

Standard Bank Group Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1969/017128/06)  
JSE and A2X share code: SBK  
NSX share code: SNB  
ISIN: ZAE000109815  
("Standard Bank Group" or "the group")

**ANNOUNCEMENT REGARDING THE EXERCISE OF THE PUT OPTION GRANTED TO THE GROUP BY INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED OVER THE GROUP'S RESIDUAL 20% SHAREHOLDING IN INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ARGENTINA) S.A. AND ITS AFFILIATES ("THE PROPOSED TRANSACTION")**

**1. Background and salient terms**

In November 2012, the group completed the disposal of a controlling interest in each of Industrial and Commercial Bank of China (Argentina) S.A. (previously Standard Bank Argentina S.A.), ICBC Investments Argentina S.A. Sociedad Gerente de Fondos Comunes de Inversión (previously Standard Investments S.A. Sociedad Gerente de Fondos Comunes de Inversión) and Inversora Diagonal S.A. (collectively "ICBCA") to the Industrial and Commercial Bank of China Limited ("ICBC"). The group retained a 20% shareholding in ICBCA, held by Standard Bank Group's wholly owned subsidiary, Standard Bank London Holdings Limited.

In the ICBCA shareholders' agreement, ICBC granted a put option to the group under which the group was given the right to sell all of its remaining shareholding in ICBCA to ICBC, by giving notice at any time between 1 December 2014 and 30 November 2019. The strike price of the put option is fixed at USD180.751 million (approximately R2.7 billion based on the exchange rate as at 6 August 2019).

In terms of the Listings Requirements of the JSE Limited ("the JSE") ("the Listings Requirements"), ICBC is considered a related party in relation to Standard Bank Group.

**2. Background on ICBCA**

ICBCA is a leading universal banking operation in Argentina, offering a comprehensive range of banking and other financial services to its customers. ICBCA is highly profitable and well capitalised.

**3. Rationale**

After the group's 2011 strategy refocus on the African continent, the group divested of control of ICBCA to ICBC in a transaction announced on 5 August 2011.

ICBCA has performed strongly since the change of control from a financial perspective. However, Argentina remains off strategy for the group as a geography and there is little overlap in the client bases of Standard Bank Group and ICBCA.

With the transition of control of ICBCA to ICBC an unqualified success, Standard Bank Group considers that an exit from its investment in ICBCA to realise capital for reinvestment into its African strategy is appropriate.

#### **4. Other salient financial information**

Based on the unaudited financial information for the six months ended 30 June 2019, prepared under IFRS:

As at 30 June 2019, the group carried its associate shareholding in ICBCA at a net asset value ("NAV") of R1 579 million with the investment contributing R432 million in profits attributable to the group reported as headline and IFRS earnings for the six-month period ended 30 June 2019.

For indicative purposes, at 30 June 2019, the accumulated debit balance in relation to ICBCA to the group's Foreign Currency Translation Reserve ("FCTR") was R2.9 billion.

Upon completion of the Proposed Transaction, the group would be required to release the FCTR balance to earnings outside of headline earnings. This movement between reserves will not impact the NAV of the group.

The difference between the disposal price of the investment in ICBCA, after applicable taxes, and the group's carrying value in ICBCA would be recognized as a gain outside of headline earnings. Based on 30 June 2019 IFRS values, this gain would be approximately R600 million.

#### **5. Independent fairness opinion**

In terms of paragraph 10.7 of the Listings Requirements, the Proposed Transaction is categorised as a small related party transaction.

Accordingly, the board of directors of Standard Bank Group ("Board") is required to provide the JSE with written confirmation from an independent professional expert confirming that the terms of the Proposed Transaction are fair insofar as shareholders of Standard Bank Group ("Shareholders") are concerned.

In compliance with paragraph 10.7(b) of the Listings Requirements, JPMorgan Chase Bank, N.A., Johannesburg Branch ("J.P. Morgan") was appointed by the Board as the independent professional expert and has furnished an opinion to the Board confirming that the terms of the Proposed Transaction are fair insofar as the Shareholders are concerned.

The opinion of J.P. Morgan will lie for inspection at Standard Bank Group's registered office, 9th floor, 5 Simmonds Street, Johannesburg, for a period of 28 days from the release of this announcement.

**6. Exercise of the put option, conditions precedent and timing of completion**

The Board has resolved to exercise the put option and to authorise SBLH to give the requisite notice to ICBC.

The Proposed Transaction is subject to conditions precedent customary to transactions of this nature, including regulatory approvals in China and Argentina.

The completion date in respect of the Proposed Transaction is anticipated to be in the last quarter of 2019 or first half of 2020.

The net proceeds of the Proposed Transaction will be received at the date of completion. The group would seek to reinvest such proceeds to support its African strategy.

Johannesburg  
8 August 2019

Lead sponsor  
The Standard Bank of South Africa Limited

Independent Sponsor  
J.P. Morgan Equities South Africa Proprietary Limited

Namibian sponsor  
Simonis Storm Securities (Proprietary) Limited