Standard Bank Group 1H26 pre-close call script – Monday, 22 June 2026

Arno Daehnke – Standard Bank Group Financial Director

Good afternoon and thank you for joining us.

I will assume that most of you have read the announcement we issued this morning, so I will be brief. In the comments that follow, where I will refer to the current period, I am referring to the five months to 31 May 2026 and where I refer to the prior period, it is the five months to 31 May 2025.

Year to date the global and regional operating environments have been mired by uncertainty. Despite this, the group recorded a resilient performance, underpinned by its scale, reach and diversification.

In the current period, earnings growth was underpinned by ongoing franchise momentum, which drove balance sheet and revenue growth, alongside a disciplined approach to costs and credit risk.

Moving to the operating environment, in the 5 Months to 31 May 2026

The operating environment became more complex as geopolitical tensions, higher energy prices and ongoing trade-policy uncertainty weighed on global growth and inflation expectations.

In April 2026, the International Monetary Fund increased its global inflation expectation for 2026 from 3.8% to 4.4% and lowered its real GDP growth expectation from 3.3% to 3.1%.

Year to date, in sub-Saharan Africa, while inflation has remained relatively contained across several markets, the outlook became less benign. The IMF also lowered its 2026 real GDP growth expectations for sub-Saharan Africa slightly, from 4.6% to 4.3%.

The impact of global developments will filter through to different countries in different ways. For example, while oil-importing countries will be negatively impacted by the higher fuel and related prices, oil-exporting countries will benefit. It is also worth noting, that we expect the macroeconomic stabilisation and reform efforts seen in certain key economies to provide continued positive momentum, most notably in Nigeria, Ghana and Angola.

In South Africa, the domestic backdrop continued to be supported by the ongoing structural reform momentum, an improved fiscal trajectory and resilient terms of trade. The constructive backdrop was duly noted by credit rating agencies, resulting in positive adjustments to their ratings and/or their outlooks.

In May 2026, Moody’s upgraded the outlook of the South Africa sovereign (and South African Banks) to positive from stable and S&P Global affirmed South Africa's credit rating at 'BB' with a positive outlook. And earlier this month, Fitch upgraded South Africa's rating to BB from BB- with a stable outlook. The upgrades were primarily driven by a combination of improving macro-fiscal credibility and a sustained commitment to structural economic reforms.

Consumer confidence showed signs of improvement in the first quarter of the year compared to the last quarter of 2025. However, we expect a deterioration in the second quarter of the year in response to the increase in fuel costs and higher interest rates. In addition, business confidence for the second quarter of the year moderated compared to the first quarter.

Standard Bank Research currently expects South Africa's real GDP to grow by 1.3%, in 2026, slightly lower than what was expected in March 2026. In May 2026, inflation increased to 4.5%, up from 4.0% in April and 3.1% in March. Standard Bank Research expects inflation to average 4.1% in 2026, up from 3.6% expected in March 2026.

In May 2026, on the back of inflation risks, the South African Reserve Bank increased the repo rate by 25 basis points to 7.0%. At this stage, our base case is no further hikes in 2026, and a possible 25 basis point cut in the fourth quarter of 2026. This is quite different from our expectation in March, of three 25-basis-point rate cuts in 2026, with one further cut in early 2027.

Turning to currencies ...

Period on period, the South African Rand strengthened against the US Dollar and all the African currencies where we operate, except for the Nigerian Naira and Zambian Kwacha.

Moving onto the key business performance drivers, starting with income from the banking business…

Net interest income growth was supported by continued good balance sheet growth driven by strong origination in Investment Banking and increased disbursements in Business and Commercial Banking, particularly in South Africa. The sectors driving the strong origination in Investment Banking are Energy & Infrastructure, Diversified Industries, Telecoms & Media and Real Estate.

The Personal and Private Banking portfolio recorded moderate growth as the home loans portfolio continued to grow at low single digits.

Pleasingly, current accounts and term deposits recorded strong growth, in line with the group’s transactional client franchise focus.

The growth in NII was partly offset by the negative endowment impact of lower average interest rates, period on period, and the ongoing competitive pricing pressures in the home loans portfolio in South Africa.

Non-interest income growth was driven by increased client activity and an increased client base which drove higher transactional activity, period on period. Net fee and commission income growth was underpinned by a strong performance in Personal and Private Banking in South Africa, supported by strong growth in value-added services revenue and higher fee income generated in Transactional Banking from increased trade activity in Africa Regions.

Trading revenue growth was supported by periods of elevated market volatility and market-making opportunities, particularly in the first quarter of the year.

Turning to costs…

The group continues to maintain rigorous cost discipline while absorbing increased business activity-related costs. We continue to invest in growing the client franchise while improving operational efficiency and optimising our physical infrastructure.

Cost growth was broadly in line with revenue growth, period on period.

Moving onto credit trends…

Credit impairment charges were lower, period on period. This is, however, still expected to revert to year-on-year growth as the year progresses, as a result of new business strain linked to loan growth, and higher charges in the second half of the year, relative to the low base in the second half of 2025.

Corporate & Investment Banking credit impairment charges were lower period on period, driven by post write off recoveries in the non-performing loans portfolio.

Business & Commercial Banking credit impairment charges were also lower, period on period, due to the non-recurrence of stage 3 provisions raised in the prior period.

Personal & Private Banking credit impairment charges were higher, period on period, due to an increase in forward-looking provisions, in response to the deteriorating macroeconomic outlook, particularly in South Africa and South & Central Africa. This was partly offset by ongoing and successful early-stage collections and restructuring efforts, which reduced inflows into non-performing loans.

Lower credit impairment charges combined with a growing balance sheet resulted in a lower credit loss ratio, period on period. The CLR for the period was around the mid-point of the group’s through-the-cycle range of 70 to 100 basis points.

Turning to the Insurance & Asset Management business…

The strong earnings growth momentum IAM reported in 2025 has continued into 2026. This was supported by improved life risk experience, continued good persistency levels and good growth in assets under management in South Africa and Nigeria, period on period.

And on ICBCS…

ICBCS continued to contribute positively to the group's earnings growth. Earnings growth in ICBCS was supported by improved trading profits from precious metals.

Considering earnings and capital…

As expected, the group's earnings growth for the five months moderated relative to the strong 12% recorded in the first quarter of the year.

The Africa Regions portfolio continued to benefit from its diversity. A softer performance in the South & Central Region was more than offset by growth in the West and East Africa portfolios. The ongoing growth in the South Africa franchise was underpinned by continued positive momentum in the business and competitive client offerings.

The group remains well capitalised and liquid with a CET1 ratio of 13.2% as at 31 March 2026.

Turning to the outlook for 2026…

There is no doubt that the uncertainty brought about by the Middle East conflict, and the subsequent inflation and related monetary policy actions, have temporarily weighed on our clients' confidence to transact, invest and borrow.

More recently, the US-Iran agreement to extend the ceasefire and open the Strait of Hormuz and the subsequent decline in oil prices are positive developments. Assuming this holds, we would expect confidence and momentum to return in the second half of the year.

At this stage, the group's guidance for the year ended 31 December 2026, as provided in March 2026, remains unchanged. As a reminder, for the full year to 31 December 2026, the group expects:

- Banking revenue growth of mid-to-high single digits in ZAR;
- Banking cost-to-income ratio to decline slightly;
- Credit loss ratio to increase but remain in the bottom half of the through-the-cycle target range of 70 – 100 basis points; and
- Group ROE to increase relative to the 19.3% reported in FY25

This guidance will be reviewed as part of the interim results process.

The group will report its financial results for the six months to 30 June 2026, on Thursday, 13 August 2026.

Thank you – Sarah, I will now hand back to you for questions