

Standard Bank Group Limited

Registration number 1969/017128/06

Incorporated in the Republic of South Africa

Website: www.standardbank.com/reporting

Share codes

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 2022

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 2022 (1Q22).

Statement of changes in ordinary shareholders' equity for the three months ended 31 March 2022

	Balance as at 1 January 2022	Earnings attributable to ordinary shareholders	Other movements for the period	Balance as at 31 March 2022
	Rm	Rm	Rm	Rm
Ordinary share capital [^]	162		6	168
Ordinary share premium [^]	17 859		9 424	27 283
Foreign currency translation and hedging reserve	(2 687)		(7 964)	(10 651)
Foreign currency translation reserve (FCTR)	(1 603)		(7 875)	(9 478)
Foreign currency net investment and cash flow hedging reserve	(1 084)		(89)	(1 173)
Retained earnings*	178 771	7 402	(12 444)	173 729
Empowerment reserve and treasury shares	(3 260)		(733)	(3 993)
Other	7 987		914	8 901
Ordinary shareholders' equity	198 832	7 402	(10 797)	195 437

[^] Other movements for the period in ordinary share capital and share premium relate to the issuance of 58 million Standard Bank Group shares in terms of the Liberty minority buyout.

* Other movements for the period in retained earnings primarily comprises the R8.3 billion ordinary dividends declared in March 2022 and with the majority of the balance relating to goodwill associated with the Liberty minority buyout.

Update on the group's operational performance for the three months ended 31 March 2022

The group's earnings attributable to ordinary shareholders were 28% higher in 1Q22 than in the three months to 31 March 2021 ("1Q21" or "the comparative period"). The group's performance was supported by continued core franchise and balance sheet momentum as well as a strong performance from ICBC Standard Bank Plc (ICBCS) following an insurance recovery.

Standard Bank activities

Period on period interest rates were higher in Angola, Ghana, Mauritius, Mozambique, Namibia, South Africa, and Zambia as well as United States and United Kingdom. In 1Q22, South Africa saw two 25 basis point repo rate increases; one in January and one in March 2022. Higher average interest rates and a larger average balance sheet supported the group's net interest margin and net interest income growth period on period. Higher transactional activity underpinned by a larger client base and less restrictions supported fee growth. Global market volatility and higher commodity prices drove client activity and trading revenue. 1Q22 trading revenue was slightly ahead of the comparative period.

Operating expenses increased period on period driven by annual salary increases, higher performance-linked incentives, annual contract increases, and the normalisation of certain costs as activities returned to pre-pandemic levels e.g. communication, travel and marketing.

Credit performance in 1Q22 was largely in line with expectations. Credit impairment charges were lower than in the comparative period, driven principally by lower charges in the Consumer and High Net Worth and Business and Commercial Client segments. The Corporate and Investment Banking Client segment credit charges reverted from a net recovery in 1Q21 to a net charge in 1Q22 driven primarily by loan book growth. The group's credit loss ratio for 1Q22 was at the lower end of the group's through-the-cycle target range of 70 to 100 basis points.

Liberty Holdings Limited

Liberty Holdings Limited (Liberty) recorded a small profit in 1Q22. Liberty was 100% consolidated from 1 February 2022. Liberty's contribution was impacted by consolidation entries related to the treasury shares (SBG shares held by Liberty entities). The SBG share price was higher as at 31 March 2022 than at 31 December 2021 which results in a negative adjustment. Post the treasury share adjustments, the contribution from Liberty was negative.

ICBC Standard Bank Plc

As noted in previous announcements on 11 March 2022 and 31 March 2022, ICBCS, as an emerging markets and commodities business, had exposure to certain entities which were impacted, directly and indirectly, by the developments in Ukraine and Russia. By 31 March 2022, ICBCS had effectively reduced the impacted counterparty positions and significantly reduced the related market risk.

As reported on 11 March 2022, ICBCS recorded a post-tax insurance recovery of USD200 million in January 2022. In addition, ICBCS generated a small operating profit in 1Q22, excluding the insurance recovery referred to previously. The group has a 40% stake in ICBCS.

A strong 1Q22 performance by ICBCS more than offset the negative contribution from Liberty (post the treasury share adjustments), boosting group headline earnings growth period on period. Headline earnings adjustable items were not material in 1Q22.

The group remains well capitalised and liquid.

Outlook

In relation to the pandemic in Africa, while weekly Covid-19 cases have fallen in recent weeks, the risk of further Covid-19 waves persists. Vaccination rollouts continue. In South Africa, 44% of the adult population has been fully vaccinated.

In recent weeks, war-induced commodity price increases and broader price pressures have driven inflation higher, the global economic growth outlook has been downgraded and uncertainty has increased. The impact thereof is expected to differ across the countries in which we operate in sub-Saharan Africa. Across the group's footprint dependence on imports from Russia and Ukraine is relatively

limited. Higher food and fuel prices do pose a risk. Commodity exporters should benefit from a trade perspective. In light of the inflationary pressures, monetary tightening is expected to be faster than previously forecast.

Taking into account the group's footprint and diverse client base as well as the relatively low interest rates, the group's risk appetite and credit outlook is unchanged at this stage. Despite increased uncertainty, we remain committed to delivering positive jaws and an improving return on equity in 2022.

In April 2022, KwaZulu Natal, a coastal province in South Africa, recorded widespread flooding and damage to homes and infrastructure and a loss of over 400 lives. We are actively reaching out to our customers to provide support during this difficult time. We have boosted capabilities on the ground and are focused on processing insurance claims.

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
25 April 2022

Lead sponsor

The Standard Bank of South Africa Limited

Independent Sponsor

J.P. Morgan Equities South Africa Proprietary Limited

Namibian sponsor

Simonis Storm Securities (Proprietary) Limited