Nedbank Group Limited

Interim results

for the 6 months ended 30 June 2025

Financial highlights

Headline earnings	R8 399m (H1 2024: R7 911m)	▲ 6%
DHEPS	1 762 cents (H1 2024: 1 650 cents)	▲ 7%
HEPS	1 800 cents (H1 2024: 1 699 cents)	▲ 6%
Basic EPS	1 571 cents (H1 2024: 1 700 cents)	▼ 8%
ROE	15.2% (H1 2024: 15.0%)	▲ 0.2%
CET1	13.1% (H1 2024: 13.3%)	▼ 0.2%
Cost to income	57.4% (H1 2024: 55.3%)	▲ 2.1%
Interim dividend per share	1 028 cents (H1 2024: 971 cents)	▲ 6%
NAV per share	24 522 cents (H1 2024: 23 097 cents)	▲ 6%
CLR	81 bps (H1 2024: 104 bps)	▼ 23bps
Revenue	R36 406m (H1 2024: R35 159m)	▲ 4%

Non-financial highlights

- **Strategic reorganisation** completed
- **ETI strategic review** completed
- **7.9 million clients** up by 6%
- **Market share gains** in deposits, home loans and vehicle finance
- **+10%** Money app users (to 2.8 million)
- **70%** of products sold digitally (H1 2024: 64%)
- **65%** NBH adoption rate (H1 2024: 56%)
- **R20bn** brand value, up by 24%
- **R189bn** SDF exposures provided (19.6% of loans and advances)
- **AAA** MSCI ESG rating (top 9% of global banks)

Financial performance slightly ahead of guidance, with ongoing good strategic progress in a difficult environment

The operating environment during the first half of the year was challenging. Uncertainty relating to US policies, in particular tariffs, and geopolitical conflicts resulted in significant financial market volatility and reduced business confidence. In SA, economic recovery momentum slowed, resulting in real GDP growth declining to 0.1% in Q1 2025. While ongoing structural reforms contributed to a more stable electricity supply and moderate logistics improvements, challenges around water supply, municipal services, and crime and corruption remain. Despite low business confidence, limited fixed investment, and an uncertain economic outlook, corporate loans and advances growth rose to 8.1% in June. With inflation remaining below SARB's 4.5% target, the Monetary Policy Committee reduced rates by 25 bps in January, May and July, bringing the repo rate to 7.00%. Notwithstanding this, household credit growth remained muted at 3.1%, although consumer finances are steadily improving.

In this context, Nedbank Group's headline earnings (HE) in the first 6 months of 2025 increased by 6% to R8.4bn and our ROE improved slightly to 15.2% (H1 2024: 15.0%). The increase in HE was driven by non-interest revenue (NIR) and associate income growth, an ongoing improvement in the impairment charge and good management of underlying expenses, partially offset by muted net interest income (NII) growth. Balance sheet metrics remained strong, enabling the declaration of an interim dividend of 1 028 cents per share, up by 6%, at a payout ratio of 57%.

The organisational restructure of our Retail and Business Banking (RBB) and Nedbank Wealth Clusters into a more focused, client-centred organisational design has been completed on time, as expected. From 1 July 2025 Personal and Private Banking (PPB), an individual-focused cluster, will provide a full suite of solutions to all individual clients across the youth, entry-level, middle, affluent and high-net-worth segments. Business and Commercial Banking (BCB), a juristic-focused cluster, will cover the SME, commercial and mid-corp client segments. These changes have been well received by all stakeholders, including colleagues, clients and shareholders. Key leadership positions have been filled, and our efforts now shift to execution, unlocking transformational growth opportunities, as well as efficiency and productivity enhancements.

Following a strategic review by the board and management, the group's financial investment in Ecobank Transnational Incorporated (ETI) has been classified as a non-current asset held for sale in terms of IFRS 5. The board has approved a formal plan to dispose of the investment, and we are currently engaging interested parties. This change represents a reset of our strategy on the rest of the continent with a clear focus on the SADC and East Africa regions in businesses we own and control.

We also continued to make good progress on our strategic value unlocks. Digital volumes and values grew at double digits and digital sales reached 70%. Client satisfaction metrics remained at the top end of market benchmarks and our peer group, while the group's brand value increased strongly. Retail active and main-banked client gains were reasonable, with both growing at 6%; the Nedbank Africa Regions client base increased by 11%; and in a more competitive environment we retained our 24% market share among SME clients. Under strategic portfolio tilt we recorded market share gains in home loans, vehicle finance and retail and commercial deposits since December 2024. Our increased focus on payments and insurance saw very strong growth in product volumes. Lending that creates positive impacts and supports sustainable development finance in line with the United Nations Sustainable Development Goals increased to R189bn, including strong growth in renewable energy exposures to R47bn.

Looking forward, the global economic outlook remains subdued and risk elevated as US tariffs are expected to negatively impact business confidence, capital investment, global trade volumes, supply chains and export volumes in most countries. SA's economic recovery is expected to improve, driven by increased consumer spending given higher real incomes, subdued inflation, reduced interest rates and continued withdrawals from contractional savings. However, the 30% tariffs on SA exports to the US, weaker global growth and sluggish commodity prices will likely undermine business confidence, hurt exports and discourage private sector fixed investment. We forecast GDP growth of 1.0% for 2025, followed by 1.5% in 2026, with downside risk. Following the 25 bps interest rate cut in July 2025, we expect rates to remain stable from here. Banking conditions should improve moderately as the year progresses and credit growth is forecast to improve further, supported by the gradual recovery in the domestic economy and lower interest rates.

On the back of the negative impact of a more difficult-than-expected SA environment on revenue growth and the change in our strategy on ETI, we have revised our 2025 guidance. We now expect DHEPS growth for the year to be low single digits and ROE to end the period around 15%. From there we target an improvement in the group's ROE to 17% in the medium term, supported by various growth initiatives and active capital management and offsetting the negative impact of ETI on ROE. In the long term our focus remains on achieving an ROE of more than 18%.

I would like to express my appreciation to all Nedbankers for their dedication and steadfast support throughout the past 6 months, particularly the resilience shown during the organisational restructure. We are grateful to our 7.9 million retail and wholesale clients for choosing Nedbank. We also value the ongoing support of the investment community, regulators and our other stakeholders. As Nedbank, we will continue to play our role in society as we fulfil our purpose of using our financial expertise to do good.

Jason Quinn
Chief Executive
5 August 2025

** These targets are not profit forecasts and the group's joint auditors have not reviewed or reported on them.*

For further information: This short-form announcement is the responsibility of the directors. It is only a summary of the information contained in the full announcement and does not contain complete details. Any investment decision should be based on the full announcement made available on the JSE's cloudlink at https://senspdf.jse.co.za/documents/2025/jse/isse/NED/ie2025.pdf on Tuesday, 5 August 2025, and also available at https://group.nedbank.co.za/explore-investor-relations/results-and-reports.html. These results and additional information are available at group.nedbank.co.za.

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Sponsor in SA	Nedbank Corporate and Investment Banking, a division of Nedbank Limited
Independent sponsor in SA	Tamela Holdings Proprietary Limited
Sponsor in Namibia	Old Mutual Investment Services (Namibia) Proprietary Limited 1966/010630/06
JSE share code	NED
ISIN	ZAE000004875
NSX share code	NBK
JSE alpha code	NEDI

Abbreviations

BCB	Business and Commercial Banking
bps	basis points
CET1	common-equity tier 1
CLR	credit loss ratio
DHEPS	diluted headline earnings per share
EPS	earnings per share
ESG	environmental, social and governance
ETI	Ecobank Transnational Incorporated
GDP	gross domestic product
HE	headline earnings
HEPS	headline earnings per share
MSCI	Morgan Stanley Capital International
NAV	net asset value
NBH	Nedbank Business Hub
PPB	Personal and Private Banking
RBB	Retail and Business Banking
ROE	return on equity
SA	South Africa
SADC	Southern African Development Community
SDF	sustainable development finance
SME	small and medium enterprise
US	United States

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