

Nedbank Group Limited

Annual results

for the year ended 31 December 2024



Financial highlights

Headline earnings

R16 934m ▲
(2023: R15 650m) **8%**

DHEPS

3 538 cents ▲
(2023: 3 199 cents) **11%**

HEPS

3 631 cents ▲
(2023: 3 312 cents) **10%**

Basic EPS

3 610 cents ▲
(2023: 3 239 cents) **11%**

ROE

15,8% ▲
(2023: 15,1%) **0,7%**

CET1

13,3% ▼
(2023: 13,5%) **0,2%**

Cost to income

55,9% ▲
(2023: 53,9%) **2%**

Final dividend per share

1 104 cents ▲
(2023: 1 022 cents) **8%**

NAV per share

24 039 cents ▲
(2023: 23 192 cents) **4%**

CLR

87 bps ▼
(2023: 109 bps) **22 bps**

Revenue

R72 218m ▲
(2023: R69 179m) **4%**



Improved financial performance, while making steady progress towards meeting our ROE targets

The operating environment in 2024 remained challenging, with economic activity relatively weak as evident in SA GDP growth expectations of only 0,5% for the year when compared with 0,7% in 2023. The first 6 months were particularly difficult given geopolitical uncertainty, high interest rates and general uncertainty ahead of SA's national election. A peaceful and fair election outcome and the swift formation of a government of national unity brought cautious optimism in financial markets resulting in lower bond yields, stronger equity markets and a stronger rand, while credit default swap spreads also improved. As the environment improved gradually into the fourth quarter of the year, inflation declined further towards the low end of the SARB target range (its lowest level since the Covid-19 pandemic), the MPC cut interest rates by a cumulative 50 bps and business confidence improved. Household credit growth, however, continued to slow to 3,0% by the end of the year, and corporate credit growth increased by 5,4%, remaining relatively volatile and not yet reflective of a material improvement in fixed-investment activity.

In this context, Nedbank Group delivered an improved financial performance as headline earnings increased by 8% to R16,9bn and the group's ROE strengthened to 15,8%, from 15,1% in the prior period, reflecting steady progress towards our ROE targets. HE growth was underpinned by good NIR growth, a lower impairment charge and targeted expense management, offsetting muted NII growth given slower loan growth and margin pressure. DHEPS increased by 11%, benefiting from the share buy-back we executed in 2023. Balance sheet metrics all remained very strong, enabling the declaration of a final dividend of 1 104 cents per share, up by 8% at a payout ratio of 57%.

From a strategy perspective, a key highlight of 2024 was the fundamental completion of our Managed

Evolution IT transformation, which has delivered a refreshed modern technology platform. This platform, along with our enhanced digital capabilities, supported ongoing strong digital growth, market-leading client satisfaction metrics, solid main-banked client gains, and higher levels of cross-sell. Under strategic portfolio tilt we recorded market share gains in key areas such as home loans, vehicle finance, wholesale term-lending and retail deposits. We also continued to create wider positive impacts through approximately R183bn of lending that supports sustainable development finance, aligned with the United Nations Sustainable Development Goals. The increase in renewable energy exposures of 32% to almost R40bn and Nedbank being awarded significant renewable energy mandates in Q4 2024 reinforce our leadership in this space. These achievements led to our being named SA Bank of the Year by the prestigious magazine, The Banker.

Our Target Operating Model 2.0 programme has also ended, having delivered cumulative cost benefits of R3bn through headcount reduction, real estate floor space savings and back-office optimisation, resulting in a more client-focused RBB Cluster. Under our new Transform agenda, which emerged as part of our strategy refresh in 2024, our focus is expanding to new areas of growth such as extracting commercial value from our technology investments, with an emphasis on leveraging data and AI, optimising end-to-end processes (Nedbank Intelligent Hyper Automation) and payment modernisation, cross-sell of insurance products to the Nedbank client base, diversifying our portfolio into East Africa by leveraging our strengths and capabilities in CIB, and the launch of a dedicated new offering to transform how mid-sized corporates access financial solutions through our commercial banking business, as well as building out our corporate transactional franchise.

To sharpen execution of our strategy, compete more effectively in the market, enhance cross-sell and unlock new growth opportunities, we have embarked on an organisational restructure of our RBB and Nedbank Wealth clusters, evolving into an organisational design more focused on client centricity. The new structure will see the creation of Personal and Private Banking (PPB), an individual/non-juristic focused cluster, and Business and Commercial Banking (BCB), a juristic-focused cluster. We are excited about the opportunities this will unlock, and I look forward to sharing our progress in the coming reporting periods.

Looking forward, from a macro perspective, we remain cautiously optimistic and expect the economic environment in SA to improve off a low 2024 base, although risks associated with global geopolitics and trade wars remain. SA's GDP is forecast to increase by 1,4% in 2025, inflation to remain well within the SARB target range of 3% to 6%, and the South African prime lending rate to decline by 50 bps in 2025, reaching 10,75%. Corporate lending should pick up while growth in household lending is expected to remain muted.

Our improved financial performance in 2024 – together with the progress made in executing our strategy, our new transform agenda and better economic prospects – gives us confidence that we will continue to make progress to increase our ROE* to greater than 16% in 2025, greater than 17% in the medium term and above 18% in the longer term. I am extremely comfortable with the strong foundations that Nedbank has built, including fortress capital and liquidity levels, a strong and vibrant culture, our focus on diversity, equity and inclusion, leading ESG credentials and significant investments in technology, all culminating in exciting prospects for the group.

I would like to express my gratitude to all Nedbankers for their commitment and unwavering support this past year. Thank you to our 7,6 million retail and wholesale clients who have entrusted Nedbank with serving their financial needs. We appreciate the 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
4 March 2025

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

Non-financial highlights

Managed Evolution IT build completed

64% of products sold digitally (2020: 28%)

3,7 million main-banked retail clients (up 5% yoy)

+14% Money app users (to 2,7 million)

#1 ranked bank on NPS (great client service)

Level 1 BBBEE status for the 7th year in a row

R183bn SDF exposures provided (19% of loans and advances)

R40bn renewable energy finance (up 32%)

SA Bank of the Year The Banker Magazine

AAA MSCI ESG rating (top 9% of global banks)

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/ye2024.pdf> on Tuesday, 4 March 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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JSE alpha code: NEDI

Abbreviations

AI: Artificial intelligence
BBBEE: broad-based black economic empowerment
bps: basis points
CET1: common-equity tier 1
CIB: Corporate and Investment Banking
CLR: credit loss ratio
DHEPS: diluted headline earnings per share
EPS: earnings per share

ESG: environmental, social and governance
GDP: gross domestic product
HE: headline earnings
HEPS: headline earnings per share
ME: Managed Evolution
NAV: Monetary Policy Committee net asset value
NII: Net interest income
NIR: Non-interest revenue
NPS: Net Promoter Score
ROE: return on equity

SA: South Africa
SARB: South African Reserve Bank
SDF: sustainable development finance
SDGs: Sustainable Development Goals
TOM: target operating model
UN: United Nations
YES: Youth Employment Service
yoy: year on year

see money differently

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