



MALAWI IS OUR HOME, WE DRIVE HER

GROWTH

2024
HALF-YEAR RESULTS
PRESENTATION

STANDARD BANK PLC
19 AUGUST 2024



1.0

**1H2024
Backdrop and
progress**

2.0

**1H2024
Financial
performance**

3.0

**Strategy and
outlook**



1H2024

Backdrop and progress



1.0

A large, blue-outlined shield shape on the right side of the slide. Inside the shield, the text '1.0' is written in a bold, blue, sans-serif font.

1H2024 – despite a difficult macroeconomic environment.....

We continue to navigate a complex and turbulent operating environment



Global

- Serious geopolitical tensions persisted
- Elections created uncertainty in several countries
- Global inflation moderated, but slower than expected
- While the EU central bank cut interest rates in June, the BOE and the Fed delayed cuts
- Steady but relatively slow growth



Sub-Saharan Africa

- Rapid growth continued in most African countries
- Nigeria introduced reforms, including the removal of petrol subsidies and liberalisation of the exchange rate
- Widespread protests against fiscal reforms in Kenya
- Currency weakness compared to the Rand in a number of our countries
- Weighted average inflation across our businesses remained elevated, but slowed in Kenya, Ghana, and Mozambique
- Further interest rate hikes in East Africa and Angola



Malawi

- Inflation continued to rise, with average inflation for the first half above 30%
- The Monetary Policy Committee (MPC) has maintained the policy rate at 26% since the beginning of the year
- FX liquidity challenges persisted, although gross reserves improved with import cover now closing at >2 months.
- Public debt levels remained high and continued to rise.
- The El Nino weather from the last agricultural season has resulted in food insecurity
- GDP growth was revised downwards to 2%, from the initial 2.8% for 2024.

We executed our strategic priorities

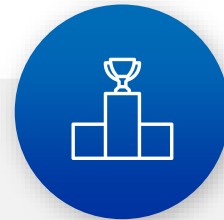


OUR PURPOSE:
Why we exist

MALAWI IS OUR HOME, WE DRIVE HER GROWTH



**Transform Client
Experience**



**Execute With
Excellence**



**Drive Sustainable
Growth And Value**

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

Enabled by technology – operational efficiency



Targeted investments enabled our competitiveness and resilience, and ensured the delivery of excellent client experience and we are committed to bringing Finacle core banking home before the end of 2024



INNOVATION



ALWAYS ON



ALWAYS SECURE



SIMPLIFICATION & LOCALIZATION



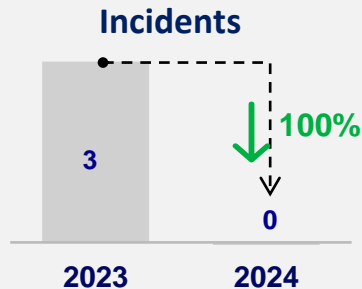
DATA & AI



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

32.06
Internet Banking NPS score

+13

Value Added Services

36.84
Smart-App NPS score

↑ 45%
Digitally Active Clients

+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

10 Integrations
Partnerships with Third parties

Focus on Localization – Phase 2

- Localization of Finacle Core Banking and Applications in Malawi

September 2024
planned Go Live date

1H2024 highlights



We continue to make excellent strategic progress, achieving strong earnings growth driven by our client franchise

01

Strategic progress

- We remain competitive - with strong client and revenue growth buoyed by increased digital adoption rates across all client segments .
- Strong balance sheet growth – gained impressive ground on both assets and liabilities, with very strong growth on customer deposits.
- We have remained the highest share price on the Malawi Stock Exchange (MSE), closing with a market capitalization of >MK1 trillion.
- Enhanced operational efficiency – prudent cost management and pioneering innovation

02

Financial performance – in line with our full year plan

- Profit after tax grew to MK42.4bn, +57% year on year, supported by improved returns across all three business units and through prudent cost management.
- ROE improved to 40%, underpinned by continued balance sheet and revenue growth, focused robust risk management and provision of diversified and exceptional financial solutions to our clients.
- Adequate equity maintained, with capital adequacy ratio of 19.86%

03

Sustainability – our positive impact to society

- Our approach to sustainability has been refined. Well aligned with the UN SDGs, with focus on Enterprise growth, Job creation, Infrastructure development, Energy transition, Climate resilience and Financial inclusion. Launched our 2023 sustainability report
- We successfully launched our “Growth Conversations” series, which will spear our thought leadership going forward.

04

Global and local recognition – multiple award-winning Bank in Malawi

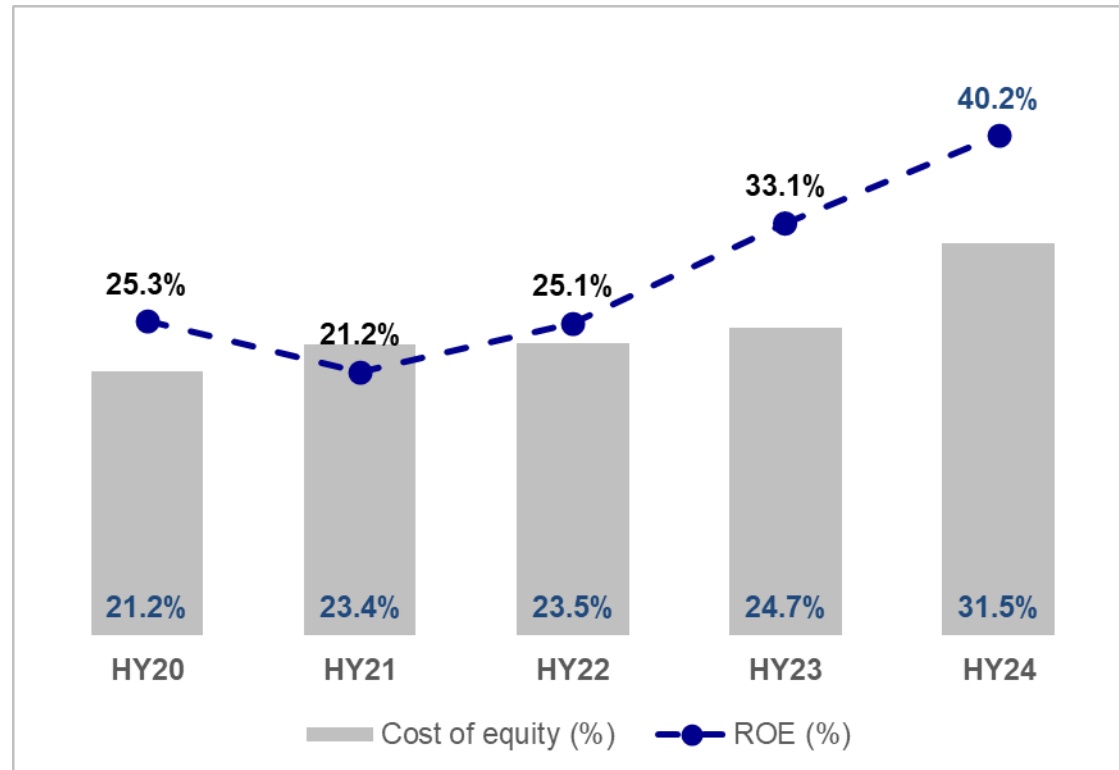
- “Best Bank in Malawi, 2024” – by Global Finance
- “Malawi’s Best Bank 2024” – by Euromoney Awards for Excellence.
- Best Investment Bank in Malawi – by Global Finance

Shareholder value creation - a business in good health that has proved resilient over time

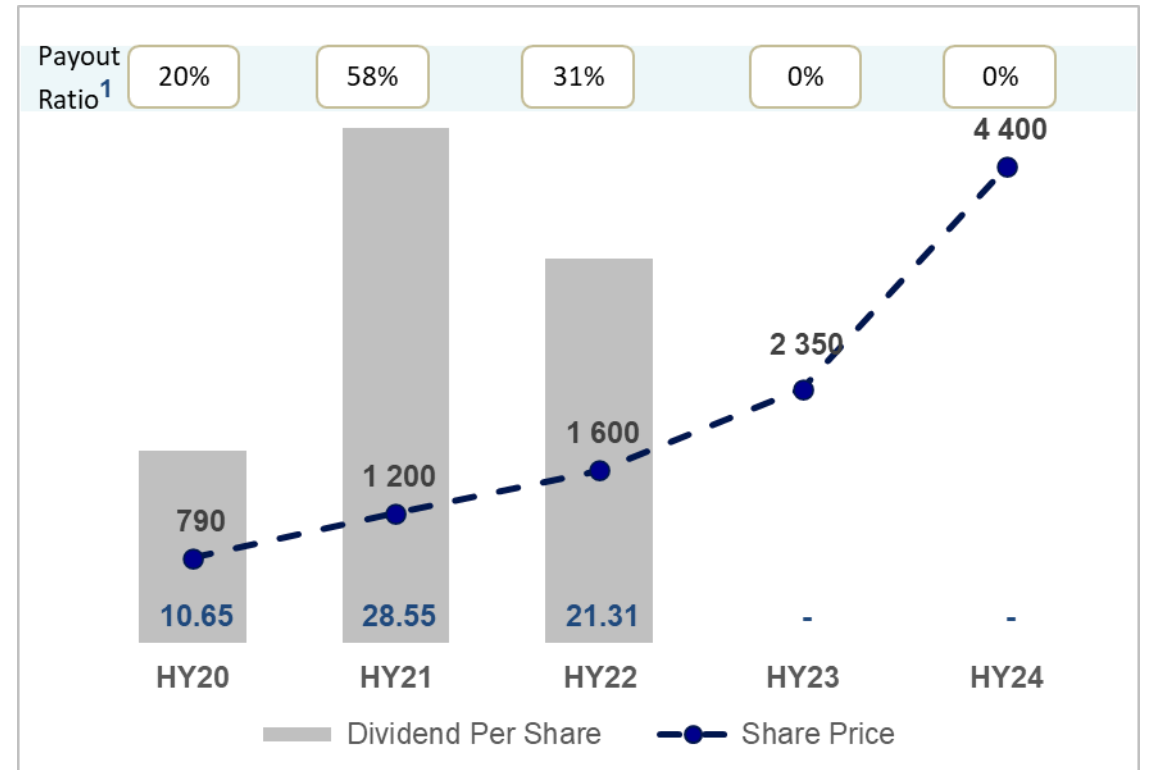


Delivering exceptional shareholder returns

ROE & Cost of Equity (%)



Dividend per share (MK)



¹ Based on HY Bank results. Group Payout Ratio closed at 0% (2022: 0%)



Standard Bank

... and is recognised as a market leader in Malawi

We are proud to be recognized by Global Finance as the Best Bank in Malawi in 2024



THE MULTIPLE AWARD-WINNING BANK IN MALAWI!

Standard Bank PLC is licensed and regulated by the Reserve Bank of Malawi



Standard Bank

Malawi's Best Bank

Awarded by Euromoney Awards for Excellence 2024



Standard Bank Plc is licensed and regulated by the Reserve Bank of Malawi



1H2024 Financial performance



2.0

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Strong performance across all key metrics

MK42.4bn record profit, +57% y-o-y on the back of strong diversified income growth, prudent cost management and resilient balance sheet growth



Profit After Tax

FY24: **MK42.4bn**

FY23: MK26.9bn

↑57%

Customer Deposits

FY24: **MK885.4bn**

FY23: MK692.6bn

↑28%

Customer loans & advances

FY24: **MK350.6bn**

FY23: MK274.7bn

↑28%

Return on Equity (%)

FY24 **40%**

FY23 **33%**

Cost-to-Income Ratio (%)

FY24 **37%**

FY23 **37%**

Credit Loss Ratio (bps)

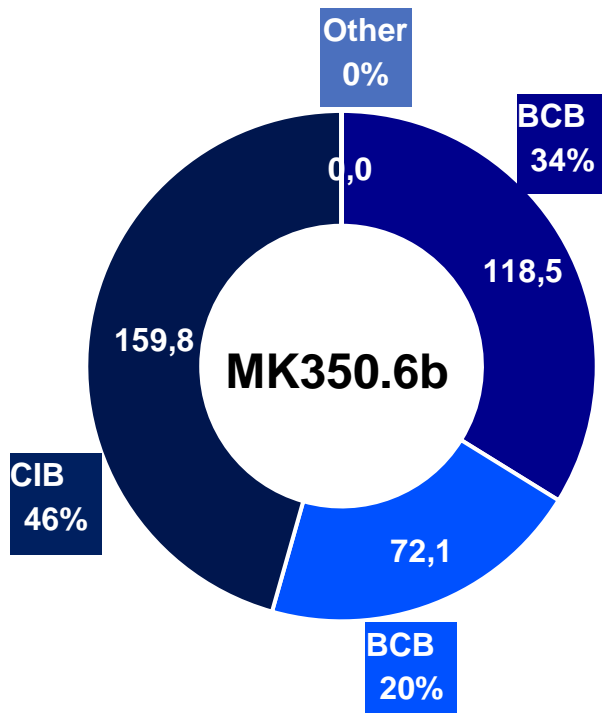
FY24 **208**

FY23 **112**

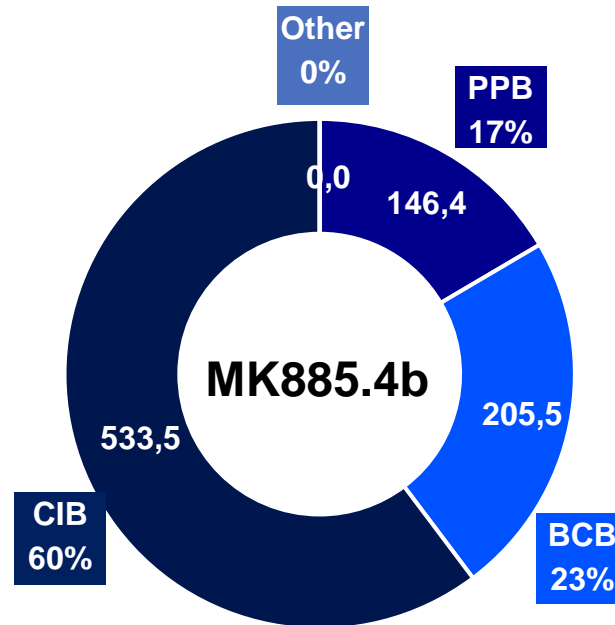
Business units – CIB continue to account for a bigger portion of franchise growth



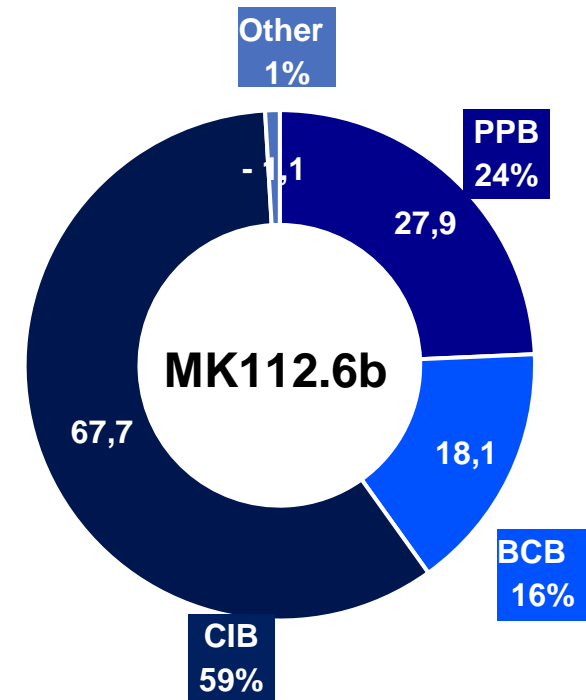
Customer loans & advances
(MK'b),
Contribution (%)



Customer deposits
(MK'b),
Contribution (%)



Total Revenue
(MK'b),
Contribution (%)

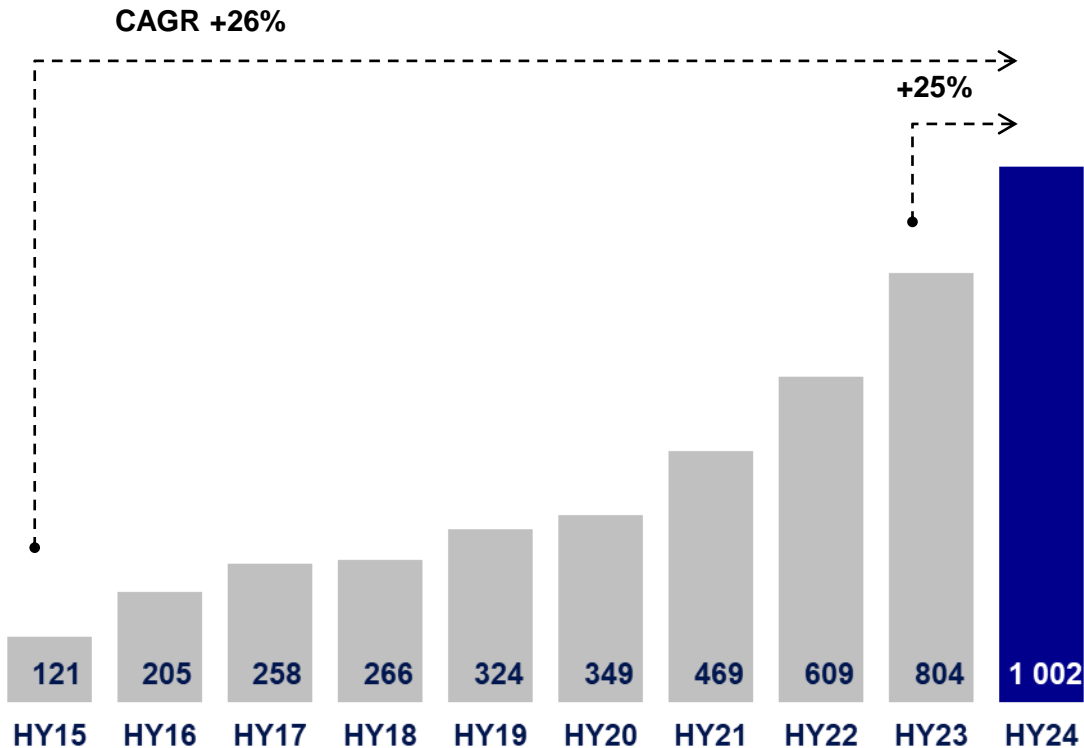


Strong balance sheet momentum continued

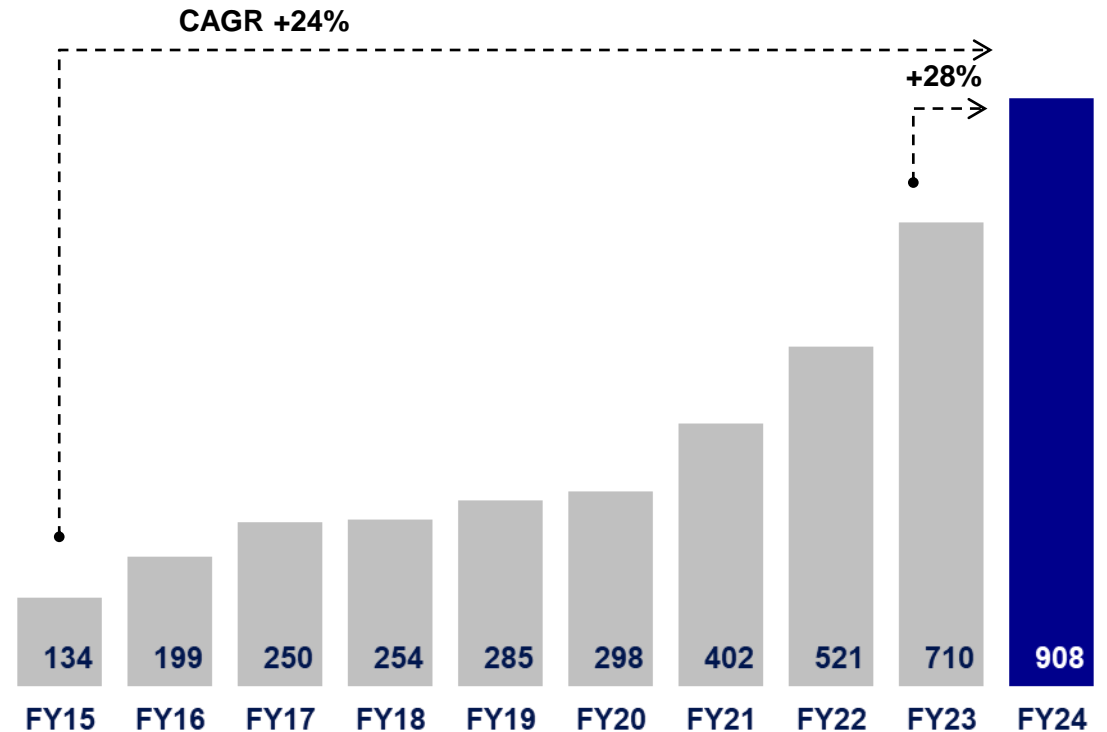


Strong loan book growth in key growth sectors. Funding & liquidity remains very healthy, with customer deposits growing by 28% y-o-y.

Interest earning assets (MK'b)



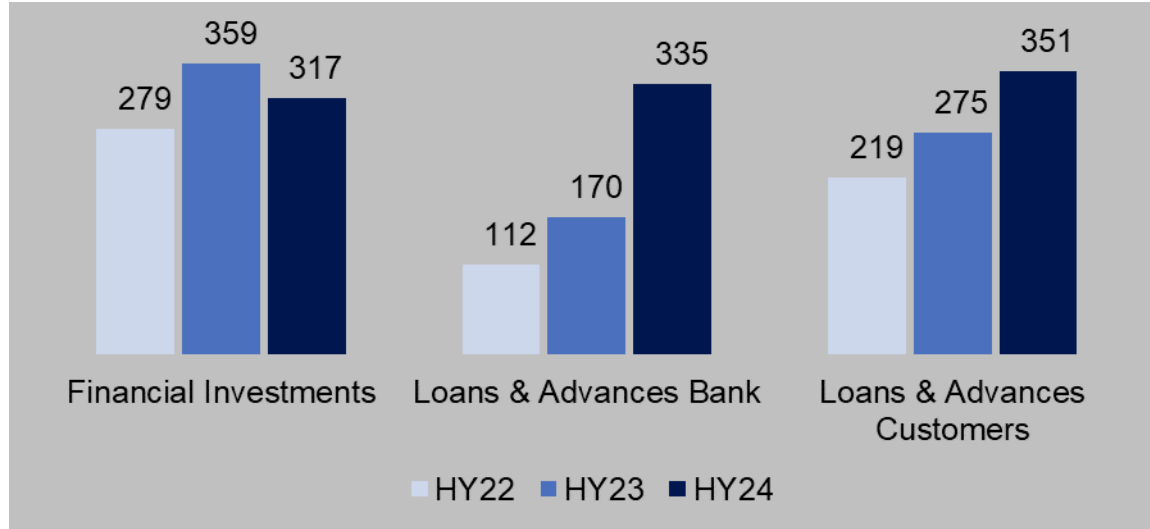
Interest bearing liabilities (MK'b)



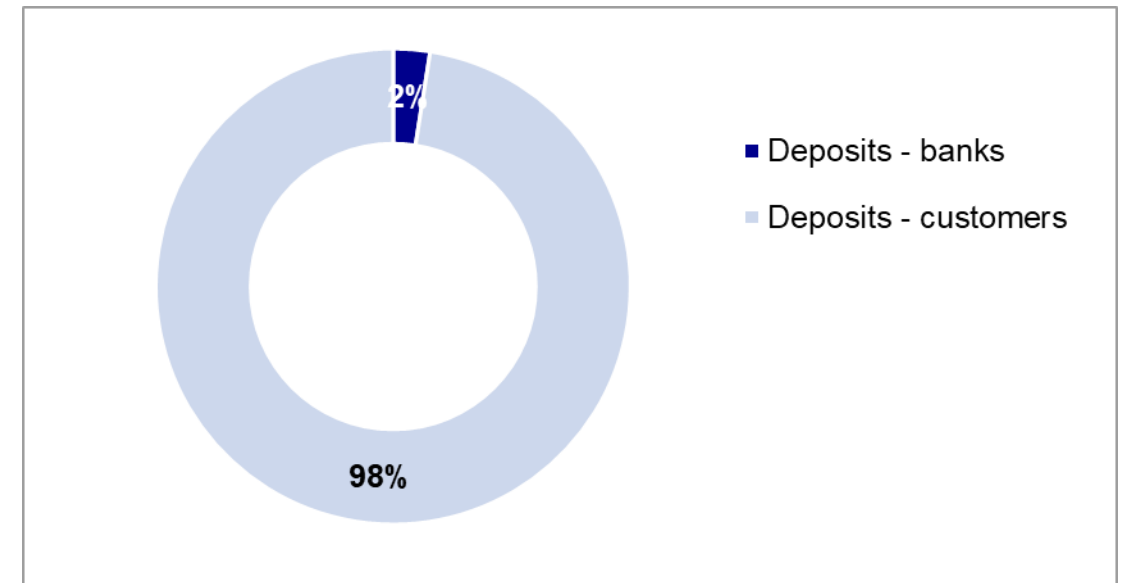
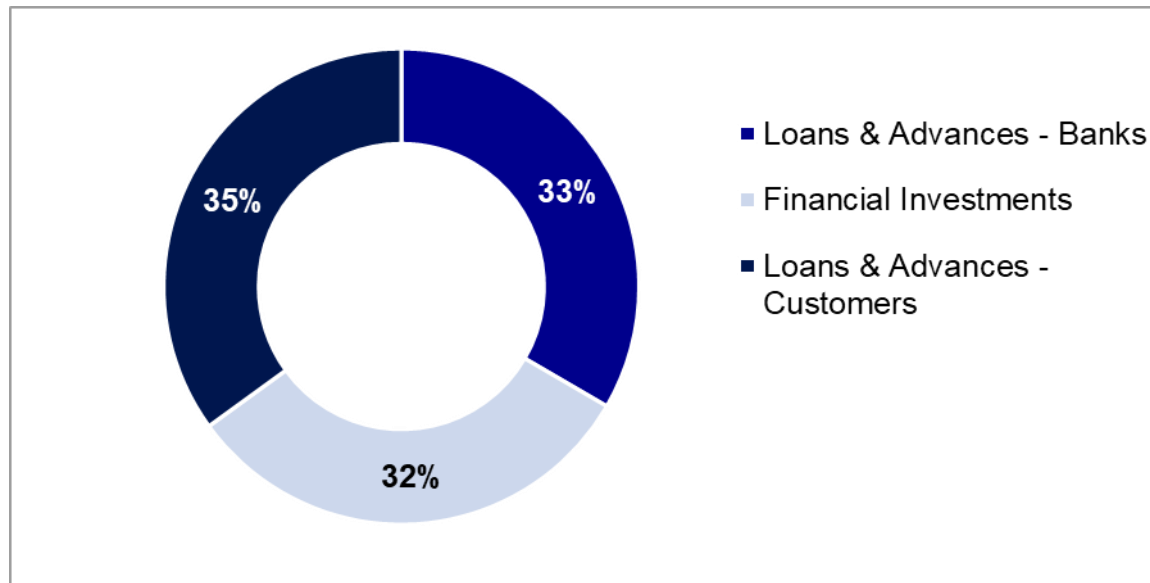
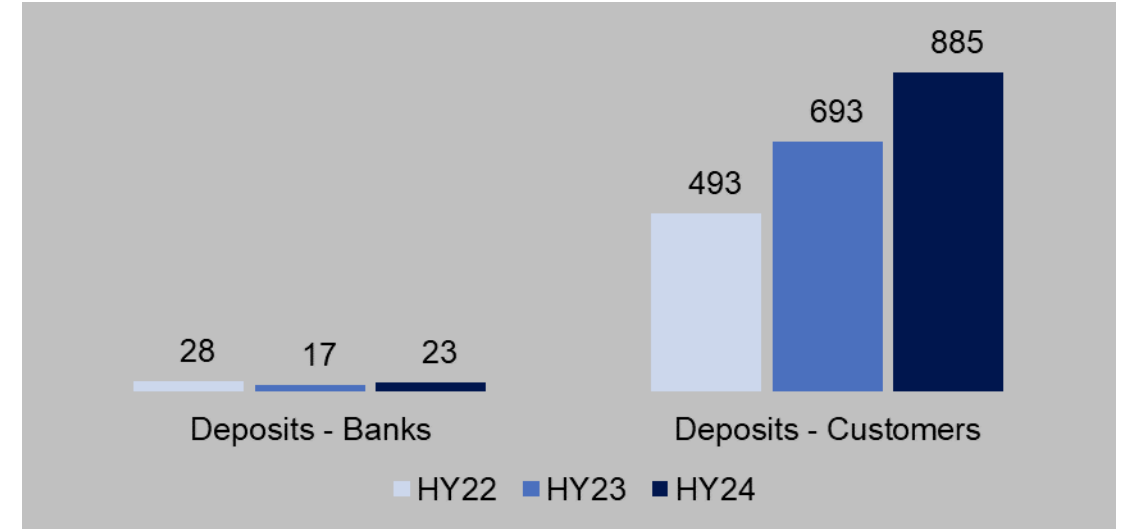
Continued focused growth in secured and corporate lending and client centric funding



Interest earning assets



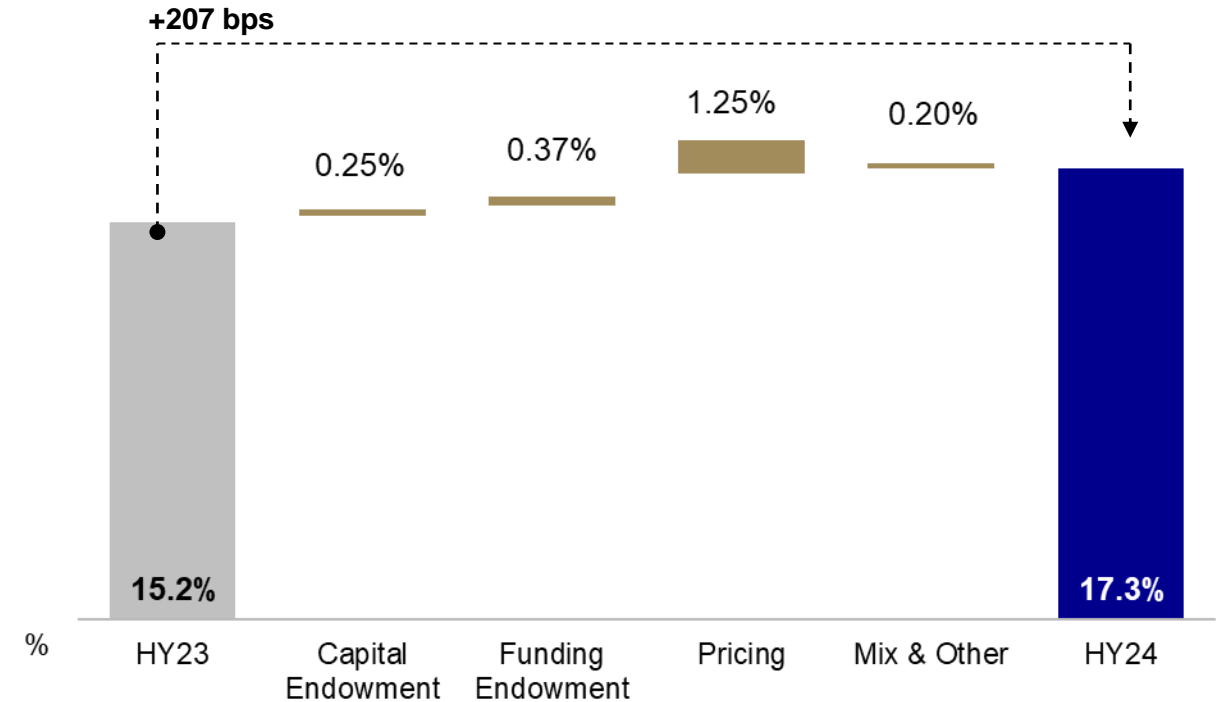
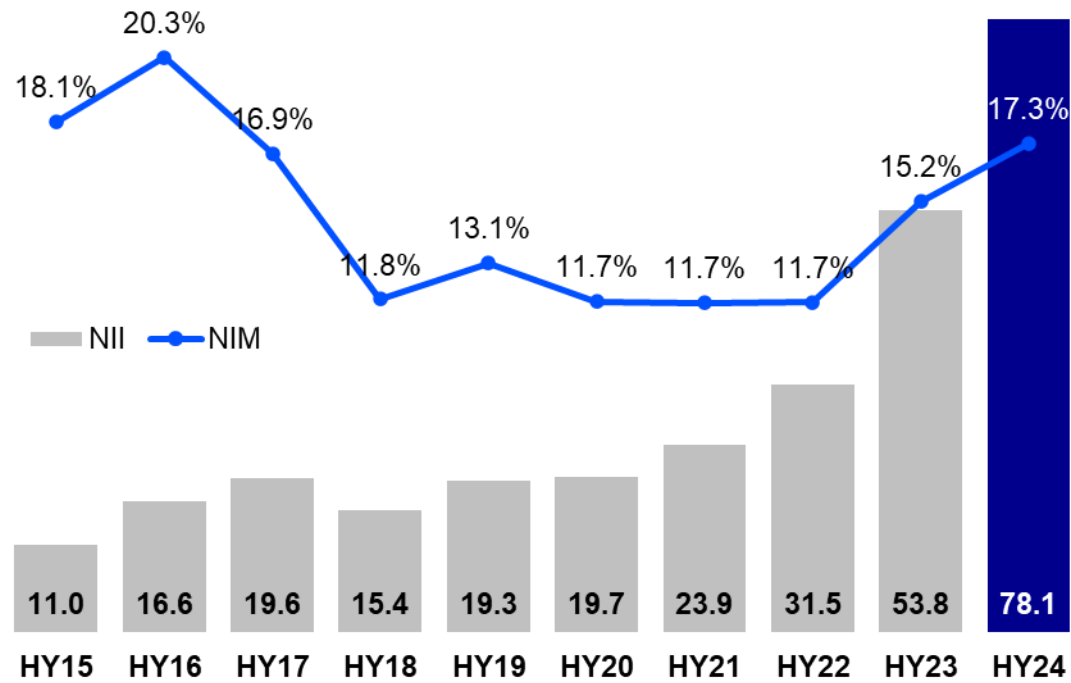
Interest bearing liabilities





Net interest income

Expansion of interest earning assets and successive reference rate hikes, collectively resulted in a 45% growth in net interest income

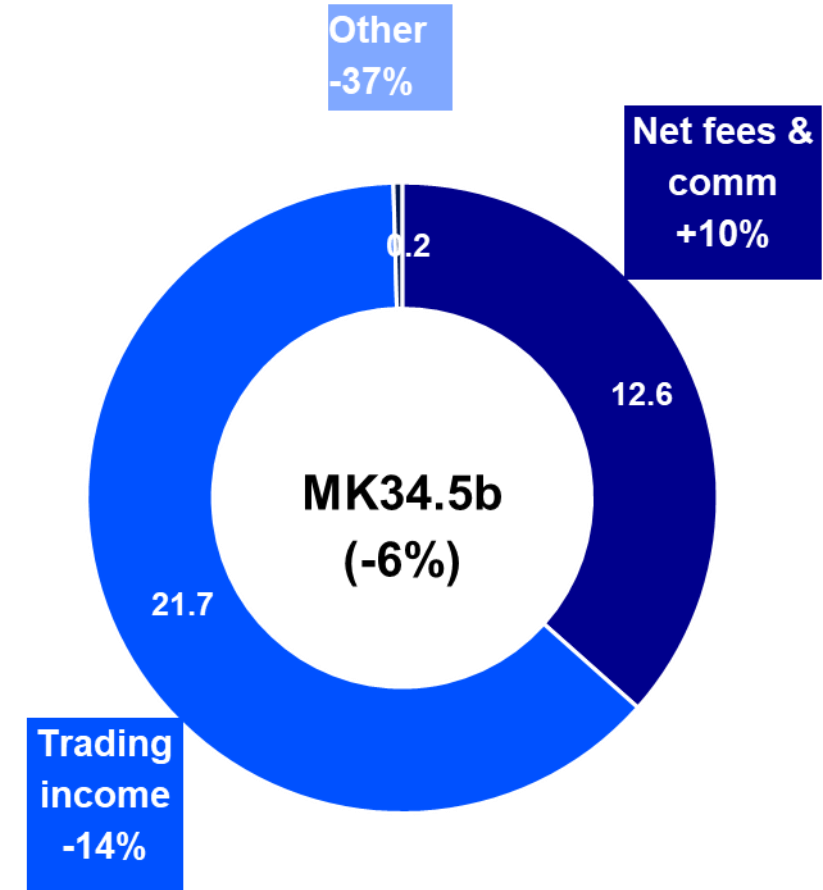
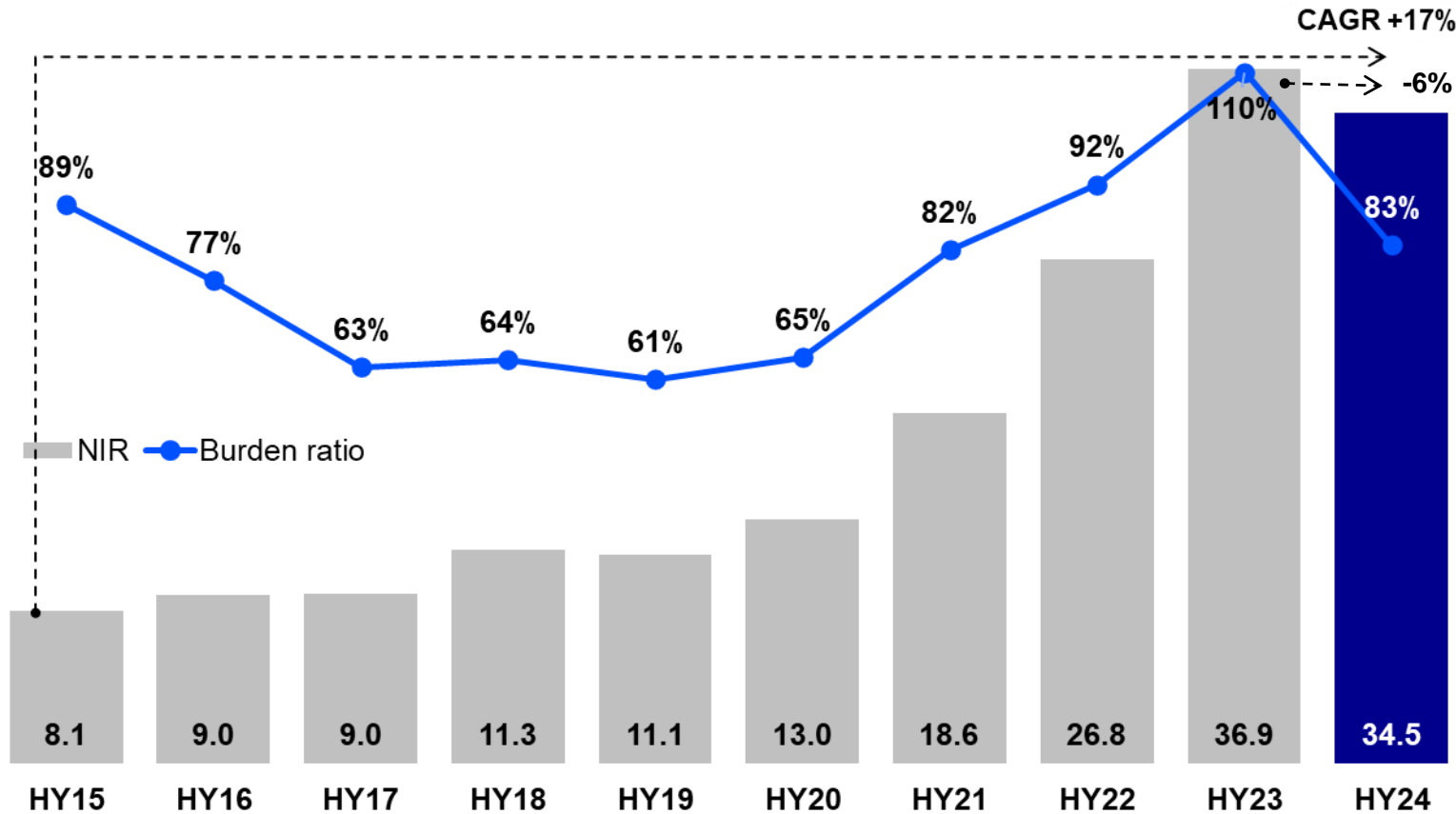


AIEA	122	163	231	262	295	337	409	539	707	903
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¹ IAEA stands for average interest earning assets

Noninterest revenue

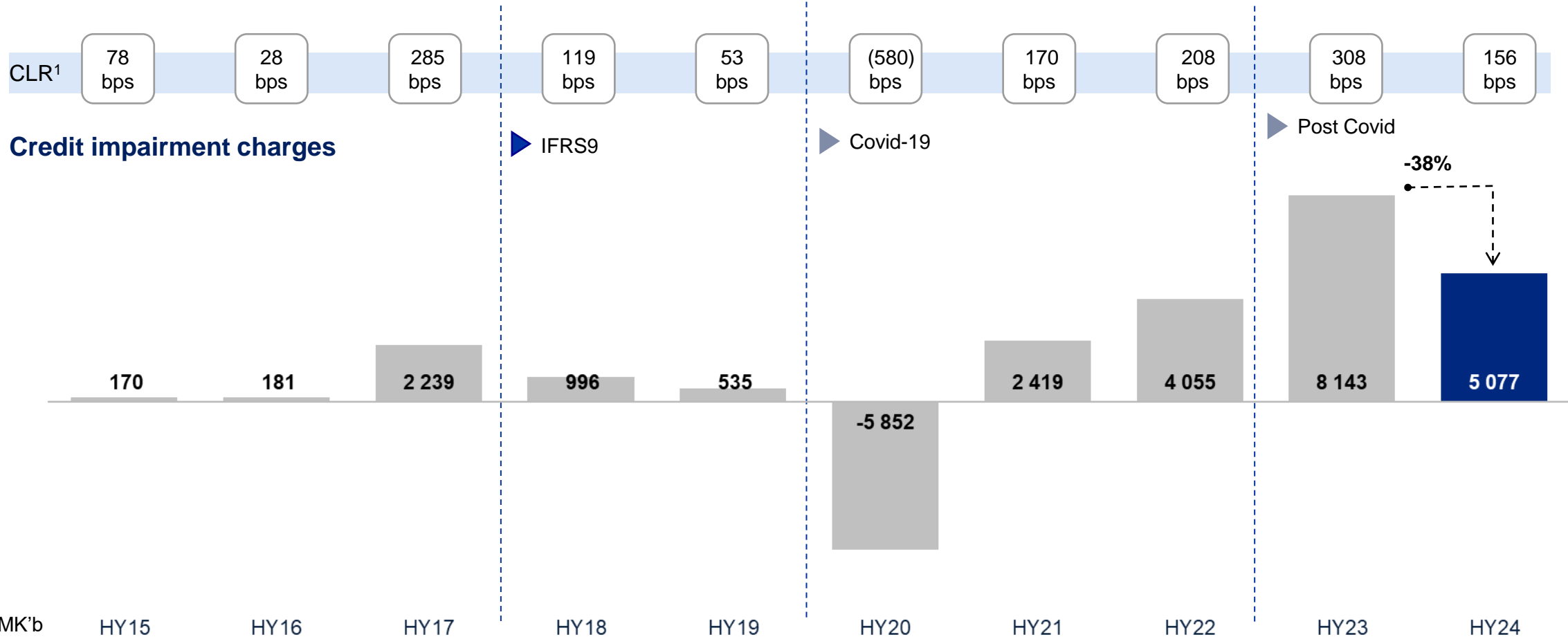
Hampered by increased regulatory restrictions on FX trading margins and annual fees & commissions hike despite a noticeable uptick in transactional volumes





Credit impairment charges

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



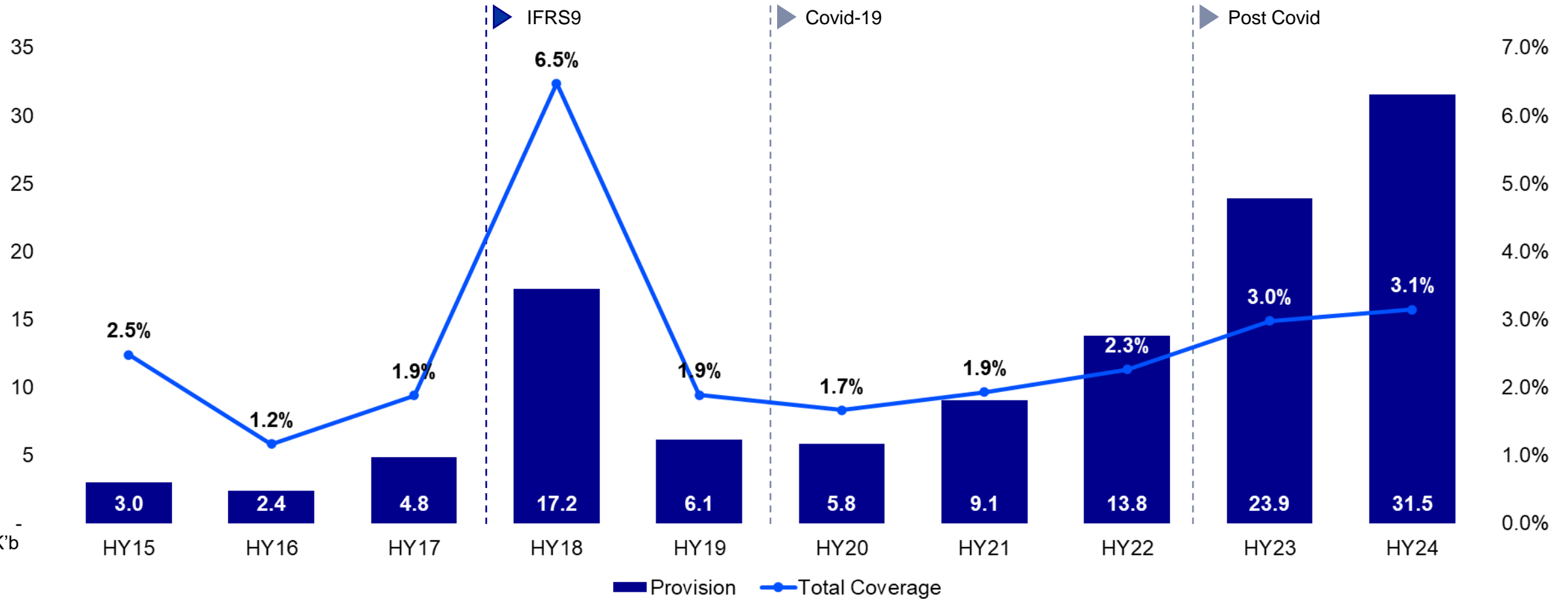
¹ Credit loss ratio based on credit impairment charges on loans and advances & financial investments



Balance sheet provisions and coverage

Provisions and coverage remain significantly above 5-year levels

Provisions¹



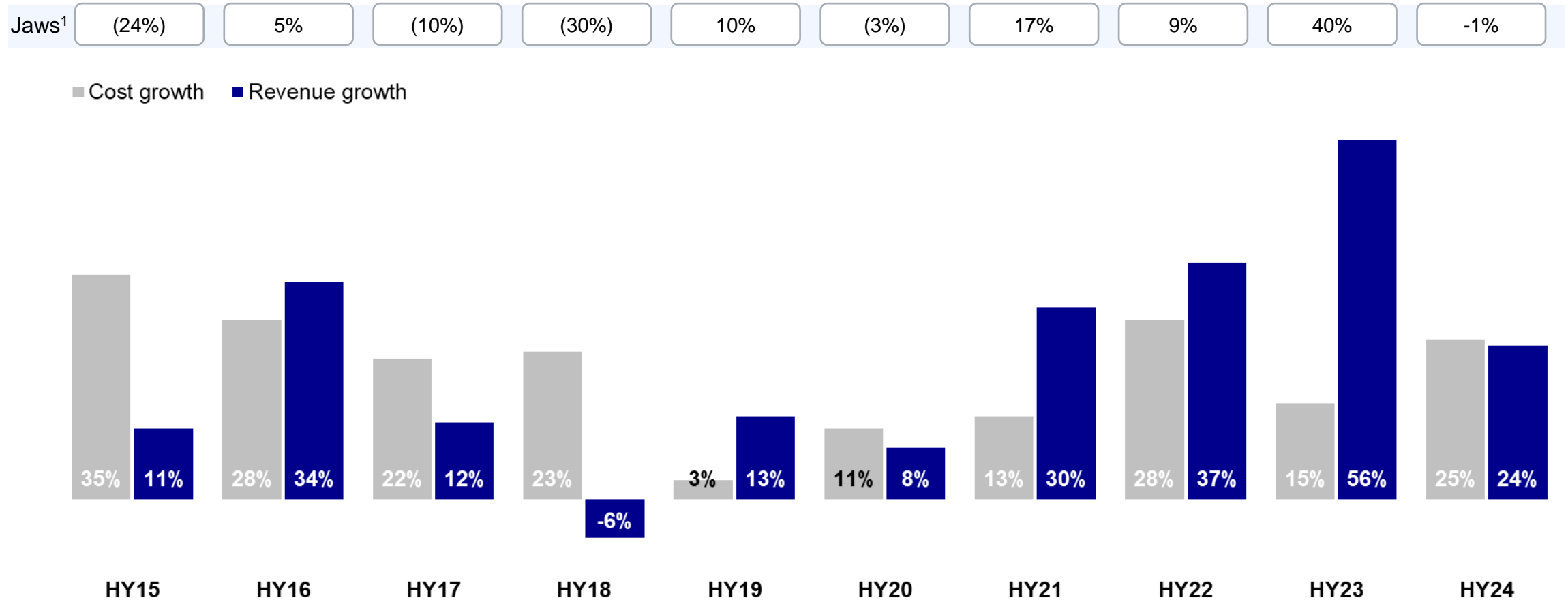
¹ Based on average of year end/ period end provisions for on-balance sheet exposures

Operational leverage

Continued revenue growth momentum and cost optimisation enabled favourable widening of the JAWS



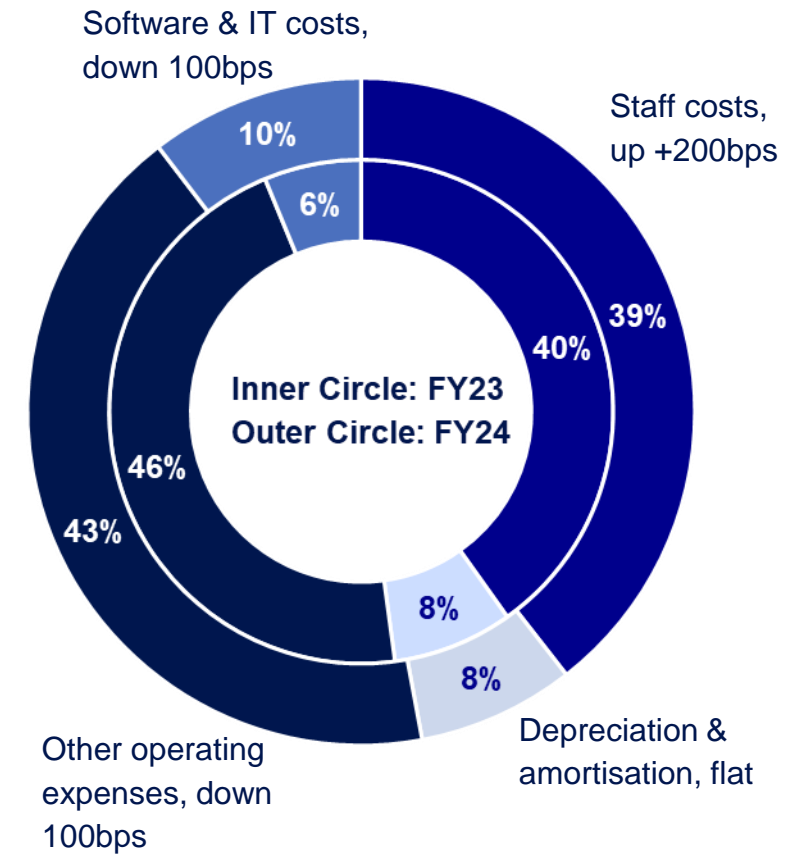
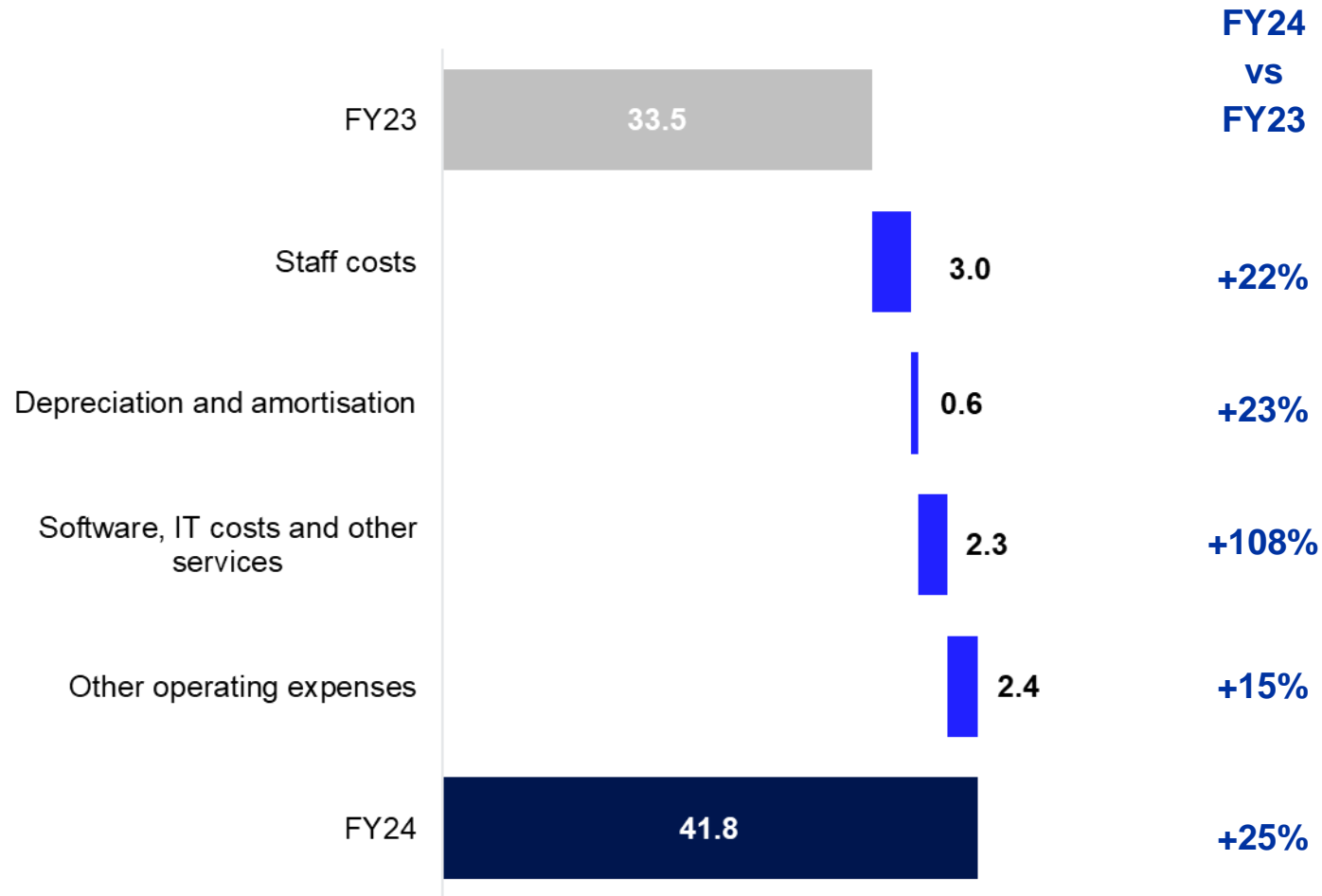
Income and cost growth and jaws



¹ Jaws calculated as revenue growth less cost growth

Operating expenses

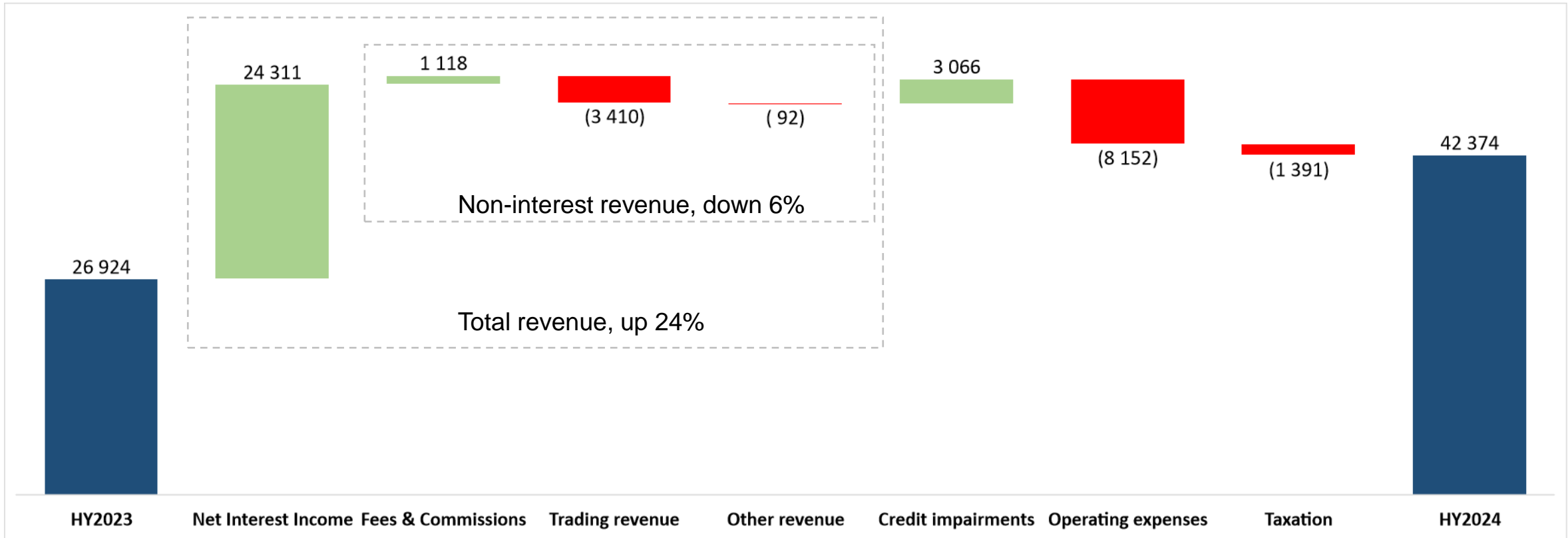
Higher cost growth on account of full impact of currency realignment effected late 2023 and rising inflation. Overall cost growth is below target inflation rate.





Group profit after tax analysis

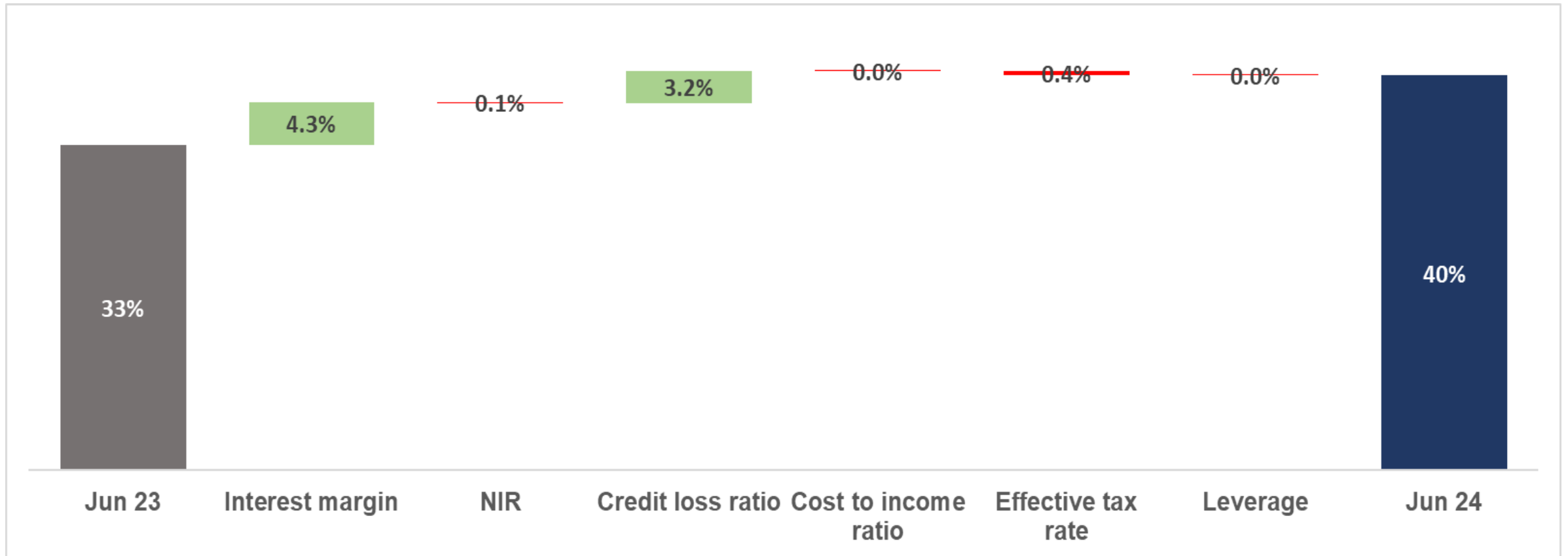
Excellent profit after tax growth anchored by strong revenue performance, increased credit recoveries, a healthy cost growth notwithstanding a high inflationary operating environment.



VAR. %	+45%	+10%	-14%	-36%	-38%	+25%	+6%	+57%
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Group return on equity analysis

Return on equity (ROE) surge, driven by favourable interest rate margins and increased credit savings hence cushioning weak NIR performance and increased tax burden

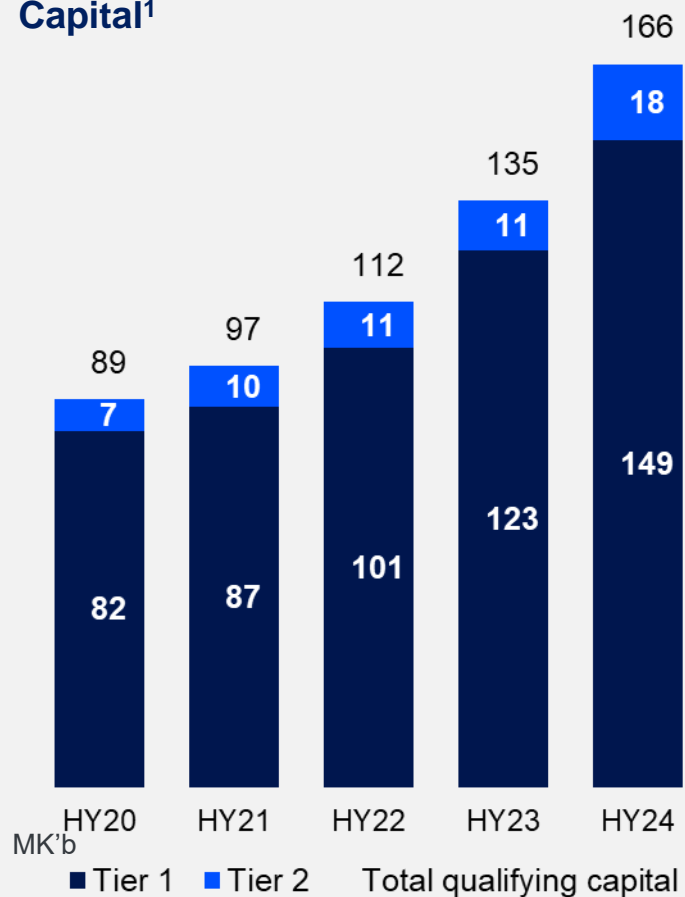


Capital and liquidity

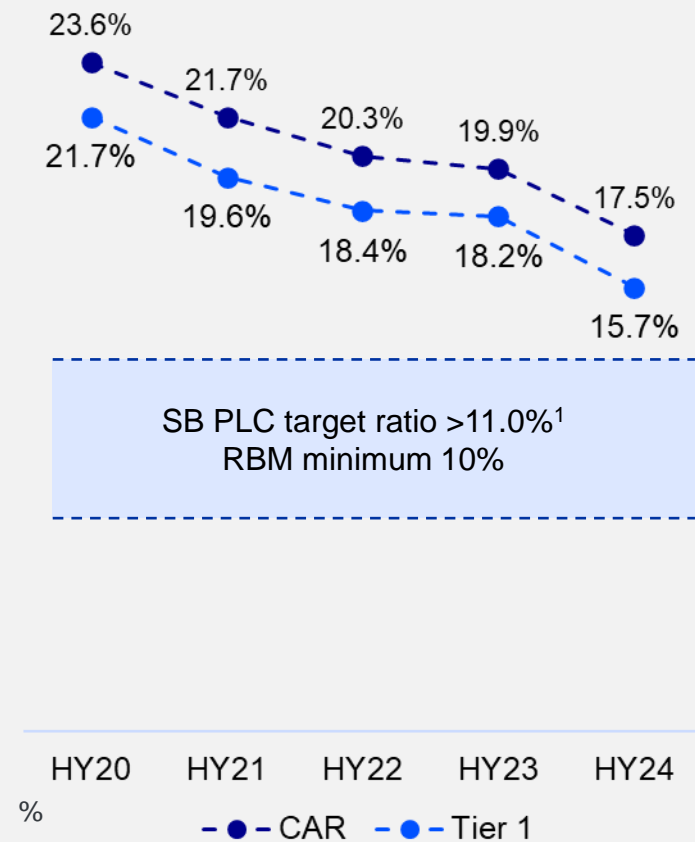
Robust capital and liquidity, providing resilience and supporting business growth



Capital¹

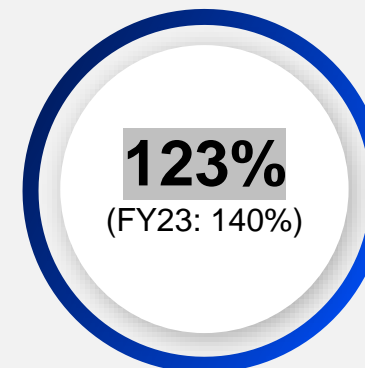


Capital adequacy¹



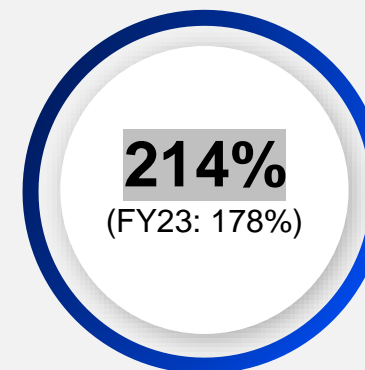
Liquidity

Internal stress ratio - LCY



Basel III
minimum
105%

Internal stress ratio - FCY



Basel III
minimum
105%

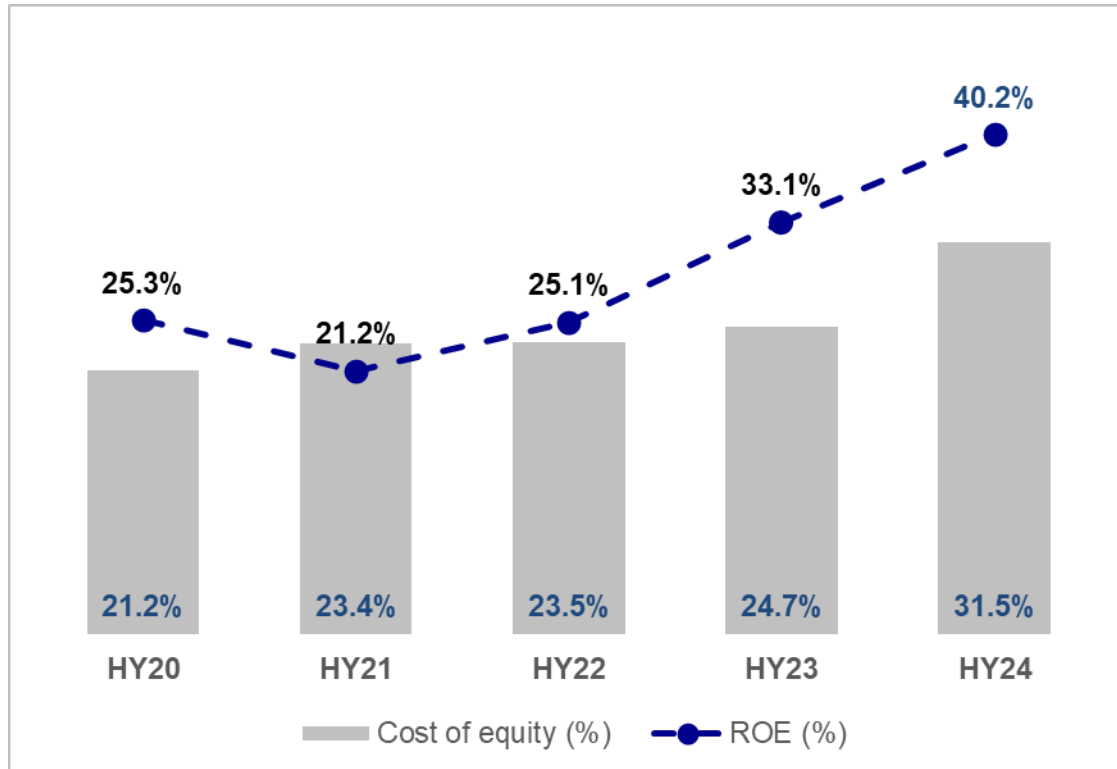
¹ Including unappropriated profits



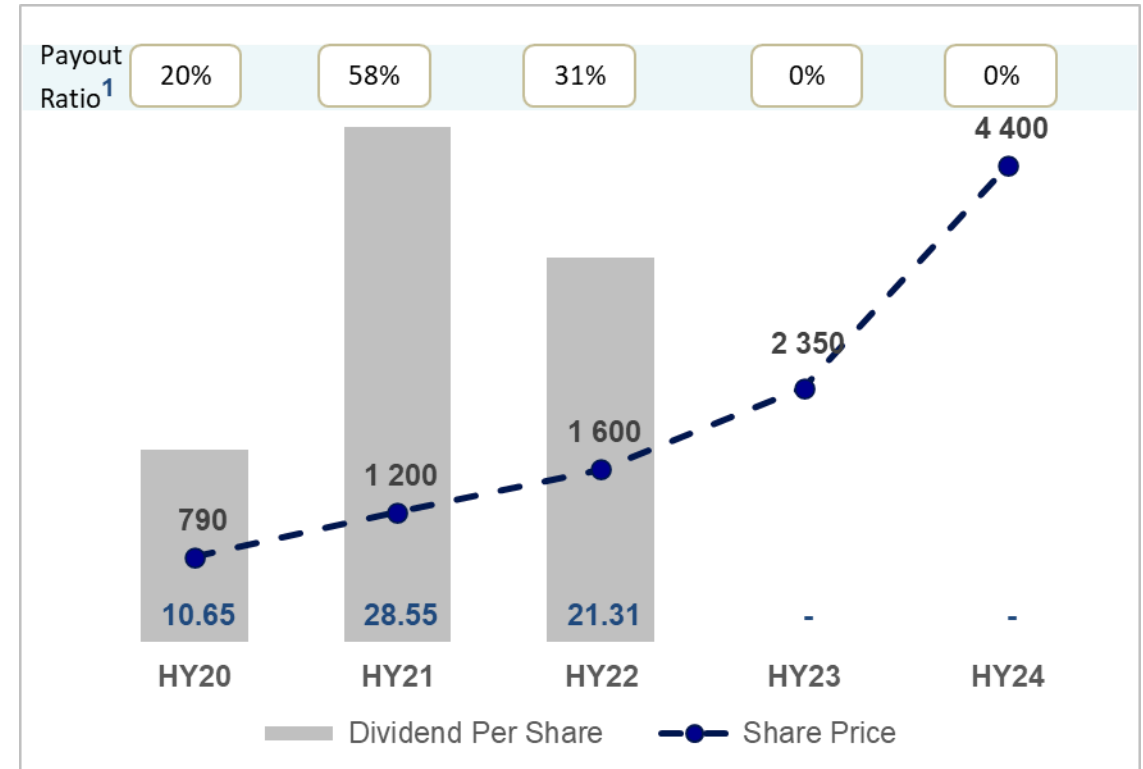
Shareholder value creation

Return on equity (ROE) rallied above HY23 and the group's cost of equity. Because of a challenging macro-economic environment, the bank did not declare nor payout any dividends at half year. Nonetheless, share price surged above FY23 and HY23

ROE & cost of equity (%)

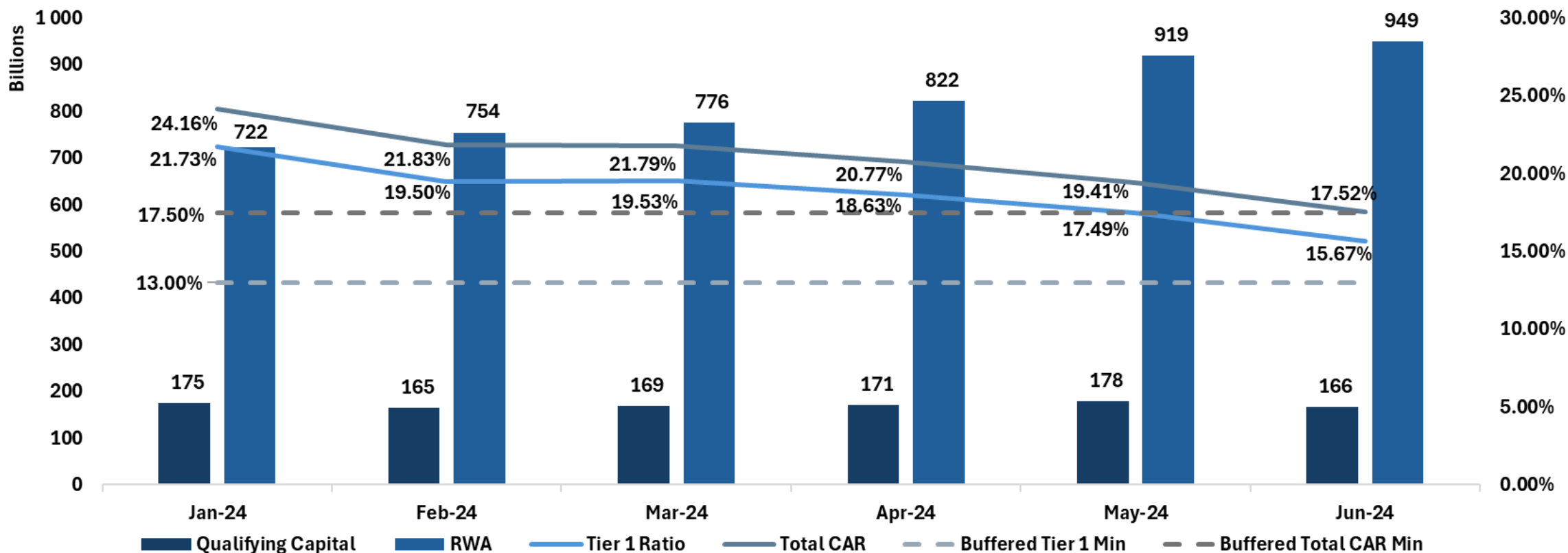


Dividend per share (MK)



¹ Based on HY Bank results. Group Payout Ratio closed at 0% (2023: 0%)

Capital position



- Given the significant growth of Risk Weighted Assets (RWA), though there was a steady rise in the qualifying capital, the Capital Asset Ratio (CAR) came to near the buffered minimum as at half year.
- The growth in the RWA (was mainly on account of seasonality where a pickup is normally experienced towards crop harvest period and during the tobacco selling season).
- Expectation is for the CAR to improve on account of current year profits.



Our total Tax Contribution

During the year to period ending June 2024, the Bank contributed of MK61.8b in tax to the Malawi economy, out of which MK51.3b was borne directly by the Bank, whilst MK10.5bn is a collection made by the Bank on behalf of MRA.

Scheme	Jun-23 (MK'm)	Jun-24 (MK'm)	Growth (%)
Borne by the Bank			
Corporate Income Tax	22 958	46 454	102%
Fringe Benefit Tax	708	1 588	124%
Duty	40	62	55%
Other	374	629	68%
Value Added Tax	1 872	2 558	37%
Total	25 952	51 291	98%
Collected on behalf of MRA			
Value Added Tax	1 843	2 284	24%
Non Resident Tax	840	1 084	29%
Withholding Tax	1 686	2 483	47%
Pay As You Earn	3 604	4 636	29%
Total	7 973	10 487	32%
Grand Total	33 925	61 778	82%

¹ Based on unaudited results



Strategy and outlook

3.0



OUR PURPOSE:
Why we exist

MALAWI IS OUR HOME, WE DRIVE HER GROWTH



Transform Client Experience



Execute With Excellence



Drive Sustainable Growth And Value

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

Outlook – 2024 guidance and 2027 targets reaffirmed



Becoming the undisputed #1 financial services provider in Malawi



Transform client experience

Core metrics:
unchanged

Revenue growth

2024 guidance:
reaffirmed

Expected to be within levels committed

2027 financial targets:
on track to deliver

>30%



Execute with excellence

Cost-to-income ratio

Expected to be within the range committed

45~50%



Drive sustainable growth and value

Return on equity

Expected to be above target for 2024

~40%

Outlook 2H2024 & beyond – fact-based optimism about prospects



Global

- Inflation slowing
- Geopolitical tensions leading to a reconfiguration in the world economy, which creates new opportunities for Africa
- Positive sentiments around GDP growth



Sub-Saharan Africa

- Inflation and sovereign stress improving
- Africa will become the fastest growing region in the world by 2030 (currently second-fastest)
- Largest free trade area (AfCFTA) will bring significant benefits
- Attractive prospects arising from the energy transition; Africa obtaining an increased share of global manufacturing
- Africans are becoming healthier, wealthier, better educated, more urbanised, more digitally connected, and more productive both absolutely and relative to other regions
- Moderate inflation, sharply reduced political risk and uncertainty, as well as accelerating structural reform expected in South Africa as a natural economic hub for Africa.



Malawi

- Inflationary pressures expected to persist in 2H2024, due to food insecurity impact.
- GDP growth is projected to rebound going into 2025, driven by recovery in Agriculture, due to the forecast La-Nina season expected, and the country's enhanced focus on Tourism, Mining, and export Manufacturing.
- Continued gradual policy reform and continued infrastructure development (rail, roads, etc) should be growth-supportive over time
- The IMF ECF program is expected to be sustained, with first review expected this coming September
- Gross debt as a % of GDP is projected to remain high, despite fiscal discipline measures get implemented

Malawi is our home, we drive her growth



GROWTH

Agriculture

- Key sector for Malawi's economy and key pillar for growth as aspired in MW2063
- Commercialization of agriculture presents opportunity to grow market share across all Business Units specially BCB and PPB
- Focus on manufacturing and value addition should enable forex generation

>20.8%

GDP contribution to country

MK124bn

Trade flows in our books

Energy & Infrastructure

- Malawi's power and infrastructure (P&I) deficit requires significant investment
- Our strong presence and expertise in P&I sector is key it's growth
- Repositioning our approach to sustainable finance with ambitious targets, and huge opportunity to drive thought leadership for P&I

MK146bn

Deals in our book

>MK2.3trn

Investment required up to 2027

#1 Private Bank, Dominate Middle market

- Malawi's development path is rapidly expanding affluent segments
- Aspirational brand and comprehensive product offering with our revamped CVP
- Private Banking key to CIB and BCB growth opportunities
- Opportunity to exploit Insurance and Asset Management (IAM)



Our 2024 focus areas – remain unchanged

- 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 an engaged workforce
- 4 Focus strongly on costs, but continue to invest for the future especially in technology
- 5 Allocate resources diligently to support continued underlying franchise growth and returns
- 6 Get our digital strategy right and finalize localization and bringing home our core banking Finacle



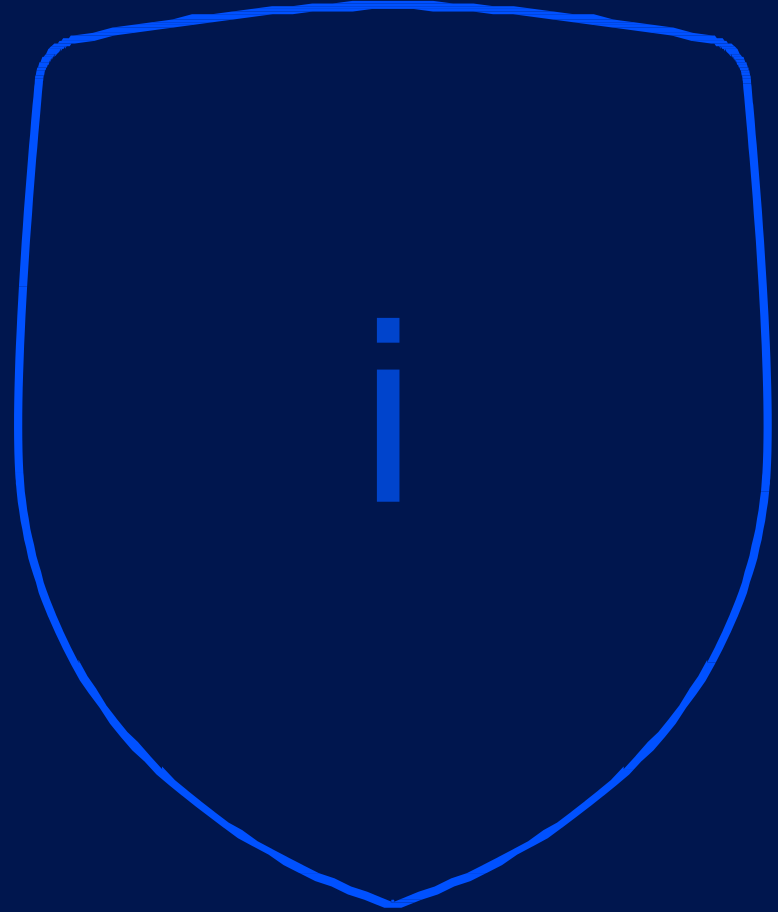
Q&A



THANK
YOU



Appendix – Additional information





The Bank may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to the Bank's future prospects, expectations, developments and business strategies and have not been reviewed or reported on by the Bank's external auditors.

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.