Adapting with agility

South Africa Major Banks Analysis

PwC's analysis of major banks' results for the reporting period ended 31 December 2024

March 2025

pwc

About this publication

PwC's Major Banks Analysis highlights key themes from the combined local currency results of Absa, FirstRand, Nedbank and Standard Bank, and provides reflections from the common strategic themes within other South African banks.

At 31 December 2024, the South African operations of the major banks included in our analysis comprised 83% of total banking sector assets in South Africa (based on BA 900 industry data).

The analysis also identifies common trends shaping the banking industry across all major players and builds on previous PwC analyses carried out for over a decade.

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-monthly results.

Where applicable, amounts and ratios are based on 'banking activities' only, as contained in the respective entity's published information.

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Adapting with agility

> 2024 has been another testament to the strength and adaptability of South Africa's banking sector. Despite continuing and evolving challenges in the global, regional and domestic operating environments, the major banks' management teams remained focused on delivering value to customers, managing risks and investing in future growth opportunities.
>
> – **Rivaan Roopnarain**, PwC South Africa Banking and Capital Markets Partner

South Africa's major banks maintained a steady growth path in 2024 amid a challenging operating climate and significant macro- and geopolitical-related uncertainty.

- Combined headline earnings growth of 5.9% against FY23 to R119bn
- Combined ROE of 17.5% (FY23: 17.6%)
- Net interest margin of 451 bps (FY23: 459 bps)
- Credit loss ratio of 89 bps (FY23: 102 bps)
- Cost-to-income ratio of 52.9% (FY23: 52.4%)
- Common equity tier ratio of 13.3% (FY23: 13.2%)

Key themes emerging from PwC's analysis of the major banks' full-year 2024 performance include:

- **Solid foundations:** The major banks' balance sheets remain anchored by robust capital and liquidity positions, with solid buffers beyond regulatory requirements supporting risk taking and strategic investments. Driven by accounting standards and strong risk management, credit provisions kept pace with balance sheet growth, capturing forward-looking information and risk trends in credit portfolios. Credit performance in 2024 showed some signs of improvement, with the combined credit loss ratio declining to 89 basis points for the year, down from 102 basis points in 2023.
- **Digital transformation and cost efficiency:** The shift to digital banking platforms accelerated further, particularly in retail banking, with the number of digitally active clients now approaching a third of the South African population by year-end, at just under 21 million. Investments in technology (both new-build systems and legacy systems enhancement), cloud-based solutions and cybersecurity remained priorities, alongside investments in emerging technologies such as open banking and artificial intelligence. The aggregate cost-to-income ratio edged higher to 52.9%, reflecting lagging inflationary pressures within the overall cost base, particularly in the first half of 2024.
- **Balance sheet growth and earnings resilience:** Steady growth in lending (5.4%) and deposit-taking (8.7%) provided the foundation to support earnings growth in 2024. Supported by larger balance sheets and increased customer numbers, core banking activity revenues saw good growth, while the major banks' trading businesses had differing experiences given divergent strategies and financial market volatility. Additionally, improved credit trends, particularly in retail lending portfolios, translated to lower credit impairments and supported overall earnings growth.

- **Centrality of Sub-Saharan Africa to overall bank strategy:** While individual approaches to the rest of the continent vary, capturing significant financial services opportunities among young, mobile and digitally savvy African populations in high-growth markets remains a central element of the major banks' strategies. Banks that operate at scale on the continent saw strong underlying growth and constant currency performance in several West and East Africa territories, and continue to diversify their businesses, brands and revenue streams in these key markets. However, regulatory challenges, economic constraints (including inflationary pressures and elevated fiscal and sovereign risks in certain territories) and significant currency volatility dampened results in rand terms. Despite these operating challenges, competing purposefully with a pan-African focus remained a critical component of the major banks' growth strategies. This sentiment is echoed in our *28th Annual Global CEO Survey – Sub-Saharan Africa perspective,* which notes that "businesses in Sub-Saharan Africa are undergoing a transformation, driven by demographic changes, technological advancement and the rise of entrepreneurial leadership".
- **Sustainability, emerging technologies and innovation:** The major banks made strides in aligning their strategies with sustainability goals, particularly in mobilising funding towards sustainable financing and climate transition initiatives. At the same time, they continue to confidently explore the potential of emerging technologies such as generative AI to enhance operational efficiency, risk management processes and customer experiences across a wide range of use cases. These use cases span credit risk management (credit scoring, dynamic market analyses and enhanced risk monitoring at client and portfolio levels), operational and compliance risk management (in areas such as data capturing, transaction monitoring and screening, fraud detection, and strengthening cyber defences) and customer experiences (enabling the rapid, streamlined and personalised processing of queries and the development of personalised propositions and services). This is consistent with what we have observed globally within the banking industry—those banks that harness the power of AI, data and highly qualified people are the ones that are transforming their operations, elevating customer experiences and exceeding stakeholder expectations.

Summary of results

The year 2024 was a turbulent period for both global and regional economies, marked by heightened uncertainty, geopolitical tensions and shifting trade dynamics. Nearly half the world's population participated in elections, creating a ripple effect of political and economic unpredictability. Global inflation moderated but remained high in many emerging markets, delaying anticipated interest rate cuts, placing strain on fiscal positions in several developing economies and complicating economic recovery efforts. In sub-Saharan Africa, the combined impact of persistent socio-economic challenges, adverse weather patterns, volatile commodity prices and fiscal challenges continued to strain economies, while currency volatility and inflationary pressures persisted.

South Africa, however, saw some positive developments. Steps towards structural reforms, particularly in energy supply and logistics, began to yield results, while the formation of a Government of National Unity was met with cautious optimism by markets. These factors contributed to a stronger rand and relatively improved investor sentiment. Despite these improvements, the South African economy faced headwinds, experiencing high unemployment levels and subdued real GDP growth of 0.6% in 2024.

Net interest income ↑ 3.7%

Non interest revenue ↑ 5.1%

Operating income ↑ 4.2%

Net interest margin 451 bps
FY23: 459bps

Cost-to-Income ratio 52.9%
FY23: 52.4%

Credit loss ratio 89 bps
FY23: 102 bps

ROE 17.5%
FY23: 17.6%

CET1 ratio 13.3%
FY23: 13.2%

Operating expenses ↑ 4.7%

Pre-provision operating profit ↑ 3.8%

Credit impairment charge ↓ 6%

↑ Headline earnings of R119bn increased 5.9% against FY23

FY24 vs FY23

> South Africa's major banks results in 2024 reflect the focused execution of their strategies despite challenging trading conditions and significant levels of uncertainty. The major banks appear to have navigated the risks and challenges facing their businesses and markets of operations to deliver a resilient financial performance. Looking ahead, while complex geopolitics and trade tensions pose elevated macroeconomic headwinds, core focus areas of the major banks are likely to remain on maximising growth vectors and customer experiences, while embedding emerging technologies.
>
> – **Costa Natsas**, PwC Africa Financial Services Leader

- **Headline earnings:** The major banks' combined headline earnings growth of 5.9% against FY23 to R119bn far surpassed South African and sub-Saharan economic growth. Underpinning earnings growth was the combination of resilient revenue growth across net interest income (3.7%) and non-interest revenue (5.1%), supported by credit impairment charges falling by 6%.
- **Loan growth:** Notwithstanding recovering consumer and business confidence levels from a period of high inflation and interest rates, new loan formation reflected relatively improved conditions in 2024, particularly in the second half. Aggregate gross loans and advances grew 5.4% against FY23 (2% against 1H23). Consistent with previous periods, growth in individual loan portfolios and industry sectors was differentiated between the major banks, based on a combination of differing strategies, geographic footprints and risk appetite. According to *Bureau information released by the National Credit Regulator* (NCR), the number of credit-active South African consumers increased to 28.32 million as at the end of September 2024, growing 3.3% year-on-year.
- **Credit quality:** As we noted previously, the composite relationship between interest rates and impairments has been well established. While this dynamic continued, albeit with interest rate cuts of 50 basis points to 7.75% by the South African Reserve Bank (SARB) in 2024 (followed by a further 25 basis points in January 2025), the major banks benefited from provision releases in FY24 following the successful restructure of legacy corporate non-performing loans and a slowdown into early arrears and defaults in South African retail credit portfolios. The combined credit loss ratio (the income statement impairment charge divided by average advances) moderated to 89 bps (FY23: 102 bps) as the income statement bad debt charge decreased 6% for the same period. Total non-performing loans increased by 3% against FY23, comprising 5.3% of gross loans and advances (FY23: 5.4%). According to the *NCR Bureau information* referenced above, the number of South African consumers with impaired records decreased by 65,094 to 10.2 million in Q3-24, while consumers classified in good standing increased by 237,246 to 18.13 million.

- **Costs:** Reflecting on inflation data for 2024, *Stats SA notes* that "the average inflation rate for the year was 4.4%, down from the average of 6.0% in 2023. Inflation in 2024 was the lowest in four years since the pandemic in 2020, when the average rate was 3.3%." Outside South Africa in the rest of the continent, inflation remained sticky across several key territories in which the major banks operate, influenced by a variety of factors. Against this context, cost control remained a significant focus for the major banks' management teams in 2024. While cost drivers continue to be largely aligned to strategic focus areas, including cloud-based technologies, cyber security costs and continued investments in technology infrastructure and new technologies, currency weaknesses in African markets outside South Africa offset ZAR-based cost growth. Overall, the pace of cost growth (4.7%) marginally exceeded revenue growth (4.2%), resulting in the aggregate cost-to-income ratio increasing to 52.9% (FY23: 52.4%).
- **ROE and capital:** Similar to our observations in the first half of 2024, the volatile currency effects of translating foreign operations impacted the major banks' combined ROE, which fell 15 bps to 17.5% (FY23: 17.6%). This outcome is, however, still reflective of positive economic leverage, as the combined ROE remains above the major banks' average cost of equity of 15%. Although the combined common equity tier 1 capital ratio moderately increased to 13.3% (FY23: 13.2%), the major banks are aware of the need for ongoing capital optimisation strategies in light of new prudential regulatory reforms that take effect in 2025.

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The major banks have demonstrated their ability to navigate a complex and uncertain environment with resilience and effective strategic focus. As we look ahead, their commitment to innovation, sustainability and customer centricity will remain central to their overall bank strategies for unlocking growth and delivering value.

– **Francois Prinsloo**, PwC Africa Banking and Capital Markets Leader

Outlook

The IMF notes in its ***January 2025 World Economic Outlook Update*** that prospects for global growth are considered to be divergent and uncertain, with forecast global growth expected to remain stable but lacklustre at 3.3% in both 2025 and 2026. Importantly, the report notes that "trade headwinds – including the sharp uptick in trade policy uncertainty – are expected to keep investment subdued".

In South Africa, sharp focus shifted to the nation's urgent need for growth and its fiscal position following the sudden postponement of the Budget Speech, which subsequently took place on 12 March 2025. Our theme for Budget 2025/2026, ***'Responsible growth for a sustainable future'***, captures the need for the right fiscal choices today in the interest of South Africa's tomorrow. While the 0.5% increase in the VAT rate in 2025 and 2026 will negatively impact consumers, it is part of a strategy aimed at righting the country's fiscal ship.

Meanwhile, the SARB cut its key interest rate by another 25 basis points to 7.50% at the end of January 2025, marking the third successive reduction. While inflation remained well contained, the medium-term outlook is more uncertain than usual.

As 2025 unfolds, South Africa's major banks remain focused on the dual priorities of navigating a challenging environment while capturing appropriate opportunities. Building on the resilience demonstrated in 2024, key focus areas in 2025 are likely to include:

- **Interest rate relief and credit growth:** Within the context of an anticipated rate-cutting cycle, the major banks are poised to benefit from stimulated lending activity, particularly in the retail and small business segments, and reduced impairment pressures.
- **Digital leadership and innovation:** The customer tilt to digital banking continues to accelerate, with investments in AI, cloud technology and cybersecurity remaining centre stage. We expect to see the major banks further enhancing customer experiences, streamlining operations and leveraging data and enhanced analytics to drive personalised financial services delivery and internal efficiencies.

- **Sustainable finance and climate transition:** Sustainability remains a core focus, with the major banks looking to build on their sustainable financing portfolios as global climate goals remain a priority. This includes funding green infrastructure projects and initiatives that seek to manage climate-related risks in vulnerable sectors.
- **A decisively pan-African focus:** The major banks' operations across high-growth African markets remain critical engines of growth. Despite currency volatility and regulatory challenges, strategic investments in these regions continue to diversify revenue streams and competitive positioning.
- **Cost management and efficiency:** Disciplined cost control will remain a priority, particularly against potentially renewed inflationary pressures on the back of recent global trade dynamics and tariff threats. The major banks have all clearly stated their intention to further optimise their cost-to-income ratios through, inter alia, technology-driven efficiencies and targeted investments in talent and infrastructure.

South Africa's major banks are well positioned to balance short-term challenges with medium- to long-term growth opportunities. Their leveraging of a track record of resilience and innovation – including the strength of their franchises – is likely to guide their value propositions for customers and stakeholders in a highly complex and uncertain operating environment.

Next in banking and capital markets in 2025

Be bold, fix regulatory deficiencies, and leverage AI and data

Perspectives from our global banking and capital markets thought leadership

At the outset of 2025, the picture that is developing for banking and capital markets firms at the regional, national and global level points toward a favourable time to take a bolder approach to growth. Whether it is dealmaking, new markets or a more aggressive pursuit of existing customers' wallets, we believe firms should be actualising their expansion plans in anticipation of better times ahead.

At the sector level, the foundations are solid for banking and capital markets: an expanding US economy, tumbling benchmark interest rates, a steady loan demand and increasing securities trading volumes. Expanding profits this year supports a bolder stance on growth. For example, 2025 US bank net interest income is projected to increase by 5.7% year on year, according to S&P Capital Global Market Intelligence; a step up from essentially no growth last year.

At the global level, the current situation is also favourable for global banking and capital markets firms. China's once fast-growing economy is struggling, and the country's industrial policy is making it more difficult for US multinationals to operate there. Additionally, China's GDP isn't close to surpassing that of the US, and some economists now say it never will. Japan is growing again, but decades of stagnation have dulled its allure. And Europe's major countries – France and Germany – are in political turmoil, to the detriment of their economies and markets. If you are a starry-eyed entrepreneur, a hard-charging start-up or a major corporation, where would you want to be domiciled right now to fuel your expansion? We think the friendliest operating environment for the foreseeable future is the US.

2025 is going to be full of change. And if the picture develops as we think it could, then a bolder approach to growth is warranted.

With that as our backdrop, we see three broad areas of focus this year for banking and capital markets clients:

- **Go on the offense.** With expectations of more interest rate cuts and streamlined regulations plus a potentially faster-growing economy, expanding profits and generally strong capital levels, banks are in a position to reassess their growth agenda. However, care will be needed in allocating capital to the capabilities that offer the most attractive risk-adjusted returns.
- **Regulatory compliance is necessary, especially for dealmakers**. A clean bill of health on regulatory matters is likely to be table stakes for government's approval of mergers and partnerships. The Federal Reserve's top banking supervisor remains focused on capital, liquidity and governance. Resolving high-risk matters in early 2025 will be an important objective for those pursuing aggressive, non-organic growth.
- **The AI advantage rests on data, humans and tech.** The rapid adoption of AI is reshaping the sector, moving beyond experimentation to embrace agentic workflows. By combining the power of AI with data, top talent and the modernisation of strategic technology, banks can define a new era of competitiveness.

Data, humans, tech: The AI edge

The adoption of artificial intelligence is accelerating at the largest and most forward-looking banks. Leading banks have gone beyond establishing responsible AI governance and principles and are broadening the number of use cases; some now have hundreds of them in process.

In 2025 and beyond, we anticipate that attention will pivot to agentic workflows to drive the next level of operational efficiency, coupled with a more disciplined way of measuring returns on investment.

Leading banks are shifting from grassroots experimentation with use cases to a bold, top-down AI strategy, identifying ways to responsibly fast-track risk and compliance reviews, and increase impact.

We have noted three broad areas for banking and capital market entities to achieve this

1. Data as your edge

AI is underscoring the importance of data as a key differentiator, while also bringing to light challenges related to the quality and shareability of data within banking and capital markets firms. Effective AI models need diverse, accurate and large datasets to assess customer risk, prevent financial crimes and develop hyper-personalised products for customer segments.

Banks should continue to invest in robust security systems to safeguard sensitive data, enable data accuracy and reinforce governance to manage data assets effectively. Without these safeguards, it is harder to fully realise the power of AI to enhance end-to-end automation.

2. Race for talent

Moving up the value stack also requires skilled professionals such as data engineers, data architects and AI development experts. We are seeing fierce competition among banks for talent. Besides larger total compensation packages, firms also offer intellectually interesting work on leading programmes, such as using digital assets in global commerce.

3. The technology imperative

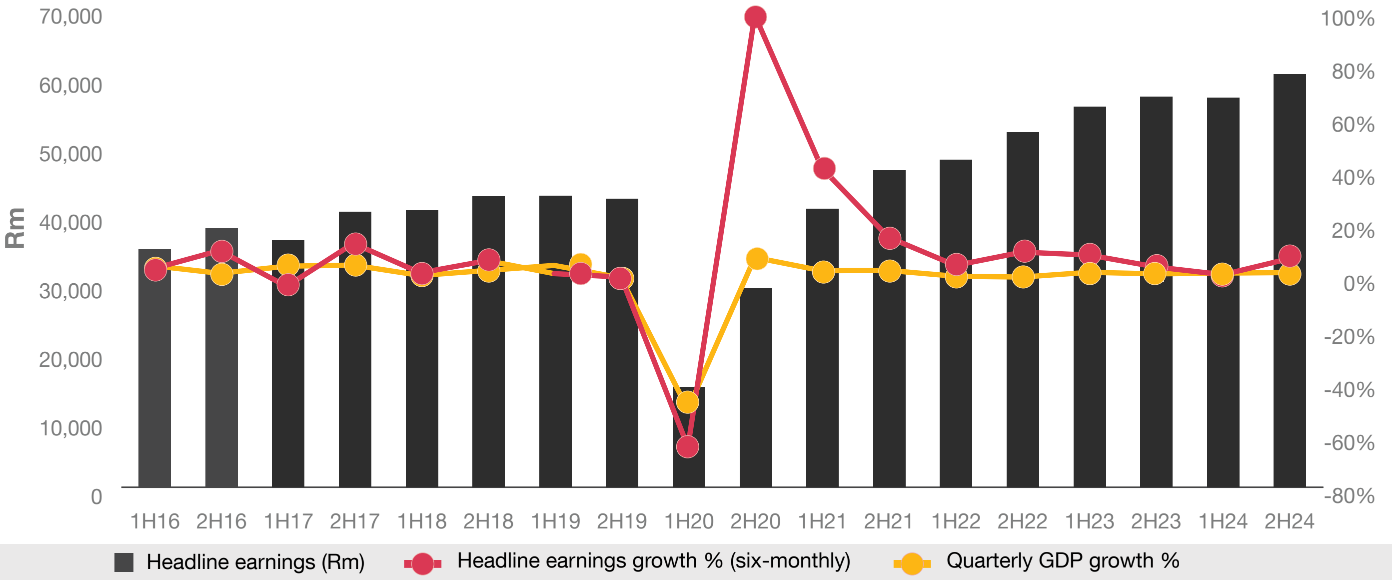
As the banking industry races towards the AI revolution, it is essential to rethink technology modernisation strategies, leveraging first-principle thinking to leapfrog ahead in technology and operational efficiency. Banks should identify legacy platforms that can no longer support the speed and scale required to maintain a competitive edge, enable prompt risk and fraud prevention, and meet the changing expectations of customers.

Given the pace of change, modernisation is not about leading the charge, it is about keeping up! Banks can no longer sustain legacy systems alongside modern technology. Banks that harness the power of AI, data, and highly qualified people will transform their operations, elevate customer experiences and achieve stakeholder expectations.

Waiting is not an option – bold action is needed to remain in the race.

Appendix A: Analysis of financial results

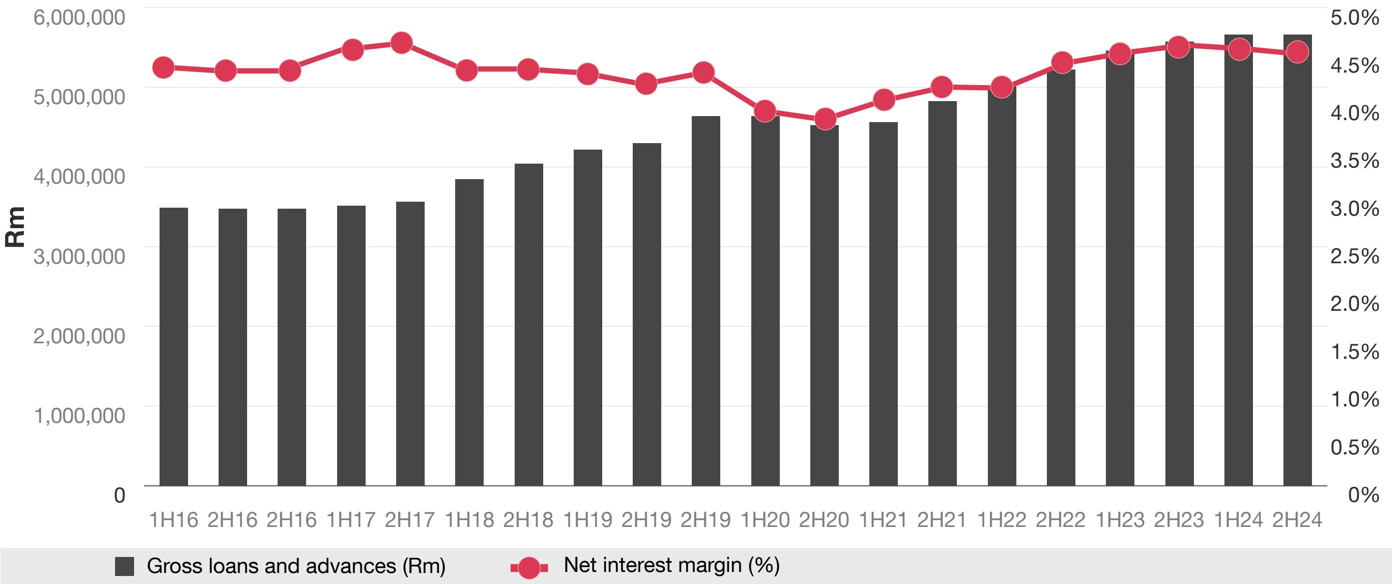
Figure 1: GDP and headline earnings growth



Source: Stats SA, PwC analysis

- Combined headline earnings of R119bn increased 5.9% against both FY23 and 1H24, reflecting the continued earnings momentum delivered in the second half of 2024.
- Significant earnings contributions continued to flow from the major banks' African operations outside South Africa. In terms of their local currency, several of these operations demonstrated a strong underlying performance and operational momentum. However, weaker foreign currencies relative to a stronger rand in FY24 depressed these earnings upon translation and consolidation at group level.
- Overall, earnings within the major banks' South African operations continued to reflect an interrelationship with South Africa's GDP growth, a long-standing feature depicted in Figure 1.

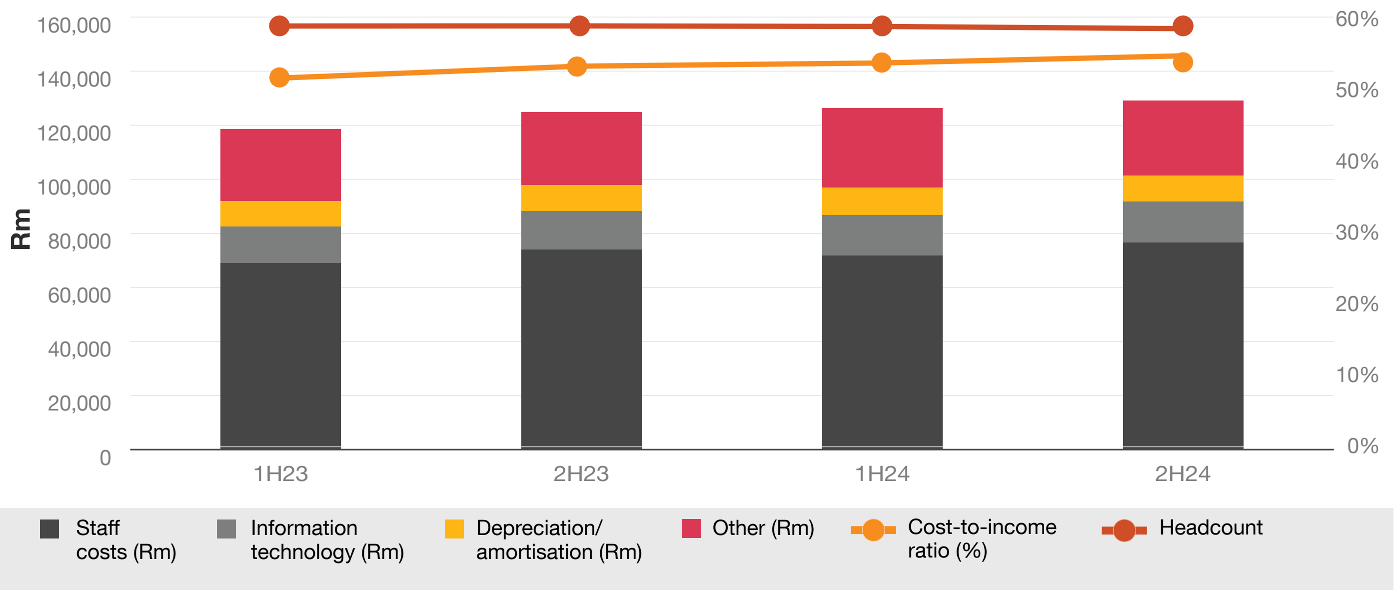
Figure 2: Net interest margin



Source: PwC analysis

- In FY24, the major banks' combined balance sheet grew to a new record level, driven by resilient growth in both lending (up 5.4%) and deposits (up 8.7%), significantly in excess of the GDP growth rates of SA and most other African territories of operation.
- Interest rate-sensitive loan portfolios continued to show a new loan formation, highlighting resilient customer demand and the effects of a moderating rate environment in the second half of 2024. Against FY23, credit cards grew by 5%, residential mortgages recorded 1.8% growth, and vehicle and asset finance was up by 7.1%.
- The elevated interest rate environment that persisted particularly in the first half of 2024 impacted the major banks' net interest margin through higher funding costs and interest income on the rate-sensitive loan portfolios mentioned above. Overall, new loan growth and the higher interest rate environment supported the combined net interest margin of 451 bps, which was marginally below the 459 bps seen in FY23.

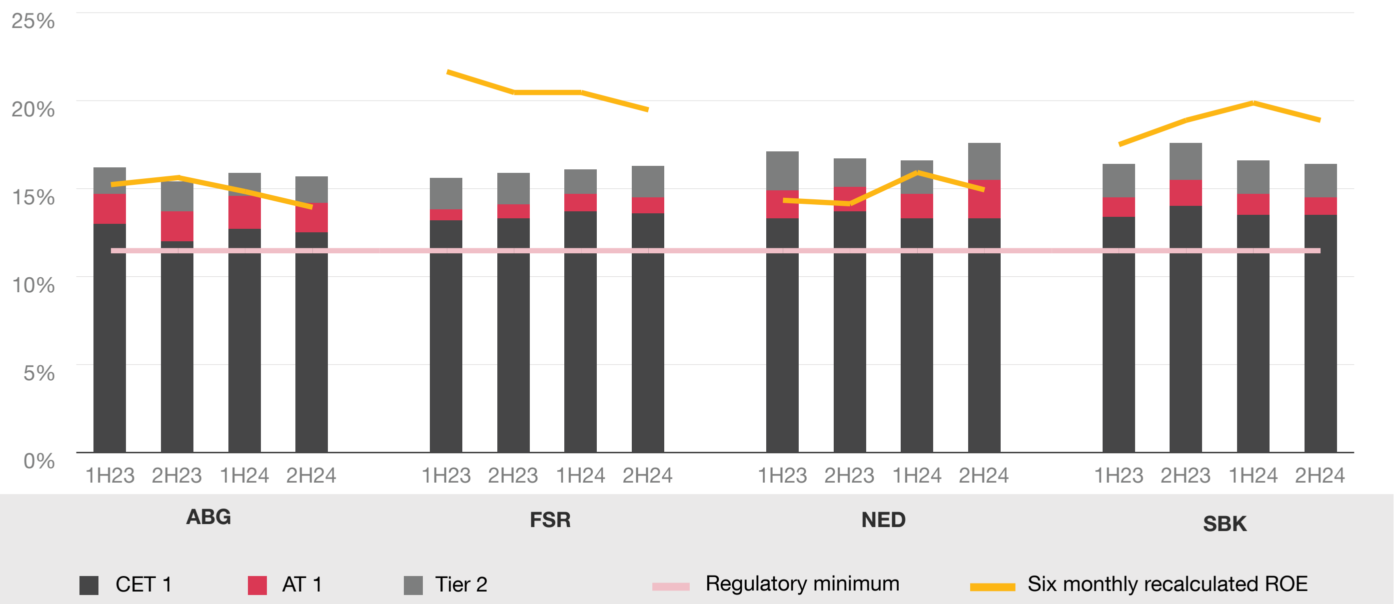
Figure 3: Operating expenses, cost-to-income ratio and headcount



Source: PwC analysis

- Consumer price inflation in South Africa was 5.1% in June 2024 and began to moderate late in the second half of the year. Similarly, inflation remained elevated in most African territories where the major banks operate.
- While consensus expectations remain for inflation to moderate in both South Africa and sub-Saharan Africa in the short to medium terms, the inflation outlook has been complicated 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 4.7% against FY23. Meanwhile, total operating income (net interest income plus non-interest revenue) grew by 4.2%, creating negative 'jaws' as cost growth outpaced revenue momentum in 2024.
- Despite this, the strategic focus that bank management teams placed on cost management continued. The combined cost-to-income ratio registered at 52.9% (FY23: 52.4%), with the main cost drivers remaining technology, cloud and cyber security expenditure, while staff costs and performance-based incentive awards were prudently managed.

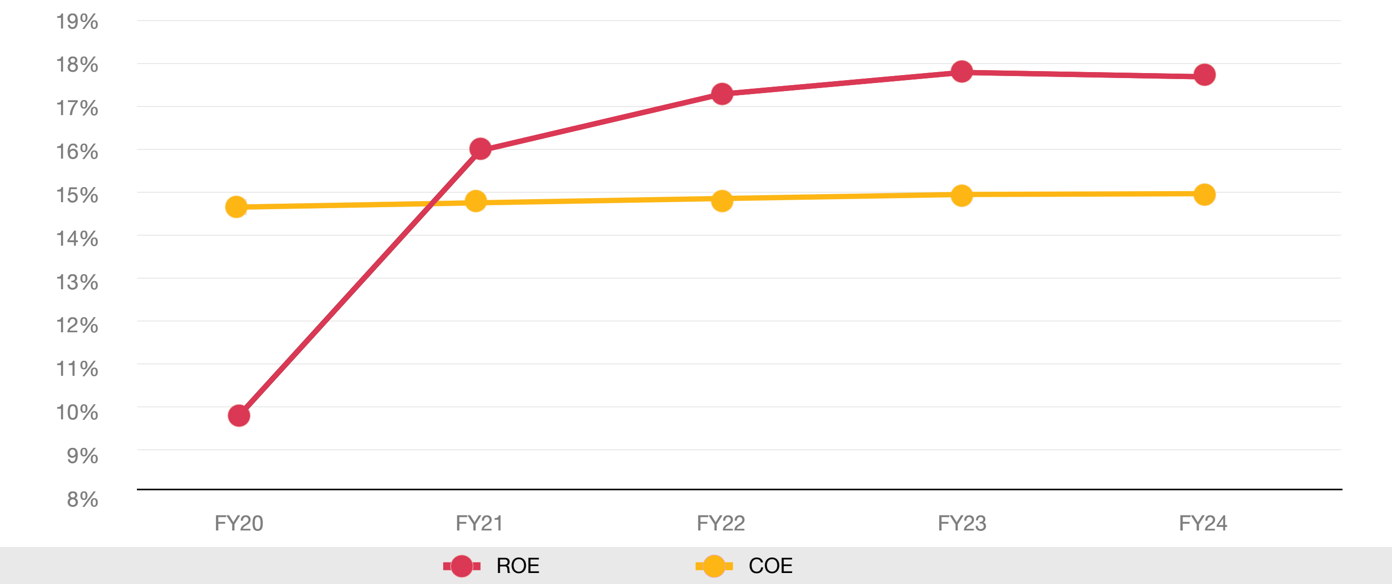
Figure 4: ROE and regulatory capital levels



ABG: Absa Group Limited, FSR: FirstRand Limited, NED: Nedbank Limited, SBK: Standard Bank Group Limited ('Banking')

Source: PwC analysis

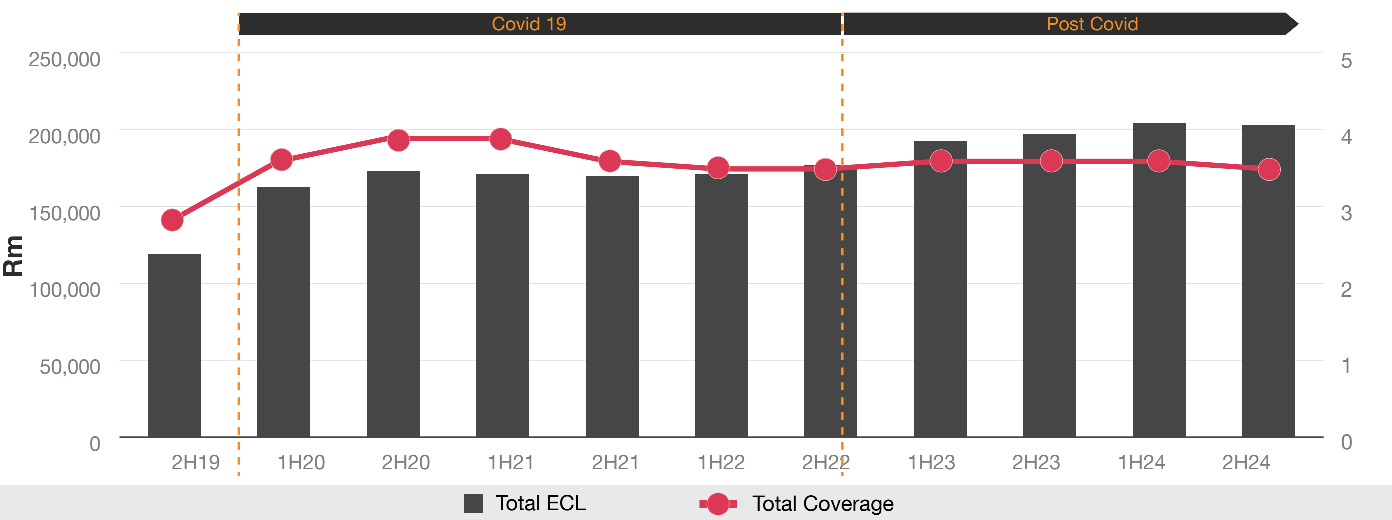
Figure 5: ROE and cost of equity (COE)



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 FY24, the major banks continued the theme of strongly capitalised balance sheets and generating returns above their average cost of capital of 15% (FY23: 14.8%).
- The major banks' combined Common Equity Tier 1 capital ratio remained robust at 13.3% (FY23: 13.2%). This was supported by organic capital (earnings) growth and an ongoing focus on managing risk-weighted assets amid forthcoming regulatory change. The total capital adequacy ratio also remained resilient at 16.4% (FY23: 16.4%).
- As previously noted, we continue to observe a significant focus by management on capital management and optimisation efforts as the prudential regulatory regime in South Africa and globally remains in a period of complex technical reform.

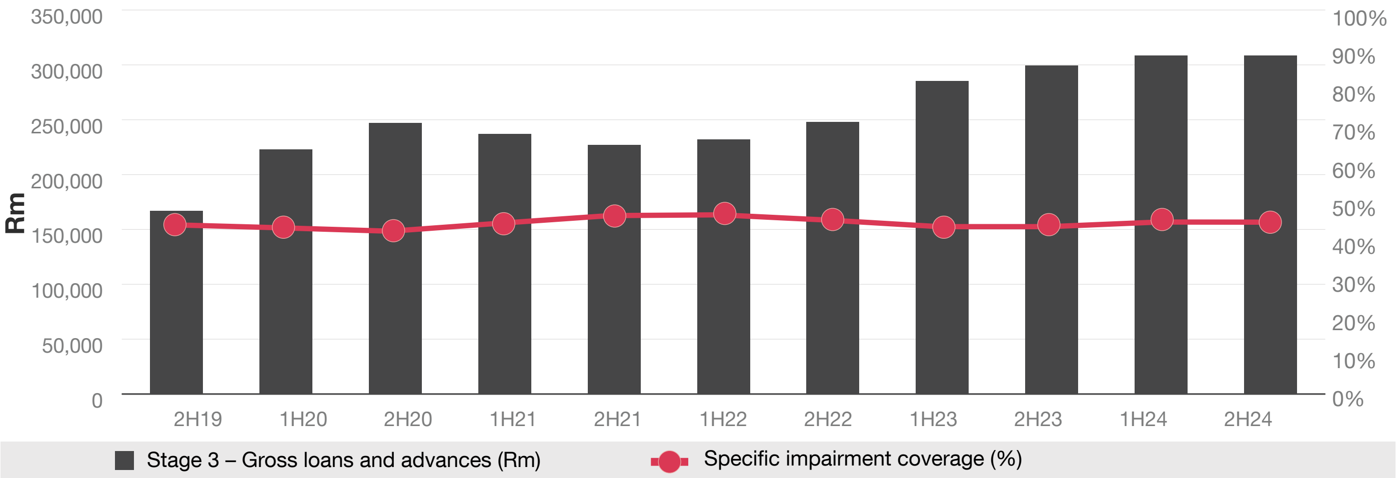
Figure 6: Expected credit loss (ECL) build-up



Source: PwC analysis

- Total balance sheet provisions (expected credit losses) reached a new record level in 1H24, increasing 2.8% against FY23 to reach R203bn. This build-up in credit provisions reflects, in part, the elevated interest rate environment that has persisted over recent periods, which credit models incorporated in their calibration under the forward-looking requirements of IFRS 9 and balance sheet growth.
- As previously noted, we expect that as the levels of inflation and interest rates subside, the ECL trend will start to stabilise. Similarly, a more favourable GDP outlook would typically also reduce provisioning in the longer term.

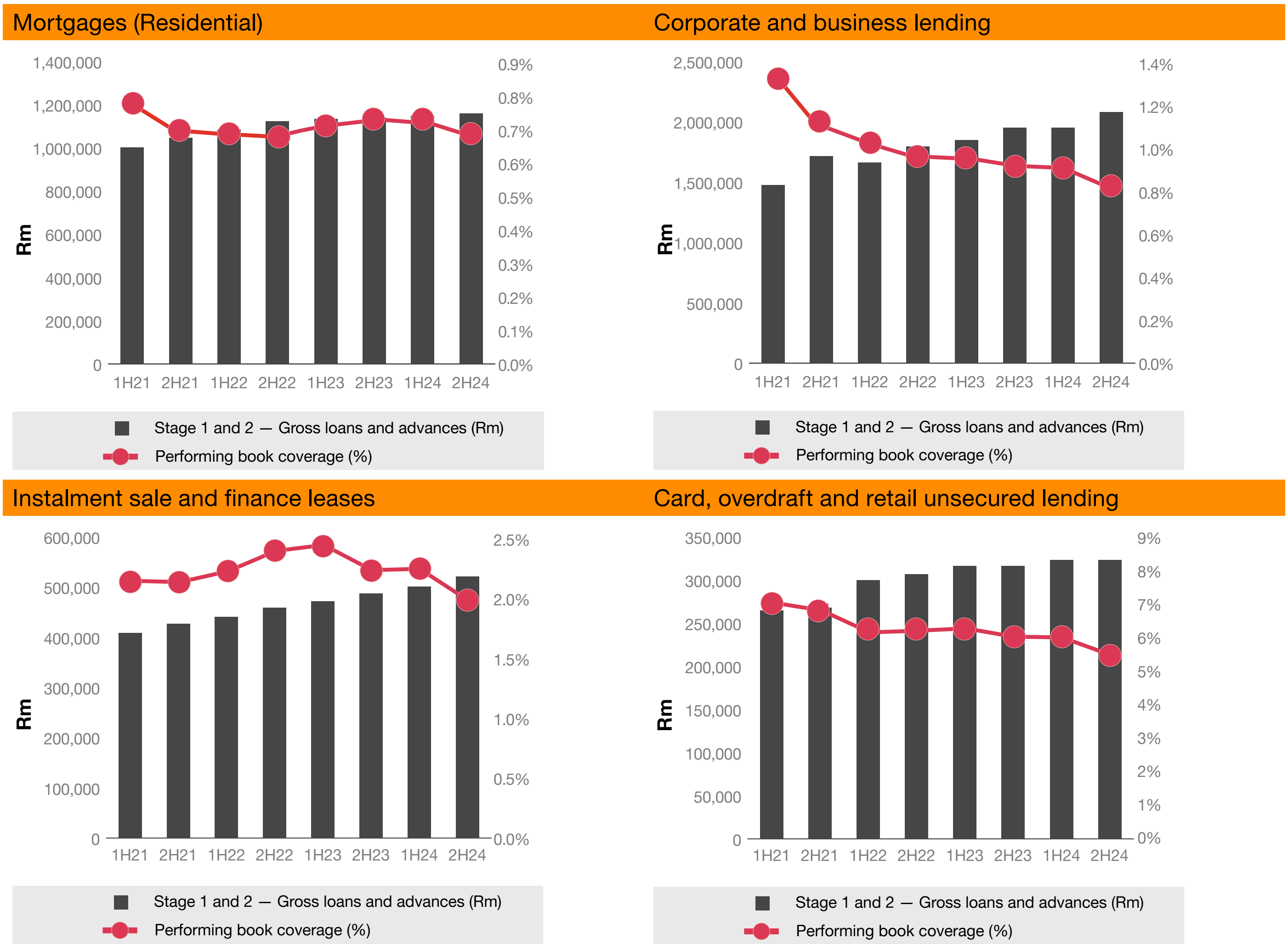
Figure 7: Non-performing loan (stage 3) coverage



Source: PwC analysis

- FY24 saw an increase in non-performing loans (NPLs) to R308bn (up 3% against FY23), in part reflecting the late-stage migration of arrear portfolios into default on the back of the sustained elevated rate cycle that prevailed over the first half of 2024.
- As a percentage of gross loans and advances, NPLs comprise 5.3% (FY23: 5.4%). However, these NPLs remain well covered, with the specific impairment coverage ratio at FY24 amounting to 45.5% (FY23: 43.6%).

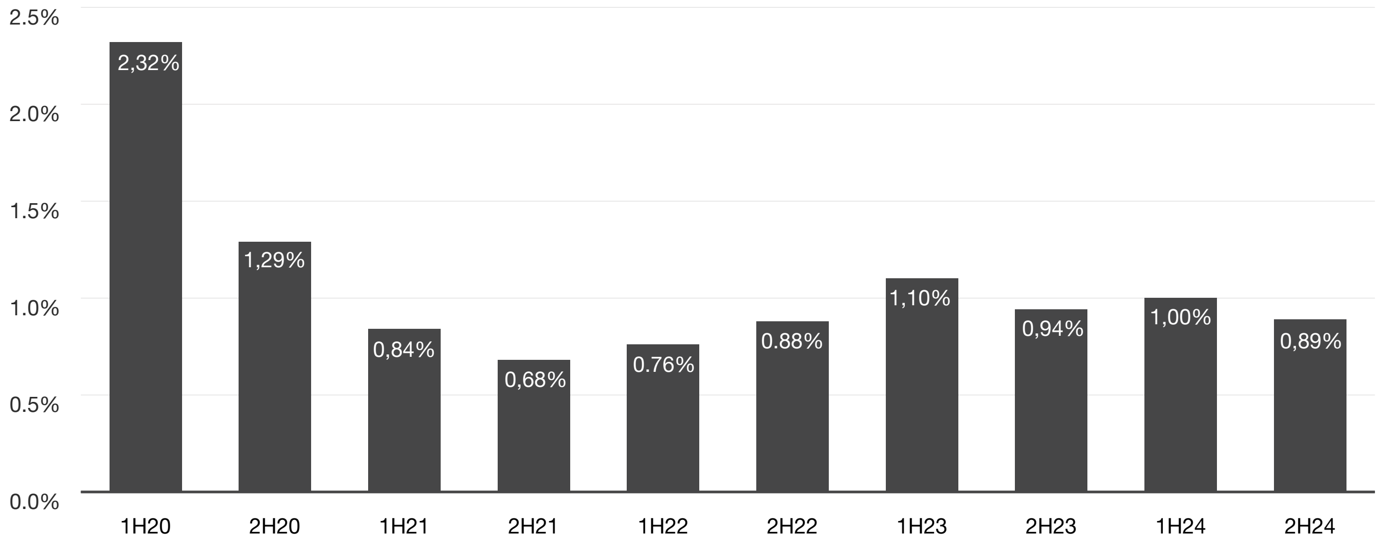
Figure 8: Performing portfolio coverage



Source: Stats SA, PwC analysis

- Credit portfolios exhibiting the highest growth rates in FY24 included corporate lending (6.6%) and the rate-sensitive retail portfolios of vehicle and asset finance, credit cards and mortgages.
- Portfolio coverage levels across all credit categories remained relatively stable.

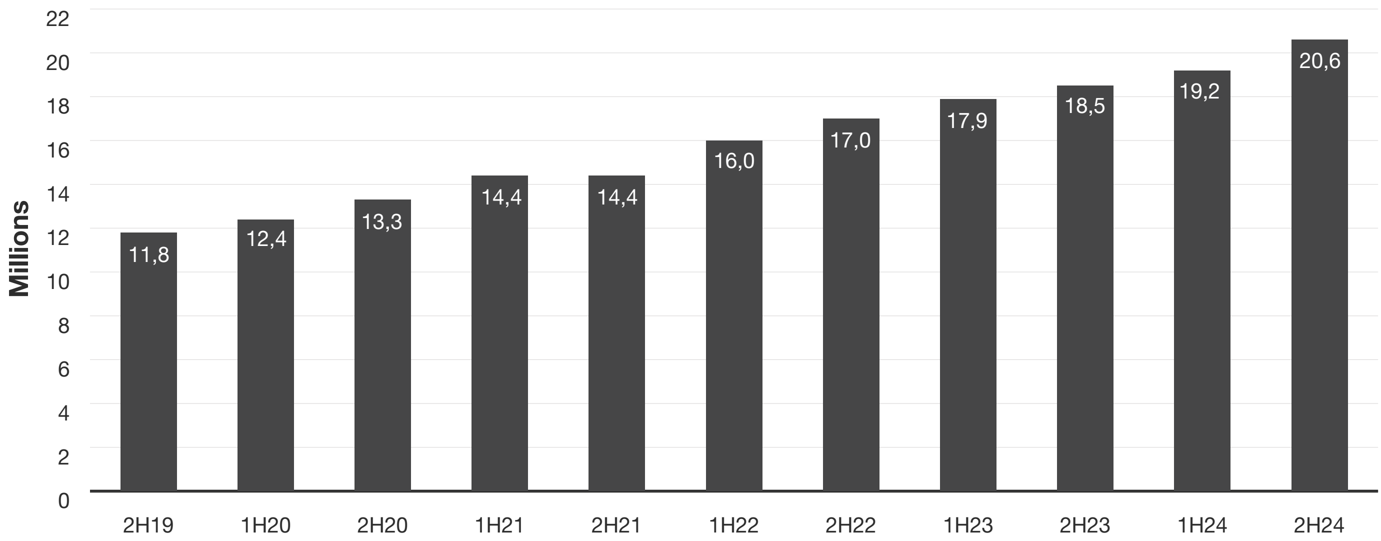
Figure 9: Credit loss ratio



Source: PwC analysis

- We have consistently commented on the relationship between market interest rates and credit impairment charges, which was evident in the major banks' credit loss ratios in 2024.
- However, in FY24, much of the portfolio stress resulting from elevated rates was incorporated into credit models, muting the effect of new impairments. Additionally, inflows into early arrear portfolios were actively managed through a combination of enhanced collection strategies and close monitoring by the major banks' credit teams.
- Consequently, the combined credit loss ratio improved to 89 bps (FY23: 102bps and 2H23: 0.94%), which is generally considered to be at the higher end of the average 'through the cycle' range for the major banks of between 70 and 100 bps.
- The credit loss ratio reflects the total income statement impairment charge against average gross loans and advances, and is a measure 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 10: Digitally active clients



Source: PwC analysis

- The strategic focus of the major banks to grow 'digitally active' clients continued to pay dividends in FY24, with the number of digitally active clients reaching new records. These clients generally use at least one digital channel, platform or solution to conduct transactional banking activities.
- The positive trend in the major banks' digitally active clients remained evident in FY24, with the total number of digitally active clients increasing by 8.2% compared to FY23, to 20 million (FY23: 18.5 million).
- This trend continues to reflect the evolving nature of customer behaviour, where greater levels of day-to-day banking take place online and on mobile and digital channels, increasing convenience and ease of access to banking.

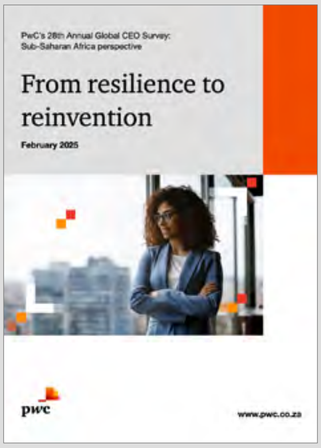
Appendix B: Key banking statistics – FY24

Key banking statistics – FY24 *(Restatements are not taken into account in comparative periods where they are not considered significant)*

R'millions

	ABG						FSR						NED						SBK						Combined/Average					
Balance sheet	**FY24**	**2H24**	**1H24**	**FY23**	**2H23**	**1H23**	**FY24**	**2H24**	**1H24**	**FY23**	**2H23**	**1H23**	**FY24**	**2H24**	**1H24**	**FY23**	**2H23**	**1H23**	**FY24**	**2H24**	**1H24**	**FY23**	**2H23**	**1H23**	**FY24**	**2H24**	**1H24**	**FY23**	**2H23**	**1H23**
Gross loans and advances	1,402,568	1,402,568	1,358,983	1,320,923	1,320,923	1,299,583	1,765,330	1,765,330	1,665,706	1,654,812	1,654,812	1,590,447	990,905	990,905	953,586	921,221	921,221	943,260	1,712,955	1,712,955	1,682,632	1,671,943	1,671,943	1,626,496	5,871,758	5,871,758	5,660,907	5,568,899	5,568,899	5,459,786
Total deposits	1,506,927	1,506,927	1,395,345	1,339,536	1,339,536	1,323,746	2,159,408	2,159,408	2,003,151	1,978,278	1,978,278	1,923,103	1,174,691	1,174,691	1,119,539	1,087,645	1,087,645	1,086,241	2,150,365	2,150,365	2,035,456	2,025,595	2,025,595	1,995,702	6,991,391	6,991,391	6,553,491	6,431,054	6,431,054	6,328,792
Loan-to-deposit ratio	93.1%	93.1%	97.4%	98.6%	98.6%	98.2%	81.8%	81.8%	83.2%	83.6%	83.6%	82.7%	84.4%	84.4%	85.2%	84.7%	84.7%	86.8%	79.7%	79.7%	82.7%	82.5%	82.5%	81.5%	84.0%	84.0%	86.4%	86.6%	86.6%	86.3%
Profit and loss analysis																														
Net interest income	71,105	35,795	35,310	68,055	34,986	33,069	85,311	43,367	41,944	81,287	41,510	39,777	41,806	21,022	20,784	41,470	21,176	20,294	100,811	50,386	50,425	97,491	50,545	46,946	299,033	150,570	148,463	288,303	148,217	140,086
Non-interesting revenue	38,844	20,446	18,398	36,587	17,737	18,850	59,757	28,981	30,776	55,601	27,732	27,869	30,412	16,037	14,375	27,709	14,312	13,397	57,849	30,923	26,926	57,927	28,587	29,340	186,862	96,387	90,475	177,824	88,368	89,456
Operating income	109,949	56,241	53,708	104,642	52,723	51,919	145,068	72,348	72,720	136,888	69,242	67,646	72,218	37,059	35,159	69,179	35,488	33,691	158,660	81,309	77,351	155,418	79,132	76,286	485,895	246,957	238,938	466,127	236,585	229,542
Operating expenses	-58,508	-30,182	-28,326	-55,704	-29,449	-26,255	-75,679	-35,769	-39,910	-70,281	-34,821	-35,460	-41,074	-21,299	-19,775	-38,059	-19,830	-18,229	-80,159	-41,753	-38,406	-79,957	-41,877	-38,080	-255,420	-129,003	-126,417	-244,001	-125,977	-118,024
Pre-provision operating profit	51,441	26,059	25,382	48,938	23,274	25,664	69,389	36,579	32,810	66,607	34,421	32,186	31,144	15,760	15,384	31,120	15,658	15,462	78,501	39,556	38,945	75,461	37,255	38,206	230,475	117,954	112,521	222,126	110,608	111,518
Bad debt charge	-14,304	-5,995	-8,309	-15,535	-7,255	-8,280	-13,048	-6,897	-6,151	-12,345	-6,404	-5,941	-7,997	-3,335	-4,662	-9,605	-4,292	-5,313	-15,148	-7,169	-7,979	-16,262	-6,873	-9,389	-50,497	-23,396	-27,101	-53,747	-24,824	-28,923
Other	-3,914	7,934	-1,959	-3,153	86	-1,084	-1,727	135	-1,862	-21,897	-221	-717	71	13,485	55	-83	-17,289	206	-3,789	-1,469	-24,182	-1,108	-699	-394	-9,359	20,085	-27,948	-26,241	-18,123	-1,989
Direct tax	-8,320	-4,720	-3,600	-7,687	-3,513	-4,174	-12,135	-7,131	-5,004	-12,572	-6,837	-5,735	-4,746	-2,632	-2,114	-4,432	-2,180	-2,252	-14,424	-7,640	-6,784	-12,716	-6,405	-6,311	-39,625	-22,123	-17,502	-37,407	-18,935	-18,472
Headline earnings	22,059	11,879	10,180	20,074	9,359	10,715	39,883	20,964	18,919	37,803	19,135	18,668	16,934	9,023	7,911	15,650	8,321	7,329	40,149	20,357	19,792	38,842	20,122	18,720	119,025	62,223	56,802	112,369	56,937	55,432
Key ratios (six month recalculated ratios)																														
ROE	14.8%	15.6%	14.0%	15.3%	14.9%	15.7%	20.2%	20.8%	19.6%	20.6%	20.6%	20.6%	15.8%	16.6%	15.0%	15.1%	16.0%	14.2%	19.0%	19.0%	19.0%	19.4%	19.8%	19.0%	17.5%	18.0%	16.9%	17.6%	17.8%	17.4%
Cost-to-income	53.2%	53.7%	52.7%	53.2%	55.8%	50.6%	52.1%	48.9%	55.3%	51.2%	49.9%	52.5%	55.9%	56.5%	55.3%	53.9%	54.9%	52.9%	50.5%	51.3%	49.7%	51.4%	52.9%	49.9%	52.9%	52.6%	53.3%	52.4%	53.4%	51.5%
Credit loss ratio (CLR)	1.0%	0.8%	1.2%	1.2%	1.1%	1.3%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.7%	1.0%	1.1%	1.0%	1.2%	0.8%	0.7%	0.9%	1.0%	0.9%	1.1%	0.9%	0.8%	1.0%	1.0%	0.9%	1.1%
Net interest margin (NIM)	4.6%	4.6%	4.7%	4.7%	4.7%	4.6%	4.5%	4.5%	4.5%	4.5%	4.5%	4.6%	4.1%	4.0%	4.1%	4.2%	4.2%	4.2%	4.9%	4.8%	5.0%	4.9%	5.0%	4.9%	4.5%	4.5%	4.6%	4.6%	4.6%	4.6%
Capital ratios (six month recalculated ratios)																														
CET 1	12.6%	12.5%	12.7%	12.5%	12.0%	13.0%	13.7%	13.6%	13.7%	13.3%	13.3%	13.2%	13.3%	13.3%	13.3%	13.5%	13.7%	13.3%	13.5%	13.5%	13.5%	13.7%	14.0%	13.4%	13.3%	13.2%	13.3%	13.2%	13.3%	13.2%
Tier 1	14.4%	14.2%	14.6%	14.2%	13.7%	14.7%	14.6%	14.5%	14.7%	14.0%	14.1%	13.8%	15.1%	15.5%	14.7%	15.0%	15.1%	14.9%	14.6%	14.5%	14.7%	15.0%	15.5%	14.5%	14.7%	14.7%	14.7%	14.5%	14.6%	14.5%
Total CAR	15.8%	15.7%	15.9%	15.8%	15.4%	16.2%	16.2%	16.3%	16.1%	15.8%	15.9%	15.6%	17.1%	17.6%	16.6%	16.9%	16.7%	17.1%	16.5%	16.4%	16.6%	17.0%	17.6%	16.4%	16.4%	16.5%	16.3%	16.4%	16.4%	16.3%

Appendix C: PwC's recent thought leadership



PwC's 28th Annual Global CEO Survey: Sub-Saharan Africa perspective

In a world full of uncertainties, Africa's business leaders stand out with their unique resilience. Their experience in handling complex challenges has assisted them in gaining a competitive edge in today's global market. Our 28th Annual Global CEO Survey, which includes insights from leaders in sub-Saharan Africa, shows that this resilience has blossomed into something even more powerful: optimism.

What truly stands out in this year's survey is not just the confidence that CEOs in sub-Saharan Africa have in economic growth and business success, but their approach to change. They understand that resilience is not just about surviving tough times—it is about being stronger and more adaptable.

South Africa Budget 2025/2026: Responsible growth for a sustainable future

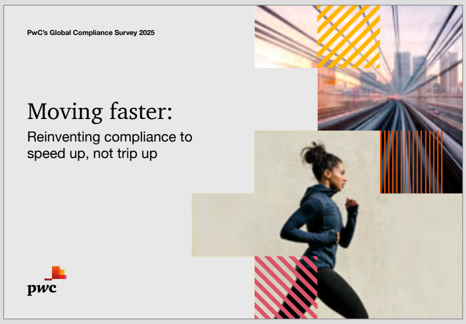
PwC's tax and economics experts detail their expectations for Budget 2025 on key matters ahead of the finance minister's speech. Access all of our Budget 2025/2026 content, which includes:

- 2025 Budget Tax Alert – Responsible growth for a sustainable future
- 2025 Budget Tax Alert – VAT rate increase
- Tax 2025 Post-Budget Comments – 2025 Budget review highlights
- Economic 2025 Post-Budget Comments

Building Public Trust Through Tax Reporting: PwC's ninth annual tax transparency review of the top 100 companies listed on the Johannesburg Stock Exchange

Companies have never been subjected to as much scrutiny from stakeholders as they are now, and being transparent about taxes can help address the trust deficit. In this ninth edition of our publication Building Public Trust Through Tax Reporting in South Africa, we examine the common challenges faced by tax executives in the reporting landscape and present a unique perspective on tax transparency on the African continent.

In previous editions of this report, we conducted detailed discussions on the various guidelines and standards available for transparent tax reporting. We are confident that the PwC Tax Transparency Framework (the Framework) used in the Building Public Trust through Tax Reporting in South Africa study (the South African study) provides a good benchmark and offers clear and comparable measuring criteria.



PwC's Global Compliance Survey 2025 – Moving faster: Reinventing compliance to speed up, not trip up

Global regulation – driven by myriad macro forces and crises – is adding unprecedented complexity and cost to companies. Against a backdrop of commercial pressures, some have adapted and become 'compliance pioneers', evolving their processes, technology and talent model to mitigate risks, manage cost and offer new insights. For others, this complexity has diverted management attention and resources and undermined confidence, causing them to lose their balance and momentum in pursuing strategic and competitive goals. But what if there was a different way?

PwC conducted a survey of executives to obtain their perspectives on compliance practices, challenges, and ways they are evolving to remain fit for the future. This report contains the results of the survey and our insights.

Empowering South Africa's digital payment future: PayShap Request

As PayShap marks its second year, it has become a cornerstone of South Africa's payment modernisation efforts—demonstrating the power of industry collaboration in enabling faster, safer and more accessible transactions.

In its early stages, PayShap focused on stabilising its infrastructure, expanding bank participation and ensuring interoperability across the ecosystem. Through strong partnerships between BankservAfrica and participating banks, the platform's potential to serve financially excluded communities has grown. However, the journey is far from complete. To achieve broader adoption, sustained efforts are required to build consumer and merchant confidence, particularly in township economies and informal markets, which remain critical benchmarks for success.

South Africa Economic Outlook: Key macro themes and scenarios for 2025

At the start of 2025, there is greater optimism about the South African economy compared to 12 months ago. Economists expect lower inflation, a decline in interest rates and higher economic growth this year compared to 2024. All of this also points to better conditions for consumers in terms of their spending power.

In the first edition of our South Africa Economic Outlook for 2025, we take a look at key macroeconomic forecasts for this year. Our analysis considers pertinent issues around each of the core macro variables, namely inflation, interest rates, economic growth, unemployment and the exchange rate.

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