

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")

Voluntary trading update for the five months to 31 May 2024

Standard Bank Group

For the five month period ended 31 May 2024 (5M24 or current period) relative to the five month period ended 31 May 2023 (5M23 or prior period), the group's headline earnings grew by low-to-mid single digits.

This ZAR growth was negatively impacted by movements in average currencies relative to the ZAR period on period, most notably in Angola, Malawi, Nigeria, and Zambia. On a constant currency basis, the group's headline earnings grew by mid teens period on period.

Banking activities

Banking activities headline earnings grew by mid-single digits period on period.

As noted in the SENS announcement published on 28 February 2024, during the finalisation of the group's results, the group amended the methodology for recognising interest on Stage 3 loans. This change resulted in an increase in net interest income and an equal and opposite increase in credit impairment charges as well as an increase in the group's net interest margin and credit loss ratio. There was no impact on HEPS or EPS. A detailed restatement reconciliation for the six months to 30 June 2023 (1H23) is available on the Standard Bank Group Investor Relations website.

The commentary below reflects the trends relative to the restated 5M23.

The group's banking activities' trends were broadly in line with those noted in the three month update released on SENS on 26 April 2024 (1Q24 Update).

Income growth was supported by higher average interest rates and higher client transactional volumes but dampened by lower trading revenues. Balance sheet growth has slowed. Operating expenses growth was well contained, supported by cost containment initiatives and lower performance-linked incentives. Growth in both income and operating expenses were dampened by currency movements period on period. Total income growth exceeded operating expenses growth resulting in positive jaws.

As expected, credit impairment charges were marginally higher period on period. Higher charges in Business & Commercial Banking and Personal & Private Banking (PPB) were partially offset by lower charges in Corporate & Investment Banking (CIB). In the current period, growth in PPB early arrears and NPLs has slowed. Sovereign debt provisions in Africa Regions, specifically Ghana and Malawi, were the key driver of higher CIB credit charges in the prior period. The elevated credit charges resulted in the 5M24 credit loss ratio for banking being above the top of the group's through-the-cycle credit loss ratio target range of 100 basis points.

Insurance & Asset Management

Earnings from the Insurance & Asset Management (IAM) business increased period on period. The improvement relative to the performance noted in the 1Q24 Update was driven by an improved performance of the Shareholder Assets and Exposures portfolio.

IAM operating earnings increased driven by an improved insurance result in South Africa, more specifically from improved risk claims experience in the corporate and short-term businesses. This was partially offset by a reduction in the Africa Regions' Asset Management earnings following the devaluation of the Nigerian Naira.

Other

ICBC Standard Bank Plc (ICBCS) remained profitable in the current period, however earnings attributable to the group decreased period on period off a high base in 5M23.

The group remains well capitalised and liquid. The group's ROE for 5M24, while lower than 5M23, remained within the group's target range of 17% to 20%.

2024 outlook

The group's performance in the six months to 30 June 2023 sets a high base.

In line with previous guidance for the twelve months to 31 December 2024, we remain committed to delivering positive jaws and a return on equity well anchored inside the group's target range of 17% to 20% for the full year.

Standard Bank Group will release its financial results for the six months to 30 June 2024 on 15 August 2024.

Investor call

Standard Bank will host an investor call at 17h00 (South Africa time) on 20 June 2024. Please click on the link below to register:

[Standard Bank Group Pre-close Call Teams Registration link](#)

The call registration link is also available on the Standard Bank Group Investor Relations website:

[Standard Bank Group Investor Relations](#)

A replay will be made available via the Investor Relations website within 24 hours.

Shareholders are advised that the information contained in this voluntary trading update has not been reviewed or reported on by the group's external auditors.

Queries:

Investor Relations

Email: Relations.Investors@standardbank.co.za

Johannesburg
20 June 2024

JSE sponsor
The Standard Bank of South Africa Limited

Namibian sponsor
Simonis Storm Securities (Proprietary) Limited