

A letter from our CEO

Standard Bank is driven by our purpose: **'Africa is our home, we drive her growth.'** We are an African financial services organisation with a clear understanding of the challenges and opportunities in our countries of operation. We see it as our core job to develop commercially sound ways to address these challenges, thereby accelerating economic growth and human development and making a better life for our fellow Africans.

Some of the ways in which we do this include providing financial services that are relevant and appropriate to the markets in which we operate; facilitating infrastructure development, trade and investment; enabling businesses to invest in the equipment and inputs needed to improve productivity and access new markets, and supporting individuals to save, buy homes, access education, and protect and grow their assets and earnings. Our objective is to create shared value – **benefiting society while achieving financial returns for the group.**

There's a great deal of commentary at present about the potential obsolescence of 'traditional banks'. It's certainly the case that all sorts of companies, from retailers to technology start-ups to global tech giants, can and do offer a variety of banking products and services. We're keenly aware of the competition, and we're evolving to meet it head-on. We're making some significant changes to how we operate. We're working more closely with our clients to ensure we're able to deliver fully integrated, full-service solutions that meet all their financial services needs. We're also partnering with telecommunications and tech companies, and others, to broaden access to financial services, creating new opportunities for Africans to save, borrow, invest and grow their wealth. And we're interrogating the kind of business we do, and the way we do it, to ensure that **the social, economic and environmental impacts arising from our activities have a net benefit for society.**

Last year, we reported that we had adopted five value drivers against which we would measure our success: client focus; employee engagement; managing risk and conduct; financial outcomes; and social, economic and environmental (SEE) impacts. We also noted that we'd begun the journey to get every part of our business to measure and report on its performance against these value drivers, looking beyond traditional financial indicators, and deepening our understanding of our broader impacts. I'm pleased to report that we're making good progress.

Across the group, our management teams have adopted the five value drivers, and have integrated them into decision-making processes. Our internal reporting processes have been adapted to reflect progress against the value drivers, and this year, our annual integrated report is structured according to the value drivers.

We expect every member of the Standard Bank team, from executives to relationship managers to tellers and call centre staff, to consistently apply a shared value lens to the work we do and the decisions we make. We should all be continually asking ourselves whether our decisions and activities will help to fulfil our purpose to support sustainable economic growth, job creation and human development in the long term. We all need to think carefully about the impacts of every decision not just for the group, but for the communities in which we operate, the broader economy, and the generations who will follow us.

We're mindful of our direct impacts – the relevance and utility of the products and services we provide, how we treat our customers, our role as an employer and as a purchaser of goods and services.

We're also looking closely at our indirect impacts, created by the projects we fund and the business activities we enable, and thinking carefully about the trade-offs that need to be made. Over the course of this year I've participated in many challenging and valuable conversations about whether we should be funding coal-fired power stations, for example. We've heard the arguments in favour, including access to affordable and stable electricity supplies and the protection and creation of jobs, and the counter-arguments regarding damage to the natural environment, damage to the health of local communities, water scarcity and rising carbon emissions. We recognise that most African economies are not currently in a position to walk away

from coal, but that there are opportunities to support cleaner coal technology, while simultaneously supporting the development of renewable energy infrastructure across Africa.

Another challenge we continue to grapple with is how to improve access to credit for Africa's entrepreneurs and start-ups, who have the potential to grow and create new jobs, but who also run a significant risk of defaulting on their loans. We're developing new ways to lend to this market while minimising risk to our depositors – harnessing the potential of technology to better assess and manage risk while actively supporting our small business clients through access to business development support programmes and market access opportunities. At the same time, we're expanding our digital and mobile-based solutions, to extend access to affordable and relevant transactional services.

As always, we welcome your feedback.

Our business is built on long-term relationships with our stakeholders. We rely on our engagements with you to assess what we're doing well, where we need to do better, and how to ensure we remain a financial services partner of choice across Africa.

Sim Tshabalala,
*Chief executive,
Standard Bank Group*

