

Standard Bank Group Limited
Registration No. 1969/017128/06
Incorporated in the Republic of South Africa
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NSX share code: SNB
SBKP ZAE000038881 (First preference shares)
SBPP ZAE000056339 (Second preference shares)
("Standard Bank" or "the group")

Additional operational update and trading statement update for the six-month period ended 30 June 2020

Operational update

Despite considerable effort, the pandemic appears to be gaining momentum in certain of the markets in which the group operates on the continent, particularly in South Africa. Elsewhere in the world, countries are battling with a second wave of infections. The path from here remains uncertain and this continues to weigh on sentiment and demand.

Against this backdrop, Standard Bank recognises the importance of continuing to support our clients, our staff and the communities in the markets in which the group operates.

In June 2020, the group continued to receive additional client relief requests, however the rate slowed month-on-month. All requests remain subject to internal credit assessment processes. Total relief provided by the group to clients increased from May to June. In addition, the group continued to receive applications for funding under the South Africa Covid-19 SME Loan Guarantee Scheme. Applications are assessed and funds disbursed in line with the scheme requirements. Standard Bank welcomes the recent amendments to the scheme, in particular removing the business size threshold and relaxing some of the restrictions imposed on businesses that participate.

As noted in the JSE Stock Exchange News Service (SENS) announcement on 1 June 2020, disbursements and transaction activity levels were negatively impacted by the lockdowns, in particular in April 2020. Activity levels did improve in May and June as lockdowns were eased, but in most instances, remained below pre-lockdown levels.

On 29 June 2020, Standard Bank completed the sale of its 20% stake in ICBC Argentina (ICBCA) to the Industrial and Commercial Bank of China Limited on the terms announced on SENS on 8 August 2019. The sale price was fixed in US Dollars (USD) and the carrying value of the investment was held in Argentinean Peso (ARS). In the period between announcing the sale in August 2019 and completion of the sale in June 2020, the South African Rand (ZAR) weakened relative to the USD and the ARS weakened relative to the ZAR. As a result, the group's gain on sale was higher than previously estimated (R1.4 billion vs R0.6 billion) and the accumulated foreign currency translation reserve (FCTR) debit balance was also higher than previously estimated (R3.4 billion vs R2.9 billion). Under IFRS, the accumulated balance on the FCTR is required to be released to earnings upon completion of the disposal.

The net impact of R2.0 billion negatively impacts earnings attributable to the group in the six-month period ended 30 June 2020. The gain on sale and the FCTR impact are both outside of headline earnings and therefore do not impact group headline earnings.

The release of the FCTR balance to earnings is a movement between reserves and therefore does not impact the Net Asset Value of the group. The disposal will be marginally positive for the group's common equity tier 1 ratio.

With regards to Liberty Holdings Limited's (Liberty) performance, please refer to Liberty's announcement released on SENS on 27 July 2020.

As at 30 June 2020, the group remained well capitalised and liquid.

Trading statement update

In accordance with section 3.4(b) of the Listings Requirements of the JSE Limited, and as an update to the trading statement published on 1 June 2020, shareholders are advised that Standard Bank is satisfied that a reasonable degree of certainty exists with regards to the group's financial results for 1H20. The group's headline earnings per share (HEPS) for 1H20 is expected to be between 30% and 50% lower than the reported HEPS for the six-month period ended 30 June 2019 ("comparative period"), translating into a decrease from the comparative period's HEPS of 837.4 cents per share to a range of between 586.2 and 418.7 cents per share.

The group's earnings per share (EPS) for 1H20, is expected to be between 60% and 80% lower than the comparative period, translating into a decrease from the comparative period's EPS of 827.0 cents per share to a range of between 330.8 and 165.4 cents per share.

The difference between the HEPS and EPS ranges can be attributed to the accounting consequences of the finalisation of the sale of ICBCA, as referenced above, and an impairment of certain IT intangibles following an internal review. Additional information regarding the IT impairments will be provided when the group reports interim results.

1H20 Results

Standard Bank will release interim results for the six months ended 30 June 2020 on 20 August 2020. Details are available on the Standard Bank Group Investor Relations website - <https://reporting.standardbank.com/>

The pandemic is proving to have a profound human and economic impact across the globe. We would like to assure our customers and our staff that we are here to support them. We would like to also thank all those in the broader Standard Bank community for their continued commitment to servicing our customers and supporting one another.

Shareholders are advised that the information contained in this announcement has not been reviewed or reported on by the group's auditors.

Johannesburg
29 July 2020

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