

Standard Bank Group Limited
Registration No. 1969/017128/06
Incorporated in the Republic of South Africa
JSE and A2X share code: SBK
ISIN: ZAE000109815
NSX share code: SNB
SBKP ZAE000038881 (First preference shares)
SBPP ZAE000056339 (Second preference shares)
("Standard Bank" or "the group")

Voluntary trading update and trading statement for the twelve-month period ending 31 December 2020

Trading update

Shareholders of Standard Bank (Shareholders) are advised that the trends highlighted in the group's 9M20 operational performance update published on the Johannesburg Stock Exchange News Service (SENS) dated 20 October 2020 (9M20 SENS) continue. In summary, balance sheet growth has slowed, margin pressure continues, as the impact of previous interest rate cuts filter through, and while credit losses remain elevated, the group is capital generative. Africa Regions continues to outperform South Africa. For reference, group headline earnings for the 9M20 were 39% lower than in the comparative period. The resilience of the Standard Bank franchise is underpinned by the group's diversity, across client, sector and geography.

The current surge in infections and ensuing lockdowns in the Northern Hemisphere are a concern. While the broader impact thereof on the global economy, disruptions to trade and the potential knock-on impact on Africa is unclear, it is expected to be milder than that seen in 2Q20. Across most of the countries in which the group operates in sub-Saharan Africa, infection rates and lockdowns have moderated, and economic activity has recovered. We do note, however, an unfortunate increase in infections in Kenya, South Africa and Uganda.

While we are buoyed by the positive vaccine-related developments, we recognise that the rollout thereof is likely to take some time. The safety and security of our employees remains a priority. At this point, our business continuity plans remain in place. As we head into the holiday season, pandemic fatigue and lapses in safety protocols pose a risk. The likelihood of further waves of infection in our countries of operation remains high.

Like elsewhere, sub-Saharan African sovereigns have been required to fund unplanned Covid-19 related costs. For some, this has exacerbated existing difficult fiscal positions, including specifically in Angola, South Africa (SA) and Zambia. On 20 November 2020, Moody's and Fitch downgraded SA's sovereign ratings to Ba2 and BB- respectively, both with a negative outlook, and S&P maintained their sovereign rating at BB- with a stable outlook. In the days that followed, the South African banks were also downgraded. The Standard Bank Group's (SBG) ratings were downgraded to Ba3 (Moody's) and BB- (Fitch), and The Standard Bank of South Africa Limited's (SBSA) ratings were downgraded to Ba2 (Moody's) and BB- (Fitch). The downgrades, on their own, are not expected to have a material impact on SBG's and SBSA's risk-weighted assets and capital adequacy.

The management of the client relief portfolios continues to receive attention. As at 31 October 2020, the Personal & Business Banking (PBB) client relief portfolio in SA had declined further to R47 billion or 8% of the PBB SA portfolio (30 June 2020: R107 billion, 30 September 2020: R61 billion). Approximately 80% of the remaining client relief portfolio is secured, i.e. mortgages and VAF loans. The lapsed client relief portfolio continues to reflect strong payment behaviour and has performed in line with our previous expectations. Provisions on the remaining client relief portfolio remain elevated in line

with the risk associated with that portfolio and the total coverage increased from 2.5% as at 30 June 2020 to 4.0% as at 30 October 2020.

More broadly, we have identified pockets of pressure in the PBB SA portfolio, particularly within personal unsecured lending. In addition, a continued increase in retrenchments has triggered additional stage 3 provisions. In contrast, collection rate trends continue to improve, leading to positive transfers from stage 2 to stage 1. Forward-looking provisions related to the macro-economic variables continue to be monitored closely. Taking these trends into account, total coverage for the PBB SA portfolio increased from 5.3% as at 30 June 2020 to 5.5% as at 30 October 2020.

In PBB Africa Regions (PBB AR), the client relief portfolio declined to R4 billion (30 June 2020: R11 billion, 30 September 2020: R6 billion). While we have seen a decline in the total balance outstanding, we have seen an uptick in balances in Stage 2 and 3 (relative to 30 June 2020) and associated provisions. Total coverage on the remaining client relief portfolio has increased from 2.6% as at 30 June 2020 to 3.9% as at 30 October 2020.

The table below provides the PBB SA and PBB AR client relief portfolios at various dates:

PBB – client relief loans	South Africa, Rbn	Africa Regions, Rbn
Outstanding as at 30 June 2020	107	11
<i>As a % of total respective portfolios</i>	18%	12%
Outstanding as at 30 September 2020	61	6
<i>As a % of total respective portfolios</i>	10%	7%
Outstanding as at 31 October 2020	47	4
<i>As a % of total respective portfolios</i>	8%	4%

Requests for relief from Corporate & Investment Banking clients have tapered off. The cumulative year to date total exposure to clients who have been granted relief totaled R78 billion (inclusive of undrawn facilities). Importantly, the actual client relief provided, including but not limited to additional liquidity lines, interest and/or capital holidays as at 31 October 2020, was R24 billion, up from the client relief of R21 billion as at 30 June 2020 (and a marginal increase on the R23 billion as at 30 September 2020). Relief provided remains primarily liquidity-related with just over 30% of all relief requests approved relating to covenant waivers or relaxations.

The group credit loss ratio for the ten months to 31 October 2020 was lower than the 169 basis points reported at 30 June 2020. The outlook for credit impairment charges beyond FY20 remains very uncertain.

ICBC Standard Bank plc remained profitable for the ten months to 31 October 2020. With regards to Liberty Holdings Limited's (Liberty) performance, please refer to Liberty's voluntary operational update announcement released on SENS on 19 November 2020.

The group's capital and liquidity levels remain well above regulatory minimums and internal risk appetite thresholds. This positions the group well to weather any additional turbulence and provides the financial resources to continue to support our clients. The group's common equity tier 1 ratio (including unappropriated profits) was 13.2% as at 30 September 2020 (30 June 2020: 12.6%) Additional capital and liquidity information can be found in the group's Pillar 3 Report available on the group's Investor Relations website.

The group's position on the declaration of a final dividend for FY20 has not yet been decided. In March 2021, the Board will review the group's capital position, the outlook and the group's capital demand expectations, as well as regulatory guidance, and decide on the final dividend.

There remains considerable uncertainty and forecast risk. The group will update the market on expected FY21 trends when it reports results in March 2021. The group will provide an update on the group's medium-term financial targets in due course.

Trading statement

In terms of the Listings Requirements of the JSE Limited, a listed company must publish a trading statement once it is satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported will differ by at least 20% from reported financial results for the previous corresponding period.

Shareholders are advised that Standard Bank's headline earnings per share (HEPS) and earnings per share (EPS) for the twelve-month period ending 31 December 2020 are expected to be more than 20% lower than the reported HEPS and EPS for the comparable period (FY19 HEPS: 1766.7 cents, FY19 EPS: 1593.5 cents). A further trading statement with specific guidance relating to the ranges will be released once reasonable certainty regarding the extent of the decline relative to the prior year has been achieved.

Standard Bank's results for the twelve months ended 31 December 2020 are expected to be released on 11 March 2020.

Investor call

Standard Bank will host an investor call at 17h00 (South Africa time) on 30 November 2020. The call registration details are available on the Standard Bank Group Investor Relations website - <https://reporting.standardbank.com/>

A replay will be available on the Investor Relations website shortly after the end of the call.

Shareholders are advised that the information contained in this voluntary trading update and trading statement have not been reviewed or reported on by the group's external auditors.

Queries:

Investor Relations
Sarah Rivett-Carnac
Email: sarah.rivett-carnac@standardbank.co.za

Johannesburg
30 November 2020

Lead sponsor
The Standard Bank of South Africa Limited

Independent sponsor
JP Morgan Equities South Africa Proprietary Limited

Namibian sponsor
Simonis Storm Securities (Proprietary) Limited