STANDARD BANK GROUP INVESTOR BRIEFING

February 2024

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Agenda

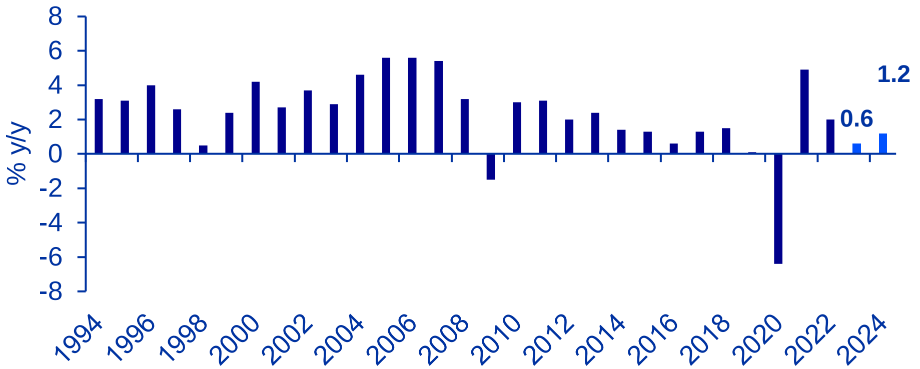
1.0

Market update

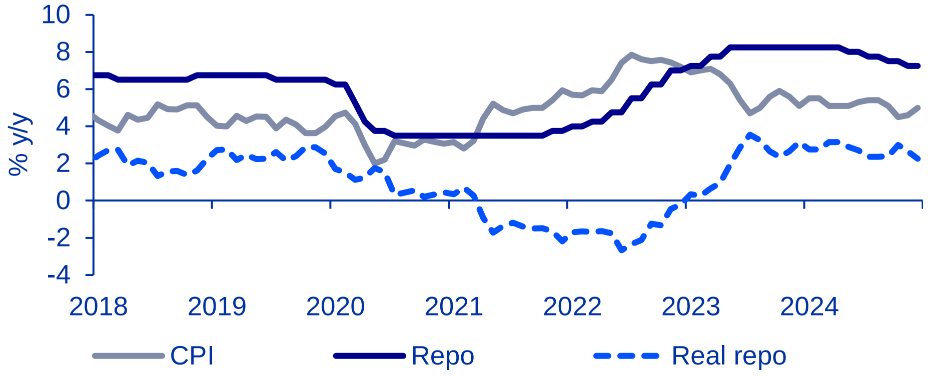
South African macroeconomic outlook

- Gradual SA policy reform to be growth-supportive over time
- CPI expected to average 5.0% in 2024, supported by a lack of demand-driven inflation and wage pressure and favourable base effects
- Expectations for rate cutting cycle from Q2:24 with the repo rate at 7.25% by year end
- Scope for the rand to strengthen towards R18.10/$ by year end
- Adverse growth impact from electricity shortfall should ease notably in 2024 given expected increase in Eskom supply and ongoing expansion of private sector generation capacity

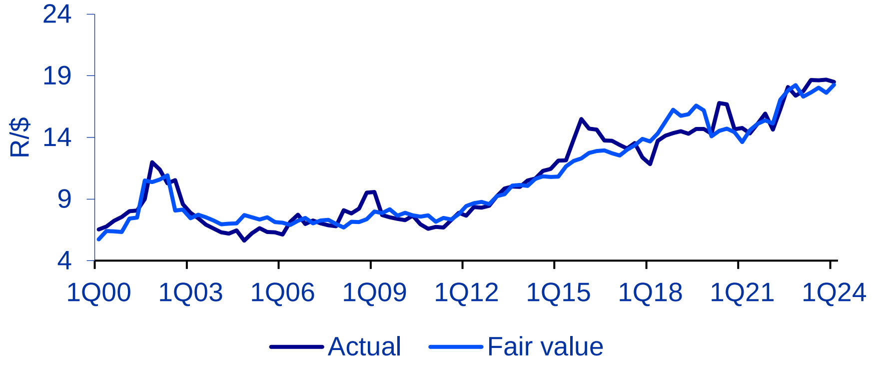
SA GDP to improve to 1.2% in 2024



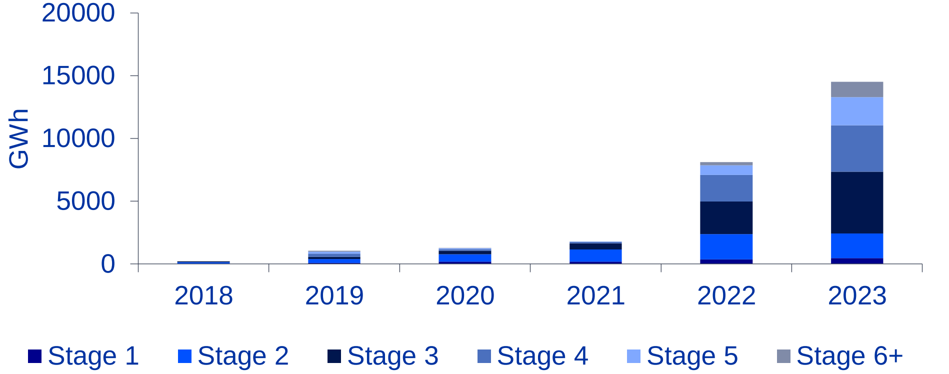
Inflation expected to moderate; rate cuts expected in 2024



Rand likely to strengthen by year-end

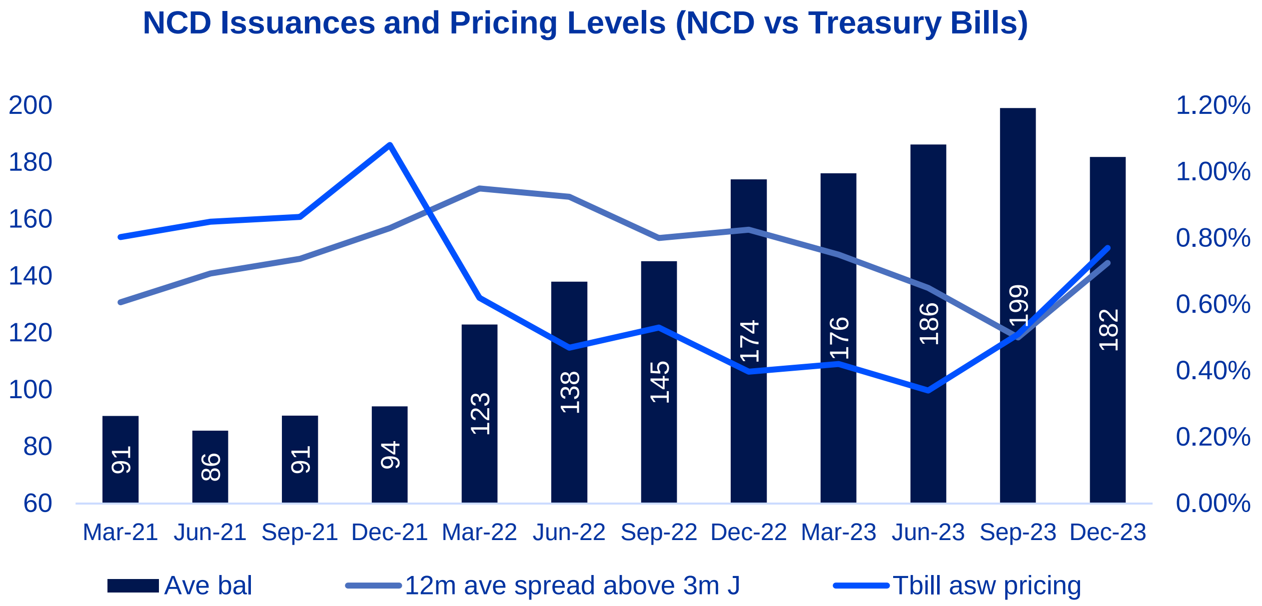


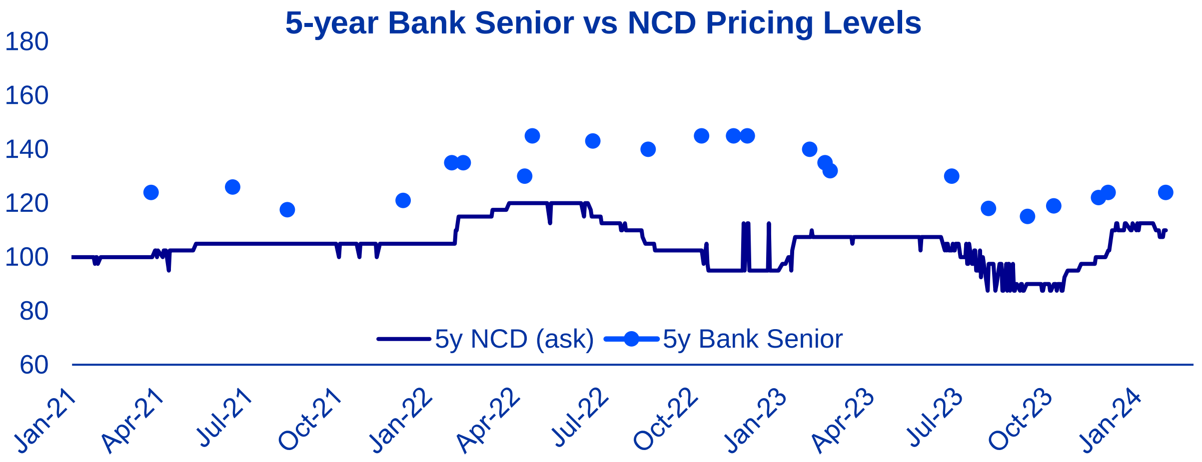
Loadshedding to ease this year



Sources: Eskom, Standard Bank Research, Stats SA, SARB, Bloomberg

Market update





- Demand for bank credit risk by institutional investors was strong in 2023, driving spread compression in pricing on the shorter end of the curve
- SBSA is the largest issuer of NCDs in the local market with a year-to-date market share of 33% (2023: 36%)
- Increase in NCD pricing levels in Q4’23 is primarily due to seasonal illiquidity in wholesale funding markets
- Treasury bill pricing remains high as National Treasury continues to rely on this market to fund its liquidity requirements
- Robust demand for bank bonds with most public auctions clearing near the bottom of pricing guidance
- Senior vs NCD spreads compressed in 2023. Low supply of issuances in the local debt primary markets is a key contributing factor

Market update

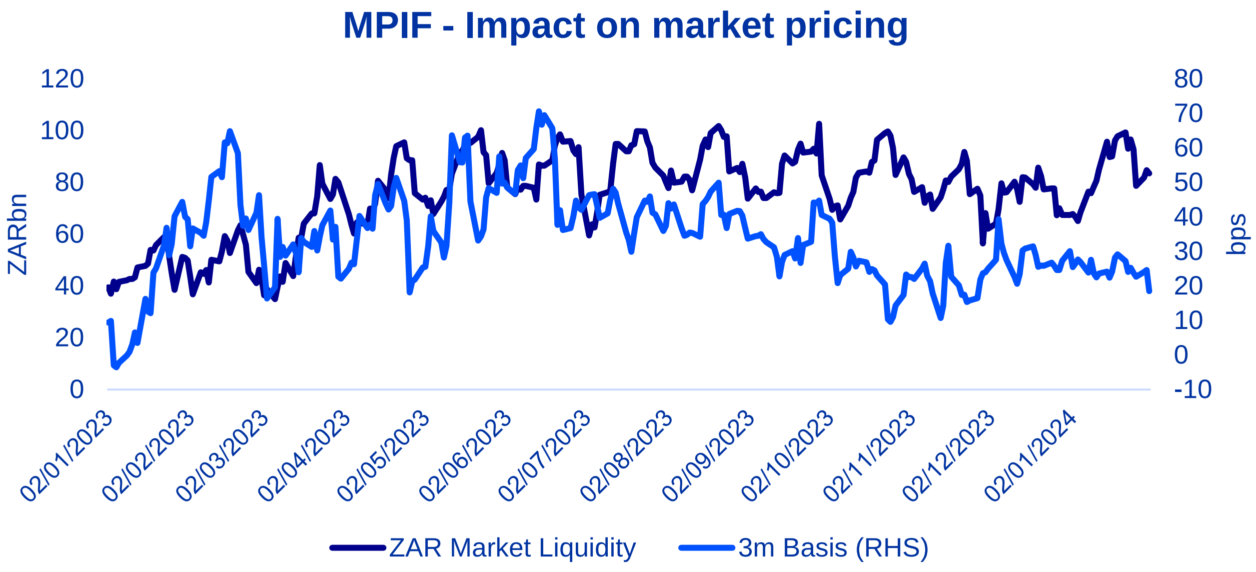
SARB and NT updates

Gold and Foreign Exchange Contingency Reserve Account ("GFECRA")

- SA's reserve account has grown over the recent years on the back of sharp currency weakness. Profits in the account arising from valuation gains on the SARB's foreign reserves have grown to approximately USD27bn (R500bn)
- Given the fiscal shortfall noted by NT and growing demands on the fiscus to support SOEs, these gains could be considered to close the funding gap
- Monetising the reserves does not need to result in selling of the FX reserves. It is expected that monetisation and drainage will be done using CPD and MPIF quotas
- SARB has confirmed that they are engaging with National Treasury. It is broadly expected that the Minister of Finance will announce some form of access to GFECRA in the budget
- It is unclear to what extent the account might be used in the short-term

Monetary Policy Implementation framework

- In Jan'24, the market liquidity surplus peaked at R99.3bn compared to R85.7bn in Dec'23, marginally below the SARB surplus target of R100bn
- This has had a stabilising effect on short-term basis markets, at levels marginally above Jibar



Source : SARB; Standard Bank Group

2.0

Funding and liquidity

Strong liquidity position

Exceeding Basel III regulatory requirements

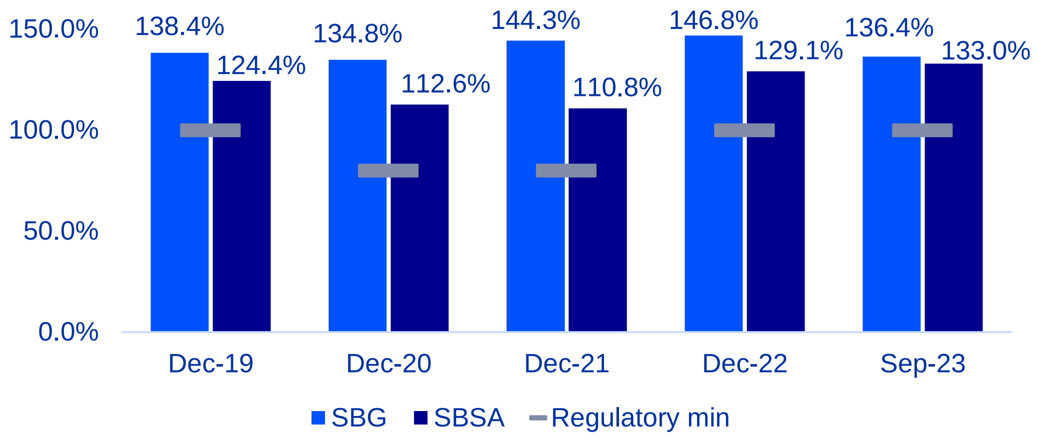
Liquidity Coverage Ratio (LCR)

- SARB directive proposing the removal of the ability to use foreign currency HQLA to cover ZAR net cash outflows from 1 Jan'24
- Minimal impact to SBSA due to small holdings of FCY HQLA but will limit diversification away from ZAR government and credit bonds
- The group maintained LCR compliance throughout 2023 well in excess of the 100% regulatory requirement

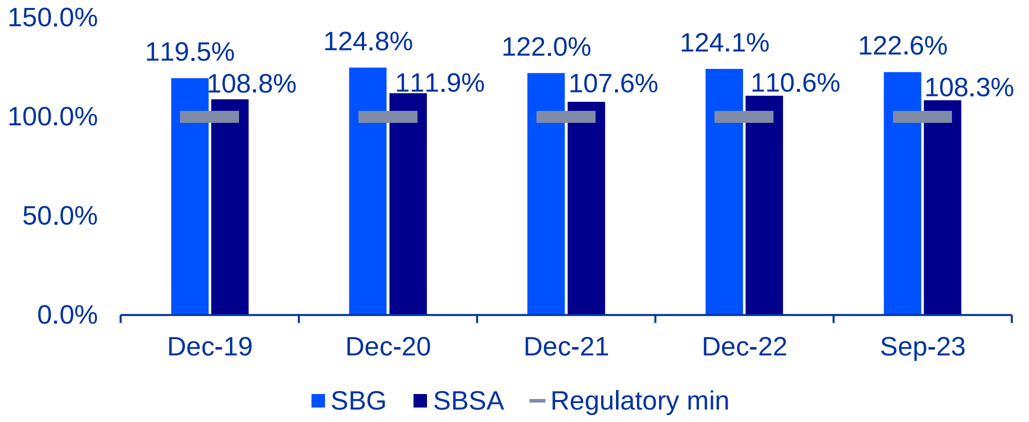
Net Stable Funding Ratio (NSFR)

- SARB directive requiring the phase out of the 35% Available Stable Funding (ASF) factor applied to ZAR NBFI deposits with a residual maturity of less than 6 months
  - From 1 Jan'24 the ASF factor reduced from 30% to 20%
- The phase out impacts approximately R70bn of short-term wholesale funding on SBSA's balance sheet over the full phase out period, which will impact pricing of these funding sources
- The group successfully maintained the NSFR ratio in excess of the 100% regulatory requirement

Basel III Liquidity Coverage Ratio (daily avg.[1])



Basel III Net Stable Funding Ratio (month end)

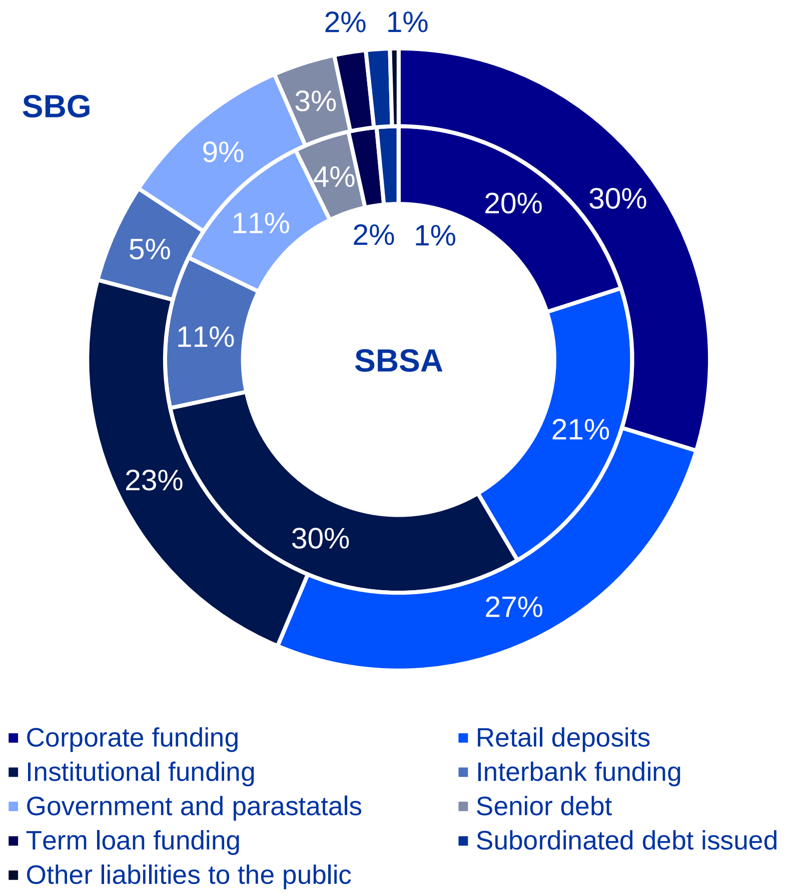


[1] Simple average of 92 days of daily observations over the respective quarters for SBSA, SBSA Isle of Man branch, Stanbic Bank Ghana, Stanbic Bank Uganda, Stanbic IBTC Bank Nigeria, Standard Bank Namibia, Standard Bank Isle of Man Limited and Standard Bank Jersey Limited and the simple average of three month-end data points for the respective quarters for the other Africa Regions banking entities

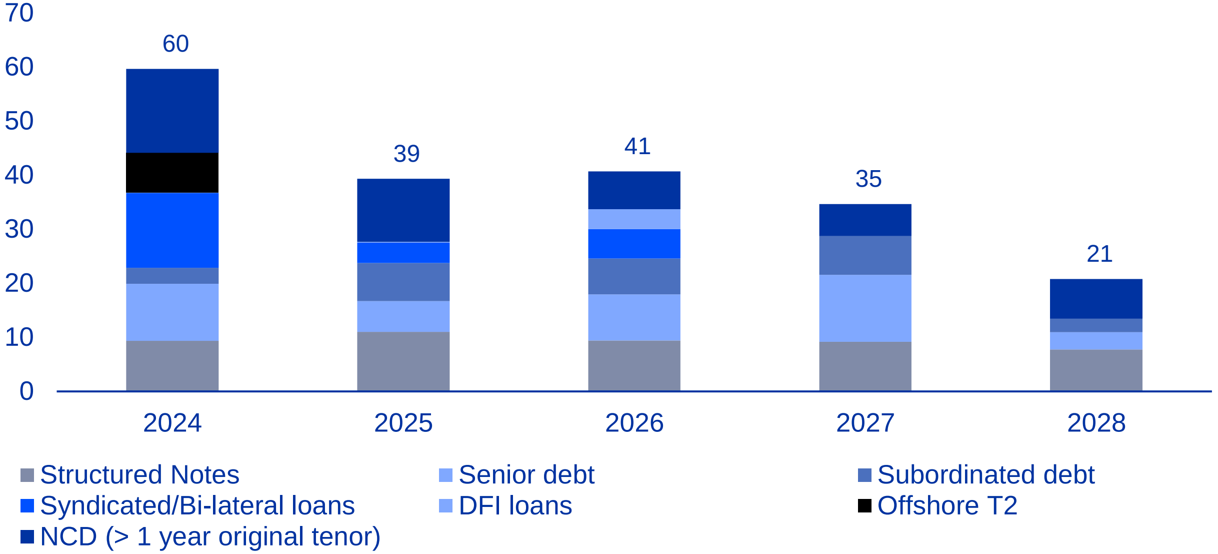
Liquidity management

Diversified sources of liquidity, prudent redemption profile

SBG and SBSA's funding sources[3]



SBG debt redemption profile (ZARbn)[1]



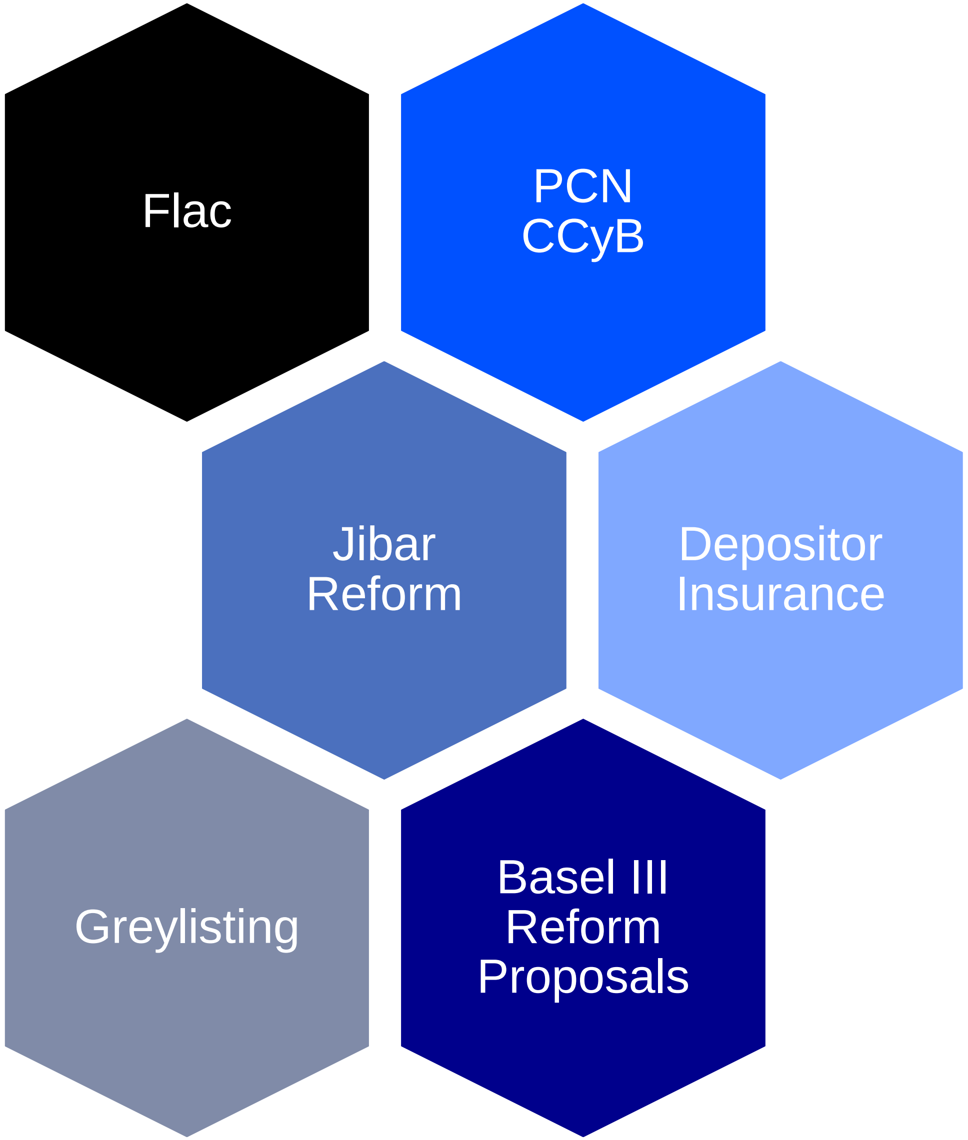
- Primary markets are open and receptive to bond and note issuances
- USD400m offshore Tier 2 bond is approaching its optional redemption date in May'24
- Funding diversification maintained across products, sectors, geographic regions and counterparties
- Diversified use of platforms across various jurisdictions:
  - Local listed bonds
  - Foreign currency loans, bonds: Eurobond, MTN, niche markets
  - Local and offshore structured notes[2]
- Debt strategy designed to manage maturity profile and reduce refinancing risk

[1] Redemption profile represents the contractual maturity or the first call date in the case of a callable instrument. SBSA is the main issuer of debt instruments other than subordinated debt which is issued by SBG Limited
[2] Luxembourg listed programme launched 2017
[3] As at June'23

3.0

Regulatory update

Regulatory update



Flac
Latest proposals on calibration and qualifying instrument criteria. Planned 1 Jan’25 implementation date of the standard. Phase-in proposals for minimum requirements and minimum issuance requirements

Positive Cycle Neutral Countercyclical Buffer (PCN CCyB)
Proposed PA directive to implement a PCN CCyB of 1% of RWA, effective 1 Jan’26 with a 12-month implementation lead time, commencing 1 Jan’25

Jibar Reform
Zaronia is being published for use by the market. The SARB is expected to provide the market with an update on timelines soon, with JIBAR cessation expected by the end of 2026

Depositor Insurance
Draft directive on liquidity treatment of depositor insurance has been published by the PA for comment. Introduction of depositor insurance allows for marginal beneficial treatment on certain deposits in the calculation of LCR and NSFR. Implementation of Depositor insurance is planned for 1 April’24

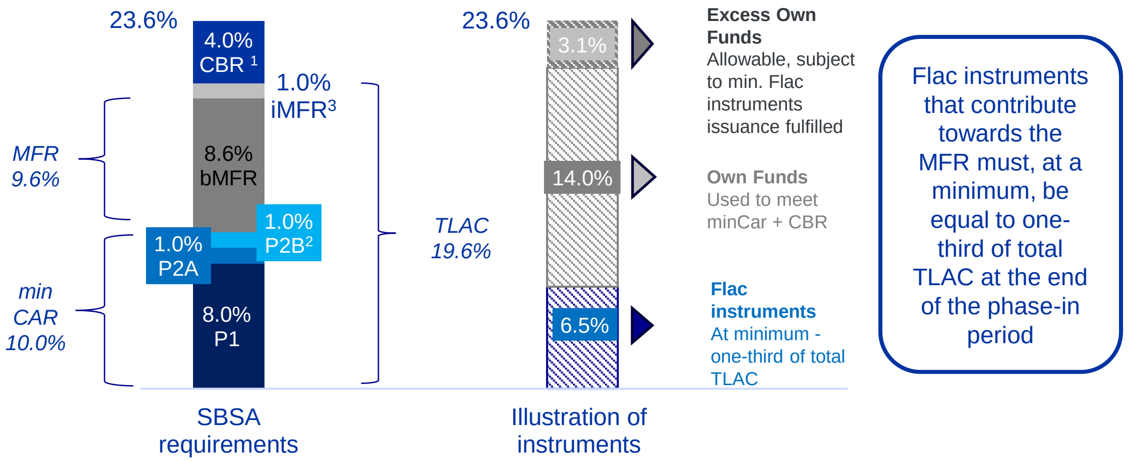
Grey-listing
Significant progress has been made in addressing technical requirements of the FATF. However, further progress is required on implementation. Impacts to equivalence of South African Financial markets infrastructures and enhanced DD for banks

Basel III Reform Proposals
More significant changes due to be implemented from 1 July’25

Flac requirements

Illustration of rules

Total Loss Absorbing Capacity ("TLAC") = Minimum Capital Adequacy Requirement ("minCAR ") + Minimum Flac Requirement (MFR)
The Combined Buffer Requirement ("CBR") stacks above TLAC



Transition Schedule				
Effective Date - 01 January 2025				
Effective Date	End of year 3	End of year 4	End of year 5	End of year 6
Phasing in of bMFR				
0%	60%	80%	90%	100%
Phasing in of minimum Flac issuances that contribute towards bMFR				
0%	20%	27%	30%	33%

- Systemically important banks required to issue Flac instruments
- Base Minimum Flac requirement (bMFR) calculated assuming a resolution balance sheet and referencing minimum capital requirements and the Pillar 2A buffer
  - Approximately R78bn requirement as at 30 June'23
  - 6-year phase-in period
- Bank specific requirement (iMFR) considering Market Premium, Resolution Rebate and Pillar 2B buffer
  - Market Premium and Resolution Rebate to be determined following conclusion of a resolvability assessment by the SARB
  - Market Premium and Resolution Rebate assumed at 0%. Pillar 2B set at 1% for illustration purposes
  - Phase-in period to be announced
- Excess own funds eligible to count towards Minimum Flac requirements (MFR)
  - MFR is an additional requirement to minimum capital requirements
  - Application to capital framework to be confirmed with the SARB
- Accelerated phase-in with 60% required after 3 years
- Flac ranking senior to Tier 2, junior to senior unsecured
- Positive impact on Moody's deposit ratings and senior unsecured debt ratings

1 Combined Buffer Requirement comprise of 2.5% Capital Conservation Buffer and 1.5% D-SIB buffer (1.0% in CET1 and 0.5% in Total)
2 Bank specific confidential buffer set to 1% for illustration purposes
3 Assuming P2B requirement of 1% for illustration purposes

Flac requirements

Eligibility criteria

Unsecured, fully paid, subordinated debt instruments that meet the following criteria:

Issuer and funding

- External Flac issued by a holding company, internal Flac issued by a designated institution to its holding company
- External Flac must not be funded by the holding company or another group entity, internal Flac must be totally funded by the holding company

Legal

- Contractual terms and conditions to set out the ranking of the instruments in line with creditor hierarchy in insolvency
- External Flac Issuances under non-SA governing law allowed, resolution and bail-in provisions under SA law
- SARB approval of initial terms and any amendments thereto
- Not subject to set-off or netting arrangements
- Acceleration clauses not allowed

Tenor

- Minimum initial maturity of 24 months, minimum remaining maturity of 12 months

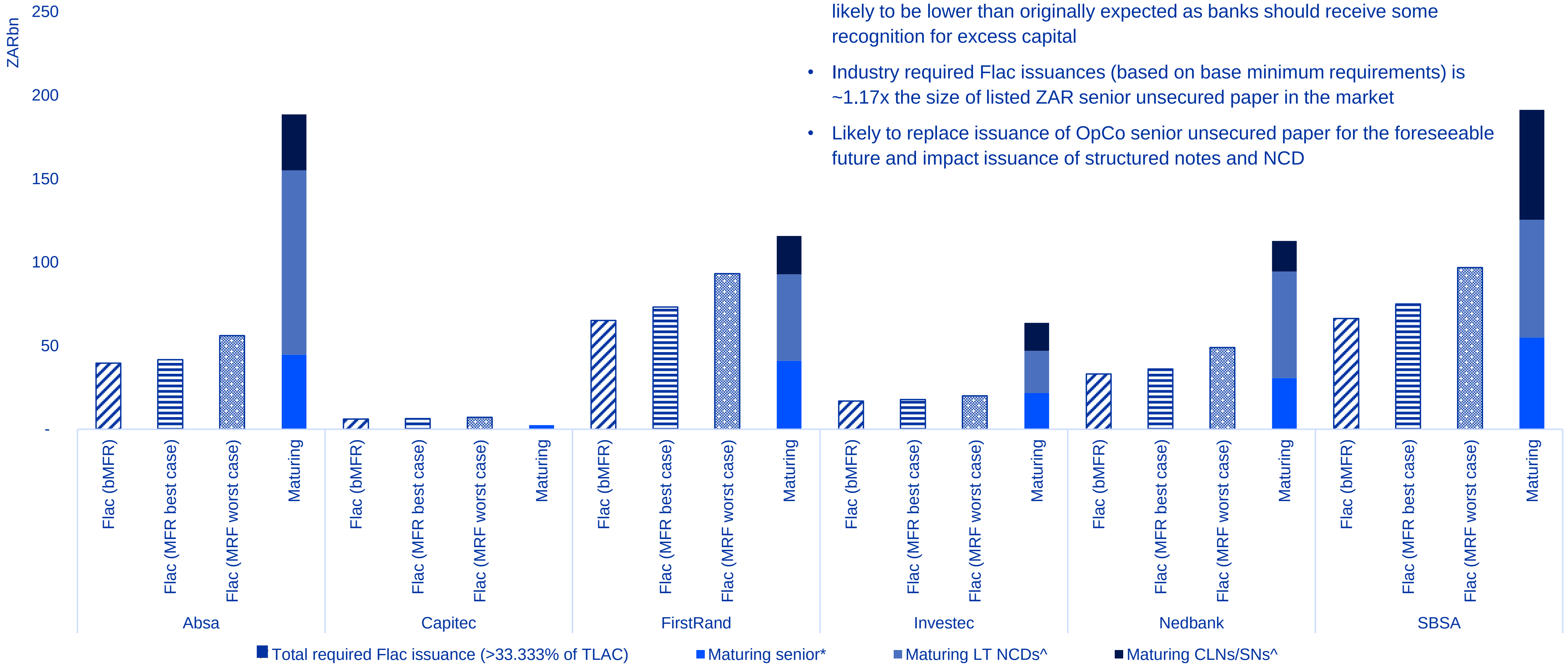
Other features

- Derivative-linked features not allowed
- Early redemption permitted only if instrument ceases to qualify as Flac or following prior written approval of the SARB
- SARB approval of initial terms and any amendments thereto

Flac requirements

Industry assessment: Flac issuance requirements

- Early indications are that required Flac issuances over the phase-in period are likely to be lower than originally expected as banks should receive some recognition for excess capital
- Industry required Flac issuances (based on base minimum requirements) is ~1.17x the size of listed ZAR senior unsecured paper in the market
- Likely to replace issuance of OpCo senior unsecured paper for the foreseeable future and impact issuance of structured notes and NCD



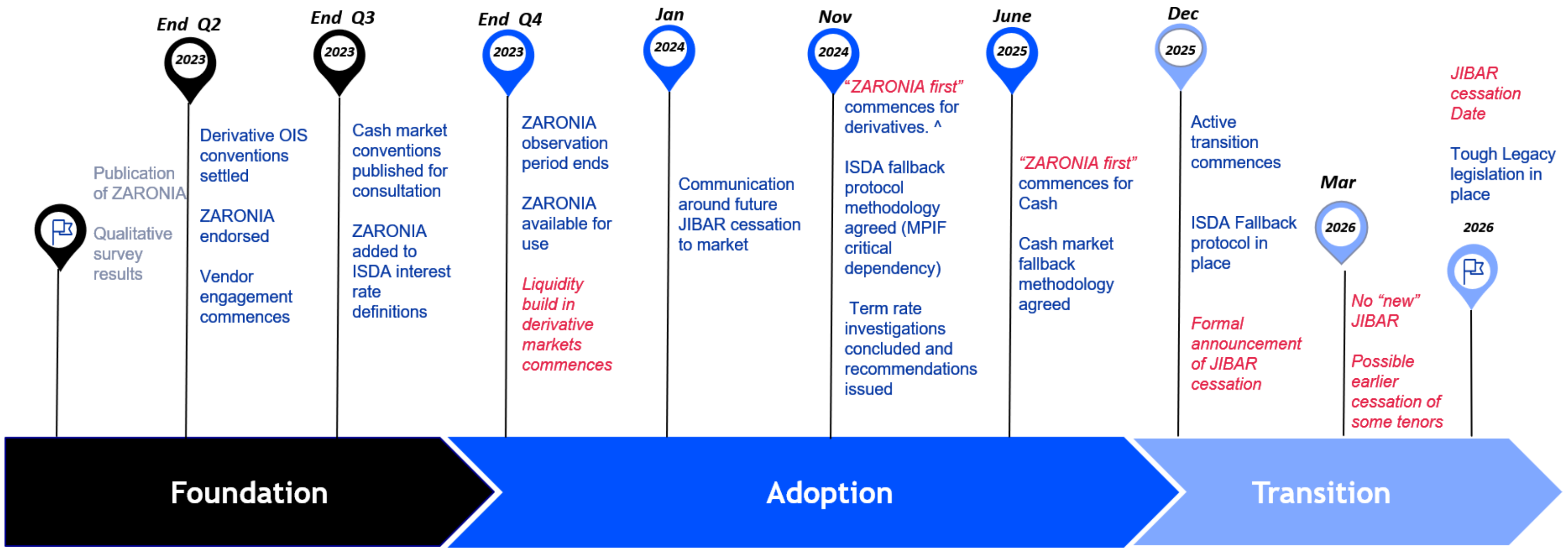
Source : Standard Bank Group Economics

Assume 2024 maturing senior refinanced with 3, 5 and 7-year paper in the following proportions (last big 4 senior auction): 55,9%, 22,2% and 21,8%

^Assume all LT NCDs and CLNs/SNs maturing in 2024 are refinanced with paper that will mature before the end of the phase-in period

Interest rate benchmark reform

Jibar reform timeline and key industry milestones



^ May be dependent on a clearable ZARONIA product offering

*Term rate endorsed and available, pending confirmation

- JIBAR transition currently beginning the **Adoption** phase
  - Market led **ZARONIA first** initiatives expected to commence towards the end of 2024 for derivatives and during 2025 for cash products
- SARB is expected to provide formal communication to financial institutions shortly
  - Formal announcement of the intention to complete Jibar cessation within a specified timeframe
  - Placing obligations on financial institutions to manage this risk within their firms and for their clients
- Formal Jibar cessation only expected to be announced in 2025, but the market needs to begin preparing for this event
- Confirmation of the appropriateness of ISDA fallback methodology by the Market Practitioners Group ("MPG") is expected during the adoption phase
- Investigation on the need for term ZARONIA has commenced
  - Recommendations around scope of usage and potential limitations to be determined, but will not impact implementation timelines

Source: SARB

4.0

Capital management

Capital adequacy

Robust capital position, materially above regulatory requirements

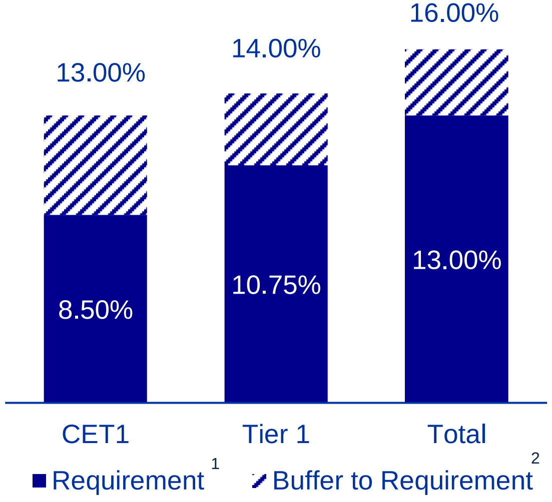
SBG and SBSA meet the Prudential Authority's Basel III aligned requirements

- SBG and SBSA remain adequately capitalised with capital adequacy ratios above minimum requirements
  - PA proposal for a minimum CCyB buffer of 1% effective 1 Jan'26 (phased-in from 1 Jan'25) will increase minimum requirements

- Leverage ratios significantly above minimum requirements
  - Leverage ratio buffer requirements of 50% of D-SIB's CET1 Higher Loss Absorbency Requirements
  - Increase minimum leverage ratio requirements for SBG and SBSA to 4.5%, effective 1 Jan'25

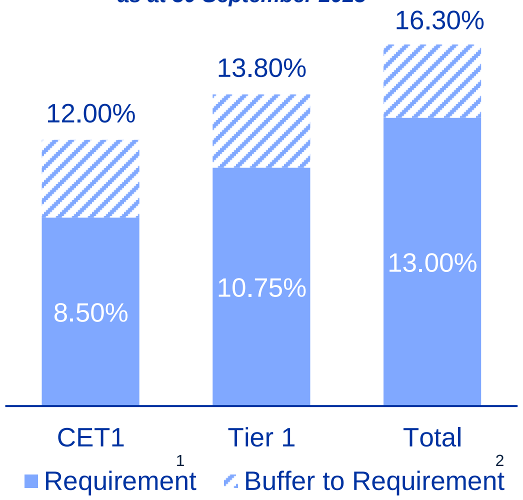
SBG Capital Adequacy

as at 30 September 2023

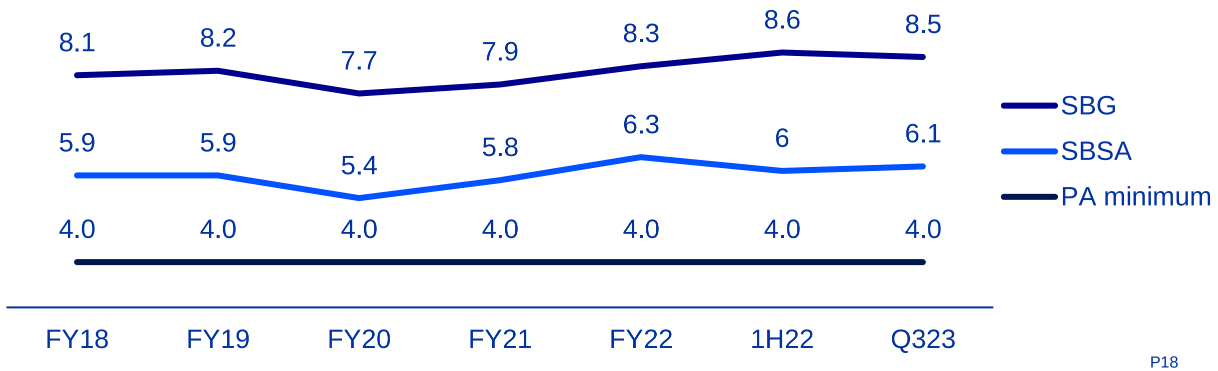


SBSA Capital Adequacy

as at 30 September 2023



SBG and SBSA Leverage Ratio (%)[2]



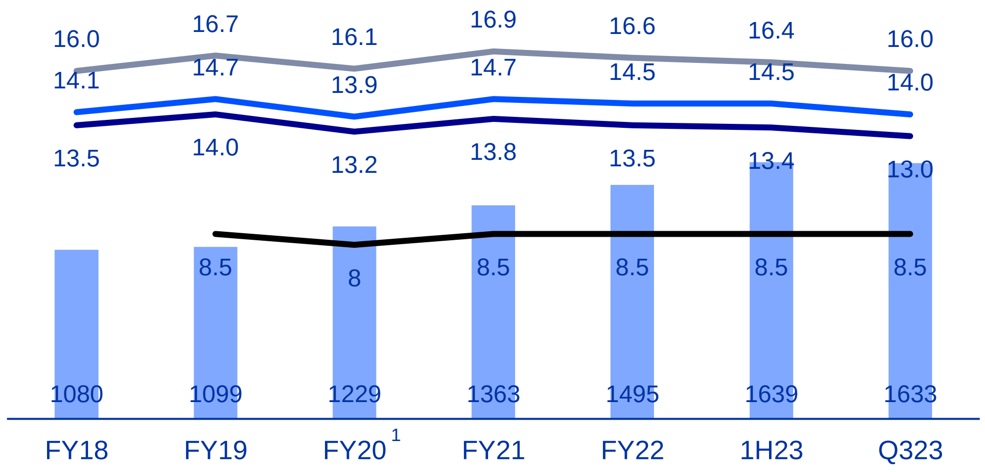
1 Excluding countercyclical buffer and Pillar 2B; 2 Capital and leverage ratios inclusive of unappropriated profits

Capital adequacy

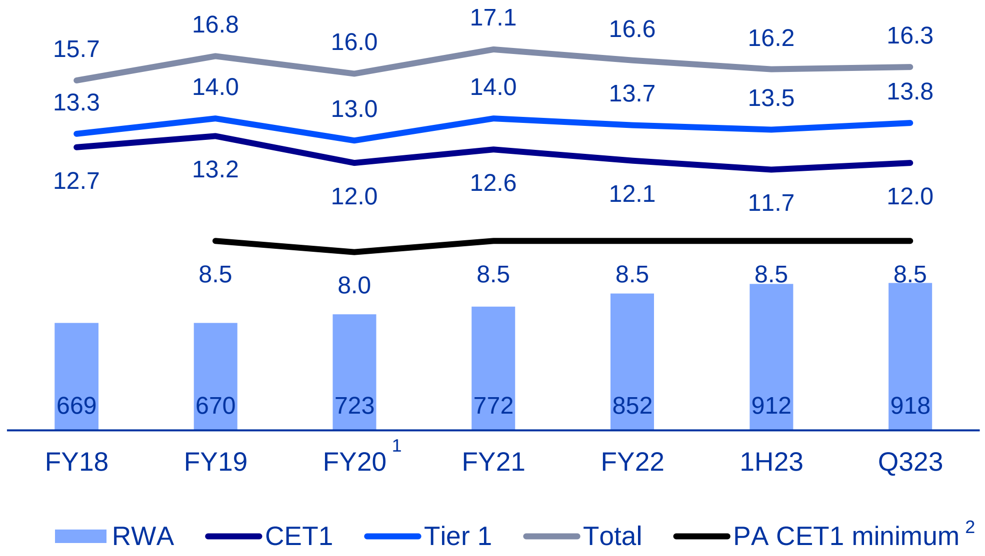
Resilience over time

- Extensive track record of prudent capital management
- Sep'23 capital ratios inclusive of 1H23 dividend payments
- Well positioned for implementation of Basel III finalisation rules
  - More significant aspects of the new framework due to be implemented from July'25
- Array of management actions available for SBG to manage capital position
  - Early detection through internal/external processes e.g. stress testing, recovery planning etc

SBG capital adequacy (%) and RWAs (ZARbn)



SBSA capital adequacy (%) and RWAs (ZARbn)



***1** IFRS9 impact fully phased-in from Jan'21. FY18 and FY19 results on IFRS9 phase-in basis, FY20 results fully loaded; **2** Excludes countercyclical buffer and confidential Pillar 2B requirement. Pillar 2A temporarily removed in 2020 due to Covid-19, re-instated in Jan'22. FY21 minimum shown inclusive of P2A*

5.0

Sustainable finance

Our approach to sustainability

VALUE DRIVERS

Driving sustainable growth and value is a strategic priority for the group and is central to our purpose and strategy

Our approach to driving sustainability is defined by two pillars

1 Maximising positive impact	***Growth opportunity*** - providing products and services that meet the development needs of Africa
2 Effectively managing risk	***Minimising risks*** (including climate-related financial risks), arising from our business

SBG IMPACT AREAS

SUSTAINABLE FINANCE MOBILISATION
Target > R250 billion by 2026
(Progress to H1 2023 R83bn)

Guided by various global frameworks

- SUSTAINABLE DEVELOPMENT GOALS
- EQUATOR PRINCIPLES
- IFC International Finance Corporation WORLD BANK GROUP – Report in accordance with the IFC Performance Standards
- Agenda 2063 The Africa We Want
- The King IV Code on Corporate Governance forms the cornerstone of our corporate governance principles and practices
- TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES – TCFD-aligned Climate-related financial disclosures report (since 2021)
- UNEP FINANCE INITIATIVE PRINCIPLES FOR RESPONSIBLE BANKING – **Founding member Signatory since 2019**
- UNITED NATIONS PARIS CLIMATE AGREEMENT SIGNING CEREMONY 22 APRIL 2016 – **Paris Agreement** We commit to Net zero emissions by 2050

SBG impact areas

Sustainable Finance Mobilisation

1

Enterprise and job creation

- **SBG Focus:**
  - Facilitate African trade and investment
  - Strengthen the agriculture value chain
  - Support game-changing tech startups solving real-world problems
- **Impact:**
  - Facilitated trade flows
  - Provided credit solutions tailored for agri-SMEs
  - Created job opportunities through our partnership with Founders Factory Africa

UN SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

2

Infrastructure development and the just energy transition

- **SBG Focus:**
  - Enable Africa's just energy transition and improved access to affordable energy
  - Provide finance for critical infrastructure (e.g transport, water, and telecommunications)
  - Development of gas as a transition fuel
- **Impact:**
  - Renewable Energy Financing
  - Financed infrastructure in Africa across categories such as roads, rail, telecommunications, ports and telecoms

UN SDGs

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

3

Climate change

- **SBG Focus:**
  - Partner with our clients to understand their climate-related risks and opportunities and develop solutions to support their transition journeys
  - Provide green-aligned solutions for homeowners and business owners
- **Impact:**
  - Financing provided to homeowners and businesses for solar installations and other climate mitigation projects
  - Financing provided for:
    - Green Buildings
    - Carbon Financing
    - Conservation

UN SDGs

13 CLIMATE ACTION

4

Financial inclusion

- **SBG Focus:**
  - Support SME owners with access to finance, capacity building, networking and access to markets
  - Provide solutions tailored for women and young people
  - Provide access to finance for affordable housing and provide solutions for borrowers who get into difficulty
- **Impact:**
  - Financing provided to consumers for affordable housing mortgages
  - Provided financing to students who would not usually qualify for finance

UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

11 SUSTAINABLE CITIES AND COMMUNITIES

How do we measure our ESG performance

What we measure

- We track and measure our progress through our external ESG assessments and ratings in global ESG indices

ESG Rating	Progress	2023	2022	2021	2020	2019	2018
S&P Global CSA[1] Score (%)	Value created	**67**	66	61	60	51	46
FTSE4Good Index series[2]	Value preserved	**Included**	Included	Included	Included	Included	Included
MSCI ESG rating	Value preserved	**AA**	AA	AA	AA	AA	AA
Sustainalytics ESG risk rating[3]	Value created	**18.4 (med risk)**	24.7 med risk	25.6 med risk	25.5 med risk	29.9 med risk	32 med risk
Bloomberg Gender Equality Index (%)	Value created	**67.87**	67.78	n/a	n/a	n/a	n/a

1 Corporate Sustainability Assessment
2 Out of five, higher is better
3 Out of 100, lower is better
n/a Not previously participated

Value created
Value eroded
Value preserved

SBG climate policy

Our approach

- Support a **just transition** that creates decent work opportunities and social inclusion, addresses Africa's energy poverty, acknowledges Africa's negligible carbon emission contribution, and is science-based
- Achieve **net zero carbon emissions**:
  - from our own operations for newly built facilities by 2030 and existing facilities by 2040
  - from our portfolio of financed emissions by 2050
- Apply complementary mechanisms to reach these goals:
  - sustainable finance solutions
  - lending policies
  - sector climate targets
- Informed by the Network for Greening the Financial System ("NGFS") Net Zero 2050 (1.5°C) scenario
- Structured in terms of short, medium and long term horizons:

TIME HORIZONS	**Short-term** 2022 - 2026	**Medium-term** 2027 – 2032	**Long-term** 2033 - 2050

Supporting the transition

- Targeting **> R250 billion** of sustainable finance mobilisation from 2022 - 2026
  - Includes target of **>R50 billion** to finance new renewable energy and underwriting a further **R15 billion** by 2024

Sector focus

Phase one (2022)	Phase two (2023)	Phase three (2024)	Phase four (2025)*
• Sustainable finance • Renewable energy • Coal • Upstream oil and gas • Agriculture • Own operations	• Residential real estate • Commercial real estate • Short-term insurance	• Downstream oil and gas • Long-term insurance • Asset management • Transportation	• Mining • Metallurgical coal and steel • Cement and construction ** Subject to change*

Sustainable Finance Framework (“SFF”) and Second Party Opinion (“SPO”)

Key Features

- Updated SFF replaces the previous Sustainable Bond Framework (2020)

- **Key updates to the SFF:**
  - Supports use of proceeds bond and loan instruments
  - Includes additional green and social eligibility categories
  - Aligned with the latest ICMA and LMA Principles
  - Supported by a credible SPO

Eligible Categories

Green Project Categories

- Renewable Energy
- Electricity distribution networks Energy Efficiency
- Pollution Prevention and Control
- Climate change adaptation
- Green Buildings
- Clean Transportation
- Sustainable management of natural resources
- Biodiversity conservation
- Sustainable water
- Circular economy
- Blue finance
- Carbon finance

Social Project Categories

- Affordable housing
- Access to essential services
- Affordable basic infrastructure
- Employment generation (financial inclusion)
- Food security and sustainable food systems
- Socio-economic advancement and empowerment

6.0

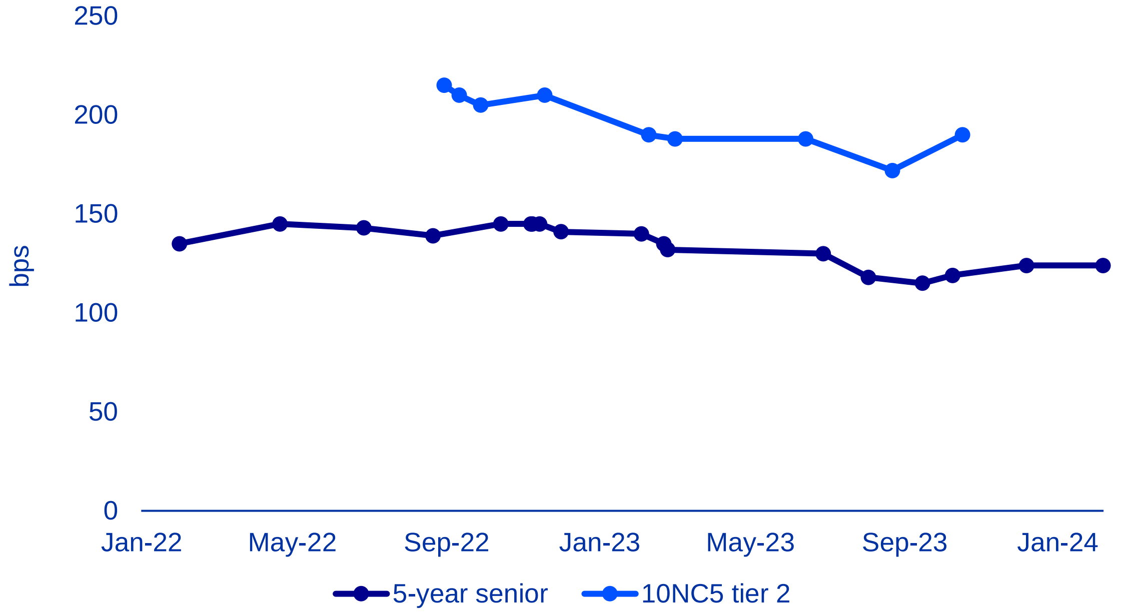
Pricing thoughts and Tier 2 key features

Bank ZAR spreads

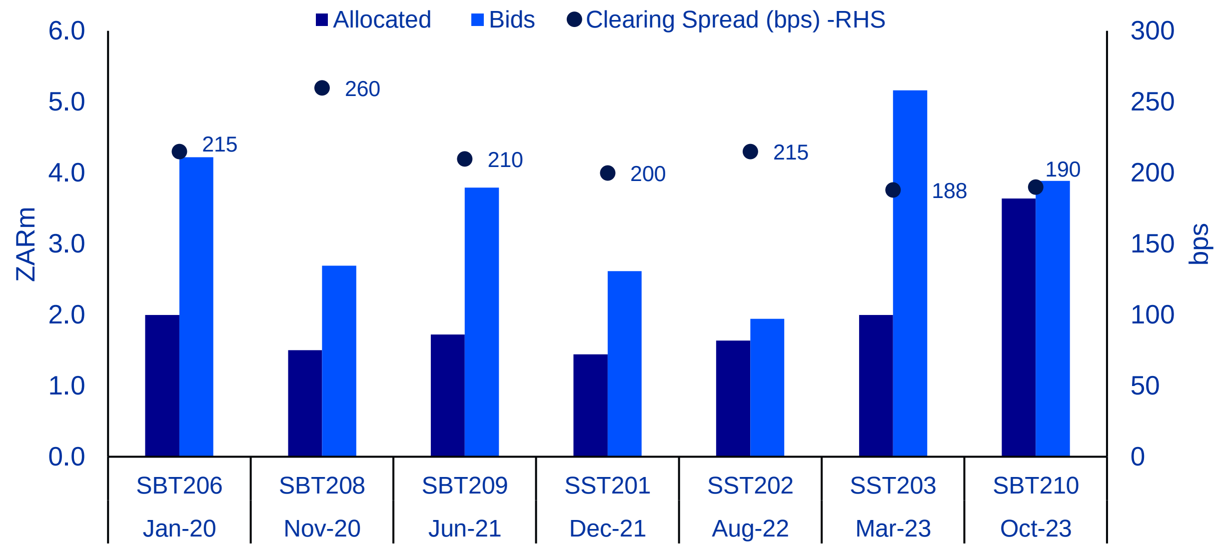
ZAR Primary market pricing – big 4 banks

- Tier 2 has followed the pricing trend of the senior bank curve
- Spread multiples between senior and Tier 2 have remained relative range bound over the last 2 years
- Multiples have typically been between 1.36 and 1.60
- The 1.60 highwater mark was achieved in SBGs jumbo Tier 2 issue in October'23
  - Price guidance was adjusted relative to prior auctions to account for the larger target size

Issue date	Senior spread (c.5-year FRN)	Spread pickup (Tier 2 - senior) (bps)	Spread ratio Tier 2/senior (x)	Tier 2 spread (c.10NC5)
Nov/Dec-23	124			
Oct-23	119	71	1.60	190
Aug/Sep-23	115	57	1.50	172
Jul/Aug-23	118			
Jun/Jul-23	130	58	1.45	188
Feb-23	132	56	1.42	188
Jan-23	140	50	1.36	190
Sep-Dec-22	145	60	1.41	205
Aug-22	138	77	1.56	215
Apr-22	145			



SBG Tier 2 Benchmark Outcomes: Allocation vs Subscription levels for 5-Year notes



Tier 2 key features

Key Terms	Summary Description
Issuer	Standard Bank Group Limited
Notes	Tier 2 Capital Notes
Coupon	[Fixed or Floating Rate] payable quarterly
Maturity	Minimum of 5 years
First Call Date	After minimum 5 years [●] [2029]
Key Features	Green Bond to be issued under the SFF[1] off its DMTN Programme and listed on the JSE's Sustainability Segment
Use of Proceeds	Proceeds raised will be allocated, on a portfolio basis, to Renewable Energy Assets aligned with Section 2.1 of the SFF
Verification and Reporting	Sustainalytics SPO[2] confirming that the SFF is credible, impactful and that it is aligned with the ICMA Principles and Guidelines Independent verification of post issuance allocation reporting and management of proceeds. Impact reporting will be provided
Optional Redemption	The Issuer may redeem the Notes at the outstanding principal amount together with interest on the First Call Date and every interest payment date thereafter. Any such redemption is subject to regulatory approval
Status	Notes will constitute direct, unsecured and subordinated obligations of the Issuer, and will rank: • senior to Additional Tier 1 instruments • junior to the claims of senior creditors and any subordinated creditors that rank Senior to the notes

1. Sustainable_Finance_Framework_29Nov_2023.pdf (standardbank.com)
2. Standard-Bank-Group-Sustainable-Finance-Framework-Second-party-Opinion-2023.pdf (standardbank.com)

Tier 2 key features continued

Key Terms	Summary Description
Early Redemption	Customary early redemption of the Notes at any time (including prior to the First Call Date) in whole (but not in part) of the principal amount together with interest upon the occurrence of: • A Tax Event due to a change or proposed change to laws or regulation in South Africa (i.e. loss of deductibility or incurring of additional amounts) or • A Capital Disqualification Event as a result of a regulatory change (i.e. loss of capital recognition in full or in part) Any such redemption is subject to regulatory approval
Non-Viability Event	Any event specified in writing by the PA in accordance with the Capital Rules which, as a minimum, shall be the earlier of: • a decision that a write-off, without which the Issuer would become non-viable, is necessary as determined by the PA • a decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by the PA
Non-Viability Loss Absorption (NVLA)	Upon the occurrence of a Non-Viability Event, the Issuer will write-off the prevailing principal amount of the Notes in accordance with the Capital Rules, by such amount as the regulator shall require; provided that: • a write-off of the Notes shall be up to the extent required by the regulator to restore the viability of the institution • the Notes shall be written off on a pro rata basis with other capital instruments The Issuer shall not be obliged to pay any compensation to Noteholders
Disapplication of NVLA	If a statutory loss absorption regime is implemented in South Africa, which replicates the effect of the Non-Viability Loss Absorption provision, the Issuer shall have the option at any time by written notice to dis-apply the contractual Non-Viability Loss Absorption condition
Substitution and variation	Subject to certain restrictions, if a Tax Event or a Capital Disqualification Event has occurred, the Issuer may either substitute the Notes for, or vary the terms of the Notes so that they remain/become, qualifying Tier 2 Notes. The Notes may be substituted or varied only at the option of the Issuer, and only if (amongst other conditions) the qualifying Tier 2 Notes have terms which are not materially less favourable to an investor than the terms of the Notes. Any such substitution or variation may be effected without any requirement for consent from or approval by the Noteholders

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