APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Standard Bank FY25 Results

Share Price	R 297.28
Date	12 March 2026

RESULTS SUMMARY

Standard Bank reported strong full-year 2025 results, with headline earnings per share increasing 12%, ahead of estimates. Net interest income (NII) grew 4%, slightly above forecasts, while non-interest revenue (NIR) rose 10%, supported by higher fee and commission income as well as improved trading income. A final dividend of 878 cents per share was declared, up 15%.

Credit impairments improved, decreasing 5% versus expectations for a 1% increase, with the credit loss ratio improving to 73bps, comfortably at the lower end of management's target range. Operating costs increased 6%, with the banking segment delivering positive jaws of 64bps.

Across divisions, Corporate and Investment Banking delivered the strongest growth at 18%, while Personal and Private Banking grew 3% and Business and Commercial Banking declined 4%. Insurance earnings increased 29% and Asset management grew 16%, resulting in overall growth of 26% in Insurance and Asset Management. Capital metrics improved, with the CET1 ratio rising 30bps to 13.8% and return on equity (ROE) increasing 80bps to 19.3%

Management expects growth to continue in 2026, with banking revenue projected to grow in the mid-to-high single digits. NII is expected to increase at a mid-single-digit rate and non-interest revenue at low double digits. Supported by improving cost efficiency and contained credit losses, ROE is expected to improve further. Despite strong share price performance in 2025, we believe the Standard Bank continues to trade at reasonable valuation levels.

OUR LONG-TERM INVESTMENT VIEW

- Standard Bank is well diversified with meaningful continental exposure and on-the-ground presence in 20 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.

UNPACKING THE FY25 RESULTS

High level numbers

- **Banking headline earnings** rose 8% to R43.6bn driven by a 10% increase in non-interest revenue, positive jaws, and lower credit impairments. CIB led growth with headline earnings growing 18% (to R24.1bn) which offset a 4% decline in BCB (to R9.2bn). Personal and Private Banking reported headline earnings of R11.4bn, 3% above the prior year.
- **Banking operating expenses** rose 6% driven by staff and IT costs. The cost to income ratio improved 30bps to 50.2%.
- The **credit loss ratio** decreased 10bps to 73bps, well within the targeted through-the-cycle
- ROE improved by 20bps to 19.2% with CIB increasing 50bps to 22.4%, PPB increasing 60bps to 23.3 and BCB decreasing 110bps to 38.1%.

Insurance and Asset Management (IAM)

- **Insurance** (including both short- and long-term insurance) new business value rose 12% to R3.8bn driven by short-term solutions in SA. Earnings growth of 29% was supported by lower claims ratios in short term business driven by improved risk selection and cost efficiencies.
- **Asset Management** operating earnings increased 16% to R1.2bn driven by 8% growth in SA and 23% growth in Africa. Assets under

range of 70bps to 100bps.

- **Group headline earnings** rose 11% to R49.2bn with HEPS increasing to R30.25, supported by a R3bn share buyback completed during the period.
- The strong operational performance translated into an 80bps improvement in the group's **return on equity** (to 19.3%).
- The group's financial position remained robust with a **CET 1 ratio** of 13.8% , improving from 13.5% and above the group's target of 12.5%.

Banking

- In the **Banking** division, growth in loans and advances (+6%) was driven by CIB growth of 12%, with PPB rising 2%. Africa saw growth of 9% with South Africa slightly behind at 7%.
- Deposits (+11%) grew strongly supported again by CIB growth of 15% with PPB and BCB growing 2% and 3% respectively. Growth was seen across Africa and SA, both increasing 13%.
- Provisions for credit impairments growth was muted at 1%. Stage 1 & 2 provisions were down 12% on improved macro conditions and proactive collections strategies. Stage 3 provisions increased 5% primarily on home loans. Non-performing loans ratio improved 20 bps to 5.7%. Credit impairment decreased 5% on the back of a decrease of 6% in PBB and 22% in BCB on improving macro conditions and refinements in risk appetite.
- Net Interest Income (NII) grew modestly at 4% to R105.1bn as growth in the balance sheet was offset by net interest margin compression (of 7bps), attributed to lower average interest rates.
- Non-interest revenue increased 10% to 63.7bn with growth being led by fee and commission income growth of 11% and trading revenue growth of 10%.
- Operating expenses were well managed, growing by 6% to R84.5bn driven by growth in staff costs (+6%) as well as IT costs growing at 9% on technology investments. As expenses grew less than income, the bank reported positive jaws of 64bps and a cost to income ratio of 50.2%, slightly above the long term targeted 50%.

management and administration increased 15% to R1.8 trillion.

- Combined, **insurance and asset management** headline earnings increased 26% to R4.1bn while return on equity improved materially from 16.5% to 22.1%.

Looking ahead

The group expects macro conditions to improve across most of its markets as growth prospects strengthen and interest rates continue to decline through 2026.

For FY2026, management expects banking revenue growth in the mid-to-high single digits, with NIR leading at low double digits. The cost-to-income ratio is expected to remain around 50%, credit loss ratio to stay at the lower end of the 70bps – 100bps range, and ROE to improve from the 2025 level of 19.3%.

At the beginning of FY 2025, management introduced new targets through to FY 2028, including headline earnings per share growth of 8% - 12% per year, a ROE of 18% - 22%, and a cost-to-income ratio below 50%. A capital markets day is scheduled for 26 March.

Operating in 21 countries, Standard Bank is Africa's leading financial services provider. We expect the group to maintain its pivotal role in driving economic development across multiple African economies while delivering attractive returns to shareholders. While performing well in 2025, we believe the company's current valuation is reasonable.

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