

PERSONAL & BUSINESS BANKING

“It is not so much our strategy but how well we execute it that will set us apart from our competitors. We have made pleasing strides in leveraging our investment in technology, equipping and empowering our people and streamlining our operations. This is enabling us to measurably change the lives and fulfil the aspirations of our clients.”

Peter Schlebusch
Chief executive, PBB and head of digitisation



OVERVIEW

OUR STRATEGY

PBB provides banking and other financial services to individual clients and small- to medium-sized enterprises in South Africa, the Africa Regions and the Channel Islands.

Purpose

Changing lives and fulfilling aspirations across Africa.

Vision

Radically redefine client experiences by understanding and delivering what matters most to clients.

WHAT OUR CLIENTS WANT

The bank that knows me

A single and complete connection with every client.

A personalised bank for every moment in life.

The bank that empowers me

An entire bank in every client's pocket.

A toolbox for every financial need.

The bank that delivers for me

A reliable partner for life.

A frictionless and dependable payment experience.

HOW WE RESPOND

THE BANK THAT KNOWS ME

- Provide relevant solutions informed by deep and precise insights into what matters to our clients.
- Deliver a consistent and integrated client experience across all touch points.
- Leverage group capabilities to deliver to our clients.
- Promote a relevant and compelling brand.
- Lead with transactional banking and deposit gathering.

THE BANK THAT EMPOWERS ME

- Design and embed simple, paperless and automated end-to-end business processes with the client in mind.
- Leverage a simple and agile technology platform (safe, reliable and real time).
- Do the right business the right way.
- Allocate and prioritise resources to deliver what matters to clients.
- Structure to integrate activities across business units and enable smooth delivery of products and solutions to clients.

THE BANK THAT DELIVERS FOR ME

- Consistent and continuous clarity of purpose and vision enabled by a united leadership team.
- Collaboration through employee teamwork.
- Embed a learning ethos to constantly raise the bar.
- Empower local leaders to enable our people to execute agreed strategies.
- Recognise the contribution of our employees.
- Embrace our diversity.
- Fulfil our social and ethical responsibilities.



OUR OPERATING CONTEXT FOR 2017

South Africa

- Low consumer and business confidence, stagnant growth and high unemployment.
- Volatile political environment and rating agency downgrades.
- Declining real consumer spending and credit demand.
- Strong competition for a static number of clients.
- Increasing adoption of digital banking.

Africa Regions

- Slower economic growth, high inflation and declining interest rates.
- Foreign currency shortages.
- Punitive regulatory changes.
- Accelerated credit impairments in Nigeria.
- Strong growth and adoption of digital channels in a competitive digital environment.



OUR PERFORMANCE IN BRIEF

Despite our challenging operating context, PBB achieved a **pleasing 10% growth** in headline earnings and a **20.0% ROE** (2016: 18.8%), largely due to the resilience of the South African franchise and a growing client base in the Africa Regions.

South Africa

- Implemented a leaner, more locally empowered operational structure focused on delivering consistently excellent client service.
- Improved NPS scores in most client segments.
- Growth in targeted private, business and entrepreneur client segments.
- Strengthened credit and risk management capabilities, contributing to lower impairments.
- Jaws remained flat in a constrained revenue environment.

Africa Regions

- Grew local currency current accounts.
- Improved efficiency and cost management.
- Improved client service in Nigeria, supporting growth in target client segments.
- Continued to introduce digital channels, which are being adopted.
- Continued to successfully bank the ecosystems – the suppliers, service providers, shareholders and employees – of our business, commercial and CIB clients.

AWARDS

MTN Business App of the Year

- Winner – SHYFT

Ombudsman Annual Awards

- Best of the Top 5 Banks at Resolving Customer Disputes

Private Banker International

- Winner – Outstanding Philanthropy Offering (Feenix Trust that supports tertiary education)

Global Finance

- Safest Bank in Kenya

African Banking Awards 2017

- Best Bank in Botswana, Uganda, Zambia and Zimbabwe

Efma-Accenture Innovation Awards 2017

- Nominee – Best Global Innovations in the New Business Ecosystems category. Nominees comprise the six best global innovations in the category.

Digital Impact Awards 2017

- Best Mobile Banking and Best Promoter of Financial Literacy in Uganda

PERFORMANCE AGAINST STRATEGY

We are transforming our business to ensure a singular focus on our clients: to understand their needs and to gain, and keep, their trust by delivering complete solutions, helping them to bank, earn, insure and save. Our fit-for-purpose presence in 14 countries across Africa, combined with our committed people and enabling IT platforms, supports our large, diverse client base. Each of our businesses plays a clearly defined role in achieving the group's vision to become the leading financial services organisation in, for and across Africa.

Our key focus areas of client centricity, digitisation and universal financial services align to the group strategy, and the pages that follow discuss our progress against the five strategic value drivers.



CLIENT FOCUS

Performance metrics	2017	2016	2015
Net promoter score			
South Africa – channel	66	53	58
Africa Regions	16	15	30

Our drive to deliver consistently excellent client service contributed to the improvements in PBB's overall NPS scores for South Africa channels and the Africa Regions.

In the Africa Regions we exceeded the scores of a significant majority of our competitors and, in Nigeria, the KPMG 2017 Banking Industry Customer Satisfaction Survey confirmed that banks are improving customer experience, with Stanbic IBTC ranked third in the retail banking segment.

PBB SA remains the market leader in residential mortgages and retail-based deposits, and moved from second position to market leader in credit card balances from November 2017. We grew in our target segments which are private, prestige, business, commercial, and entrepreneur, and achieved significant growth in our public sector client base, with the acquisition of the banking relationship and student disbursement platform of a major provider of financial aid for students. We bank five provincial governments and have almost doubled our medium-term lending book in secondary cities – reflecting the group's commitment to infrastructure development in smaller centres. Our personal VAF business strengthened its focus on the middle and affluent client segments. A proactive response to slowing new car sales, including a shift in focus to used car sales, embedded insurance options for used cars and a new dealer servicing model gained traction in 2017, resulting in 24% growth in dealer volumes despite market growth of vehicle sales of 2%.

These gains were achieved at the same time as we completed a significant restructure of the South African operation. The aim was to create a leaner and more focused operation with enhanced digital capabilities, rationalised branches and reskilled local client management teams accountable for client service and empowered to make decisions that enable us to keep our promise of consistently excellent client service. The restructure, undertaken in consultation with SASBO, the Finance Union, required all senior provincial and area

managers to reapply for their jobs as their roles changed in line with our digitally enabled client-focused strategy.

In the Africa Regions, net new client accounts grew by 24% in our target segments, while initiatives were implemented to retain clients, reduce account dormancy and increase transactional activity to ensure strong growth in the existing portfolio. We maintained our focus on growing market share in Nigeria, Kenya and Ghana and achieved a 43% market share growth across our target client segments in these large markets, led by our Nigerian operation. Significant investments were made in digital channels, including ATMs and cash deposit machines, and an online business centre for small and medium enterprise (SME) clients to conduct their banking remotely. In addition, we rolled out credit card and bancassurance businesses to countries that lacked these service offerings.

We continue to source alternative revenue streams. In the Africa Regions, our focus on the ecosystems of PBB and CIB business and commercial clients and CIB banking clients yielded almost 27 000 new transactional banking clients who accounted for revenue growth of R294 million for the group.

Our reward programme, UCount, has been effective in supporting client retention and encouraging client adoption of cashless channels.

Our progress over the year shows that PBB's transformation into a client-centred, data-driven, digitally enabled universal financial services organisation that delivers secure, personalised, relevant experiences to clients and employees in real time, all the time, is well underway.

We achieved major milestones in our digital journey during 2017.

The following key concepts are guiding our digitisation journey.

Single consistent user experience – ensuring that whatever services our clients or employees need are consistently available anywhere, anytime, irrespective of channel.

Leveraging data – being smart in our use of data to guide our decisions, create valuable insights and deliver personalised experiences. Sound management and analysis of our data resources not only improves client service, but also our sales performance and universal offering, while strengthening risk management and compliance in an increasingly regulated environment.

Leveraging enterprise technology – building enterprise assets that can be leveraged across the group and keeping these up-to-date and relevant. The major elements of our IT transformation are complete, and our modernised platforms are enabling operational integration, product rationalisation and a single view of our clients. The benefits to our clients include service delivery improvements such as real-time banking on mobile channels, faster account origination and new products becoming available more rapidly.

Making it easy to interact with the group – removing friction, paper-based processes and waste to ensure intuitive, easy-to-use, reliable interfaces for clients, employees and third parties.

Accelerating digital execution – being proactive in understanding client needs, embracing solutions from other industries and geographies and integrating these into our environments. The increasing adoption of digital banking methods and channels is enabling our clients across our footprint to bank more conveniently and cost effectively.

New ways of working – embracing new ways of working to remove barriers to fast, effective client service by ensuring that our environment encourages curiosity, digital thinking and continuous improvement by our people. This enables quick and frequent refinement of ideas and brilliant delivery.

CORE BANKING TRANSFORMATION

South Africa

- Replacement of the core banking system as a stand-alone programme (completion in early 2018).
- Nearing completion of the migration of clients to the new core banking platform.
- Nearing completion of the roll-out of transactional products.
- Opening new SME transactional accounts on the platform.

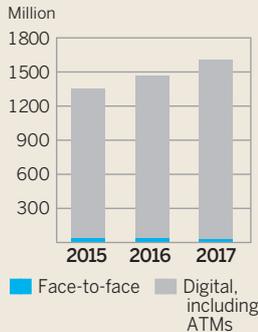
Africa Regions

- Core banking solution deployed in 13 countries. Rollout in DRC is scheduled for 2018.
- Started the phased migration of Namibian commercial clients to the new core banking platform (completion in 2018).
- Enterprise Online for business banking clients live in ten countries; Business Online internet solution in 12 countries; smart app in four countries and SBG Mobile app in ten countries.
- Five countries migrated onto cloud solution which optimises the core banking platform.
- Know your client (KYC) compliance reporting digitised, making it easier to monitor.

GROWING ADOPTION OF DIGITAL CHANNELS

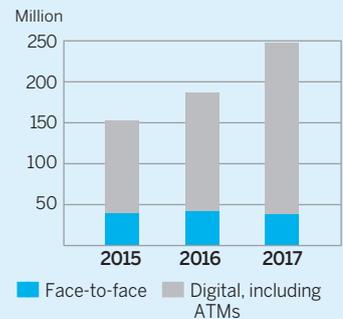
- Digital transactional banking volumes:
 - 32% growth in mobile phone transactions.
 - 2% increase in internet banking transactions.
- 3.3% decline in ATM usage and 14.4% in branch transactions, as a result of increasing digital transactions.

PBB SA transactional volumes



- 33% increase in transactional banking volumes due to:
 - Increase in client numbers and net active client base.
 - Increase in digital adoption.
 - Increased use of smart apps.
- 44% increase in digital banking volumes.
- 60% increase in point-of-sales devices to 24 538.

PBB Africa Regions' transactional volumes



INNOVATIVE NEW FEATURES TO IMPROVE CLIENT SERVICE

- Re-engineered processes contributed to more efficiencies, including faster account openings and turnaround times.
- Driving cost-effective origination, for example:
 - Online origination of new savings and investment products.
 - ATM origination of personal loan products.

- Introduced point-of-sale devices at a major retailer in Angola.
- Faster account opening and service turnaround times.
- Rolled out Instant Money across the Finacle platform.
- Focused on SME business development and mentorship programmes across the Africa Regions.
- Extended the single card multi-currency capability of SHYFT to Botswana and Mobi Banker to Uganda.



EMPLOYEE ENGAGEMENT

Performance metrics	2017	2016
eNPS	+13	n/a*
Voluntary turnover (%)	5.1	5.4
Voluntary regrettable turnover (%)	1.3	1.2
Black representation (including executives) SA	%	%
Senior management	54.6	51.8
Middle management	72.4	71.7
Junior management	85.3	84.5

* Not comparable as the method used to determine eNPS changed in 2017. Refer to page 80 for further information.

To realise our client-focused strategy, we are developing an energetic and supportive culture, with the following features:

- Collaborative and effective team work, where we are empowering employees who work closely with our clients to make decisions, and holding each other accountable to our vision and strategy.
- Acknowledging and being purposeful in our role to fulfil the aspirations of all our clients, drive entrepreneurial activity and help business owners create jobs.
- Becoming the bank that exceeds client expectations by radically redefining traditional client experiences and providing innovative digitally enabled experiences that make our services simpler, better, faster.

To compete successfully as a digitised universal financial services organisation, our people and operations need to be aligned across the group, collaborating and working in teams across traditional boundaries and ensuring that each employee is empowered to adopt new ways of working within their areas of responsibility. To support this transition, we have amended the performance and incentive scorecards of our frontline employees to include services across the group, not only in their specific areas of activity.

The successful adoption of new ways of working is enabling PBB to address areas of inefficiency and improve client experience. New ways of working have been embedded in several insurance and wealth offerings and the process enhancements will be implemented in 2018. In the Africa Regions, the Namibian operation has adopted new ways of working to optimise its branch capacity and reduce the time taken to address client concerns.

We are transforming our workforce to more closely reflect the demographics of the markets we serve. In South Africa, black representation improved across all management levels. In the Africa Regions, we focus on employing competent and experienced local people and prioritise black and African female appointments. Diversity and inclusion programmes were accelerated across PBB during 2017.

In addition to routine training and development, we are also reskilling and upskilling employees to enable them to make the transition to digitisation. We have introduced a capability academy to provide frontline employees the skills and authority to address client needs, overcome areas of frustration, increase productivity and offer consistently excellent service. Cross-functional analytics teams have been established to personalise client experiences and an analytics academy will attract, develop and retain top analytics talent for this purpose.

We started a new graduate development programme to attract and retain local talent in the Africa Regions and support our plan to grow to scale in large markets that offer significant growth potential. The first cohort of ten graduates has been recruited in Angola and are participating in a structured leadership development programme in South Africa.

Our leadership development programmes continue to provide a pool of talented people for senior management roles. During 2017, 300 of our people attended our accelerated development programmes for black and African women, which will continue in 2018.

Engaged and committed people are crucial to delivering excellent client experiences. An Organisational Health Index (OHI) survey conducted in South Africa rated us marginally below the global median but noted that we are shifting from 'bureaucratic' to 'agile'. PBB operations have implemented plans to improve the OHI score.



RISK AND CONDUCT

Performance metrics	2017	2016	2015
Average RWA (Rbn)*	382	369	352
Return on average RWA (%)	3.7	3.5	3.2

* Average RWA is calculated net of non-controlling interest.

We reinforce a culture of doing the right business the right way throughout PBB by ensuring that, through collaboration and personal accountability, our people and teams develop trusting relationships with each other.

This, in turn, supports their ability to build, and maintain, the trust of clients by understanding and responding to client needs and making them responsible offers based on their risk profiles.

During 2017, PBB strengthened key areas of compliance and operations across PBB improved the status of their internal audits. The Africa Regions maintained a strong focus on IT stability and KYC compliance, and PBB SA introduced a monthly reputational risk monitoring system.

To mitigate market and client risk, we manage risk within an agreed risk appetite and regularly review and amend our risk appetite across all client segments and products. Digitisation and the development of a single view of clients across all channels enables us to identify the early signs of financial distress and respond proactively, seeking solutions for clients while protecting our own financial position. We have improved our collections capability and will further

strengthen our portfolio management processes to enable our operations to respond proactively to emerging risks.

To ensure that core strategic initiatives such as new ways of working, new product development and associated change management have the desired effect, risk managers closely monitor and evaluate the progress of these initiatives.

Digital technology represents one of our greatest competitive advantages, but it also poses significant risk to our operations. Most service interruptions have a data-related cause, while cybercrime continues to threaten the integrity of our industry and the safety of our clients' information. We continue to strengthen our IT security capabilities, including remediation plans to address credit card fraud, digital channel fraud and account takeover or impersonation. We have experienced a significant reduction in digital channel fraud as a consequence of our disciplined and thorough management of cyber risk.

We continue to respond proactively to the raft of regulatory changes impacting the financial services industry, including the impending Retail Distribution Review, Consumer Credit Insurance, Protection of Personal Information Act and Twin Peaks. In a developing regulatory environment in Africa, additional regulations in many markets continue to impact adversely on our revenue and challenge our operations to source alternate revenue streams. The most notable of these impacts in 2017 were:

- Significantly elevated cash reserving requirements in Nigeria.
- Caps and floors on interest rates in Kenya effective from September 2016.
- Suspension of management fees on salaried accounts in Angola from 1 May 2017.
- Capping of interest rates on productive assets in Zimbabwe from 1 April 2017, to stimulate economic activity.
- Suspension of account maintenance fees on savings and personal current accounts in Malawi from 1 January 2017.



FINANCIAL OUTCOME

Performance metrics	2017	2016	2015
Revenue (Rbn)	69.5	67.6	60.6
Cost-to-income (%)	60.3	60.1	60.3
Headline earnings (Rbn)	14.0	12.7	11.3
ROE (%)	20.0	18.8	18.2
Credit loss ratio (%)	1.20	1.25	1.27

Improved client service and growth in PBB's target segments contributed to revenue growth.

Another resilient performance by the South African operation enabled PBB to achieve strong growth in headline earnings and ROE, more than offsetting the negative impacts of regulatory changes in the Africa Regions and accelerated impairments in Nigeria.

In South Africa, improved collection strategies, payment capabilities and risk

management contributed to lower impairments. A headcount ceiling was implemented as one of several measures to minimise growth in staff costs.

The Africa Regions' portfolio continued to reflect positive revenue momentum but was impacted by lower levels of non-interest revenue due to the non-recurrence of US dollar-related credit card revenue

earned in 2016 and lower volumes in physical channels as digital volumes grew significantly. Although they yield lower revenue, digital solutions are more accessible and improve client experience, while enabling rationalisation of the branch footprint over time. Emphasis on optimally growing the balance sheet, improving net interest margins and a focused sales drive contributed to 15% growth in current and savings account balances in constant currency.

Accelerated provisioning and write-offs of NPLs in Nigeria contributed to a significant increase in impairments. High impairments were also experienced in the business banking sector in Malawi through a single counterparty write-off. Collection efforts were increased in these countries to recover write-offs; however, these may only be received during the 2018 financial year.



SEE IMPACT

Financial inclusion

Instant Money is an affordable, safe and reliable way to send money to anyone with a basic cellphone, regardless of whether the sender or recipient has a bank account. Some 78% of the people who use the service across six countries, including South Africa, are not Standard Bank clients. There are approximately 1.7 million transactions a month on Instant Money, with transaction values of over R1 billion in the second half of 2017. Money can be sent from an ATM, via the banking app, online banking, cellphone banking or through our retail partners, and is delivered instantly.

SBSA's affordable housing book is valued at around R25 billion. As the largest lender to this sector, we have assisted almost 100 000 families in the R3 501 to R23 500 a month income group to purchase a home. As clients in this sector often struggle to pay a deposit, most of

our affordable housing loans are full loans.

We work closely with the Department of Human Settlements and provincial housing departments to help our clients access the Finance Linked Individual Subsidy Programme (FLISP) offered by government. The programme helps first-time home buyers that find it difficult to qualify for housing finance, as their income is regarded as too low for traditional mortgage finance from banks, and too high to qualify for the government free basic house subsidy scheme. The FLISP subsidy, which ranges between R20 000 and R87 000, may be used to reduce the initial mortgage loan amount, or to cover the shortfall between the qualifying loan and the total house price, or it can be used as a deposit.

Innovation, entrepreneurship and enterprise development

Given the potential of entrepreneurs and small businesses to facilitate growth in Africa and create new jobs, and as part of our commitment to the Financial Sector

Code in South Africa, we provide these clients with extensive transactional, advisory and funding support. This includes online channels for SMEs across the continent, which enable online account management and transactional activities, funding and enterprise development for black-owned enterprises in South Africa, as well as business and skills development centres throughout Africa. PBB participates in group incubator and mentoring programmes for SMEs, youth start-up initiatives and the Lionesses of Africa online network of more than 460 000 African businesswomen.

African economic development

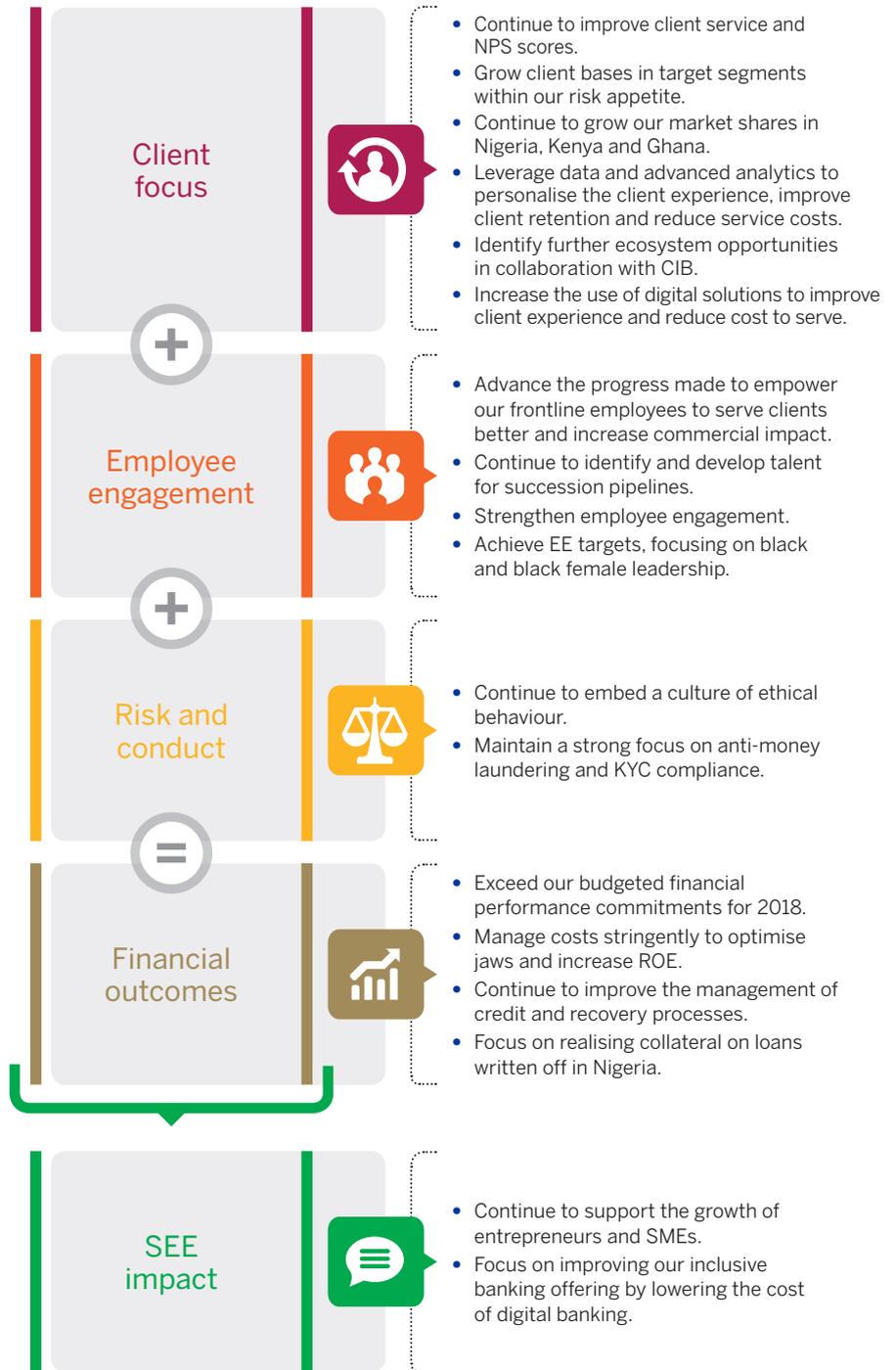
We support our business and commercial banking clients in the development of trade relationships with counterparts in other African countries. Similarly, the expertise of our sector teams enables us to provide relevant services to the agriculture, public sector, natural resources and wholesale and retail trade sectors.

LOOKING AHEAD

PBB's ability to sustain strong performance in difficult business conditions is largely due to the ongoing support of our clients and the commitment of our people.

The economic outlook for our markets in the year ahead is improving, with indications of growth momentum, but these are likely to take some time before we will see a significant uplift in client activity. Competition will remain intense from incumbents and potentially disruptive newcomers. We have, however, demonstrated the effectiveness of our client-focused strategy and believe that, by continuing to deliver what matters most to our clients, we will be able to protect and continue growing our target client segments.

Priorities in respect of our strategic value drivers



CORPORATE & INVESTMENT BANKING

“In executing our strategy, we focus on proactively partnering with our clients across geographies and sectors, driving Africa’s growth. We continue to utilise our presence and deep knowledge of African markets to support our clients. In addition, we remain committed to modernising our business to improve both client and employee experience.”

Kenny Fihla
Chief executive, CIB



OVERVIEW

OUR STRATEGY

CIB serves the banking, finance, trading, transactional, investment and advisory needs of a wide range of multinational companies, local and regional businesses, financial institutions, governments and parastatals.

Purpose

To contribute to Africa realising her potential.

Vision

To be the leading corporate and investment banking business in, for and across Africa, with a focus on sectors driving Africa’s growth.

WHAT OUR CLIENTS WANT

- Understand my business and the challenges and opportunities I have.
- Develop a proactive partnership.
- Deliver solutions that meet my business needs.
- Make it easy for me to access the group.
- Deliver consistent and reliable service.

HOW WE RESPOND

EMBEDDING CLIENT FOCUS

- Partner our clients on their growth journeys.
- Drive collaboration and connectivity within CIB and the broader group.
- Treat our clients as people not numbers.
- Urgently and continually enhance our processes to focus on our clients.
- Purposefully allocate resources to support client needs and priorities.

BUSINESS OPERATIONS

- Do the right business the right way.
- Fulfil our promises to our clients through an efficient, effective and consistent operating model.
- Operate enterprise-wide and end-to-end business processes aligned to the CIB strategy.
- Promote an environment of proactivity, responsiveness and reliability.
- Allocate financial resources efficiently.

PEOPLE AND CULTURE

- Enable employees to deliver consistently excellent client experiences.
- Recognise employees’ contribution and provide competitive, performance-based remuneration.
- Promote a culture of high performance, accountability and collaboration.
- Embed clear mandates and accountabilities, while simplifying everything we do.
- Embrace diversity.
- Fulfil our social and ethical responsibilities.



OUR OPERATING CONTEXT FOR 2017

South Africa

- Low-growth environment with marginal recoveries in domestic mining and agriculture.
- Ongoing impact of drought and political instability depressed market activity.

Africa Regions

- Moderate recoveries in the price of oil and other commodities improved market sentiment in oil-exporting countries.
- Depreciation of African currencies and volatile interest rates; although these started to stabilise in the second half of the year. Foreign currency liquidity remained a constraint in Angola and Mozambique, but the introduction of the NAFEX rate in Nigeria attracted liquidity back into that market.
- Challenging operating environments subdued corporate sector credit growth.
- Regulatory changes remain a challenge in key markets.



OUR PERFORMANCE IN BRIEF

Despite the difficult conditions, we achieved **11% growth** in headline earnings and a **22.2% ROE** (2016: 19.5%). This performance was achieved as a result of:

- The resilience of our diverse portfolio across clients, geographies, sectors and products.
- Strong revenue growth from multinational clients, based on our unrivalled capacity to support their growth strategies across the African continent.
- Our support of large domestic clients with local or international growth ambitions.
- Prudent risk management, strong cost management and an improved credit experience.

We responded to economic and regulatory stresses by:

- Deepening existing relationships and acquiring new clients to maintain the growth of our client franchise.
- Allocating resources to growth opportunities, within our risk appetite – a benefit of our sector and geographic diversity.
- Increasing our competitiveness in local markets by enhancing our banking offering and strengthening our local currency transactional banking capabilities.

AWARDS

Global Finance World's Best Trade Finance Banks 2018

- Best trade finance provider in Africa
- Best trade finance provider in Botswana, Kenya and South Africa

Global Finance World's Best FX Providers 2018

- Best FX provider in Africa and Kenya

Euromoney's Real Estate Survey 2017 – ranked first for:

- Loan finance, Africa
- Equity finance, Africa
- Overall, Ghana, Mozambique and Nigeria
- Loan finance, Nigeria
- Equity finance, Nigeria
- Debt capital markets, Nigeria
- Mergers and acquisitions advisory, Nigeria

PERFORMANCE AGAINST STRATEGY

We focus on servicing leading multinational corporations with operations in Africa, and large domestic African corporations that conduct business on the continent and offshore.

We target our clients based on their size, the sector and geographic market they operate in and whether we can add value to their businesses. The latter, we do through our deep specialisation in a diversified range of sectors that serve the needs of rapidly growing populations across our footprint of 20 countries.

The key sectors we focus on are mining and metals, power and infrastructure, oil and gas, consumer goods, financial services, and telecommunications, together with a focus on public sector and diversified industrials at a local level.

The extensive knowledge we have of our markets, gained through our on-the-ground presence, and our deep understanding of our clients' businesses allows us to continuously assess and define country, sector and client risk and opportunity. This enables us to respond quickly and appropriately to changes in our operating context. We leverage our sector diversity by purposefully allocating resources to opportunities that enable CIB to sustain revenue growth in periods of lower economic activity, within the parameters of carefully considered risk-taking.

Our banking offering, in partnership with PBB and Wealth, is a powerful competitive advantage. Similarly, our presence in six key financial centres around the world provides our clients with access to international pools of capital, supporting our ability to facilitate growth and development in Africa. Furthermore, our strategic partnership with ICBC assists us in servicing the needs of clients operating within the China-Africa corridor, which includes a specific focus on developing and supporting renminbi-denominated cross-border capabilities.

Our key focus areas of client centricity, digitisation and universal financial services align to the group strategy, and the pages that follow discuss our progress against the five strategic value drivers.



CLIENT FOCUS

Performance metric	2017	2016	2015
Client satisfaction index	7.8	7.8	7.6

We have continued to grow and strengthen our relationships with multinational clients, who contribute more than half the revenue we earn across our total client franchise and are the primary drivers of our revenue growth due to their resilience through economic cycles. Along with the acquisition of new clients in 2017, these important relationships contributed to revenue growth above GDP in our key markets, particularly in West Africa, where client revenue grew by 30% in constant currency.

Our ability to manage foreign currency liquidity shortages and our efforts to strengthen our transactional banking capabilities have enabled us to improve the service we provide to our clients in the Africa Regions. Supported by client preference for quality banks during periods of economic and market weakness, this improvement has seen us increase our regional and domestic client base in strongly contested markets.

We have also made progress in leveraging our strategic cooperation agreement with ICBC. The relationship has enabled us to secure new clients that have contributed to the performance of our global markets and transactional products and services' businesses. Significant opportunity remains to acquire additional ICBC clients. We have funded 13 client lending deals in partnership with ICBC since January 2016.

To ensure continuous improvements in client and employee experiences while mitigating operational risk, we have:

- Standardised and improved turnaround times to make it easier to onboard clients.
- Reduced the turnaround time for deal origination, so that we can help clients do deals faster.
- Continued investment in digital innovation (robotics, data analytics and artificial intelligence) to reduce operational and processing errors.
- Completed the rollout of our transactional platform, Business Online, across 18 African countries, so that clients operate on a single platform across all markets in which they operate. The rollout in Namibia and South Africa is underway.

We have modernised client and employee experiences by connecting with our clients through digital channels, used data to improve our insights and decision-making, and automated processes, collectively promoting a culture of innovation.

Our capacity to partner our clients in the West African Economic and Monetary Union (WAEMU) improved significantly with the launch of our fully fledged corporate and investment bank in the Ivory Coast during the first half of the year. As the largest economy in the WAEMU and one of the continent's fastest growing economies, the Ivory Coast offers significant investment opportunity in key infrastructure development sectors.

In 2017, we completed several landmark transactions for our clients and managed the full range of routine financial services, including cross-border trade. These transactions include:

For **ENI** in Mozambique, we committed funding of up to USD8 billion, in partnership with ICBC, for the country's Coral floating liquefied natural gas development. This investment marks Mozambique's first step as a regional and global offshore natural gas producer and supplier and will stimulate national and regional economic growth.

For **West African Development Bank**, we acted as joint lead manager and bookrunner, as well as long-dated currency hedging provider, for their second Eurobond transaction. This raised USD850 million to finance regional projects, enabling them to grow their lending business and enhance their role as a development bank across Francophone Africa.

For **Sea Harvest**, we acted as sole financial advisor, bookrunner and transaction sponsor on their initial public offering, successfully raising R1.3 billion. This has allowed Sea Harvest to optimise its capital structure and strengthen its balance sheet, supporting the company's vision of becoming a leading diversified global fishing business.

For **Ghana Railway Development Authority**, we issued performance guarantees on behalf of AFCONS Infrastructure Limited for USD398 million to finance the construction of an 85 km railway line in Ghana. This partnership between the Ghana Railway Development Authority and AFCONS Infrastructure Limited forms the foundation of a planned multi-modal freight corridor, starting with the construction of a railway line between Tema and Akosombo.

For **City Lodge**, we acted as the sole debt funder of the re-financing of its B-BBEE transaction which was originally structured and implemented in 2008. This will allow City Lodge to continue its transformation journey in line with the B-BBEE and tourism sector codes and continue to create value for the scheme beneficiaries. We have been the sole banker to the City Lodge group for more than 25 years and are well positioned to support them as they embark on their Africa expansion strategy.

What our clients say about us

We conducted client research in 18 of our operating countries during 2017. On average, client experience across these countries indicates steady improvements since 2015. This can be attributed to strengthened relationships across key segments driven by more insightful interaction and a responsive service culture. Our clients also acknowledged our ability to support their businesses (through the quality of our advice and our service ethic) as our defining characteristic as a leading bank. Our African footprint was noted as our next greatest strength.



EMPLOYEE ENGAGEMENT

Performance metrics	2017	2016
eNPS	+7	n/a*
Voluntary turnover (%)	7.4	7.4
Voluntary regrettable turnover (%)	4.6	4.1
Black representation (including executives) SA	%	%
Senior management	37.1	35.5
Middle management	67.4	65.8
Junior management	86.8	85.4

* Not comparable as the method used to determine eNPS changed in 2017. Refer to page 80 for further information.

We focus on attracting and retaining high-calibre employees and ensure that they are appropriately resourced, developed and empowered to fulfil the commitments we make to our clients.

We have appointed external expertise to assist us in the process of embedding a CIB culture of client focus, collaboration and high performance.

In 2017, we introduced diversity and inclusion programmes across the continent to hasten the transformation of the culture and demographic make-up of CIB. This is contributing to continuous improvement in the representation of black people, women and Africans across all levels of management. In South Africa, we achieved our 2017 targets for middle and junior management levels and continue to use available vacancies to increase black and female representation at senior management levels. Black employees accounted for 54% of the 24 executive promotions made during the year, which exceeded our target of 50%, and 55% of participants on our leadership and management development programmes are black employees.

Other initiatives included a personal empowerment programme, where 23 potential candidates joined the group from various industries and were able to engage with relevant business leaders in CIB, and the launch of the IGNITE women's development programme to promote the development of senior female leaders. Some 74% of mentees and 32% of mentors in our mentorship programme are black employees. Our graduate development programme continues to introduce a diverse group of young talent into CIB.

We are continuously re-evaluating how we organise our people to ensure they can respond to volatile, uncertain and rapidly changing environments. We are also enhancing and digitising learning opportunities, with leadership development coaching introduced for line managers.



RISK AND CONDUCT

Performance metrics	2017	2016	2015
Average RWA (Rbn)*	394	401	397
Return on average RWA (%)	2.9	2.6	2.0

* Average RWA is calculated net of non-controlling interest.

Our objective to do the right business the right way is pervasive – from our compliance with regulations, including the enforcement of measures to combat money laundering, financing of terrorism or other fraudulent practices, to our ethical conduct as individuals and as a financial services organisation.

As a regional financial institution with a global presence, our operations are required to adopt global best practice in financial standards. Our in-country teams maintain relationships with the banking regulators and central banks in all our markets to ensure that we understand and can proactively manage increasing regulatory change.

We manage risk within an agreed risk appetite, which is regularly reviewed based on the insights of our in-country risk teams and the group risk management function. Our strategy of developing relationships with our clients and knowing the sectors and markets they operate in, enables us not only to select quality clients and projects but also to avoid risk or anticipate it and respond proactively.

We adjust our risk appetite indicators to reflect changes in our clients or their operating environments. For example, as some commodities started to rebound in 2017, we increased our risk appetite for diversified businesses in the mining and metals sector. We continue to identify opportunities to support individual clients that are positioned to manage periods of low growth. However, in the absence of a more significant rebound in commodity prices, we remain selective in our exposure to producers, local banks and governments in commodity exporting countries and avoid concentration in any sector.



FINANCIAL OUTCOME

Performance metrics	2017	2016	2015
Revenue (Rbn)	37.3	35.4	31.4
Cost-to-income (%)	52.2	54.5	55.8
Headline earnings (Rbn)	11.5	10.3	9.1
ROE (%)	22.2	19.5	18.0
Credit loss ratio (%)	0.33	0.30	0.24

Our maturing client-centric strategy and strong performances from key markets, namely Nigeria, Angola and Mozambique, enabled CIB to achieve sound revenue growth in volatile markets. Revenue growth, combined with effective risk and credit management and continuous focus on cost discipline, contributed to the improvements in our headline earnings and ROE.

Global markets, which accounts for 38% of CIB's revenue, was impacted by lower client activity, reduced market volatility and liquidity shortages across several

countries, particularly in the first six months of the year, but recovered with a strong second half performance. Headline earnings grew 3% to R4.6 billion.

Transactional products and services maintained its strong performance, with revenue growing by 8% to R14.7 billion due to new client acquisition which contributed to increased deposits and positive endowment. A decline in impairment charges and cost management contributed to a 24% increase in headline earnings to R3.7 billion.

Investment banking increased revenue by 3% to R8.5 billion mainly as a result of growth in fee and commission income from deals concluded during the year. Despite the subdued macro environment, loans and advances grew, supporting growth in net interest income. Increased impairments were attributable to a limited number of clients in the power and infrastructure and oil and gas sectors. Cost discipline contributed to a 4% increase in headline earnings to R3.1 billion.



SEE IMPACT

Inclusive economic growth

In South Africa, in line with our focus on emerging B-BBEE and black industrialist companies, CIB has made strides in enabling black economic empowerment through equity, debt lending and acquisition finance over the past 15 years. We have concluded deals that have created many medium and large businesses that have contributed to the growth and development of the South African economy. We are establishing a specialised CIB B-BBEE sector team to lead our work in this area and a B-BBEE transaction approval committee, comprising senior executives across PBB, CIB and Wealth.

Environmental sustainability, and climate change mitigation and adaptation

Standard Bank is committed to balancing the challenges posed by climate change and Africa's urgent energy needs and we are in the process of developing lending parameters in this regard. We have steadily grown our financing of renewable energy, while our fossil fuel investments have slowed down. From 2012 to 2017, 83% of our power project financing was directed towards renewable energy, while lending to fossil fuel power projects represented only 17% of our investments in energy production in Africa.

Infrastructure

We participate in the funding of large-scale infrastructure projects that support economic growth in Africa and maintain relationships with development finance institutions to create appropriate risk-sharing arrangements. During 2017, we funded several large-scale power (including renewable energy), healthcare, telecommunications and transport infrastructure projects across Africa.

LOOKING AHEAD

The outlook for economic growth in South Africa and sub-Saharan Africa is improving. Our performance demonstrates the resilience of our client franchise and our ability to add value to our clients. This, combined with improvements in our business processes and greater alignment between our people management and client focus, positions us to respond effectively to improving prospects in our markets, despite the intense competition that remains a feature of our Africa focus.

Priorities in respect of our strategic value drivers

Client focus



- Deepen existing client relationships in support of their growth and acquire new multinational and domestic corporate clients in our target sectors as we continue to place our clients at the centre of everything we do.
- Accelerate digitisation, completing client migration to the new online platform and building an omni-channel capability relevant to client needs.
- Continue to leverage universal capabilities.
- Leverage the ICBC relationship to increase our Chinese client base and support the growth of our African clients.
- Define and pursue 'game-changing' opportunities beyond the scope of our current business offerings.

Employee engagement



- Advance the progress made to equip our employees with the tools and skills necessary to provide consistently excellent client service.
- Cultivate confident and empowered teams to assist clients effectively and efficiently.
- Embed new ways of working to advance universal financial services capabilities.
- Entrench a culture of cost consciousness and doing more with less.
- Create an environment that fosters innovation and challenges and rewards our people.

Risk and conduct



- Continue to manage risk appetite dynamically across geographies and sectors.
- Empower governance structures to continue making informed decisions efficiently.
- Proactively manage regulatory change.

Financial outcomes



- Optimise revenue growth to double digits (constant currency).
- Contain costs to maintain positive jaws and drive CTI to 50%.
- Maintain ROE above 20%.

SEE impact



- Establish the CIB B-BBEE sector team and B-BBEE transaction approval committee to lead our work in this area.
- Continue to assist in transforming agribusiness in South Africa through partnerships that support black farmers.

WEALTH

“Wealth is an important part of Standard Bank’s strategy to deliver integrated universal financial services to its clients. We leverage the full capacity of the group to serve our clients, and create value for shareholders through diversified revenues, lower capital requirements and enhanced ROE.”

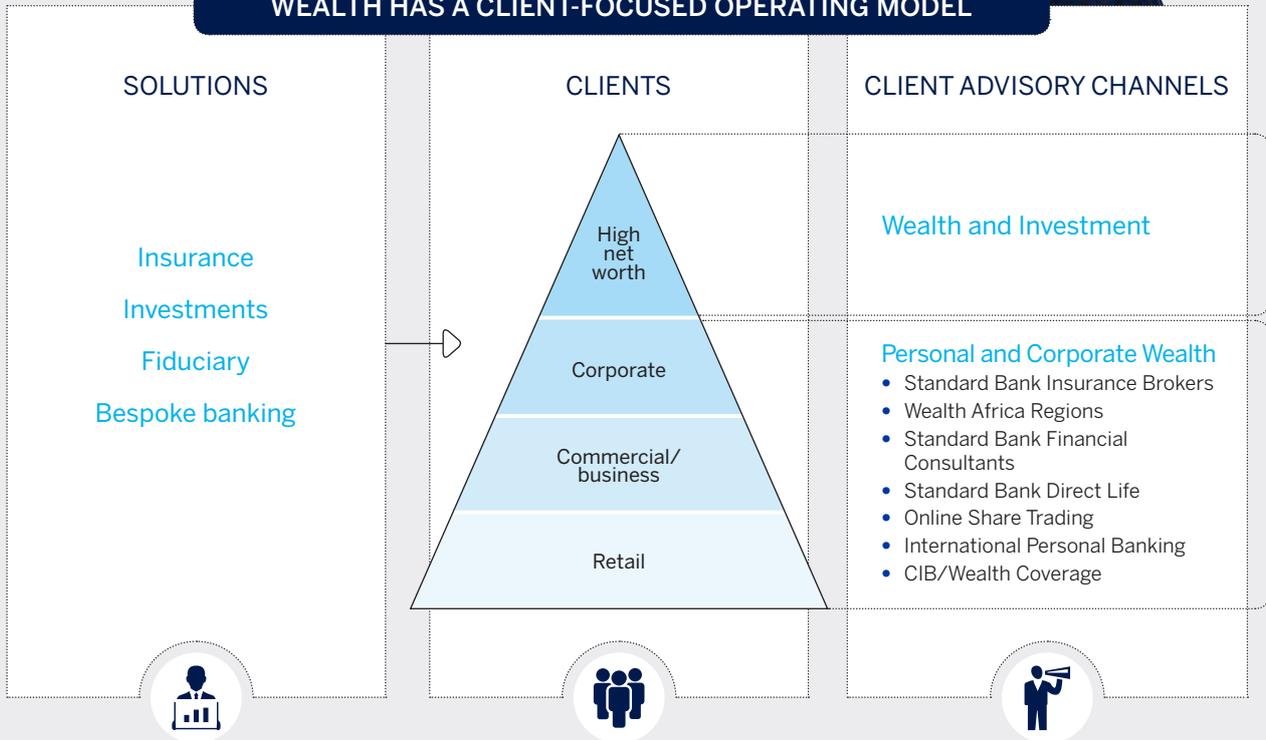
Margaret Nienaber
Chief executive, Wealth



OVERVIEW

Wealth’s service and product offerings include insurance, investment, fiduciary, bespoke banking, and multi-generational wealth preservation solutions to high net worth, retail, business and commercial, and corporate clients. We operate across the group’s footprint in sub-Saharan Africa, with an international service offering facilitated through our offices in London, Jersey, Isle of Man and Mauritius.

WEALTH HAS A CLIENT-FOCUSED OPERATING MODEL



Standard Bank’s exposure to the wealth industry includes the comprehensive wealth offerings within the group and our partnership with Liberty. We have strong distribution and advisory channels into the group’s PBB and CIB businesses, with an extensive network of approximately 4 000 branch sales employees across South Africa and coverage across 15 countries in the Africa Regions. We also provide a range of long-term insurance products, investment products and transactional solutions developed and administered by Liberty and STANLIB. We share resources with PBB and CIB in all our markets, to support our integrated growth plans and contain costs.

OUR STRATEGY

Our vision is to thoughtfully enable legacies and dreams through outstanding expertise in insurance, investments and fiduciary services. Important differentiators that support the achievement of our vision include our alignment with PBB, CIB, Liberty and STANLIB, our client-centric approach (defined as 'before the sun sets' service and digital innovation) and the access we have to the group's many existing clients.

We believe that the group's brand, balance sheet and distribution reach across the continent position us well to be the leader in wealth on the African continent. This is measured by market share and profitability in line with the aspirations of PBB and CIB.

We contribute to the group's financial performance by:

- Improving the group's ROE as our businesses have low capital requirements.
- Enhancing the diversification and quality of the group's earnings from our advisory and diverse financial services businesses.
- Growing earnings through cross-selling opportunities into the wealth client base.

OUR OPERATING CONTEXT FOR 2017

- Sustained economic weakness in South Africa and slower growth throughout Africa.
- Economic pressure on consumers led to lower spending on insurance and investments.
- Low volatility in investment markets impacted stockbroking and investment services, although this improved in more buoyant markets.
- Storms and fires in South Africa negatively impacted the short-term insurance business.
- Impending regulations continue to heighten uncertainty in business planning.
- Rand currency appreciation in 2017 impacted our GBP and Naira earnings.

OUR PERFORMANCE IN BRIEF

Despite these challenging conditions, our businesses remained resilient, and we succeeded in:

- Leveraging our client-focused operating model (informed by digital adoption and data) to improve our client service offering and provide relevant solutions.
- Implementing our Africa Regions strategy.
- Accessing the group's extensive client base and seeking additional revenue sources by extending our offerings to other channels and client segments.
- Increasing collaboration with PBB, CIB, Liberty and STANLIB to extract the benefits of a universal financial services organisation, including cross-selling opportunities and cost efficiencies.
- Materially mitigating the impact of the sovereign downgrade in the Wealth International business.
- Focusing on cost management.
- Proactively addressing impending regulatory changes.
- Vetting and accrediting 98% of our insurance vendors as B-BBEE suppliers.

AWARDS

Global Finance – Best Private Bank Awards

- Best Private Bank in Africa, Kenya and South Africa
- Best Provider of Short-term Investments – STANLIB

Private Banker International

- Best Bank for the Next Generation – UK awards
- Outstanding Global Private Bank – Africa

Euromoney

- Africa's Best Bank for Wealth Management

The Banker/Professional Wealth Management

- Best Private Bank in Africa for Customer Service
- Best Private Bank in Ghana, Kenya and Nigeria

Intellidex

- Top Stockbroker of the Year
- South African Wealth Manager of the Year
- Top Wealth Manager for Successful Entrepreneurs
- Top Wealth Manager for Internationally Successful Families

PERFORMANCE AGAINST STRATEGY

Our client-focused operating model uses data analysis to provide a deeper understanding of our clients' needs and behaviours. This enables us to develop innovative products and customised portfolios that are comprehensive, transparent and best suited to individual clients.

Standard Bank Group has the largest bancassurance arrangement in Africa and is a significant collective investment scheme and pension fund administrator in Nigeria. Our award winning Online Share Trading platform enables us to be a key player in the South African share trading market. These unique factors position us to grow our market share in South Africa and the Africa Regions.

Our progress against our strategic value drivers is discussed in the pages that follow.

During 2017, Wealth implemented a goal-based approach to providing investment advice and management.

Through conversations, stimulated by digital tools such as our newly built digital advice tool, GoalSetter, advisors and clients prioritise the client's most important financial goals. Each goal has its own time horizon, risk appetite and investment solution tailored for that specific risk return profile. The advisor can instantly demonstrate the expected future path to the goal and the probability of achieving it within the agreed time. To date, approximately 390 Standard Bank financial consultant planners have used the tool in their interactions with over 10 000 clients.

We also partnered with STANLIB Multi-Managers to create a new range of investment solutions, the GoalStandard range of funds. The funds are multi-asset class portfolios blended from best-in-class managers and leveraging various sources of investment return. Over 10 000 clients have already invested in these funds, representing over R2 billion of assets under management.

We have made further progress in enhancing the functionality of our digital platform, which is aligned with the group's multi-channel IT architecture. Our investment in digital technology is focused on improving how we:

- Promote our offerings.
- Engage more holistically with our clients.
- Deliver relevant solutions within clients' risk capacity.
- Reduce the cost and complexity of our client service.

In saturated markets, such as short-term insurance in South Africa, Wealth is finding new ways to compete more effectively. We entered into a partnership with FirstEquity Risk Advisory in 2017 to service the short-term insurance needs of CIB's clients.

We have continued to re-engineer certain client service processes to address operational inefficiencies and improve client experiences. The success of this programme is evident in our handling of geyser-related claims (approximately 70% of our short-term insurance claims). We have piloted the same process in our funeral plan, credit life, Stansure and accident and health offerings and will implement these in 2018.

The Africa Regions' markets offer significant growth potential, driven largely by a growing, rapidly urbanising middle class which demands a broader range of financial solutions, including insurance and wealth management.

To realise this potential, we are focusing on the group's existing client base, collaborating with PBB, CIB, Liberty and STANLIB to raise awareness around the need for insurance, investment and wealth preservation. We have strengthened our brokerage and advisory capabilities to drive growth and are using data analytics, together with the group's extensive knowledge of the Africa Regions, to streamline our product offerings and manage regulatory barriers to entry.

Our Leadership Academies, coordinated by our Wealth and Investment business, provide advice on financial planning and investment, with a focus on developing the next generation of leaders. In 2017, we hosted Leadership Academies in Johannesburg for our Junior Leaders (10 – 12 years), Young Leaders (13 – 17 years), Future Leaders (18 – 24 years), and our Women's Wealth Academy. By addressing the wealth preservation needs of key clients and strategic partners such as the Young Presidents' Organisation, our academies provide an invaluable opportunity for client engagement and, as a result, deepen relationships with our clients and their families.



CLIENT FOCUS

Insurance claims

Client satisfaction improved due to faster insurance claim turnaround times. Improvements in average turnaround times and issue resolution include:

- **Geyser:** from 12 days to within three hours, with a first-time fix rate of over 70%.
- **Pipes:** from over a month to one day.
- **Accident and health offerings:** from 27 days to two days.
- **Funeral plan:** from five days to one day.

NPS

- Our NPS across our insurance business improved from 56 to 59.

Investment performance

Melville Douglas's domestic and international investment performance is ahead of its peer group and other benchmarks over rolling three- and five-year periods, with especially pleasing one-year performance out of its Global Equity strategy, which is top decile over 12 months against its international peer group.

THE BANCASSURANCE COLLABORATION PLAN

During 2016, we initiated a collaboration plan with Liberty to coordinate product design, share expertise and increase access to sales channels. The initiative aims to provide a more comprehensive offering to clients, and to improve our combined financial performance. In 2017, good progress was made on all initiatives, resulting in increased collaboration.



Wealth and Investment Ghana, which opened for business in 2016, offers some insight into our experience in the Africa Regions. After one year, the operation is earnings accretive and performing above our expectations. Staffed by a team of five people, Wealth and Investment Ghana offers a comprehensive suite of wealth solutions and has grown its client base to 167 high net worth clients. As a core element of the universal financial services strategy of STANBIC Bank Ghana, the

operation plays an important role in acquiring and retaining clients for PBB and CIB, and the collaboration between our local and international teams facilitated a USD15 million cross-border transaction for an offshore client during 2017.



EMPLOYEE ENGAGEMENT

Performance metrics	2017	2016
eNPS	+14	n/a*
Voluntary turnover (%)	8.2	7.5
Voluntary regrettable turnover (%)	3.4	2.9
Black representation (including executives) SA	%	%
Senior management	35.6	29.5
Middle management	65.3	61.4
Junior management	89.3	88.0

* Not comparable as the method used to determine eNPS changed in 2017. Refer to page 80 for further information.

Our client-focused operating model is well entrenched, with experienced executives in all key roles.

In 2017, we focused on resourcing our operations in the Africa Regions. We recruited an experienced executive to lead our integrated wealth offering in each of the group's markets and consolidate our position on the continent, and appointed a group head of short-term insurance to drive new growth opportunities throughout Africa.

Wealth instils a culture of high performance and creates opportunities for continuous learning through on-the-job training, mentoring and product training programmes. Our succession and talent management plans support the expertise required of our advisory employees, and we host numerous networking events to develop a pipeline of future recruits. In 2017, an extensive change management intervention assisted our teams in the shift to a goal-based approach.

We apply this approach to the financial needs and ambitions of our people, engaging with each employee to create individual programmes to accelerate their performance and embed our organisational culture. We have started to promote the value proposition of employees as clients to ensure that their experiences make them passionate advocates of the group's products and services. One of our main successes was the rollout of the Wealth Africa Regions client value

proposition in Kenya in mid-November 2017. Through this initiative we brought the bank, Liberty and STANLIB employees together for training on our Wealth value proposition, effectively expanding our sales staff capability for wealth products from five people to 222 employees (of whom 87% are accredited).

Our top performers are offered the opportunity to take up international secondments, where they are exposed to best practices. These initiatives groom future leaders and help to retain talented employees, and ensure we remain globally competitive.

Training and mentoring initiatives to upskill our teams include:

- The Wealth Challenge for top performers.
- The Wealth Warriors and Wealth Creators bespoke leadership programmes.
- Wealth and Investment Academies supported by relevant master classes.

2017 also saw the launch of the Wealth Financial Fitness workshops to provide advice on financial planning for Standard Bank employees. The workshops were hosted in the group's Johannesburg and Nairobi offices and we plan to extend them to other regions in 2018.

We made further progress in the transformation of our workforce to more closely reflect the demographics of the markets we serve, with good improvement at top and senior management levels.



RISK AND CONDUCT

Wealth fosters a risk-aware culture of doing the right business the right way.

To manage conduct risk in human capital, regulatory compliance and client service activities, Wealth has introduced a conduct dashboard with relevant targets and indicators to monitor and improve performance. The dashboard is tracking green with all milestones being met satisfactorily and on time.

The wave of regulatory and legislative reforms in the financial services industry poses a material risk to the Wealth businesses, heightening uncertainty in business planning. We routinely assess the risks posed by regulatory changes, employ compliance and regulatory management teams to ensure effective implementation of regulation, and participate actively in the group's engagement with policymakers and regulators across our footprint.

Our response to this fast-changing regulatory environment is to be proactive in adopting the principles of impending regulations, as with the Retail Distribution Review in South Africa. Another example of this approach was the response of Wealth International to the liquidity and capital challenges posed by the downgrading of South Africa's sovereign credit rating. We prepared a robust contingency plan to mitigate the impact of downgrades, engaged regularly with the relevant clients and regulators and successfully implemented the plan. Client withdrawals were limited, and the impact was not material.

Although onerous, regulations that aim to protect clients are consistent with our client-focused strategy and we are well positioned to implement them given the group's capacity and resources, including Liberty's expertise in the domestic insurance and investment industry. In the Africa Regions, our insurance brokerages comply with evolving bancassurance regulation and our operations are compliant with local regulations.



FINANCIAL OUTCOME

Wealth continued to grow its client base, contributing to the group's financial outcomes.

Despite certain headwinds in South Africa, and the impact of rand appreciation on our International and African businesses, Wealth contributed positively to the group's earnings.

The Wealth International business performed well, on the back of increased client deposits and related activity as well as the benefit of the endowment effect. The Africa Regions Wealth businesses continue to perform well, particularly the Nigerian pension administration business. South Africa, however, experienced a challenging year, mostly in the insurance businesses, due to extreme weather conditions during the year.

Clients in our asset management business continued to enjoy superior risk-adjusted returns with performance ahead of its peer groups.

All of this ultimately resulted in Wealth enhancing the group's ROE.



SEE IMPACT

Wealth has a key role to play in creating sustainable value for Africa, while generating growth for the group. Our SEE focus has been on promoting a culture of saving, actively developing and promoting B-BBEE service providers, and educational interventions targeted at youth to develop our future leaders. Great strides have been made; however, we are acutely aware of the scale of the challenge.

Financial inclusion

By developing new Standard Bank products and advisory processes, we help clients save more effectively for their long-term goals, such as educating their children. In South Africa, our clients have invested R310 million in 17 500 tax-free investment accounts to date and over 10 000 of our clients participated in goals-based investing during 2017 alone. We offer financial education to support our savings campaign. In 2017, our Online Share Trading business hosted 68 webinars and 56 face-to-face presentations to promote investment on the stock exchange. In the Africa Regions, our Nigerian asset management business hosted 24 workshops on saving.

In addition, Standard Trust Limited manages over R1.7 billion in trusts for orphaned children, providing much needed monthly distributions to the guardians of these children to fund their basic education and other needs.

Our Wealth and Investment business enables and supports charitable foundations in their mission to transform the socioeconomic and environmental landscape within South Africa. We currently manage the award-winning Feenix and Tshwaranang trusts.

Education, learning and development

Through our Leadership Academies we continue to empower the youth on the principles of leadership, social entrepreneurship, investing and financial planning.

Innovation, entrepreneurship and enterprise development

Transformation is an important value driver for our businesses and we have made significant progress in achieving our EE and procurement targets. A major intervention by the insurance business to vet suppliers involved in processing claims resulted in a score of 98% for vendor B-BBEE compliance.

We ensured preferential procurement principles were applied to our B-BBEE suppliers by automating the allocation of work to these service providers and creating access to new markets for them. We also:

- Provided financial support in the form of loans and deferred payment terms, or grants.
- Provided business support such as access to our business incubators, investment funding and business development support to our B-BBEE SMEs.
- Engaged with industry bodies to proactively identify more B-BBEE service providers.

Inclusive economic growth

While we support our clients' financial needs and ambitions, we also support them in times of need. SIL provided extraordinary assistance to our clients who were impacted by major fires and storms in South Africa during 2017. This involved expediting claims processes and providing funding and other support to victims of these disasters.

2017 digital technology advances

- The Wealth app developed in 2017, scheduled for launch in 2018, will provide our clients with a single view of all financial portfolios across geographies and financial institutions.
- The SIL claims app, on the SBG Mobile app, is being rolled out and enables clients to report and track claims in real time.
- The user interfaces of our Online Share Trading and Webtrader platforms have been improved and provide greater functionality.
- Auto Share Invest is an attractive entry point for investors who are new to share trading. Already available on the old internet banking platform, we are concluding work to offer Auto Share Invest on the new site.
- iDraft enables our financial advisors to draft non-complex wills online in collaboration with their clients. More than 3 000 wills were processed on the platform during 2017.
- Enhanced omni-channel functionality enables clients to access offshore accounts on tablet devices through the group app.
- Over 10 000 contactless visa debit cards were issued to Wealth International clients. These will enhance the client experience, complementing new functionality that allows client activation of visa debit cards and viewing of pins on the SBG Mobile app.
- Smart account application forms have improved the on-boarding processes and accuracy of data capture for non-personal banking clients.

LOOKING AHEAD

Despite a challenging economic and regulatory outlook, we remain firmly committed to the execution of our client-focused strategy, with data analytics informing our market development and marketing plans.

In 2018, we will continue to focus on achieving scale and acquiring new product lines in collaboration with the group's other operations.

Priorities in respect of our strategic value drivers

Client focus



- Continue to improve client satisfaction with a focus on 'before the sun sets' service.
- Target investment performance above peers and benchmarks.
- Further embed new ways of working to improve turnaround in insurance claims.
- Develop digital channels and solutions to improve client experience.

Employee engagement



- Attract and retain engaged, motivated, client-focused employees by:
 - Expanding Wealth Financial Fitness Academies.
 - Offering international secondments.
 - Hosting networking events for external talent.
 - Recruiting specialist graduate skills.
- Achieve our transformation targets, with a specific focus on:
 - Positioning Wealth as an employer of choice.
 - Purposefully identifying and developing talent across all levels to grow capability and skill.
 - Ensuring equal opportunities by promoting inclusion and advancement.
 - Ensuring that our culture, opportunities and environment promote talent retention.

Risk and conduct



- Apply first-line insights to achieve an appropriate balance between risk and reward, and continuing to enhance risk management capabilities in partnership with second-line risk management oversight, to maintain operational risk losses within our tolerance levels.
- Adhere to our conduct dashboard.

Financial outcomes



- Maintain an ROE that is strongly accretive to the group's ROE.

SEE impact



- Continue to focus on creating sustainable value for Africa, while generating growth for the group.