

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 six months ended 30 June 2024

FINANCIAL STATISTICS

	Change (%)	1H24	1H23	FY23
Financial indicator (Rm)				
Headline earnings	4	22 006	21 231	42 948
Total net income	0	88 373	88 104	177 616
Cents per ordinary share				
Earnings per ordinary share	(2)	1 297.4	1 322.4	2 666.6
Headline earnings per ordinary share	4	1 328.7	1 280.6	2 590.4
Dividend per ordinary share	8	744	690	1 423
Net asset value per ordinary share	5	14 564	13 928	14 269
Financial performance (%)				
Cost-to-income ratio (Banking)		49.7	49.9	51.4
Return on equity (ROE)		18.5	18.9	18.8

Results overview

"In 1H24, Standard Bank Group delivered earnings of R22.0 billion and a return on equity of 18.5%. This result is underpinned by strong organic growth driven by our growing client franchises, our increasingly digital clients, and our continued diligent allocation of capital."

- Sim Tshabalala, Group Chief Executive Officer

Group results

In the six months to 30 June 2024 (1H24 or current period), Standard Bank Group (the group or Standard Bank) successfully navigated a difficult economic environment to record headline earnings of R22.0 billion and deliver a return on equity (ROE) of 18.5%. This performance is underpinned by continued franchise growth in our banking businesses and robust earnings growth in our insurance and asset management business.

In 1H24, the group's client franchise health showed improvements across several metrics. Active clients grew by 5% to 19.5 million clients, with growth recorded in both South Africa and Africa Regions. Digitally active retail clients in South Africa grew by 7% as more clients transitioned to our convenient digital channels.

Our South African franchise delivered double-digit earnings growth supported by improving credit trends. Our Africa Regions' franchise delivered another exceptional performance in local currency. These outcomes are reflective of the powerful momentum in both franchises. Africa Regions contributed 41% to group headline earnings. The top eight contributors to Africa Regions' headline earnings were Angola, Ghana, Kenya, Mauritius, Mozambique, Nigeria, Uganda and Zambia.

Standard Bank ended the current period with a strong common equity tier 1 ratio of 13.5%. Diligent capital allocation remains a priority. The SBG board approved an interim dividend of 744 cents per share, up 8% period on period, which equates to an interim dividend payout ratio of 56%.

As a leading financial institution on the continent, we embrace our responsibility to deliver positive impact. In the first half of 2024, the group mobilised over R21 billion of sustainable finance for our clients. Over the two and a half years since we began recording this data in 2022, Standard Bank has cumulatively mobilised R127 billion in sustainable finance. This puts us well on our way to meet our target of more than R250 billion of sustainable finance mobilisation by the end of 2026.

Operating environment

Global macroeconomic trends in 1H24 were shaped by ongoing uncertainty and geopolitical tensions. Global inflation declined more slowly than expected and interest rate cuts were delayed. Many sub-Saharan African countries faced difficulties linked to political uncertainties and external imbalances and currencies weakened. Idiosyncratic factors have seen inflation on diverging paths. While East Africa recently recorded some of the lowest inflation outcomes on the continent, West Africa has seen inflation edge higher. In 1H24, central banks increased interest rates in Angola, Kenya, Malawi, Nigeria, Tanzania, Uganda and Zambia.

In 1H24, South Africa saw an improvement in both energy and logistics in the period, supported by strong backing from the private sector. Several Eskom units returned to commercial operation alleviating the electricity supply pressures experienced in 2023. Improved supply, together with increased self-generation, supported economic activity. Uncertainty ahead of the election weighed on consumer and business confidence. The election in May 2024 was deemed free and fair and the creation of the Government of National Unity (GNU) has been viewed positively by the market. The policy reform agenda is expected to continue, and possibly accelerate. Inflation trended down slowly and interest rates were kept flat.

Prospects

In July 2024, the IMF retained its forecast for global real GDP growth of 3.2% for 2024 and 3.3% for 2025. In South Africa, in the second six months of 2024 (2H24), inflation is expected to continue to moderate providing scope for interest rate cuts. This, together with ongoing policy reform and improved business and consumer confidence, will support economic growth. (Standard Bank Research expects a 25 basis point cut in September and in November 2024 and a further 50 basis points of cuts in the first half of 2025 and South African real GDP growth of 1.1% in 2024 improving to 1.8% in 2025 and above 2.0% in 2026). Across Standard Bank's portfolio of sub-Saharan African countries outside of South Africa, inflation is expected to moderate, interest rates to decline marginally, and real GDP to grow at above 4% in the short term and closer to 5% over the medium and longer term.

Standard Bank has scale and is well diversified, growing and resilient. In addition, the group has an unrivalled footprint with established businesses which provides it with access to attractive high growth markets and client segments. This positions it well to manage uncertainty, mitigate risks, and deliver growing earnings and attractive returns.

As noted in March 2024, the group's underlying franchise momentum will support robust organic growth (in constant currency) for the twelve months to 31 December 2024 (FY24). The FY24 guidance for the group's three core metrics is reaffirmed and is summarised as follows:

- Banking revenue growth of low single digits in ZAR and low double digits in constant currency;
- Banking revenue growth at or above operating expenses growth, resulting in a flat to lower cost-to-income ratio year on year; and
- Group ROE to remain well anchored in the group's target range of 17% to 20%.

Standard Bank's strong capital position, together with our well-diversified and resilient earnings streams, provide us with both the scope and flexibility to pay dividends and to fund the growth opportunities our portfolio of businesses present. These include, most notably, increased investments in our subsidiaries in Angola and Nigeria, funding to support growth opportunities in South Africa and the East Africa Region, and more broadly, to capture a leading share of the client opportunities surrounding Africa's just energy transition.

In 2H24, we will continue to support our clients, develop our employees, and deliver sustainable growth and increased value to our shareholders and other stakeholders.

We are focused on delivering against our strategic priorities and remain on track to deliver on our 2025 targets, as well as our ambitious sustainable finance targets.

And finally, anchored by our purpose, we will grow Africa, her businesses and her people.

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 interim 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 an interim gross cash dividend No. 109 of 744.00 cents per ordinary share (the cash dividend) to ordinary shareholders recorded in the register of the company at the close of business on Friday, 13 September 2024. The last day to trade to participate in the dividend is Tuesday, 10 September 2024. Ordinary shares will commence trading ex dividend from Wednesday, 11 September 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, 11 September 2024, and Friday, 13 September 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, 16 September 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 interim dividends:

- 6.5% first cumulative preference shares (first preference shares) dividend No. 110 of 3.25 cents (gross) per first preference share, payable on Monday, 9 September 2024, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday, 6 September 2024. The last day to trade to participate in the dividend is Tuesday, 3 September 2024. First preference shares will commence trading ex dividend from Wednesday, 4 September 2024.
- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 40 of 451.13562 cents (gross) per second preference share, payable on Monday, 9 September 2024, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 6 September 2024. The last day to trade to participate in the dividend is Tuesday, 3 September 2024. Second preference shares will commence trading ex dividend from Wednesday, 4 September 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, 4 September 2024, and Friday, 6 September 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, 9 September 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	109	110	40
Gross distribution/dividend per share (cents)	744.00	3.25	451.13562
Net dividend	595.20	2.60	360.90850
Last day to trade in order to be eligible for the cash dividend	Tuesday, 10 September 2024 Wednesday, 11 September 2024	Tuesday, 3 September 2024 Wednesday, 4 September 2024	Tuesday, 3 September 2024 Wednesday, 4 September 2024
Shares trade ex the cash dividend			
Record date in respect of the cash dividend	Friday, 13 September 2024	Friday, 6 September 2024	Friday, 6 September 2024
CSDP/broker account credited/updated (payment date)	Monday, 16 September 2024	Monday, 9 September 2024	Monday, 9 September 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 595.20 cents per ordinary share, 2.60 cents per first preference share and 360.90850 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:

- 1 673 076 025 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.

15 August 2024, Johannesburg

Administrative information

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 or available at <https://www.standardbank.com/sbg/standard-bank-group/investor-relations> or by emailing InvestorRelations@standardbank.co.za and also on the following JSE website:

<https://senspdf.jse.co.za/documents/2024/jse/isse/SBK/SBGHY24.pdf>

The 30 June 2024 (1H24) results, including comparatives for 30 June 2023 (1H23), where applicable, have not been audited or independently reviewed by the group's external auditors and the directors of the group take full responsibility for the preparation of this announcement. Change percentages reflect 1H24 change on 1H23, unless otherwise indicated.

Copies of the full announcement are available for inspection at the company's registered office, and the offices of the JSE Sponsor at jsesponsor@standardbank.co.za, on weekdays from 09:00 to 16:00 and may be requested by emailing InvestorRelations@standardbank.co.za.

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

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

JSE sponsor: The Standard Bank of South Africa Limited

Directors: N Nyembezi (chairman), LL Bam, PLH Cook, A Daehnke*, OA David-Borha¹, GJ Fraser-Moleketi, GMB Kennealy, BJ Kruger, Li Li², JH Maree (deputy chairman), NNA Matyumza, ML Oduor-Otieno³, SK Tshabalala* (chief executive officer).

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