



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Standard Bank HY 2026 Result

Share Price

R318.90

Date

14 August 2026

RESULTS SUMMARY

Standard Bank delivered a fair interim result, with Banking headline earnings rising 9%, at the upper end of management's guidance. Excluding foreign currency fluctuations, Banking headline earnings rose 12%. The group's headline earnings grew 10%. This supported a 10% increase in the interim dividend to R9.02 per share.

Corporate and Investment Banking (CIB) and Insurance and Asset Management (IAM) were the star performers, with both divisions delivering 15% headline earnings growth. Business and Commercial Banking (BCB) and Personal and Private Banking (PPB) remained under pressure, although management expects both to improve in the second half.

Credit performance was a key positive, with stronger collections driving a meaningful decline in credit impairments. The credit loss ratio improved to 73bps, at the lower end of the group's 70bps - 100bps through- the-cycle target range. This gives Standard Bank scope to increase lending as demand improves.

The group's return on equity improved to 19.8% well ahead of its 13.4% cost of equity, generating healthy returns for shareholders. Despite a more challenging economic environment, particularly in SA, management maintained its full-year 2026 guidance and 2028 strategic targets.

OUR LONG-TERM INVESTMENT VIEW

- Standard Bank is well diversified with meaningful continental exposure and on-the-ground presence in 21 sub-Saharan African countries. About a third of banking profits are derived from African countries excluding South Africa. Earnings visibility from non-SA is low and adds complexity to the investment case but also provides geographic diversification and exposure to faster growing Rest of Africa regions.
- Despite a tough economic environment with macro challenges across Africa, we expect Standard Bank to continue growing earnings over the medium term. This will be supported by strong operational momentum in both the Consumer and High Net Worth Client and Corporate and Investment Banking divisions. Combine this with growing momentum in Africa, where 40% of profits are derived and you have further impetus for growth.
- When we eventually see an improvement in the local environment, financial services companies like Standard Bank are likely to outperform.

UNPACKING THE HY 2026 RESULTS

High level numbers

- **Banking headline earnings** of R23bn increased 9% (+12% in constant currency). Growth was driven by higher transaction and trading income. Corporate and Investment Banking (CIB) was the stand-out performer, increasing headline earnings by 15%. This was partly offset by a decline in Business and Commercial Banking (BCB) and Personal and Private Banking (PPB).
- **Banking operating expenses** continued to be expertly managed increasing 6% to R42.7bn despite investment in AI to improve operational efficiency and enhance customer experiences. Revenue growth outpaced growth in expenses supporting **positive jaws** (of
- In the **Banking** division, CIB was the star performer, growing headline earnings by 15% while BCB and PPB declined 2% and 1% respectively.
- **Gross loans and advances** rose 7% in constant currency driven by an 8% increase in CIB while Home Services remained subdued (+1). Africa Regions loan growth outperformed SA at 13% versus 5%.
- **Deposits** rose 14% in constant currency to R2.5 trillion with healthy growth across both Africa Regions (+22%) and SA (+13%).
- **Net interest income** (NII) grew 4% while the **net interest margin** declined 17bps to 472bps. Growth was a function of higher average interest earning assets (+7%) partly offset by

44bps) while the cost to income ratio improved to 49.3%.

- The **credit loss ratio** improved significantly from 93bps to 73bps driven by increased collections across the loan book and post period recoveries in CIB. The credit loss ratio is now at the lower end of the through-the-cycle range of 70bps to 100bps allowing for an acceleration in credit advances.
- **Group headline earnings and headline earnings per share (HEPS)** increased 10% to R26.1bn and R16.10 respectively. Interim dividend per share grew in line, up 10% to R9.02.
- A strong CIB performance as well as improvement in returns from IAM drove a 70bps improvement in **Return on Equity (ROE)** from 19.1% to 19.8% and is comfortably in the new, increased ROE target range of 18% to 22% (up from 17% to 20%).
- The group's financial position remained robust with a **CET 1 ratio** of 13.6%, well ahead of the group's target of 12.5% and materially above the regulatory minimum of 9.5%. This provides ample opportunity for the group to execute on strategic acquisitions and partnerships, increase dividends or buy back shares.

Insurance and Asset Management (IAM)

- **Insurance** (including both short- and long-term insurance) operating earnings increased 7% to R2.7bn. Profitability was supported by the exit of the Liberty Health business across Africa Regions as well as ongoing cost optimisation initiatives.
- In short term insurance, sales increased 17% and the short-term underwriting margin remained robust at 17%, well above the group's target of 10%. Funeral and Flexi-life gross written premiums rose strongly at 13% to R1.7bn.
- The group reported healthy growth in Assets under management and Administration, increasing to R1.4 trillion in SA (+13%) and R325bn across Africa Regions and offshore (+23%). Operating earnings rose 35% driven by the increased asset base and growth in performance fees particularly in SA and Nigeria.
- **Insurance and Asset Management headline earnings** rose 15% while ROE improved to 21.1% from 19.7%.

margin pressure driven by increased competitive pressure particularly in loans to Corporates and Mortgages.

- **Noninterest revenue** (NIR) rose 7% (+10% in constant currency) driven by an 8% increase in net fee and commission and trading revenue respectively.
- **Trading revenue** increased 12% in constant currency driven by stronger client demand for foreign exchange solutions, commodity hedging, and increased equity trading.
- **Credit impairment charges** declined 12% to R7.1bn and the credit loss ratio improved significantly from 93bps to 73bps driven by an improvement in credit risk across the loan book. This has allowed for an acceleration in disbursements during the period particularly in CIB (+21%), Home Services (+17%), Business Lending (+27%) and Vehicle Asset Finance (+20%).
- Overall, **Banking headline earnings** rose 12% in constant currency (up 9% including foreign exchange fluctuations) to R23bn.
- **Return on Equity** improved to 19.6% from 19.1%.

Looking ahead

Despite a weaker macroeconomic outlook, with lower growth forecasts and higher inflation expectations, Standard Bank maintained its full-year guidance. Banking headline earnings are expected to grow at a mid-to-high-single-digit rate, supported by growth in non-interest revenue. The banking cost-to-income ratio is expected to remain below 50%, while return on equity should exceed 2025's 19.3%. Management also expects the dividend payout ratio to be at the upper end of its 45% - 60% payout range.

The bottom line

Standard Bank's scale and diversified presence across 21 countries provide a strong platform for long-term growth. We believe its leading position across Africa, combined with disciplined cost management, strong profitability and attractive capital returns, supports a positive long-term investment outlook.

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