# Standard Bank Group Limited

Registration number: 1969/017128/06
Incorporated in the Republic of South Africa
Website: www.standardbank.com

## 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 2023

FINANCIAL STATISTICS

| | Change (%) | 2023 | 2022 Restated[1] |
|---|---|---|---|
| **Financial indicator (Rm)** | | | |
| Headline earnings | 27 | 42 948 | 33 853 |
| Total net income | 20 | 177 616 | 148 117 |
| **Cents per ordinary share** | | | |
| Earnings per ordinary share | 29 | 2 666.6 | 2 074.1 |
| Headline earnings per ordinary share | 26 | 2 590.4 | 2 050.4 |
| Total dividend per ordinary share | 18 | 1 423 | 1 206 |
| Net asset value per ordinary share | 8 | 14 269 | 13 172 |
| **Financial performance (%)** | | | |
| Banking cost-to-income ratio | | 51.4 | 53.9 |
| Return on equity (ROE) | | 18.8 | 16.3 |

1 Restated. Refer to the group's audited annual financial statements and financial results for further details.

## Results overview

"In 2023, Standard Bank Group delivered earnings growth of 27% and a return on equity of 18.8%. This strong performance is underpinned by our robust and growing franchise and is reflective of the positive momentum in all our businesses." - Sim Tshabalala, Group Chief Executive Officer

### Group results

In the twelve months to 31 December 2023 (FY23), the group recorded headline earnings of R42.9 billion, up 27% relative to the twelve months to 31 December 2022 (FY22) and delivered a return on equity (ROE) of 18.8% (FY22: 16.3%). This strong performance is underpinned by our robust and growing franchise and reflective of the good momentum in our business. Our Africa Regions franchise contributed 42% to group headline earnings. The top eight contributors to Africa Regions' headline earnings were Ghana, Kenya, Mauritius, Mozambique, Nigeria, Uganda, Zambia and Zimbabwe.

In FY23, the group effectively defended and grew its banking franchise and improved banking earnings and returns. Client franchise health showed improvements across a number of metrics. Active customers grew by 6% to 18.8 million, with growth recorded in both South Africa and Africa Regions. In addition, digital retail clients in South Africa increased by 8% as more clients transitioned to our convenient digital channels. In the year, the group recorded over 2.8 billion digital transactions for retail clients, up 30% year on year, and distributed over R41.1 billion on behalf of our South African clients via our digital wallet platform. Client satisfaction scores improved across various channels, particularly digital in South Africa.

The Insurance & Asset Management franchise recorded an improved insurance performance and growth in its assets under management year on year. Since the announcement of the Liberty minority buyout, the group has received over R5.7 billion in distributions related primarily to capital optimisation. In FY23, the group successfully bought out the minorities of Liberty2Degrees (L2D). L2D holds an attractive portfolio of commercial properties.

The group ended the year with a common equity tier 1 ratio of 13.7% (31 December 2022: 13.4%). This positions the group well to reward shareholders and continue to grow. The SBG board approved a final dividend of 733 cents per share which, when combined with the interim dividend, equates to a dividend payout ratio of 55% for FY23.

In 2023, the group mobilised over R50 billion of sustainable finance for corporate clients and provided over R2 billion in loans to SMEs to help business owners access affordable and reliable alternative energy products. In addition, the group disbursed over R145 million to homeowners and over R840 million to businesses for solar installations in South Africa.

### Operating environment

In 2023, uncertainty remained elevated globally. The year was one of two halves. In the six months to 30 June 2023 (1H23), inflation remained elevated and interest rates continued to rise. In the second six months to 31 December 2023 (2H23), central banks paused whilst monitoring inflation trends and developing geopolitical risks. Across most markets, inflation was stickier than forecast and interest rate cuts were delayed. The International Monetary Fund (IMF) forecast global real gross domestic product (GDP) growth of 3.1% in 2023.

Sub-Saharan Africa also experienced inflationary pressures and monetary policy tightening. Higher debt costs increased fiscal pressures and sovereign risks in certain countries, which in turn, drove currency weakness. There was progress on Ghana's debt restructure, Kenya's funding outlook improved, and Nigeria took steps to liberalise the Naira. While currency movements were mixed across the group's portfolio of countries, they were weaker on average by the end of the year.

In South Africa, inflation peaked in March 2023 at 7.1%, and then declined to end the year at 5.1% in December 2023. The South African Reserve Bank increased interest rates by a cumulative 125 basis points by the end of May 2023 and then paused.

The repo rate closed the year at 8.25%. While electricity disruptions and logistics constraints placed pressure on businesses and corporates, and in turn on the economy, progress was made during the year, particularly in the last quarter, towards delivering sustained improvements on both fronts. South Africa's real GDP grew at 0.6% in 2023.

## Prospects

In 2024, while global risks are expected to persist, the IMF is forecasting a soft landing. Inflation is expected to continue to fall providing scope for interest rate cuts. The IMF expects global real GDP growth to be 3.1% in 2024, in line with 2023.

Real GDP growth in sub-Saharan Africa is expected to accelerate from 3.3% to 3.8% as higher levels of growth in East Africa more than offsets lower growth in South Africa and Nigeria. The interest rate outlook is mixed. While some markets may still see interest rate increases in 1H24 (Angola, Kenya, Nigeria and Zambia), most markets are expected to start cutting interest rates in 2H24. Overall, the outlook is positive, but the region remains at risk of global shocks and climate events. In addition, 13 countries in sub-Saharan Africa will hold elections in 2024, including six where the group operates, namely Botswana, Ghana, Mauritius, Mozambique, Namibia, and South Africa.

In South Africa, inflation is expected to decline to 5.0% on average in 2024, supported by a lack of demand-driven inflation, a lack of wage pressure and favourable base effects. The repo rate is expected to decline to 7.50% by year end (Standard Bank Research: 3 cuts of 25 basis points each starting in July 2024 and one 25 basis point cut in 2025). The electricity shortfall is expected to ease notably, relative to that experienced in 2023, driven by an increase in Eskom supply and the ongoing expansion of private sector generation capacity. Actions to ease the logistics constraints are also expected to gather pace. Together, this should support an improvement in real GDP growth to 1.2% in 2024. The South African election outcome is not expected to drive a change in policy direction. Accordingly, the continued gradual policy reform should be growth-supportive over time. Any acceleration in resolving the electricity, road, rail, and port constraints would aid this further.

While organic growth (in constant currency) is expected to remain relatively robust, the group's year-on-year trends in reported currency (ZAR) will be dampened by the currency devaluations experienced in certain of our Africa Regions' countries in 2023 and forecast for 2024. The guidance that follows is based on year-on- year movements in reported currency (ZAR).

For the twelve months to 31 December 2024 (FY24), we expect average interest rates to be marginally down and pricing to remain competitive. Balance sheet growth to remain slow in 1H24, but improve in 2H24. Accordingly, net interest income is expected to be up low-to-mid single digits year on year. Fee and commissions are expected to grow at mid-single digits supported by a larger client base, increased client activity and higher client spend. Trading revenue is likely to decline off a high base in FY23, but will be subject to market developments and client flow. While there is a heightened focus on costs, we need to continue to invest in our business to remain competitive and grow. Banking revenue growth is expected to be similar to banking cost growth and Jaws flat to positive.

Our clients are likely to remain constrained until interest rates start to decline. Credit impairment charges are expected to peak in the first six months of 2024, driven primarily by ongoing strain in Personal & Private Banking. For FY24, the credit loss ratio is expected to remain within but near the top of the group's through- the-cycle credit loss ratio range of 70 to 100 basis points. A continued improvement in IAM earnings is expected to be partially offset by a decline in ICBCS earnings (off a high base). The group's FY24 ROE is expected to remain well anchored inside the group's target range of 17% to 20%.

While uncertainty is expected to remain elevated, our business is well diversified, growing, and resilient. We are focused on delivering against our strategic priorities and remain on track to deliver on our 2025 targets. The group is also on track to deliver against its ambitious sustainable finance and renewable energy targets.

In 2024, we will continue to support our clients, develop our employees, and deliver sustainable growth and value to our shareholders and other stakeholders. In addition, as a leading financial institution on the continent, we recognise our responsibility to deliver positive impact. We do so by delivering against our purpose of driving Africa's growth.

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.

# 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. 108 of 733.00 cents per ordinary share (the cash dividend) to ordinary shareholders recorded in the register of the company at the close of business on Friday, 12 April 2024. The last day to trade to participate in the dividend is Tuesday, 9 April 2024. Ordinary shares will commence trading ex dividend from Wednesday, 10 April 2024.

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, 10 April 2024, and Friday, 12 April 2024, 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, 15 April 2024.

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. 109 of 3.25 cents (gross) per first preference share, payable on Monday, 8 April 2024, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday, 5 April 2024. The last day to trade to participate in the dividend is Tuesday, 2 April 2024. First preference shares will commence trading ex dividend from Wednesday, 3 April 2024.
- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 39 of 456.09315 cents (gross) per second preference share, payable on Monday, 8 April 2024, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 5 April 2024. The last day to trade to participate in the dividend is Tuesday, 2 April 2024. Second preference shares will commence trading ex dividend from Wednesday, 3 April 2024.

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, 3 April 2024, and Friday, 5 April 2024, both days inclusive. Preference shareholders (first and second) who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 8 April 2024.

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 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 (JSE)** | | | |
| Share code | SBK | SBKP | SBPP |
| ISIN | ZAE000109815 | ZAE000038881 | ZAE000056339 |
| **Namibian Stock Exchange (NSX)** | | | |
| Share code | SNB | | |
| ISIN | ZAE000109815 | | |
| Dividend number | 108 | 109 | 39 |
| Gross distribution/dividend per share (cents) | 733.00 | 3.25 | 456.09315 |
| Net dividend | 586.40 | 2.60 | 364.87452 |
| Last day to trade in order to be eligible for the cash dividend | Tuesday, 9 April 2024 | Tuesday, 2 April 2024 | Tuesday, 2 April 2024 |
| Shares trade ex the cash dividend | Wednesday, 10 April 2024 | Wednesday, 3 April 2024 | Wednesday, 3 April 2024 |
| Record date in respect of the cash dividend | Friday, 12 April 2024 | Friday, 5 April 2024 | Friday, 5 April 2024 |
| CSDP/broker account credited/updated (payment date) | Monday, 15 April 2024 | Monday, 8 April 2024 | Monday, 8 April 2024 |

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 during the period, 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 586.40 cents per ordinary share, 2.60 cents per first preference share and 364.87452 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.

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

## Shares in issue

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

- 1 675 775 231 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.

## 14 March 2024, Johannesburg

## Administrative information

The group's 2023 financial information, including comparatives for 2022 where applicable, has been correctly extracted from the group's underlying audited consolidated annual financial statements (AFS), where applicable, for the year ended 31 December 2023. This announcement is a summary of the information contained in the AFS and does not contain full or complete details. Any investment decisions by investors or shareholders should be based considering the AFS and accompanying reports. While this announcement, in itself, is not audited, the AFS 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 www.standardbank.com/sbg/standard-bank-group/investor-relations/results-and-reports as part of the group's AFS, which have been released in conjunction with the above via SENS announcement. Copies of the AFS are available for inspection at the company's registered office, and the offices of the JSE Sponsor, on weekdays from 09:00 to 16:00 and may be requested by emailing InvestorRelations@standardbank.co.za and also on the following JSE website:

https://senspdf.jse.co.za/documents/2024/jse/isse/sbk/SBGFY23.pdf

Forward-looking statements contained above are not statements of fact or guarantees of future performance, results, strategies and objectives, and by their nature, involve risk and uncertainty. The group's actual future performance, results, strategies and objectives may differ materially from the plans, goals and expectations expressed or implied in the forward-looking statements.

Registered office: 9th floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg 2001, PO Box 7725, Johannesburg 2000

JSE sponsor: The Standard Bank of South Africa Limited

Namibian sponsor: Namibia: Simonis Storm Securities (Proprietary) Limited

Directors: NMC Nyembezi (chairman), LL Bam, S David-Borha[3], PLH Cook, A Daehnke*, GJ Fraser-Moleketi, Xueqing Guan[1] (deputy chairman), GMB Kennealy, BJ Kruger, Li Li[1], JH Maree (deputy chairman), NNA Matyumza, ML Oduor-Otieno[2], ANA Peterside CON[3], SK Tshabalala* (chief executive officer).

* Executive director [1] Chinese [2] Kenyan [3] Nigerian. All nationalities are South African, unless otherwise specified.