

STANDARD BANK GROUP

SBG SECURITIES AFRICA INVESTOR CONFERENCE

22 June 2021



SBG 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



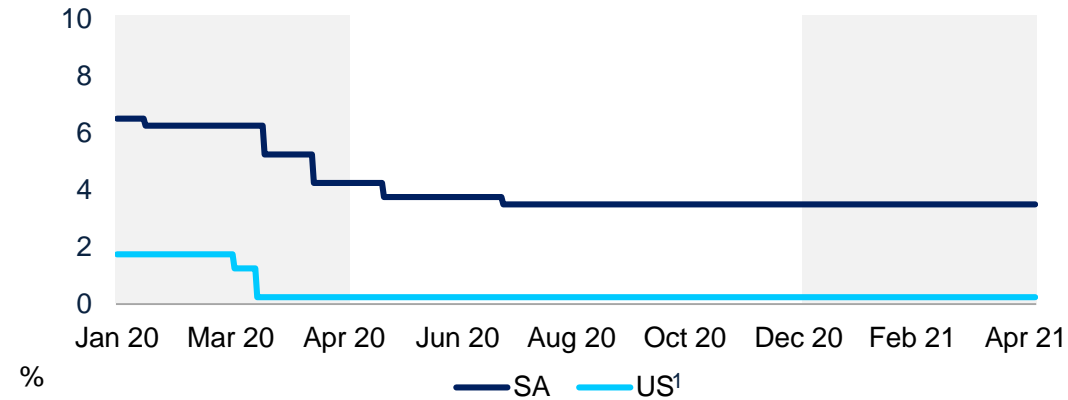
KEY MACRO TRENDS



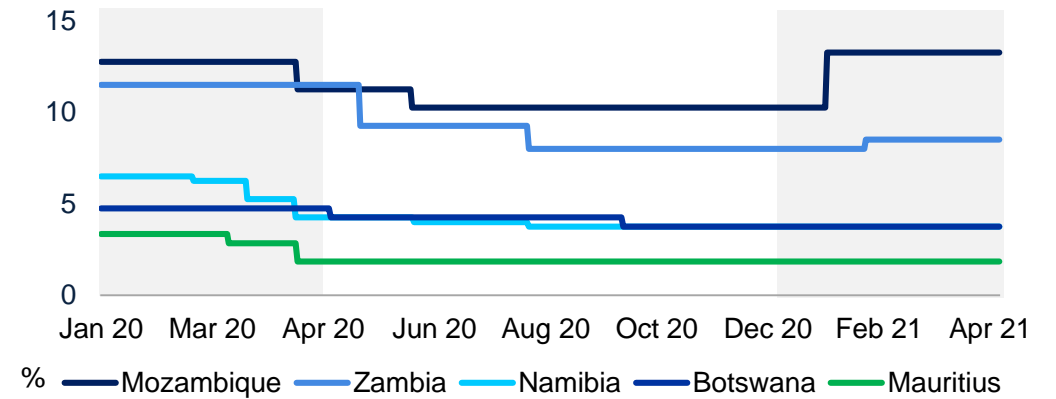
Interest rates

Average interest rates lower 4M21 vs 4M20

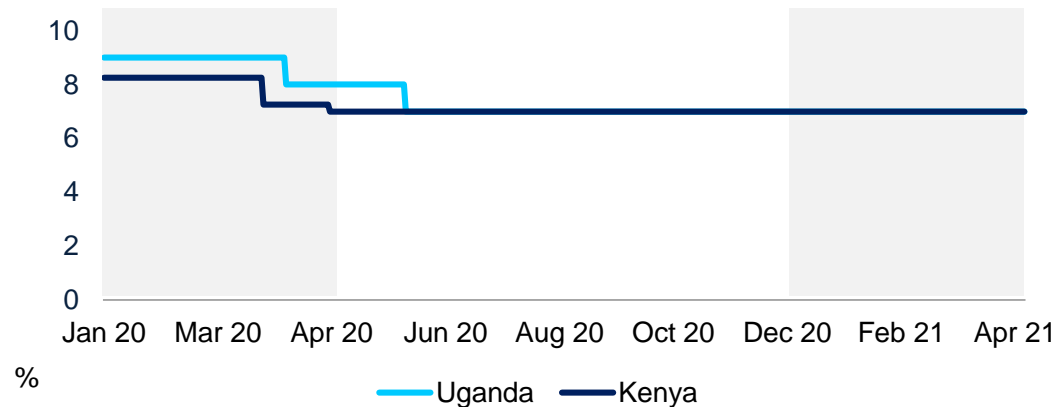
South Africa and International



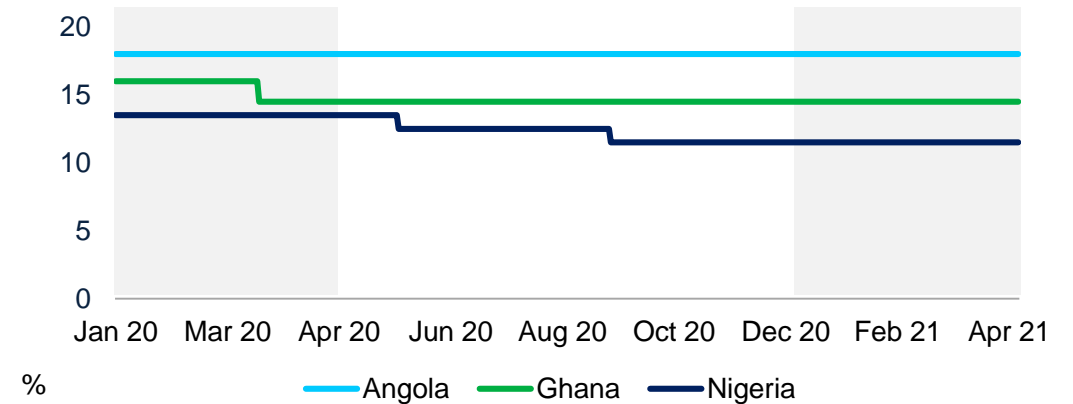
South and Central



East Africa



West Africa



¹ Represents the US Federal Funds Target Rate

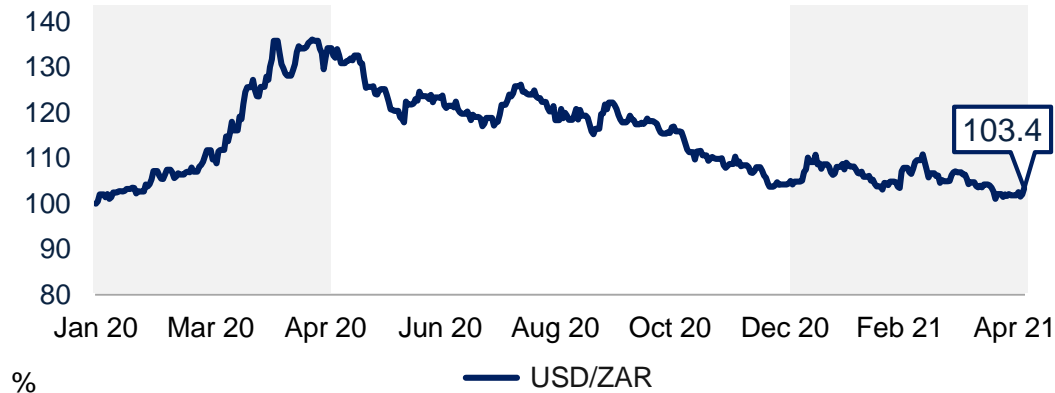
Source: Bloomberg

Currencies

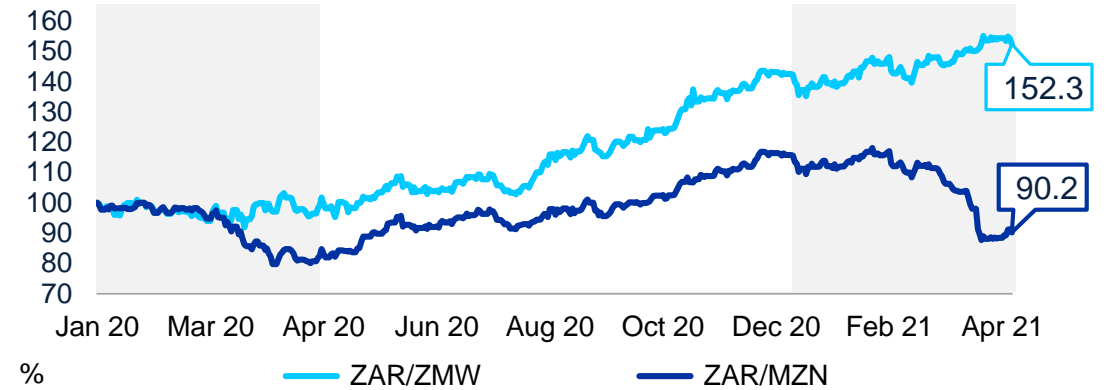
On average, ZAR stronger 4M21 vs 4M20



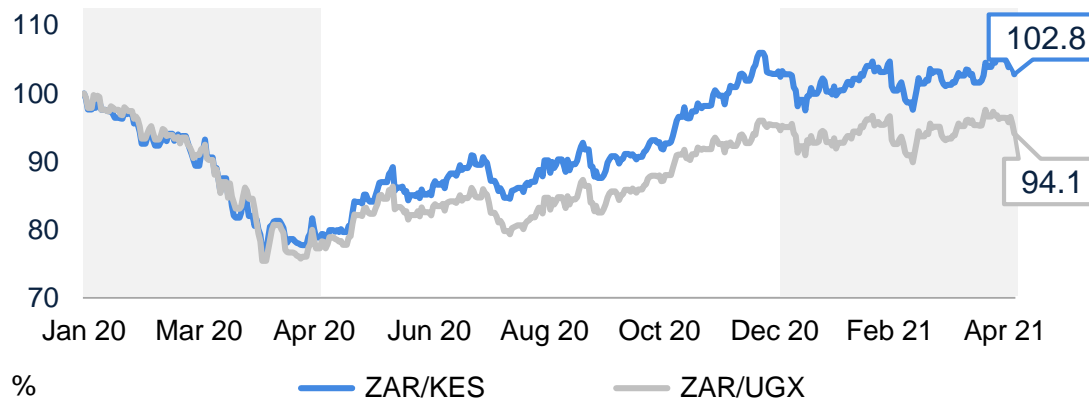
South Africa and International



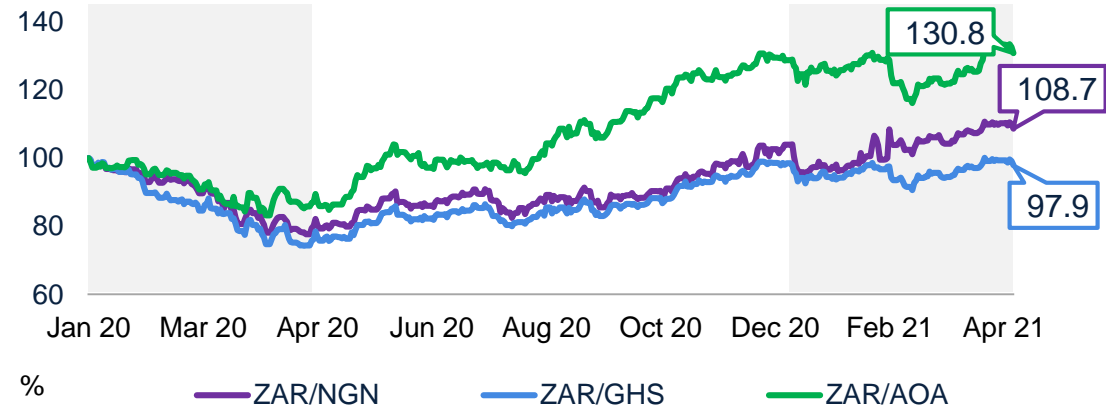
South and Central



East Africa



West Africa



Source: Bloomberg, rates have been rebased to reflect movement since 1 January 2020

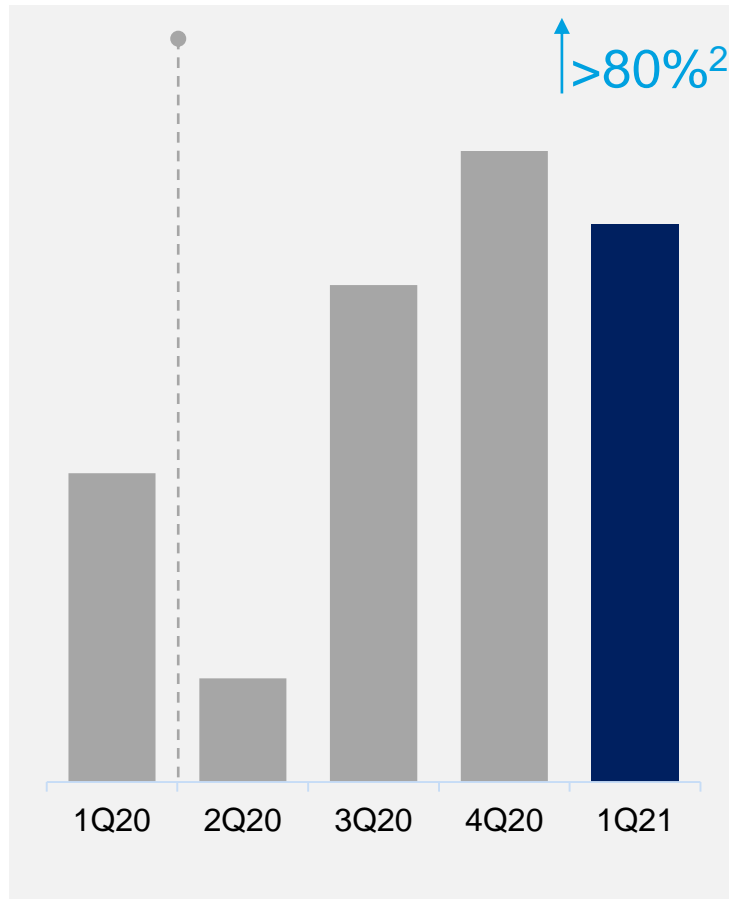


KEY BANKING & INSURANCE TRENDS

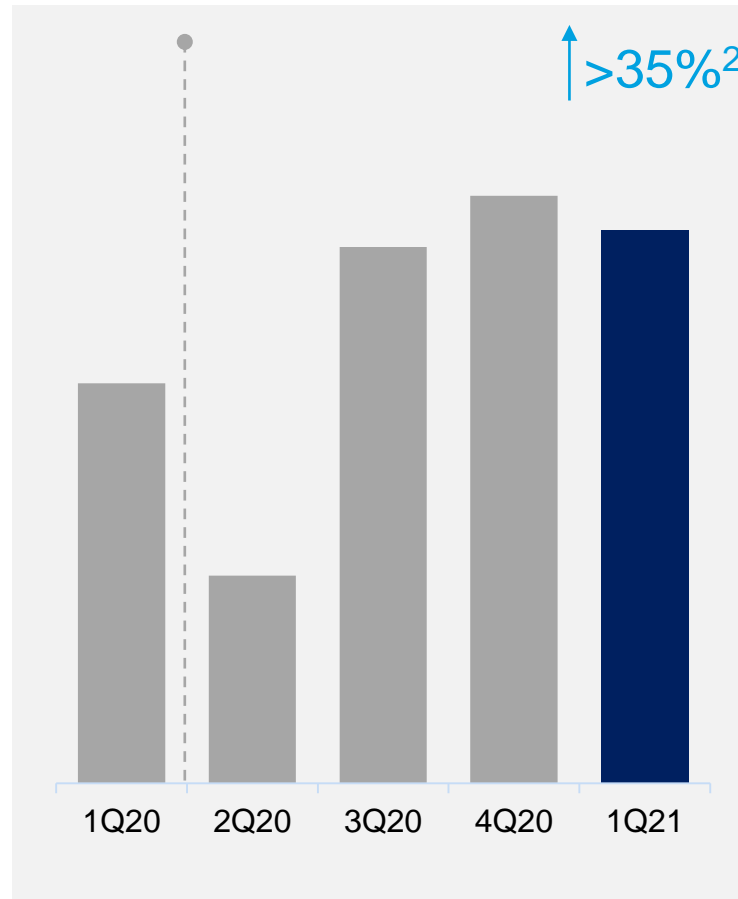
South Africa – Consumer disbursement trends



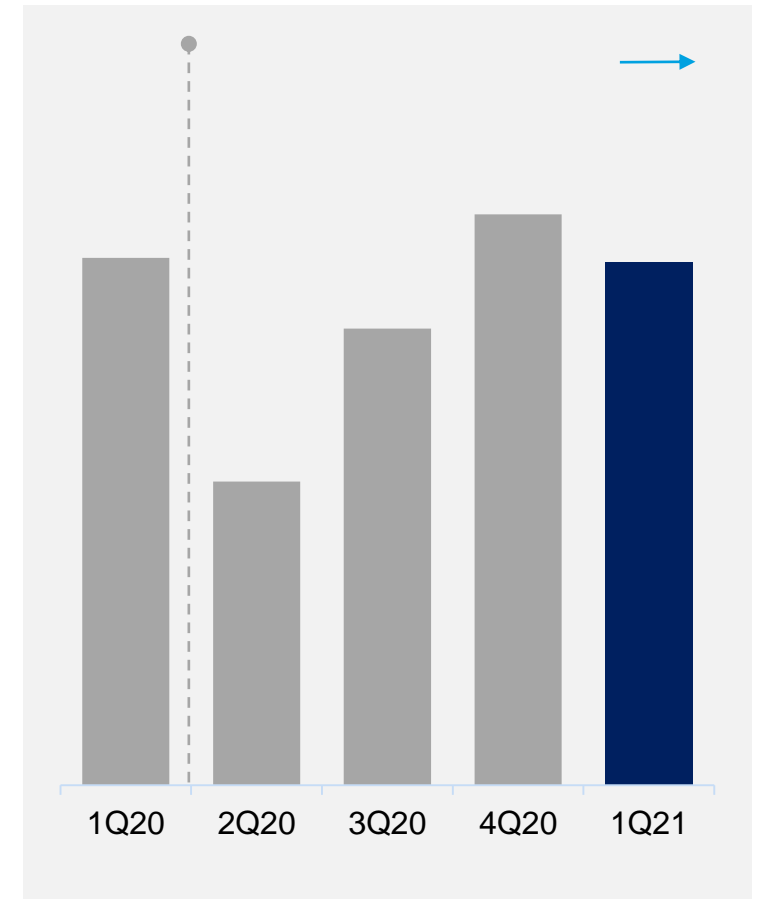
Mortgage disbursements (Rm)



VAF¹ disbursements (Rm)



Personal lending disbursements (Rm)



¹ Vehicle and asset finance for Consumer & High Net Worth Segment

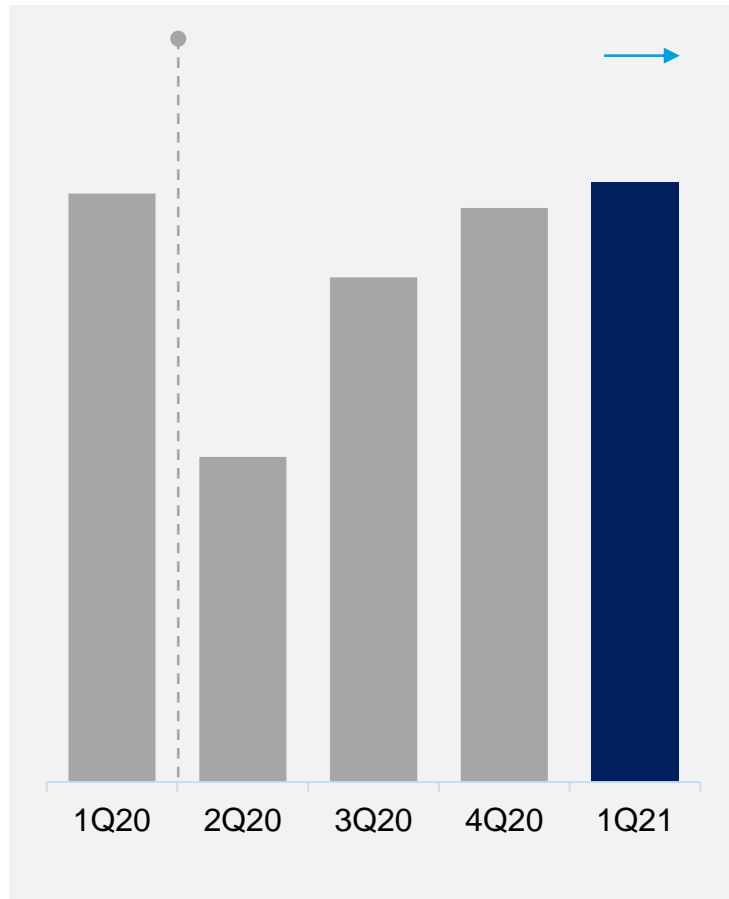
² 1Q21 vs 1Q20

---● 2020 Lockdown

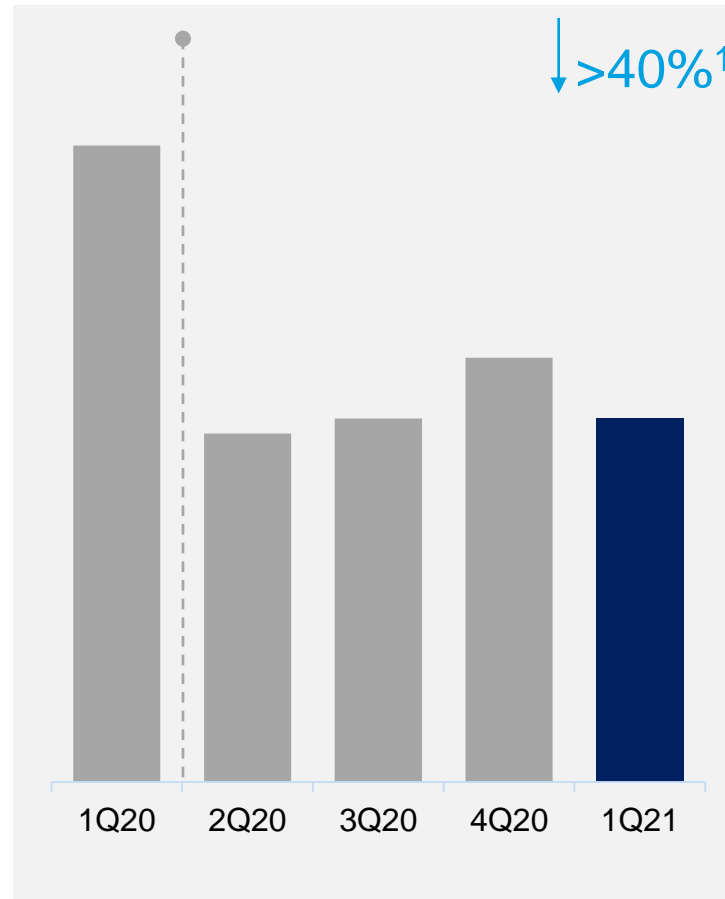
South Africa - Business & Corporate trends



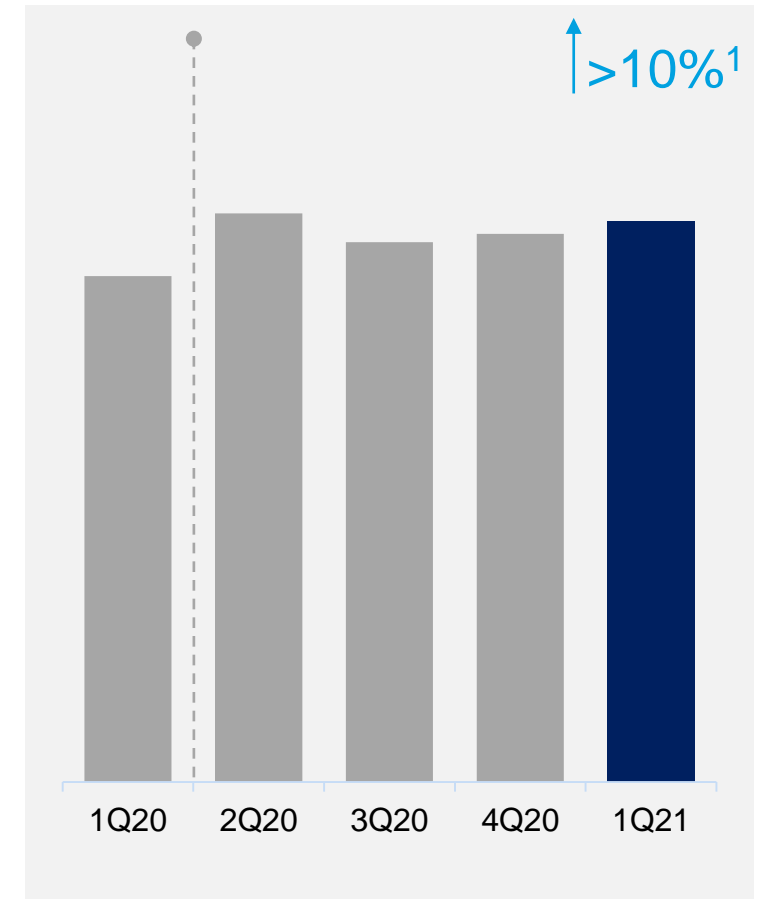
Business lending² (Rm)



Investment Banking origination (Rm)



Corporate TPS deposits (Rm)



¹ 1Q21 vs 1Q20

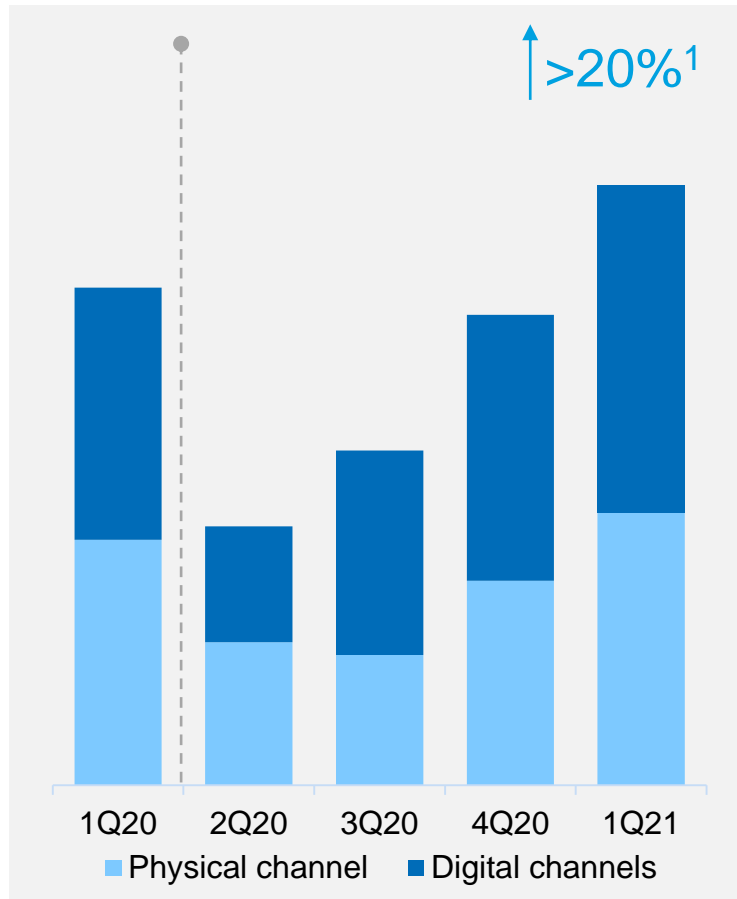
² Business lending excluding the SME Government Guarantee Covid Loans

---● 2020 Lockdown

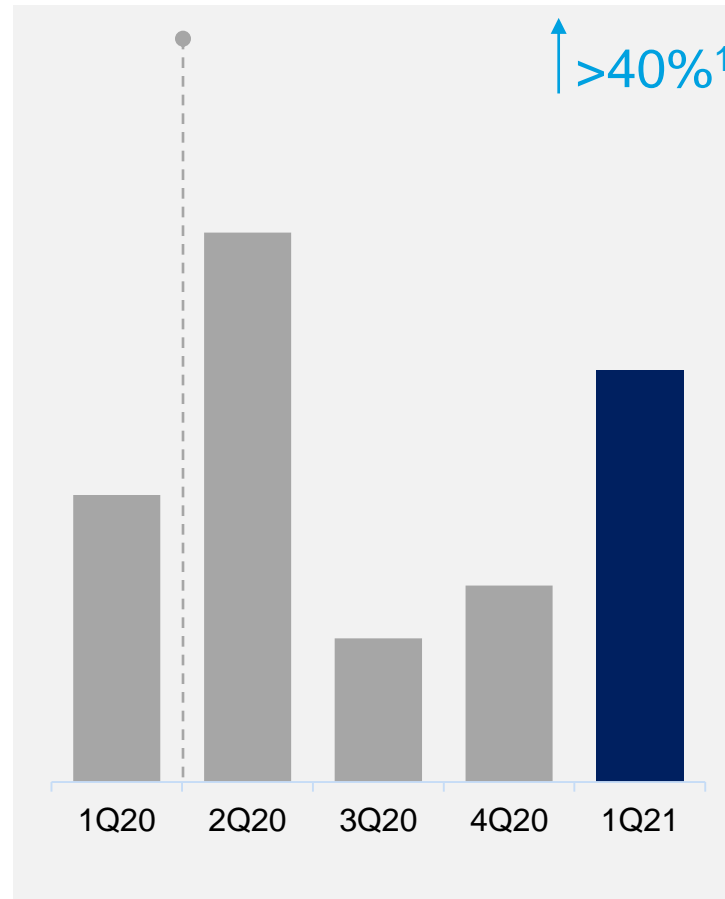
Africa Regions – Balance Sheet trends



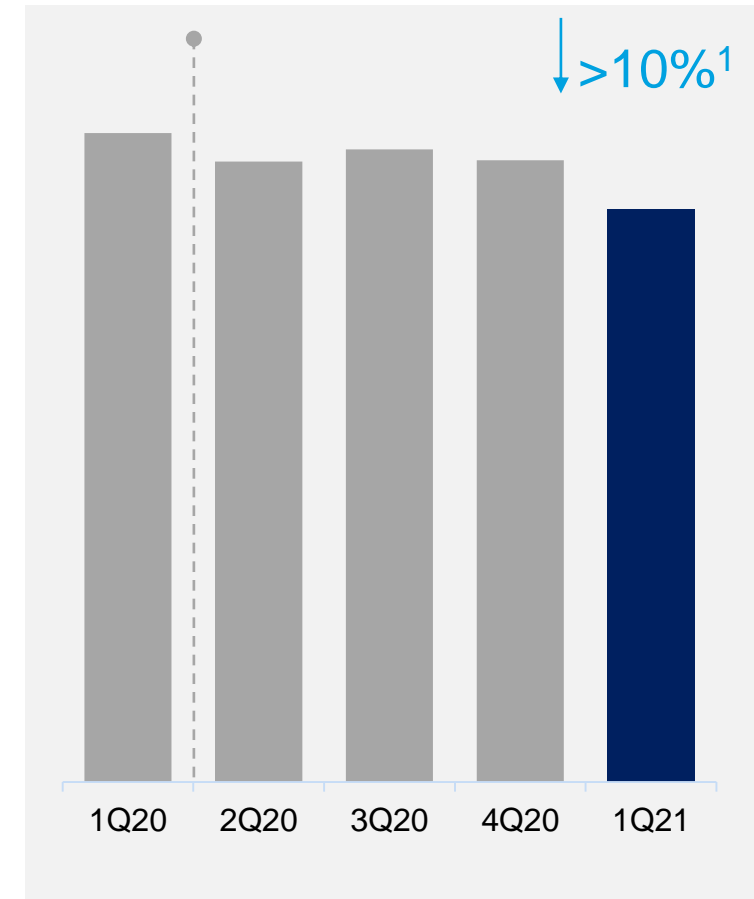
Personal lending disbursements ('000)



Investment Banking origination (Rm)



Corporate TPS deposits (Rm)



¹ 1Q21 vs 1Q20

---● 2020 Lockdown

South Africa - Insurance trends¹



Key volume stats

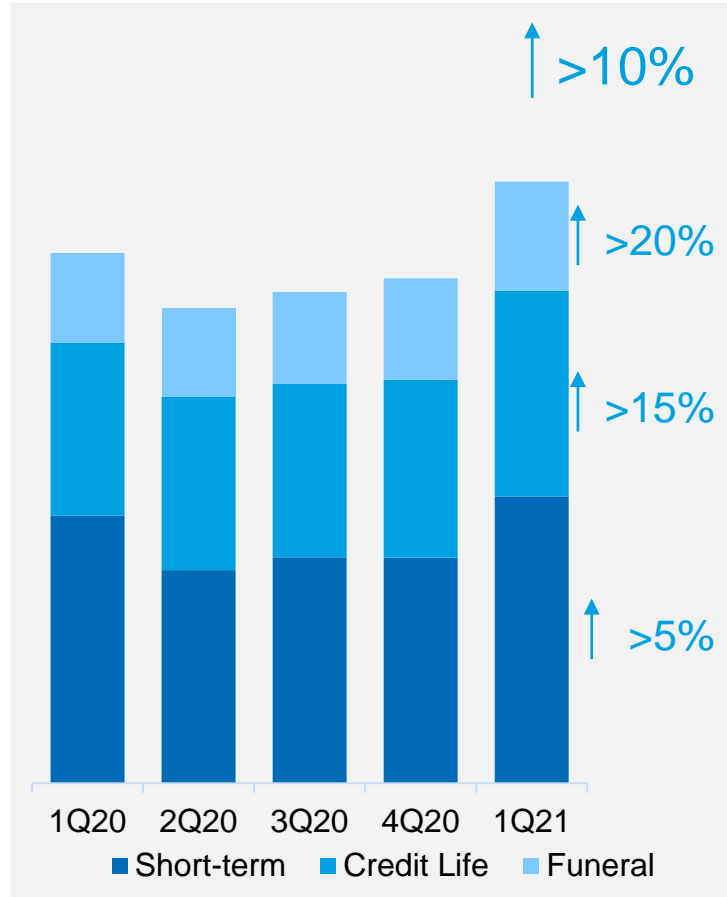
Sales volumes grew $\uparrow >40\%^2$

Cancellations declined $\downarrow >5\%^2$

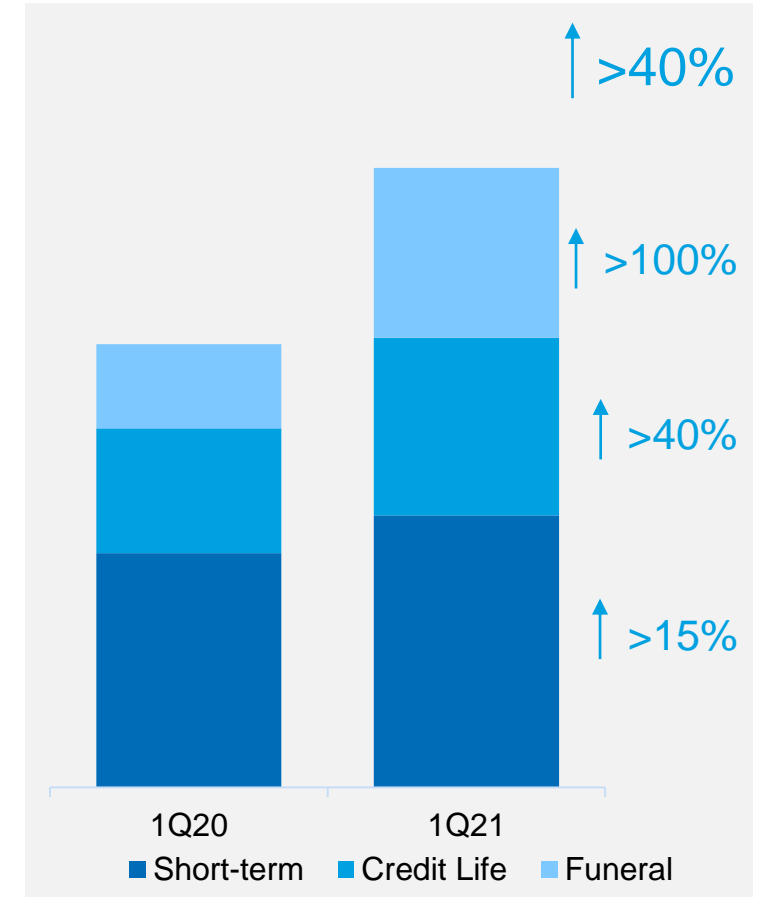
Policy base grew $\uparrow >5\%^2$

Claims volumes grew $\uparrow >30\%^2$

Gross written premium (1Q21, R2.2bn)



Claims (1Q21, R0.8bn)



¹ Excluding Liberty

² 1Q21 vs 1Q20



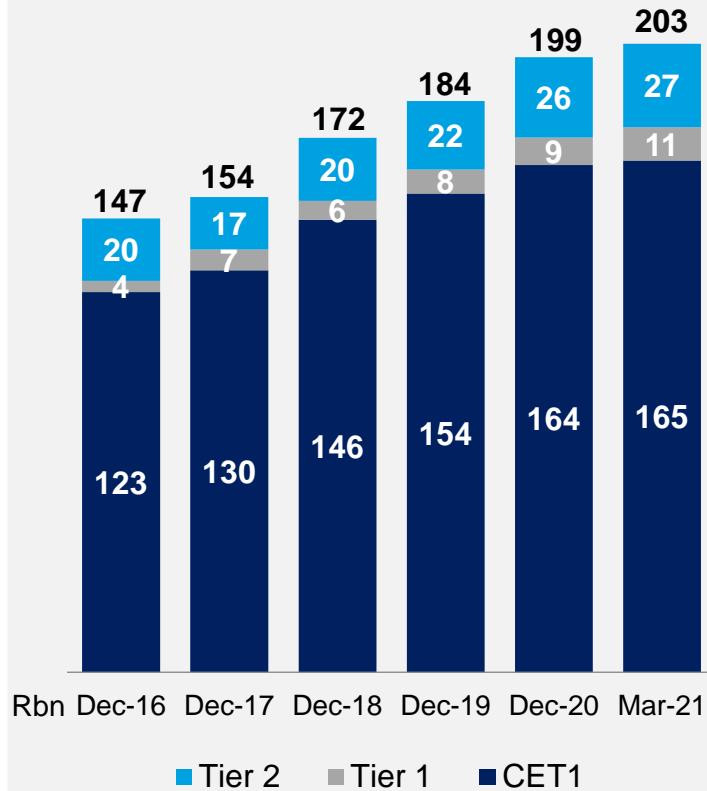
CAPITAL & LIQUIDITY

Standard Bank **IT CAN BE™**

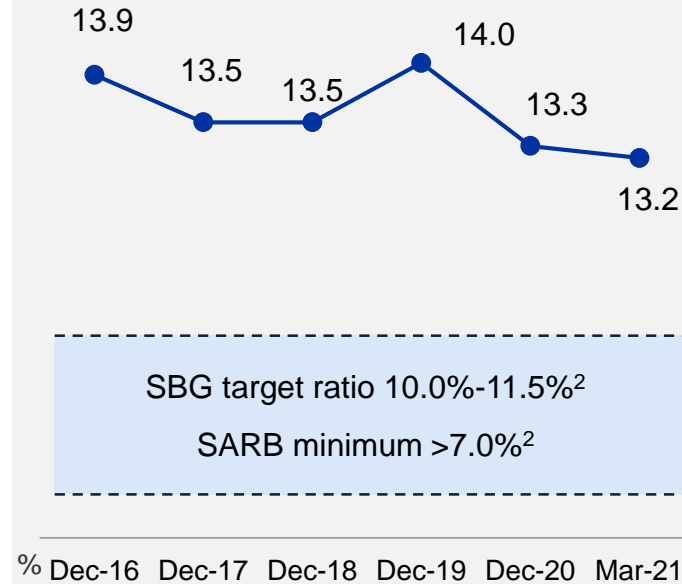
Robust Basel III capital and liquidity positions



Capital¹

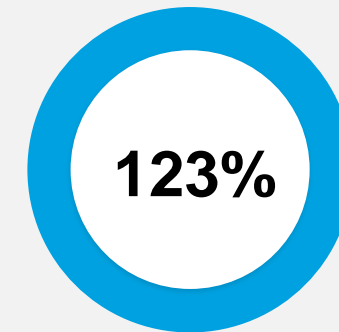


Capital adequacy¹



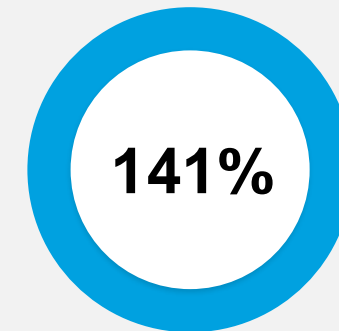
Liquidity³

Net stable funding ratio



Basel III minimum
100%

Liquidity coverage ratio



Basel III minimum⁴
80%

¹ Including unappropriated profits

² Excluding Pillar 2A buffer requirements

³ As at 31 March 2021

⁴ Based on temporarily revised SARB requirement



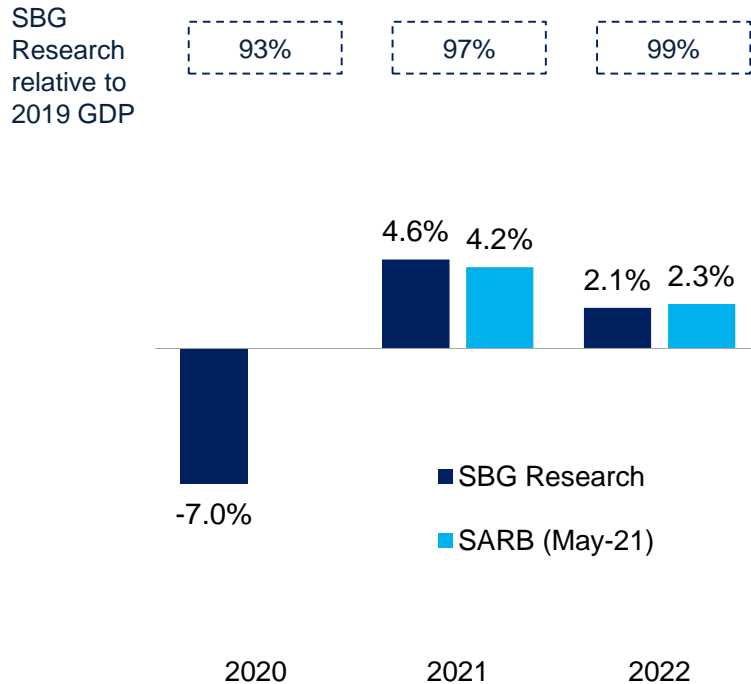
2021 MACRO OUTLOOK



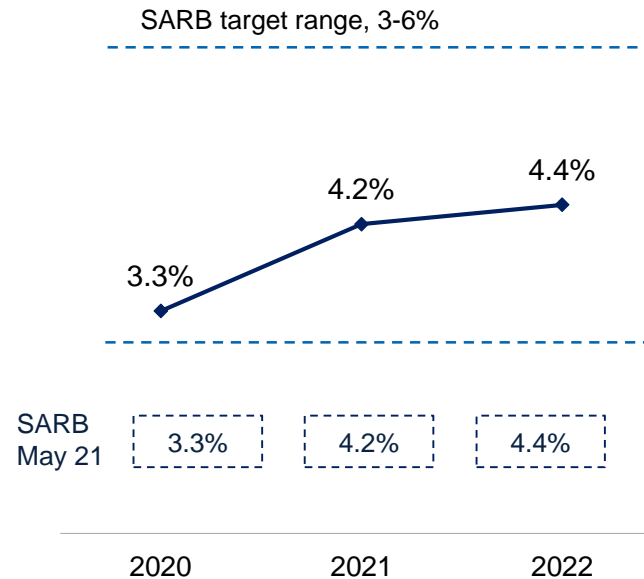
South Africa macro-economic outlook

Recovery underway, inflation benign and interest rates expected to remain flat in 2021

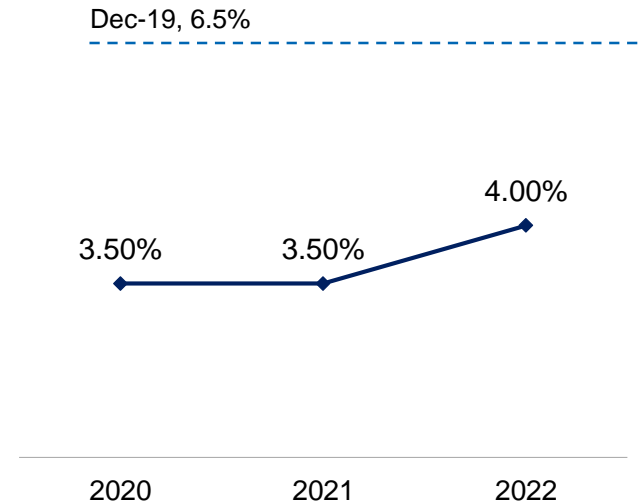
Growth - Real GDP¹, %



Inflation - CPI (avg), %



Interest rates - Repo rate (YE)², %



Source: SBG Securities Research, SARB May-21

¹ 1Q21 GDP growth of 4.6% (QoQ seasonally adjusted and annualised), well above consensus of 3.2%; broad-based led by mining and assisted by uptick in consumer spending. Fixed investment was weaker than expected

² SBG Research expects rates to increase 25bps in Jan-22 and May-22

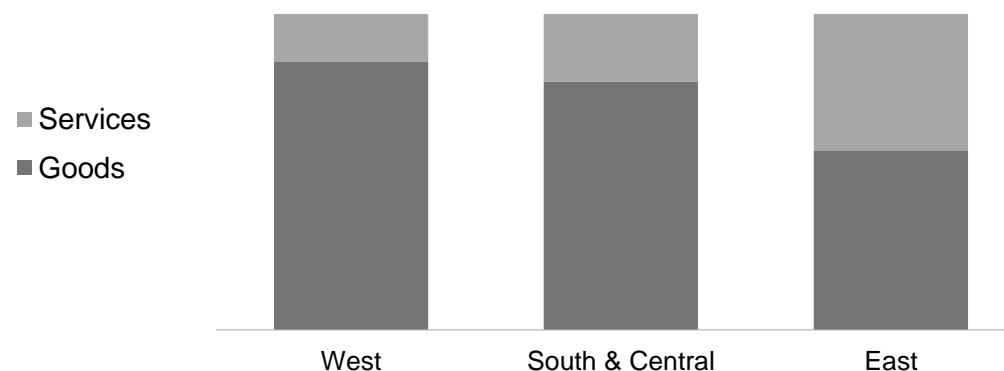
Africa Regions macro-economic outlook

Global tailwinds and Covid unwind positive

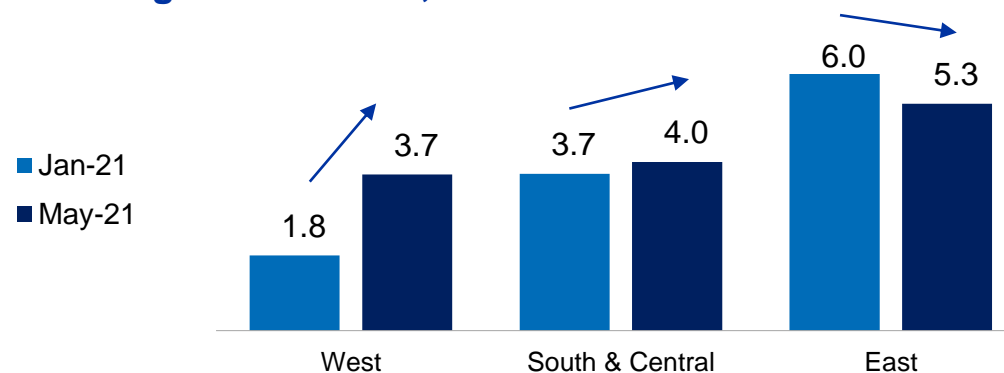


- Global recovery and demand should support export demand
- Covid unwind will spur growth
- Inflation may tick up but unlikely to deter the generally neutral stance on interest rates; Mozambique & Zambia increased rates to year to date
- Growth rate expectations changed from Jan-21 to May-21
 - The outlook for export economies have been upgraded (Ghana, Nigeria, Angola, Botswana), while those of services economies have been moderated, especially those reliant on travel & tourism (Tanzania & Mauritius)
 - Higher oil prices expected to provide support to Nigeria & Angola
- Vaccine rollout has been sluggish; but expect it to gain momentum in 2H21
- New waves & restrictions remain a risk; however governments seem reluctant to go back to restrictions seen in 2Q20

GDP contribution, Goods vs Services



GDP growth outlook, 2021



Source: SBG Securities Research, African Markets Revealed May-21



SBG 2021 OUTLOOK & 4M21 HIGHLIGHTS

SBG 2021 outlook (11 March 2021)

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 range of 70 bps – 100 bps

Highlights of 4M21 market update (31 May 2021)



Key 4M21 trends¹

- Environment and outlook has improved
- Stronger ZAR dampened growth trends by 5%
- Balance Sheet trends mixed
- Low interest rates put strain on margins & interest income
- Trading revenue lower vs high base in prior period
- Customer transaction volumes improving
- Credit better than expected
- ROE recovering
- Capital remains strong and expect to pay an interim dividend
- Strategy update – 20 August



4M21 performance commentary¹

Net interest income	Declined mid-single digits, flat in CCY
Non-interest revenue	Declined high-single digits, fees grew mid-single digits in CCY
Cost growth	Declined low- to mid-single digits, increased low single digits in CCY
Credit loss ratio	Marginally below top end of TTC ² range; FY21 expected to be above top of TTC
ROE	Above FY20 (8.9%) but below COE (14.4%)
Dividend payout	Higher than FY20 (24%), but lower than historic payout levels (45%-55%)

¹ Based on 4M21 vs 4M20

² Through-the-cycle range of 70 bps – 100 bps

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.



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