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

UPDATE ON STANDARD BANK'S EXECUTIVE MANAGEMENT'S CONDITIONAL LONG-TERM INCENTIVE AWARDS IN THE CONTEXT OF COVID-19

The Covid-19 pandemic has negatively impacted countries and economies globally; including those in which Standard Bank has operations.

Standard Bank has remained focused on serving and protecting the interests of our clients, our employees, our shareholders, our societies, our regulators and all other stakeholders.

As the world adapts and changes to new ways of working and serving clients, the Standard Bank executive teams are accelerating the delivery of the group's strategy. This will enable the group to meet the needs of our clients and to deliver value for shareholders. In order to successfully execute on this strategy, it is essential to retain and motivate the current Standard Bank leadership team to achieve strategic outcomes.

As should be apparent from the group's Remuneration Reports over many years, and in line with the King IV Code, Standard Bank has consistently aimed to remunerate fairly, responsibly and transparently, taking into account the interests of all stakeholders, in order to promote the achievement of the group's strategic objectives in the short, medium and long term.

Just as we place a heavy weighting on shareholder interests, we have for many years been clear that we also place great importance on society's interests by maintaining an efficient and robust financial system and supporting inclusive and sustainable growth.

By April 2020, it was already clear that the pandemic was likely to have a negative impact on the group's financial results and in turn, impact remuneration. Accordingly, the following note was included in the Background Statement of the FY2019 Remuneration Report when it was released on 17 April 2020:

"The remuneration decisions and outcomes made by Remco and the Board contained in this report were undertaken up to and on 4 March 2020. This was prior to knowing the extent and impact that COVID19 would have on the countries in which we operate and the group as a whole. Remco and the board will consider these impacts in relation to the remuneration policy in due course."

The group's long-term incentive plan (LTIP), the Performance Reward Plan (PRP), plays a key role in keeping the Standard Bank executive teams focused on the future delivery of the strategy, and incentivising them to achieve outcomes in the interests of shareholders and society as a whole.

Covid-19 has compromised the capacity of the group's LTIP to create this incentive. There is now a very high probability that the March 2018, March 2019 and March 2020 awards will not vest, with the prospect of awards failing until at least 2024.

Remco discussed the risk to the PRP vesting at its May, August and November 2020 meetings. Shareholder views on the matter were elicited in both June 2020 and November 2020.

Remco believes that performance-based share award schemes, such as the PRP, provide good alignment between executives and shareholders. Remco also believes that a return performance condition (Return on Equity) and a growth performance condition (Headline Earnings per Share growth) further align these interests (see reference to conditions below).

However, in light of the large shock to the economy, Remco has exercised its discretion and concluded that, in the best interest of the group, it is appropriate to adjust the performance conditions of the March 2020 PRP award, the details of which are laid out below.

The March 2020 PRP grant performance conditions have been changed to the following:

- Vesting will be at the sole discretion of Remco.
- Remco will consider the following in determining the vesting:

    1. Having applied its mind, Remco must conclude that the group has made substantial progress in respect of the group's five strategic value drivers (relative to Board-approved metrics). The group's five strategic value drivers are:
        - Client Focus
        - Employee engagement
        - Risk and Conduct
        - Financial Outcomes
        - Social, Economic and Environmental Impact

2. Remco will also evaluate the group Return on Equity and growth in Headline Earnings per Share over the period.

   Remco will avail itself of any additional information they consider relevant in this assessment, specifically, but not limited to, relevant market information.

- Remco will disclose the key considerations that were considered in determining the vesting in the 2022 Remuneration Report;
- Remco will assess progress at the three-year anniversary of the award i.e. the year ending 31st December 2022 (unchanged);
- Remco may approve vesting between 0% and 200% (unchanged);
- Forfeiture and clawback provisions apply (unchanged);
- Participants will receive shares on vesting and shares will be purchased in the market (unchanged); and
- Participants will have to receive a favourable performance rating (in the top 3 rating categories) in order to qualify to receive an award should any vesting occur.

Remco concluded that despite the high probability that the March 2018 and March 2019 PRP awards will not vest, the performance conditions of the March 2018 and March 2019 PRP grants will not be altered, maintaining alignment between executives and shareholders.

The information contained in the announcement has not been reviewed or reported on by the external auditors.

Johannesburg
1 December 2020

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