PSG Wealth

Company Update Report

Standard Bank Group Limited

Financials

Ticker	SBK-ZA
Share price	R312.14
Intrinsic value	R306
Upside/(Downside)	-2%
Recommendation	Hold

As at: 24 April 2026

Analyst thesis

Our recommendation is based on:

- Africa's leading bank with a diversified pan-African franchise: Standard Bank is Africa's largest bank by assets, operating across multiple financial sectors with a presence in 20 sub-Saharan African countries and select offshore hubs. Its regional and international operations contribute ~40% of total net income, providing differentiated exposure to faster-growing sub-Saharan African economies, rising demand for banking and financial services, and infrastructure and energy-transition financing opportunities that most domestic peers cannot replicate.
- SBK benefits from an improving South African backdrop, reduced load-shedding, logistics reform and FATF grey list removal, while also supported by structural growth in sub-Saharan Africa. However, lower South African GDP growth (~1.6%), high unemployment and FX and political volatility across African markets remain key constraints on credit demand and earnings growth.
- Robust returns and capital discipline: SBK delivers strong profitability, with ROE reaching 19.3% in FY25, at the top of the group's 2025 target range of 17%–20%. Capital generation remains robust, with CET1 of 13.8%, supporting a 56% dividend payout ratio, and enabling both organic and inorganic investment, through mergers and acquisitions (M&A), across the franchise.
- Despite strong share price performance in 2025, the stock now trades above our intrinsic value. The NTM P:E of 9.4x remains above the five-year average of 7.8x, suggesting that the quality of the franchise and its multi-year growth outlook are largely priced in.

Latest company and market insights

Key highlights

In this report, we review the FY25 results released in March 2026:

Financial results at a glance:

- Net interest income (NII): NII increased by 4.4% from R101.3 billion in FY24 to R105.7 billion, supported by loan growth and a larger deposit base. The net interest margin compressed by 7 basis points (bps) to 483 bps, reflecting the impact of lower average interest rates as the SARB continued its rate easing cycle.
- Non-interest revenue (NIR): Non-interest revenue rose by 10.3% from R61.1 billion to R67.4 billion, underpinned by stronger fees, commissions and trading income.
- Insurance and Asset Management (IAM): IAM revenue increased from R19.4 billion in the prior period to R21.7 billion for an 11.7% gain, while headline earnings increased from R3.3 billion in FY24 to R4.1 billion, up 25.7%. Assets under management (AUM) grew by 14.7% to R1.8 trillion (FY24: R1.5 trillion).
- Credit performance: Credit impairment charges declined by 5.5% from R15.2 billion in FY24 to R14.3 billion, reflecting improved portfolio trends, supported by an improving macroeconomic environment.
- Operating expenses increased by 4.7% from R95.2 billion to R99.7 billion, fuelled by an 8.7% increase in cloud, software and technology expenses, plus a 5.1% increase in staff costs.
- Group ROE improved to 19.3% (FY24: 18.5%). Total dividends rose from 1 507 cents per share in FY24 to 1 695 cents per share for a 12.5% rise.
- Corporate and Investment Banking (CIB) delivered the strongest growth, with headline earnings rising by 18% from R20.5 billion in FY24 to R24.1 billion. Personal and Private Banking (PPB) increased by 3% from R11.0 billion to R11.4 billion, while Business and Commercial Banking (BCB) declined by 4% from R9.6 billion in FY24 to R9.2 billion.

Sector outlook

South Africa's banking sector is well capitalised and entering a more supportive environment, although higher oil prices remain a near-term inflation risk. The SARB policy rate of 6.75% as of April 2026 underpins a gradual recovery in credit recovery. GDP growth is expected at around 1.6% in 2026, with modest medium-term improvement supported by better electricity supply, logistics reform, and improved sentiment following structural reforms and the FATF grey-list exit.

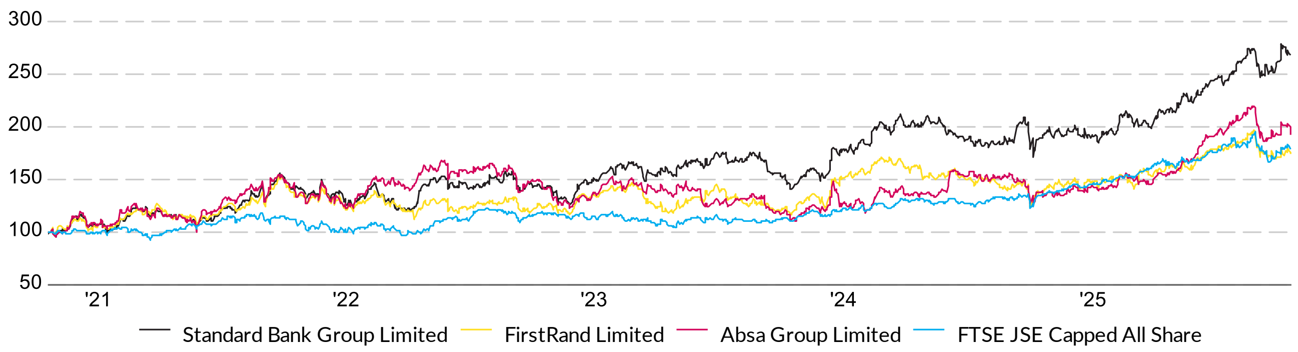
Sub-Saharan Africa is expected to grow at roughly 4%–4.5%, underpinning SBK's diversified earnings base. Despite intensifying fintech competition, well-capitalised banks with scale and digital capability remain well-positioned to sustain earnings growth and returns.

Table 1: Qualitative summary

Factor	Rating	Description
Growth	★★★☆☆	Expected three-year revenue CAGR is 1.3%, and expected three-year EPS CAGR is 10.3%. Revenue growth reflects balance-sheet expansion across SA and Africa regions, supported by NII recovery as lending grows and NIR momentum from fees, trading and IAM income. EPS growth benefits from positive operating jaws and lower credit impairments.
Valuation	★★☆☆☆	The share price is trading at a 2% premium to the IV. Current NTM P:E of 9.4x is trading at a 20% premium to the five-year average NTM P:E of 7.8x.
Dividend	★★★★☆	LTM dividend yield 4.9%. NTM dividend yield 5.8%.
Issuance	★★☆☆☆	Shares issued have increased by 2% in the past five years.
Catalyst	Improving South African macro environment: Sustained progress on electricity supply, logistics reform and SARB rate cuts should accelerate retail credit recovery, support household affordability and boost transactional volumes in PPB and BCB. Africa regions growth opportunity: SBK's presence in 20 sub-Saharan African countries provides structural exposure to higher-growth economies where banking penetration remains low and demand for corporate, trade and infrastructure finance is expanding. SBK's earnings mix is underpinned by a strong CIB franchise, with high-return growth driven by infrastructure, energy-transition, and commodity-linked activity across Africa. IAM adds further diversification through insurance and asset management growth in South Africa and select African markets.	
Quality of earnings	★★★★☆	Five-year average ROE 17.0%. Five-year average net profit margin 11.5%. Seven of the past 10 years had positive earnings growth. SBK has consistently delivered an improving ROE over the post-COVID recovery period, reflecting disciplined capital allocation, positive operating jaws and diversified earnings across banking, insurance and asset management segments.
Moat	★★★☆☆	Switching costs and relationship depth: Clients are embedded across payroll, lending and transactional/payment rails, creating high operational friction to switching and supporting durable retention across operating markets. Funding and scale advantage: A large, stable deposit franchise provides structurally low-cost funding, while scale across 20 African markets generates operating leverage, enabling cost absorption, competitive pricing, and sustained investment across the group. Intangible assets and regulatory barriers: SBK's brand, built over more than 160 years, carries strong franchise trust across Africa. This, combined with multi-jurisdiction banking licences and high regulatory hurdles, creates meaningful barriers to entry and reinforces its incumbent position.
Management and governance	★★★★☆	Sim Tshabalala was appointed Group CEO of Standard Bank Group in 2017, having previously served as joint Group CEO from 2013. He joined the group in 2000 and, during his tenure, held senior roles across structured finance, corporate and investment banking and South African banking leadership, building extensive experience across SBK's African operations.
Balance sheet	★★★☆☆	Loans to deposits 84.3%, compared with a five-year average of 87.8%. CET1 of 13.8%.
Risks	Credit and macro risks: Weak SA growth, high unemployment, rising inflation pressure and household strain may pressure credit quality and loan growth, while African currency volatility adds to earnings volatility. Competitive risk: Fintechs and digital banks are increasing competition in payments and transactional services and SARB's 2026 payments reforms may add pressure on fee income. Operational and cyber risk: A large digital and multi-country footprint increases exposure to cyberattacks, outages and fraud. Execution risk: Exposure to African markets drives volatility from currency swings, sovereign risk and political/regulatory instability. Regulatory and political risk: Ongoing Basel III requirements, SARB/FSCA oversight and the JIBAR-to-ZARONIA transition may increase compliance costs and gradually impact funding, pricing, and product economics.	

Source: FactSet

Graph 1: Five-year price (Indexed to 100)



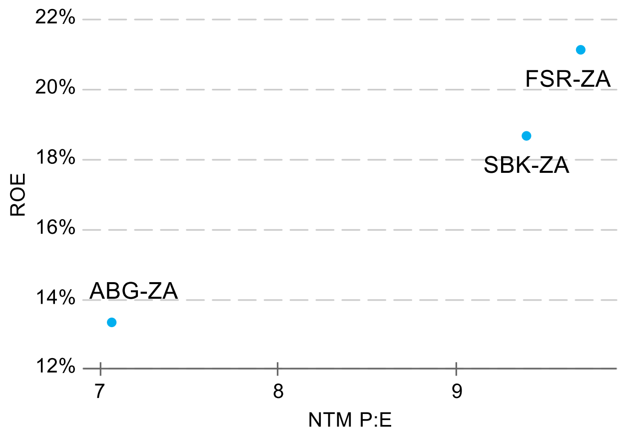
Source: FactSet

Table 2: Price performance versus benchmark and peers

Period	YTD	MTD	3M	6M	1Y	2Y	3Y	5Y	10Y
SBK-ZA	9.4%	4.3%	7.2%	23.5%	41.2%	87.8%	87.8%	169.2%	145.8%
FSR-ZA	-2.7%	2.5%	-4.9%	5.8%	26.4%	44.8%	40.7%	74.8%	86.2%
ABG-ZA	-0.2%	-1.0%	-5.5%	24.0%	38.4%	69.7%	35.8%	93.4%	65.0%
JSE All Share Index	2.1%	3.5%	-2.8%	9.2%	31.6%	60.8%	51.9%	79.6%	118.3%

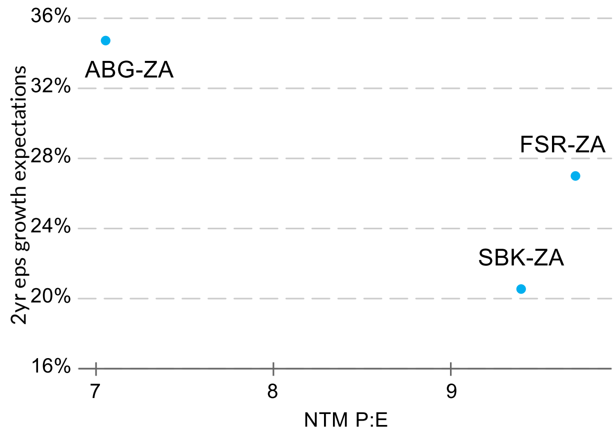
Source: FactSet

Graph 2: P:E vs 2Y average ROE



Source: FactSet

Graph 3: P:E vs EPS 2Y CAGR forecast



Source: FactSet

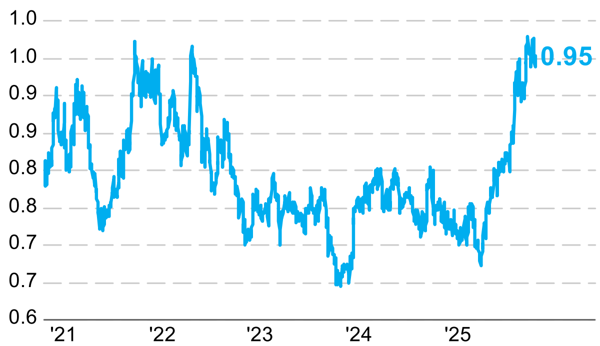
Valuation

The valuation of SBK is based on forecast earnings per share and a forward P:E multiple that captures the group's diversified banking and financial services operations. Earnings forecasts incorporate loan growth, net interest margin trends and credit loss normalisation aligned with management guidance. The valuation multiple is anchored to SBK's historical trading range, consistent with the group's medium-term growth, return profile and capital position. Bear, base and bull scenarios are considered, with probability weightings reflecting potential macroeconomic outcomes and capital return assumptions.

Table 3: Valuation summary

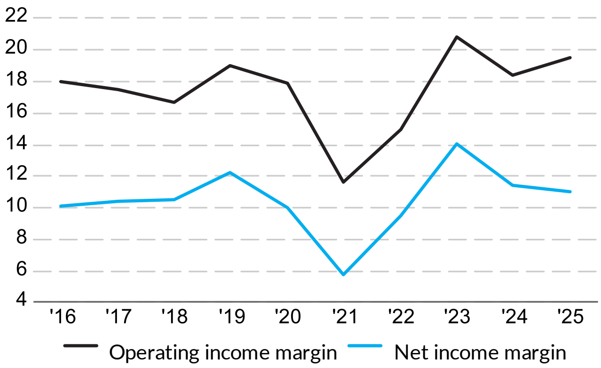
Valuation Probabilities			
	Bear	Base	Bull
P:E Multiple	7.5x	9.0x	11.0x
Probability	15%	65%	20%
Implied share price	R229	R297	R392
Weighted intrinsic value			**R306**
Upside/(Downside)			**-2%**

Graph 4: NTM P:E relative to benchmark



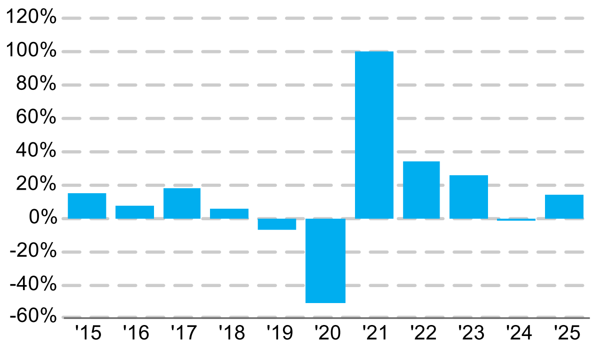
Source: FactSet

Graph 5: Profit margins (%)



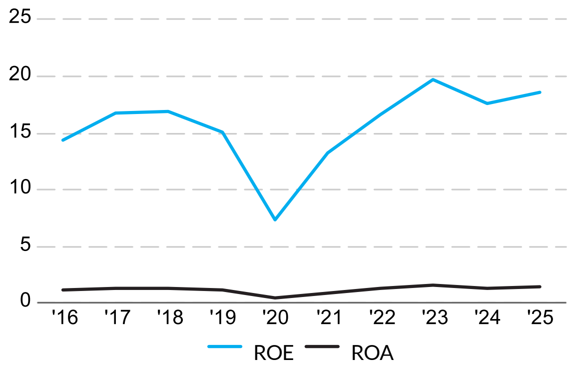
Source: FactSet

Graph 6: 10Y EPS year-on-year change



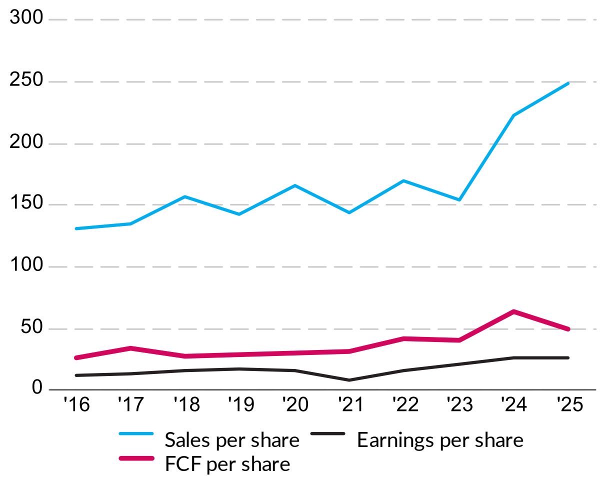
Source: FactSet

Graph 7: ROE and ROA (%)



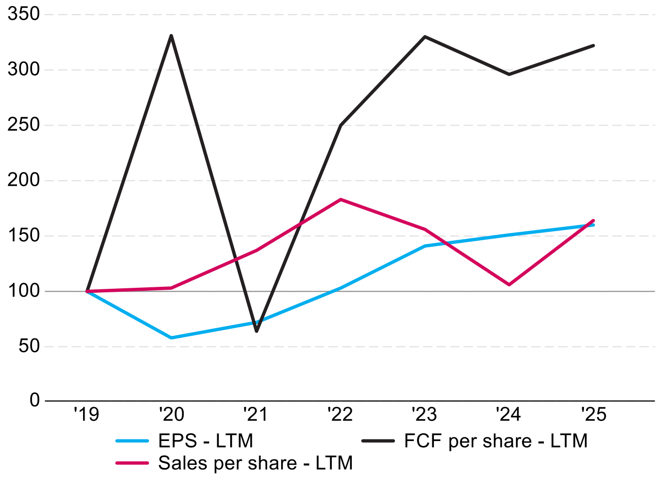
Source: FactSet

Graph 8: Sales, earnings, and FCF per share (ZAR)



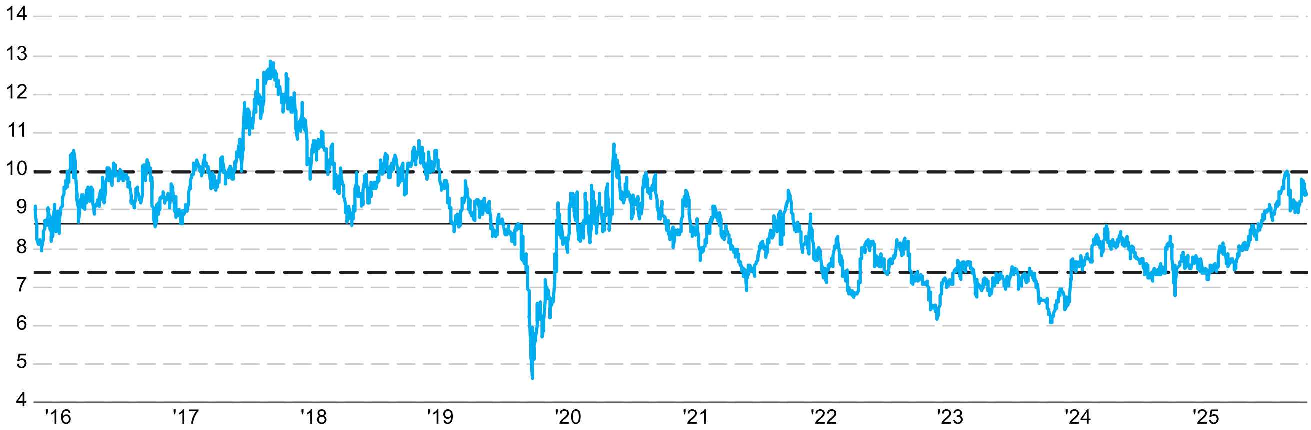
Source: FactSet

Graph 9: Sales, earnings, and FCF per share indexed



Source: FactSet

Graph 10: NTM P:E



Source: FactSet

Table 4: Financials and ratios

Income statement (RMn)	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	1Y Growth	3Y CAGR	5Y CAGR
Net Interest income	62 436	78 391	98 188	101 253	105 734	4%	10%	11%
Provision for Credit Losses	-9 873	-13 343	-16 261	-15 152	-14 321	-5%	2%	-7%
Non-Interest Income	70 288	69 726	79 428	80 476	89 029	11%	8%	7%
Operating Expenses	-82 429	-83 533	-94 749	-95 174	-99 662	5%	6%	5%
Net Operating Income	40 422	51 241	66 606	71 403	80 780	13%	16%	28%
Net income	28 059	39 040	50 303	50 184	56 666	13%	13%	31%
EPS (ZAR)	15.6	20.7	26.7	26.4	30.2	14%	13%	31%
Balance sheet (RMn)	**Dec 21**	**Dec 22**	**Dec 23**	**Dec 24**	**Dec 25**	**1Y Growth**	**3Y CAGR**	**5Y CAGR**
Total assets	2 725 817	2 882 397	3 045 705	3 269 250	3 620 854	11%	8%	7%
Total shareholders' equity	242 849	258 866	276 920	292 656	312 416	7%	6%	8%
Total liabilities	2 482 968	2 623 531	2 768 785	2 976 594	3 308 438	11%	8%	7%
Ratios	**Dec 21**	**Dec 22**	**Dec 23**	**Dec 24**	**Dec 25**	**5Y Avg**		
Cost-to-Income Ratio	57.8%	53.9%	51.4%	50.5%	50.2%	52.8%		
CET1	13.8%	13.4%	13.7%	13.5%	13.8%	13.6%		

Source: FactSet

Table 5: Standard finance and investment abbreviations

Abbreviation	Definition
ABG-ZA	Absa Group Limited
CAGR	Compounded annual growth rate
CET1	Common Equity Tier 1
DCF	Discounted Cash Flow
EPS	Earnings per share
FATF	Financial Action Task Force
FCF	Free cash flow
FSCA	Financial Conduct Authority
FSR-ZA	FirstRand Limited
FY	Financial year
JIBAR	Johannesburg Interbank Average Rate
LCR	Liquidity Coverage Ratio
LTM	Last twelve months (also known as trailing)
M	Month
MTD	Month-to-date
NTM	Next twelve months (also known as forward)
P:E	Price to earnings
ROA	Return on assets
ROE	Return on equity
SARB	South African Reserve Bank
SBK-ZA	Standard Bank Group Limited
Y/y	Year(s)
YoY	Year-on-year
YTD	Year-to-date
ZAR or R	South African Rand
ZARONIA	South African Rand Overnight Index Average

Contact details

Marnus Piekaar, CFA
Equity Analyst
+27 (11) 996 5200
Marnus.Piekaar@psg.co.za

Pierre Muller, CA(SA), CFA
Head of Equity Solutions
+27 (11) 996 5200
Pierre.Muller@psg.co.za

The purpose of this document is to provide information and is not available for external distribution.

About PSG Investment Management recommendations

PSG Investment Management provides medium- to long-term recommendations based on the premium or discount that a company trades at, relative to our estimation of intrinsic value. We expect companies to rerate towards their intrinsic value over a one- to three-year period. The long-term valuation is a quantitative-based valuation based on the fundamental performance of each company in the past, as well as their future forecasts. The fundamental features used are based on profitability and include EPS growth and return on equity (ROE).

House view guidance: House view guidance is indicative only. Each client's circumstances are different, and it remains critical that indicative guidance is discussed with your portfolio manager or financial adviser.

Date and share price: The date the report was reviewed and approved by the portfolio committee is likely to precede the release date and price on the report.

*Share price as at closing.

Disclaimer

This publication is confidential and released for the information of clients only. It shall not be reproduced in whole or in part without our permission. Any unauthorised use, duplication, redistribution or disclosure is prohibited by law. This publication is not to be construed as providing investment services in any jurisdiction where the provision of such services is not permitted. It is provided for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security, and we have no responsibility whatsoever arising here from or in consequence thereof. The user assumes the entire risk of any use made of this publication. Any decision to purchase securities mentioned in this publication must consider existing public information on such security or any registered prospectus. The information contained herein has been obtained from sources which and persons whom we believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute our judgement as of the date of this material and are subject to change without notice. This publication does not attempt to identify the nature of the specific market or other risks associated with an investment. Leveraged/Geared positions in securities can accentuate the profit/loss made on investments. Geared/Leveraged positions are not recommended based on the information contained in this publication. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and investors must make their investment decisions using their own objective advisers as they believe necessary and based upon their specific financial situations and investment objectives. Certain investments/recommendations may have tax implications for private customers. Investors should seek advice from a tax adviser before acting on information contained in this publication. The securities described herein are subject to fluctuation in price and/or value and investors may get back less than originally invested. Past performance is not indicative of future results. The employees responsible for producing this report may from time to-time own securities mentioned herein.

Analyst certification

The research analyst who prepared this report certifies that the view expressed herein accurately reflects the research analyst's personal views about the subject, security and issuer and that no part of their compensation was, is or will be directly or indirectly related to specific recommendations or opinions contained in this report.

FSP

PSG Investment Management (Pty) Ltd is an authorised financial services provider. FSP: 44306

PSG Securities Limited is an authorised member of the JSE and authorised financial services provider. FSP: 42996

DISCLAIMER: This report constitutes general information and does not constitute financial advice as defined in the Financial Advisory and Intermediary Services Act (FAIS).