

# UBS Annual Financial Services Conference

*A new playing field – what is the game plan for growth*

**Standard Bank Group**  
**Jacko Maree**

20 October 2009



## Standard Bank Group

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### 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



## Trends shaping the global economy

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### 1. Financial markets and the world economy are globalising

We are connecting our platforms to participate in global capital and investment flows

### 2. Emerging markets are growing faster than the developed world

Our strategy incorporates faster growing emerging markets, as apposed to the more mature developed markets

### 3. Trade flows increasing exponentially reflecting the impact of globalisation

We are connecting our platforms to optimise the opportunities presented by increasing trade flows

### 4. High population growth and per capita increase in wealth in emerging markets

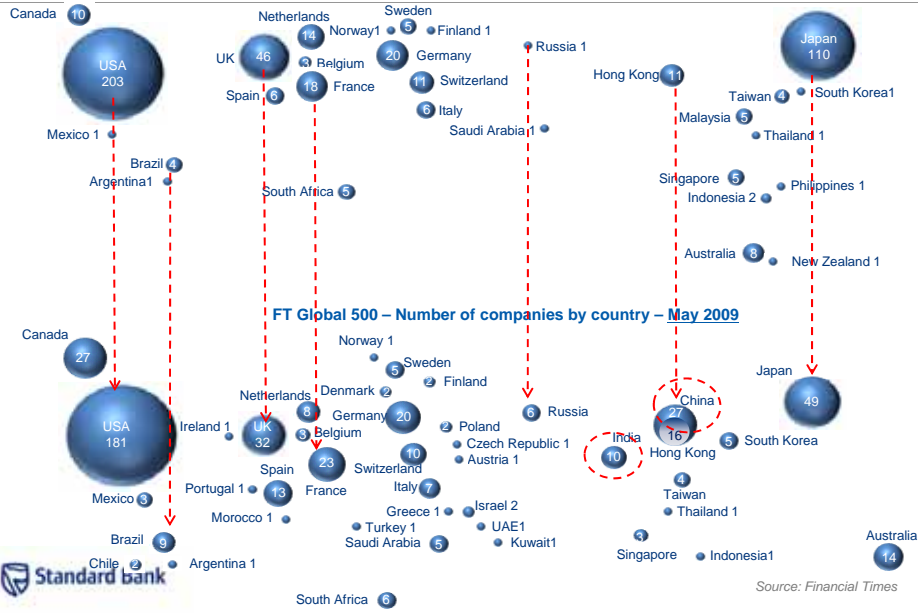
Population growth as well as the per capita increase in wealth in emerging markets, provides an opportunity for us to leverage our Wealth Management and Personal and Business Banking business and capture the synergistic benefits between our three business units



## Emerging markets are growing faster than the developed world

FT Global 500 – Number of companies by country - 1996

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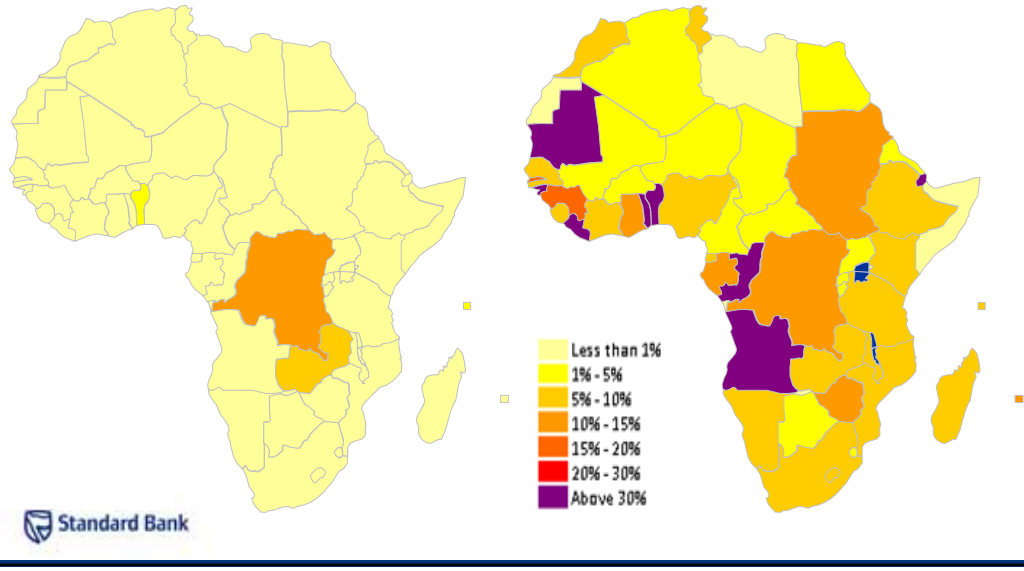


## Emerging market trade with Africa

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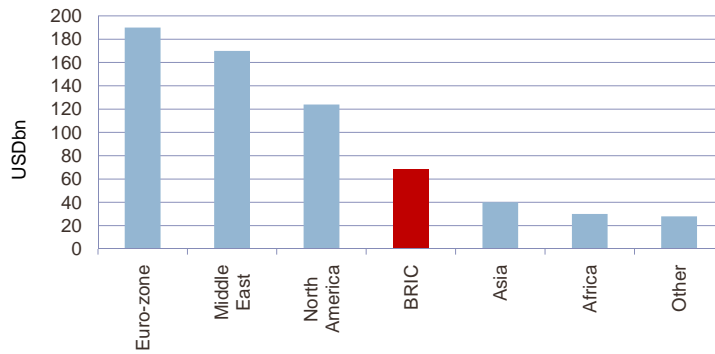
BRIC trade with Africa; share of each country's GDP - 1980

BRIC trade with Africa; share of each country's GDP - 2008



## Real - economy investment in Africa (2003-2009)

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Sources: FDI Intelligence from Financial Times Ltd.

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## Strategy formulation

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### Harmonising shareholders needs over time

	Return on equity (ROE)	Sustainable growth
South Africa	High	Medium
Rest of Africa	Medium / High	High
Outside of Africa	Low	High



## Why we can compete in emerging markets

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- 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
  - Products and solutions
  - 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



## Why we can compete in emerging markets continued

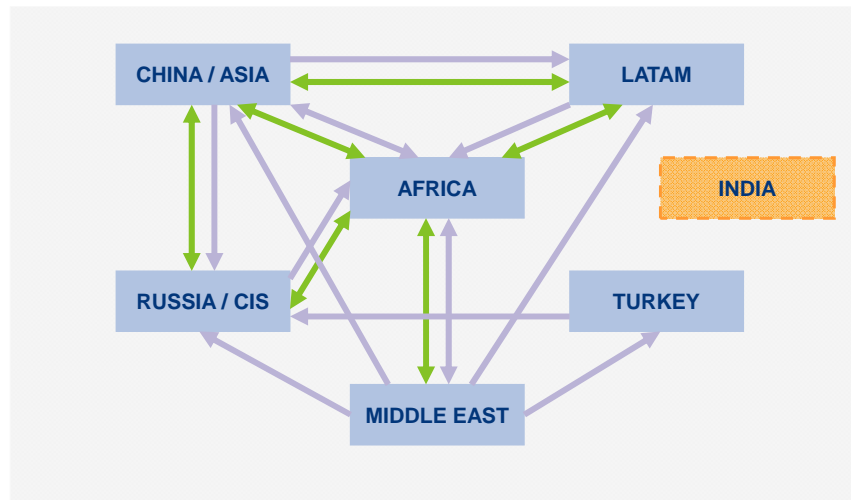
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- Our strategic relationship with ICBC provides us with one of the strongest partners in the future global superpower economy, with a keen desire to participate inter alia in the next phase of development on the African continent
- Life Insurance model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



## Connecting the emerging markets to each other.....

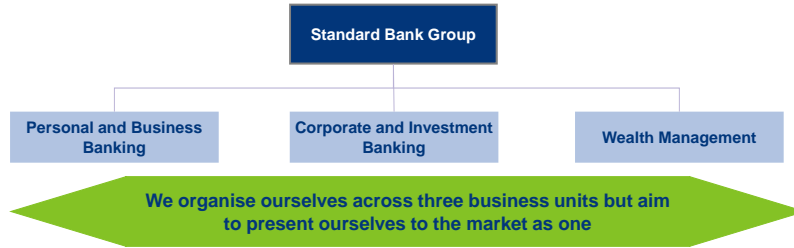
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→ Capital Flows  
→ Trade Flows

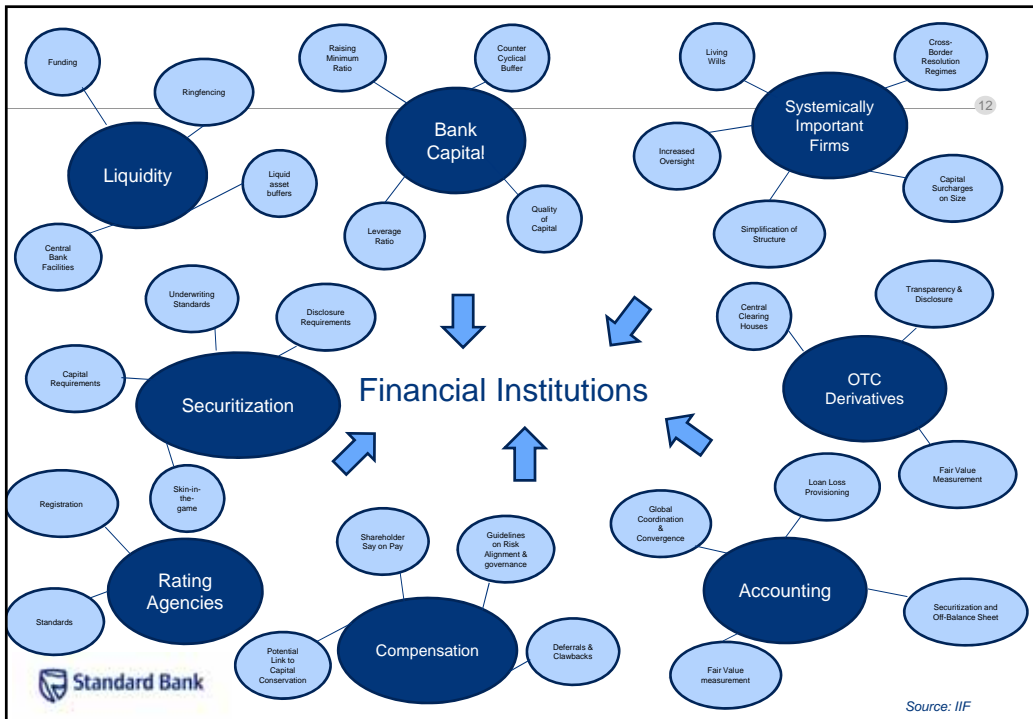
## Business Model and Connectivity

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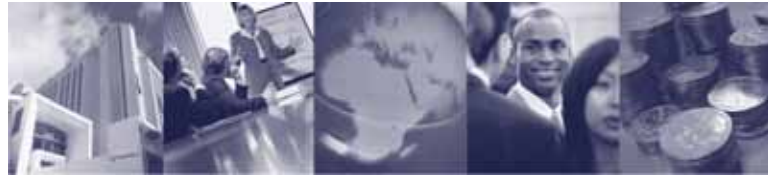


### Why is this important?

- Diversification of revenue and risk
- Flexibility with which to enter new markets
- Improve efficiency by leveraging infrastructure and skills globally with increased speed of implementation / integration
- Capture and leverage client relationships with appropriate global connectivity
- Optimise the use of capital



## Standard Bank's current position



## Standard Bank market stats

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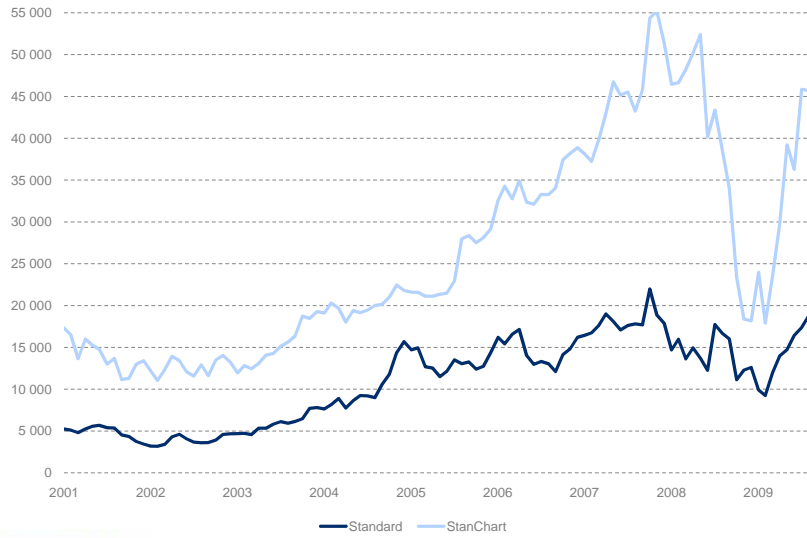
	2001 Actual	2008 Actual	now	CAGR (%)
Share price (Rands)	31.20	83.00	100.00	16
Market cap (Rbn)	41	127	152	18
Market cap (\$m)	3	14	20	27
NAV (Rbn)	26	86	85	16
NAV (\$m)	2	9	11	24
Value traded per anum (Rbn)	16	118	62	18
Position in world (ranked by \$ market cap)*	92	53	54	
Foreign shareholding (%)	9	40	40	



Source: Standard Bank Equity Capital Markets

## Market cap (US\$)

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Source: Standard Bank Equity Capital Markets

## Recognised Investment Banking skills

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- o Emeefinance awards 2009
  - Standard Bank "Best Investment Bank in Africa"
  - Stanbic IBTC "Best Investment Bank in Nigeria"
  - Troika Dialog "Best Local Investment Bank in Russia"
  - Standard Ünlü "Best Investment Bank of the Year - Turkey"





## Competitive landscape

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### 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

### Multi-national 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



## The game plan for growth



## Personal & Business Banking

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- Success at scale
  - Deposits
  - Volume growth
  - Efficiencies
  - Customer satisfaction
  - Lowest cost and best service
- Scale outside South Africa
- Business Banking
- Agriculture
- Electronic and mobile banking
- Nigeria



## Corporate & Investment Banking

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- Enhance scale of local operations and cross border capabilities
- Improve payments and trade finance businesses
- Build emerging markets equities franchises
- Cross border advisory business
- Core sectors
  - Oil & gas
  - Telecoms
  - Power & infrastructure
  - Mining & metals
- Skills transfer / career development / external hires
- Link Africa, China, Russia and Brazil
- Capitalise on ICBC advantage



## Wealth

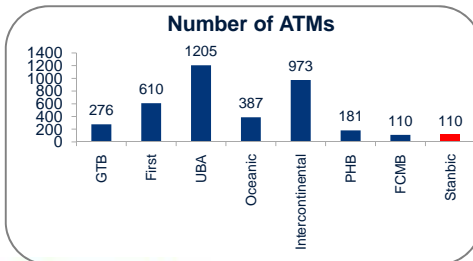
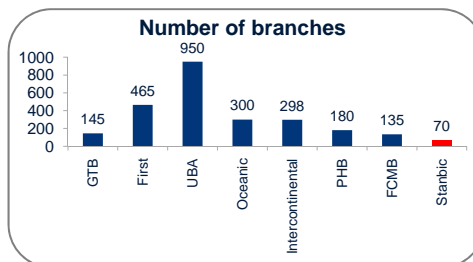
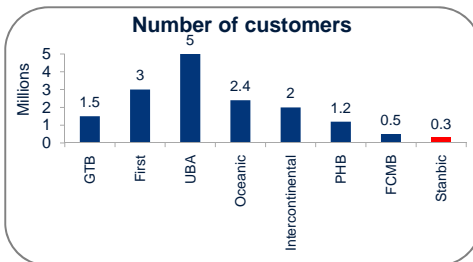
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- **South Africa**
  - Good track record of Bancassurance
  - Global private client services capability
  - Melville Douglas niche superior investment performance
  - Leverage Liberty distribution and Standard Bank brand
  - Address current Liberty challenges
- **Africa**
  - Sub-Saharan wealth market small relative to SA
  - Access to customers through payrolls for compulsory retirement savings
  - Current low penetration of voluntary savings
  - Reform driving compulsion, particularly in pensions, life cover and motor vehicle insurance
  - Good margins - less competition
  - Significant scope to increase penetration
  - Health



## Nigeria - The opportunity beyond investment banking

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- Increase footprint
- Upgrade core banking system and develop low cost infrastructure
- Increase personal client base and cross sell ratio
- Scale the business bank
- Leverage the China and emerging market franchise of Standard Bank to capture cross-border opportunities



## Conclusion

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



LET'S CONNECT AFRICA TO THE WORLD & THE WORLD TO AFRICA

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/missingforward](http://www.standardbank.com/missingforward)  
Missing Forward

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The advertisement features a central graphic with a hand pointing to the left, a map of Africa, a globe, and another map of Africa. Dotted lines with arrows connect the text 'LET'S CONNECT AFRICA TO THE WORLD' and '& THE WORLD TO AFRICA' to the respective maps and globe. The Standard Bank logo and tagline are in the bottom right, and a small disclaimer is in the bottom left.