Stability through uncertainty

South Africa – Major banks analysis

PwC's analysis of major banks' results reported during the first six months of 2025

September 2025

https://www.pwc.co.za/en/publications/major-banks-analysis.html

About this publication

PwC's Major Banks Analysis highlights key themes from the combined local currency results of Absa, Capitec, FirstRand, Nedbank and Standard Bank which these banks published during 1H25. We also provide reflections on the common strategic themes within other South African banks.

For this period, all comparative figures were restated to incorporate Capitec into our analysis, which includes their published results for the period ended 28 February 2025.

The South African operations of the major banks included in our analysis comprised 85% of total banking sector assets in South Africa (based on June 2025 BA 900 industry data).

- This analysis was prepared from publicly available information.
- The data, charts and figures included are based on published information.
- Certain amounts and ratios were recalculated to present comparable annual or six-month results to account for the different reporting periods of the banks included in this analysis. All information is reconcilable to published financial information.
- Where applicable, amounts and ratios are based on 'banking activities' only, as contained in the respective entities' published information.

Table of contents

01 Stability through uncertainty 4

02 Summary of results 8

03 Outlook 12

04 Value in Motion 14

05 Appendix A: Analysis of financial results 18

06 Appendix B: Key banking statistics – 1H25 27

07 Appendix C: PwC's recent thought leadership 29

08 Contact 33

01

Stability through uncertainty

Stability through uncertainty

South Africa's major banks continue to exhibit growth and resilience amidst complex conditions and considerable uncertainty.

> The defining narrative accompanying the major banks' results for the first half of 2025 is one of disciplined strength. While operating conditions remained complex, characterised by low domestic growth and amplified by shifts in the geopolitical landscape and global trade uncertainties, the major banks' management teams navigated the period honing their strengths, enhancing customer experiences, and capitalising on opportunities to further extract efficiencies.

Rivaan Roopnarain
Banking and Capital Markets Partner

- Combined headline earnings growth of 11.2% against 1H24 to R69.7bn
- Combined ROE of 19.5% (1H24: 19.1%)
- Net interest margin of *448 bps (1H24: *457 bps)
- Credit loss ratio of 220 bps (1H24: 236 bps)
- Cost-to-income ratio of 50.7% (1H24: 50.6%)
- Common equity tier ratio of 18.3% (1H24: 17.7%)

*Excludes Capitec

The major banks' robust financial performance reported in this period reflects their priorities across several common strategic themes, including:

- **Digital foundations:** The major banks continue transitioning and refining their core systems on cloud platforms, modernising payments across Africa, and unifying systems into single hubs. The value delivered includes speed – new products that previously took months to launch are now delivered in weeks, while compliance with evolving local and global standards and regulations is increasingly being built into product and system development cycles. This agility allows banks to adapt to customer expectations with greater responsiveness. At the same time, use cases of emerging technologies like generative artificial intelligence continue to be analysed in terms of potential impacts and opportunities internally and on their customers. While the major banks have previously commented on the need to leverage artificial intelligence in a responsible manner, potential use cases continue to expand into areas such as retail credit-scoring models, fraud engines that flag suspicious activity faster, and chatbots that can resolve almost all basic customer and employee queries with minimal human intervention. The benefits include safer transactions and service at scale without inflating operating costs.

- **Customer experience at the core:** With increased retail banking competition, driven by newer entrants, the primary arena of daily customer banking experiences is now decisively mobile and online, with the number of digitally-active clients reaching record levels in this period (approximately 21 million). Consequently, we continue to observe banking applications increasingly being designed around making customers' lives easier by expanding the range of value-added services available on banking apps, payments optimisation, and broader and faster product delivery. Most African banking customers are also accustomed to real-time insights powered by data and analytics-based intelligence, suggesting better ways to save or having problematic spending patterns flagged, while in-app biometrics and secure messaging make the experience both safer and more human. The result is financial platforms that are embedded in customers' day-to-day experiences. Therefore, it is clear why the major banks continue to reference how AI is making, and will continue to make, customer experiences more seamless and engaging. Meanwhile, cybersecurity investments are being scaled up proportionally, reflecting the major banks' recognition that digital trust is the foundation of the modern banking relationship.
- **Robust balance sheets:** South Africa's major banks have routinely shown their capacity to move beyond compliance with prudential regulatory standards towards sophisticated financial resource optimisation. Advanced analytics are now increasingly used to dynamically allocate capital to drive risk-adjusted-returns, while stress-testing scenarios are expanding to include a wider range of geopolitical, climate-related, and other emerging risks. Against this context, the major banks' balance sheets remain anchored by strong capital, liquidity, and risk management positions.
- **Franchise strength:** Resilient loan growth (up 6.4% against 1H24) combined with strong deposit taking (up 10.6% against 1H24) across customer and product segments provided the foundation to support earnings growth in 1H25. In response to competitive pressures brought about by newer market entrants and banking-adjacent financial services competitors, the major banks continued to focus on customer-first strategies and leveraging their established brands. Headline earnings growth (11.2%) was sustained by a combination of solid revenue growth (in both net interest income and non-interest revenue), sturdy cost control and a marginal decline in credit impairment charges over the period. However, strong competition for quality assets and reduction in rates placed pressure on margins, evident in the relative contraction of the combined net interest margin.

- **Capturing continental growth remains key to overall bank strategy:** The pursuit of growth across sub-Saharan Africa remains a central mission of most of the major banks. Growth from businesses across Africa has continued to increase as the major banks continue to leverage technology and innovation and adapt their operating models to challenge and reinvent their business models. While currency volatility presents a persistent headwind, the underlying strength of operations of those banks with a broad regional presence – serving young, dynamic, digitally-native populations – allows them to continue diversifying revenues and solidifying their pan-African corporate identities. A constant theme evident in these and other recent results is that those banks with sizable portfolios in sub-Saharan Africa saw earnings benefit from regional diversification. Strong corporate and investment banking performances driven by advisory fees and trading activity in African territories outside South Africa, together with partnerships with fintechs and mobile money operators to gain scale and local expertise more efficiently, helped offset softer growth in some parts of their South African operations. However, domestic economic concerns in several African countries – compounded by currency volatility and varying tariff impacts – translated into elevated sovereign risk outlooks. We note, therefore, that some major banks increasingly measure success in constant currency terms to better assess the quality of underlying business performance without the noise of foreign exchange volatility.
- **Optimising operating models:** Rather than organising themselves strictly by legal entity or product set, some banks have begun pivoting to group-wide segment-based operating models. This allows for the concentration of talent, systems, technology investment and product innovation where customer demand is the greatest, while preserving scale efficiencies in back-office and shared services. For example, sustainable financing is transitioning from the domain of corporates only to becoming an integrated part of the overall banking product suite across business, commercial and retail banking clients. This includes green bonds for renewable energy projects, sustainability-linked loans that offer preferential terms for meeting ESG targets, preferential financing arrangements for off-grid utilities, and developing risk models that more accurately price climate-related physical and transition risks. Other operating model shifts observed in recent periods include combining private banking with wealth management and bringing small to medium-sized enterprise business banking closer to retail banking. The latter reflects the reality that entrepreneurs often operate as both individuals and business owners, requiring financial services that cross over – such as linking personal savings to business lending, or using a single app to manage household budgets and business cashflow. The benefits are simpler, more intuitive experiences for clients and greater cross-selling opportunities for banks.

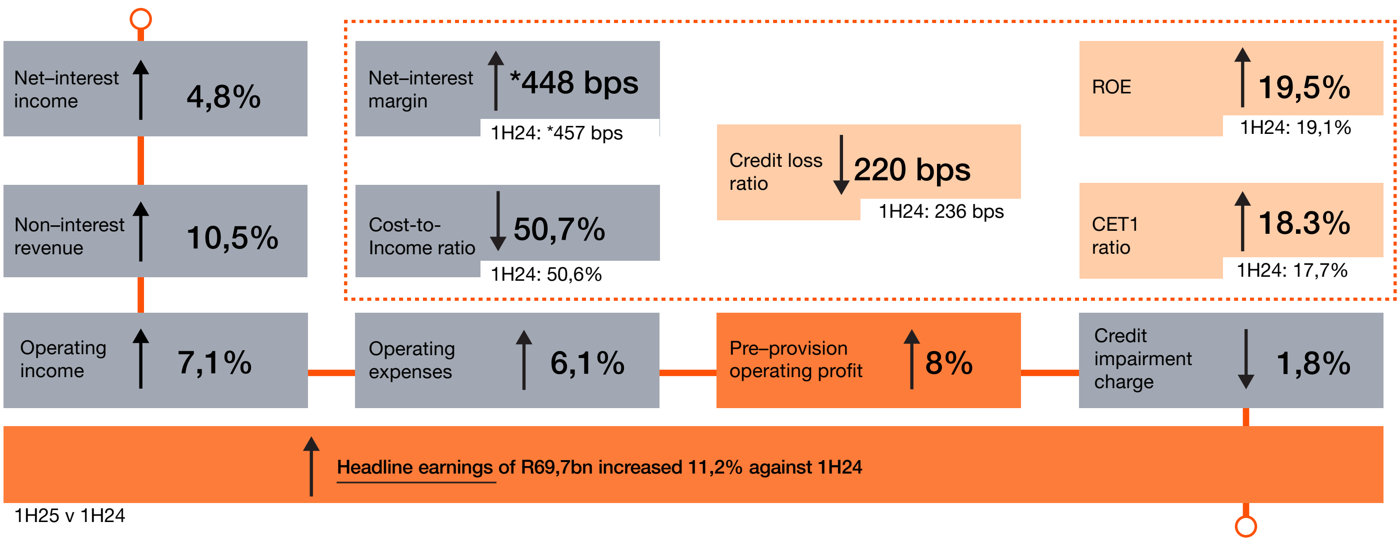
02

Summary of results

Summary of results

The first half of 2025 was a period of strategic navigation for South Africa's major banks. Operating against a backdrop of mixed global growth, persistent geopolitical tensions, major trade uncertainties and gradual shifts in monetary policy, the major banks' results reported in 1H25 reflect their position as pillars of financial stability. These results are the product of well-executed strategies refined over several periods – strategies which blend defensive strength in capital and risk management while investing in digital transformation and further unlocking regional opportunities.

As we have previously noted, the major banks' financial results do not occur in isolation. They are the output of a range of decisions made by bank management every day and their navigation within the broader economic environment in which they operate. In analysing their results, we focus on where the major banks have been channelling their energies and what their next priorities may be. Several of those priorities are aimed at striking a balance between stability (financial and operational risk management) and agility (adapting products to evolving customer preferences while adjusting capital and liquidity positions to cater for global market volatility).



*Excludes Capitec'

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South Africa’s major banks continue to prove that they are among the most dynamic and innovative organisations globally. It comes as no surprise that they are recognised on a global scale for innovation in product depth, transactional banking, small and medium enterprise solutions, and digital innovation. Their results reported in the first half of 2025 reflect the careful orchestration of their strategies and responses to rapidly shifting economic, technological and customer trends.

Costa Natsas
Financial Services Leader

- **Headline earnings:** The major banks’ combined headline earnings growth of 11.2% against 1H24 to R69.7bn significantly outpaced the rates of economic growth in South Africa and sub-Saharan Africa. Underpinning earnings growth was the combination of solid top-line growth across net interest income (up 4.8% against 1H24) and non-interest revenue (up 10.5% against 1H24), supported by a nearly 2% decline in bad debt charges.
- **Loan formation:** Reflecting moderately improved, although cautious, consumer and business sentiment in the first half of 2025, new loan disbursements supported aggregate gross loans and advances growth of 6.4% against 1H24 (2.6% against 2H24). As always, individual loan portfolios and industry sectors showed differentiated growth rates between the major banks, based on a combination of differing strategies, geographic profiles, and risk appetites. Based on bereau information from the National Credit Regulator (NCR), the number of credit-active South African consumers increased to 28.9 million at the end of March 2025, growing 3.5% year-on-year. Although the interest rate hiking cycle seen in previous periods has abated, the cumulative impact of recent rate increases and their lagging effect weighed on household disposable income in the period, leading to softer credit demand in certain retail and commercial portfolios.
- **Credit quality:** The combined credit loss ratio (the income statement impairment charge divided by average advances) moderated to 220 bps (1H24: 236 bps) as the bad debt charge decreased by 1.8%. While the credit loss ratio of most of the major banks benefitted from product and geographic diversity, retail unsecured lending portfolios exhibited features of higher risk costs in this period. Total non-performing loans increased 3.4% against 1H24, comprising 5.6% of gross loans and advances (1H24: 5.8%). According to the NCR Bureau information noted above, the number of South African consumers with impaired records in Q1-25 increased by 196,181 to 10.41 million, while consumers classified in good standing increased by 92,475 to 18.49 million.

> The major banks continue to demonstrate agility in operating in complex conditions. The migration of nearly 21 million clients to digital platforms is now the central fact of retail banking in South Africa and the rest of the continent. In response, the major banks continue to evolve to market and customer trends – while fortifying cyber defences and overall IT resilience – by crafting personalised customer experiences that anticipate needs and erase friction.

Francois Prinsloo
Banking & Capital Markets Leader

- **Costs:** As Stats SA notes, "After holding steady at 2.8% in April and May, consumer inflation edged higher to 3% in June." This trend continued for a second consecutive month in July. In certain key territories in which some of the major banks operate in the rest of Africa, inflation trajectories remained volatile. Against this backdrop, cost management remained a central focus for the major banks' management teams in the first half of 2025. Cost drivers continue to be aligned to strategic focus areas, including innovation and technology investments and advancing cyber defences. Overall, the pace of cost growth (up 6.1% against 1H24) was managed below operating income growth (up 7.1% against 1H24), resulting in the aggregate cost-to-income ratio remaining essentially flat at 50.7% (1H24: 50.6%).
- **ROE and capital:** On a combined basis, the major banks reported ROE for the period increased by 40 bps to 19.5% (1H24: 19.1%). This outcome remains reflective of positive economic leverage as the combined ROE remains above the major banks' average cost of equity. Admirably, the combined common equity tier 1 capital ratio expanded to 18.3% (1H24: 17.7%). Capital management strategies are likely to remain an area of focus for management teams in light of new prudential regulatory reforms that took effect from 1 July 2025.

03

Outlook

Outlook

Looking ahead to the rest of 2025, the global environment is expected to remain volatile and complex to anticipate, with divergent growth prospects between territories. The impact of trade tariffs, volatile commodity prices, and varying inflation trends is all expected to complicate monetary policy decisions and rate forecasting, while potentially constraining business sentiment.

Domestically, the economic outlook hinges on the steady implementation of structural reforms. Easing inflation is expected to allow for modest interest rate cuts in the latter half of the year, providing some relief to consumers. However, meaningful economic improvement is contingent on tangible progress in resolving South Africa's structural constraints, including in logistics networks spanning ports and rail. The consensus outlook among the major banks settles on a slow, structurally limited uplift for South Africa's short-term growth prospects.

South Africa's major banks have entered the second half of 2025 from a position of strength. Their 1H25 financial performance is a testament to disciplined strategy execution that prioritises long-term resilience. By successfully managing immediate pressures while investing in the foundational technologies and strategies required for future growth, they continue to demonstrate a sophisticated understanding of their role in a dynamic African economy. For the rest of 2025 and over the medium term, we continue to expect South Africa's major banks to remain seized with executing on their strategies with intent, with key focus areas likely to remain:

- **Monetary policy normalisation:** Market consensus anticipates further gradual rate cuts from the SARB. Banks will likely continue their sophisticated balance sheet management actions to protect margins, focusing on non-interest revenue streams and cost management activities to support earnings growth.
- **Data as a strategic asset:** The next competitive battleground is likely to be the use of data. Those banks that best leverage customer data – within stringent personal information privacy frameworks – to create hyper-personalised products, improve credit scoring, and enhance customer service will pull ahead, particularly given the demographics of the continent.
- **Regulatory change:** Dramatic shifts in the geopolitical landscape largely had a minimal direct impact on the major banks' reported results in this period. However, regulatory guardrails to ensure capital and operational resilience are either embedded or well underway. South Africa's adoption of Basel III, including the recent post-crisis reforms which came into effect on 1 July 2025, reflects its commitment to globally leading prudential standards. While the major banks will continue to be focused on the operationalisation of these new regulatory reforms, their planning for this has been several years in the making.

The major banks will continue to counterbalance immediate challenges with growth opportunities. The foundations underpinning their resilience – including advanced risk management capabilities and strong levels of capital and liquidity – provide the basis for them to remain focused on unlocking internal efficiencies, making customer experiences more frictionless and capturing opportunities brought about by emerging technologies.

04

Value in motion

Value in motion

AI, climate change and geopolitical shifts are reconfiguring the global economy. We've mapped where value is moving over the next decade so that you can build a future-ready business to capture it.

How we fund and insure

Capital is a vital catalyst for growth. How it's deployed, managed and insured must evolve along with the industries it serves.

As industries change, so do the opportunities for companies that finance them.

Change is afoot. Industries are reorganising around human needs – to get around, to build spaces for living and working, to care for our health. Established businesses and new ventures alike are creating value in innovative ways; they're working across sector boundaries to combine diverse ideas and capabilities into offerings for the growing needs-centred domains of the economy.

This flurry of industry reconfiguration is providing new opportunities for the financial economy, too. As a critical enabler of other domains, the Fund and Insure domain is fertile ground for cross-sector collaboration among non-traditional partners, providing them with new, more efficient models for capital allocation and financial services. Inventing such models means rethinking not only how and where capital is deployed, but who deploys it – and conceiving of capital allocation as a domain of growth unto itself.

Financial firms can reinvent themselves within the shifting economic landscape.

As companies evolve within domains, institutions in capital markets, as well as private equity and principal investors, stand to gain by applying novel approaches to risk, valuation and portfolio management. Winning companies will reimagine their roles as allocators of capital, much as traditional banks did a decade ago, when insurers, asset managers, tech giants and others began offering private credit. The redistribution of market share in financial services will be significant. We estimate that US$604 billion globally could change hands in 2025 as a result of reinvention moves by companies in the banking and capital markets, insurance, and asset and wealth management sectors.

As domains expand, businesses can create additional value within Fund and Insure.

Over the next ten years, companies will carry on reinventing business models and forming partnerships to participate in the emerging domains of growth. Their moves will have critical implications for the financial institutions that support them, creating new prospects for businesses involved in capital allocation.

Those prospects are likely to draw in players from non-financial companies, as well. With trillions of dollars of excess capital on their balance sheets, non-financial companies are well-positioned to develop and deliver alternative offerings within the Fund and Insure domain.

Leaders must be prepared to capitalise on disruptions.

Megatrends such as climate change and technological disruption will shape the extent and nature of industry reconfiguration in the years ahead. And those trends could play out in a number of ways. There's a wide range of possibilities for what capital and financial services might be required – farmers, retailers, manufacturers, construction companies and others will all have their own needs – and for the asset classes and risk profiles of the businesses that capital providers might back.

To help business leaders envision the possibilities, we modelled the Fund and Insure domain's growth through 2035, while accounting for climate and tech disruptions. The result is a range of three potential scenarios, spanning a low of 1.3% below baseline and a high of 12.4% above.

Capturing the value in the decade ahead

Businesses that grasp the full potential of the Fund and Insure domain will have the edge in 2035.

The nature and scale of the new business opportunities that emerge in the Fund and Insure domain will depend on how AI adoption and climate action progress. Bank strategies should account for a range of possible outcomes.

Three scenarios can help leaders in the Fund and Insure domain consider what the future might bring.

In Trust-Based Transformation, a coordinated, conscientious approach to tech deployment and climate response fosters productivity growth, job creation, and environmental health.

In Tense Transition, regionalisation and nationalism give rise to technology systems and sustainability efforts that deliver benefits without the economies of global scale.

In Turbulent Times, atomised interests, divisive uses of technology, and suspended sustainability initiatives hamper economic growth.

See more here

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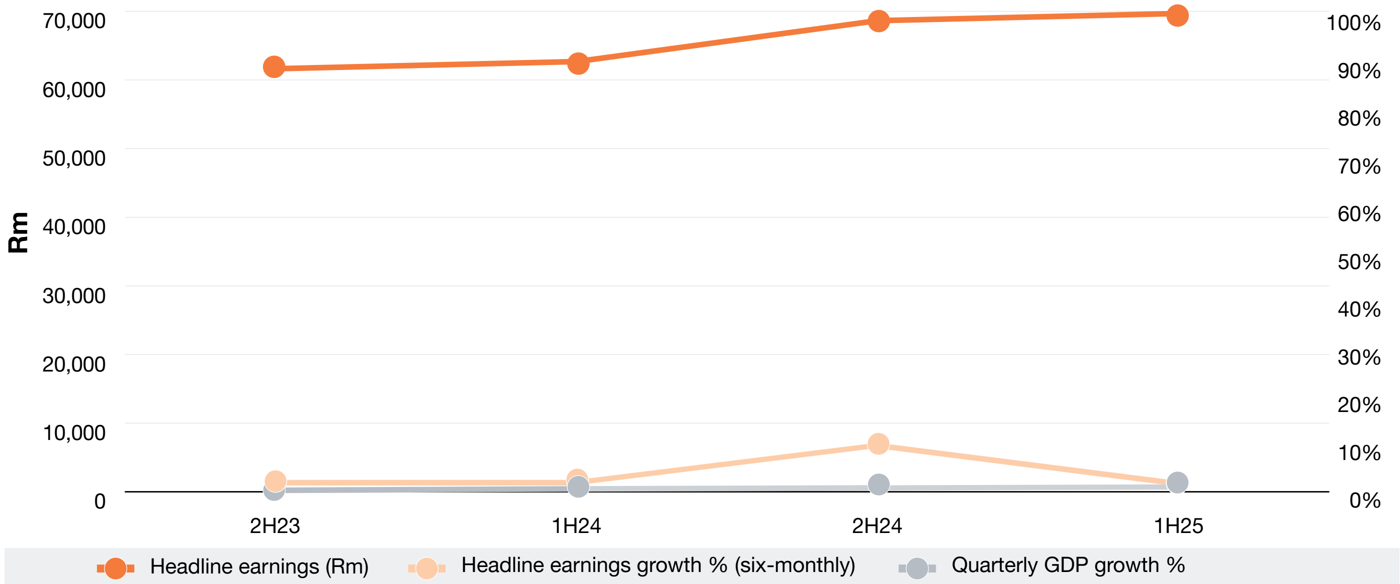
Appendix A: Analysis of financial results

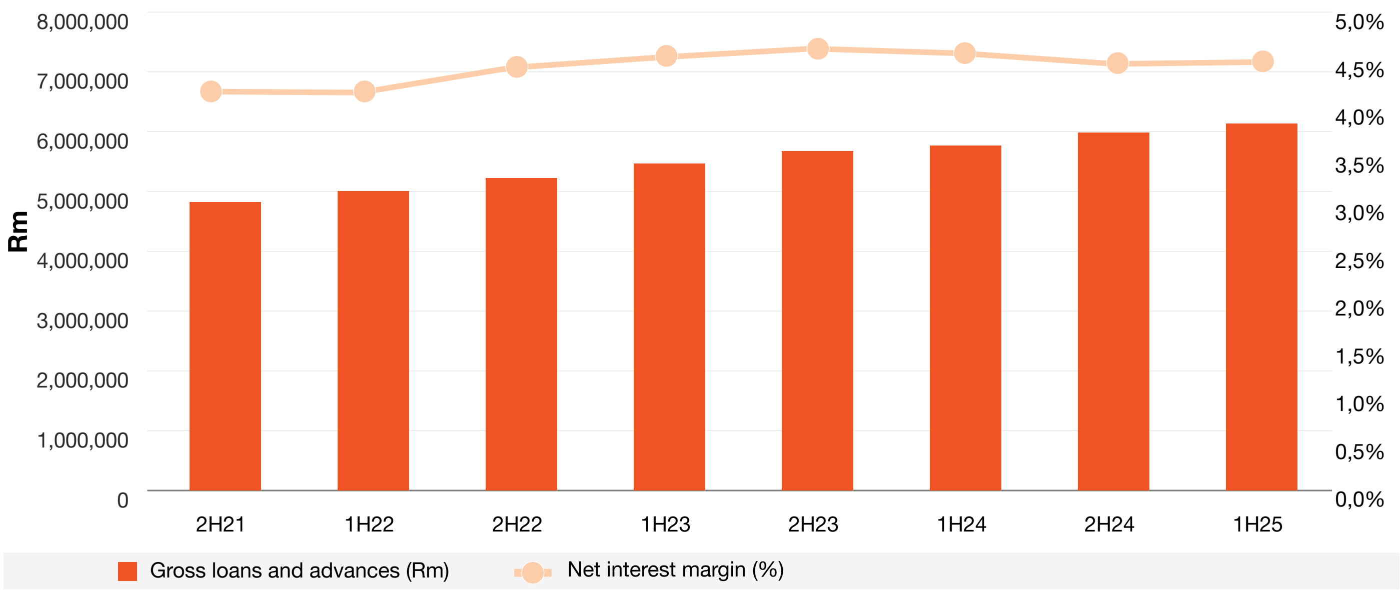
Figure1: GDP and headline earnings growth



Source: Stats SA, PwC analysis

- Combined headline earnings of R69.7bn increased 11.2% against 1H24, reflecting continued earnings momentum well above SA GDP growth for the same period.
- Significant earnings contributions continue to be generated from some of the major banks' operations outside South Africa in the rest of the continent. Several of these operations demonstrated strong underlying performance and operational momentum which are susceptible to foreign exchange volatility upon translation and consolidation at group levels to rands.

Figure 2: Net interest margin

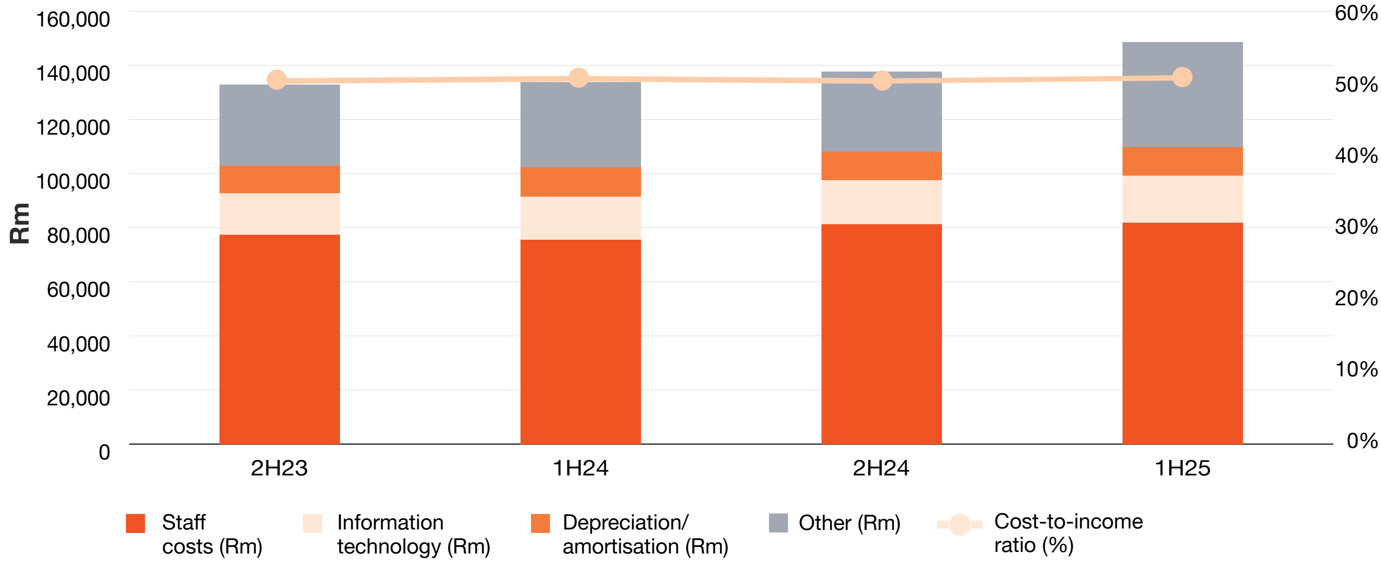


Source: PwC analysis

- The major banks' combined balance sheet continues to grow across lending and deposit taking activities. In 1H25, the combined balance sheet reached a new record level, driven by good growth in both lending (up 6.4% against 1H24) and deposits (up 10.6% against 1H24).
- In this period, retail unsecured lending – comprising personal loans and overdrafts – exhibited one of the fastest growth rates across all lending portfolios, growing 6.2% against 1H24, while against 1H24 residential mortgages recorded 3.8% growth while vehicle and asset finance was up by 9.6% for the same period.
- Overall, new loan growth supported the combined net interest margin of *448 bps, which was marginally below the *457 bps seen in 1H24 primarily as a result of the negative endowment effect of comparatively lower interest rates in this period.

*Excluding Capitec

Figure 3: Operating expenses and cost-to-income ratio



Source: PwC analysis

- Consumer price inflation in South Africa was 3% in June 2025 (5.1% in June 2024), which was marginally higher than what it was for most of the first half of 2025. Similarly, inflation trajectories remained complex and volatile in several African territories where the major banks operate, driven by various macro and domestic economic factors including heightened trade tensions since the start of 2025.
- Against this backdrop, the major banks' operating expenses increased by 6.1% against 1H24. However, total operating income (net interest income plus non-interest revenue) grew by 7.1% for the same period, creating positive operating leverage as revenue growth outpaced cost growth for the period.
- Cost drivers continue to be aligned to strategic focus areas, including innovation and technology investments and advancing cyber defences and we expect to observe continued focus on cost control over the short to medium term.

Figure 4: ROE and regulatory capital levels

ABG – Absa Group Limited; NED – Nedbank Limited; FSR – FirstRand Limited; SBK – Standard Bank Group Limited, CPI – Capitec Bank Holdings Limited

Source: PwC analysis

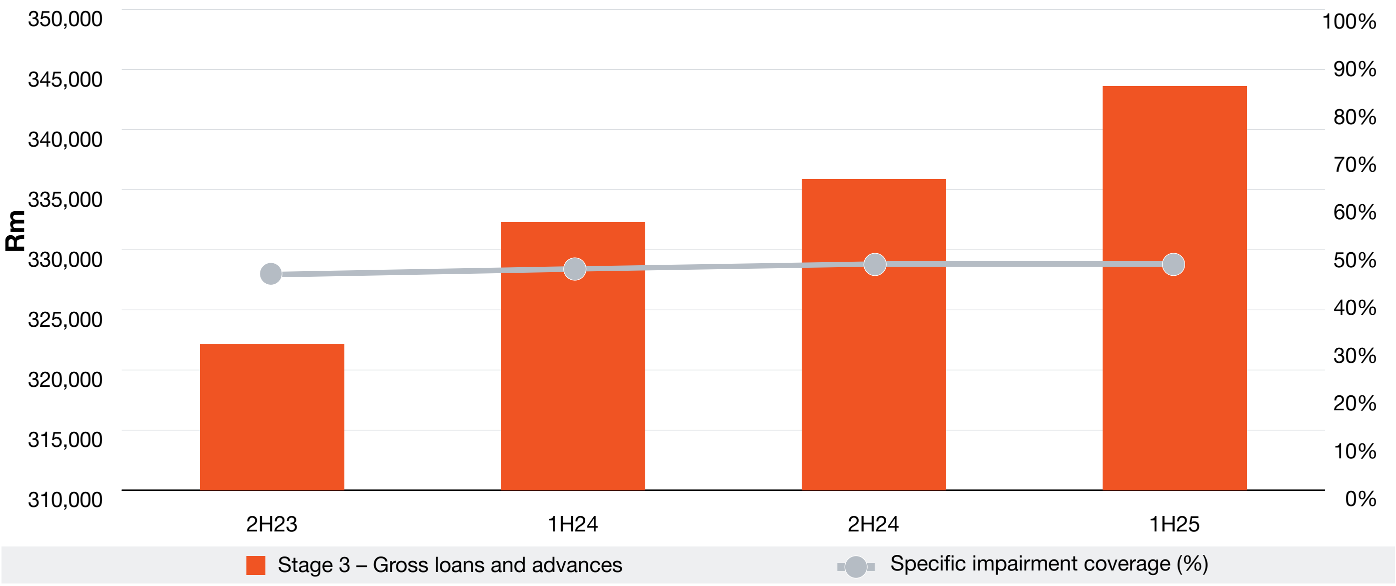
- The ROEs depicted in the graph reflect six-month ratios.
- 'Regulatory minimum' includes the Basel base minimum (8%), the Pillar 2A requirement (1%) and the capital conservation buffer (2.5%), and excludes bank-specific capital requirements.
- In 1H25, the major banks continued the theme of strongly capitalised balance sheets and their ability to generate returns above their average cost of capital.
- The major banks' combined Common Equity Tier 1 capital ratio remained solid at 18.3% (1H24: 17.7%). This was supported by earnings growth and an ongoing focus on managing risk-weighted assets in light of prudential regulatory reforms that came into effect on 1 July 2025 and which the major banks have been planning for. The combined total capital adequacy ratio also remained resilient at 21% (1H24: 20.2%).
- We continue to observe management focus on capital management activities as the prudential regulatory regime in South Africa and globally remains in a period of technical reform and expect this focus to continue in light of forthcoming bail-in capital and resolution related reforms.

Figure 5: Expected credit loss (ECL) build-up

Source: PwC analysis

- Total balance sheet credit provisions reached R232.8bn (1H24: R226.5bn), a new record level in 1H25, increasing 2.8%. In large part, this increase reflects general loan book growth and economic forecasts which credit impairment models incorporate in their calibration under the forward-looking requirements of IFRS 9.
- As previously noted, inflation levels, interest rate and GDP outlooks all play a role in credit provisioning.

Figure 6: Non-performing loan (stage 3) coverage

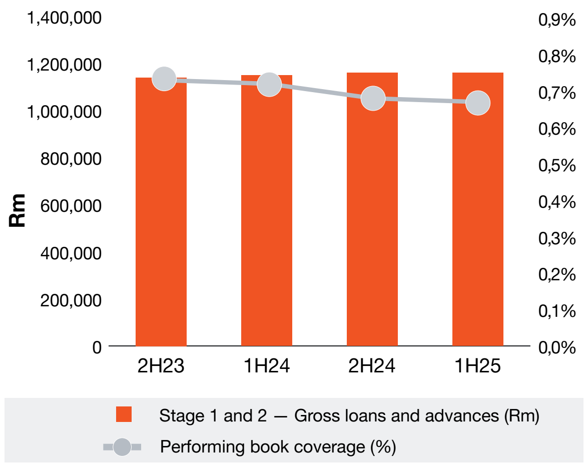


Source: PwC analysis

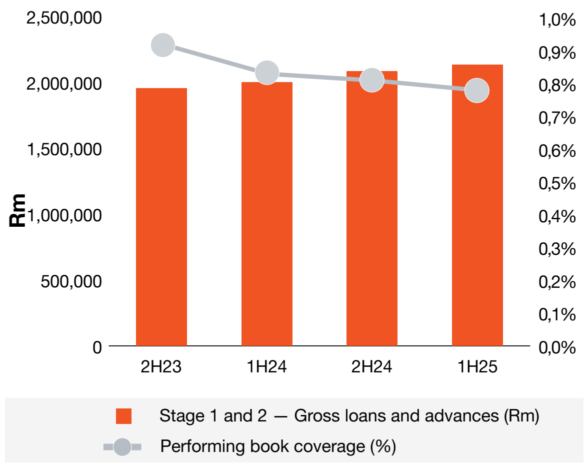
- 1H25 saw the combined non-performing loan (NPL) portfolio increase 3.4% to R343.6bn (1H24: R332.3bn), in part reflecting the book growth over the period and the migration of past due and arrear portfolios into default.
- As a percentage of gross loans and advances, NPLs comprise 5.6% (1H24: 5.8%). However, these NPLs remain well covered, with the specific impairment coverage ratio at 1H25 amounting to 47.4% (1H24: 46.1%).

Figure 7: Performing portfolio coverage

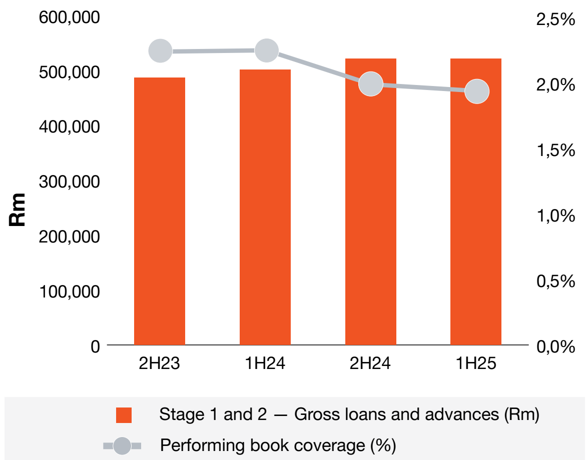
Mortgages (Residential)



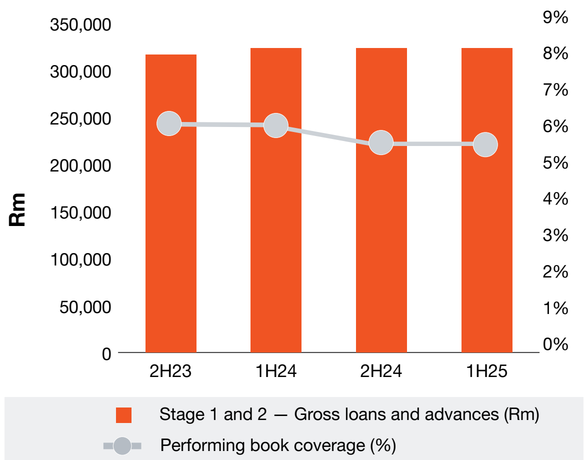
Corporate and business lending



Instalment sale and finance



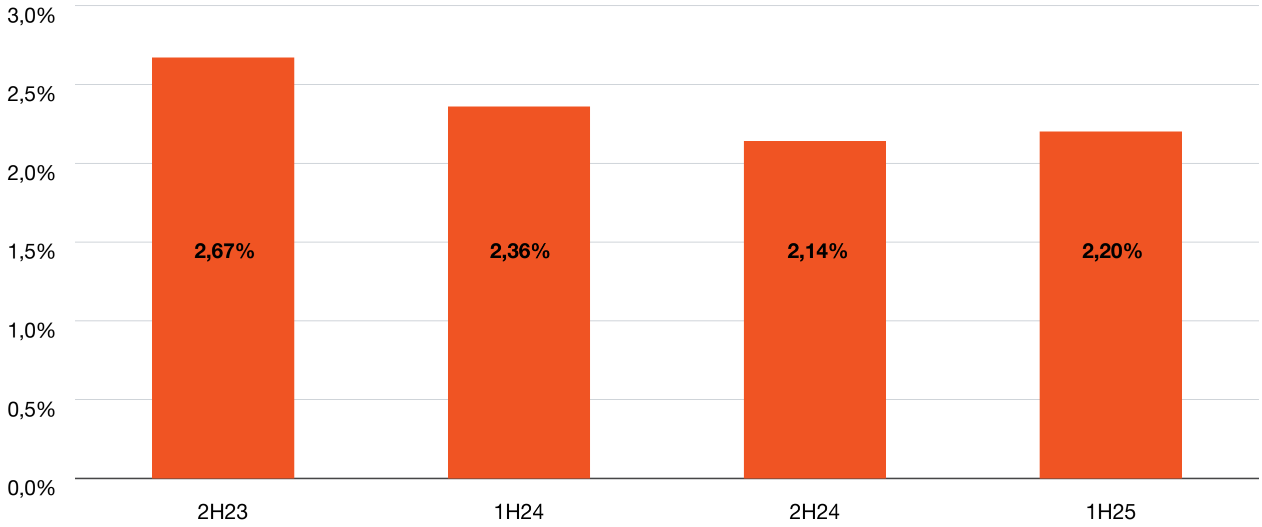
Card, overdraft and retail unsecured lending



Source: Stats SA, PwC analysis

- Credit portfolios exhibiting the highest growth rates (in gross advances) in 1H25 included corporate lending, retail unsecured lending and vehicle and asset finance, while mortgage loan growth remained largely flat.
- Portfolio provision coverage levels across all credit categories remained stable.

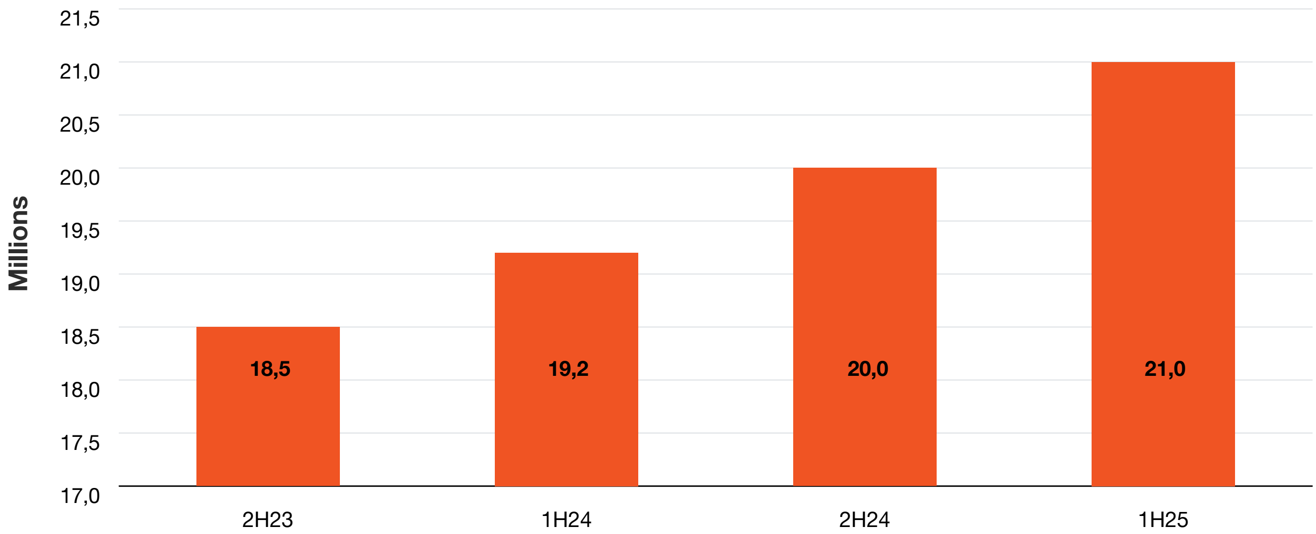
Figure 8: Credit loss ratio



Source: PwC analysis

- The combined credit loss ratio averaged 220bps in 1H25 (1H24: 236 bps).
- In 1H25, latent portfolio stresses in prior periods resulting from elevated rates at the time appear to have stabilised, with the combined credit loss ratio broadly in line with where it was six months ago.
- The credit loss ratio reflects the total income statement impairment charge against average gross loans and advances and is a measure that is sensitive to a range of factors. These include changes in forward-looking macroeconomic outlook scenarios, which are built into IFRS 9 credit models, industry and sector-specific behavioural characteristics and the credit quality of individual counterparties.

Figure 9: Digitally-active clients



Source: PwC analysis

- The strong focus on the part of the major banks to align banking channels with customers' preferences for transacting via online channels is evident in the number of 'digitally-active' clients.
- The combined total of these clients once again has reached record levels, accounting for approximately a third of the South African population. Digitally-active clients are those that generally use at least one digital channel, platform or solution to conduct transactional banking activities.
- This trend continues to reflect a key trend in African banking – younger demographics and strong mobile penetration have influenced customer's banking patterns on to digital and online channels, increasing convenience and ease of access to banking.

06

Appendix B: Key banking statistics – 1H25

Key banking statistics – 1H25

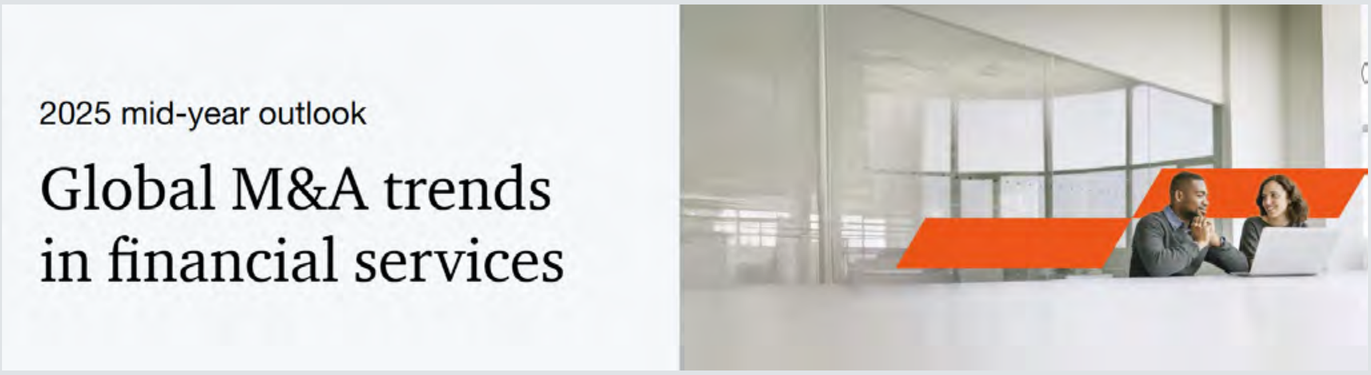
R'millions

	ABG				CPI				FSR				NED				SBK				Combined / Average			
Balance sheet	**1H25**	**2H24**	**1H24**	**2H23**	**1H25**	**2H24**	**1H24**	**2H23**	**1H25**	**2H24**	**1H24**	**2H23**	**1H25**	**2H24**	**1H24**	**2H23**	**1H25**	**2H24**	**1H24**	**2H23**	**1H25**	**2H24**	**1H24**	**2H23**
Gross loans and advances	1,464,828	1,402,568	1,358,983	1,320,923	115,525	108,849	102,991	100,877	1,803,827	1,765,330	1,665,706	1,654,812	1,021,652	990,905	953,586	921,221	1,727,482	1,712,955	1,682,632	1,671,943	6,133,314	5,980,607	5,763,898	5,669,776
Total deposits	1,578,217	1,506,927	1,395,345	1,339,536	175,541	166,321	156,015	154,201	2,181,874	2,159,408	2,003,151	1,978,278	1,231,947	1,174,691	1,119,539	1,087,645	2,253,804	2,150,365	2,035,528	2,025,595	7,421,383	7,157,712	6,709,578	6,585,255
Loan-to-deposit ratio	92,8%	93,1%	97,4%	98,6%	65,8%	65,4%	66,0%	65,4%	82,7%	81,8%	83,2%	83,6%	82,9%	84,4%	85,2%	84,7%	76,6%	79,7%	82,7%	82,5%	82,6%	83,6%	85,9%	86,1%
Profit and loss analysis																								
Net interest income	36,307	35,795	35,310	34,986	10,535	9,650	8,446	8,018	45,067	43,367	41,944	41,510	21,181	21,022	20,784	21,176	51,402	50,385	50,425	50,545	164,492	160,219	156,909	156,235
Non-interesting revenue	20,180	20,446	18,398	17,737	12,611	11,271	10,365	9,214	32,391	28,981	30,776	27,732	15,225	16,037	14,375	14,312	31,108	30,858	26,995	28,587	111,515	107,593	100,909	97,582
Operating income	56,487	56,241	53,708	52,723	23,146	20,921	18,811	17,232	77,458	72,348	72,720	69,242	36,406	37,059	35,159	35,488	82,510	81,243	77,420	79,132	276,007	267,812	257,818	253,817
Operating expenses	-30,044	-30,182	-28,326	-29,449	-9,485	-8,614	-7,334	-6,607	-40,242	-35,769	-39,910	-34,821	-21,492	-21,299	-19,775	-19,830	-40,781	-41,659	-38,484	-41,877	-142,044	-137,523	-133,829	-132,584
Pre-provision operating profit	26,443	26,059	25,382	23,274	13,661	12,307	11,477	10,625	37,216	36,579	32,810	34,421	14,914	15,760	15,384	15,658	41,729	39,584	38,936	37,255	133,963	130,289	123,989	121,233
Bad debt charge	-7,173	-5,995	-8,309	-7,255	-4,226	-4,032	-3,964	-4,761	-7,147	-6,897	-6,151	-6,404	-3,818	-3,335	-4,662	-4,292	-8,134	-7,169	-7,979	-6,873	-30,498	-27,428	-31,065	-29,585
Other	-1,797	7,934	-1,959	86	-7,328	34	-5,829	29	-2,009	135	-1,862	-221	-720	13,485	55	-17,289	-1,505	-1,487	-2,003	-699	-13,359	20,101	-11,598	-18,094
Direct tax	-4,530	-4,720	-3,600	-3,513	-2,107	-1,884	-1,684	-1,197	-5,615	-7,131	-5,004	-6,837	-2,246	-2,632	-2,114	-2,180	-7,605	-7,650	-6,781	-6,405	-22,103	-24,017	-19,183	-20,132
Headline earnings	11,874	11,879	10,180	9,359	7,345	6,394	5,881	4,697	20,917	20,964	18,919	19,135	8,399	9,023	7,911	8,321	21,145	20,376	19,785	20,122	69,680	68,636	62,676	61,634
Key ratios																								
ROE	14,8%	15,6%	14,0%	14,9%	29,0%	29,0%	28,0%	24,0%	19,6%	20,8%	19,6%	20,6%	15,2%	16,6%	15,0%	16,0%	19,1%	19,0%	19,0%	19,8%	19,5%	20,2%	19,1%	19,1%
Cost-to-income	53,2%	53,7%	52,7%	55,8%	41,0%	41,0%	40,0%	38,0%	52,7%	48,9%	55,3%	49,9%	57,4%	56,5%	55,3%	54,9%	49,4%	51,3%	49,7%	52,9%	50,7%	50,3%	50,6%	50,3%
Credit loss ratio (CLR)	1,0%	0,8%	1,2%	1,1%	7,4%	7,6%	7,8%	9,6%	0,9%	0,8%	0,8%	0,8%	0,8%	0,7%	1,0%	1,0%	0,9%	0,7%	0,9%	0,9%	2,2%	2,1%	2,4%	2,7%
Net interest margin (NIM)	4,6%	4,6%	4,7%	4,7%					4,6%	4,5%	4,5%	4,5%	3,9%	4,0%	4,1%	4,2%	4,9%	4,8%	5,0%	5,0%	4,5%	4,5%	4,6%	4,6%
Capital ratios																								
CET 1	12,5%	12,5%	12,7%	12,0%	38,4%	36,0%	35,1%	35,9%	14,4%	13,6%	13,7%	13,3%	13,1%	13,3%	13,3%	13,7%	13,2%	13,5%	13,5%	14,0%	18,3%	17,8%	17,7%	17,8%
Tier 1	14,0%	14,2%	14,6%	13,7%	38,4%	36,0%	35,1%	35,9%	15,7%	14,5%	14,7%	14,1%	14,7%	15,5%	14,7%	15,1%	14,4%	14,5%	14,7%	15,5%	19,4%	18,9%	18,8%	18,9%
Total CAR	15,2%	15,7%	15,9%	15,4%	39,20%	36,80%	35,80%	36,8%	17,50%	16,30%	16,30%	15,9%	2,2%	2,1%	1,9%	1,6%	16,0%	16,4%	16,6%	17,6%	18,0%	17,5%	17,3%	17,5%

ABG – Absa Group Limited; NED – Nedbank Limited; FSR – FirstRand Limited; SBK – Standard Bank Group Limited, CPI – Capitec Bank Holdings Limited

07

Appendix C: PwC's recent thought leadership



Global M&A trends in financial services

2025 mid-year outlook

While the M&A outlook in financial services (FS) globally this year has been marked by significant economic and geopolitical uncertainties, the appetite for large deals continues to grow as pressure for consolidation and transformation across banking, asset and wealth management, and insurance intensifies.

In the first half of 2025 global FS deal values increased by approximately 15% compared to the first half of 2024, despite a 1% decline in deal volumes. The rise in deal values is due to an increase in larger deals, a trend we observed in our 2025 M&A outlook published in January. The first half of 2025 saw ten megadeals (deals greater than $5bn), compared to six in the first half of 2024 and ten in the second half of the year. The three largest FS deals announced in the first half of 2025 were Global Payments' proposed $24.25bn acquisition of Worldpay, Monte dei Paschi di Siena's $13.9bn takeover bid to acquire Mediobanca and FIS' proposed acquisition of Global Payments' Issuer Solutions business for $13.5bn. Two of these were in the payments sector, with the other in banking.

Are you reporting for a sustainable future? South Africa's perspective on a changing global landscape

To better understand current sustainability reporting practices, we conducted a benchmarking exercise on 13 JSE-listed companies across sectors such as banking, mining, insurance, and retail. The findings reveal that while some of these entities started referencing the ISSB standards, none has yet stated full compliance with the requirements. South African companies are entering a pivotal phase in their sustainability reporting journey. With corporate governance within South Africa being synonymous with the King Code, the widespread adoption of the <IR> Framework by listed companies and the use of various sustainability reporting frameworks aligned with or under consideration by the ISSB, South African entities have a strong foundation for the future of sustainability reporting.

This is evident through the observations obtained through the benchmarking exercise. However, reporters do not have to wait for regulation in South Africa before exploring the possible implications of reporting in accordance with the IFRS Sustainability Disclosure Standards or how their existing sustainability reporting can be further enhanced in the absence of mandatory reporting requirements. Sustainability reporting does not have to be seen as a compliance burden but rather as a catalyst for long-term value creation.

South African businesses have a unique opportunity to lead by example, aligning with global standards while addressing local environmental, social and governance realities.

The future of finance in banking

Transforming the banking sector's finance function

Chief Financial Officers (CFOs) and their finance functions are at a crossroads, facing unparalleled operational challenges while also being presented with a once-in-a-generation strategic opportunity. On one side, they must expertly manage ongoing business demands, meet escalating regulatory expectations, and control operational costs. On the other, they are increasingly crucial in guiding the broader enterprise's performance amid continual disruption.

Today, CFOs are evolving into Chief Value Officers, tasked with safeguarding and enhancing the value that businesses and their products currently generate. At the same time, they are pivotal in shaping strategies that will foster additional, sustainable value in the future. This dual role is propelling the transformation agenda for finance functions within banks, necessitating the adoption of cutting-edge technologies and reimagined operating models.

Our collaborations with some of the world's leading banks on their finance transformations have provided us with unique insights into how organisations are tackling these challenges and the keys to their success.

The finance function is under pressure to deliver more significant business value amid an evolving landscape of compelling external megatrends.

Global trade redefined: Banking & Capital Markets

Dealing with tariff uncertainty

As the impact of US tariff increases unfolds across the globe, we bring together experts from our Economics, Strategy&, Tax and multi-disciplinary teams to look at how UK sectors are affected and what organisations can do to navigate the uncertainty.

US President Donald Trump's administration has imposed higher tariff rates on many of America's most significant trading partners, with the UK appearing to come off lightly compared to some.

The US administration's moves to balance America's trade deficits with its international partners, and bring a greater share of manufacturing onshore, is part of a broader package of protectionist policies that increase barriers to free trade globally.

Our report, Global trade redefined, offers early insights into and the economic impacts of new agreements.

PwC's Global Crypto Regulation Report 2025

The PwC Global Crypto Regulation Report 2025 explores the rapidly evolving regulatory landscape for digital assets, highlighting key policy shifts and emerging trends in over 50 jurisdictions. PwC's third annual report examines the shifting stance on crypto regulation in the United States (US), the implementation of the European Union's (EUs) Markets in Crypto-Assets Regulation (MiCAR), and the growing adoption of comprehensive frameworks worldwide.

The US has seen notable regulatory developments, with an increasing focus on integrating digital assets into the broader financial ecosystem. Regulatory agencies have taken steps toward providing clearer guidance, and recent policy shifts signal a maturing approach that seeks to embrace responsible innovation while enhancing oversight.

Meanwhile, the EU has moved forward with MiCAR, bringing a harmonised regulatory framework aimed at fostering a sustainable and transparent digital asset market. With the first phases of MiCAR implementation underway, market participants are adjusting to new compliance requirements and operational considerations. Across the globe, other jurisdictions are following suit, introducing frameworks that address emerging risks while encouraging technological advancement.

07

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At PwC, we help clients build trust and reinvent so they can turn complexity into competitive advantage. We're a tech-forward, people-empowered network with more than 370,000 people in 149 countries. Across audit and assurance, tax and legal, deals and consulting we help clients build, accelerate and sustain momentum. Find out more at www.pwc.com.