MEASURING OUR STRATEGIC PROGRESS

Our strategic value drivers are the framework we apply in measuring our strategic progress. They inform our allocation of resources and guide our trade-off decisions. We have made further progress in aligning our governance, planning and reporting processes to our strategic value drivers, and will continue to refine the underlying metrics to ensure that we are measuring what matters most in delivering our group strategy.

CLIENT FOCUS

We place our clients at the centre of everything we do, aiming to provide relevant and appropriate products and services seamlessly through the channels they choose. This is informing our efforts to build a digital bank, redesign our operating models, develop our people and shift our culture – for long-term sustainable competitive advantage.

WHAT SUCCESS LOOKS LIKE

- We understand our clients and offer them the products, services and solutions they need to achieve their goals.
- We serve our clients quickly, efficiently, reliably and respectfully.
- We earn and keep our clients' trust.

HOW WE MEASURE OUR PROGRESS

To understand how satisfied our clients are with our service, internally facilitated client surveys appropriate for each business unit are conducted in phases throughout the year.

Our indicators

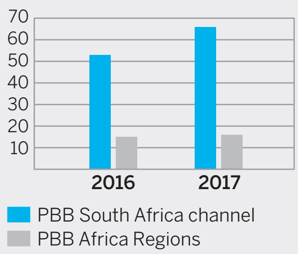
- Net promoter score (NPS) for PBB.
- Client satisfaction index (CSI) for CIB.

HOW WE PERFORMED

PBB

Our focus on delivering consistently excellent client service supported an improvement in the channel NPS score for PBB South Africa. Channel NPS is measured across different points, which include the branch, customer contact centre, and relationship banking channels at transaction level.

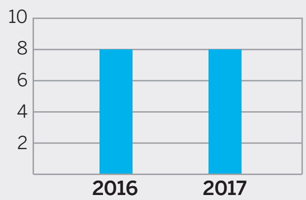
Net promoter score



CIB

The overall CSI score was unchanged from the prior year at 7.8 out of 10. Pleasingly, our clients rated their relationship managers highly across most countries and see Standard Bank as a leading corporate and investment bank.

Client satisfaction index



Multinationals and domestic clients contribute

62% and 38%

respectively to client revenues.

Key client concerns

- Improving their banking experience.
- Combating cybercrime and fraud.
- Cheaper and more convenient banking services.
- Ensuring the safety of their money.
- Assistance in times of financial distress.

Related material issues

- Understanding the needs of our clients.
- Providing our clients with a personalised and comprehensive financial services offering.
- Empowering our people to better provide an excellent and consistent client experience.
- Making it easier, faster and safer to transact by accelerating innovation and digitisation.
- Partnering with our clients during challenging times.

KEY DEVELOPMENTS IN 2017

To address our clients' key concerns and our material issues, we have:

- Accelerated the introduction and adoption of digital channels across Africa.
- Substantially completed the core banking transformation programme in early 2018 with 93% of transactional account clients on the new platform.
- Simplified processes and increased the use of data analytics to understand and respond more precisely to our clients' needs.
- Achieved increased IT system stability with no major service interruptions in 2017.
- Improved IT security capabilities, which an independent expert assessed as leading in our peer group.
- Engaged with clients in financial distress and offered a range of solutions to assist them, including the introduction of a debt care centre, improved client education offerings and an EasySell platform to assist clients to get the best value on the sale of their properties.
- Completed several landmark transactions.
- Funded 13 client lending deals in partnership with ICBC since 2016 to support our clients operating in the China-Africa corridor. An example is the recent funding of the USD8 billion Coral floating liquefied natural gas development in Mozambique.

PRIORITIES IN 2018

To drive improvements in our client satisfaction scores, we will:

- Deepen existing client relationships in support of their growth journeys.
- Leverage data and advanced analytics to gain deep client insights and provide timely and relevant offerings.
- Continue to implement digitally enabled solutions that improve client convenience.
- Continue to provide our clients with the choice to interact with us digitally or through our branch networks.
- Leverage the ICBC relationship to support the growth strategies of, for example, Chinese multinationals operating in Africa.

AIR 54 – 77, 86 – 91 Business unit reviews and information technology report.

KEY TRADE-OFFS

- Increasing our use of data analytics and developing digitally enabled solutions that are innovative, accessible and affordable have to be done within the non-negotiable constraints of protecting our clients' personal information and mitigating cybersecurity risk.
- The client experience benefits of digital platforms and the efficiencies gained from increasing the digitisation of processes require additional IT development and maintaining IT stability and security, which increases costs and the depreciation and amortisation of our IT assets.
- We are committed to assisting our clients through periods of financial distress which may lead to a restructuring of the terms and conditions of their loan agreements to assist with affordability challenges. While this may lead to delaying the loan repayment, the restructure allows the client to repay the loan and avoid any longer-term negative financial consequences. In addition, it enables the group to realise the capital repayments and mitigates the need for costly legal action, foreclosures and negative client and social implications.

EMPLOYEE ENGAGEMENT

How our people think and feel about their work correlates directly with how satisfied our clients are, and how successful we are in delivering our strategy and performance aspirations.

WHAT SUCCESS LOOKS LIKE

- We are considered a great place to work and our people feel deeply connected to our purpose and our clients.
- Our people are empowered to, and are recognised for, delivering against our strategic objectives.
- Our people make the most of every opportunity to achieve their full potential.

HOW WE MEASURE OUR PROGRESS

In line with global best practice, in 2017 we introduced a new survey methodology to determine an employee net promoter score (eNPS), as an indicator of how likely an employee is to recommend the group as a good place to work. The annual employee engagement survey is conducted across the group.

Our indicator

- **eNPS:** calculated by subtracting the percentage of detractors from the percentage of promoters. This value can range from -100 (if every employee is a detractor) to +100 (if every employee is a promoter).

HOW WE PERFORMED

Employee net promoter score

Scored +14

Our eNPS score compares well with South Africa, Africa Regions and International benchmarks and serves as a baseline for further improvement to support our employee engagement value driver.

Note: year-on-year comparison is not available due to the introduction of a different survey methodology in 2017.

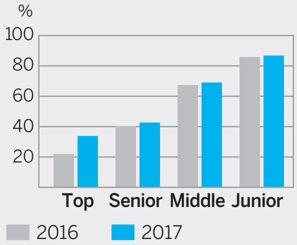
56%

permanent employees responded to our employee engagement survey.

Employment equity

SA

Black representation at management level



Employee turnover

8.8%

overall employee turnover rate (2016: 9.1%)

5.5%

voluntary employee turnover rate (2016: 5.6%)

2.3%

voluntary regrettable employee turnover rate (2016: 2.1%)

- Overall and voluntary turnover continued to show declining trends in 2017, and are well below global financial services industry benchmarks[1].
- The primary reason for employees leaving our employ is for better career opportunities, with working conditions, remuneration and learning and development being secondary reasons.

[1] Gartner Corporate Executive Board's 2016 benchmark data for global financial services indicates 14.2% for overall turnover, 9.9% for voluntary turnover, and 6.2% for turnover at executive level.

Key employee and union concerns

- Training and coaching to enhance current skills levels and develop new skills in a changing operating environment characterised by digitisation.
- Access to career advancement opportunities.
- Ensuring employee health and well-being in fast-paced and changing socioeconomic and operating environments.
- Continued focus on diversity and inclusion to ensure a workforce that is local and relevant to each country of operation.
- First-time work opportunities for youth in the context of high unemployment levels.

Related material issues

- Attracting and retaining deeply committed people with the right skills and capabilities.
- Enabling our people to be agile and adaptive to remain relevant in a rapidly evolving environment.
- Leveraging diversity and inclusion.
- Harnessing the potential of a multi-generational, pan-African local workforce.
- Creating an environment in which our people are engaged and enabled to take care of their well-being.

KEY DEVELOPMENTS IN 2017

To address the key concerns of our employees and our material issues, we have:

- Continued to invest in skills development to build future skills and empower frontline employees.
- Enhanced our digitally enabled platforms and enterprise technology to support our employees in meeting our client focus objective.
- Collaborated with industry and educational bodies to develop skills capabilities.
- Maintained our focus on identifying and developing diverse talent pools.
- Delivered a range of health and wellness initiatives and services to employees across the group.
- Continued providing first-time work opportunities for young people through our graduate, learnership and intern programmes.

PRIORITIES IN 2018

To drive improvements in our employee engagement, we will:

- Empower employees through investing in their development and offering career growth opportunities.
- Provide learning solutions to enable employees to deliver on our client promises.
- Optimise and further enhance the digitisation and use of automated human capital processes.
- Prioritise transformation in top and senior management.
- Drive our diversity and inclusion priorities across the group.

AIR 78 – 85 Human capital report.

KEY TRADE-OFFS

- Digitisation is key to our future competitiveness and will necessitate far-reaching changes in the way we do business. Shifts in our future capability requirements will need to be managed in a responsible manner that balances commercial pragmatism with social considerations.
- Capability shifts, particularly with respect to scarce skills or emerging skills requirements, will be necessary to deliver on our strategy and aspirations, and will require a significant investment to develop and retain key skills.
- The transformation and localisation requirements in our various countries of operation must be balanced against our stated intent to leverage the full benefits of employee mobility across our markets, and our objective of growing our talent and enhancing our ability to operate as a universal financial services organisation.

RISK AND CONDUCT

Our licence to operate, and our competitiveness, is a function of the trust our stakeholders have in us. Our ability to manage risk and uphold the letter and spirit of the laws, regulations, codes and standards applicable to our businesses – from regulatory capital requirements to the highest standards of ethical and responsible business practice – determines our reputation. The importance of this is growing, as financial crime and corruption become more pervasive, and the conduct of banks comes under increasing scrutiny.

WHAT SUCCESS LOOKS LIKE

- Doing the right business the right way, without exception.
- Contributing to safe financial systems in the markets in which we operate.
- No material breaches of legislation.
- No harm to our reputation.

HOW WE MEASURE OUR PROGRESS

RISK

We manage our capital levels to support business growth, maintain depositor and creditor confidence, create value for our shareholders and other stakeholders and promote regulatory compliance. Our risk measures are regulatory requirements and indicate our ability to withstand financial stress and unexpected losses, and the quality and liquidity of the assets we hold.

Our indicators

- **Common equity tier 1 ratio (CET 1):** a measure of solvency that assesses capital strength against our risk-weighted assets (RWA).
- **Liquidity coverage ratio (LCR):** measures our ability to manage a sustained outflow of client funds in an acute stress event over a 30-day period.
- **Return on risk-weighted assets (RoRWA):** the return we generate based on our average risk-weighted assets.
- **Net stable funding ratio (NSFR):** the amount of available stable funding relative to the amount of required stable funding, in accordance with Basel III.

CONDUCT

Our compliance with laws and regulations is non-negotiable. Any contravention comes at a cost in financial losses, fines or diminished reputational capital. We deal with such instances through well-developed disciplinary processes and appropriate action.

Our indicators

We are aiming to measure, understand and control risk and our conduct in even more detail. During the year, we worked to identify and develop appropriate metrics to assess our conduct and behaviours. We will continue to monitor these metrics to ensure that they enable us to track the extent to which we have embedded our desired culture and the effectiveness of our governance structures relating to conduct.

HOW WE PERFORMED

Risk

Our risk appetite measures are above our internal risk appetite targets and, where applicable, regulatory requirements.

CET 1 (Lib)
13.5%
(2016: 13.9%)
Target: 11% – 12.5%

LCR
135.1%
(2016: 117.1%)
Target: regulatory minimum of 80%

RoRWA (Lib)
3.1%
(2016: 2.7%)

NSFR
>100%
Target: regulatory minimum of 100%

Key government, regulator and civil society concerns

- Addressing cyber risk and the impact on client safety.
- Enhancing trust and maintaining stability in the financial sector.
- Improving the control environment in the Africa Regions.
- Embedding compliance and risk-aware behaviour.
- Ethical and transparent supplier and vendor relationships.
- Debt intervention mechanisms for low-income, financially distressed consumers.

Related material issues

- Proactively responding to increased cybersecurity threats and protecting client information.
- Maintaining the stability, security and speed of our IT systems.
- Conducting our business in a responsible manner by doing the right business the right way.
- Responding to the pace, volume and scale of regulatory change.
- Supporting steps to combat financial crime, fraud and illicit financial flows.

KEY DEVELOPMENTS IN 2017

To address the key concerns of our government, regulator and civil society stakeholders and our material issues, we have:

- Enhanced our credit, risk management and compliance capabilities.
- Made significant improvements in compliance across the Africa Regions, including the completion of board compliance training.
- Continued to monitor reputational risk in South Africa.
- Invested in IT security capabilities which have reduced digital fraud losses.
- Successfully executed two Basel III compliant additional tier 1 bond issues.
- Analysed the funding impact of the Basel III NSFR and LCR requirements and positioned the group to meet them by January 2018.
- Assessed the impact of the transition to IFRS 9 and made the necessary model and process changes prior to implementation on 1 January 2018. More information on the impact of IFRS 9 can be found on page 52.

PRIORITIES IN 2018

To drive improvements in our risk and conduct measures, we will:

- Continue to regularly review and amend our risk appetite in response to changes in our operating environments, and manage our exposures responsibly.
- Continue to embed a culture of ethical behaviour and ensure that we keep doing the right business the right way.
- Continue to invest in our capabilities to mitigate financial crime and cyber risks.

AIR 86 – 97 Information technology report and risk report.

RCM Risk and capital management report.

KEY TRADE-OFFS

- In managing our exposures responsibly in line with both macroeconomic and socio-political realities, we are sometimes required to tighten our risk appetite in lending to vulnerable sectors and clients. This inhibits client growth and our revenue generation opportunities, but reduces the potential for operational losses and impairments.
- Managing the natural tension between client convenience and the speed with which we can fulfil their needs, and the parameters of our mature and continually evolving regulatory, supervisory and control environment.
- Managing the rising cost of compliance, including extensive employee training and adaptations to business systems to comply with new and forthcoming legislation, in line with the reputational benefit of being a trusted organisation.

FINANCIAL OUTCOME

Delivering sustainable returns to our shareholders depends on the extent to which our investments in satisfied clients, engaged employees and managing risk and conduct are effective and efficient. In turn, we need to ensure that we balance the capital we allocate to these strategic investments with competitive returns.

WHAT SUCCESS LOOKS LIKE

- Continuing to demonstrate value creation for all of our stakeholders by delivering headline earnings growth and driving ROE to the upper end of our 15% – 18% target range.
- Maintaining the resilience of our balance sheet to support the execution of our group strategy.

HOW WE MEASURE OUR PROGRESS

By delivering positive results on our client focus, employee engagement and risk and conduct value drivers, we seek to improve our financial outcome, which is measured by the following indicators:

- **Return on equity (ROE):** shows how much profit we generate with the money shareholders have invested in us. ROE is the result of all the measures below and, therefore, the ultimate measure of our effectiveness in executing our group strategy.
- **Headline earnings:** show the profits we make, excluding profits or losses from non-recurring events as prescribed by the SAICA circular. We seek to improve our headline earnings each year by continuing to grow our revenue while managing our costs and risks.
- **Cost-to-income ratio (CTI):** measures our efficiency in generating revenues relative to the costs we have incurred. We aim to reduce our CTI, making sure that the growth in our costs does not exceed the rate at which we grow our revenues. Containing our costs is key to growing HE and improving ROE.
- **Credit loss ratio (CLR):** measures our impairment charges as a percentage of average loans and advances. We aim to maintain our CLR at an acceptable level in line with our risk appetite.

HOW WE PERFORMED

ROE and headline earnings

Lib
ROE:
17.1%
(2016: 15.3%)

Lib
HEADLINE EARNINGS:
R26 270 million
(2016: R23 009 million)

Achieved strong growth in both measures, with headline earnings growing 14%.

CTI

55.7%
(2016: 56.3%)

Improved our CTI through focused cost management.

CLR

0.86%
(2016: 0.86%)

Our CLR remained unchanged from the prior year and remains at an acceptable level within our risk appetite.

Key shareholder and investment analyst concerns

- Revenue pressures in our South African operations.
- Challenging operating environment in the Africa Regions, which may impact our results.
- Managing costs and improving our CTI ratio.
- Achieving and maintaining our ROE targets.
- Impact of a sovereign rating downgrade on the group, its strategy and results.

Related material issues

- Growing the group's franchise by further building our on-the-ground presence in Africa, growing our client base, regional integration and leveraging trade and capital flows.
- Responding to challenging economic conditions, particularly South Africa's growth outlook and sovereign downgrades.
- Maintaining the resilience of our balance sheet.

KEY DEVELOPMENTS IN 2017

To address the key concerns of our shareholders and the investment community, and our material issues, we have:

- Achieved an ROE at the upper end of our 15% to 18% target range. Our focus on improving on shareholders' returns resulted in us lifting our medium-term ROE target range to 18% to 20%.
- Focused efforts on managing and containing costs.
- Assessed the impact of a sovereign downgrade and took appropriate action.
- Our earnings streams are diversified and the portfolio effect across products and geographies has proven to reduce earnings volatility.
- Focused efforts on ensuring compliance with IFRS 9 by 1 January 2018. This included a parallel run and hard-close process which allowed the group to clearly understand and respond to the impact of IFRS 9 on the group's business, including key metrics such as the group's CET 1 ratio.

PRIORITIES IN 2018

To drive improvements in our financial performance, we will:

- Continue to deepen our progress in aligning processes to our value drivers so that we are able to measure what matters most in delivering on our new ROE target range of 18% to 20%.
- Continue to respond effectively to macroeconomic challenges.
- Maintain earnings growth by partnering with high-growth clients in high-growth markets.
- Reduce our CTI by driving revenue growth faster than cost growth.
- Seek to maintain our CLR within our guidance of a 80 basis points (bps) to 100 bps range.
- Maintain a resilient balance sheet, meeting Basel III capital and liquidity requirements across all the markets in which we operate.
- Finalise the group's adoption of IFRS 9, including the final reporting on the transition impact.

KEY TRADE-OFFS

To ensure that we can continue to attract the capital we need to fund the growth in our assets, we must provide an appropriate rate of return to our equity shareholders and debt funders, including depositors. This requires that we balance our ability to generate revenue, by continuously and sustainably meeting our clients' needs and strengthening our competitive position, with the costs incurred in doing so. Our largest operating expenses include:

- **IT costs:** the significant investment we have made in modernising our IT platforms has allowed us to digitise our services and provide more cost-effective channels to our clients. These costs will be expensed in the future as the systems enter production. Additional IT costs are also required to support and maintain these assets.
- **Staff costs:** we invest to attract and retain experienced people and to equip them to consistently deliver exceptional client experiences and deal with a challenging work environment.
- **Other operating costs:** we incur several other costs to enable our people, together with our frontline and supporting systems and processes, to deliver exceptional client experiences in a responsible manner.

AIR 40 – 53 Group financial review.

SEE IMPACT AREAS

In line with our purpose, we believe that financial services done well – with conscience and conscientiousness – can improve the lives of Africans by addressing the pertinent issues that face the continent. Our future depends on aligning our profitability with the sustainability of the complex and dynamic African economies and societies we serve.

WHAT SUCCESS LOOKS LIKE

- Generating economic value in a way that produces value for society.
- Understanding our direct and indirect impacts on the societies, economies and environments in which we operate, predominantly through what we finance, and make more informed, responsible decisions as a result.

HOW WE MEASURE OUR PROGRESS

To define our SEE impact areas, we looked at the impact our core business activities have and how these relate to the priorities and targets set by the United Nation's Global Sustainable Development Goals, the Africa Union Agenda 2063 and South Africa's National Development Plan.

Our ten SEE impact areas are where we can – and do – make a significant contribution to driving sustainable and inclusive growth across the continent.

KEY TRADE-OFFS

- Implementing new solutions to provide credit to small businesses and individuals, including students, while managing default risk.
- Balancing the challenges posed by climate change, and the need to facilitate access to affordable energy, including coal-fired electricity, to support economic growth and poverty alleviation.
- Finding ways to restructure debt for sectors impacted by climate change in a way that maintains the integrity of our loan book and the viability of our clients' businesses.

Key community and civil society concerns

- Our contribution to economic transformation and financial inclusion in South Africa.
- Environmental impacts of investment in coal-fired power stations.
- Need for affordable solutions for student funding.
- Investing in our people to ensure decent work and support transformation strategies.

Related material issues

- Accelerating inclusive economic growth.
- Investing in Africa's infrastructure, notably that of energy, transport, telecommunications and health.
- Supporting innovation and investment that drives financial inclusion, education and a green economy.
- Harnessing the commercial opportunities of addressing societal challenges.

RTS For a more detailed discussion of the group's SEE impacts.

Our ten SEE impact areas

1

INCLUSIVE ECONOMIC GROWTH

Our core business broadens economic opportunity and supports job creation by providing financial solutions appropriate to the diverse needs of our clients.

- Around 4 million transactions, valuing R585 million, were made on SnapScan, a channel that provides merchants with an efficient and cost-effective way to transact without needing to accept cash.
- Engaging with small business owners, particularly in township economies in South Africa, to develop affordable and accessible insurance plans.

2

INNOVATION, ENTREPRENEURSHIP AND ENTERPRISE DEVELOPMENT

We work with small businesses to develop financial and business support solutions that meet their needs and support their growth and sustainability, while minimising risk to depositors.

- Provided business development support and training to around 4 000 entrepreneurs.
- Value of claims directed to 100% black owned businesses in the home and motor industry from Standard Insurance Limited Claims totalled R262.4 million.

3

EDUCATION, LEARNING AND DEVELOPMENT

In addition to our priorities outlined under the employee engagement value driver, we create opportunities for learners and graduates to build careers with us. We are developing innovative solutions that address the challenge of affordable and accessible finance for students. Our corporate social investment programmes prioritise education.

- R925 million invested in skills development.
- 68% of participants on our leadership programmes are black employees.
- In 2017, the bank's education spend accounted for just over R85 million, which is about 80% of our total CSI spend of R106 million.
- Standard Bank student loans supported 29 804 students in South Africa. In addition, 85 students were fully funded and 168 partially funded through our Feenix Trust, a crowd-funding initiative that allows individuals and enterprises to donate money directly to students.

4

EMPLOYMENT

We are committed to providing a diverse and inclusive workplace. We aim to make it easier for first-time job seekers to access opportunities that help them gain work experience and learning.

- Representation of woman at executive and senior management level is 32% and 38% respectively.
- Over the past 20 years, we launched the careers of 1 591 graduates from 24 African countries.
- Since 2012, 654 candidates from low-income households in South Africa have been placed in 12-month learnership programmes through our partnership with Harambee.

5

FINANCIAL INCLUSION

We are using digitisation and automation to provide low-cost, convenient digital products and services, and we are developing alternatives to conventional systems of collateral. Our Wealth strategy aims to stimulate a savings culture. We work with consumers to enable them to manage their finances more effectively.

- Instant Money, which provides an entry point into banking, was used by 6.5 million clients with an average transaction value of R669.
- Provided R50 million in grant funding to black start-ups in South Africa, sourced from national and international donors, our own enterprise development funds and those of our participating corporate clients.
- Restructured the debt of 2 136 affordable housing clients in South Africa, keeping them in their homes.

6

COMBATING FINANCIAL CRIME

We prioritise the security of our systems, and consistently invest in strengthening cybersecurity measures. We participate in industry forums and work with public authorities to combat cybercrime.

- Introduced fingerprint and voiceprint verification to strengthen our authentication process, and partnered with the Department of Home Affairs to improve the accuracy of our client records.
- Worked with other banks to launch a controlled debit order system, currently being piloted, to mitigate the risk of debit order abuse.
- Established a dedicated team in the Money Laundering Surveillance Unit to track adverse information linked to Standard Bank clients.

7

INFRASTRUCTURE

We work with governments and development institutions to structure appropriate funding instruments and mobilise funding for crucial developmental infrastructure.

- USD2.27 billion in project finance invested in energy infrastructure since 2012, with total capacity of 2 517 megawatts.
- Committed USD9 million to off-grid power solutions in East Africa, where M-KOPA has connected over 700 000 homes to clean and affordable energy.
- Partnered with Busamed, a black-owned and operated private hospital network that owns three of the top ten private hospitals in South Africa, by project-financing the private hospital sector since 2013.

8

AFRICAN ECONOMIC DEVELOPMENT

We collaborate with our clients and strategic partners to facilitate trade and investment flows into Africa, improve access to trade finance and develop enabling infrastructure to support inter-Africa trade.

- Bringing together government, the diplomatic community and the private sector to discuss ways to deepen intra-African trade and integration.
- Standard Bank International assisted Ghana to secure USD1.3 billion in foreign investment.

9

ENVIRONMENTAL SUSTAINABILITY, AND CLIMATE CHANGE MITIGATION AND ADAPTATION

We work with our clients to develop appropriate solutions for climate change mitigation and adaptation, particularly in the agricultural sector, and are a major investor in renewable energy technologies across the continent. We have invested significantly in reducing our direct carbon footprint.

- Since 2012, 83% of power project financing has been directed towards renewable energy.
- Transactions were screened for social and environmental risks, and five Equator Principles projects reached financial close.
- Reduced our energy consumption by 21.7% against the 2014 baseline, exceeding the target set for 2020.

10

GOOD GOVERNANCE

In addition to our priorities outlined under the risk and conduct value driver, we engage with governments and regulators in the countries in which we operate to support evidence-based policymaking and constructive dialogue between public and private sectors. We are also working to develop a more systematic approach to broader stakeholder engagement.

- Submitted our SME lending data to National Treasury and engaged with a number of stakeholders on SME access to finance.
- Participated in parliamentary hearings and engaged stakeholders on the transformation of the financial sector.
- Through our democracy support programme, allocated R2.5 million to funding political parties in South Africa using the Independent Electoral Commission's funding formula.

Minimising the negative social impacts of infrastructure developments

During 2017, we were approached to fund a major power infrastructure deal in Africa*. While our client had performed an environmental social impact assessment (ESIA), we opted to undertake additional due diligence, and **requested an independent review to ensure all environmental and social impacts were correctly identified** and the correct mitigating actions proposed. During this process, it became clear that the project could potentially result in significant negative impacts for communities living near the proposed development, whose homes and livelihoods could be affected. This had not been sufficiently identified in our client's ESIA. Using our influence as the finance provider for the project, we brought the matter to our client's attention, and requested that measures be taken to avoid this negative socioeconomic impact. We subsequently came to an agreement with our client on how to mitigate this risk, and to maximise the positive social and economic impacts by improving energy availability in a socially responsible manner.

* Names and other details have not been disclosed in line with Standard Bank client confidentiality.

The Equator Principles Association

Standard Bank chairs the steering committee of the Equator Principles Association, a position we have held since 2015. In 2017, the association, which includes 92 financial institutions across 37 countries, resolved to start a process to update the Equator Principles, a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing. 'EP4' will consider issues of scope of applicability, human rights and climate change, among other aspects. The revision process will include consultations with external stakeholders and will conclude by June 2019.

In the run-up to this announcement, 65 civil society organisations, including many major environmental groups and indigenous peoples' organisations, launched the 'Equator Banks, Act!' campaign, calling on association members to strengthen their commitment to fully consider the climate impact of projects and to fully respect the rights of indigenous peoples when financing projects under the Equator Principles. The campaigning organisations support a formal revision of the principles to reflect these commitments, inclusive of broad public consultation.

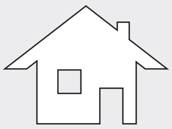
Township economic development

In 2017, we hosted our first township accelerator, in partnership with AmaVerkykers and Liberty, aimed at growing small enterprises in and around Mamelodi in Gauteng. To identify the most promising candidates, we conducted two boot camps designed to enhance entrepreneurial skills, and provide practical tools to assess and validate business ideas and accelerate an existing product or service. The boot camps targeted entrepreneurs at the business idea stage, and those who have started up their businesses and are looking to expand. Following the boot camps, 15 entrepreneurs were selected for an intensive five-day accelerator programme delivered by industry experts, to provide them with practical skills and the confidence to grow their businesses, including modules ranging from leadership to legal issues. Following completion of the programme, participants were invited to exhibit at business events to increase their visibility, and will receive ongoing mentorship with AmaVerkykers.

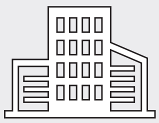
Insurance solutions

Our insurance business protects our clients' families, livelihoods and property. We provide a safety net to enable our clients to protect their wealth and dignity in the face of unforeseen circumstances, and to ensure their loved ones are financially secure. To do this effectively, we need to know and understand our clients, and to design products and services tailored to their needs. We know that many small business owners are underinsured or uninsured. For them, a burglary or damage to premises or stock may be impossible to recover from. We are engaging with this market, particularly in township economies, to develop affordable and accessible plans to provide a safety net when needed.

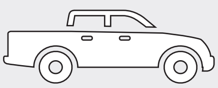
TOTAL WEALTH PROTECTED



HOMES
R828 million



BUSINESSES
R71 million



VEHICLES
R383 million

LIFE
R775 million

Feenix: innovation contributing to education

We launched the award-winning Feenix crowd-funding platform in response to South Africa's tertiary education funding crisis. The platform provides individuals and companies with an easily accessible and trustworthy digital conduit to fund the fees of disadvantaged students, while benefiting from tax deductions, B-BBEE points and a tangible return on social investment.

Stanbic Kenya Enterprise Direct

Stanbic Kenya has over 28 000 SME clients who are supported by 15 Enterprise Direct bankers and 12 acquisition bankers across its 26 branches. Previously, our business bankers had to manage almost 1 000 active relationships, limiting their capacity to provide one-on-one service. Enterprise Direct addresses this challenge by enabling new clients to join the bank and access products and do their day-to-day banking without ever leaving their workplaces. Enterprise Direct has enabled us to serve our clients far more effectively, using digital banking, email and telephone communication.

Partnering with fintechs

Our Strategic Investments and Alliances team works to identify innovative digital start-ups and products with the potential to help the group deliver better value and convenience to our clients.

We have developed a global network of associates comprising fintechs, venture capital firms and non-competing partner banks. Examples include our **75% shareholding in FirePay**, a fintech focused on mobile payments using unique QR code technology. FirePay conceptualised SnapScan mobile payments and brought it to market in partnership with the group. SnapScan supports small businesses by enabling acceptance of card and eCash payments without having to incur the cost of a point-of-sale device, enabling on-the-spot payments for entrepreneurs such as plumbers, painters and electricians. It provides online registration, thereby enabling access to a payment stream at the click of a button, rather than having to fill in a paper-based contract and waiting for a point-of-sale terminal to be delivered.

Another example is our **100% shareholding in Ecentric**, a transaction switching company that specialises in the development and supply of advanced secure payment solutions. Ecentric enables Shoprite Money Transfers – a system designed to facilitate person-to-person payments for people that do not have access to financial services. It processes over 60 million transactions per year with value in excess of R20 billion. Ecentric is also supporting Shoprite to expand cross-border person-to-person payments across Africa. It also supports the purchase of value-added services, such as airtime and electricity.