

Chairman's invitation to shareholders



Thulani Gcabashe

Dear Shareholder

"I extend an invitation to you to attend the 48th AGM of Standard Bank Group Limited (the company) to be held in the HP de Villiers Auditorium, Ground Floor, Standard Bank Centre, 6 Simmonds Street, Johannesburg on Friday, 26 May 2017 at 09h00."

The board recognises the importance of its shareholders' presence at the AGM. This is an opportunity for you to participate in discussions relating to items included in the notice of meeting. In addition, the chairmen of various board-appointed committees, senior members of management, as well as the group's external auditors will be present to respond to questions from shareholders.

If you are unable to attend the AGM and hold shares in certificated form or if you have dematerialised your shares and have elected "own-name" registration through a Central Securities Depository Participant (CSDP) or broker, I would urge you to complete and submit the proxy form in accordance with the instructions and return it to the address indicated.

If you are not able to attend the AGM and have dematerialised your shares on STRATE and have not elected "own-name" registration, I would likewise urge you to submit your voting instructions to your CSDP or broker. You will need to contact them regarding their particular cut-off time for votes to be lodged with us.

If you wish to attend the AGM and have dematerialised your shares on STRATE, and you have not elected "own-name" registration, you will have to approach your CSDP or broker to provide you with the necessary authority in terms of the agreement that you have entered into with them.

Explanatory note on resolutions to be tabled at the AGM

The AGM will deal with the following ordinary business:

- The group's consolidated audited financial statements for the year ended 31 December 2016 (including the directors' report and the audit committee report) will be presented to shareholders. The condensed consolidated financial results are set out within annexure A on page 100 to 106 and the complete annual financial statements are available on the group's website at www.standardbank.com/reporting (resolution number 1)
- the company's memorandum of incorporation makes provision for the annual retirement of a certain proportion of the board of directors. The directors who retire in terms of this provision and who offer themselves for re-election have their abridged curriculum vitae included in the notice (resolution number 2)
- the reappointment of the company's joint auditors, KPMG Inc. and PricewaterhouseCoopers Inc. (resolution numbers 3.1 and 3.2)
- resolution 4 provides the directors with the ability to allot and issue ordinary shares up to a maximum of 2.5% of the ordinary shares in issue at 31 December 2016
- the directors' ability to allot and issue non-redeemable, non-cumulative, non-participating preference shares is contained in the provisions of ordinary resolution 5
- to consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy (resolution number 6).

The following special resolutions will be tabled for consideration at the AGM:

- to approve the non-executive directors' fees in respect of 2017, which have been considered by the group remuneration committee and recommended by the board (resolution number 7)
- a renewal of the authority given by shareholders at the previous AGM that will allow the repurchase of the company's securities by the company or any subsidiary during the course of the year should the directors feel that the circumstances are appropriate. Any repurchases made will be in accordance with the Companies Act 71 of 2008 and the Listings Requirements of the JSE Limited (resolution number 8)
- a general authority by shareholders to permit the repurchase of the company's non-redeemable preference securities by the company or any subsidiary during the course of the year should the directors feel that the circumstances are appropriate. Any repurchases made will be in accordance with the Companies Act 71 of 2008, and the Listings Requirements of the JSE Limited (resolution number 9)
- to give the directors of the company authority to provide financial assistance to any company or corporation that is related or inter-related to the company (resolution number 10).

I look forward to welcoming you at the AGM.

Thulani Gcabashe
Chairman

1 March 2017

Notice to members

Notice is hereby given that the 48th annual general meeting (the meeting) of Standard Bank Group Limited (Standard Bank Group or SBG or the company) will be held in the HP de Villiers Auditorium, Ground Floor, Standard Bank Centre, 6 Simmonds Street, Johannesburg on Friday, 26 May 2017 at 09h00.

The record date on which members must be recorded as such in the register maintained by the transfer secretaries of the company for the purposes of being entitled to attend and vote at the meeting is Friday, 19 May 2017.

The purpose of the meeting is to transact the business set out below, and to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below:

1. Presentation of annual financial statements

To present the annual financial statements for the year ended 31 December 2016, including the reports of the directors and the audit committee.

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.



The condensed consolidated financial results are set out within Annexure A on **page 100**.



The complete annual financial statements are available on the group's website at **www.standardbank.com/reporting**

2. Re-election of directors

To elect directors in place of those retiring in accordance with the provisions of the company's memorandum of incorporation.

André Parker and Swazi Tshabalala have held office for three years and are, in line with the company's memorandum of incorporation, retiring by rotation. Being eligible, they offer themselves for re-election.

Geraldine Fraser-Moleketi, Gesina (Trix) Kennealy, Jacko Maree, Nomgando Matyumza and John Vice, who were appointed to the board since the previous annual general meeting, are required to retire at the annual general meeting following their appointments and are also eligible for re-election.

Having attained retirement age, Ted Woods will retire at the end of the meeting.

Geraldine Fraser-Moleketi, Gesina (Trix) Kennealy, Nomgando Matyumza, André Parker, Swazi Tshabalala and John Vice are independent non-executive directors. Jacko Maree is a non-executive director and deputy chairman. Details of the directors offering themselves for re-election are as follows:

| | QUALIFICATIONS | DATE OF APPOINTMENT | DIRECTORSHIPS | COMMITTEE MEMBERSHIP |
|--|---|----------------------------|---|---|
| 2.1 Geraldine Fraser-Moleketi (56) | Master's degree in public administration (Pretoria) | November 2016 | Standard Bank Group, The Standard Bank of South Africa, The Listen Charity, Mapungubwe Institute for Strategic Reflection, ISID Advisory Board McGill University of Canada. | Group/SBSA directors' affairs, group/SBSA risk and capital management and group social and ethics committees. |
| 2.2 Gesina (Trix) Kennealy (58) | BCom (Pretoria), BCom (Hons) (UJ), CA (SA) | November 2016 | Standard Bank Group, The Standard Bank of South Africa, Accounting Standards Board (chairman), Sasol Ltd. | Group/SBSA audit, group/SBSA risk and capital management and group remuneration committees. |

| | QUALIFICATIONS | DATE OF APPOINTMENT | DIRECTORSHIPS | COMMITTEE MEMBERSHIP |
|----------------------------------|---|----------------------------|--|---|
| 2.3 Jacko Maree (61) | BCom (Stellenbosch), BA and MA (Politics and Economics) (Oxford University) PMD (Harvard) | November 2016 | Standard Bank Group, The Standard Bank of South Africa, China Investment Corporation, Liberty Holdings (chairman), Liberty Group (chairman), Nelson Mandela Children's Hospital NPC, Phembani Group (Pty) Ltd. | SBSA large exposure credit, group model approval (chairman), group remuneration and group social and ethics committees. |
| 2.4 Nomgando Matyumza (54) | BCompt (Hons) (Transkei), LLB (Natal), CA (SA) | November 2016 | Standard Bank Group, The Standard Bank of South Africa, KwaZulu-Natal Property Development Holdings, WBHO Limited, Hulamin Limited, Sasol Ltd. | Group model approval, group remuneration and group/SBSA risk and capital management committees. |
| 2.5 André Parker (65) | BEcon (Hons), MCom (Stellenbosch) | March 2014 | Standard Bank Group, The Standard Bank of South Africa, Distell, Empresas Carozzi (Chile) | Group/SBSA directors' affairs, group remuneration, SBSA large exposure credit and group IT committees. |
| 2.6 Swazi Tshabalala (51) | BA (Economics) (Lawrence University, USA), MBA (Babcock School of Management, Wake Forest University) | March 2014 | Standard Bank Group, The Standard Bank of South Africa, Barbican Engineering Solutions, Barbican Advisory Group, Luxehold, Vivacite Africa Luxury Holdings, XAU Investments, Air Chefs, Contextcom, South African Airways. | Group/SBSA audit, group model approval and group/SBSA risk and capital management committees. |
| 2.7 John Vice (64) | BCom (Natal), CTA (Natal), CA (SA) | November 2016 | Standard Bank Group, The Standard Bank of South Africa, Anglo American Platinum. | Group IT (chairman), group/SBSA audit and group/SBSA risk and capital management committees. |

In order for resolution numbers 2.1 to 2.7 to be approved, each resolution must be supported by more than 50% of the voting rights exercised on the resolution.

3. Reappointment of auditors

The audit committee has evaluated the independence and performance of KPMG Inc. and PricewaterhouseCoopers Inc. and recommend their reappointment as joint auditors of the company.

3.1 Resolved to reappoint KPMG Inc. as auditors of Standard Bank Group for the year ending 31 December 2017.

3.2 Resolved to reappoint PricewaterhouseCoopers Inc. as auditors of Standard Bank Group for the year ending 31 December 2017.

It is proposed that the aforementioned appointments be made on a joint basis. If either resolution 3.1 or resolution 3.2 is not passed, the resolution passed shall be effective. In order for these resolutions to be approved, each resolution must be supported by more than 50% of the voting rights exercised on the resolution.

4. Placing the authorised but unissued ordinary shares under the control of the directors

"Resolved that the unissued ordinary shares of the company be and are hereby placed under the control of the directors of the company who are authorised to issue the ordinary shares at their discretion until the next annual general meeting of the company, subject to the provisions of the Companies Act 71 of 2008, as amended or replaced from time to time, the Banks Act, No. 94 of 1990, as amended and the Listings Requirements of the JSE Limited as amended and subject to the aggregate number of ordinary shares able to be issued in terms of this resolution being limited to two and a half percent (2.5%) of the number of ordinary shares in issue at 31 December 2016."

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

5. Placing the authorised but unissued non-redeemable preference shares under the control of the directors

"Resolved that the unissued non-redeemable, non-cumulative, non-participating preference shares (non-redeemable preference shares) of the company be and are hereby placed under the control of the directors of the company who are authorised to issue the non-redeemable preference shares at their discretion until the next annual general meeting of the company, subject to the provisions of the Companies Act 71 of 2008, as amended or replaced from time to time and the Listings Requirements of the JSE Limited as amended."

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

6. Non-binding advisory vote on remuneration policy

To endorse, by way of a non-binding advisory vote, the company's remuneration policy as set out in the governance and remuneration report on page 51.

At the heart of Standard Bank Group's strategy lies the value we place on our people. Consequently, effective management of our group-wide human capital must be a core competency.

The group's remuneration policies are foundational to our human capital management.

The group remuneration committee (Remco), as an integral part of its wider mandate, regularly examines the group's remuneration structures and practices to ensure that they are aligned with these policies. The group's remuneration structures and practices are described in Remco's formal report to shareholders, starting on page 46 of the governance and remuneration report.

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

7. Approval of non-executive directors' fees

"Resolved as a special resolution that the following fees payable to the non-executive directors be approved":

| | |
|--|-----------------------------------|
| 7.1 Chairman of Standard Bank Group | R6 306 250 per annum ² |
| 7.2 Director of Standard Bank Group | R263 250 per annum |
| 7.3 International director of Standard Bank Group | £51 150 per annum |
| 7.4 Group directors' affairs committee: | |
| 7.4.1 Member | R118 500 per annum |
| 7.5 Group risk and capital management committee: | |
| 7.5.1 Chairman | R803 375 per annum |
| 7.5.2 Member | R309 900 per annum |
| 7.6 Group remuneration committee: | |
| 7.6.1 Chairman | R557 350 per annum |
| 7.6.2 Member | R167 000 per annum |
| 7.7 Group social and ethics committee: | |
| 7.7.1 Chairman | R390 000 per annum |
| 7.7.2 Member | R118 500 per annum |
| 7.8 Group audit committee: | |
| 7.8.1 Chairman | R803 375 per annum |
| 7.8.2 Member | R309 900 per annum |
| 7.9 Group IT committee: | |
| 7.9.1 Chairman | R557 350 per annum |
| 7.9.2 Member | R167 000 per annum |
| 7.10 Group model approval committee: | |
| 7.10.1 Chairman | R390 000 per annum |
| 7.10.2 Member | R118 500 per annum |
| 7.11 Ad hoc meeting attendance³ | R26 200 per meeting |

The reason for this resolution is to grant the company the authority to pay fees to its directors for their services as directors.

In order for this resolution to be approved, it must be supported by more than 75% of the voting rights.

¹ Fee increase effective from 1 January 2017 and excludes Value Added Tax (VAT).

² The chairman's fees include the board, subsidiary board and all committee memberships. The chairman is also the chairman of the group directors' affairs committee. A company motor vehicle, against which fringe benefit tax is levied, is made available for use by the chairman.

³ Fee per meeting for attendance by non-executive director or persons acting in an alternate capacity (not a member of the committee) or non-executive director attendance at management/subsidiary board or committee meeting where no other fee is specifically approved. This same fee is applicable to all committees where attendance is in an ad hoc or alternate capacity.

8. General authority to acquire the company's ordinary shares

The directors of the company intend, if the circumstances are appropriate, to implement a repurchase of the company's ordinary shares as permitted in terms of the Companies Act 71 of 2008, ("the Companies Act"), the Banks Act, No. 94 of 1990, as amended from time to time and the Listings Requirements of the JSE Limited, as amended from time to time (the Listings Requirements) either by the company or one of its subsidiaries.

The purpose of this special resolution is to generally approve, in terms of the provisions of the Companies Act 71 of 2008, the acquisition by the company and/or a subsidiary of the company, of ordinary shares issued by it subject to the Listings Requirements.

The directors of the company are of the opinion that taking into consideration the maximum number of ordinary shares that could be repurchased:

- the company and the group would be in a position to repay its debts in the ordinary course of business for a period of 12 months after the date of the notice of this annual general meeting ("the Next Year")
- the assets of the company and group, fairly valued in accordance with International Financial Reporting Standards, would be in excess of the liabilities of the company and the group for the Next Year
- the share capital and reserves of the company and the group for the Next Year will be adequate.

"Resolved as a special resolution that the company approves, with effect from the date of this annual general meeting, as a general approval in terms of the provisions of the Companies Act 71 of 2008 ("the Companies Act"), as amended or replaced the acquisition by the company and, in terms of the Companies Act, the acquisition by any subsidiary of the company from time to time, of such number of ordinary shares issued by the company and at such price and on such other terms and conditions as the directors may from time to time determine, subject to the requirements of the Banks Act, No. 94 of 1990, as amended and the Listings Requirements, which at the date of this notice include, amongst others, the following:

- the authority shall be valid only until the next annual general meeting of the company or 15 months from the date on which this resolution is passed, whichever is the earlier;
- any such acquisition will be implemented through the order book operated by the trading system of the JSE Limited and done without any prior understanding or arrangement between the company and the counterparty (reported trades being prohibited);
- the acquisition must be authorised by the company's memorandum of incorporation;
- the authority is limited to the purchase of a maximum of 10% of the company's issued ordinary share capital in any one financial year;
- the acquisition must not be made at a price more than 10% above the weighted average of the market value for the ordinary shares of the company for the five business days immediately preceding the date of acquisition;
- at any point in time, the company may only appoint one agent to effect any repurchase(s) on the company's behalf;
- the company or its subsidiary may not repurchase securities during a prohibited period, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The issuer must instruct an independent third party, which makes its investment decisions in relation to the issuer's securities independently of, and uninfluenced by, the issuer, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- that an announcement containing full details of such acquisitions of shares will be published as soon as the company and/or its subsidiary(ies) has/have acquired shares constituting, on a cumulative basis, three percent (3%) of the number of shares in issue at the date of the general meeting at which this special resolution is considered and, if approved, passed, and for each three percent (3%) in aggregate of the initial number acquired thereafter; and
- in the case of an acquisition by a subsidiary of the company, the authority shall be valid only if:
 - the subsidiary is authorised by its memorandum of incorporation;
 - the shareholders of the subsidiary have passed a special resolution authorising the acquisition; and
 - the number of shares to be acquired is not more than 10% in the aggregate of the number of issued shares of the company.

In order for this resolution to be approved, it must be supported by at least 75% of the voting rights exercised on the resolution.

9. General authority to acquire the company's non-redeemable preference shares

The directors of the company intend, if the circumstances are appropriate, to implement repurchases of the company's non-redeemable, non-cumulative, non-participating, variable rate par value preference shares (the preference shares) as permitted in terms of the Companies Act 71 of 2008, (the Companies Act), the Banks Act, No. 94 of 1990, as amended and the Listings Requirements of the JSE Limited as amended from time to time (the Listings Requirements) by the company by means of general repurchases as defined in the Listings Requirements.

The purpose of this special resolution is to generally approve, in terms of the provisions of the Companies Act, the acquisition by the company of preference shares, subject to the Listings Requirements.

The directors of the company are of the opinion that, taking into consideration the maximum number of preference shares that could be repurchased:

- the company and the group would be in a position to repay its debts in the ordinary course of business for a period of 12 months after the date of the notice of this annual general meeting (the next year);
- the assets of the company and group, fairly valued in accordance with International Financial Reporting Standards, would be in excess of the liabilities of the company and the group for the next year; and
- the share capital and reserves of the company and the group for the next year will be adequate.

“Resolved as a special resolution that the company approves, with effect from the date of this annual general meeting, as a general approval in terms of the provisions of the Companies Act 71 of 2008, as amended or replaced, the acquisition by the company from time to time, of such number of non-redeemable, non-cumulative, non-participating, variable rate par value preference shares (the preference shares) issued by the company and at such price and on such other terms and conditions as the directors may from time to time determine, subject to the requirements of the Banks Act, No. 94 of 1990, as amended and the Listings Requirements, which at the date of this notice include, amongst others, the following:

- the authority shall be valid only until the next annual general meeting of the company or 15 months from the date on which this resolution is passed, whichever is the earlier;
- any such acquisition will be implemented through the order book operated by the trading system of the JSE Limited and done without any prior understanding or arrangement between the company and the counterparty (reported trades being prohibited);
- the acquisition must be authorised by the company's memorandum of incorporation;
- the authority is limited to the purchase of a maximum of 10% of the company's issued preference share capital in any one financial year;
- the acquisition must not be made at a price more than 10% above the weighted average of the market value for the preference shares of the company for the five business days immediately preceding the date of acquisition;
- at any point in time, the company may only appoint one agent to effect any repurchase(s) on the company's behalf;
- the company may not repurchase securities during a prohibited period, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The issuer must instruct an independent third party, which makes its investment decisions in relation to the issuer's securities independently of, and uninfluenced by, the issuer, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE; and
- that an announcement containing full details of such acquisitions of shares will be published as soon as the company has acquired shares constituting, on a cumulative basis, three percent (3%) of the number of shares in issue at the date of the general meeting at which this special resolution is considered and, if approved, passed, and for each three percent (3%) in aggregate of the initial number acquired thereafter.

In order for this resolution to be approved, it must be supported by at least 75% of the voting rights exercised on the resolution.

10. Loans or other financial assistance to related or inter-related companies

“Resolved as a special resolution that the provision of any financial assistance by the company, subject to the provisions of the Companies Act 71 of 2008, to any company or corporation which is related or inter-related to the company (as defined in the Companies Act 71 of 2008), on the terms and conditions which the directors of the company may determine, be and is hereby approved.”

Companies within the group receive and provide loan financing and other support in the course of business. The reason for this special resolution is to grant the directors of the company the authority to provide financial assistance to any company or corporation which is related or inter-related to the company.

In order for this special resolution to be approved, it must be supported by more than 75% of the voting rights exercised on the resolution.

Notes in regard to other Listings Requirements applying to resolutions 8 and 9

1. Directors' responsibility statement

The directors, whose names are given on pages 8 to 9 of the governance and remuneration report, collectively and individually accept full responsibility for the accuracy of the information given in these notes 1 to 5 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement in these notes 1 to 5 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the notice contains all information required by law and the Listings Requirements.

2. Major shareholders

Details of major shareholders of the company are set out on page 176 of the annual financial statements.

3. Share capital of the company

Details of the share capital of the group's are set out on pages 228 to 232 of the annual financial statements.

4. Material change

There has been no material change in the financial or trading position of the company and its subsidiaries since the date of publication of the company's annual results on 2 March 2017.

5. Litigation

The company is not aware of any legal or arbitral proceedings that may have or had (in at least the preceding 12 months) a material effect on the group's financial position other than the referral to the South African Competition Tribunal of a complaint of alleged collusion by The Standard Bank of South Africa Limited in the foreign exchange market (where at the time of this notice insufficient facts are available to make an assessment of the likely effect).

Certificated shares

Standard Bank Group shareholders holding certificated shares and shareholders of the company who have dematerialised their shares and have elected own name registration in the sub-register maintained by the CSDP, may attend, speak and vote at the annual general meeting or may appoint one or more proxies (who need not be shareholders of the company) to attend, participate and vote at the annual general meeting on behalf of the such shareholder. A proxy form is attached to this notice of annual general meeting. Duly completed proxy forms must be returned to the transfer secretaries of Standard Bank Group or the registered office of the company to the addresses set out below, to be received by no later than 09h00 on Wednesday, 24 May 2017.

Standard Bank Group shareholders who have dematerialised their shares through a CSDP or broker and who have not elected own name registration in the sub-register maintained by a CSDP and who wish to attend the annual general meeting, should instruct their CSDP or broker to issue them with the necessary authority to attend, or if they do not wish to attend the annual general meeting, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

In regard to resolution number 9, the holders of the preference shares shall be entitled to vote. Subject to the provisions of the memorandum of incorporation the holders of the preference shares shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by such holders bear to the aggregate amount of the nominal value of the ordinary and preference shares issued by the company.

Identification

In terms of section 63(1) of the Companies Act 71 of 2008, any person attending or participating in the annual general meeting must present reasonably satisfactory identification and the person presiding at annual general meeting must be reasonably satisfied that the right of any person to participate in and vote whether as a shareholder or as a proxy for a shareholder has been reasonably verified. Acceptable forms of identification include identity documents, driver's licences and passports.

On behalf of the board

Zola Stephen
Group secretary

1 March 2017

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