

Ecobank casts a shadow on Nedbank

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Nedbank's impressive growth in interest and fee income was marred by a R1.2bn loss contributed by its pan-African banking associate Ecobank Transnational Incorporated (ETI), causing the group's overall interim profit to decline slightly.



But Nedbank raised its interim dividend 7% to R6.10 despite its aftertax profit falling 1.3% to R5.58bn for the six months to end-June from R5.65bn in the matching period, its results released on Wednesday morning, 2 August, showed.

In contrast to competitor Barclays Group Africa, which last Friday reported 1% declines in both interest and fee incomes, Nedbank grew its interest income 12.5% to R37bn and its fee income 18% to R24bn.

Corporate and investment banking is the group's largest contributor to headline earnings. This division grew headline earnings 6.9% to R3.2bn, accounting for 61% of the group's R5.3bn total.

Retail and business banking grew headline earnings 7.3% to R2.5bn.

CEO Mike Brown said in the results statement that by June 30 this division had increased client numbers to 7.5-million.

It achieved this despite a 0.3% decline in what the industry calls "main-banked clients". This drop was "driven by the youth

client segment that declined by 6.4% as slower transactional activity caused existing clients to fall out of our main-banked definition", Brown said.

Nedbank's wealth asset management and insurance division suffered a 15.5% drop in headline earnings to R519m.

Good performances in wealth management and asset management was offset by a weaker performance in insurance from weather-related claims, an increase in lapses and lower volumes, the company said in its results statement.

Brown said the outlook for Ecobank was improving.

"ETI remains a strategic investment for Nedbank, providing our clients with a pan-African transactional banking network across 39 countries and access to dealflow in Central and West Africa. We have made good progress in working with ETI's board and other institutional shareholders to strengthen their board and management," Nedbank said.

Source: BDpro

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