



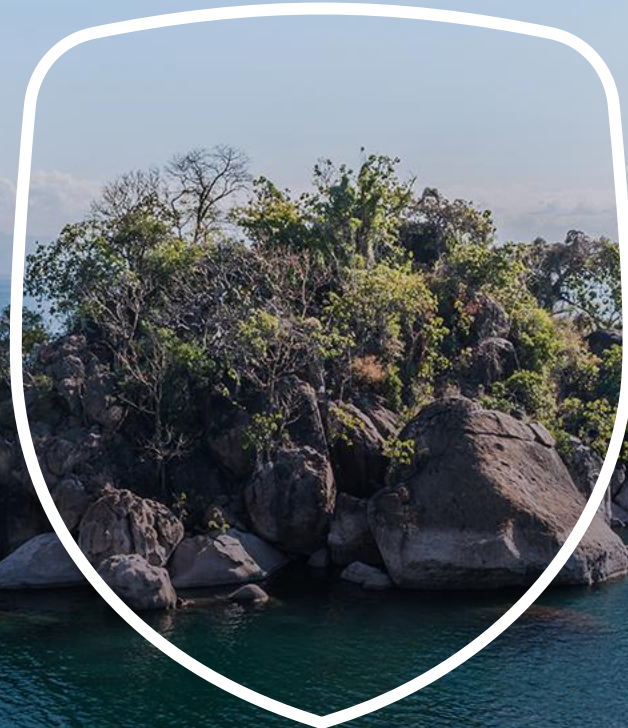
Standard Bank

Standard Bank Plc

2023 FINANCIAL RESULTS PRESENTATION

18 March 2024

#WeBelieveInMalawi



Overview – FY23 and beyond



01

Strategic highlights – proved resilient over time

- Our purpose, strategy and targets
- A difficult geopolitical and macroeconomic backdrop, but outlook improved as the year progressed
- A business in good health that has proved resilient over the last three years

02

FY23 financial performance

- Strong performance underpinned by our robust and growing franchise
- Diversified portfolio across 3 businesses
- Excellent growth in profitability, efficiency, liquidity, and capital ratios

03

Outlook | 2024 and beyond

- Moderating global inflation and improved growth outlook
- Positive outlook over the medium to longer term: GDP growth **+4%** sub-Saharan Africa & **3.5%** for Malawi
- Uncertainty to persist in 2024 and beyond, but Standard Bank well positioned to manage risk and exploit opportunities

04

Looking ahead | Competitive position

- A well diversified business, growing and engaged client franchise. Growth in active clients across Business Units, and higher client revenues
- Targeted technology investment enables competitiveness and resilience, committed to localizing our core Banking system – Finacle.
- Making positive impact to our society and deservedly recognized through multiple awards and accolades.
- Clear strategy and execution plan



#WeBelieveInMalawi



FY23
Strategic highlights



Our purpose, strategy and targets



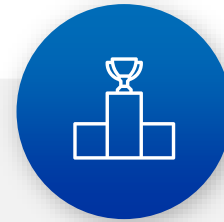
OUR PURPOSE:
Why we exist

MALAWI IS OUR HOME, WE DRIVE HER GROWTH



Transform Client Experience

Revenue growth >20%



Execute With Excellence

Cost to Income Ratio ~49%



Drive Sustainable Growth And Value

Return on Equity ~27%

OUR STRATEGIC PRIORITIES:
What we need to do to deliver our purpose

OUR FINANCIAL TARGETS:
What we have committed to deliver

Focused on execution, strategy delivery

2023 – a difficult geopolitical and macroeconomic backdrop

We continue to navigate a complex and turbulent operating environment



Global

- Severe geopolitical tensions throughout the year
- In 1H23, inflation remained elevated and interest rates continued to rise
- In 2H23, central banks paused while monitoring inflation trends and developing geopolitical risks
- Inflation was stickier than expected and interest rate cuts were delayed in most markets
- GDP growth of 3.1% estimated in 2023¹



Sub-Saharan Africa

- Serious conflicts persisted in some countries
- Inflationary pressures and monetary policy tightening
- Higher debt costs increased fiscal pressures and sovereign risks in certain countries, causing currency weakness
- Progress on restructure of debt and funding outlook for a few troubled countries e.g. Ghana, Kenya etc. improved,
- Currencies weaker on average than in 2022
- GDP growth of 3.3% estimated in 2023¹



Malawi

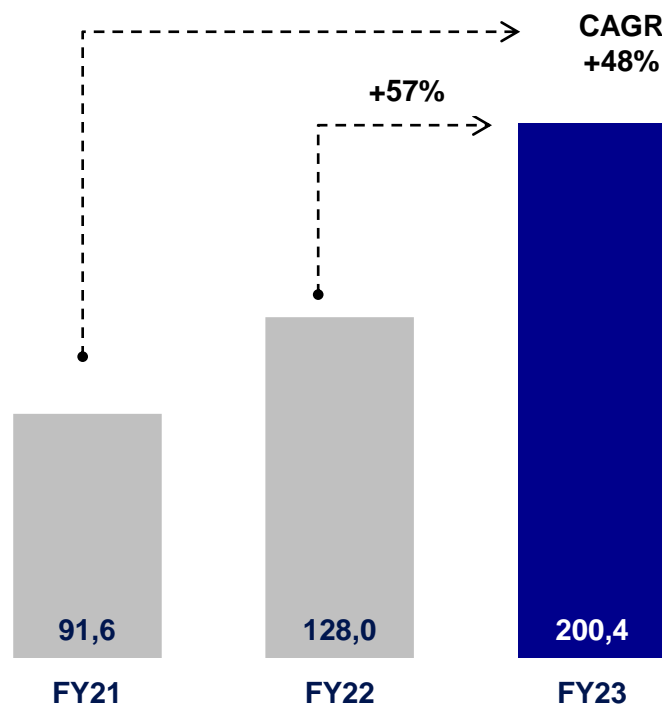
- Inflation continued to rise, with average inflation for 2023 closing at 28.8%.
- The MPC hiked the policy rate by 400bps to 26% during the year
- FX liquidity challenges persisted with the Official reserves under 1 month import cover.
- Public debt levels remained high and continued to rise.
- Effects of cyclone Freddy continued to impact businesses and communities
- GDP grew by 0.6% in 2023.

Last 3 years – a business in good health that has proved resilient over time



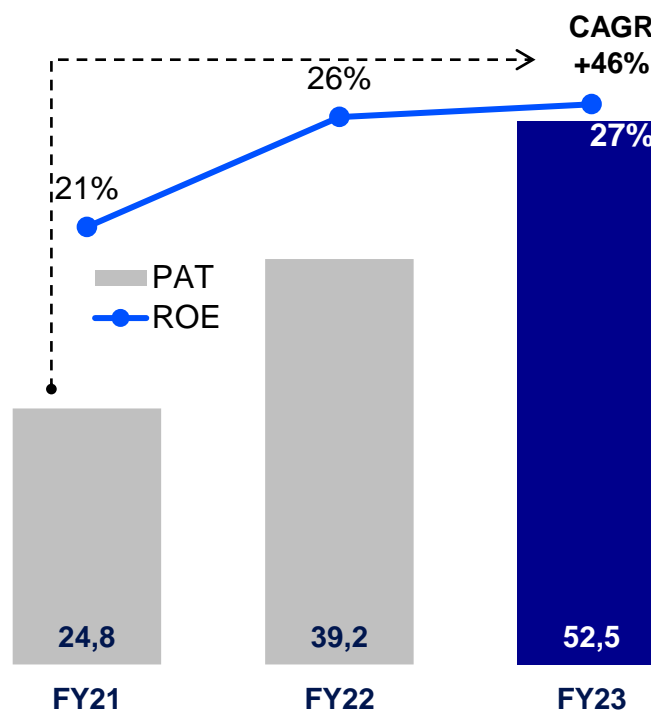
We have made good strategic progress over the last 3 years

Total income (MK'b)



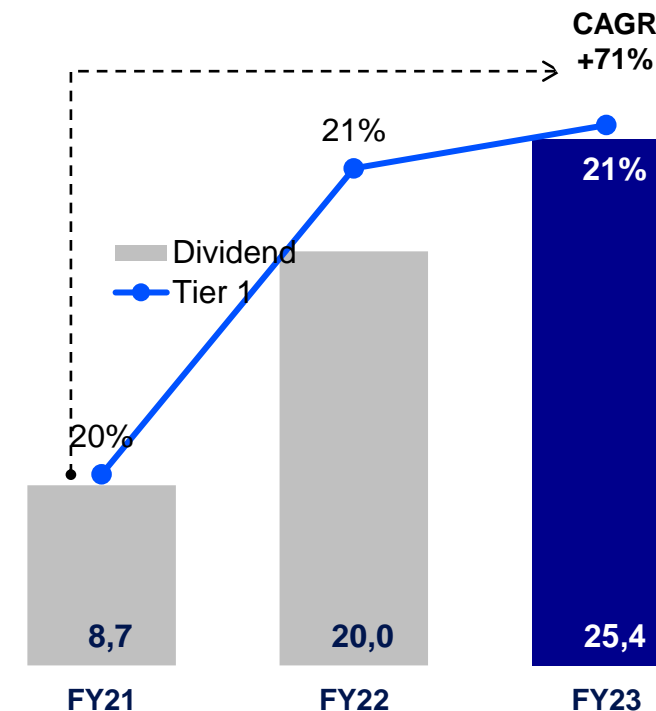
Income growth was resilient despite significant regulatory cuts on fees and commissions, and has since accelerated post-pandemic

Profit after tax (MK'b) & ROE (%)



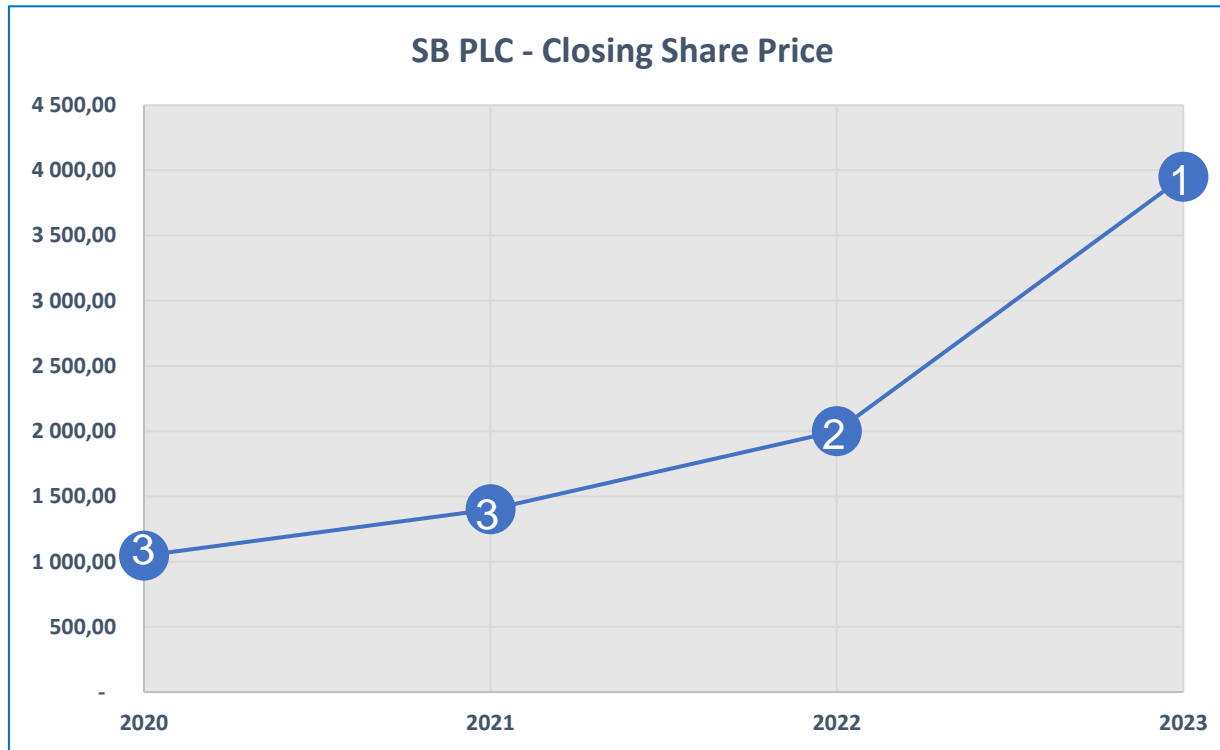
Earnings and well above levels our committed strategic targets

Dividend (MK'b) & Tier 1 ratio (%)



Generated and optimised capital to support distributions to shareholders

Last 3 years – our share performance on Malawi Stock Exchange



Year	Closing Share Price	Price in US\$	Postion
2020	1 046,39	1,35	3
2021	1 400,00	1,71	3
2022	2 000,16	1,93	2
2023	3 950,00	2,33	1

Our share price has been growing impressively over the past 3 - 4 years. The Standard Bank counter currently has the highest share price on the Malawi Stock Exchange



FY23 financial performance



2.0

A large, light blue outline of a shield shape is positioned on the right side of the slide. Inside the shield, the number '2.0' is written in a bold, white, sans-serif font.



Strong performance across all key metrics

MK52.5bn record profit growth of 34% y-o-y, on strong diversified income growth, prudent cost management and resilient balance sheet growth

Profit After Tax

FY23: **MK52.5bn**

FY22: MK39.2bn

↑34%

Customer Deposits

FY23: **MK790.6bn**

FY22: MK593.0bn

↑33%

Customer loans & advances

FY23: **MK294.3bn**

FY22: MK235.8bn

↑25%

Return on Equity (%)

FY23 **27%**

FY22 26%

Cost-to-Income Ratio (%)

FY23 **40%**

FY22 48%

Credit Loss Ratio (%)

FY23 **1,7%**

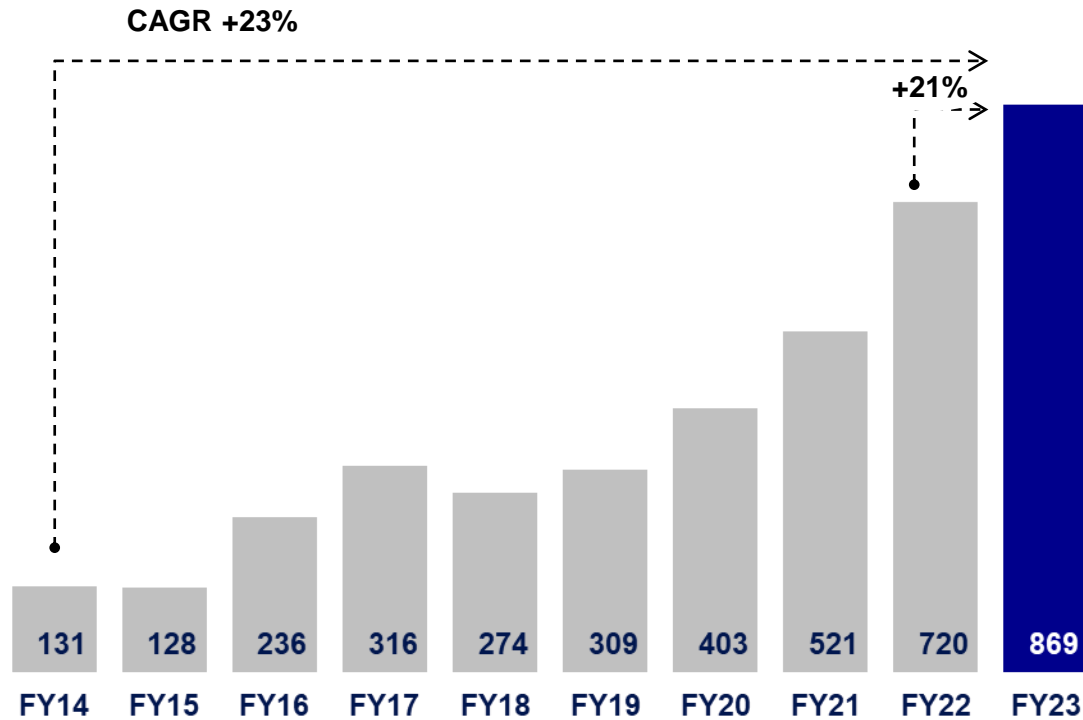
FY22 1,0%

Strong balance sheet momentum continued

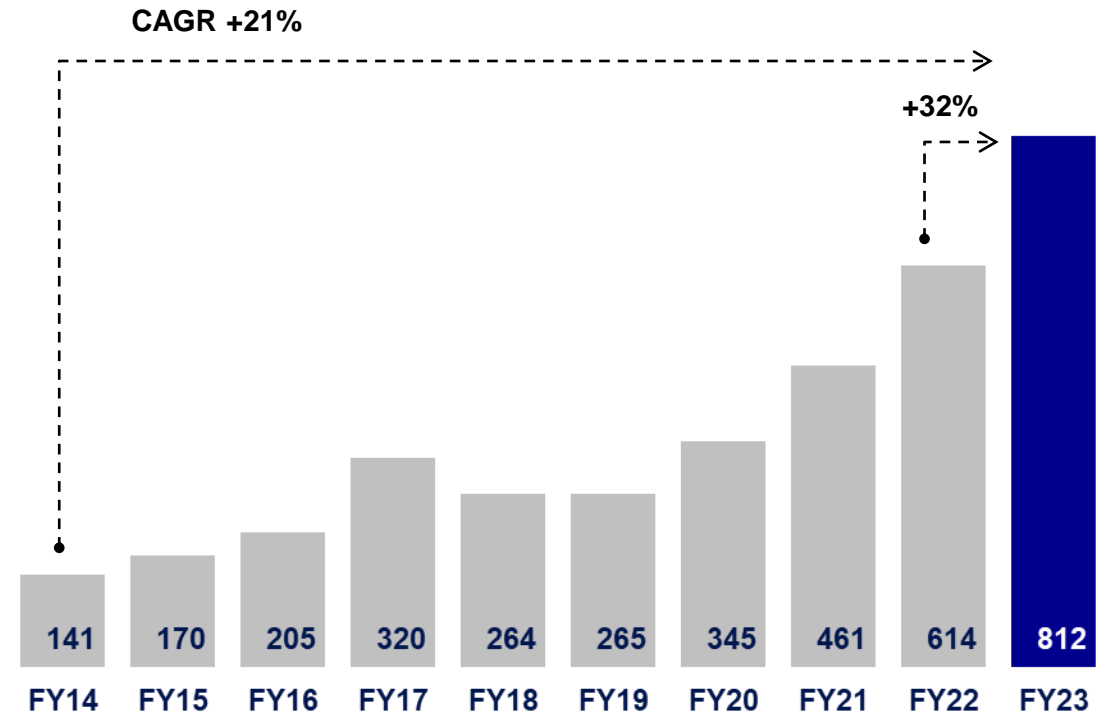
Strong loan book growth in key growth sectors; funding & liquidity remains very healthy, with current and savings account deposits annual growth rate of 45%



Interest earning assets (MK'b)



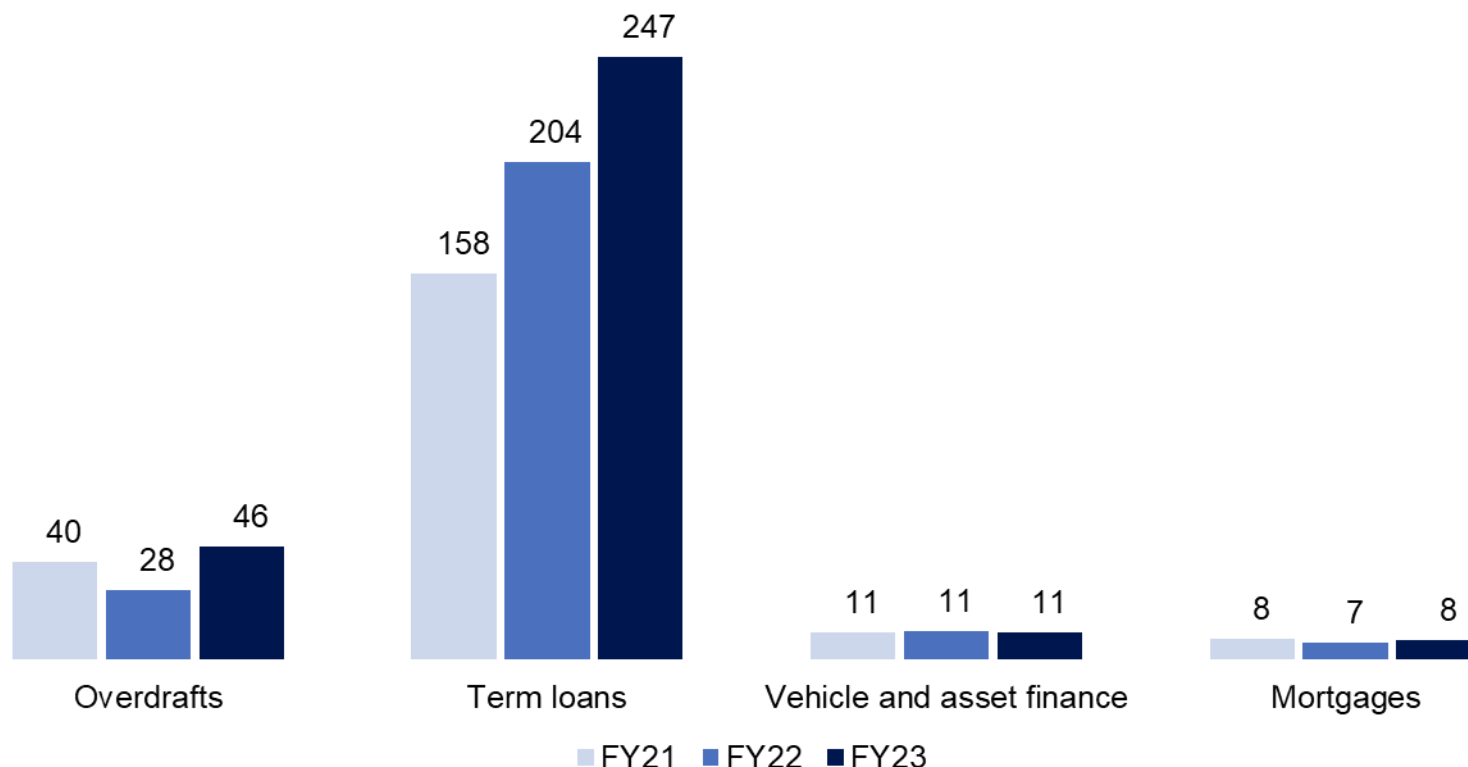
Interest bearing liabilities (MK'b)



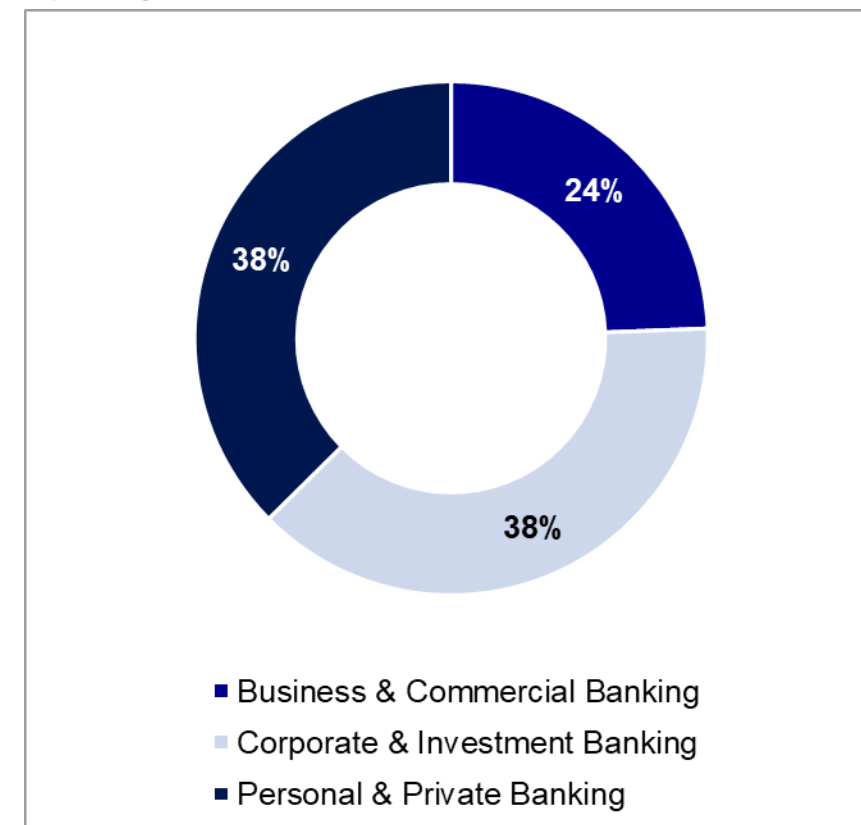
Continued focus growth in secured and corporate lending



Gross Loans & Advances to customers (MK'b), +25%



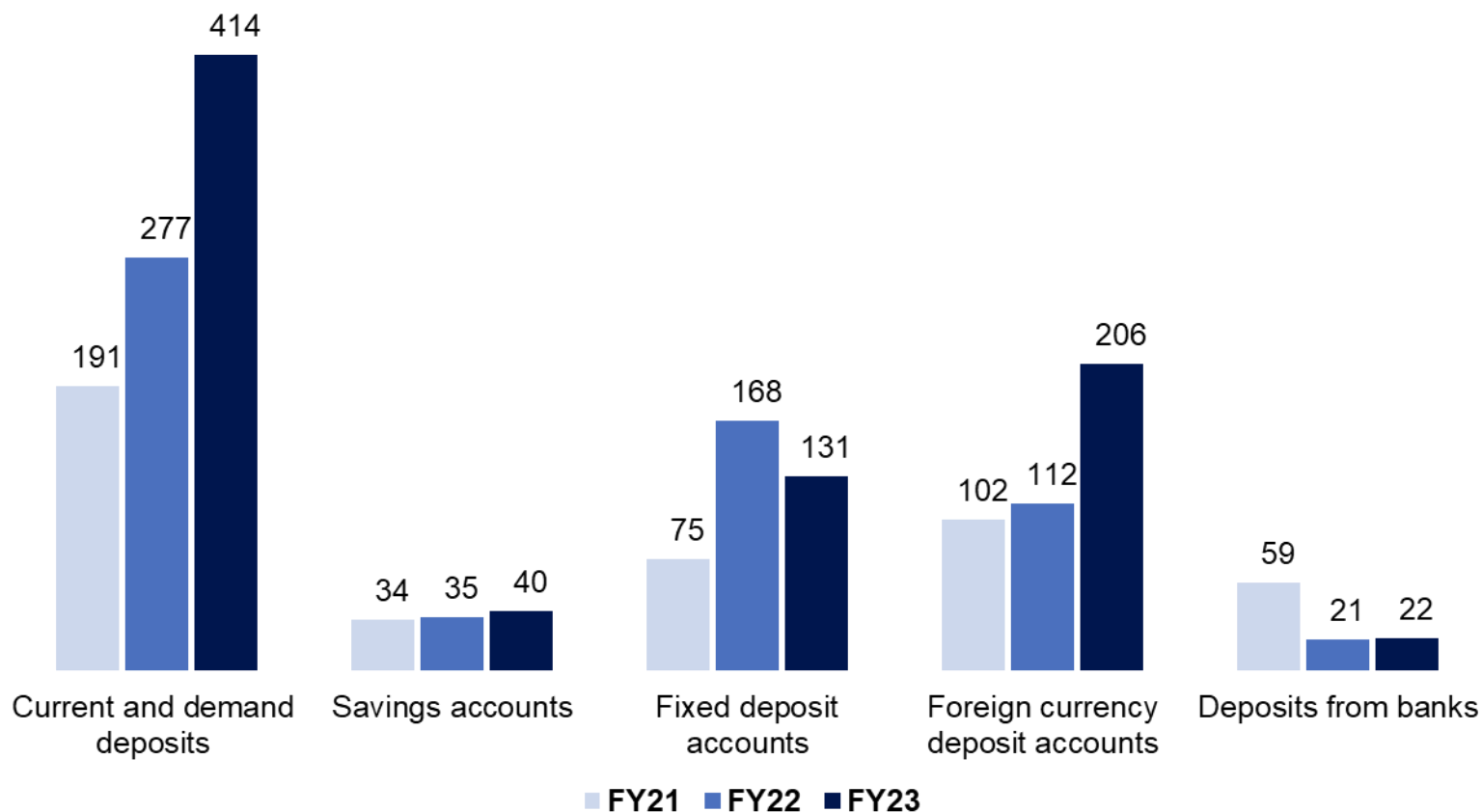
Gross Loans & Advances to customers (%), by segments (FY23)



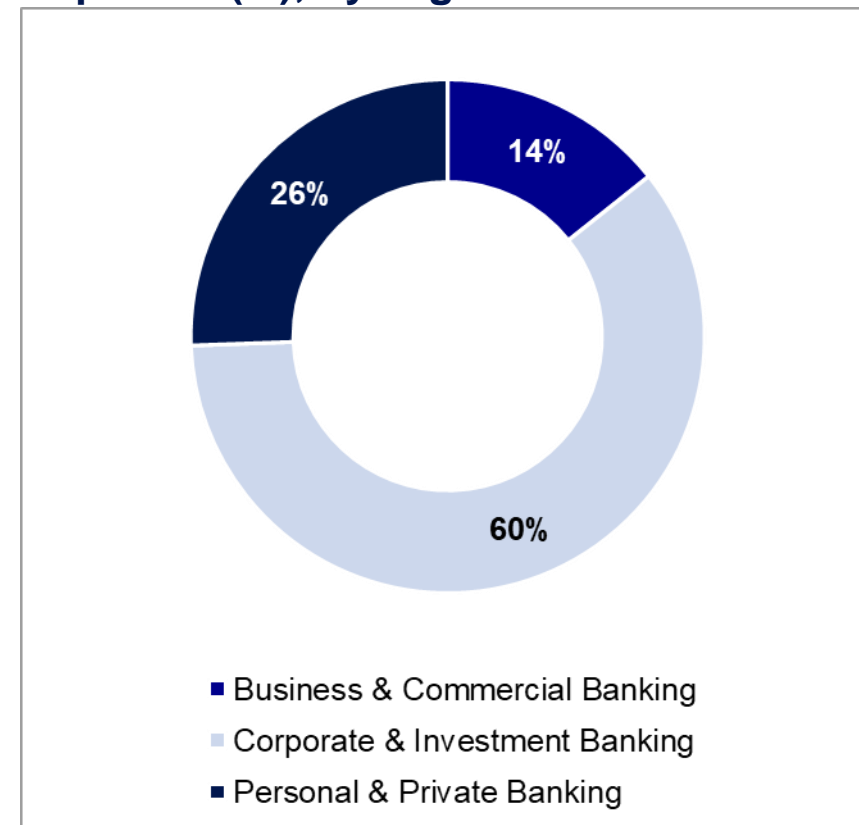
Continued focus on client acquisition and retention strategies



Deposits¹ (MK'b), +32%



Deposits¹ (%), by segments

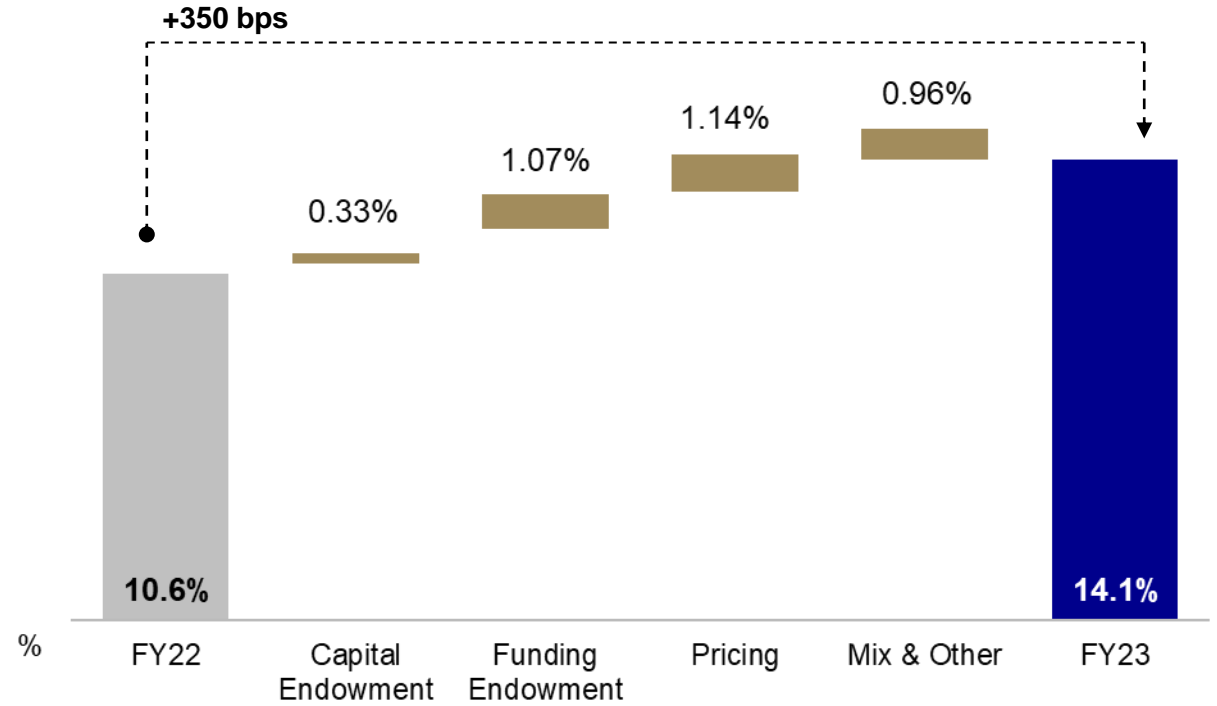
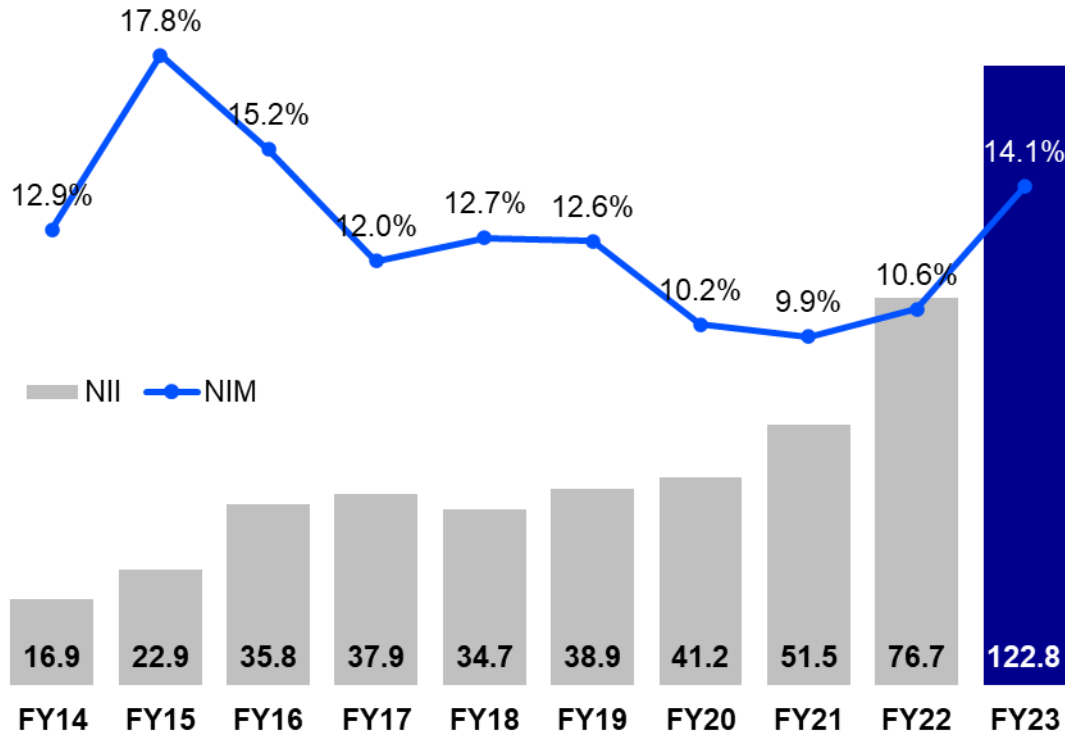


¹ Includes both Deposits from customers and deposits from customers



Net interest income

Growth in interest earning assets (IEA) and margin expansion induced by reference rate hikes drove a 60% increase in net interest income



IEA ¹	131	128	236	316	274	309	403	521	720	869

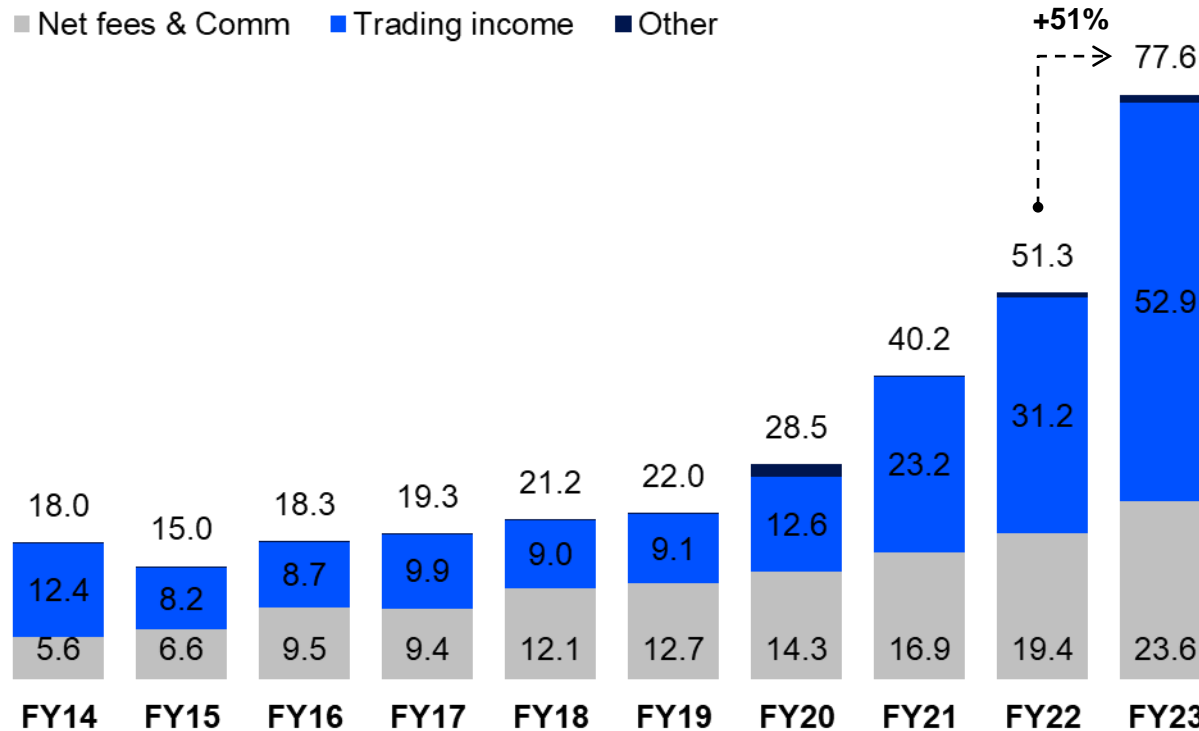
¹ IEA stands for interest earning assets

Strong non-interest revenue growth driven by client franchise momentum across all categories

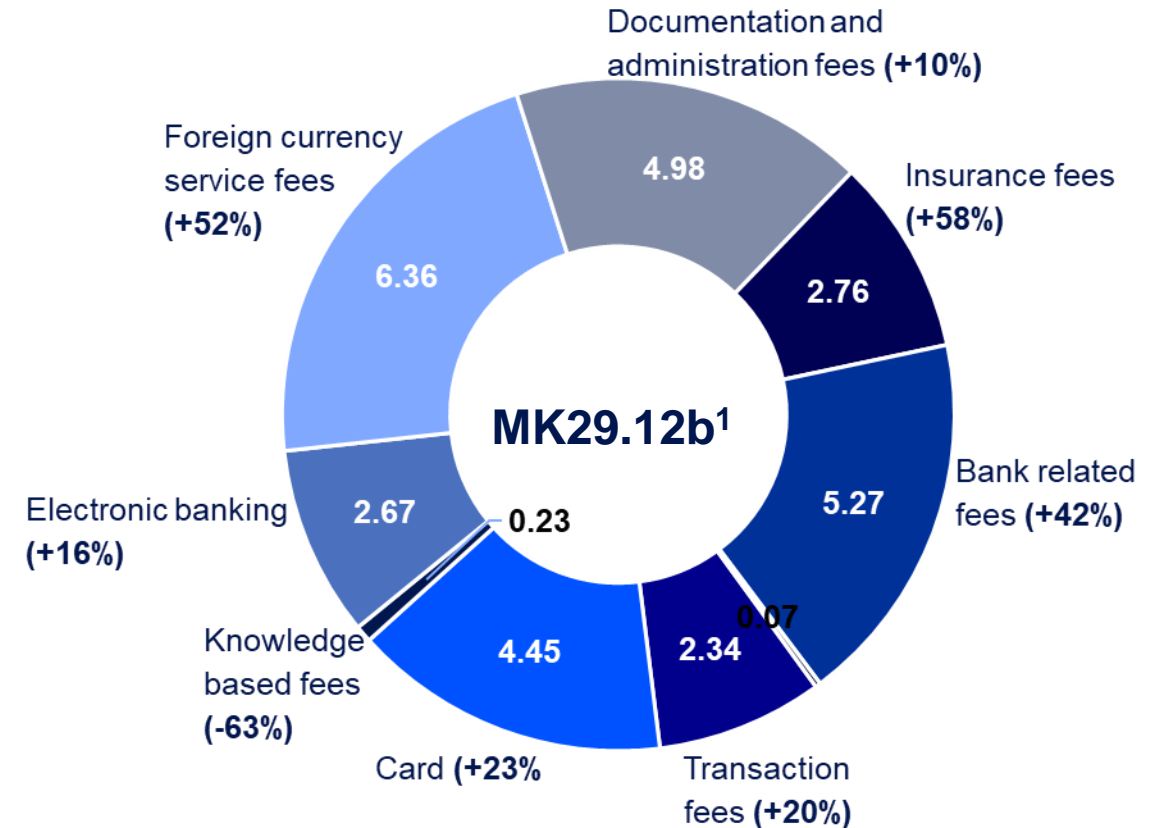


Non-interest revenue (MK'b)

■ Net fees & Comm ■ Trading income ■ Other



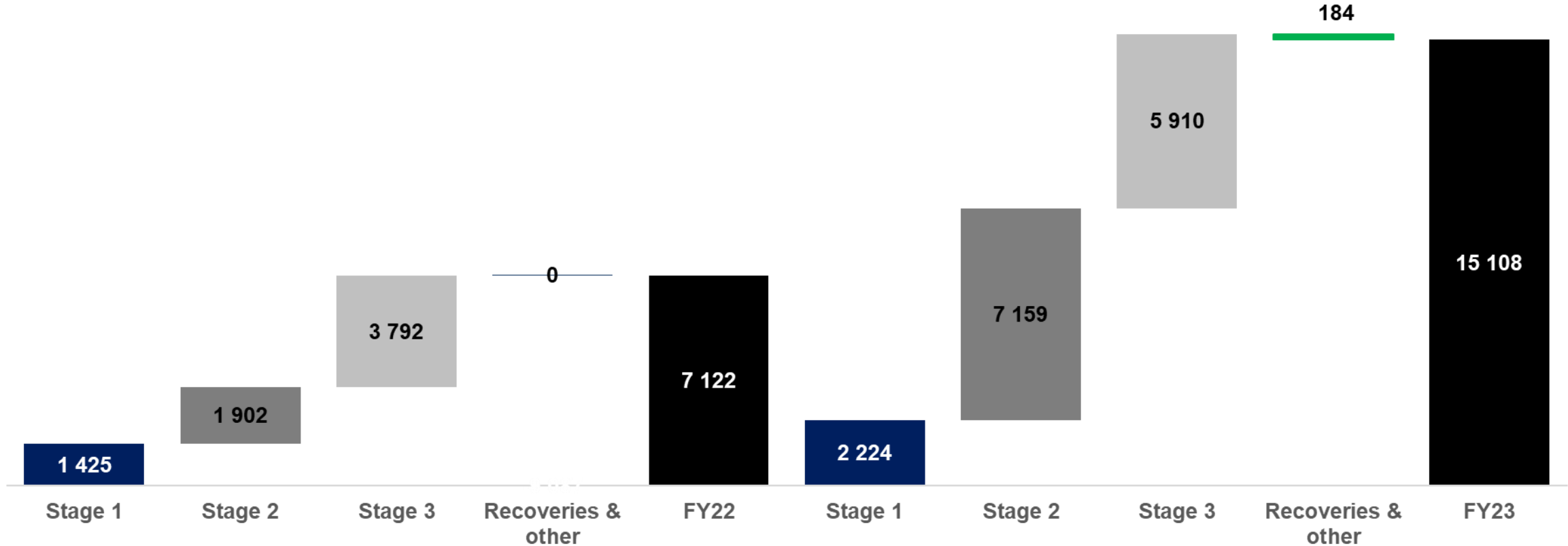
Fees & commissions (MK'b), by category



¹ Fees and commission expenses amounted to MK5.483b, up 62%

Credit impairment charges

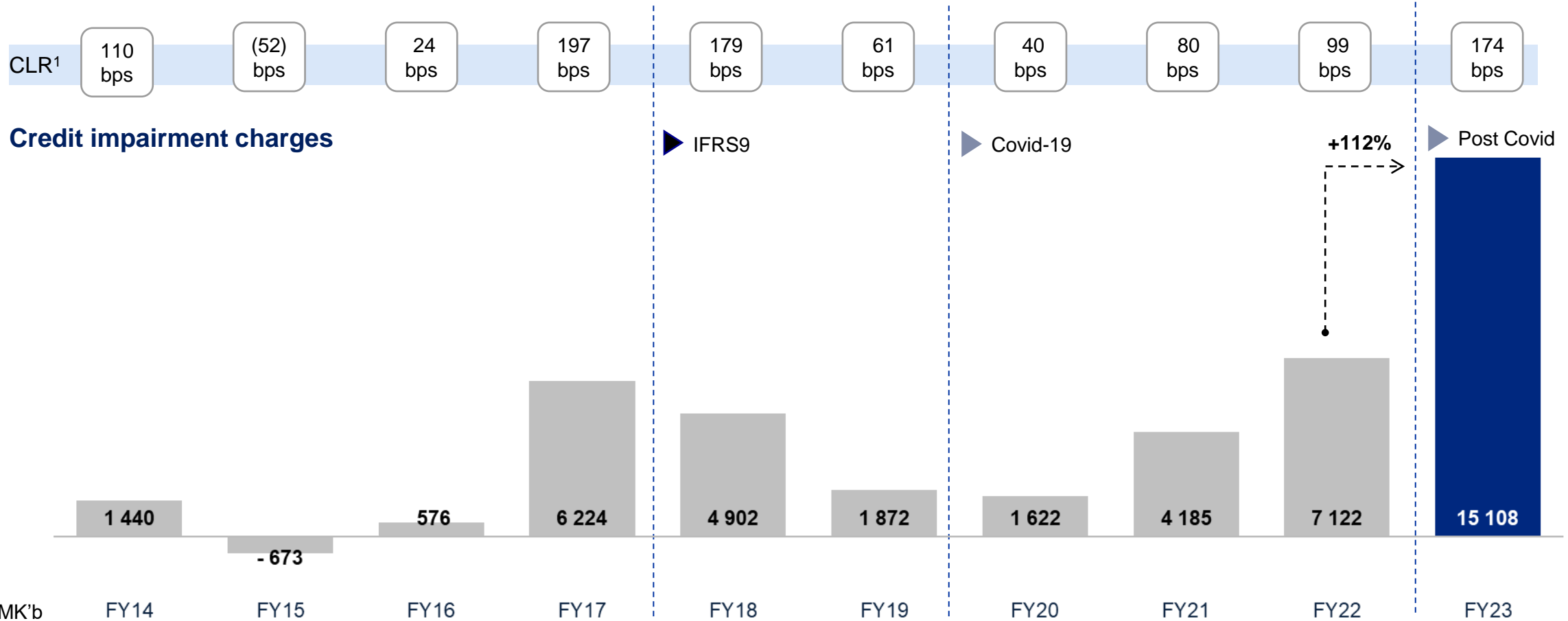
Across all the 3 credit buckets, credit impairments have risen reflecting a deteriorating macro environment & a cautious view to managing credit risk by the group





Credit impairment charges

Concerns around deteriorating macro environment & higher downgrades created pressure on forward looking credit impairments



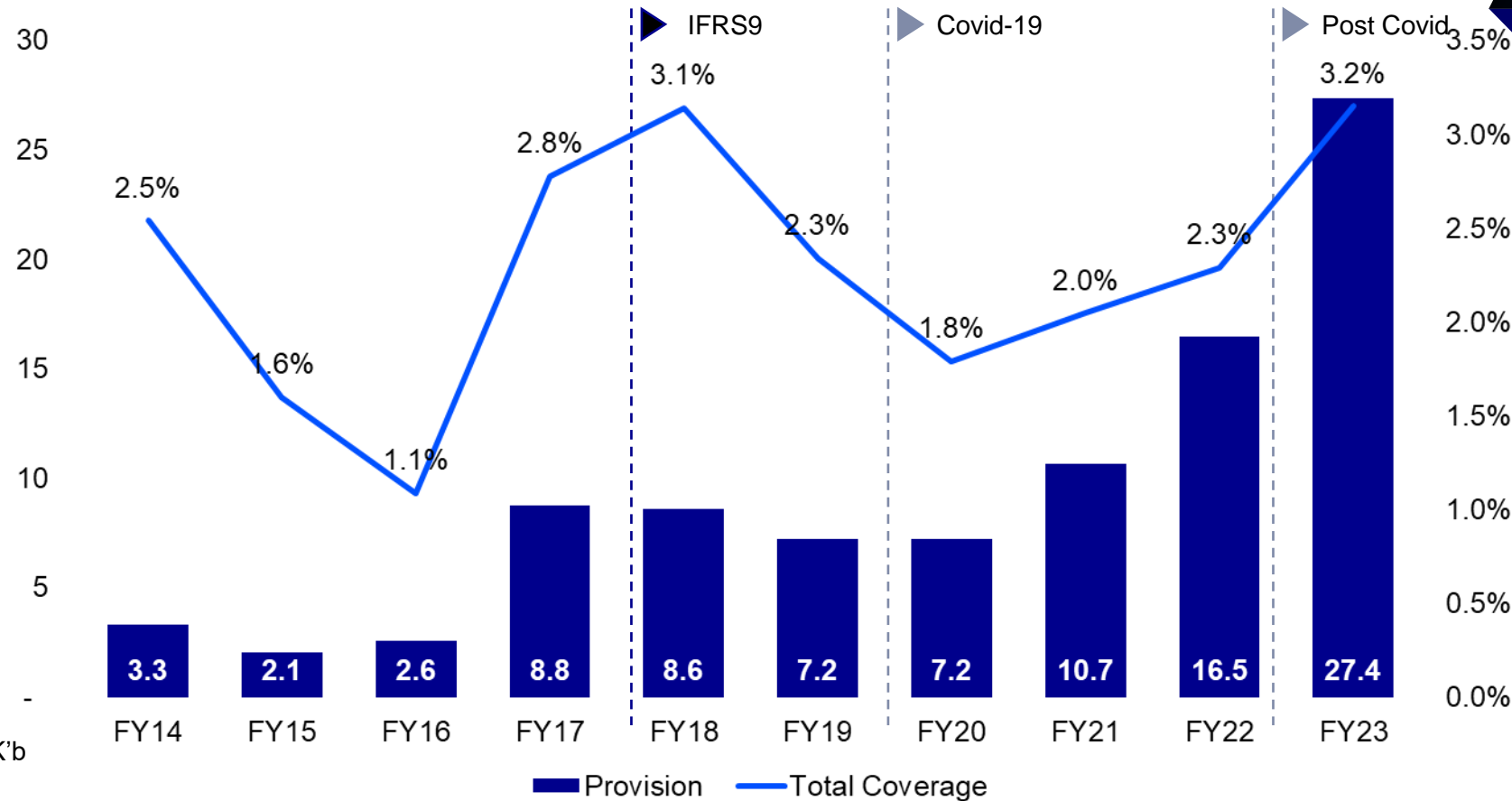
¹ Credit loss ratio based on credit impairment charges on loans and advances & financial investments



Balance sheet provisions and coverage

Provisions and coverage remain significantly above 5-year levels

Provisions¹



Key take-outs

- Provisions and coverage increased post the introduction of IFRS9 in FY18
- Increased further as a result of Covid-19-induced provisions
- FY23 provision levels increased further and remain significantly above historical average as well as IFRS9 levels because of challenging macro economic environment

Average	Provisions ¹ MK'm	Coverage %
FY14 – FY17	4 183	2.0
FY18 – FY19	7 924	2.7
FY20 – FY22	11 460	2.0
FY23	27 377	3.2

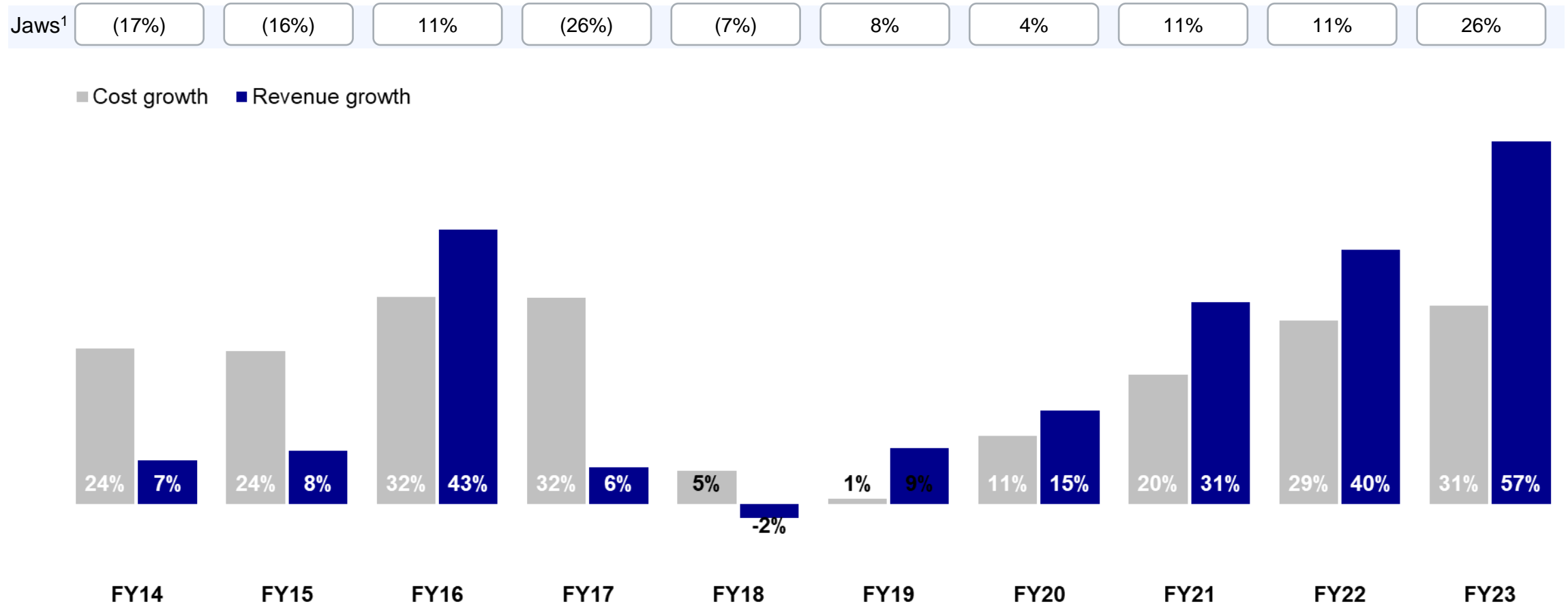
¹ Based on average of year end/ period end provisions for on-balance sheet exposures

Operational leverage

Continued revenue growth momentum and cost optimisation continued to favourably widen the JAWS



Income and cost growth and jaws

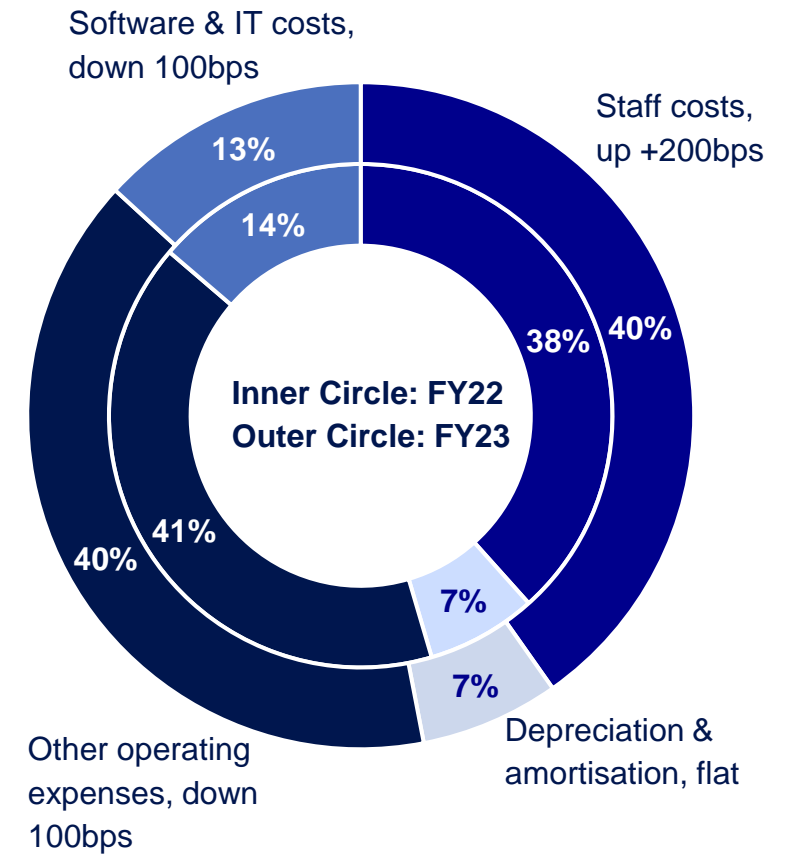
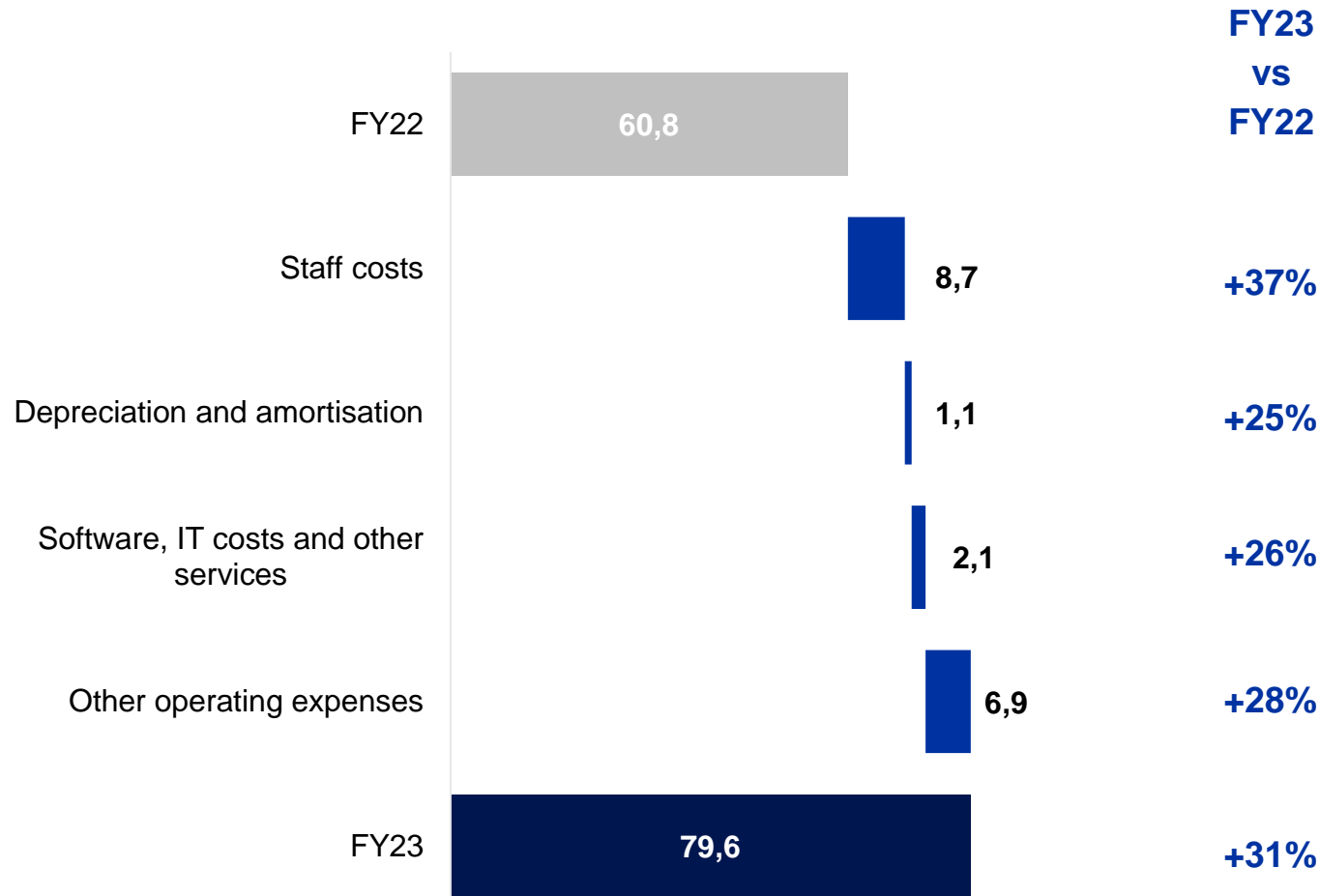


¹ Jaws calculated as revenue growth less cost growth



Operating expenses

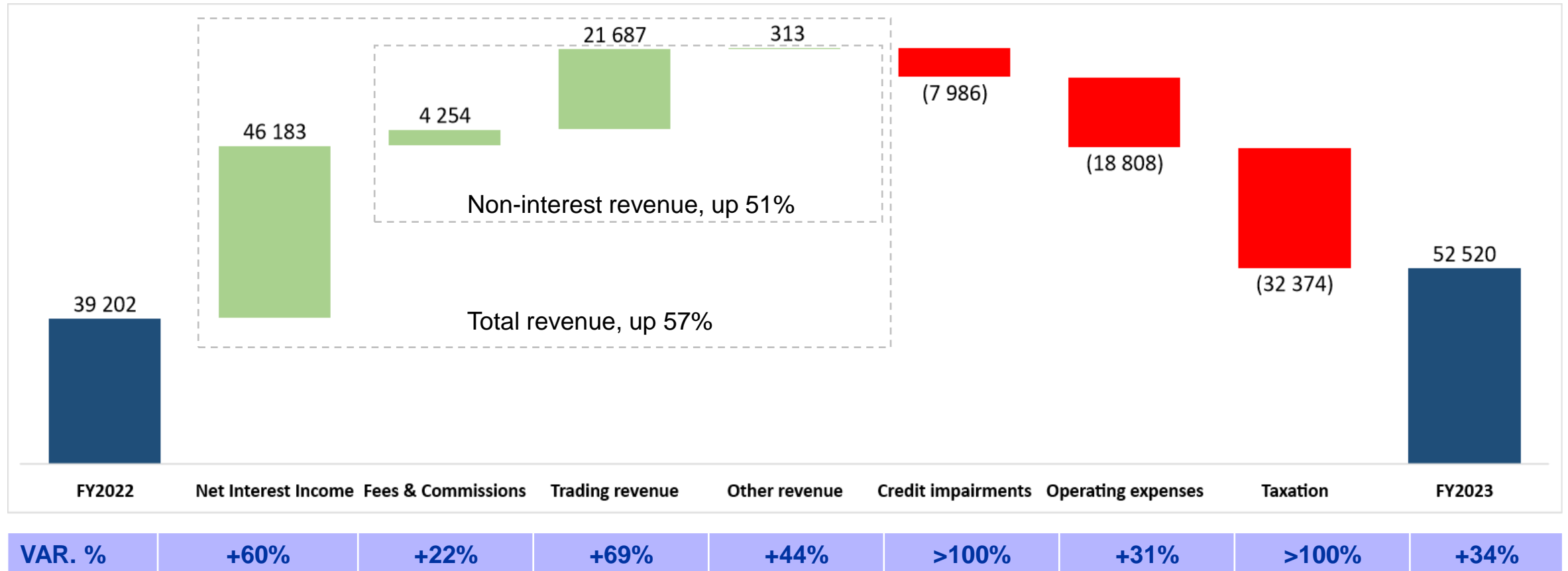
Higher cost growth on account full year impact of cost living adjustment effected late 2022 and additional headcount.
Growth rates on other lines are below target inflation rate growth





Group profit after tax analysis

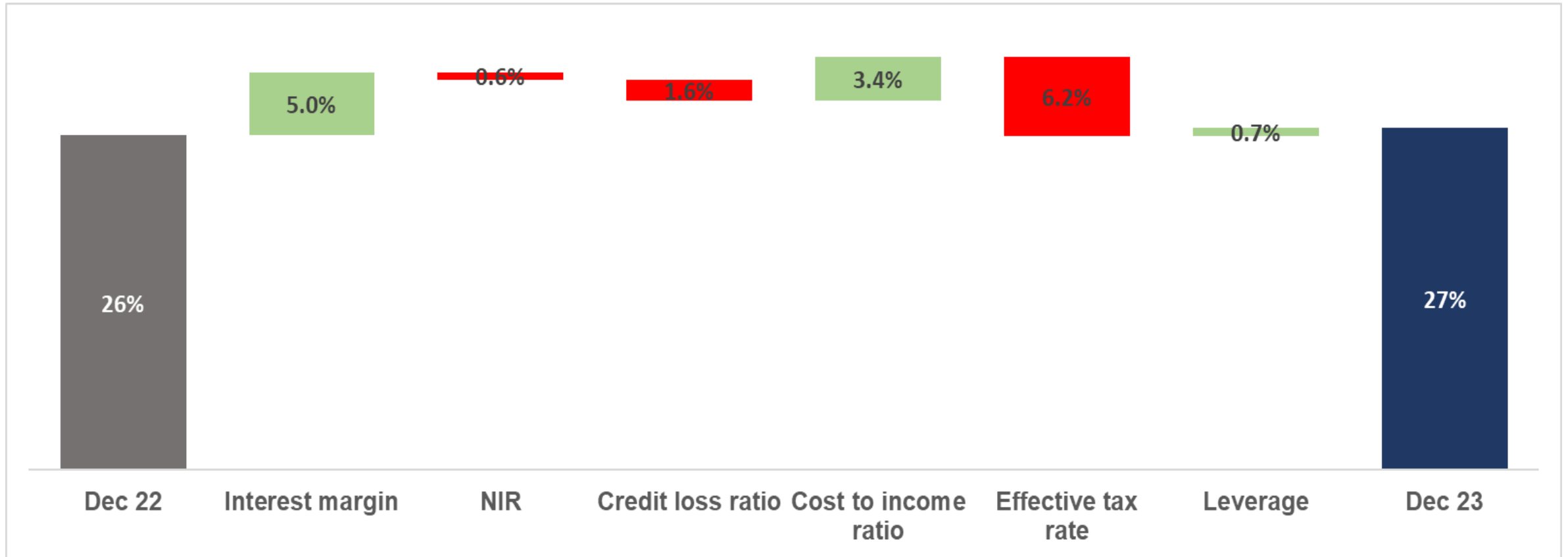
Stellar revenue performance and prudent cost management notwithstanding rising credit impairment charges, additional 10% tax on banks, and a high inflationary operating environment, drove strong growth in earnings





Group return on equity analysis

Return on equity (ROE) surge is driven by favourable interest rate margins, cost optimisation and increased lending which cushioned the adverse impact of weak NIR performance, higher impairment charges and additional 10% corporate tax on banks

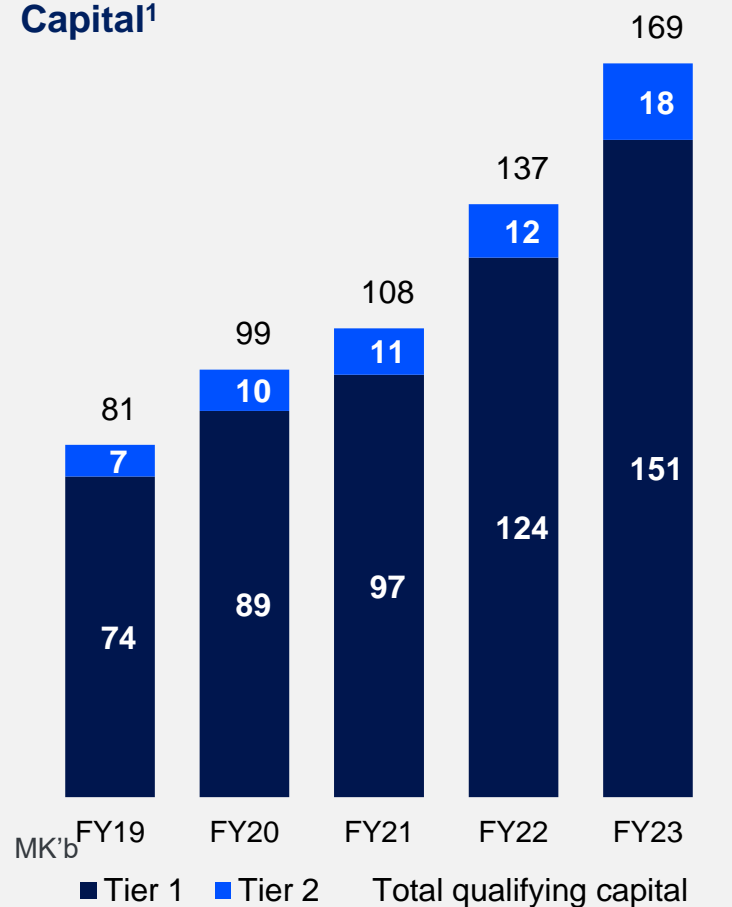


Capital and liquidity

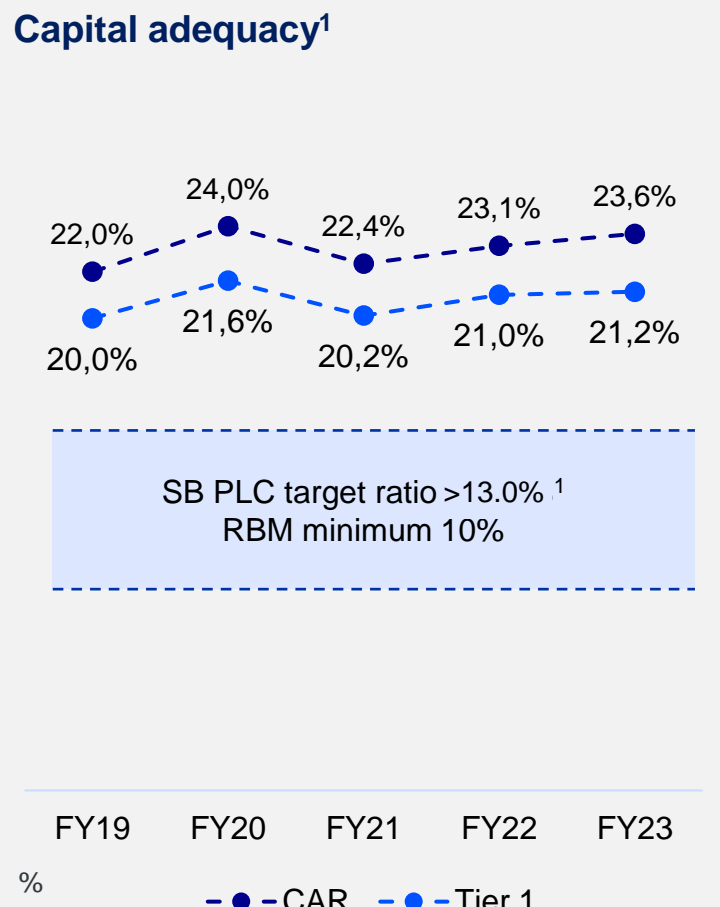
Robust capital and liquidity providing resilience and supporting business growth



Capital¹

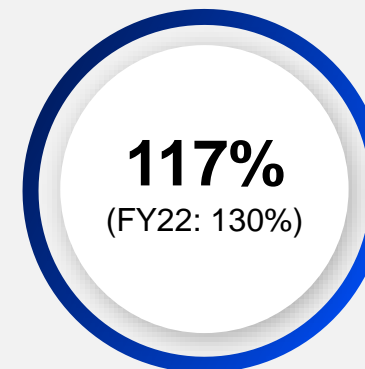


Capital adequacy¹



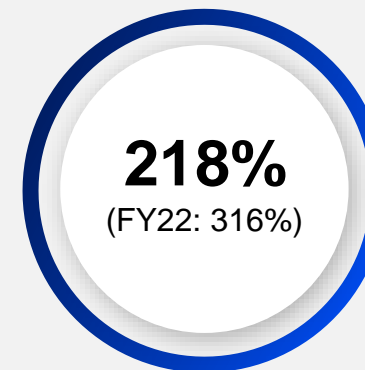
Liquidity

Internal stress ratio - LCY



Basel III
minimum
105%

Internal stress ratio - FCY



Basel III
minimum
105%

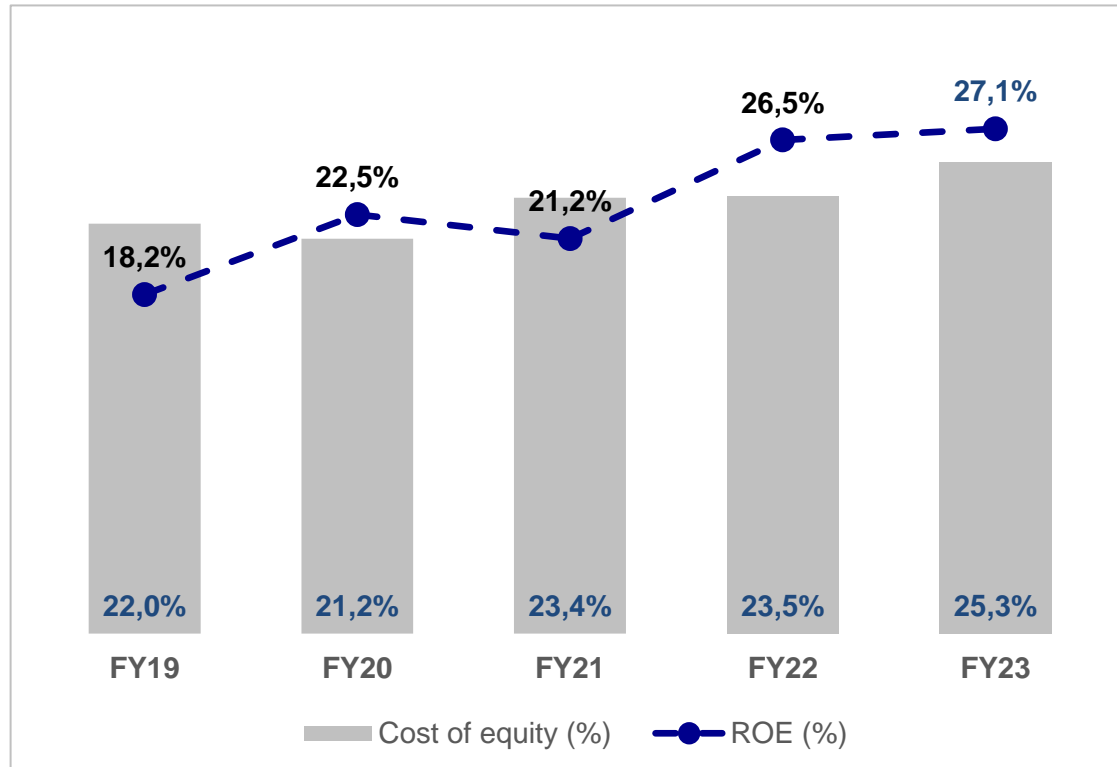
¹ Including unappropriated profits



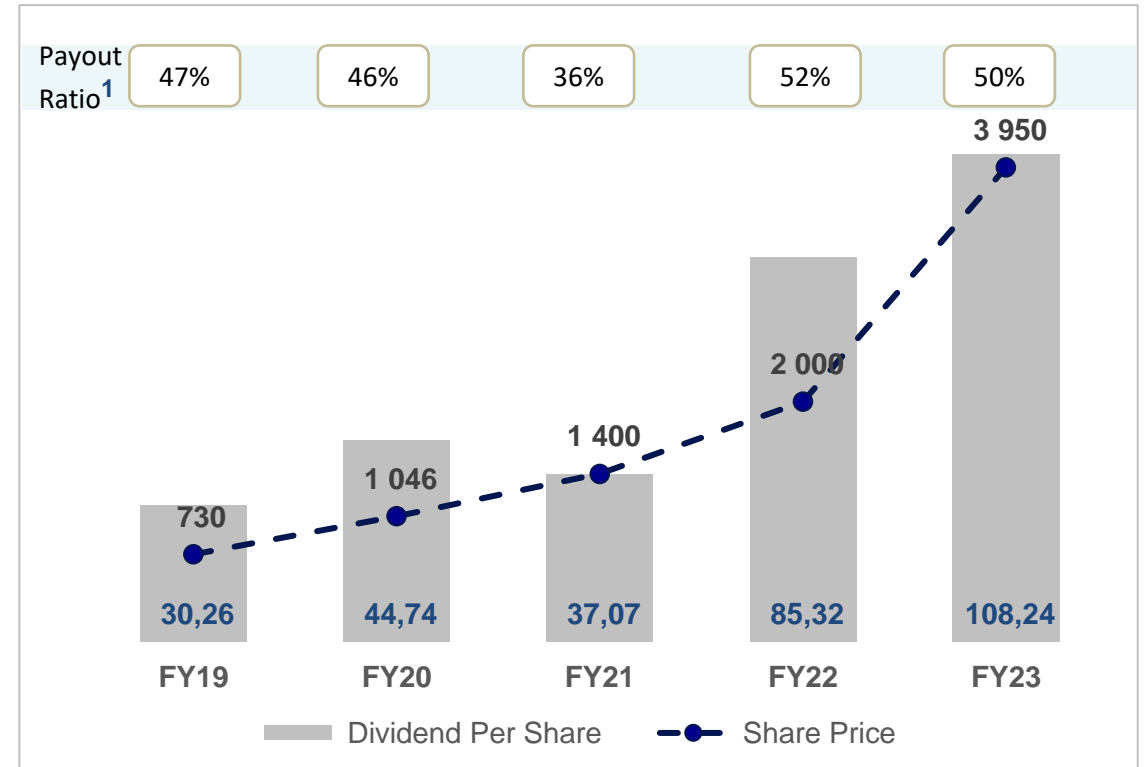
Shareholder value creation

Return on equity (ROE) rallied above FY22 and cost of equity. Despite significant currency depreciation and the deteriorating macroeconomic factors, dividend per share and share price surged above FY22

ROE & cost of equity (%)



Dividend per share (tambala)



¹ Based on Bank results. Group Payout Ratio closed at 48% (2022: 51%)



Outlook | 2024 and beyond

3.0

Global economic outlook – economy an enigma for 2024 and beyond



There are years that ask questions, and years that answer; 2024 is potentially a year of more questions than answers

- **New era, uncertainty to persist**
 - Years brimming with uncertainty and searching questions.
 - New era inaugurated with seismic shifts across politics, economies, and society.
- **From democracy to illiberalism**
 - pendulum is lurching from democracy to illiberalism;
 - from fading Western dominance to accelerating Eastern ascent;
 - from moderate multilateralism to combative geopolitics; ‘
 - from conventional life to overlapping virtual identity; and many more structural shifts.
- **Geopolitics to heighten**
 - 2024 opens with 2 wars, a Red Sea inflamed, and a failing Rules-based doctrine.
 - Half the world’s adult population will make electoral choices regarding the people and policies that should govern them.
 - The unflinching drift to illiberalism is poignant.
- **Politics will take centre stage**
 - In many countries (like South Africa, the USA, etc), a new age of politics beckons.
 - The first half, thick with election forecasting and manifestos.
 - In Malawi, political campaigning is expected to intensify as we move closer towards the 2025 general elections

It is time to buckle up!

2024 outlook – risks persist, but expect a soft landing



Global

- Geo-political tensions will persist
- Inflation expected to continue to fall providing scope for interest rates cuts
- IMF forecasts global real GDP growth of 3.1% for 2024¹
- Elections across much of the globe



Sub-Saharan Africa

- While some markets may still see interest rate increases in 1H24, most markets expected to start cutting interest rates in 2H24
- IMF expects sub-Saharan Africa to grow at 3.8% in 2024¹, with higher levels of growth in East Africa
- 13 countries will hold elections in 2024, including six where the group operates²
- Malawi will start preparing for elections scheduled for 2025



Malawi

- Inflation pressures expected to persist in 2024
- GDP growth is projected to rebound to 3.5% in 2024, driven by recovery in Agriculture but also a focus on Tourism and Mining sectors
- Continued gradual policy reform should be growth-supportive over time and an acceleration in resolving the electricity, road and constraints would aid this further
- IMF ECF program expected to be sustained
- Gross debt as a % of GDP projected to reduce as fiscal discipline measures get implemented, but debt distress to persist in the short term

¹ International Monetary Fund, Jan 2024, ² Elections in Botswana, Ghana, Mauritius, Mozambique, Namibia, and South Africa,



Looking Ahead |
Competitive position



Positive outlook – over the medium to longer term



Our base case

- Moderating global inflation and improved growth outlook
- Sub-Saharan Africa
 - Growth likely to pick up to 4%, leading to massive financing opportunities
 - More orthodox policy and better communication should improve pricing of African debt
- Malawi
 - Constraints in electricity, road and rail infrastructure will continue to be addressed
 - Policy continuity on back of IMF ECF Program despite the uncertainty surrounding the upcoming elections in 2025
 - Growth likely to improve on back of ATM strategy & improve FX availability
- Steady progress on sustainability and managing climate risk

Downside risks

- Global economy experiences a hard landing
- Intensifying populism and deepening fragmentation between power blocs leading to a new Cold War
- Worsening regional wars
- Counterproductive policy choices in Malawi and most African countries
- Inaction or policy reversals on climate change and sustainability

Upside possibilities

- Stronger than expected global growth
- Improved geopolitical outlook
- Faster and more ambitious structural reforms in Malawi and SSA countries
- Faster progress on climate change adaptation and mitigation

Variety of scenarios, but Standard Bank well prepared and well positioned

Our business – well diversified growing client franchise, and our clients continue to do more with us



PPB

MK45.2b, ↑ 50%
Revenue

MK4.7b, ↑ 35%
Profit After Tax

ROE 12%

Continued momentum

- Active digital clients, **+16%**
- **40%** of total unsecured loan disbursements are digital
- **44%** of customers are digitally active

BCB

MK29.3b ↑ 18%
Revenue

L&A ↑ 22%

CTI 23%

Attractive proposition that resonates with our clients

- superior customer engagement
- **55.5%** of active base are digitally registered
- **21%** of total loans relates to SME lending
- **10%** reduction on Cheque transactions
- **MK537.2b** transaction values on Enterprise Online
- **>345k** acquired customers on UNAYO YTD

CIB

MK124.7b, ↑ 70%
Revenue

MK47.5b, ↑ 52%
Profit After Tax

ROE 88%

Record revenues

- Driven by client franchise revenue growth,
- **49%** growth in Business Online transaction values
- **11%** growth in Business Online transaction volumes

Diversified businesses all delivering strong set of results

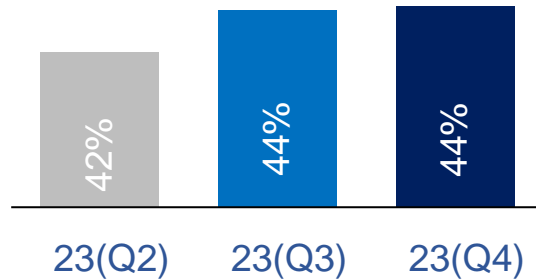
- Investment Banking,
- Transactional Products and Services,
- Global Markets

Digital evolution – Delivering market-leading digital solutions

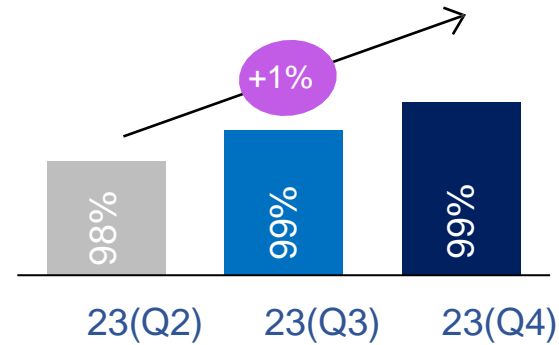


Digital adoption by clients continues to grow, with increased digital transaction values

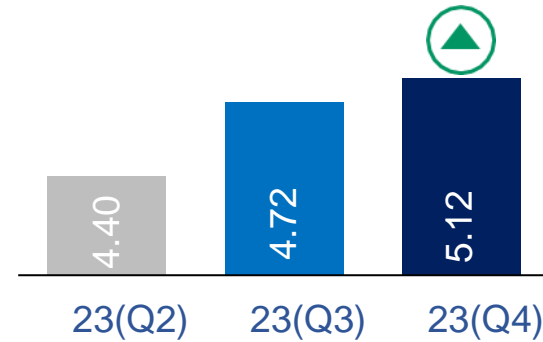
Digitally active clients
(% of total active clients)



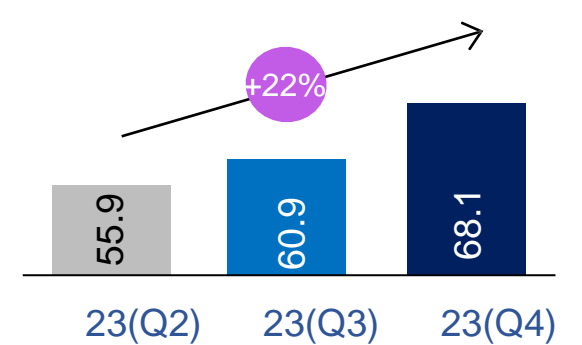
Digital sales
(% of new sales¹)



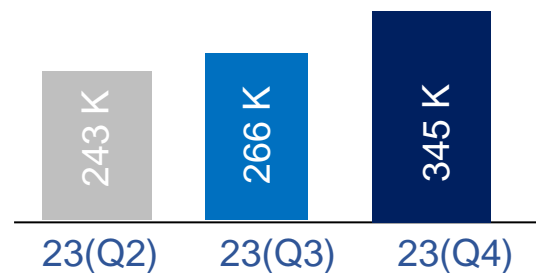
Digital transaction volumes
(# m)



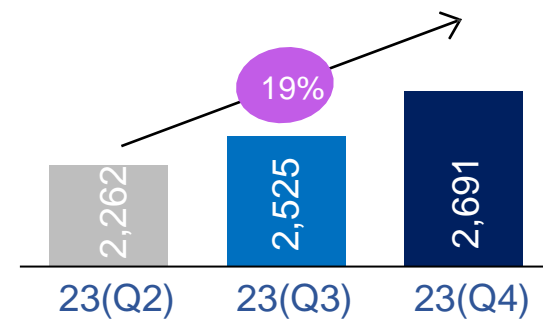
App transaction volumes
(# 000)



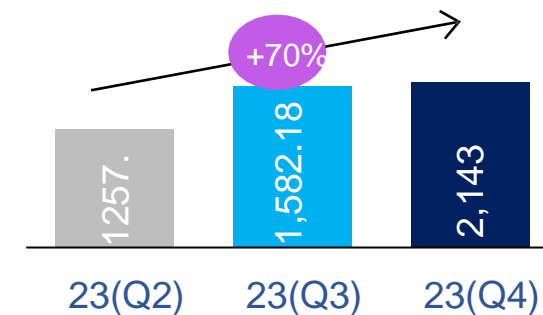
Unayo Customers
(Users)



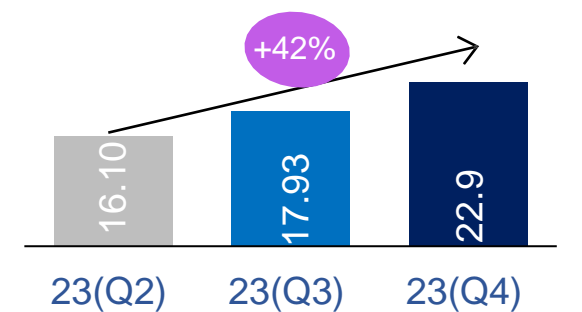
Smart app active users
(#)



Digital transaction values
(MK bn)



App transaction values
MK bn)



● Change since Q2 2023

Operational efficiency – Technology

Targeted investment enables competitiveness and resilience, and ensures delivery of excellent client experience; committed to bringing Finacle home



INNOVATION



ALWAYS ON



ALWAYS SECURE



SIMPLIFICATION & LOCALIZATION



DATA & AI

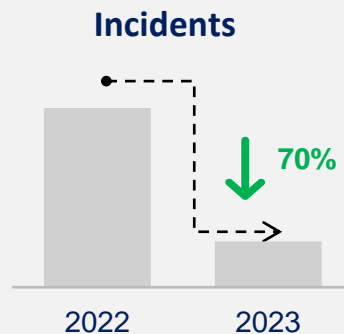


COST EFFICIENCY

Building trust through stability and security

- Focused on **reducing system downtime**
 - **>99.5%** Applications Uptime
 - **>99,5%** Network Uptime
 - **0** Cyber Security incidents

- Leading to **reduction in number of High Impact incidents**



Deploying enhanced client service offerings and experiences

Improved client experience scores on digital channels

45
Internet Banking NPS score

↑ **1.0pts**

34
Mobile Banking NPS score

↑ **9.0pts**

+13 Value Added Services

Extracting value while modernising our technology

- **Automation and Robotics** of services

13 BOTS
Deployed into Production

36 APIs
Internal APIs in Production

Focus on Localization

- Finacle Decoupling program - phase 1 to localize Finacle Core Banking and associated applications

July 2024 planned Go Live date

Impact on Society – we are committed to delivering positive impact



We are committed to finding solutions for our own, and our clients' environmental and social risks and opportunities



Release and publication of the Standard Bank 2022 Report to Society



A contribution of **MK20 Million** towards MUST Student Endowment Fund



Donation of **MK30 Million** towards Cholera response through the Presidential Taskforce for COVID19 & Cholera



Sponsorship of the inaugural Malawi Investment Forum with **MK50 Million** in South Africa



MK90 Million towards Cyclone Freddy disaster emergency response through Malawi Red Cross Society



Merit Scholarship Fund disbursed **MK29.7 Million** to support 64 secondary school students



Impact on Society – we are committed to delivering positive impact



We continue to find solutions for our own and our clients' environmental and social risks and opportunities



MK90 Million towards expansion and renovation of Zomba Central Hospital Maternity Ward High Dependency Unit.



Supported Breast Cancer Awareness initiative with **MK5 million**.



Christmas donations to Childrens' wards during Christmas in **3 districts worth MK3.6 million**.



Purchase of medical equipment for Mens' ward at Queen Elizabeth Central Hospital worth **MK5.6million**



International Day of the Girl Child mentorship programme that reached out to **150 girls across 5 districts**.



Supporting young people with skills and knowledge in the budding Film Industry by sponsoring Malawi Film Festival with **MK5 million**



We continue to be recognized and win numerous awards

Our efforts are not going unnoticed locally and internationally



Best Bank of the year in Malawi 2022 & 2023 – Global finance

THE MULTIPLE AWARD-WINNING BANK IN MALAWI!

1st place in the Quality, Productivity, & Innovation category - ECAM



2023 Top Innovators in Finance - SME Category - Global Finance



2023 Best Bank for CSR & Best Bank for Digital solutions in Malawi – Euromoney Awards



Our strategy, purpose and targets beyond 2024

Becoming the undisputed #1 financial services provider in Malawi



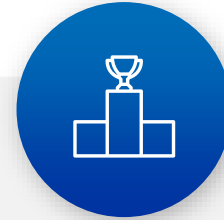
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Why we exist

MALAWI IS OUR HOME, WE DRIVE HER GROWTH



Transform Client Experience

Revenue growth >30%



Execute With Excellence

Cost to Income Ratio ~45%



Drive Sustainable Growth And Value

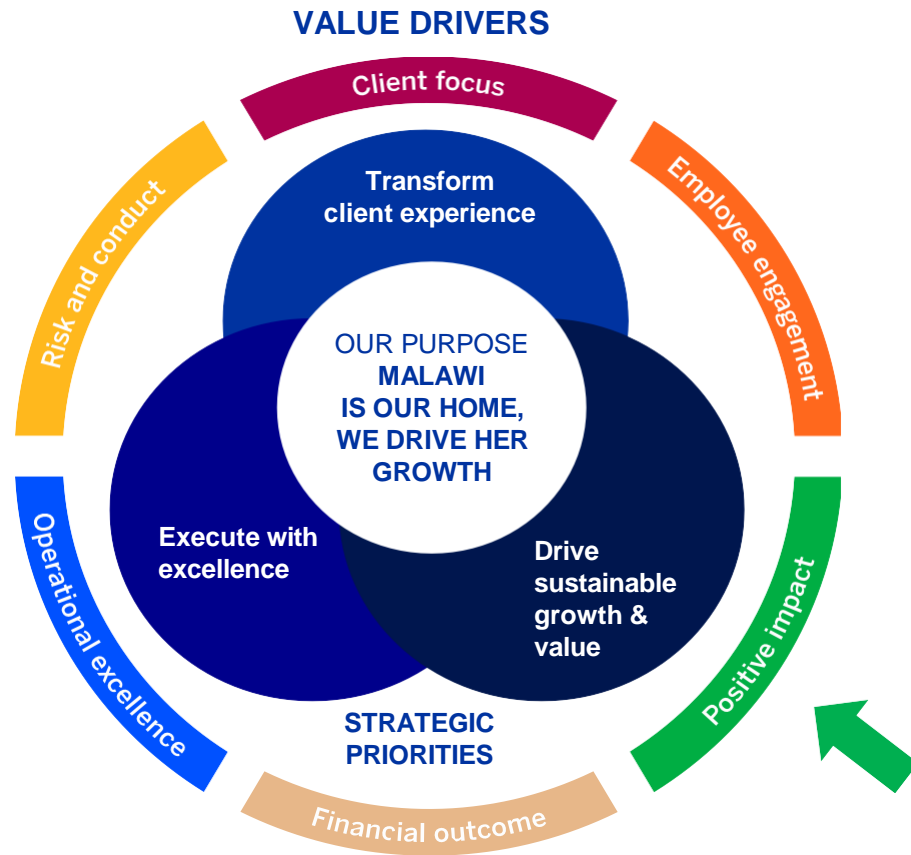
Return on Equity ~40%

OUR STRATEGIC PRIORITIES:
What we need to do to deliver our purpose

OUR FINANCIAL TARGETS:
What we have committed to deliver

Focused on execution, strategy delivery

Sustainability – our renewed approach



The following changes have been implemented following the endorsement of a refined approach to sustainability in 2023

1. Changing “SEE” impact value driver to “Positive Impact”

- We will refer always to **POSITIVE IMPACT** on society, economies and the environment – to align with universally understood sustainability terms

2. Refining our approach to sustainability

Our two pillars remain the same:

- Maximizing positive impact
- Effectively managing risk

3. We have refined our impact areas to better reflect alignment to our strategy

- Enterprise growth and job creation
- Infrastructure development and the energy transition
- Climate resilience
- Financial inclusion

We have ensured a clearer link to the Sustainable Development Goals (SDGs) and targets

4. Report CSI separately

- To highlight that our impact is broader than CSI
- Education and Health impact areas grouped under CSI

Our 2024 focus areas



- 1 Continue to grow our client base through our universal product offering and unrivalled network
- 2 In all three business units, focus on defending where we lead, growing where we are sub-scale and optimising to create capacity to invest where needed
- 3 Manage risk effectively while supporting clients and ensuring we have an engaged workforce
- 4 Focus strongly on costs, but continue to invest for the future
- 5 Allocate resources diligently to support continued underlying franchise growth and returns
- 6 Continue to drive digitization and pioneer innovation including localization and bringing home our core banking system, Finacle



Q&A



THANK
YOU



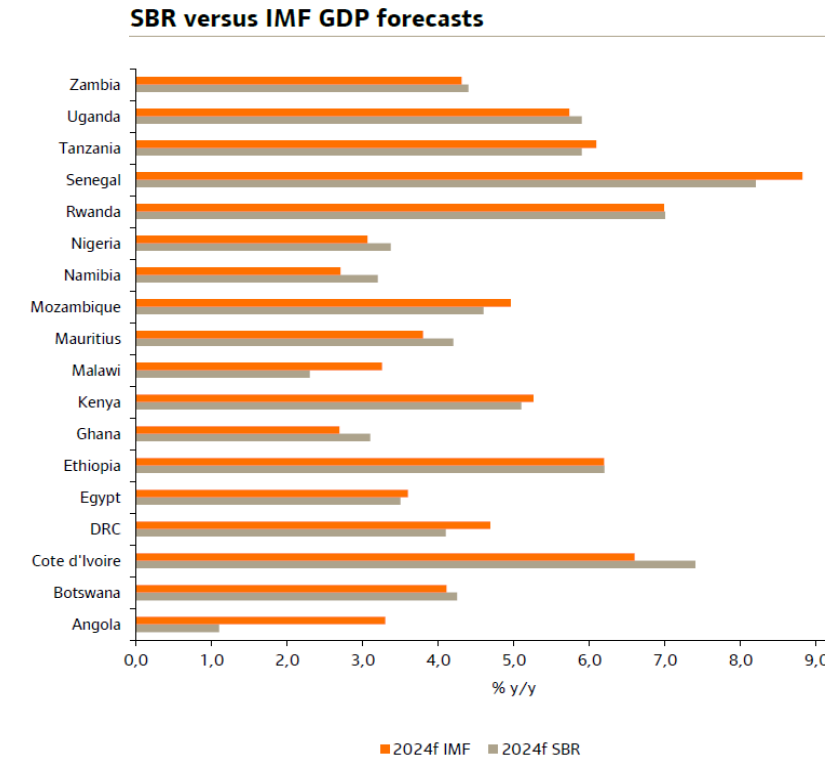
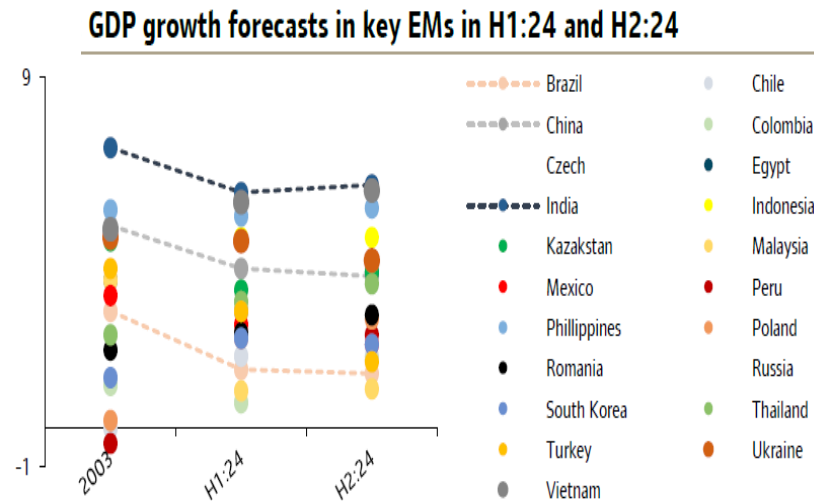
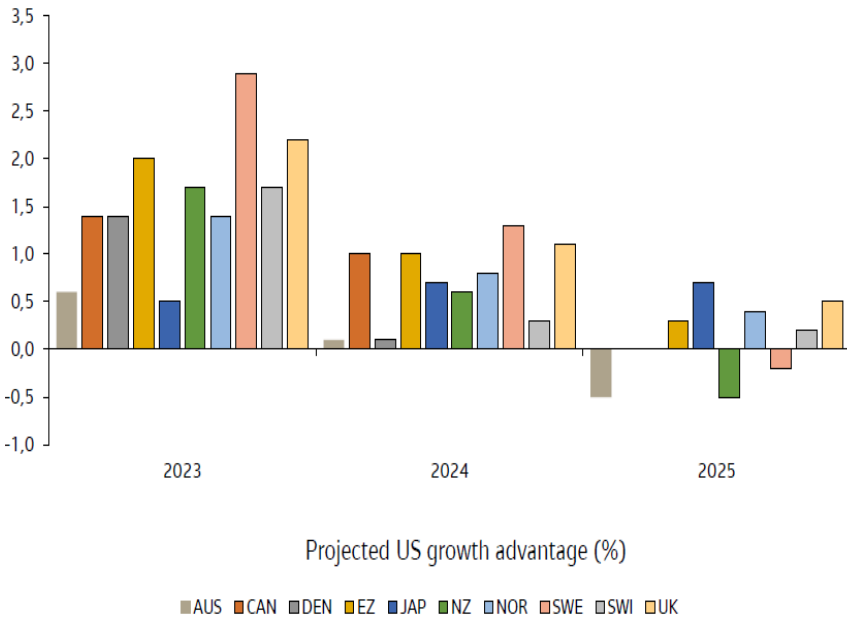
Appendix – Additional information





Global economic outlook – economy an Enigma for 2024 and beyond

Slow global recovery is expected in the medium to long term as most developed countries continue to find ways of covering the economic deficits caused by the political tensions and the climate change disasters. Global GDP is projected to stay at 3.1% for 2024



Currency Stability is unlikely to persist for the G10 countries, as this year is likely to see monetary policy turn around with central banks slowly reducing policy rates.

Decent but bumpy year ahead for emerging markets, given the uncertainty over the health of advanced economies and path of still elevated policy rates, ongoing geopolitical developments, the relative resilience of the USD, and strained fiscal positions of some. GDP growth expected to remain at the same level as 2023.

Africa growth stages a come back, despite the El Nino weather, debt burdens and geopolitics that still pose risks. The IMF expects GDP growth in Sub-Saharan Africa (SSA) to rebound to around 4% in 2024, from an expected 3.3% in 2023.

Outlook for 2024 and beyond remains uncertain

Another tough and uncertain operating environment expected in 2024



Risk matrix	Current term	Medium term	Long term
Themes	<ul style="list-style-type: none"> • Geo-political tensions (Russia/Ukraine, Israel/Hamas War) • FX scarcity • Inflation • Impact of cyclones • Covid lagging effects • Sovereign risk heightened 	<ul style="list-style-type: none"> • MNOs • Fintech • US/China vs. BRICS • Insurance companies • General elections - Politics 	<ul style="list-style-type: none"> • Sustainability • ESG
Risk	<ul style="list-style-type: none"> • Low economic growth • Currency depreciation • High interest rates • Bad debts • Public debt distress • Internal & external fraud • Concentration risk 	<ul style="list-style-type: none"> • New & increased regulations • Increased levels of bad debts and credit impairments • Market share loss due to actions to restructure balance sheet • Access to capital • Increasing interest rates 	<ul style="list-style-type: none"> • Climate risk • Slower economic & national development
Opportunities	<ul style="list-style-type: none"> • Increased funding demand • Increased margins • FX volatility 	<ul style="list-style-type: none"> • Agriculture ecosystem • Tech partnerships • Intra Africa & Regional Trade • Borderless Banking • Private Banking 	<ul style="list-style-type: none"> • Agriculture commercialization • Energy & Infrastructure • Mining & Tourism • Green financing partnerships • Wealth management



How we will define success

A bank focused on driving growth & sustainability, committed to deliver on our purpose-led strategy, becoming the undisputed and dominant #1 financial services provider in Malawi



Well diversified client centered business, providing best in class seamless client experience



Partner for growth, focusing on sustainable and positive impact to our society to - better serve millions of customers directly or indirectly



Employer of choice in Malawi



Strong risk management, top rated in governance and leader in digitization & innovation



Delivering sustainable shareholder value through our chosen growth vectors



Defend & strengthen our **CIB business**, lead in Energy & Infrastructure.

Grow our **PPB franchise** focus on middle markets & #1 Private Banking

Grow & focus on Banking and driving our chosen ecosystems in **BCB**, lead/dominate Agric

DISCLAIMER



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By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements may not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, the Bank's actual results may differ materially from those forecasted. The Bank therefore assumes no liability any loss that may be suffered as a result of any reliance that may be placed on the forecasted results.