**PRE-CLOSE CALL TRANSCRIPT – 30 NOVEMBER 2020**

Arno Daehnke – Standard Bank Group, Financial Director

Introduction

As noted in our announcement earlier today, the trends highlighted in the group's operational update for 9M20 (released on the 20th of October 2020) continued into the end of October.

9M20 SENS

For the benefit of those of you on the call, I will quickly run through the 9M20 commentary update.

Group headline earnings were 39% lower than in the comparative period.

In 3Q20, PBB disbursements continued to recover from lows in April 2020 – particularly in mortgages.

Turning to the balance sheet trends as at 30 September 2020 relative to 30 September 2019:

- PBB's unsecured portfolios grew faster than secured portfolios
- PBB Africa Regions' portfolio grew faster than the PBB South Africa portfolio
- CIB 3Q20, lending to corporates in South Africa slowed relative to 1H20, however lending growth in Africa Regions for CIB remained robust
- Customer deposit growth was robust

Turning to the Income statement trends (which have continued up to the end of October) in the 3Q20:

- NII was under pressure due to endowment and lower margins
- NIR growth remains positive as fees improved as transaction volumes recovered but trading activities slowed
- Cost containment is a focus
- In light of the NII and activity-related fee pressures, we expect negative jaws for FY20
- 9M20 pre-provision operating profit growth was marginally negative
- Regarding credit trends:
    - Collections improved in the 3Q20 relative to the 2Q20
    - But retrenchment claims also increased.
    - There remains a risk that the environment deteriorates
- Africa Regions' performance continued to support group performance, offsetting ongoing strain in South Africa. The West Region in Africa Regions continues to perform particularly well
- ICBCS remained profitable

The group's net asset value grew 5% year to date to 30 September 2020.

Those were the trends we commented on at a point in time and importantly, just to emphasise again, we see those trends continuing into the current year to date performance.

Covid infections

The current surge in infections and ensuing lockdowns in the Northern Hemisphere are obviously a concern. While the broader impact thereof on the global economy, disruptions to trade and the potential knock-on impact on Africa is unclear, it is expected to be milder than that seen in 2Q20. Across most of the countries in which the group operates in sub-Saharan Africa, infection rates and lockdowns have moderated, and economic activity has recovered. We do note, however, an unfortunate increase in infections in Kenya, South Africa and Uganda. The localised outbreaks in the Western and Eastern Cape in South Africa are concerning.

While we are buoyed by the positive vaccine-related developments, we recognise that the rollout thereof is likely to take some time. The safety and security of our employees remains a priority. At this point, our business continuity plans remain in place and are working well. As we head into the holiday season, pandemic fatigue and lapses in safety protocols pose a risk. The likelihood of further waves of infection in our countries of operation remains high.

Client relief portfolios

The management of the client relief portfolios continues to receive attention.

In summary, by the end of October 2020, the PBB SA client relief portfolio had declined to R47 billion. 80% of the remaining portfolio is secured. Total coverage increased from 2.5% as at the end of June 2020 to 4.0% as at the end of October 2020.

The PBB Africa Regions client relief portfolio declined to R4 billion. Total coverage increased from 2.6% as at the end of June 2020 to 3.9% as at the end of October 2020.

Requests for relief from CIB clients have tapered off. The actual client relief provided as at 31 October 2020 was R24 billion, up slightly from R21 billion as at 30 June 2020. Relief provided remains primarily liquidity-related.

Credit loss ratio

The group's credit loss ratio for the ten months to October 2020 was lower than the 169 basis points reported at the end of June 2020. The outlook for credit impairment charges beyond this financial year remains very uncertain.

Capital & liquidity

The group's capital and liquidity levels remain strong. This positions us well to weather any additional turbulence and provides the financial resources to continue to support our clients. The group's common equity tier 1 ratio was 13.2% as at 30 September 2020 up from 12.6% as at 30 June 2020.

Dividends & outlook

The group's position on the declaration of a final dividend for the 2020 year has not yet been decided. In March 2021, the Board will review the group's capital position, the outlook and the group's capital demand expectations, as well as regulatory guidance, and then decide on the final dividend.

There remains considerable uncertainty and forecast risk. The group will update the market on expected trends for FY21 when it reports results on 11 March 2021. The group will provide an update on the group's medium-term financial targets in March 2021.

Trading statement

As per our announcement this morning, the group's 2020 headline earnings are expected to be more than 20% lower than in the prior period. We will issue a further trading statement with specific guidance once we have reasonable certainty regarding the extent of the decline.

Lastly, it is worth highlighting the ongoing resilience of the Standard Bank franchise is underpinned by the group's diversity, across client, sector and geography.

Q&A – please refer to recording