



Standard Bank Group  
Growing outside South Africa  
Clive Tasker, Chief Executive: Standard Bank Africa



Strategy



## What is our strategy?



To build a leading emerging markets financial services organisation using all our competitive advantages to the full

We focus on delivering superior sustainable shareholder value by serving the needs of our customers and where appropriate connecting them globally

The key differentiator in achieving our strategy is our people

Our calling card is Africa

We aim to be

- Strong domestic universal bank in chosen markets
- Connector between emerging markets via our sector expertise

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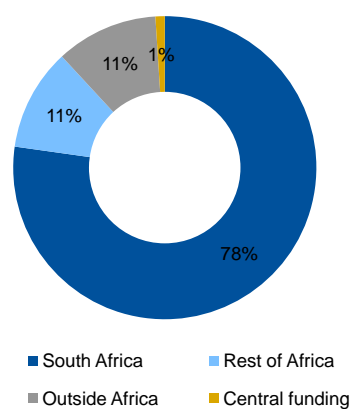
## Standard Bank Group by geography



Total income	1H10 Rm	FY09 Rm
South Africa	34 576	84 545
Rest of Africa	4 892	9 604
Outside Africa	4 686	12 574
Central funding	257	325
<b>SBG</b>	<b>44 411</b>	<b>107 048</b>


Headline earnings	1H10 Rm	FY09 Rm
South Africa	5 279	9 399
Rest of Africa	509	1 202
Outside Africa	230	1 479
Central funding	(29)	(362)
<b>SBG</b>	<b>5 989</b>	<b>11 718</b>

Total income mix




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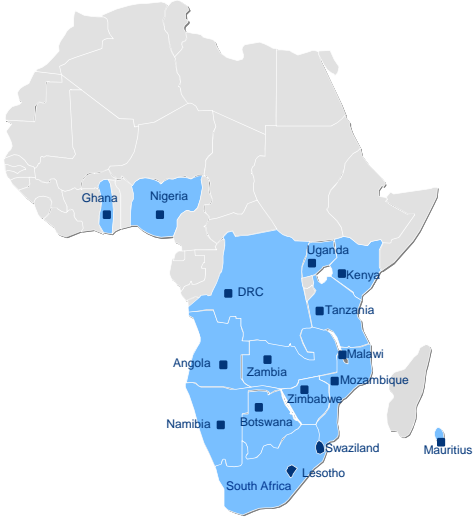





Rest of Africa: Strong domestic universal banks



### Africa is at the heart of Standard Bank's strategy



- Presence in 17 countries in Africa
- Over 145 years of experience on the African continent
- 1 000 branches
- 4 000 ATMs
- Over 40 000 employees
- Aim to be strong domestic universal banks in each country

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### Sub-Saharan Africa

- GDP growth in Sub Saharan Africa is expected to be 4.75% in 2010 and 5.75% in 2011 (*IMF Regional Economic Outlook, April 2010*)
- Infrastructure development is responsible for more than 50% of Africa's recent improved performance
- 2 stock markets in Sub Saharan Africa in 1989, 16 stock markets in 2010
  - Market capitalisation of stock markets doubled between 2002 and 2007 to **153%** of GDP

The graph shows GDP growth in percent from 2002 to 2011. Sub-Saharan Africa (red line) shows a sharp decline in 2009 followed by a recovery. Emerging markets (blue line) show strong growth until 2008, followed by a dip and then a recovery. SSA LICs and fragile countries (black line) show steady growth until 2008, followed by a dip and then a recovery. Advanced economies (green line) show a significant decline in 2009 followed by a recovery.

Sources: IMF, *World Economic Outlook*; and IMF, African Department database.

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### Proposition Beyond 2010 – Countries coloured to reflect risk rating

The bubble chart shows risk ratings for various countries in Africa. Countries are categorized into 'Presence' and 'Non Presence'. The 'Presence' category is further divided into 'Maintain', 'Grow/Defend & Expand', and 'Grow Aggressively'. The 'Non Presence' category is also divided into 'Maintain', 'Grow/Defend & Expand', and 'Grow Aggressively'. Countries are colored based on their risk rating: red for high risk, orange for medium risk, and green for low risk. The size of the bubble indicates the magnitude of the risk rating.

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## Strong domestic universal bank in chosen markets



- Personal & Business Banking
  - Currently focusing on
    - Business Banking
    - Agriculture
    - Mobile inclusive banking
- CIB
  - Currently focusing on
    - Building out global markets
    - Upgrading online banking platforms
    - Project financing transactions
  - Provides the platform for cross-border business
- Wealth
  - Provide investment management and life insurance services, mostly through our investment in Liberty

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## West Africa: Nigeria and Ghana



- Nigeria
  - One of the three largest contributors to headline earnings outside of South Africa
  - Continuing to expand organically
    - almost 60 new branches rolled out in 2010
  - Looking at expansion through possible acquisition
- Ghana
  - Recent discovery of oil will provide big boost to economy
  - Significant growth expected and well positioned to benefit from growth

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## West Africa: Angola and DRC



- Angola
  - Banking licence awarded to Standard Bank in late 2009
    - Currently the only South African bank with a licence to operate
  - Expect to be operational with core products at the end of 2010
- DRC
  - Small essentially CIB operation
  - Looks after important SA mainly mining customers
  - Important to have a presence there
    - 65 million people
    - 200 000 bank accounts

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## East Africa: Kenya and Uganda



- Kenya
  - Constitutional reform complete
  - Political stability will see return to growth
  - Stanbic CfC merger and integration complete
    - Selling insurance operation to Liberty
  - Will continue in expansion mode
  - Important market to capture trade with India
- Uganda
  - One of the three largest contributors to headline earnings outside of South Africa
  - Well established domestic banking operation
  - Market leader in PBB
  - 72 branches

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## East Africa: Tanzania and Mauritius



- Tanzania
  - Important trade partner for India
  - Shari'ah banking launched
  - Understanding local market better
- Mauritius
  - Tax status
  - Fledging private banking business

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## CMA: Namibia, Lesotho and Swaziland



- High ROEs
- Large market shares
- Limited real growth opportunities
- But important revenue generating engines
  - Namibia one of the three largest contributors to headline earnings outside of South Africa

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## Southern Africa: Zimbabwe and Zambia



- Zimbabwe
  - Dollarisation complete
  - Recovering economy
  - Indigenisation challenges
  - Ten years ago contributed one third of rest of Africa's headline earnings
- Zambia
  - Growing economy dependent on mining and commodities
  - Seeking better performance out of franchise

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## Southern Africa: Mozambique and Malawi




- Mozambique
  - Great business
  - Heavily reliant on donor flows
  - Economy growing and diversifying
  - Well positioned to benefit from growth
- Malawi
  - Growing market share
  - High ROE
  - Successful business
  - Indigenisation challenges


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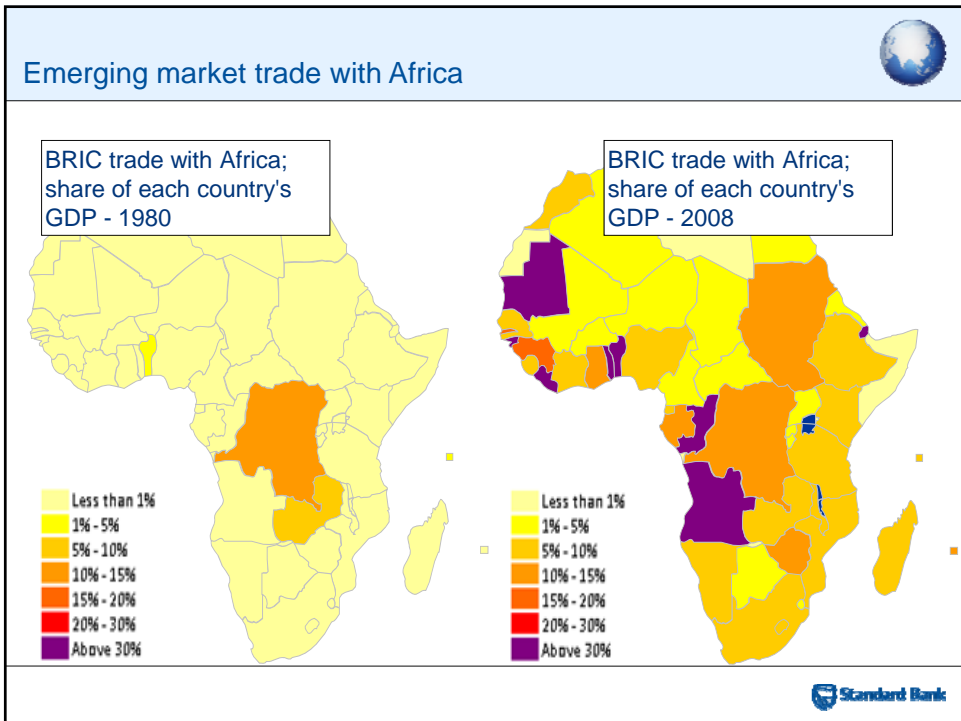
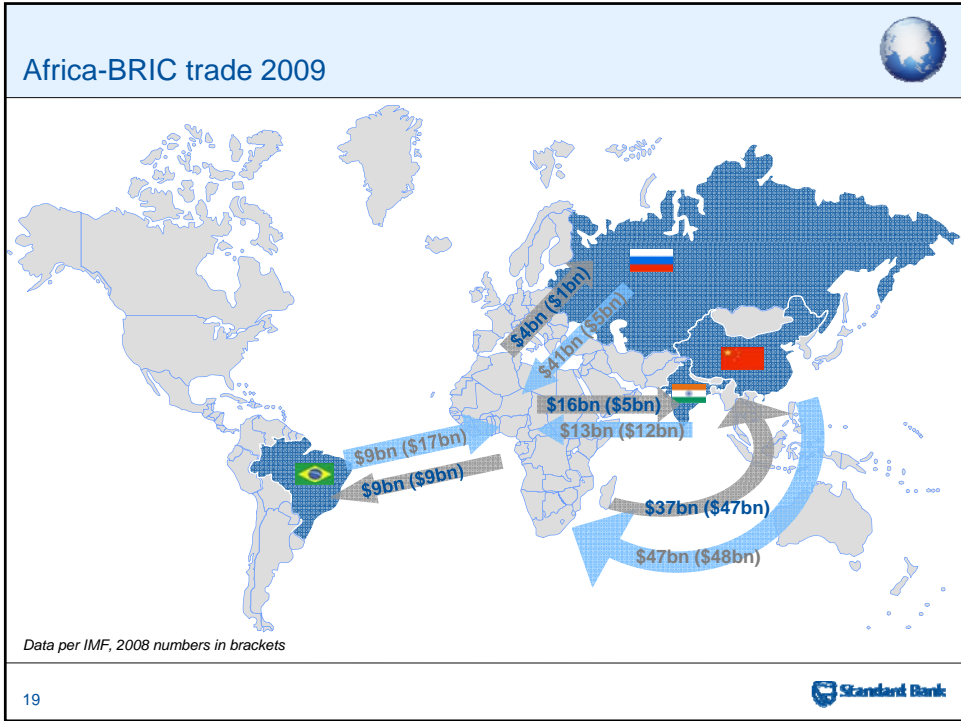
Rest of Africa: Connector between emerging markets



### Focusing on cross border flows



- Cross-border – connector of emerging markets
  - Global sectoral focus
    - Oil and gas
    - Telecoms and media
    - Power and infrastructure
    - Mining and metals
    - Financial institutions
  - Huge scope for growth and diversification
  - Enables us to meet customer needs and support their operational footprint
  - Leverage our in-country local relationships and knowledge
  - Natural competitive advantages



## Connector between emerging markets – facilitating trade



- Trade is the first step for a company before setting up operations abroad
- Our ability to connect emerging markets is helping Africa connect trade flows with the BRICs
  - Africa's trade with BRICs rose from a low of 4.6% in 1993 to 22.5% in 2009
  - China became Africa's and SA's largest trading partner in 2009
- Provide guarantees for and Letters of Credit to both the exporter and importer
  - Concluded 1 600 trade related transactions totalling R8bn in 2009
- Partner with organisations such as the World Bank and IMF who share risk and enable African exporters to receive trade finance facilities

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## Connector between emerging markets – facilitating cross-border payments



- Any company setting up operations in Africa needs to make payments and transmit money
- We link companies between our domestic system in SA, our network within Africa, and our 230 correspondent banks in 100 non-presence countries
- ICBC Bank: Connect is a channel that connects companies in China to their Standard Bank accounts in Africa via ICBC's Global Cash Management System
- Key player in FDI in Africa
  - Africa's total FDI stock has grown from \$154bn in 2000 (2.0% of global inward FDI stock) to \$514bn in 2009 (2.9% share)
  - Since 2006, FDI flows to Africa have been bigger than donor flows

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### Connector between emerging markets – providing risk mitigation tools



- We provide risk mitigation tools to corporates investing outside of their home markets
  - Foreign exchange
  - Forward exchange contracts
  - Commodity hedges
  - Cross currency swaps
  - Interest rate swaps

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### Connector between emerging markets – providing investment advice



- We provide clients investing outside of their home markets with advice
  - Regulatory environment
  - Most appropriate vehicle for investment
  - Financial issues to consider such as commercial and country risk
  - Optimal debt capacity of the investment
- We structure the deal to minimise financial risks

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## Connector between emerging markets – arranging debt and equity funding



- Our in-country presence in 17 countries provides liquidity and capital to firms setting up business in that country
- We assist in structuring commercial and country risk inherent in investments
- We are sector specialists e.g. infrastructure development
  - Sasol Natural Gas Pipeline
  - Lekki-Epe Expressway Project (NGN11bn loan) in Nigeria
  - Uganda airport
  - Morupule B power station

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## EM to EM








Brazil





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**EM to EM** 

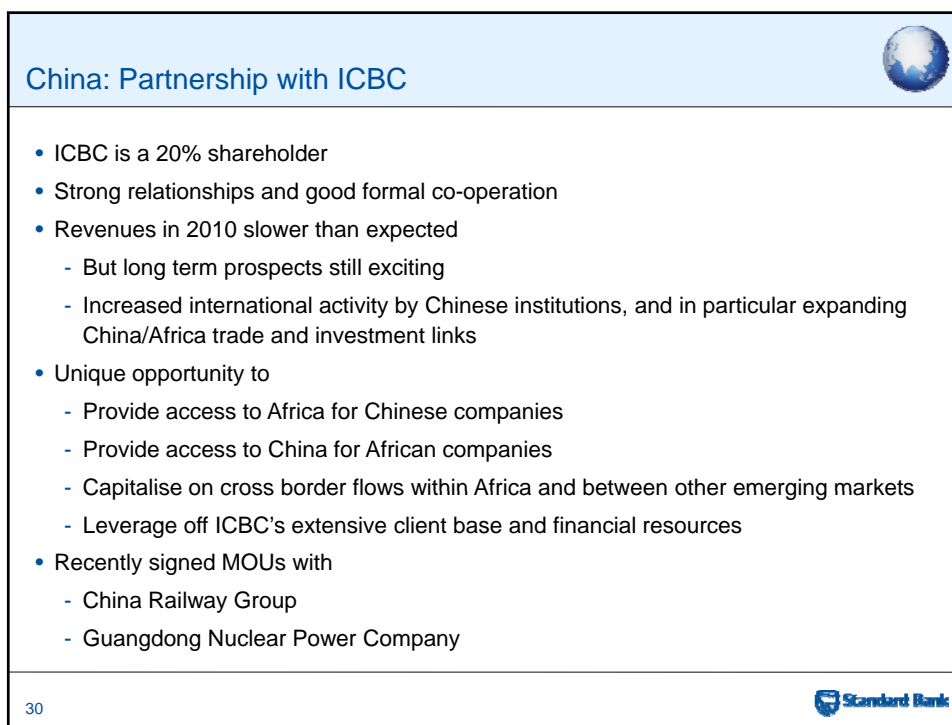
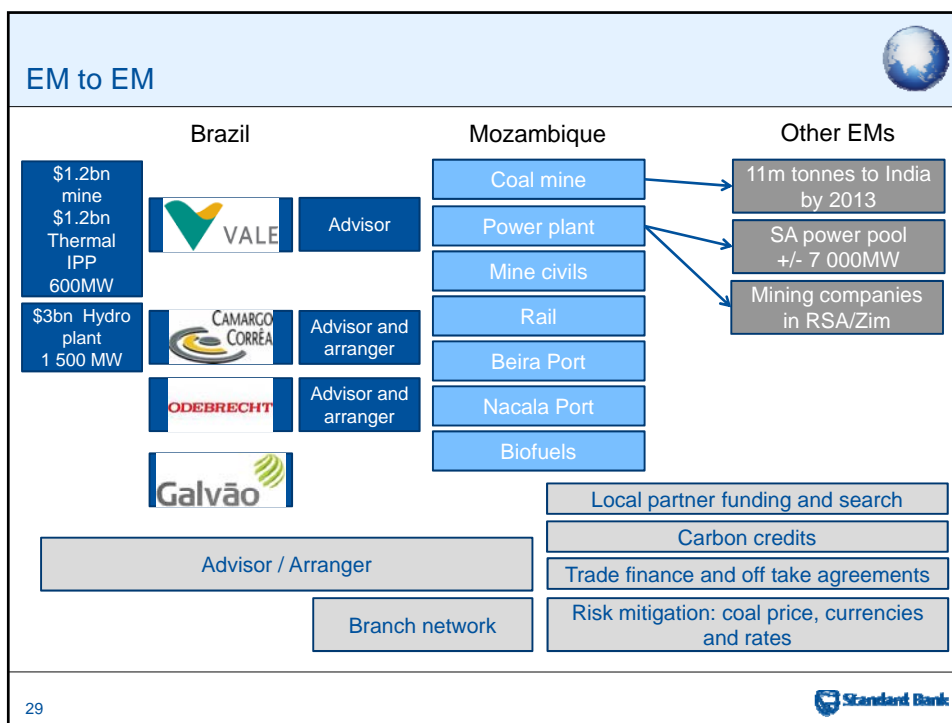
Brazil	Mozambique
<ul style="list-style-type: none"> <li>\$1.2bn mine</li> <li>\$1.2bn Thermal IPP</li> <li>600MW</li> </ul> 	<ul style="list-style-type: none"> <li>Coal mine</li> <li>Power plant</li> <li>Mine civils</li> <li>Rail</li> <li>Beira Port</li> <li>Nacala Port</li> <li>Biofuels</li> </ul>
<ul style="list-style-type: none"> <li>\$3bn Hydro plant</li> <li>1 500 MW</li> </ul>   	

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**EM to EM** 

Brazil	Mozambique	Other EMs
<ul style="list-style-type: none"> <li>\$1.2bn mine</li> <li>\$1.2bn Thermal IPP</li> <li>600MW</li> </ul> 	<ul style="list-style-type: none"> <li>Coal mine</li> <li>Power plant</li> <li>Mine civils</li> <li>Rail</li> <li>Beira Port</li> <li>Nacala Port</li> <li>Biofuels</li> </ul>	<ul style="list-style-type: none"> <li>11m tonnes to India by 2013</li> <li>SA power pool +/- 7 000MW</li> <li>Mining companies in RSA/Zim</li> </ul>
<ul style="list-style-type: none"> <li>\$3bn Hydro plant</li> <li>1 500 MW</li> </ul>   		

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## Looking forward



- Our focus has become much tighter
- Africa and links to Africa are at the centre of our strategy
- We need to be able to connect our cross-border clients and people
- Strategy should
  - Provide diversification rather than concentration
  - Ensure energy and new thinking
  - Strengthen our competitive position in SA
  - Provide multiple growth options

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