

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)
JSE bond code: SBKI
("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 2023

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 2023 (1Q23).

Statement of changes in ordinary shareholders' equity for the three months ended 31 March 2023

	Balance as at 1 January 2023	Earnings attributable to ordinary shareholders	IFRS 17 transition ¹ and other movements for the period	Balance as at 31 March 2023
	Rm	Rm	Rm	Rm
Ordinary share capital	168			168
Ordinary share premium	27 341		9	27 350
Treasury shares ²	(4 619)		2 312	(2 307)
Foreign currency translation and hedging reserves	(5 576)		2 172	(3 404)
Foreign currency translation reserve (FCTR)	(4 716)		2 115	(2 601)
Foreign currency net investment and total hedge reserve	(860)		57	(803)
Retained Earnings ^{3,4}	192 807	10 171	(13 674)	189 304
Other	9 143		168	9 311
Ordinary shareholders' equity	219 264	10 171	(9 013)	220 422

- ¹ The preliminary IFRS 17 transition impact on the group's total ordinary shareholders equity as at 1 January 2023 is a reduction of R1.1 billion. This net reduction is made up of a reduction of R2.2 billion in retained earnings offset by an increase of R1.2 billion in the treasury share reserve.
- ² The IFRS 17 transition adjustment as at 1 January 2023 for the treasury share reserve comprises an increase of R1.2 billion (1 January 2022 - increase of R0.8 billion) due to the removal of SBG shares held by Liberty Holdings Limited (Liberty) policyholders as treasury shares.
- ³ The IFRS 17 transition adjustment as at 1 January 2023 for retained earnings comprises a reduction of R2.2 billion (1 January 2022 – reduction of R0.8 billion). The largest component of the movement between 1 January 2022 and 1 January 2023 is as a result of the IFRS 17 transition impact on the completion of the group's acquisition of shares held by non-controlling shareholders in Liberty during 2022.
- ⁴ Other movements for the period in retained earnings primarily comprises the R11.6 billion ordinary dividends declared in March 2023.

Update on the group's operational performance for the three months ended 31 March 2023

In 1Q23, on an IFRS17 basis, the group delivered attributable earnings of R10.2 billion. In 1Q22, on an IFRS4 basis, the group delivered attributable earnings of R7.4 billion, which included a negative treasury share adjustment of R517 million. If this adjustment (which is no longer required under IFRS17) is excluded to create a more comparable base, attributable earnings grew by 28% for the period. A comprehensive IFRS17 transition report, with fully restated and comparable prior year results and opening equity adjustments, will be released during June 2023.

The group's performance was supported by higher average interest rates, good balance sheet momentum from 2022, continued growth in transactional volumes, a strong trading performance and an ongoing recovery in Liberty Holdings Limited. A weaker rand exchange rate flattered earnings growth rates in ZAR in the period.

Headline earnings adjustable items were not material in 1Q22 or 1Q23.

Standard Bank activities

Higher average interest rates and a larger balance sheet supported the group's net interest margin and net interest income growth period on period. Continued growth in transactional volumes, as well as the impact of annual price increases across the continent, supported fee growth. Trading revenue benefitted from higher client activity driven by continued global market volatility and client demand for forex products. 1Q23 trading revenue was ahead of the comparative period and ahead of expectations.

Inflationary pressure, combined with higher transactional activity, annual staff cost increases and higher premises expenses linked to loadshedding in South Africa, drove higher operating expenses period on period.

Credit impairment charges in 1Q23 were higher than in the comparative period, given balance sheet growth, client strain on the back of higher than anticipated interest rates and corporate and sovereign risk migration. The group's credit loss ratio for 1Q23 was closer to the upper end of the group's through-the-cycle target range of 70 to 100 basis points.

Liberty Holdings Limited

Liberty Holdings Limited (Liberty) recorded improved claims experience and strong earnings growth in 1Q23. The group's 100% shareholding in Liberty is reflected from February 2022.

ICBC Standard Bank Plc (ICBCS)

ICBCS recorded an operational profit in 1Q23, however its contribution to the group declined period on period due to the non-recurrence of an insurance recovery recognised by the group in January 2022.

Outlook

The group remains well capitalised and liquid. We continue to monitor the impacts of potentially higher inflation for longer and hence higher interest rates, electricity supply constraints in South Africa, global geopolitical tensions, and banking sector vulnerabilities; all of which pose risks to our outlook. Regardless of the scenario which unfolds, we stand ready and able to serve the needs of our 18 million customers. In line with previous guidance, we remain committed to delivering positive jaws and an improving return on equity in 2023.

Johannesburg

21 April 2023

JSE sponsor

The Standard Bank of South Africa Limited

Namibian sponsor

Simonis Storm Securities (Proprietary) Limited