REMUNERATION OVERVIEW

MESSAGE FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Peter Sullivan
Chairman, Remco

Dear Shareholder

In this report I will summarise the remuneration committee's (remco) assessment of the group's performance for 2019, including matters that have materially impacted performance, the general trading environment in South Africa, Africa Regions and globally, as well as substantial risk incidents and conduct issues.

I will also provide a short summary of performance by geography (South Africa and Africa Regions). The methodology agreed by your remuneration committee on how to share the group's earnings between shareholders, senior executives and employees will also be discussed. In doing so, consideration was once again given to how the group made progress against the strategy agreed with the board.

Operating environment

The operating environment in 2019 once again proved to be challenging. Political uncertainty in the US, Brexit concerns in the UK and Europe, global warming and climate change issues across the globe all contributed to a rather unstable and uncertain economic and political environment for banks and businesses.

In South Africa, the group's largest market, the operating environment proved to be very challenging indeed. GDP growth was a very moderate 0.2% for the year and 2019 was the third consecutive year where GDP growth decelerated. The average inflation rate was 4.1% for the year, a five-year low. Unemployment, especially youth unemployment remained high and business confidence continued to dwindle. In addition, South Africa is still facing a widening budget deficit driven by the poor performance of SOEs. While some progress was made on matters of governance, much needed policy reform has been slow to materialise. As a result, consumer sentiment weakened and the demand for credit subsided in an environment where competition from traditional and non-traditional sources intensified.

In contrast, the macroeconomic environment in most of the countries in which the group operates outside of South Africa has been more favourable. Ghana, Kenya and Uganda all grew at approximately 6% in 2019. In addition, Nigeria emerged from a recessionary environment. The stronger macroeconomic growth across the Africa Regions combined with the group's increasing levels of penetration in the core businesses have driven much faster loan growth. Inflation and interest rates have trended down while exchange rates have remained relatively stable except for Angola, Ghana, Zambia and Zimbabwe where currency rates deteriorated against the ZAR negatively impacting their contributions to the group.

Performance

Despite the difficult macroeconomic environment in South Africa and headwinds in pockets of Africa Regions, the group's primary business lines produced sustainable, good quality top line growth and positive operating leverage. The committee noted that while growth in Africa Regions was encouraging, this was not sufficient to offset the muted performance in South Africa.

With this backdrop, banking activities' headline earnings grew by a pleasing 5% to R27.2 billion, generating an ROE of 18.1%.

Liberty

Liberty showed continued improvement and headline earnings of R3.3 billion, an increase of 23% over the prior year. Improved returns from the shareholder investment portfolio exceed the negative impact of a higher claims experience and a muted performance in the South Africa retail business. Liberty earnings attributable to the group equated to R1.9 billion, up 16% on the prior year.

ICBC Argentina

ICBC Argentina produced a strong set of results. The group's headline earnings attributable to the group's 20% stake grew 18% to R583 million. ICBC Argentina is in the process of being sold.

ICBC Standard Bank Plc

At a group level, performance was negatively impacted by the disappointing set of results from ICBCS. These results were significantly impacted by a single client loss. ICBCS recorded a loss of USD248 million for full year 2019. The group's 40% share of the loss equates to R1.4 billion. Further to this, in September 2019, the group recognised a USD163 million impairment of its stake in ICBCS (reducing the carrying value from USD383 million to USD220 million). This equated to a R2.4 billion impairment which is reported outside of headline earnings. The ICBCS losses had a detrimental effect on the group's performance.

Consequently, group headline earnings grew by 1% to R28.2 billion and ROE was 16.8%, below expectations. The impact of the ICBCS losses on ROE was 0.7% (i.e. ROE would have been 17.5%).

It was noted that the focus on cost control by senior management continued as a key initiative. Costs rose by 4%, below the average rate of inflation despite salary increases, the substantial costs associated with the branch reconfiguration initiative in South Africa, investments into IT resilience and stabilisation, continued investment into growing Africa Regions business and client experience enhancements. The cost-to-income ratio fell to 56.4% with positive jaws of 113 bps showing an encouraging improvement from the previous year.

Standard Bank of South Africa

The SBSA business produced resilient headline earnings growth. Headline earnings grew by 4% to R16.6 billion year-on-year with an ROE of 16.9%, demonstrating continued improvement over previous years. Total costs grew by 2%, which was below inflation, despite salary increases, the branch reconfiguration initiative and ongoing investments into IT and staff training.

Positive jaws were achieved and the cost-to-income ratio declined, albeit marginally. Given the difficult trading conditions, the committee agreed that this was a good performance.

Africa Regions

The Africa Regions business produced a good set of results in 2019. Headline earnings were R8.4 billion, up 5% on the prior year (9% on a constant currency basis). Continued instability and currency devaluation in Zimbabwe adversely impacted that business' contribution. Country downgrades led to higher allocated capital and a lower ROE of 20.7% compared to 24.0% in 2018. Headline earnings growth above 20% was achieved in Kenya, Malawi, Nigeria, Tanzania and Uganda. These strong growth performances indicate that the group's strategy to invest in key countries outside of South Africa is paying off. It was pleasing to see that jaws turned positive at 170 bps and the cost-to-income ratio fell to a respectable 51.8%, demonstrating continued good cost management.

Strategy

The group's strategy remained broadly unchanged. Focus remains on three key areas: client centricity, digitisation and integration. These areas of focus are underpinned by five strategic value drivers: client focus, employee engagement, risk and conduct, financial outcome and SEE impact. More detailed information can be found in the SEE section of this report. The committee noted good progress was being made.

Remuneration outcomes

Against this backdrop, the committee was faced with the difficult task of balancing the distribution of earnings between shareholders, senior executives and employees.

The committee considered the size and impact of the ICBCS losses on the group's results. This event has a direct impact on shareholders and was, therefore, factored into the determination of the short-term incentive (STI) pool for the group.

The committee addressed this event by moderating the size of the pool between the banking business results, those under the direct control of senior management, and group results which include ICBCS over which senior management within banking activities had little control.

It is also important to note that the ICBCS results significantly reduced the delivery of the long-term incentive (LTI) plan, the performance reward plan (PRP). All senior executives who participate in the plan are materially negatively affected by this event.

In terms of the prescribed officers' STI rewards, the calculation of the weighting between business line results (60%) and group results (40%) was discussed and moderated for personal performance against the five value drivers. STIs for the CEO and group financial director were directly linked to group results and moderated for personal performance against the five value drivers. More detail on the link between performance and pay can be found in the remuneration report.

The committee discussed the performance of the banking business which showed resilience and growth with pockets of excellent results in both product lines and geographies and agreed that these performances should be appropriately rewarded.

In South Africa, while the economy declined, the senior team took decisive action in closing non-strategic branches and reducing costs in a humane and dignified manner. The committee noted that despite the very unfavourable market conditions, there were a number of strong performances in the South African franchise that should be appropriately rewarded.

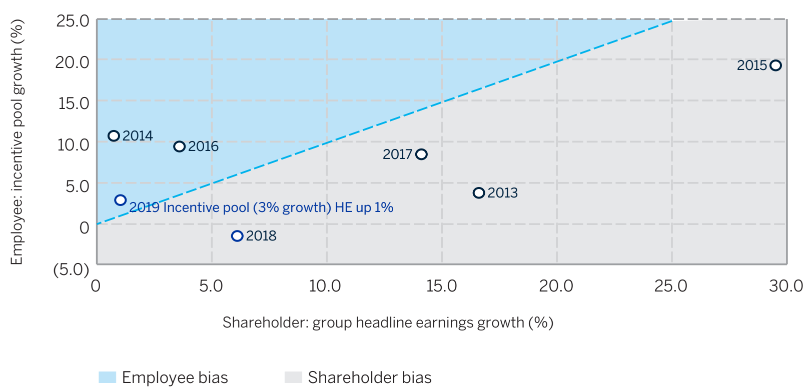
In the investment banking and global markets businesses, results were excellent. It should be noted that STIs in these businesses account for a large proportion of the STI pool.

The remco also noted that the STI pool is set on a through-the-cycle basis and that in 2018, the committee reduced the pool by 1% despite profits in banking activities growing by 7%. In addition, executives earning more than ZAR1.5 million received no salary increase in March 2019.

All these factors were debated at length by the committee which also noted the increased competition for talent from traditional, non-traditional, local and international competitors and agreed that to retain and motivate the group's top executives, the incentive pool growth should land between the growth in banking business headline earnings of 5% and group headline earnings of 1%.

The outcome of this deliberation was to agree an increase in the incentive pool of 3%. In terms of salary increases, a 5% inflationary increase was agreed for managers and executives in South Africa. Inflationary increases were agreed for the other geographies resulting in a total increase of 6.4% to salaries across the group. It should be noted, however, that, accounting for the reduction in headcount, the year-on-year salary cost will rise by only 2%.

Shareholder vs employee reward



The committee felt that this outcome was fair and reasonable to all stakeholders under the circumstances described in this letter.

Shareholder engagement

In May 2019 at our AGM, 92.2% of our shareholders supported our remuneration policy and 93.6% of our shareholders supported our implementation report.

Last year, many shareholders indicated a desire to understand how we arrived at our STI pool and I hope the explanation contained here gives you more clarity on the factors remco considered this year. In addition, we have inserted a diagram in the remuneration report which describes how the pool is set and cascaded within the group. Remco values shareholder feedback and endeavours to respond accordingly.

Understanding the link between the performance of each executive director and prescribed officer and their remuneration outcome is also important. This year, we have included in the remuneration report a description of the performance outcome in relation to targets set to clarify the link. In addition, we have indicated where the current total remuneration outcome has landed in relation to the forward-looking scenarios for each individual in the remuneration report. A description of how remco benchmarks remuneration for these individuals is set out on page 111.

I trust that this improves your understanding of the rigour your committee applies in setting remuneration for the group, as well as indicating that it needs to exercise judgement in this process due to the complexity of the group, while taking into account both our shareholder and employee expectations.

Changes to the remuneration policy effective 1 January 2020

Having conducted a survey of the market, remco has decided to extend the notice period on termination for executive directors and prescribed officers to three months.

Remco approved a change in the performance weightings of business lines to group from 60/40 to 50/50 to foster greater intra-group team work and cooperation.

In the past, the PRP has had absolute targets for headline earnings per share (HEPS) and ROE. Remco continues to support the use of an earnings measure and a return measure. Following the receipt of benchmark data on long-term incentive targets in South Africa (conducted by Bowman Gilfillan), we have agreed to change our HEPS and ROE targets from absolute targets to relative measures. HEPS growth will be benchmarked to CPI plus GDP calculated as a CAGR over the three-year vesting period. ROE will be benchmarked to cost of equity. Vesting ladders have been matched as closely as possible to the prior ladders to ensure sufficient stretch to attain higher level vesting. Independent validation of the target outcomes will be undertaken prior to vesting. See the remuneration report online for details of these ladders.

Remuneration outcomes for executive directors and prescribed officers

More detail on performance and remuneration outcomes of executive directors and prescribed officers starts on page 112.

Changes to the remuneration committee

This is my last remuneration letter as chairman as I retire from the board in May 2020. I have thoroughly enjoyed the experience, the interaction and helpful feedback from our shareholders.
Trix Kennealy will be taking over as the remuneration committee chair and I wish her all the best in her new role.

Note:

The remuneration decisions and outcomes made by remco and the board, which are contained in this remuneration overview and in the full remuneration report, were undertaken up to and on 4 March 2020. This was prior to knowing the extent and impact that COVID-19 would have on the countries in which we operate and the group. Remco and the board will consider these impacts in relation to the remuneration policy in due course.

REMUNERATION POLICY

People are at the heart of our business. We need highly skilled and experienced people to drive the growth of our business across Africa and we need to reward them for their performance and the returns they generate for our shareholders. Our employee engagement section, starting on page 52, describes how we develop and retain our people.

We have four key objectives guiding our remuneration policy:

1. We measure and reward for value delivered and adjust for risks assumed.
2. We aim to be competitive in remuneration in the global marketplace for skill.
3. We reward our people fairly while avoiding a bonus-centric culture that distorts motivations and may encourage excessive and irresponsible risk taking.
4. We promote and reward teamwork.

Principles that underpin our remuneration policy

Remco is firmly committed to disclosing our reward policy, principles and structures to all relevant stakeholders, including our people, unions, regulators and shareholders.

The key principles that underpin our remuneration policy, reward structures and individual reward are as follows:

- We reward sustainable, long-term business results.
- We do not unfairly discriminate against our people based on diversity or physical difference.
- The reward focus is on total reward, being fixed and variable remuneration. We want to be competitive in both elements, but annual incentives are not a function of a guaranteed package.
- Fixed remuneration includes compulsory benefits which consist of group benefits as well as compulsory country specific benefits.
- We create a balance between the fixed and variable elements of total reward.
- A deferral policy affects annual incentives above certain levels. Deferred amounts are indexed to the group's share price and vesting is subject to specific conditions.
- Vesting conditions of deferred awards and long-term incentives allow for forfeiture of unvested awards and clawback on vested or paid awards.
- All elements of pay are influenced by market and internal pay comparisons.
- Pay practices encourage a focus on achieving agreed deliverables and behaviours, rather than hours worked.
- Individual appraisals assess performance at all levels in the business, enabling fair and competitive pay. Consequence management, including reward impact, forms part of the review of performance.
- Individual rewards are determined according to group, business line and individual performance.
- We reward experience, performance relative to others doing similar work and performance against the market.
- We differentiate individual reward in a transparent way based on quantitative, qualitative and behavioural performance. We also take into account the need to retain talent, skill and experience.
- We ensure that key senior executives are significantly invested in the group's share price and performance over time, to align to our shareholders' interests.
- Pay designs comply with all tax and regulatory requirements.
- Ongoing oversight prevents irresponsible risk taking by individuals and we ensure that risk adjustment forms part of pay design.
- We endeavour to promote fair and responsible pay.

Promoting progression and career development

The group invested R878 million for 46 027 employees in learning and development. In addition, we spent R42.4 million on bursaries for 1 794 employees. This investment together with development opportunities, internal job opportunities, and promotion opportunities allows individuals to progress their careers and, therefore, their earning potential.

Ensuring remuneration is fair and responsible, remco undertakes the following activities:

- Seeking the input of shareholders via an annual shareholder roadshow.
- Continuously improving the extent and transparency of remuneration reporting.
- Ensuring breadth and depth of experience, as well as diversity and independence in remco membership.

The group's approach to fair and responsible remuneration

Fair remuneration

Decisions are:

- Impartial, free from discrimination, free from self-interest, favouritism or prejudice on grounds including race, gender and sexual orientation.
- Rational and objective.
- Aligned with the Employment Equity Act's principle of equal pay for work of equal value in South Africa.

Pay differentiation is fair when the process for measuring and rewarding performance and identifying and matching benchmarks is transparent and trusted. The remuneration system has a trusted process and reporting system that is able to present performance outcomes and reward proposals for approval equitably and transparently.

Horizontal fairness – employees performing the same or similar job requirements at the same or similar level of performance in the organisation receive the same or similar levels of total remuneration, allowing variations according to, for example, seniority/length of service, qualifications, performance, and scarcity of relevant skills.

Vertical fairness – differences in total remuneration between job levels can be explained and justified on a consistent basis, for example, according to factors such as risk and complexity of the job, level of responsibility of decision-making and consequence and impact on the organisation.

Responsible remuneration

Decisions are:

- Funded by, and linked to, the creation of value over the long term, in a way that is transparently reported in the full remuneration report.
- Approved by remco and recommended to the board.

Variable remuneration is clearly correlated with the achievement of criteria that measure performance and value creation over the short, medium and long term, aligned to the group strategy and value drivers.

Stakeholders (internal and external) are provided with evidence of the linkages between remuneration and value creation in the full remuneration report.

All remuneration falls under the ambit of remco and senior executive remuneration is approved by remco and recommended to the board. Senior executive remuneration is benchmarked to market, follows a rigorous process to review risk and control issues and all share plans contain forfeiture and clawback clauses. Senior executives are subject to a minimum shareholding requirement.

The wage gap and minimum salaries

Remco has stated in its policy that it pays for value delivered and that remuneration must be externally competitive. The outcome of these two principles is that remuneration differs across levels, roles and geographies and, therefore, a vertical wage gap exists. However, remco can satisfy itself that minimum incomes in the group are fair and enable the lowest levels in the group to participate with dignity in the economies of the countries where they reside. To this end, remco has undertaken an exercise to determine what the minimum levels of income are in each country that the group operates in and continues to monitor this.

A comparison has been done on each of these minimums against financial service/banking minimums in each country and against prescribed minimum incomes (where these exist). This has shown that in all countries but one, the group's minimum salaries are above both market and prescribed norms. In Angola, the minimum salary is above prescribed norms but not above market.

Gender pay

In 2019, in line with global practice, the group finalised a multivariate regression analysis methodology for conducting Pay Equity Analyses. This methodology assesses any differences between what men and women earn (or on an equal pay for work of equal value basis) which cannot be explained by neutral job-related measures. We are piloting this methodology in selected jurisdictions during the 2020 March salary review.

The group is fully committed to fair and equitable remuneration practices to ensure that no employees are discriminated against unfairly.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION POLICY

Performance management and evaluation of executive directors, and prescribed officers

- Performance objectives are set at the beginning of each year against the five value drivers in relation to the board-approved business plan.
- Quantitative elements have pre-determined measures. Qualitative elements are measured against achievement of key strategic objectives.
- Achievements against objectives are tracked throughout the year and evaluated at the end of the year.

The link between performance and the elements of pay of executive directors and prescribed officers

Fixed remuneration

Set taking into account the size and complexity of the role, benchmarked to market (see note on benchmarking below) and impacted by the performance of the group, relevant business line (if applicable) and individual performance.

Short-term incentives

Directly influenced by group and business line performance (if applicable) (set out in the table alongside). The formula is applied on the financial outcomes of the group (and business line, if applicable) Remco then applies a disciplined non-formulaic approach to evaluate the other four value drivers using their judgement in assessing the business and individual performance. Each executive director and prescribed officer now has a performance against target table to indicate the link to their STI payment.

Long-term incentives (PRP)

This is a forward-looking share plan with performance conditions. Awards are made in relation to the market pay benchmarks.

Executive directors' and prescribed officers' short-term incentive linked to financial results

Description	STI outcome dependency on financial outcomes
Group chief executive	
Sim Tshabalala	100% group
Group financial director	
Arno Daehnke	100% group
PBB chief executive	
Zweli Manyathi	60% PBB
	40% group
CIB chief executive	
Kenny Fihla	60% CIB
	40% group
Wealth chief executive	
Margaret Nienaber	60% Wealth
	40% group

Benchmarking executive directors' and prescribed officers' pay and access to information and advisors

In February of each year, remco reviews the following items before considering the pay outcome of the senior executives:

- A consolidated table of executive director and prescribed officer pay extracted from the remuneration reports of the major banks located in South Africa (First Rand, Nedbank, ABSA and Capitec).
- Senior executive reward outcomes and reward trends in international banks extracted from the remuneration reports of institutions such as Standard Chartered Bank, Investec, HSBC Holding, Wells Fargo, JP Morgan Chase, Westpac Group, Commonwealth Bank and remuneration trends in India-based banks (for an emerging market reference).
- A bespoke analysis of South African banks' variable pay pools from their published annual financial statements.
- PricewaterhouseCoopers (PwC) Remchannel Survey data.

Members of remco can also access any information that helps inform their independent judgement on senior executive remuneration. This includes any impact that remuneration might have on risk, regulation or behaviour.

In 2019, remco and management used external advisors to benchmark remuneration and benefits across the group. External advisors also provided opinions on remuneration regulations and compliance. Information and guidance was received from PwC, PwC Remchannel, Bowman Gilfillan, Global Remuneration Solutions – Mercer, Employment Conditions Abroad, McLagan and Willis Towers Watson. Remco uses the input from these external advisors to inform the group's remuneration philosophy and policy. The board approves remco's proposals and, where necessary, submits proposals to shareholders for approval. Certain specialist business lines in the group provide supporting information and documentation relating to matters considered by remco.

Remuneration scenarios for executive directors and prescribed officers

Requirement

King IV requires disclosure of the potential consequences on the forward-looking total remuneration for executive directors and prescribed officers on a total single figure basis by applying the remuneration policy under minimum, on-target and stretch performance outcomes. It should be noted that these are hypothetical values of total remuneration under the following assumed performance scenarios:

- **Minimum reward outcome**
  Short- and long-term incentives are awarded at remco's discretion. The minimum reward outcome hence represents the scenario in which only the fixed remuneration of the relevant individual would be paid.

- **On-target reward outcome**
  In addition to the fixed remuneration of the relevant individual, remco may award both short- and long-term incentives. The STI would be determined by remco on the basis of the individual meeting the required targets and is determined on a combination of group, business line and individual performance (utilising both financial and non-financial metrics over the period). The LTI for this purpose has been determined on the basis of 100% of the conditional PRP awards, being the achievement of the PRP's ROE and HEPS growth conditions over the previous three financial years at the 100% achievement level.

- **Stretch reward outcome**
  The LTI for this purpose has been determined on the basis of 200% of the conditional PRP's maximum ROE and HEPS growth conditions over the previous three years. This outcome will deliver significant value for shareholders.

REMUNERATION OUTCOMES FOR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

SIM TSHABALALA

Chief executive, Standard Bank Group

Performance against strategic value drivers – overall on target rating

Sim's performance was assessed by remco against the following criteria:

- Evaluation against the group financial results,
- Evaluation against the results of the banking franchise and the growth and resilience of that franchise,
- The extent to which the group is on a trajectory that will enable the achievement of medium-term goals,
- The long-term sustainability and profitability of the group, and
- Evaluation against the value drivers of client focus, leadership and people, risk and conduct and social, economic and environmental impact.

The established banking franchise has a large, growing client base and the group has diversified revenue streams. Capital and liquidity positions remain robust, the group has the resources and appetite to expand.

Sim was recognised for his disciplined execution of the strategy and the progress made in client centricity, digitisation and integration within the group.

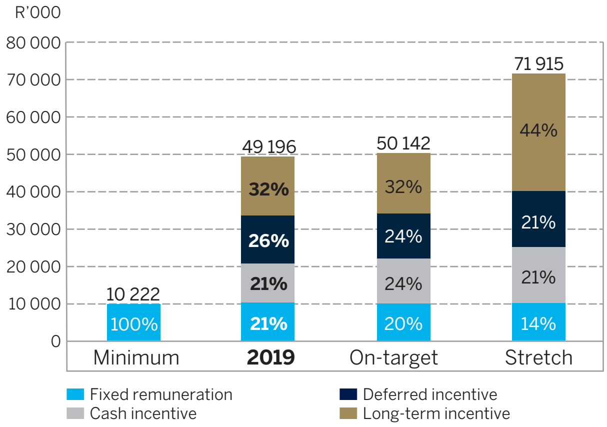
Sim is an exceptional leader, instilling hope, values and purpose across the group, personally spending time in many countries. He is visibly client centered in his behaviour and in his dealings with clients, ensuring clients are fairly and respectfully treated. He is the President of the board of the International Monetary Conference and on the board of the International Institute of Finance.

Tactical cost management in South Africa during 2019, as the economy tightened, resulted in positive jaws.

Progress was made in the key area of client focus where client satisfaction scores improved across most businesses and many prestigious awards were won. Employee engagement scores remain high in relation to industry norms, despite several economies, including South Africa, experiencing poor economic growth. Focus on SEE continued and several important policies, including a policy on funding coal-fired power projects, were adopted.

Sim's leadership qualities, including his ability to motivate and unite such a large and diverse group, sets him apart in the industry and in the country.

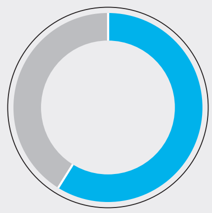
Single figure total reward for FY2019 in relation to minimum, on-target and stretch projected earnings



Link between performance and reward

- Reward reflects the overall 'on target' performance rating for 2019, with strategic leadership contribution and client focus being viewed as above target.
- There was no increase to fixed remuneration with effect from 1 March 2019. The increase shown in the tables alongside is due to the introduction of an all-employee permanent health insurance plan for the January to December reporting period.
- Remco approved a 5% inflationary increase to fixed remuneration with effect from 1 March 2020.
- In line with all other group exco members, STIs are proposed after considering headline earnings growth and the achievement of strategic value drivers. For executive directors, the financial performance is fully anchored around group performance.
- Cash and deferred STIs were reduced from the prior year. Total STI was down 8.5% on the prior year.
- Remco agreed to change the reward mix between STIs and LTIs, with a greater weight on long-term conditional awards.
- The table on the next page shows that total remco awards of R50.1 million are 1.5% higher than the prior year and in line with the increase in the group's headline earnings.
- A significant proportion of awards are deferred for up to 3.5 years. 55% of the STI awards are deferred, 100% of long-term awards are deferred and 59% of 2019 total reward is deferred.
- The graph above shows that this year's single figure total reward of R49.2 million is just below on target projected earnings of R50.1 million and significantly below the stretch projection of R71.9 million.
- Single figure total remuneration has declined on the prior year due to a decline in LTI delivered. PRP vesting is dependent on group ROE and headline earnings results.

Pay mix on awards made for 2019



Deferred for up to 3.5 years	**59%**
Paid in cash	**41%**

AWARDED FOR 2019

R'000	2018	2019	% Increase
Fixed remuneration[1]	9 987	**10 222**	2.4
Cash incentive	11 350	**10 525**	(7.3)
Deferred incentive	14 050	**12 725**	(9.4)
PRP awarded	14 000	**16 650**	18.9
Total reward	49 387	**50 122**	1.5
Once-off allowance/ payments[2]	632	**–**	–
Total reward (incl once-off allowance)	50 019	**50 122**	0.2

SINGLE FIGURE REMUNERATION FOR 2019

R'000	2018	2019
Fixed remuneration[1]	9 987	**10 222**
Cash incentive	11 350	**10 525**
Deferred incentive	14 050	**12 725**
PRP vesting	23 046	**15 724**
Total reward	58 433	**49 196**
Once-off allowance/payments[2]	632	**–**
Total reward (incl once-off allowance)	59 065	**49 196**

1 No cost-to-company (CTC) increase was granted in March 2019. However, the introduction of a permanent health insurance plan and the impact of reporting on CTC from January to December has resulted in small uplifts in CTC from 2018 to 2019.
2 Includes a once-off payment made in respect of death-in-service and permanent health insurance benefits.

CLIENT FOCUS (above target rating)

- Continued focus on placing the client at the centre of everything,
- Improved client satisfaction scores across most business lines and geographies,
- Focus on delivering what matters to clients, enabled through efficient digital solutions, channels and capabilities,
- Facilitating intra-Africa and Africa-China banking and trade flows,
- Sim personally responds to many client complaints to ensure that issues are fully resolved,
- SBSA was awarded the overall banking winner by the Ombudsman for Banking Services for resolving complaints, as well as receiving an award for innovation in dispute resolution,
- The group was awarded Best Bank in South Africa, Lesotho, Zambia, Zimbabwe and Angola by The Banker,
- Voted South Africa's Most Valuable Brand by WPP BrandZ for the second year in a row, and
- Sim regularly meets with clients formally and informally across the continent and at international conferences.

LEADERSHIP AND PEOPLE (above target rating)

- The group's eNPS and emotional NPS remain exceptionally high by global industry standards at +18 and +48 respectively. These scores are based on an employee participation rate of 74%,
- South Africa's new employment equity plan has been adopted and good progress has been made towards achieving all targets,
- Visible human leadership across the group has been achieved with a combination of country visits and digital communications,
- Sim continues to represent the group as an appointed global Thematic Champion of the UN's HeForShe movement for gender equity,
- Sim is on the board of the International Monetary Conference as President for 2019-2020,
- Sim also represented the group at the WEF and on the board of the International Institute of Finance, and
- Attendance at the SA Tomorrow investment promotion conference has reinforced the group's position as the leading source of information and analysis on South Africa and the African continent.

RISK AND CONDUCT (on target rating)

- All of the group's capital and liquidity positions remained sound and within or above board-approved ranges,
- Operational risk losses were within operational risk appetite,
- Conduct dashboards are now embedded and conduct continues to be monitored across the group, and
- Lower IT outages experienced in South Africa and system stability continued to improve in Africa regions.

FINANCIAL OUTCOME (banking activities – on target; group results – below target)

- Headline earnings for the group increased by 1% to R28.2 billion, notwithstanding the weak South African economy,
- ROE reduced to 16.8% (2018: 18.0%),
- Losses in ICBCS, from a single client event, had a R1.4 billion impact on headline earnings,
- Banking activities' headline earnings increased by 5% to R27.2 billion and reported an ROE of 18.1% (2018: 18.8%). This reflected strong franchise growth, growing client numbers and growing deposits and loans,
- Good cost management led to an improvement in the cost-to-income ratio of 56.4% (2018: 57.0%) and positive jaws of 113 bps,
- Resilient growth by core business lines, and
- The group remains on track to meet its medium-term financial objectives.

SEE IMPACT (on target rating)

- The group is committed to making a sustainable contribution to Africa's growth and development in the ordinary course of its business operations,
- As a member of the International Institute of Finance and the International Monetary Conference, Sim has amplified the voice of financial institutions from emerging markets in global regulation making and in mitigating climate change,
- Corporate social investment amounted to R84 million in South Africa with the main objective of improving access to better quality education, and
- The group spent R20 million across the Africa Regions businesses in support of entrepreneurship, SME development and education.

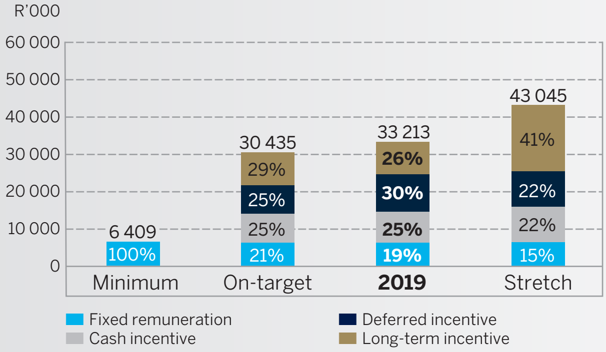
DR ARNO DAEHNKE

Group financial director

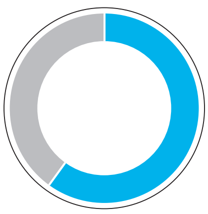
Performance against strategic value drivers – overall on target rating

Arno maintained a strong financial and control environment, while implementing IFRS 9 and IFRS 16. Capital and liquidity continue to be well managed. Client metric and client insight reporting was improved and digitised. Arno co-chairs the digital transformation committee with the group chief executive, leading the group's digital strategy. Development of client reporting and metrics was notable. Arno played a significant role in the management of costs across the group in 2019.

Single figure total reward for FY2019 in relation to minimum, on-target and stretch projected earnings



Pay mix on awards made for 2019



Deferred for up to 3.5 years	**60%**
Paid in cash	**40%**

Link between performance and reward

- Reward reflects the overall 'on target' performance rating for 2019, with strategic leadership contribution and client focus being viewed as 'above target'.
- There was no increase to fixed remuneration with effect from 1 March 2019. The increase shown in the tables on the next page is due to the introduction of an all-employee permanent health insurance plan and the January to December reporting period.
- Remco approved a 10.4% increase to fixed remuneration from 1 March 2020 but this does not reflect in the 2019 reward. This increase was partly an inflationary adjustment (5%) and partly a structural/market adjustment having conducted an internal and external salary comparison. External comparison considered published CFO remuneration. The size of the CFO role and the scope and complexity of the geographic footprint and regulatory environments were taken into account in determining the appropriate fixed remuneration in relation to market.
- In line with all other group exco members, STIs are proposed after considering headline earnings growth and the achievement of strategic value drivers. For executive directors, the financial performance is fully anchored around group performance.
- The 1.6% increase in the cash incentive award is aligned to the group's results.
- The 12.9% increase in the deferred incentive award reflects Arno's personal leadership contribution in the board, in group exco and in the digital transformation committee, as well as the focus on client reporting. Given the longer-term impact, this is appropriately deferred for up to 3.5 years.
- The table on the next page shows that total remco awards of R36.4 million are 3.9% higher than the prior year.
- A significant proportion of awards are deferred for up to 3.5 years. 55% of the STI awards are deferred, 100% of long-term awards are deferred and in total, 60% of 2019 total reward is deferred.
- The graph alongside shows that this year's single figure of R33.2 million is above the 'on target' projection of R30.4 million and significantly below the stretch projection of R43.0 million.
- Single figure total remuneration has declined on the prior year due to a decline in LTI delivered. PRP vesting is dependent on group ROE and headline earnings results.

AWARDED FOR 2019

R'000	2018	2019	% Increase
Fixed remuneration[1]	6 294	**6 409**	1.8
Cash incentive	8 025	**8 150**	1.6
Deferred incentive	8 725	**9 850**	12.9
PRP awarded	12 000	**12 000**	–
Total reward	35 044	**36 409**	3.9
Once-off allowance/ payments[2]	111	**–**	–
Total reward (incl once-off allowance)	35 155	**36 409**	3.6

SINGLE FIGURE REMUNERATION FOR 2019

R'000	2018	2019
Fixed remuneration[1]	6 294	**6 409**
Cash incentive	8 025	**8 150**
Deferred incentive	8 725	**9 850**
PRP vesting	12 908	**8 804**
Total reward	35 952	**33 213**
Once-off allowance/payments[2]	111	**–**
Total reward (incl once-off allowance)	36 063	**33 213**

1 No CTC increase was granted in March 2019. However, the introduction of a permanent health insurance plan and the impact of reporting on CTC from January to December has resulted in small uplifts in CTC from 2018 to 2019.
2 Includes a once-off payment made in respect of death-in-service and permanent health insurance benefits.

CLIENT FOCUS (above target rating)

- Appropriate capital and liquidity raising was executed to support client growth,
- Capital supply was successfully managed and optimised with an inaugural USD400 million tier 2 Eurobond successfully placed, providing a valuable dollar component to the group's capital base,
- Client metric and client insight reporting was improved and digitised, allowing for increased focus on client level reporting, and
- High quality of internal and external reporting was maintained.

LEADERSHIP AND PEOPLE (above target rating)

- eNPS of +18,
- Finance culture of learning, energy and innovation was embedded,
- Cross-functional, non-hierarchical and empowered teams were encouraged across finance,
- Focused effort was placed on diversity, talent development and succession planning, and
- Strategic leadership contribution in board, on digital transformation committee and in group exco.

RISK AND CONDUCT (on target rating)

- Financial control processes have been well maintained and increasingly automated,
- Balance sheet resilience has been maintained across all banking subsidiaries. All level 1 risk metrics were above regulatory minimum and within board-approved target ranges,
- Managed complex IFRS 9 and IFRS 16 transitions,
- Achieved compliance with the BCBS239 principles for effective risk data aggregation and risk reporting, covering 90% of the group's RWA, setting the group up for full compliance by 2021,
- Actively participated at risk and credit committees,
- Group tax risk was well managed,
- Initiated processes for finance systems to be cloud-ready,
- Significant progress made in modernising the finance function as evidenced through further automation and digitisation of processes, scaling blockchain solutions and using machine learning for predictive forecasting, and
- Finance conduct dashboard indicated no major breaches.

FINANCIAL OUTCOME (banking activities – on target; group results – below target)

- Group headline earnings of R28.2 billion (1% up on prior year),
- Group ROE of 16.8% (2018: 18.0%),
- Banking activities headline earnings of R27.2 billion (5% up on prior year),
- Banking activities ROE of 18.1% (2018: 18.8%),
- Cost-to-income ratio of 56.4% (2018: 57.0%),
- Arno played a significant role in the management of costs resulting in positive jaws of +113 bps,
- Successfully listed our Namibian subsidiary on the Namibian Stock Exchange,
- Argentina exit was well executed and is largely complete,
- Delivered credible group financial aspiration, four-year financial plan and 2020 budget, within available financial resources through managing trade-off processes, and
- Finance function costs and headcount were well managed.

SEE IMPACT (on target rating)

- The group's annual integrated reporting suite continues to be of a high standard,
- Managed and maintained B-BBEE financial sector code score at level 1, and
- Engaged with 833 black-owned SME businesses as suppliers in 2019.

ZWELI MANYATHI

Chief executive, PBB

Performance against strategic value drivers – overall on target rating

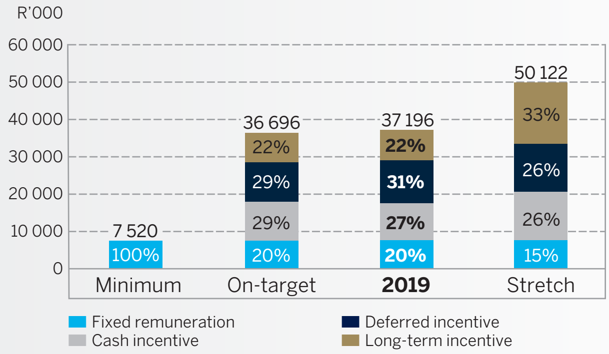
PBB experienced a challenging 2019 with some of the economies in which PBB operates being under severe strain.

The biggest market, South Africa had lethargic economic growth with low consumer and business confidence. Restructuring and branch closures, while necessary, impacted productivity and client experience. However, both of these recovered in the second half of the year. Despite this, headline earnings grew by 6% to R16.5 billion. Continued energy challenges in South Africa affected economic growth prospects.

PBB Africa Regions delivered good results even though some economies, like Zimbabwe, faced extreme conditions in the operating environment.

Zweli demonstrated astute leadership to achieve these results and mapped out a clear growth strategy for PBB into the future.

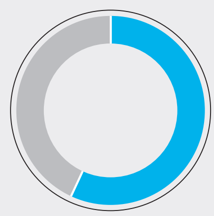
Single figure total reward for FY2019 in relation to minimum, on-target and stretch projected earnings



Link between performance and reward

- Reward reflects the overall 'on target' performance rating for 2019.
- There was no increase to fixed remuneration with effect from 1 March 2019. The increase shown in the tables below is due to comparing nine months fixed remuneration as a prescribed officer in 2018 to annual fixed remuneration for 2019.
- Remco approved an inflationary 5% increase to fixed remuneration with effect from 1 March 2020.
- In line with all other group exco members, short-term incentives are proposed after considering headline earnings growth and the achievement of strategic value drivers. For chief executives of business lines the financial performance is anchored on 60% business line (PBB) and 40% group.
- The executive team in PBB did not want to receive any increase in STI awards given the difficult operating environment and the fact that branches were closed due to the move to digital banking. Remco supported this proposal.
- The 11.5% increase to the PRP award reflects a focus on the longer-term strategy of the group and brings the total reward increase in line with the PBB growth in earnings. It also aligns the LTI awards for the CIB and PBB chief executives.
- The table below shows that total remco awards of R40.1 million are 8.2% higher than the prior year. However, this is comparing a fixed remuneration for nine months in the prior year 2018 to annual fixed remuneration for 2019. Normalising fixed remuneration results is a 3.1% uplift on the prior year, in line with PBB headline earnings.
- A significant proportion of awards are deferred for up to 3.5 years. 54% of the STI awards are deferred, 100% of long-term awards are deferred and 57% of 2019 total reward is deferred.
- The graph above shows that this year's single figure total reward of R37.2 million is just above the on target projected earnings and significantly below the stretch projection of R50.1 million.
- Single figure total remuneration has declined on the prior year due to a decline in LTI delivered. PRP vesting is dependent on group ROE and headline earnings results.

Pay mix on awards made for 2019



Deferred for up to 3.5 years **57%**
Paid in cash **43%**

AWARDED FOR 2019

R'000	2018	2019	% Increase
Fixed remuneration[1]	5 634	**7 520**	33.5
Cash incentive	9 900	**9 900**	0.0
Deferred incentive	11 600	**11 600**	0.0
PRP awarded	10 000	**11 150**	11.5
Total reward	37 134	**40 170**	8.2

SINGLE FIGURE REMUNERATION FOR 2019

R'000	2018	2019
Fixed remuneration[1]	5 634	**7 520**
Cash incentive	9 900	**9 900**
Deferred incentive	11 600	**11 600**
PRP vesting	11 062	**8 176**
Total reward	38 196	**37 196**

1 ZN Manyathi was appointed as a prescribed officer on 1 April 2018 therefore the fixed remuneration is shown from 1 April 2018 to 31 December 2018. No CTC increase was granted in March 2019.

CLIENT FOCUS (on target rating)

- PBB SA client NPS score of +67,
- PBB Africa Regions client NPS score of +25[1],
- Ombudsman complaints down 6% year-on-year,
- Internet banking complaints at 20%, (a decrease of 1%) but remains the top complaint category for SBSA, as well as the industry,
- SBSA and channel real-time NPS improved in Prestige, Lifestyle and cellphone banking,
- Average ATM availability was at 95% in South Africa mainly as a result of interrupted electricity supply across the provinces.
- Continued growth momentum on asset disbursements,
- Growth in digital mobile banking users increased by 25% year-on-year which reflects an increased adoption,
- Digitised 80% of personal and 50% of small business branch services,
- Launched instant credit card,
- Introduction of digital client onboarding of MyMo on the app, web and customer first,
- UCount redemptions of more than R2.8 billion since inception the programme until December 2019,
- Maintained positive shift in the 2019 dealer satisfaction score,
- Improved the ease of doing business with our clients through our integration with our dealers,
- Launched new solutions: tiered rate home loans, BizFlex, business loans in three minutes on customer 1st and internet banking, real-time clearing scaled up, instant personal loan on internet banking and app, Simplyblu and Sorted, and
- Instant Money, digital wallet and money transfer platform, continue to show improvements.

[1] Client NPS is on track. Stanbic scores are significantly above benchmarks in each country.

LEADERSHIP AND PEOPLE (on target rating)

- eNPS of +16,
- PBB group has a clear and compelling vision where employees understand what is required of them and how this links to serving customers and creating value,
- Employment equity targets for black females have been met at the senior management and exceeded at middle and junior management,
- Leadership development has focused on leaders through a specialised leadership programme,
- Culture and leadership – more than 750 leaders have been through VUKA during 2019 (2018: 100 top leaders), and
- Care and growth has been embedded in leadership programmes.

RISK AND CONDUCT (on target rating)

- Operational risk losses within risk appetite and below 2018 actuals,
- Customer centric PBB South Africa risk appetite framework rolled out,
- Implementing and refining operational risk framework aligned to new ways of work/agile in collaboration with group integrated operational risk,
- Reporting of customer losses as part of operational risk incident process,
- Approval of Thin Bureau strategy for card and overdraft,
- FAIS training is largely complete,
- Dealer grading model built by VAF credit,
- Developed dealer reviews with all key measurements (with risk mitigation),
- Dealer training and development for both front line and operations, and
- Constituted a single risk and control committee in South Africa to assess the risk across all segments holistically with enhanced governance structures with clearly defined three lines of defence.

FINANCIAL OUTCOME (on target rating)

- Headline earnings of R16.5 billion (6% up on prior year),
- ROE of 22.4% (2018: 21.9%),
- Cost-to-income ratio of 59.2% (2018: 60.4%),
- Positive jaws of 210 bps,
- PBB South Africa headline earnings is up 2%, slightly behind target, and
- PBB Africa Regions headline earnings is up 53%, exceeding target.

SEE IMPACT (on target rating)

- Continue to promote and support Feenix crowdfunding platform for students,
- Strive to scale up investments in Founders Factory, and
- Established strong entrepreneurial development programs in Mozambique, Uganda and Lesotho. Programs focus on all types of entrepreneurs, regardless of whether they are Standard Bank customers to access finance, tap into new markets and value chains, and receive business development support.

KENNY FIHLA

Chief executive, CIB

Performance against strategic value drivers – overall on target rating

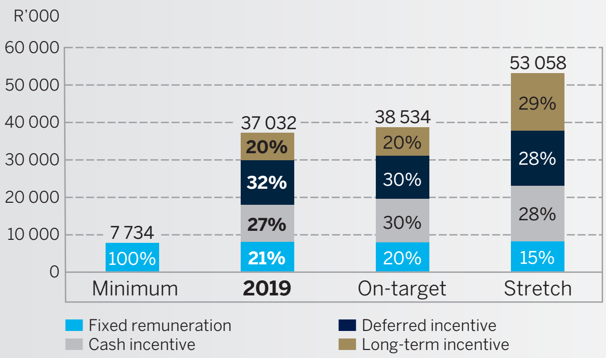
CIB delivered respectable results with headline earnings increasing by 5% to R11.8 billion and 7% in CCY. Total revenue increased by 5% to R39 billion and 6% in CCY, driven by growth in loans and advances, and deposits. Costs were contained to a 3% increase resulting in a positive jaws of 128 bps and an improvement in cost-to-income ratio to 53.7% from 54.4%. ROE remains respectable at 18.1%.

The franchise continues to show resilience against a challenging and a tough macroeconomic climate, with corporate client revenues growing 7% and 8% in CCY. Strong growth was recorded in the financial institutions, telecoms and media sectors.

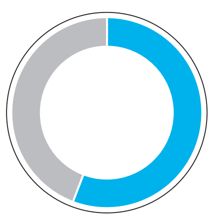
Despite some notable impairments, CIB's CLR to customers of 40 bps remains within the planning range. From an employee standpoint, the eNPS score decreased from +14 to +8 and the emotional NPS score from +53 to +45, however, participation increased from 58% to 71%.

The formation and delivery of the sustainable finance business team has had significant impact.

Single figure total reward for FY2019 in relation to minimum, on-target and stretch projected earnings



Pay mix on awards made for 2019



Deferred for up to 3.5 years **56%**
Paid in cash **44%**

Link between performance and reward

- Reward reflects the overall 'on target' performance rating for 2019, with client focus and SEE being viewed as above target.
- There was no increase to fixed remuneration with effect from 1 March 2019. The increase shown in the tables on the next page are due to the introduction of an all-employee permanent health insurance plan and the January to December reporting period.
- Remco approved a 5% inflationary increase to fixed remuneration with effect from 1 March 2020.
- In line with all other group exco members, short-term incentives are proposed after considering headline earnings growth and the achievement of strategic value drivers. For chief executives of business lines, the financial performance is anchored on 60% business line (CIB) and 40% group performance.
- Remco approved an increase in the short-term (cash and deferred) incentive award of 14.5% to R21.75 million taking the following metrics into account:
  - 1% growth in the group's headline earnings,
  - 5% growth in CIB's headline earnings,
  - 15% growth in CIB's South African franchise headline earnings in a tough macroeconomic climate,
  - A robust ROE of 18.1%,
  - CIB's client experience is at the highest recorded level.
  - An individual assessment against the achievement of the group's strategic value drivers, and
  - An upward structural adjustment to reflect the contribution to the group of the CIB business which generated R11.8 billion of earnings. Remco considered the published STI of other chief executives of corporate and investment banks in South Africa taking note of the size of those comparators (in both financials and footprint) in relation to CIB to inform the adjustment.
- The change in the PRP award was to align the awards for the CIB and PBB chief executives.
- The table on the next page shows that total remuneration of R40.6 million awarded by remco has increased by 5.3% in line with CIB's headline earnings performance.
- A significant proportion of awards are deferred for up to 3.5 years. 54% of the STI awards are deferred, 100% of long-term awards are deferred and 56% of 2019 total reward is deferred.
- The graph alongside shows that this year's single figure total reward of R37.0 million is just below the on target projected earnings of R38.5 million and significantly below the stretch projection of R53.1 million.
- Single figure total remuneration has declined on the prior year due to a decline in LTI delivered. PRP vesting is dependent on group ROE and headline earnings results.

AWARDED FOR 2019

R'000	2018	2019	% Increase
Fixed Remuneration[1]	7 588	**7 734**	1.9
Cash incentive	8 650	**10 025**	15.9
Deferred incentive	10 350	**11 725**	13.3
PRP Awarded	12 000	**11 150**	(7.1)
Total Reward	38 588	**40 634**	5.3
Once-off allowance/ payments[2]	710	**–**	–
Total Reward (incl once-off allowance)	39 298	**40 634**	3.4

SINGLE FIGURE REMUNERATION FOR 2019

R'000	2018	2019
Fixed Remuneration[1]	7 588	**7 734**
Cash incentive	8 650	**10 025**
Deferred incentive	10 350	**11 725**
PRP Vesting	11 062	**7 548**
Total Reward	37 650	**37 032**
Once-off allowance/payments[2]	710	**–**
Total Reward (incl once-off allowance)	38 360	**37 032**

1 No CTC increase was granted in March 2019. However the introduction of a permanent health insurance plan and the impact of reporting on CTC from January to December has resulted in small uplifts in CTC from 2018 to 2019.
2 Includes a once-off payment made in respect of death-in-service and permanent health insurance benefits.

CLIENT FOCUS (above target rating)

- CSI of 8.1[1],
- Domestic client segment grew by 14%, highlighting relevance in markets wherein CIB operates,
- Actively responded to client needs with bespoke solutions and were the largest issuer of credit linked notes in Africa as we responded to a low return environment for asset managers,
- Opened a new prime brokerage business in the year, and
- In advancing the group's strategic priority of ecosystems and partnerships, Kenny led the SBG Client Ecosystems initiative to establish and align investment gateways for the scaling of select ecosystem initiatives. Across the group, ten initiatives have been identified as potential client ecosystems, of which six have been reviewed by the steerco, including two that are being assessed for commercialisation.

1 CSI is calculated on a ten point rating scale. Medium-term target of above 8 has been achieved.

LEADERSHIP AND PEOPLE (on target rating)

- eNPS of +8,
- Refocused the learning and talent strategy aimed to improve the culture of learning and to increase the focus on talent readiness for key roles,
- Successfully completed the Leading Culture programme across all CIB geographies, to drive the connection of people to CIB's strategy and build committed and empowered teams,
- Continued priority focus on embedding diversity, inclusion and transformation initiatives and deriving positive impact on people,
- Celebrated exceptional employee contribution through recognition programmes: Beyond Excellence, Mark of Excellence (MoE), and
- Continued the transformation and modernisation of internal processes to improve employee experience.

RISK AND CONDUCT (on target rating)

- Credit impairment charges increased 52% driven by impairments in TPS. The increase resulted in a CLR to customers of 40 bps, which is at the lower end of the guidance range of 40 to 60 bps. Nonetheless, CIB's continued proactive and forward-looking risk management helped stay within this range with no significant reputational risks, and
- Ongoing reinforcement of a culture of compliance with relevant campaigns and learning programmes.

FINANCIAL OUTCOME (on target rating)

- Headline earnings of R11.8 billion (5% up on prior year),
- ROE of 18.1% (2018: 19.3%),
- Cost-to-income ratio of 53.7% (2018: 54.4%),
- Positive jaws of 128 bps,
- CIB South Africa headline earnings is up 15%, albeit behind target,
- CIB Africa Regions headline earnings is up 1%, exceeding target, and
- CIB International headline earnings is significantly down and below target.

SEE IMPACT (above target rating)

- As part of CIB's journey to further embed the SEE framework into its product offering, the sustainable finance team was formed. This unit will be responsible for capturing emerging opportunities as sustainable growth becomes more top of mind for investors, institutions and companies globally. Despite being a relatively new business unit, sustainable finance has collaborated with various teams within the group to close several landmark deals:
  - First green infrastructure bond issued by corporate in Nigeria – North South Power NGN8.6 billion,
  - First sovereign green bond in Africa – Federal Republic of Nigeria NGN15 billion,
  - First green bond in East Africa – Acorn Project (Two) Limited Liability Partnership KES4.26 billion, and
  - First ESG linked facility in Africa offered by a local African bank – Curro Holdings ZAR500 million.

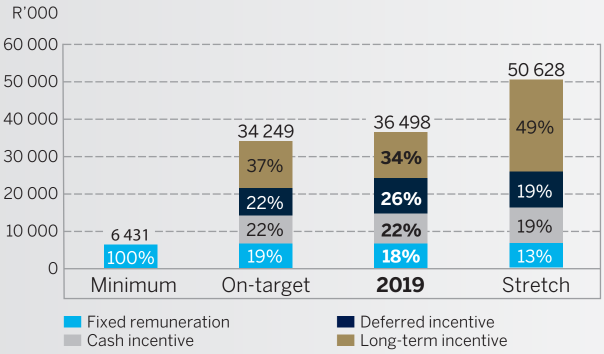
MARGARET NIENABER

Chief executive, Wealth

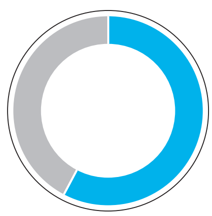
Performance against strategic value drivers – overall on target rating

Wealth delivered an excellent set of financial results. Margaret led a significant shift in the Wealth culture and in the ability of the business to deliver an integrated offering to clients. The client engagement philosophy is deeply embedded resulting in a client NPS score of +70 and Wealth winning over 20 awards from established industry publications. The partnership with Liberty is strong and productive. The Wealth eNPS score rose to +29 from +24 in the prior year with 85% of employees participating.

Single figure total reward for FY2019 in relation to minimum, on-target and stretch projected earnings



Pay mix on awards made for 2019



Deferred for up to 3.5 years	**58%**
Paid in cash	**42%**

Link between performance and reward

- Reward reflects the overall 'on target' performance rating for 2019 with client focus and leadership and people being viewed as above target.
- There was no increase to fixed remuneration with effect from 1 March 2019. The increase shown in the tables below are due to the introduction of an all-employee permanent health insurance plan and the January to December reporting period.
- Remco approved a 10.2% increase to fixed remuneration as a corrective adjustment to align with internal and external published comparators.
- In line with all other group exco members, STI are proposed after considering headline earnings growth and the achievement of strategic value drivers. For chief executives of business lines the weighting is 60% business line (Wealth) and 40% group.
- Remco approved an increase in the STI (cash and deferred) award of 15.7% taking the following metrics into account:
  - 1% growth in the group's headline earnings,
  - 14% growth in Wealth's headline earnings,
  - A strong ROE in Wealth of 35%,
  - An individual assessment against the achievement of the group's strategic value drivers, and
  - An upward adjustment above the 14% growth in headline earnings for Wealth to reflect the above target client focus and leadership and people performance.
- The 5% increase to the PRP award reflects inflationary growth.
- The table on the next page shows that total remco awards of R34.4 million are 9.7% higher than the prior year.
- A significant proportion of awards are deferred for up to 3.5 years. 55% of the STI awards are deferred, 100% of long-term awards are deferred and 58% of the 2019 total reward is deferred.
- The graph alongside shows that this year's single figure total reward of R36.5 million is just above the on target projected earnings of R34.2 million and significantly below the stretch projection of R50.6 million.
- Single figure total remuneration has increased on the prior year. This is due to the LTI award made to Margaret in March 2017 being higher than the award made in March 2016, reflecting her appointment as a prescribed officer.

AWARDED FOR 2019

R'000	2018	2019	% Increase
Fixed remuneration[1]	6 257	**6 431**	2.8
Cash incentive	7 212	**7 900**	9.5
Deferred incentive	7 913	**9 600**	21.3
PRP awarded	10 000	**10 500**	5.0
Total reward	31 382	**34 431**	9.7
Once-off allowance/ payments[2]	78	**–**	–
Total reward (incl once-off allowance)	31 460	**34 431**	9.4

SINGLE FIGURE REMUNERATION FOR 2019

R'000	2018	2019
Fixed remuneration[1]	6 257	**6 431**
Cash incentive	7 212	**7 900**
Deferred incentive	7 913	**9 600**
PRP vesting	6 443	**12 567**
Total reward	27 825	**36 498**
Once-off allowance/payments[2]	78	**–**
Total reward (incl once-off allowance)	27 903	**36 498**

1 No CTC increase was granted in March 2019. However the introduction of a permanent health insurance plan and the impact of reporting on CTC from January to December has resulted in small uplifts in CTC from 2018 to 2019.
2 Includes a once-off payment made in respect of Death in Service and Permanent Health Insurance benefits.

CLIENT FOCUS (above target rating)

- Client NPS score of +70[1],
- Melville Douglas Global Funds and Domestic Funds are above the benchmark,
- Wealth Africa Regions' universal client value propositions successfully launched in collaboration with PBB, CIB, and Liberty in Ghana, Mozambique, Namibia and Zambia,
- 1nvest, a specialist index tracking fund, was successfully launched in collaboration with STANLIB and CIB,
- My360 app successfully launched to SBSA staff and released in a phased approach to Wealth and Investment and SBFC clients,
- Cloud-based insurance app launched, and
- Win Web has successfully deployed the retail proposition for the Wealth International client base.

1 Client NPS can have an outcome from -100 to +100.

LEADERSHIP AND PEOPLE (above target rating)

- eNPS of +29,
- Behavioural Science Academy launched focuses on reskilling staff for the Fourth Industrial Revolution, emphasising general principles that underlie economic and consumer behaviour, with a strong focus on digital,
- Wealth has facilitated a number of rotations of senior executives across both divisions and jurisdictions in order to cultivate a multi-disciplinary leadership team,
- Wealth has reconstituted the diversity and inclusion forum to attract and develop a more diverse staff complement and ensure effective succession planning across all business units, and
- Numerous talent development programmes exist to nurture Wealth staff.

RISK AND CONDUCT (on target rating)

- Operational risk within risk appetite,
- No significant incidents or compliance breaches,
- Wealth continues to have a strong focus on implementing a conduct culture where employees feel empowered to do the right thing, and
- Wealth had deep dive visits from regulators in South Africa and Wealth International, all with satisfactory outcomes.

FINANCIAL OUTCOME (on target rating)

- Headline earnings of R3.6 billion (14% up on prior year),
- ROE of 35% (2018: 38%),
- Cost-to-income ratio of 53% (2018: 54%),
- Positive jaws of 92 bps,
- Wealth South Africa headline earnings is up 4%, slightly behind target,
- Wealth Africa Regions headline earnings is up 23%, exceeding target, and
- Wealth International headline earnings is up 25%, slightly behind target.

SEE IMPACT (on target rating)

- Continue to focus on promoting a culture of savings and financial inclusion,
- Cultivating financial literacy (including generational transfer of wealth),
- Insurance procurement (continue supporting small business development), and
- Standard Trust Limited provides beneficiary care to approximately 13 000 orphaned children, providing much needed monthly distributions to guardians, funding basic education and other needs.

ADDITIONAL INFORMATION

Pro forma information

Pro forma constant currency information

The pro forma constant currency information has been presented to illustrate the impact of changes in currency rates on the group's results of operations. In determining the change in constant currency terms, the comparative financial year's results for the year ended 31 December 2018 has been adjusted for the difference between the current and prior period's average exchange rates (determined as the average of the daily exchange rates). The measurement has been performed for each of the group's material currencies. The following average exchange rates were used in the determination of the pro forma constant currency information and were calculated using the average of the average monthly exchange rates (determined on the last day of each of the 12 months in the period).

	2019 average exchange rate	2018 average exchange rate
US dollar	**14.44**	13.23
Pound sterling	**18.43**	17.63
Argentine peso	**0.31**	0.50
Angolan kwanza	**0.04**	0,04
Ghanaian cedi	**2.70**	2.86
Nigerian naira	**0.04**	0.04
Kenyan shilling	**0.14**	0.13
Mozambican metical	**0.23**	0.22
Zambian Kwacha	**1.12**	1.27

Standard Bank Group Limited credit ratings

As at 5 March 2020

	Short term	Long term	Outlook
Fitch Ratings			
Foreign currency issuer default rating	B	BB+	Negative
Local currency issuer default rating		BB+	Negative
National rating	F1 + (ZAF)	AA (ZAF)	Stable
Moody's Investor Services			
Issuer rating		Ba1	Negative

Read more **online**. For further details regarding the group's credit ratings, including credit ratings for key subsidiaries, refer to the group website.

Restatements

During 2019, certain financial information published in 2018 was restated to correct errors identified in the classification of certain information. These are detailed below.

Correction of prior period income statement presentation error

During 2019, the group restated trading revenue to exclude gains and losses that do not comprise gains and losses from changes in the fair value of trading assets and liabilities, including related interest income, expense and dividends. These gains and losses that have been presented in other revenue as being more representative of their nature and aligns to the group's gains and losses presentation policy. This correction has no impact on the group's consolidated income statement, total income, profit for the year and earnings per share. The impact on the non-interest revenue disclosure is as follows:

	As previously presented income/ (expense) Rm	Restatement Rm	Restated income/ (expense) Rm
2018			
Trading revenue	11 129	(330)	10 799
Other revenue	3 533	330	3 863

Correction of the classification of investment in unit trust and portfolio managed funds

During 2019, the group identified that on transition to IFRS 9, certain investments in unit trusts and portfolio managed funds were incorrectly classified as loans and advances (at amortised cost) instead of financial investments (at fair value through profit and loss). However, due to the fact that the carrying amount of these assets approximate their fair values, they did not impact the group's total assets, profit for the year or credit impairment charges. The impact of the reclassification on the statement of financial position and income statement line items disclosure is as follows:

	As reported	Restatement	Restated
2018			
Statement of financial position			
Financial investment	547 405	1 121	548 526
Loans and advances	1 120 668	(1 121)	1 119 547
Income statement			
Net interest income	(59 622)	117	(59 505)
Other gains and losses on financial instruments	(672)	(117)	(789)

Changes in accounting policies

The adoption of new and amended accounting standards on 1 January 2019 did not affect the group's previously reported financial results, disclosures or accounting policies. IFRS 16 Leases replaced IAS 17 Leases, as well as the related interpretations, on 1 January 2019, introducing a single lease accounting model for leases. The group retrospectively adopted IFRS 16 on 1 January 2019 with an adjustment to opening reserves and, as permitted by IFRS 16, did not restate its comparative financial results. Accordingly, the group's results up to 31 December 2018 are presented in accordance with IAS 17, while for 2019 and future reporting periods, are presented in terms of IFRS 16.

The key financial impact on the group's results were an R4.8 billion increase in total assets, R4.7 billion increase in total liabilities and R190 million increase in reserves, mainly due to the release of the IAS 17 straight-line lease liability provision.

	31 December 2018 Rm	IFRS 16 transition adjustment Rm	**1 January 2019 Rm**
Statement of financial position			
Property, equipment and right-of-use asset	19 194	5 394	**24 588**
Other financial and non-financial assets	2 107 768	(508)	**2 107 260**
Total assets	2 126 962	4 886	**2 131 848**
Equity – equity attributable to ordinary shareholders	199 063	190	**199 253**
Liabilities	1 927 899	4 696	**1 932 595**
Total equity and liabilities	2 126 962	4 886	**2 131 848**

AFS More detailed information relating to our restatements and the impact of changes in our accounting policies, particularly the IFRS 16 transition, is available online in the group's annual financial statements.

Glossary

A	
AGM	Annual general meeting
AI	Artificial intelligence
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
API	Application programming interface
AT1	Additional tier 1 capital
ATMs	Automated teller machines

B	
Banks Act	South African Banks Act, 94 of 1990
Basel III	Basel Committee on Banking Supervision's third Basel Accords
B-BBEE	Broad-based black economic empowerment
bps	basis points

C	
CCY	Constant currency
CET 1	Common equity tier 1 ratio
CIB	Corporate & Investment Banking
CLR	Credit loss ratio
Companies Act	Companies Act, 71 of 2008, as amended
CPI	Consumer price inflation
CSI	Client satisfaction index
CT	Computerised tomography
CTC	Cost-to-company

D	
DRC	Democratic Republic of Congo

E	
ECD	Early childhood development
ECL	Expected credit loss
EDGE	Excellence in Design for Greater Efficiencies
EDO	Enterprise data office
eNPS	Employee net promoter score
ESG	Environmental, social and governance
EU	European Union

F	
FinTech	Financial technology
FAIS	Financial Advisory and Intermediary Services
FSCA	Financial Sector Conduct Authority
FX	Foreign exchange

G	
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GRES	Group Real Estate Services

H	
HEPS	Headline earnings per share
HR	Human resources

I	
ICBC	Industrial & Development Bank of China
ICBCS	ICBC Standard Plc
ICT	Information, communication and technology
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPO	Initial public offering
IR	Integrated reporting
IT	Information technology

J	
JSE	Johannesburg Stock Exchange

K	
King IV	King IV Report on Corporate Governance for South Africa 2016, also King Code
KYC	Know your customer

L	
LCR	Liquidity coverage ratio
Liberty	Liberty Holdings Limited
LSE	London Stock Exchange
LTI	Long-term incentive

M	
MIT	Massachusetts Institute of Technology
MVNO	Mobile virtual network operator
MW	Megawatts

N	
NPS	Net promoter score
NSFR	Net stable funding ratio
NII	Net interest income
NIM	Net interest margin
NIR	Non-interest revenue

O	
OECD	Organisation for Economic Cooperation and Development

More information about financial and other definitions used is available **online**.

P	
PBB	Personal & Business Banking
POS	Point of sale
PRP	Performance reward plan

R	
remco	Remuneration Committee
ROE	Return on equity
RoRWA	Return on risk-weighted assets
RTS	Report to society
RWA	Risk-weighted assets

S	
SA	South Africa
SAGEA	South African Graduate Employers Association
SAICA	South African Institute of Chartered Accountants
SARA	South African Reward Association
SARB	South African Reserve Bank
SASBO	South African Society of Bank Officials
SBFC	Standard Bank Financial Consultants
SBSA	The Standard Bank of South Africa Limited
SDG	Sustainable Development Goals
SEE	Social, economic and environmental
SENS	Stock exchange news service
SME	Small- and medium-sized enterprises
SMS	Short message service
SOE	State-owned enterprises
STI	Short-term incentive

T	
The group	Standard Bank Group Limited
TB	Tuberculosis
TCFD	Task Force on Climate-related Financial Disclosures
TPS	Transactional products and services

U	
UN	United Nations
UNEP FI	United Nations Environment Programme Finance Initiative
UNICEF	United Nations Children's Fund
US	United States

V	
VAF	Vehicle asset finance

W	
WEF	World Economic Forum

Y	
YES	Youth Employment Services