



Standard Bank Group  
**financial results**  
**presentation 2017**  
for the six months ended 30 June



Standard Bank Group  
**financial results presentation**  
 for the six months ended 30 June 2017

Standard Bank Moving Forward™

Notes

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## Strategy unchanged



### Group Purpose

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

**Africa is our home, we drive her growth**

### Group Vision

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

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

In executing our group strategy our key focus areas are



**Client centricity**

we want to do valuable things for clients



**Digitisation**

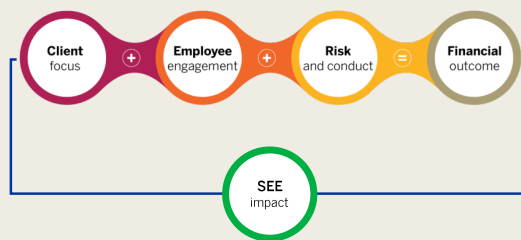
via digital platforms



**Universal financial services organisation**

delivering a seamless universal financial services proposition

We measure our progress using five strategic value drivers



SEE = Social, economic and environmental



## Financial outcome

Standard Bank Moving Forward™

Notes

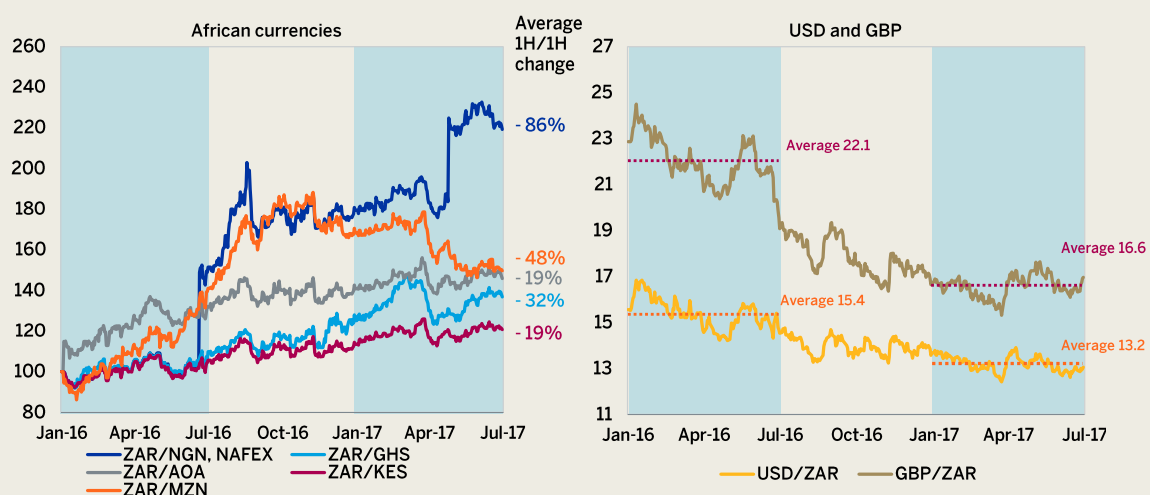
## Results highlights



|                          |   | 1H17   | change<br>% | 1H16   |
|--------------------------|---|--------|-------------|--------|
| Headline earnings (Rm)   | ▲ | 12 111 | 12          | 10 861 |
| HEPS (cents)             | ▲ | 756    | 11          | 680    |
| DPS (cents)              | ▲ | 400    | 18          | 340    |
| NAV per share (cents)    | ▲ | 9 554  | 2           | 9 381  |
| Credit loss ratio (%)    | ▼ | 0.96   |             | 1.05   |
| Jaws (%)                 | ▲ | 1.0    |             | 0.8    |
| Cost-to-income ratio (%) | ▼ | 56.3   |             | 56.8   |
| CET 1 ratio (%)          | ▲ | 13.7   |             | 13.2   |
| Return on RWA (%)        | ▲ | 3.0    |             | 2.5    |
| ROE (%)                  | ▲ | 16.1   |             | 14.4   |

Financial results presentation / slide 4 /

## Material movement in currencies impacting results



Financial results presentation / slide 5 /

### Notes

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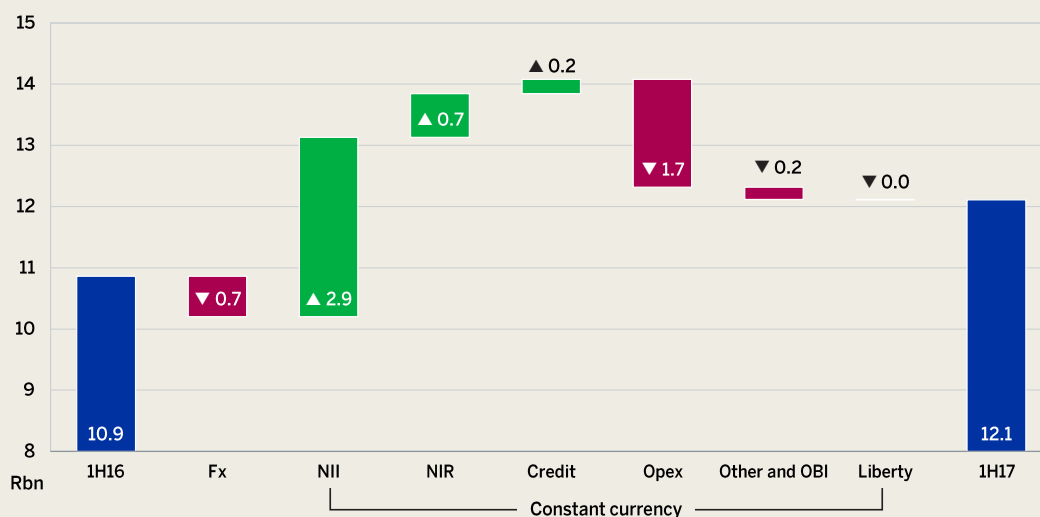
## Income statement



|  | 1H17<br>Rm    | change<br>% | change CCY<br>% | 1H16<br>Rm    |
|--|---------------|-------------|-----------------|---------------|
| Net interest income  | 28 770        | 4           | 11              | 27 775        |
| Non-interest revenue   | 20 566        | (7)         | 4               | 22 088        |
| <b>Total income</b>  | <b>49 336</b> | <b>(1)</b>  | <b>8</b>        | <b>49 863</b> |
| Operating expenses   | 27 769        | (2)         | 7               | 28 340        |
| <b>Pre-provision profit</b>                                    | <b>21 567</b> | <b>0</b>    | <b>10</b>       | <b>21 523</b> |
| Credit impairment charges                                      | 5 155         | (11)        | (4)             | 5 815         |
| Taxation   | 4 240         | (3)         | 8               | 4 364         |
| Attributable to minorities and other equity instrument holders | 1 319         | (1)         | 29              | 1 335         |
| <b>Banking activities headline earnings</b>                    | <b>11 017</b> | <b>10</b>   | <b>18</b>       | <b>9 973</b>  |
| Other banking interests  | 212           | >100        | >100            | 2             |
| Liberty attributable to the group                              | 882           | (0)         | (0)             | 886           |
| <b>SBG headline earnings</b>                                   | <b>12 111</b> | <b>12</b>   | <b>19</b>       | <b>10 861</b> |

Financial results presentation / slide 6 /

## Analysis of headline earnings by income statement line item



Financial results presentation / slide 7 /

### Notes

## Segmental view of group headline earnings



|  | 1H17<br>Rm    | change<br>%    | change CCY<br>% | 1H16<br>Rm    |
|--|---------------|----------------|-----------------|---------------|
| <b>PBB</b>                               | <b>6 109</b>  | <b>11</b>      | <b>15</b>       | <b>5 523</b>  |
| South Africa                             | 5 682         | 13             | 13              | 5 033         |
| Africa Regions                           | 96            | (46)           | >100            | 177           |
| International                            | 331           | 6              | 41              | 313           |
| <b>CIB</b>                               | <b>5 335</b>  | <b>10</b>      | <b>19</b>       | <b>4 856</b>  |
| <b>Central &amp; other</b>               | <b>(427)</b>  | <b>(5)</b>     | <b>(1)</b>      | <b>(406)</b>  |
| <b>Banking activities</b>                | <b>11 017</b> | <b>10</b>      | <b>18</b>       | <b>9 973</b>  |
| <b>Other banking interests</b>           | <b>212</b>    | <b>&gt;100</b> | <b>&gt;100</b>  | <b>2</b>      |
| ICBCS                                    | 48            | >100           | >100            | (356)         |
| ICBC Argentina                           | 164           | (54)           | (41)            | 358           |
| <b>Liberty attributable to the group</b> | <b>882</b>    | <b>(0)</b>     | <b>(0)</b>      | <b>886</b>    |
| <b>SBG</b>                               | <b>12 111</b> | <b>12</b>      | <b>19</b>       | <b>10 861</b> |

Financial results presentation / slide 8 /

## PBB summarised income statement



|                             | 1H17<br>Rm    | change<br>% | change CCY<br>% | 1H16<br>Rm    |
|-----------------------------|---------------|-------------|-----------------|---------------|
| Net interest income         | 19 938        | 1           | 7               | 19 699        |
| Non-interest revenue        | 13 460        | (3)         | 6               | 13 918        |
| <b>Total income</b>         | <b>33 398</b> | <b>(1)</b>  | <b>7</b>        | <b>33 617</b> |
| Operating expenses          | 20 363        | (1)         | 7               | 20 495        |
| <b>Pre-provision profit</b> | <b>13 035</b> | <b>(1)</b>  | <b>6</b>        | <b>13 122</b> |
| Credit impairment charges   | 4 348         | (4)         | 0               | 4 517         |
| <b>Headline earnings</b>    | <b>6 109</b>  | <b>11</b>   | <b>15</b>       | <b>5 523</b>  |
| ROE (%)                     | 17.7          |             |                 | 16.5          |
| Credit loss ratio (%)       | 1.36          |             |                 | 1.41          |
| Jaws (%)                    | 0.0           |             |                 | (0.4)         |
| Cost-to-income ratio (%)    | 61.0          |             |                 | 61.0          |

Financial results presentation / slide 9 /

### Notes

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## CIB summarised income statement



|                              | 1H17<br>Rm    | change<br>% | change CCY<br>% | 1H16<br>Rm    |
|------------------------------|---------------|-------------|-----------------|---------------|
| Net interest income          | 9 491         | 7           | 18              | 8 846         |
| Non-interest revenue         | 7 950         | (11)        | 1               | 8 886         |
| <b>Total income</b>          | <b>17 441</b> | <b>(2)</b>  | <b>10</b>       | <b>17 732</b> |
| Operating expenses           | 9 099         | (7)         | 3               | 9 752         |
| <b>Pre-provision profit</b>  | <b>8 342</b>  | <b>5</b>    | <b>18</b>       | <b>7 980</b>  |
| Credit impairment charges    | 807           | (38)        | (23)            | 1 298         |
| <b>Headline earnings</b>     | <b>5 335</b>  | <b>10</b>   | <b>19</b>       | <b>4 856</b>  |
| ROE (%)                      | 21.4          |             |                 | 17.8          |
| Credit loss ratio (%)        | 0.33          |             |                 | 0.49          |
| Client credit loss ratio (%) | 0.45          |             |                 | 0.71          |
| Jaws (%)                     | 5.1           |             |                 | 0.3           |
| Cost-to-income ratio (%)     | 52.2          |             |                 | 55.0          |

Financial results presentation / slide 10 /

## Liberty



|  | 1H17<br>Rm   | change<br>% | 1H16<br>Rm   |
|--|--------------|-------------|--------------|
| Insurance  | 658          | (16)        | 786          |
| Balance sheet management                                 | 168          | 29          | 130          |
| Asset management – STANLIB                               | (3)          | (>100)      | 267          |
| Other  | (9)          | 89          | (83)         |
| <b>Normalised operating earnings</b>                     | <b>814</b>   | <b>(26)</b> | <b>1100</b>  |
| LibFin Investments (SIP)                                 | 453          | (37)        | 721          |
| <b>Normalised headline earnings</b>                      | <b>1 267</b> | <b>(30)</b> | <b>1 821</b> |
| BEE preference shares income                             | (5)          | 38          | (8)          |
| REIT accounting mismatch                                 | 278          |             |              |
| <b>IFRS headline earnings</b>                            | <b>1 540</b> | <b>(15)</b> | <b>1 813</b> |
| SBG share of Liberty IFRS headline earnings              | 852          | (14)        | 995          |
| SBG shares held for the benefit of Liberty policyholders | 30           | >100        | (109)        |
| <b>Headline earnings attributable to SBG</b>             | <b>882</b>   | <b>(0)</b>  | <b>886</b>   |

Financial results presentation / slide 11 /

## Notes

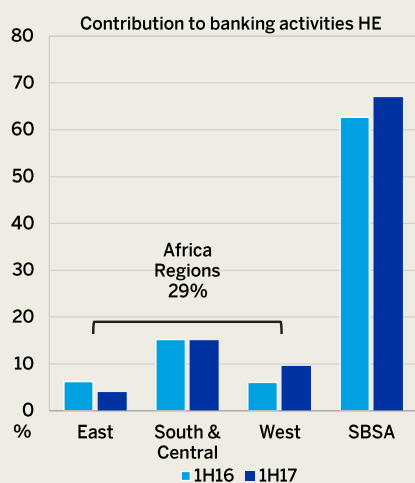
## Legal entity view of banking activities headline earnings



| Headline earnings     | 1H17<br>Rm   | change<br>% | change CCY<br>% | 1H16<br>Rm   |
|-----------------------|--------------|-------------|-----------------|--------------|
| <b>SBSA</b>           | <b>7 384</b> | <b>18</b>   | <b>18</b>       | <b>6 247</b> |
| <b>Africa Regions</b> | <b>3 155</b> | <b>16</b>   | <b>46</b>       | <b>2 729</b> |
| East                  | 438          | (29)        | (7)             | 617          |
| South & Central       | 1 661        | 10          | 28              | 1 513        |
| West                  | 1 056        | 76          | >100            | 599          |

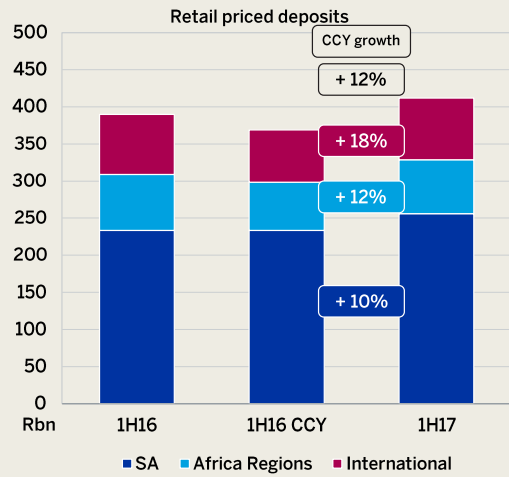
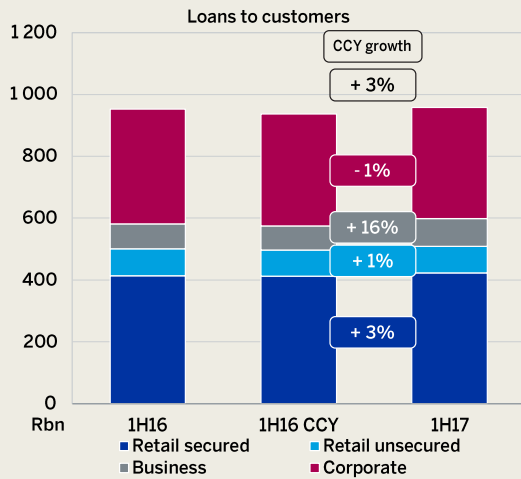
  

| ROE                       | 1H17<br>%   | 1H16<br>%   |
|---------------------------|-------------|-------------|
| <b>SBSA</b>               | <b>15.4</b> | <b>13.8</b> |
| <b>Africa Regions</b>     | <b>23.5</b> | <b>18.5</b> |
| East                      | 14.0        | 21.1        |
| South & Central           | 26.3        | 19.1        |
| West                      | 26.6        | 15.2        |
| <b>Banking activities</b> | <b>16.8</b> | <b>15.2</b> |



Financial results presentation / slide 12 /

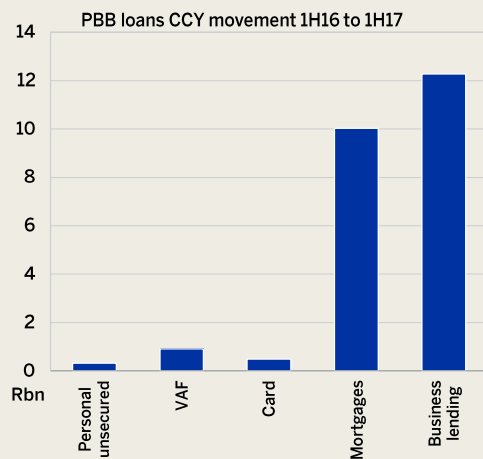
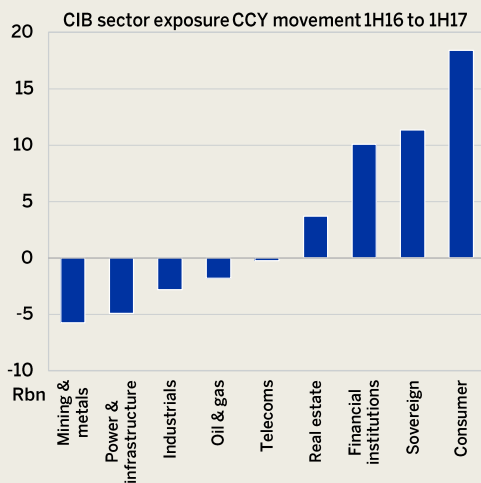
## Loans and deposits



Financial results presentation / slide 13 /

### Notes

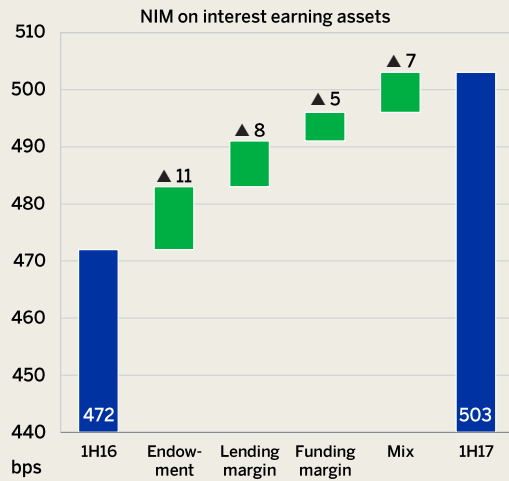
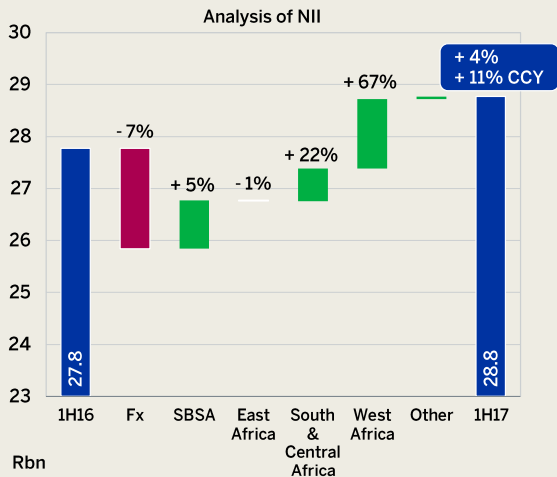
## Portfolio management



Financial results presentation / slide 14 /



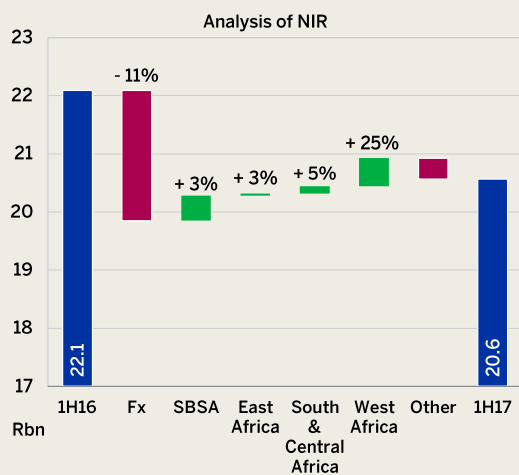
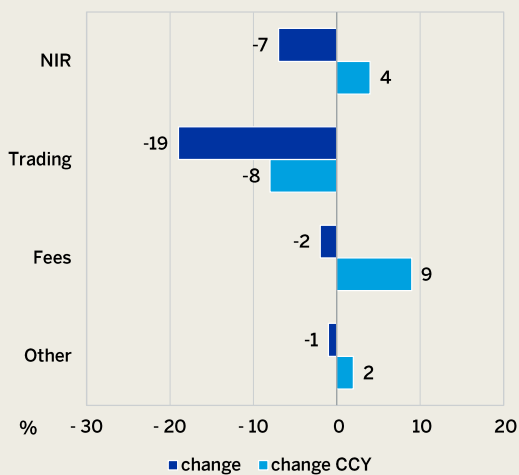
## Net interest income and margin



Financial results presentation / slide 15 /

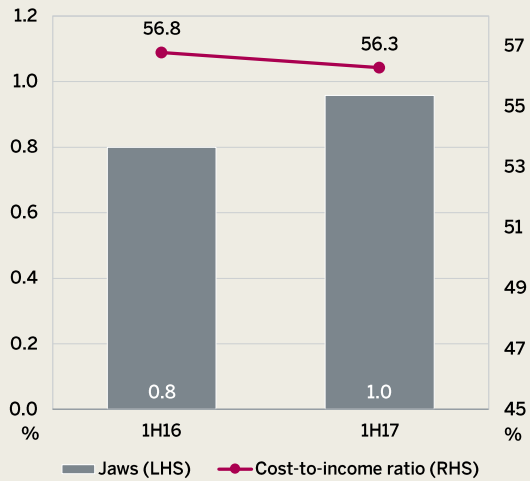
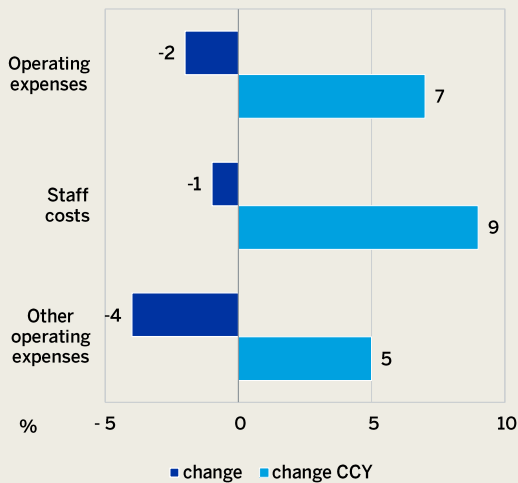
### Notes

## Non-interest revenue



Financial results presentation / slide 16 /

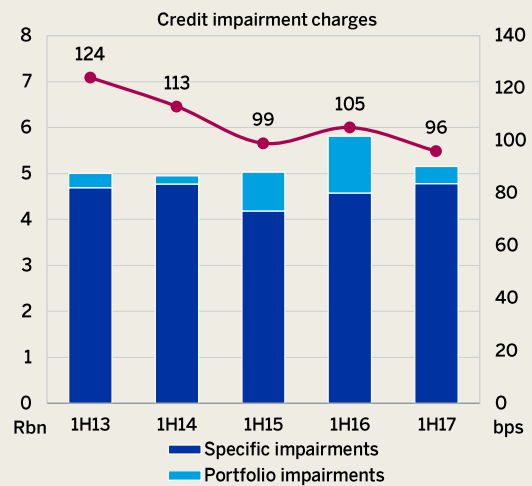
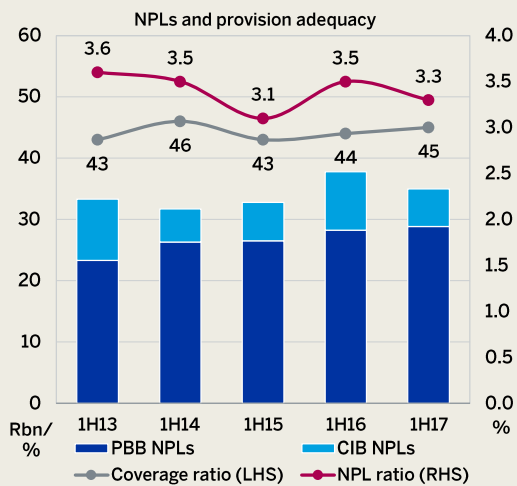
## Operating expenses



Financial results presentation / slide 17 /

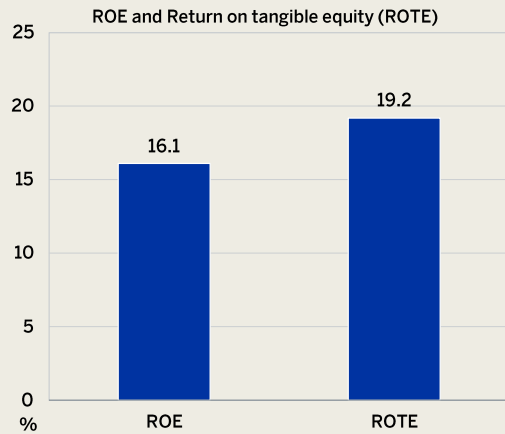
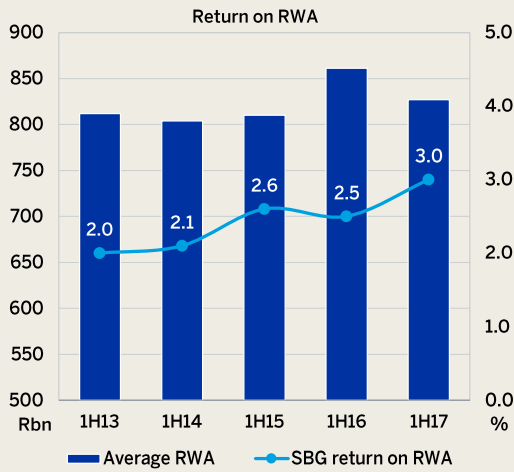
## Notes

## Credit



Financial results presentation / slide 18 /

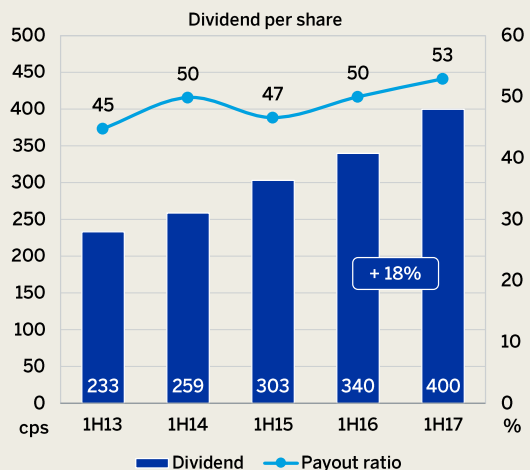
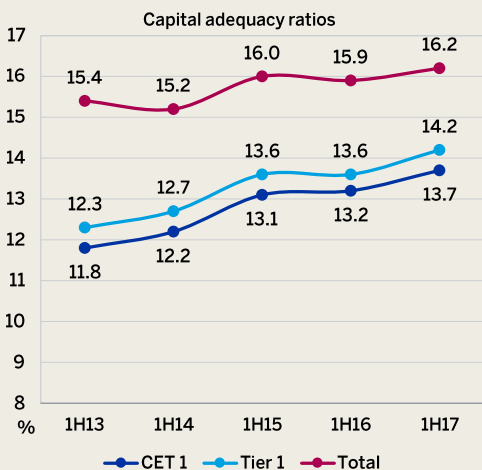
## Return metrics



Financial results presentation / slide 19 /

### Notes

## Capital and dividends



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## RETURNS

- ROE steadily moving up through target range



## GROWTH

- Partnering clients on their growth journeys

## RESILIENCE

- Strong balance sheet
- Diversified by product and geography

Financial results presentation / slide 21 /

Notes

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Strategy execution

## Strategy unchanged



### Group Purpose

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

Africa is our home, we drive her growth

### Group Vision

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

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

#### In executing our group strategy our key focus areas are



**Client centricity**

we want to do valuable things for clients



**Digitisation**

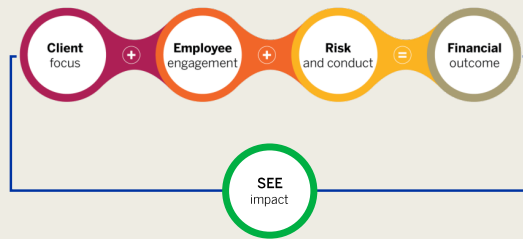
via digital platforms



**Universal financial services organisation**

delivering a seamless universal financial services proposition

#### We measure our progress using five strategic value drivers



SEE = Social, economic and environmental

Financial results presentation / slide 23 /

Notes

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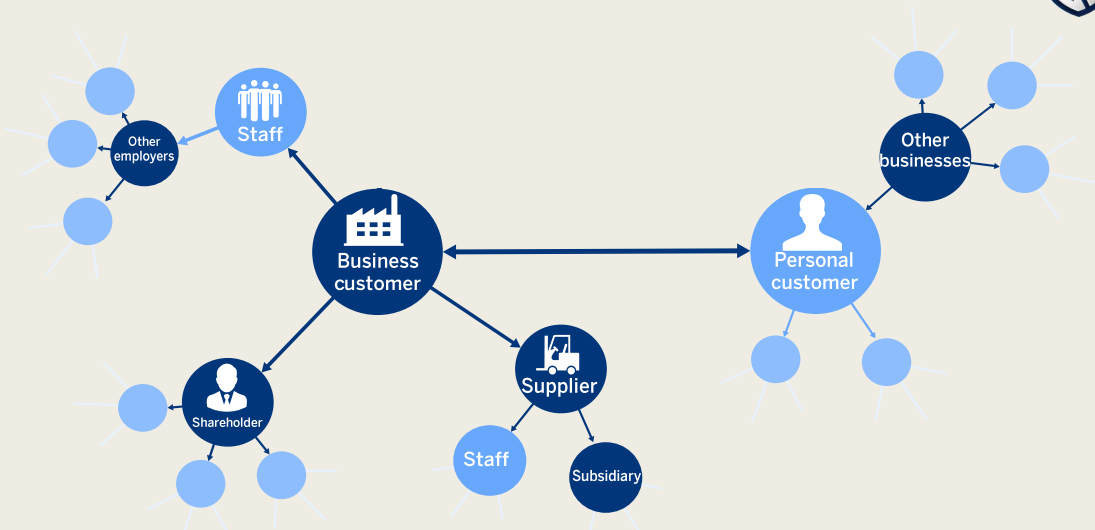


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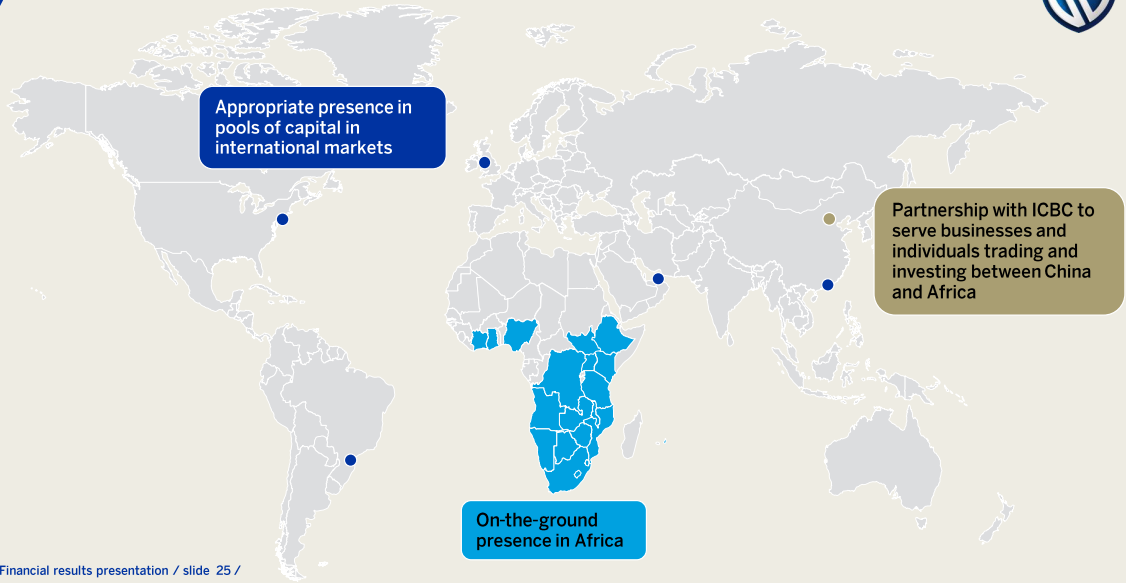
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## Adding value to our clients by delivering a seamless universal financial services proposition and leveraging our digital capabilities



Financial results presentation / slide 24 /

## In, for and across Africa



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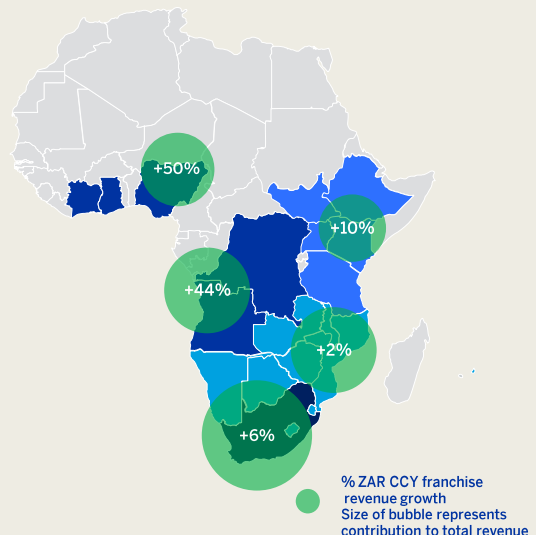
## CIB review: growing our client franchise



### Growth strategies



### Client franchise revenue

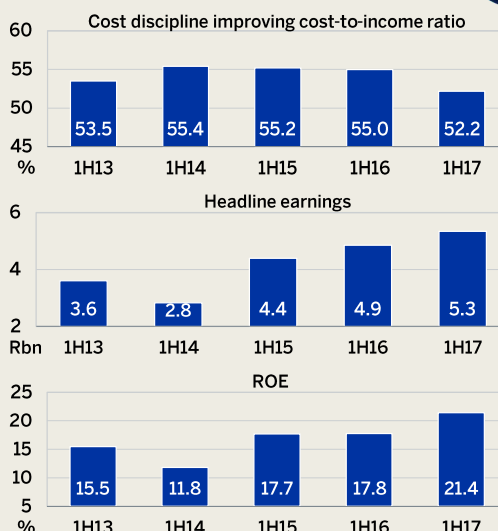


Financial results presentation / slide 26 /

## CIB review: business dynamics and performance



- Sustainable operational growth in volatile markets
- Diversification through client, sector focus and geographic footprint
- Maturing client centric strategy with strong linkages between client coverage, products and in-country teams
- Improving client experience in major geographies
- Better client selection and deal execution
- Responsive risk management strategy to market realities
- Continued focus on cost discipline and productivity gains
- Effective use of the balance sheet to support clients
- ROE of 21.4% with headline earnings of R5.3bn



Financial results presentation / slide 27 /

### Notes

## PBB review: growing our client franchise



### South Africa

- Encouraging signs that customer experience is improving, evidenced by an improvement in latest NPS scores
- Growth in number of targeted current accounts of 3% since 1H16
- Reaction to customer demands much faster
- 3 million customers transacted conveniently on our digital platforms, performing 775m transactions amounting to R556bn
- ~40 000 new lending facilities granted to SMEs in 1H17

### Africa Regions

- Growth in number of active customers of 13% since 1H16
- Five countries have grown active customer numbers by more than 10%, in particular in Nigeria

### Wealth

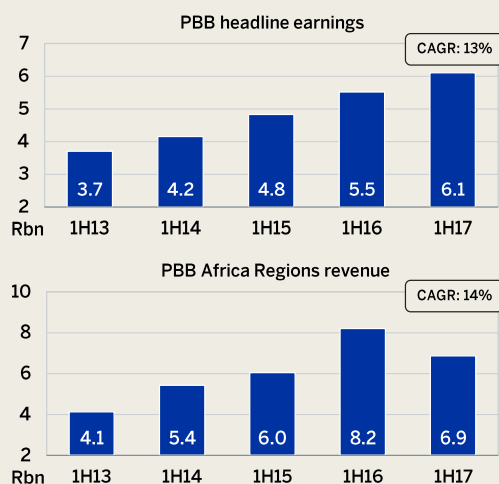
- GoalStandard™ funds launched during 1H17 successfully attracting inflows
- Launch of the 'Before the Sun Sets' which aims to send a client an update on their queries before the end of the day
- Improved turnaround times and increased customer satisfaction relating to accident and health, and funeral and motor claims has resulted in improved NPS scores

Financial results presentation / slide 28 /

## PBB review: business dynamics and performance



- Solid performance in SA
  - Good credit performance in tough economic environment
  - Disciplined cost management delivering positive jaws while investing in growth
- Africa Regions headline earnings more than doubled compared to the prior period in constant currency, despite regulatory changes
- International headline earnings increased 41% in constant currency
- Strong headline earnings growth of 11% with ROE improving from 16.5% to 17.7%



Financial results presentation / slide 29 /

### Notes

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## Liberty focus areas: growing our client franchise



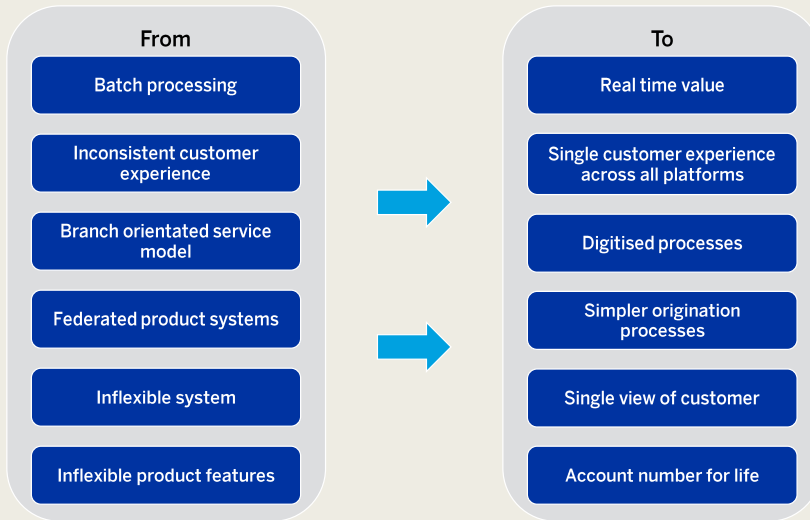
- Liberty completes the group's universal customer offering by providing life assurance and asset management
- Strengthened parent-subsiary alignment
- Immediate focus areas
  - Reverse decline in profitability and the lower value of new business
  - Individual Arrangements and STANLIB need attention
  - Reducing costs and complexity
  - Strengthening relationship with Standard Bank

Financial results presentation / slide 30 /





## Digitisation: Comprehensively upgrading our systems and technology to improve customer experience



Financial results presentation / slide 31 /

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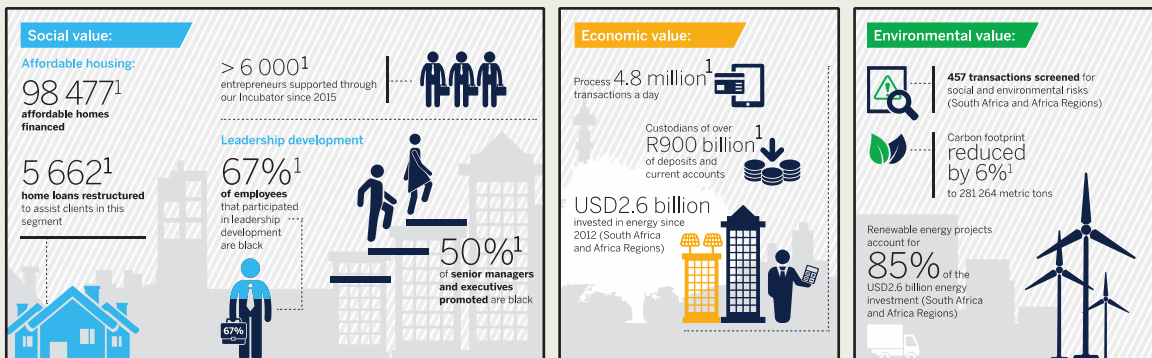
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## SEE: Ensuring the social, economic and environmental wellbeing in the markets in which we operate



<sup>1</sup> South Africa.

Financial results presentation / slide 32 /

## Looking ahead



**We have a strategy that is working and we are focused on execution**

**Great opportunities for growth in Africa**



**Maintain our commitment to partner our existing and new clients as they grow**



**Continue to digitise our processes**



**Leverage our universal financial services to deliver improved client experience**

**Manage credit and risk in a disciplined way, balancing risk appetite and client needs**

**Manage costs through improved efficiencies to consistently achieve positive jaws**

**Equip and reward our people to effectively deliver on our promises to our clients**

**We remain committed to achieving through-the-cycle earnings growth and an ROE within our target range of 15 – 18% over the medium term**

Financial results presentation / slide 33 /

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