The evolving political, economic and business landscape

12 March 2019
Citrus Growers Association

What we will be covering today…?

1. SA Political Outlook…
2. SA Economic Outlook…
3. How Global Business is evolving…
4. How Standard Bank is evolving…

Stage one: stabilisation of the institutions most harmed during the Zuma era

1. **Pres. Rampahosa replaced Jacob Zuma as state leader in February 2018.**
2. **Signals of future accountability.**
3. **New boards at State Owned Enterprises**.
4. **No further ratings downgrades.**
5. **Nuclear plans shelved,** and signed a ZAR56bn contract with 27 independent renewable energy power producers.
6. **Economic stimulus and recovery plan announced**, together with USD100bn investment target.
7. **Wide changes across State Security and Police structures**.

Profound realignment at the top of the Anti Corruption Task Team

- **Current Police Minister: Bheki Cele (since Feb 2018)**

Former police Ministers (since 2009)
- Nathi Mthethwa (2009-2014)
- Nathi Nhleko (2014-Mar 2017)
- Fikile Mbalula (2017-Feb 2018)

- **Head: Adv. Andy Mothibi, appointed in May 2016.** Adv. Mothibi's predecessor Vas Soni resigned in Jan 2015.

NATIONAL PROSECUTING AUTHORITY
South Africa

- **Current NDPP (from Feb 1 2019): Adv. Shamila Batohi**

Former NDPPs (none have served their full ten-year terms)
- Bulelani Ngcuka (1998-2004)
- Vusi Pikoli (2005-2007)
- Mokotedi Mpshe (acting NDPP)
- Menzi Simelane (2009-2012)
- Nomgcobo Jiba (acting NDPP)
- Mxolisi Nxasana (Oct 2013-May 2015)
- Shaun Abrahams (2015-2018)
- Silas Ramaite (Aug 18 – Feb 19)

Asset Forfeiture Unit

- **Current head: Deputy NDPP Nomvula Mokhatla**
- Predecessor: Wille Hofmeyr (removed by Adv. Abrahams)

HAWKS
DIRECTORATE FOR PRIORITY CRIME INVESTIGATION

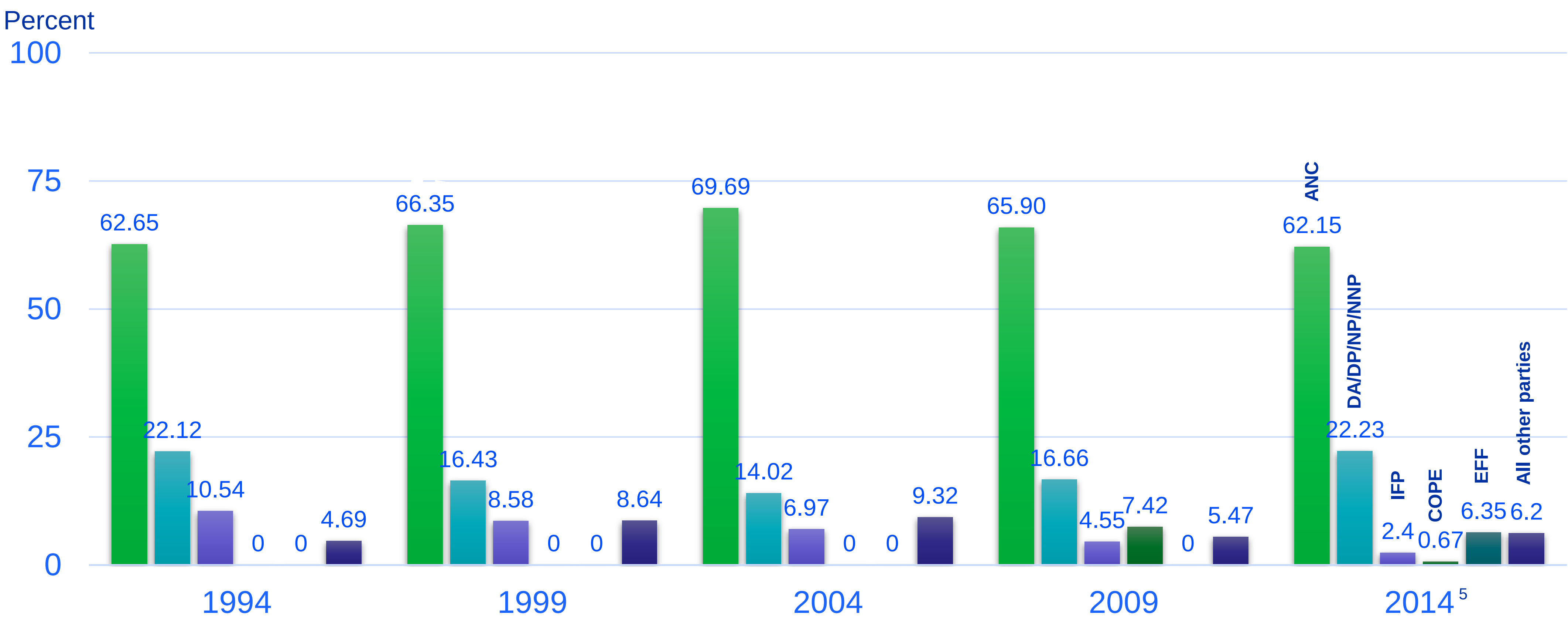
- **Current Head: Godrey Lebeya (since May 2018)**
- Predecessors: Yolisa Matakata (acting); Berning Ntlemeza

SARS
South African Revenue Service

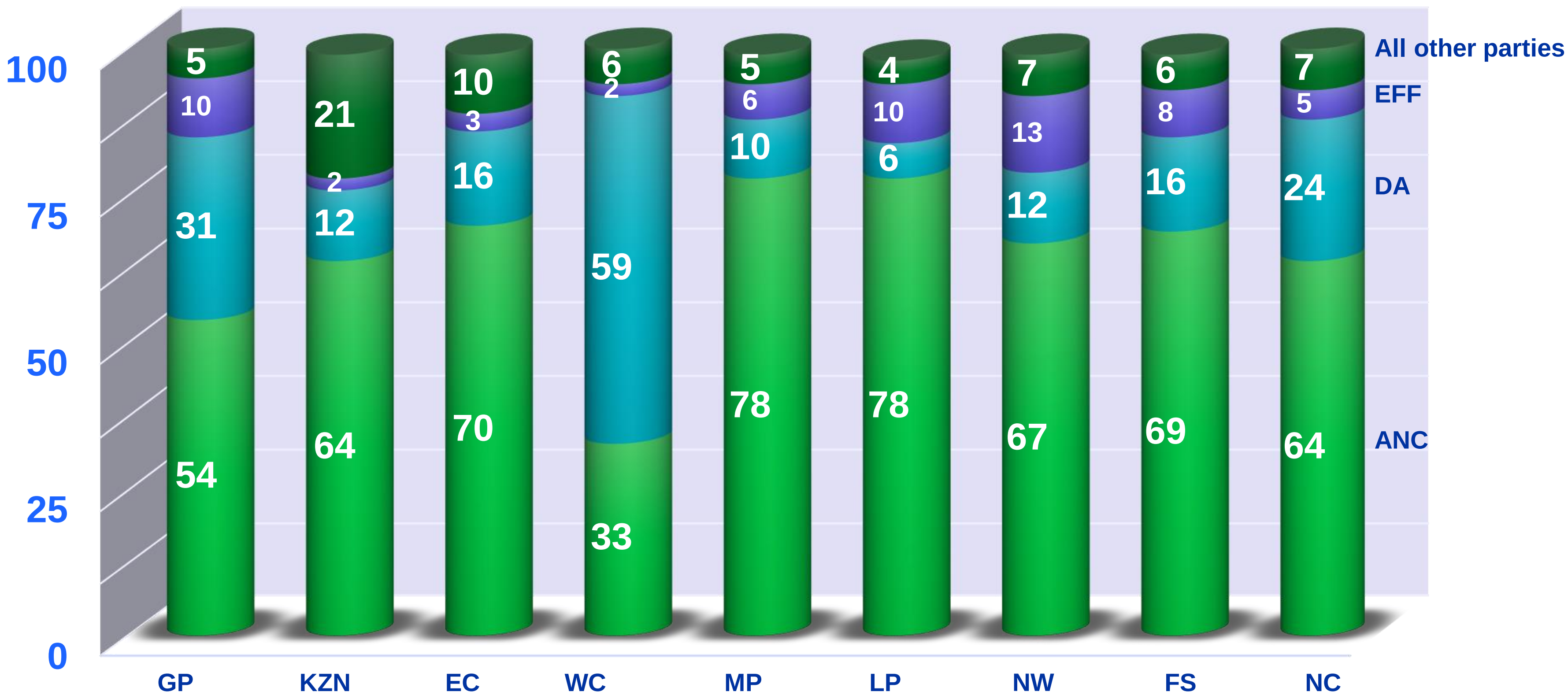
- **Current head: Mark Kingon** (in an acting capacity since Tom Moyane's suspension in March 2018)
- No effective high-level investigative capacity.

Source: Standard Bank Research

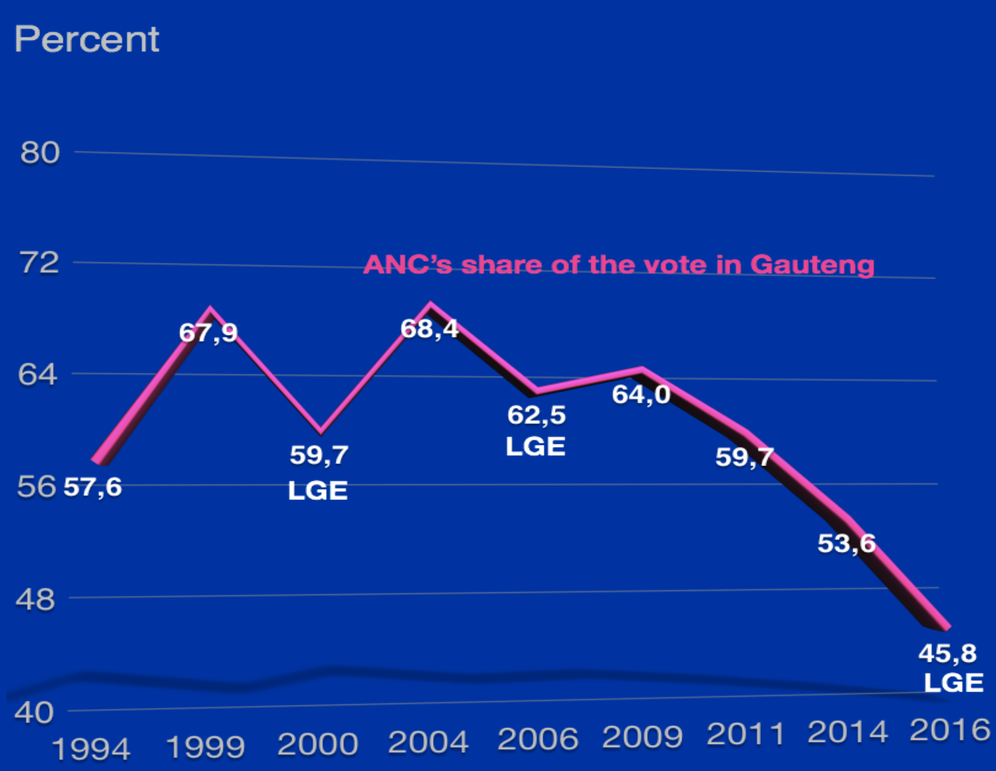
The ANC’s > 60% national grip since 1994…

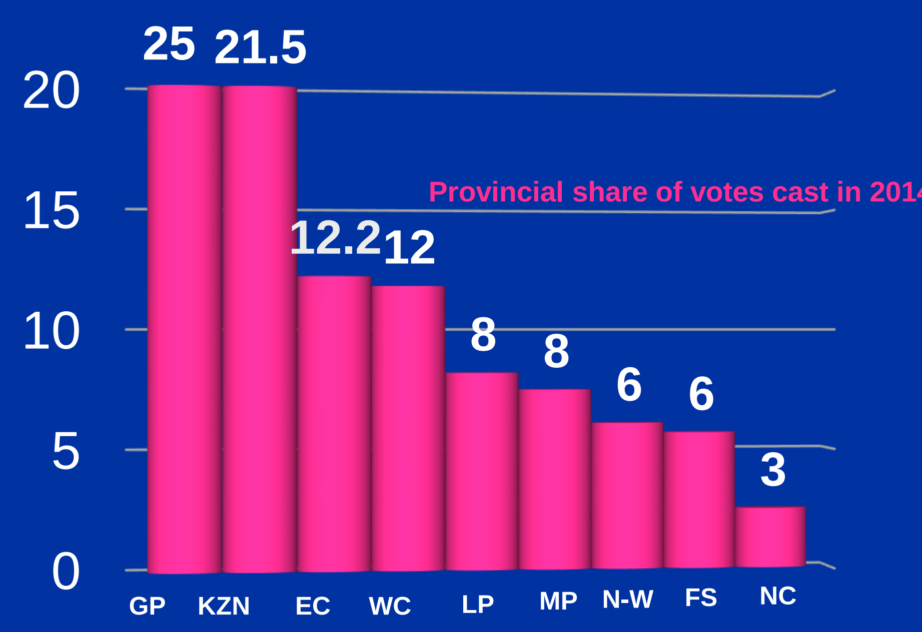


… mimicked across provinces (2014)…

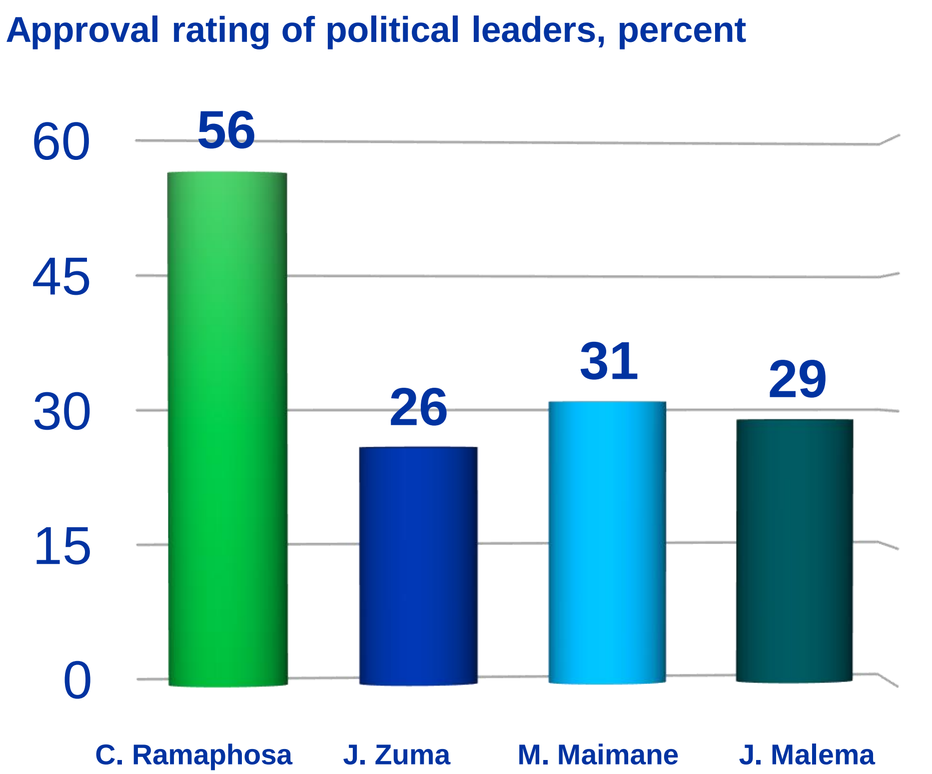


ANC seeks to re-appropriate lost (urban) ground - Gauteng's key

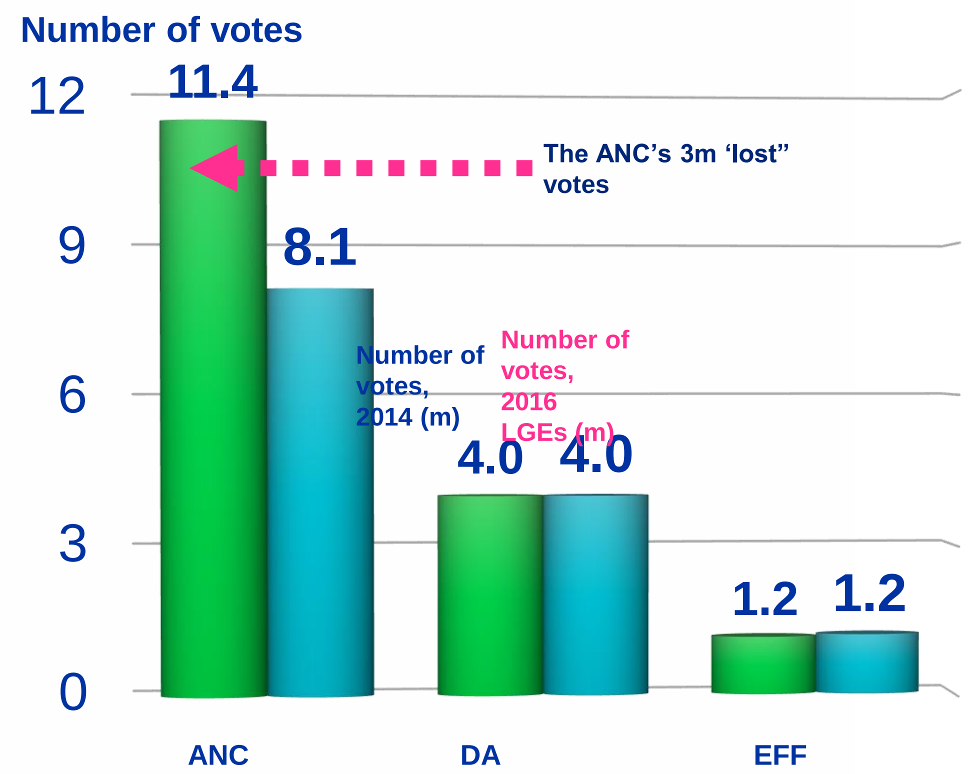




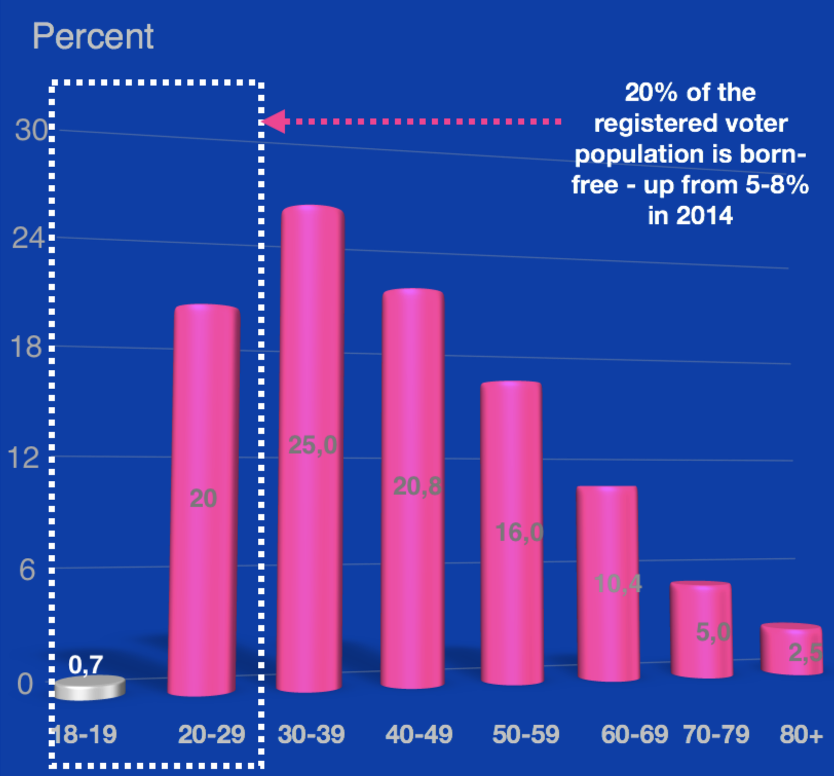
CR's the ANC's prized asset…



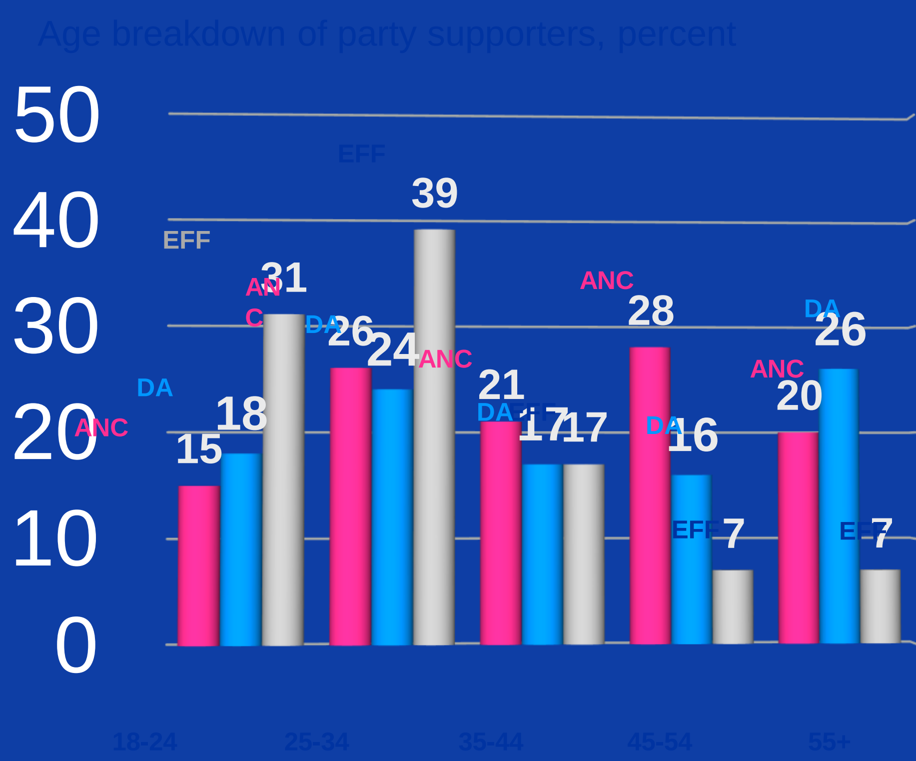
Courting disillusioned voters…



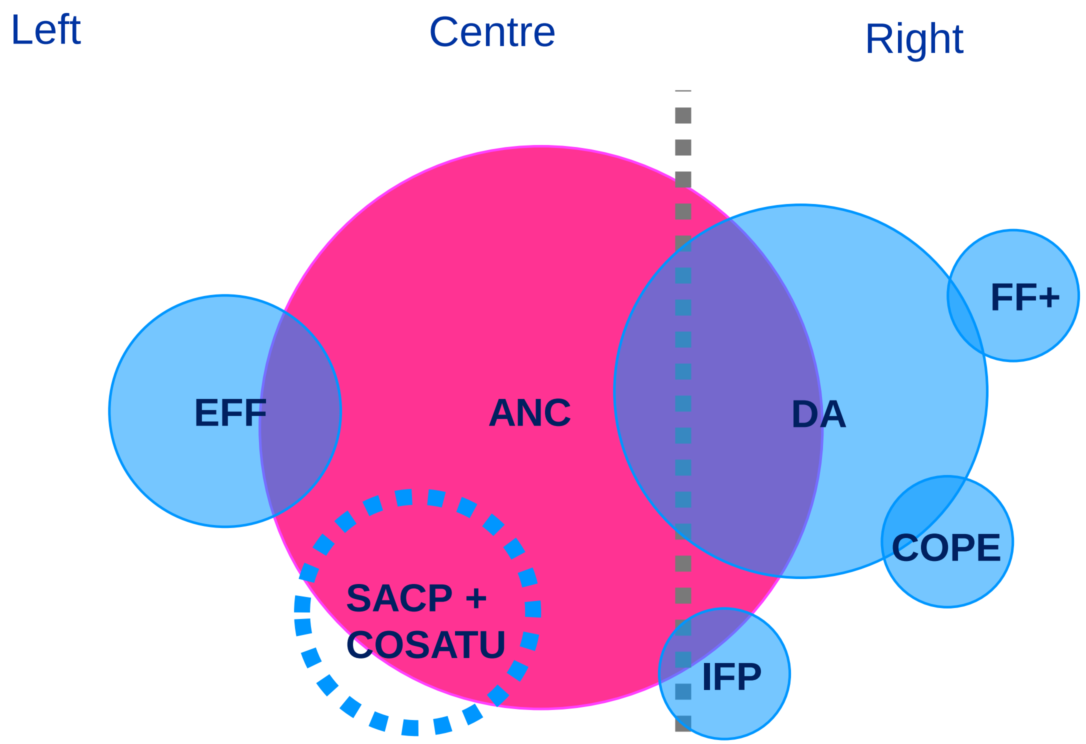
… youth swing factor…



… smitten by EFF



Will the centre shift?



To push for stage two structural reform, Pres. Ramaphosa needs to:

1. Fortify control of the ANC and tripartite alliance	2. Balance demands for reform v ‘radical transformation’	3. Secure a strong mandate in the next elections
• **Ongoing but clear signs of progress since Dec:17.** • **Provincially:** KZN ‘unity’ leadership, shifts in North-West. • **Leagues:** ANCWL and ANCYL mostly re-aligned. • Natural gravitation to the new leadership too. • **CR likely has comfortably 60%+ support in the NEC.**	• ANC policy landmines: Many of CR’s adversaries wanted to use ‘radical’ ANC policies as tactical landmines, hoping he would err in his commitment to party policy and push a more pro-business approach. • Land EWC has been most instrumental in this regard. By and large CR has prevented his detractors from arguing that he is against radical land reform**.**	CR needs a national mandate to: (1) Stave off internal dissent within the ANC. (2) Contain the EFF’s capacity for policy and institutional disruption. How much is enough? Its not scientific, but lower-50s would be problematic, upper-50s far more comfortable.

Source: Standard Bank Research

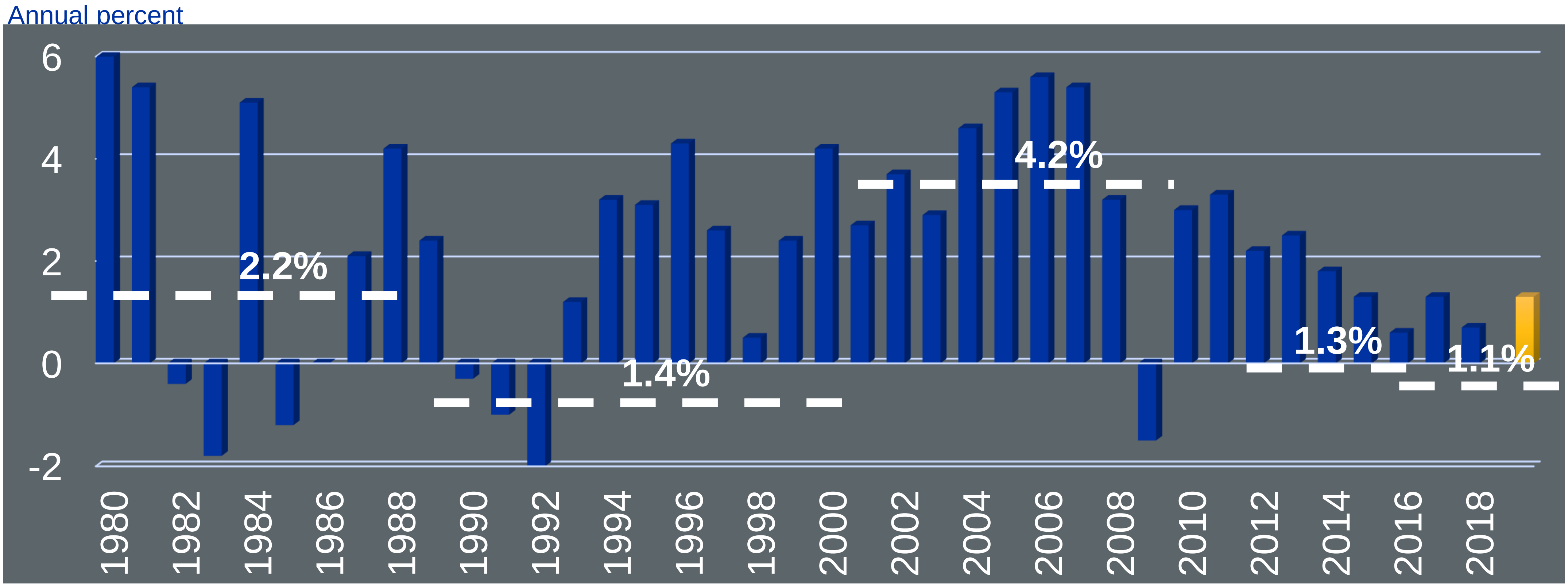
If CR’s grip on the ANC weakens…

… if the economy does not expand, and transform…

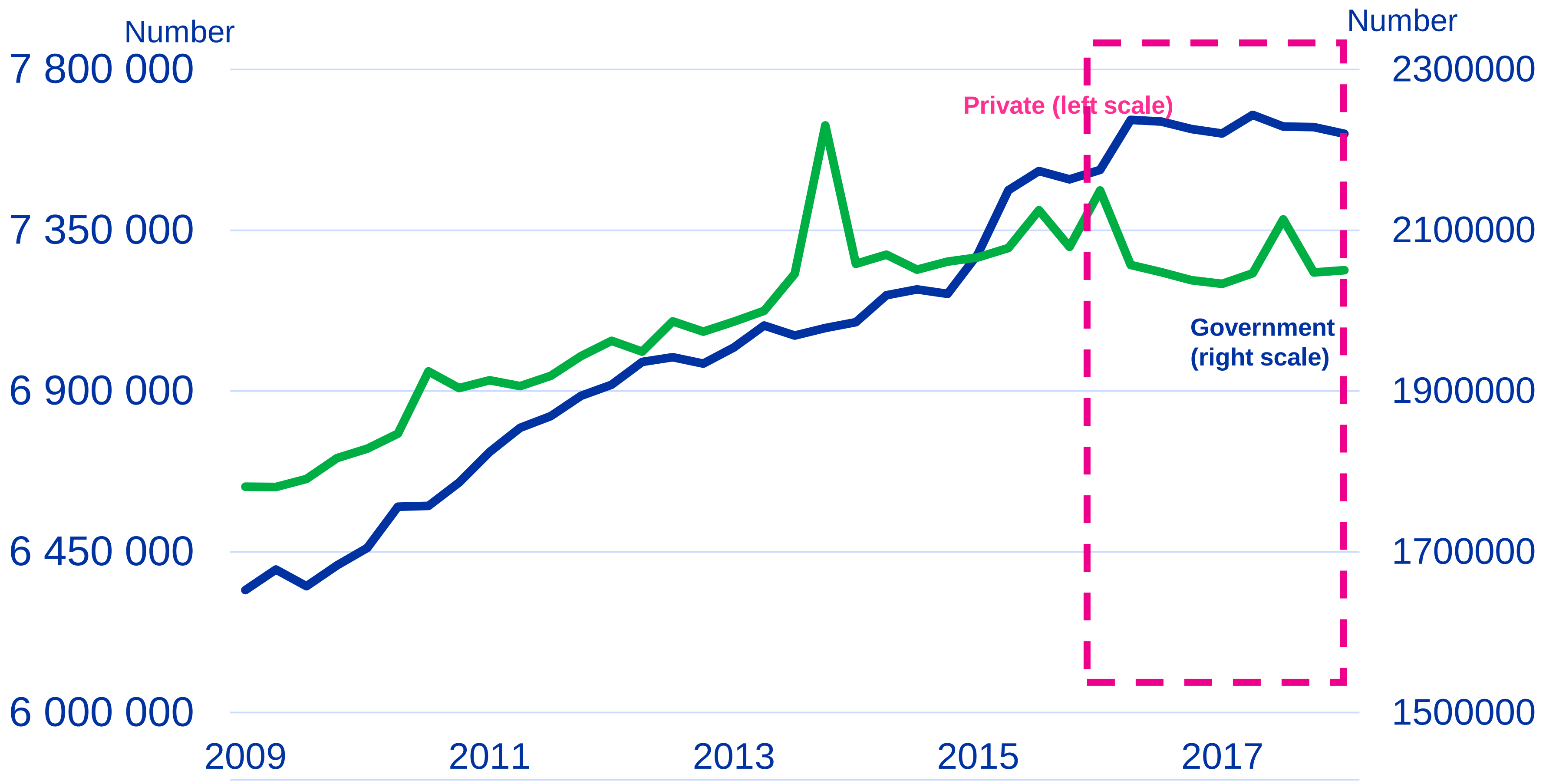
… but if CR succeeds, the political economy can re-centre

SA Economic Outlook

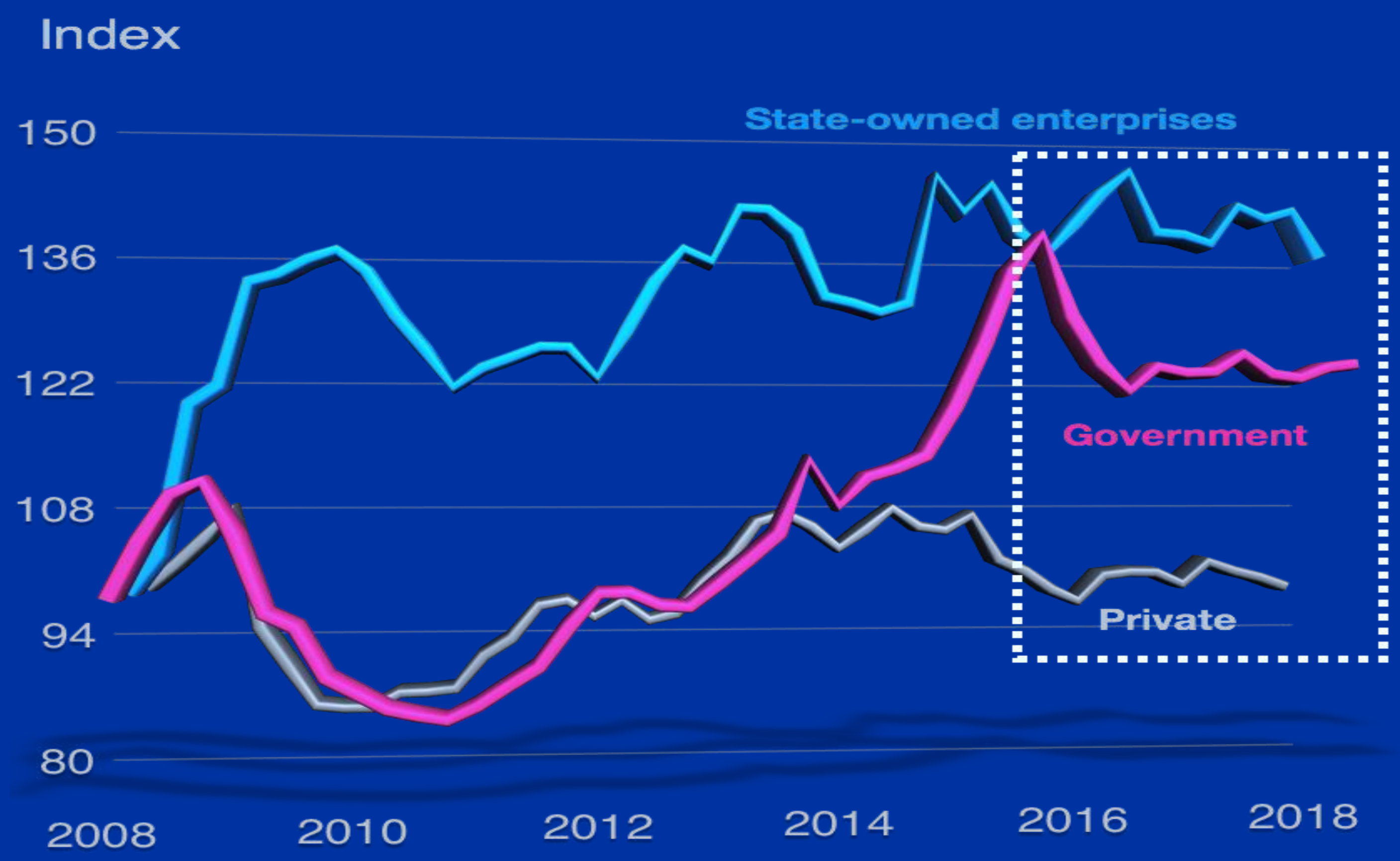
SA's growth quagmire…



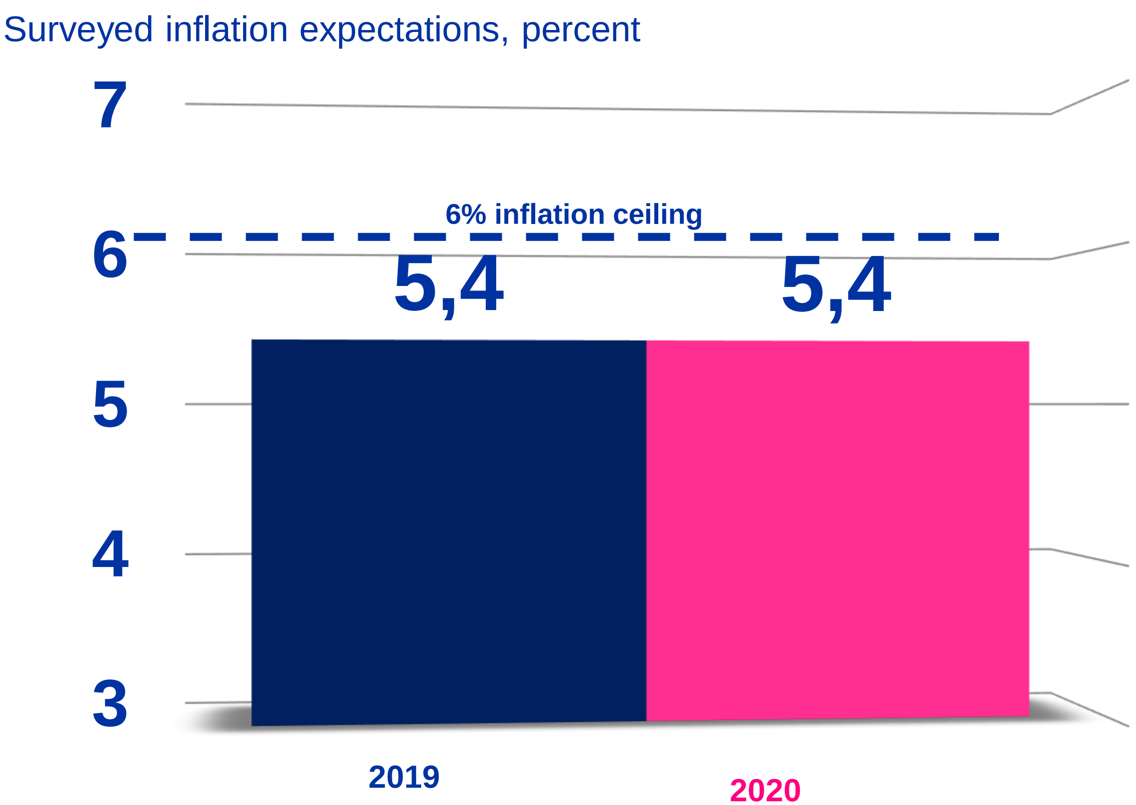
… and flat jobs growth…



Fixed investment's flat…

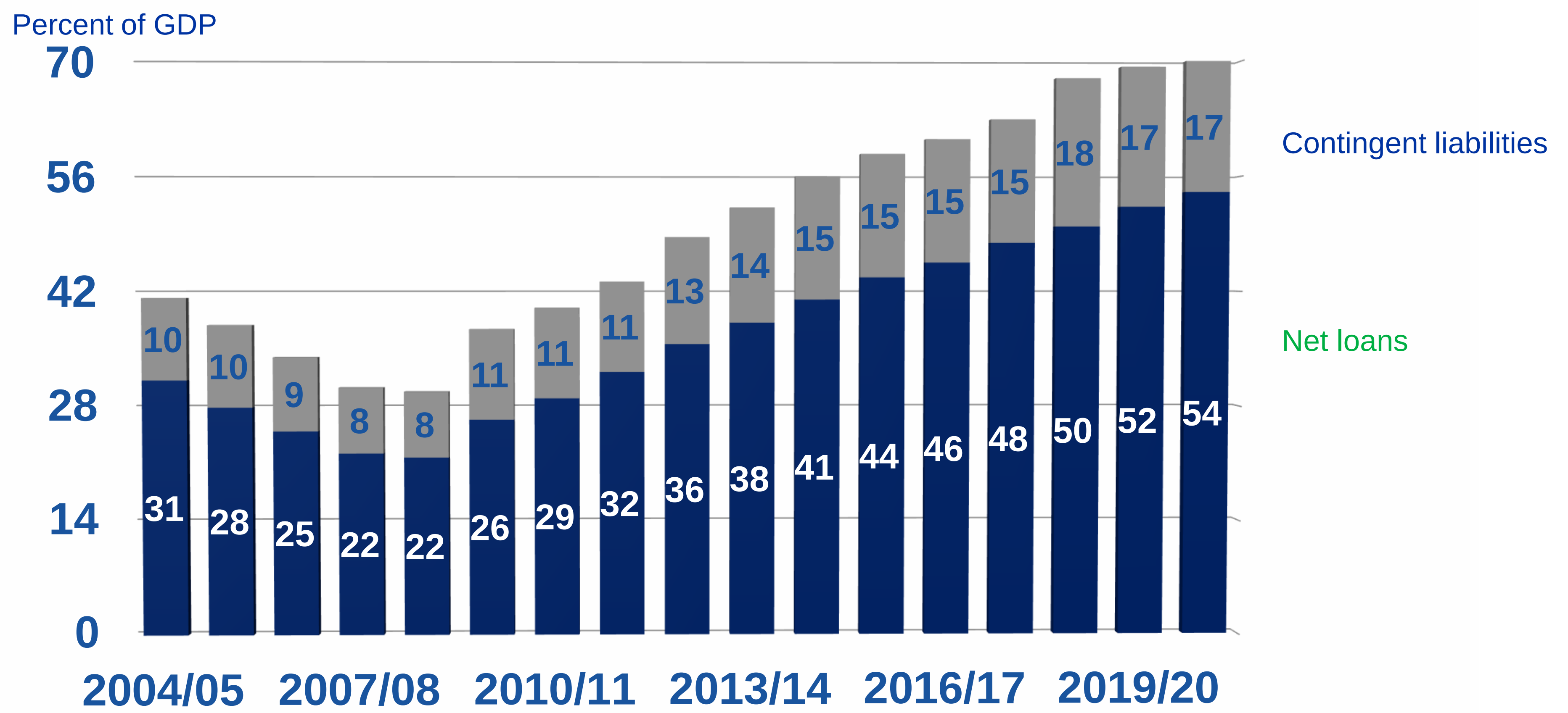


… scant inflation fears…

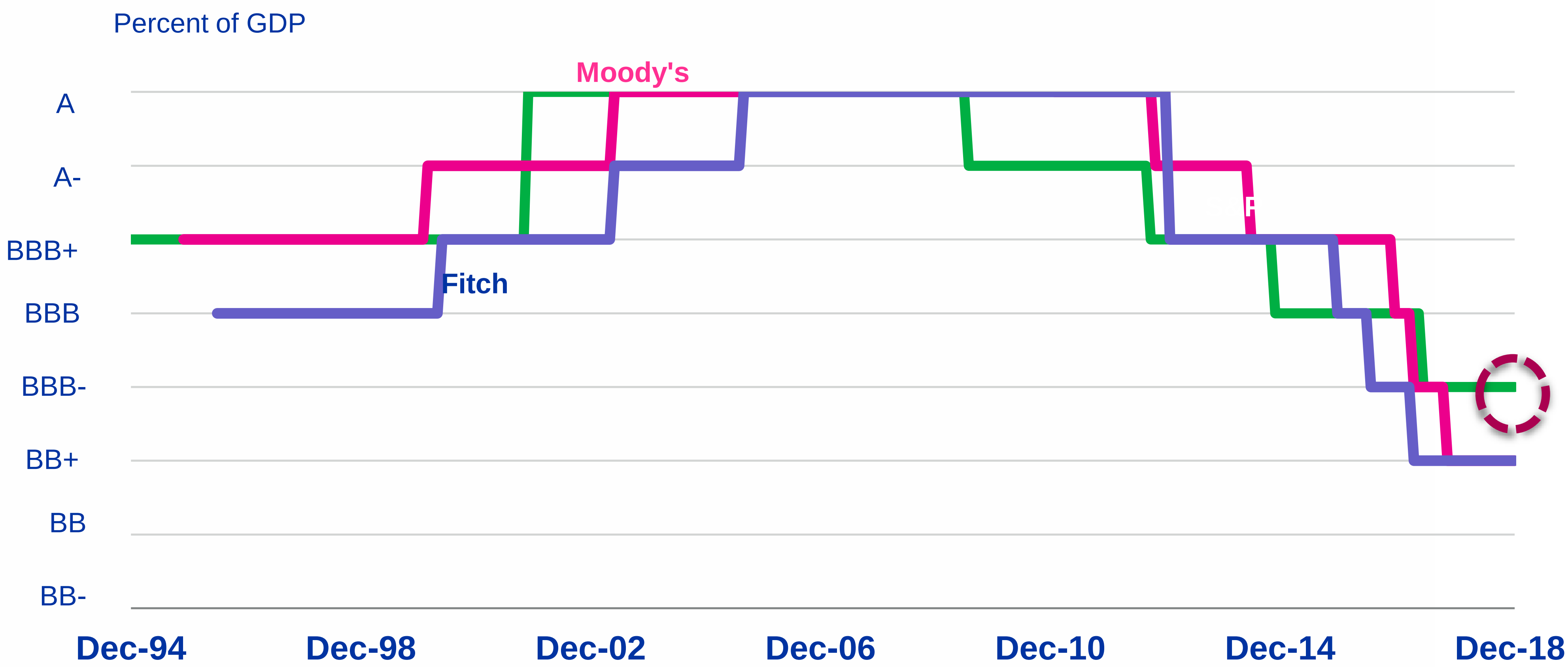


… suggesting steady rates ahead

Government debt - great doubling



SA local currency rating



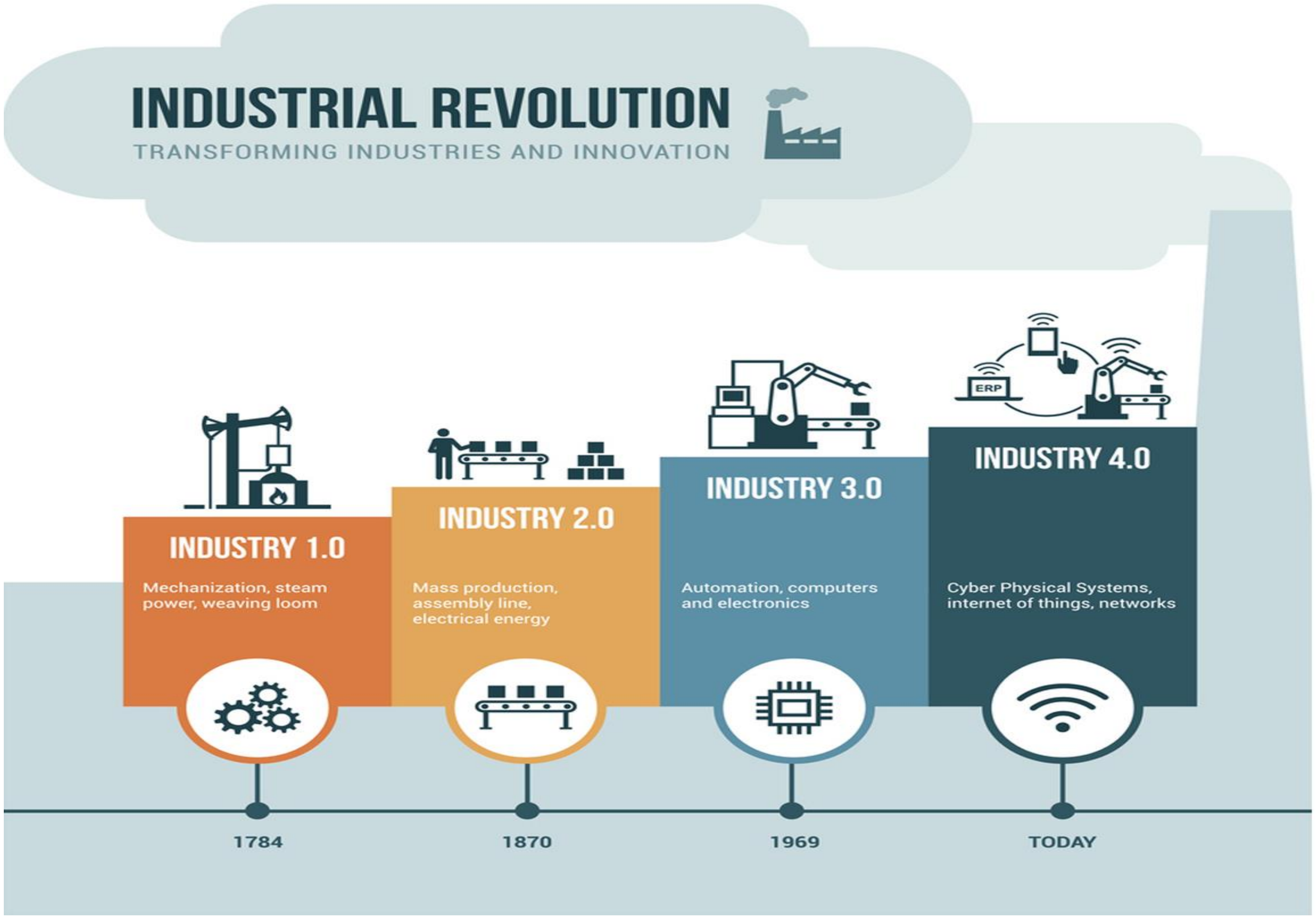
Standard Bank Group Forecasts

	2017	2018	2019
Gross domestic product	1,3%	0,7%	1,3%
Household consumption expenditure	2,2%	1,5%	1,6%
Gross fixed capital formation	0,4%	-0,5%	0,6%
USD/ZAR (year end)	12,38	14,35	13,40
Consumer price inflation	5,3%	4,6%	4,8%
Repo rate (year end)	6,75%	6,75%	6,75%

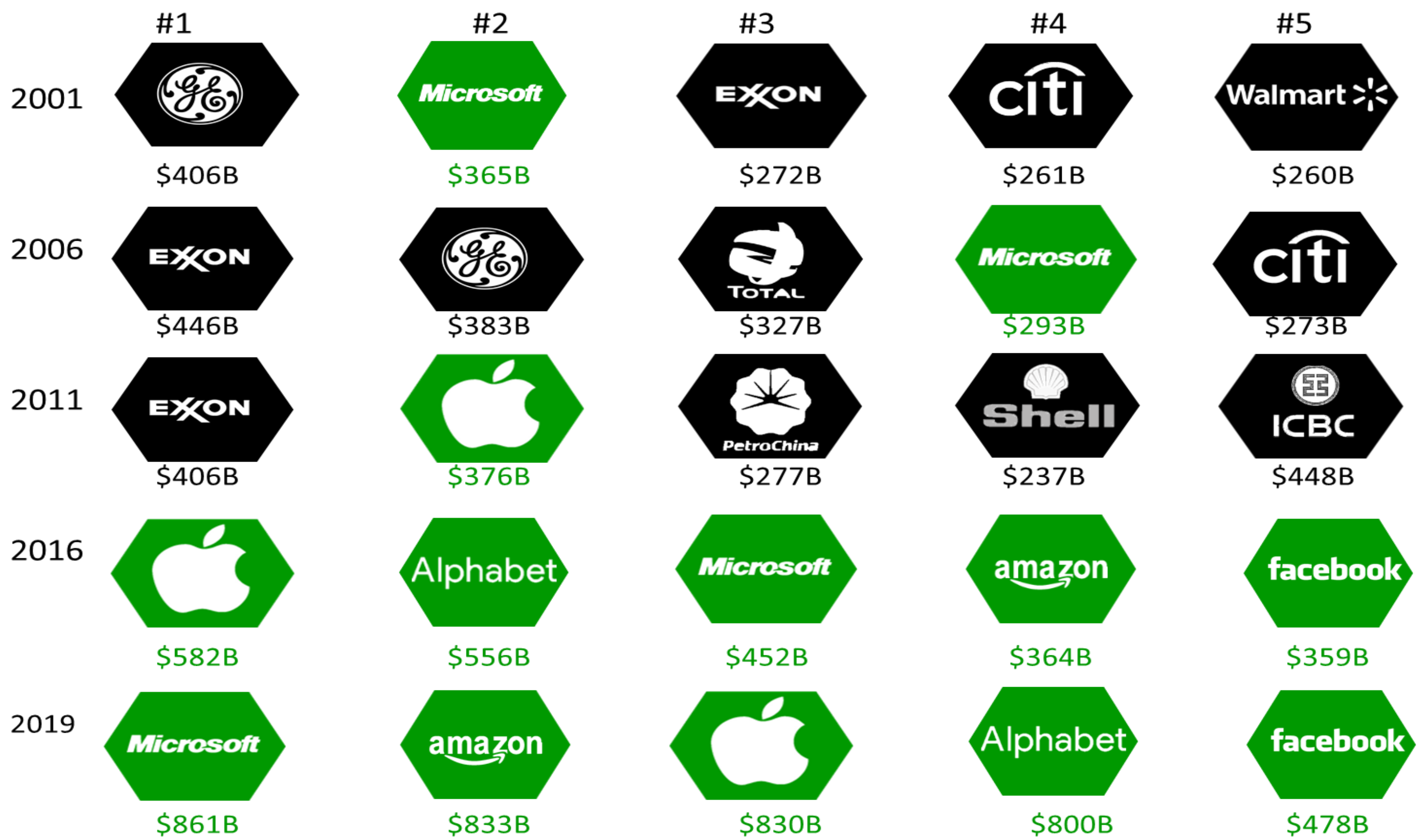
Global growth concerns to add to SA uncertainty

- IMF projects 2019 global growth slowing to 3,5% for 2019; from 3,7% in 2018.
- Slowing US economy off the back of reduced stimulus and delayed effect of tightening monetary policy.
- Chinese economy slowing and impact of trade wars.
- Eurozone anticipating slower growth.
- Brexit remains a huge unknown…
- Overall growth economic backdrop remains worrying, with greater risk to global growth deceleration – which would adversely impact SA as a commodity exporter…

HOW BUSINESS IS EVOLVING…


INDUSTRIAL REVOLUTION
TRANSFORMING INDUSTRIES AND INNOVATION
ERP
INDUSTRY 1.0
Mechanization, steam power, weaving loom
INDUSTRY 2.0
Mass production, assembly line, electrical energy
INDUSTRY 3.0
Automation, computers and electronics
INDUSTRY 4.0
Cyber Physical Systems, internet of things, networks
1784
1870
1969
TODAY

THE LARGEST COMPANIES BY MARKET CAPITALISATION



The rise and rise of dominant Digital giants

SOURCE: HTTP://WWW.VISUALCAPITALIST.COM/CHART-LARGEST-COMPANIES-MARKET-CAP-15-YEARS/\

Megatrends driving the Digital Revolution

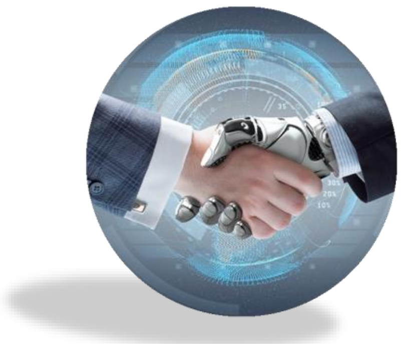
Mature WWW

Ubiquitous Smart Mobile Devices

Software as a Service

Internet of Things

Megatrends driving the Digital Revolution



Artificial Intelligence

Data Analytics

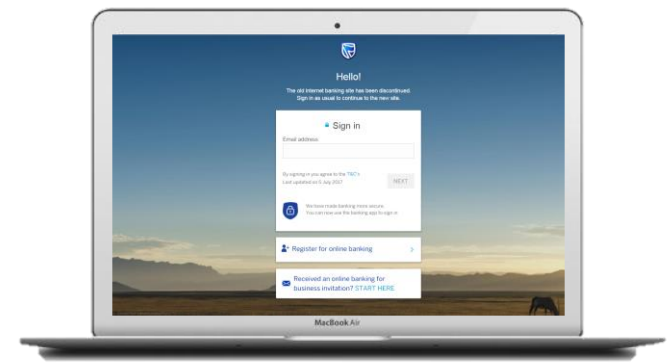
Cloud

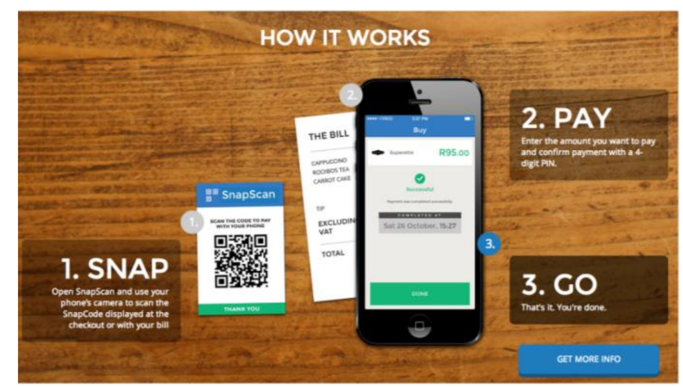
Social Media

HOW STANDARD BANK IS EVOLVING…

Harnessing the power of Technology to improve customer experience and inclusivity…..

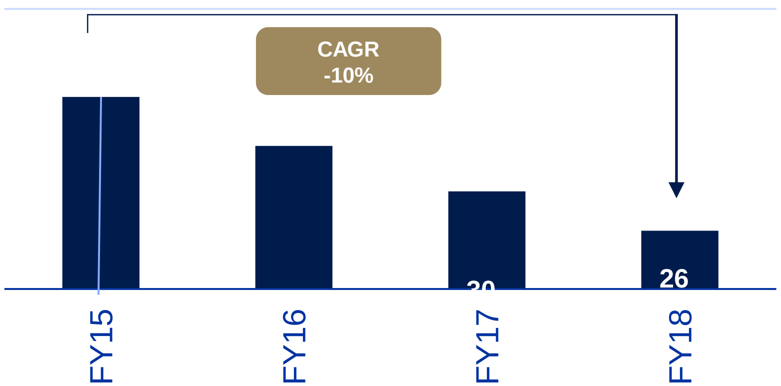
- Core Banking replacements
- Process Automation
- Online everything
- Automated Decisioning
- Biometric Authentication
- Data Analytics
- Personalisation



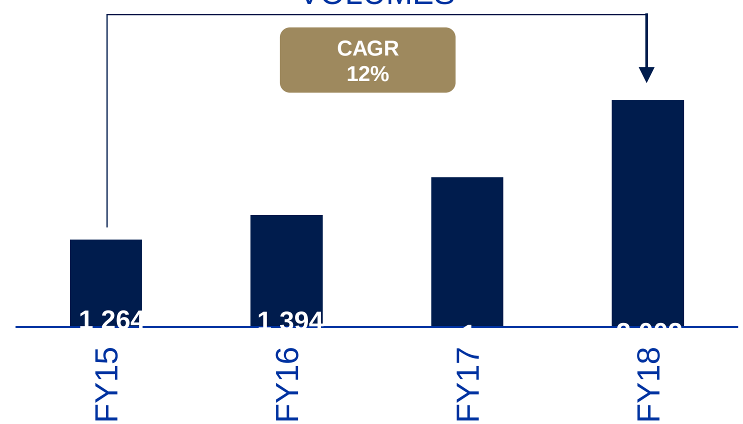


Evolved to already be a Digital Business…..

FACE TO FACE TRANSACTIONAL VOLUMES

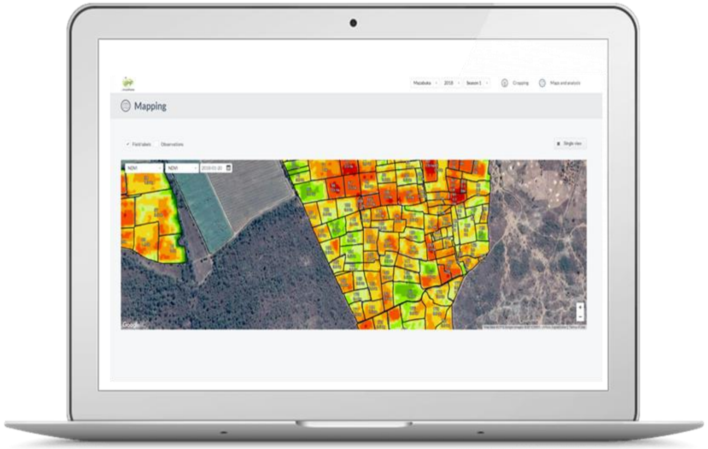


DIGITAL (incl. ATM) TRANSACTIONAL VOLUMES



Delivering NEW digital services for Clients and Standard Bank Group

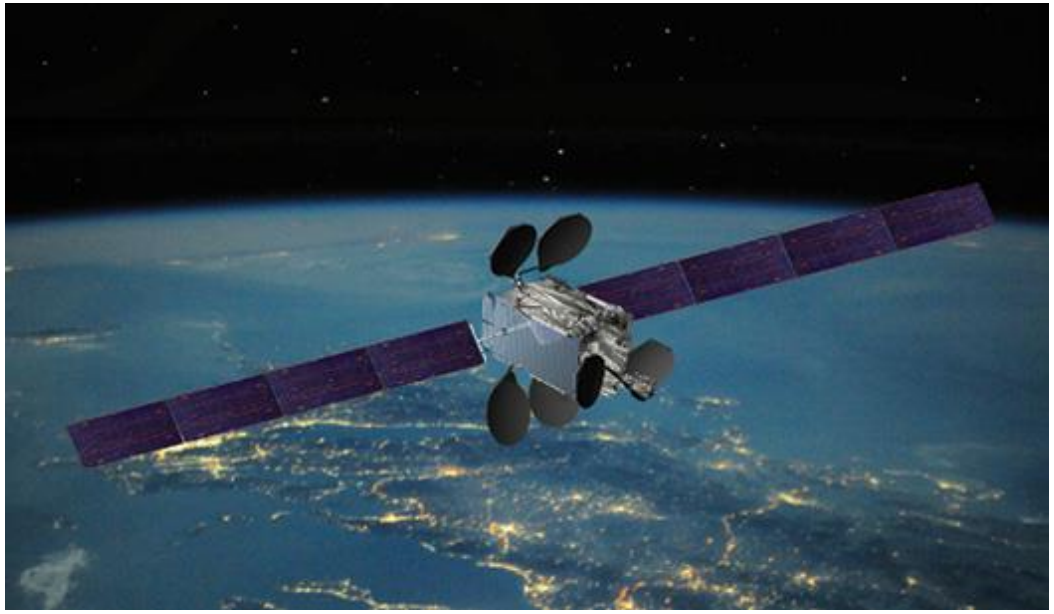
- Managing the financial risks associated with delivering agricultural finance
- Monitor crop development in the field every day.
- Further build trust and transparency between the Bank and Agriculture customers
- Live visibility and updates of all Standard Bank customers/potential customers at all times
- Provide Standard Bank farmers with the latest technology to help grow better crops



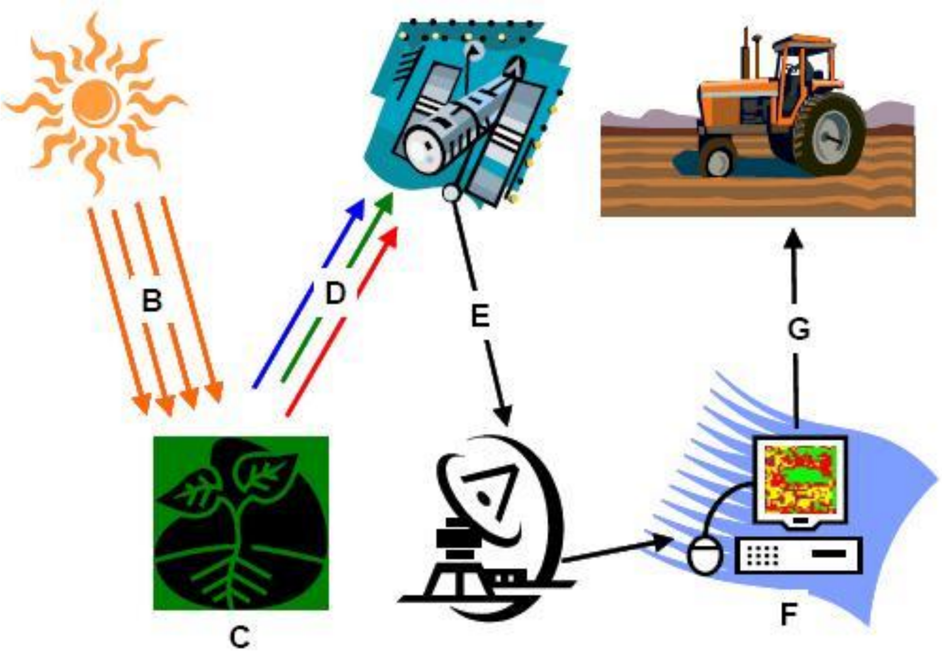
Digitisation in agriculture – Remote Sensing

Before planting	After planting

Remote sensing from far and close…..



Digitisation in agriculture – Remote Sensing



What are the Bank's benefit for implementing this approach:

- Increase Customer Yields
- Digital Farm Database for the Bank
- Live, Accurate Measurement of Farm Hectares and Crop Monitoring
- Improved Input Use Efficiency
- Risk Mitigation and Improved ROI
- Increase Accountability and Transparency

Hello tractor…..the “shared economy…..

Farmer request tractor service via the app or booking agents

Tractor owner pairs request with available tractor

Farmer is served and tractor is monitored

Source: https://www.hellotractor.com/home

Standard Bank Trade Club will help businesses grow

Explore new markets

Learn more about new markets and easily research any industry in any country

Curated 200000 pages of content on trade in 190 countries

Connect with trusted suppliers and clients

Meet new local and international businesses by responding to opportunities, through introductions suggested by our artificial intelligence matching engine, the community manager or at events

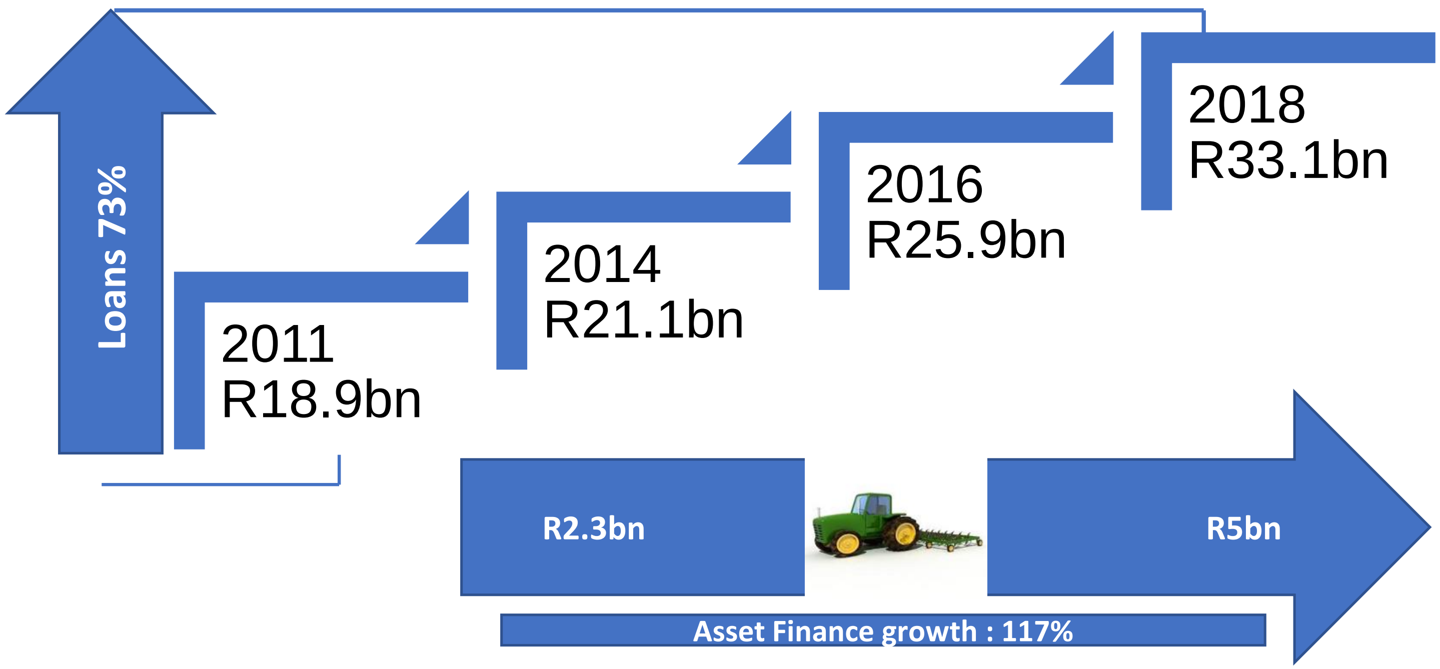
Receive orders and trade

Option to load your stock and price lists so that interested importers can place orders and trade

Join us now!
tradeclub@standardbank.co.za

First 25 businesses who apply **and bank with Standard Bank** will be granted “Friends Of The Programme” status and be given the opportunity to find you new markets through our International Trade Alliance network.

Continued Commitment to Agribusiness – Strong Lending growth in SA



Understanding the cyclical nature of Agriculture and commitment through the cycle…..

ARIGATO OBRIGATO ASANTE SANA

OH YEH RAH DON NGIYSTHOKOZA

NI KHENSILE MERCI

DANKIE KE A LEBOHA NDOLIVHUWA

ZIKOMO KWAMBIRI KE A LEBOGA

NGIYABONGA SIYABONGA

SIYABONGA KAKULU RO LIVHUWA ENKOSI

THANK YOU

Standard Bank Moving Forward™

Also Trading as Stanbic Bank

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