

Standard Bank Group Limited

Registration number 1969/017128/06

Incorporated in the Republic of South Africa

Website: www.standardbank.com/reporting

Share codes

JSE share code: SBK ISIN: ZAE000109815

NSX share code: SNB ZAE000109815

A2X share code: SBK

SBKP ZAE000038881 (first preference shares)

SBPP ZAE000056339 (second preference shares)

Standard Bank Group

RESULTS ANNOUNCEMENT

for the year ended 31 December 2021

RESULTS OVERVIEW

"The group's earnings rebounded to R25 billion in 2021, driven by a recovery in client activity, an improvement in client balance sheets, as well as growth in our franchise." - Sim Tshabalala, Group Chief Executive Officer

Group Results

Standard Bank Group Limited (SBG or group) headline earnings for the twelve months to 31 December 2021 (FY21) rebounded by 57% to R25.0 billion, driven by a recovery in client activity, an improvement in client balance sheets and real growth in our underlying franchise. Return on equity (ROE) improved to 13.5% (FY20: 8.9%). Revenue grew by 5% and pre-provision operating profit grew by 5%, both with double digit growth in the second half of the year (2H21 on 2H20). Net asset value grew by 13% and the group ended the year with a common equity tier one ratio of 13.8% (31 December 2020: 13.2%). The Board approved a final dividend of 511 cents per share. This equates to a dividend payout ratio of 55% for the full year.

Despite the pandemic-related disruptions, the group made significant strategic progress across several areas in 2021. The group's three client segments delivered client franchise growth, expanded their leading market positions and delivered an improved client experience. Our Banking solutions recorded a strong recovery, with headline earnings up 62% year on year. Our Investment and Insurance solutions grew headline earnings by 11% and by 3% respectively, supported by assets under management and policy base growth. The group retained its position as the third largest asset manager on the continent. We made good progress in building out our new revenue streams and scaling our digital payments, platforms and partnerships. We continued to simplify our business and invest in our people, our systems, our digital solutions and our data management, all while maintaining good cost discipline. The Liberty Holdings Limited (Liberty) minority buyout, announced in July 2021, was successfully completed and Liberty delisted on 1 March 2022.

Standard Bank Activities' (group excluding ICBC Standard Bank Plc (ICBCS) and Liberty) revenue grew by 5% year on year and by 12% in the second six months of the year (2H21 on 2H20). Pressure on net interest income (NII) from negative endowment faded, activity-related fees continued to recover, and trading revenue remained robust. Revenue growth exceeded cost growth, resulting in positive jaws of 54 basis points. Credit impairment charges declined by 52% but remained above pre-pandemic levels. Standard Bank Activities recorded headline earnings growth of 59% to R24.9 billion and ROE recovered to 14.7% (FY20: 9.6%).

Liberty showed progress operationally but was negatively impacted by excess claims and a pandemic provision top-up. ICBCS benefited from attractive market conditions and client flows.

The group's South African business, The Standard Bank of South Africa Limited, bounced back strongly. Headline earnings increased by 172% and ROE recovered to 12.5%. Revenue grew double digits, boosted by higher trading and other revenues up 31% and 67% respectively. Credit charges more than halved and costs were well contained to deliver positive jaws of 198 basis points. Our Africa Regions franchise delivered strong top line growth in local currency terms. Inflation and weaker currencies in key markets dampened translated earnings growth. Revenue growth from ongoing client acquisition, balance sheet growth and improved activity was offset by higher costs driven by inflation and investment in our digital lending and payment solutions. Africa Regions headline earnings declined by 2% (grew by 6% in constant currency) and ROE remained accretive at 18.2%. Africa Regions' contribution to FY21 group headline earnings was 36%. The top six contributors to Africa Regions' headline earnings remained Angola, Ghana, Kenya, Mozambique, Nigeria and Uganda.

Prospects

In 2022, global growth is expected to remain above trend and financing conditions are expected to tighten. The International Monetary Fund is forecasting global real GDP growth of 4.4% and 3.7% in Sub-Saharan Africa. Pent-up consumer demand should fuel spending and support trade. In many sub-Saharan economies, debt levels are high, and there will need to be a balance between fighting inflation and supporting the economic recovery. A broad hawkish bias is expected, with interest rate increases expected in Botswana, Eswatini, Ghana, Lesotho, Mauritius, Namibia, South Africa, Uganda and Zambia and possibly Angola.

South Africa's economic rebound is expected to continue, albeit at a slower rate (SBG Research forecasts 2022 real GDP growth to be 2.0%) as policy stimulus fades and terms of trade retreat from the recent record highs. Inflation is expected to moderate, supporting a gradual rate hiking cycle. We expect three further 25 basis point increases over the course of the year. Persistent idiosyncratic risks remain, particularly electricity disruptions and high levels of unemployment. If structural reforms were accelerated, it could boost confidence, investment and drive faster growth.

Geopolitical tensions, particularly the developments in Ukraine, present risks to this outlook. The situation in Russia and Ukraine is complex and constantly evolving. We are actively monitoring these events in order to comply with all relevant local and international laws and guidelines. The group has limited direct exposure to Russia and Ukraine through its controlled operations. We are however, giving due consideration to the potential secondary impacts across our countries of operation, for example financial markets, trade, transport logistics, commodity and food prices.

ICBCS, as an emerging markets and commodities business, has exposure to certain entities which are being impacted, directly and indirectly, by the developments in Ukraine and Russia. ICBCS is responding to developments in line with its contingency plans. At this stage, given the uncertainties and fluid nature of the developments, it is not possible for ICBCS to assess the impact on its 2022 result.

In 2022, we expect higher average interest rates to support margins, which, together with higher average balance sheets, will support net interest income growth. Non-interest revenue will continue to grow as our larger client franchise and higher activity-related fees offset potentially lower trading revenues. We will maintain a continued focus on costs, in line with our "save to invest" principle, with the objective of delivering positive jaws. CIB's credit impairment charges are expected to normalise. BCC's credit loss ratio is expected to move down into its through-the-cycle range. The group's credit loss ratio is expected to remain at the lower end of the group's through-the-cycle range of 70 to 100 basis points. Deliberate resource allocation to higher ROE businesses, and further capital optimisation, will support a further recovery in group ROE.

The risks we face as a business are varied and complex, including climate risk. After extensive consultation internally and externally, we have a board-approved climate policy which will be published shortly. The policy includes short, medium and long-term targets and is aligned to our commitment to net zero by 2050. We recognise Africa's social, economic and environmental development challenges and the need for a just transition and are purposeful in delivering a positive impact.

Together, Liberty and Standard Bank, represent a formidable competitor on the continent, with over 1.4 trillion in AUM and R73 billion in gross written premium across our short and long-term businesses. In 2022, our focus will be on integration. We have a plan and will be executing against it with urgency.

We are sincerely grateful to everyone across the Standard Bank Group, including our colleagues at Liberty, who have continued to serve our clients with excellence in challenging circumstances. We have come through this crisis stronger, more resilient, more agile, and more competitive than ever.

2022 has started with strong business momentum. We are confident we are on track to deliver against the 2025 targets laid out at our Strategic Update in August 2021.

The forecast financial information above is the sole responsibility of the board and has not been reviewed and reported on by the group's auditors.

FINANCIAL STATISTICS

	Change (%)	2021	2020
Financial indicator (Rm)			
Headline earnings	57	25 021	15 945
Total income	8	132 982	123 667
Cents per ordinary share			
Earnings per ordinary share	more than 100	1 563.2	777.0
Headline earnings per ordinary share	57	1 573.0	1 002.6
Total dividend per ordinary share	more than 100	871	240
Net asset value per ordinary share	13	12 493	11 072
Financial performance			
ROE (%)		13.5	8.9

DECLARATION OF FINAL DIVIDENDS

Shareholders of Standard Bank Group Limited (the company) are advised of the following dividend declarations out of income reserves in respect of ordinary shares and preference shares.

Ordinary shares

Ordinary shareholders are advised that the board has resolved to declare a final gross cash dividend No. 104 of 511.00 cents per ordinary share (the cash dividend) to ordinary shareholders recorded in the register of the company at the close of business on Friday, 8 April 2022. The last day to trade to participate in the dividend is Tuesday, 5 April 2022. Ordinary shares will commence trading ex dividend from Wednesday, 6 April 2022.

The salient dates and times for the cash dividend are set out in the table that follows.

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 6 April 2022, and Friday, 8 April 2022 both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their Central Securities Depository Participant (CSDP) or broker credited on Monday, 11 April 2022.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date.

Preference shares

Preference shareholders are advised that the board has resolved to declare the following final dividends:

- 6.5% first cumulative preference shares (first preference shares) dividend No. 105 of 3.25 cents (gross) per first preference share, payable on Monday, 4 April 2022, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday, 1 April 2022. The last day to trade to participate in the dividend is Tuesday, 29 March 2022. First preference shares will commence trading ex dividend from Wednesday, 30 March 2022.
- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 35 of 273.98195 cents (gross) per second preference share, payable on Monday, 4 April 2022, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 1 April 2022. The last day to trade to participate in the dividend is Tuesday, 29 March 2022. Second preference shares will commence trading ex dividend from Wednesday, 30 March 2022.

The salient dates and times for the preference share dividend are set out in the table that follows.

Preference share certificates (first and second) may not be dematerialised or rematerialised between Wednesday, 30 March 2022, and Friday, 1 April 2022, both days inclusive. Preference shareholders (first and second) who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 4 April 2022.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date.

THE RELEVANT DATES FOR THE PAYMENT OF FINAL DIVIDENDS ARE AS FOLLOWS:

	Ordinary shares	6.5% cumulative preference shares (first preference shares)	Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) ¹
JSE Limited			
Share code	SBK	SBKP	SBPP
ISIN	ZAE000109815	ZAE000038881	ZAE000056339
Namibian Stock Exchange (NSX)			
Share code	SNB		
ISIN	ZAE000109815		
Dividend number	104	105	35
Gross distribution/dividend per share (cents)	511.00	3.25	273.98195
Net dividend	408.80	2.60	219.18556
Last day to trade in order to be eligible for the cash dividend	Tuesday, 5 April 2022	Tuesday, 29 March 2022	Tuesday, 29 March 2022
Shares trade ex the cash dividend	Wednesday, 6 April 2022	Wednesday, 30 March 2022	Wednesday, 30 March 2022
Record date in respect of the cash dividend	Friday, 8 April 2022	Friday, 1 April 2022	Friday, 1 April 2022
CSDP/broker account credited/updated (payment date)	Monday, 11 April 2022	Monday, 4 April 2022	Monday, 4 April 2022

¹ The non-redeemable, non-cumulative, non-participating preference shares (SBPP) are entitled to a dividend of not less than 77% of the prime interest rate multiplied by the subscription price of R100 per share.

Tax implications

The cash dividend received under the ordinary shares and the preference shares is likely to have tax implications for both resident and non-resident ordinary and preference shareholders. Such shareholders are therefore encouraged to consult their professional tax advisers.

In terms of the South African Income Tax Act, 58 of 1962, the cash dividend will, unless exempt, be subject to dividends tax. South African resident ordinary and preference shareholders that are not exempt from dividends tax, will be subject to dividends tax at a rate of 20% of the cash dividend, and this amount will be withheld from the cash dividend with the result that they will receive a net amount of 408.80 cents per ordinary share, 2.60 cents per first preference share and 219.18556 cents per second preference share. Non-resident ordinary and preference shareholders may be subject to dividends tax at a rate of less than 20% depending on their country of residence and the applicability of any Double Tax Treaty between South Africa and their country of residence.

Shares in Issue

The issued share capital of the company, as at the date of declaration, is as follows:

- 1 619 976 537 ordinary shares at a par value of 10 cents each
- 8 000 000 first preference shares at a par value of R1 each
- 52 982 248 second preference shares at a par value of 1 cent each and subscription price of R100.

The company's tax reference number is 9800/211/71/7 and registration number is 1969/017128/06.

11 March 2022, Johannesburg

OTHER INFORMATION

The group's 2021 financial information, including comparatives for 2020 where applicable, has been correctly extracted from the underlying audited consolidated annual financial statements, where applicable, for the year ended 31 December 2021. The directors of Standard Bank Group Limited take full responsibility for the preparation of this announcement and that the financial information, where applicable, has been correctly extracted from the underlying audited group financial statements. While this report, in itself, is not audited, the consolidated annual financial statements from which the results are derived were audited by KPMG Inc. and PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The full audit opinion, including any key audit matters, is available at the following link: <https://reporting.standardbank.com/results-reports/annual-reports/> as part of the group's annual financial statements, which have been released in conjunction with these results.

This announcement is a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors or shareholders should be based on a consideration of the full announcement released on SENS, which is available at www.standardbank.com/reporting, copies may be requested by emailing InvestorRelations@standardbank.co.za, physically available for inspection at the group's registered office and also available on the following JSE website:

<https://senspdf.jse.co.za/documents/2022/jse/isse/SBK/SBGFY21.pdf>.

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Independent sponsors: South Africa: J.P. Morgan Equities South Africa Proprietary Limited, Namibia: Simonis Storm Securities (Proprietary) Limited

Joint sponsor: The Standard Bank of South Africa Limited

Directors: TS Gcabashe (chairman), PLH Cook, A Daehnke*, GJ Fraser-Moleketi, X Guan² (deputy chairman), GMB Kennealy, L Li², JH Maree (deputy chairman), NNA Matyumza, KD Moroka, NMC Nyembezi, ML Oduor-Otieno³, ANA Peterside CON⁴, MJD Ruck, SK Tshabalala* (chief executive officer), JM Vice.

All nationalities are South African, unless otherwise specified.

* Executive director ¹ British ² Chinese ³ Kenyan ⁴ Nigerian