





# Standard Bank Group

Jacko Maree, Chief Executive

16 July 2009



Standard Bank

# Overview of Standard Bank Group

- One of the big four full-service South African banks
  - 147 year history in South Africa
  - Started building a franchise outside South Africa in early 90s
- Operate in a range of banking and related financial services
  - 17 countries in Africa
  - 16 countries outside Africa with an emerging markets focus
- ICBC – the biggest bank in the world – is a 20% shareholder
  - South African government pension fund holds 12.5%
  - Remainder is widely spread
- Largest African banking group ranked by assets and earnings
  - Total assets of nearly R1 509bn (approx \$162bn)
  - Headline earnings of R14.1bn (approx \$1.7bn)
  - Market capitalisation of R146bn (approx \$18bn)
  - Employ more than 50 000 people
  - Tier 1 capital adequacy ratio 10.8%

# Business unit snapshot of group earnings

## Personal & Business Banking

Headline earnings

**R4 784** million

2007: R5 674 million

Banking and other financial services to individual customers and small- to medium-sized enterprises in South Africa, rest of Africa and Argentina.

## Corporate & Investment Banking

Headline earnings

**R7 967** million

2007: R6 706 million

Corporate and investment banking services to larger corporates, financial institutions and international counterparties, in South Africa and other emerging markets.

## Liberty

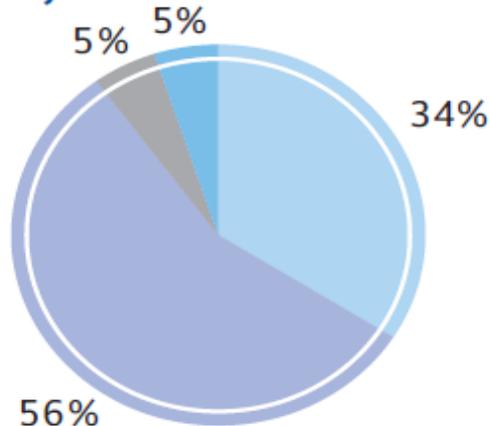
Headline earnings

**R641** million

2007: R973 million

Life insurance, investment and wealth management solutions to individual and corporate customers in selected African markets.

## Headline earnings contribution by business unit



- Personal & Business Banking (2007: 43%)
- Corporate & Investment Banking (2007: 51%)
- Liberty (2007: 7%)
- Central and other (2007: (1%))

# Geographic snapshot of group earnings

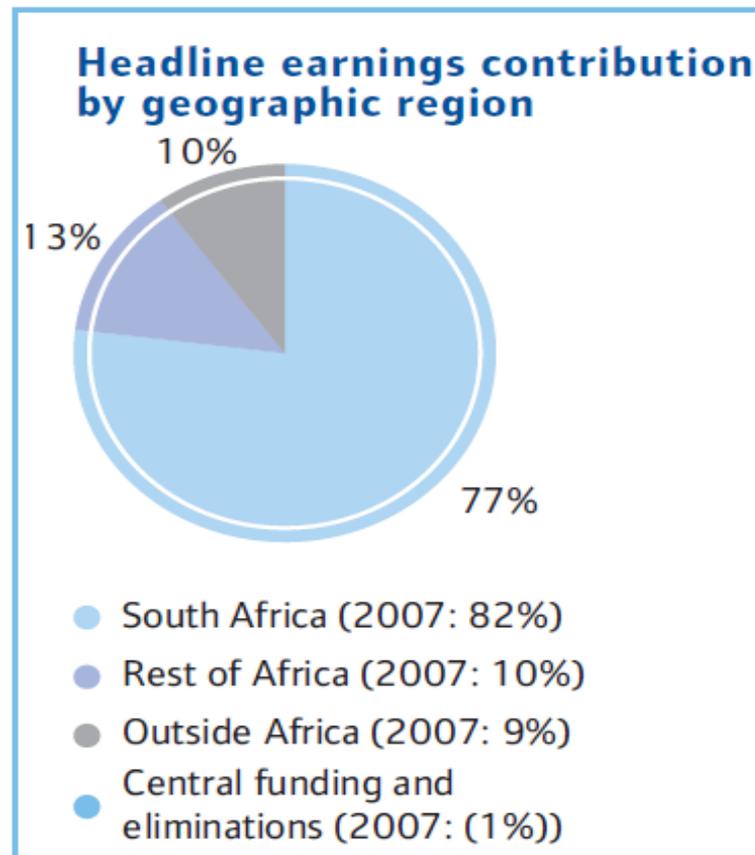
## South Africa



## Rest of Africa



## Outside Africa



# Standard Bank through the crisis

- Emerging markets focus
  - No exposure to toxic or sub-prime assets
- SA relatively shielded from initial crisis impact
  - Product set with emerging market characteristics
    - Vanilla loan books e.g. mortgages
    - Limited exotic gearing
  - High quality regulatory/risk management practices
    - Risk-based regulatory approach based on both principles and rules – embraced and embedded
    - Derecognition of assets tightly controlled e.g. securitisation
    - Counterparty risks and netting reviewed via SARB circular 4 years ago
    - Ambitious pace of implementing Basel II
- SA and other African countries are now being impacted by global growth slowdown and softer commodity prices
  - Especially in SA where we share in a quarter of the market

# Trends shaping the global economy \*IMF 2008

- Increase in foreign investment
- Capital flows becoming multi-directional
- Trade flows increased
- Emerging markets growing faster

# Sustainable competitive advantage

## Why can we compete in emerging markets?

We have a unique African footprint

South Africa is an emerging market with well developed, leading edge and highly competitive financial markets. We have a successful business with exportable and replicable

- Cost effective and efficient systems and infrastructure
- Products and solutions delivered with excellent customer service
- Risk and capital management practices

High service ethic in dealing with customers underscored by independent surveys

We understand the needs of both international customers where connectivity is critical; and local customers, where product and service offering benefit from scale advantages and local knowledge

Our commitment to emerging markets attract quality people in the major financial centres who want to be involved and work in emerging markets, augmenting a strong pool of skills we already have in the various domestic markets.

Our shareholders are emerging market investors

# Sustainable competitive advantage continued

## Why can we compete in emerging markets?

Our strategic relationship with ICBC provides us with one of the strongest partners in the future global superpower economy, with a keen desire to participate inter alia in the next phase of development on the African continent

Successful Life Insurance model that can be exported, and particularly relevant in growing populations and per capita increase in wealth in most developing markets

Track record in building some businesses on a global scale as evidenced by our Commodities and Resources business

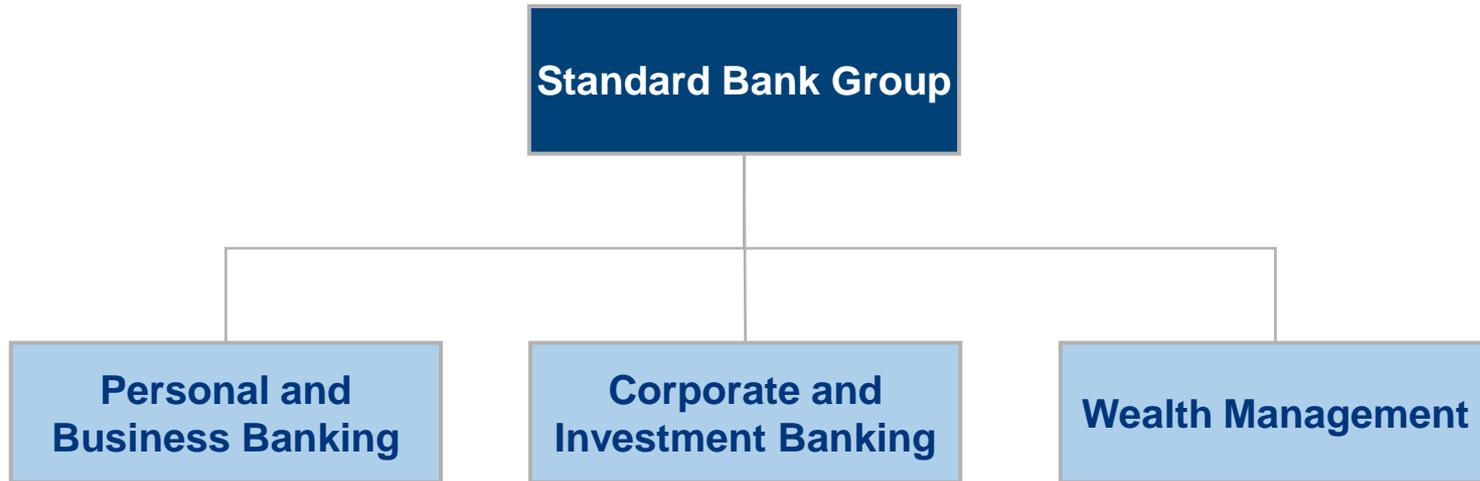
Proven community relevance particularly given the complex socio-economic environment of South Africa

Experience in taking banking to the unbanked, which is a key requirement in most emerging markets battling with the eradication of poverty

Successful track record in growing businesses organically in new markets and geographies

Proven experience in making and integrating acquisitions in foreign markets as evidenced by Argentina, Nigeria and Kenya in recent times

# Business Model

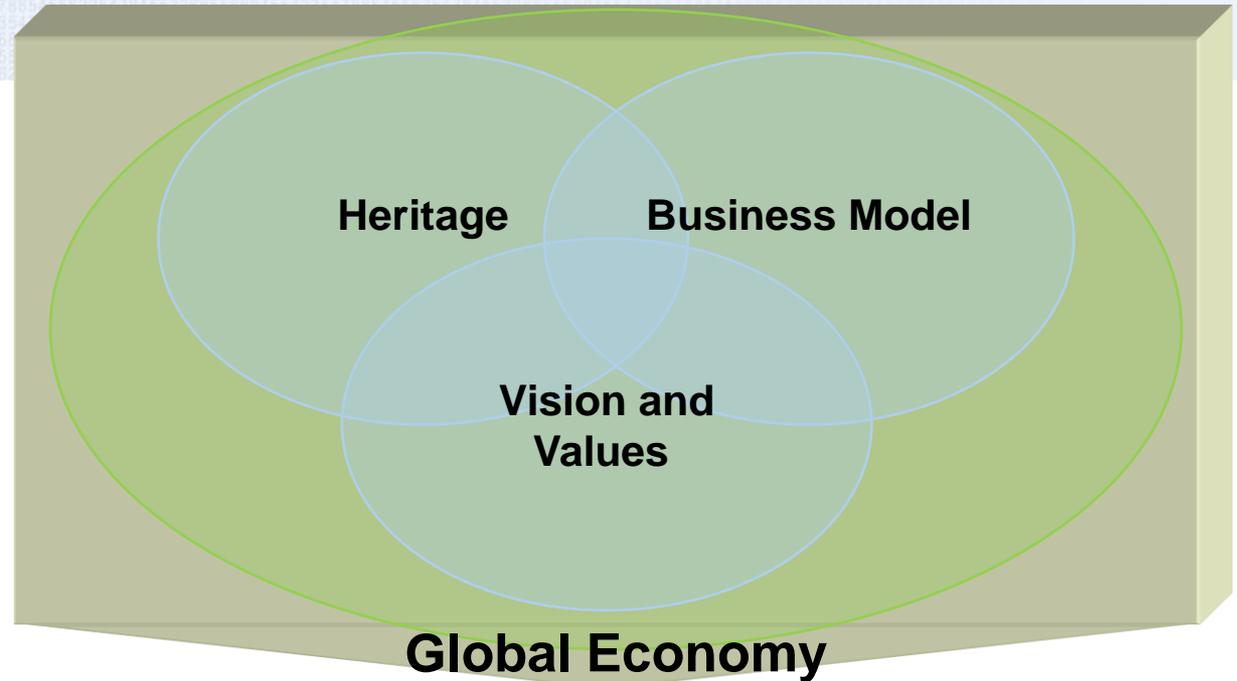


**We organise ourselves across three business units but present ourselves to the market as one – aim for a single brand philosophy**

**What influences the strategy?**

**What is the Strategy?**

**How is the strategy implemented and executed?**

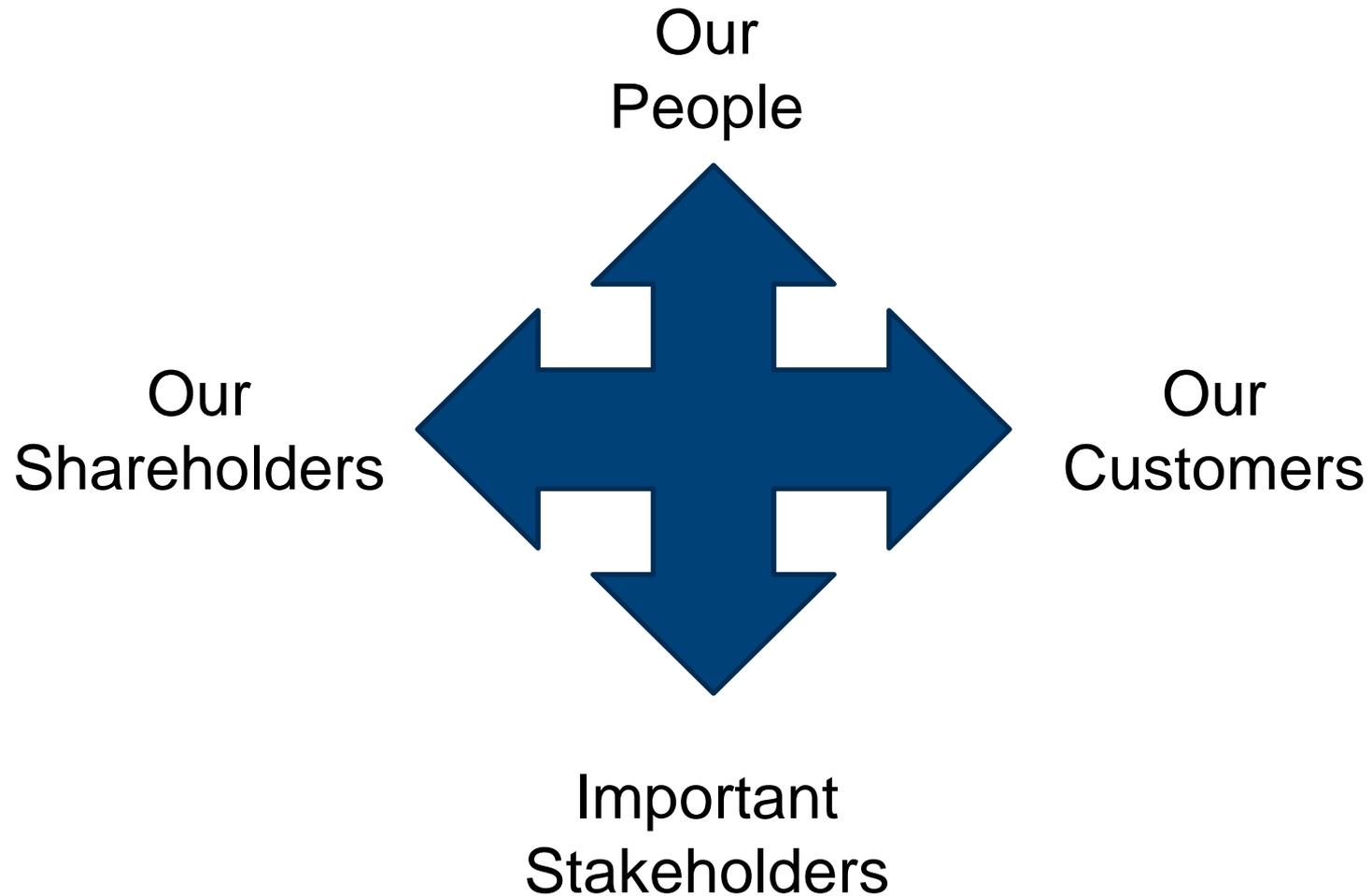


**STRATEGY**

**BUSINESS ORGANISATION AND STRUCTURE**

**KEY STRATEGIC DELIVERABLES**

# Who must we satisfy



# Vision

We aspire to be a leading emerging markets financial services organisation

# Values

1. Serving our customers
2. Growing our people
3. Delivering to our shareholders
4. Being proactive
5. Working in teams
6. Guarding against arrogance
7. Respecting each other
8. Upholding the highest levels of integrity

# 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.

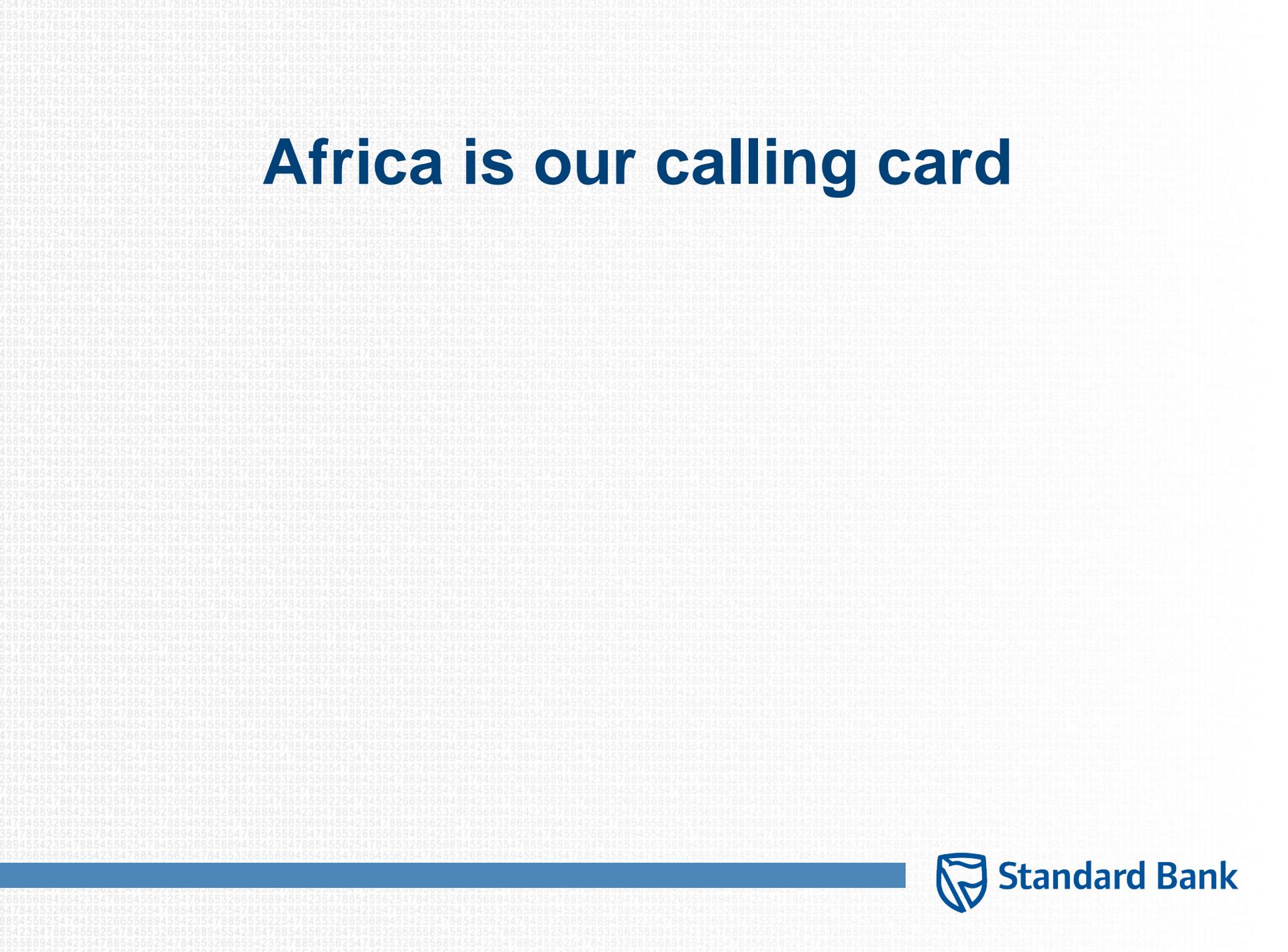
The key differentiator in achieving our strategy is our people.

# Key strategic deliverables

## Group EXCO deliverables

1. Grow, develop and recognise our people
2. Ensure that our values live and grow within the organisation
3. Promote a nimble and proactive approach to our customers
4. Deliver superior returns and sustainable growth for shareholders
5. Ensure that the three core business units work together and maximise synergies
6. Build a strong and unified brand
7. Deploy our scarce capital appropriately
8. Constantly balance risk and return, as well as appropriate corporate governance
9. Create a world class infrastructure, with the emphasis on cost efficiency

**The three core business units have KEY strategic deliverables of their own**



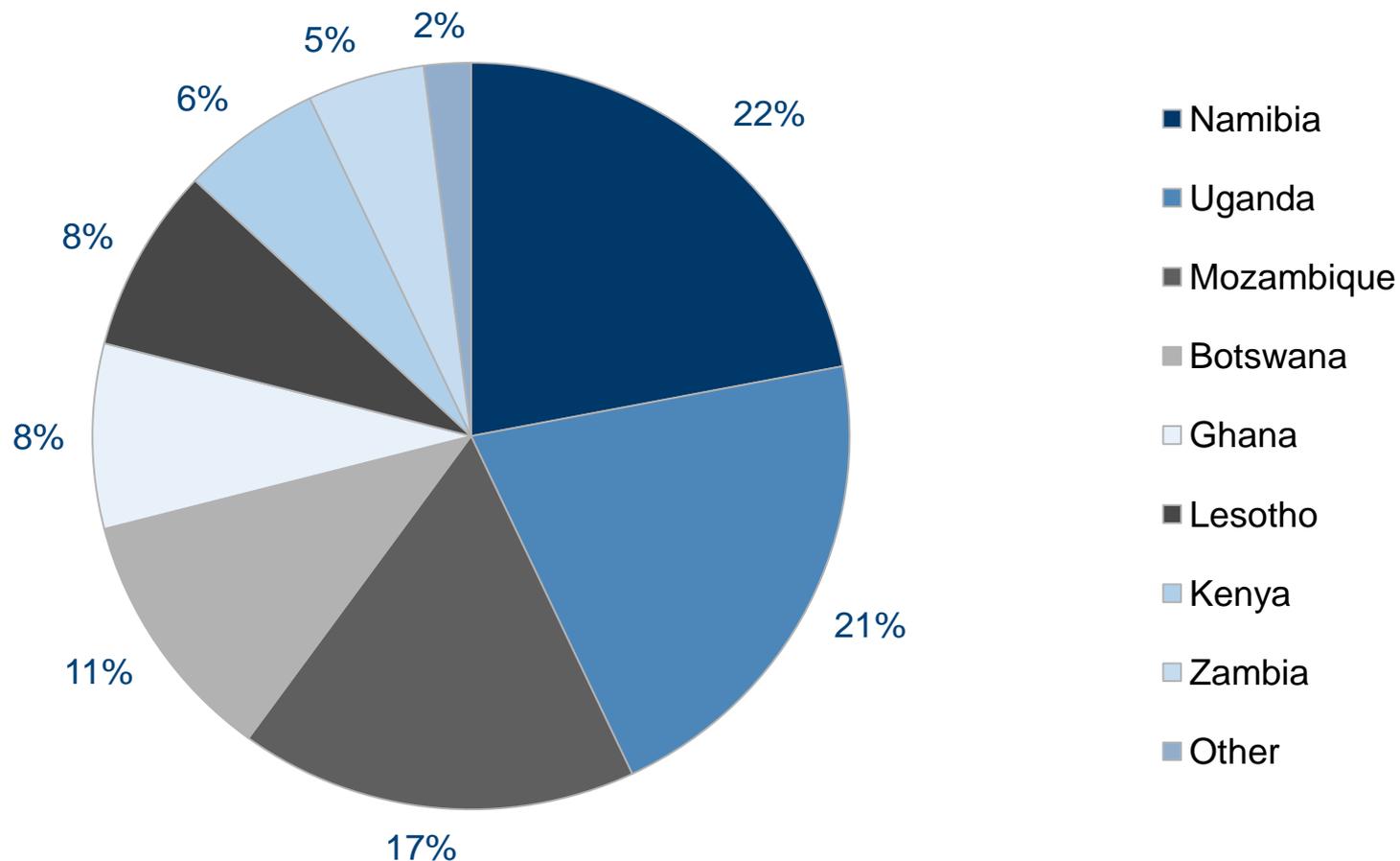
# Africa is our calling card



Standard Bank

# Rest of Africa portfolio

## Headline earnings contribution for 2008



Graph excludes Nigeria contribution for 2008

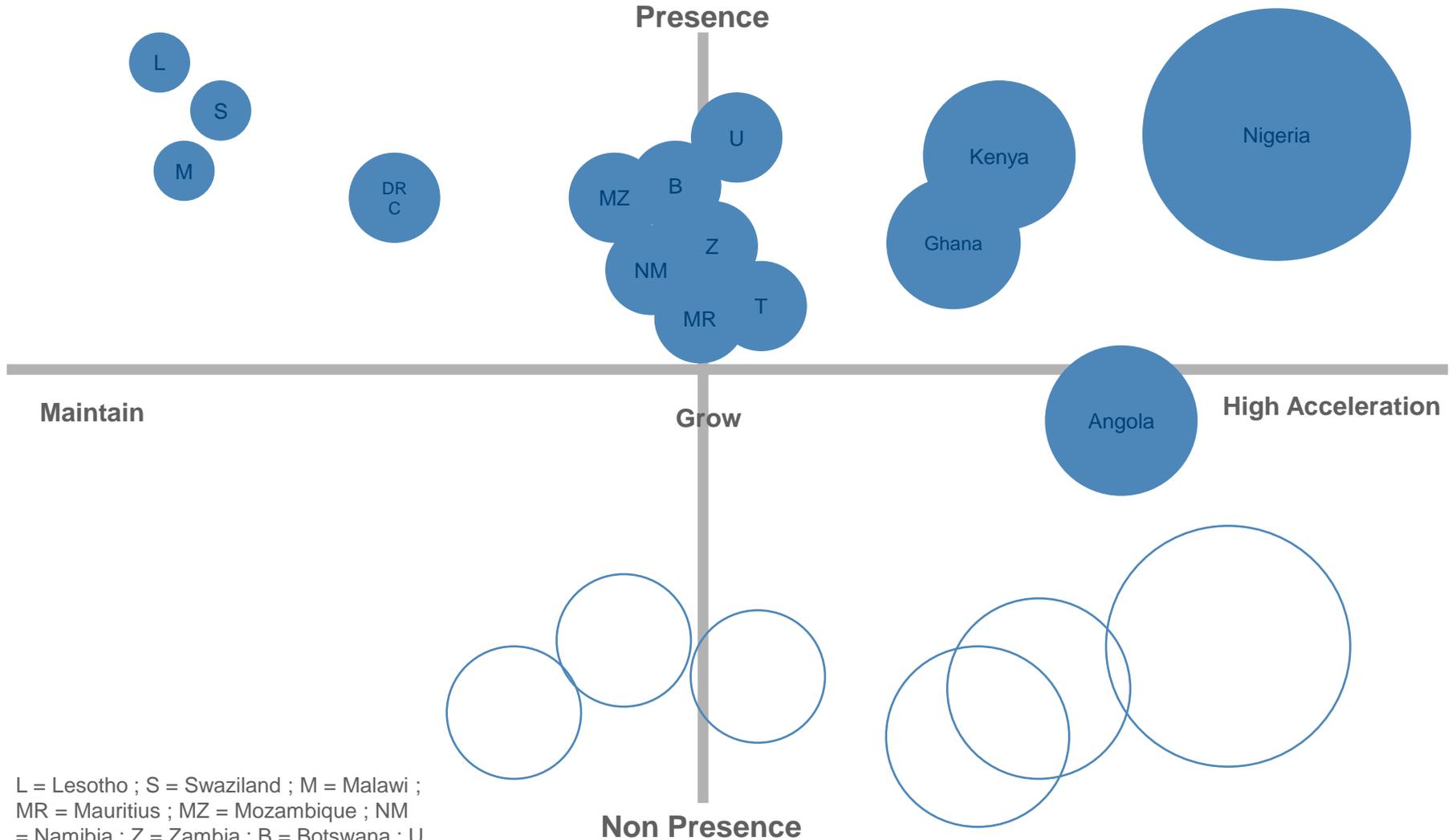
# Rest of Africa portfolio

## Estimated market shares

Country	2000 %	2008 %
Nigeria	0*	1
Namibia	25	28
Uganda	0	26
Mozambique	1	17
Botswana	1	6
Ghana	0*	4
Lesotho	40	62
Kenya	0*	5
Zambia	1	7
Malawi	0	25
Swaziland	38	33
Tanzania	0	11
Zimbabwe	20	20

\* High growth potential

# Optimising opportunities on the continent



L = Lesotho ; S = Swaziland ; M = Malawi ;  
 MR = Mauritius ; MZ = Mozambique ; NM  
 = Namibia ; Z = Zambia ; B = Botswana ; U  
 = Uganda ; T = Tanzania

# Who are our competitors?

## We compete against multi-national and large local banks

### Multi-national banks

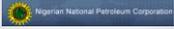
- StanChart, Barclays and Citi
- Focus on multi-national corporates, governments, top local corporates, high end retail and business banking
- All have slightly different core capabilities but focus on treasury, trade and transactional banking
- Increasingly concentrating on big ticket investment banking
- Africa may not be considered to be core to their global strategy
- Nigeria is a noteworthy exception where all have expressed an intention to grow their presence

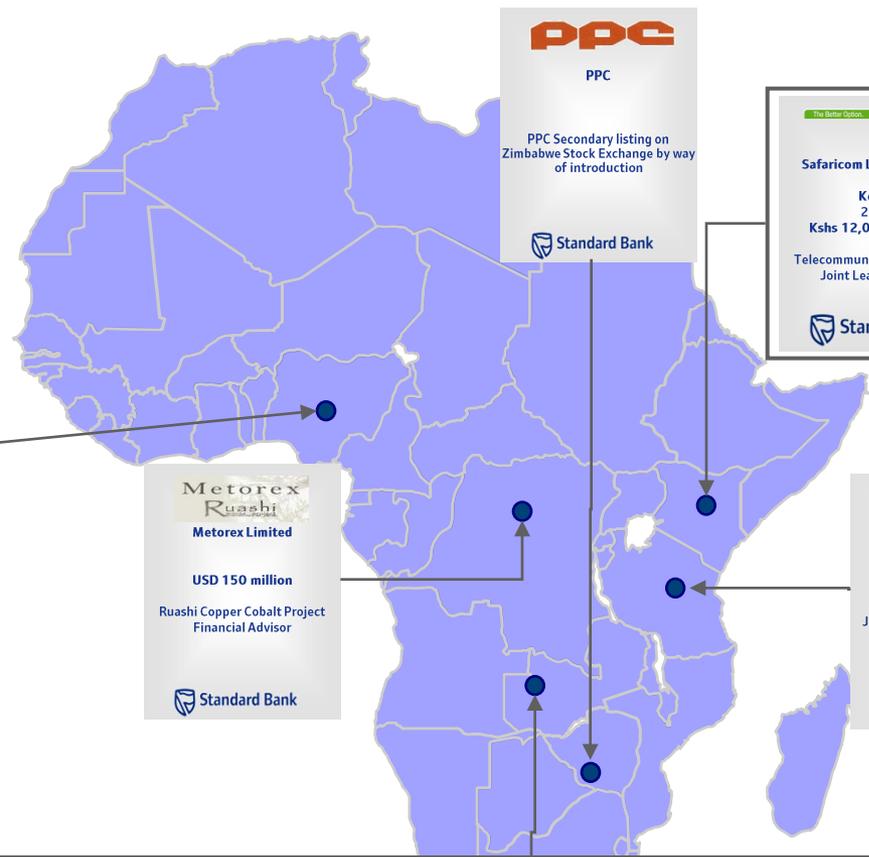
# Who are our competitors?

## Large local banks

- Some are now becoming regional players and expanding footprint
- Well capitalised with significant market shares
- Provide significant competition by virtue of their
  - Low cost of funds, expansive distribution networks, good government relationships, strong ties with top local corporates and increasing product sophistication
- Less competitive in
  - Treasury, Debt Capital Markets, Project Finance and Structured Trade

# Funding of groundbreaking transactions

 <p><b>Dangote Sugar Refinery Plc</b></p> <p><b>N54,000,000,000</b></p> <p>Initial Public Offering of share Joint Lead Issuing House</p> 	 <p><b>Oando Plc</b> (formerly Unipetrol) Nigeria 2003 N4,009,143,663</p> <p>Merger of AGIP Nigeria Plc and Unipetrol Nigeria Plc to form Oando Plc</p> 
 <p><b>Conoil</b> (formerly National Oil)</p> <p><b>Nigeria</b> 2000 N9,127,916,000</p> <p>Offer for sale in Conoil Plc by the Federal Government of Nigeria Lead Issuing House</p> 	 <p><b>Standard Bank</b></p> <p><b>Nigeria</b> 2007 ZAR 8.2 billion</p> <p>Acquisition of IBTC Nigeria Advisor to Standard Bank Group Limited</p> 
 <p><b>MTNN Communications Ltd</b> Nigeria</p> <p>2007 USD 2 billion</p> <p>Global Arranger</p> 	 <p><b>NNPC Local Content Support Fund</b></p> <p>2007 US\$350 million</p> <p>Programme Manager</p> 




**PPC**

PPC Secondary listing on  
Zimbabwe Stock Exchange by way  
of introduction




**Metorex Limited**

**USD 150 million**

Ruashi Copper Cobalt Project  
Financial Advisor



 <p><b>Safaricom Limited Kenya</b></p> <p><b>Kenya</b> 2006 Kshs 12,000,000,000</p> <p>Telecommunications Finance Joint Lead Arranger</p> 	 <p><b>Mumias Sugar Company</b></p> <p>2001</p> <p>Listing on the Nairobi Stock Exchange Advisor</p> 	 <p><b>Standard Bank Group Limited</b></p> <p>2007 ZAR 2 billion</p> <p>Advised on the merger of Stanbic Bank Kenya with CFC Bank Limited and the acquisition of a controlling stake in the merged entity by Standard Bank Group</p> 
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**Tanzania Telecoms**

1998

Joint Adviser on privatisation



 <p><b>Celtel Zambia</b> Zambia</p> <p>Ongoing Undisclosed</p> <p>Listing on the Lusaka Stock Exchange</p> <p>Advisor</p> 	 <p><b>Konkola Copper Mines</b> Zambia 2004 USD 300 million</p> <p>Advised Zambian Government on Anglo American's Withdrawal and new equity partner</p> 	 <p><b>Equinox Minerals</b></p> <p><b>USD 877 million</b></p> <p>Lumwana Copper Project Lead Arranger</p> 	 <p><b>First Quantum Minerals</b></p> <p><b>USD 120 million</b></p> <p>Kansanshi Copper Project Arranger &amp; Lender</p> 	 <p><b>Metal Fabricators of Zambia</b> (ZAMEFA)</p> <p>2004 ZAR 60 million</p> <p>Listing on the Lusaka Stock Exchange Advisor</p> 
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Standard Bank has advised and funded groundbreaking transactions on a global scale, with Africa as a key focus area



# ICBC transaction

- ICBC acquisition of 20% in Standard Bank reflects their interest in our African business
- Meaningful earnings synergies expected from business co-operation agreement
  - China-Africa trade and business flows
  - Banking in Africa
  - Banking in China
  - Banking in other International markets

# Standard Bank and ICBC mandated as joint lead arrangers to finance Botswana power station

- US\$1.6bn transaction to build new power station, driven by Botswana Power Corporation (BPC)
  - China National Electric Equipment Corporation awarded US\$1 billion contract to supply and build a significant portion of the power station
    - One of ICBC's top corporate clients
- Standard Bank and ICBC submitted a single proposal to BPC to finance the transaction
- Standard Bank and ICBC have been mandated to arrange
  - US\$ 825m loan for 20 years
    - Backed by a Botswana Ministry of Finance guarantee
  - US\$ 140m bridge finance facility
  - Currency and interest rate hedging solutions

# Standard Bank and ICBC mandated as joint lead arrangers to finance Botswana power station

- Why we won the mandate
  - ICBC finely priced long term funding
  - Standard Bank project finance expertise in Johannesburg
  - Standard Bank global markets expertise in London
  - Standard Bank existing footprint in Botswana
- First major transaction involving Standard Bank and ICBC
- The partnership with ICBC opened a unique financial services gateway between Africa and China
  - this project is the first of many that are in the pipeline

# Russia

- Recently announced a strategic partnership with Troika Dialog Group
  - The most established and largest independent investment bank in Russia
- Standard Bank will become a 33% shareholder in Troika Dialog
  - Subject to regulatory approvals
- We have been operating in Russia for more than 10 years
- Russian companies are increasingly looking to Africa
- Direct ‘South-South’ flows between major developing economies are expected to continue to grow
- Together with ICBC we are uniquely positioned to capture the major flows between China, Africa and Russia

# Challenges for Standard Bank in Africa

- Infrastructure
  - Physical
  - Technical
- Attracting the right local skills
- Managing complexity
  - Remoteness of operations
  - Regulatory compliance in host countries as well as home
  - Minority shareholders
  - Listed companies
  - Need to be locally relevant and also operate within group policies
- Sophisticated and rigorous competition

# Conclusion

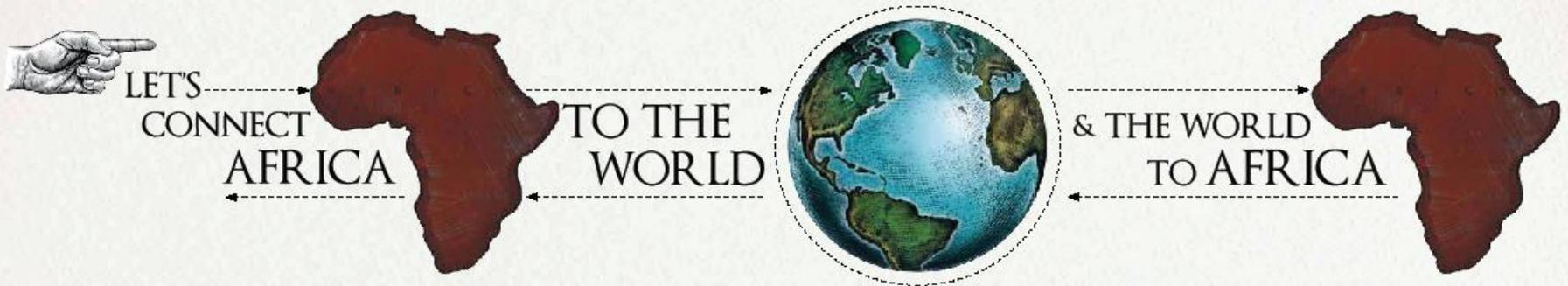
- Our strategy is proving to be sustainably competitive
- Our African calling card and presence will deliver superior rates of growth over time
- Our proven skills will continue to be appropriately deployed in Africa
- Our ICBC business co-operation showing strong signs of significant traction
- Our wealth business will start showing growth in Africa
- Our reputation in other emerging markets is growing

# Making the right connections

- New global positioning to better support our strategy
- New payoff line: **Moving forward**
- Global and local advertising campaign breaks tomorrow
- Extensive staff engagement over the past few weeks – 56 road shows in 25 countries



# Standard Bank Global Ad



With international representation in over 30 countries around the world, we are able to combine our local market expertise and network with our emerging market capability to make the right connections.  
[www.standardbank.com/movingforward](http://www.standardbank.com/movingforward)

Moving Forward

 **Standard Bank**  
Also trading as Standard Bank

