



Standard Bank

Financial results presentation



for the year ended 31 December 2014

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for the year ended 31 December 2014

The journey from emerging markets to Africa

Purpose

- Group purpose
 - "Africa is our home, we drive her growth"

Legitimacy

- Our vision is "to be the leading financial services organisation in, for and across Africa, delivering exceptional client experiences and superior value"

Vision

- The group's guiding principles provide the mechanics for how we operate and make decisions

Principles

- Commitments we make to our clients
- The culture we wish to build for our people
- The way we execute

Values



Standard Bank's strategic position has never been stronger

- Closed the sale of Standard Bank Plc
 - Delivered the final major piece in the repositioning of capital allocation to focus on customers and clients in Africa
 - Exciting new partnership with ICBC will allow us to leverage our natural competitive advantage in natural resources
- We are geographically well positioned
 - Pre-eminent financial services brand on the African continent
 - Investments in Africa are performing closer to their potential
 - Investment in physical infrastructure largely complete
- The investment we are making in IT will position us as a fundamentally different bank

Financial results

Simon Ridley

Key metrics

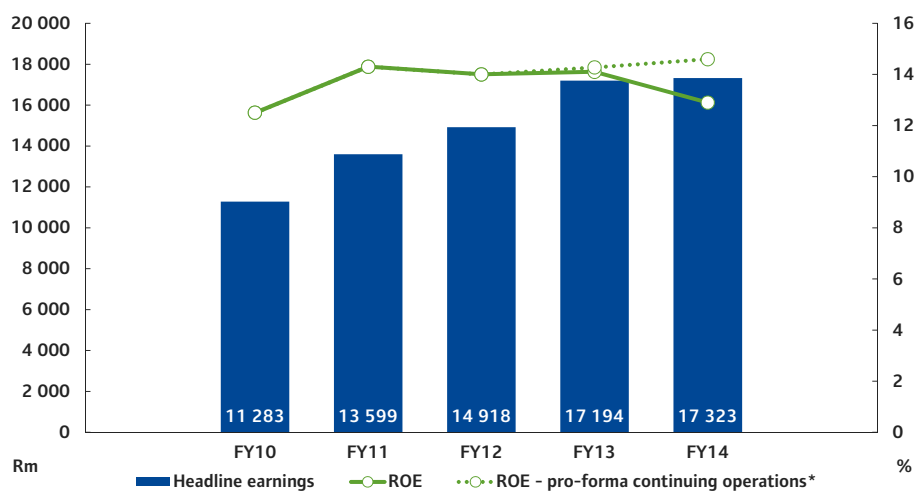
	FY14	change %	FY13
Headline earnings (Rm)	17 323	1	17 194
Headline earnings – continuing operations (Rm)	21 068	20	17 613
Headline earnings – pro-forma continuing operations* (Rm)	19 570	12	17 445
Headline EPS (HEPS) (cents)	1 070.3	1	1 064.9
DPS (cents)	598	12	533
NAV per share (cents)	8 625	7	8 089
ROE (%)	12.9		14.1
ROE – pro-forma continuing operations* (%)	14.6		14.3
Credit loss ratio (%)	1.00		1.12
Cost-to-income ratio (%)	54.5		56.8
Total capital adequacy ratio (%)	15.5		16.2

* Pro-forma continuing operations includes 40% of the discontinued operation given that 40% of the operation will still be held by the group

5



Headline earnings and ROE



* Pro-forma continuing operations includes 40% of the discontinued operation given that 40% of the operation will still be held by the group

6



Summarised group income statement

	FY14 Rm	change %	FY13 Rm
Net interest income	45 256	15	39 248
Non-interest revenue	38 984	14	34 257
Total income	84 240	15	73 505
Operating expenses	46 871	11	42 055
Pre-provision profit	37 369	19	31 450
Credit impairment charges	9 009	(2)	9 158
Net income before taxation	30 062	31	22 887
Taxation	7 869	29	6 110
Profit for the year from continuing operations	22 193	32	16 777
Discontinued operation – Global Markets OA	(4 048)	(>100)	(1 022)
Profit for the year	18 145	15	15 755
Attributable to non-controlling interests	2 212	48	1 494
Headline earnings – Banking activities	15 165	1	14 983
Headline earnings – Liberty	2 158	(2)	2 211
SBG headline earnings	17 323	1	17 194

7



Business unit view of headline earnings

	FY14 Rm	change %	FY13 Rm
Personal & Business Banking	9 834	17	8 401
South Africa	9 420	10	8 586
Rest of Africa	105	>100	(366)
Outside Africa	309	71	181
Corporate & Investment Banking	4 983	(23)	6 500
Continuing operations	8 728	26	6 919
Discontinued operation – Global Markets OA	(3 745)	(>100)	(419)
Central and other	348	>100	82
Banking activities	15 165	1	14 983
Liberty	2 158	(2)	2 221
Liberty operating earnings	1 374	18	1 163
LibFin Investments – shareholder investment portfolio	784	(25)	1 048
SBG	17 323	1	17 194
Continuing operations	21 068	20	17 613
Discontinued operation – Global Markets OA	(3 745)	(>100)	(419)

8

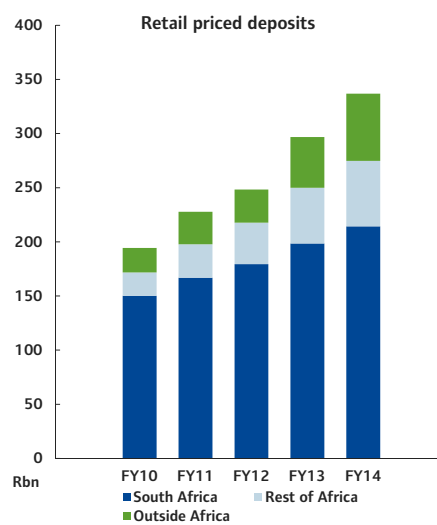


Loans and advances to customers

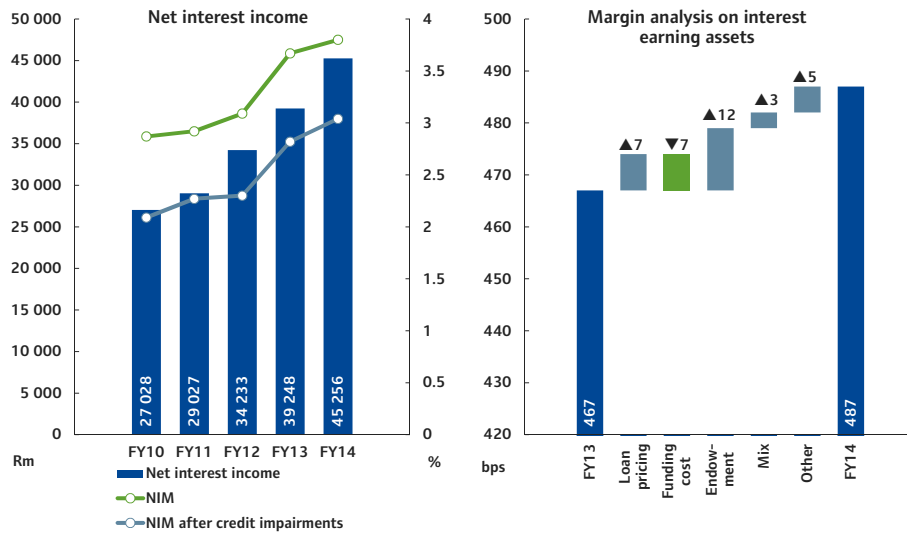
	FY14 Rbn	change %	FY13 Rbn
PBB	544	6	515
Mortgage loans	317	3	309
Instalment sale and finance leases	73	3	71
Card debtors	30	8	28
Other loans and advances	124	16	107
Personal unsecured lending	54	8	50
Business and other	70	23	57
CIB	298	16	257
Corporate loans	250	17	215
Commercial property finance	48	13	42
Central and other	(10)		(7)
	832	9	765

Deposit and current accounts

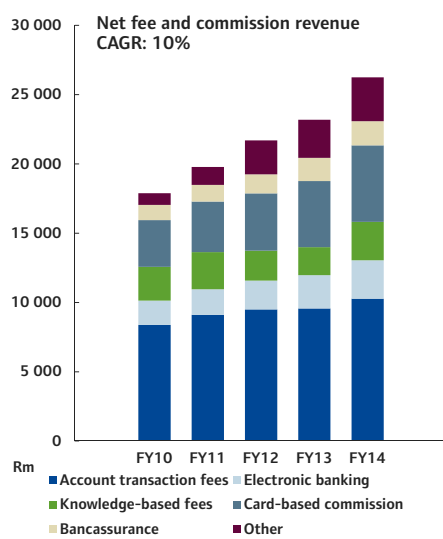
	FY14 Rbn	change %	FY13 Rbn
PBB	419	14	368
Retail priced	337	14	297
Wholesale priced	82	15	71
CIB	662	14	581
Central and other	(17)		(14)
	1 064	14	935



Net interest income and margin analysis



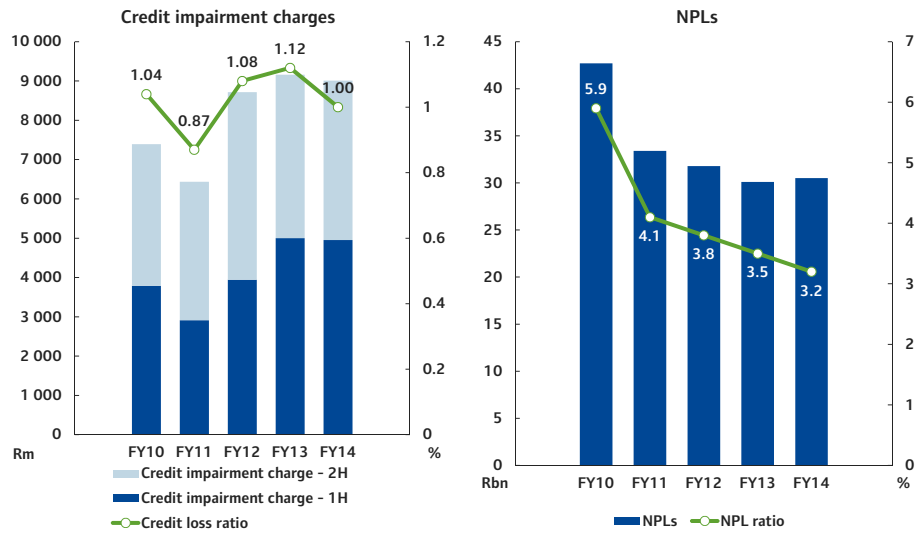
Non-interest revenue



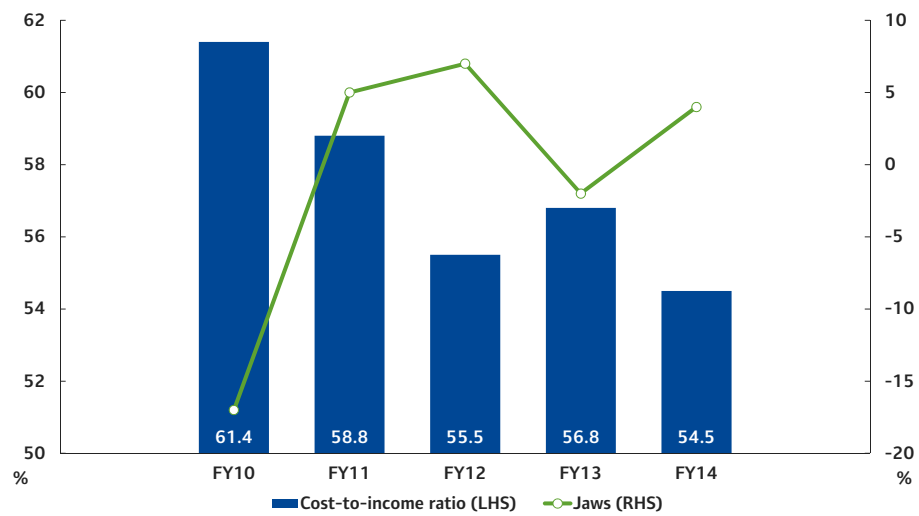
	FY14 Rm	change %	FY13 Rm
FICC	8 312	26	6 619
Equities	904	(21)	1 138
Trading revenue	9 216	19	7 757

	FY14 Rm	change %	FY13 Rm
Banking and other	630	(53)	1 352
Property-related revenue	1 246	>100	474
Insurance – bancassurance income	1 642	10	1 490
Other revenue	3 518	6	3 316

Credit impairment charges and NPLs



Cost-to-income ratio and jaws



Jaws is the difference between total income growth (including profit from associates and JVs) and cost growth

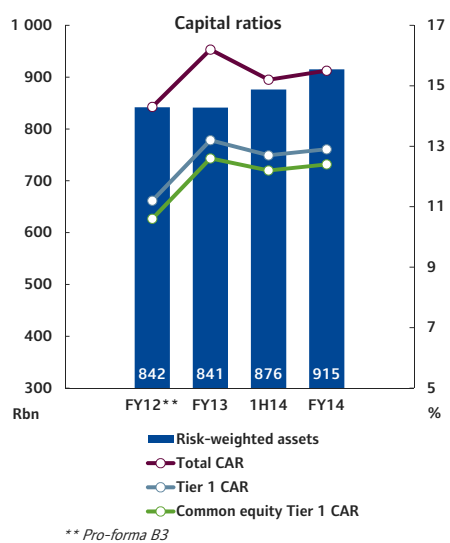
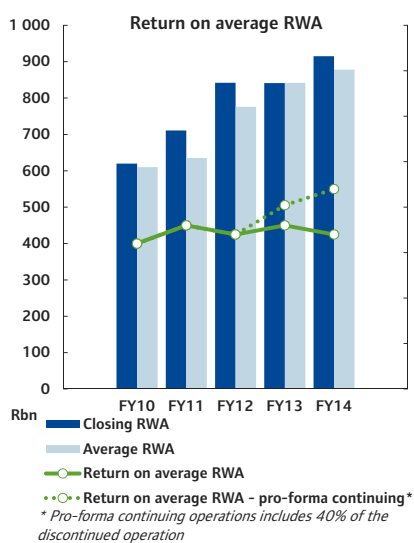
Operating expenses

	FY14 Rm	change %	FY13 Rm
Staff costs	24 961	8	23 087
Other operating expenses	21 910	16	18 968
IT and amortisation	6 511	27	5 135
Depreciation	2 654	5	2 533
Other	12 745	13	11 300
Total operating expenses	46 871	11	42 055
Constant currency basis	46 871	9	43 065

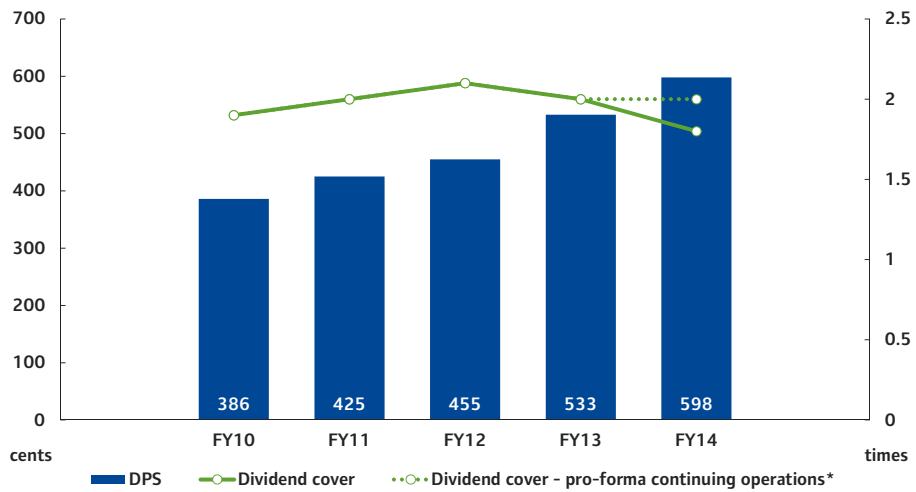
	FY14 Rm	change %	FY13 Rm
IT and amortisation	6 511	27	5 135
IT staff costs	2 737	4	2 622
Other	2 618	(0)	2 626
Total IT function spend	11 866	14	10 383

- 2% impact on total operating expenses from translation impact of a weaker rand
- Flat headcount across all business units contributed to containment of staff costs
- Total IT functional spend including staff costs up 14%
 - Including 32% increase in amortisation of IT intangible assets as core banking systems are switched on
 - Information technology line impacted by new project costs, including channel innovation projects

Capital



Dividends



* Pro-forma continuing operations includes 40% of the discontinued operation given that 40% of the operation will still be held by the group



Corporate & Investment Banking

David Munro



Group purpose ~ CIB

- Group purpose
 - “Africa is our home, we drive her growth”
- We are an African bank where our entire focus is on Africa realising its potential
- To make the most of our home advantage and deliver on the bank’s purpose, CIB’s aspiration is
 - “To be the leading Corporate and Investment Banking business in, for and across Africa, with a deep specialisation in natural resources.”
- CIB’s competitive advantages
 - African heritage of over 150 years
 - Presence on-the-ground
 - Exceptional people
 - Connecting Africa to the world, and the world to Africa
 - Expertise in Africa’s natural resources and power and infrastructure

Key features of the results

- At first glance, disappointing results
 - Headline earnings down 23%
 - ROE down to 10.2%
- Results of Standard Bank Plc impacted headline earnings
 - Valuation adjustment related to aluminium financing in China
 - Losses from operating activities in Global Markets Outside Africa
- Successfully closed sale of Standard Bank Plc to ICBC
- Strong underlying business performance
 - Continuing operations headline earnings up by 26%

Aluminium valuation adjustment

What happened?

- Sophisticated fraud in China in the mining and metals sector
- Multiple financing over single inventories of metal
- Over 20 banks are believed to have been impacted by the fraud
- Related to \$167m of aluminium for CIB

What did we do?

- Undertook a rapid risk review of all such financing arrangements
- Aggressively analysed, managed and dramatically reduced repo portfolio in China
- Pursuing all legal and financial avenues to expedite resolution
 - Addressing the matter in the Chinese courts
 - Comprehensive insurance claim
- Exceptional people have responded to our call to deal with the complexity and scale of the matter

Aluminium valuation adjustment

How do we feel?

- Victim of a sophisticated and isolated crime
- Extremely disappointed
- Lesson learnt and applied elsewhere

Standard Bank Plc trading performance

What happened?

- Transitional phase and adverse market conditions
 - Limitation of on-boarding new clients
 - Volatile markets, particularly in the fourth quarter
 - China slowing down its demand for natural resources
- Trading revenue \$87m down on prior year, driven by
 - Poor performance in FIC business
- Valuation adjustment of \$147m in commodities

What did we do?

- Preserved client franchise, the morale of our staff and the confidence of our regulator
- Continued to operate within our risk appetite
- Injected \$300m as Tier 1 capital
- Closed the transaction with ICBC

A new chapter for Standard Bank Plc and ICBC

- Sale transaction to ICBC complete, closes chapter for Global Markets Outside Africa business
- Signals new chapter for the business
 - CIB will continue to account for 40%
- Unique and commercially compelling opportunity to build
 - Pre-eminent commodity and financial markets platform
 - Focused on emerging markets and China in particular
 - Now a part of the biggest bank in the world
- Launch event, February 2015, President Yi from ICBC
 - "It is unequivocally a landmark transaction for ICBC and for China"

CIB business going forward

- Sale to ICBC is a game changer for Standard Bank
 - Allows us to focus on what we do best
 - Focus on Africa while maintaining connectivity to rest of the world
 - Capital available to further the group's growth strategy
- Strong performance from continuing business
 - Grew revenue by 14% while direct costs were only up 8%
 - Headline earnings growth of 26%
 - Credit loss ratio of 22bps
 - Cost-to-income ratio of 54.6%
 - Pro-forma ROE of 16.7%
- Healthy client revenue growth of 14%
 - Strength of client franchise

* Pro-forma continuing operations includes 40% of the discontinued operation and 40% of the anticipated equity in the business being sold

2014 was filled with franchise-defining deals

<p>Republic of Kenya June 2014 USD 1.5 billion Debut 1444/ROK\$ Eurobond due 2024 Joint Bookrunner and Joint Lead Manager Standard Bank</p>	<p>Energy Company of Kenya April 2014 USD 125mm MLA and co-arranger Standard Bank</p>	<p>Oando Oando Energy Resources Nigeria 2014 USD465 million Acquisition financing for ConocoPhillips assets Initial MLA Standard Bank</p>	<p>Republic of South Africa Sukuk Certificates September 2014 US\$ 500 million 3.903% Bond due 2020 Joint Bookrunner Joint Lead Manager Standard Bank</p>	<p>Umeme Ltd June 2014 UGX249.4bn / US\$98.9m Accelerated Bookbuild on the Uganda and Nairobi Securities Exchanges Sole Global Co-ordinator, Transaction Advisor and Joint Bookrunner Standard Bank</p>
<p>seplat Seplat Petroleum Development Company Plc April 2014 US\$500m / NIG\$2.5bn Dual listing on the Nigeria and London Stock Exchanges Joint Global Co-ordinator, Joint Bookrunner and Joint Issuing House Standard Bank / Stanbic IBTC</p>	<p>2014 LAKE TURKANA WIND POWER LIMITED EUR 622 Million Joint Mandated Lead Arranger & Joint Interest Rate Swap Provider Standard Bank</p>	<p>AtreXirbank July 2014 USD 500 million Eurobond due 2019 Joint Lead Manager Standard Bank</p>	<p>Virgin Active South Africa June 2014 ZAR 4,950 million Joint MLA, Underwriter and Bookrunner Refinance of existing debt Standard Bank</p>	<p>WHL Woolworths acquisition of 100% of David Jones 2014 ZAR12.4 billion Financial co-sponsor, transaction sponsor, lead debt provider, joint bookrunner and underwriter Standard Bank</p>

...and awards



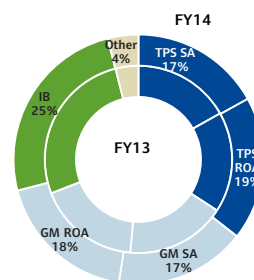
Continued investment in the CIB business going forward

- Signature programs
 - Business online system
 - eMarkets trading platform
- Control environment
 - KYC and client risk
 - Preparation for new regulatory environment
- Culture of confidence and client service excellence
- Doing the right business the right way

CIB business units

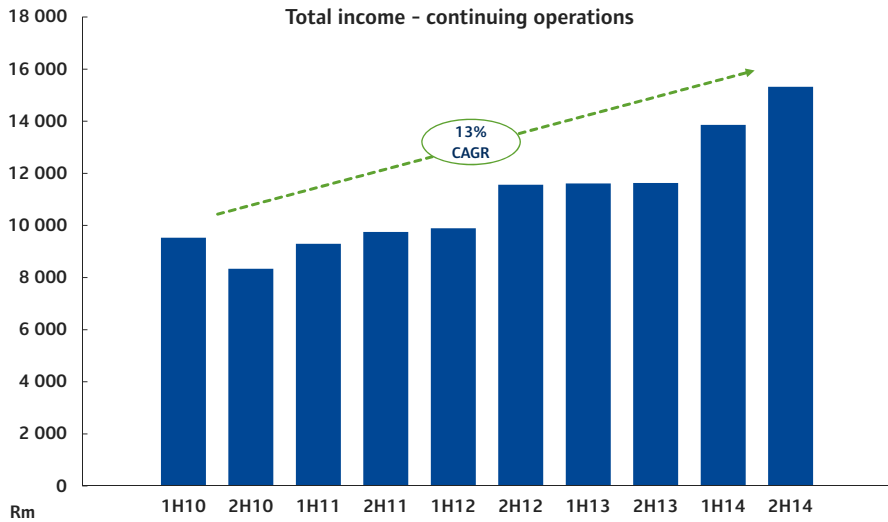
	Total income			Headline earnings		
	FY14 Rm	change %	FY13 Rm	FY14 Rm	change %	FY13 Rm
Transactional Products and Services	10 525	18	8 929	2 692	21	2 229
Global Markets	10 783	13	9 528	3 268	19	2 755
Investment Banking	7 382	6	6 961	2 534	22	2 080
Real estate and Principal investment management	776	80	431	234	>100	(145)
CIB continuing operations	29 466	14	25 849	8 728	26	6 919
ROE – pro-forma continuing operations* (%)				16.7		16.5
Credit loss ratio (%)				0.22		0.41
Cost-to-income ratio (%)				54.6		57.3

Business unit contribution to total income

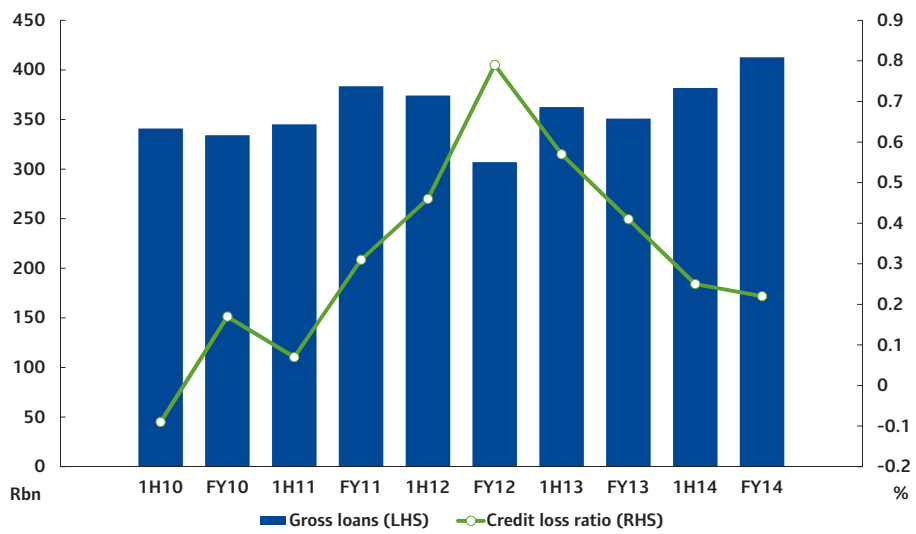


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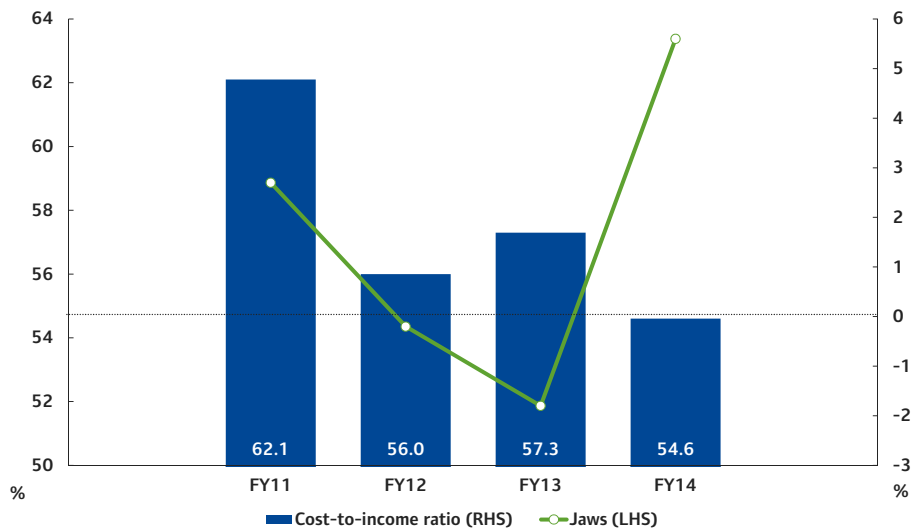
CIB revenue trend



CIB credit performance



CIB cost-to-income ratio and jaws



CIB summarised income statement

	FY14 Rm	change %	FY13 Rm
Total income	29 466	14	25 849
Operating expenses	16 031	8	14 790
Pre-provision profit	13 435	21	11 059
Credit impairment charges	804	(40)	1 341
Income from operations	12 631	30	9 718
Headline earnings	4 983	(23)	6 500
Headline earnings – continuing operations	8 728	26	6 919
Discontinued operation – Global Markets OA	(3 745)	(>100)	(419)
Operational loss from discontinued operation	(1 674)	(>100)	(419)
Valuation adjustment on aluminium reverse repos	(1 624)		
Separation costs incurred	(447)		
ROE (%)	10.2		14.1
ROE – pro-forma continuing operations* (%)	16.7		16.5

* Pro-forma continuing operations includes 40% of the discontinued operation and 40% of the anticipated equity in the business being sold

Moving forward

- Macro-economic features
 - Continued strong growth in many African economies
 - Oil price and asset price dislocation will cause volatility and opportunity
- ICBC Standard Bank remains a key part of our business
 - Continued commitment to this business
- We take real confidence from our client base
 - Growing client franchise
 - › Domestic
 - › Pan-African
 - › Global multi-national
 - Fast pace of growth and development of our clients businesses
- Africa remains at our core
 - We call Africa home in a way that no other bank can

Personal & Business Banking

Peter Schlebusch

PBB's vision

To be the leading Personal and Business Bank in Africa,
by consistently delivering superior client experiences,
through engaged and motivated people,
using modern technology and continuous innovation,
resulting in predictable real returns to shareholders

What we focused on in 2014

- Growing our customer base and transactional volumes in our chosen segments
- Improving customer experience and ease of interaction
- Leveraging new core system functionality to roll out digital products
- Getting Rest of Africa to profitability for the first time
- Sensible cost management, whilst investing in new capabilities for growth
- Changing our culture to be more owner-manager oriented and embracing an increasingly digital world

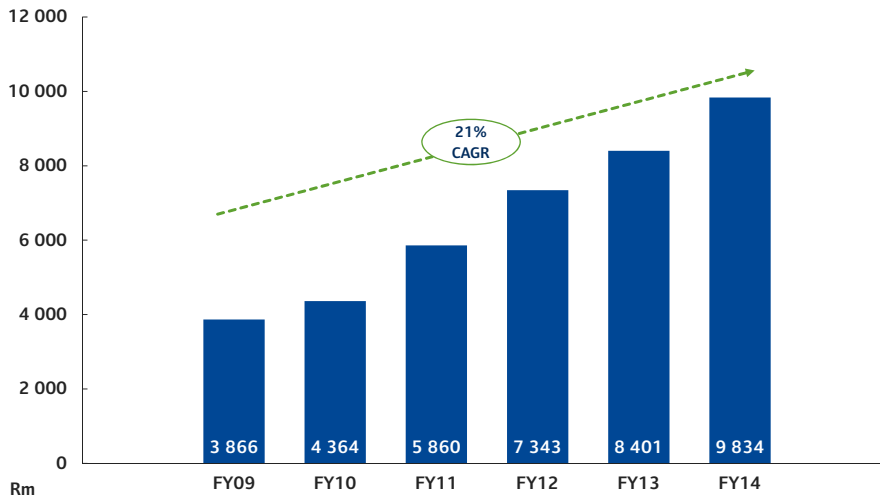
PBB summarised income statement

	FY14 Rm	change %	FY13 Rm
Net interest income	31 732	15	27 609
Non-interest revenue	23 678	13	21 012
Total income	55 410	14	48 621
Operating expenses	33 287	14	29 311
Pre-provision profit	22 123	15	19 310
Credit impairment charges	8 204	5	7 817
Headline earnings	9 834	17	8 401
Net interest margin (%)	5.32		5.07
Credit loss ratio (%)	1.41		1.47
Cost-to-income ratio (%)	59.8		59.9
ROE (%)	18.2		18.6

PBB summarised balance sheet

	FY14 Rbn	change %	FY13 Rbn
Loans and advances to customers	544	6	515
Mortgage loans	317	3	309
Instalment sale and finance leases	73	3	71
Card debtors	30	8	28
Lending products	124	16	107
Deposit and current accounts from customers	417	14	366
Current accounts	123	9	113
Short-term deposits	213	17	181
Term deposits	81	13	72
Reliance on wholesale priced interdivisional funding	133	(10)	148

Strong headline earnings growth



PBB geographic view of headline earnings

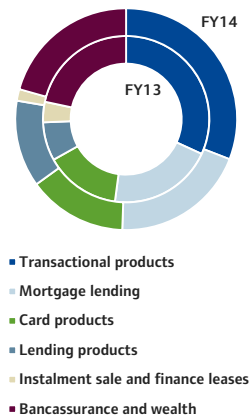
	FY14 Rm	change %	FY13 Rm
South Africa	9 420	10	8 586
Rest of Africa	105	>100	(366)
Outside Africa	309	71	181
SBG	9 834	17	8 401

- South Africa delivering respectable growth in muted economic environment
- Rest of Africa achieving profitability for the first time
 - Improved focus on profitable segments
 - Strengthened and empowered local leadership
 - 12 out of 14 countries achieved growth in headline earnings, with 9 countries achieving > 30% growth in headline earnings
 - Profits for the first time in Zambia, Mozambique and Kenya
 - 25% growth in revenue, 19% growth in costs
 - 22% improvement in credit impairments
 - R1bn improvement in profit before tax and non-controlling interests
- Outside Africa well positioned to service wealth and investment needs of our high net worth African clients

PBB product reporting

	Total income			Headline earnings		
	FY14 Rm	change %	FY13 Rm	FY14 Rm	change %	FY13 Rm
Transactional products	23 867	15	20 668	3 037	13	2 679
Mortgage lending	7 025	12	6 295	1 935	14	1 704
Card products	5 846	16	5 046	1 420	15	1 236
Lending products	9 630	12	8 570	1 247	98	631
Instalment sale and finance leases	3 209	9	2 943	165	(50)	333
Bancassurance and wealth	5 833	14	5 099	2 030	12	1 818
PBB	55 410	14	48 621	9 834	17	8 401

Product contribution to headline earnings



- Elevated impairments in instalment sale and finance leases and card products
- Instalment sale and finance leases profitable in 2H14
- Lending supported by reduced credit losses in key countries in the Rest of Africa

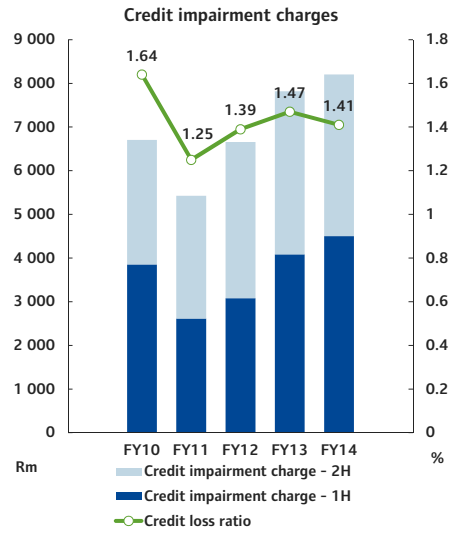
PBB SA customer segments

	Total income			Headline earnings		
	FY14 Rm	change %	FY13 Rm	FY14 Rm	change %	FY13 Rm
Personal Banking	23 070	12	20 676	4 285	2	4 206
Inclusive Banking	4 042	5	3 854	(475)	39	(777)
Business Banking	12 850	14	11 233	4 217	12	3 776
Bancassurance and Wealth	3 062	3	2 980	1 393	1	1 381
PBB	43 024	11	38 743	9 420	10	8 586

- Personal Banking impacted by instalment sale and finance leases and card impairments, UCount costs and minimal fee increases
- Inclusive Banking benefited from overall risk tightening and improved collections capability
 - Access loan credit loss ratio dropped from 22.0% to 11.8%
- Bancassurance impacted by weather-related claims and lower sales of lending products

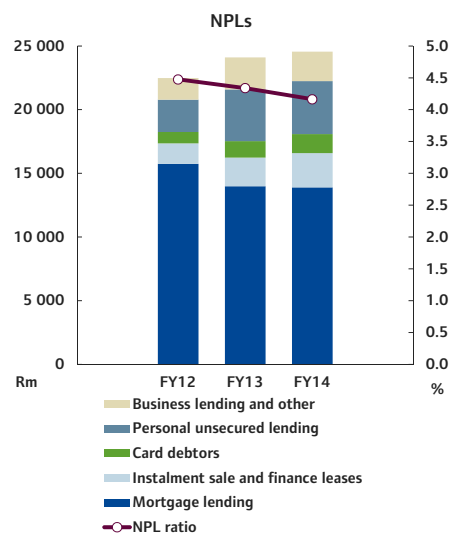
PBB credit impairments

	FY14	1H14	FY13
	%	%	%
Credit loss ratio			
By product			
Mortgage loans	0.79	0.82	0.79
Instalment sale and finance leases	1.55	2.09	1.18
Card debtors	4.08	4.76	3.26
Other loans and advances	2.05	2.24	2.83
Personal unsecured lending	4.52	5.10	5.73
Business lending and other	0.90	0.80	1.22
	1.41	1.58	1.47
By geography			
South Africa	1.53	1.70	1.45
Rest of Africa	1.83	2.13	2.92
Outside of Africa	0.01	0.01	0.01

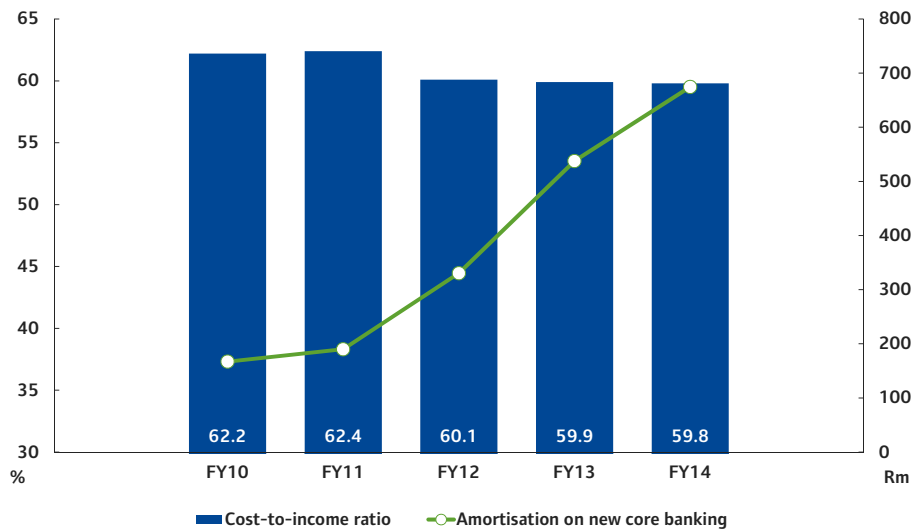


PBB NPLs and coverage ratios

	FY14	1H14	FY13
	%	%	%
Mortgage loans	26	27	28
Instalment sale and finance leases	53	54	51
Card debtors	69	65	71
Other loans and advances	65	68	68
Personal unsecured lending	70	71	72
Business lending and other	57	63	62
PBB coverage ratio	42	42	44



Cost control whilst investing in new core systems and capabilities



Why the significant investment in IT systems and capabilities?

- Enable our vision
 - To be the leading Personal and Business bank in Africa
- Improve customer experience and revenue
 - 360° view of the customer
 - Enhance cross-sell through advanced analytics and focused marketing
 - Improve online fulfillment and personalisation
 - Accelerate go-to-market innovation
 - More intuitive, consistent omni-channel customer interaction
- Improve efficiency and reduce risk
 - Digitise the whole bank front to back to provide faster, improved and more reliable business processes and turnaround times
 - Ensure we can effectively comply with more onerous regulatory requirements

Why the significant investment in IT systems and capabilities?

- Improve IT capabilities and architecture
 - Transform the bank from ageing legacy, branch-based, batch, siloed product systems to customer centric, online, integrated, real time systems
 - Simplify our IT architecture and become more efficient, responsive and agile
 - Achieve better economies of scale by partnering with leading global software vendors, rather than building own proprietary systems
 - SAP and Finacle are the leading customer-centric banking platforms – Gartner and Forrester
- Improve our people’s ability to better service our customers
 - Equip staff with appropriate modern capabilities to more easily service clients quickly, efficiently and proactively
- In short – to be easy to do business with, convenient, responsive and relevant to customers future expectations

IT investment is building the bank of the future



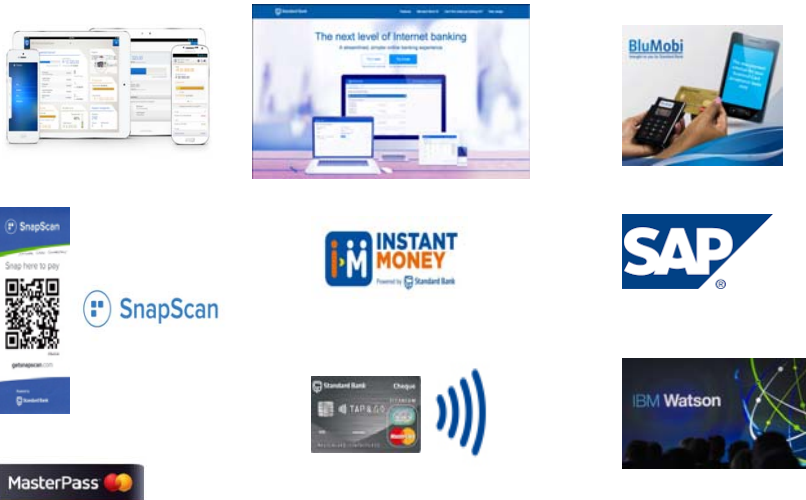
- Investment across all levels of our chosen five tier architecture
- Particular emphasis on core banking replacement and mobile user experience

Our new IT capabilities are gaining traction to build a better bank

- Scale
 - 8.6m customers on new platform in SA
 - 2.2m customers on new platform in the Rest of Africa
 - Operational in six key countries – Nigeria, Ghana, Namibia, Uganda, Botswana and Tanzania
 - 680m transactions processed during 2014
- Service
 - New service and leads management solution delivered in SA
 - 2.6m service requests logged since launch in 2014
 - 140k leads logged since launch
 - True single view of customer imminent on single customer master file in SA
- Agility
 - Mobile account origination in less than 8 minutes and in branch less than 12 minutes
 - New product deployed in less than 6 weeks

Ambition is to **complete** our core banking programs across South Africa **and** the Rest of Africa by end of **2017**

New platforms enabling a better more innovative bank



Moving forward

- Driving the continent's growth through enabling our customers
- Accelerate digital journey by leveraging new systems and processing capabilities
- Further reduce Inclusive Banking losses
- Improve the competitive positioning of instalment sale and finance leases
- Oil price reductions helping in SA, but creating headwinds in Nigeria and Angola
- Ensure Rest of Africa profit contribution improves materially
- Committed and enthusiastic teams determined to succeed

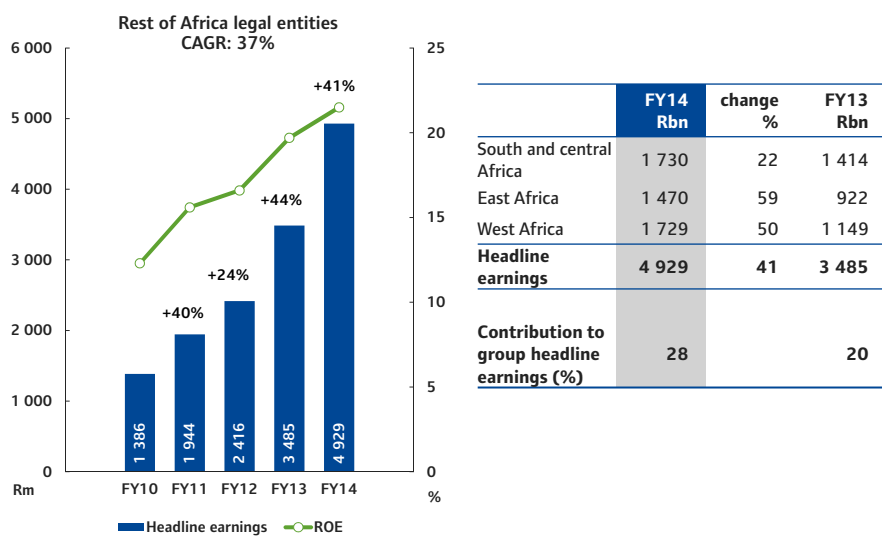
Conclusion

Sim Tshabalala

Moving forward: Optimal positioning in Africa

- All major strategic issues resolved
 - Sale of 60% of Standard Bank Plc
 - Outside Africa businesses sold; Brazil sale to be completed in 2015
- Powerful external forces
 - Digital revolution and new competitors
 - Comprehensive re-regulation
 - Sustained growth in Africa

Sustained performance from Rest of Africa



Africa is our home, we drive her growth

- Our strategy is clear and we are focused on execution
- We are well on track to meet our medium term ROE target of 15 – 18%
 - Encouraging outlook in all continuing operations
 - Continued improvement in return per RWA for continuing business
 - Good growth in capital-light transactional banking
 - Identified significant wealth management opportunities
 - Sound capital ratios and efficient capital deployment
 - Careful cost management
 - Invigorated organisation determined to improve returns to shareholders