STANDARD BANK GROUP SHAREHOLDER CALL – 15 JULY 2021

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Presentation: Standard Bank to buy out Liberty minorities

Good afternoon and thank you for joining us at such short notice. In this morning's Firm Intention Announcement, we outlined the rationale and terms for the proposed buy-out of the minority shareholders in Liberty. To put the same point in strategic rather than financial terms, this morning we announced that we are creating a more united Standard Bank Group – a group that will bring our banking, insurance and asset management businesses much closer together to create something really special. This will be a whole that will be much greater than the sum of its parts.

Slide 2: Transaction Highlights

If I could ask you to turn to slide 2, headed "Transaction highlights" and before I say more about the strategic reasoning behind what we intend to do, let me outline the financial technicalities.

Standard Bank intends to achieve 100% ownership of Liberty, followed by its delisting, by acquiring all the ordinary and preference shares in Liberty currently held by the minority shareholders. This will be a share and cash deal, by way of a scheme of arrangement, for the ordinary shares, and a cash deal, by way of scheme of arrangement, for the preference shares.

Standard Bank is offering Liberty's minority ordinary shareholders:

- 0.5 SBG shares for each Liberty share held; equivalent to R65.31 based on the Standard Bank Group's 30 volume-weighted average price (VWAP); and
- R25.50 cash per share paid through a special distribution of R3.0bn by Liberty to all shareholders.

It is important to emphasise that this distribution is to be from Liberty's contributed tax capital and would not be considered by Liberty in its ordinary course, as it is only made available in the context of Liberty becoming more deeply integrated into the Standard Bank Group, with its capital strength and diversity.

Standard Bank is offering Liberty preference shares holders R1.50 cash per preference share held. The implied offer price for ordinary shares of R90.80c is at a 40.5% premium to 30 day VWAP and an implied ordinary share offer price of R89.50c at a 32.6% premium to yesterday's closing price.

Following the transaction, Liberty's minority shareholders will represent 3.5% of Standard Bank Group's ownership. Standard Bank will use our share of the distribution proceeds to pay minorities, minimizing the impact on capital of the group. This transaction will, we believe, unlock value for all stakeholders through:

i) a complete strategic alignment;
ii) a better and more integrated client proposition; and
iii) the simplification of the group structure

We expect pre-tax synergies of R600m per year from year 3, with a substantially neutral impact on Standard Bank Group's CET1 position and a positive impact on EPS after two years. In total Standard Bank and Liberty expect to spend up to roughly R160m in combined transaction costs.

This is a Category 2 transaction for Standard Bank Group and therefore does not require approval from Standard Bank's shareholders. We have received the support and recommendation of Liberty's Independent Board, based on the preliminary Fair and Reasonable report from the Independent Expert, as well as letters of support from 35.4 % of voting Liberty's minority shareholders. We expect the transaction to close by February 2022 with the Scheme meetings expected to be held in October 2021 subject to the usual regulatory, including competition, approvals. The preference share scheme will close in late 2021, subject to the usual approvals.

Slide 3: Strategic rationale

I turn now to slide 3, "Strategic rationale", and having outlined the financial structure of the deal, I'd like now to sketch the strategic reasoning in a little bit more detail.

This is a friendly transaction – the boards and managements of Liberty and Standard Bank are a*d idem* that this deal will be good for all our shareholders and stakeholders, including our employees and the communities that we serve. As I said, we're looking forward very much to creating a more united Standard Bank Group that is considerably greater than the sum of its parts.

This transaction is not an opportunistic one, but is rather the culmination of a long process of careful consideration, and represents the logical conclusion that both SBG and Liberty have reached in respect of their existing partnership and current ownership. The transaction is aligned to SBG's purpose and immediate strategic priorities and will allow for the delivery of better client experience and better execution, as well as deliver sustainable growth and value to shareholders

The transaction is equally well aligned to SBG's long term strategy in that it will accelerate our construction of an integrated services provider, it will better leverage both companies' capabilities and footprints across the African continent. It will enable us to deliver a single client platform to answer the needs of an extended client base, it will create an aligned and fully owned client proposition, and it will create opportunities to better capture and grow capital-light revenue with enhanced returns by supporting an open-architecture approach that will be attractive to the extended client base.

The transaction will simplify the group. Liberty's listing is a legacy, delisting will improve the group's flexibility and align its governance and focus. Furthermore, on the operational side, the transaction will bring Liberty more closely into the Group and will improve alignment of sales and distribution across all channels, including the digital segment. Furthermore, buying out Liberty's minorities will also mean that the formal bancassurance partnership will no longer be required. The bancassurance partnership has proven beneficial to both Standard Bank and Liberty. But 100% ownership is better and simpler than a complex contractual arrangement. Complete ownership is now necessary for the Group as a whole to maintain and increase our competitiveness in an increasingly digital and fast-moving marketplace.

The transaction will deliver sustainable growth and value. The simplification of the Group's structure will enable us to operate as an integrated client platform and result in lower cost to serve our clients. Our larger, integrated platform will allow us to better compete against our peers and provide both sets of our clients with a more relevant and attractive set of services and solutions.

Slide 5: The transaction aligns with our purpose

Turning to slide 5, I would imagine that most people on this call are familiar with the Standard Bank Group's purpose – Africa is our home, we drive her growth – and indeed with the strategic priorities we stated at our financial year 2020 results, namely transform client experience, second execute with excellence, and third drive sustainable growth and value. This transaction is fully aligned to both our purpose and our strategic priorities.

A more integrated client proposition will assist the group in transforming our client experience. We will be able to accelerate the development of a one-stop, mall-like, platform for our clients through which we will provide easy-to-access and relevant financial and associated products and services. The full integration of client platforms will result in efficiency savings and provide us with more agility and opportunities for growth.

Slide 6: The transaction better positions SBG to benefit from key trends

I turn now to slide 6. Another set of compelling reasons for this transaction is that it better positions our Group to benefit from powerful trends that are shaping Africa's future and the opportunities facing African businesses such as ours.

We expect Africa to continue to grow rapidly over the medium and longer term. This confidence is based on the fact that Africa's population will continue to rise quickly, becoming healthier, better educated, more urbanised, and more productive. This will be happening just as populations elsewhere are getting older and more dependent. We believe that Africa has the potential to become the breadbasket, the workshop and the service centre of the entire world over the next thirty years, particularly in those countries which have the right policy frameworks.

The rapid and steady development of the economies in which we operate will drive an increasing need for broader financial solutions – from short-term insurance to financial planning solutions – and there is a lot of room for expansion. With the exception of South Africa, insurance penetration remains very low in Africa.

Digital and technology adoption is accelerating rapidly across the continent. Delivering simple and relevant financial solutions through digital channels – such as mobile – is key to capturing growth.

The integration of Liberty's capacities will allow us to respond more effectively to these trends. Our more integrated set of services and solutions will enable us to deliver locally-relevant financial solutions – from banking to insurance and asset management – across the continent.

Slide 7: The transaction is a response to a changing environment

We've reached slide 7**.** A further set of compelling reasons for this transaction arise from the rapid evolution financial services as an industry.

Client behaviour and expectations are evolving fast, in line with the comprehensive digitisation of our economy and society. Clients increasingly expect simple, intuitive and personally relevant solutions. Our unified and integrated platform will allow better delivery of these kinds of solutions to our combined client base.

Second, this transaction is an effective response to the fact that competition continues to increase – especially driven by the emergence of FinTech and InsureTech – with innovative solutions being brought to market constantly. By bringing Liberty closer to the Group as a whole, we will be better positioned to compete with incumbents and with technology-driven new entrants.

Third, the transaction responds to the convergent evolution of regulatory frameworks for banks and insurers, enabling us to manage and govern our risks efficiently and to allocate capital optimally, Group-wide.

Slide 9: Accelerate the integration of existing client engagement capabilities

On slide 9, we believe it's important to point out that bringing together Liberty's and Standard Bank's capabilities will accelerate the creation of the largest and most comprehensive financial services business in Africa. We already have a proven, successful partnership via the bancassurance relationship. Liberty becoming fully part of the Group is simpler and better than having a complex contractual bancassurance agreement between us, which is arm's length.

Together, we will deliver integrated solutions across banking, insurance and investments and asset management, across our combined geographic presence.

We will therefore meet a broader range of financial needs and better leverage our respective distribution capabilities to increase client engagement and loyalty.

Slide 10: The transaction is aligned to the group's refreshed organisational structure

We're now on slide 10**.** The transaction will enable us to continue, and accelerate, the work that Standard Bank is doing to create a simple, unified platform to meet many more of our clients' needs. Closer integration of our two sets of solutions will enable us, for example, to offer a wide range of wealth management services, or to bundle payroll and insurance services for our corporate clients.

Slide 12: The transaction simplifies the SBG structure

Moving past the divider to slide 12**.** This transaction is the next step in the simplification of our structure that we have been pursuing since 2011, when we began exiting non-core operations and markets and re-allocating capital to the African continent.

The integration of Liberty is the next logical step of this journey of simplification and of sharpening our focus on supporting – and benefitting from – Africa's growth and development.

Slide 13: The transaction builds on our successful bancassurance partnership

Turning to slide 13.

Since 1991, the Standard Bank Group and Liberty have had a highly successful bancassurance agreement that has created significant value for both businesses. Over the past ten years, for instance, the bancassurance agreement has generated more than R13bn of earnings. But, as our markets change, having Liberty as fully part of the Standard Bank Group is a simpler and a better solution than having a contractual bancassurance agreement.

This transaction provides additional agility that we now need, and will enable us to create a more unified client proposition and a better client experience drawing both on our own capacities and on those of a wider network of partners. The strong connectivity between the two groups, built over 3 decades, provides the foundation for further integration.

The Standard Bank Group and Liberty have enjoyed a "special relationship" since 1974, as Liberty founder Sir Donald Gordon said in 1999. We have known each other for a long time. We have been working together successfully for a long time. That's why we are confident that this integration will deliver a better solution to all our clients, and drive sustainable growth and value for all our shareholders.

Slide 15: The transaction will deliver sustainable growth & value

Here on slide 15, and to be more specific, the synergies arising from this transaction have been carefully assessed, and we are confident we will deliver on our synergy target. As I said at the start, we expect to deliver R600m in pre-tax synergies each year from year 3, driven by efficiency gains through the simplification of the group structure and higher revenues from the cross- and up-selling of our more integrated and more relevant set of solutions.

We expect around 90% of the synergies to be delivered by the Risk business through the rationalisation of the structure, the cross-selling of Standard Bank solutions to Liberty's client base, and the integration of Liberty solutions into Standard Bank. In parallel we intend to improve Liberty's distribution structures, leveraging Standard Bank's network.

Examples of synergies include:

1. First, the amalgamation of the insurance and investment capabilities of Standard Bank and Liberty to deliver a single financial planning solution set
2. Second, creating a single asset management platform
3. Third, deploying our best practices, systems and capabilities across the whole of Standard Bank and Liberty's insurance and investment distribution and servicing channels, which should result in better new business volumes, better persistency and lower per policy costs.

Slide 17: Conclusion

In conclusion, on slide 17 and before we get to questions, I'll quickly recap the key points we would like to make about this transaction

First, we have worked hard to ensure that the offer is fair to all the shareholders and stakeholders concerned.

Second, the transaction is fully aligned with the Standard Bank Group's purpose and strategic priorities, and with those of Liberty Holdings

And third, the whole that we are intending to create will be significantly greater than the sum of its parts. This transaction will make our Group more agile, more efficient and more competitive. It will, therefore, deliver clearly better outcomes for our clients, our shareholders, and our communities.