances*

Operating expenses

Continued focus on cost management

Operating expenses
4-year CAGR, 3%

↑1%[1] YOY



Key takeouts

4 year CAGR:

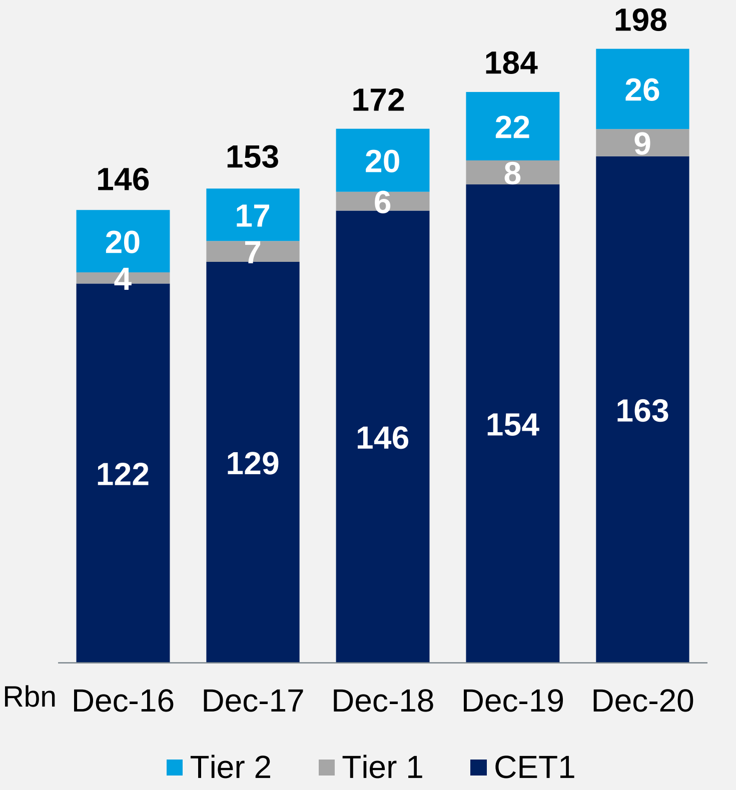
- Staff costs well managed:
  - Lower headcount, down 9% over 4 years, due to natural attrition and targeted interventions e.g. branch rationalisation
  - Offset by annual salary increases
  - FY20 staff costs lower due to lower headcount and incentives
- IT cost increases driven by continued investment 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

[1] *Inclusive of Covid-19 costs*

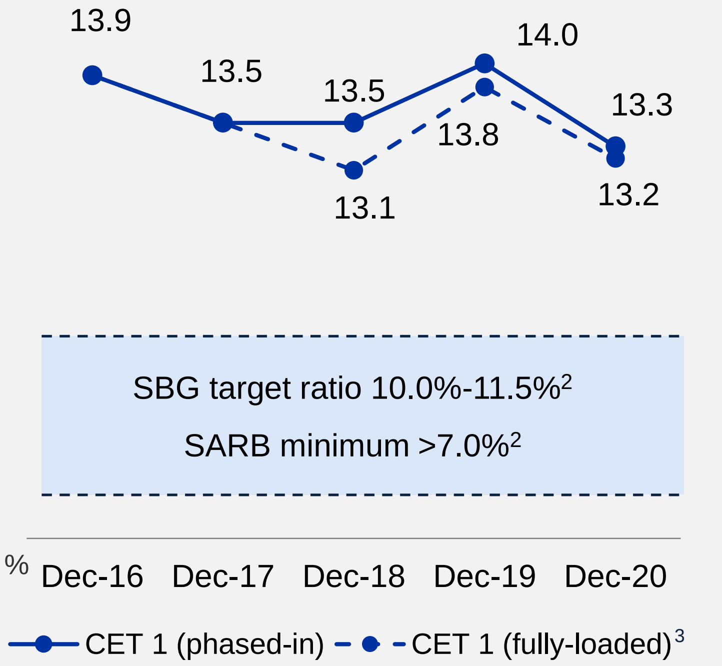
Capital and liquidity

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

Capital[1]



Capital adequacy[1]



Liquidity

Net stable funding ratio

125%

(FY19: 120%)

Basel III minimum

100%

Liquidity coverage ratio

135%

(FY19: 138%)

Basel III minimum[4]

80%

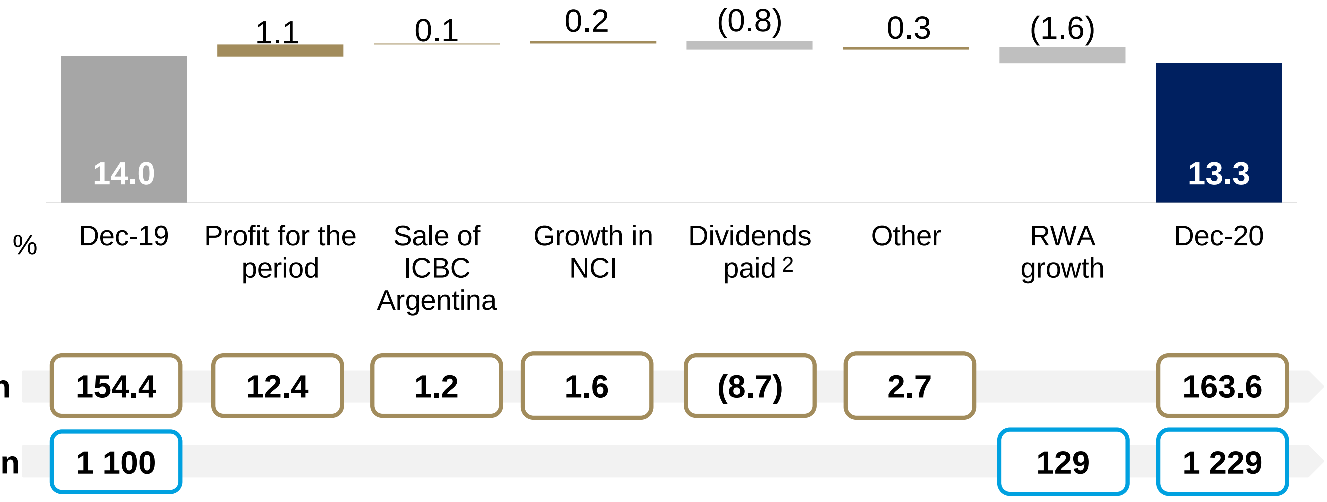
[1] Including unappropriated profits
[2] Excluding Pillar 2A buffer as per temporarily revised SARB requirement as at 31 December 2020, expected to be recalibrated upwards in 2021
[3] Including full IFRS 9 transitional impact
[4] Based on temporarily revised SARB requirement

Standard Bank IT CAN BE

Capital and liquidity

CET1 ratio remained robust – capacity to support the recovery

CET 1 ratio[1]



Capital progression

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

Key takeouts

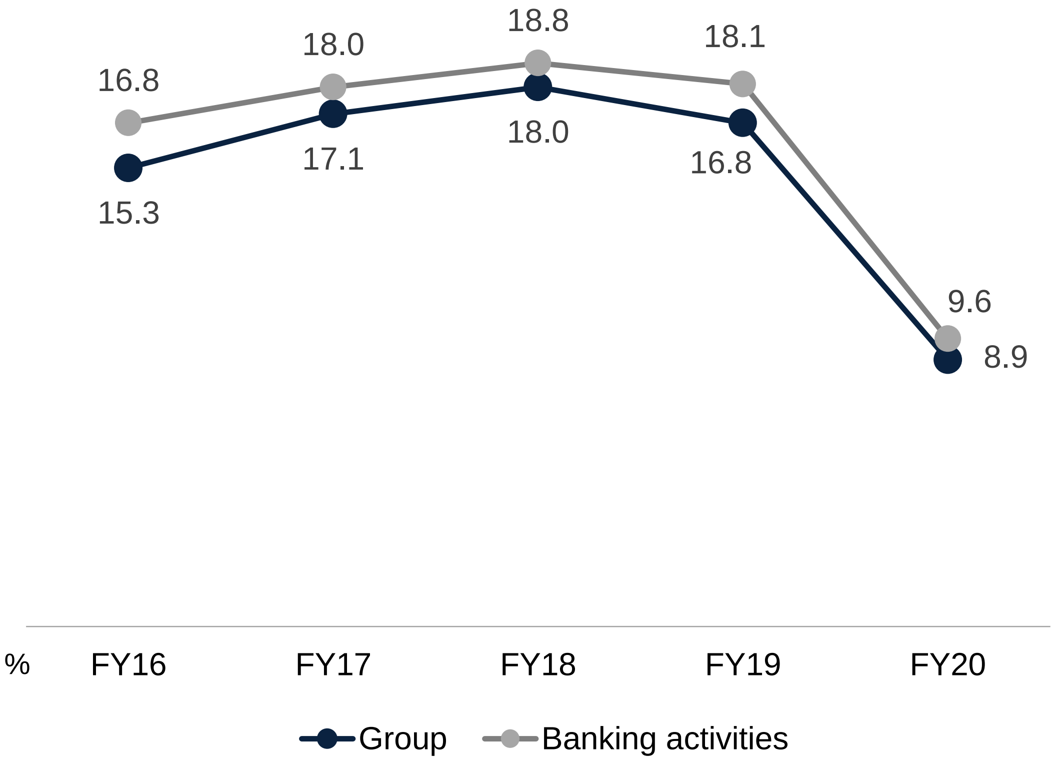
- CET1 ratio absorbed:
  - FY19 final dividend paid in April 2020
  - 12% increase in RWA
- Profit for the period is net of headline adjustable items
- Other includes FCTR[3] and other reserve movements
- RWA increased 20% in 1H20 due to growth in client exposures, client ratings migrations and ZAR weakness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

[1] Including unappropriated profits and IFRS 9 transitional impact
[2] Dividend paid related to FY19 final dividend paid in April 2020
[3] Foreign Currency Translation Reserve
[4] Net stable funding ratio
[5] Liquidity coverage ratio

Return and dividend

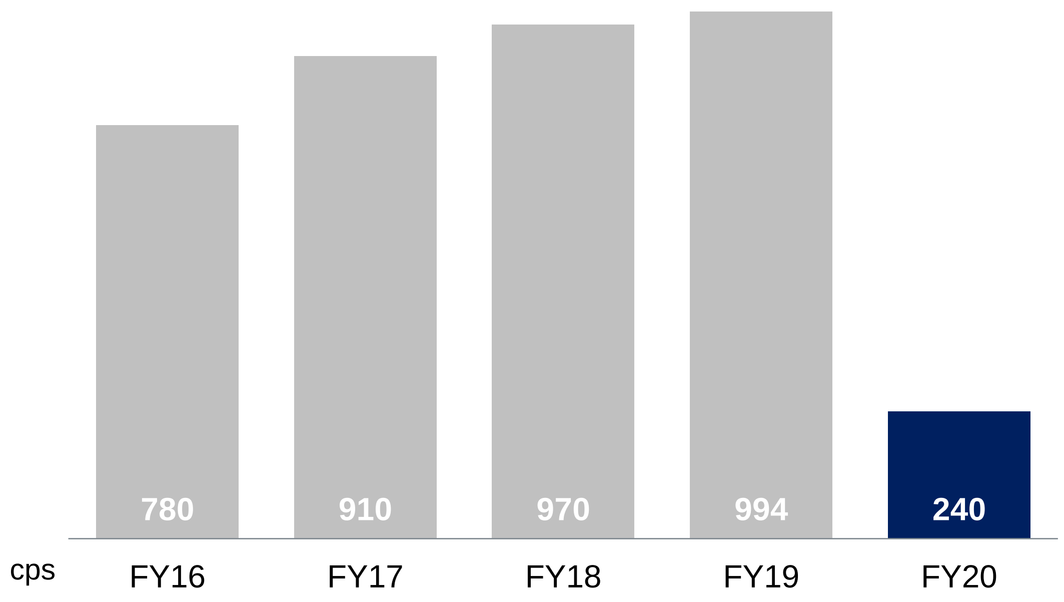
Lower earnings a significant drag on ROE, lower payout deemed appropriate at this stage

Return on equity



Dividend per share

Payout Ratio	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

Pre-provision operating profit

FY20: **R25.8bn**

FY19: R29.6bn

↓13%

Headline earnings

FY20: **R6.4bn**

FY19: R16.6bn

↓61%

Cost-to-income ratio

FY20: **63.2%**

FY19: 59.3%

Return on equity

FY20: **8.9%**

FY19: 24.4%

Geographic Split

South Africa

Headline earnings

FY20: **R4.9bn**

FY19: R14.1bn

↓65%

Return on equity

%	
FY20	9.0%
FY19	26.3%

Africa Regions

Headline earnings

FY20: **R0.8bn**

FY19: R1.2bn

↓32%

Return on equity

%	
FY20	6.9%
FY19	11.3%

Wealth International

Headline earnings

FY20: **R0.7bn**

FY19: R1.3bn

↓45%

Return on equity

%	
FY20	12.1%
FY19	33.1%

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

Corporate and Investment Banking

Resilient performance underpinned by diversification and strength of the client franchise

Pre-provision operating profit
FY20: **R18.8bn**
FY19: R17.3bn
↑ **9%**

Headline earnings
FY20: **R10.6bn**
FY19: R11.3bn
↓ **6%**

Cost-to-income ratio
FY20: **53.3%**
FY19: 54.8%

Return on equity
FY20: **15.7%**
FY19: 19.0%

Product split

Headline earnings

Global Markets
FY20: **R7.0bn**
FY19: R4.4bn
↑ **61%**

Investment Banking
FY20: **R1.6bn**
FY19: R3.7bn
↓ **59%**

Transactional Products and Services
FY20: **R2.0bn**
FY19: R3.2bn
↓ **37%**

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

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
Total income	**70.1**	**(4)**	**40.2**	**5**
Operating expenses	(44.3)	3	(21.4)	2
Pre-provision profit	**25.8**	**(13)**	**18.8**	**9**
Credit impairment charges	(15.9)	>100	(4.2)	>100
Headline earnings	**6.4**	**(61)**	**10.6**	**(6)**
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

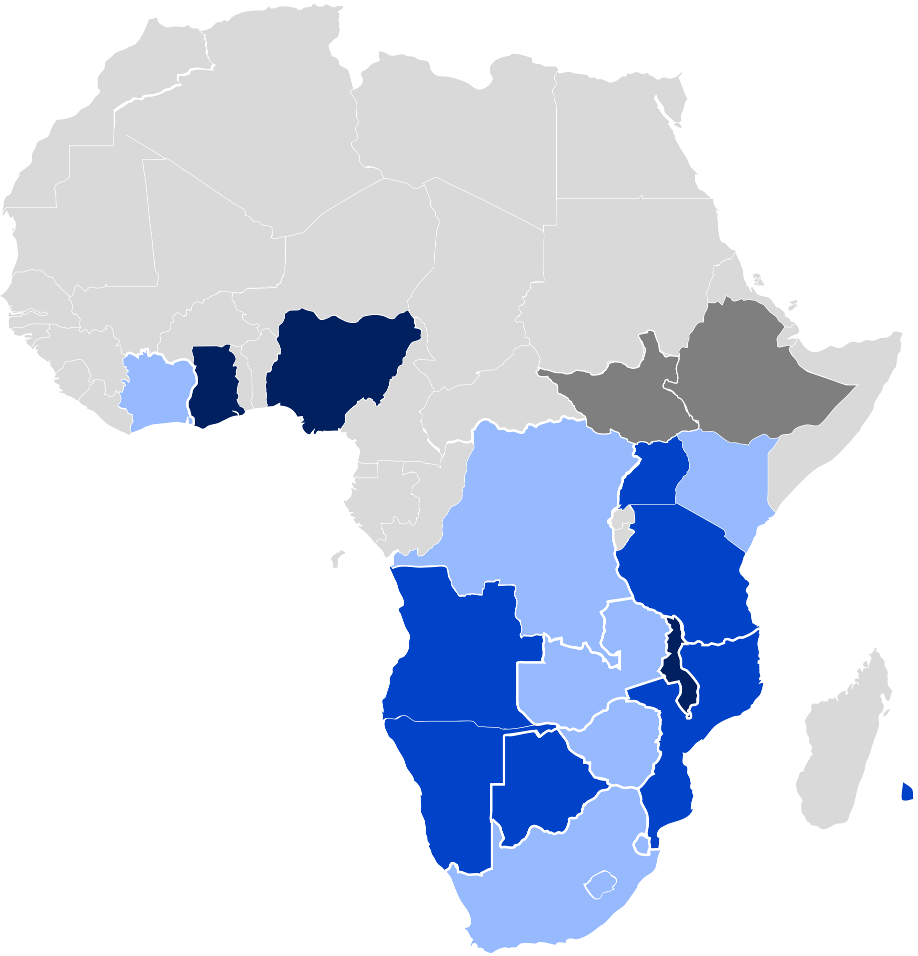
- Revenue pressure emanating from lower margins and activity levels
- Sub-inflationary costs growth
- Impairment charges elevated

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



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

- Strong performance
- Significantly disrupted performance
- Moderate 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

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
Total income	**66.5**	**(7)**	**38.7**	**10**
Operating expenses	(41.9)	(2)	(19.8)	9
Pre-provision profit	**24.6**	**(15)**	**18.9**	**12**
Credit impairment charges	(17.1)	>100	(3.0)	36
Headline earnings	**4.7**	**(72)**	**9.2**	**9**
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
Normalised operating earnings	**628**	**2 201**	**(71)**
Covid-19 pandemic reserve	(2 227)	-	(100)
Shareholder Investment Portfolio (SIP)	27	1 004	(97)
Normalised headline (loss) / earnings	**(1 572)**	**3 205**	**(>100)**
IFRS adjustments	33	49	(33)
IFRS headline (loss) / earnings	**(1 539)**	**3 254**	**(>100)**
SBG share of IFRS headline earnings	(880)	1 847	(>100)
Treasury share adjustment[1]	229	8	>100
Headline (loss) / earnings attrib. to SBG	**(651)**	**1 855**	**(>100)**

[1] *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*

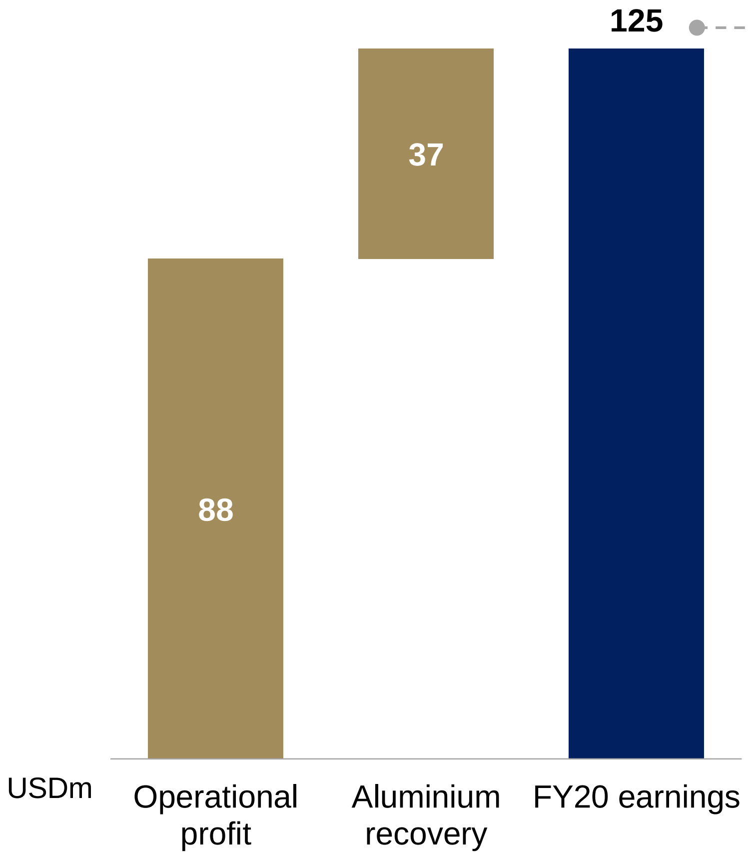
Key takeouts

- 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

ICBC Standard Bank Plc

Much improved outcome relative to FY19

ICBCS FY20 performance



SBG's share of earnings / (losses)

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

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

[1] *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

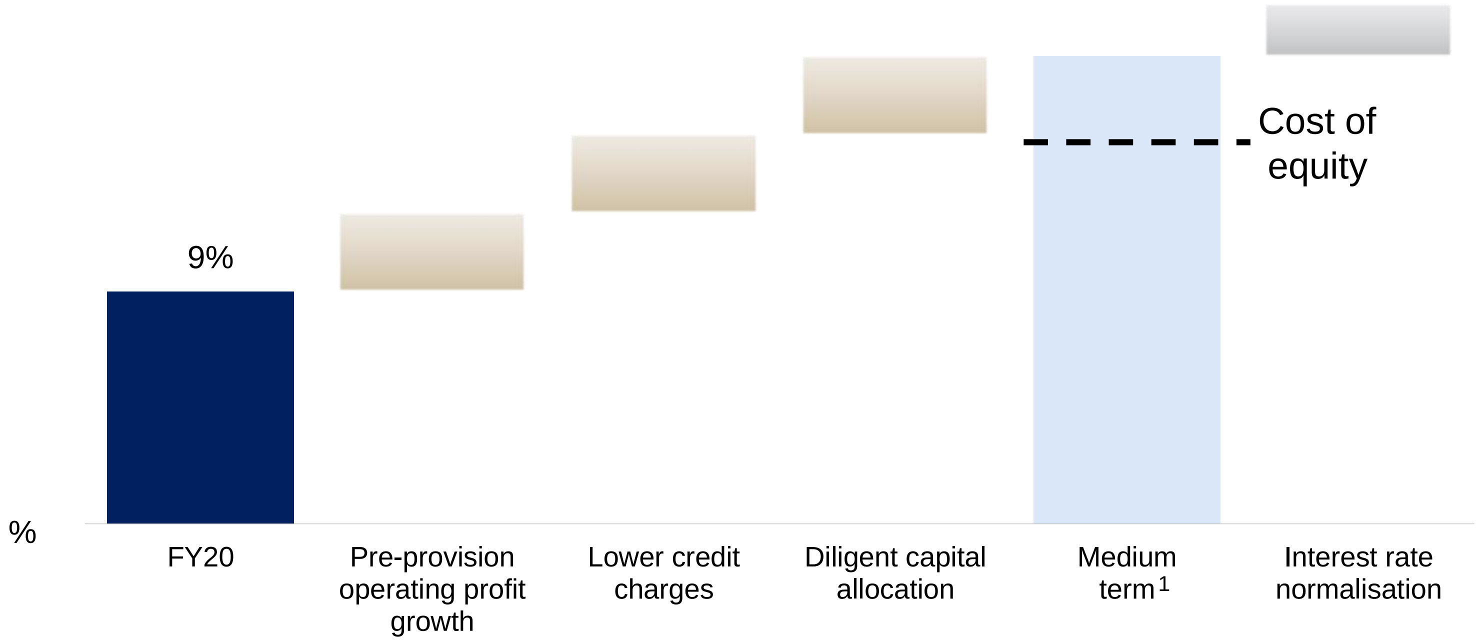
Key drivers	
Net interest margin	Stabilise, at levels similar to 2H20
Cost growth	Sub-inflationary target[1]
Credit loss ratio	Below FY20 but remain above TTC[2] range
Group HE growth	Positive
ROE	Higher than FY20
Dividend	Higher than FY20

[1] Based on weighted-average inflation across the group
[2] Through-the-cycle

ROE recovery

Management actions required to deliver ROE>COE over the medium term[1]

Illustrative drivers of ROE recovery

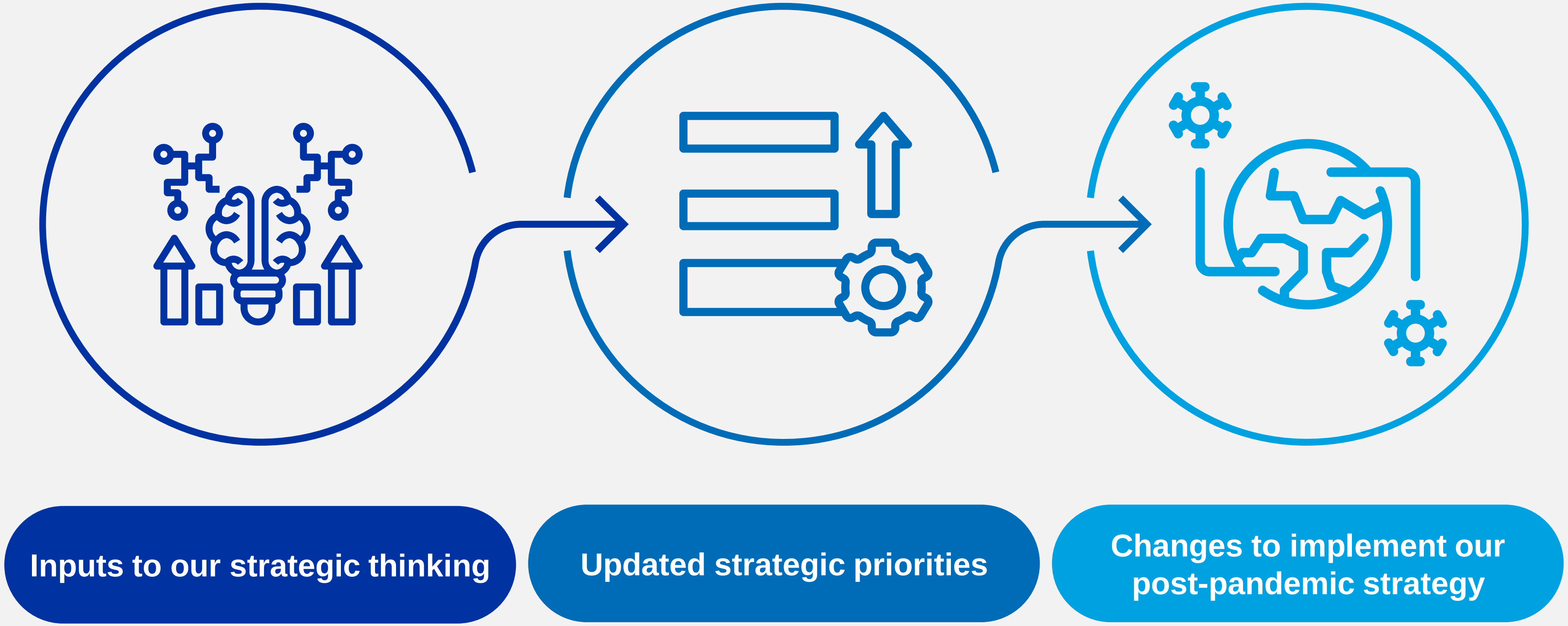


Will provide updated medium-term targets at Investor Update in 3Q21

[1] Medium term is 3-4 years

LOOKING FORWARD – RE-IMAGINING THE GROUP

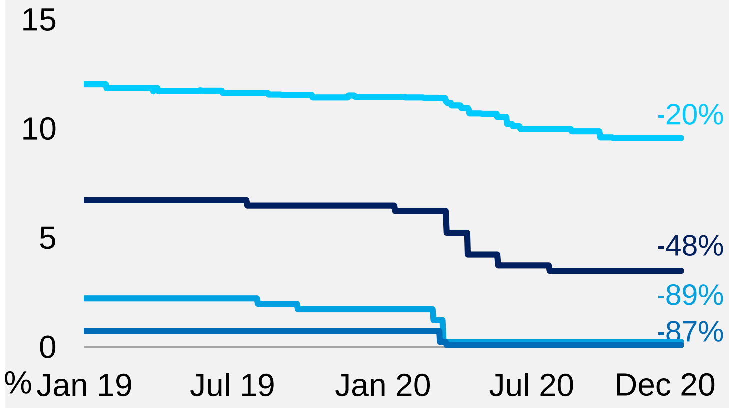
Looking toward the post-pandemic world



Current trends impacting our business

Interest rates expected to remain lower for longer

Interest rate evolution



SA	AR[1]	US	UK
3.5%	9.6%	0.25%	0.1%

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

	South Africa	Africa Regions
Digital transaction volumes	↑29%	↑27%
% digital transaction volumes	99%	95%

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	Green Bonds arranged
21%	36%
% of total group funding raised	% of total green bonds issued in sub-Saharan Africa
Quantum raised (USDm) 385	Quantum arranged (USDm) 200

SBG's response

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

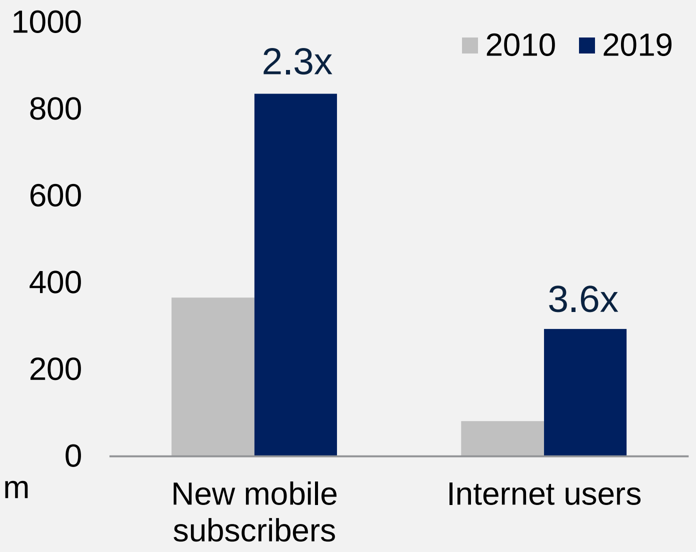
[1] Weighted average of interest rates of Africa Regions presence countries excluding Zimbabwe, South Sudan, Côte I'd Ivoire and Ethiopia

Source: Bloomberg

Medium and long-term African trends shaping our strategy

Technology deepening

Africa mobile and internet user growth



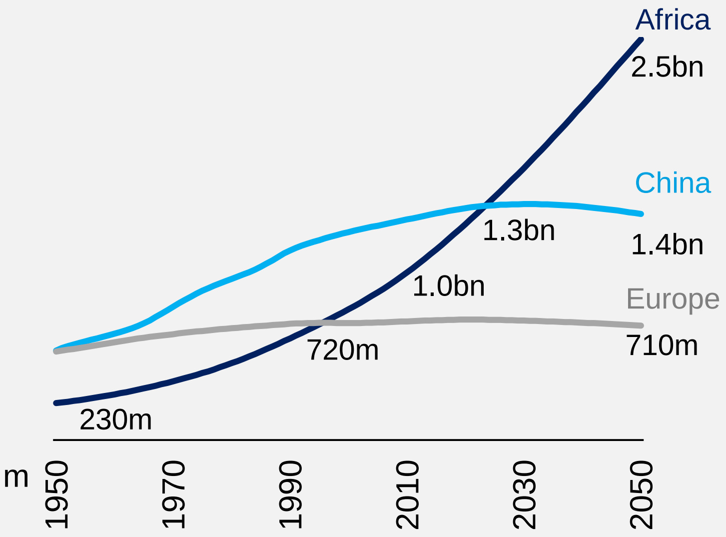
SBG's response

Digital 1st solutions

Exceptional client experience

Demographics changing

Population growth



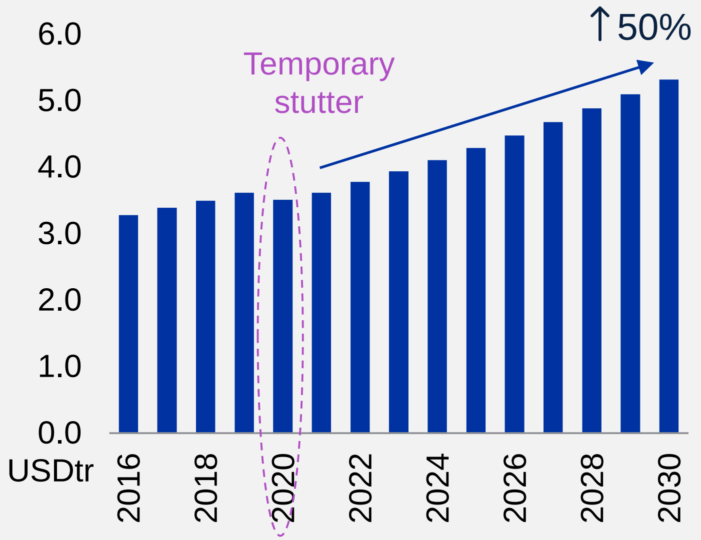
SBG's response

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

Financial inclusion

Job creation and enterprise growth

Infrastructure

Africa trade and investment

Climate change and sustainable finance

Education

Health

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[1] 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

[1] *United Nations Sustainable Development Goals*

Improving transparency and reporting on sustainability

ESG performance

SAM (Now a Part of S&P Global): Score of 60% (FY19: 51%; industry average: 39%) in the Corporate Sustainability Assessment

FTSE Russell: Included in the FTSE4Good Sustainability Index

MSCI: Rating remained stable at AA

Sustainalytics: Risk rating improved to 25.5 and rank improved to 226 (out of 975 banks)

CDP (Disclosure Insight Action): Score C, in line with industry average

Corporate Knights (The Voice for Clean Capitalism): Ranked 53rd in the Global 100 Most Sustainable Corporations in the World and the only African company in the top 100

[1] *Task Force on Climate-related Financial Disclosures*
[2] *United Nations Environment Programme Finance Initiative*
[3] *Banking Association of South Africa*
[4] *National Business Initiative*

Key takeouts

- Publish a comprehensive suite of reports
  - ESG Report
  - Report to Society
  - SBSA Transformation Report
- Published during the year
  - Interim TCFD[1] Report (comprehensive report included in ESG Report going forward)
  - Fossil Fuel Policy
  - Sustainable Bonds Framework
- Participating in UNEP FI's[2] TCFD Banking Pilot Projects
- Working with BASA[3] and NBI[4] 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

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.

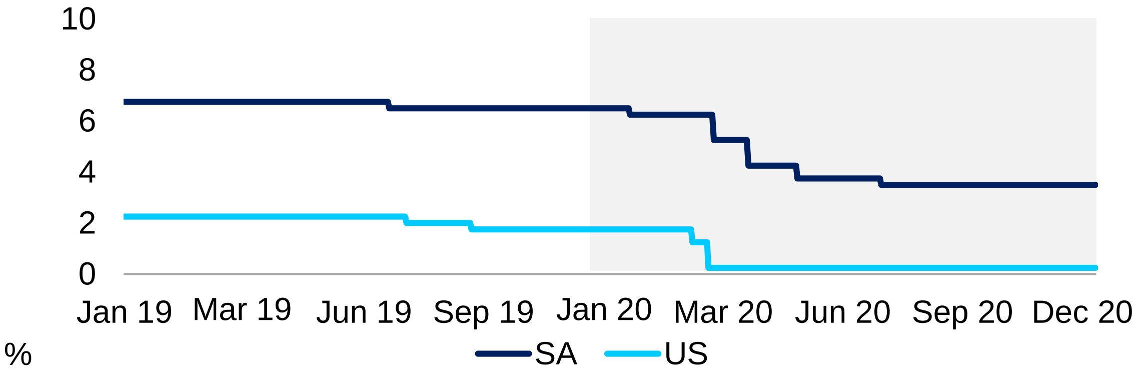
By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying 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

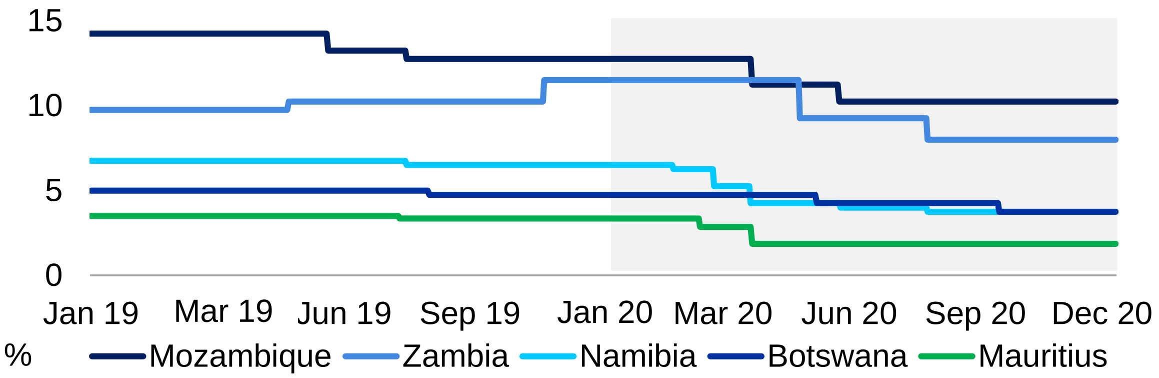
Interest rates

Average interest rates lower in all countries except Angola

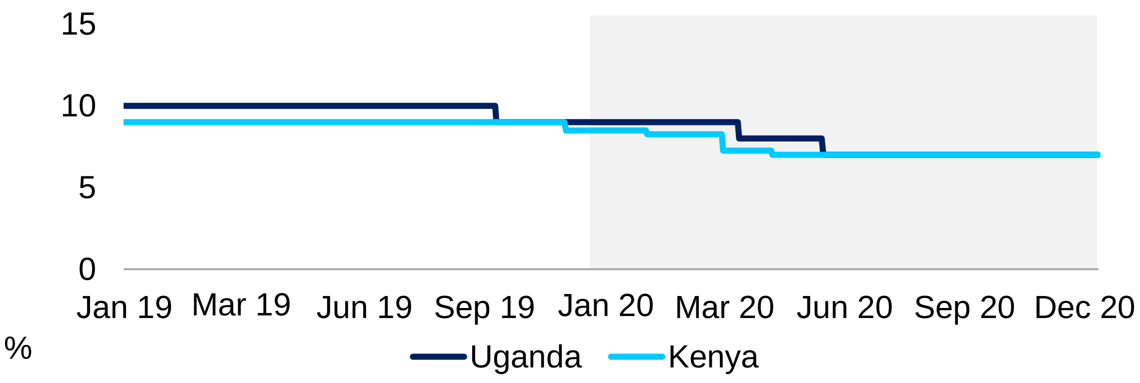
South Africa and International



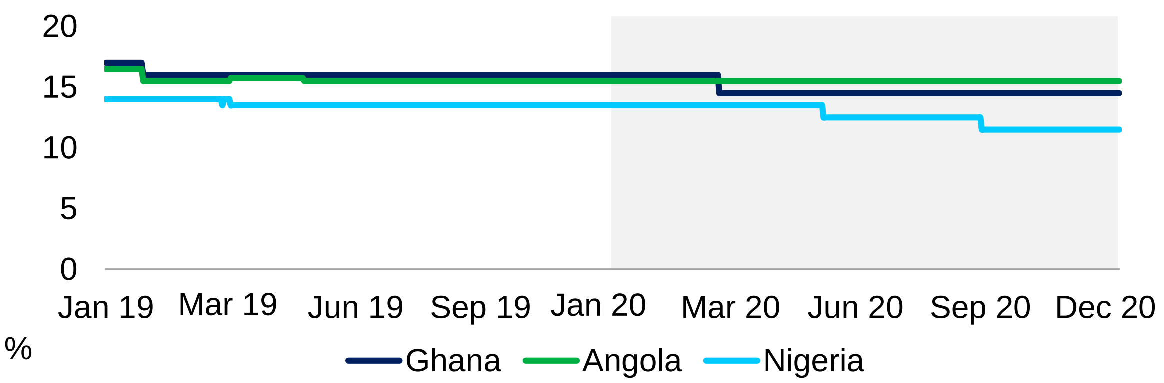
South and Central Africa



East Africa



West Africa

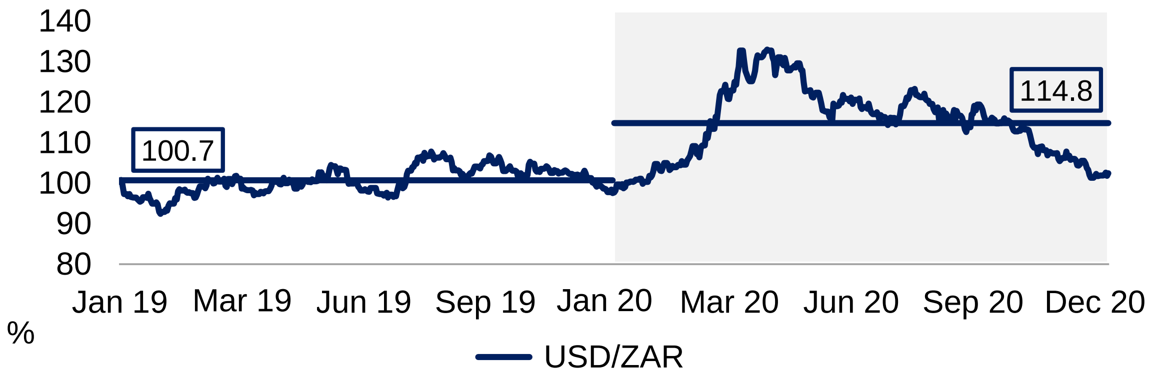


Source: Bloomberg

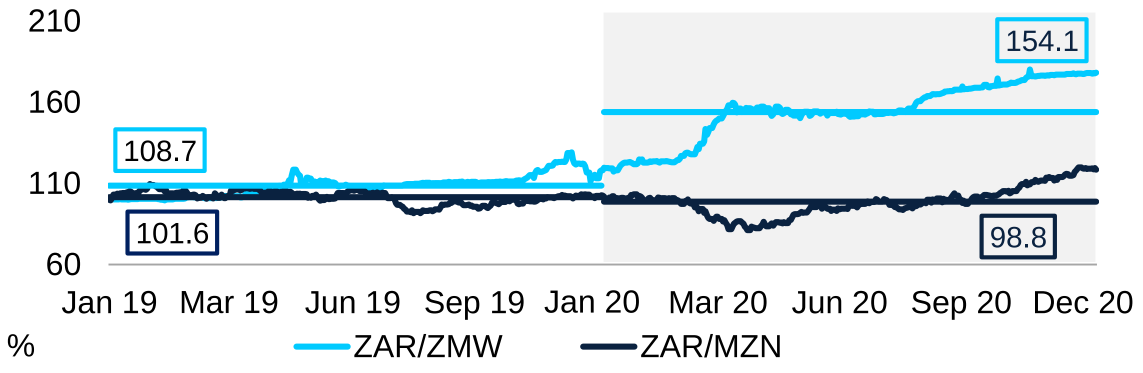
Forex rates

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

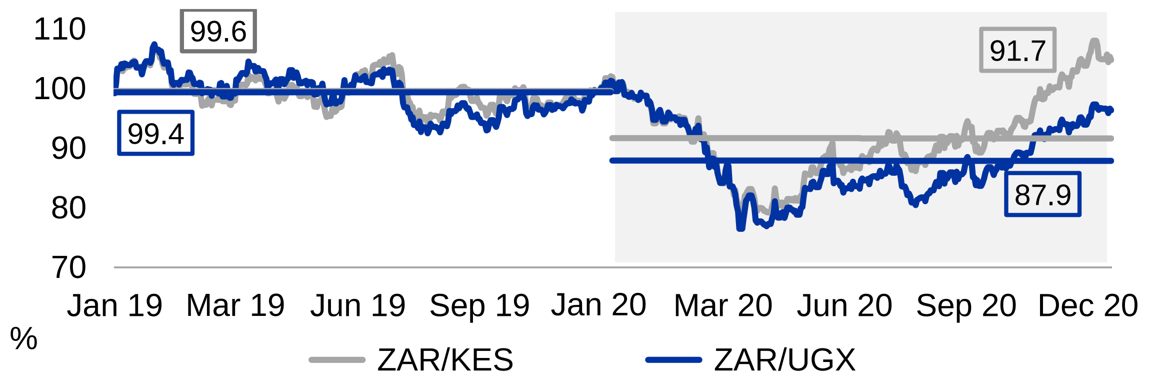
South Africa and International



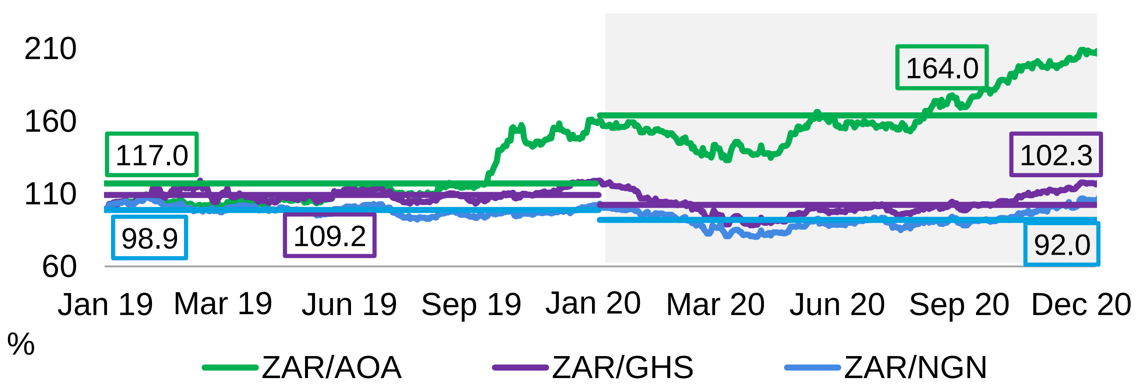
South and Central Africa



East Africa



West Africa

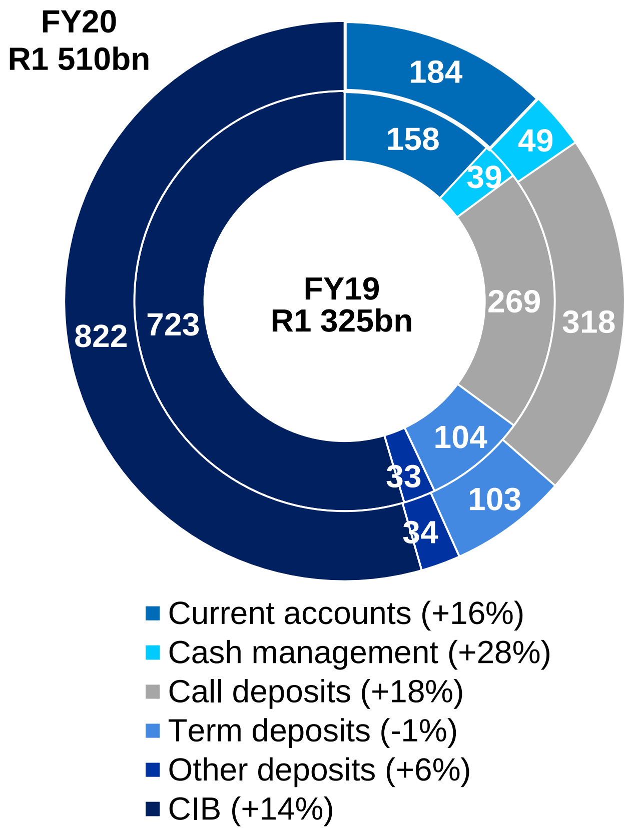


Source: Bloomberg, rates have been rebased to reflect movement since 1 January 2019, straight lines represent the average rebased rates for the respective 12-month periods

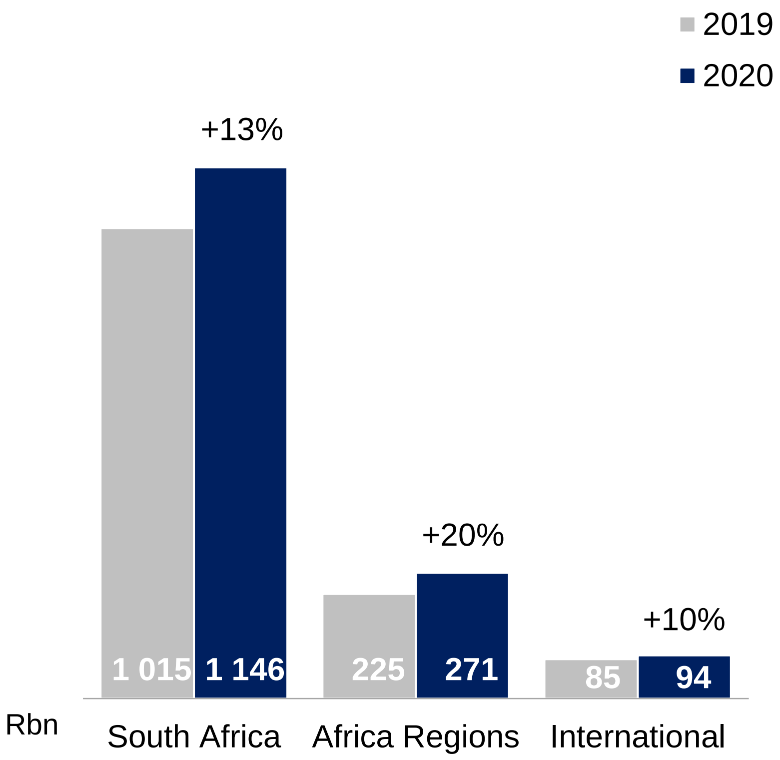
Deposits from customers

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

Deposits from customers by product



Deposits from customers by geography



	South Africa	Africa Regions	International
CCY[1] Var. %	+13%	+27%	+0.2%

Key takeouts

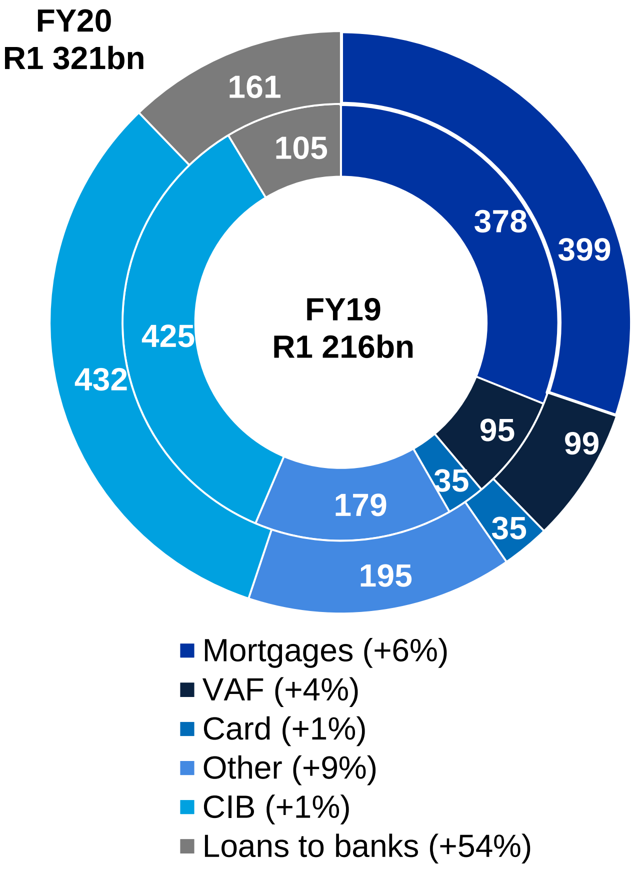
- Growth due to subdued client spend and conscientious client liquidity management, given the uncertain environment, particularly in South Africa
- Strong growth in current and savings account balances in PBB Africa Regions continued
- Growth in CIB underpinned by increases in cash management and custody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

[1] *Constant Currency*

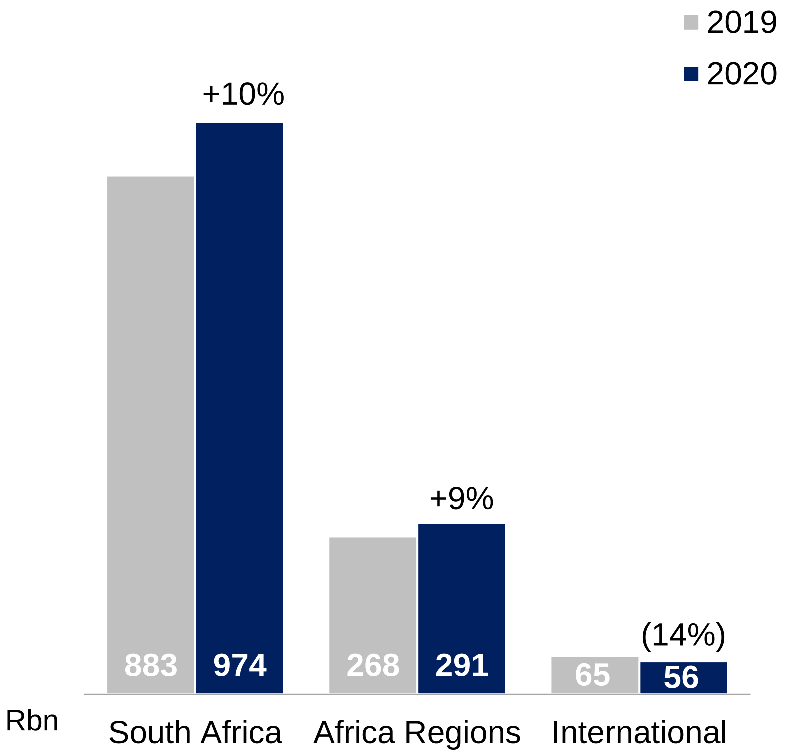
Gross loans and advances

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



	South Africa	Africa Regions	International
CCY[2] Var. %	+10%	+11%	(21%)

[1] Drawn balances totaled R7.1bn as at 31 December 2020
[2] 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[1]
  - 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[1] and parameters

Base: 50% weight

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

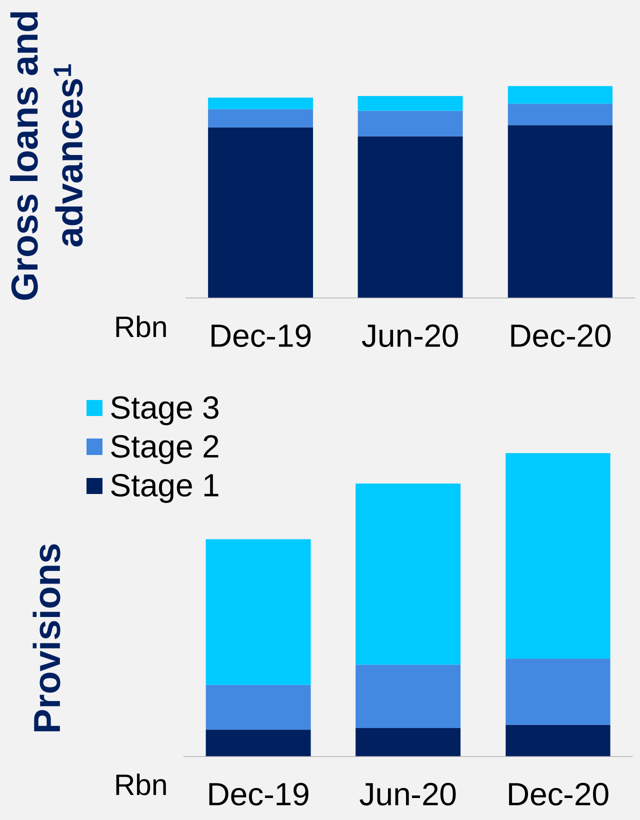
Bear: 30% weight

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

[1] 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)
[2] Full list of macroeconomic factors included in the Base, Bull and Bear scenarios are included in the FY20 financial analysis booklet
[3] Based on average, excluding Zimbabwe, Africa Regions scenario weightings set at a country level

Gross loans and provisions – PBB South Africa[1]

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
Total	**595**	**600**	**630**

	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
Total	**25.4**	**31.9**	**35.5**

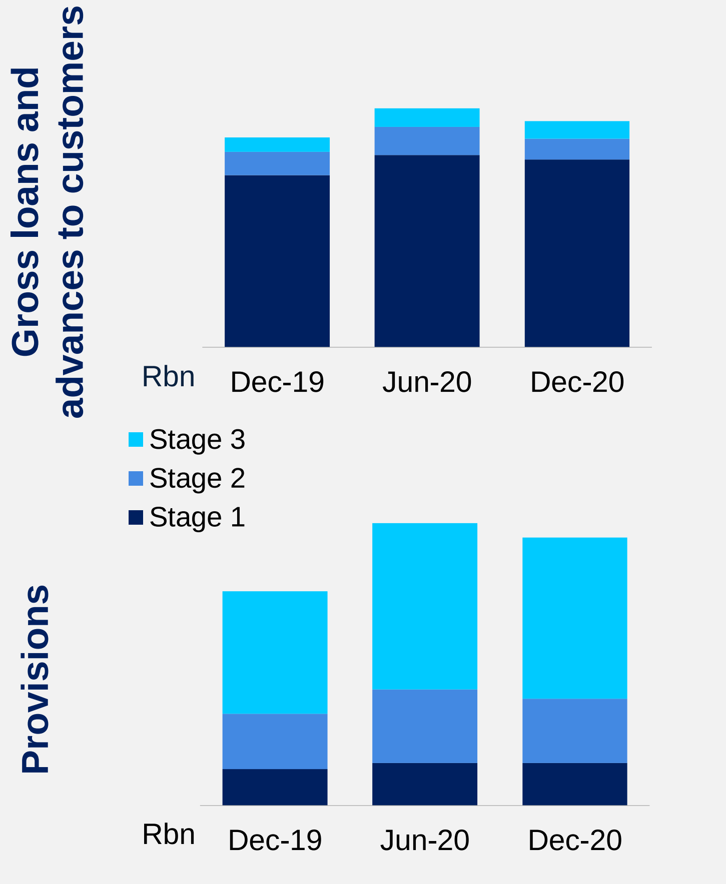
	Coverage, %		
	Dec-19	Jun-20	Dec-20
Stage 3	50.7	48.3	46.0
Stage 2	9.7	9.7	12.1
Stage 1	0.6	0.7	0.7
Total	**4.3**	**5.3**	**5.6**

- 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%

[1] *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
Total	**78.0**	**88.8**	**84.1**

	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
Total	**4.4**	**5.8**	**5.5**

	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
Total	**5.6**	**6.5**	**6.5**

- 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

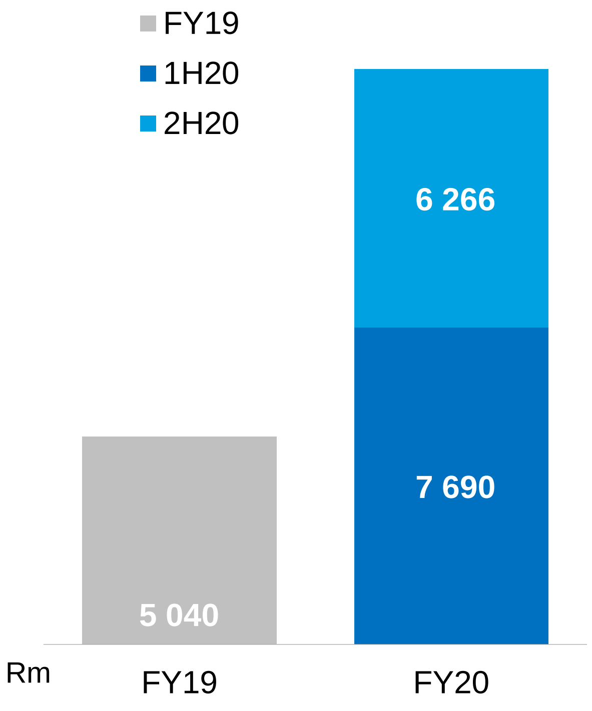
- Coverage up relative to Dec-19 and maintained relative to Jun-20

Credit impairment charges – PBB South Africa

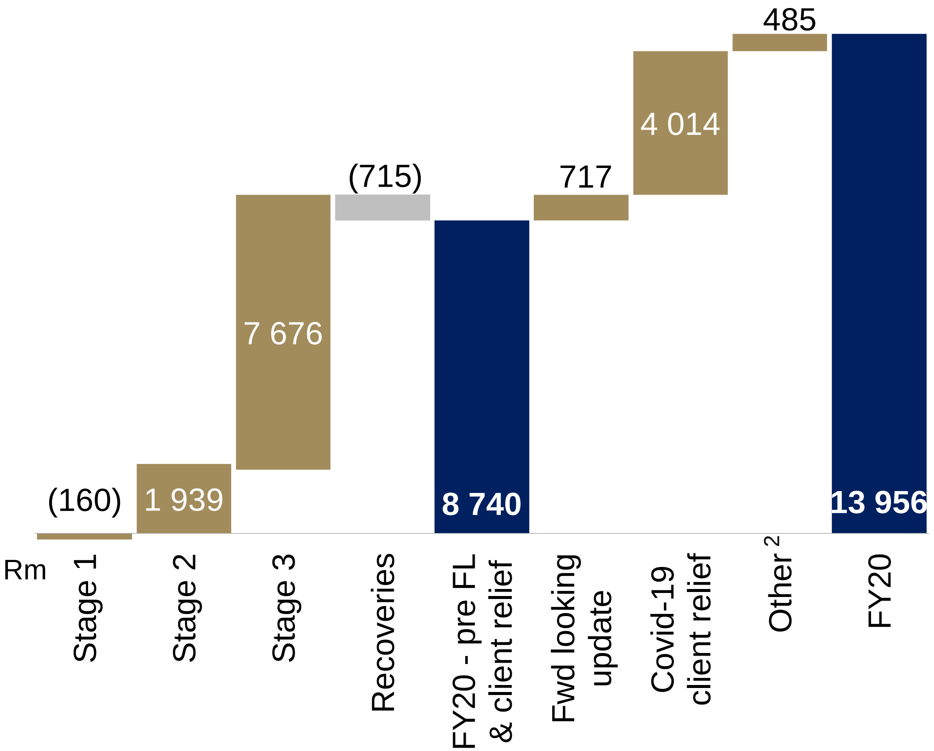
Increase driven by customer risk profiles and deteriorating outlook

Credit impairment charges[1]

↑2.8x YOY



CLR	88 bps	235 bps



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

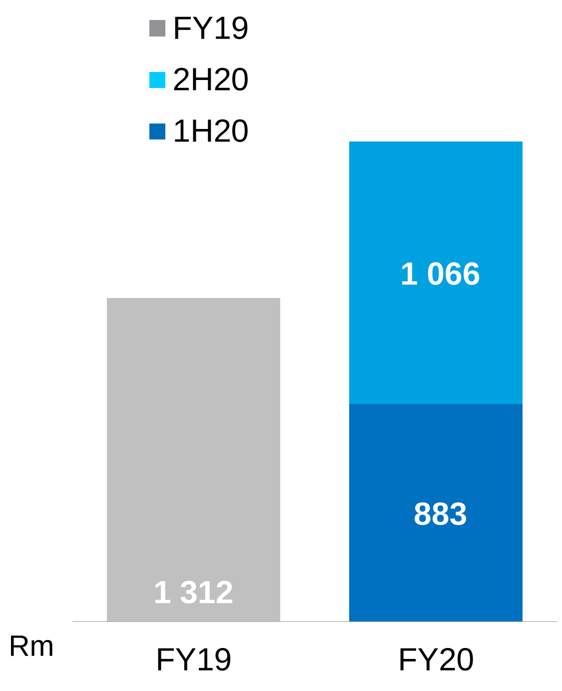
[1]Credit impairments numbers include off-balance sheet provisions per page 35 financial analysis booklet
[2]Other relates to additional intuitive overlays

Credit impairment charges – PBB Africa Regions

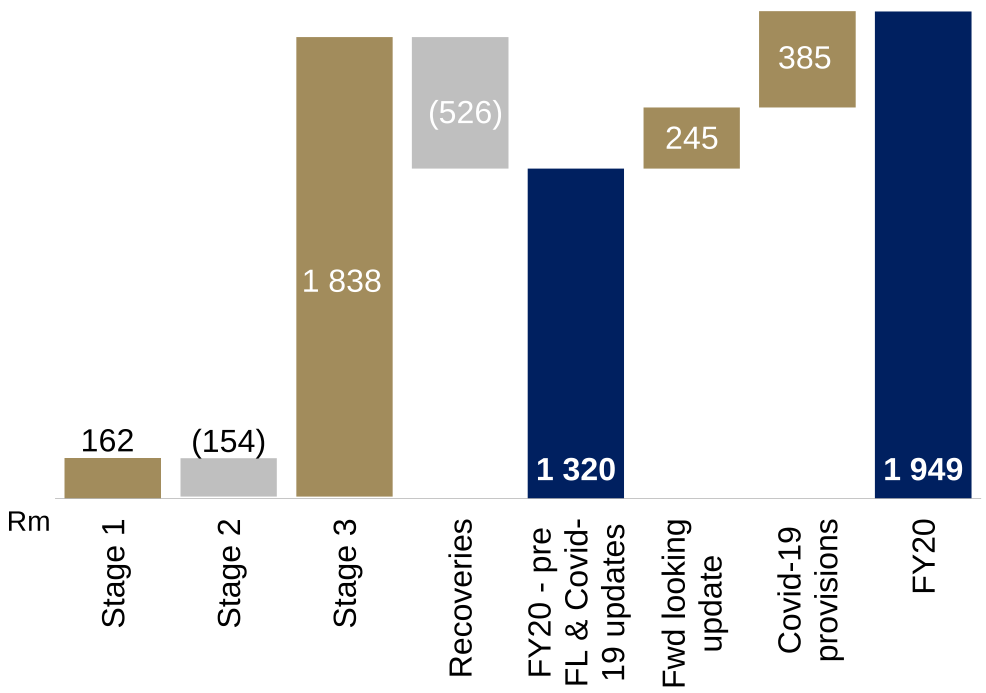
Increase due to deterioration in client risk profiles

Credit impairment charges[1]

↑ 1.5x YOY



CLR	169 bps	221 bps



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

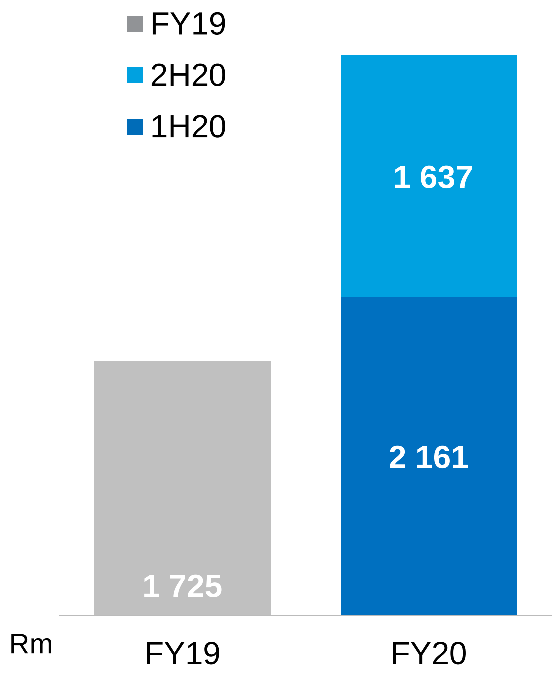
[1]*Credit impairments numbers include off-balance sheet provisions per page 35 financial analysis booklet*

Credit impairment charges – CIB

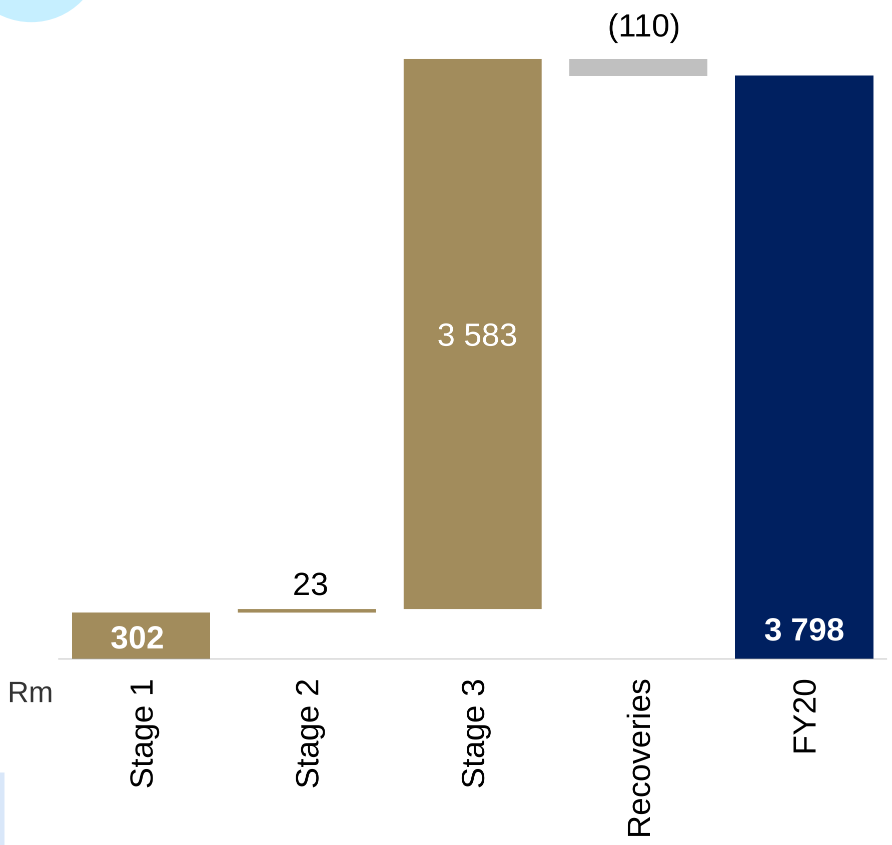
Concentrated in large names across SA and Africa Regions

Credit impairment charges[1]

↑2.2x YOY



CLR to customers	40 bps	80 bps



[1] *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

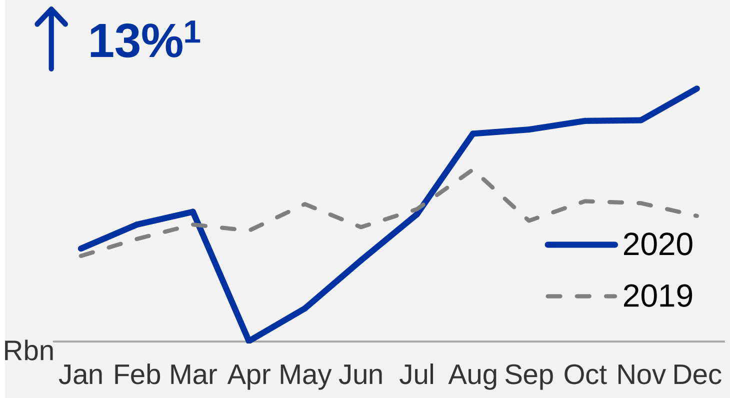
APPENDIX II – ACTIVITY ANALYSIS

PBB South Africa – disbursements

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

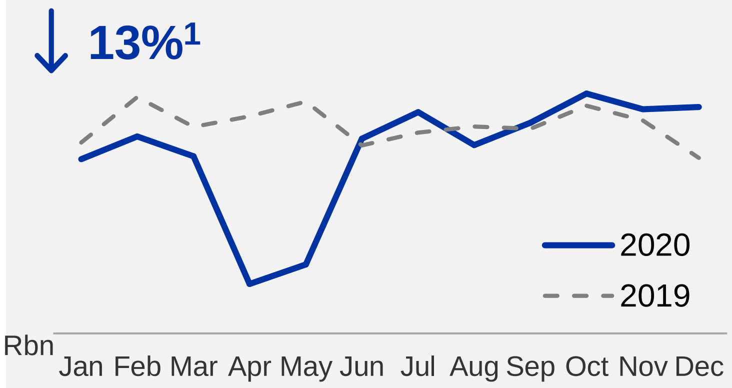
Mortgage disbursements

↑ 13%[1]



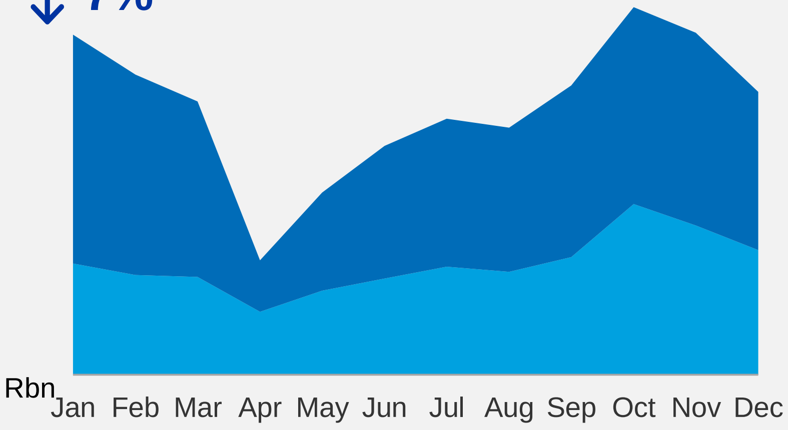
VAF[2] disbursements

↓ 13%[1]



Personal lending disbursements

↓ 7%[1]



% change FY20 vs FY19

↓ 25% Face-to-face

↑ 46% Digital

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

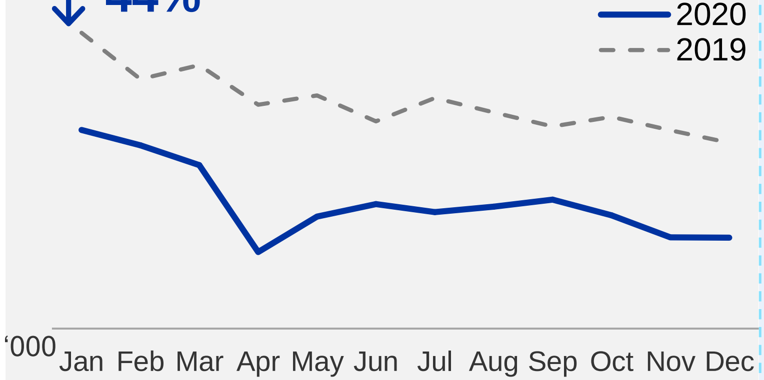
[1] % change relative to FY19
[2] Vehicle and asset finance

PBB South Africa – activity levels

Traditional channels down, while digital channels gained momentum

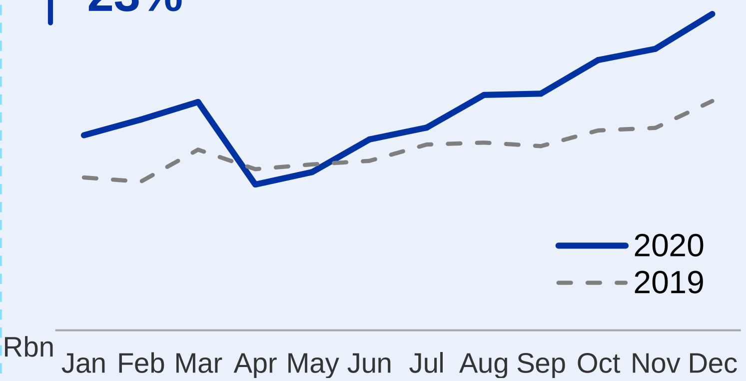
Branch activity (Volumes)

↓ 44%[1]



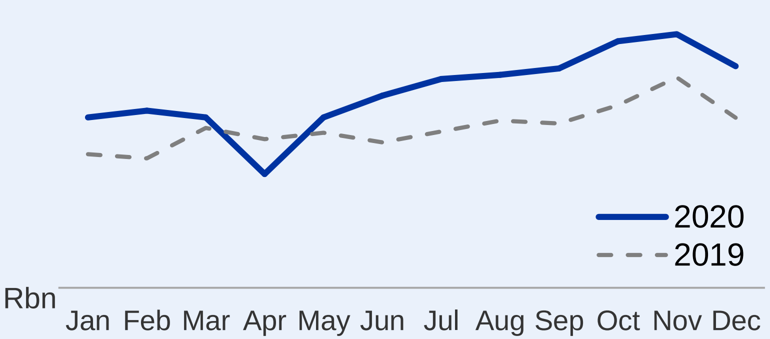
Mobile turnover (App & USSD)

↑ 23%[1]



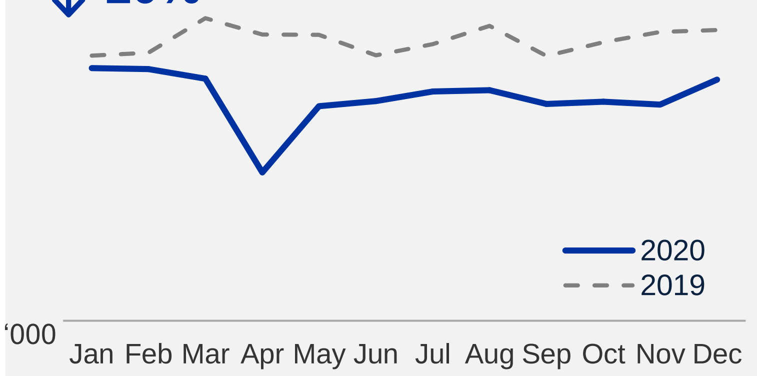
Snapscan turnover

↑ 24%[1]



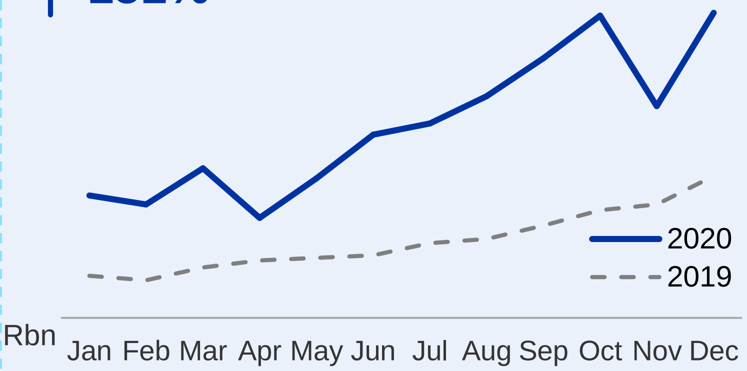
ATM activity (Volumes)

↓ 20%[1]



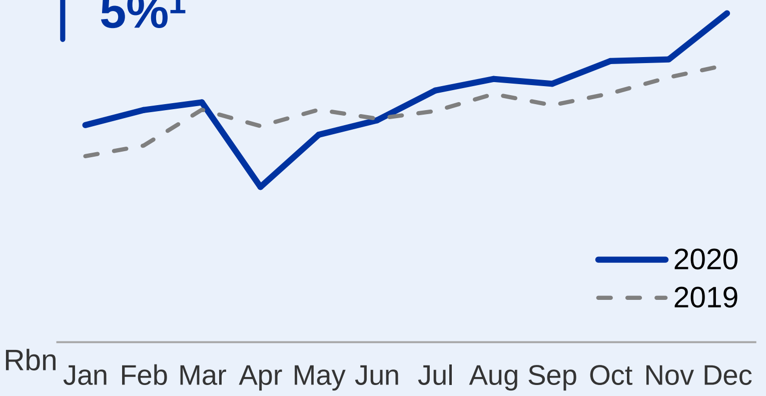
Contactless card turnover

↑ 151%[1]



Instant Money turnover

↑ 5%[1]



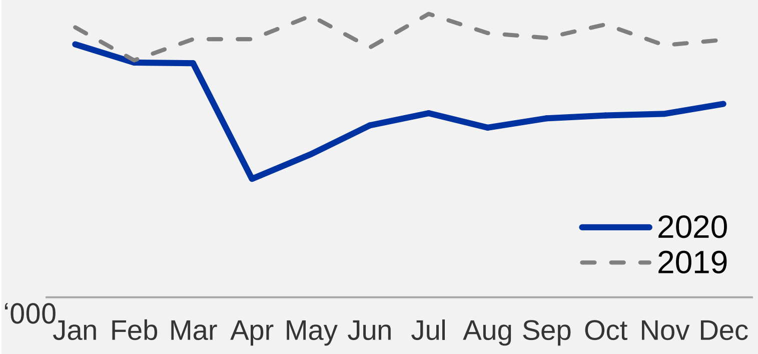
[1] *% change relative to FY19*

PBB Africa Regions – activity volumes

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

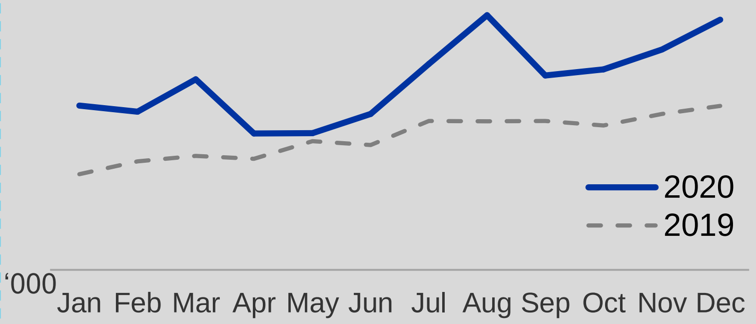
Branch activity

↓ 29%[1]



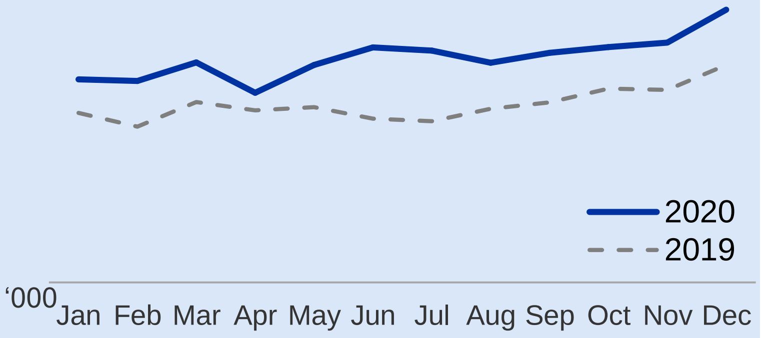
Business online[2]

↑ 42%[1]



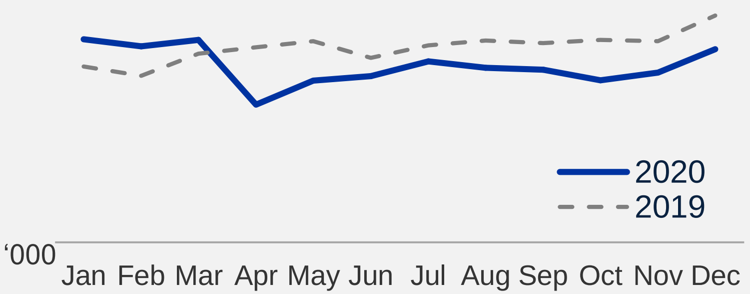
Internet banking

↑ 26%[1]



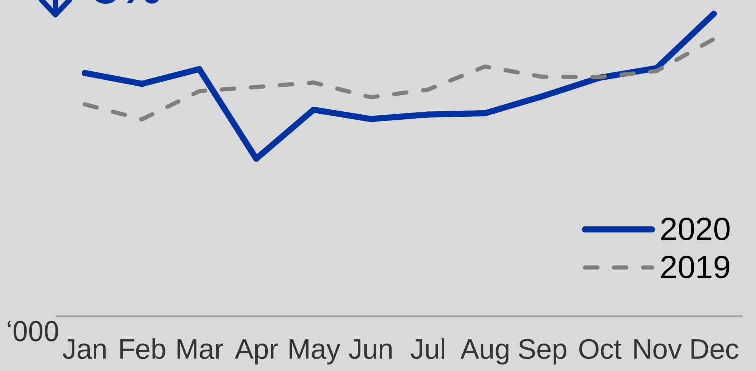
ATM activity

↓ 9%[1]



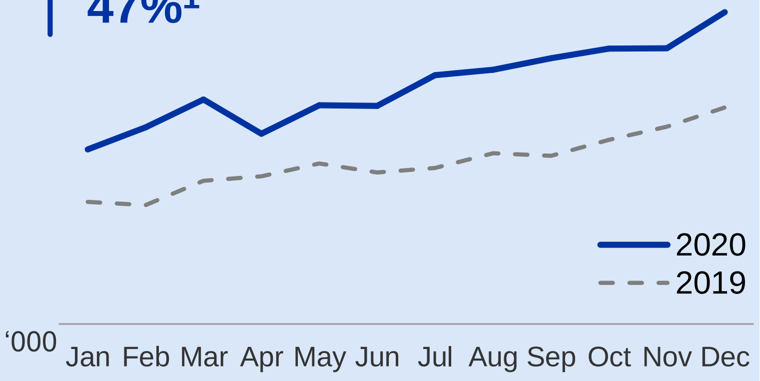
Merchant acquiring

↓ 3%[1]



Mobile activity (App & USSD)

↑ 47%[1]



[1] % change relative to FY19
[2] Business banking

STANDARD BANK GROUP

FINANCIAL RESULTS PRESENTATION

FY20

11 March 2021