DRIVE SUSTAINABLE GROWTH AND VALUE

FINANCIAL ROADMAP

Arno Daehnke, *Chief Finance and Value Management Officer*

Agenda

1 Resource allocation

2 Financial outcome targets

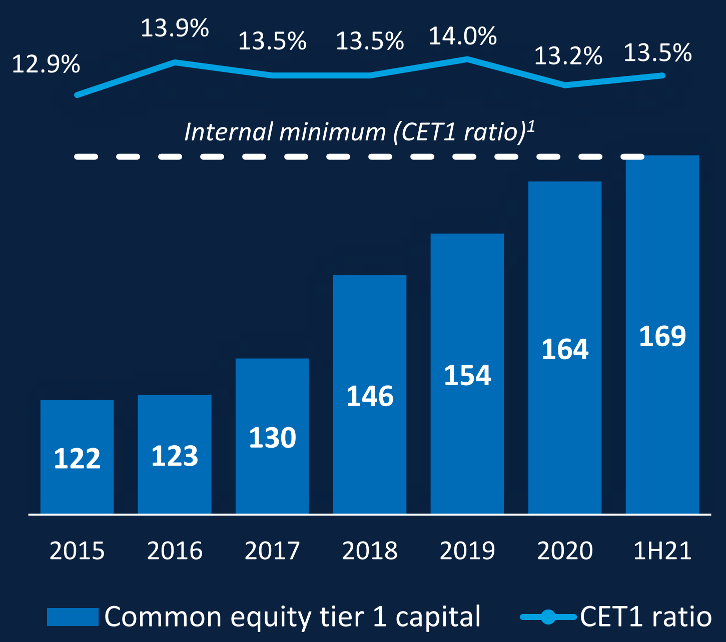
3 Attractive investment proposition

RESOURCE ALLOCATION

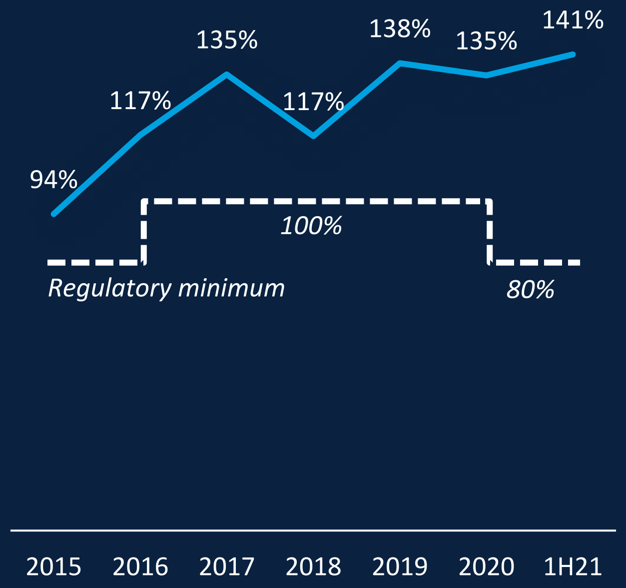
Strong balance sheet to support the growth of our client franchise

CET1 capital and CET1 ratio

R'bn



LCR



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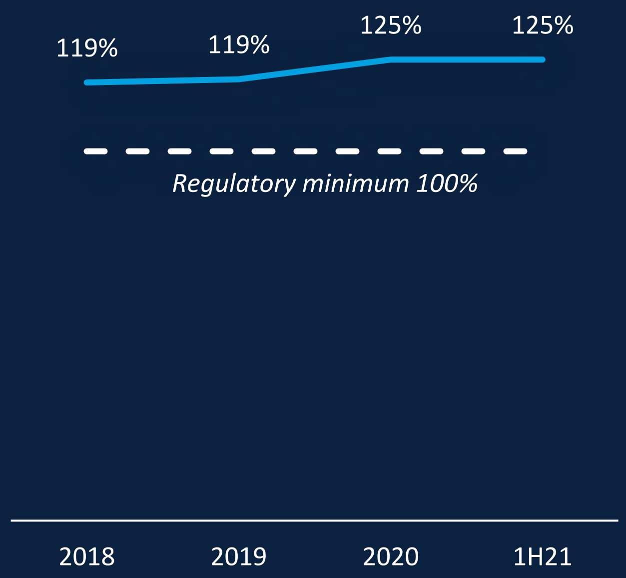

[1] Internal minimum, excluding Pillar 2A buffer as per temporarily revised SARB requirements, was 10.0% from March 2020 to March 2021

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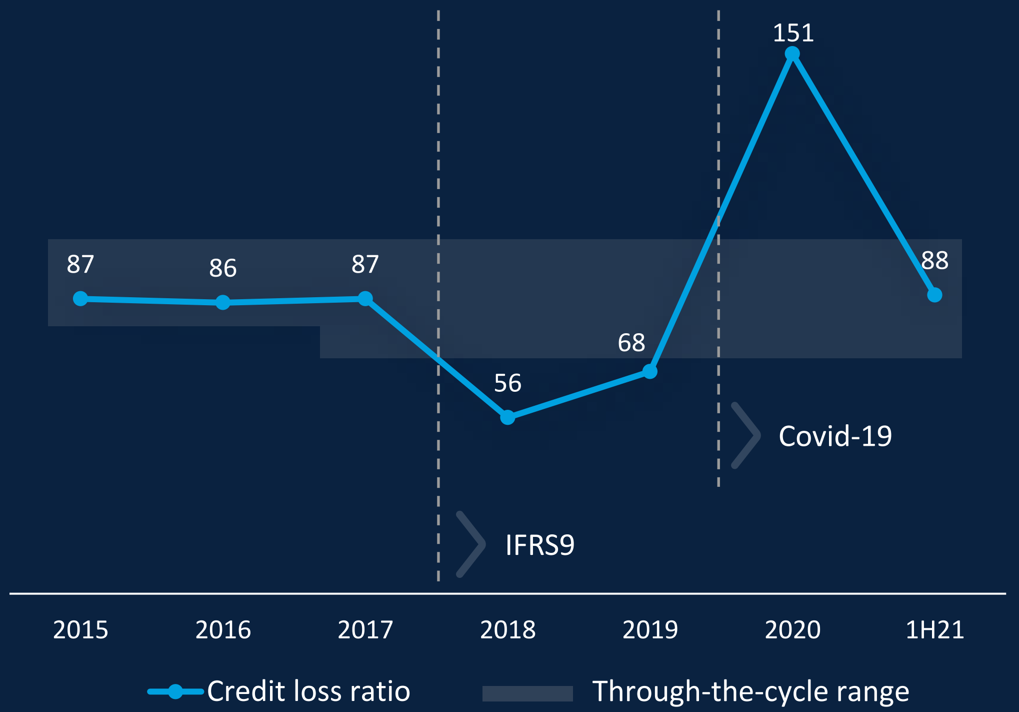
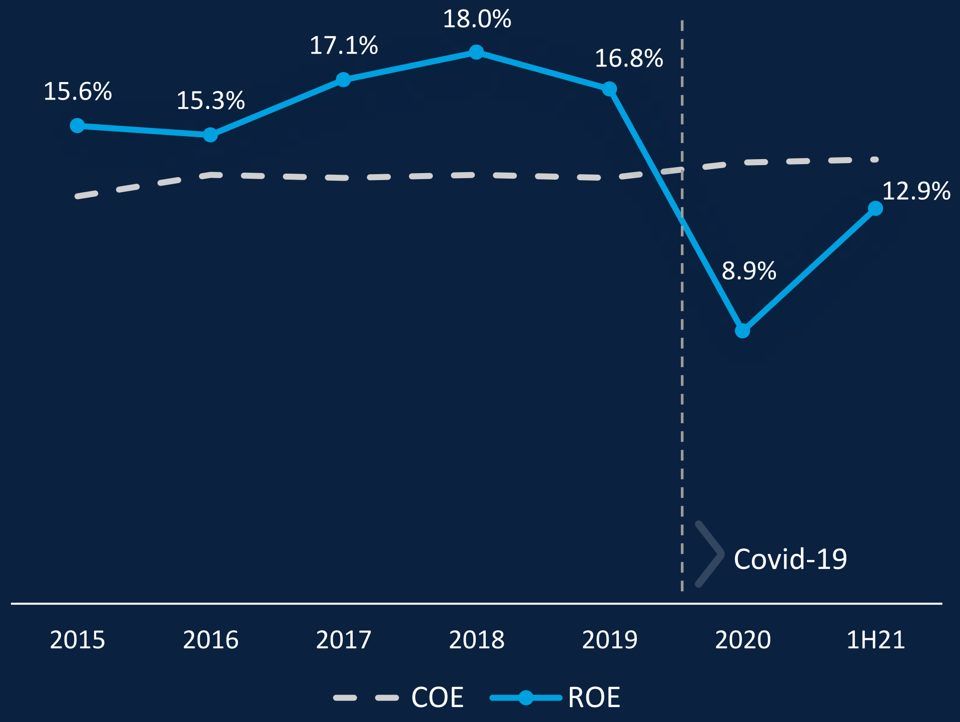
Track record of good risk management and returns; and ability to withstand 1:100-year pandemic stress event

Credit loss ratio
bps

IFRS9 and pandemic driving volatility



Shareholder value add
%



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Rigorous resource allocation framework embedded to drive sustainable growth and value

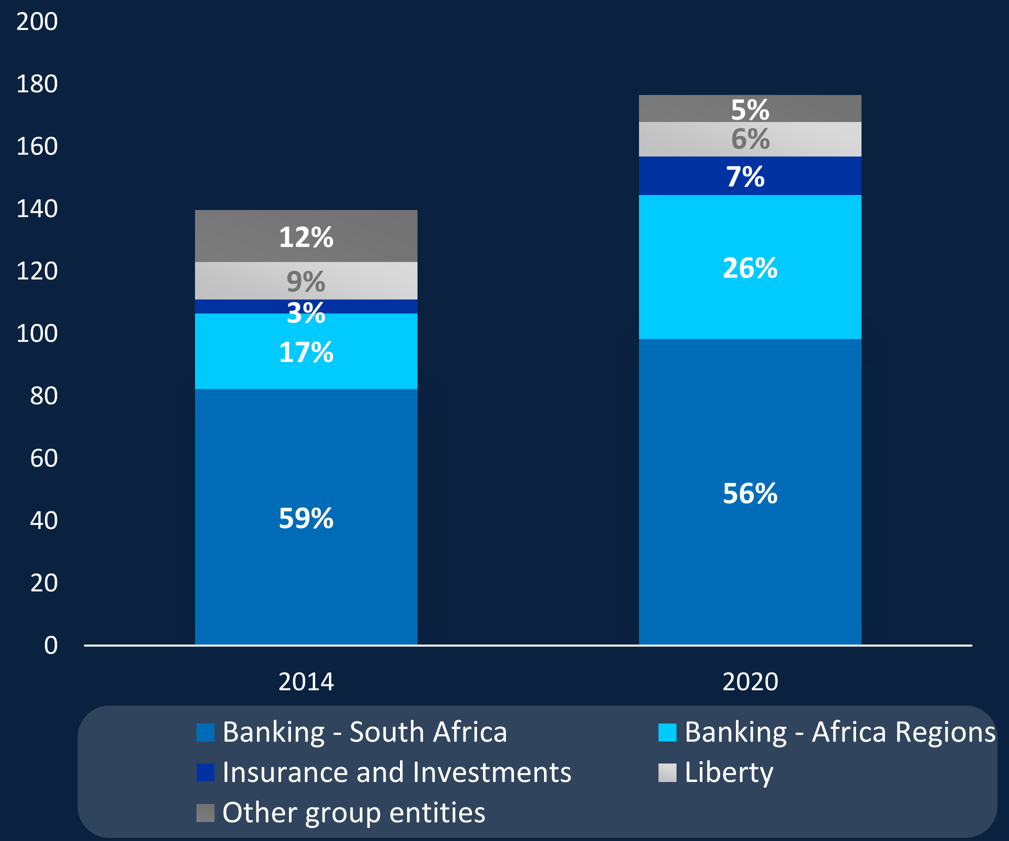
- Led through the lens of client strategy
- Supported by a prioritised investment portfolio
- Resource allocation decisions informed through gated hurdle rates
- Allocations tested against risk appetite
- Progress measured against set targets

Underpinned by scenario planning discipline to re-imagine the future

Demonstrated diligent resource allocation to deliver value

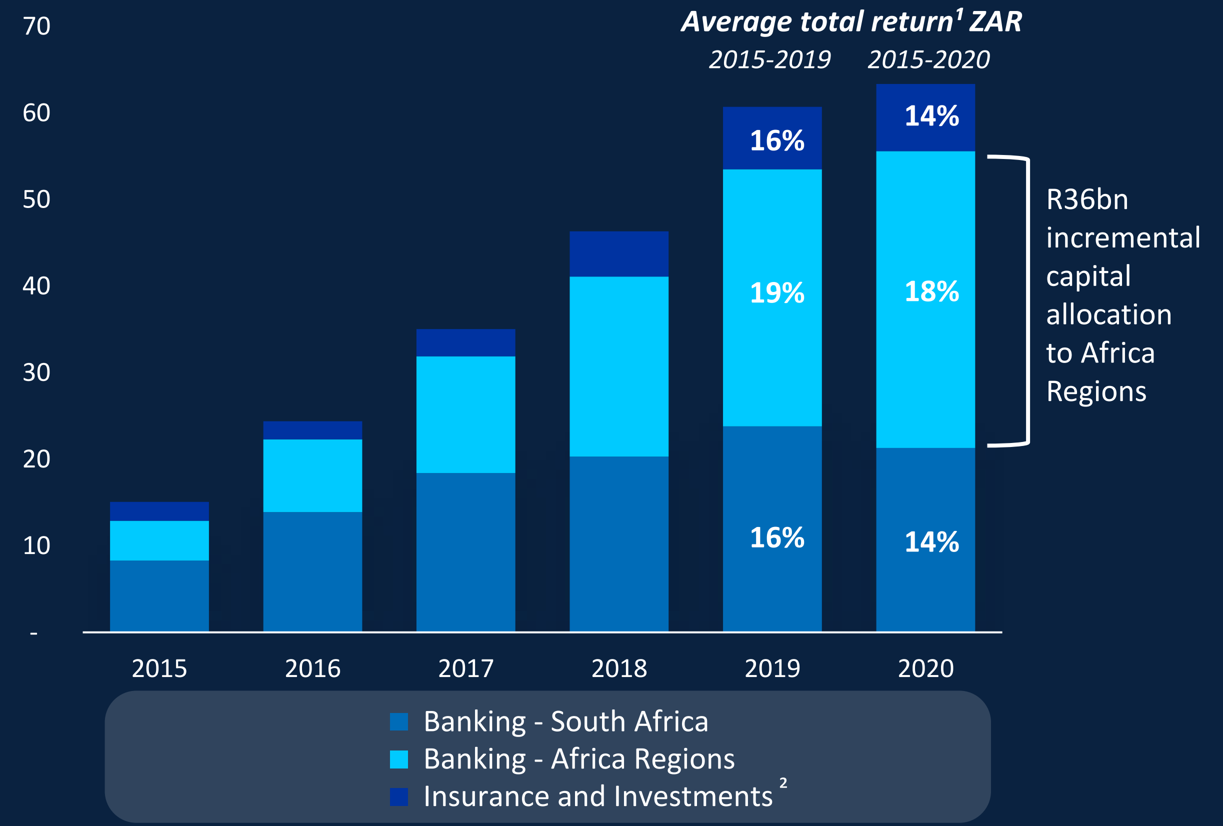
Net asset value - capital tilt towards Africa Regions and Insurance and Investments

R'bn



Cumulative incremental capital allocation to Africa Regions yielding positive returns

R'bn



[1] Total return = (Change in NAV + Dividends) / Opening balance NAV, [2] Including Liberty

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Looking forward, we will continue to allocate our resources to deliberately tilt our portfolio

Protect, streamline and continue to grow the core banking franchise

We will leverage the opportunities for growth in banking in South Africa

Grow capital efficient businesses

We will grow annuity income and drive returns from insurance and investment activities

Invest in high growth markets

We have identified which markets offer the highest growth at acceptable risk levels

Scale new business models

We will build new revenue streams internally, and with partners, leveraging our platform networks

Summary of client strategy-led growth vectors

	Protect, streamline and continue to grow the core banking franchise	Grow capital efficient businesses	Invest in high growth markets	Scale new business models
Consumer and High Net Worth	• Retain strong presence in affluent and HNW in South Africa • Grow main market using low-cost digital account / wallet solutions	• Drive insurance and investment activities through Liberty services integration	• Scale and entrench in Africa Regions • Focus on Ghana, Kenya, Mozambique and Nigeria	• Scale ecosystems and platforms **LookSee, Unayo**
Business and Commercial	• Retain and grow South African franchise leveraging digital solutions • Grow SME[1] market share	• Provide access to insurance for SMEs	• Drive African trade • Grow SME market share • Grow trade market share	• Scale ecosystems and platforms **Trade, Trader, OneFarm (agriculture), renewables, accountants and small businesses**
Wholesale	• Retain and grow global MNC[2] client franchise • Maintain #1 position in South Africa	• Continue balance sheet optimisation • Drive end-to-end employee benefit proposition for corporate clients	• Strengthen offerings for large local corporates, intra-Africa trade, Africa-China flows and sustainable finance • Focus on Angola, Ghana, Kenya, Mozambique, Nigeria, Uganda	• Scale ecosystems and platforms **OneHub, PowerPulse**
Strategic Distribution Partners				• Create partnerships to drive revenue • Scale digital assets: **My360, Shyft, Snapscan, Instant Money, Slydepay, Flexipay, Paypulse**

[1] Small and medium sized businesses, [2] Multinational corporates

Client strategy-led growth vectors – resource requirements and returns

	Protect, streamline and continue to grow the core banking franchise	Grow capital efficient businesses	Invest in high growth markets	Scale new business models
Resource requirements over medium term	• Focus on capital optimisation for South African-based banking businesses • SBG proportion of capital allocation to South Africa banking to approach **52% by 2025**	• Prioritisation of capital-light Insurance and Investments businesses • Liberty integration allows further capital extraction	• High growth clients in high growth markets identified and prioritised • SBG proportion of capital allocation to Africa Regions banking to approach **30% by 2025**	• Ongoing **~R2bn pa** IT opex investment to enable transformation to a platform business • FinTech investments of **~USD100m pa**
Returns over medium term	ROE COE g[1]	ROE COE g	ROE COE g	ROE COE g

Positive momentum

Neutral impact

Increased risk

[1] Growth

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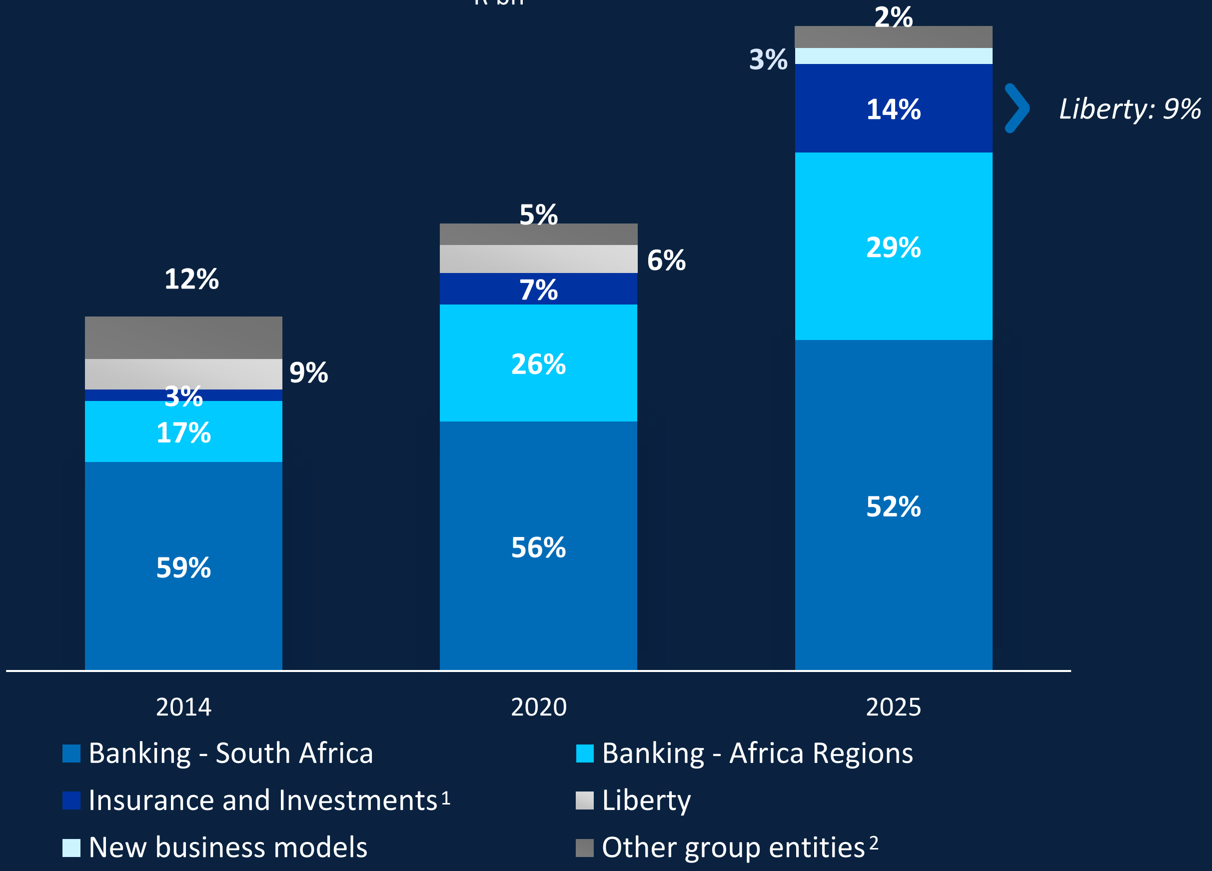
Purposeful resource allocation to deliver value; tilt will drive growth and ROE

Net asset value tilt to continue

R'bn



- Capital tilt towards Banking - Africa Regions and Insurance and Investments
- Optimisation of capital, predominately in South Africa
- Insurance and Investments capital demand limited as expansion capital light in nature
- New business models investment of ~R3.5bn pa
- ICBC Standard Bank Plc exit prior to 2025

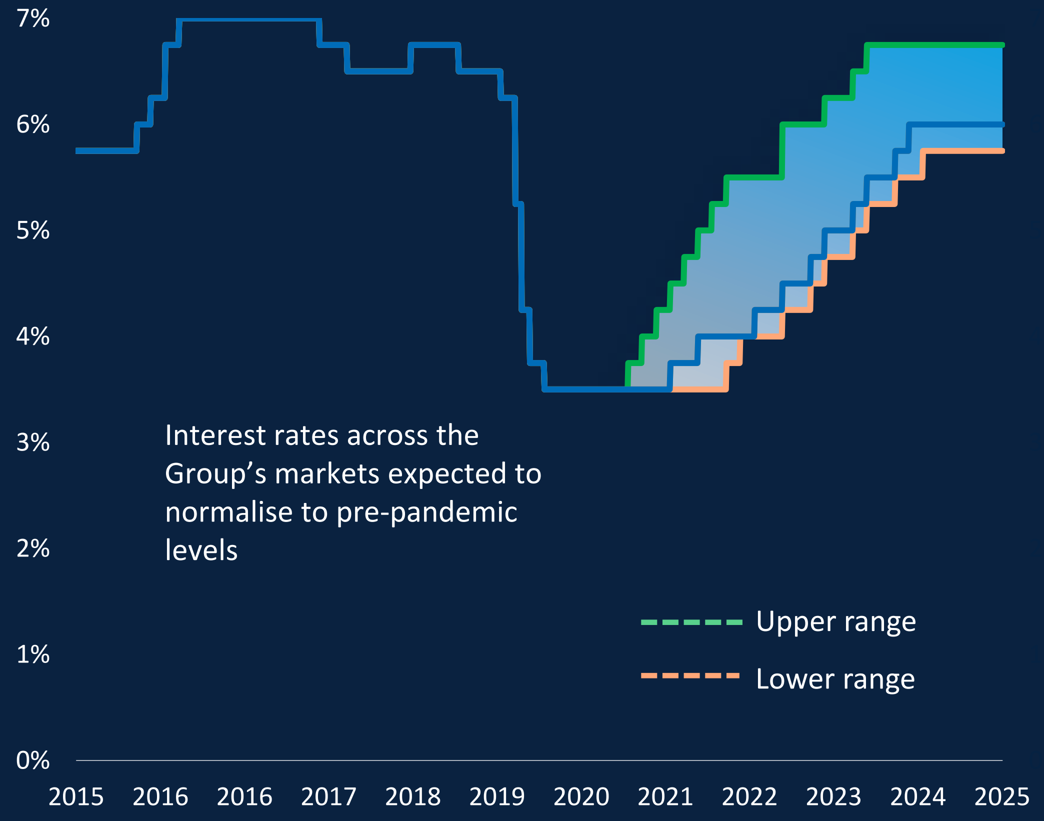
[1] Liberty included in Insurance and Investments in 2025, [2] Includes other banking interests, namely stakes in ICBC Argentina (sold in 2020) and ICBC Standard Bank Plc (exit prior to 2025)

FINANCIAL OUTCOME TARGETS

NII supported by interest rate normalisation

South African Repo rate

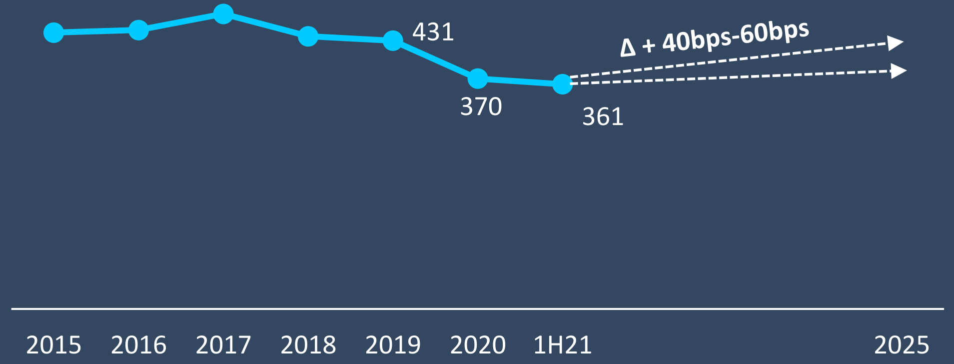
%



Interest rates across the Group's markets expected to normalise to pre-pandemic levels

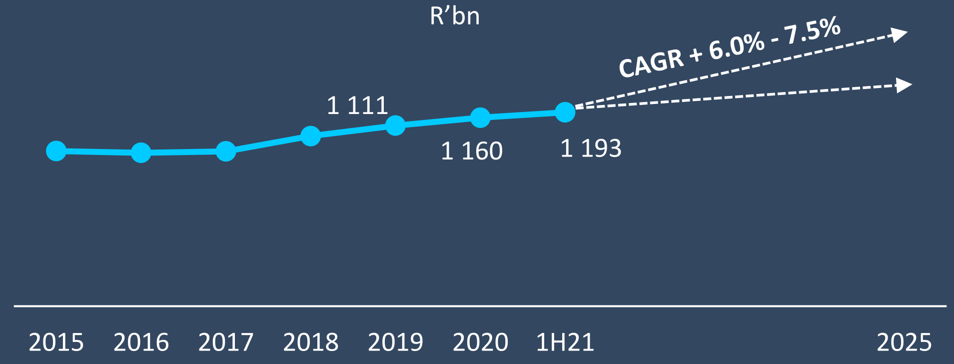
Net interest margin

bps



Loans and advances to customers

R'bn



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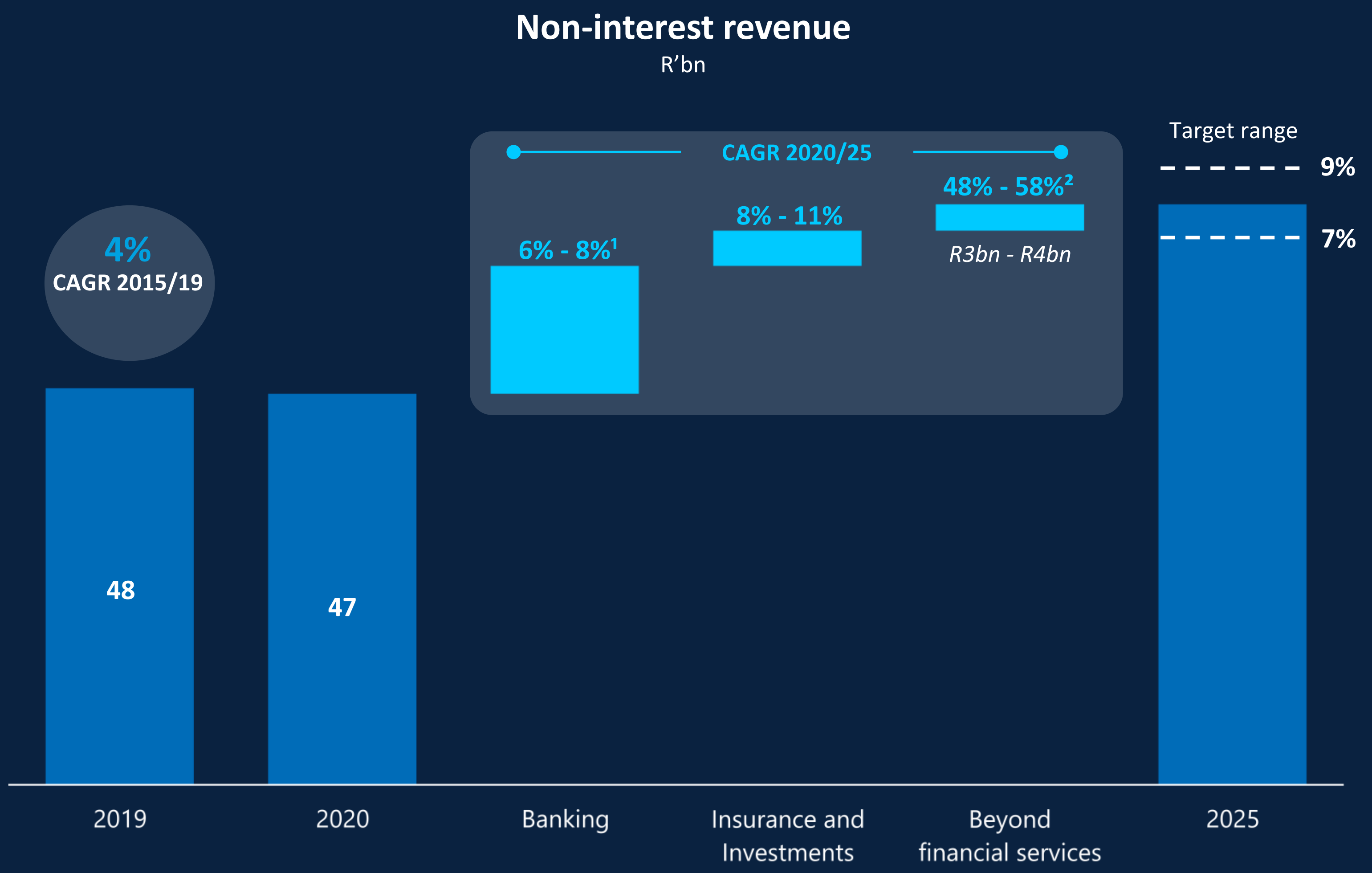
NIR growth driven by banking, supplemented by new revenues beyond financial services



Core banking franchise

- New client acquisition, particularly main market using low-cost digital account / wallet solutions and SME
- Increased client engagement
- Capitalise on the network effect of ecosystems and platforms

Capital efficient businesses

- Embed Insurance and Investments in client propositions and scale assets under management

Beyond financial services

- Partner with solution partners to complement our client value proposition with non-financial solutions

[1] Africa Regions CAGR of 7% - 10% and South Africa CAGR of 5% - 7%; [2] CAGR calculated in reference to a base of R350m

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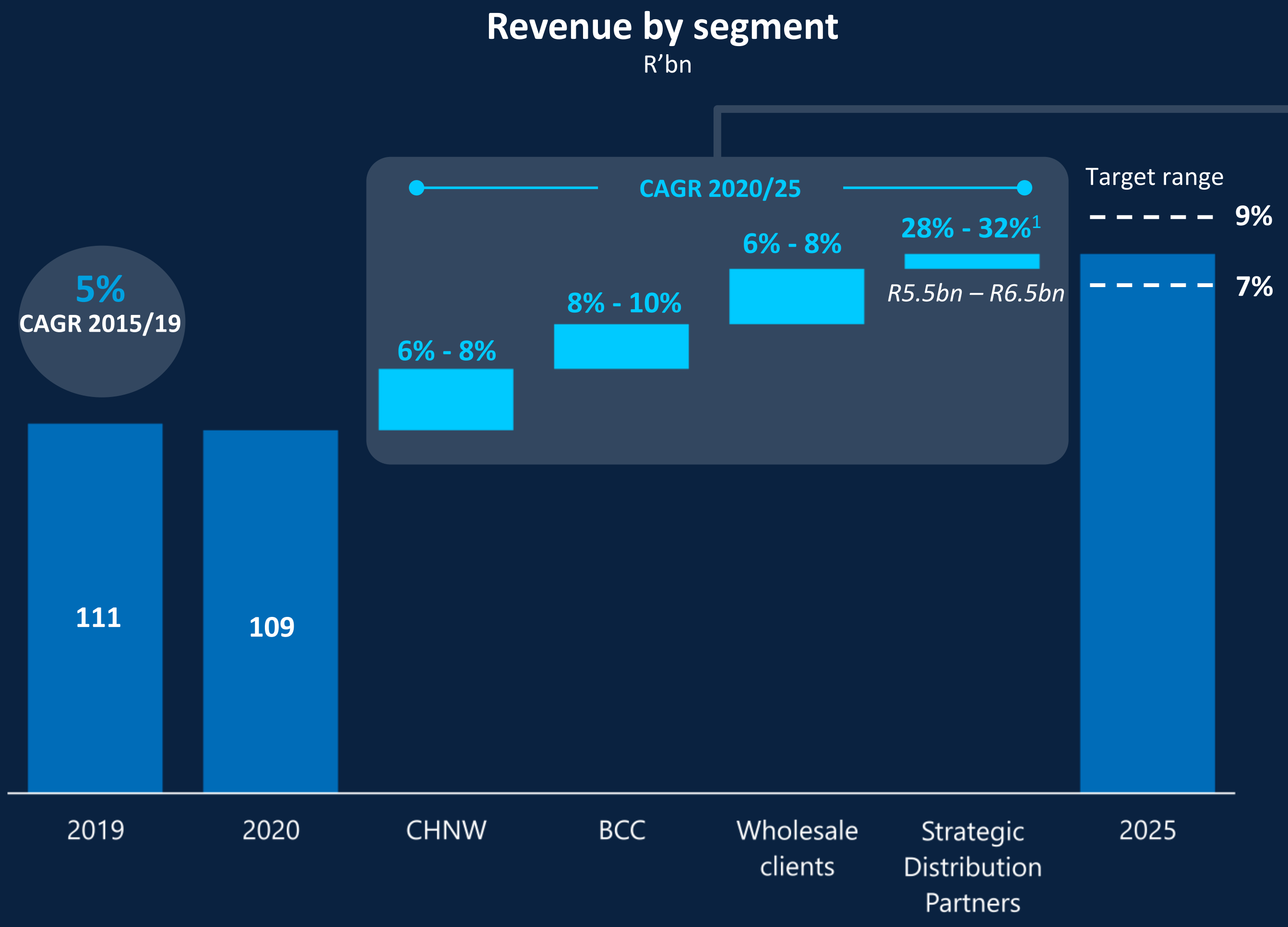
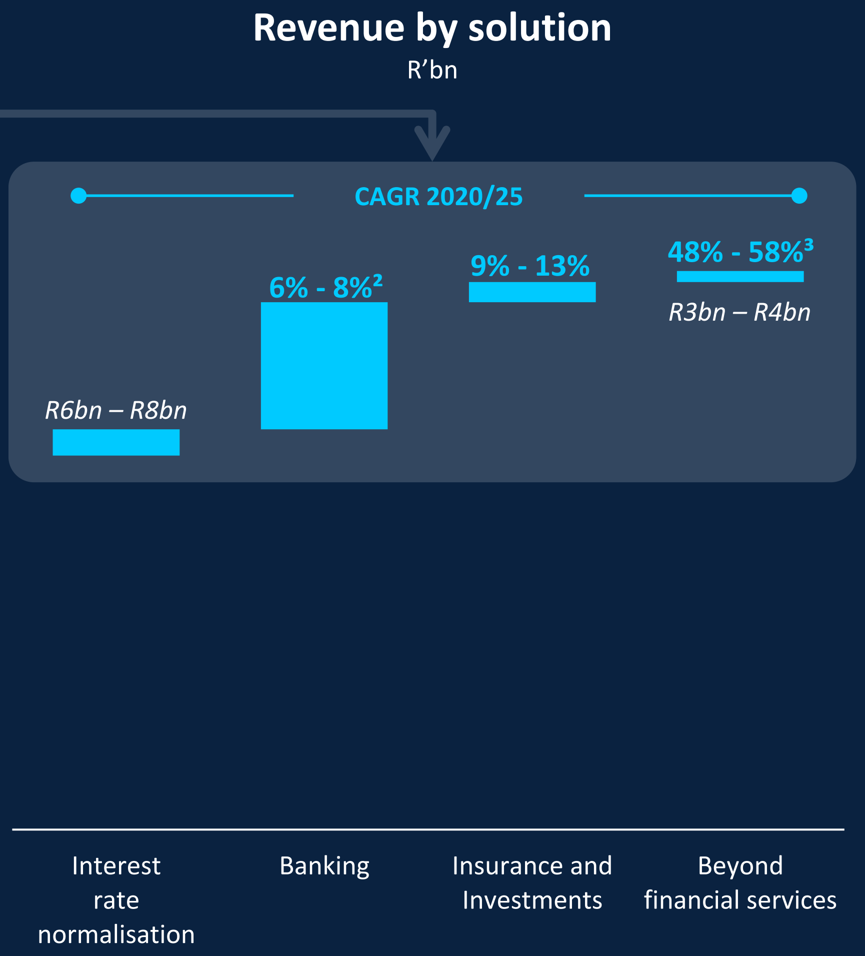
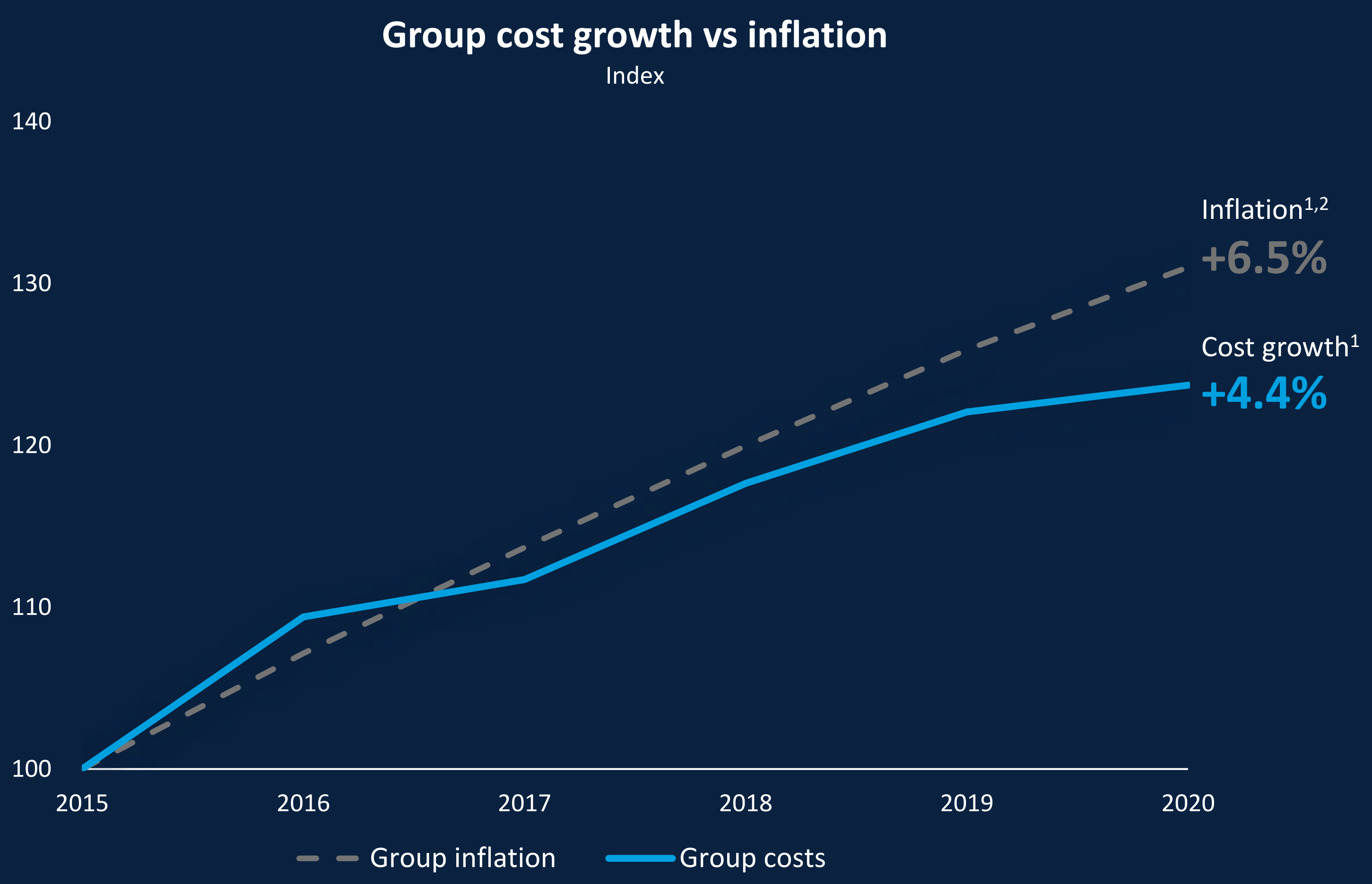
Total revenue growth acceleration expected in all segments, supported by strategic distribution partnerships





[1] CAGR calculated in reference to a base of R1.6bn; [2] Africa Regions CAGR of 6% - 10% and South Africa CAGR of 5% - 7%, [3] CAGR calculated in reference to a base of R350m

Cost growth has tracked below inflation since 2017



R6.4bn

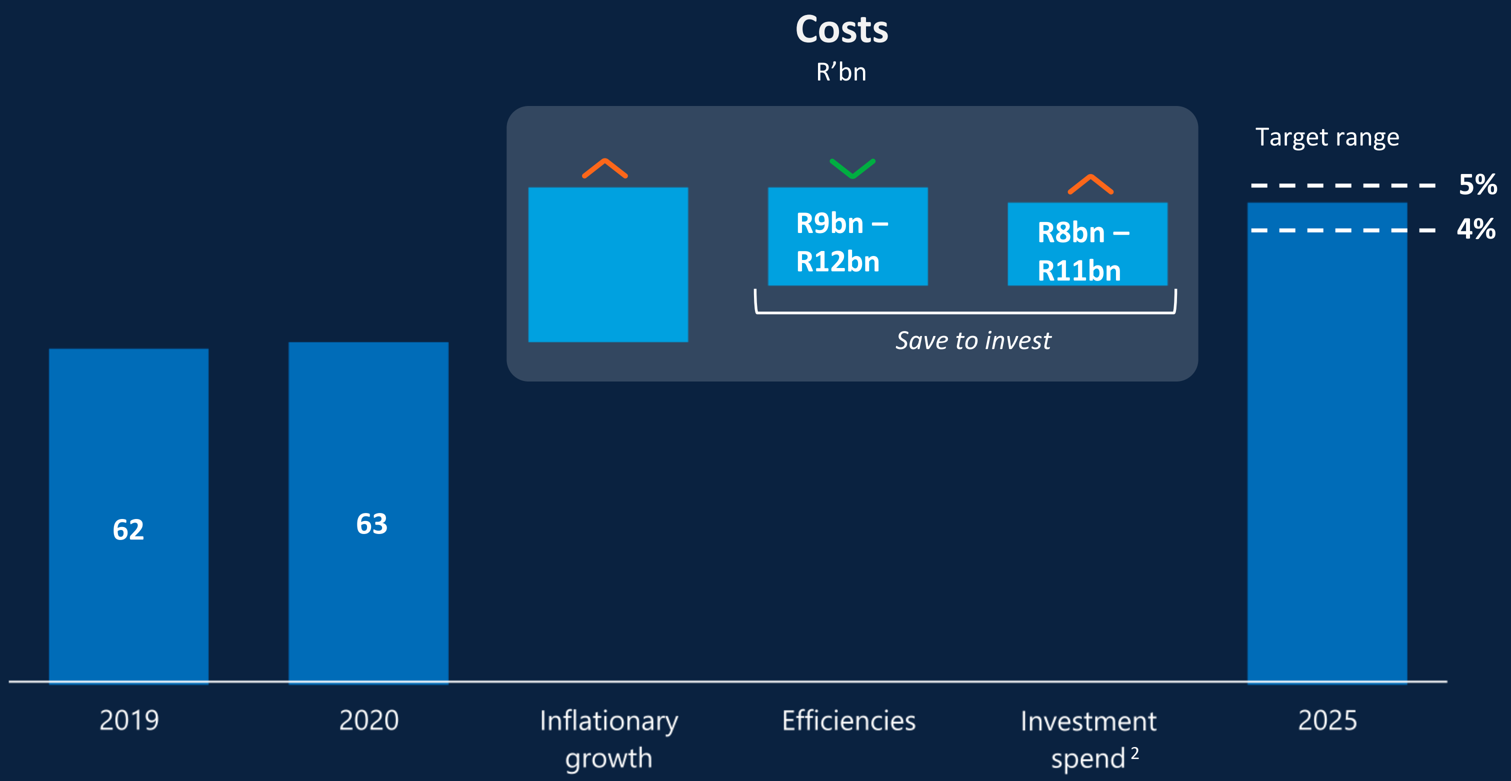
Cumulative efficiencies achieved between 2015 and 2020[3]

[1] CAGR 2015/20, [2] Weighted average inflation for Standard Bank Group, [3] Excluding incentive-related costs

Save to invest philosophy embedded

CTI target will be achieved by maintaining cost growth below inflation

5.5 - 6.0% inflation[1], CAGR 2020/25

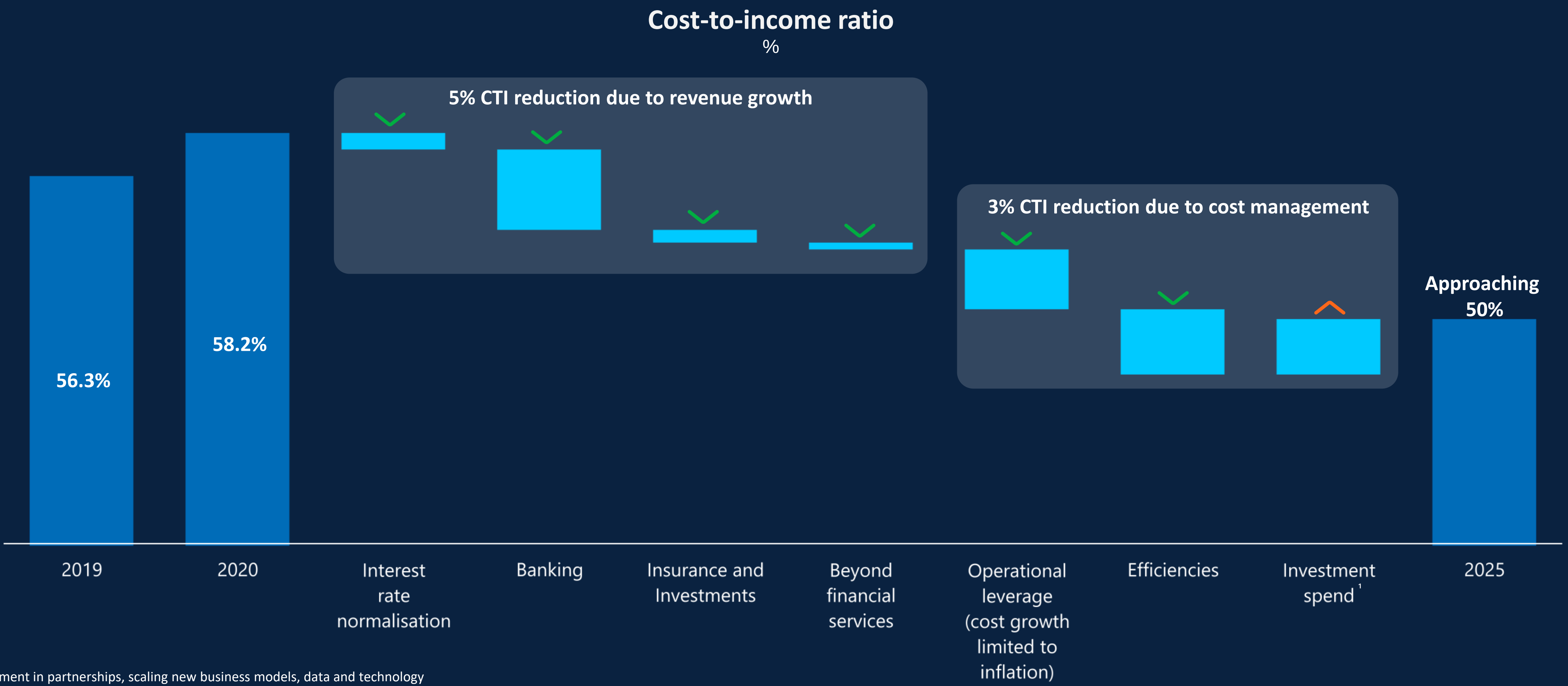


Levers to maintain cost growth < inflation

- Lower origination costs and lower cost to serve, driven by digitisation
- Head office and branch sqm to reduce by 20% - 25%
- Diligent management of IT spend
  - 15% - 20% reduction in infrastructure costs through simplification and migration to cloud
  - 10% reduction in software costs through simplification
  - 5% - 10% reduction in consultants and turnkey through skills development and simplification

[1] Weighted average inflation for SBG per SBG Group Economics; [2] Investment in partnerships, scaling new business models, data and technology

Cost efficiencies and operational leverage to support lower CTI target



[1] Investment in partnerships, scaling new business models, data and technology

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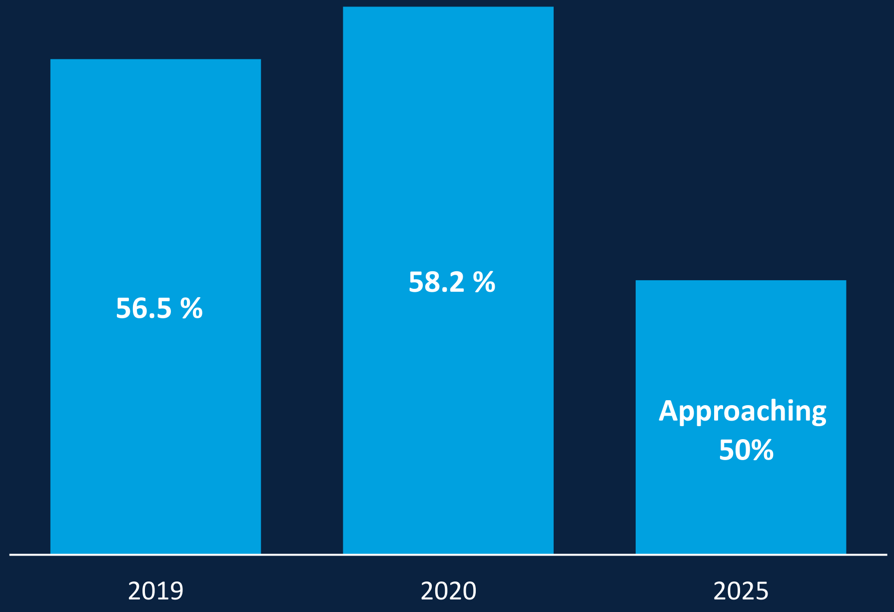
Cost-to-income ratio reduction relies on continued cost efficiencies

Cost-to-income ratio to approach 50%…

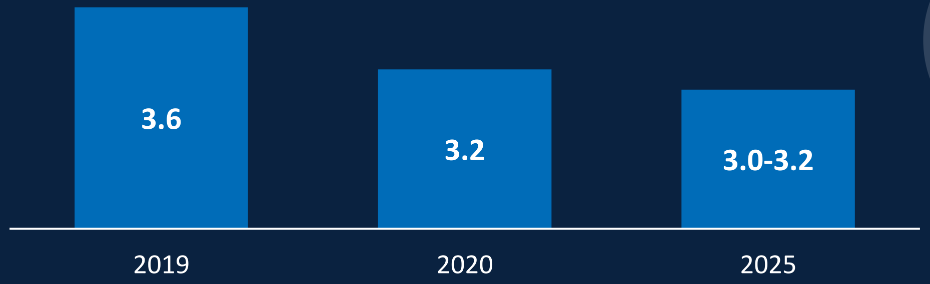
%



Implies positive jaws[1] between 2020 and 2025

…with efficiencies identified in the costs-to-assets ratio to continue…

%



4% - 5%
Total costs
CAGR 2020/25

…and revenue-to-assets ratio to return to high levels seen pre-pandemic

%

7% - 9%
Total revenue
CAGR 2020/25

[1] Total revenue growth minus total cost growth

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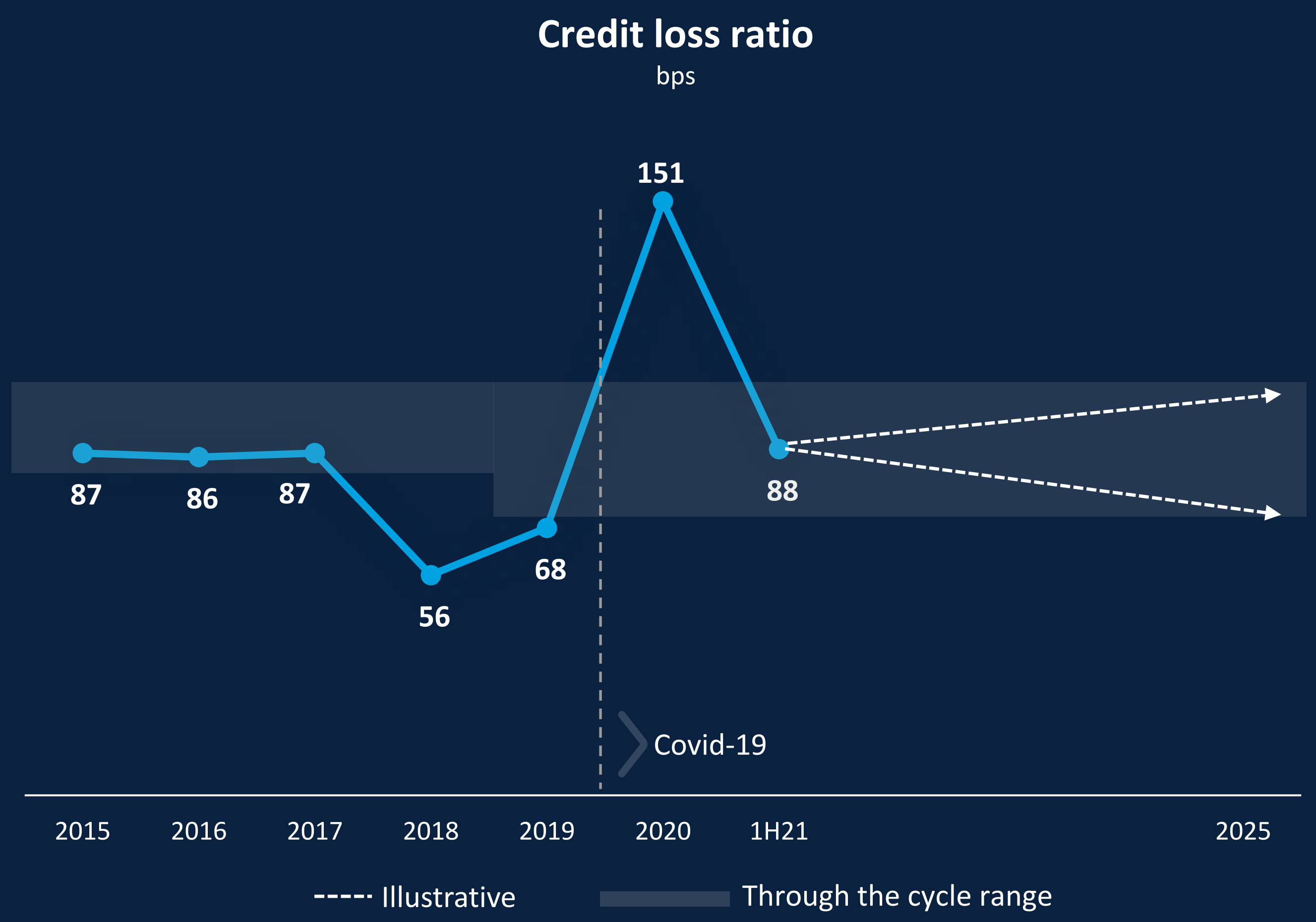
Credit provisioning returns to previous through-the-cycle range

Proven track record of managing credit risk across sub-Saharan Africa

70bps – 100bps

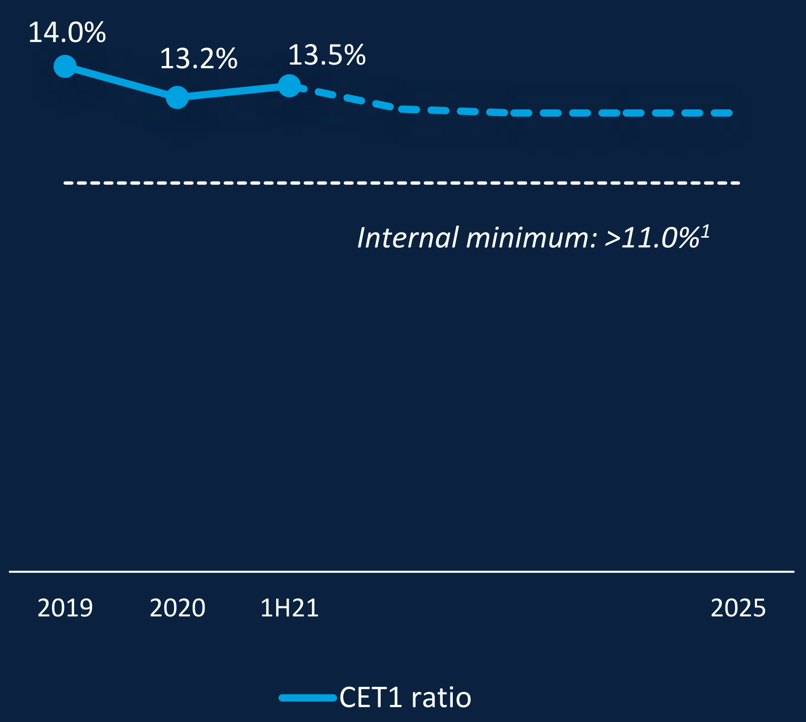
Credit loss ratio



Strong capital ratios maintained, despite increasing dividend payout ratio

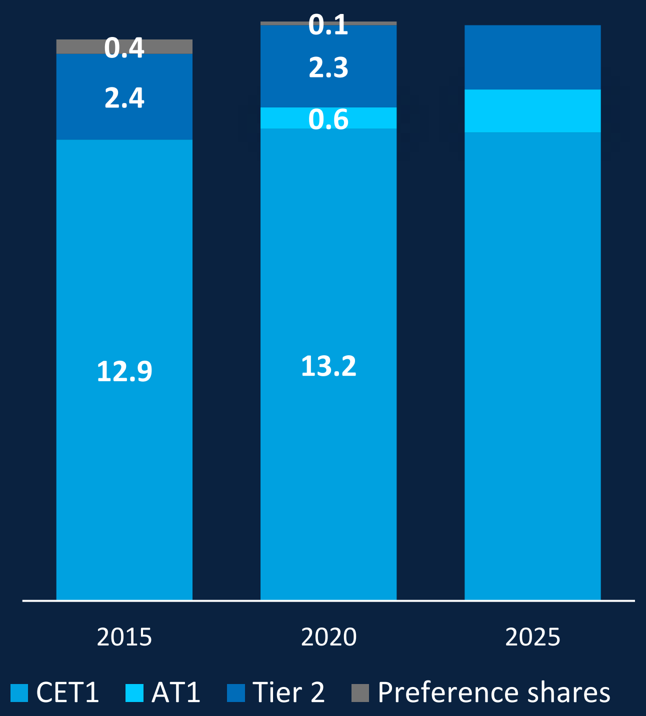
CET1 ratios to be run closer to internal minima

%



Optimised capital stack

%



>11.0%

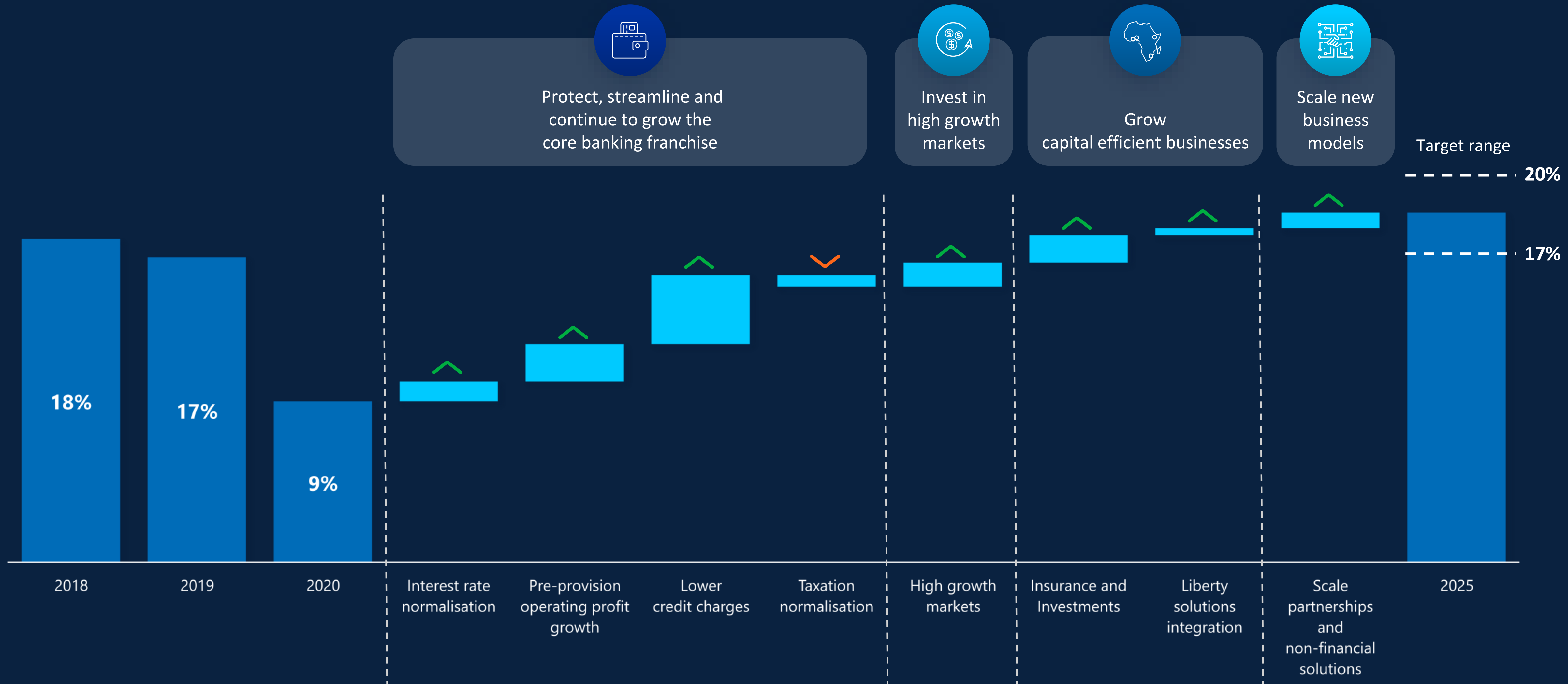
CET1 ratio

45% - 60%

Dividend payout ratio

[1] Internal minimum, excluding Pillar 2A buffer as per temporarily revised SARB requirements, was 10.0% from March 2020 to March 2021

ROE to return to pre-pandemic levels



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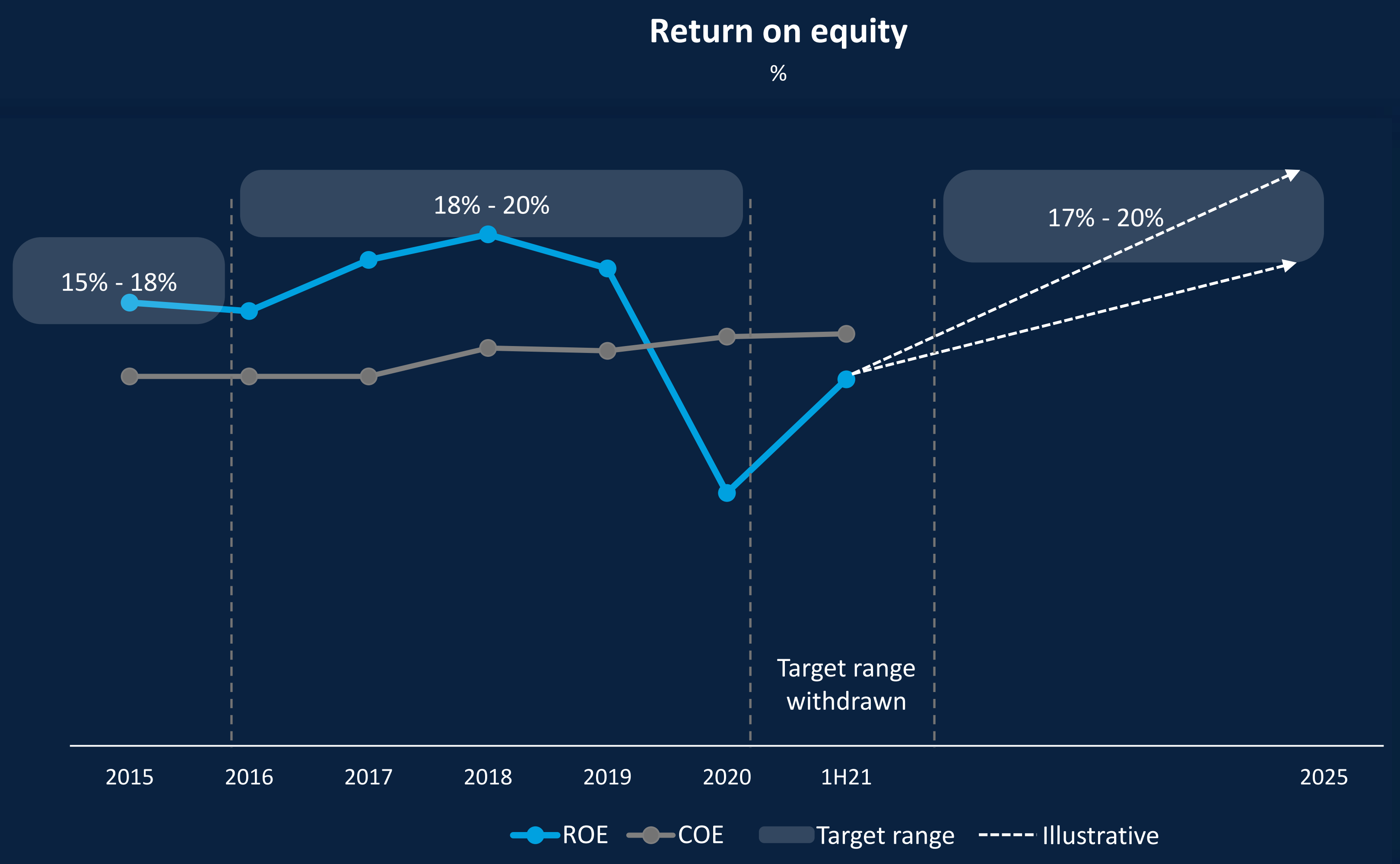
Creating value for shareholders with ROE well above COE



17% – 20%

ROE target range

~14%

COE

Standard Bank Group 2025 financial targets

REVENUE GROWTH (CAGR 2020/25)	7% – 9%
COST-TO-INCOME RATIO	Approaching 50%
CREDIT LOSS RATIO (Through-the-cycle)	70bps – 100bps
RETURN ON EQUITY	17% – 20%
CET1 RATIO	>11.0%

- Banking 7% - 9%[1]
- Insurance and Investments 10% - 14%[1]
- Beyond financial services ~50%

Disciplined cost and risk management

Diligent capital allocation with a dividend payout ratio of 45% - 60%

[1] Including interest rate normalisation

Client acquisition and engagement will drive sustainable growth and value

Medium-term targets summary

OUR SUCCESS MEASURES: CLIENT FOCUS + EMPLOYEE ENGAGEMENT + RISK AND CONDUCT + OPERATIONAL EXCELLENCE = FINANCIAL OUTCOME, SEE IMPACT

OUR TARGETS:

Client focus
- Top quartile **client and partner satisfaction** scores
- **Active client base** increase 1.6x
- **New revenues** from Beyond financial services R3bn - R4bn
- **New revenues** from Strategic Distribution Partnerships R5.5bn - R6.5bn

Employee engagement
- Upward trend in **eNPS** (employee net promotor score)
- Increasingly **diverse workforce**
- Improved **workforce return on investment**

Risk and conduct
- Operate within **risk appetite** and **conduct framework**
- **CET1 ratio** >11%

Operational excellence
- Lower **cost to serve**
- **System security** and **stability**

Financial outcome
- Sustained **headline earnings growth**
- **ROE** 17% - 20%

SEE impact
- **Positive impact** in 7 chosen impact areas
- **Net zero** by 2050

OUR TARGET OUTCOMES: Growth and scale | Efficiency and resilience | Legitimacy

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ATTRACTIVE INVESTMENT PROPOSITION

Attractive investment proposition

Compelling macro-economic and market trends

- Pandemic and its socio-economic effects will fade
- Exciting demographic trends providing growth in sub-Saharan Africa

Massive existing scale advantages

- Unparalleled brand strength and legitimacy
- Large and growing client base, winning client propositions
- Installed capacity in fast-growing sectors and geographies
- Strongest financial services team on the continent, supported by financial resources to grow our client franchise
- Ability to leverage network effects of partnerships and ecosystems, including ICBC

Driving sustainable growth and value

- Commitment to deliver sustainable social, economic and environmental value across sub-Saharan Africa
- Compelling targets to deliver shareholder value

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