

Standard Bank Group Limited
 Registration No. 1969/017128/06
 Incorporated in the Republic of South Africa
 JSE and A2X share code: SBK
 ISIN: ZAE000109815
 NSX share code: SNB
 SBKP ZAE000038881 (First preference shares)
 SBPP ZAE000056339 (Second preference shares)
 (“Standard Bank Group” or “the group”)

Financial information provided to the Industrial and Commercial Bank of China Limited (“ICBC”) and update on the group’s operational performance for the three months ended 31 March 2021

Financial information provided to ICBC

On a quarterly basis the Standard Bank Group discloses to ICBC sufficient information to enable ICBC to equity account the group’s results. Accordingly, the following consolidated financial information, prepared on an International Financial Reporting Standards (“IFRS”) basis, is being provided to ICBC for the three months ended 31 March 2021 (1Q21).

Statement of changes in ordinary shareholders’ equity for the three months ended 31 March 2021

	Balance as at 1 January 2021	Earnings attributable to ordinary shareholders	Other movements for the period	Balance as at 31 March 2021
	Rm	Rm	Rm	Rm
Ordinary share capital	162			162
Ordinary share premium	17 854			17 854
Foreign currency translation and hedging reserve	(8 696)		671	(8 025)
Foreign currency translation reserve (FCTR)	(7 735)		677	(7 058)
Foreign currency net investment and cash flow hedging reserve	(961)		(6)	(967)
Retained earnings	163 065	5 788	(4 465)*	164 388
Empowerment reserve and treasury shares	(2 806)		(405)	(3 211)
Other	6 792		594#	7 386
Ordinary shareholders’ equity	176 371	5 788	(3 605)	178 554

* Primarily comprises the ordinary dividends declared in March 2021.

The increase in other primarily relates to an increase in the statutory credit risk reserve, which has an equal and opposite reduction in retained earnings.

Update on the group's operational performance for the three months ended 31 March 2021

The group's performance in 1Q21, relative to the three months to March 2020 ("1Q20" or "the comparative period"), needs to be considered in the context of Covid-19. January and February 2020 were largely "pre-Covid-19". The group's performance in March 2020 was positively impacted by market volatility in terms of trading revenue but this was offset by the negative impact of the decline in market valuations, particularly Liberty Holdings Limited's ("Liberty") Shareholder Investment Portfolio, and the IFRS 9 driven increase in credit charges based on the portfolio performance and the forward-looking assumptions used at the time.

In 1Q21, the operating environment in South Africa remained difficult. Electricity supply disruptions continued, consumer confidence remained low and business confidence fell relative to 4Q20. In January and February 2021, lockdown restrictions (introduced in late December 2020) negatively impacted activity and customer spend. By March 2021, restrictions had eased, and activity levels improved but remained below the levels seen in 1Q20 (pre-pandemic). In Africa Regions, higher oil prices were positive for West Africa, Covid-19 related restrictions had largely been lifted and trade activity improved from pandemic lows. In late March 2021, Kenya re-introduced restrictions as infection rates increased, a risk to the East Africa region, and Mozambique battled an insurgency in the North. In 1Q21, Private Sector Credit growth remained subdued in South Africa but was stronger in Africa Regions. Considerable global stimulus supported markets.

Mortgage disbursements continued to be strong and well ahead of 1Q20. Vehicle and Asset Finance and Personal Unsecured disbursements were more in line with 1Q20. Revenue pressures experienced in 2H20 continued into 1Q21. Net interest income declined as higher average interest-earning asset balances period on period were more than offset by lower margins relative to 1Q20 (principally due to lower interest rates across our countries of operation). Non-interest revenue declined due to lower activity-related fees and lower trading revenue relative to 1Q20 (particularly in March 2020). Operating expenses were well managed and declined marginally period on period. However, this was insufficient to offset the decline in revenues, resulting in negative jaws for the period.

Credit performance in 1Q21 was largely in line with expectations. Credit impairment charges were lower than in the comparative period, driven principally by lower charges in the Wholesale Client segment. The active payment holiday portfolios continued to reduce over the period both in South Africa and Africa Regions (reduced from R21 billion as at 31 December 2020 to R10 billion by 31 March 2021).

Group headline earnings were boosted by stronger performances by Liberty and ICBC Standard Bank PLC period on period, more than offsetting a marginal decline in banking activities' headline earnings. Liberty's stronger performance in 1Q21 versus 1Q20 was driven by improved market returns in the Shareholder Investment Portfolio.

In 1Q21 earnings attributable to ordinary shareholders were 20% higher than in the comparative period. During the period the headline earnings adjustable items were not material.

GDP growth in 2021, and beyond, remains highly uncertain. The recovery is likely to be uneven across geography and sector. However, as base effects begin to unwind, GDP growth will probably recover notably in 2Q21. Inflation is expected to remain relatively benign across the group's countries of operation. In April 2021, the International Monetary Fund upgraded their 2021 GDP growth forecasts for South Africa (to 2021 GDP growth of 7.0%), Kenya (7.6%), Nigeria (2.5%) and Uganda (6.3%) but downgraded Zambia (0.6%). Vaccine roll-out programmes in sub-Saharan Africa have been slower than previously expected and remain a threat to the recovery across the region.

The group remains well capitalised and liquid.

Broad-Based Black Economic Empowerment Act: Annual Compliance Report

In accordance with paragraph 16.20(g) and Appendix 1 to Section 11 of the JSE Listings Requirements, notice is hereby given that the Standard Bank Group's annual compliance report in terms of section 13G(2) of the Broad-Based Black Economic Empowerment Act has been published and is available on the group's website at

<https://www.standardbank.co.za/southafrica/personal/about-us>.

The information contained in this announcement and that on which the operational performance update is based has not been reviewed and reported on by the group's external auditors.

Johannesburg
23 April 2021

Lead sponsor
The Standard Bank of South Africa Limited

Independent sponsor
JP Morgan Equities South Africa Proprietary Limited

Namibian sponsor
Simonis Storm Securities (Proprietary) Limited