Standard Bank reports 33% rise in annual profit

Standard Bank group reported a 33% rise in full-year profit helped by higher interest rates and credit-card payment and insurance transactions.

Source: Standard Bank group.

Its headline earnings per share rose to 2,087.1 South African cents for the year ended 31 December, up from 1,573 cents a year earlier.

South African banks, among the biggest on the continent, had a good run last year on the back of increasing interest rates and a rebound in economic activity post Covid-19.

But with the current power-supply crisis in the country, inefficient rail and port infrastructure and high unemployment, lenders are concerned about future growth.

Standard Bank, the continent's largest lender by assets, said in 2023 it expects its net interest income - the main growth metric for banks - to be driven by renewables and infrastructure and higher interest rates, the lender said.

> *Our Africa Regions delivered a robust performance & contributed to the positive overall results for the Group. Watch this video to find out who the Top 6 performing countries are as well as how we're on the lookout for attractive growth opportunities on the continent. #SBGResults pic.twitter.com/n32wk5fsEn— Standard Bank ZA (@StandardBankZA) March 9, 2023*

Its chief executive, Sim Tshabalala said, however, there were risks this year in the form of sovereign debt defaults in Africa, a prolonged Ukraine war which could mean food shortages across the continent and a hawkish US Federal Reserve.

But the bank draws confidence from its strong client base which largely has "no overdue debt," he said.

The lender announced a dividend of 691 cents per share which equates to a final dividend payout ratio of 60%.

The company's return on equity (RoE) - among the main profitability measures - was at 16.4%, up from 13.5% last year but a tad lower than pre-Covid levels.

Tshabalala declined to comment on whether 2023 RoE will be better than 2019 levels or not, but said it would reach its 2025 target of an RoE of 17% to 20% ahead of plan.

Its shares were down marginally in afternoon trade in line with the broader index.

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