





**Jason Quinn, Chief Executive**

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Good afternoon and welcome everyone to the Nedbank Group 2024 annual results presentation. It is a great privilege for me to host our annual results presentation for the first time as Chief Executive after 8 months in the role.

Our presentation today will start with an overview of the group's performance for the year, a reflection on the operating environment and the key outcomes we achieved on our strategic growth drivers.

I will then hand over to Mfundo, our COO, who will provide an update on the progress we are making on our strategic execution and Mike, our CFO, will then follow with an analysis of the group's financial performance for the year, including that of our respective frontline clusters.

I will then return to close the presentation with an update on the strategic refresh we are busy with and a summary of our prospects for the short, medium and long term.

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The operating environment for us and our clients remained volatile and uncertain in the last year, impacted by sociopolitical issues and elections across the world, including at home in SA. Most financial market indicators still reflect cautious optimism, although rising concerns around the potential impact of US foreign policy has had a more recent negative impact. On structural reforms, we have seen some green shoots and an increase in corporate loan growth, but the consumer remains under pressure and household loan growth muted.

From a strategy perspective, we achieved positive outcomes in 2024 & heightened our focus on execution under what we call our perform agenda. Under a new transform agenda that emerged as part of our strategy refresh in 2024, we have identified exciting new opportunities that will support sustainable growth and returns into the future.

Against this backdrop we delivered an improved financial performance in 2024 as diluted HEPS increased by 11% and our ROE strengthened to 15,8%. This performance was supported by strong double-digit NIR growth, lower impairments and targeted expense management, offset by slow balance sheet and resulting NII growth. On the back of this and given our strong balance sheet, the final dividend per share increased by 8%.

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Reflecting in a bit more detail on the operating environment, as I noted at our interims in August last year, the SA election outcomes and swift formation of a Government of National Unity (GNU) stimulated positive market sentiment, including lower bond yields, stabilisation in foreign bond and equity sales, stronger equity markets and a stronger rand, while credit default swap spreads improved as well, back to investment grade levels.

Many of these trends continued through H2 although emerging US foreign policy positions pose a risk and could lead to rand weakness and higher domestic inflation over the medium.

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Economic activity in 2024 was relatively weak as evident in SA GDP growth expectations of only 0,5%, down from the 0,7% growth in 2023 and even below the 0,8% average over the past 10 years. To enable much faster economic growth, we need to see more progress on structural reforms.

We take some comfort from the emergence of green shoots which has been set out in the matrix on the right-hand side. Pre-election political uncertainty and electricity shortages have stabilised as shown in the top green blocks. The recent loadshedding events are a stark reminder that there is still a lot of work ahead, including system reforms and accelerating public private partnerships. Transport and logistic bottlenecks have eased slightly, but here there is still a long way to go. Although the government is expected to press ahead with fiscal consolidation, the recent SA budget which was deferred to 12 March, showed a concerning acceleration in government spending. This is a departure from the course set in the October MTBPS where the primary budget deficit as a % of GDP excluding interest payments, turned positive for the first time in 15 years. Other challenges, such as water supply, crime and corruption and struggling municipalities, highlighted in the grey and black blocks will take longer to resolve.

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Reflecting on infrastructure opportunities, Nedbank's latest Capital Expenditure Project Listing shows a sharp rise in investment plans. The value of new projects announced in 2024 rose to R446bn, more than double the R210bn published in 2023. Fixed investment is expected to recover as business confidence improves amid easing structural constraints, firmer domestic demand, and steady global growth. The public sector is likely to lead the turnaround, while private sector capital outlays, apart from renewable energy, may take longer to emerge.

Last year, the government announced a R943bn infrastructure investment plan for the next 3 years, prioritising projects that are candidates for public private partnerships. While we see this as optimistic in both size and time horizon, our teams have identified various financing opportunities across energy, water, transport and supporting infrastructure that could support stronger loan growth over the next few years.

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On the consumer front, household finances remained under pressure in 2024 as interest rates and consequently household debt levels stayed high, and job prospects limited, leading to very muted credit demand.

However, the environment has recently become more conducive for a recovery given the 3 x 25 bps rate cuts to date, inflation now at the low end of the SARB target range, and an improvement in real disposable income. The two-pot system also added significant liquidity to the consumer segment in Q4, which supported consumer spending towards the end of the year.

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Turning now back to Nedbank. Our strategy outlines our focus, and the actions required to achieve our financial targets. I will unpack the progress we have made on our strategic value drivers and Mfundo will talk to the group's strategic execution progress that's enabled by our refreshed and modern technology platform and delivered by our engaged group of colleagues.

On the back of our strategy refresh in the second half of 2024, we identified various Transform initiatives that will, over time, help us to get to our long-term ROE target of greater than 18%, while we still manage the group efficiently and improve profitability in the near term, through what we call our perform agenda.

You will hear Mfundo make reference to Transform initiatives in his slides, such as extracting value from our technology investments, and portfolio diversification under a new strategic value unlock titled, Growth vectors. At the end of our presentation, I will bring it all back together again when I reflect on the group's prospects.

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As I reflect on our strategy, 2024 was a year of focused execution and seamless leadership transition. Starting on the left:

While we were disappointed with the slow pace of average advances growth of 4%, we have seen improved momentum in the second half of the year with actual advances increasing by 7%.

RBB grew main-banked clients by 5%, NAR increased their client base by 14% and CIB recorded 20 primary client wins. Digital metrics also continued to grow strongly, with app volumes up by 16% and in June we acquired Eqstra to strengthen our positioning in the fleet management market in Commercial Banking.

From a productivity perspective:

Good collection efforts in RBB and the resolution of stage 3 loans in CIB supported much better impairment outcomes, leading to our credit loss ratio at 87 bps moving back to within our target range.

Our TOM 2.0 programme concluded at the end of the year as we reached cumulative cost benefits of R3,0bn, and sales productivity in our branches improved by 9%, as more of our service staff now sell products.

Unfortunately given the low average advances growth and subsequent lack of NII growth, our cost-to-income ratio increased to 55,9%, notwithstanding good cost control.

On the far right, our key risk and capital management metrics continue to reflect a fortress balance sheet as our CET1 ratio at 13,3%, remained well above our Board target range of 11% to 12% and liquidity metrics all significantly exceeded the minimum regulatory requirements of 100%.

With that, let me hand over to Mfundo to talk to our strategic execution progress in more detail.




**Mfundo Nkuhlu, COO**

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Thank you, Jason, and good afternoon everyone. In my section I will cover the progress we have made in executing our strategy under what we call the perform agenda, and I will highlight a few new strategic focus areas under the transform agenda.

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A key highlight of the year was the material completion of the Managed Evolution IT build, fundamentally within scope, time and budget. The final deliverables were the refactoring and modernisation of our core banking systems completed at the end of last year and the digitisation of the secured lending digital client onboarding and servicing journeys in home loans and vehicle finance to be completed by March 2025.

As we reflect on the completion of the programme, the total investment spend was R11,7bn, with 76% of the initial business case benefits realised so far. We simplified our core banking systems from 250 to below 60, which reduces complexity and accelerates the time to bring new innovations to market. We also enabled 24/7 real-time processing and enhanced system stability, to levels that we believe are market-leading.

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The benefits derived from our technology investment are shown on the left of the slide and I will highlight a few before commenting on key transform initiatives going forward.

Digital client onboarding is now seamless for both individual and juristic clients, and most of our services have been automated and digitised, enabling our clients to self-service through channels such as our App and the Nedbank Business Hub.

Digitally active clients in Retail increased to 3,1 million, representing 70% of main-banked clients, while the adoption rate of the Nedbank Business Hub by juristic clients increased from 48% to 65% during the year. Digital product sales are now at 64% of all retail sales and we are making good progress towards our target of more than 75%.

Our digital capabilities also enabled higher levels of client satisfaction, as demonstrated by our Net Promoter Score, which ranked #1 among the large South African banks in the 2024 Kantar survey.

From an operational efficiency perspective, through our Target Operating Model 1 and 2 programmes, we have saved more than R5bn by adopting digital practices, reducing real-estate floor space, optimising back-offices and reducing headcount, mainly through natural attrition. Our focus on efficiencies will not stop here and many of our technology-related transform initiatives that I will cover shortly come with productivity enhancement objectives.

We have also started rationalising our product range, with the focus on making banking easier and more affordable for our clients. The three MiGoals transactional products we released off our new core banking systems have more than 2,4 million active clients. We will continue to focus on reducing the number of transactional, investment and lending products in the period ahead.

Under our transform agenda, we are shifting the focus to three key areas – leveraging Artificial Intelligence, commercialising data and harmonising or consolidating systems across the Group, including our subsidiaries.

Through Intelligent hyper-automation (NIHA) we are harnessing the power of AI, Gen AI, Machine Learning & robotics process automation to drive innovation and sustainable value creation, to further enhance client experience, increase revenue growth, streamline work processes and optimise costs.

We have established a dedicated data and analytics team to spearhead our strategy to monetize data. Equally, we are proactively reviewing the data quality management practices to mitigate Data and Model risks in our environment. These initiatives are receiving priority attention as we go forward.

The progress we have made on our technology journey is foundational for seamless integration and fast adoption of AI capabilities. We are currently investigating more than 50 use cases that will support revenue uplift, cost optimisation and improve lending decisions.

Our IT systems convergence in Nedbank Africa Regions is underway as we seek to leverage the capabilities that we have put in place in South Africa.

Lastly, the modernisation of our technology systems is accompanied by investment in complementary and critical new capabilities and skills in digital, emerging technologies, data science and predictive analytics, specialized finance and emerging risk types, including cyber risks. This is underpinned by the creation of a competitive culture that emphasises the importance of human-centred interactions to enhance the client experience and customer service, ensuring digital convenience when wanted and human contact when needed.

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As part of our strategy refresh in 2024 we identified and are still sizing various new opportunities that will deliver incremental financial benefits in the medium to long-term. They include among others:

An attractive insurance growth and cross-sell opportunity into the Nedbank client base as we seek to increase client penetration to more than 30% and grow gross earned premiums substantially. Jason will elaborate later on how this will be enabled.

Through portfolio diversification we will be growing our presence in East Africa with a CIB-led approach and increase Africa's contribution to gross operating income in CIB from 15% to more than 20%. We will also explore inorganic growth opportunities across the continent that play to our strengths and can contribute to our strategic intent to grow scale in Nedbank Africa Regions.

In addition, the launch of a dedicated new offering to transform how mid-sized corporates access financial solutions will see us expand our commercial banking business.

Lastly, we will intensify our focus on extracting commercial value from our technology and data investments.

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As part of strategy execution under strategic portfolio tilt, we increased market share across home loans, vehicle finance, retail deposits and wholesale term lending last year. In commercial mortgages, where we have a leading market position, we supported our clients, and our market share remained strong around 36%. Given ongoing risks in the environment, we have deliberately slowed growth in unsecured lending and, as a result, we reported a market share decline in personal loans. From a deposit perspective, we increased our retail market share to 16,8%, while more work is required to grow our share of commercial deposits.

Under our transform agenda going forward, we seek to scale our retail lending products and gain further deposit market share, with a heightened focus on transactional deposits; leverage our strengths in CIB to accelerate growth in key sectors and into East Africa; and invest significantly to build out our corporate transactional banking franchise.

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Under our 5th and final strategic value unlock, we continue to provide loans and finance to clients that are aligned to the UN Sustainable Development Goals. At the end of 2024 we had Sustainable Development Finance exposures of around R183bn, representing 19% of the group's total gross loans and advances, up from the 13% in 2021 when we set our ambition of 20% by 2025.

The financing we provide to clients is highlighted on the right of the slide, including R33bn for green buildings and affordable home loans, R25bn for small business, R4bn for clean water and sanitation and R40bn for clean energy.

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To give colour to SDG 7 in more detail, the graph on the left shows the excellent progress we made in growing our renewable energy book. In 2024, exposures increased by 32% to almost R40bn with growth mostly driven by the financing of private power generation.

Looking ahead, we have a pipeline of around R30bn in place that has been enabled by our market-leading team that closed 12 private sector deals in 2024, was appointed joint mandated lead arranger for 7 out of 8 projects under REIPPPP round 7 and also joint mandated lead arranger for 7 out of 8

projects under the Battery Energy Storage Systems round 2. The strong activity in 2024, good pipeline of deals and cross-sell will support strong book growth in CIB over the medium term.

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Lastly, as in previous presentations, I will reflect on a few ESG highlights, which remain a core part of our strategy going forward:

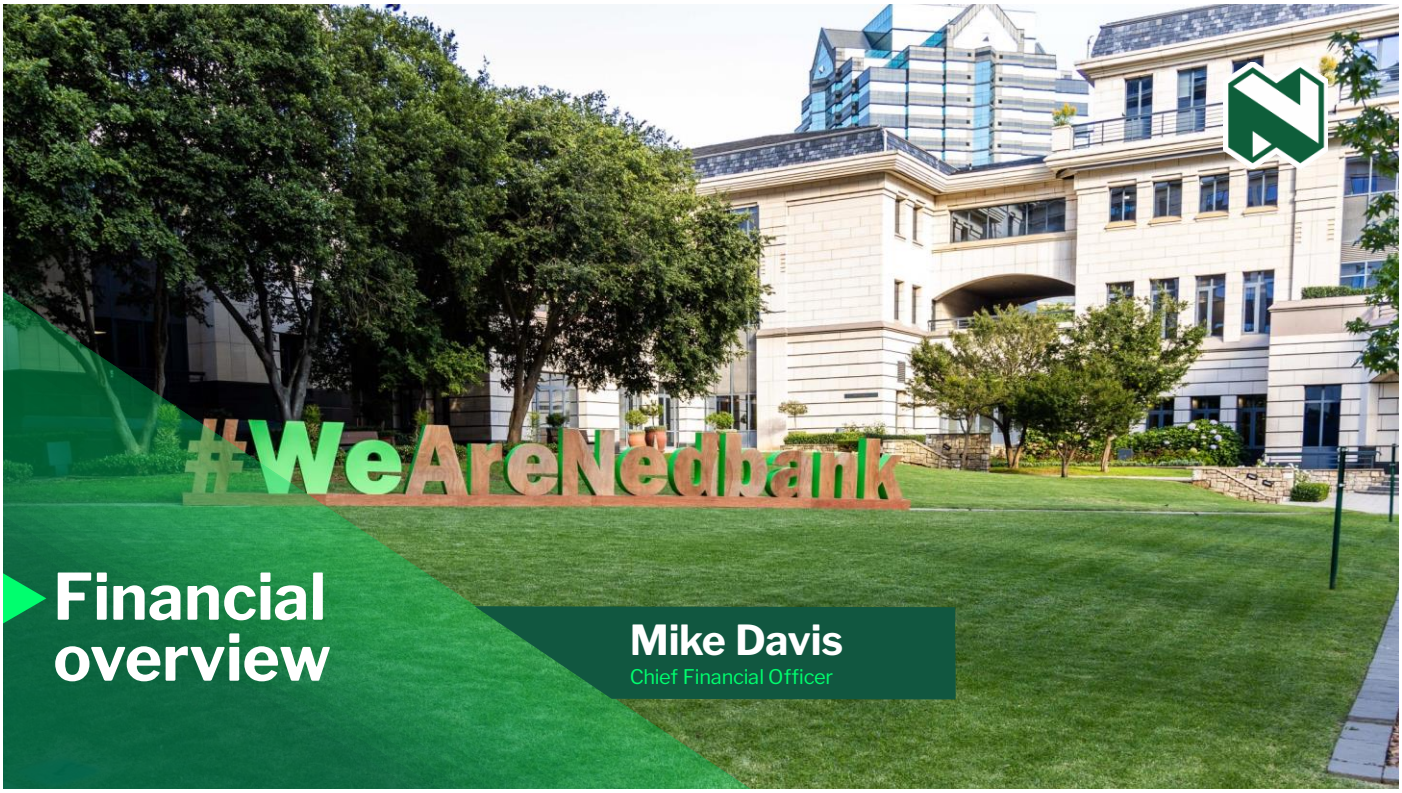
In March, we became the first SA bank to disclose financed emission targets for our thermal-coal, oil and gas, and power generation portfolios and simultaneously the first SA bank to publish a nature position statement. These actions build on our leadership in climate change and reaffirm our commitment to carbon neutrality by 2050.

We maintained our level 1 broad-based black economic empowerment status for the 7th year in a row, supported by ongoing diversity and inclusion improvements in African, Coloured, and Indian employee representation to 83%, and a 4% increase in African talent representation at both senior- and middle management levels.

We also recruited more than 3 500 Youth Employment Service (YES) participants, bringing the total first-time job opportunities we have provided to the youth to more than 13 500.

Finally, we continue to rank at the top end of our local and global peer group across multiple ESG ratings as shown on the right-hand side of the slide.

I now hand over to Mike to take us through a review of the Group's financial performance.




**Mike Davis, CFO**

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Thank you Mfundo,

And good afternoon everyone.

As highlighted earlier by Jason, the operating environment has been difficult and volatile, although we did see some improvement in the second half. It was the particularly slow GDP growth and muted demand for credit that impacted our numbers most. According to the BA 900 data this phenomenon was sector wide.

However, as Mfundo showed, we've made good strides in implementing and executing our strategy and this has supported our financial performance.

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Against this backdrop, our key profitability metrics continued to improve, evident in Headline Earnings growth of 8%, strong DHEPS growth of 11% and a higher ROE at 15,8%, both benefiting from the share buy-back we executed in 2023. The credit loss ratio decreased by 22 bps to 87 bps, pleasingly now back within our TTC target range.

Balance Sheet growth improved in the 4th quarter as evident in gross banking advances and deposit balances increasing by 7% and 8% respectively, while key balance sheet metrics remained strong, evident in our capital and liquidity ratios.

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The key drivers of shareholder value creation showed positive momentum, with our ROE now sustainably above cost of equity. Following the strong earnings growth and capital and liquidity

positions, we declared a final dividend of R11 and 4 cents per share at the top end of our payout ratio. Net Asset Value per share of just over R240 increased by 4%, absorbing the negative impact of foreign currency translation reserve movements.

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Unpacking the numbers, HE was up 8% and as shown in the large bright green bars, the key drivers were Non-Interest Revenue that increased by 10% and a 17% reduction in impairments. Both these metrics were slightly ahead of management expectations. Net interest income increased by just 1% and came in at the lower end of the guidance I provided during our pre-close call last year.

Associate income declined by 11% and includes associate income from our 21% financial investment in ETI that declined by 17%, in part, given the non-repeat of the base effect of providing for our share of ETI's Ghanaian sovereign debt restructure programme in 2023. Expenses were well-managed and increased by 8%. As Jason noted earlier, our cost to income ratio increased primarily given the muted NII growth and the decline in associate income, notwithstanding the strong NIR growth and well-managed expenses.

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Reflecting on the balance sheet, as shown on the right-hand side of the slide, gross banking advances grew by 7%, ahead of the 4% growth in average banking advances. This was mainly on the back of deal closures by CIB in the last quarter of the year.

As a result, CIB's actual banking advances increased by 10%, when compared to average banking advances growth of only 3%. Term loans, reflecting largely the growth in our investment banking business, grew by 13%. Positively, this growth was driven across various sectors while pipelines into the future remain robust. Book growth in property finance accelerated in the second half of the year as the rate cutting cycle started.

In RBB average and actual advances growth was 5% and 4% respectively, mainly impacted by industry level household credit growth that slowed to 3%. RBB's growth was primarily driven by gradual home loan and vehicle finance market share gains, offset by our deliberately cautious approach to personal loans, given elevated risk. On the upside, we have seen application volumes across all our retail products increase in the second half of the year as shown in the booklet slide.

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On the opposing side of the balance sheet, deposits increased by 8%, driven by clients placing cash into higher interest rate, longer term products given our competitive offerings. As a result, current and savings accounts were flat. In contrast, call and term, fixed deposits as well as other deposits increased by 9%, 8% and 12% respectively. The large increase in cash management deposits was mainly due to higher government deposits.

NCDs decreased by 11% driven by strong growth in Other Deposits and increased systemic liquidity emanating from the Gold and Foreign Exchange Contingency Reserve Account (GEFCRA) that reduced the need for marginal deposits.

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Turning to the income statement, NII increased by 1% as growth in average interest earning banking assets of 5% was offset by NIM contraction. The 16 bps decline in NIM to 405 bps was primarily driven by a negative endowment mix impact due to net capital and transactional balances growing slower than average interest earning banking assets, asset pricing pressure given increased levels of competition for good quality assets, liability pricing pressure and the introduction of deposit insurance.

This decrease was partially offset by a positive endowment rate impact due to the run-rate impact of higher average interest rates. Our active approach to interest rate risk management remains a focus, while we continue to execute complimentary strategies across RBB versus CIB portfolios.

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NIR growth was strong at 10%. Commission and fees increased by 10%, supported by strong growth in CIB that benefited from deal closures, while growth in RBB was more moderate. Higher maintenance fees, continued strong growth in value-added services and card volumes, were offset by slower transactional activity, particularly in cash as clients increasingly opt for cashless alternatives.

Trading and Fair Value income increased by a combined 11%, supported by 13% NIR growth in Markets due to a strong performance in debt securities, growth in equities, and fair value gains on inflation linked products.

Insurance income increased by 9%, positively impacted by actuarial reserve releases in life insurance, higher shareholder returns and an improved claims experience in non-life insurance, partially offset by lower traditional bancassurance volumes.

Lastly, NIR included the benefit of R863m from the Eqstra acquisition in June that was not in the 2023 base. Excluding Eqstra NIR, growth was 7%.

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Turning to impairments. The groups' impairment charge decreased by 17%, driven primarily by a 15% decrease in RBB impairments, as the environment improved into the second half of the year and as our collection and origination interventions continued to deliver benefits. Impairments in CIB were down 39%, supported by a R10bn decline in stage 3 loans on the back of various successful resolutions, recoveries and restructures. NAR was impacted by additional provisions for country-specific risks.

The group's central provision of R150m was released as risks are now in cluster models. Total overlays decreased to R0,8bn from R1,1bn in the prior year, now similar to pre-covid 19 levels, reflecting the relative improvement in the macroeconomic environment.

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Our credit loss ratio decreased to 87 bps, now back within our TTC target range. The CIB credit loss ratio at 14 bps, was below the bottom of its TTC target range, reflecting the cluster's high-quality portfolio.

The credit loss ratio in RBB at 158 bps declined from the 194 bps reported in the prior period and was back to within its through the cycle target range. CLRs across all RBB products and segments improved from the levels reported in 2023, except for vehicle finance given strain experienced in our

small taxi portfolio and lower asset realisation values at auctions, although significantly improving during the second half. This portfolio continues to receive significant management focus.

Wealth reported a credit loss ratio of -2 bps, following client specific overlay releases and credit model enhancements, while NAR reported a credit loss ratio of 126 bps, above its TTC target range, largely driven by higher impairments in Mozambique and Namibia.

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Within gross loans and advances, stage 1 loans recorded a large increase, while stage 2 and stage 3 loans reduced substantially. The group's total ECL coverage at 3,32% remained strong and reflects prudent provisioning in the current economic environment.

The Stage 1 coverage reduced slightly given book growth and loan migrations, while Stage 2 coverage also declined. Stage 3 coverage increased to 40,5% as stage 3 loans in CIB declined by almost R10bn since December 2023, after the resolution of large single-name exposures and stage 3 loans in RBB with higher coverage remained flat.

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Shifting our focus to costs, expenses increased by 8%. The 8% increase in salaries, wages and other employee costs, reflect the impacts of average annual salary increases of 6%, the use of additional contractors to assist in the completion of Managed Evolution and additional costs to retain talent and scarce skills. Incentives increased by 2%, aligned on the one end to higher levels of profitability and on the other to lower levels of vesting expectations.

Computer processing costs increased by 6% driven by continued investment in digital, higher IT volumes & forex devaluations, partially offset by low growth in the amortisation of intangible assets. Marketing, communication & travel costs increased by a combined 17%, as business activity accelerated.

Lastly, expense growth also includes 7 months of Eqstra in 2024. Excluding this, expense growth was only 6%, reflecting tight cost control.

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Reflecting on capital, our CET1 ratio at 13,3% declined slightly on the prior year reflecting strong capital generation, the payment of dividends in the calendar year, FCTR movements and RWA growth of 5%. At these levels the group's CET1 ratio remains well above the top end of our board-approved target range, positioning us well to support and unlock growth opportunities.

In line with our active capital management approach, we will continue to consider complementary bolt-on acquisitions should they arise, pay dividends at the top end of our payout ratio, consider share buybacks at appropriate share price levels and absorb the Basel III Positive Cycle Neutral counter-cyclical buffer that becomes effective from 1 January 2026.

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Closing with a high-level overview of our cluster financial performances:

CIB produced a strong set of results, with headline earnings growth of 9% and its ROE increasing to above 20%. Earnings growth was primarily driven by an 11% increase in NIR, which was supported by commission and fees on deal closures and strong growth in markets. NII however, declined by 5% as moderate average advances growth was offset by margin compression, while expense growth was well controlled at just 5%.

RBB also delivered a strong set of results with headline earnings growth of 15% and a higher ROE of 17,1%. Growth was driven by a 15% decline in impairments and 9% increase in NIR. NII was up 2%, as average loan growth of 5% was partially offset by a slight decline in NIM. Expenses were well managed, increasing by 8% or 5% when excluding the Eqstra acquisition.

Nedbank Wealth delivered HE growth of 4% which was underpinned by 12% growth in NIR and its ROE increased to 27,6%. HE growth was however negatively impacted by the implementation of the OECD Pillar 2 global tax rate, the decision to exit the corporate e-gaming sector internationally, and the continued decline in traditional bancassurance volumes primarily in unsecured lending.

Lastly, in our Nedbank Africa Regions, headline earnings declined by 14%, impacted in part by once off base effects in Zimbabwe and ETI. The cluster's ROE at 20,5% remained above the group's COE. SADC operations' HE decreased by 12% and its ROE declined to 8%. Headline earnings relating to our associate investment, ETI were down 16% on the prior year.

In closing, I am pleased with our performance for the full year. And although we expect earnings growth to be broadly flat in the first half of 2025, given ongoing slow economic activity, the second half is expected to pick up and earnings growth to end the year above mid-single digits. I therefore look forward to ongoing momentum as we continue to make progress towards increasing our ROE.

Thank you – I'll now hand back to Jason.




**Jason Quinn, Chief Executive**

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Thanks Mike and Mfundo.

You've heard throughout the presentation that we made good strides in executing our strategy and we will continue do so under what we call our perform agenda by managing the group efficiently and improving profitability in the near term. As part of our strategy refresh, we also identified initiatives that will, over time, help us get to our longer-term ROE target.

The key objective of these can be summarised into 5 broad categories: 1. Unlock value from the technology investment we have made over the past 10 years, while we ramp up investment in data and AI capabilities, 2. Scale our retail business in order to reduce its cost to income ratio and increase its ROE, 3. Portfolio diversification into new segments and markets, 4. Leverage our market-leading sector skills and expertise in CIB and 5. A deliberate, measured, expansion into key SADC and East African countries. At the same time, we are busy finalising a strategic review of our financial investment in ETI.

The initiatives that Mfundo covered as part of his presentation give you a flavour of what we will focus on, and these will, no doubt, continue to evolve and expand. They cover technology initiatives that will not only drive revenue growth and productivity gains, but also fundamentally change how we engage and serve our clients, initiatives to grow the Retail franchise and enhance productivity, and examples of expanding into new jurisdictions and new initiatives in market segments such as building out our transactional banking franchises across retail, commercial and corporate.

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To support 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 Retail and Business Banking and Nedbank Wealth clusters, evolving into an organisational design more focused on client centricity.

The new group structure will see the creation of Personal and Private Banking (PPB), an individual or non-juristic focused cluster, that will provide a full suite of solutions to individual clients across the youth, entry-level, mass, middle, affluent and high-net-worth segments. Nedbank Insurance and Nedbank Wealth Management will be incorporated into PPB as we seek cross- and up-sell opportunities.

The reorganisation will also see the creation of Business and Commercial Banking (BSB), a juristic-focused cluster, that will cover the spectrum of SME, Commercial and Mid-corp clients up to Corporate.

Our Asset Management business will move into CIB and focus on building out its product offerings while improving new business origination on the back of our new client-centric model. Nedbank Wealth will no longer exist as a stand-alone cluster.

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The strategic rationale and benefits are compelling. In PPB, where we will have a singular focus on individual clients, we will grow our insurance business and unlock cross and upsell opportunities into the existing Nedbank client base, unlock scale benefits and leverage capability synergies between Wealth Management and Private Clients to strengthen our value position in the market.

BCB has ambitious plans, and the restructure aims to accelerated growth through new compelling value propositions and a singular focus on juristic clients, while it is elevated to a Group Exco level.

We also anticipate substantial benefits for all our stakeholders. Employees will be more empowered as we break down structural barriers to collaboration, create increased focus and align incentives across the organisation. For clients, the reorganisation represents a leap forward in how they will experience Nedbank. By unifying our personal and juristic business segments into distinct, focused clusters, we will be able to offer more seamless and integrated banking experiences. Our shareholders can expect improving financial performance from Nedbank over time, underpinned by delivering of focused growth strategies, including the unlock of cross-sell opportunities and increased efficiencies, all contributing to us achieving higher ROEs over the medium term and long-term.

In Q2 2025 we will refine and implement effective structures and finalise leadership and changes will become effective in from 1 July 2025. Ciko Thomas will lead our Personal and Private Banking business and we will announce the leader of the newly created BCB in due course.

Concurrently with the strategic reorganisation, we announced today that after 23 years of service to Nedbank, Iolanda Ruggiero, Managing Executive of Nedbank Wealth will be taking early retirement. She will be working closely with Nedbank's senior leadership to manage an orderly transition in advance her retirement on 31 March 2025. We thank Iolanda for her invaluable contribution to the Nedbank Group and wish her well on retirement.

Once again, these organisational structure changes will be effective 1 July. We will remain focused on our performance in our current construct in H1 while the transition is under way. The Board, Group Exco and I are all excited about this new chapter in Nedbank's journey and the value it will create, and I look forward to sharing our progress going forward.

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As we move on to 2025 prospects, let me start with our latest economic outlook, which underpins our financial guidance to the market. As noted earlier we remain cautiously optimistic around the potential benefits associated with the SA GNU and our base case assumes better macroeconomic conditions in 2025 and into the medium term.

Our economic unit forecast SA's GDP to increase in 2025 to 2027 by between by 1,4% and 1,8%. However, in 2025 we expect economic activity and banking conditions to remain challenging at the start and only improve as the year progresses.

Inflation is expected to average around 4,0% in 2025 and remain below 5% thereafter. However, upside risks remain, as US policy changes may lead to renewed rand weakness and higher domestic inflation.

The MPC reduced the repo rate by 25 bps in January 2025, and we currently expect the prime lending rate to ease by another 25 bps in July, taking the prime rate to 10,75% by the end of 2025 after which it remains stable for the next few years.

Credit extension is forecast to initially remain muted before picking up to about 5,6% by the end of 2025, supported by the anticipated recovery in the domestic economy and lower interest rates. The risks to the credit outlook however remain tilted to the downside, particularly over the short term.

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Turning to our guidance for 2025. NII growth is expected to grow by around mid-single digits driven by stronger advances growth. Our NIM is expected to contract a little more due to asset mix changes, ongoing competitive pricing for good quality assets and the endowment impact of lower of interest rates by less than previously anticipated.

Our credit loss ratio is expected to be around the mid-point of our target range. NIR growth is expected to grow at upper-single digits, supported by ongoing deal flow in CIB, higher levels of cross-sell, main-banked client gains and value-added service growth in RBB and the residual full-year impact of the Eqstra acquisition. Expenses are expected to grow at mid to upper single digits given the impact of Eqstra, while we maintain our focus on good cost management.

Capital ratios should remain well above-board ranges and our dividend, subject to board-approval, at the top end of the payout ratio of around 57%. We will continue to look for market opportunities to execute further share buybacks at attractive price points and where we see value for shareholders.

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Lastly, with respect to our key targets, we update our guidance and now expect DHEPS to grow by more than mid-single digits in 2025. Given ongoing slow economic activity at the start of the year, including muted credit demand, which only picks up as the year progresses, we expect earnings growth in the first half of 2025 to be broadly flat before improving in the second half of the year. We aim to increase ROE to above 16% although our cost-to-income ratio is expected to increase slightly yoy, including the full year impact of Eqstra.

In the medium term we will continue to progress our ROE to above 17% as earnings growth improves. Our cost-to-income ratio should decline to around 54% as revenue growth picks up and we retain a focus on productivity improvements. In the long term we remain focused on increasing our ROE to above 18% and improving our cost-to-income ratio to below 50%.

**END**