





## Testing times require a plan, focus and execution

- 2016 is the focal point of our medium-term plan
  - Compliance with fully phased-in B3 capital rules
  - Clear line of sight for liquidity rules
  - Completed core banking replacement
    - High water mark of capital deduction
    - First year of full amortisation
  - Acceptable sustainable ROE
- 2016 plan based on three pillars
  - Performance in the changed environment
  - Business model transition
  - Culture and execution plans

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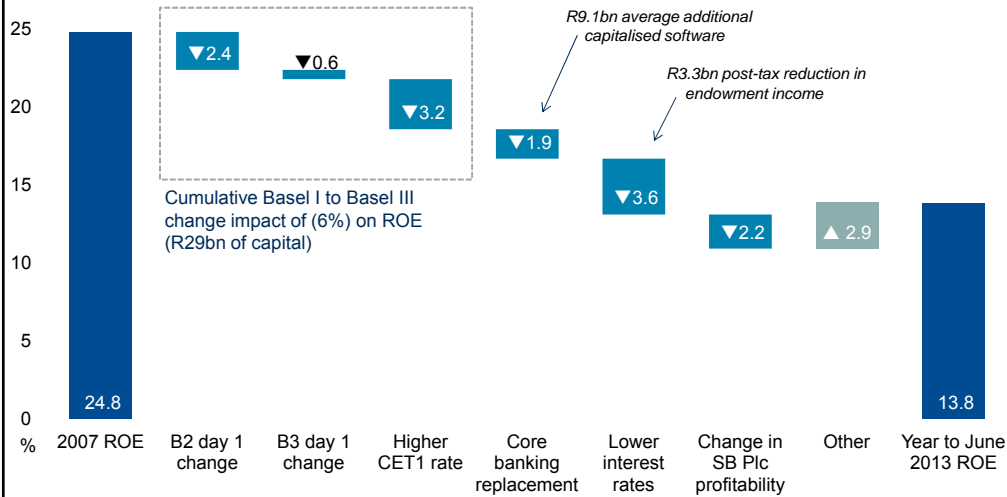


Performance in the changed  
environment



## ROE reconciliation

Standard Bank group ROE, FY07 to 12 months ended June 2013

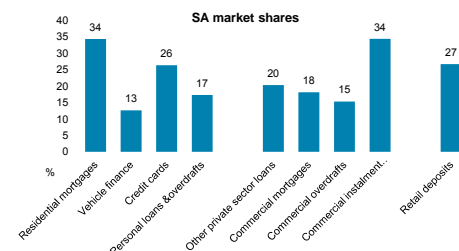
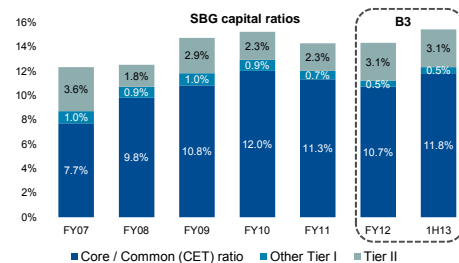


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Source: Standard Bank



## SBG positioning



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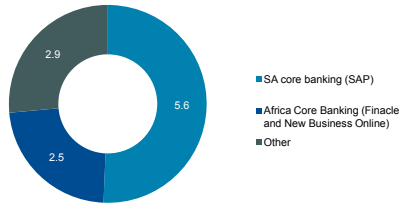
Sources: Standard Bank, UBS



- Successfully transitioned to Basel 3 with appropriate capital ratios
- CIB risk-weighted asset growth constrained
- Appropriate market shares in SA in most product segments
- Superior asset, revenue and earnings growth in African subsidiaries
- African footprint sufficient for sustained growth with strong CIB franchises
- Negative earnings run-rate in PBB ROA reducing
- Standard Bank Plc costs reduced as planned

## Core banking replacement

NBV of software at FY12 of R11bn



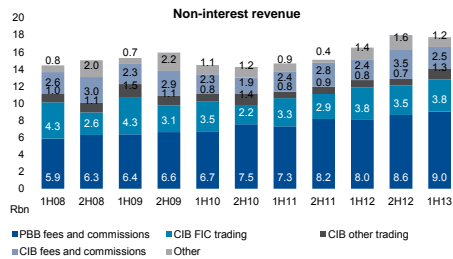
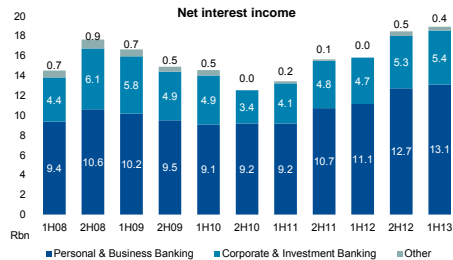
- SBG has structural charges from the replacement of our core banking systems
  - SA core banking intangible asset net of amortisation expected to peak at R10bn in 2016
  - Amortisation of intangible asset will impact profit
  - ~ 2 – 3% impact on ROE of our core banking replacement across South Africa and Africa

- 15 – 30 year old legacy systems need to be retired and replaced
- New digital channels and products to support the demands of our customers and clients
- Cheaper origination and servicing costs
- Improved customer acquisition and cross-sell
- Enablement of effective and efficient processes
  - Extract scale benefits on the standardised applications
  - Improve seamless cross-border processing of transactions
- Anticipated to be delivered through 8 releases completing in 2016
- 7m access account customers migrated onto this platform

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## SBG revenue



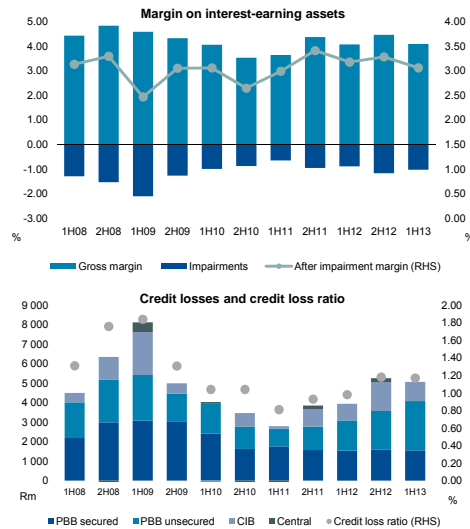
- PBB delivering sustainable revenue growth since 2H10
  - Net interest income driven balance sheet growth, asset mix change and asset re-pricing
  - Non-interest revenue impacted by competitive positioning
- CIB operating in substantially changed regulatory environment
  - Capital utilisation even more important consideration of revenue generation

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Source: Standard Bank

## NII margin before and after impairments, make up of credit losses



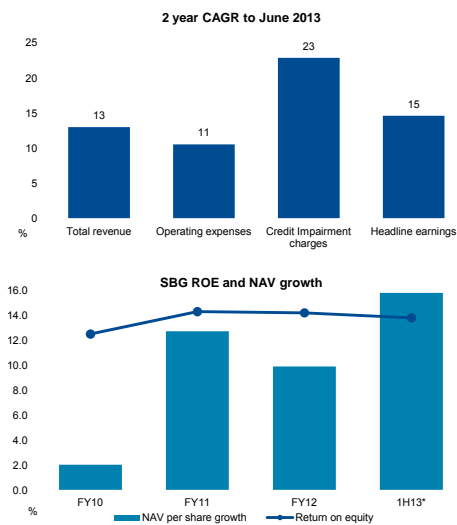
- Gross margin has recovered from material negative endowment impact experienced in 2009 and 2010
- Margin after credit costs stable in spite of higher impairments in 2H12 and 1H13
- PBB credit losses shifting from low-growth secured portfolio to higher growth unsecured lending
- CIB credit losses impacted by legacy investment banking book
- Current credit loss ratio higher than through the cycle expectation

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Source: Standard Bank

## Relative operational performance



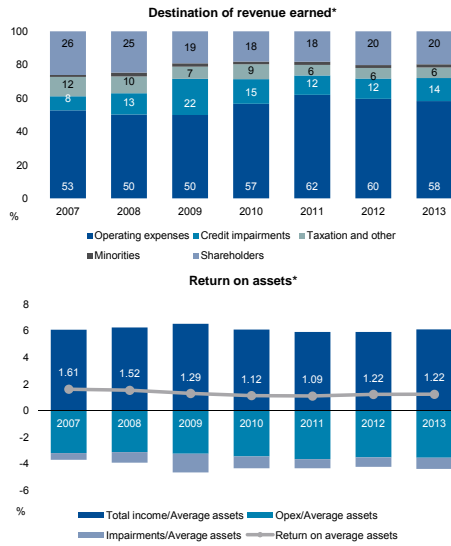
- SBG achieving operational leverage through cost control...
- ...partly offset by higher impairment charges
- Overall earnings growth has been reasonable over the last two years
- Standard Bank's ROE static but reasonable NAV per share growth

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Sources: Standard Bank, bank financial statements

## Work to be done in improving returns



- Income statement growth has been satisfactory over the last few years but utilisation of resources to achieve revenue is too high
- Progress has been made in 2012 and 2013 to reduce costs required to earn revenue...
- ...but credit impairment costs have been disappointing over the last year
- Return on assets below 2007 levels but higher than post-crisis levels

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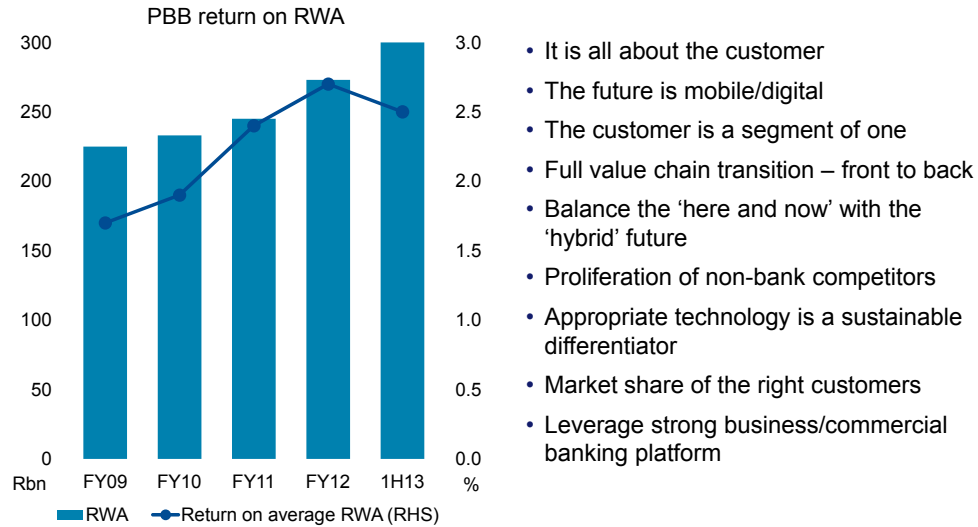
\* 12 months to 30 June  
Source: Standard Bank



## Business model transition



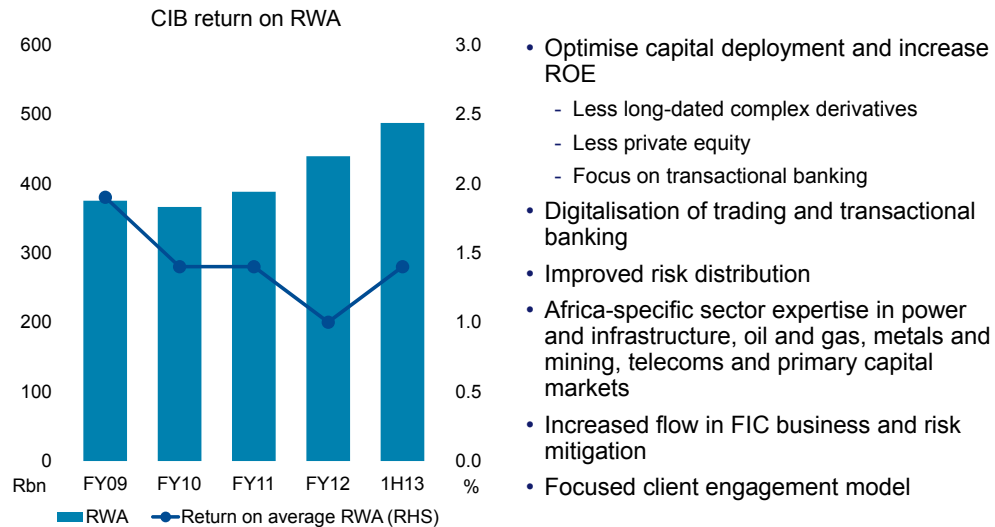
## PBB business model transition



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## CIB business model transition

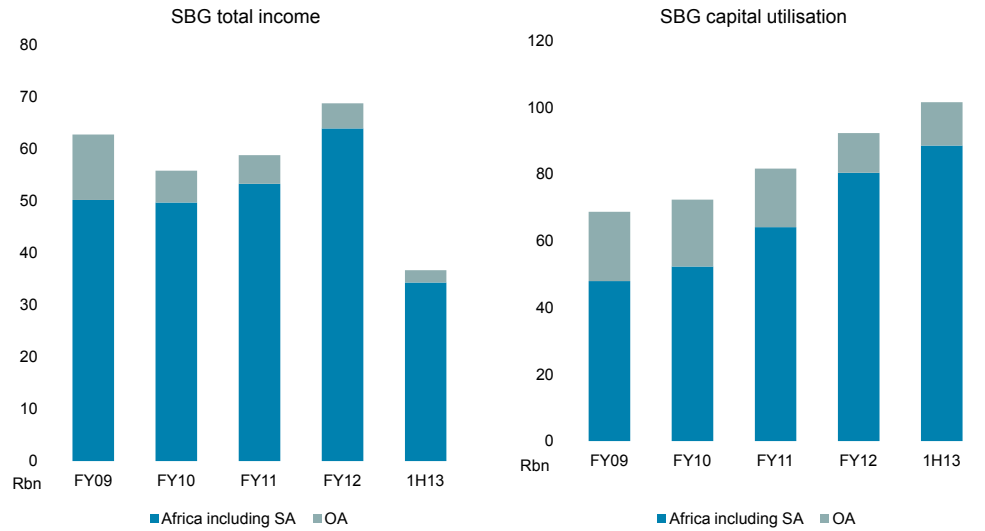


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## From emerging market to Africa-focused

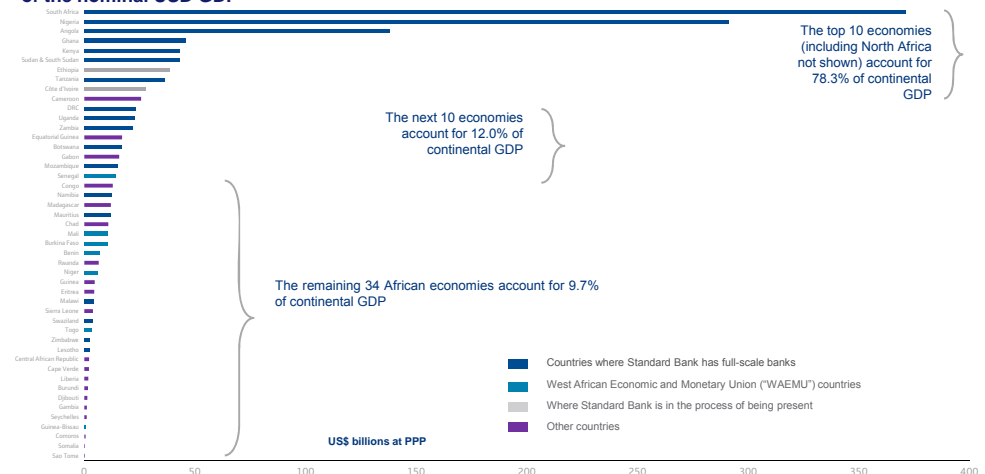


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## SBG's network already covers countries that comprise over 80% of Sub-Saharan African GDP

The nominal GDP of the African countries where SBG has banks, accounts for 50.6% of the entire continent's official nominal USD GDP. In Sub-Saharan Africa, countries in which SBG has banking presence account for 80.1% of the nominal USD GDP



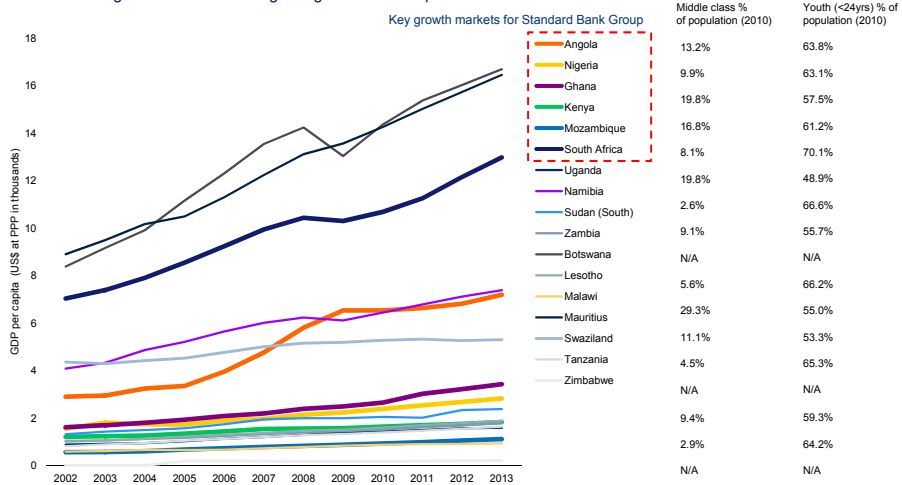
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Source: Economist Intelligence Unit

## Per capita growth has been strong in key countries, yielding higher standards of living and income

There has been a sustained upward trend in GDP per capita in the African countries where SBG has presence, which we would expect to translate into higher standards of living and greater consumption

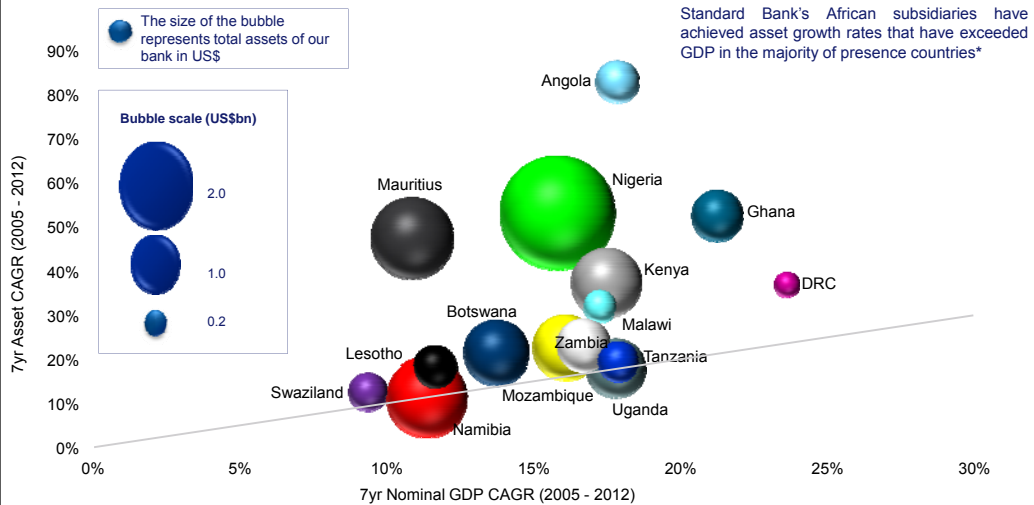


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\*PPP = Purchasing power parity  
Source: Economist Intelligence Unit, African Development Bank



## Asset growth of Standard Bank's Rest of Africa operations



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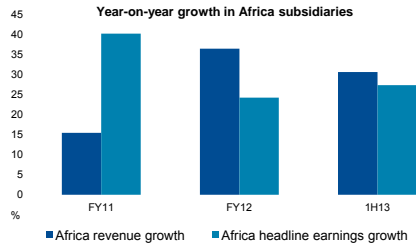
Zimbabwe is excluded due to unreliable data available as a result of hyperinflation; South Sudan a new operation.

Angola only opened its first branch in 2010, therefore the data used is only for one year (2011-2012)

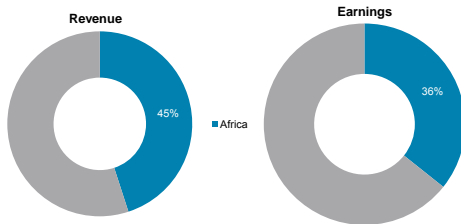
Source: Economist Intelligence Unit, Africa Finance



## African subsidiaries performance over three years – revenue and earnings



Contribution to banking activities growth over three years\*



- Strong growth from African subsidiaries over the last few years...
- ...providing a significant boost to overall group growth over the last three years
- Opportunity remains to generate superior growth particularly from west African subsidiaries (Nigeria, Angola) in retail and business banking

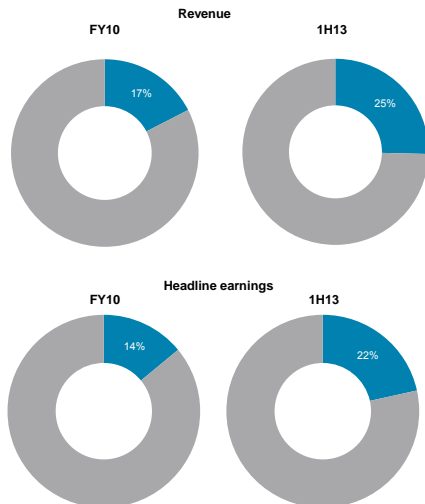
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\* To June 2013

Source: Standard Bank



## Growing contribution from Rest of Africa subsidiaries



- Rest of Africa now provides 17% of group capital, 25% of group revenue, and 22% of group earnings
- Proportion from Rest of Africa expected to grow over time

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Source: Standard Bank



## Culture and execution plans



## A culture of confidence and excellence

- Trust, confidence and integrity remain the foundation
- Improved accountability for cost management and profitability
- Make and remain focused on the big calls in a fast changing environment
- Agility, rapid and frequent deployment at the fringes
- End-to-end business models for CIB and PBB within one bank
- Commerciality in all we do
  - We are the custodians of shareholder funds

## Conclusion

- Our Outside Africa restructuring is largely complete with mainly a London business model, a deleveraged balance sheet and surplus capital
- We are an Africa-focused group with the growth engine of our group benefitting from the Rest of Africa
  - We have well-established on-the-ground banks in the high growth markets Angola, Nigeria, Ghana, Kenya and Mozambique
  - We have appropriate access to other important markets through our rep offices in South Sudan, Ethiopia and Cote d'Ivoire
  - We have good and ever improving links to China
- We need to improve our productivity
  - Efficiency of revenue generation needs to improve, and we are working hard to lower operating and credit costs
- We are preparing for the digital revolution through our core banking replacement
- Our core franchises are mostly well positioned and we have good focus on customers
- We have simplified our management structures and teams
- Our staff are engaged and motivated
- We are focused on improving our ROE