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Capital Markets Day

Financial outlook: Arno Daehnke – Chief Financial Officer

Welcome and thank you for joining.

This afternoon you have heard from Sim regarding our group strategy, from our business units describing their strategies and targets, and you heard about our technology strategies from Margaret.

I will now pull together the financials to show you a view of where we see the group results heading to 2028.

I will then hand over to Adam who will be facilitating the Q&A session.

Agenda

I will start with a quick 2025 anchor, transition to our 2028 financial outlook, then cover core aspects of capital allocation, and finally conclude with key takeaways.

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SBG 2025 Robust HE and ROE

We recently released our 2025 results and were pleased to be able to report that our diverse and resilient client footprint in Africa, combined with disciplined execution, allowed us to achieve all the financial targets we set in 2021.

At the time of setting those targets, this management team aimed to accelerate growth in earnings, and to drive return on equity to levels structurally higher than those pre-covid.

You can see in these graphs from 2015 that we succeeded, and ROE ended 2025 at the top end of our target range. Earnings growth in the post-covid period exceeded 13% on a compound annual growth basis.

The market has recognised this excellent performance and, taking into account generous shareholder distributions, our average total shareholder return amounts to 26% per annum since the end of 2020, higher than the average of all local peers.

SBG 2025

The post covid earnings growth of 13% that you saw on the previous was achieved through strong and diversified revenue growth, improved efficiency, as well as disciplined risk management.

In the years leading up to 2025, our banking revenue growth of 11% exceeded the 7 to 9% target, our cost-to-income ratio trended towards 50% and our credit loss ratio was managed within the target range.

We now pivot to SBG 2028, where our growth ambitions are anchored in

1. the strong base we have built,
2. the excellent momentum we have, and
3. our unique position to capture the trends driving Africa's growth.

ROE in range, focus pivoted to growth

Our 2028 financial targets are set out on this .

We have 2 very clear core targets:

1. headline earnings per share growth of, on average, 8 to 12% over the period to 2028, and
2. an ROE between 18% to 22%.

Our aim is to focus on and prioritise earnings growth, while further improving ROE. We believe that it is our strong growth profile that will set us apart from competitors over the medium term.

Within these 2 core targets we are aiming for

- increased customer activity and quality revenue growth, with growth anticipated to be, on average, between 7 and 10% per annum,
- continued positive operational leverage each year, resulting in a declining cost-to-income ratio, managed sustainably below 50%,
- disciplined management of credit risk and a group credit loss ratio between 70 and 100 basis points, and
- a sound capital position, with a common equity tier 1 ratio above 12.5% and a dividend payout ratio of between 45 and 60%.

The following will elaborate on each of these drivers.

Macro environment is supportive

This highlights the supportive macroeconomic outlook. On average, for our network of financial services operations, we expect declining interest rates, lower inflation, and higher real GDP growth, reinforcing Africa's resilient and strong growth outlook.

Geopolitical developments in the Middle East, particularly the conflict involving Iran, continue to introduce uncertainty. The forecasts on this include our latest best estimates, and further escalation in the conflict could impact these forecasts.

We acknowledge the uncertain geopolitical environment. Using scenario analyses, we plan and position the Group to continue to succeed under a range of possible geopolitical and resulting macroeconomic outcomes.

Sovereign risk

Sovereign risk is expected to recede across our African portfolio, as debt-to-GDP ratios moderate, credit ratings improve, and bond yields settle after a strong decline.

Banking revenue

Based on the macros outlined in the previous 2 s, we provide our assessment of our revenue growth profile to 2028.

Total banking revenue is expected to grow between 7 and 10% a year. This growth is higher than average nominal GDP growth expectations of 7.5%.

Given the strong client momentum that you have heard about from the business units, we have increased our revenue expectation range, despite the negative endowment impact which is still expected to materialise and despite the relatively high base that has been set for trading revenue over the last 2 years.

- Based on revenue type, shown in the left hand graph, we expect non-interest revenue to grow faster than net interest income
- Based on geography, shown on the right hand graph, we expect Africa Regions to grow faster than South Africa. Our expectation is for Africa Regions to deliver double digit revenue growth in Rands.

NII

NII growth of between 6 and 8% per annum is anticipated to be driven by robust balance sheet growth.

On the left hand side of the you can see our expectation that customer deposits are anticipated to grow faster than customer loans, and Africa Regions balance sheet growth is expected to continue to outpace South Africa. These mix changes are positive for margins, which you can see in the NII roll forward on the right hand side of the .

Lower average interest rates particularly in Africa Regions, however, will continue to be a drag on margins, as will competitive pricing pressures. If interest rates do not drop to the extent we have modelled, we would anticipate a smaller endowment impact, but also slower asset growth.

Also noteworthy here, is that our fast growing and high margin business in Africa Regions is expected to meaningfully contribute towards accelerating NII growth.

NIR

NIR growth of between 8 and 12% per annum is expected.

The graph breaks NIR down into its main component parts and shows:

- Firstly, that the largest contributor to NIR, namely fees, continues an excellent growth trajectory. This reflects the anticipated growth in our customer base, our access to

transaction flows within countries and across the continent; as well as our customers doing more with us. An increased contribution from fast growing Value Added Services in PPB also contributes to this growth.

- Secondly, we show trading revenue sustaining the momentum that our global markets client franchise has delivered over the last few reporting periods, with more than 80% of global markets revenues driven by recurring client activities.
- Thirdly, we expect a meaningful uplift from bancassurance income, and the benefits of a closer working relationship between PPB and IAM, with this business delivering more than R13.5bn in gross written premiums in 2028.

Opex

On this we outline our approach to managing operating expenditure: investing where we are driving growth, while optimising costs through technology, scale and efficiency.

Areas of investment will include:

- Client facing specialist skills to increase customer acquisition, retention and cross sell, as well as technology skills;
- Continuous improvements to features on our digital channels;
- Continued shift from on-premise to cloud based storage and processing; and
- Investments in AI and payment capabilities to ensure market competitiveness.

Optimisation efforts will concentrate on technology and physical infrastructure.

Cost growth is expected to be 6 to 8% per annum.

Over each of the past five years we have achieved positive operating leverage by actively managing our costs to grow slower than revenues. We have a proven track record of consistently achieving positive jaws, through driving productivity and efficiency, and we are thus confident that our cost-to-income ratio will continue to trend lower and be managed sustainably below 50%.

Credit impairments

Moving now to our expectations for credit impairments.

The income statement charge for credit impairments is expected to increase by 5 to 8% per annum, mostly driven by a growing loan book. The outlook for sovereign risk is expected to improve, as discussed earlier, and we do not expect a repeat of the R1.5bn charge for sovereign impairment we took in 2025.

The credit loss ratio is expected to remain in the lower half of our target range.

That completes the analysis of banking activities.

IAM

I am now moving to our outlook for Insurance and Asset Management, much of which has already been covered by Yuresh today.

For those of you not familiar with our management reporting, we report a pure banking income statement and supplement it with earnings from our insurance and asset management operations to arrive at the group's earnings.

The IAM numbers you see here are after accounting for an earnings attribution to PPB, thus recognising the distribution role that the banking network provides for insurance products.

As you can see on this , we expect IAM earnings to grow in excess of 10% per annum and, post capital efficiencies extracted over the last 2 years, this business unit has been a strong contributor to the group's expanding ROE. I remind you that, since 2022 when we bought the remaining stake from Liberty minority shareholders, we have upstreamed R16bn of capital from Liberty to the group. This has resulted in a structurally higher IAM ROE.

Group ROE

We have been through the drivers of the group's earnings to deliver HEPS growth of between 8 and 12%.

Here we highlight the drivers that will support an uplift in the group's return on equity to end 2028 firmly inside the new target range of 18 to 22%. We understand the levers we need to pull to drive our ROE, and they are set out here.

We first show the step up by business unit – and see that that PPB delivers most of the uplift in the group's ROE in the medium term.

We need to bear in mind that we hold central capital buffers to ensure the resilience of the group through volatile market disruptions and to always be in a position to support our clients. Capital buffers are also held to enable us to capture organic and in-organic growth opportunities. These capital buffers will continue to dilute the Group ROE to levels slightly lower than the business unit ROE contributions.

ICBCS is expected to continue to be a small drag on the group's ROE. On the right hand side, we show the group's ROE expansion by region. Africa Regions has been, and will remain, central to our growth story. Strong economic and business momentum across the continent drives earnings growth from this diverse region. Africa Regions will continue to grow earnings by around 2 – 4% faster than South Africa.

This faster growth, at structurally higher ROEs, delivers the largest portion of the group's ROE expansion.

Capital Allocation

We now shift our focus to capital allocation and discuss how we deploy capital to support growth while delivering returns to shareholders.

Investigating in Africa the history of active capital management

Our approach to active portfolio management and disciplined capital allocation has seen us divest USD 3 billion of capital from emerging markets and re-invest the capital in Africa since

2007. These actions have changed the composition of the group's earnings such that SBSA and Africa Regions are now roughly the same size in terms of their contribution to earnings.

A combined distribution strategy that balances growth with delivering increased returns for shareholders has seen the R170 billion in earnings generated since 2022, being split between retained for growth (40%) and distributed to shareholders in the form of dividends and share buy backs (60%).

Growth and distributions

The balance between funding growth and distributions is expected to continue going forward.

Capital will be retained for organic growth, particularly for products or geographies that are growing faster than others.

We will also retain capital for inorganic growth where we can buy scale in an existing market or enter a new market. These considerations will always be subject to rigorous due diligence, price considerations and the opportunity to realise synergies. As can be seen through our recent history, we prefer to think of M&A as a continuous capability, executing a series of small to midsize deals. Empirically, it is proven that programmatic execution of M&A (rather than very large transformative deals) leads to stronger performance and reduced risk.

We will continue to return capital to shareholders in the form of ordinary dividends, supplemented with share buys where it makes economic sense to do so and we have excess capital.

Active capital allocation

Our approach to capital allocation is based on comprehensive, client led market analysis to identify growth and investment opportunities, delivering fast-growing, high-quality earnings.

Our current assessment of market opportunities within our existing network show many areas of potential growth. The map shown here supports our current strategies to direct incremental capital towards East and West Africa where large profit pools exist, fundamentals are improving, and where we do not yet have a top 3 market position.

Egypt is notable for its market size, and we look forward to expanding here. Our Cairo representative office allows us to apply our CIB expertise in this important market.

Group Cost of Equity

We showed this at our results two weeks ago and I would like to re-iterate this message again.

We currently calculate the group's cost of equity to be 13.8% using the standard capital asset pricing model. This has been reducing over the last number of reporting periods, mainly due to a reduction in the risk-free benchmark interest rate used in the calculation. In 2025, the risk-free rate in South Africa declined by 200 basis points to 8.3%.

We also sense check this important metric using a weighted average calculation of each of our legal entities. Within African Regions, inflation and country-specific risk factors drive a calculated weighted average cost of equity for the region of 22%. To reflect the diversification benefit and relative earnings stability that this portfolio has delivered to the group, we correlate the country earnings to South Africa's earnings over the last four years. We thereby calculate an earnings diversification benefit of 5.5%, which reduces Group earnings volatility and risk, to arrive at a diversified cost of equity for Africa Regions of 16.5%.

Using a 10.1% cost of equity for our dollar denominated offshore operations, the 16.5% we just calculated for Africa Regions and 13.8% for South African operations, the group's weighted average cost of equity is then 14.0%, closely approximates the 13.8% we have from our CAPM model.

Looking to 2028, reducing interest rates and inflation differentials, together with improved credit ratings, should result in a stable cost of equity at around 14%, or slightly lower, on a weighted average and CAPM basis.

Key takeaways

I will now close with 4 s

Delivery across all business units

Our 2028 results are expected to be delivered through strong performances from all four business units:

From a banking perspective

- We have a differentiated CIB business which is well diversified and operates at tremendous scale; and which has significant opportunity to grow. CIB is expecting strong revenue growth and a declining cost-to-income ratio to drive ROE higher to within a 22 to 24% target range.
- Our BCB business has a strong deposit core with a recurring transaction franchise and a large opportunity to capture the accelerating economic growth in East and West Africa. BCB is anticipated to maintain a strong ROE of between 35 and 40%, while focusing on much improved operating leverage.
- We have a large, diverse and growing PPB franchise with significant opportunity to grow the transactional account base, as well as focusing on scaling our important retail banking franchises in Africa Regions. PPB is expecting a strong uplift in ROE to between 26 and 30%, through strong growth in capital-light non-interest revenues.

And from an IAM perspective

- We have an established franchise with scale in South Africa and a sizeable opportunity to drive bancassurance growth through closer collaboration and integration. IAM will continue strong earnings growth of greater than 10% per annum to drive ROE between 24 and 27%.

2028 targets summary

This is a reminder of the group's targets to 2028.

We have a track record of delivery and we are confident that we will deliver our core targets of HEPS growth between 8 and 12% a year and an ROE in the range of 18 to 22%.

We expect strong growth from all our large markets such that Africa Regions is likely to be around 45% of the group's earnings by 2028.

Managing volatility

We live in a volatile, uncertain, complex and ambiguous world. Yet, as an organization, we have consistently demonstrated our strength and adaptability in the face of challenges.

You can see here, that over a long period, our robust risk frameworks, diversified business units, geographical spread and forward-thinking leadership enable us not only to withstand uncertainty, but to thrive within it. Our resilience is underpinned by our strong capital base, active capital management processes, and the proven ability of our fortress balance sheet to withstand shocks.

We remain client led and stand ready to support our clients through the cycle. This unwavering commitment ensures that we remain a trusted partner, providing stability, guidance, and tailored solutions to help our clients navigate complexity and succeed.

These strengths have enabled us to deliver steady growth and consistent performance.

Other than during the covid crisis when we did not pay an interim dividend due to regulatory requirements, Standard Bank Group has not missed a dividend payment since our listing in 1970.

Key takeaways

Standard Bank Group has endured, flourished and grown for 163 years. We look to the future with confidence. There are substantial grounds for our optimism:

- We have a strong track record of delivery, despite volatility;
- We will continue to drive client-led growth. This growth will be evident in our expanding footprint and the increasing number of clients we serve, leading to higher client activity levels, revenues and earnings;
- We will continue to manage capital diligently and deliberately, balancing growth and distributions to shareholders; and
- We will continue to deliver attractive returns and increasing shareholder value add.

In summary, we have a strategy which is working. Supported by favourable macroeconomic conditions, we are confident in our strategic direction, our unique position to capture the trends driving Africa's growth, and our ability to deliver our 2028 financial targets.

Today you have heard how we have chosen to compete and win in our selected markets and segments, to drive Africa's growth. Our disciplined approach to capital management, combined with a relentless focus on value creation, ensures we remain well-equipped to achieve attractive returns and continue increasing shareholder value.

From a position of undeniable strength, we look forward to the next chapter with optimism and determination.

I will now hand back to Adam for the Q&A session.