Standard Bank Group

FINANCIAL RESULTS PRESENTATION

1H21

19 August 2021

01

1H21 OVERVIEW

RECOVERY UNDERWAY

1H21 Backdrop

Global economy on firmer ground, but with divergent recoveries amid high uncertainty



Globally

- Covid-19 vaccination coverage expanded rapidly, lifting sentiment, but high uncertainty remains from Delta variant and prolonged restrictions
- Major economies recovered rapidly
- Continued low interest rates and monetary stimulus supported global equity markets
- Inflationary pressures remain a concern



Sub-Saharan Africa

- Benefitted from global tailwinds, particularly
- Experienced further waves of infection
- Vaccine roll-out has been slow, constrained by access and logistics
- Uptick in inflation in certain markets – limited to Zambia, Malawi and Nigeria



South Africa

- Activity and confidence improved as lockdowns eased
- High commodity prices supported tax collection and enabled continued support for those impacted by the pandemic
- Vaccination programme gained momentum
- Severe unrest in July 2021 re-emphasised the urgent need to promote faster and more inclusive growth and job creation
- Encouraging structural reform, particularly in energy and logistics

1H21 Highlights

Encouraging strategic and financial progress

01

Strategic progress

- New structure embedded and our people are engaged
- Underlying franchise showing good momentum; acquiring clients and activity recovering
- Continue to simplify and integrate – announced intention to buy out Liberty minorities

02

Headline earnings rebounded to R11.5 bn, +52%

Supported by lower credit impairment charges, down 49%

03

Returns improving from lows in 1H20, ROE of 12.9%

Supported by improved returns across all three client segments and Liberty's return to profitability

04

Interim dividend of 360 cents per share

Strong capital position providing capacity to grow and fund capital returns, CET 1 ratio of 13.5%

Intention to buy out Liberty minority shareholders

On 15 July 2021, we announced our intention to buy out Liberty's minority shareholders. The combination of Liberty and Standard Bank will produce greater revenues accompanied by better operational and capital performance.

Transaction highlights

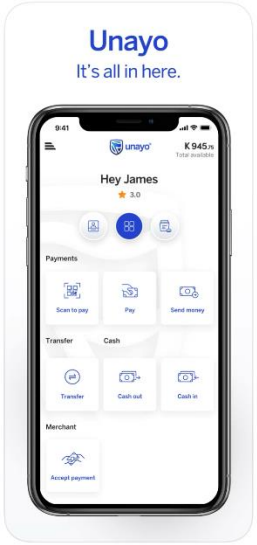
- Standard Bank to acquire all remaining ordinary shares in Liberty, not held by the Group
- Liberty minority shareholders will hold circa 3.5% of Standard Bank’s shares post the completion of the transaction
- Post-integration synergies after two years
- Liberty expected to be delisted in Q1 2022

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1H21 Developments

Delivered a range of new solutions, supporting growth in our client franchise

New client solutions



Trader platform

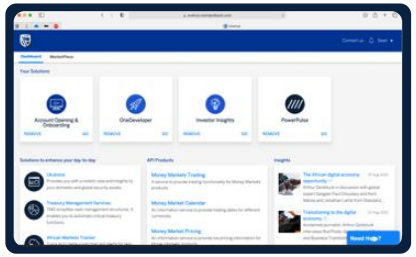
//// PowerPulse

Renewable energy platform

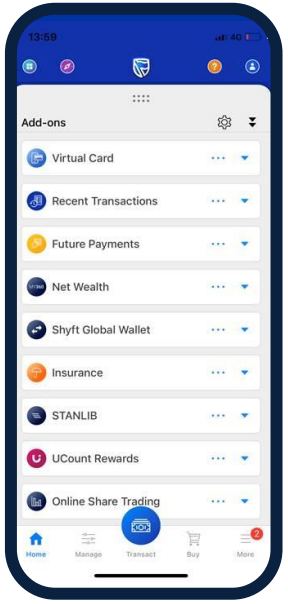
SnapScan
send money function



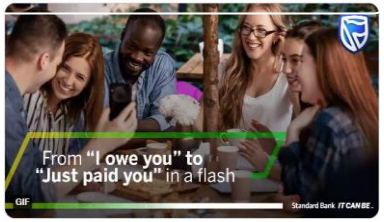
OneHub

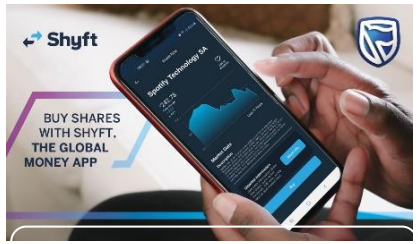


SBG Mobile Add-ons



Request a payment





Shyft Offshore Investments

Client growth (YOY)

Consumer and High Net Worth South Africa	+4%
Consumer and High Net Worth Africa Regions	+6%
Business and Commercial South Africa	+3%
Business and Commercial Africa Regions	+12%

1H21 Developments

Delivered a number of Sustainable Finance “firsts”

>R9bn

Sustainability issuances

1st corporate sustainability-linked bond

1st REIT sustainability-linked bond

1st Social Bond listed on sustainability segment of JSE

1st retail sustainability-linked loan

Green Bond (Nigeria)

Social Bond

Debut local JSE-listed Social Bonds

Committed to Net Zero emissions by 2050 and development of Climate policy and targets underway

02

GROUP FINANCIAL PERFORMANCE

1H21 financial performance

Lower interest rates a drag, more than offset by improved activity levels and lower credit impairment charges

Group headline earnings

1H21: **R11.5bn**

1H20: R7.5bn

↑ **52%**

Common equity tier 1 ratio[1]

1H21: **13.5%**

1H20: 12.5%

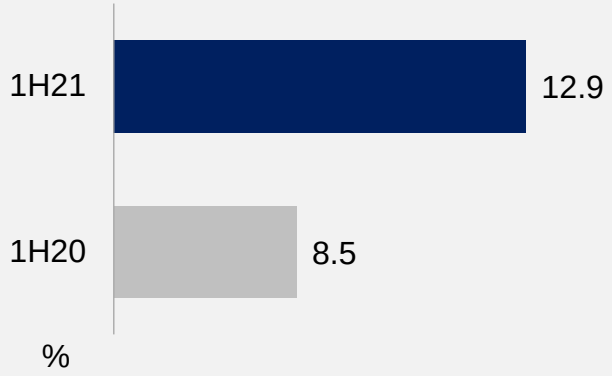
Dividend per share

1H21: **360cps**

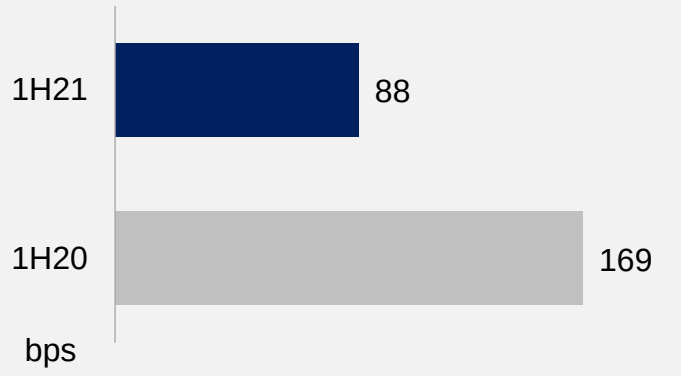
1H20: -

50%
payout

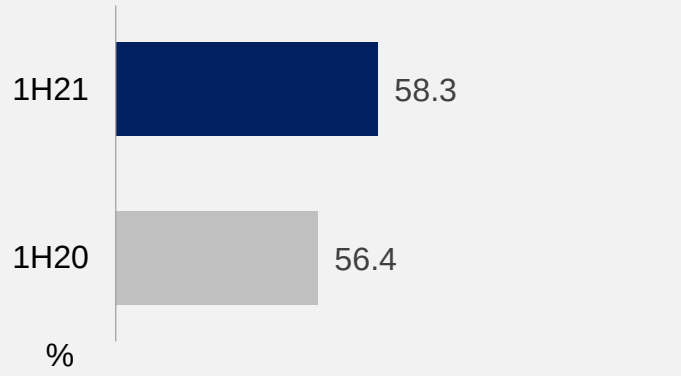
Return on equity



Credit loss ratio



Cost-to-income ratio



[1] *Common equity tier 1 ratio on a fully-loaded basis*

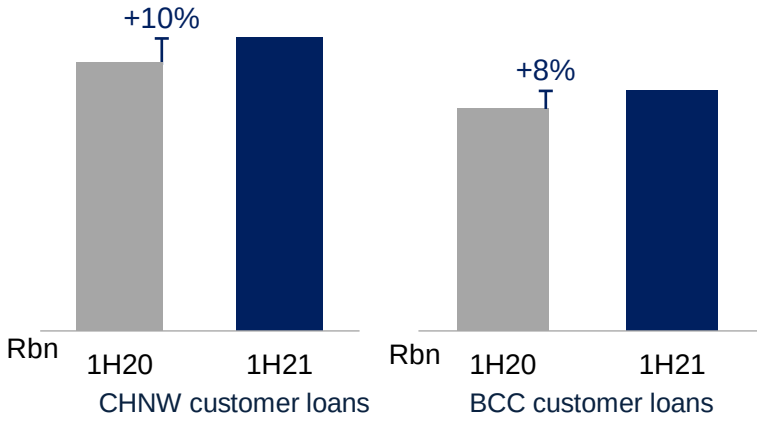
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1H21 drivers of performance

Supporting our clients' recovery and growth

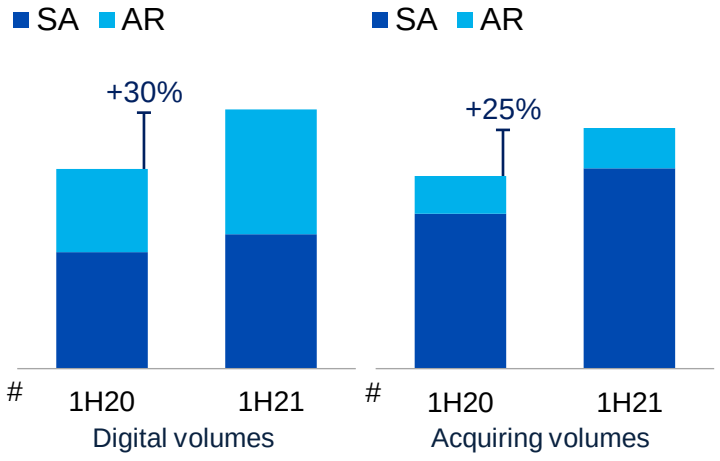
Balance sheet growth | **Activity recovery** | **Franchise momentum**

Targeted book growth continued



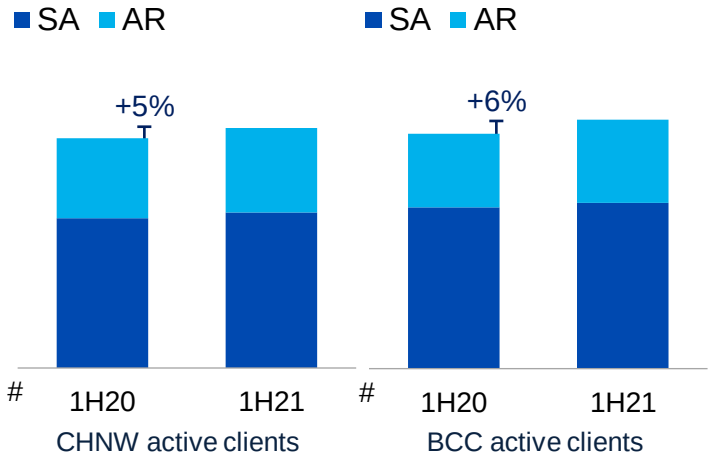
- CHNW and BCC momentum in 2H20 continued into 1H21
- Focused on clients we know well
- Wholesale client liquidity needs declined, and clients repaid facilities

Activity levels recovering



- CHNW digital transaction volume growth continued
- BCC card acquiring volumes improved significantly from 1H20
- Wholesale origination picked up in 2Q21

Client franchise growth



- CHNW SA franchise returned to growth
- BCC client acquisition through ecosystem/ value chain banking in collaboration with the Wholesale client segment
- Wholesale focus on large regional corporates

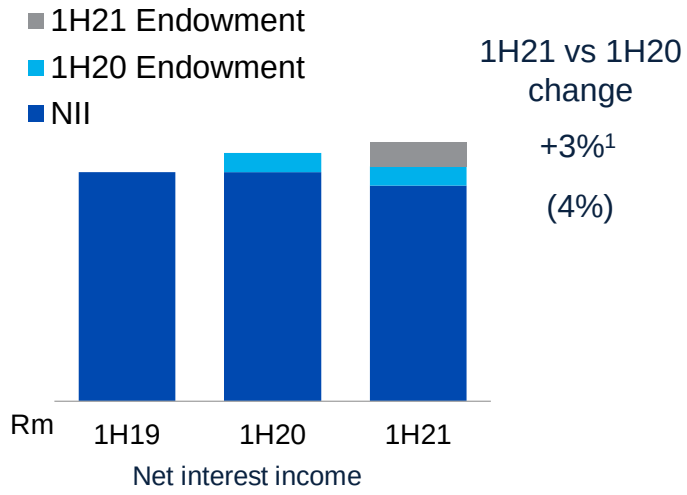
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1H21 drivers of performance

Rebound in earnings underpinned by NIM stabilisation, fee recovery and credit charge decline

NII decline

Endowment headwinds

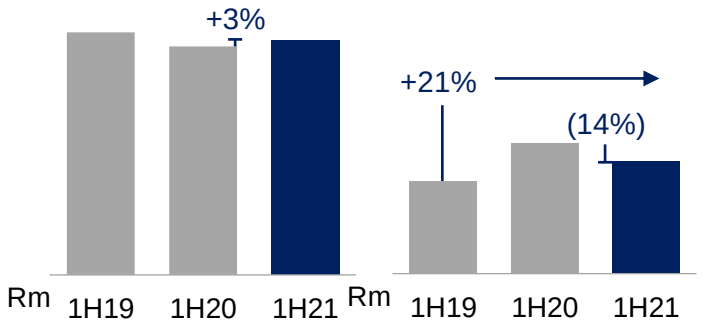


Net interest income

- NIM declined 26 bps relative to 1H20, but was 8 bps higher than 2H20
- NIM impacted by negative endowment from lower rates period on period; adjusting for endowment, NII would have increased 3% period on period

NIR flat

Increase in fees offset trading revenue decline

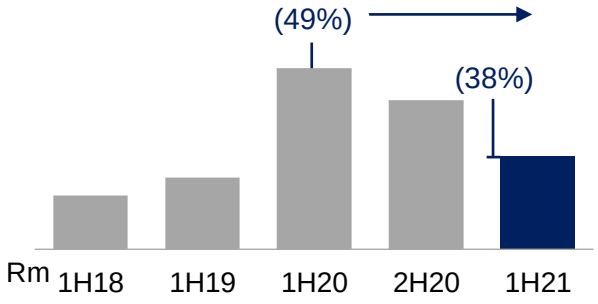


Fees & Commissions | Trading revenue

- Pick up in activity drove fees and commissions
- Trading declined from a very high base in 1H20; but remained above recent run rate
- Partial reversal of the downward equity revaluations in the prior year in Wholesale

Credit charge decline

Performance better than expected



Credit impairment charges

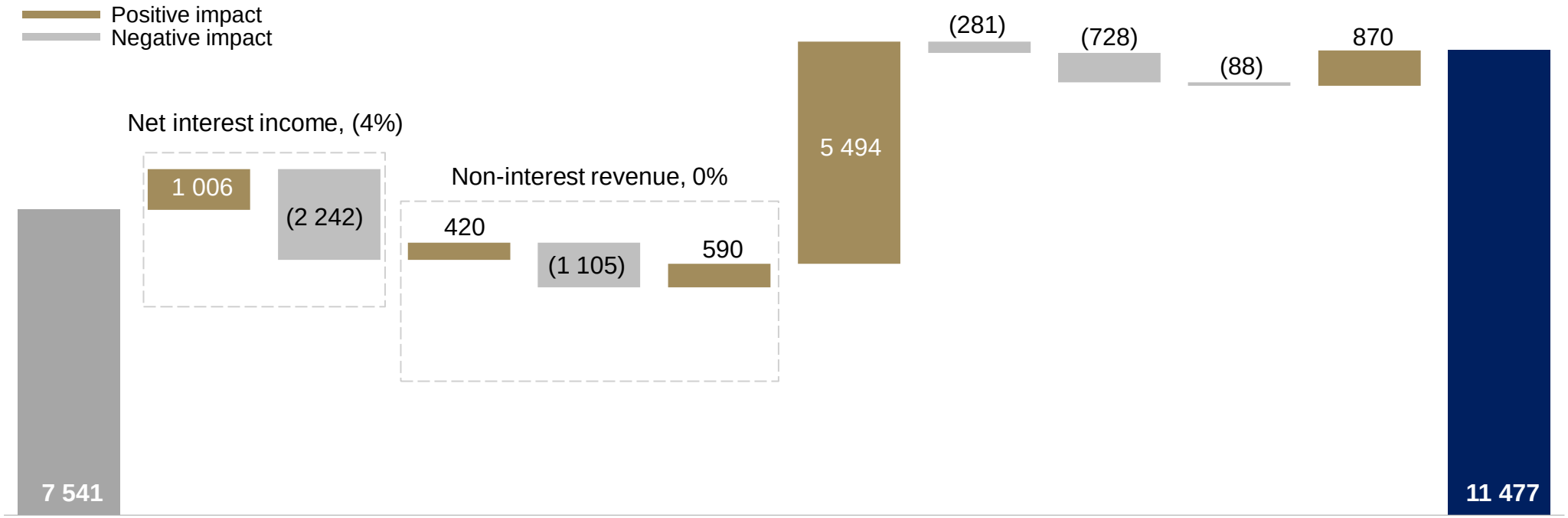
- Declined from elevated levels
- CHNW's credit charges decline significantly, as the client relief portfolio expired, and clients started paying
- Wholesale recorded a small net recovery

[1] *Illustrative assuming no change in interest rates from 1H20 to 1H21*

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Group headline earnings analysis

Lower NII and trading revenue more than offset by lower credit impairment charges; ZAR strength a drag



Rm	1H20	NII growth	Endowment	Fee & commission	Trading revenue	Other	Credit impairments	Operating expenses	Other	OBI [2]	Liberty	1H21
Var. %		+3%	(7%)	+3%	(14%)	+27%	(49%)	+1%	+14%	(17%)	+>100%	+52%
CCY[1] Var. %		+2%		+11%	(5%)	+45%	(47%)	+8%	+38%	+5%	+>100%	+64%

[1]Constant currency [2] Other banking interests

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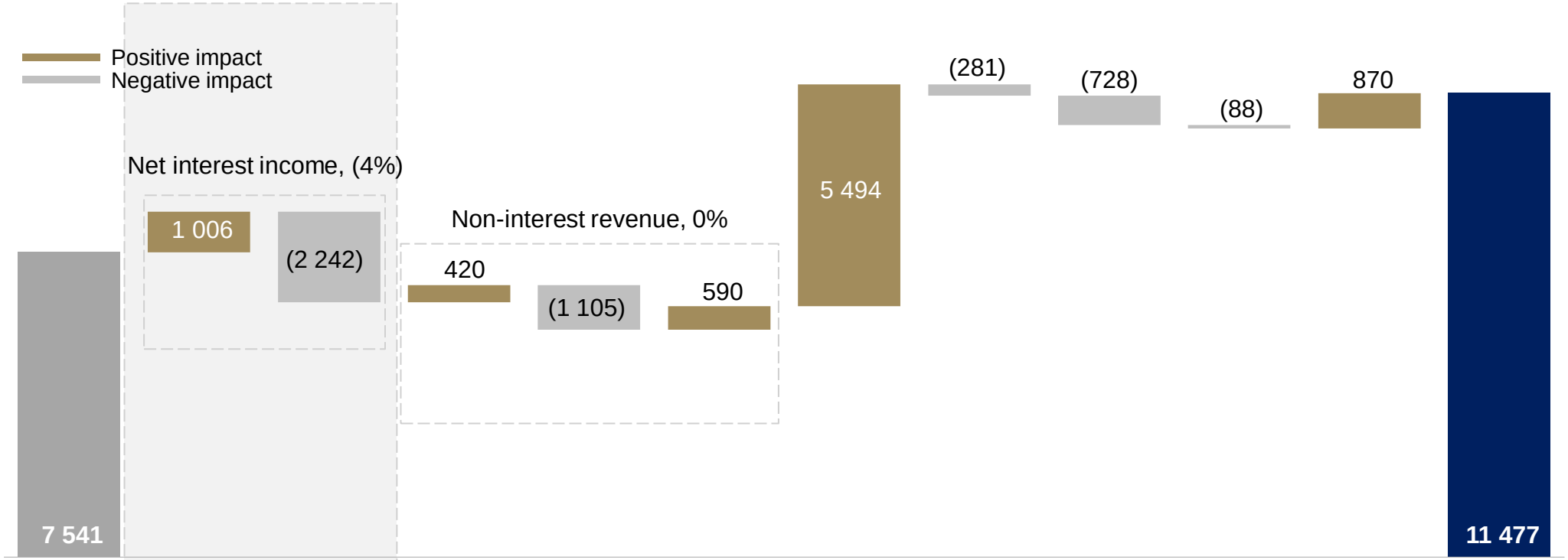
Income statement

Revenue recovered to 1H19 levels, despite endowment drag

	1H21 Rbn	1H20 Rbn	Change %	Change CCY %	1H19 Rbn	Change %[1]
Net interest income	30.0	31.2	(4)	2	31.2	(4)
Non-interest revenue	24.5	24.6	(0)	9	23.1	6
Total income	**54.5**	**55.8**	**(2)**	**5**	**54.3**	**0**
Operating expenses	(31.8)	(31.5)	1	8	(30.9)	3
Pre-provision profit	**22.7**	**24.3**	**(7)**	**1**	**23.4**	**(3)**
Credit impairment charges	(5.8)	(11.3)	(49)	(47)	(4.2)	36
Standard Bank Activities headline earnings	**10.9**	**7.7**	**41**	**49**	**12.8**	**(15)**
Other banking interests	0.4	0.5	(17)	5	(0.3)	>100
Liberty	0.2	(0.7)	>100	>100	0.9	(81)
SBG headline earnings	**11.5**	**7.5**	**52**	**64**	**13.4**	**(14)**
Net interest margin, bps	361	387			444	
Credit loss ratio, bps	88	169			76	
Cost-to-income ratio, %	58.3	56.4			57.0	
Jaws, bps	(328)	100			110	
ROE, %	12.9	8.5			16.2	

[1] *1H21 vs 1H19*

Group headline earnings analysis



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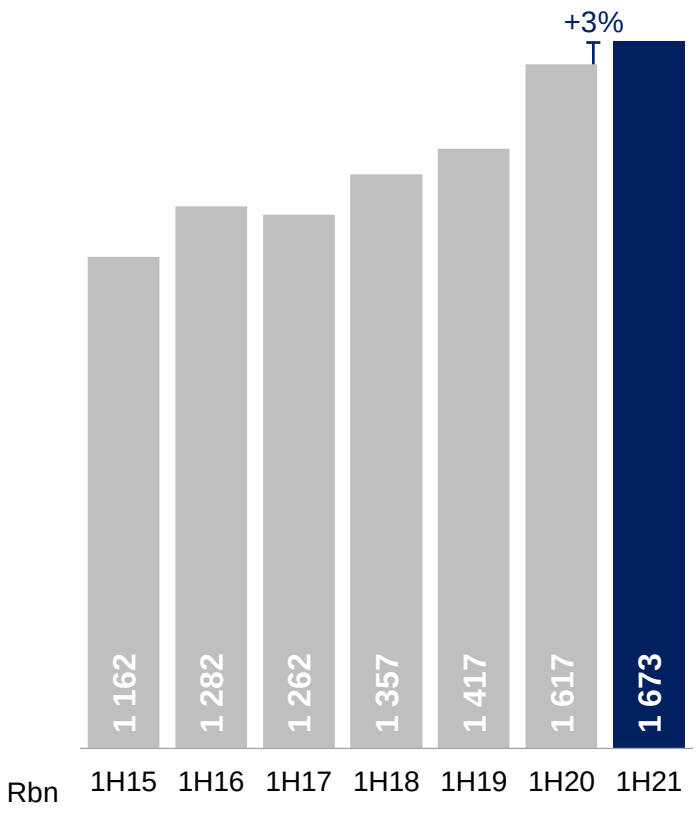
[1] *Constant currency* [2] *Other banking interests*

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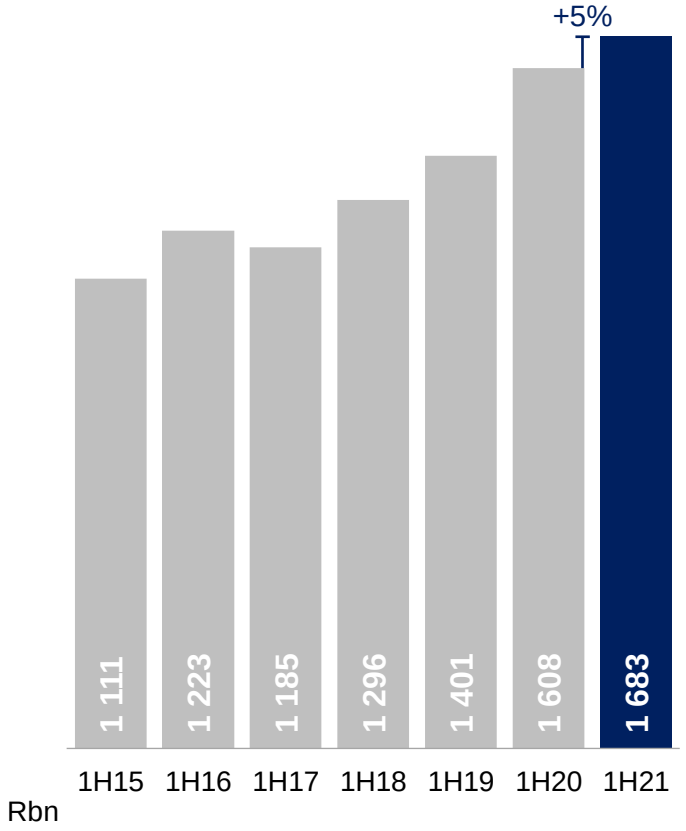
Balance sheet

Balance sheet growth combined with a favourable change in underlying mix

Average interest earning assets



Average interest earning liabilities



Key takeouts

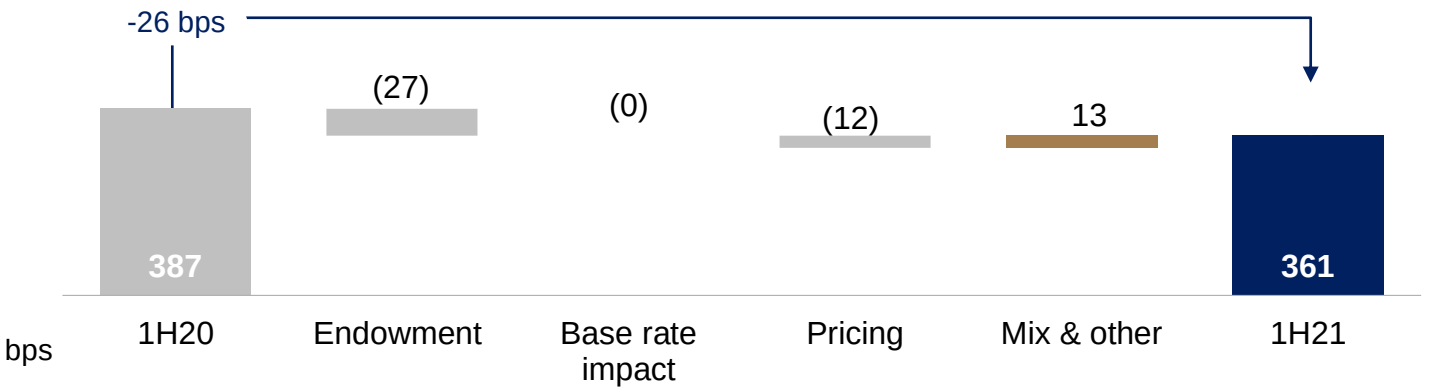
- Average interest-earning assets increased 3% on 1H20:
  - Growth in mortgages (+7%) and vehicle asset finance (+5%)
  - Partially offset by lower average corporate loans given high lending balances in the prior period
- Average interest-bearing liabilities increased 5% on 1H20:
  - Growth in current, savings and cash management deposits
  - Partially offset by lower market funding

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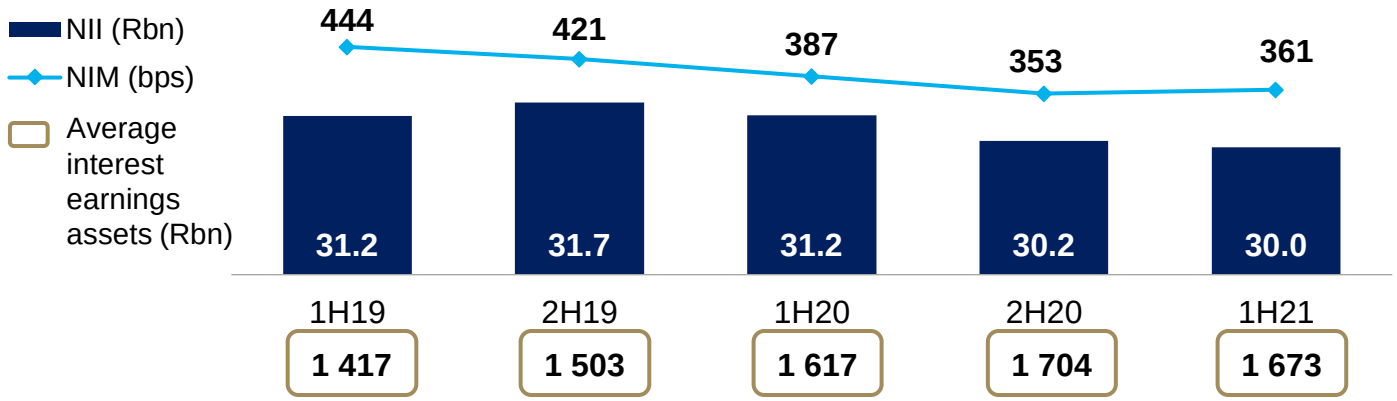
Net interest income

Margin declined period on period, but increased relative to 2H20

Net interest margin



NIM trend HOH



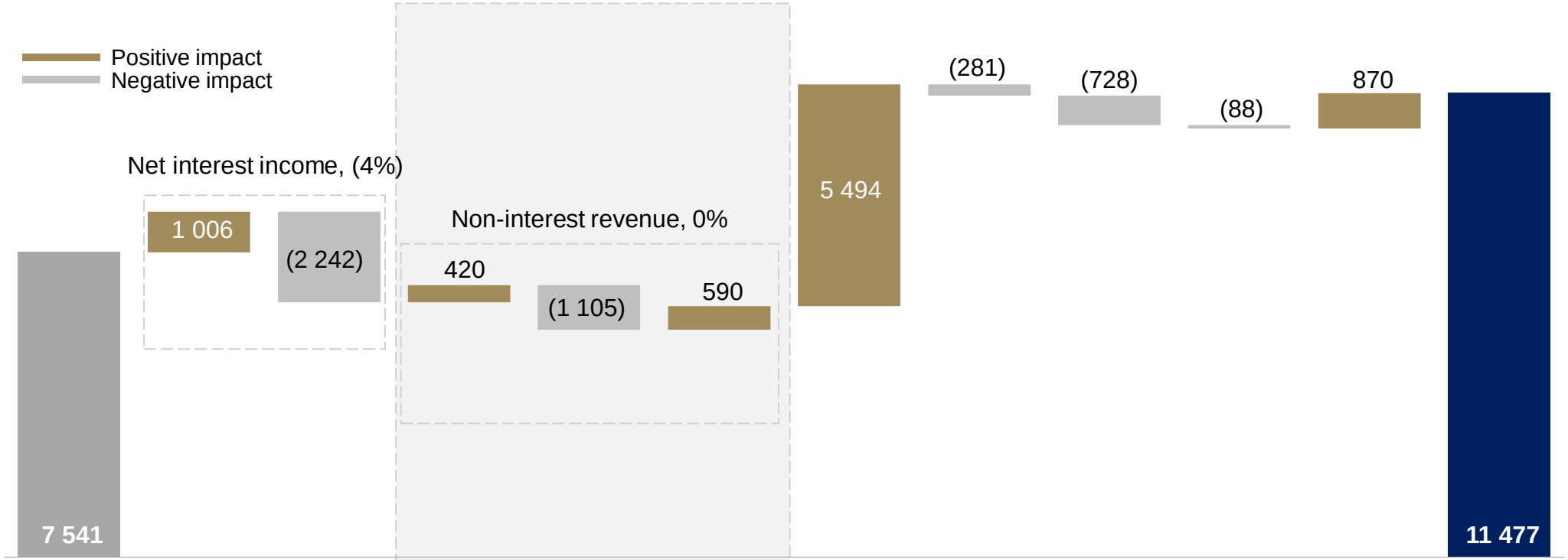
Key takeouts

- NII decreased 4% in ZAR, but increased 2% in CCY
- AIEA[1] increased 3% from June 2020, partially offsetting the impact of the margin decline (NIM declined 26bps relative to 1H20, but increased 8bps from the low recorded in 2H20)
- 1H20/1H21 margin change driven by:
  - Negative endowment from lower average interest rates period on period, ~R2.2bn
  - Cash reserving costs in Ghana and Nigeria and the impact of the SA downgrade on offshore balances
  - Favourable mix changes – across both AIEA and AIEL[1]
  - A reduction in the Wholesale lending book due to higher prepayments and lower origination

[1] *Average interest-earning assets and average interest-earning liabilities*

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Group headline earnings analysis



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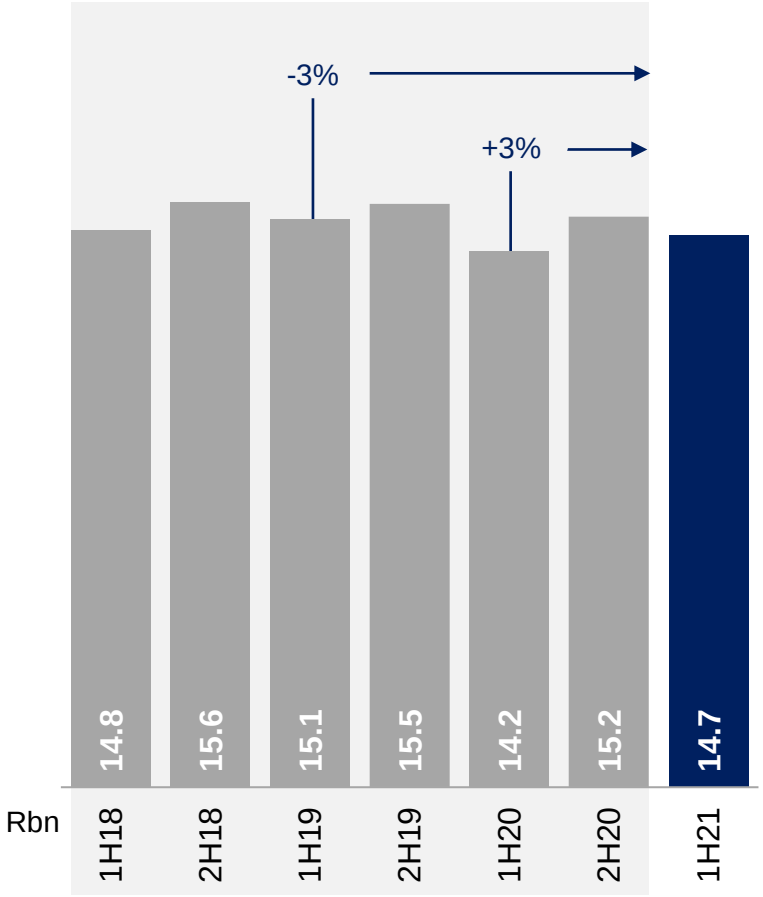
[1]Constant currency [2] Other banking interests

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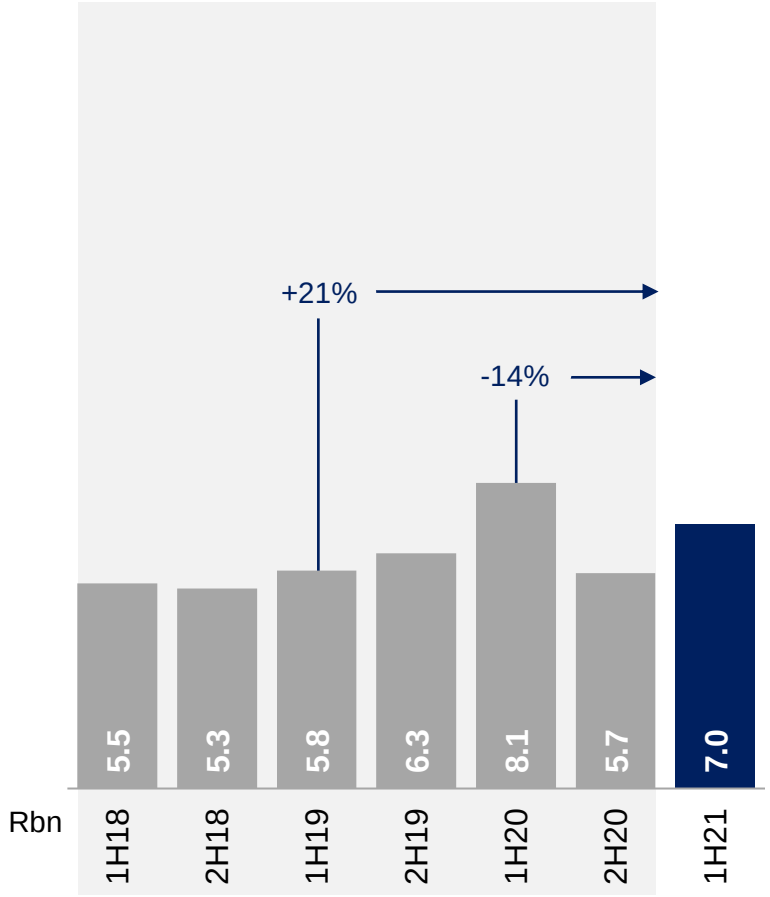
Non-interest revenue

Fees recovered to close to 1H19 levels, trading down on exceptional 1H20, but well above previous run rate

Net fee and commission revenue



Trading revenue



Key takeouts

- NIR flat in ZAR, but increased 9% in CCY

Net fee and commission revenue

- Net fees and commission revenue increased due to improved transactional activity mainly in Card (higher debit and credit turnover), as well as an increase in turnover in current accounts

Trading revenue

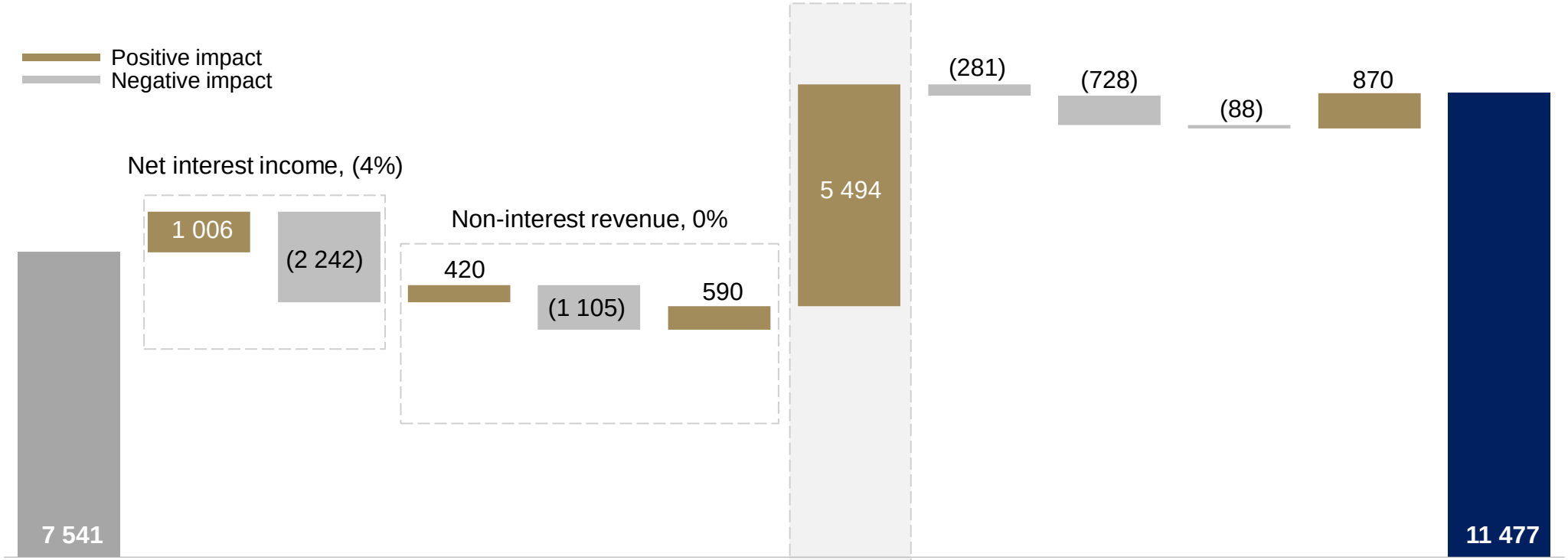
- Trading revenue was down period-on-period as client volumes reduced in less volatile markets; but was well above the previous run-rate

Other income and gains and losses

- Benefitted from prior year equity revaluation losses not being repeated

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Group headline earnings analysis



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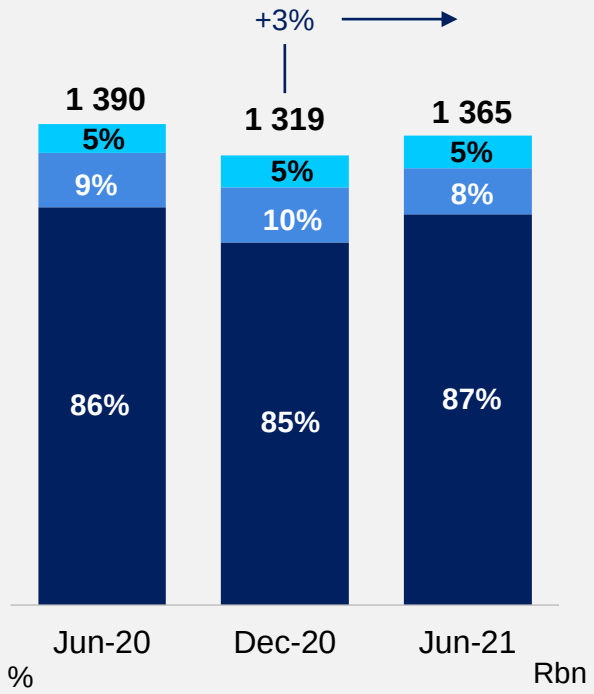
[1] *Constant currency* [2] *Other banking interests*

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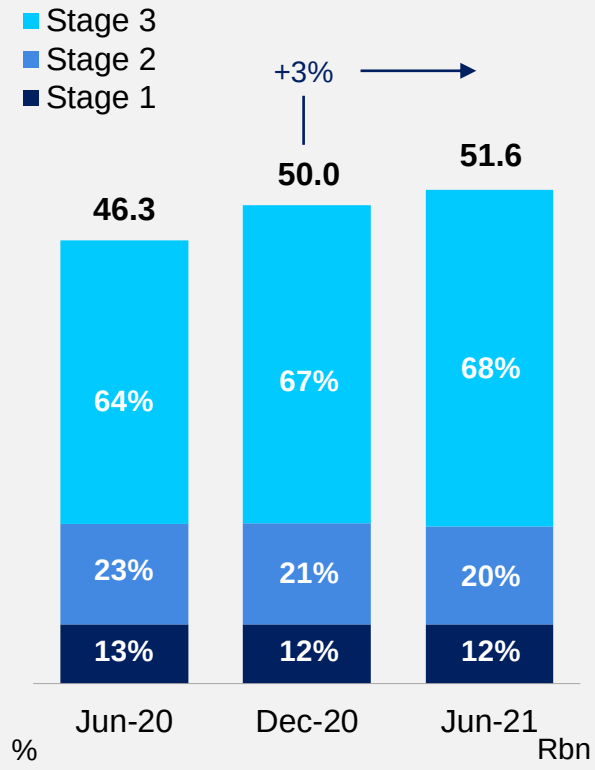
Gross loans and provisions

Provision growth in line with balance sheet growth

Gross loans and advances[1]



Provisions



Key takeouts

Relative to ratios as at 31 December 2020:

- Total coverage flat
- Stage 3 ratio flat
- Stage 3 coverage was broadly flat
- The accounting treatment for restructures is unchanged from 2020

	Jun-20	Dec-20	Jun-21
Total coverage	3.3%	3.8%	3.8%
Stage 3 ratio	4.6%	5.5%	5.5%
Stage 3 coverage	46%	46%	47%

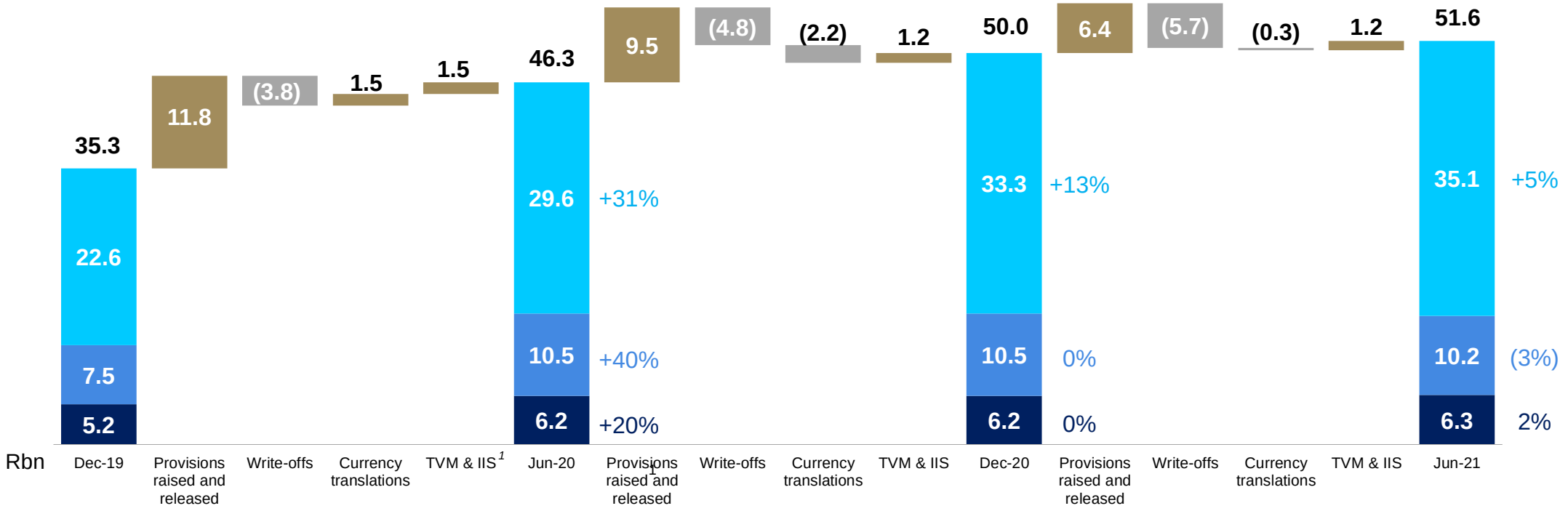
[1] *Based on gross loans and advances and provisions per page 64-69 of the 1H21 financial analysis booklet. Group net of interdivisional balances.*

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Balance sheet provisions

Provisions increased significantly in 1H20, but pace slowed since

Provisions



Loans, Rbn	1 216	1 390	1 319	1 365
Total coverage, %	2.9	3.3	3.8	3.8

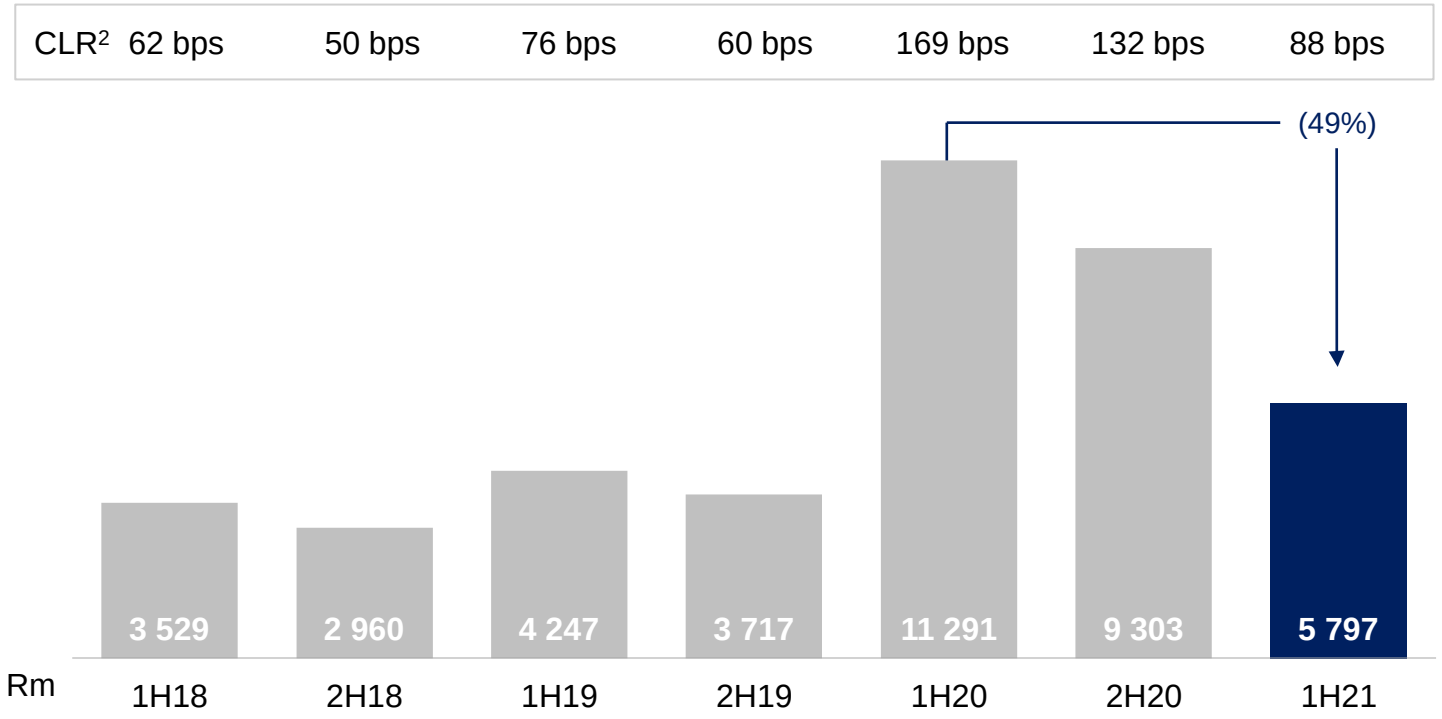
[1] *Time value of money and interest in suspense*

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Credit impairment charges – Group

Successive declines, credit loss ratio back inside the group's TTC[1] target range of 70 bps – 100 bps

Credit impairment charges



Key takeouts

- Credit impairment charges decreased 49% in ZAR and 47% in CCY period on period
- Credit impairment charges have seen progressive declines from 1H20 (hard lockdowns) to 1H21 as:
  - The collections environment improved due to less restrictive lockdowns and strategic collection efficiencies
  - Improvement in economic outlook and industry specific concern and stabilisation of customer job losses and incomes
  - Strong payment behaviour in the expired client relief portfolio
  - A net Wholesale client recovery
- The financial impact of the unrest and riots in South Africa in July 2021 on our customers is yet to be finalised. However, the impact is expected to be limited due to client insurance

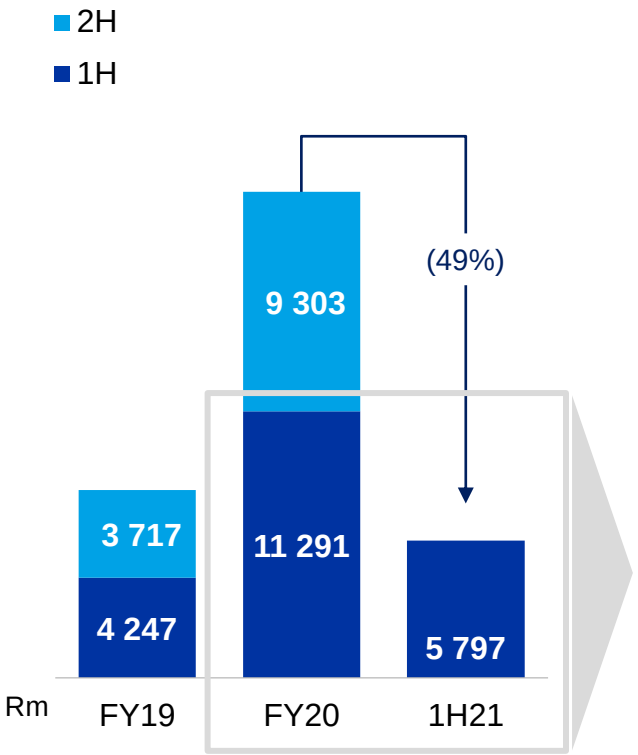
[1] Through-the-cycle
[2] Credit loss ratio based on credit impairment charges on loans and advances
[3] South African Special Risk Insurance Association

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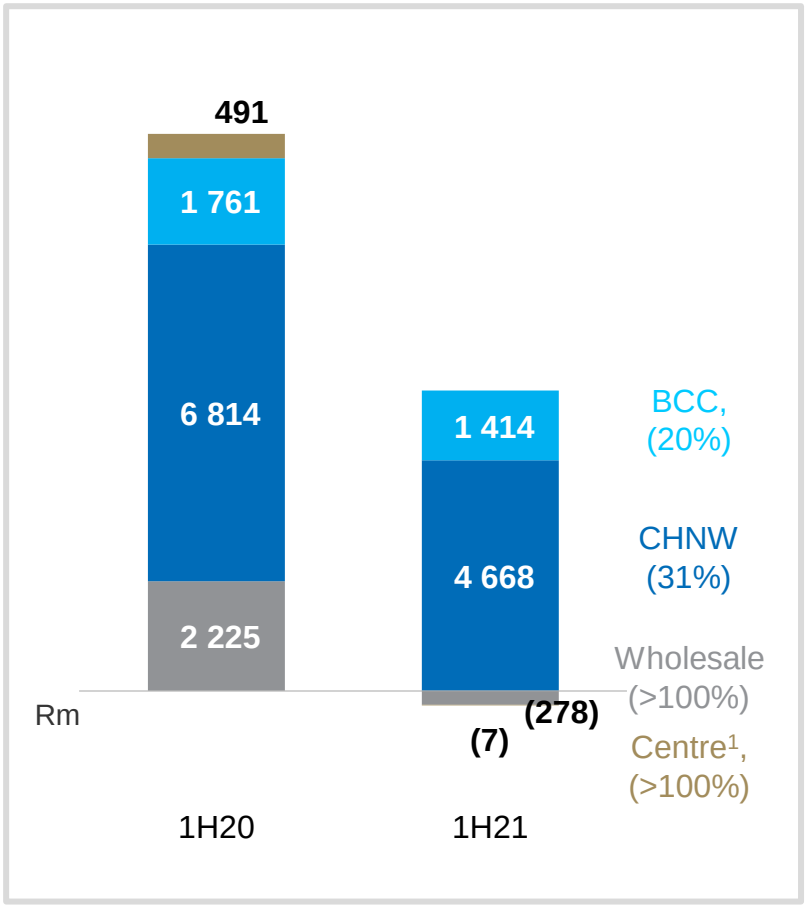
Credit impairment charges – Group

Decline boosted by net recoveries in the Wholesale client portfolio

Credit impairment charges



CLR	68 bps	151 bps	88 bps 1H21



Key takeouts

- CHNW and BCC credit charges
  - Some client relief customers have been reclassified into performing as they exited their payment holiday periods
  - Client relief customers classified as high risk are monitored in stage 3 for an additional 6-month period
  - Decline in BCC credit impairment charges masked by the non-repeat of prior year recoveries
- Wholesale credit charge in 1H20 reversed to a net recovery in 1H21 as the watchlist and stage 3 exposures remained stable
- The central overlay raised in 1H20 remained appropriate, no additional overlay deemed necessary

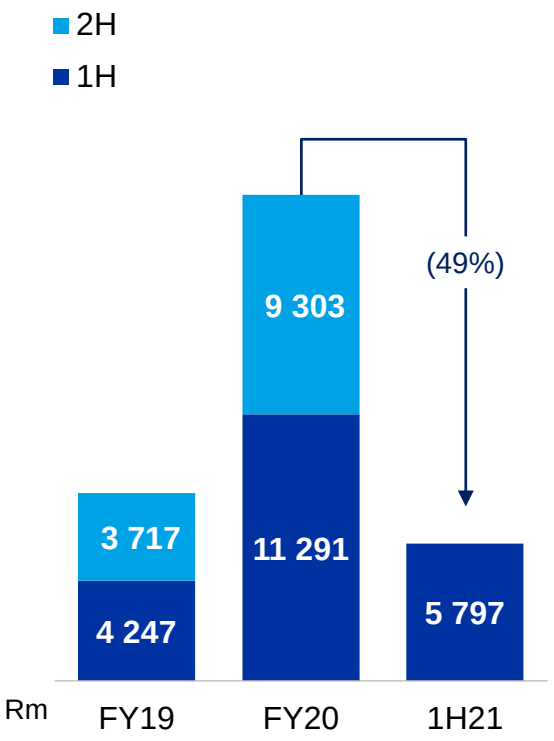
[1] *Centre includes R500m credit impairment overlay on loans and advances less R9m relating to financial investments*

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Credit impairment charges – Group

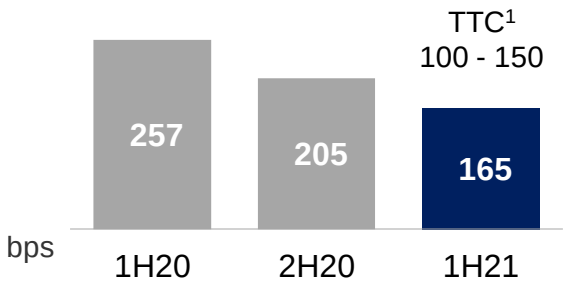
Credit impairment charges and CLR lower than expected

Credit impairment charges

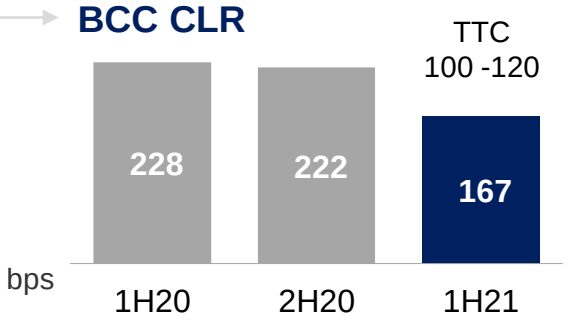


CLR	68 bps	151 bps	88 bps 1H21

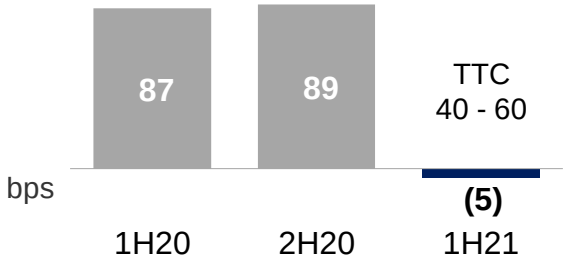
CHNW CLR



BCC CLR



Wholesale CLR to customers



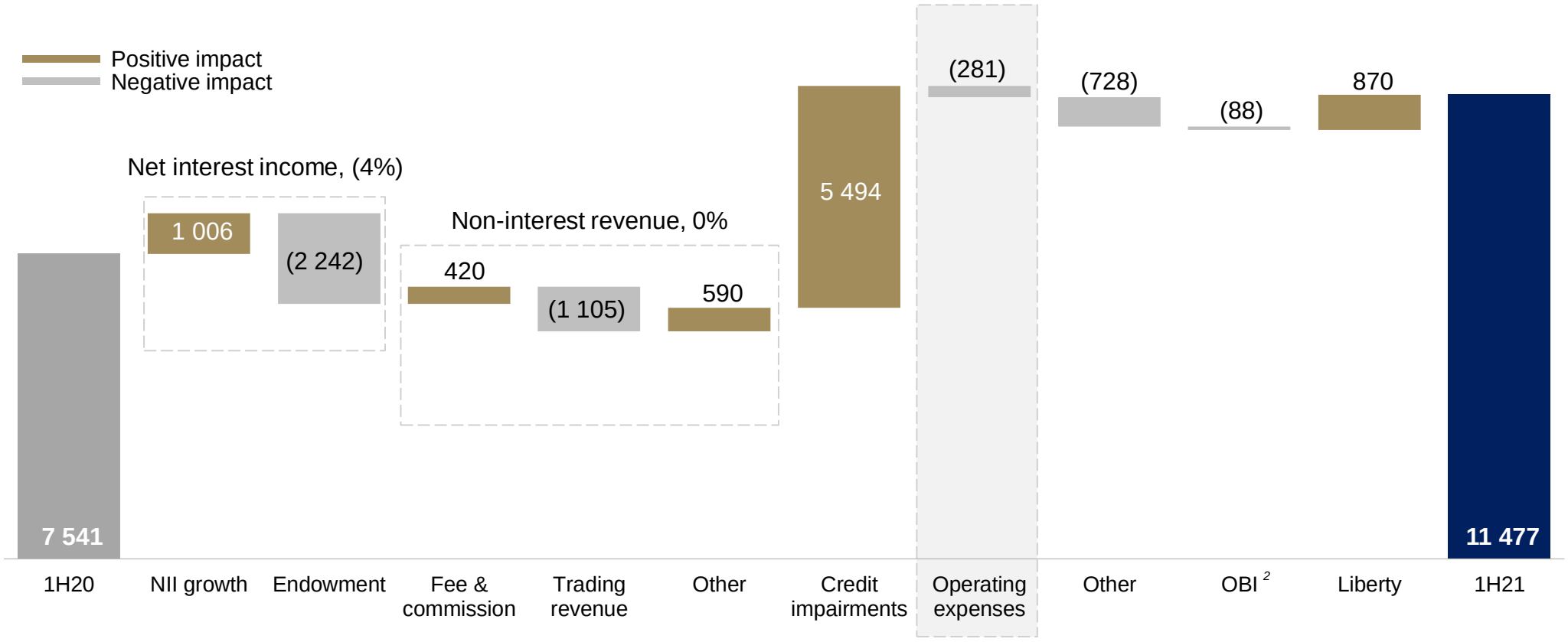
[1] *Through-the-cycle credit loss ratio range*

Key takeouts

- CHNW CLR remained above their TTC target range
- BCC CLR remained above their TTC target range driven by a small number of larger single client exposures which moved into stage 3 in 1H21
- Wholesale CLR to customers reflecting a net recovery, unlikely to persist in 2H21
- Group CLR expected to remain in the group TTC target range for the rest of the year

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Group headline earnings analysis



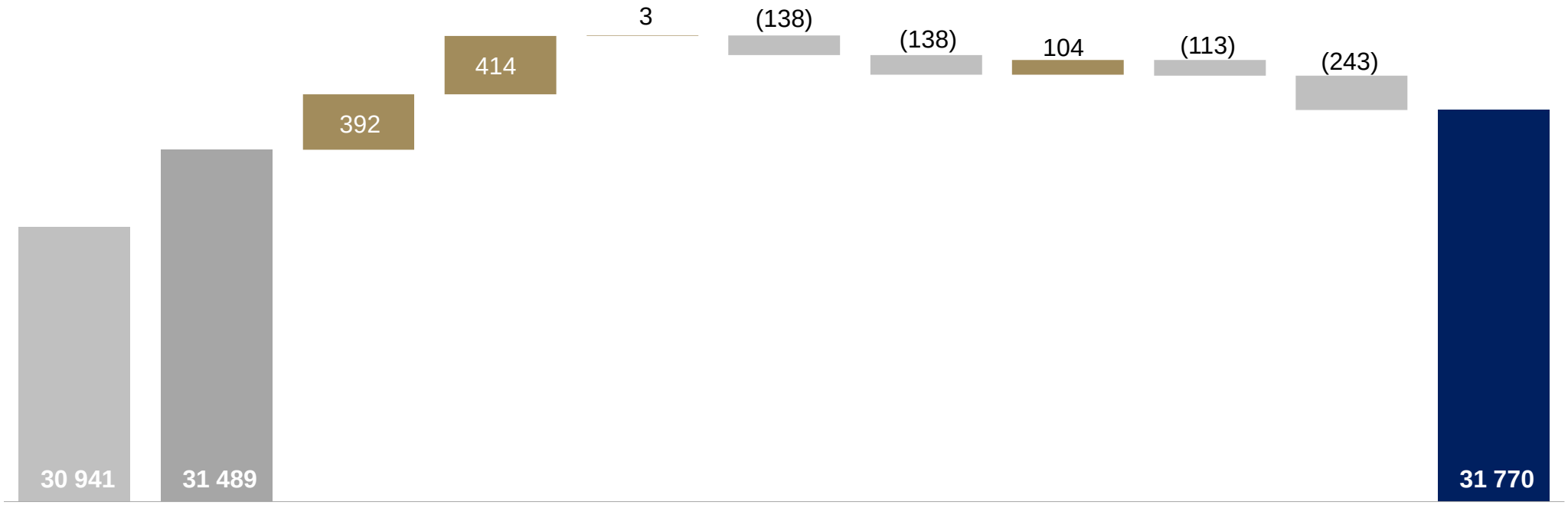
Rm	1H20	NII growth	Endowment	Fee & commission	Trading revenue	Other	Credit impairments	Operating expenses	Other	OBI [2]	Liberty	1H21
Var. %		+3%	(7%)	+3%	(14%)	+27%	(49%)	+1%	+14%	(17%)	+>100%	+52%
CCY[1] Var. %		+2%		+11%	(5%)	+45%	(47%)	+8%	+38%	+5%	+>100%	+64%

[1] *Constant currency* [2] *Other banking interests*

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Operating expenses

Costs well contained



Rm	1H19	1H20	Staff costs	Information technology	Amortisation of IT	Depreciation	Premises	Professional fees	Marketing & advertising	Other[2]	1H21
Var. %			+2%	+9%	0%	(6%)	(13%)	+12%	(14%)	(7%)	+1%
CCY[1] Var. %			+8%	+13%	+3%	(1%)	(8%)	+18%	(11%)	17%	+8%[3]

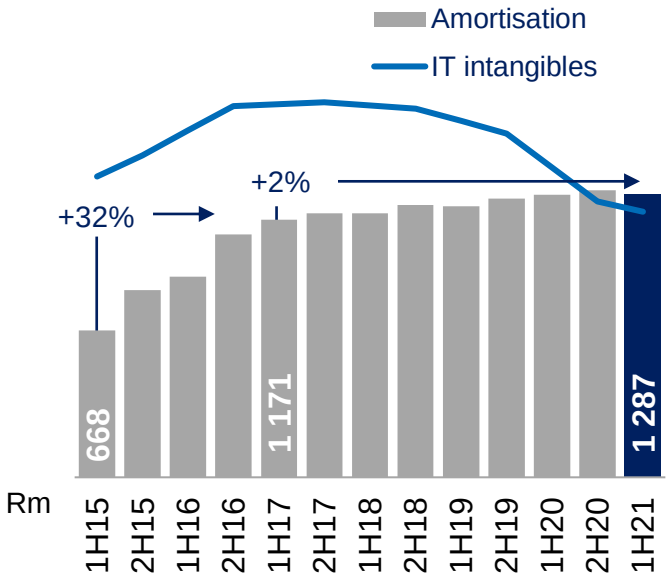
[1] *Includes R238 million insurance recovery in relation to the Japan fraud event in 2016*
[2] *Constant currency*
[3] *Weighted average inflation for the group was 9.5% in 1H21*

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Operating expenses

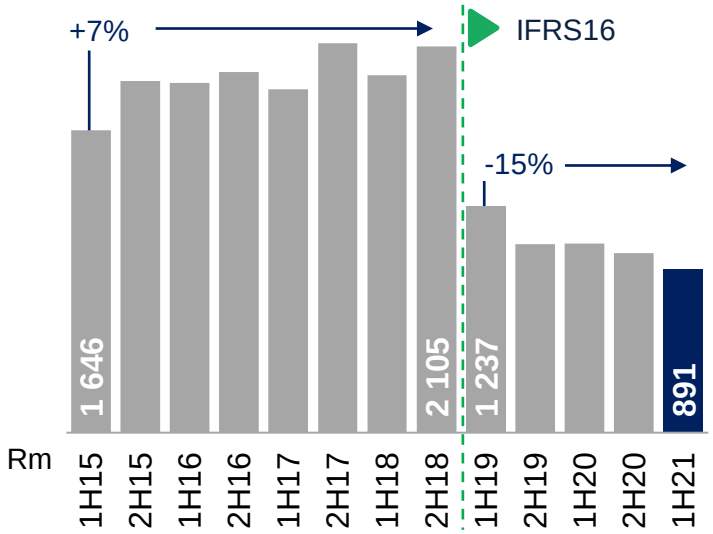
Adjusting our cost base to provide scope for spend in other areas

Amortisation[1]



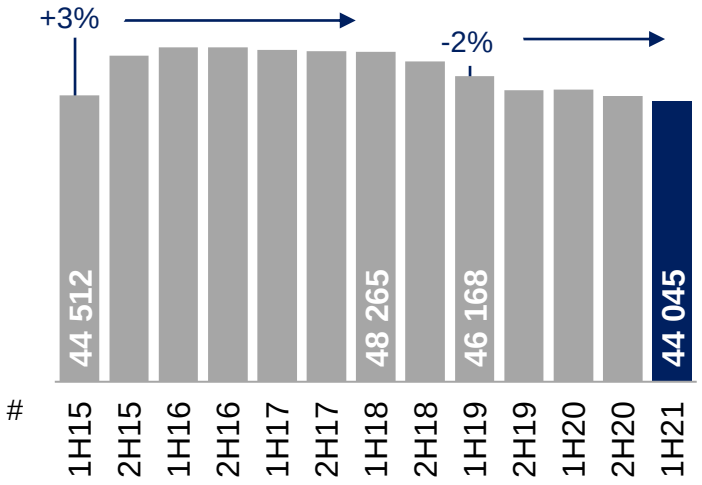
- In FY17, IT intangibles net book value peaked and the amortisation profile flattened as large projects were completed
- Focus on developing client interaction platforms

Premises costs[1,2]



- Branch rationalisation (2019) and outsourced cash centres (2020)
- Space optimisation, exited ~6 000 sqm in South Africa[3] in 1H21
- Planning “future of work”

Headcount[1]



- Headcount decline since 2016 driven primarily through natural attrition
- 2H18/2H19 step change following branch rationalisation

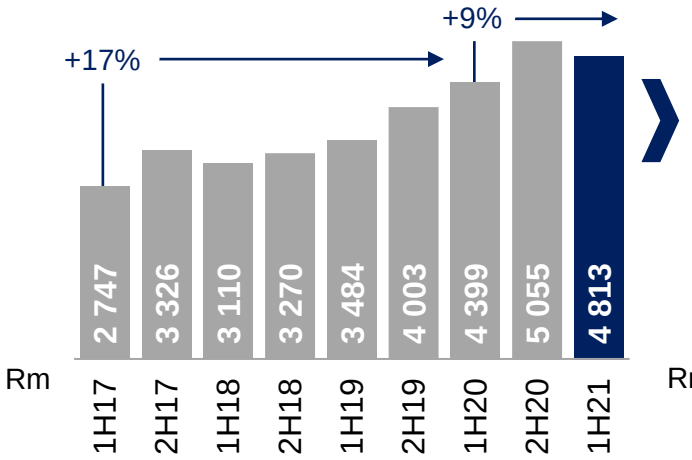
[1] All percentage changes are CAGRs for the relevant periods
[2] IFRS16 resulted in a shift from premises costs to depreciation
[3] Total South Africa base ~400k sqm

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Operating expenses

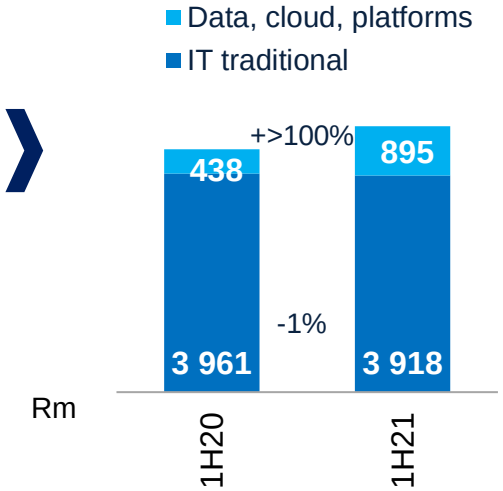
Leveraging savings to invest in 4IR capabilities – smaller projects, faster delivery cadence and cost expensed

IT cost growth is slowing[1]



- Move from capitalise to expense
- Focus shifted from internal development to sourcing best of breed via licenses (software as a service)
- Skills shortage; increasing need for data analysts and cloud engineering skills

Saving in certain areas…



- Nature of IT spend changing – traditional hardware declining and data, cloud and platforms increasing
- Investment in core data analytics capabilities to drive personalisation e.g. machine learning, AI

…to invest in others

Connectability

- **> 300 APIs** internally and externally
- **> 500 million API calls, > 40% growth year on year**
- APIs used for home loans, VAF, insurance, Shyft and OneHub

Cloud

- **189 workloads in the cloud**
- New platforms built “Cloud 1st”

Productivity

- Provided digital tools to improve our employees’ productivity, particularly for work-from-home collaboration

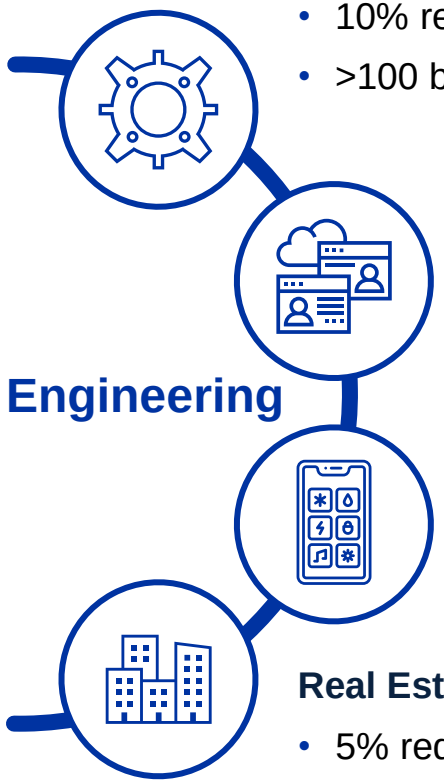
Critical skills development

- **> 1 500 data specialist**
- **> 250 certified cloud engineers**
- Continental skills development plans

[1] *All percentage changes are CAGRs for the relevant periods*

Operating expenses

The consolidation of our Engineering capabilities[1] is delivering value



Operations

- 10% reduction in Operations costs through usage of Robotic Process Automation[2]
- >100 bots and >145 processes automated

Platform developments/ enhancements

- Launch of Unayo digital payment platform in Africa Regions
- Launch of OneHub digital client platform for Wholesale clients
- >1,000 VAF dealerships onboarded to new VAF platform

Mobile banking app

- ~19% increase in mobile transaction volumes and app store rating improved[3]

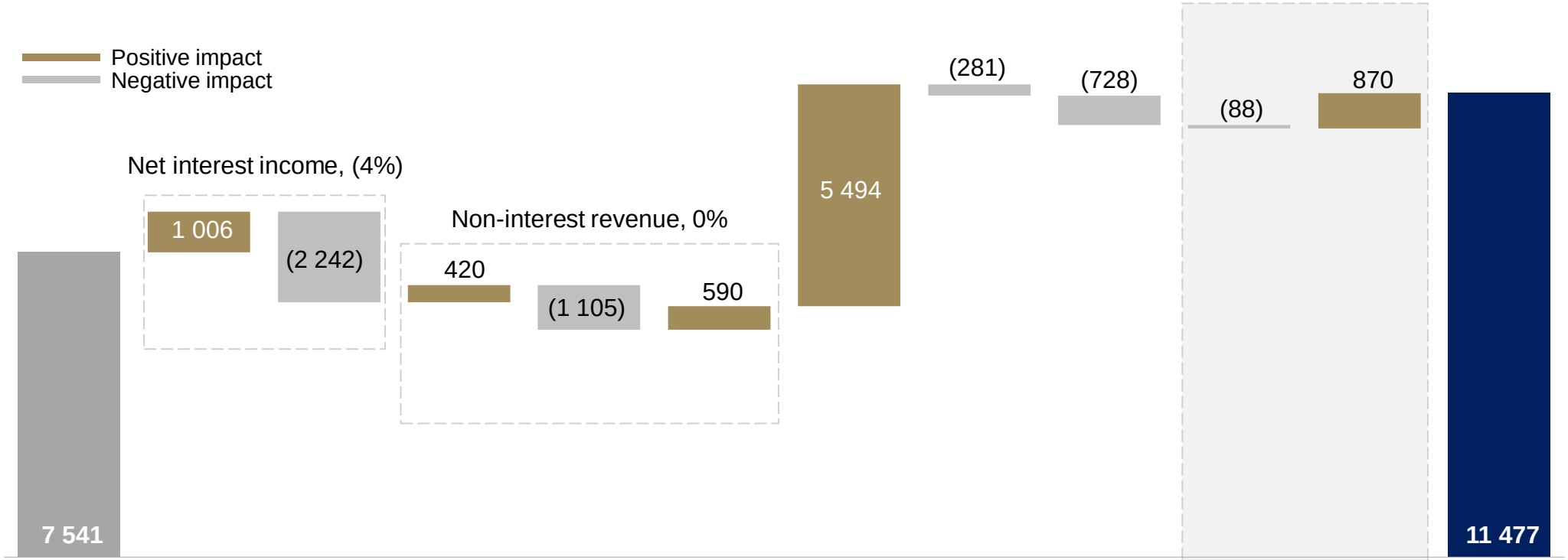
Real Estate services

- 5% reduction in costs with shift to hybrid working spaces[2]

[1] Technology, Operations, Security, Data, Partnerships and Real Estate
[2] From 1H20 to 1H21
[3] In South Africa

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Group headline earnings analysis



Rm	1H20	NII growth	Endowment	Fee & commission	Trading revenue	Other	Credit impairments	Operating expenses	Other	OBI [2]	Liberty	1H21
Var. %		+3%	(7%)	+3%	(14%)	+27%	(49%)	+1%	+14%	(17%)	+>100%	+52%
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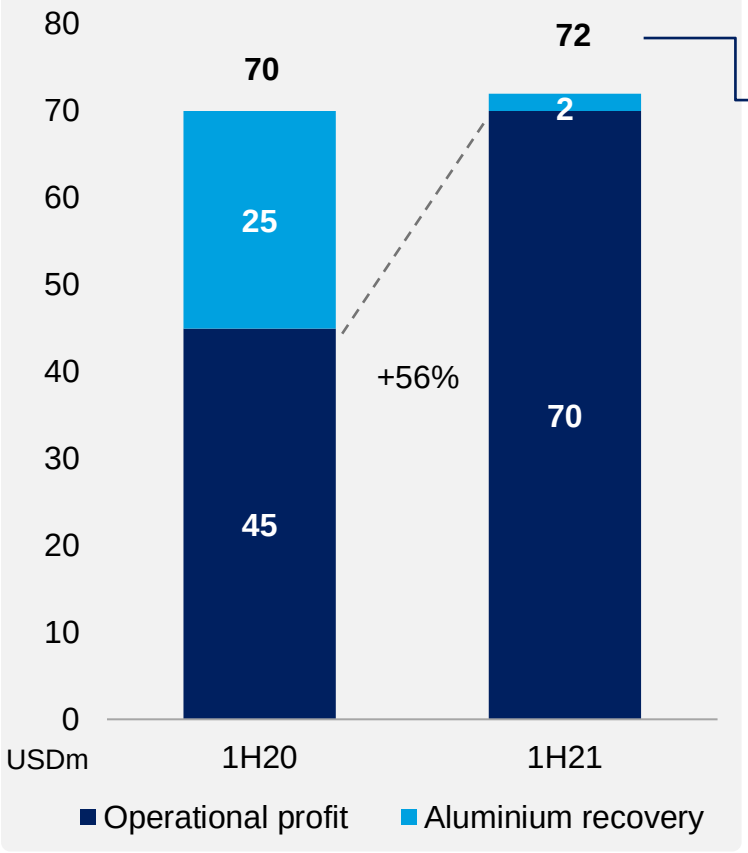
[1] *Constant currency* [2] *Other banking interests*

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ICBC Standard Bank plc

Strong operational performance

ICBCS performance, USDm



SBG's share of earnings / (losses)

	1H21	1H20
ICBCS earnings, USDm	**72**	**70**
@ % stake	*40%*	*40%*
SBG attributable earnings, USDm	**29**	**28**
ZAR/USD[1]	14.6	18.1
SBG attributable earnings, Rm	**420**	**508**

Key takeouts

- ICBCS continues to make good operational progress and is becoming more integrated with ICBC
- In the prior period, ICBCS received an insurance pay-out in relation to a legacy base metal claim
- SBG's attributable profit was dampened on translation by the stronger Rand period on period

[1] *Represents the effective year-to-date exchange rate from converting monthly ICBCS results to ZAR*

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Liberty

Improved underlying performance offset by excess claims and a pandemic-related reserve top-up

	1H21 Rm	1H20 Rm	Change %
South African Insurance Operations	576	544	6
STANLIB South Africa	242	226	7
Africa Regions	(40)	37	(>100)
Other	(126)	(174)	(28)
Normalised operating earnings	**652**	**633**	**3**
Covid-19 pandemic reserve	(1 117)	(2 175)	49
Shareholder Investment Portfolio (SIP)	753	(631)	>100
Normalised headline (loss) / earnings	**288**	**(2 173)**	**>100**
IFRS adjustments	(66)	(90)	27
IFRS headline (loss) / earnings	**222**	**(2 263)**	**>100**
SBG share of IFRS headline earnings	128	(1 294)	>100
Treasury share adjustment[1]	35	587	(94)
Headline (loss) / earnings attrib. to SBG	**163**	**(707)**	**>100**

Key takeouts

- SA Insurance earnings improved driven by SA Retail and a turnaround in LibFin Markets
- STANLIB SA maintained good investment performance and recorded net external cash inflows
- Additional prospective pandemic reserves raised together with excess risk claims amounted to R1 117 million
- Improved global and South African financial market conditions positively impacted the SIP performance
- Liberty Group Limited, the main long-term insurance licence, remains well capitalised, with a Solvency Capital Requirement cover ratio of 1.73 times

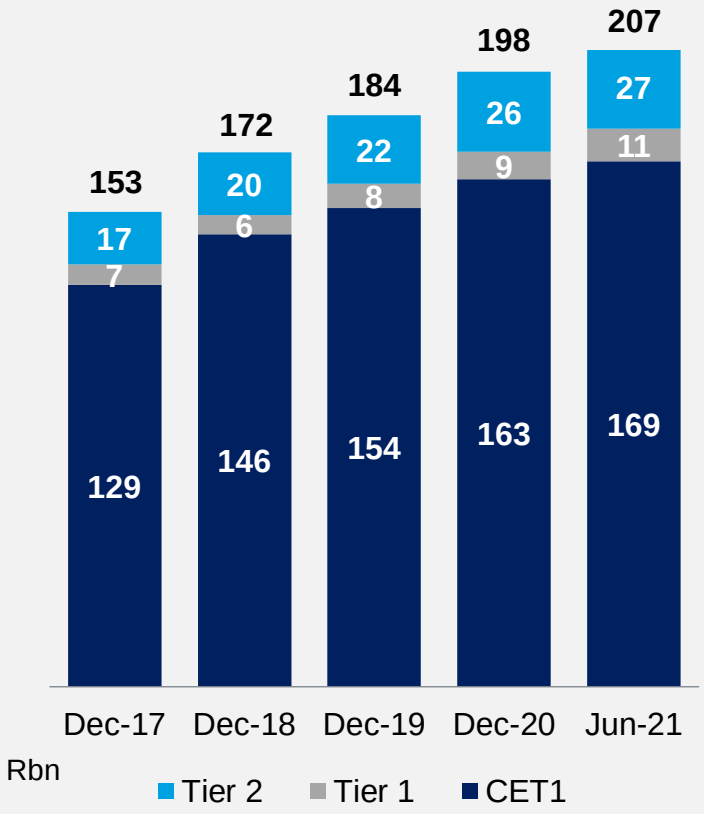
[1] *Driven by change in SBK share price and number of shares. Share price as at 30 June 2020, R104.50, and as at 30 June 2021, R127.61*

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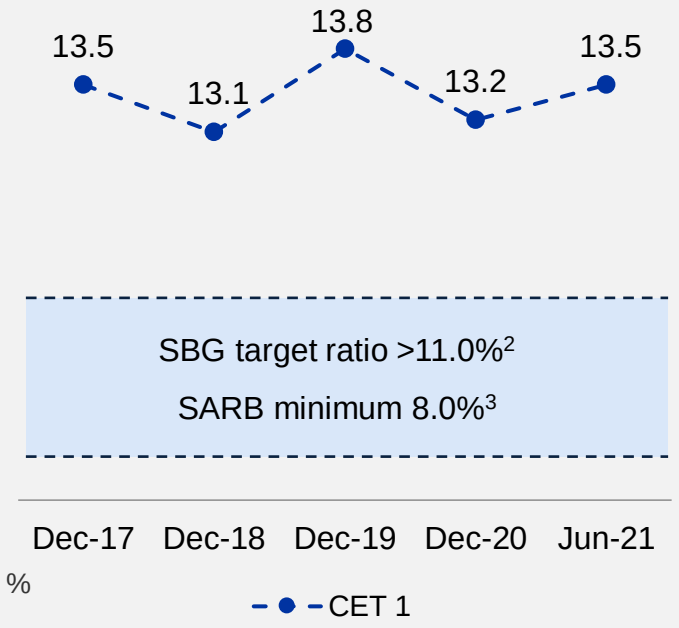
Capital and liquidity

Robust capital and liquidity positions, providing flexibility and scope to support our clients in the recovery

Capital[1]

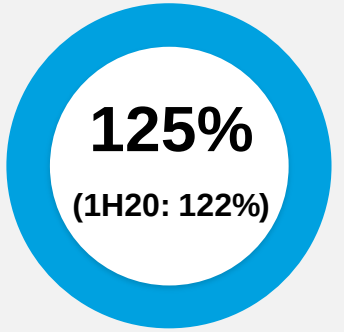


Capital adequacy[1]



Liquidity

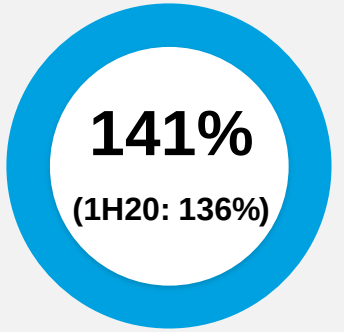
Net stable funding ratio



Basel III minimum

100%

Liquidity coverage ratio



Basel III minimum[4]

80%

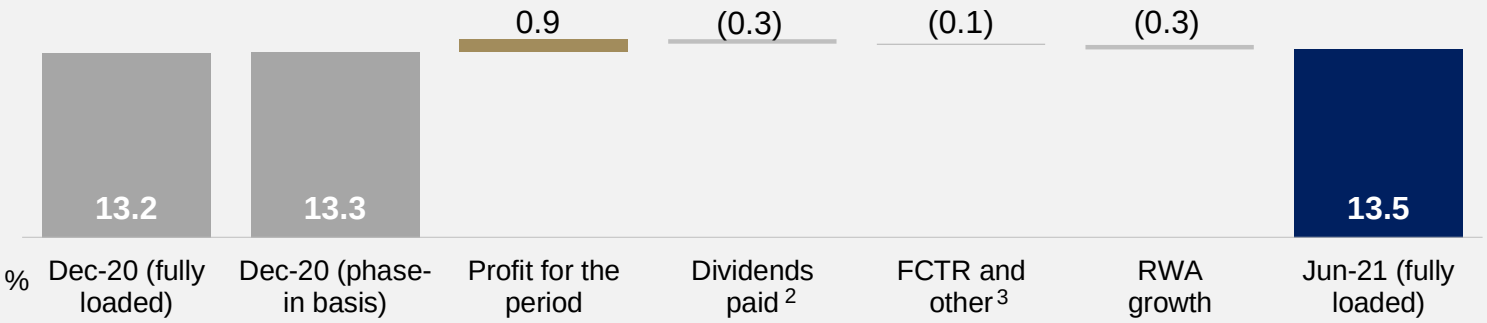
[1] Including unappropriated profits and on a fully-loaded basis from 2018
[2] Recalibrated, inclusive of Pillar 2A requirements that will be reinstated by the Prudential Authority from 1 January 2022
[3] Pillar 2A buffer requirements temporarily removed in response to the Covid-19 pandemic
[4] Based on temporarily revised SARB requirement

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Capital and liquidity

Continued to accumulate capital and liquidity

CET 1 ratio



CET1, Rbn	**163.6**	**11.4**	**(3.9)**	**(1.7)**	**-**	**169.4**
RWAs, Rbn	**1 229**				**30**	**1 259**

Capital progression

	Dec-19	Jun-20	Dec-20	Jun-21
CET1 capital[1], Rbn	154	167	164	169
Risk weighted assets, Rbn	1 100	1 325	1 229	1 259
CET1 ratio[1], %	13.8	12.5	13.2	13.5
NSFR[4], %	120	122	125	125
LCR[5], %	138	136	135	141

[1] Including unappropriated profits and on a fully-loaded basis
[2] Dividend paid related to FY20 final dividend paid in April 2021
[3] Foreign Currency Translation Reserve
[4] Net stable funding ratio
[5] Liquidity coverage ratio

Key takeouts

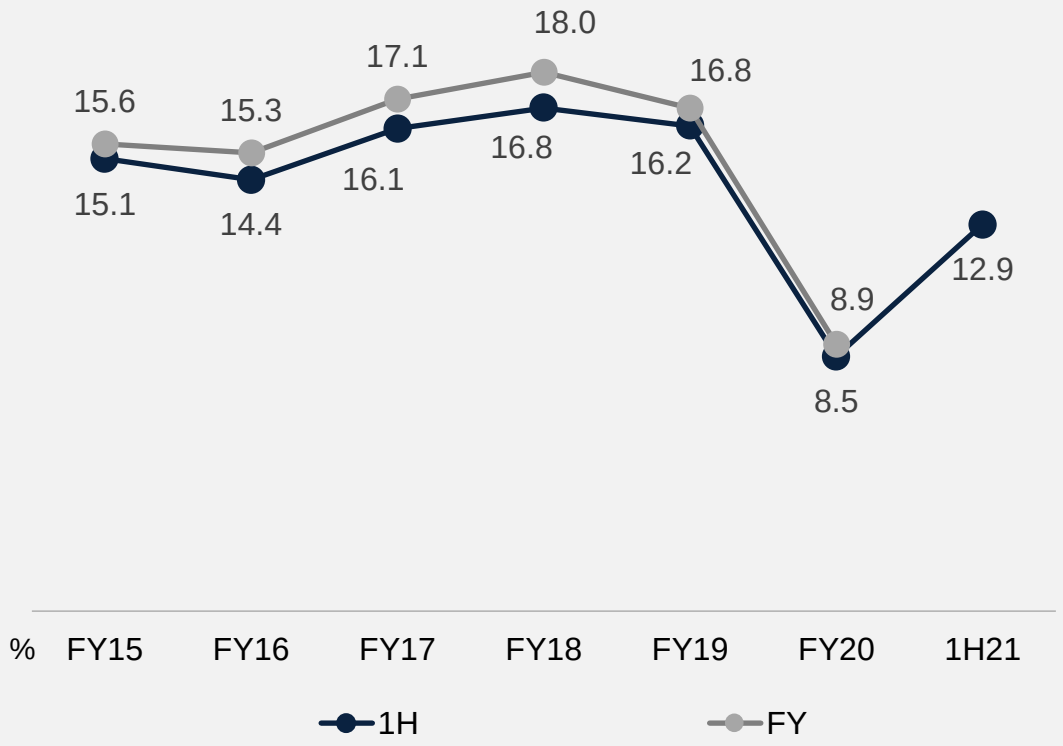
- IFRS9 phase-in period expired on 1 January 2021, going forward CET1 will only be reported on a fully-loaded basis
- RWAs increased in the period (relative to balances as at 31 December 2020) driven by:
  - Loan book growth
  - An increase in market risk due to Wholesale activities
  - An increase in equity risk in the banking book following upward equity revaluations and Wholesale client-related activities
  - An increase in counterparty credit risk on the back of revised regulatory rules
- Funding and liquidity ratios remain strong

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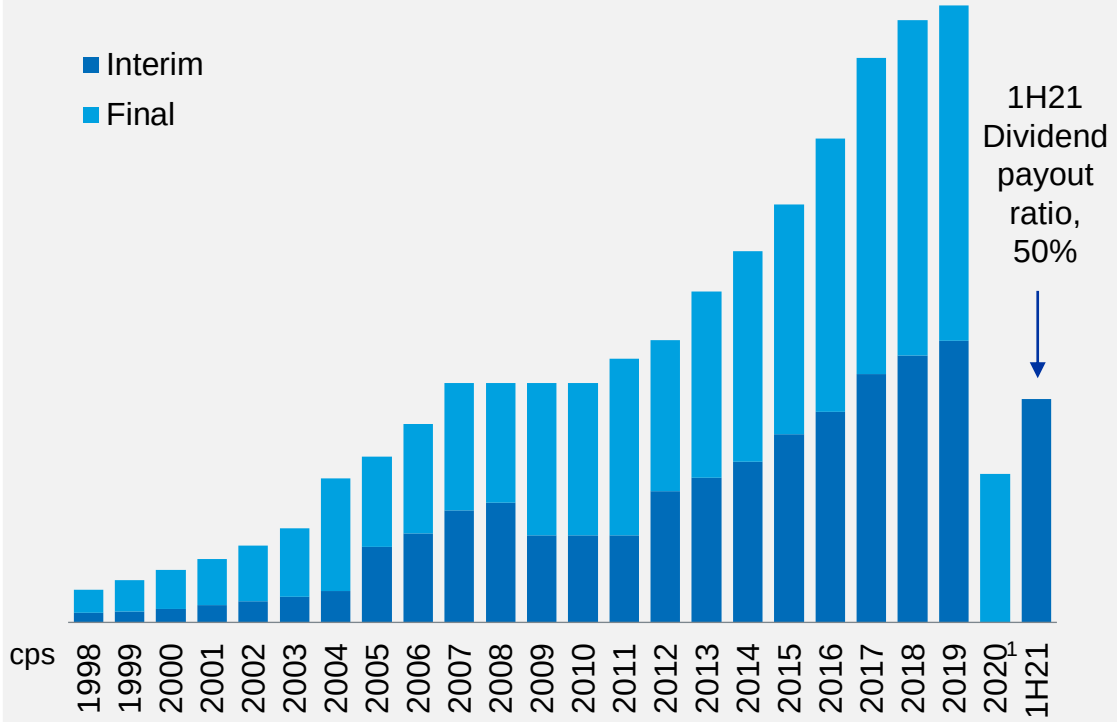
Returns and dividends

Returns recovering and capital levels robust, supporting a faster than expected recovery in dividend payout ratio

Return on equity



Dividend per share



[1] *No 1H20 interim dividend paid as directed by the SARB. Resumed dividends post the lifting of the restrictions, paid a final FY20 dividend in March 2021*

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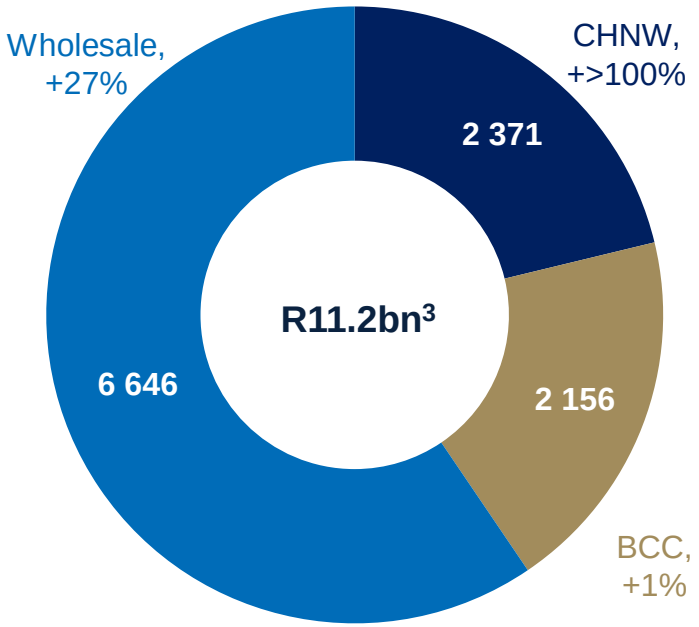
03

CLIENT SEGMENT, SOLUTION AND REGIONAL REPORTING

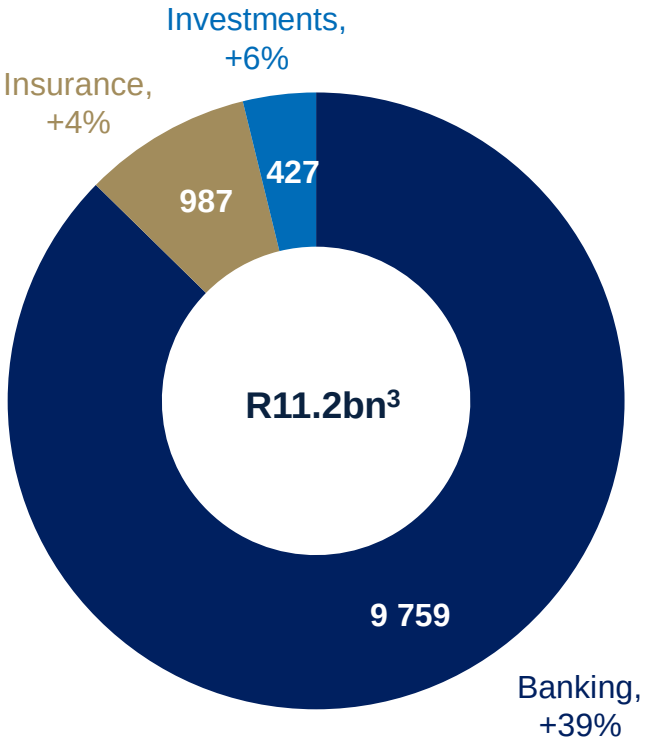
Standard Bank activities[1]

Our diversification is a key underpin of our franchise strength and resilient earnings

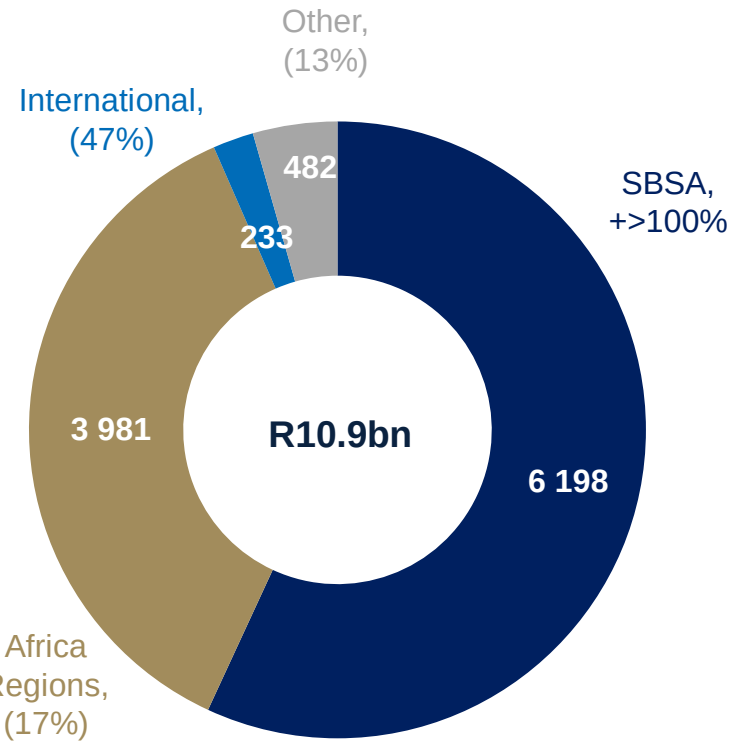
Client segment split



Client solution split



Regional split[2]



[1] *Standard Bank Activities excludes Liberty and ICBCS*
[2] *Regional split based on legal entity*
[3] *Excludes R279m Centre segment costs*

Performance by Client Segment

Recovery underway

	CHNW 1H21 Rbn	Change %	BCC 1H21 Rbn	Change %	Wholesale 1H21 Rbn	Change %
Net interest income	13.8	0	7.4	(8)	8.8	(10)
Non-interest revenue	9.7	5	4.9	4	10.4	(2)
Total income	**23.5**	**2**	**12.3**	**(3)**	**19.2**	**(6)**
Operating expenses	(15.0)	5	(7.8)	(1)	(10.2)	0
Pre-provision profit	**8.5**	**(3)**	**4.5**	**(7)**	**9.0**	**(11)**
Credit impairment charges	(4.7)	(31)	(1.4)	(20)	0.3	(>100)
Headline earnings	**2.4**	**>100**	**2.2**	**1**	**6.6**	**27**
Credit loss ratio, bps	165		167		(4)	
Cost-to-income ratio, %	63.6		63.4		53.1	
Jaws, bps	(305)		(223)		(520)	
ROE, %	9.7		20.8		20.0	

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Performance by Client Solution

Strong recovery in banking, continued growth in the investment and insurance businesses

	Banking 1H21 Rbn	Change %	Insurance[1] 1H21 Rbn	Change %	Investments[1] 1H21 Rbn	Change %
Net interest income	29.9	(5)	0.1	(20)	0.1	(35)
Non-interest revenue	21.2	1	2.2	8	1.6	1
Total income	**51.1**	**(2)**	**2.3**	**6**	**1.7**	**(2)**
Operating expenses	(31.1)	2	(1.1)	5	(0.8)	(2)
Pre-provision profit	**20.0**	**(8)**	**1.2**	**7**	**0.9**	**(2)**
Credit impairment charges	(5.8)	(46)	-	-	-	-
Headline earnings	**9.8**	**39**	**1.0**	**4**	**0.4**	**6**
Cost-to-income ratio, %	60.9		48.0		47.2	
Jaws, bps	(413)		116		29	
ROE, %	14.9		64.4		40.3	

[1] *Excluding Liberty*

Performance by Region[1]

SBSA cushioned a weaker performance from Africa Regions

	SBSA 1H21 Rbn	Change %	Africa Regions 1H21 Rbn	Change %	Change CCY %
Net interest income	20.2	2	9.4	(11)	7
Non-interest revenue	15.4	11	8.4	(10)	14
Total income	**35.6**	**6**	**17.8**	**(11)**	**10**
Operating expenses	(21.6)	6	(9.9)	(0)	27
Pre-provision profit	**14.0**	**5**	**7.9**	**(21)**	**(5)**
Credit impairment charges	(5.0)	(49)	(0.8)	(43)	(20)
Headline earnings	**5.7**	**>100**	**4.0**	**(17)**	**(10)**
Credit loss ratio, bps	84		73		
Cost-to-income ratio, %	60.9		55.6		
Jaws, bps	(16)		(1 036)		
ROE, %	11.5		17.1		

[1] *Regional split based on legal entity excluding international*

Key takeouts

SBSA

- Improved economic activity following stringent lockdowns in the prior period
- NII grew as strong balance sheet growth outweighed negative endowment
- NIR increase driven by improvement in transactional activity and volumes
- Credit impairment charges improved significantly as the economy re-opened relative to the hard lockdowns in 1H20

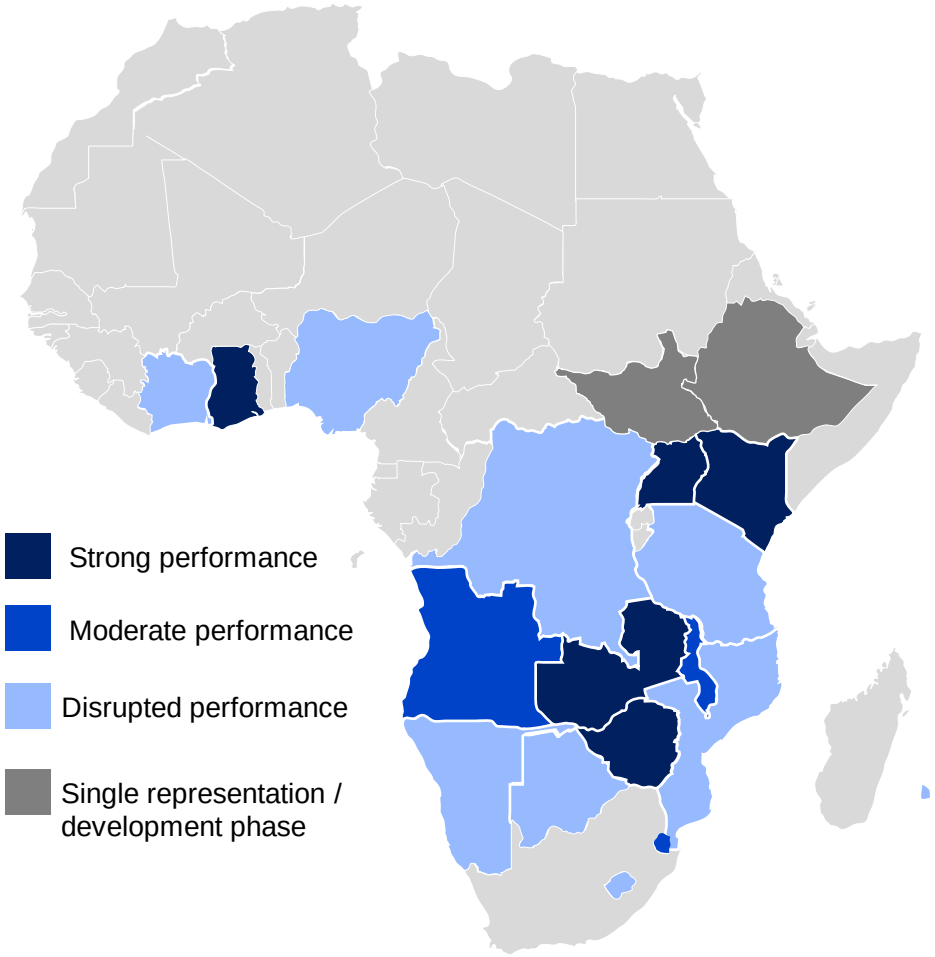
Africa Regions

- Depreciation of most local currencies against the ZAR impacted the reported performance
- Robust revenue growth driven by continued franchise growth
- Elevated cost growth, driven by Zimbabwe hyperinflation and local inflationary adjustments and IT investments

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Regional performance

Impacted by currency and local inflationary cost adjustments



Headline earnings

	1H21 Rbn	1H20 Rbn	Change %	Change CCY %	1H19 Rbn
Africa Regions	**4.0**	**4.8**	**(17)**	**(10)**	**4.3**
East Africa[1]	0.8	0.9	(9)	3	0.9
South and Central Africa[2]	1.8	1.8	3	(6)	1.8
West Africa[3]	1.4	2.2	(37)	(19)	1.6

Return on equity

	1H21 %	1H20 %	1H19 %
Africa Regions	**17.1**	**19.9**	**22.3**
East Africa[1]	14.7	15.4	20.2
South and Central Africa[2]	19.2	19.0	21.7
West Africa[3]	16.3	23.7	24.5

[1] Kenya, South Sudan, Tanzania, Uganda
[2] Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Zambia, Zimbabwe
[3] Angola, DRC, Ghana, Côte d'Ivoire, Nigeria

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04 LOOKING FORWARD

2H21 – Macro outlook

01

Favourable global backdrop expected to persist

- Global growth 6.0%, sub-Saharan Africa 3.4% and South Africa 4.0%[1]

02

Sub-Saharan Africa

- Further infection waves likely; started 2H21 with elevated infection levels in 16 of our 20 markets
- Vaccine rollout expected to gain momentum

03

South Africa

- While the recent unrest dented consumer, business and investor confidence, we do not expect it will meaningfully derail the nascent SA economic recovery in the near term
- A robust commodity cycle, benign monetary policy outlook (interest rates expected to remain unchanged through to year end), and government investment in infrastructure should support growth
- Unforeseen spending pressures are a risk to the fiscal outlook
- Structural reform implementation remains key to sustainable growth and job creation

[1] IMF and Standard Bank Research, 2021 GDP growth impacted by base effects; in 2020, sub-Saharan Africa (ex South Africa) was less impacted by the pandemic than South Africa

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FY21 – SBG guidance

Expectations improved; strong capital generation should support similar dividend payout in 2H21



Key drivers	
Net interest margin	Similar to 1H21 (361 bps)
Cost growth	Sub-inflationary
Credit loss ratio	Within our TTC range
Group HE growth	HE > 20%
ROE	Higher than FY20, below COE
Dividend	~50% payout

[1] *Based on weighted-average inflation across the group*
[2] *Through-the-cycle*

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Beyond 2021

Our medium-term direction is underpinned by our purpose and execution is fully aligned to our 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

Join us for our Strategic Update – 20 August 2021

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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.

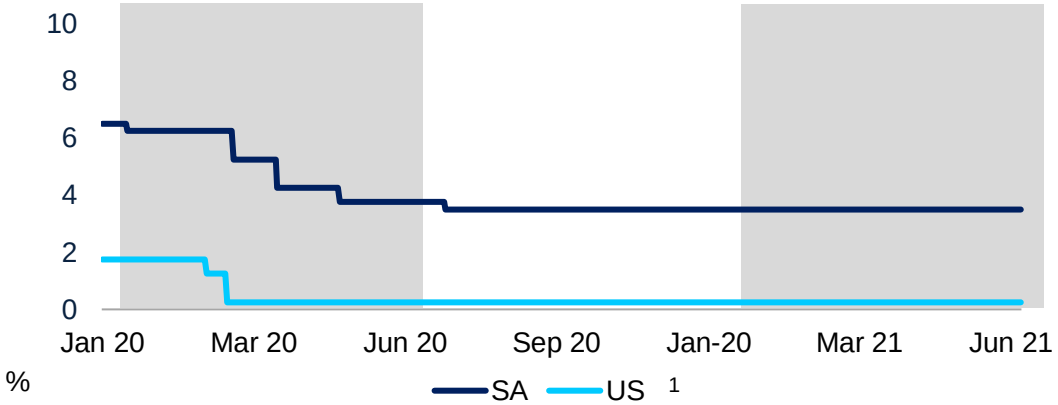
Q&A

05 APPENDIX

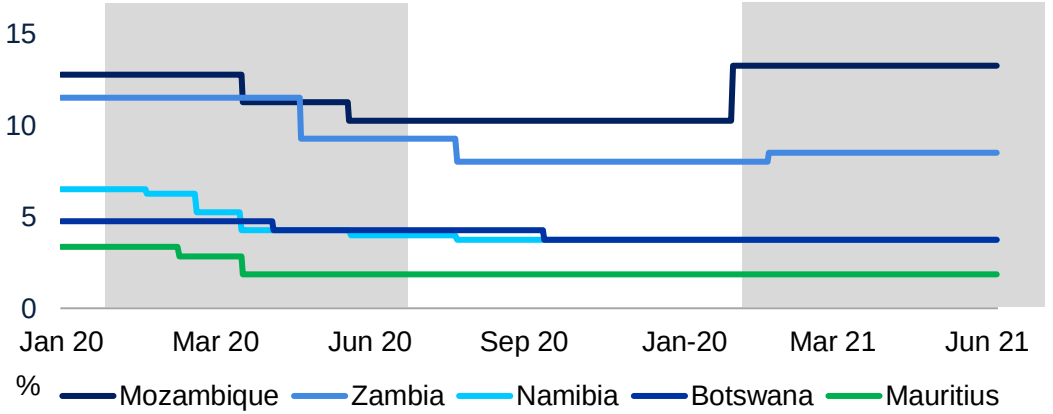
Interest rates

Average interest rates were lower than in the prior period

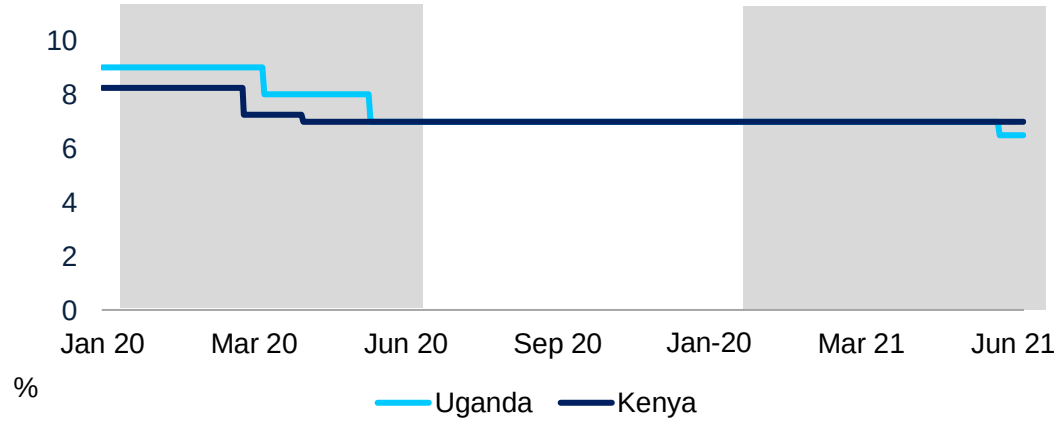
South Africa and International



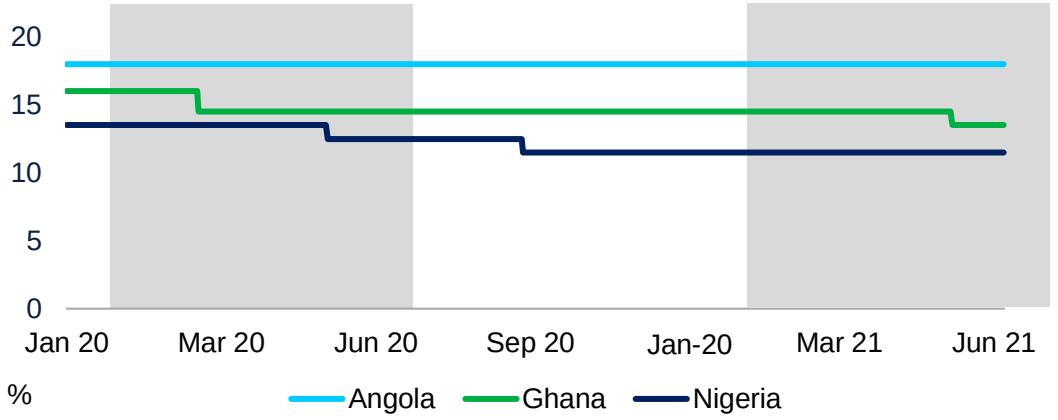
South and Central



East Africa



West Africa



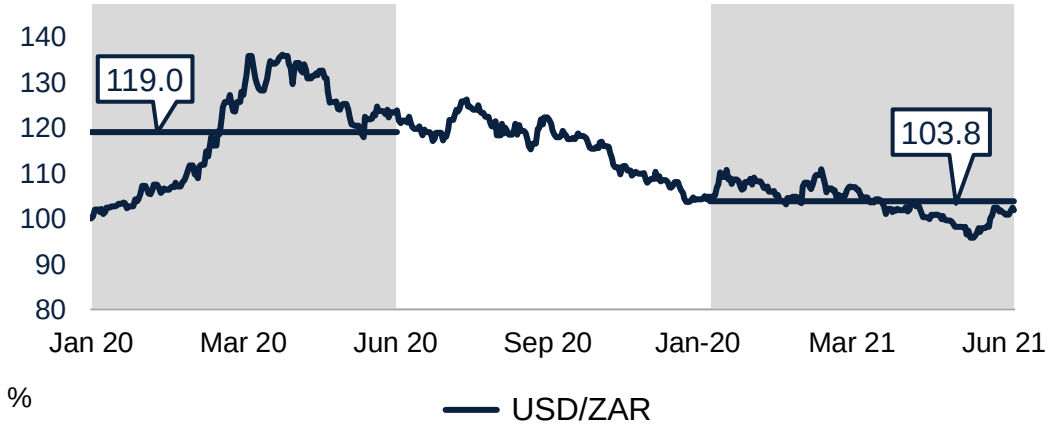
[1] Represents the US Federal Funds Target Rate
Source: Bloomberg

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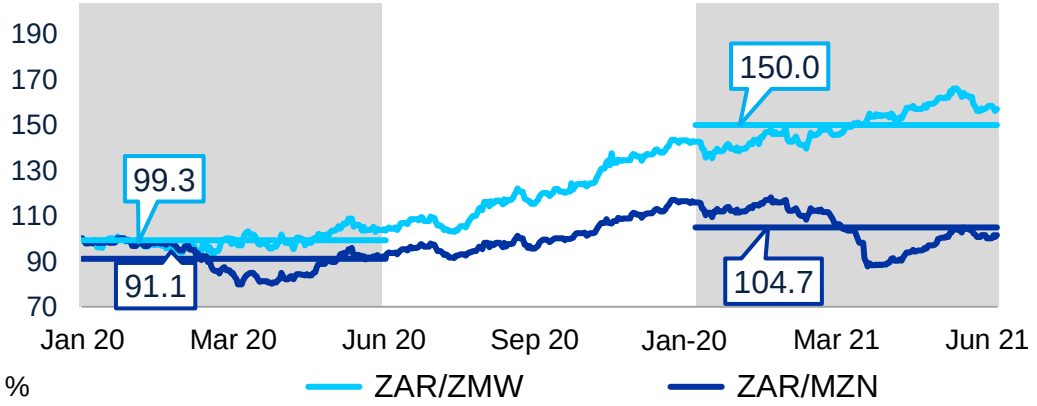
Currencies

ZAR was stronger relative to the prior period

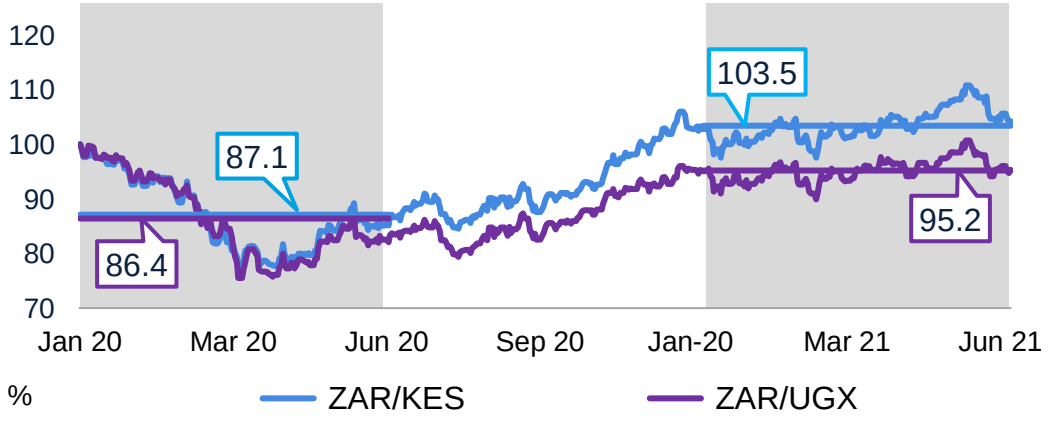
South Africa and International



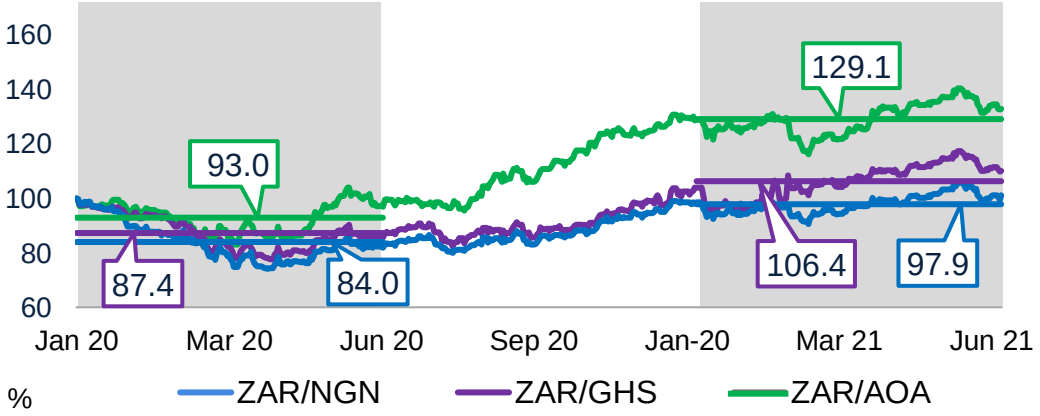
South and Central



East Africa



West Africa



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

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Profit attributable to ordinary shareholders

Significant improvement in profit attributable

	1H21 Rbn	1H20 Rbn	Change %
Standard Bank Group headline earnings	**11.5**	**7.5**	**52**
Impairment of intangible assets[1]	-	(1.9)	
Gain on sale of ICBC Argentina	-	1.4	
FCTR release on sale of ICBC Argentina	-	(3.4)	
Other	(0.1)	0.2	
Profit attributable to ordinary shareholders	**11.4**	**3.8**	**203**
Net asset value	**183**	**179**	**2**

Key takeouts

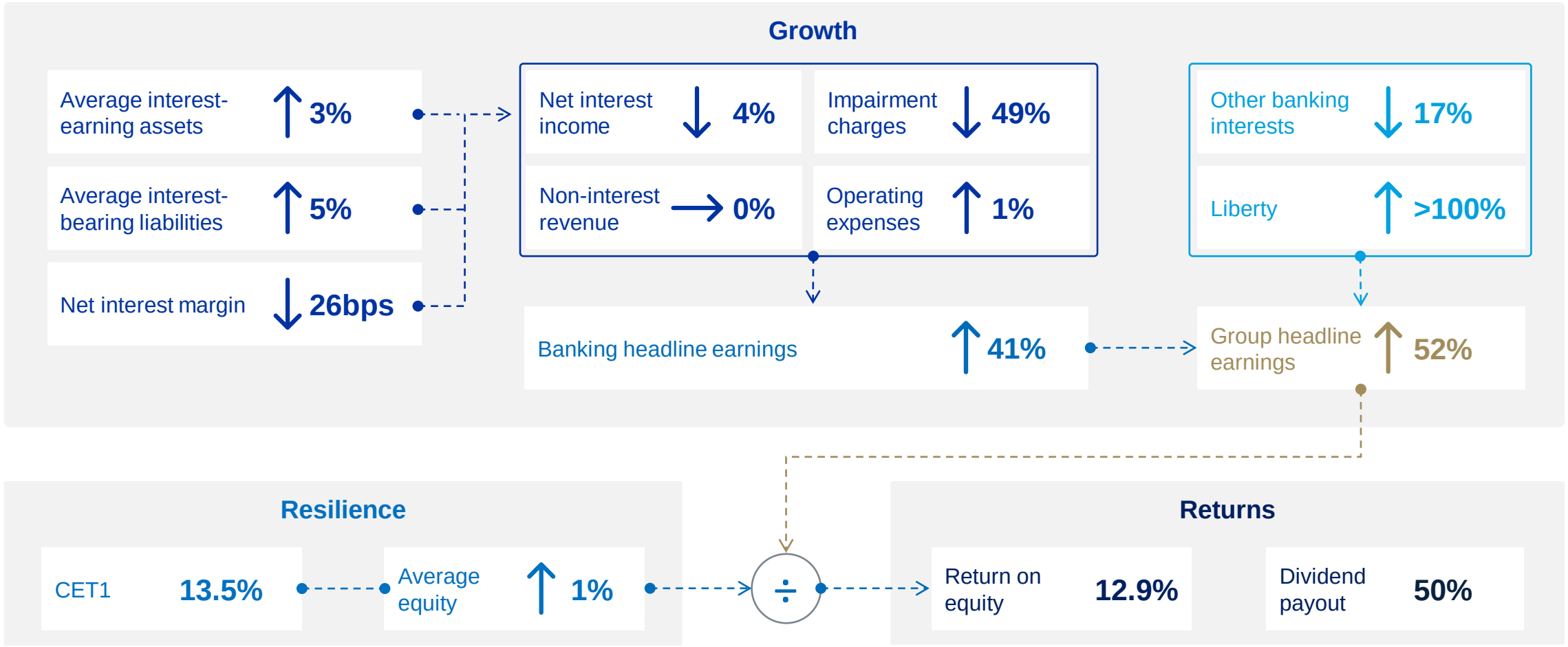
- Prior period profit attributable impacted by:
  - Impairment of IT-related intangible assets
  - Completion of the sale of the group's 20% stake in ICBC Argentina

[1] *Post-tax impact of impairments related to CIB (R1.8bn), PBB (R0.2bn), Centre (R0.1bn) and Liberty (R0.1m)*

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Drivers of performance

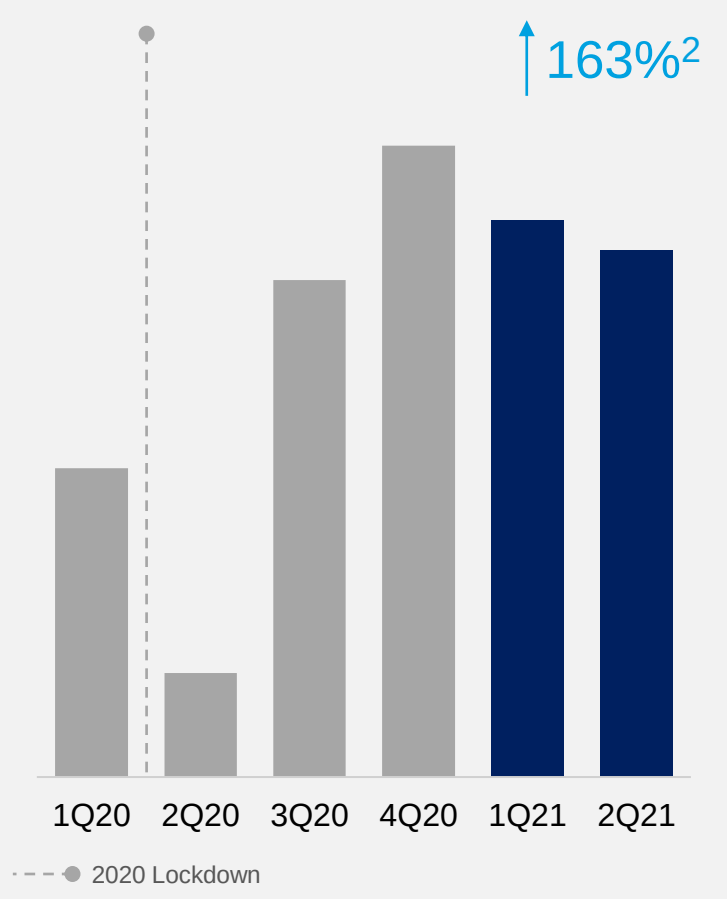
Overview of group financial performance



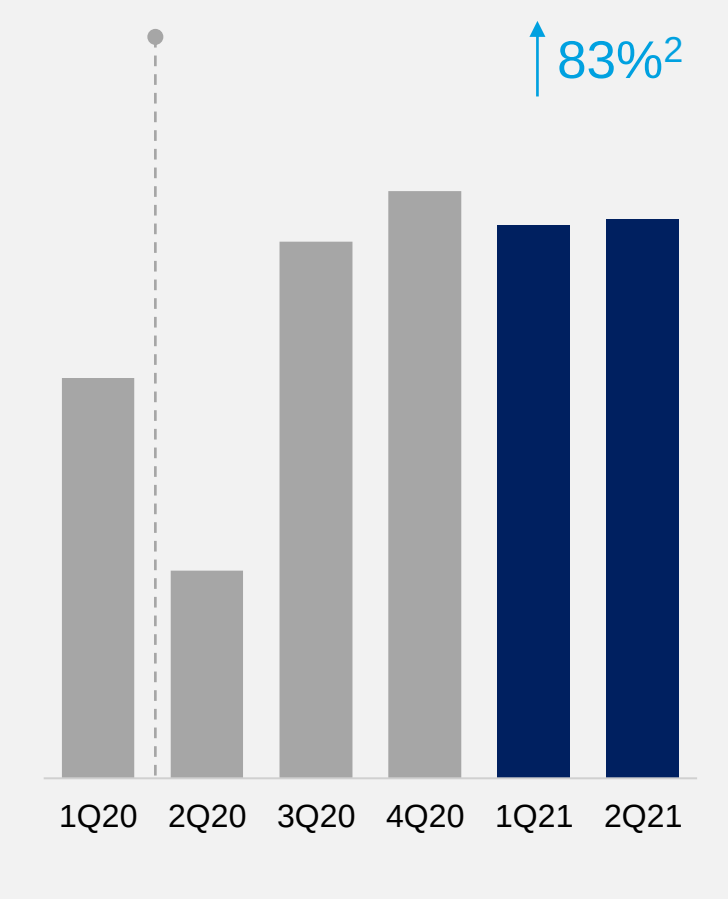
South Africa – Consumer disbursements trends

Low interest rates drove post lockdown surge in applications; an attractive opportunity to support strong clients

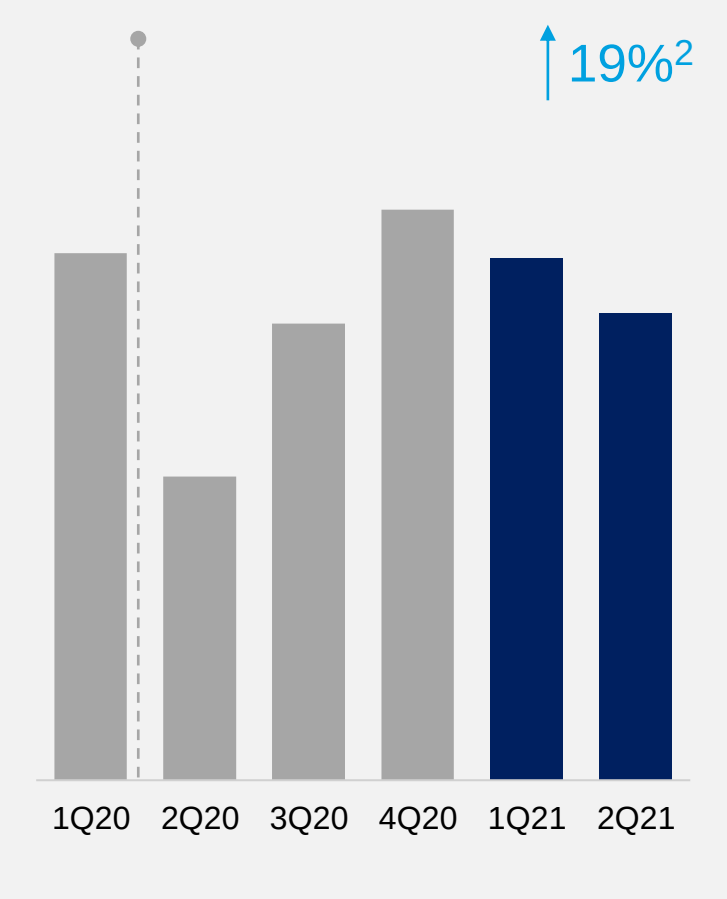
Mortgage disbursements (Rm)



VAF[1] disbursements (Rm)



Personal lending disbursements (Rm)



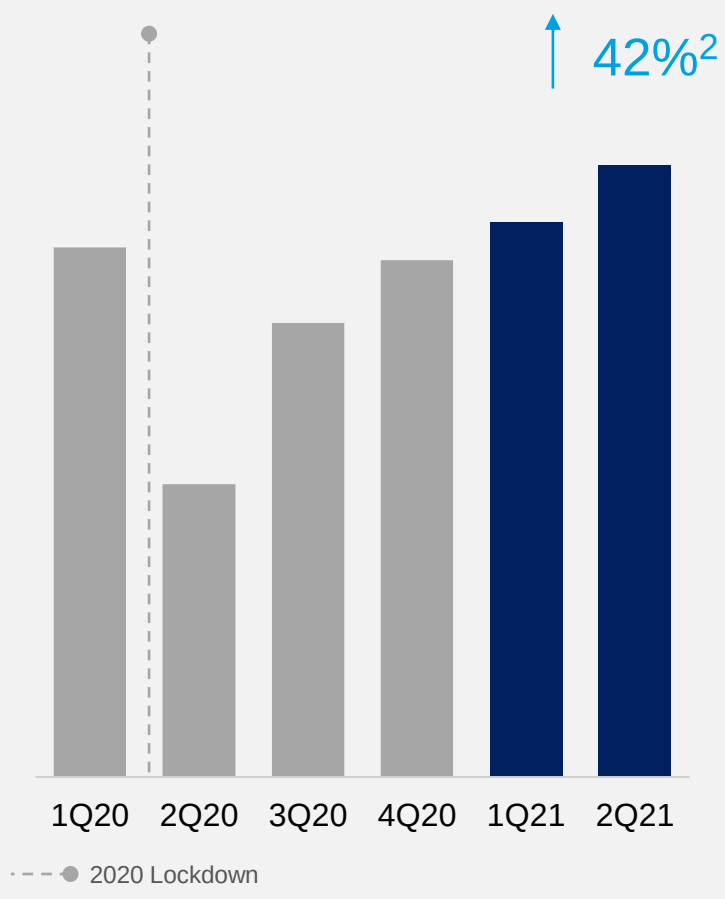
[1] *Vehicle and asset finance for Consumer and High Net Worth Segment*

[2] *1H21 vs 1H20*

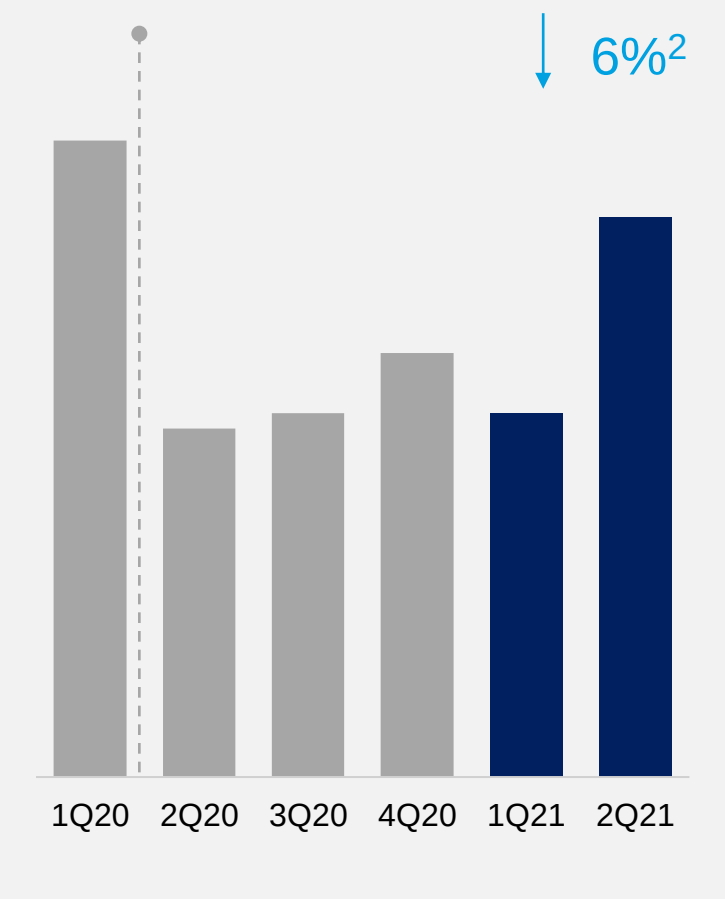
South Africa – Business and corporate trends

Delivered on our commitment to help our customers, particularly our BCC clients

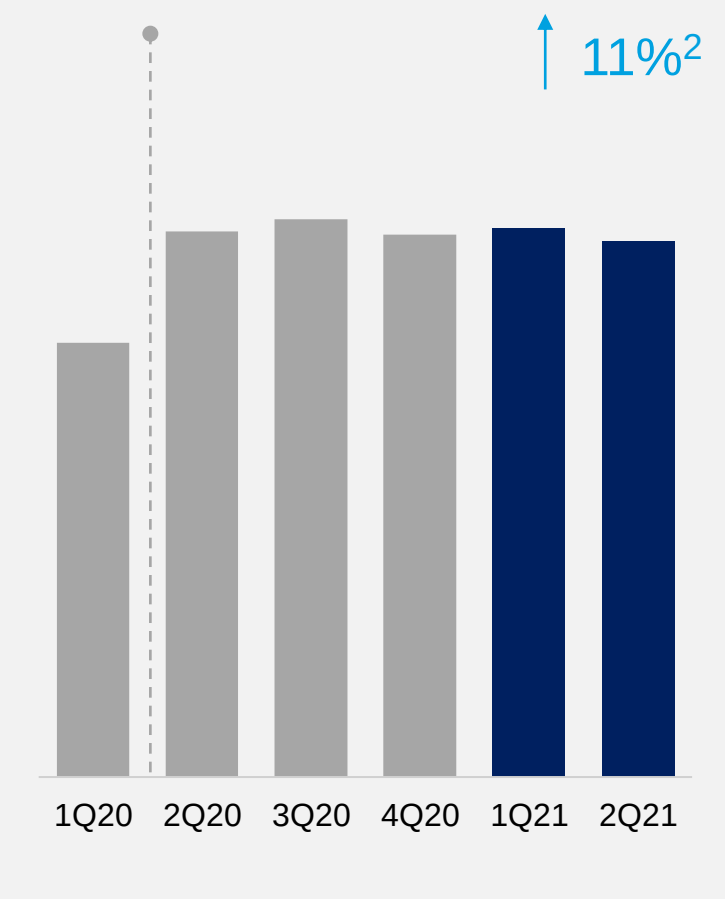
Business lending[1] (Rm)



Investment Banking origination (Rm)



Corporate TPS deposits (Rm)



[1] Business lending excluding the SME Government Guarantee Covid Loans
[2] 1H21 vs 1H20

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South Africa – Insurance trends[1]

Strong growth in sales volumes more than offset the impact of higher claims

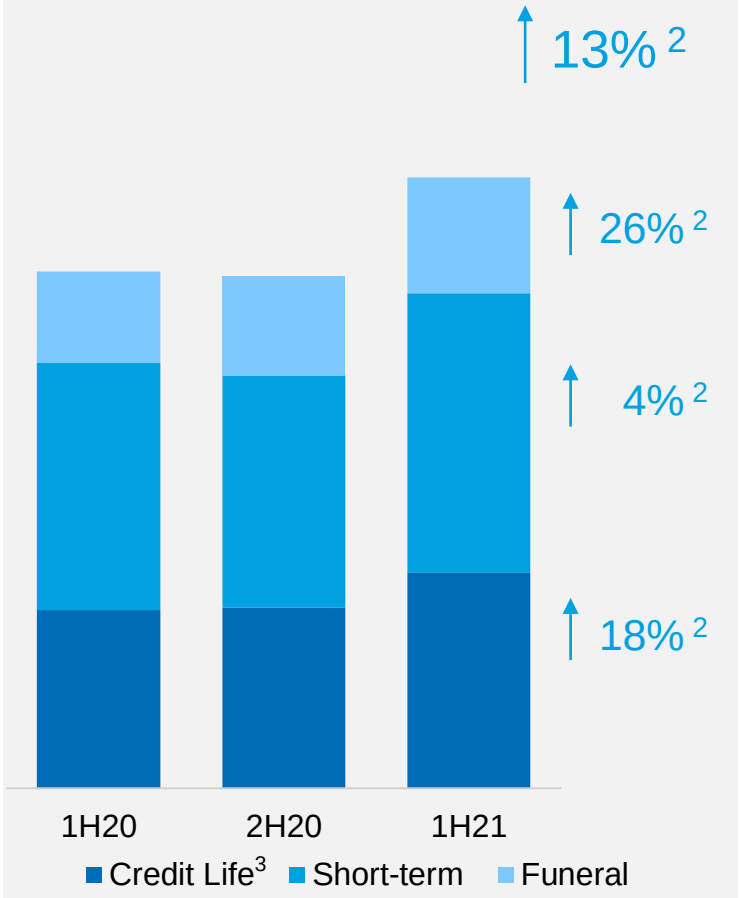
Key volume stats

Sales volumes grew ↑ 91% [2]

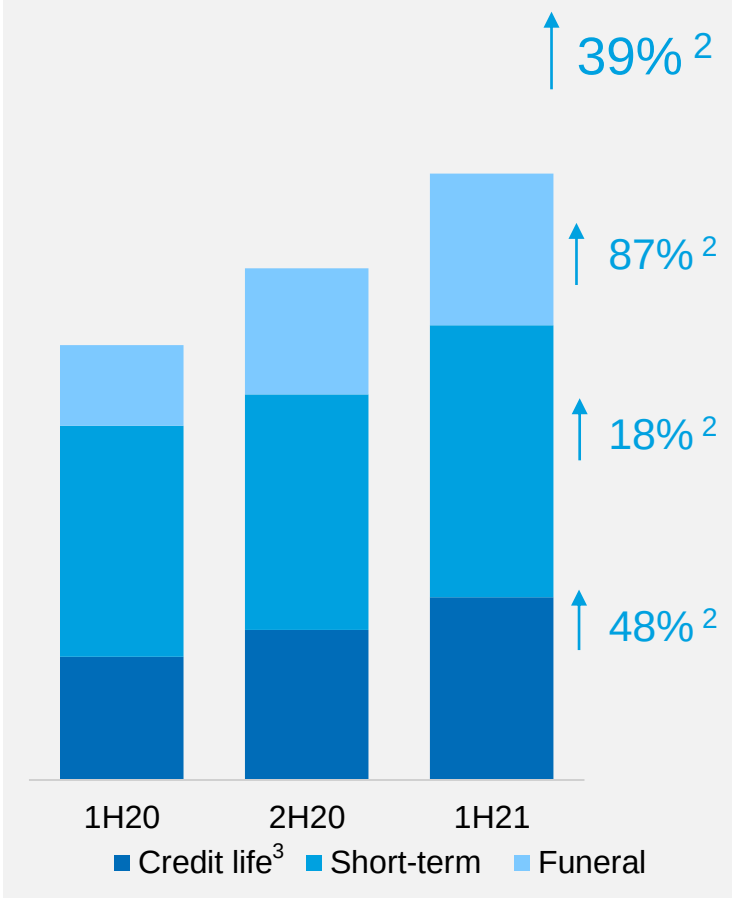
Cancellations grew ↑ 3% [2]

Policy base grew ↑ 11% [2]

Gross written premium (1H21, R4.3bn)



Claims (1H21, R1.6bn)

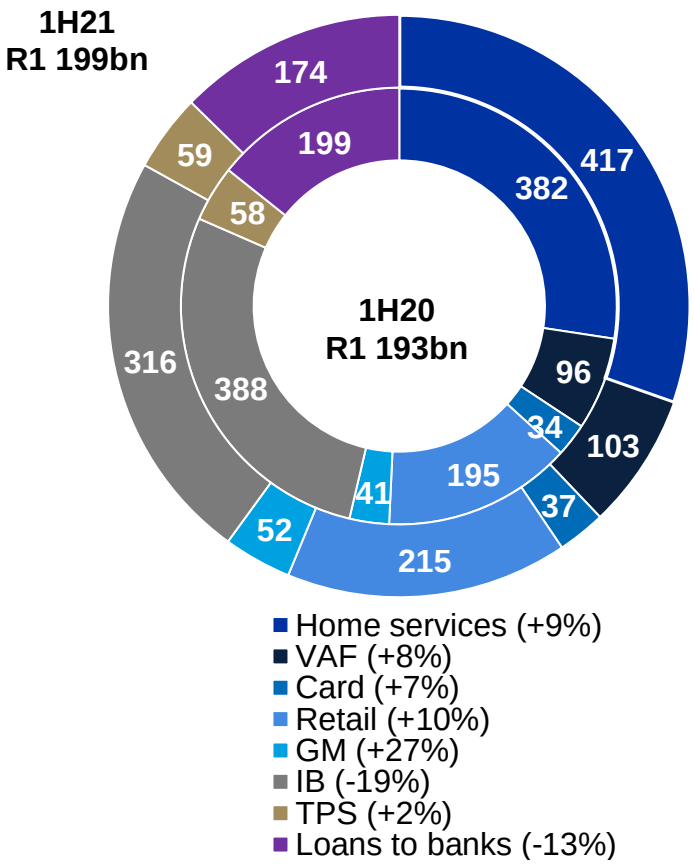


[1] *Excluding Liberty*
[2] *1H21 vs 1H20*
[3] *Includes long-term accident and health*

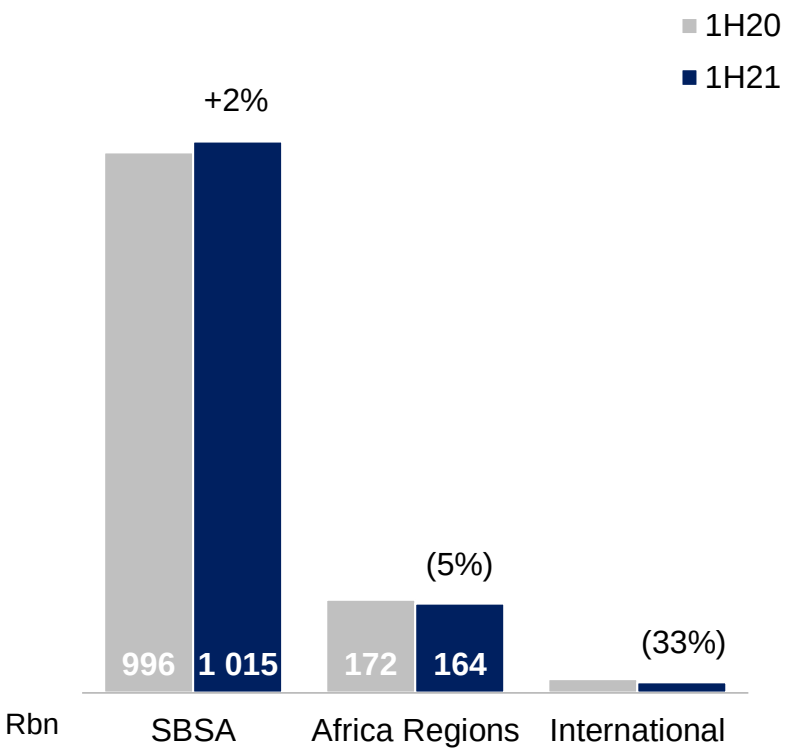
Gross loans and advances

Strong growth in CHNW and BCC largely offset by a decline in Wholesale client balances

Gross loans to clients by product[1]



Gross loans to customers by geography[2]



Key takeouts

- Higher mortgage registrations in South Africa compared to the prior period driven by the low interest rate environment
- Growth in vehicle and asset finance with pay-outs supported by the second-hand market in South Africa
- Decline in Investment Banking due to the roll off of the loan book as clients opt to prepay facilities

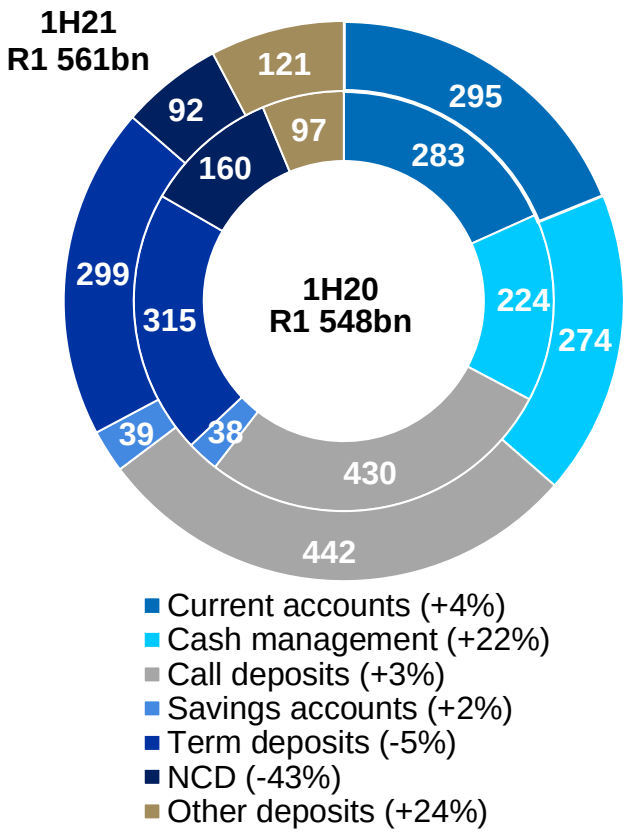
[1] Excludes centre
[2] Based on legal entity view

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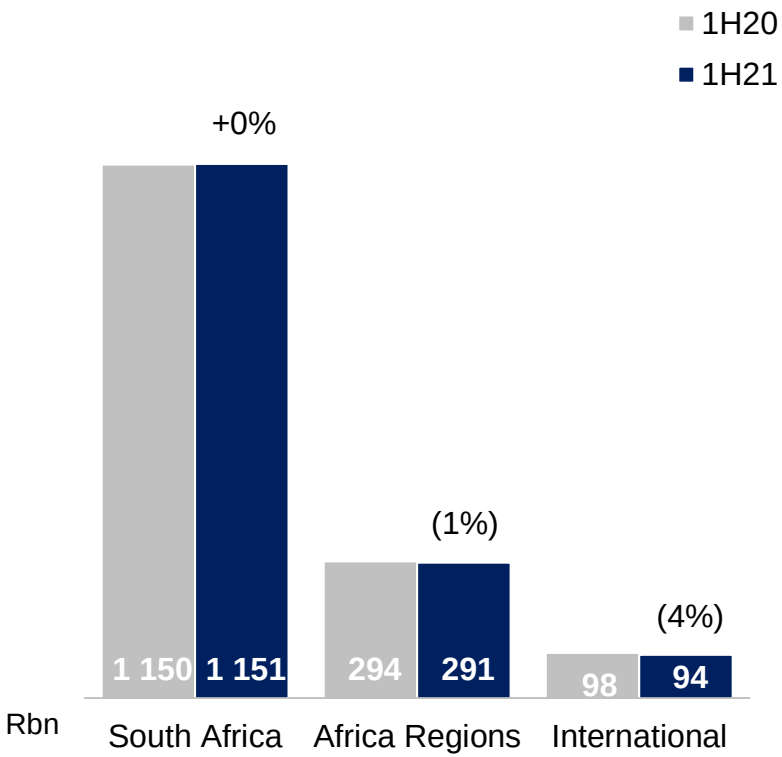
Deposits from customers

Favourable mix shift in underlying deposit base

Deposits from customers by product[1]



Deposits from customers by geography[2]



Key takeouts

- Growth in current and cash management account balances led to a lower requirement for market funding; as a result NCDs declined significantly period on period
- Increase in customer deposits in South Africa driven by growth in savings and investment solutions
- Increase in Africa Regions' deposits driven by strong growth in current, call and foreign currency account balances

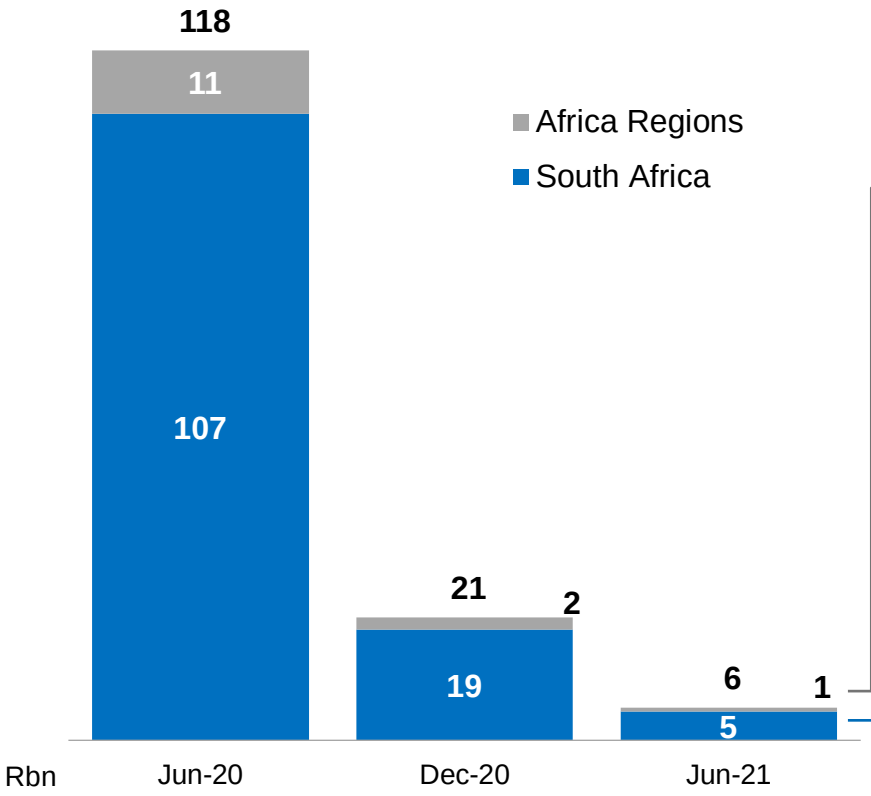
[1] *Excludes centre*
[2] *Based on legal entity view*

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CHNW & BCC – Client relief portfolio

Active client relief portfolio declined further; additional provisions raised on the expired portfolio

Client relief portfolio (active)



Client relief (Africa Regions)	Jun-20	Dec-20	Jun-21
Loans & advances, Rbn	10.9	2	1
Provisions, Rbn	0.3	0.1	0.1
Total coverage, %	2.6	3.7	5.2

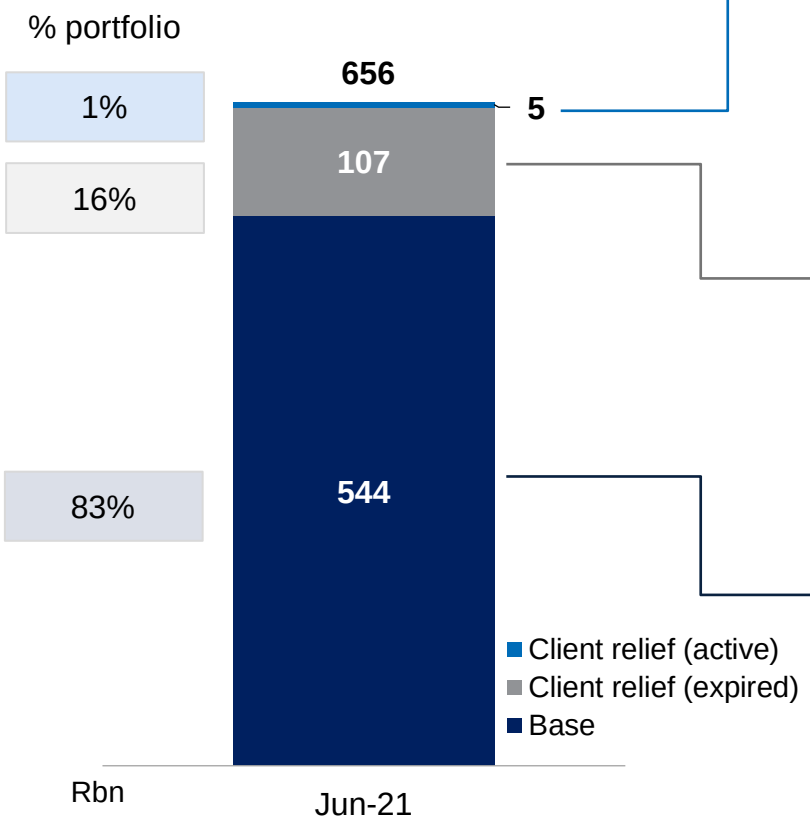
Client relief (South Africa)	Jun-20	Dec-20	Jun-21
Loans & advances, Rbn	107	19	5
Provisions, Rbn	2.6	1.9	0.6
Total coverage, %	2.5	10.2	11.6

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CHNW & BCC SA[1,2] – Gross loans and provisions

Active client relief portfolio declined further; additional provisions raised on the expired portfolio

Gross loans & advances



Client relief (active)	Jun-20	Dec-20	Jun-21
Loans & advances, Rbn	107	19	5
Provisions, Rbn	2.6	1.9	0.6
Total coverage, %	2.5	10.2	11.6

Client relief (expired)	Jun-20	Dec-20	Jun-21
Loans & advances, Rbn	-	99	107
Provisions, Rbn	-	2.8	5.2
Total coverage, %	-	2.8	4.9

Base portfolio	Jun-20	Dec-20	Jun-21
Loans & advances, Rbn	493	512	547
Provisions, Rbn	29.3	30.8	32.1
Total coverage, %	5.9	6.0	5.9

[1] Based on gross loans and advances and provisions per pages 54 - 59 of the 1H21 financial analysis booklet
[2] Africa Regions' active client relief portfolio decreased to R0.5bn and is considered well covered

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Consumer and High Net Worth clients

Strong rebound in disbursements and client activity as well as a decline in credit impairment charges

	1H21 Rbn	1H20 Rbn	Change %	Change CCY %
Net interest income	13.8	13.8	0	3
Non-interest revenue	9.7	9.2	5	10
Total income	**23.5**	**23.0**	**2**	**6**
Operating expenses	(15.0)	(14.2)	5	10
Pre-provision profit	**8.5**	**8.8**	**(3)**	**(1)**
Credit impairment charges	(4.7)	(6.8)	(31)	(31)
Headline earnings	**2.4**	**1.0**	**>100**	**>100**
Credit loss ratio, bps	165	257		
Cost-to-income ratio, %	63.6	61.8		
Jaws, bps	(305)	N/A		
Return on equity, %	9.7	4.3		

Key takeouts

- NII driven by strong balance sheet growth, partially offset by negative endowment due to the low interest rate environment
- NIR increase driven by an improvement in customer activity and strong acquisition in transactional accounts and insurance
- Costs increased due to IT investments to further accelerate digitisation and the higher inflationary environment in Africa Regions
- Credit impairment charges declined across most products due to improved collections, higher cures in the Home Loans legal book, reclassification of expired payment holiday to performing and the non-recurrence of forward-looking provisions raised in the prior year

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Business and Commercial clients

Large drag from lower interest rates, client activity recovery and lower credit impairment charges

	1H21 Rbn	1H20 Rbn	Change %	Change CCY %
Net interest income	7.4	8.0	(8)	(2)
Non-interest revenue	4.9	4.8	4	11
Total income	**12.3**	**12.8**	**(3)**	**3**
Operating expenses	(7.8)	(7.9)	(1)	6
Pre-provision profit	**4.5**	**4.9**	**(7)**	**(3)**
Credit impairment charges	(1.4)	(1.8)	(20)	(16)
Headline earnings	**2.2**	**2.1**	**1**	**2**
Credit loss ratio, bps	167	228		
Cost-to-income ratio, %	63.4	62.0		
Jaws, bps	(223)	N/A		
Return on equity, %	20.8	19.5		

Key takeouts

- NII decline was driven by negative endowment in South Africa and Africa Regions
- NIR growth driven by an improvement in client activity, particularly in trade and transactional volumes in Africa Regions
- Operating expenses were well managed and declined marginally
- The decline in credit impairment charges was due to improved book performance and the non-recurrence of forward-looking provisions raised in the prior period
- Credit impairment charge decline moderated by the non-repeat of a prior year recovery

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Wholesale clients

Lower volatility and trading revenue, well managed costs and a significant decline in credit impairment charges

	1H21 Rbn	1H20 Rbn	Change %	Change CCY %
Net interest income	8.8	9.7	(10)	2
Non-interest revenue	10.4	10.6	(2)	9
Total income	**19.2**	**20.4**	**(6)**	**6**
Operating expenses	(10.2)	(10.3)	(0)	(9)
Pre-provision profit	**9.0**	**10.1**	**(11)**	**2**
Credit impairment charges	0.3	(2.2)	>100	>100
Headline earnings	**6.6**	**5.2**	**27**	**38**
Credit loss ratio to customers, bps	(5)	87		
Cost-to-income ratio, %	53.1	50.3		
Jaws, bps	(520)	N/A		
Return on equity, %	20.0	15.3		

Key takeouts

- NII decline was driven by negative endowment in South Africa and Africa Regions, a decline in average balances and pricing pressures in a very competitive market
- NIR declined marginally as the impact of lower activity and market volatility was partially offset against improved equity portfolio valuations
- Credit impairment charges positive due to an overall release across the performing book as higher risk stage 2 exposures matured or were paid down, and there were no new material client deteriorations or defaults
- Costs continued to be well managed
- Depreciation of local currencies against the US dollar impacted USD denominated accounts

Standard Bank Group

FINANCIAL RESULTS PRESENTATION

1H21

19 August 2021