Standard Bank Group FY25 pre-close call script – 1 December 2025

Arno Daehnke – Standard Bank Group Chief Financial Officer

Good evening and thank you all for joining us.

As Sarah noted, I will add some colour to the announcement and then we will turn to questions & answers as we usually do.

Starting with the macroeconomic environment

To date, global economic activity has been relatively resilient, despite geopolitical and trade policy uncertainty. In October 2025, the IMF revised global growth projections higher for 2025 to 3.2%, from 3.0% in July 2025. Year to date, inflation has declined and this has, in turn, allowed for monetary policy easing across many countries.

On average, across the portfolio of 21 countries in which the group operates in sub-Saharan Africa, inflation has eased. Interest rates have declined in all countries except Botswana and Mauritius. Interest rates increased in Mauritius in February 2025 by 50 basis points to 4.5% and in Botswana in October 2025 by 160 basis points to 3.5%. Notable monetary policy easing was observed in Ghana where interest rates were cut by 900 bps to 18%, Mozambique by 325 bps to 9.5% and Kenya cuts by 200 bps to 9.25%.

While macroeconomic reforms and stabilisation efforts have brought relative stability, particularly in Nigeria, Angola and Ghana, sovereign stress has remained elevated in Malawi and has increased in Mozambique.

After successfully implementing reforms to combat money laundering and terrorism financing, South Africa, Nigeria and Mozambique exited the Financial Action Task Force (FATF) grey list in October 2025. This is expected to boost investor confidence and to lower the risk premium for doing business in the countries in time. The IMF expects real GDP growth for the sub-Saharan Africa region to be 4.1% and 4.4% for 2025 and 2026 respectively.

In South Africa, the environment has improved as the year has progressed. The government of national unity tensions have eased and the structural reforms, and associated activity, have continued. Inflation has declined, providing scope for interest rate cuts.

The South African Reserve Bank Monetary Policy Committee cut the repo rate by 25 basis points in January, May, July and November 2025, bringing the repo rate down to 6.75%. Lower interest rates are positive for client affordability and activity more broadly.

In November, the finance minister announced the new inflation target of 3% (this previously was 3 to 6 percent). He also noted that the target has a tolerance band of 1 percentage point either side of 3%, and a 2-year implementation phase.

The Standard Bank Securities Research team expect inflation to average 3.3% in 2025, down from 4.4% in 2024. In 2026, they expect average inflation to increase to 3.9%, but to remain within the tolerance band, thus enabling the SARB to ease further. Their current base case is one further 25 basis point cut in Q1 2026 and then a pause until 2027.

Growth in South Africa has been lower than expected at the beginning of the year. Confidence was dented by trade- and tariff-related uncertainty and the Government of National Unity VAT spat in the first half of the year. There are, however, nascent signs that confidence is improving. For example, consumer confidence *[Source: FNB/BER]* has improved from lows seen in the first quarter of 2025 and financial confidence has increased for the first time in three years. *[Source: Sanlam financial confidence index].* On 14 November 2025, S&P upgraded South Africa's local currency credit rating to BB+ with a positive outlook. The outlook reflects the possibility of stronger than expected growth, despite trade- and tariff-related headwinds.

We expect South Africa's real GDP growth to be 1.0% and 1.3% for 2025 and 2026 respectively. Our current expectation for 2025 is slightly higher than the 0.9% we expected in August this year.

Turning to our operational trends for the first 10 months of the year

For reference here, where I refer to the current period, I am referring to the 10 months to 31 October 2025 and likewise, the prior period is the 10 months to 31 October 2024.

Overall, the group's performance trends in current period were broadly in line with those reported in the first half of the year.

Starting with banking and our 3 banking business units

Banking revenue grew by mid-to-high single digits period on period.

Net interest income growth was driven by book growth, supported by strong origination in Investment Banking, particularly relating to the Energy & Infrastructure sector. The improvement in disbursements, noted in PPB and BCB in the six months to June 2025, have continued into the second half. Higher repayments in Standard Bank Offshore remained a drag on loan growth. Deposit growth has remained strong in both South Africa and Africa Regions, reflective of the strength of our transactional franchises. As noted in the BA900 data, deposit growth in South Africa was 8% year on year to September 2025 and this continued into October 2025.

NII growth was dampened by the negative endowment impact from lower average interest rates. In PPB SA, competitive pricing pressures continued, particularly in mortgages.

Non-interest revenue growth remained robust. A larger and more engaged client base, combined with increased client activity, led to strong net fee and commission revenue growth. Continued uncertainty and market volatility supported strong trading revenue momentum.

Turning to banking costs

Despite an increase in activity-related costs, cost growth remained well contained. Banking revenue growth was slightly ahead of cost growth.

Moving on to credit

The group's credit loss ratio for the 10 months to 31 October 2025 was around the middle on the group’s through-the-cycle range of 70 to 100 basis points.

Corporate & Investment Banking credit impairment charges were higher period on period, off a low base in the prior period. We hold provisions in Malawi and Mozambique on the back of the sovereign stress which I referred to earlier.

Personal & Private Banking credit impairments were lower period on period due to a slowdown in early arrears formation and lower inflows into non-performing loans as reported previously and in line with expectations.

Business & Commercial Banking credit impairment charges were also lower period on period, driven by improvements in both South Africa as well as in Africa Regions as a consequence of deliberate risk remediation and concentration risk management.

Next, our Insurance and Asset Management business

IAM continued to deliver a robust performance. Earnings were higher period on period driven by an improved performance in the South African Retail life insurance business and an improved claims ratio in the South African short-term insurance business. The former was driven by improved persistency and risk experience. The latter was assisted by the absence of catastrophic weather-related events year to date.

Turning to ICBCS

ICBCS continued to perform well, supported by a strong performance by the precious metals business. Earnings from our 40% stake contributed positively to group earnings growth in the current period.

As expected, the currency impact on our performance was muted.

Moving on to capital

The group remains well capitalised and liquid. We published our Pillar 3 report for the quarter ended 30 September 2025 last week. The group’s common equity tier 1 ratio as at 30 September 2025 was 13.6%.

Turning to our guidance for the twelve months to 31 December 2025

As mentioned before, our guidance remains unchanged. We are committed to delivering:

- Banking revenue growth of mid-to-high single digits with net interest income growing at low-to-mid single digits and non-interest revenue at high single digits;
- Banking revenue growth at or above operating expenses growth, resulting in flat to positive jaws and a flat to lower cost-to-income ratio year on year;
- And a group ROE well anchored in the group’s target range of 17% to 20%.

We look forward to closing the chapter on our SBG 2025 strategy and related targets when we report our 2025 financial results on 12 March 2026. We remain confident we will deliver against the SBG 2025 targets we laid out in August 2021.

We will provide guidance for 2026 financial year when we report our results in March.

Lastly, earlier in the year we provided you with the group's new core targets for the period from 2026 to 2028. For reference, these are to deliver:

- Compound average headline earnings growth per share of 8% to 12%
- And a return on equity of 18% to 22%

We will host a Capital Markets Day to unpack the strategic and financial drivers that underpin these targets. This event will take place on 26 March 2026. Further details will be provided closer to the time.

In closing, in the 10 months to the end of October, the group continued to perform well, supported by our well diversified portfolio of businesses and regions. In recent months, we have seen an improvement in disbursement, activity and credit trends in South Africa. We expect this momentum to continue into 2026. And in Africa Regions, our businesses continued to perform well, in terms of growth and attractive risk-adjusted returns.

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

Closing remarks

Thanks very much. We appreciate you dialling in and all the relevant questions and the interest you've demonstrated. I just want to remind you again, our results are on the 12 March 2026. Please join us then. And of course, we've got our Capital Markets Day, which we announced today. That's very exciting for us and will take place two weeks later on 26 March 2026.

Hopefully you can also join us for the Capital Markets Day. We'll unpack our 2026 to 2028 performance, and how are we going to be achieving, and hopefully exceeding, our targets at that point in time.

I wish you all the best for the festive season and thank you again for the interest in dialling it to the call