Using our financial expertise **to do good**

Annual results

for the year ended 31 December 2022

see money differently

NEDBANK GROUP

Strong revenue growth enabled headline earnings growth of 20% to R14bn, an increase in ROE to 14% and a CET1 ratio of 14%

In 2022 the South African (SA) economy faced multiple global and domestic challenges, including the war in Ukraine, lockdowns in China, slower global growth, lower commodity prices, destructive floods in KwaZulu-Natal, persistent power outages that accelerated into the last quarter of 2022, as well as 325-bps-higher interest rates and inflation that peaked at 7,8% in July. Despite this difficult and uncertain environment, the economy was resilient and is forecast to have expanded by 2,3% in 2022.

Against this challenging macroeconomic backdrop, Nedbank Group's 2022 financial performance was strong, as headline earnings (HE) grew by 20% to R14bn and return on equity (ROE) increased to 14,0% (2021: 12,5%), but still remains below both the 2019 level of 15% and our estimated cost of equity (COE) of 14,9%. The HE increase was supported by double-digit revenue growth, a slightly higher credit loss ratio (CLR) at 89 bps (2021: 83 bps) and a well-managed expense base. All our business clusters reported pleasing earnings growth and higher ROEs. A strong balance sheet and excess levels of capital enabled the group to declare a record-high final dividend of 866 cents per share as well as announce a R5bn capital optimisation initiative to be executed through both a share repurchase and an odd-lot offer.

We have made excellent progress on our strategic value drivers of growth, productivity, and risk and capital management. Growth trends across net interest income (+12%), non-interest revenue (+10%) and gross banking advances (+7%) increased when compared with those reported during our 2022 interim results. Levels of productivity improved, evident in our cost-to-income ratio declining to 56,5% (2021: 57,8%) and the 15% increase in pre-provisioning operating profit. Capital and liquidity ratios increased to multi-year highs, with a common equity tier 1 (CET1) ratio of 14,0% (Dec 2021: 12,8%), an average fourth-quarter liquidity coverage ratio (LCR) of 161% (Dec 2021: 128%) and a net stable funding ratio (NSFR) of 119% (Dec 2021: 116%). The group's total ECL coverage increased to 3,37% (2021: 3,32%) and remained well above pre-Covid-19 levels of 2,26%.

Our strategy to build a modern, modular and agile technology platform (Managed Evolution or ME) has reached 91% completion of the IT build, enabling continued double-digit growth in digital metrics, client satisfaction scores at the top-end of the South African banking peer group, higher levels of cross-sell, main-banked client gains, market share gains in household deposits as well as improved efficiencies evidenced by cumulative operating model (TOM 2.0) cost savings of R1,5bn. We also continued to create positive impacts through R123bn of exposures that support sustainable-development finance, aligned to the United Nations Sustainable Development Goals (UN SDGs), and retained our top-tier rankings on environmental, social and governance (ESG) scores, including MSCI upgrading Nedbank's ESG rating to AAA (now within the top 5% of global banks) and maintaining our Level 1 BBBEE status under the amended FSC codes for the fifth year in a row.

Looking forward, we currently expect the economic environment in SA to remain challenging, particularly given the high levels of electricity shortages that we expect to continue. The Nedbank Group Economic Unit forecasts SA's gross domestic product (GDP) to increase by only 0,7% in 2023; interest rates to increase by a further 50 bps from December 2022 levels, taking the repo rate to 7,5% and the prime lending rate to 11,0% by the end of the year; and for inflation to reduce from 2022 levels and average 5,5% in 2023.

The network infrastructure provided largely by state-owned monopolies and needed to enable higher levels of GDP growth and sustainable job creation in SA, has been deteriorating over many years, including, in particular, the crises being experienced in the areas of electricity supply and distribution, transport and logistics, and water infrastructure. In addition, municipal service delivery is poor and levels of crime and corruption are unacceptably high. Progress on structural reforms to address these matters has been far too slow and the will of the political and public sector to make meaningful changes is uneven and actual delivery is poor. This cannot continue and more urgent and decisive leadership and action are required. Nedbank remains committed to working with all like-minded South Africans to accelerate delivery of structural reforms in these key areas.

We have made good progress towards our published 2023 targets* by exceeding our 2019 diluted-headline- earnings-per-share (DHEPS) level of 2 565 cents in 2022 (a year earlier than planned) and aim to achieve an ROE greater than the 2019 ROE level of 15%, a cost-to-income ratio of below 54% and maintain our #1 ranking on NPS among South African banks by the end of 2023.

Given our strong 2022 performance, we have set ourselves revised medium-term (2025) and long-term targets*. In 2025 we aim to achieve an ROE of 17% (around COE plus 2%) and a cost-to-income ratio of 52%. Over the longer term we aim to improve these to above 18% (around COE plus 3%) and below 50% respectively. Achieving these targets should be value-creating for shareholders.

Thank you to our dedicated employees for their commitment and hard work in difficult conditions – I appreciate the value they strive to deliver to our clients at every touchpoint. We thank our more than seven million retail and wholesale clients for choosing to bank with Nedbank every single day, and 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.

Mike Brown
Chief Executive

Headline earnings

▲ 20%

2022	**14 049**
2021	11 689
2020	5 440
2019	12 506

CLR

89 bps

2022	**89**
2021	83
2020	161
2019	79

ROE

14,0%

2022	**14,0**
2021	12,5
2020	6,2
2019	15,0

CET1 RATIO

14,0%

2022	**14,0**
2021	12,8
2020	10,9
2019	11,5

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

2022 Annual Financial Results

For the year ended 31 December 2022

7 March 2023

NEDBANK GROUP

Notes:

Overview

Environment	Strategic	Operational	Financial
A challenging operating environment	**Strategic delivery on track**	**Good operational performance**	**Strong earnings growth & fortress balance sheet**

Environment
- **2,3% SA GDP** growth
- Severe **electricity shortages**
- **325 bps interest rate** increases
- **6,9% average inflation**
- **Muted markets**
  - – JSE down 1%
  - – SA 10-year bond yield: +1,0% yoy to 10,8%

Strategic
- **Strong digital** growth
- Leading **client experiences**
- **Market share gains** in key areas
- **Productivity** improvements
- **ESG leadership**

Operational
- PPOP: **+15%**
- JAWS: **+2,5%**
- Cost-to-income: **56,5%**

Financial
- HE: **+20%**
- Revenue: **+11%**
- ROE **14,0%**
- CET1: **14,0%**
- LCR: **161%**
- NSFR: **119%**
- Coverage: **3,37%**
- Full-year DPS: **+38%**

2023 targets: DHEPS ✓ | NPS ✓ | Good momentum towards 15% ROE & 54% cost-to-income targets

Medium- & long-term targets: Ongoing focus to achieve higher ROEs & lower cost-to-income ratios

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 3

Notes:

Agenda

Operating environment

Strategic progress

Financial overview

Cluster overview

Outlook & guidance

Overview

Mike Brown

Chief Executive

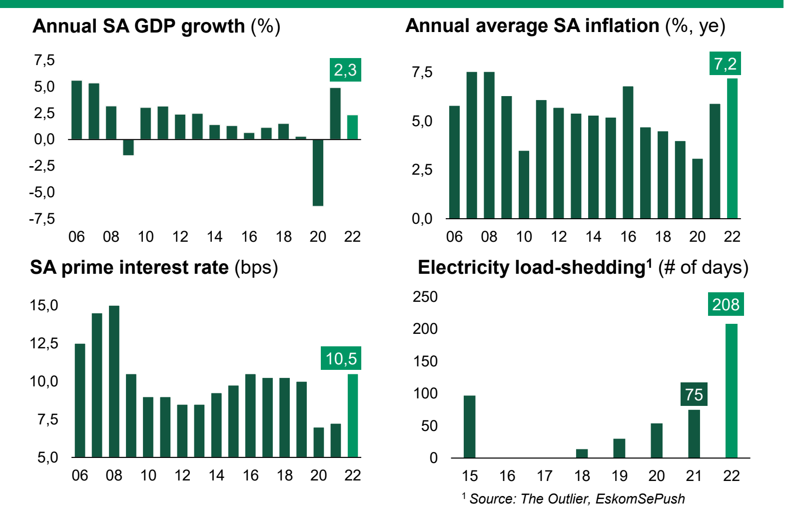
Notes:

Operating environment – global economic pressures & domestic challenges impacted the local market, with the SA economy demonstrating high levels of resilience

Global environment

- Ongoing impact of **Russian war in Ukraine**
- **Supply chain/Covid-19 constraints** from China lockdowns, but easing
- **Inflationary pressures** particularly energy & food
- **Monetary policy tightening** ahead of expectations
- **Increased risk of recession** in key developed markets

SA economy relatively resilient



¹ Source: The Outlier, EskomSePush

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 4

Notes:

Operating environment

SA's potential | SA's challenges

SA's economic potential remains compelling

but

failing state-owned monopolies, in particular:

- Energy/Eskom
- Logistics/Transnet
- Water

… and high levels of crime & corruption are collectively binding constraints to higher levels of investment, economic growth & job creation

requiring

urgent & decisive action by government, labour, civil society & business

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 5

Notes:

Operating environment – SA placed on FATF's greylist ('jurisdiction under increased monitoring')

Booklet slide

The **Financial Action Task Force (FATF) Mutual Evaluation Report** identified significant weaknesses in parts of SA's AML, CFT & CPF systems. In February 2023, SA was placed on the FATF greylist, with the following key findings:

'FATF … recognised the significant & positive progress made by the country in addressing the 67 recommended actions or deficiencies…' **– National Treasury**

Need for further & sustained progress in **eight areas of strategic deficiency** by no later than the end of **January 2025**

1. Sustained increase in **outbound MLA requests** that help facilitate ML/TF investigations & confiscations of assets
2. **Improve risk-based supervision of DNFBPs** & demonstrating AML/CFT supervisors apply effective, proportionate, & effective **sanctions for non-compliance**
3. Competent authorities have timely access to accurate & up-to-date **beneficial ownership information**
4. Sustained increase in **law enforcement** agencies' requests for financial intelligence from the FIC for its **ML/TF investigations**
5. Increased **investigations & prosecutions** of serious & complex money laundering & the full range of TF activities
6. Enhanced **identification, seizure & confiscation of proceeds & instrumentalities** of a wider range of predicate crimes
7. TF risk assessment to inform the implementation of a **comprehensive national counter financing of terrorism** strategy
8. Effective implementation of **targeted financial sanctions** & effective mechanisms to identify individuals & entities that meet the criteria for domestic designation

'No items on the action plan that relate directly to the preventive measures in respect of the financial sector. This reflects the significant progress in the application of a risk-based approach to the supervision of banks & insurers. Treasury therefore expects that the increased monitoring will have limited impact on financial stability & costs of doing business with South Africa.' **– SA National Treasury**

Nedbank has adequate AML/CFT & sanctions measures in place & is well prepared to deal with any potential higher levels of due diligence

NEDBANK GROUP LIMITED – 2022 Annual Financial Results

ML: Money laundering. | TF: Terrorist financing | MLA: Mutual Legal Assistance | DNFBP: Designated non-financial businesses & professions. 7

Notes:

Operating environment – but the reality of failures of many state-owned monopolies & poor service delivery in key network industries has led to very disappointing outcomes, particularly in energy, logistics, water & crime

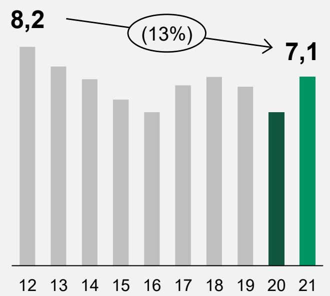
SA's potential | SA's challenges

Electricity production	Rail passengers transported	SA on FATF greylist	Unemployment rate
▼ 16% (since 2012)	▼ 97% (since 2012)	Need for further & sustained progress in 8 areas of strategic deficiency	33% (up from 25% in 2012)
Stats SA	*PRASA annual reports 11/12 & 21/22*	*FATF*	*Stats SA*

Goods moved by rail	Serious crimes		WEF 2023 top 5 SA risks
▼ 30% (since 2012)	▲ 54% murder ▲ 16% robbery (since 2012)	**37%** of total **municipal water supply lost** due to poor infrastructure	State collapse; Debt crisis; Collapse of services & public infrastructure; Cost-of-living crisis; Employment & livelihood crisis
Stats SA	*SAPS official crime statistics*	*Business Live*	*WEF*

As a result, on average, South Africans are becoming poorer

SA GDP per capita
('000, US$)



The World Bank

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 6

Notes:

Operating environment – Eskom, electricity security & the impact of load-shedding

SA's potential | SA's challenges

Eskom & electricity security

- **SA's path to net zero** is a path to energy security
  - Requires 7 GW renewable energy per annum to 2030
- **NECOM plan** by 2030[1] – optimistic in scale & timeline
  - Improve existing Eskom generation: **10,4 GW**
  - Procurement of new capacity (wind, solar & battery storage): **>18 GW**
    - RMIPPP & REIPPP round 5: 2,6 GW (financial close in H1 2023)
  - Private investment in generation: **>12,7 GW**
  - Business & household rooftop solar: **>0,8 GW**
- **Grid allocation & capacity constraints** – to be addressed immediately (limiting ability to support new REIPPP & private generation connections)

More detail provided in the booklet slide. [1]Numbers may be double-counted.

Impact of load-shedding

- **2023 GDP forecast reduced to 0,7%**, with downside risk (assuming at least stage 4 load-shedding)
- **Nedbank diesel costs up >100%** to R59m
- **Operations** – no material impact on operational activity, ATMs, branches, POS devices, etc
- **Credit growth** – significant opportunity in renewable-energy finance for private power generation
- **Credit quality** – stress becoming more evident in SME segment, while corporates, in general, are better positioned to manage through it
- **Risks** – risks increase with higher stages & as load-shedding prolongs

More detail provided in the booklet slide.

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 8

Notes:

Booklet slide

Operating environment – SA government/NECOM plan to end load-shedding

Minister of Electricity to be appointed to oversee electricity crisis response

R254bn debt relief package announced to strengthen Eskom's balance sheet

As outlined in the **JET IP**, over R200bn worth of Eskom's project pipeline to be completed between 2023 & 2030

2 890 km of new high-voltage lines & 60 transformers planned by 2027 (cost of R72bn)

More than **100 private generation projects** expected to deliver over 9 GW

- **South Africa's Just Energy Transition requirements**
  - More renewable energy required every year to 2030 than the total constructed over the past 10 years
    - 7 GW per annum *(difficult but achievable)*
    - 6,3 GW built in REIPPP rounds 1 to 4
- **NECOM plan**[3] *(optimistic in scale & timeline)*
  - Improve existing Eskom generation: 10,4 GW
  - Private investment in generation: >12,7 GW
  - Procurement of new capacity (wind, solar & battery storage): >18 GW
    - REIPPP
      - Emergency (RMIPP) 0,8 GW (H1 2023[1])
      - Bid window 5 1,8 GW (H1 2023[1])
      - Bid window 6 1,0 GW (of 4,2 GW)
      - Battery storage 0,5 GW (H1 2023[2])
      - Future potential >9,5 GW
  - Business & household rooftop solar: >850 MW
- **Address transmission grid capacity constraints**
  - Significant investment in power lines & substations to match the change in the geographical location of generation facilities, particularly renewable energy

NEDBANK GROUP LIMITED – 2022 Annual Financial Results

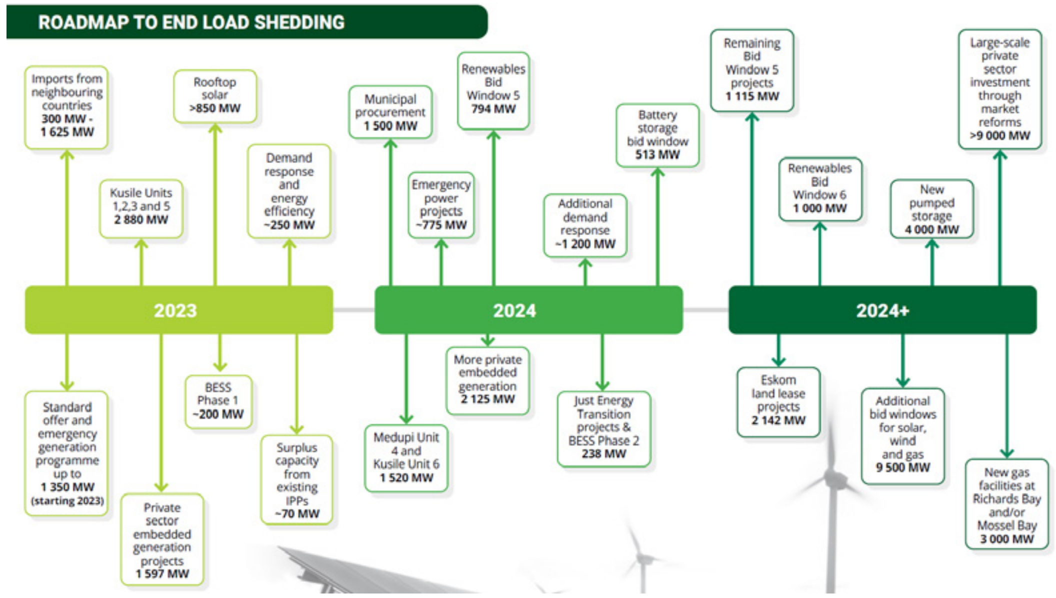
[1] Financial close. | [2] Opening submissions. | [3]Numbers may be double-counted.

9

Notes:

Booklet slide

Operating environment – SA government/NECOM plan to end load-shedding



NEDBANK GROUP LIMITED – 2022 Annual Financial Results

10

Notes:

Booklet slide

Operating environment – negative impact of higher levels of load-shedding on our clients, but some opportunities do arise

SA economy

Load-shedding stage	Nominal GVA lost (Rm per day)
1-2	R0m-R1m
3	R204m
4	R408m
5	R725m
6	R899m

Source: SARB. Impact of load-shedding on weekdays, with weekends & holidays lower. GVA = gross value added, similar to GDP.

2023 GDP growth forecast of 0,7%, constrained by lack of reliable electricity supply[1]

Our own operations

- **Higher costs** – diesel generation costs up >100% to R59m, generator usage up >200%
- **No material impact on ATMs, branches & POS devices** – leveraging our wide coverage of sustainable backup power solutions. While our physical points of presence remain largely unaffected, call centre & digital channels have seen an increase in utilisation
- **Flexibility in operations**
  - No material impact on operational processing (working around load-shedding schedules)
  - Employees WFH go to the office as a contingency, when needed

Our clients

Credit growth

- Load-shedding increasingly a catalyst for **renewable private power generation** (to support SA's Just Energy Transition & for individuals/companies to reduce their exposure to Eskom) – a strong runway for bank advances growth
- **No immediate signs of delayed capex spend** by corporates, but negative sentiment & negative impact of a weaker economy in 2023 & beyond
- **Decreasing attractiveness of going into business** (SMEs)

Credit quality

- **Impact on Nedbank not yet material**, but a growing concern
- **SME & business clients:** Agriculture, manufacturing, restaurants, food services, retail (supply chain) & tourism industries more exposed – will incur some losses & higher operational costs (eg generators)
- **Corporate clients:** Strong balance sheets after deleveraging post Covid-19
- **Banks well provided** with high levels of coverage

[1] *Assuming at least level 4 load-shedding on average, with downside risk.*

NEDBANK GROUP LIMITED – 2022 Annual Financial Results

11

Notes:

SA's potential | SA's challenges

Operating environment – SA's potential remains compelling, but …

Abundant natural resources

SA a top 10 global producer of platinum, palladium, chrome ore, manganese ore, vanadium, iron ore, diamonds & gold + 2nd largest global citrus & 6th largest grape exporter

Strong, profitable & well-regulated banking sector

Capital & liquidity metrics remain exceptionally healthy, while SARB is highly respected for its independence, competence & transparency

Resilient corporate sector

Highly regarded & credible management teams, strong balance sheets & low debt burdens

Attractive tourist destination

Contributed 9% to GDP at its peak in 2006. Tourist arrivals continue to improve post Covid-19, with a strong acceleration seen in Dec 22

Sophisticated & liquid financial market

A well-regulated, deep & liquid market, with the rand one of the top 20 most traded currencies in the world

Gateway to Africa

Economic connections to the rest of the continent & SA's 2nd largest export destination

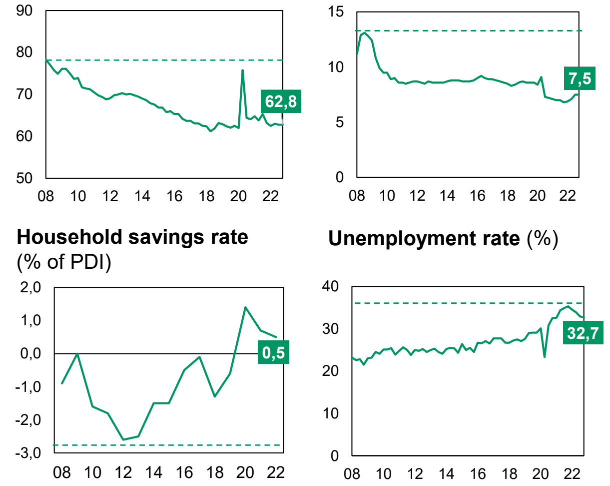
NEDBANK GROUP LIMITED – 2022 Annual Financial Results

12

Notes:

Booklet slide

Operating environment – households generally resilient, but early signs of stress emerging as a result of higher interest rates & inflation



Households have delevered since the GFC

Rising pressure on consumers, but not likely to be as severe as during the GFC

Households have accumulated savings, providing some buffer against rising interest rates

Inflation impact more pronounced on lower-income segments

Prime interest rate at 10,75% in January 2023, 75 bps above pre-Covid-19 levels

NEDBANK GROUP LIMITED – 2022 Annual Financial Results

PDI = Personal disposable income.

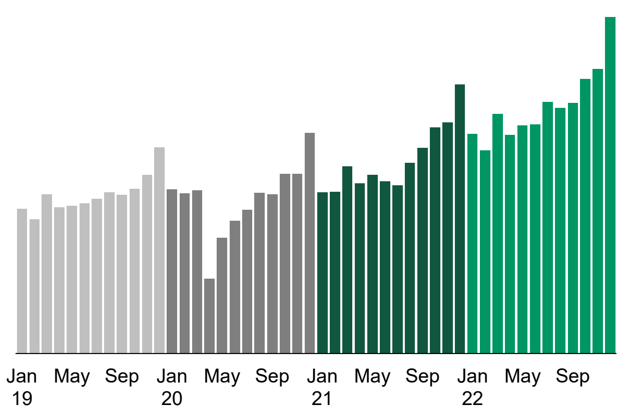
13

Notes:

Booklet slide

Operating environment – our high-frequency card & POS data show a continued SA recovery in 2022

Total monthly industry POS turnover[1] (Rbn)



All underlying **industries now above 2019 levels**

Amex volumes above 2019 levels since April 2022

Corporate spend[2] up 65%

E-commerce spend up >100%

Foreign cardholder spend[3] up >200%

[1] Based on Nedbank POS & card-related digital payment data (client turnover).| [2] Total FY 2022 versus 2021. | [3] Monthly volumes in December 2022 vs December 2021.

NEDBANK GROUP LIMITED – 2022 Annual Financial Results

14

Notes:

Nedbank Group strategy

Our purpose

To use our financial expertise to do good for individuals, families, businesses & society

Strategic value drivers

Growth	Productivity	Risk & capital management

Strategic value unlocks

- Delivering market-leading client solutions
- Ongoing disruptive market activities
- Driving efficient execution (TOM 2.0)
- Focusing on areas that create value (SPT 2.0)
- Creating positive impacts

Enabled by our **Managed Evolution** technology strategy

NEDBANK GROUP LIMITED – 2022 Annual Financial Results

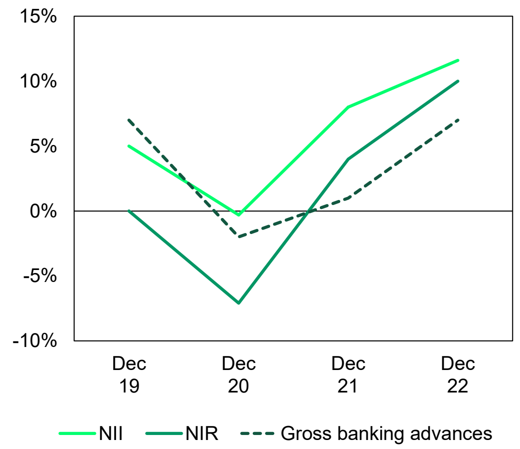
15

Notes:

Strategic value drivers: Growth | Productivity | Risk & capital management

Growth – revenue growth trends improving

Nedbank revenue[1] & gross advances growth (%)



Structural benefit from higher interest rates – R1,6bn (pre-tax) for every 1% increase, partially offset by lower growth/higher impairments/active deposit management (average prime rate: 21: 7,0%, 22: 8,8%, 23[2]: 11,0%)

Strong client-driven growth

- New primary client wins in CIB: **25**
- Retail main-banked clients: **+6%** to 3,2m
- NAR client gains: **+7%** to 360k
- App volumes **+34%** yoy & **+253%** since 2019
- Insurance income **+18%** yoy

Negative impact from weak financial markets

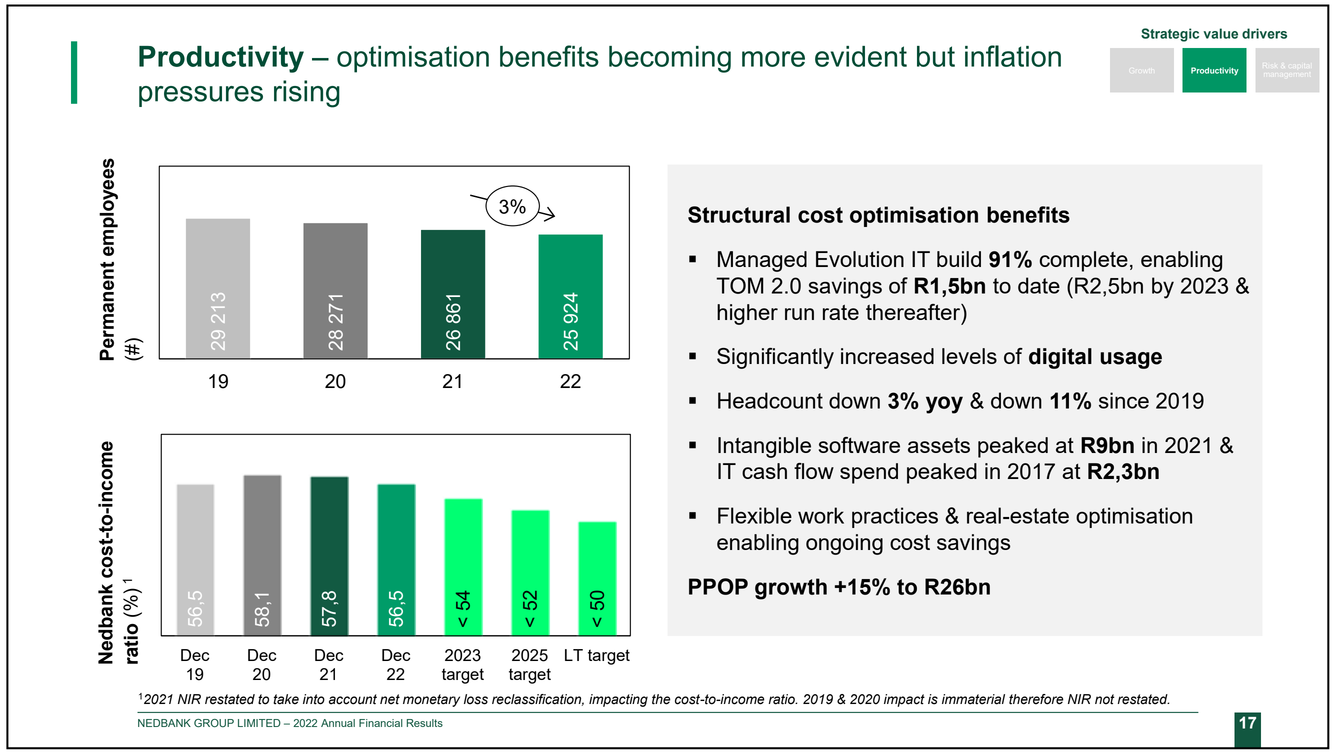
- AUM **down 7%** to R393bn (H1 22: -9% ytd)
- Trading income **down 7%** (H1 22: -10% yoy)

[1] 2021 NIR restated to take into account net monetary loss reclassification. 2019 & 2020 impact is immaterial therefore NIR not restated. | [2] Nedbank Group Economic Unit forecast.

NEDBANK GROUP LIMITED – 2022 Annual Financial Results

16

Notes:



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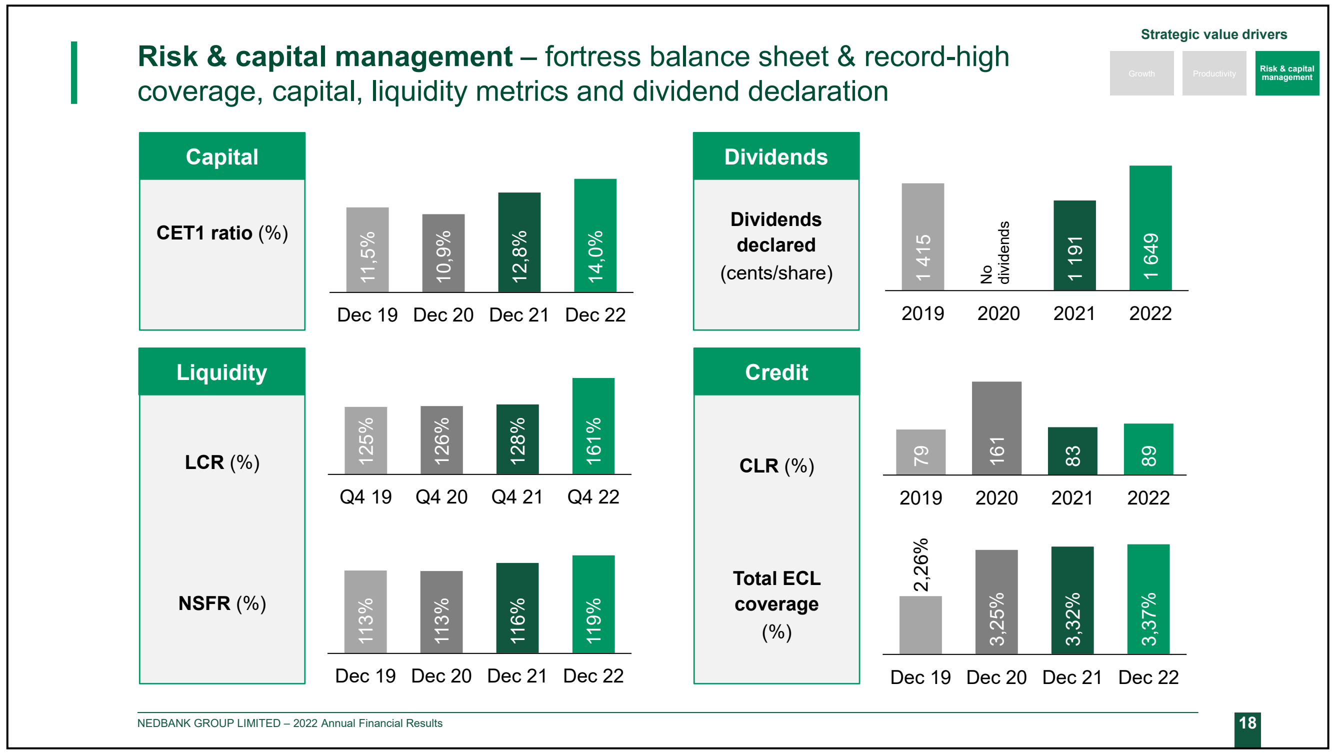

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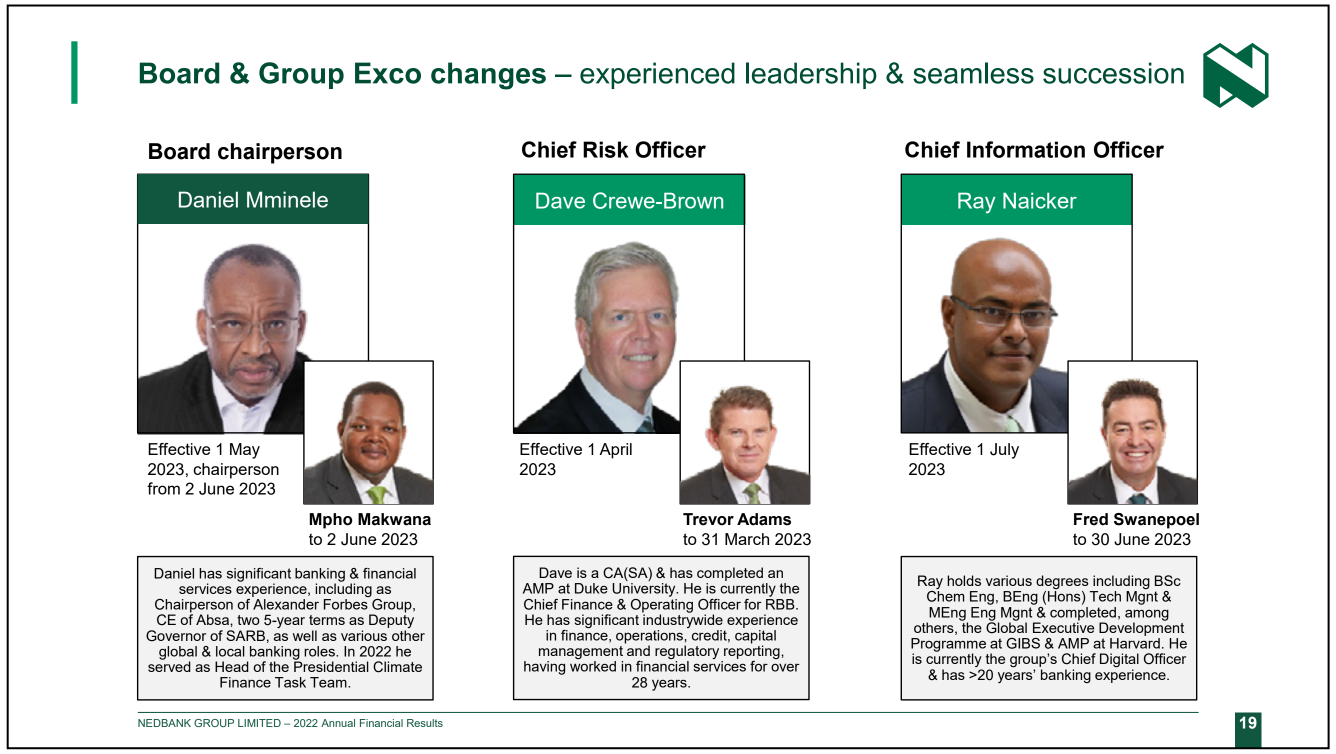

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Notes:

Nedbank Group strategy

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To use our financial expertise to do good for individuals, families, businesses & society

Strategic value drivers

Growth | Productivity | Risk & capital management

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- Delivering market-leading client solutions
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- Driving efficient execution (TOM 2.0)
- Focusing on areas that create value (SPT 2.0)
- Creating positive impacts

Enabled by our **Managed Evolution** technology strategy

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 21

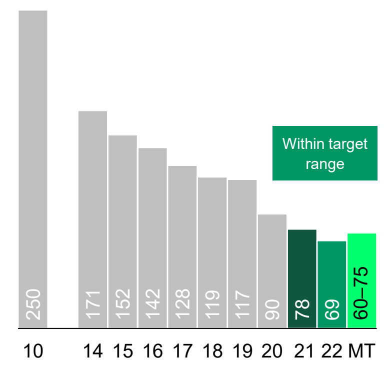
Notes:

Managed Evolution technology programme – IT cash flow spend peaked in 2017 & intangible software assets peaked in 2021 at R9bn

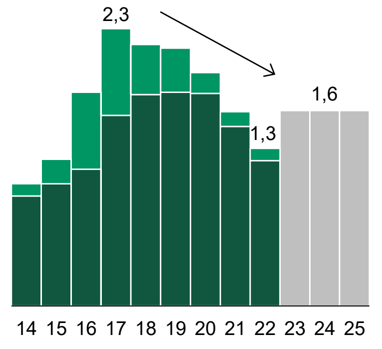
Strategic value unlocks

Booklet slide

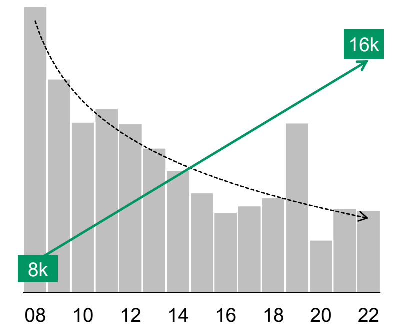
Core systems (#)
Rationalise, standardise & simplify



IT software development spend (Rbn)
Annual cash flow normalising



System downtime & IT changes (h, #)
Industry-leading stability despite significant increase in IT changes



42% of the incidents resulting in downtime in 2019 were attributable to external factors beyond the control of Nedbank.

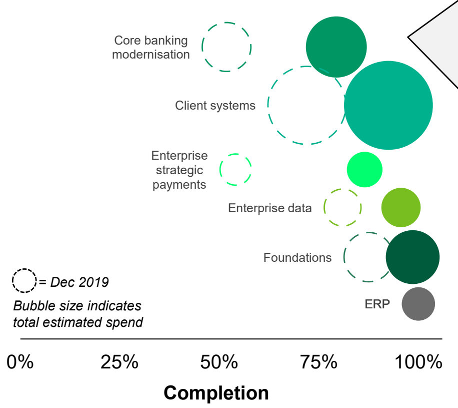
NEDBANK GROUP LIMITED – 2022 Annual Financial Results 23

Notes:

Managed Evolution technology programme: building a world-class technology platform – 91% complete & delivering benefits as per plan

Strategic value unlocks

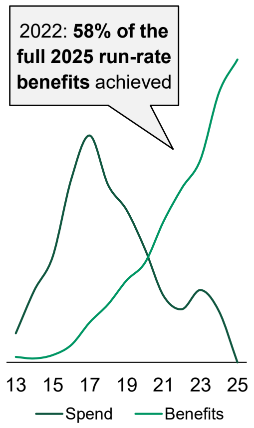
Managed Evolution programme
Invested R10,2bn to 31 Dec 2022, 91% of planned investment



Key IT build components to completion

- **Core banking modernisation** *(79% complete, R0,4bn remaining)* Generic deposit, loan & transaction products, product lifecycle management
- **Onboarding & servicing** *(92% complete, R0,3bn remaining)* Foreign currency account, home loans & vehicle asset finance
- **Complete payments modernisation** *(86% complete, R0,1bn remaining)*

Investment vs benefit realisation to date (%)



NEDBANK GROUP LIMITED – 2022 Annual Financial Results 22

Notes:

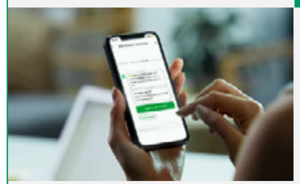
Benefits from our world-class technology platform & enhanced digital innovation

Strategic value unlocks

Benefits for our clients

Client onboarding
Eclipse[1]: 99% | NBH[2]: >75%
([1]Individual & juristic FICA-compliant onboarding via Eclipse. % of juristics using NBH[2])

Digital services
Retail: >170 | Juristic: >280
(Client self-service)



Digital product sales
% of new sales
▲ 53%
(2019: 12%)

Great client experiences
NPS
▲ #1 bank
(2019: #3)

Benefits for Nedbank

Speed of innovation
IT changes into production per annum
▲ 63%
(vs 2014)

Systems uptime
99,3%
(IT systems downtime ▼75% vs 2007, ▼52% vs 2019)

Operational efficiencies
Floor space: ▼24% | Headcount: ▼11%
(since 2019)

Target operating model benefits
R3,5bn
(cumulative 1.0 & 2.0 to date)

Revenue growth
Retail cross-sell: ▲1,94 (2019: 1,71)
VAS revenue: ▲129% (vs 2019)

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 24

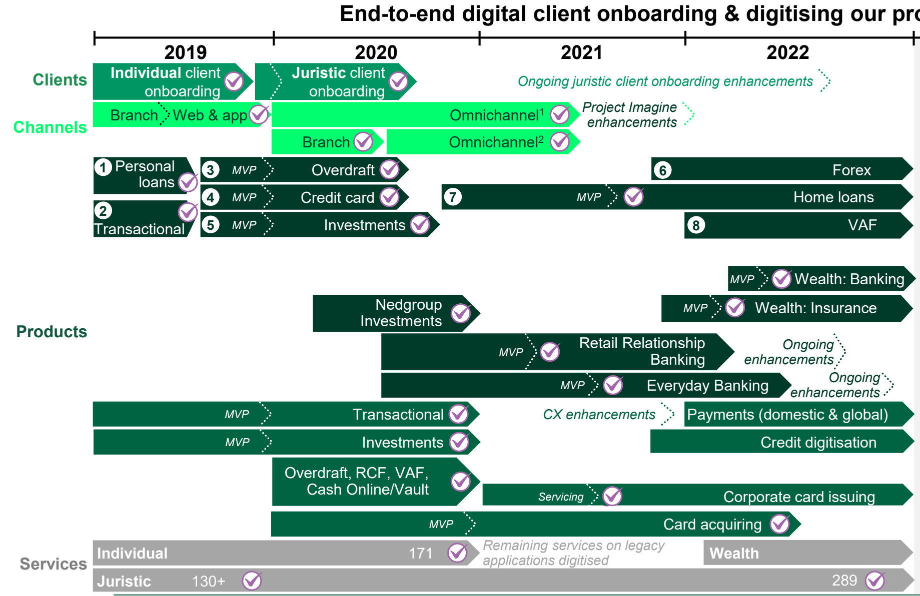
Notes:

Our digital journeys are enabled by client onboarding and servicing via Eclipse & Nedbank Business Hub

Strategic value unlocks

Booklet slide

End-to-end digital client onboarding & digitising our products



2023 & beyond

- **Top 10 products on Eclipse** – finalise secured lending (home loans & vehicle asset finance), stockbroking & student loans
- **Juristic products** – finalise domestic & global payments, agency banking, complex lending, credit digitisation, corporate card issuing (onboarding) & Nedfleet
- Complete the core **banking modernisation**
- **NAR harmonisation** – moving our NAR subsidiaries onto the modernised SA technology stack to enable them with the latest innovations & digital servicing

NEDBANK GROUP LIMITED – 2022 Annual Financial Results

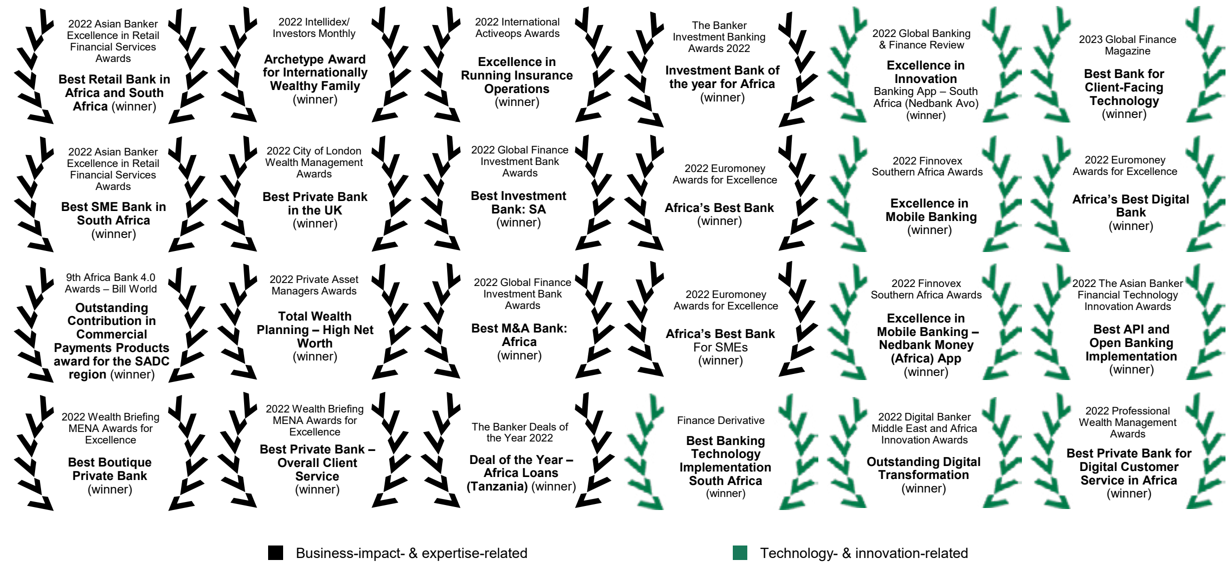
¹ Branch, web, app, ATM, self-service kiosk, call centre. | ² Branch, web, app, self-service devices.

25

Notes:

External recognition received in 2022 – business excellence & digital innovation

Booklet slide



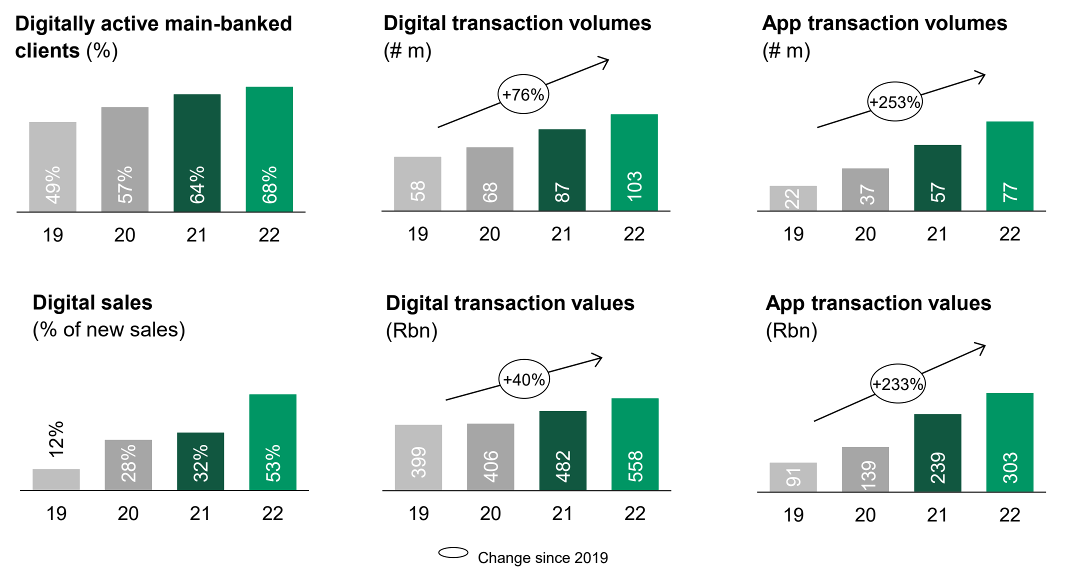
NEDBANK GROUP LIMITED – 2022 Annual Financial Results

27

Notes:

Digital uptake & usage continues to accelerate

Strategic value unlocks



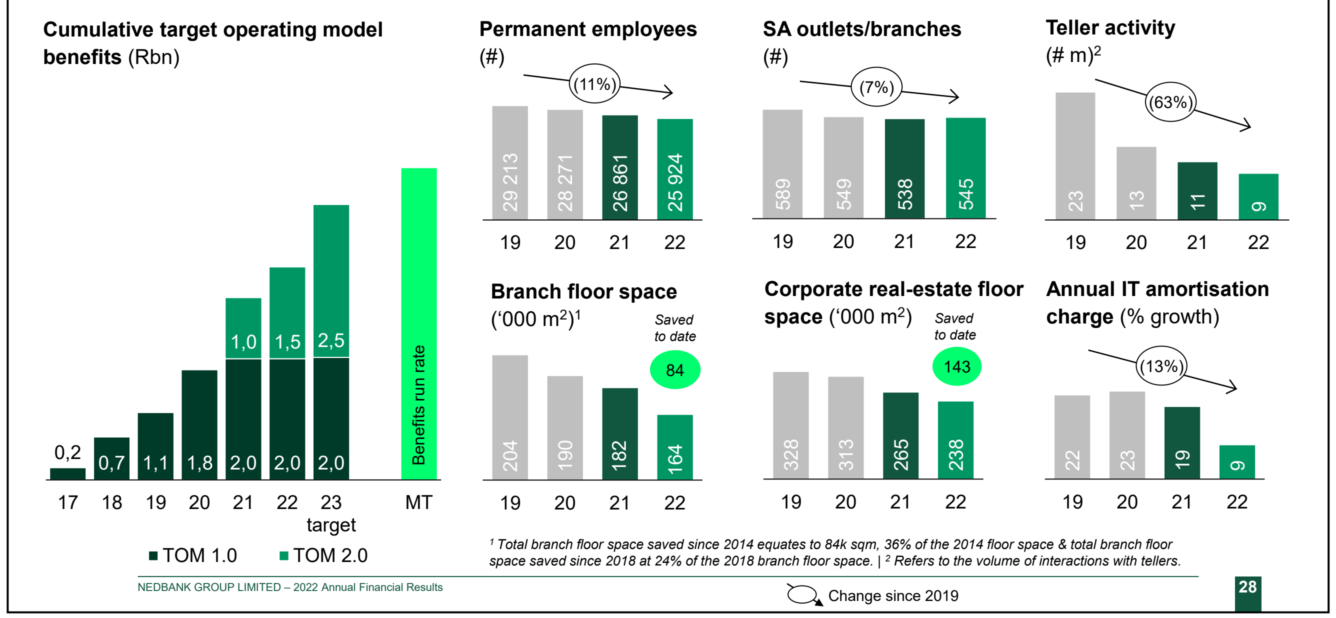
NEDBANK GROUP LIMITED – 2022 Annual Financial Results

26

Notes:

Operating model changes & efficient execution are enabling lower expense growth

Strategic value unlocks



¹ Total branch floor space saved since 2014 equates to 84k sqm, 36% of the 2014 floor space & total branch floor space saved since 2018 at 24% of the 2018 branch floor space. | ² Refers to the volume of interactions with tellers.

NEDBANK GROUP LIMITED – 2022 Annual Financial Results

28

Notes:

Mixed outcome on market share gains as we remained prudent in a difficult economic environment (Strategic Portfolio Tilt 2.0)

Strategic value unlocks

BA900 market share (%)	Dec 19	Dec 20	Dec 21	Jun 22	Dec 22
Core corporate loans[1]	21,2	20,9	19,8	**19,1**	**18,5**
CPF	38,7	38,5	37,2	**37,6**	**36,8**
Home loans	14,4	14,4	14,2	**14,0**	**14,1**
Vehicle finance	36,4	36,5	36,3	**35,9**	**35,4**
Personal loans	10,2	11,2	12,2	**11,9**	**11,6**
Card	13,0	12,6	11,9	**11,5**	**11,2**
Retail overdrafts	7,2	8,0	9,9	**11,1**	**12,9**
Retail transactional deposits	16,0	15,0	13,5	**13,7**	**13,9**
Retail non-transactional deposits	18,8	17,3	16,8	**16,3**	**17,2**
Commercial transactional deposits, excl tax & loans & wholesale Fx	12,8	12,8	12,8	**12,1**	**12,0**

- **Growth opportunities** – infrastructure & SDG-related financing, particularly in wholesale lending
- **Selective credit origination** in areas where we have strong market positions – commercial property & vehicle finance
- **Prudent credit granting** in a more difficult macroeconomic environment – personal loans, card
- **Grow transactional deposits** – solid household deposits turnaround
- **H2 2022 market share gains** in retail overdrafts, home loans & household transactional & non-transactional deposits as management actions start yielding results

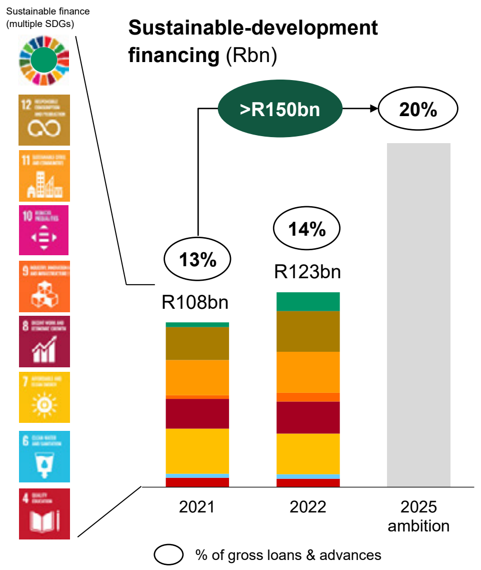
[1] CIB preference shares reported in Nedbank Group, not Nedbank Limited & therefore not included in the BA900 returns as the industry does, resulting in an understatement of our core corporate loans market share (including preference shares: Dec 22: 18,9%, Jun 22: 19,7%).

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 29

Notes:

Creating positive impacts – R123bn of exposures at the end of 2022 that support sustainable-development financing (SDF). We set an ambition for this to be around 20% of gross loans & advances by 2025, through >R150bn in support of new SDF

Strategic value unlocks



R500m funding for clean water & sanitation in 2022

R26bn support for farmers

R21bn lending exposure to small business & their owners

Banking solutions to more than **300k SMEs**

R27bn total renewable-energy exposures

>3 500 MW added to the national electricity grid

Commencing with wheeling of green power from IPPs to reduce our own operational carbon emissions

Own green energy usage at **1,5%** in 2022, targeting **>30%** by 2025

R3,5bn for new affordable home loans in 2022, equating to **> 5 500** homes

R952m towards the financing of affordable housing, equating to **~5 000** units

R238m student loan & accommodation financing in 2022

Financing of …

> 3 600 student loans over the past 5 years

43 000 student beds since 2015

R12bn in sustainable finance, up > 290% across multiple SDGs for clients in CIB

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 30

Notes:

Creating positive impacts – using our financial expertise to do good

Strategic value unlocks

MSCI ESG rating AAA (ranked in top 5% of global banks) from AA in 2021

Level 1 BBBEE status for the past 5 years

Employee 'Best place to work' **NPS up to 22** (up 3 yoy)

Ranked #1 in the JSE Satrix Inclusion & Diversity Index

Mandatory Audit Firm Rotation – KPMG to replace Deloitte in 2024

1 835 first-time job opportunities for unemployed youth (YES) & >7 000 since 2019

Diversity & inclusion

81% AIC employees (2021: 80%)

62% female employees (2021: 61%)

Ranked #2 'Best ESG' financials company in Institutional Investor's 2022 emerging EMEA survey

Listed on A2X in 2022, offering investors choice – Nedbank regularly a top 10 traded stock

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 31

Notes:

Booklet slide

Creating positive impacts – our ESG credentials & awards

Nedbank's ESG ratings

MSCI	AAA	**Top 5%** of global banks
FTSE Russell FTSE4Good	3,9	**Top 26%** of global banks
Sustainalytics	17,2	**Top 8%** of diversified banks
ISS ESG	C	**Top 10%** of all global banks
S&P Global	67	**Top-tier** SA bank

Credentials & awards

Carbon-neutral operations (since 2009)

Net-zero operational water use (since 2018)

Climate Action Alliance (became a member in 2022)

Zero exposure to fossil-fuel-related activities by **2045**

100% of lending & investing supporting a net-zero carbon economy by 2050

2022 Global Finance The Innovators Awards – **Outstanding Innovation in ESG (Green Res Dev Bond)** (winner)

2022 Global Banking & Finance Awards – **Best Corporate ESG Strategy South Africa** (winner)

2022 Top Empowerment Awards – **Top Empowered: Youth Employment Service YES Initiative** (winner)

2022 Global Finance Sustainable Finance Awards – **Outstanding leadership in sustainability-linked bonds** (winner)

2022 Environmental Finance Impact Awards – **Lender of the Year** (winner)

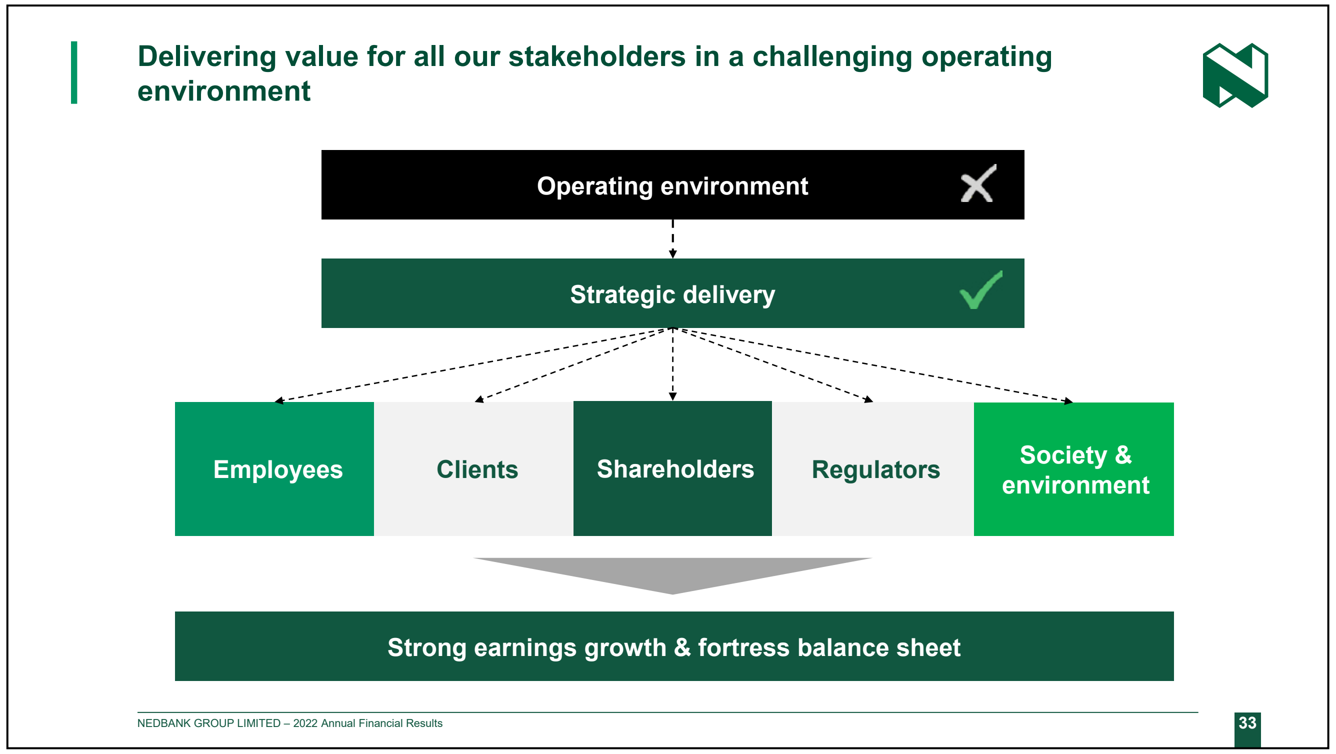
2022 Global Finance Sustainable Finance Awards – **Outstanding leadership in green bonds** (winner)

2022 Top Empowerment Awards – **Top Empowered Company: Enterprise & Supplier Development** (winner)

2022 Bonds, Loans & ESG Capital Markets Africa Awards – **Local Currency ESG & Sustainable Finance Deal of the Year** (winner)

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 32

Notes:



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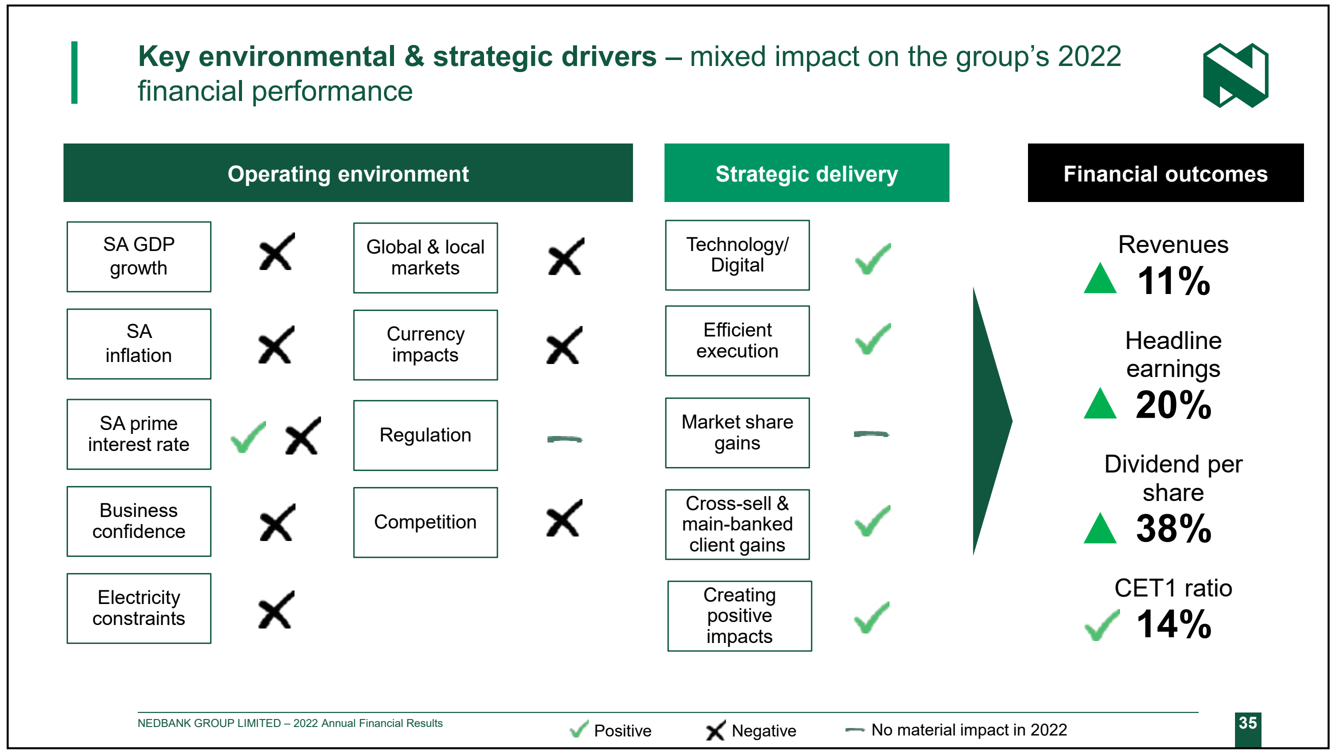

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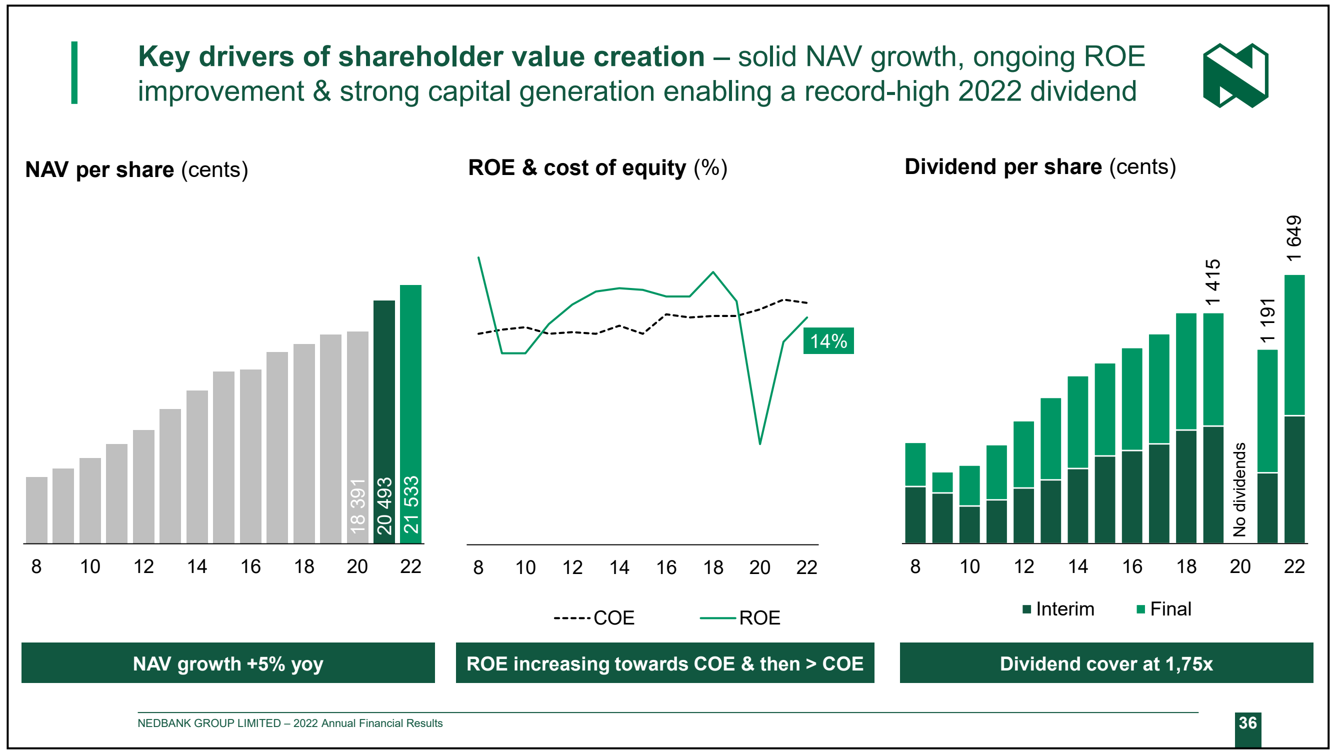


Notes:

Profitability metrics continue to improve, underpinned by robust capital, liquidity & provisioning

		yoy	2022	2021	2020	2019
Profitability	Headline earnings (Rm)	20%	**14 049**	11 689	5 440	12 506
	DHEPS (cents)	19%	**2 806**	2 362	1 113	2 565
	Basic EPS (cents)	27%	**2 932**	2 317	717	2 500
	ROE (%)		**14,0**	12,5	6,2	15,0
Advances & deposits	Gross banking advances (Rbn)	7%	**863**	807	797	810
	Deposits (Rbn)	7%	**1 040**	968	954	904
	NIM (bps)		**393**	373	336	352
Asset quality	Credit loss ratio (bps)		**89**	83	161	79
	Total coverage (%)		**3,37**	3,32	3,25	2,26
Liquidity	Liquidity coverage ratio (%)		**161**	128	126	125
	NSFR (%)		**119**	116	113	113
Capital	CET1 (%)		**14,0**	12,8	10,9	11,5
	Risk-weighted assets (Rbn)	(1%)	**648**	657	674	629

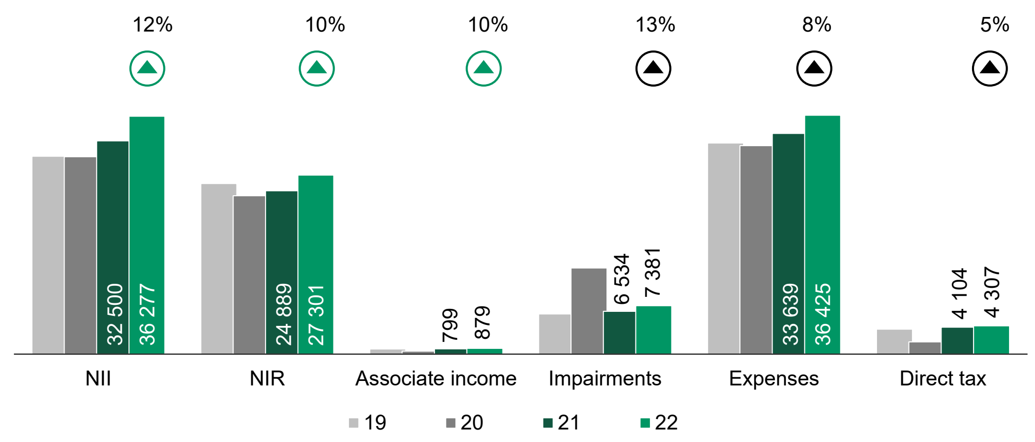
NEDBANK GROUP LIMITED – 2022 Annual Financial Results 37

Notes:

Headline earnings up by 20% – driven by strong revenue growth

Booklet slide

Key earnings drivers (pre-tax, Rm)



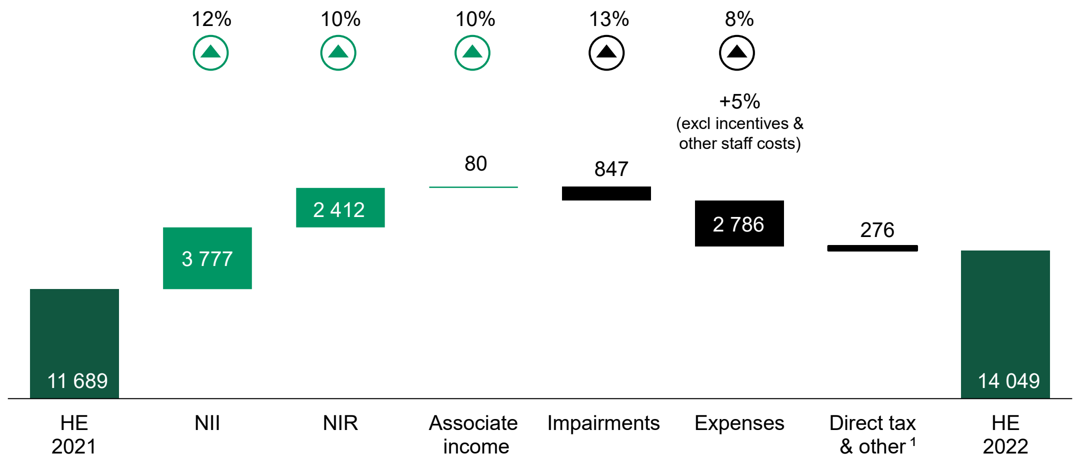
Note: 2021 NIR restated to take into account net monetary loss reclassification. 2019 & 2020 impact is immaterial therefore NIR not restated.

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 39

Notes:

Headline earnings up by 20% – driven by strong revenue growth

Headline earnings (Rm)

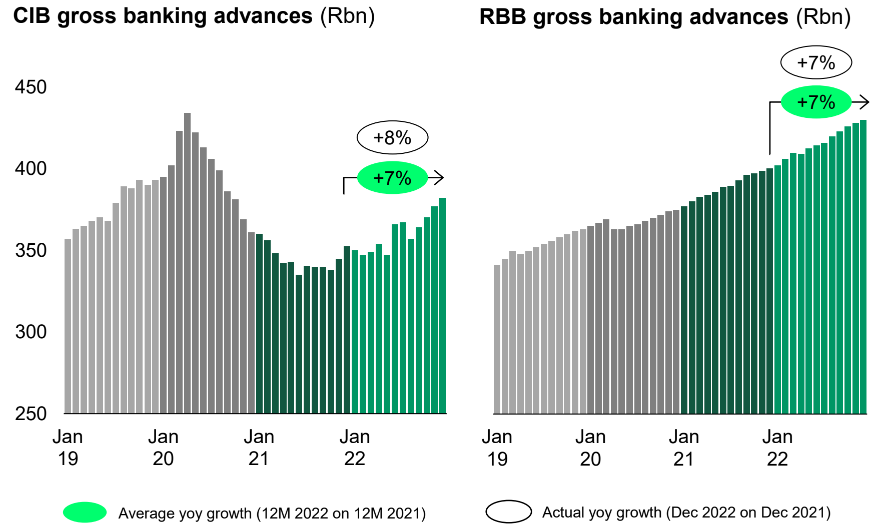


[1] Other includes indirect tax and minority & preference shareholders.

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 38

Notes:

Gross banking advances up 7% – driven by ongoing momentum in RBB & recovery in CIB



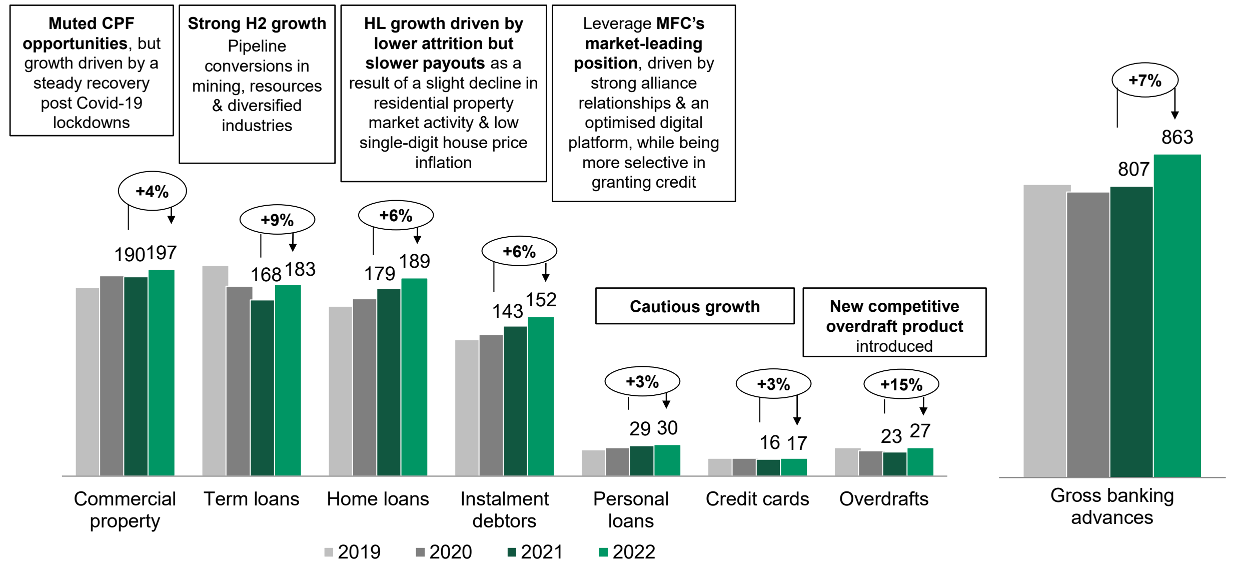
- **CIB: activity picked up in H2**
  - Uptick in H2 credit demand & execution of pipeline in mining & resources, and diversified & industrials (run-rate benefit in 2023)
- **RBB: momentum continued**
  - Strong growth in SME & commercial client segments
  - Small market share gain in HL in H2 2022
  - Selective growth by leveraging our strong position in MFC (second-hand & lower-value vehicles)
  - More cautious in unsecured lending given elevated risk in the macroeconomic environment

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 40

Notes:

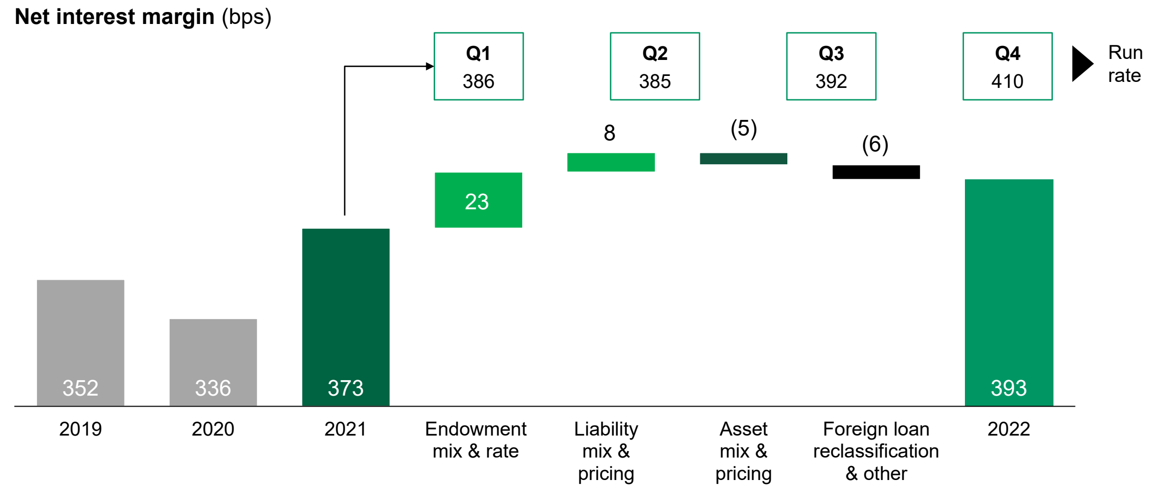
Booklet slide

Gross banking advances up 7%



Notes:

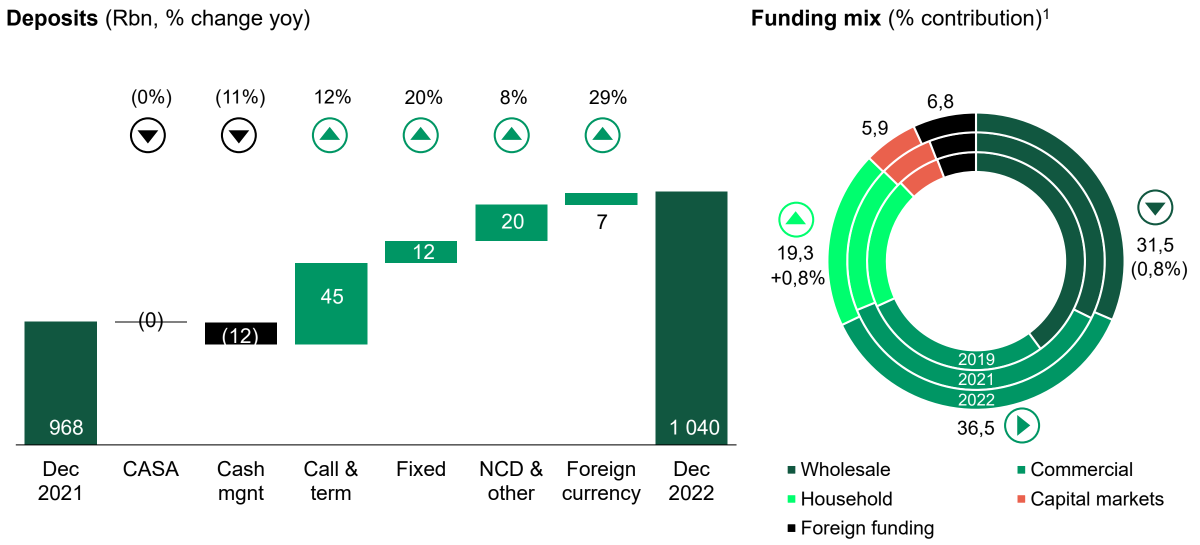
NII up by 12% – NIM expansion driven by endowment income (higher interest rates) & liability mix/pricing benefits



Positively positioned in a rising rate cycle – NII sensitivity for 1% change in interest rates: R1,6bn

Notes:

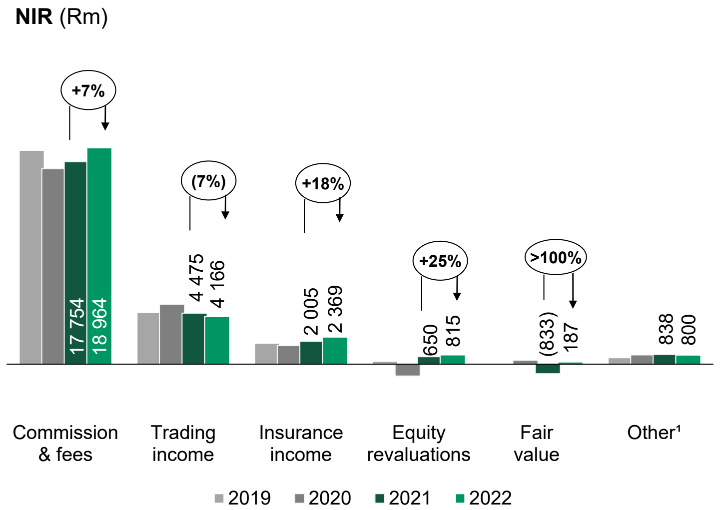
Deposits up 7% – exceeding R1 trillion for the first time; behavioural shift to longer tenure in a rising-interest-rate environment



[1] Funding mix based on BA900 returns. Nedbank Group foreign funding at 3%.

Notes:

NIR up by 10% – solid commission & fees growth, good insurance income & equity performance & prior-year MVFHA loss did not recur

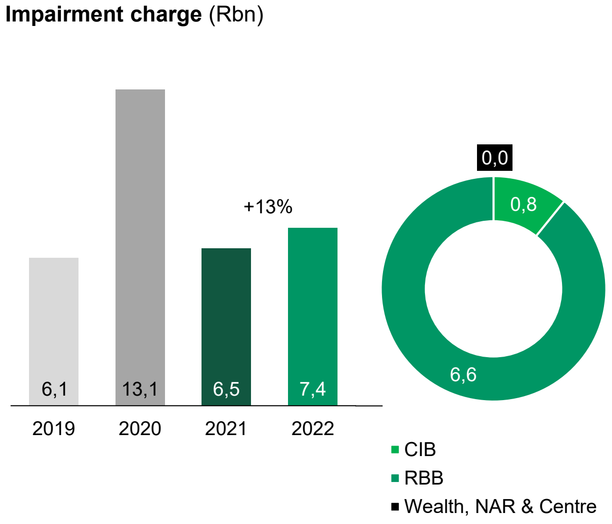


- **Commission & fees** – solid growth driven by ongoing recovery in client transactional activity incl card interchange revenue, cross-sell & main-banked client gains (SPT 2.0)
- **Trading** – unfavourable conditions negatively impacted debt & interest rate markets
- **Insurance** – lower claims in the life portfolio, partially offset by 3% increase in non-life claims ratio & the impact of the KZN CAT event
- **Equity** – driven by higher revaluations in CPF
- **Fair value** – 2021 fair-value losses did not recur
- **Other** – driven by Fx gains of R442m in Zimbabwe due to hyperinflationary conditions, largely offset by the reclassification of R419m net monetary loss into NIR

[1] Represents sundry income & investment income.

Notes:

Impairment charge up 13% – driven by higher impairments in interest-rate-sensitive products across our retail portfolios



Key impairment growth drivers in 2022:

- **7% growth** in gross banking loans & advances
- higher impairments in **interest-rate-sensitive products** in RBB (home loans & vehicle finance)
- a **few corporate clients migrated** to stage 3

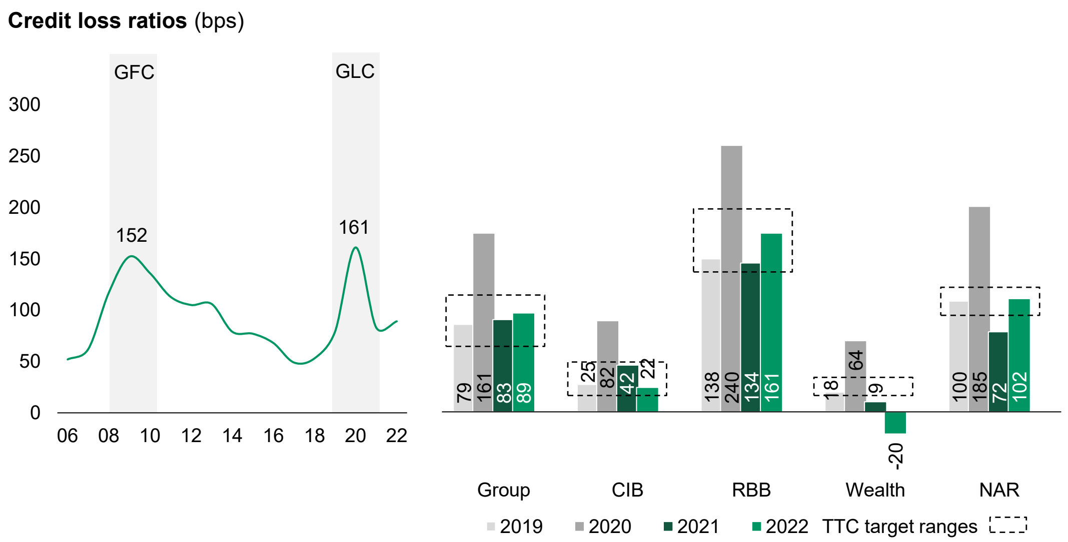
Partially offset by:

- **overlay releases** previously held for anticipated defaults. Total overlays decreased to R1,4bn (2021: R3,0bn), with zero Covid-19-related overlays remaining at the end of 2022

Overlays released via IS	- R0,90bn
New overlays raised via IS	+ R1,25bn
Overlays catered for in-model	- R1,95bn

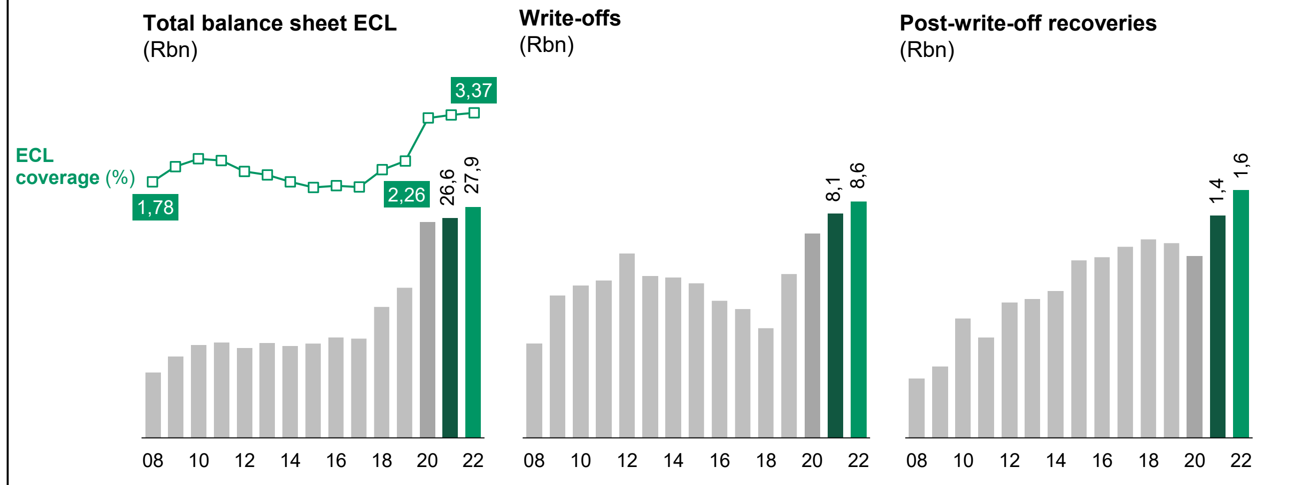
Notes:

Group credit loss ratio at 89 bps – CIB, RBB & NAR within their TTC target ranges & Wealth below



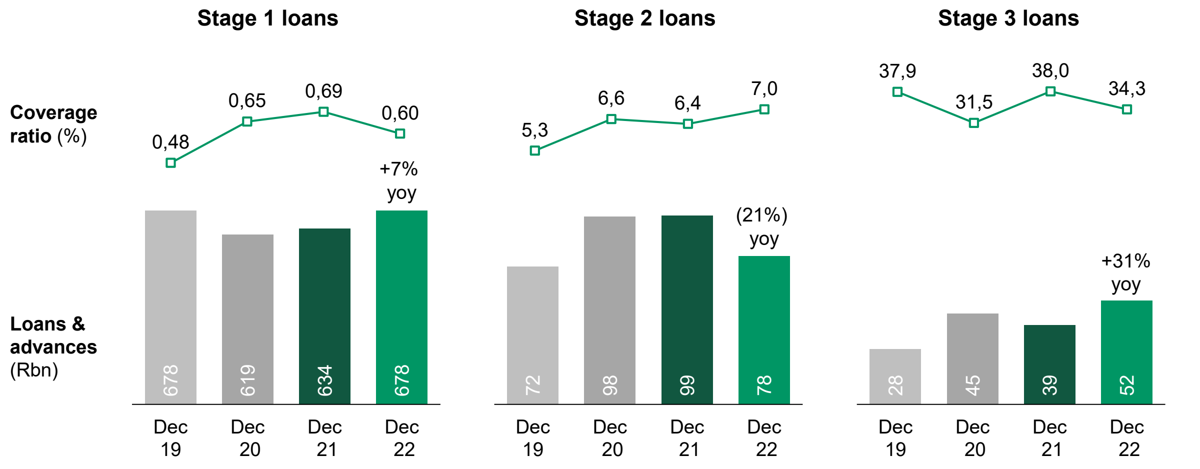
Notes:

Total balance sheet ECL up 5% to R27,9bn – driven by the R7,4bn impairment charge, as well as higher levels of recoveries & write-offs



Notes:

Higher total ECL coverage of 3,37% (2021: 3,32%, 2019: 2,26%) – driven by a larger contribution from stage 3 loans



Driven by +7% gross loans & advances growth

Driven by migrations out of stage 2 loans (into stage 1 & stage 3) & the release of overlays

Driven by a few large highly collateralised CIB clients that moved from stage 2 into stage 3

Performing coverage (stage 1 & 2) improved from Dec 2021: 1,46% to Dec 22: 1,26%.

Notes:

Booklet slide

All clusters within or below their target ranges & coverage ratios well above 2019 levels

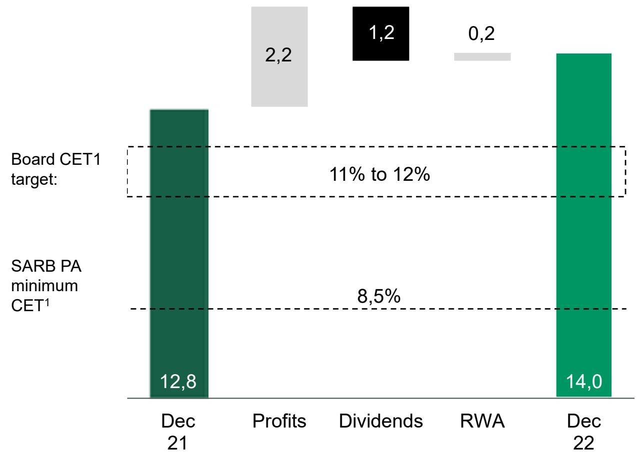
	Credit loss ratio (bps)					ECL coverage (%)			
	22	21	20	19	TTC	22	21	20	19
CIB	**22**	**42**	**82**	**25**	**15–45**	**1,29**	**1,35**	**1,07**	**0,61**
CIB excl CPF	17	53	103	45		1,41	1,56	1,23	0,75
CPF	28	30	54	(2)		1,19	1,14	0,91	0,44
RBB	**161**	**134**	**240**	**138**	**120–175**	**4,92**	**4,83**	**5,09**	**3,87**
CB	11	(21)	110	50	50–70	1,83	2,05	2,61	1,68
Retail	200	175	275	163	160–240	5,73	5,54	5,73	4,48
HL	33	(9)	64	14		1,72	1,64	2,02	1,47
VAF	192	146	269	182		5,11	4,82	5,29	4,09
PL	918	982	1062	639		24,08	22,75	20,04	16,83
Card	490	633	897	542		15,95	16,81	17,57	13,18
Wealth	**(20)**	**9**	**64**	**18**	**20–40**	**1,33**	**1,56**	**1,42**	**0,74**
NAR	**102**	**72**	**185**	**101**	**85–120**	**5,19**	**4,85**	**3,94**	**3,34**
Group	**89**	**83**	**161**	**79**	**60–100**	**3,37**	**3,32**	**3,25**	**2,26**

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 49

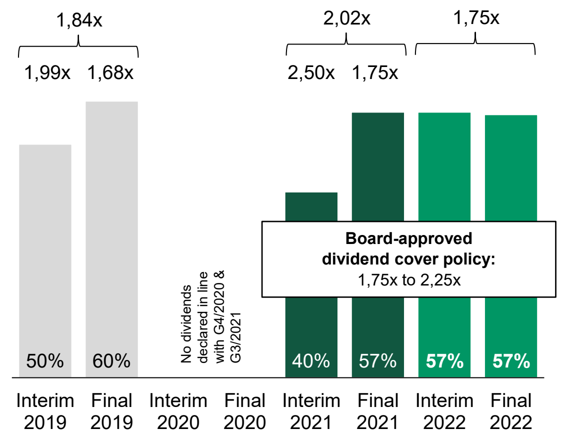
Notes:

Capital – CET1 ratio well above the top-end of our board-approved target range of 11% to 12%, supporting dividend declarations at 1,75x

CET1 ratio (%)



Dividend payout ratio
(payout ratio %, times cover)



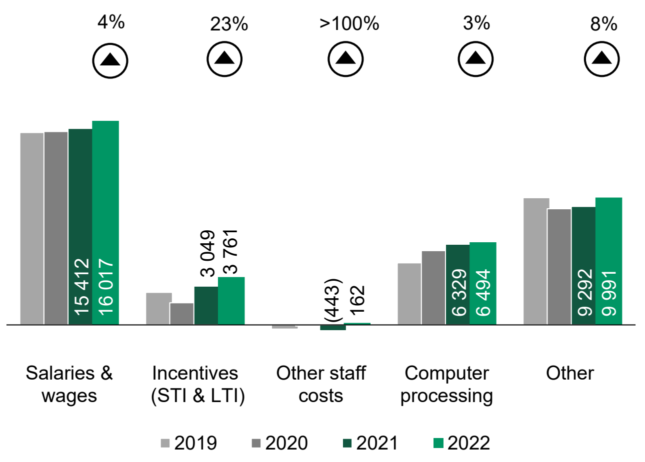
[1] *Excluding idiosyncratic buffers & including the D-SIB capital requirement of 100 bps, in line with PA Directive 5/2021 (from 8% in 2021).*

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 51

Notes:

Expenses up 8% – or 5% excluding incentives & other staff costs, reflecting good expense management, with focus on efficiencies & benefits from digitisation

Expenses (Rm)



- **Staff-related costs**
  - Salaries & wages +4%
    - Average ASR increases: +4,6% (BU +5,2%)
    - 3% decline in permanent headcount (mainly through natural attrition - 63 retrenchments)
  - Variable-pay incentives aligned with improved profitability metrics +23% (STI +19%, LTI +38%)
  - Other staff costs: lower returns from employee benefit assets & more IT staff development costs expensed (not capitalised)
- **Computer processing** – benefits from transitioning to cloud services (lower depreciation charge), decline in maintenance costs & amortisation growth rate slowing as our digital transformation journey matures (22: +9%, 21: +19%)
- **Other costs**
  - Normalisation of discretionary spend, including marketing (+17%) & travel (+22%)
  - Offset by savings from lower accommodation-related costs (-4%)

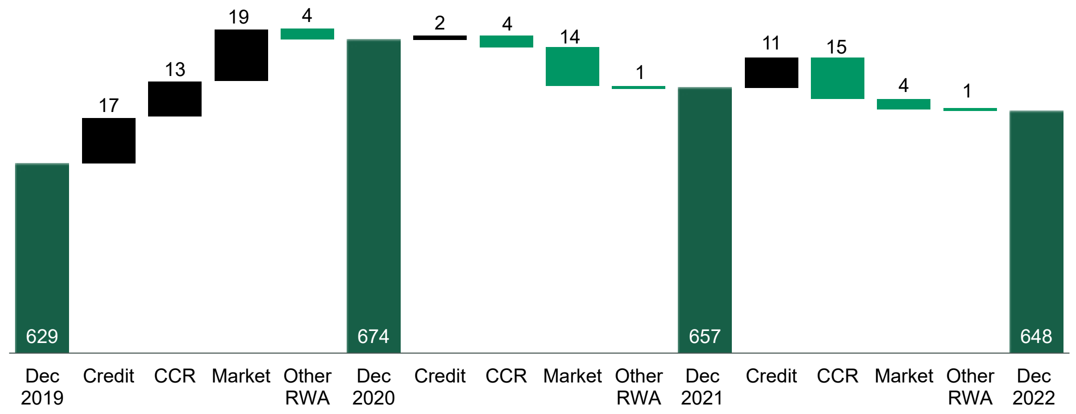
NEDBANK GROUP LIMITED – 2022 Annual Financial Results 50

Notes:

Booklet slide

RWA progression – lower overall RWA in 2022 as growth in credit RWA was offset by reductions in market & counterparty credit risk

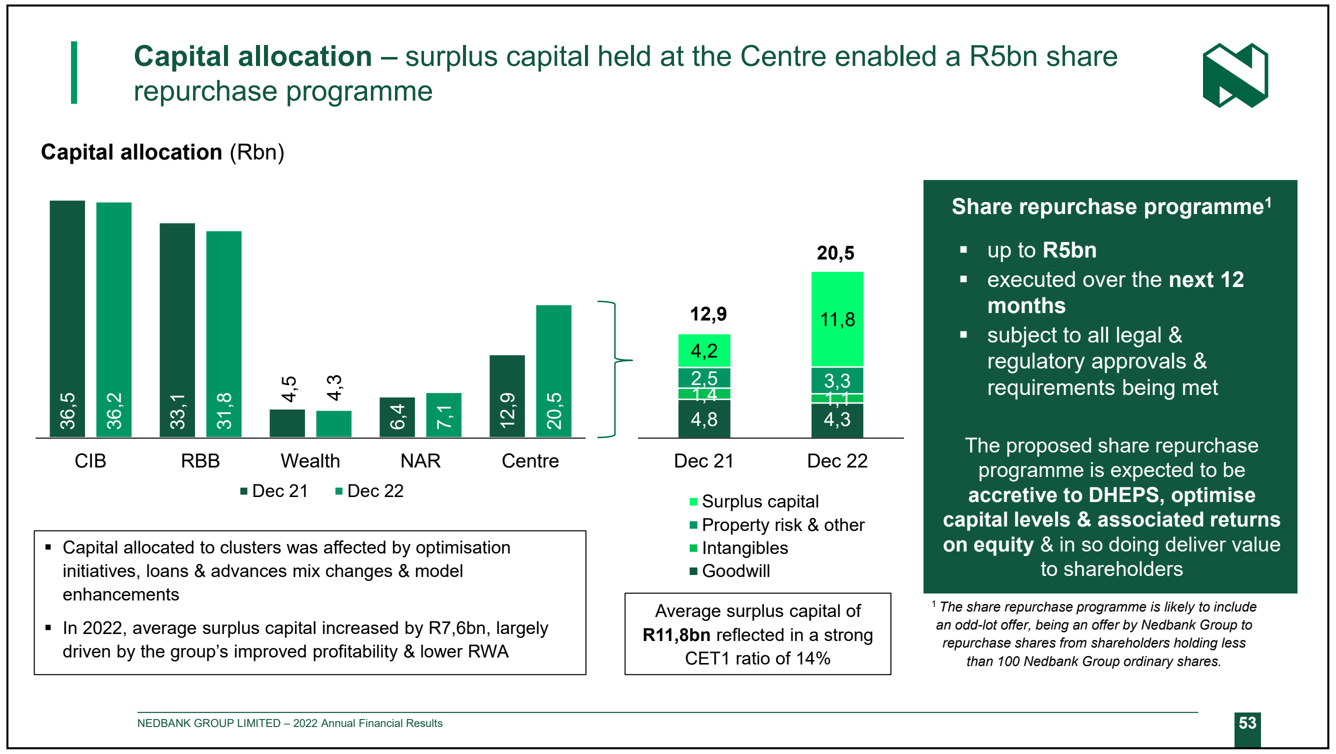
Risk-weighted assets (Rbn)



Note: The reduction in RWA was mainly due to lower counterparty credit risk as a result of a decrease in credit valuation adjustments due to a methodology refinement & market movements & lower market risk as a result of general risk reduction across the trading portfolio, partially offset by an increase in credit risk in line with balance sheet growth.

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 52

Notes:



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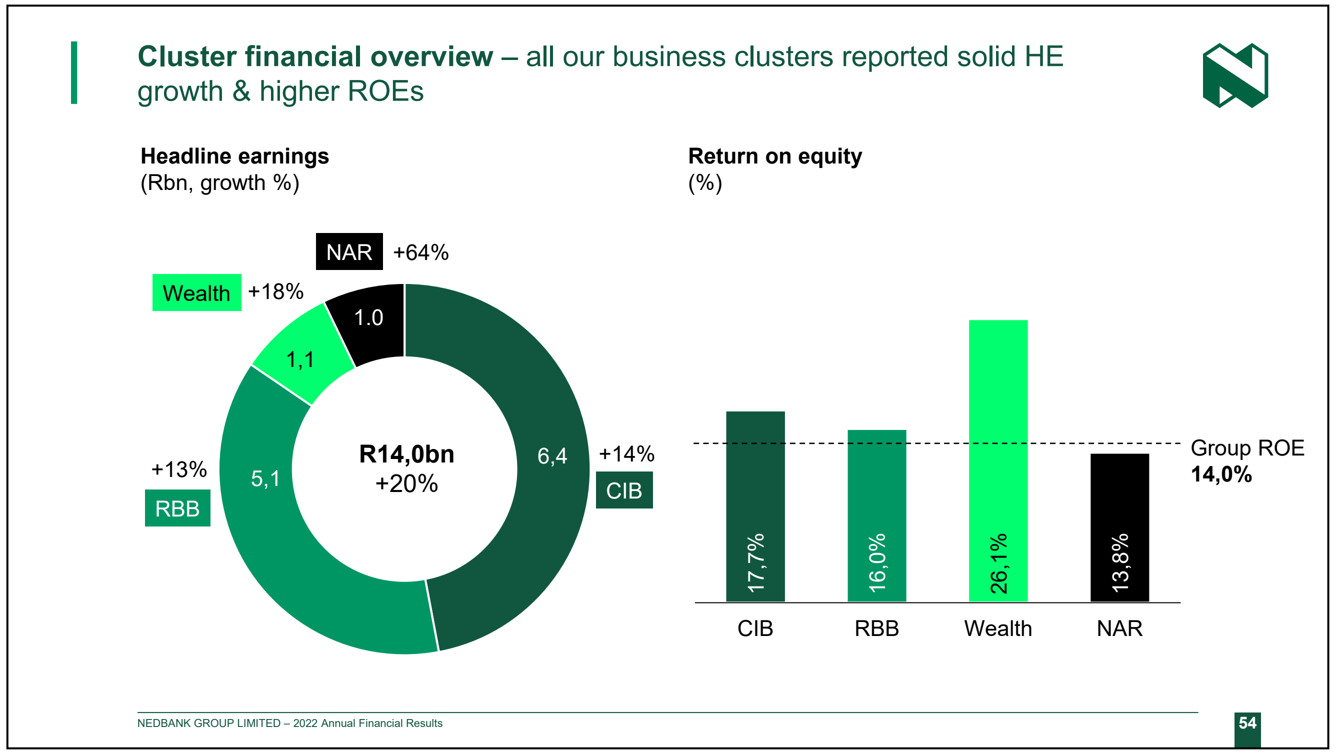

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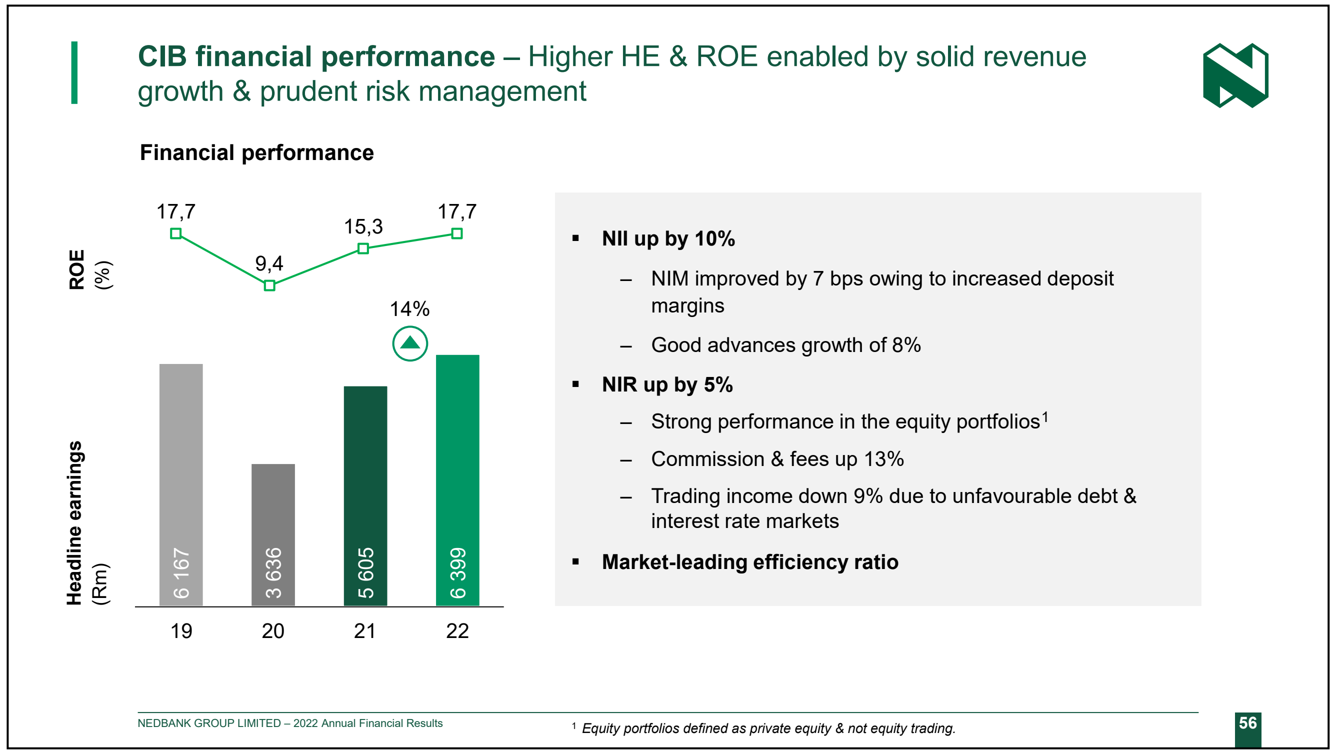
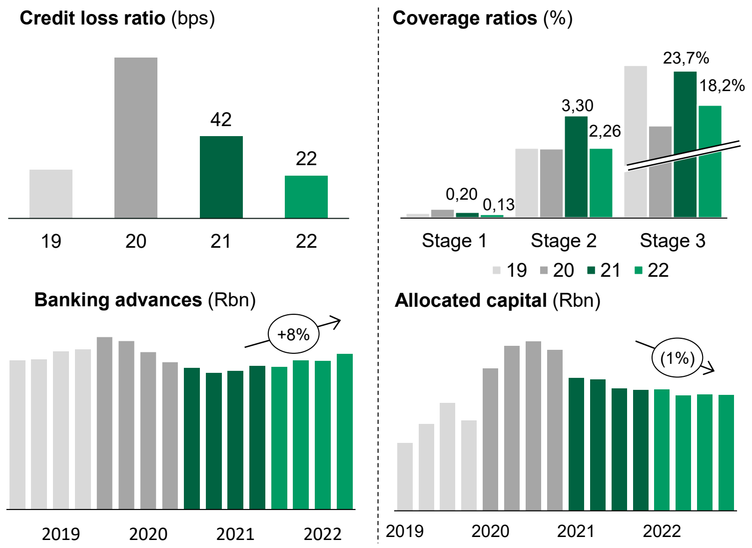


Notes:

CIB financial performance – reduced credit risk & higher second-half banking advances growth, while maintaining optimal capital levels



- **Impairments declined by 43%**
  - In line with management expectations
  - Including for stressed counters
- **Coverage ratios declined marginally**
  - Reduced to 1,29% from 1,35%
  - Adequate provisions & security in place
- **Focus on stressed sectors**
  - Aviation, construction & SOEs
  - Property portfolio – adequate provisions
- **Banking advances up by 8%**
  - Strong performance in H2 2022, particularly in Investment Banking & Transactional Services
- **Allocated capital declined by 1%**
  - 7% decline in RWA
  - Counterparty Credit Risk (CCR) capital decreased

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 57

Notes:

Commercial property finance – a high-quality, well-diversified & collateralised portfolio

High-quality, well-diversified & collateralised portfolio

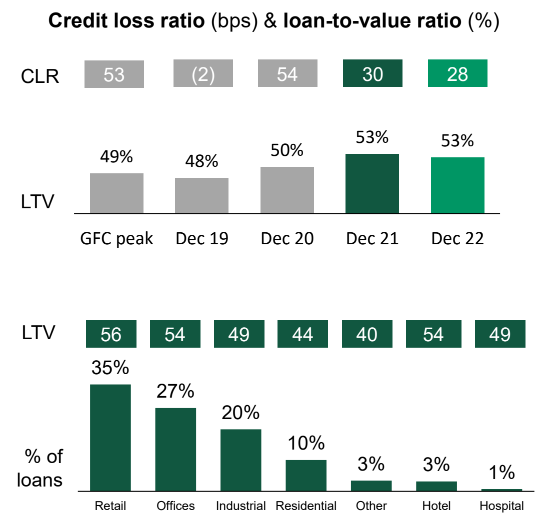
Overlays at R0m (Dec 21: R590m) Overlays incorporated in models as risk emerged & portfolio rerated

CLR at 28 bps (Dec 21: 30 bps) – driven by large single-name exposures, rather than general portfolio stress

Portfolio LTVs remain low at 53% Adequate collateral – significantly reduces the risk of potential losses

Low levels of arrears on performing book 0 to 90 days: R6m (Dec 21: R5m)

Office vacancies below market – Nedbank 7% Market 16%



NEDBANK GROUP LIMITED – 2022 Annual Financial Results 59

Notes:

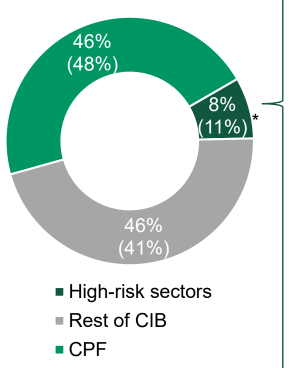
Credit risk – CIB high-risk exposures

High-risk sectors reduced as lockdown restrictions eased

Rest of CIB watchlist exposures reducing & risk ratings have stabilised

CPF continues to perform well – CLR impacted by large single-name rather than portfolio stress

CIB holds sovereign exposure but not in Ghana

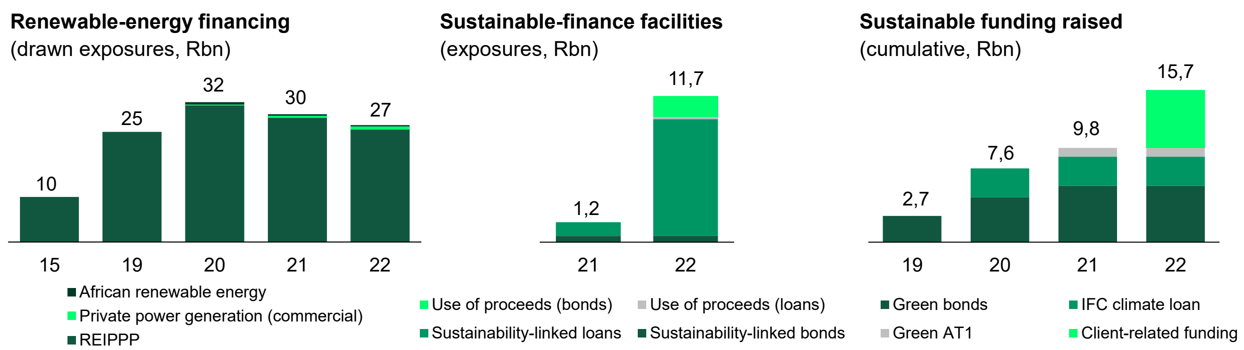


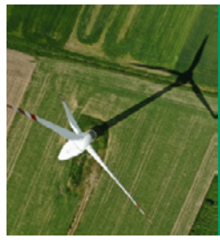
CIB high-risk sectors	% of CIB exposure	D7 & NPL% of sector exposure
SOEs/Municipalities Defaulted-exposures reducing, with 15% government-guaranteed	5,0% (6,4%)	4,2% (4,5%)
Construction[1] Pre-Covid-19 stressed sector with reduction in defaulted exposure since 2020	2,3% (2,4%)	15,0% (16,5%)
Aviation Exposure secured at 88% average LTV	0,8% (1,1%)	68,6% (62,0%)
Hospitality No longer considered high risk		

NEDBANK GROUP LIMITED – 2022 Annual Financial Results [1] Construction includes steel & cement. | (%) denotes exposure at 31 December 2021.
* Hospitality included in 2021, not included in 2022 as no longer high risk.
58

Notes:

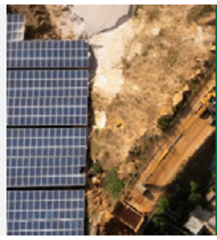
CIB creating positive impacts – expanding our leadership in sustainable finance & renewable-energy financing





Private power generation to support our clients' energy needs

Mandated on projects of just under **1 GW** of new capacity



Lead arranger on IPP projects:
4 RMIPPP projects
4 REIPPP round 5
2 REIPPP round 6

Innovative **sustainable-finance** solutions

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 60

Notes:

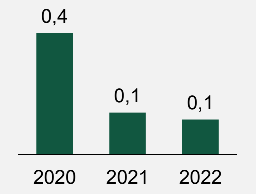
CIB creating positive impacts – tilting our portfolio away from carbon-intensive assets

Our journey to zero exposure to fossil-fuel-related activities by 2045

2020	**Climate change resolutions** passed with 100% votes of approval at our 53rd AGM
2021	Adopted & disclosed our market-leading **Energy Policy** & inaugural **TCFD Report**
2024	Disclose net-zero aligned **glidepath for upstream fossil fuels & power generation**
2025	**No provision** of project financing for **new thermal-coal mines** Reduce Nedbank's **own operations' carbon emissions by >35%** (from 2019 levels) **Generate >30% of Nedbank's own energy needs** from renewable sources
2030	**Thermal-coal funding** to be <0,5% of gross loans & advances
2035	**No new finance** for oil production
2045	**Zero exposure** to fossil-fuel-related activities
2050	**100% of lending & investing** supporting a net-zero carbon economy

Nedbank intends to disclose its **fossil-fuel & energy generation pathways** in 2024

Thermal-coal exposures (% of gross advances)



Power generation glidepath will use **scope 1 emissions** & a physical **intensity metric** ($Co2_e$/MWh)

Upstream fossil-fuel glidepath will include **scope 1, 2 & 3 emissions** & will be **absolute**

Carbon-accounting disclosures for **upstream fossil-fuel lending**

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 61

Notes:

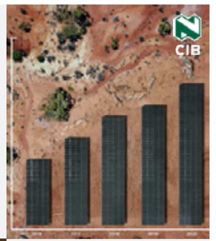
Our strategic growth levers

Deliver **client value** through our sectorised approach

Invest in our **people**

Leverage a **diverse, equitable & inclusive** culture

Accelerated growth



Empower our clients through our **warm digital** capabilities

Grow our **transactional** business by delivering a better client experience

Continue to focus on **optimisation** of our portfolio

Create **positive impacts** by enabling our clients' ESG journeys

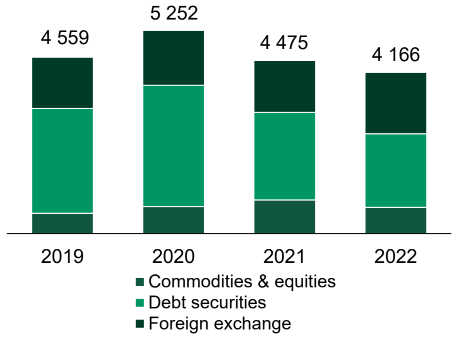
NEDBANK GROUP LIMITED – 2022 Annual Financial Results 63

Notes:

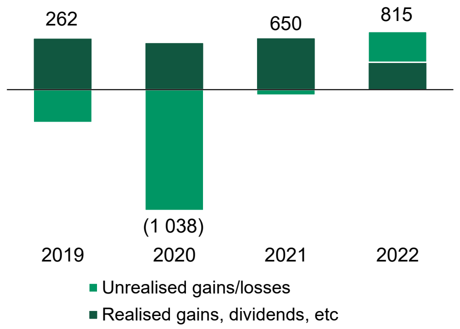
Booklet slide

Trading income & equity revaluations – low levels of market liquidity impacted trading, while the equity portfolio has seen higher yoy unrealised gains & dividends

Group trading income (Rm)



Group equity revaluations (Rm)



- **Commodities & equities** – muted volumes coupled with non-repeatable items in 2021
- **Debt securities** – difficult SA macro backdrop coupled with impact of SARB MPIF[1], but improvement seen in H2 2022
- **Foreign exchange** – increase in client activity resulted in 19% growth

- **CPF** – favourable revaluations on certain assets relative to the prior year
- **Investment Banking** – lower realised gains & dividends off a high base

NEDBANK GROUP LIMITED – 2022 Annual Financial Results

[1] *South African Reserve Bank Monetary Policy Implementation Framework.*

62

Notes:

Nedbank Corporate & Investment Banking – outlook

2023 outlook

- **NII** – grow balance sheet while maintaining NIM levels
- **NIR**
  - Expect a recovery in debt trading & increased client-hedging activity
  - Fees & commissions to benefit from balance sheet activity
  - Private equity to continue focus on new investments & realising value on existing investments
- **CLR** – maintain in the TTC target range with continued focus on stressed counters to reduce stage 3 loans
- **Banking advances growth** – execution of robust pipeline
- **Strategic execution** – maintain strategic focus under challenging conditions
- **Capital** – improve returns & optimise resources
- **Sustainable-development finance** – maintain leadership position in energy finance while continuing to focus on water and infrastructure projects in order to unlock & enable growth in SA

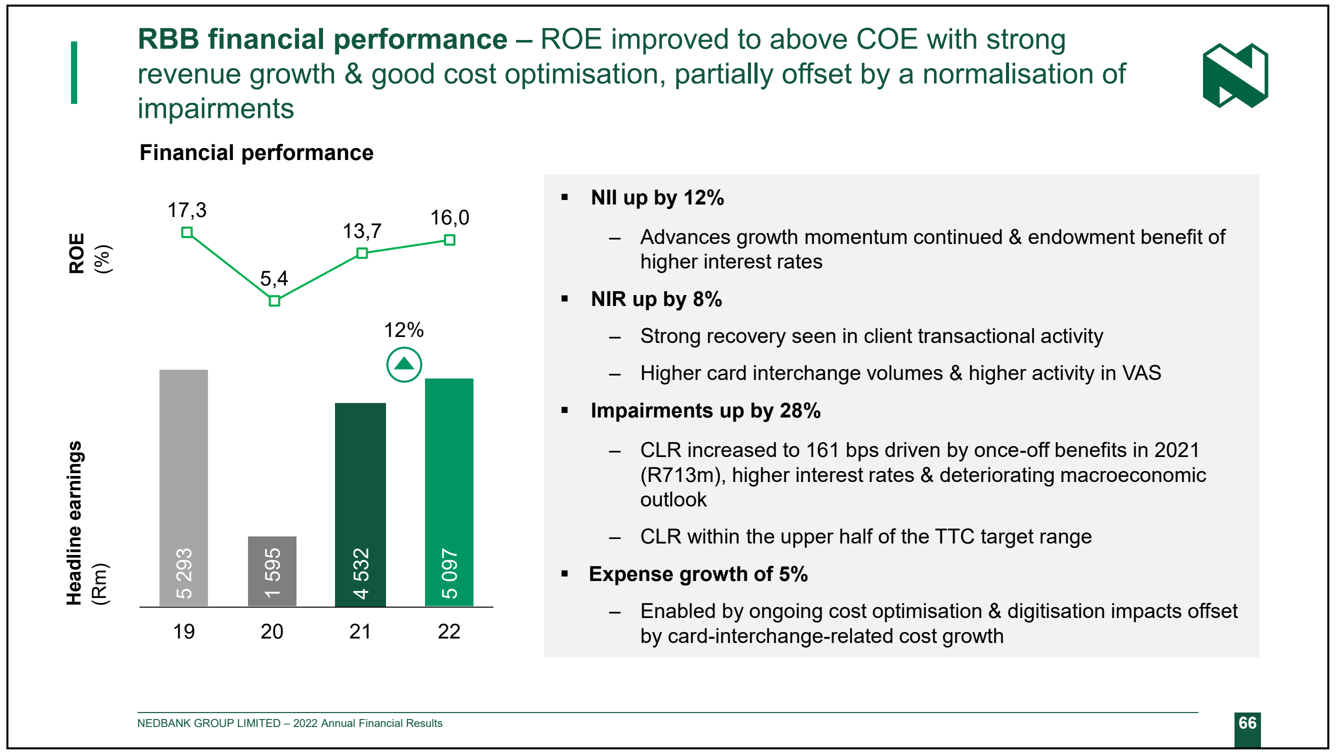
Medium- & long-term outlook

- ROE ≥18% & reduce cost-to-income ratio to <44%

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 64

Notes:

Notes:



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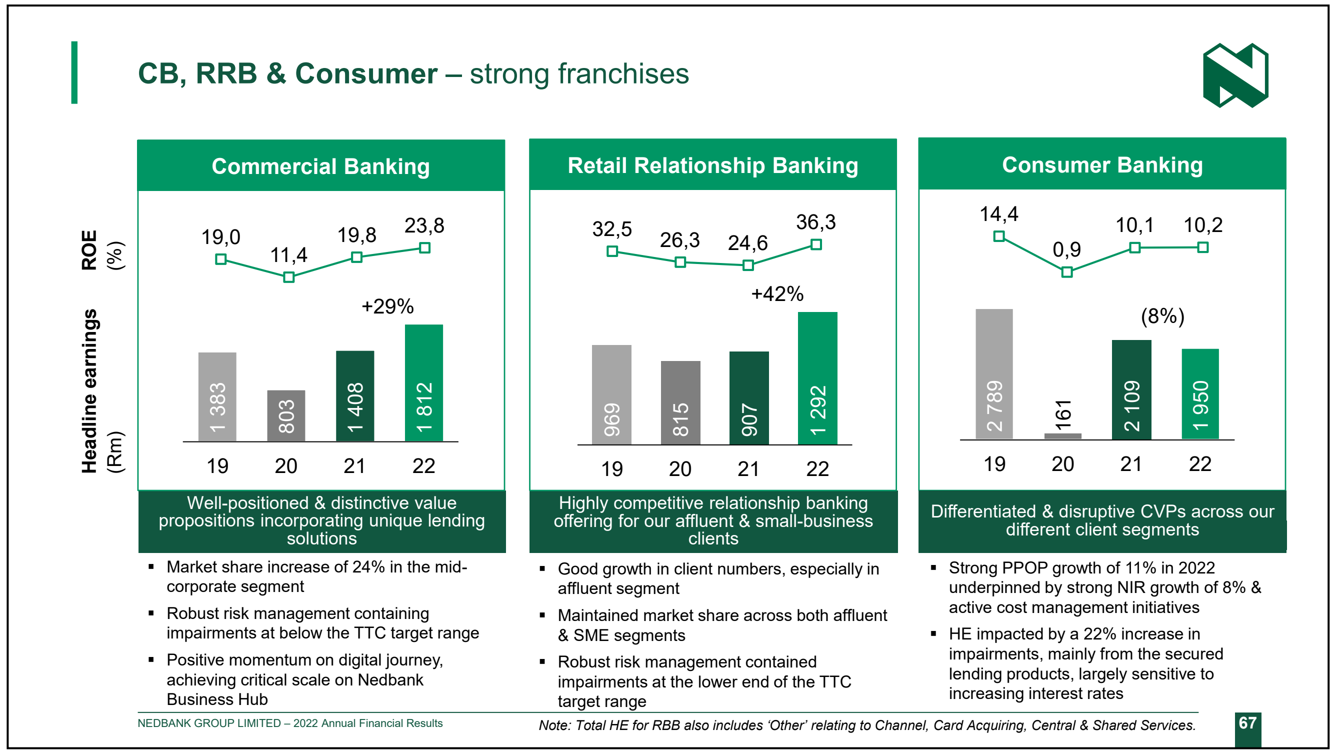

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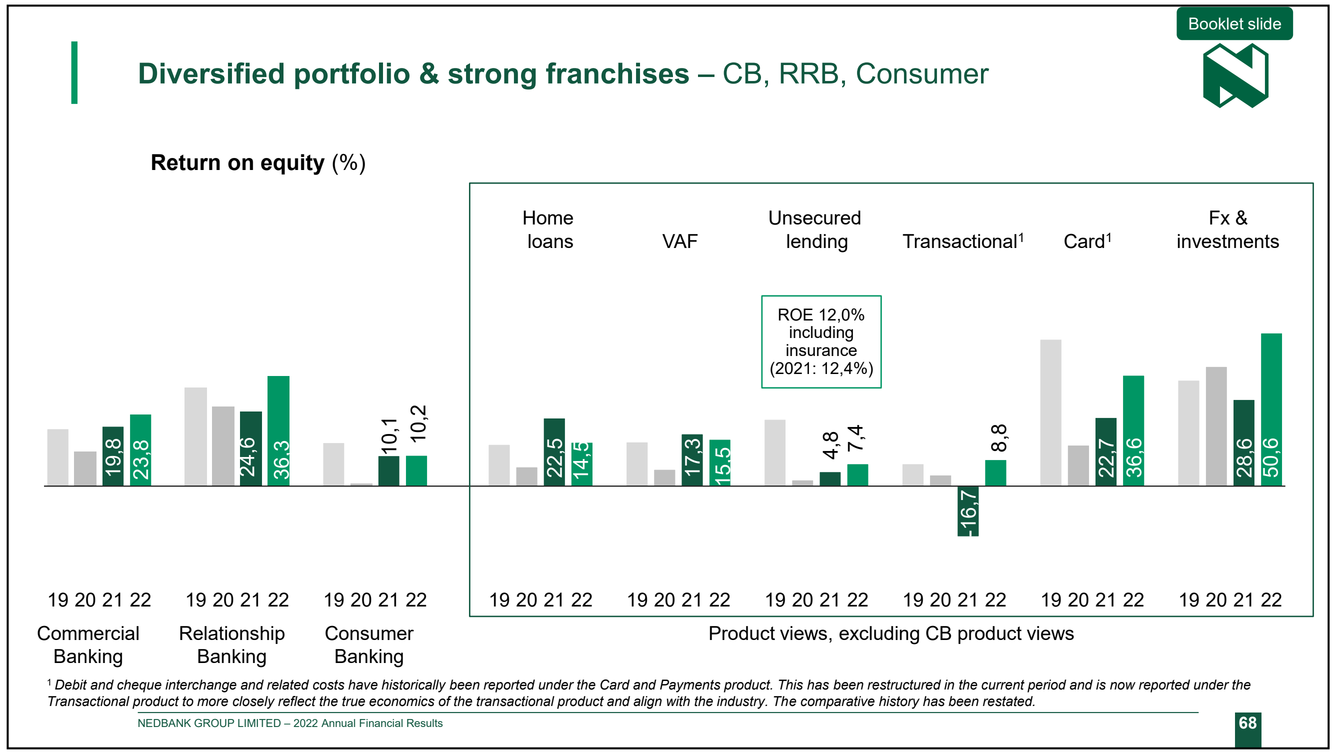

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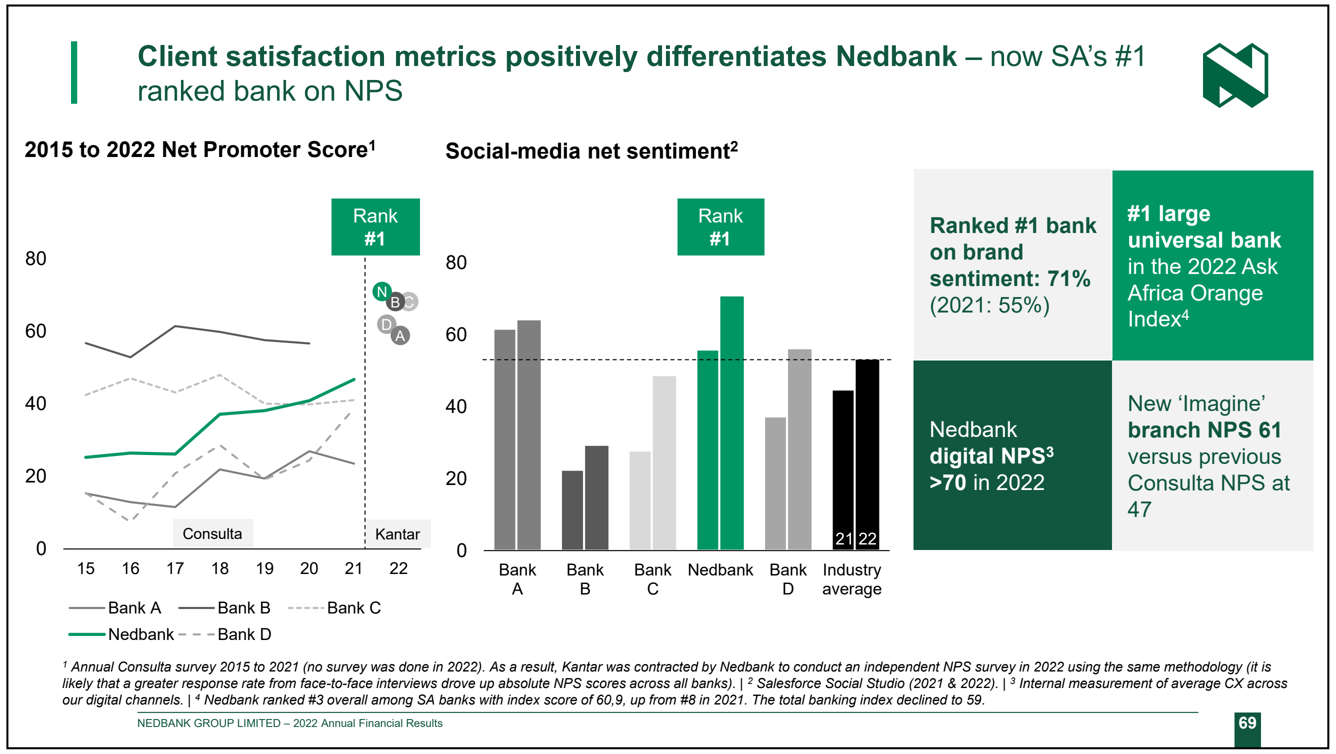

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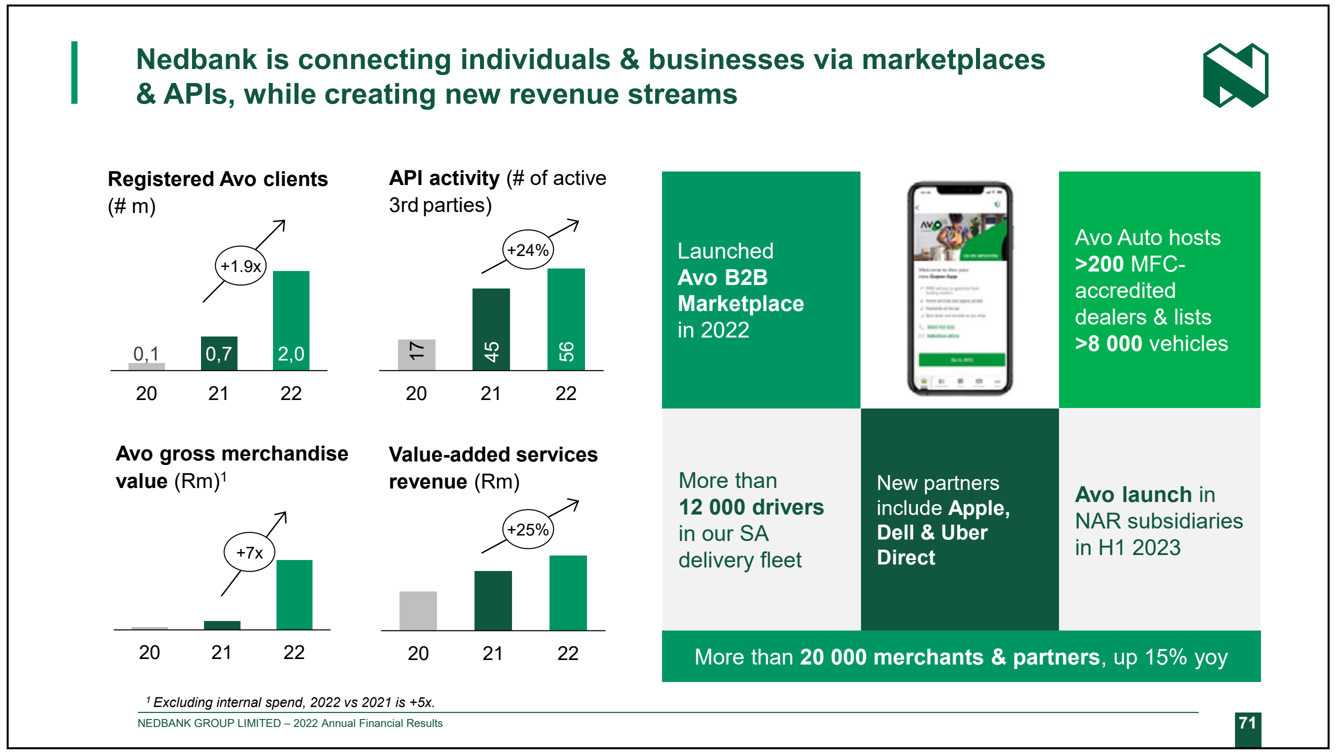

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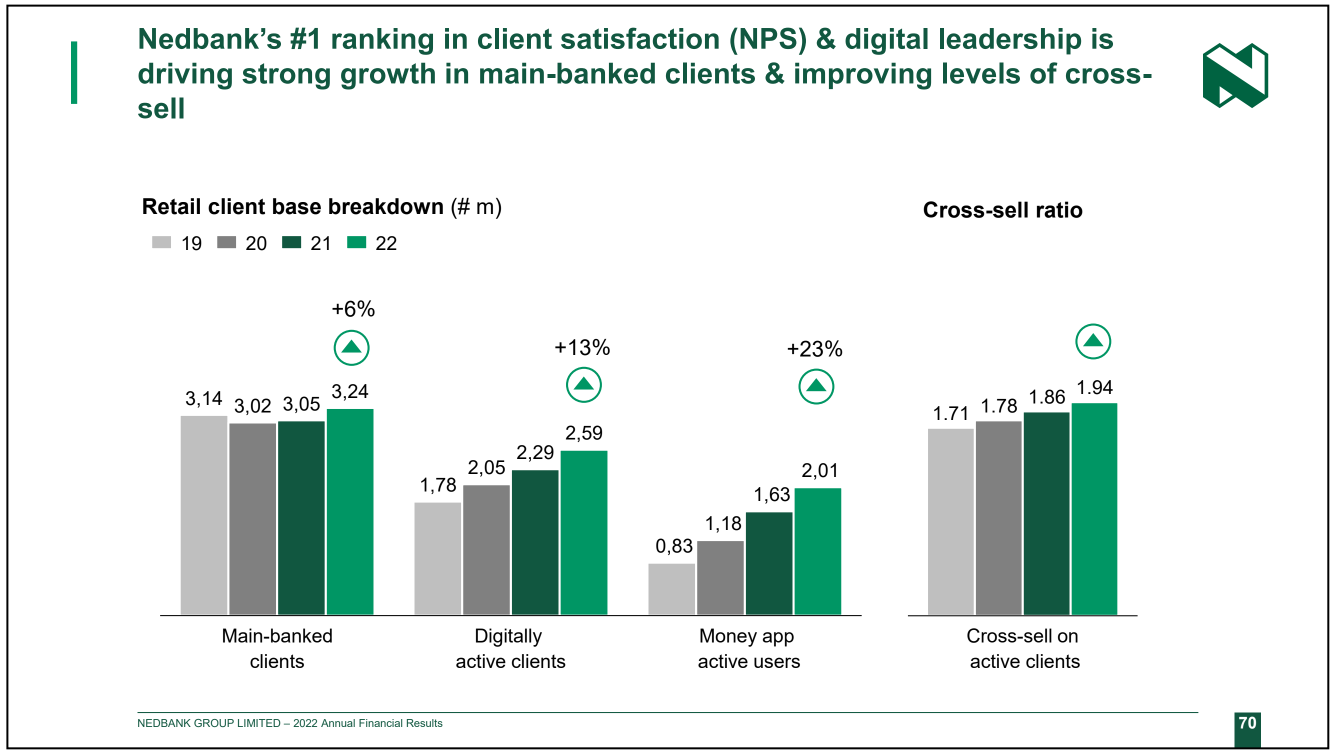

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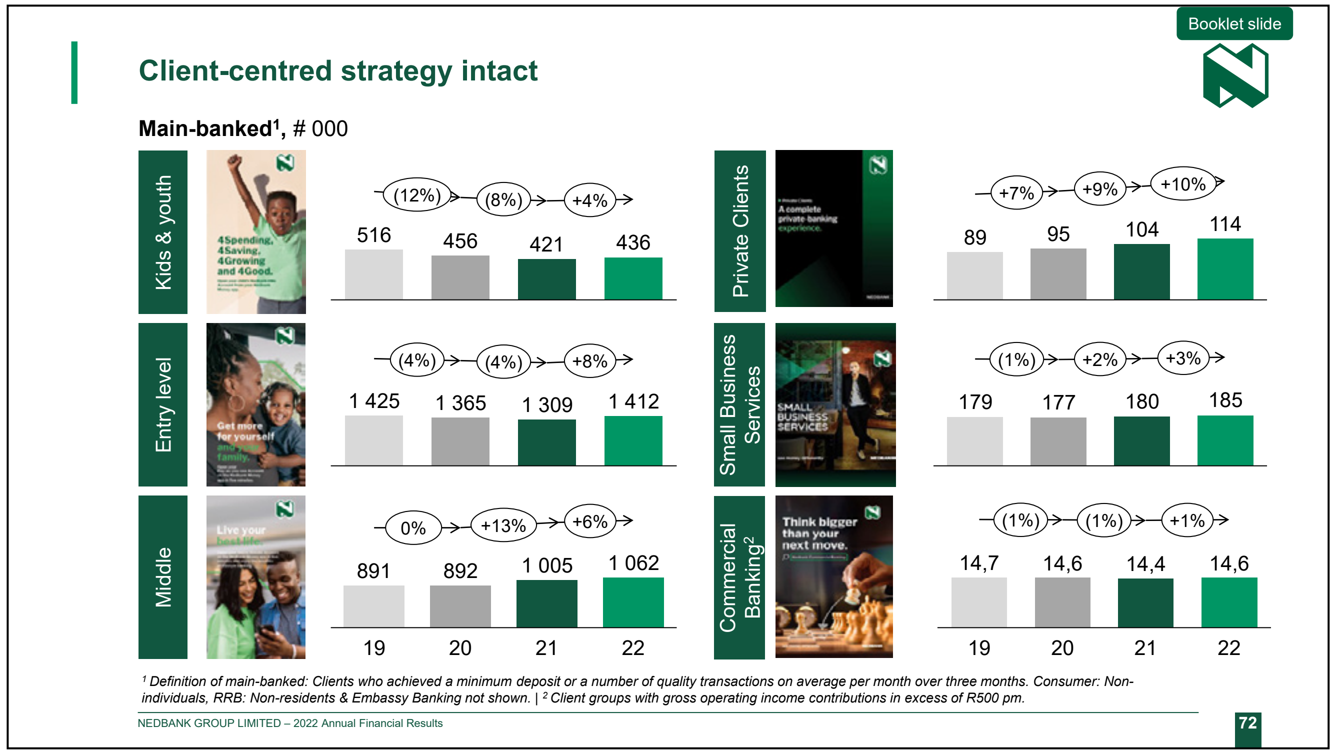

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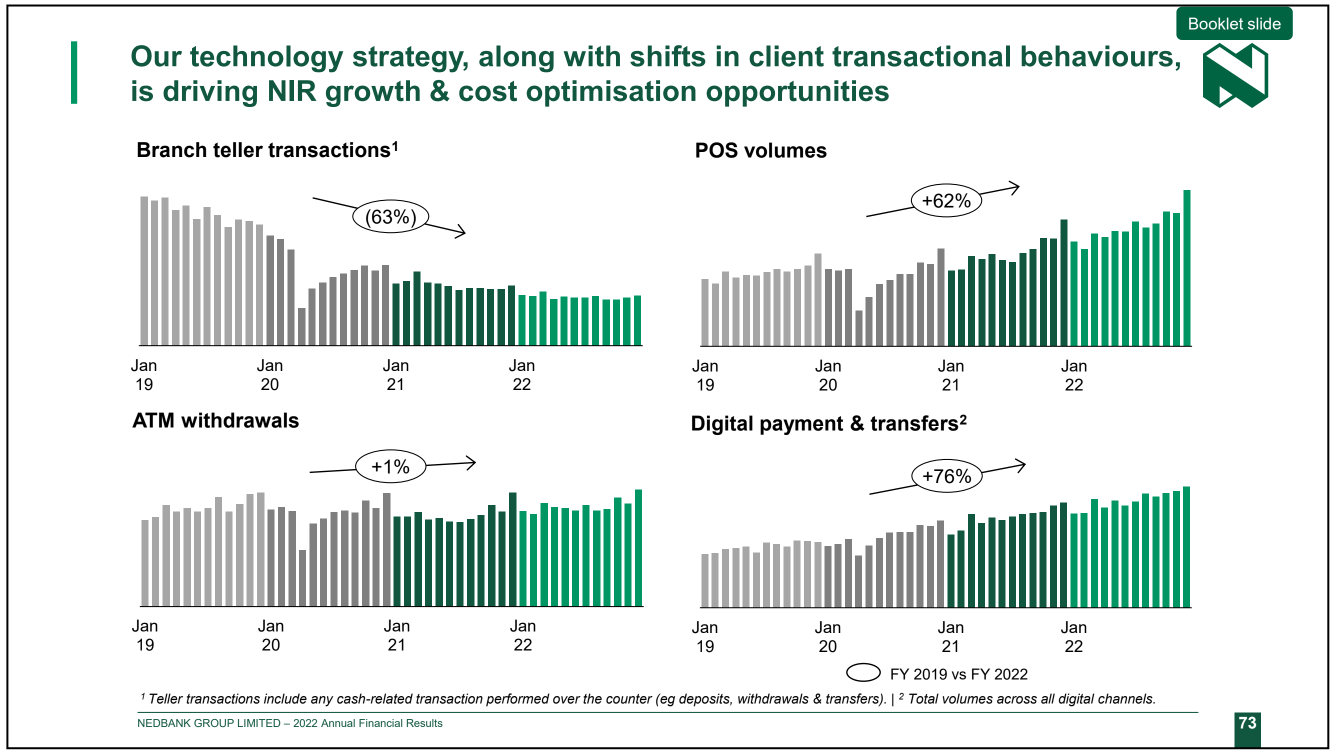

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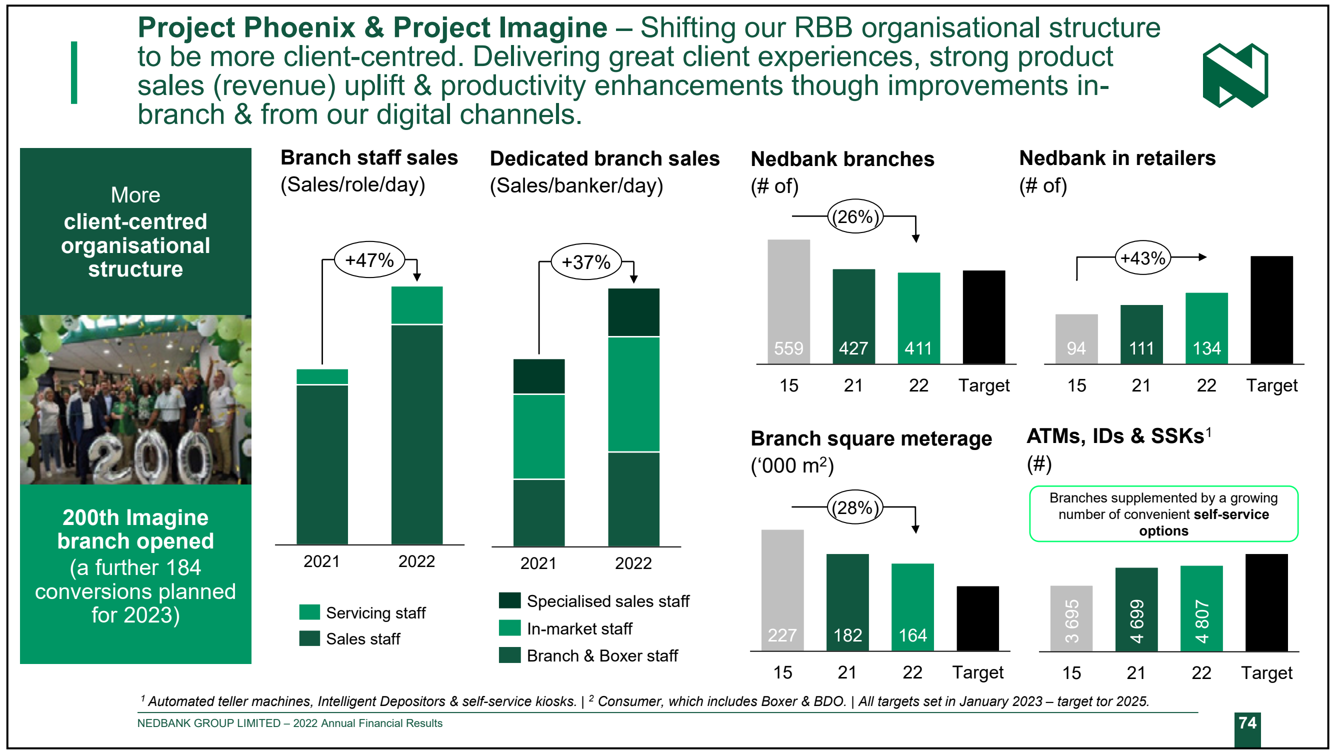

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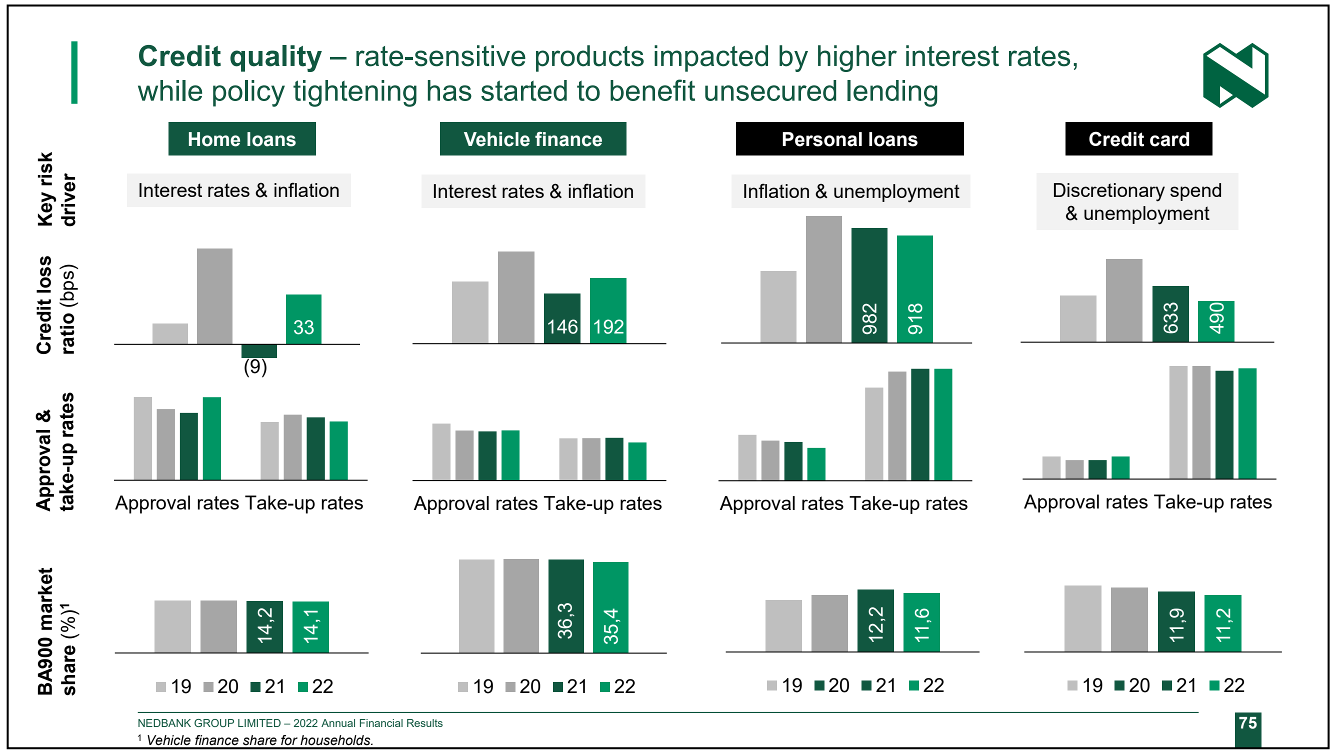

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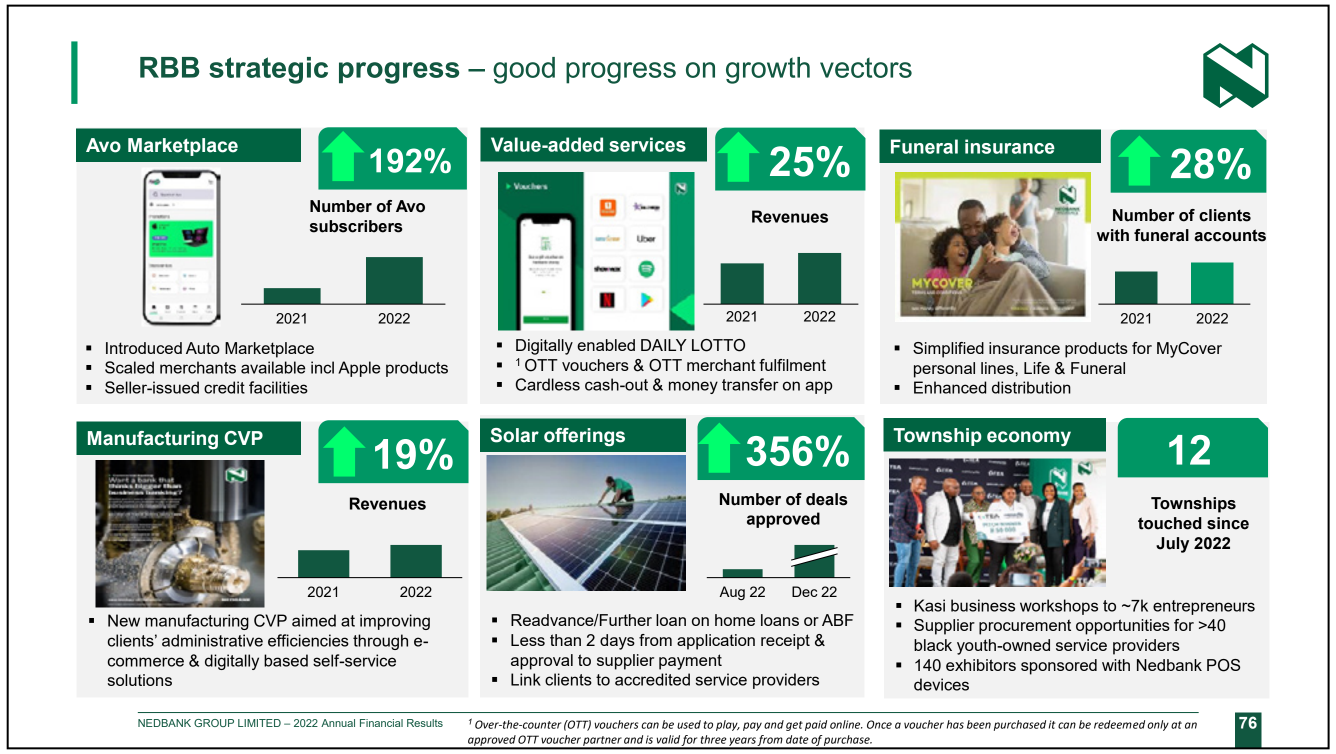


Notes:

Nedbank Retail & Business Banking – outlook

2023 outlook

- **NII**
  - Advances growth – momentum continues
  - NIM continues to benefit from higher interest rates
- **NIR** – diversify revenue base & scale key growth vector strategies
- **CLR**
  - CLR within the top-half of our TTC target range (120 bps to 175 bps)
  - Economic risk is on the downside, putting pressure on clients
- **Expenses** – optimisation continues
- **Execution of key strategic initiatives** – Phoenix, Imagine & collection strategies

Medium- & long-term outlook

- Ongoing focus to reduce the cost-to-income ratio to between 54% & 57% & increase ROE to between 20% & 23%

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 77

Notes:

'Strong HE & ROE recovery, driven by increased revenue & net credit impairment releases'

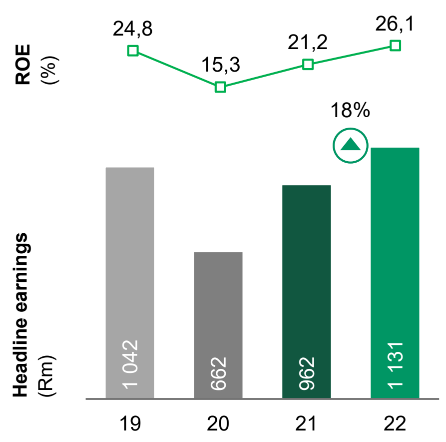
Wealth overview

Iolanda Ruggiero
Group Managing Executive

Notes:

Wealth financial performance – strong HE & ROE recovery, driven by increased revenue & net credit impairment releases

Financial performance



- **NII up 43%**
  - NIM expansion due to higher local and international base interest rates
- **NIR down 3%**
  - Sale of the international Nedgroup Trust business (profit of R177m, excluded from HE)
  - Higher non-life claims due to the KZN floods
  - Negative local and international market performance
  - Lower claims in the Life portfolio
- **Impairments down >100%**
  - Client-specific overlay releases in Wealth Management (South Africa) due to better-than-expected recoveries
- **Expense growth of 5%**
  - Investment in people, digital and data enhancements
  - Sale of the international Nedgroup Trust business

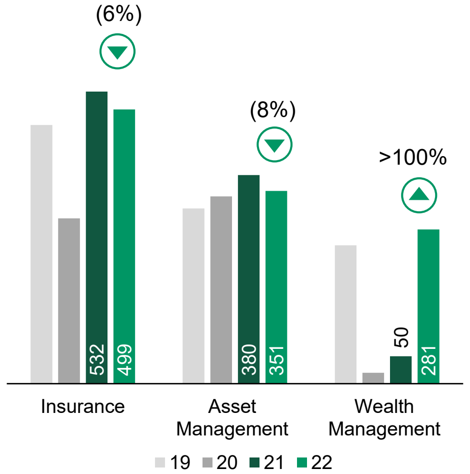
NEDBANK GROUP LIMITED – 2022 Annual Financial Results 79

Notes:

Booklet slide

Wealth financial performance – strong HE growth positively impacted by favourable interest rate environment, offset by challenging local & international markets & higher non-life claims

Headline earnings per division (Rm)



Insurance

- Higher non-life claims due to KZN floods
- Profits from enhanced asset & liability matching strategy in the base
- Lower investment returns due to challenging markets
- Reduced death claims in the life portfolio

Asset Management

- Negative local & international market performance
- Net outflows

Wealth Management

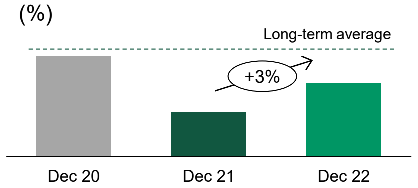
- Higher local & international interest rates
- Client-specific overlay releases from better-than-expected recoveries
- Sale of the International Trust business

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 80

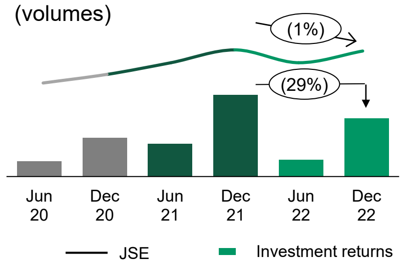
Notes:

Insurance – resilient financial performance despite lower investment returns and an increase in non-life claims

Non-life claims ratio (%)



JSE All-share index & investment returns (volumes)



Life claims volumes at pre-Covid-19 levels

10 product offerings available on 6 **digital channels**

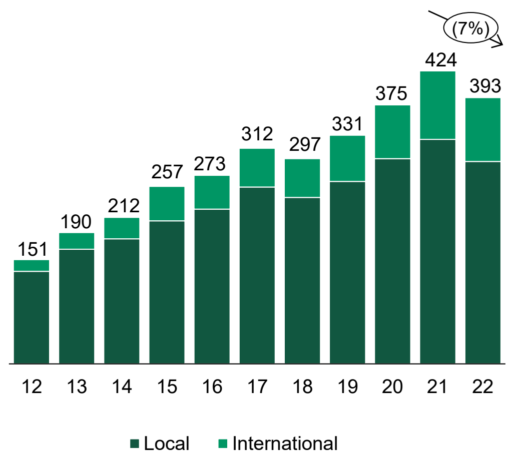
#1 at the International ActiveOps Awards – **Excellence in Running Operations**

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 81

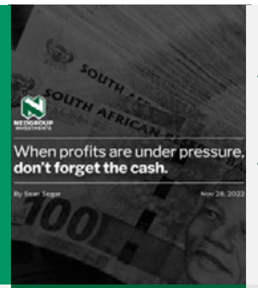
Notes:

Asset Management – 7% decline in AUM driven by negative market performance & net outflows, particularly in the cash portfolio

Assets under management (Rbn)



Maintained steady growth in the **Best of Breed™ range**



Asisa stats ranking

- **SA** – 6th largest in total AUM (7% market share)
- **International** – 3rd largest in total AUM (12% market share)

Good inflows into the low-cost **Core & Global funds**

Sustainable investment model portfolios for Nedbank Private Wealth (International)

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 83

Notes:

Booklet slide

Nedbank Insurance – significant progress made on product & channel diversification

Pre-2010

Branch: Credit Life; Home-owner's Cover

Current

Branch & bank insertion points: MyCover Funeral; MyCover Life; Credit Life; Home-owner's Cover; MyCover personal lines; VVAPs¹; Accident and health

Call centre: MyCover Funeral; MyCover Life; Credit Life; Home-owner's Cover; MyCover personal lines; VVAPs¹

Banker: MyCover personal lines

Digital channels: MyCover Funeral; MyCover Life; Personal Accident; MyCover personal lines; VVAPs¹ (Gap, credit shortfall, TLC); Other VVAPs¹; Accident and health

Platform: MyCover personal lines; MyCover Funeral

Financial adviser: MyCover Funeral; Savings & investments; Home-owner's Cover; MyCover personal lines

Risk consultants: MyCover personal lines; Home-owner's Cover; MyCover Life

¹ Vehicle value-added products

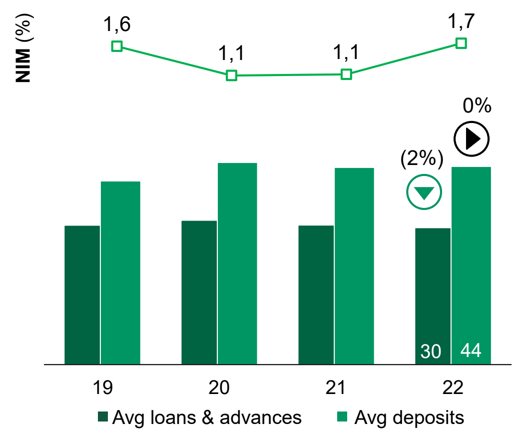
Life | Non-life | In development | Eclipse

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 82

Notes:

Wealth Management – HE improved by >100% to R281m, driven mainly by an increase in NII & net credit impairment releases

Wealth Management average loans & advances, average deposits & NIM



Optimised SA **operating model**

Enhanced onboarding experience for SA clients

Intellidex Awards **#1 in the Wealthy Family Archetype** category

Sale of the **International Nedgroup Trust** business

Wealth Briefing MENA Awards **Best Boutique Private Bank** – Overall Client Service

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 84

Notes:

Nedbank Wealth – outlook

2023 outlook

- **NII** – Continued expansion of NIM due to local and international interest rate increases
- **NIR**
  - Growth in the Nedbank Insurance MyCover portfolio
  - Normalised life & non-life claims trends
  - Increased cross-sell opportunities due to greater penetration within the group
  - AUM growth through attracting netflows
- **CLR** – Expected to increase post net recoveries in 2022, however still to remain below the TTC target range
- **Expenses**
  - Investment in strategic growth initiatives
  - Optimisation continues through automation
- **IFRS 17**
  - Transition is not expected to have a material impact on reserves (Group and Insurance entities)
  - Improvement in cost-to-income ratio (expenses related to insurance products being recognised in NIR)

Medium- & long-term outlook

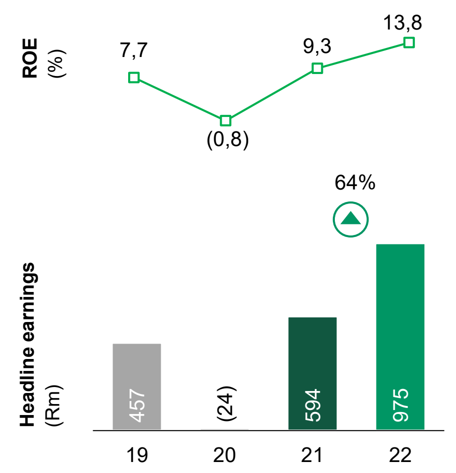
- Maintain strong ROE, ≥10% above the group's cost of equity & reduce cost-to-income ratio to ≤67%

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 85

Notes:

NAR financial performance – strong uplift in ROE with improved performance from SADC operations & strong earnings from ETI

Financial performance



- **SADC operations**
  - HE of R365m, up >100% & ROE of 5,9% (2021: 1,3%)
  - NII up 15%, driven by improved margins
  - NIR up 23%, driven by unrealised forex gains in Zimbabwe & increased transactional volumes, offset by net monetary loss
  - Impairments up 31% & CLR up 30 bps to 102 bps, off a low base
- **ETI associate investment**[1]
  - HE of R610m, up 17%
  - Associate income up 14% to R779m
  - Ghanaian Sovereign debt restructure impact estimated at R175m (excluding this, associate income was up 39%)
  - Improved performance from Ecobank Nigeria

[1] Includes accounting for our share of ETI's Q4 2021 & 9M 2022 earnings & any significant transactions or events that occurred between 1 October 2022 & 31 December 2022.

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 87

Notes:

'**Improved performance** in SADC operations & **continuing recovery** from ETI driving HE growth'

NAR overview

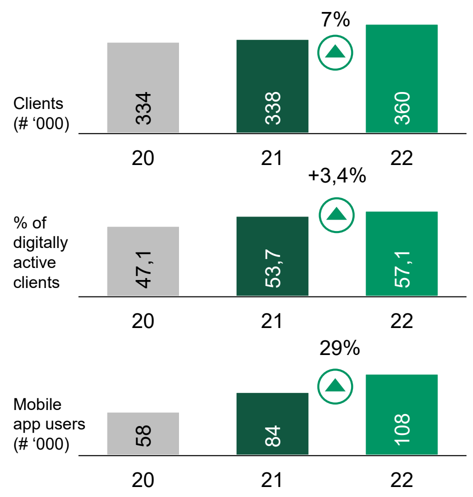
Dr Terence G Sibiya
Group Managing Executive

Notes:

SADC operations – leveraging digital to achieve scale across the regions

Migrate the NAR subsidiaries onto the group's **modernised SA technology stack**	**Positive growth in digitally active clients** up to 57%, ahead of aspirations	**Digital enablement, Zipit** smart clients in Zimbabwe for direct payments from mobile app & loan applications via digital channels in Mozambique
Payment APIs implemented in Lesotho & Eswatini as part of our API marketplace journey	**Insurance offerings** available for clients to take up via digital channels	

Client & digital growth metrics



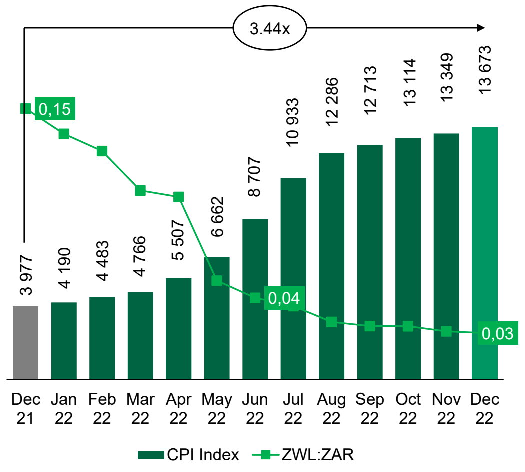
NEDBANK GROUP LIMITED – 2022 Annual Financial Results 88

Notes:

Booklet slide

Hyperinflation – financial impact of hyperinflation on the Nedbank Group income statement & balance sheet

Zimbabwe inflation & exchange rate



(Rm)	Income statement impact gain/(loss)			Balance sheet impact increase/decrease	
	Total	Non-control interests	Ord share-holders	Assets	Equity
Rebase Dec 21 equity	(254)	(65)	(189)		189
Net monetary gain on non-monetary assets & liabilities	86	22	64	64	
I/S indexing	(251)	(64)	(187)		
Net monetary loss	**(419)**	**(107)**	**(311)**		
Excl I/S indexing reported on indiv I/S lines			187		
HE impact			**(125)**		**(125)**
Total B/S impact				**64**	**64**

Note: The net monetary loss of R419m is reported in NIR and the total HE impact to the Group (ie excluding non-controlling interests) is R125m. Within NIR the net monetary loss is offset by Fx gains of R442m.

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 89

Notes:

Booklet slide

ETI associate investment – ongoing strong financial performance supporting our investment, while strategic progress is encouraging

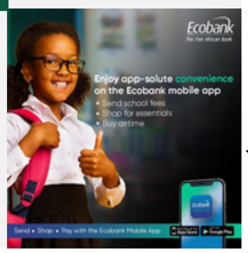
Ecobank top 3 in 14 African countries & #1 in 7 countries

ROTE up to 21,0% from 17,9% in the prior year[1]

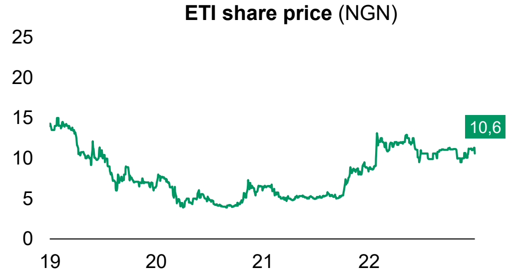
Ghana's sovereign debt restructure may slow momentum of ETI's financial performance: impact on Ecobank Ghana being closely monitored

Improved performance from ENG PBT up +55% & NPL down to 8,7% (from 16,5%)[1]

Strong performance from three core regions with ROEs > 23%[2]



ETI share price (NGN)



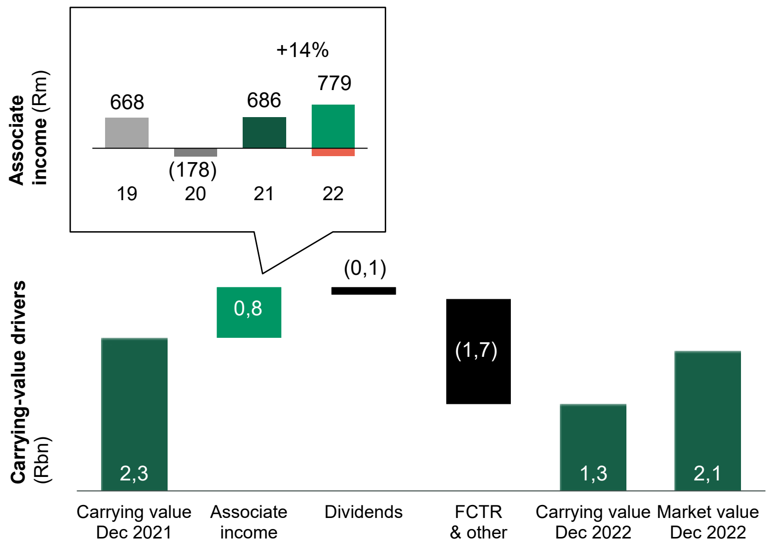
2022 Awards

[1] Year-on-year, based on ETI's 9M 2022 results.
[2] ROEs of UEMOA:23,6%, AWA:31,1%, CESA:24,5% & Nigeria:4,6%.

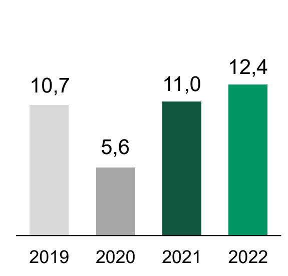
NEDBANK GROUP LIMITED – 2022 Annual Financial Results 90

Notes:

ETI associate investment – sustained turnaround in financial performance, offset by Ghana bonds exposure & FCTR adjustments



Return on ETI investment[1] (%)



Note: ETI accounted for 1 quarter in arrear. | Associate income includes R175m estimated impact of Ghanaian sovereign debt restructure. | [1] Return on original investment of R6,3bn (based on associate income).

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 91

Notes:

Nedbank Africa Regions – outlook

2023 outlook

SADC operations

- **Transform** the business & operating model
- **Accelerate** the pan-African digital growth strategy
- **Unlock** further value in Mozambique
- **Amplify** focus on quality of earnings

ETI associate investment

- **Collaborative shareholder focus** to execute on value unlock agenda

Medium- & long-term outlook

- Focus on getting SADC operations ROE consistently >COE & reduce cost-to-income ratio to <60%
- Target ETI ROI >20%

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 92

Notes:

'Good progress towards our 2023 targets, with new medium- & long-term targets to drive shareholder value creation'

Macroeconomic forecasts

Strategy

Targets

Conclusion

Outlook

Mike Brown
Chief Executive

Notes:

Nedbank economic forecasts – medium-term GDP growth constrained by lack of reliable electricity supply

	Forecast: February 2022						Forecast: February 2023			
	19	20	21A	22	23	24	22A	23	24	25
SA GDP growth	0,1%	(6,4%)	4,9%	1,7%	1,8%	1,0%	2,3%	0,7%	1,5%	1,6%
Prime interest rate (year-end)	10,0%	7,0%	7,25%	8,5%	9,0%	9,5%	10,5%	11,0%	10,25%	10,25%
Inflation (average CPI)	4,1%	3,3%	4,6%	4,9%	4,2%	4,3%	6,9%	5,5%	4,8%	4,8%
Industry credit growth	5,3%	1,2%	4,4%	4,5%	4,3%	4,7%	9,2%	5,0%	5,9%	6,4%
Rand/US$ (year-end)	14,0	14,6	15,9	15,9	15,6	16,3	17,0	16,8	16,7	17,3
SA fiscal deficit % of GDP[1]	(3,6%)	(5,1%)	(9,9%)	(6,5%)	(5,7%)	(4,5%)	(4,6%)	(4,2%)	(4,0%)	(3,2%)
SA govt debt % of GDP[1]	52%	56%	71%	67%	70%	71%	71%	72%	73%	74%

Source: Nedbank Group Economic Unit. | [1] Year ending March.

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 94

Notes:

Booklet slide

Nedbank Group strategy

Our purpose

To use our financial expertise to do good for individuals, families, businesses & society

Strategic value drivers

Growth	Productivity	Risk & capital management

Strategic value unlocks

Delivering market-leading client solutions	Ongoing disruptive market activities	Driving efficient execution (TOM 2.0)	Focusing on areas that create value (SPT 2.0)	Creating positive impacts

Enabled by our **Managed Evolution** technology strategy

Supports delivery of our short-, medium- & long-term targets

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 95

Notes:

Short-term (2023 full-year) financial guidance based on current economic forecasts

	2022 performance	2023 guidance[1]	Key drivers/risks in 2023
NII growth	+12%	Around mid-teens	• Advances growth broadly similar to 2022 • Ongoing NIM expansion – run-rate impact of 325 bps interest rate increases from 2022 & 50 bps increases in 2023, partially offset by asset mix changes & pricing pressures
CLR	89 bps	Within the top half of our 60 to 100 bps TTC range	• Impact of higher levels of load-shedding & interest rates • Inflation high but trending down • High forecast risk in a difficult environment
NIR growth	+10%	Mid-single digits	• Ongoing main-banked client gains & cross-sell, as well as the expected closure of some renewable deals in H1 2023 • Muted trading environment & generally a higher 2022 base to grow off in other areas (eg private equity, MVFHA)
Expense growth	+8%	Mid-to-upper single digits	• Average annual salary increase of around 6% • Ongoing cost optimisation focus • New regulatory costs (eg Twin Peaks) & impact of higher levels of inflation & Fx (on IT costs)
Minorities & non-controlling interests	(1%)	Higher growth	• Impact from higher JIBAR rates & additional new AT1 issuances
Capital (CET1 ratio)	14,0%	Above TTC target range (11% to 12%)	• Remains above the top-end of board target range
Dividend	1,75x cover	At the lower end of target range (1,75x to 2,25x)	• Supported by strong capital ratios & capital optimisation that are subject to all legal & regulatory approvals, & requirements being met

IFRS 17 changes

[1] This guidance is not a profit forecast, has not been reviewed or reported on by the group's joint auditors & is based on the group's current economic forecasts.

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 96

Notes:

New medium- & long-term targets that support shareholder value creation

	DHEPS	ROE	Cost-to-income ratio	Net Promoter Score
Short term – Targets to 2023	> 2 565 cents (2019 levels)	> 15% (2019 levels)	< 54%	#1 bank (from #3 in 2019)
Medium term – Targets to 2025	> CPI + GDP + 5% (CAGR to end-2025)	> 17% (COE + ~2%) by end-2025	< 52% by end-2025	#1 bank
Long term	> CPI + GDP + 5% (CAGR through the cycle)	>18% (COE + ~3%)	< 50%	#1 bank

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 97

Notes:

Conclusion – the group's strong 2022 financial performance & good strategic delivery position Nedbank well for the achievement of our 2023 targets & demonstrate ongoing progress towards our medium- & long-term targets

Strong balance sheet

CET1: 14,0%

LCR: 161%

NSFR: 119%

ECL coverage: 3,37%

R5bn capital optimisation programme

Tangible proof of strategic delivery

ME IT build nearing completion

Strong digital growth

Client satisfaction up

Cost optimisation

Cross-sell, main-banked & market share growth

Purpose/ESG delivery

Active capital management

Good momentum towards 2023 targets

DHEPS 2 565 cents ✓

ROE > 15%

Cost-to-income < 54%

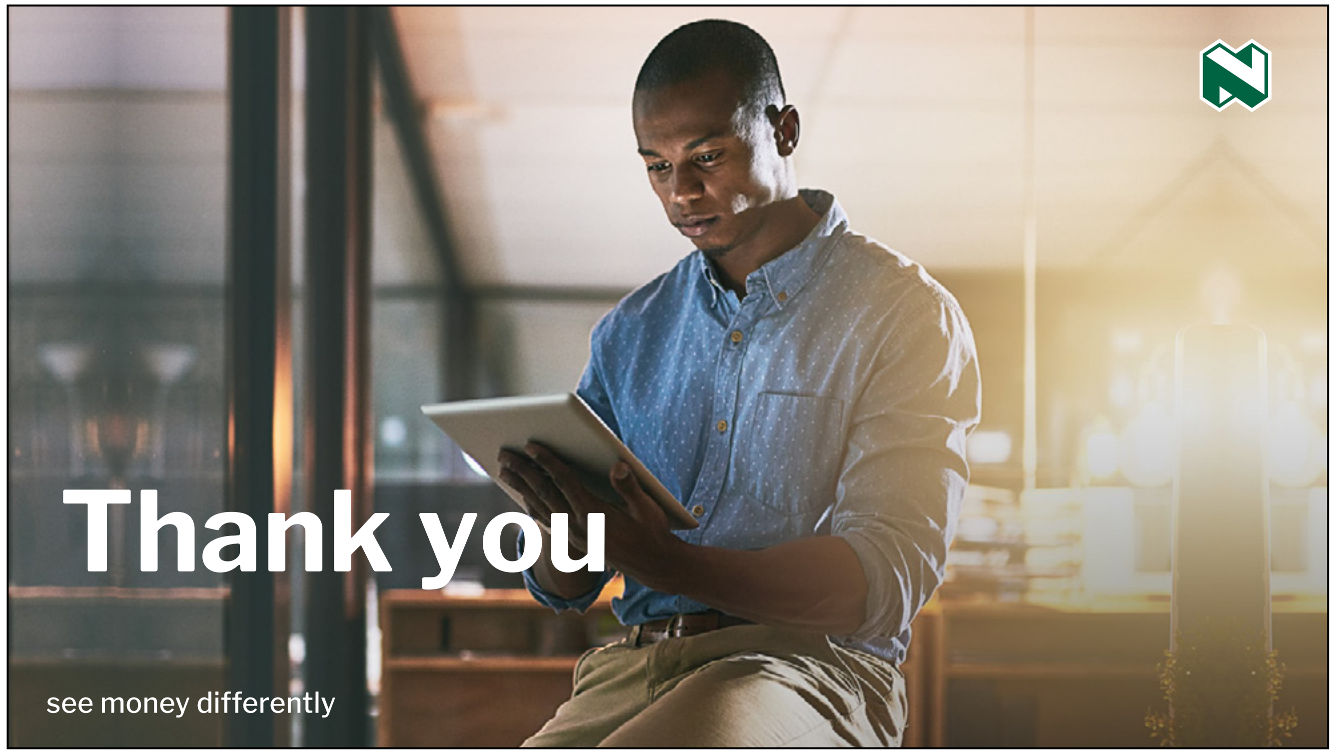
#1 in NPS ✓

Delivering on targets that create shareholder value

- Short term – 2023
- Medium term – 2025
- Long term – not dated

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 98

Notes:



Notes:

Disclaimer

Nedbank Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this document, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of Nedbank Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements are correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this document include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic and international business and market conditions, such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political risks; and the effects of both current and future litigation.

Nedbank Group does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings or profits, or consequential loss or damage.

NEDBANK GROUP LIMITED – 2022 Annual Financial Results 100

Notes:

2022 results commentary

2022 Results commentary

Banking and economic environment in 2022

Global economic conditions deteriorated throughout 2022 as Russia's invasion of Ukraine pushed international energy, food and other commodity prices sharply higher, adding to global inflationary pressures. In advanced countries, inflation increased to around 40-year highs, forcing the US Federal Reserve and other major central banks to tighten monetary policy much more aggressively than previously expected. Persistent inflation and sharply higher interest rates eroded confidence, household incomes, company profits and global demand in most countries. As a result, global economic activity slowed noticeably during the second half of the year. The International Monetary Fund (IMF) estimates that world growth slowed to 3,4% in 2022 from 6,2% in 2021.

The downturn was most pronounced in advanced countries, where the surge in the cost of living and the rapid and largely unexpected increases in interest rates weighed on consumer confidence and spending. According to the IMF, growth in advanced countries slowed to 2,7% in 2022 from 5,4% in 2021. While many emerging and developing countries initially benefited from the war-induced increase in commodity prices, slower growth in advanced countries, coupled with the loss of momentum in China due to strict Covid-19 lockdowns and the slump in the property market, resulted in falling commodity prices and weaker export demand in the second half of the year. At the same time, developing economies also battled with the erosive effects of rising inflation and tighter monetary policies. As a result, growth in emerging and developing countries moderated to 3,9% in 2022 from 6,7% in 2021.

The South African economy proved relatively resilient in the face of multiple domestic and global shocks, including the war in Ukraine, destructive floods in KwaZulu-Natal in early April 2022, persistent power outages throughout the year, and the lockdowns in China over May and June 2022. Despite this challenging environment, the economy still managed to expand by 2,3% yoy over the first three quarters of the year. However, economic conditions deteriorated further over the final quarter of 2022 as the country's electricity crisis worsened, global growth slowed, commodity prices dipped and the pressure on household income from the earlier surge in inflation and the increases in interest rates intensified. Given the disruptive shocks and the slowdown towards year-end, real gross domestic product (GDP) growth is forecast to be 2,3% for 2022, down from a more robust 4,9% in 2021. Notwithstanding some progress on structural reforms such as the 5G spectrum auction and some renewable-energy developments, delivery of reforms remains too slow, particularly in the network industries run largely by state-owned monopolies, including electricity supply and distribution, logistics and transport (rail, port and road), and water supply. In addition, municipal service delivery is poor and levels of crime and corruption are unacceptably high. These are critical foundations required for business confidence, sustainable investment, higher economic growth and job creation, and more urgent action is needed.

Household finances deteriorated moderately in 2022. Growth in personal disposable income slowed, hurt by the surge in inflation during the first seven months of the year. The pressure on household finances was offset partly by higher wage settlements, modest employment gains, positive savings and relatively low household debt burdens. Household debt eased to a manageable 62,8% of disposable income in Q3 2022 from a peak of 75,8% in Q2 2020. Although interest rates rose by a cumulative 350 basis points from November 2021, debt service costs edged only moderately higher to 7,5% of disposable income in the third quarter from a 14-year low of 6,8% at the end of 2021. Given relatively low debt-servicing costs, household demand for credit remained robust throughout 2022. Loans to households increased by 7,7% at the end of 2022, up from 5,4% at the end of 2021. Demand for most retail credit products improved, with the strongest growth recorded in home loans and vehicle finance.

Corporate demand for credit also recovered in 2022. Loans to companies rebounded off a low base, growing by a robust 10,8%, up from 3,5% at the end of 2021. The boost came from a stronger growth in overdrafts and general loans, supported by a moderate recovery in fixed investment, which fared better than expected in 2022. The growth came primarily from pockets of activity in the renewable-energy sector and the ongoing digitisation and automation of operations. However, private companies started to cut back on capital expenditure in the second half of the year as confidence faded and domestic growth prospects diminished due to the global economic slowdown, growing fears of world recession, and the sharp escalation in the domestic electricity crisis. Encouragingly, growth in commercial mortgages improved as the drag from remote-working practices gradually eased, while instalment sales and leasing finance were supported by moderate growth in commercial-vehicle sales. The Nedbank Economic Unit's capital expenditure project listing shows a moderation in fixed-investment activity in 2022 as strong local and domestic headwinds eroded business confidence. The value of new projects announced during the year fell to R249bn from R393bn in 2021. The private sector remained the major driver, with planned new projects rising to R194bn, accounting for 78% of the total value of new projects announced in 2022. Capital projects by government and public corporations were subdued compared to the prior year and fell by 80%.

Inflation breached the 6% upper limit of the South African Reserve Bank (SARB) target range in May and peaked at 7,8% in July 2022 due to rising food and fuel prices triggered by Russia's war on Ukraine and intermittent global supply chain bottlenecks. Inflation moderated over the second half of the year, easing to 7,2% in December 2022 on the back of sharply lower global oil prices, improved global supply chains, and a steadier rand. With inflation still well above the 4,5% midpoint of SARB's target range, the Monetary Policy Committee (MPC) tightened monetary policy significantly, lifting the prime rate to 10,50% in December 2022, up from 7,25% in December 2021.

The higher interest rates were beneficial to banks (endowment income), while credit growth and client transactional activity continued to rebound post the Covid-19 pandemic. The inflationary pressures and impact of 325 bps interest rates hikes are, however, starting to become evident in credit loss metrics in some segments and products. Capital market activity remained muted and the JSE All-share Index declined by 1%, moderating the performance in equity-linked portfolios. Against this backdrop, the South African banking sector continues to demonstrate strong levels of resilience and remains well capitalised, liquid and profitable.

Strategic progress

Our strategy gives us a clear framework of where we want to focus as a purpose-led organisation and what we need to do to meet our short-term, medium-term and long-term targets.

In 2022 we achieved diluted headline earnings per share (DHEPS) of 2 806 cents. This is already greater than the 2023 DHEPS target we set of 2 565 cents, being the DHEPS level achieved in 2019, and we are pleased to have reached the target a year earlier than we initially planned. We continue to make solid progress towards the remaining 2023 financial targets of a return on equity (ROE) greater than the 2019 level (15,0%), a cost-to-income ratio lower than 54% (2019: 56,5%) and maintaining a #1 ranking in NPS (2019: #3) by the end of 2023.

Our newly set medium-term (2025) and long-term targets, which are discussed in more detail in the outlook section, endeavour to achieve sustainable DHEPS growth, increase our ROE beyond our 2023 targets and decrease our cost-to-income ratio further. Through execution on our strategy, we seek to meet these targets and create value by growing revenue faster than expenses, while increasing levels of productivity, both strongly enabled by technology, and maintaining world-class risk and capital management metrics. We are focusing on growing our share of transactional main-banked clients and related deposits across all our businesses and ensuring we deliver market-leading client experiences that will help us attract new clients and a deeper share of wallet among existing clients. We believe a large opportunity exists to grow insurance income across the group, from the base of R2,4bn in 2022, as we focus on bringing new products to market, increase product penetration and enhance cross-sell metrics via our digital channels. To boost productivity and improve operational efficiency, we are building on and accelerating efforts in optimising our operating model in a more digital world by leveraging the technology platforms we have put in place. Our world-class risk management capabilities will ensure that we balance risk and reward trade-offs appropriately.

Our strategy is enabled by our Managed Evolution (ME) technology programme and delivered through five strategic value unlocks: delivering innovative market-leading client solutions; engaging in ongoing disruptive market activities (underpinned by digital leadership); focusing on areas that create value (known as strategic portfolio tilt); driving efficient execution (including target operating model enhancements); and creating positive impacts, including delivering on our purpose of using our financial expertise to do good, while maintaining our leadership in environmental, social and governance (ESG) matters.

The group's technology strategy and ME transformation programme is focused on building a modern, modular and digital IT stack. At the end of 2022 we reached 91% build completion and the programme is aiming for full completion by the end of 2024, with the refactoring and modernisation of our core banking systems as one of the final components. Given the significant progress over the past few years, the group's intangible software assets on the balance sheet ended 2022 at R8,3bn, having peaked in 2021 at R8,9bn, in line with reducing levels of IT cash flow spend that peaked in 2017 at around R2,3bn and is expected to remain around the R1,6bn level going forward (2022: R1,3bn). The rationalisation, standardisation and simplification of our core banking systems have resulted in a reduction from 250 large systems down to 69 (now within our target range of 60 to 75), enabling reduced infrastructure and support and maintenance costs, less complexity, increased agility in adopting new innovations, and higher levels of systems stability at the top-end of the industry (2022: 99,3% system uptime). The benefits of ME are evident in the digital progress we have made, as well as the realisation of benefits through our target operating model and expense optimisation programmes.

The following highlights the strategic progress made in 2022:

- **Delivering innovative, market-leading client solutions**
  - **Digital client onboarding, sales and servicing** (Eclipse for retail clients and Nedbank Business Hub (NBH) for business clients): Our simplified digital client-onboarding platforms for individual and juristic (business) clients continue to mature and expand, enabling clients to open FICA-compliant accounts remotely through our employee-assisted and self-service digital channels. These provide a seamless omnichannel experience and include our apps, online banking, kiosks, contact centre and in-branch channels. The processing of product sales to individuals via Eclipse includes six of our top retail products, being transactional products, personal loans, card issuing, home loans, investments and overdrafts, as well as more than 170 services. In 2022, MyCover Funeral plans, foreign exchange and student loans were enabled on the Eclipse platform. The juristic client onboarding in Retail and Business Banking (RBB) and Corporate and Investment Banking (CIB) started with the roll-out of the NBH, leveraging our new digital tokenless security and enabling a step change in client experience for businesses. The NBH is a convenient platform for clients from which they can have a single view of their relevant digital offerings, and also transact and apply for products (transacting, lending and borrowing) or services. From a digital servicing perspective, an additional 100+ juristic services are planned to be digitised by the end of 2023. In recognition of the progress made, NBH was recently recognised at the Digital Banker Middle East and Africa (MEA) Innovation Awards 2022, winning the Outstanding Digital Transformation by a Transaction/Wholesale Bank in Covid-19 Award for outstanding digital transformation.
  - **Apps:** Nedbank Money app clients reached the key milestone of 2,0 million active clients and was up by 23%. Transaction volumes on the Money app increased by 35% (up by 253% since 2019) and transaction values increased by 27% (up by 233% since 2019). Revenue from value-added services grew by 25% (up by 129% since 2019) across prepaid data, voucher and electricity purchases, as well as LOTTO and Send-iMali. The Nedbank Private Wealth app, which offers integrated local and international banking capabilities, recorded a 9% increase in transaction volumes. The Nedbank Money App (Africa) has proven to be the channel of choice across our Nedbank Africa Regions (NAR) subsidiaries owing to the convenience, wide functionality and great user experiences. The total number of app users at the end of 2022 for NAR exceeded 108 000, up by 29%. In support Nedbank was recognised for Excellence in Mobile Banking at the Finnovex Southern Africa Awards 2022.
  - **Digital outcomes**: Our digital initiatives helped us to increase the number of digitally active retail clients in SA by 13% to 2,6 million. This now represents 39% of total active retail clients (2021: 36% and 2019: 28%) and 68% of retail main-banked clients (2021: 64% and 2019: 49%). Retail digital transaction volumes in SA increased by 18% (by 76% since 2019) and transaction values up by 16% (up by 40% since 2019). Digitally active clients across the NAR business grew by 18% and now represents 57% of its total active client base.
  - **Great client experiences**: The outcome of our digital innovations was evident in higher levels of client satisfaction, as illustrated in Nedbank being rated the second-best large bank on the Consulta Net Promoter Score (NPS) in 2021. In 2022 Consulta did not conduct its industrywide NPS and SA-sci surveys, and we contracted Kantor, a credible and independent research company, to complete a similar, statistically valid, NPS survey among South African consumers. Pleasingly, based on this research, Nedbank ranked #1 in NPS among South African banks, reaching our 2023 target a year earlier than expected. Direct client feedback across our digital channels also recorded high levels of client satisfaction, with digital NPS scores of more than 70 (similar to 2021). This highlights the higher relative client satisfaction levels associated with digital experiences. Additionally, in the 2022 Ask Africa Orange Index, Nedbank also ranked as the #1 large universal bank in SA and #3 overall. Our apps remain highly rated on the Apple and Google app stores, with lifetime store client ratings for the Nedbank Money, Nedbank Private Wealth and Nedbank Money (Africa) achieving scores of 4,1, 4,7 and 3,5 (out of five) respectively. To support great client experiences in the commercial-banking market, Nedbank Business Banking was strategically repositioned as Nedbank Commercial Banking to better represent the comprehensive range of services and products we offer to medium-, large-, and mid-corporate-sized businesses. We also rebranded our Professional Banking offering to Private Clients. Related to this, Nedbank was recognised as Best Private Bank for Digital Customer Service in Africa at the 2022 Professional Wealth Management Wealth Tech Awards. Nedbank Wealth won the coveted Archetype: Wealthy Family Award at the 2022 Intellidex Awards.
- **Ongoing disruptive market activities**
  - **Avo super app**: Our Avo super app that enables clients to buy essential products and services online and have them delivered to their home with seamless secure payments has since its launch in app stores in June 2020, signed up more than 2,0 million users, up by 1,9 times yoy and active users are up almost five times. To enable delivery, Avo now has access to over 12 000 drivers on its delivery fleet nationwide as product orders continue to grow exponentially, with a fourfold yoy increase in gross merchandise value and a sevenfold increase when including internal Nedbank procurement via the platform. At the end of 2022, more than 20 000 businesses, up by 15%, were registered to offer their products and services on this e-commerce platform. Avo Auto, a virtual vehicle mall that was launched in 2021, now hosts over 200 MFC-accredited dealers, with more than 8 000 vehicles available on the platform. During the year we launched Avo B2B Marketplace, making it easier for business buyers and sellers to connect, anywhere, anytime, on a secure platform. Avo also continued to increase its number of partners to drive scale with our newest partnerships with Apple, Dell and Uber Direct, highlighting the increasing appeal of Avo as a destination marketplace to assist global brands and manufacturers in realising their growth aspirations. The launch of Avo in our first NAR subsidiary is being planned for Q1 2023. In recognition of the progress we have made, Nedbank won the Excellence in Innovation Banking App South Africa (Nedbank Avo) Award at the Global Banking and Finance Awards 2022.
  - **APIs**: After being the first bank in Africa to launch an API platform (API_Marketplace), we made good progress in scaling the platform and driving our open-banking strategy. The number of third parties active on API_Marketplace continued to grow and increased to 56 (2021: 45, 2020: 17). In 2022, we completed the development of our first API product that is made available outside of SA in the Common Monetary Area (CMA) countries (Namibia, Lesotho and Eswatini). At the Asian Banker Financial Technology Innovation Awards 2022, Nedbank was recognised for Best API and Open Banking Implementation.
  - **Karri app**: The Karri app, developed by Karri in partnership with Nedbank, is an integrated message-based payment, collection and reconciliation app for solving a niche problem experienced by schools. The app enables parents to make school-related payments within seconds while it also alleviates the need for parents and children to carry cash and schools from the burden of receiving and administering cash payments. The Karri app is one of the most popular apps in SA and is used by over 1 000 schools, with a database of parents and children in excess of 1,5 million. Karri has seen exponential growth in 2022, setting all-time records across all key value drivers. Active monthly users were up by 40%, payment values were up by 122% and the number of payments was up by 90%. The Karri partnership is well positioned to broaden the value to schools, parents and children across SA.
- **Focusing on areas that create value**
  - We continue to focus on areas that create value, particularly through our strategic portfolio tilt 2.0 (SPT 2.0) initiative, which is a groupwide strategy focused on growing profitable market share in selected areas through integrated client-led asset/liability client value propositions (CVPs), leveraging the point of origination to increase the levels of cross-sell with a keen focus on growing the transactional-banking relationship and main-banked market share. In 2022, main-banked clients in retail grew by 6% to 3,24 million and cross-sell was 1,94 (compared with 1,86 in 2021 and 1,71 in 2019). CIB gained 25 new primary clients in the period. In NAR total clients increased by 7% to over 360 000, of which around 162 000 are main-banked clients.
  - Over the past 12 months, as reported in December 2022 SARB BA900 returns, we increased market share in retail overdrafts (from 9,9% to 12,9%) and household transactional deposits (from 13,5% to 13,9%) and household non-transactional (from 16,8% to 17,2%), noting a market share gain of 1% in H2 2022 – the former by bringing a new competitive overdraft product to market and the latter as a result of our strategic focus on and actions relating to this key deposit category. Given increasing risks in the environment, we have slowed growth in some key products areas by, among others, tightening credit criteria, which resulted in market shares declining slightly in personal loans (from 12,2% to 11,6%) and vehicle finance (from 36,3% to 35,4%). The home loans market remains competitive and strategic actions to address a historic market share decline have proven to be successful, as market share remained broadly stable at 14,1%, improving by 0,1% in the second half of the year. In wholesale lending we remained selective in granting loans, resulting in a decline in term loan market share (from 16,8% to 15,6%), although we grew advances significantly stronger in H2 2022. In commercial mortgages we remained selective in origination and reduced our market share (from 37,2% to 36,8%).
- **Driving efficient execution**
  - **Unlocking benefits through technology**: Our Target Operating Model 2.0 (TOM 2.0) programme, which was launched in 2021, is aimed at optimising the shape of our infrastructure (branches and corporate real estate), shifting our RBB organisational structure so that it is more client-centred and optimising our shared-services functions across the group as a direct result of the digital benefits from ME. In 2022 we recorded benefits of R0,6bn, bringing the cumulative number to R1,5bn, on our way to unlocking benefits of R2,5bn by the end of 2023. During the year we expanded the scope beyond cost optimisation initiatives to also optimise our operating model across the group in areas such as risk management, data and payments, as well as commercialising and enhancing delivery on our purpose.
  - **Branch optimisation**: The digitisation of services in RBB and changing client behaviour have enabled us to reduce branch teller volumes by 63% since 2019. To date, as we optimise the shape of our infrastructure through Project Imagine (our new digitally focused outlets), branch floor space has decreased by 18 000 m^2 in 2022 (cumulatively by 84 000 m^2 from 2014 levels) to 164 000 m^2.
  - **Real estate optimisation**: Through our strategy of consolidating and standardising our own buildings, our number of campus sites (offices) has decreased from 31 to 24 over the past four years. Since 2016 we have saved around 143 000 m^2 in floor space including 27 000 m^2 in 2022.

Over the next few years we will continue to optimise the portfolio by enhancing workstation use through flexible office constructs to support more dynamic ways of work, as well as leveraging successful work-from-home experiences. Our optimal workplace distribution mix for campus employees is expected to settle at around 50% at Nedbank premises on any given weekday, 30% hybrid and 20% working from home or remotely. In 2022, on average, 8% of campus employees worked from our offices permanently, 58% worked in a hybrid construct and 34% from home.

- **RBB reorganisation**: In 2020 we started the implementation of Project Phoenix, which was aimed at shifting our RBB organisational structure from being 'product-led, supported by client and channel views' to being 'client-segment-led, supported by product and channel views'. We concluded phases one and two of our journey during 2021, moving from product-focused expert knowledge to centres of excellence with product insights present across the value chain, as well as the restructure of the cluster and divisional executive roles and the next tiers in line with the competencies required to deliver on the outcomes of the value chain accountabilities. In 2022 we commenced phase three, which focused on driving increased levels of process standardisation and consolidation, combined with digitisation through automation (straight-through processing or robotic process automation), leveraging the client-centred technology investments we have made, enabling digital client onboarding and enhanced cross-sell of additional products through simplified processes. These investments have assisted us in consolidating middle and back offices within the cluster, unlocking efficiencies.
- **Groupwide shared-services optimisation:** We have increased our focus on ensuring efficient and effective central group functions including marketing, risk, human resources, finance and technology. In addition, we are in the process of further optimising smarter supply chain and procurement capabilities. In 2022 our total group permanent headcount declined by 937 or 3% (and 3 288 or 11% since 2019), largely through natural attrition.

- **Creating positive impacts**
  - Fulfilling our purpose of using our financial expertise to do good is best demonstrated through our ongoing delivery against the United Nations (UN) Sustainable Development Goals (SDGs), our continued focus on leading in ESG matters, and our sustainable-development finance (SDF) commitments as we tilt our portfolio to areas that create positive impacts. At 31 December 2022, we had exposures of R123bn (2021: R108bn) that support SDF, representing 14% of the group's gross loans and advances. By the end of 2025, it is our ambition to increase our SDF-related exposures to around 20% of the group's total gross loans and advances. This will be underpinned by more than R150bn in support of new SDF that is aligned with the SDGs (from our starting base in 2021).
  - Building on our history of climate and environmental leadership, including the commitment to have zero fossil fuel exposure by 2045 (which is in line with science-based targets), we are in the process of developing sectoral glidepaths, that will inform the timelines or rate of exit from the coal, oil and gas sectors in line with the ongoing changing context. These science-based glidepaths have been completed, using 2022 as the baseline and with the first interim target set for 2030. We will be utilising them internally during 2023 with public disclosure as part of our 2023 year-end reporting. In addition to the fossil fuel glide paths, we plan on disclosing our energy generation glidepath as well as the roll-out plan for disclosing further glidepaths in climate-sensitive sectors.
  - Our efforts in sustainability and ESG matters were externally recognised, including through Nedbank winning the Best Corporate ESG Strategy South Africa Award at the prestigious Global Banking and Finance Awards 2022 and being named a winner in Sustainability Reporting in Financials (Banking) and runner-up of Best Climate-Related Reporting in ESG Investing's 2022 ESG Reporting Awards. We retained our top-tier ESG ratings with the following scores and rankings: MSCI – AAA (upgraded from AA and now within the top 5% of global banks); Sustainalytics – low-risk score of 17,2 (top 8% of 384 diversified banks); ISS – C rating (within the top 10% of global banks); FTSE Russell – 3,9 rating out of five (top 26% of global banks and a FTSE4Good Index constituent); and S&P Global – score of 67 out of 100 (a top-tier South African bank).

Overview of 2022 results

Nedbank Group delivered a strong financial performance for the 12 months to 31 December 2022 when compared to the 12 months to 31 December 2021 (prior period). Headline earnings (HE) increased by 20% to R14 049m, driven by a strong revenue growth, a slightly higher impairment charge and a well-managed expense base.

HEPS and basic EPS increased by 20% to 2 886 cents and by 27% to 2 932 cents respectively, in line with the trading statement released on 3 March 2023. In the trading statement we noted that HEPS and basic EPS were expected to increase by between 17% and 22%, and 24% and 29% respectively. DHEPS increased by 19% to 2 806 cents and is above the 2 565 cents achieved in 2019 (set as a key 2023 financial target for the group in March 2021 after the Covid-19 pandemic and lockdowns).

Return on equity (ROE) for the period increased to 14,0%, above the prior period of 12,5%, assisted by the group's improved return on assets that increased from 0,98% to 1,14%. The group's ROE remained below our estimated cost of equity (COE) of 14,9%. Net asset value (NAV) per share of 21 533 cents increased by 5%, compared with 20 493 cents in 2021, while tangible NAV of 18 937 cents increased by 7%, compared with the 17 770 in the prior period.

The group's balance sheet remained very strong, and capital and liquidity positions improved further to multi-year highs. CET1 and tier 1 capital ratios of 14,0% and 15,5% respectively increased from the 31 December 2021 levels and are well above board-approved target ranges and SARB minimum requirements. The average LCR for the fourth quarter of 161% and an NSFR of 119% were well above the 100% regulatory minimums and board-approved targets. On the back of strong earnings growth and capital and liquidity positions, the group declared a final dividend of 866 cents per share, up by 14% (December 2021: 758 cents per share), bringing the total dividend for 2022 to 1 649 cents per share, up by 38%, both at record levels for the group. The final dividend was declared at 1,75 times cover (payout ratio of 57%), at the bottom end of the group's board-approved dividend target range of 1,75 to 2,25 times.

Cluster financial performance

The group's HE increase of 20% to R14 049m was supported by strong performances across all our business clusters. All business clusters reported double-digit HE growth and higher ROEs, and with the exception of NAR, all clusters delivered ROEs above the group's cost of equity (COE), with surplus capital held at the Centre diluting overall ROE.

	Change (%)	HE (Rm) 2022	HE (Rm) 2021	ROE (%) 2022	ROE (%) 2021
CIB	14	**6 399**	5 605	**17,7**	15,3
RBB	12	**5 097**	4 532	**16,0**	13,7
Wealth	18	**1 131**	962	**26,1**	21,2
NAR	64	**975**	594	**13,8**	9,3
Centre		**447**	(4)		
Group	20	**14 049**	11 689	**14,0**	12,5

HE in CIB increased by 14% to R6,4bn, and the cluster delivered an ROE of 17,7%. HE was driven primarily by a 43% decrease in impairments as shown in its credit loss ratio (CLR) declining to 22 bps (2021: 42 bps), within the cluster through-the-cycle (TTC) target range of 15 bps to 45 bps. NII increased by 10%, supported by average interest-earning banking asset (AIEBA) growth of 7% to R362bn and a higher net interest margin (NIM). NIR increased by 5%, with strong growth achieved in the equity portfolio, coupled with a 13% increase in net commission and fees, offset by a 9% decline in trading revenue, which was impacted by unfavourable conditions in the debt and interest rate markets. Expenses increased by 9%, mainly from higher performance-linked costs, resulting in a cost-to-income ratio of 44,6%.

HE in RBB increased by 12% to R5,1bn, delivering an ROE of 16,0%. The main drivers were 11% growth in revenue and expense increases that were curtailed below inflationary levels, offset by higher impairments. NII grew 12%, driven by an increase in loans and advances on the back of strong new-loan payouts of approximately R121bn and by a widening of the NIM that benefited from positive endowment (higher interest rates), and an increase in liability margins stemming from more favourable funding spreads. NIR increased by 8%, showing the ongoing improvement in client transactional activity, due to higher levels of cross-sell and strong main-banked client gains, and good growth in card interchange revenue. Expenses were very well managed, growing by 5%, enabling the cluster cost-to-income ratio to decrease to 61,0% from 64,0% in 2021. Impairments increased by 28%, driven by 7% advances growth, as well as the impacts of the more difficult macroeconomic environment and higher interest rates on rate-sensitive products.

HE in Nedbank Wealth increased by 18% to R1,1bn and the cluster delivered an ROE of 26,1%. The cluster's financial performance was driven by the benefit of higher local and international interest rates on NII and credit impairment releases as a result of better-than-expected recoveries. This was partially offset by insurance claims resulting from the floods in KwaZulu-Natal in the first half of the year, and the impact of negative equity market performance on assets-under-management (AUM) fees locally and internationally, advice fees in Wealth Management, and shareholder returns in Insurance.

HE in NAR increased by 64% to R975m and its ROE increased to 13,8%. The performance shows an improved performance in the Southern African Development Community (SADC) operations, with HE up by over 100% to R365m (2021: R71m) as well as a continued strong recovery from Ecobank Transnational Incorporated (ETI) that was partially offset by providing for the estimated R175m impact on Nedbank's associate income from the Ghanaian sovereign debt restructures that emerged in December 2022 and into 2023. ETI contributed HE of R610m (2021: R523m). The stronger performance of the SADC operations was driven mainly by increases in NII (up by 15%) and NIR (up by 23%).

The performance in the Centre shows primarily the base effect of the impacts of the unrealised fair-value losses from macro fair-value hedge accounting mismatches in 2021 that did not recur, a R200m (pre-tax) central impairment release in 2022, compared with a R300m increase in 2021, and the endowment benefit from higher interest rates on the average R11,8bn surplus capital held in the centre.

Financial performance

Net interest income

NII increased by 12% to R36 277m, in line with the group's guidance of NII growth of low double digits, driven by 6% growth in AIEBA to R922bn and an increase in the group's NIM. The increase in AIEBA was driven by growth of 7% in higher-yielding average RBB banking loans and advances and 7% growth in average CIB banking loans and advances.

NIM increased by 20 bps to 3,93% from the 3,73% reported in 2021. This increase was driven by a positive endowment rate impact due to higher interest rates, improved liability pricing and mix changes, higher yields in NAR and positive basis risk impacts. The increase was partially offset by a negative asset mix impact due to slower growth in higher-yielding advances and stronger growth in lower-yielding advances, as well as negative asset pricing impacts from increased levels of competition. NIM was also diluted by the impact of moving the foreign currency loan portfolio, with lower-yielding assets into the banking book (previously trading book) in line with the regulatory requirements under the Fundamental Review of the Trading Book (FRTB). Nedbank is positively positioned for a rise in interest rates, gaining an additional R1,6bn NII (pre-tax) for each 100 bps increase in interest rates over 12 months and the benefits of interest increases in 2022 will run-rate into 2023.

Impairments charge on loans and advances

The group's impairment charge increased by 13% to R7 381m. The key drivers of the increase include a 7% growth in gross banking loans and advances, higher impairments in the home loans and vehicle finance portfolios in RBB and a small number of corporate clients that migrated to stage 3 loans, partially offset by overlay releases previously held for anticipated defaults. The group's CLR increased to 89 bps (2021: 83 bps) and remained within the group's TTC target range of 60 bps to 100 bps and in line with the full-year 2022 guidance range of between 80 bps and 100 bps.

CLR (%)	Average banking advances (%)	2022	2021	TTC target ranges
CIB	44	**0,22**	0,42	0,15–0,45
RBB	50	**1,61**	1,34	1,20–1,75
Wealth	3	**(0,20)**	0,09	0,20–0,40
NAR	3	**1,02**	0,72	0,85–1,20
Group	100	**0,89**	0,83	0,60–1,00

Impairments in CIB decreased by 43% to R805m and its CLR, at 22 bps, which remained within its TTC target range of 15 bps to 45 bps, was below the 42 bps reported in 2021. These declines were driven by the curing and migration of various exposures in stage 2 and stage 3 loans and the associated overlays that were previously held for potential risk migration, now catered for in-model. The impairment charge includes appropriate provisioning for clients in the agriculture and commercial-property sectors that moved into business rescue. The commercial-property portfolio reported a CLR of 28 bps, similar to the 30 bps reported in 2021. Developments in the commercial-property office portfolio continue to be monitored closely, with the industrial and retail sectors having recovered from the Covid-19 challenges. The office sector remains a key focus, with the average vacancies in the Nedbank office portfolio well below the market average.

In RBB impairments increased by 28% to R6 613m, showing the impacts of once-off benefits in 2021 (lower base), higher interest rates, as well as a deteriorating macroeconomic outlook. The RBB CLR, at 161 bps, was within the top-half of its TTC target range of 120 bps to 175 bps. Adjusting for benefits relating to the release of Covid-19 overlays and the curing of Directive 7/2015 accounts of R713m (as we communicated in our 2021 reporting), the RBB CLR in 2021 was 153 bps (134 bps reported) and therefore, on a normalised basis, the CLR was up by 8 bps in 2022. Secured lending (home loans and vehicle finance), with mostly variable interest rates, experienced an increase in impairments into the second half of the year as the cumulative impact of interest rate hikes took effect. From a personal-loans perspective, there was less direct exposure to interest rates due to the fixed-rate nature of the product, but clients continue to be vulnerable given inflationary pressures, although this has been somewhat offset by credit policy tightening in 2021 and 2022.

Nedbank Wealth reported a CLR of -20 bps, driven by the release of client-specific overlays as a result of better-than-expected recoveries. NAR reported an increase in impairments of 31% to R220m, and its CLR at 102 bps is within the NAR TTC target range of 85 bps to 120 bps, driven by additional provisions raised on specific wholesale exposures and ECL model reviews that incorporate a higher interest rate and an inflation cycle. Nedbank has no direct exposures to Ukraine and Russia and has insignificant indirect exposure.

Judgemental overlays decreased to R1,4bn (Dec 2021: R3,0bn) and now include no Covid-19-related overlays. During 2022, we raised R1,25bn in new overlays and released R0,90bn of existing overlays, both via the income statement. In addition, R1,95bn of historic overlays are now catered for in-model (no income statement impact). Ongoing overlays are held for emerging risks not yet showing in our models, including client and industry-specific overlays. The group's central provision has declined by R200m since December 2021, with R300m remaining in place to account for forward-looking information and risks not yet showing in the data and impairment models.

The group's balance sheet expected credit loss (ECL) increased from R26,6bn (2021) to R27,9bn, showing prudent provisioning. The increase was driven by the R7,4bn impairment charge, higher post-write-off recoveries of R1,6m (2021: R1,4bn) and higher levels of write-offs at R8,6bn (2021: R8,1bn). The overall ECL coverage ratio remained high at 3,37% (of total loans and advances), driven by a higher contribution from stage 3 loans. The ratio was slightly up from December 2021 (3,32%) and much higher than the pre-Covid-19 level of 2,26% (December 2019). The group's stage 1 coverage ratio decreased slightly to 0,60% (December 2021: 0,69%) as stage 1 loans grew 7%, broadly in line with the growth in gross banking loans and advances. The stage 1 coverage ratio remains higher than the pre-Covid-19 level of 0,48% (December 2019). Stage 2 coverage increased to 7,0% (December 2021: 6,4%), primarily as a result of migrations out of stage 2 and the release of overlays. Stage 2 coverage also remains well above the pre-Covid-19 levels of 5,3% (December 2019). The stage 3 coverage ratio reduced to 34,3% (December 2021: 38,0%) as some highly collateralised CIB clients moved from stage 2 into stage 3.

Non-interest revenue and income

NIR increased by 10% to R27 301m, driven by a strong insurance performance, solid commission and fees growth and equity revaluations, as well as the previously communicated base effects of unrealised fair-value losses from macro fair-value hedge accounting mismatches recorded in H1 2021 that did not recur. This strong performance was partially offset by the continued impact of unfavourable domestic market conditions on trading income and asset management income and the delay in the closure of renewable energy deals and related NIR to 2023. The growth in NIR was ahead of the guidance provided during the group's pre-close update in Q4 2022.

- Net commission and fees income increased by 7% to R18 964m, driven by an ongoing improvement in transactional activity in RBB as evidenced through increased levels of client spend, cash withdrawals and purchases of value-added services, main-banked client growth in RBB, which ended the year at 3,2m, up 6%, benefitting from strong sales and improved levels of cross-sell. Net commission and fees income in RBB increased by 8% and in CIB by 13%, the latter driven by increased levels of new and existing transactions, mainly within Investment Banking, and 25 primary clients wins.
- Insurance income increased by 18% to R2 369m. The life portfolio benefited from lower death and funeral claims, with the strong performance partially offset by accounting for insurance claims (net of reinsurance) relating to the KwaZulu-Natal floods in April 2022 and the base impact of benefiting from the implementation of a revised asset-and-liability matching strategy in 2021.
- Trading income decreased by 7% to R4 166m as unfavourable conditions impacted the debt and interest rate markets.
- Equity revaluations of R815m (2021: R650m) were driven by higher positive revaluations, mainly within the property finance portfolio.
- The unrealised fair-value losses of R833m from accounting mismatches in 2021 did not recur, with the unrealised profit of R187m in 2022 largely the result of the group's successful macro fair-value hedge accounting methodology enhancements in the second half of 2021 and first half of 2022.
- Other NIR was driven by foreign currency gains in Zimbabwe on US dollar capital as a result of hyperinflationary conditions (largely offset in the net monetary loss) as well as the reclassification of the net monetary loss on the face of the income statement. To provide comparability, the base year (2021) has been restated accordingly. Given the significant inflationary pressures in Zimbabwe, the net monetary loss increased by more than 100% to R419m (2021: R138m loss), which contributed to a HE loss of R125m (2021: R58m loss). However, as the Zimbabwean dollar depreciated against the US dollar by 517% and the rand by 478%, a R442m foreign exchange gain on Nedbank Zimbabwe's foreign currency holdings was recognised in NIR.

Expenses

The increase in expenses of 8% to R36 425m shows the impacts of higher variable-pay incentives, ongoing investment in technology and digital solutions, and the normalisation of some expenses such as marketing and travel post the Covid-19 pandemic. Excluding variable-pay incentive costs and other staff costs, expenses increased by 5%, highlighting diligent cost management in an environment of rising inflation and weaker exchange rates.

- Staff-related costs increased by 11% following:
  - salary and wages increased by 4%, including average 2022 annual salary increase of 4,6% (bargaining-unit increase of 5,2%) and a 3% reduction in employee numbers, largely through natural attrition;
  - a 19% increase in short-term incentives (STIs) and a 38% increase in long-term incentives (LTIs), driven by the impact of the group's improved financial performance on variable incentives; and
  - other staff costs relating to lower returns from employee benefit assets and expensing more IT staff development costs (not capitalised), increased by more than 100%.
- Computer-processing costs increased by 3% to R6 494m, showing an increase in the amortisation charge of 9% (slowing from the growth of 19% in 2021), as well as an investment in digital solutions. As our ME technology IT build reaches material completion, the growth rates in computer-processing costs and amortisation continues to slow, along with benefits from lower depreciation and computer-processing lease charges, particularly as we leverage cloud-based solutions. Given our digital fast-lane technology innovation capabilities, we have been able to deliver other smaller projects that are not capitalised and, as a result, higher levels of staff costs have been expensed through staff-related costs.
- Marketing costs increased by 17% to R1 554m off a low 2021 base and show the group's focus on increasing Nedbank's share of voice in the market in support of revenue growth and the return of certain corporate sponsorships. Communication and travel increased by 22% as operations returned closer to business-as-usual levels after the Covid-19 pandemic, while fees and insurances costs increased by 8% as result of higher sales-related expenses, aligned with strong card-issuing revenue growth.
- Other cost lines show good management of discretionary spend and the non-staff-related benefits of TOM 2.0 as seen in the 4% decline in occupation and accommodation costs.

The group's increase in expenses of 8% was lower than the increase in revenue, including associate income, of 11%, resulting in a positive JAWS ratio of 3% and the cost-to-income ratio decreasing to 56,5% (2021: 57,8%).

Earnings from associates

Associate income increased by 10% to R879m and includes associate income of R779m, relating to the group's 21% shareholding in ETI for the period (up by 14% when compared with R686m in 2021). This includes accounting for our share of ETI's Q4 2021 and 9M 2022 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear) and any significant transactions or events that occurred between 1 October 2022 and 31 December 2022. During December 2022, the Government of Ghana announced its intention to restructure its local and external debt. The Ghanaian Finance Minister announced that Ghana was entering a voluntary domestic debt restructure programme for its local debt, while indicating that it will not service its external debts. This led to a default event when Ghana's Eurobond coupon payments were not made in January 2023. Nedbank concluded its own governance review process for the 2022 full-year results and in accordance with our accounting policy, estimated our share of the impact of the Ghanaian sovereign debt restructure programme on ETI, using publicly available information, such as Ecobank Ghana's published financial statements, and published economic data and reports on the restructuring. The impact was an estimated R175m after tax reduction in associate income. The total effect of ETI on the group's HE was a profit of R610m (2021: R523m), including the R168m impact of funding costs. The gross return on the original ETI investment was 12,4% (2021: 11,0%).

Statement of financial position

Banking loans and advances

Gross banking loans and advances increased by 7% to R863bn, driven by ongoing growth momentum in RBB gross loans and advances and a strong recovery in CIB banking loans and advances in H2 2022.

Gross banking loans and advances growth by cluster was as follows:

Rm	Change (%)	2022	2021
CIB	8	**382 250**	352 487
RBB	7	**429 564**	400 301
Wealth	(4)	**29 395**	30 729
NAR	3	**22 902**	22 325
Centre[1]	(>100)	**(1 342)**	1 112
Group	7	**862 769**	806 954

[1] *Includes macro fair-value hedge-accounted portfolios and disclosure reallocations.*

CIB gross banking loans and advances increased by 8% to R382bn, supported by an increase in credit demand in the second half of the year. The recovery in CIB loans and advances growth has been driven by strong performances in the mining and resources, oil and gas, and leverage and diversified finance businesses, as well as sustainable development finance. Growth in commercial-property loans and advances remained muted at 3% as we focused on originating high-quality deals and managing risks.

RBB gross loans and advances increased by 7% to R430bn, driven by strong growth in our commercial-banking and small-business segments, as well as solid growth in the secured-lending portfolios. Unsecured-lending disbursal growth remained subdued but is anticipated to improve as the macroeconomic environment improves and new digital solutions are commercialised. Commercial Banking gross loans and advances grew by 9% as client utilisation of existing facilities increased, although we noted cautious borrowing behaviour, with new-loan payouts flat around R27bn. Home loans in RBB grew by 8%, slightly ahead of market growth, while MFC (vehicle finance) loans increased by 6%, resulting in us maintaining our market-leading position. Overall new-loan payouts in RBB increased by 3% to R121bn in 2022.

Deposits

Deposits increased by 7% to over R1 trillion for the first time, with total funding-related liabilities increasing by 6% to R1,1 trillion and the group's loan-to-deposit ratio decreasing to 85% (December 2021: 86%).

Within our business clusters, CIB grew deposits by 1%, RBB by 8% and Wealth by 5%, NAR deposits decreased by 2% and the Centre grew by 43%.

Many clients termed out short-term deposits into longer-term deposits due to the favourable interest rate environment. As a result, CASA accounts, along with cash management deposits, decreased by 5%. Individually, current accounts increased by 4%, aligned with our SPT 2.0 objectives. In contrast, call and term deposits increased by 12% and fixed deposits increased by 20%. Negotiable certificates of deposit (NCDs) increased by 44% off a low base as institutional clients had appetite in 2022 to invest in high-quality bank paper, noting the decreasing yield in treasury bills. Foreign funding, although small in relative terms for Nedbank at 7% of total funding, increased by 29% due to foreign lending requirements.

Funding and liquidity

The group achieved a quarterly average long-term funding ratio of 28,4%, which is above the industry average of around 22,3%, as a result of the proactive management of Nedbank's long-term funding profile.

The group's December 2022 quarter average LCR of 161% (Dec 2021: 128%) exceeded the minimum regulatory requirement of 100%, with the group maintaining appropriate operational buffers to absorb seasonal, cyclical and systemic volatility.

	2022	2021
HQLA (Rm)	**224 963**	207 105
Net cash outflows (Rm)	**140 138**	161 678
Liquidity coverage ratio (%)[2]	**160,5**	128,1
LCR regulatory minimum (%)	**100,0**	80,0
NSFR (%)	**119,1**	116,1
NSFR regulatory minimum (%)	**100,0**	100,0

[2] *Average for the fourth quarter.*

Nedbank's proactive management of its high-quality liquid asset (HQLA) buffers, the implementation of the cash surplus monetary policy transmission mechanism and the favourable tilt in the diversified deposit mix resulted in the yoy increase in the LCR to 161%. Nedbank Group has significant sources of quick liquidity, which include HQLA of R286bn, representing 23% of total assets.

Nedbank exceeded the minimum regulatory NSFR requirement of 100% with the December 2022 ratio of 119%. The structural liquidity position of the group continued to be strong as a result of the effective management of the balance sheet growth and the implementation of the cash surplus monetary policy transmission mechanism.

Capital

The group remains strongly capitalised, with capital ratios significantly above the minimum regulatory requirements and board-approved target ranges, shown in a CET1 ratio of 14,0% (Dec 2021: 12,8%) and a tier 1 ratio of 15,5% (Dec 2021: 14,3%). The increase in the CET1 ratio was driven by strong organic earnings generation and a marginal reduction in risk-weighted assets (RWAs). The reduction in RWA was due mainly to lower counterparty credit risk as a result of market movements and lower market risk due to a general risk reduction across the trading portfolio in market risk, partially offset by an increase in credit risk in line with the balance sheet growth. The impacts of strong earnings growth and RWA changes were partly offset by R7,8bn of dividends paid during 2022 relating to the 2021 final and 2022 interim dividends.

The group continues to focus on maintaining an optimal capital structure through the use of a full range of capital instruments. The group enhanced its tier 1 ratio by issuing additional tier 1 instruments amounting to R1,5bn and redeeming R600m during the year. The total CAR was further impacted by the issuance of R1,4bn and the redemption of R2,5bn of tier 2 instruments, in line with the group's capital plan.

Basel III capital ratios (%)	2022	2021	Internal target range	Regulatory minimum[3]
CET1	**14,0**	12,8	11,0–12,0	8,5
Tier 1	**15,5**	14,3	> 12,0	10,3
Total CAR	**18,1**	17,2	> 14,5	12,5

(Ratios include unappropriated profits.)

[3] *The Pillar 2A capital requirement for all banks as per Directive 5/2021 was reinstated, with effect from 1 January 2022, to 50 bps at CET1, 75 bps at tier 1 and 100 bps for the total capital ratio. Nedbank in turn recalibrated its board approved internal targets with effect from 1 January 2022 to align with this reinstatement.*

Using our financial expertise to do good

We remain committed to fulfilling our purpose of using our financial expertise to do good and to contribute to the well-being and growth of the societies in which we operate by delivering value to our employees, clients, shareholders, regulators and society.

Employees

- We maintained our focus on the physical, mental and financial well-being of our employees by continuing to provide well-being solutions and interventions to all of them.
- Approximately 3 800 employees in KwaZulu-Natal who were adversely impacted by the floods in April and May 2022 were supported with the provision of food, water and accommodation, where necessary.
- Employee engagement levels remained high, with our 2022 Workforce Insights Pulse Survey highlighting that 74% of participating employees are proud to work at Nedbank, and our 'Great place to work' NPS score improved from 19 to 22, the highest level since inception of the survey.
- During the year, our Agility Centre successfully redeployed 235 employees into alternative roles within Nedbank, while 63 employees have regrettably been retrenched as a result of necessary operational changes. A key focus has been on timeous reskilling and upskilling to enable employees to transition to future internal roles. Employees are also supported with 'outskilling' support to empower them with relevant market-related skills should outplacement or external redeployment be necessary.
- We have paid our 25 924 employees' salaries and benefits of R19,9bn and concluded annual salary increases of 5,2% for our bargaining-unit employees, with non-bargaining-unit employees receiving increases of 4,0%. The blended average employee salary increase was 4,6% in 2022.
- In 2022 training spend was R939m, and employees were encouraged to use the Flow Time Wednesday afternoons for upskilling and online learning towards cultivating a learning culture within the organisation.
- In 2022 our hybrid work model saw 58% of our employees working in a hybrid fashion. This promotes flexibility and allows employees to return to the workplace in an integrated and natural manner.
- To ensure that Nedbank remains relevant in a transforming society we continued to focus on transformation as a key imperative. We remain strongly representative of a diverse talent complement, with 81% of total employees (2021: 80%) being black African, Coloured or Indian (ACI), ACI representation at board level increasing to 67% (2021: 62%) and at executive level at 39% (2021: 46%). Pleasingly, we continue to record improvements in ACI employee representation at senior- and middle-management levels. Female representation at board level improved to 27% (2021: 23%), at executive level it remained at 46% and among total employees it was 62% (2021: 61%).
- In 2022 we were formally recognised for our efforts towards transformation and diversity, and won two awards at the 21st Top Empowerment Awards, namely the Top Empowered Company: Youth Employment Service (YES) Initiative Award and the Top Empowered Company: Enterprise and Supplier Development Award.

Clients

- Delivering market-leading client experiences remains a key priority for us as we continued to build on the positive outcomes of the 2021 Consulta survey, where we achieved the #2 position among South African banks on client satisfaction metrics. In 2022, based on an independent survey conducted by Kantar (replacing Consulta that did not conduct their 2022 client satisfaction survey), Nedbank ranked #1 among the South African banks on NPS. In addition, we also improved our ranking to become the #1 bank on social-media net sentiment (average ranking over the past 12 months) up from #2 in 2021, as measured by Salesforce Social Studio.
- We safeguarded more than R1 trillion in deposits at competitive rates.
- We supported clients by advancing R341bn (2021: R228bn) in new loans to enable them to finance their homes, vehicles and education, as well as grow their businesses, increasingly in support of the UN SDGs.
- Our clients' access to banking products and services improved as clients continue their shift to digital channel usage. Digitally active retail users increased by 13% to 2,6 million (up by 45% since 2019). Our end-to-end digital onboarding, sales and servicing capabilities, as part of our ME technology journey, supported the increase in digital sales as a percentage of total sales in RBB to 53% (from 12% in 2019). During the year we also reached the milestone of having opened 200 Imagine branches, which are more digitally and sales focused.
- In support of clients impacted by the floods in KwaZulu-Natal, all available platforms were used to inform clients of branch closures and the nearest operational branches in the affected areas.
- In recognition of the value-add to our clients and our leadership position in key industries, segments and products, Nedbank won various awards, including the Best Retail Bank in Africa and SA and the Best SME Bank in SA at The Asian Banker Awards 2022, Best Boutique Private Bank for a fourth year running at the 2022 Wealth Briefing MENA Awards for Excellence. Nedbank Private Wealth won the award for Total Wealth Planning – High Net Worth at the Private Asset Managers Awards 2022.

Shareholders

- The group's strong financial performance, operational delivery and good strategic progress supported a 21% increase in the Nedbank share price in 2022, outperforming the South African Banks Index, which increased by 12% and the JSE All Share Index, which declined by 1%.
- A very strong capital and liquidity position at 31 December 2022 supported the declaration of a final dividend for 2022 of 866 cents per share, and a total dividend of 1 649 cents per share, an increase of 38% on 2021.
- We successfully hosted our third virtual annual general meeting (AGM) in 2022 although votes on our remuneration implementation report and remuneration policy at 72,9% and 71,7% respectively, were below the required 75%. Given the high level of our ongoing shareholder engagements, we received no shareholder meeting requests in response to reaching out to shareholders that may have voted against remuneration and we continue to engage constructively with all shareholders on these matters.
- In acknowledgement of Nedbank's leadership and progress made on ESG-related disclosures, Nedbank was recently ranked first in the Refinitiv Satrix SA Inclusion and Diversity Index, which shows the progress we have made on matters of diversity, equity and inclusion, and we remained at the top-end of various ESG ratings when compared with local and international peers.
- We ensured transparent, relevant and timeous reporting; ensured market-leading disclosures to shareholders; and participated in numerous virtual investor engagements in 2022, which were accompanied by high levels of investor attendance. Foreign equity shareholding levels increased to 33,2% (December 2021: 31,4%).
- On 1 April 2022 Nedbank Group ordinary shares started trading on A2X Markets (A2X) via a secondary listing. The secondary listing on A2X complements our existing listings on the Johannesburg Stock Exchange (JSE) and the Namibian Stock Exchange (NSX) by giving our investors the opportunity to source additional liquidity and save money when they transact, thereby benefiting Nedbank shareholders. Since listing, the Nedbank share has been a regular top-10-traded equity on the exchange.

Regulators

We continued to work closely with the government, regulators and the Banking Association South Africa (BASA) to ensure the safety and soundness of the South African banking system.

Key regulatory developments in 2022 included the following:

- The systemic capital risk Pillar 2A reinstatement, which reinstates the Pillar 2A capital requirement back to the pre-Covid-19 levels of 50 bps, 75 bps and 100 bps for CET1, tier 1 and total capital respectively, has been in effect from 1 January 2022 based on Directive 5/2021.
- In August 2022 SARB fully migrated from a cash deficit (money market shortage) monetary policy transmission mechanism to a cash surplus (floor) system, given that the cash deficit system was proving both difficult and costly to implement on the back of a significant increase in domestic structural liquidity in the period following the onset of the Great Lockdown Crisis (GLC). The resultant effect was that the banking system switched from a managed shortage of approximately R30bn to a surplus of approximately R50bn. The switch from a cash deficit system to a cash surplus system should be net positive for the banking sector, with the most significant benefit being a reduction in the cost of funding at the short end of the funding curve, while also offering banks an option to diversify their HQLA portfolios and/or extend additional credit and liquidity to the real economy.
- Basel III reforms: In September 2022, the Prudential Authority (PA) published a proposed directive with amendments to the regulations relating to banks, addressing key matters related to the Basel III post-crisis reforms; revisions to the standardised and the internal ratings-based approaches for credit risk; the new standardised approach for operational risk; refinements to the definition of the leverage ratio exposure measure and revised output floors that place a limit on the regulatory capital benefits that a bank using internal models can derive relative to the standardised approaches. The PA has endeavoured to understand the potential impact, costs and benefits of the proposed amendments to the regulations.

- The Financial Sector Laws Amendment Bill (FSLAB) was promulgated on 28 January 2022, giving rise to the Financial Sector Laws Amendment Act 23 of 2021 (FSLAA) and established the following:
  - SARB as the resolution authority (RA). A key element in conducting a credible open-bank resolution strategy includes the power of statutory bail-in, where creditors and shareholders will absorb losses of the failing institution. For this purpose, SARB introduced first loss after capital (Flac) instruments, which are non-regulatory, bail-inable debt instruments that will contribute to a designated institution's total loss-absorbing capacity (TLAC). On 19 May 2021 SARB issued a discussion paper titled 'Proposed principles and requirements for Flac instruments' providing guidance on the characteristics, calibration and implementation period for Flac instruments. SARB is expected to publish a draft prudential standard following industry consultation and engagement on the initial discussion paper. Depending on the outcome of the final Flac calibration methodology and Nedbank's associated minimum Flac requirement to be determined by SARB, it is anticipated that there would be additional cost implications as the bank issues new Flac instruments and replaces maturing senior unsecured debt (SUD) instruments with Flac instruments at a marginally higher cost, given the higher loss absorption associated with Flac instruments compared to SUD. Furthermore, in line with implementing SA's resolution framework, the first set of draft resolution standards (RA01) titled 'Stays on early termination rights and resolution moratoria on contracts of designated institutions in resolution' was released, for industry comment, in September 2022. The second set of draft resolution standards (RA02), for industry comment, was released shortly after, in November 2022, and pertains to the transfer of assets and liabilities of designated institutions in resolution. Nedbank, together with the industry, continues to engage and collaborate with SARB regarding the practicalities of implementing SA's resolution framework. The next step is for the Minister of Finance to publish the FSLAA commencement schedule, which will provide further guidance on the operationalisation of the Resolution Framework.
  - The Corporation for Deposit Insurance (CODI), as a separate entity within SARB has been mandated to manage a deposit insurance scheme in SA, designed to protect depositors' funds and enhance financial stability. The Deposit Insurance Levels and Administration Bills are dependent on the promulgation of CODI's secondary legislation that will, among other things, specify the limit of cover for CODI's protection and the calculation of banks' covered deposits, which is the basis for the levy and premium calculations. The group's initial impact assessments suggest, once promulgated, an annual CODI cost of approximately R220m for a covered deposit balance of approximately R100bn. The covered balance is the amount covered by CODI for a unique depositor after applying the coverage limit which is currently proposed at R100 000.
- In February 2023, the Financial Action Task Force (FATF) placed SA on its grey list as the country is deemed to pose a high money-laundering and terrorist-financing risk given weaknesses in parts of the country's anti- money-laundering (AML) and combating the financing of terrorism (CFT) systems. On the positive side, FAFT informed the SA government that it recognised the significant and positive progress made by the country in addressing the 67 recommended actions or deficiencies raised in the 2019 review. Eight areas of strategic deficiencies relating to the effective implementation of SA's AML and CFT laws required further and sustained progress. In response to the grey-listing, the National Treasury noted: '… there are no items on the action plan that relate directly to the preventive measures in respect of the financial sector. This reflects the significant progress in the application of a risk-based approach to the supervision of banks and insurers. National Treasury therefore expects that the increased monitoring will have limited impact on financial stability and costs of doing business with South Africa. This will, however, be monitored closely. Importantly, the costs of increased monitoring will be substantially lower than the long-term costs of allowing South Africa's economy to be contaminated by the flows of proceeds of crime and corruption.' Nedbank has adequate AML, CFT and sanctions measures in place and is well prepared to deal with any potential higher levels of due diligence from global correspondent banks and other intermediary financial institutions involved in transactions with South African entities.
- In May 2022, S&P Global (S&P) revised its outlook on Nedbank to 'positive' and affirmed our global and national scale ratings, including issuer ratings. The revised outlook followed S&P's decision to revise its outlook on SA to 'positive' from 'stable' on 'resilient external sector performance'.
- We hold investments of over R181bn in government and public sector bonds as part of our HQLA requirements.
- We made cash taxation payments relating to direct, indirect and employee taxes, as well as other taxation, of R11,5bn across the group (2021: R11,2bn).

Society

Banks play a central role in driving sustainable socioeconomic development for the benefit of all stakeholders and helping create the desired future by providing capital for investment in the real economy. We acknowledge that we, alongside our stakeholders, operate in a nested, interdependent system. This means that for our business to succeed, we need a thriving economy, a well-functioning society and a healthy environment. We also recognise that sustainability issues such as climate change, inequality, social justice and, most recently, pandemics are playing an increasingly material role in shaping this system. Our purpose guides our strategy, behaviours and actions towards the delivery of long-term system value for us and our stakeholders. Together, the SDGs (as forward-looking strategic levers) and ESG keep us on track to fulfil our purpose.

We have adopted the UN SDGs as a framework for measuring delivery on our purpose and prioritised nine of the 17 SDGs where we believe we have the greatest ability to deliver meaningful impact through our core business. Our focus on SDF sees us supporting clients to deliberately deliver positive social and environmental outcomes across a wide range of sectors in support of a Just Transition. At 31 December 2022, we had exposures of R123bn (2021: R108bn) that support SDF, representing 14% of the group's gross loans and advances. By the end of 2025, it is our ambition to increase our SDF exposures to around 20% of the group's total gross loans and advances. This will be achieved by support for more than R150bn in new SDF that is aligned with the SDGs, by the end of 2025 (from our starting base in 2021). Key highlights for 2022 include the following:

- **Quality education (SDG 4)**: We provided R238m of combined financing towards student loans and student accommodation in 2022, supporting 934 student loans (3 670 over the past five years) and for 168 student beds (around 43 000 since 2015). Our corporate social investment (CSI) spend totalled R127m in 2022, with 64% of this allocated to skills development and education.
- **Clean water and sanitation (SDG 6)**: We provided R500m (2021: R800m) in financing towards clean-water provision relating to public sector reticulation and sanitation projects, agricultural sector and commercial and industrial businesses. In our own operations we have been a net-zero operational water user since 2018 through our support of the WWF-SA Water Balance Programme, which removes invasive alien trees in key water-scarce areas. In our operations we decreased our total water consumption by a further 7% and by 43% when compared with the average 2019 base. This decrease was driven by ongoing water restriction measures, floorspace consolidation and reduced levels of employees at our campus sites.
- **Affordable and clean energy (SDG 7)**: We partnered with Hohm Energy to finance and install solar power solutions in SA for homeowners, thereby making solar-energy funding available to all, including non-Nedbank clients. These solar solutions enable households to move off Eskom's grid, or to at least lower their dependency on the power utility during load-shedding. Nedbank is the lead arranger on four projects in the emergency round Risk Mitigation IPPPP (expected to close H1 2023). We held preferred-bidder status in round 5 for four projects (expected to close in H1 2023) and participated in round 6, where 860 MW were allocated and Nedbank was awarded preferred bidder status for 300 MW (in total Nedbank supported 22 projects, totalling 3,8 GW). A total of 3 340 MW was not allocated given Eskom transmission and distribution limitations. In the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) we have arranged 42 transactions in renewable-energy projects to date in rounds 1 to 4, giving us exposures of R26bn. With regards to private financing, the lifting of the licensing floor limited for energy projects in the private sector (embedded generation) post the announcement of the president's Energy Action Plan on 25 July 2022 was positive and is enabling many of our clients to reduce their carbon footprint while ensuring energy certainty. Our private power generation (commercial) businesses, as well as, small business and residences amounted to R1,2bn in 2022 and we have a strong pipeline in place for 2023. Our recently completed Nedbank Namibia head-office campus received a 6-star greenstar rating, making it in the first Nedbank building to achieve this grading and placing it the 'world leadership' category of green buildings. In our own operations we reduced our own high-carbon-emission electricity consumption by 10% to 101 699 MWh, excluding own generation and renewable-electricity certificates (RECs). To supplement our own PV-produced electricity towards greener and self-generated renewable energy, in November 2022 we commenced wheeling green power from independent power producers to reduce our carbon emissions in our own operations which resulted in 1,5% of own green energy usage in 2022, with an aim to increase this to more than 30% of energy consumption by the end of 2025. In 2022, Nedbank received recognition from Global Finance for 'Outstanding leadership in green bonds' as well as 'Outstanding leadership in sustainability-linked bonds'.
- **Decent work and economic growth (SDG 8)**: We increased our support for small businesses and their owners, evident in loan exposures of R20,7bn (up by 6%), and provided banking solutions to more than 300 000 small-and-medium-enterprise (SME) clients. In 2022 we welcomed our third intake of more than 1 800 Youth Employment Service (YES) participants as we continue to make an impact on the South African youth and their families and communities. To date, over 7 000 previously unemployed youth have been provided the opportunity of employment through participating in Nedbank's YES programme and many of them were permanently employed (within Nedbank and the YES programme partners) after having participated in the programme.
- **Reduced inequalities (SDG 10)**: We maintained our level 1 broad-based black economic empowerment (BBBEE) status and were acknowledged at the 21st Top Empowerment Awards as the Top Empowered Company for the YES initiative and enterprise and supplier development. To support the cash flow needs of small businesses, we ensured, as part of our commitment to the #PayIn30 Campaign, that 91% of SMEs were paid within 30 days of receiving their invoices.
- **Sustainable cities and communities (SDG 11)**: The value of affordable home loans paid out for lower-income households increased by more than 100% to R3,5bn, equating to over 5 500 homes. We also provided finance of R952m towards the development of 4 978 affordable-housing units. We provided R25bn worth of funding to date for the construction of buildings that conform to green building standards. We approved R513m in loans to support the development of 964 Edge-certified residential units for 2021 Green Residential Development Bond.
- **Strengthening the means of implementation and revitalising the global partnership for sustainable development (SDG 17)**: In 2022 Nedbank became a signatory to the UN-backed Principles for Responsible Investment (PRI). Responsible investing has been a key focus for Nedgroup Investments for some time and this will augment the work we are already doing with our partner fund managers and aligns well with growing regulatory requirements. We are committed to the following six principles: incorporation of ESG issues into investment analysis and decision-making processes; being active owners and incorporating ESG issues into our ownership policies and practices; seeking appropriate disclosure on ESG issues by the entities in which we invest; and promoting acceptance and implementation of these principles.

The impact of higher levels of load-shedding

The higher levels of electricity outages (load-shedding) in the second half of the year had a limited impact on Nedbank's own operations, but have a material negative impact on many of our clients, although as a result of the electricity shortage the opportunity for clients in renewable-energy finance and private power generation have become larger.

Nedbank's own operations

Generator run-time in our own operations, including offices and branches, increased by over 200% and diesel-related expenses were up just over 100% to R59m in 2022. Load-shedding had no material impact on our ATMs, branches and point-of-sale (POS) devices as we leveraged our wide coverage of sustainable back-up power solutions. While our physical points of presence remained largely unaffected, call centre and digital channels have seen an increase in utilisation. We also experienced little impact in our processing operations as our businesses have been working around load-shedding schedules and employees that work from home have been going to the office as a contingency, when needed.

Impact on our clients

Load-shedding has increasingly become a catalyst for renewable- and embedded-energy investments to support both SA's Just Energy Transition and for individuals and companies to reduce their exposure to Eskom. This is creating a strong runway for bank advances growth in this sector. However, electricity outages adversely impact business and consumer confidence, and, as a result, GDP growth will be negatively impacted in 2023 and beyond. From an SME perspective, load-shedding is making it increasingly difficult to start a business.

From a credit quality perspective, we have not seen a material impact on our impairments or CLR in 2022 yet. However, we are becoming concerned, as risks take time to emerge and the impacts on business intensify the longer the outages persist. In our small-business and commercial-business segments, clients in the following industries are more exposed: agriculture, manufacturing, restaurants, food services, retail (supply chain) and tourism. Some have and may incur operational losses (such as the impact of products perishing) while at the same time absorb increasing levels of operational costs (such as the use of generators). Corporate clients, in general, are more resilient given their strong balance sheets after deleveraging post Covid-19, but we keep monitoring the impact on clients that may be more impacted. Recent SARB analysis on the impact of load-shedding suggests that the economy has partially adapted to stages 1 and 2 load-shedding, which costs about R1m per working day in lost gross value added (GVA), but the costs to the economy in lost production escalate exponentially to about R408m per day at stage 4, and up to R899m per day at stage 6.

Economic outlook

The global economic environment is expected to deteriorate further in 2023. The slowdown in advanced countries is likely to intensify as the prior year's surge in inflation, sharply higher interest rates, and reduced wealth effects hurt household incomes and spending, while the war in Ukraine, uncertain energy supplies, sharply higher production costs, and sluggish global growth prospects erode company profits and subdue fixed investment. Emerging and developing countries face similar challenges, with slower growth in advanced countries likely to weigh on export earnings, while higher inflation and interest rates will subdue domestic demand. However, China's decision to abandon its strict zero-Covid policy will provide some support to global trade and commodity prices as industrial activity in China rebounds from over a year of intermittent strict lockdowns. The risk of sovereign defaults will remain high, with many developing countries with substantial exposure to foreign debt struggling to meet debt obligations given extremely limited fiscal space, a relatively strong US dollar and sharply higher US interest rates. While China's reopening has improved the outlook for 2023, the IMF still expects global growth to slow to 2,9% in 2023. Advanced countries are forecast to grow by a weak 1,2%, while emerging and developing countries are projected to expand by 4,0%. Sub-Saharan Africa will likely remain relatively resilient, with the region's economy forecast to expand at a similar pace to 2022 of around 3,8% in 2023. Although the world economy tries to navigate a soft landing, the risk of recession remains significant. With considerable uncertainty surrounding the outlook for world growth, inflation and interest rates, global risk appetites and markets are likely to remain volatile, highly sensitive to any signs of weaker-than-expected growth outcomes, sticky underlying inflation and therefore the threat that US interest rates could rise further or stay high for longer than most currently anticipate.

In SA economic conditions deteriorated significantly in early 2023, hurt by a sharp escalation in rolling blackouts as the country's electricity shortage escalated. Load-shedding is likely to continue at elevated levels throughout 2023, and combined with slower global demand and softer commodity prices will negatively impact domestic production and exports, resulting in a wider current account deficit in 2023. Furthermore, the rise in inflation and higher interest rates will continue to weigh on household incomes and contain consumer spending. While fixed investment will be supported by renewable-energy projects, the upside will be limited by regular power outages and weaker domestic and global growth prospects, along with easing commodity prices, slow progress with structural reforms and persistent policy uncertainties that will continue to hurt investor sentiment. We expect capital spending to slow in 2023 as gross fixed capital formation (GFCF) is forecast to grow by 1,3%, down from an estimated 4,5% in 2022. The Nedbank Group Economic Unit expects real GDP growth to slow to around 0,7% in 2023, before gaining moderate upward traction to 1,5%, 1,6% and 1,8% in 2024, 2025 and 2026 respectively.

Inflation in SA is forecast to ease gradually in 2023, as international oil, food and other imported prices moderate from the highs of 2022 and global supply chains improve. Inflation is forecast to average 5,5% in 2023. Thereafter, inflation is expected to moderate to an average of around 4,8% in 2024 and 2025. Since inflation remains well above the upper limit of SARB's inflation target range of 3% to 6%, the MPC raised the repo rate by a further 25 basis points in January 2023 and is likely to do so again in March, taking the repo and the prime lending rates to expected peaks of 7,50% and 11,0%, respectively. Monetary policy is then expected to ease in 2024 as inflation recedes towards the midpoint of the inflation target range. We forecast cumulative cuts of 75 basis points in 2024, with the prime rate stabilising at around 10,50% over the following two years.

Conditions in the banking industry are likely to be challenging. Credit extension is forecast to slow to 5% by the end of 2023, contained by the rise in interest rates and the anticipated slowdown in economic growth. Concerns about job security and earnings prospects will affect household demand for credit, but manageable household debt burdens and accumulated savings should provide some buffers against tighter financial conditions and limit the downside for credit. Corporate credit growth will also slow as the impact of the low base established in 2020 and 2021 disappears. Heightened uncertainty about the country's growth prospects amid paralysing structural constraints will probably discourage new large capital projects and subdue demand for general loans. However, renewable-energy projects should provide some foundation for corporate loans. The risk of bad debts is expected to increase moderately as higher interest rates take effect.

Surplus capital optimisation initiative

Nedbank Group's capital position reflects strong capital adequacy ratios – well above the board-approved target ranges and significantly above the minimum regulatory requirements – translating into a structural surplus capital position at 31 December 2022.

The board has reviewed the level of this structural capital surplus as well as the expected future capital requirements of the group for, among other things, executing strategic initiatives and meeting operational requirements that include supporting strong levels of client growth.

This review has culminated in the board approving a proposed share repurchase programme of up to R5bn to be executed over the next 12 months, which repurchase programme will be implemented subject to all legal and regulatory approvals being received and requirements being met. The repurchase programme is likely to include an odd-lot offer, being an offer by Nedbank Group to repurchase shares from shareholders holding less than 100 Nedbank Group ordinary shares, which will have the added benefit of reducing the group's administrative costs associated with a large shareholder register, whilst providing a liquidity event for smaller shareholders.

The proposed repurchase programme is expected to be accretive to DHEPS, optimise capital levels and associated returns on equity and in so doing deliver value to shareholders.

Further announcements regarding this capital optimisation will be made in due course.

Prospects

Our guidance on financial performance for full-year 2023, in a global and domestic macroeconomic environment with high forecast risk and uncertainty, is currently as follows:

- **NII** growth to be around the mid-teens, as the group's NIM is expected to increase further from the 2022 level of 3,93%, driven by the run-rate benefits from interest rate increases (endowment) in 2022 and 50 bps expected increases in 2023. This benefit will be marginally offset by asset mix changes as lower margin businesses and products grow faster than higher margin businesses and products, and as competitive pricing pressures remain elevated. Loan growth is expected to remain at similar levels as 2022.
- **CLR** to remain within the top half of our TTC target range of 60 bps to 100 bps (between 80 bps to 100 bps). Given the difficult and volatile external environment, our CLR guidance has more upside than downside risk.
- **NIR** growth to be around mid-single digits, supported by solid transactional activity and strategic initiatives, including higher levels of cross-sell, main-banked client gains and new revenue streams, and the expected finalisation of the renewable-energy deals that were postponed from Q4 2022 to H1 2023. Trading conditions will remain uncertain but are expected to improve from 2022 levels, and insurance, private-equity and fair-value gains have created a high base to grow off in 2022.
- **Expense** growth to be around mid-to-upper single digits, showing the impacts average salary increases in 2023 of around 6%, higher levels of profitability on variable incentives, inflationary and exchange rate pressures, and the introduction of new regulatory fees such as Twin Peaks, partially offset by ongoing cost optimisation.
- **Minorities and non-controlling interest** growth to accelerate in 2023, showing the impacts from additional AT1 issuances and higher JIBAR rates.
- **CET1** capital ratio to remain above the top-end of the board-approved target range of 11% to 12%.
- **Dividend payments**, subject to board approval, to be at the lower end of the group's target range of 1,75 times to 2,25 times.

IFRS 17: Insurance Contracts replaces IFRS 4 and is effective from 1 January 2023. The group will restate comparative information for 2022 applying the transitional provisions to IFRS 17. The implementation of IFRS 17 will likely result in a positive impact on the cost-to-income ratio, as expenses directly related to insurance products will be required recognised in NIR. The transition to IFRS17 is expected to have an immaterial impact on the group's capital.

Our medium-term targets that we set for end-2023 relating to DHEPS being above 2 565 cents (achieved in 2022), ROE above 15% and a cost-to-income ratio below 54% remain unchanged. Following good momentum and a strong 2022 financial performance we remain focused on delivering the remainder of these 2023 targets.

As part of our 2023 to 2025 business planning, we have set new medium-term targets to 2025, and long-term targets to support our focus on ongoing value creation for shareholders. By the end of 2025 we aim to have grown DHEPS by more than a compound annual growth rate (CAGR) of GDP growth + CPI + 5% from the 2022 base, achieve an ROE of more than 17% (around COE plus 2%) and a cost-to-income ratio below 52%. These targets are based on the group's macroeconomic assumptions set in February 2023 and ongoing delivery on our strategic initiatives as key enablers. To achieve these, revenue is expected to grow ahead of expenses, driven by higher levels of endowment income and solid advances growth (including participating in renewable energy and infrastructure opportunities in CIB and maintaining momentum in RBB), while NIR growth is expected to remain robust, driven by main-banked client gains and cross-sell, a more favourable trading environment and ongoing strong associate income growth from our investment in ETI. Expense optimisation remains top of mind, while IT amortisation growth is expected to slow further as our ME technology investment completes by the end of 2024. The group's CLR is expected to remain within the TTC target range of 60 bps to 100 bps. Capital levels, including the group's R5bn capital optimisation programme, are expected to remain strong, with dividends likely to be paid at the lower end of the group's cover policy (1,75 times to 2,25 times), subject to board approval.

In the long-term we aim to increase our ROE further to 18% or more (around COE plus 3%) and cost-to-income to below 50%.

Metric	2022 performance[6]	Full-year 2023 outlook	Medium-term target (2025)	Long-term target
ROE	**14,0%**	> 15% (target)	> 17% (around COE + 2%)	> 18% (around COE + 3%)
Growth in DHEPS	**19%**	Strong positive growth	≥ consumer price index + GDP growth + 5% CAGR	
CLR	**89 bps**	Between 80 bps and 100 bps	Between 60 bps and 100 bps of average banking advances	
Cost-to-income ratio (including associate income)	**56,5%**	< 54% (target)	< 52%	< 50%
CET1 capital adequacy ratio	**14,0%**	Above the top-end of target range	11,0–12,0%	
Dividend cover	**1,75 times**	At the lower end of our target range of 1,75–2,25 times	1,75–2,25 times	

[6] *COE is currently forecast to be just below 15% in 2023 to 2025.*

Shareholders are advised that all guidance is based on organic earnings and our latest macroeconomic outlook. This guidance has not been reviewed or reported on by the group's joint auditors.

Board and leadership changes during the period

In accordance with the group's ongoing board continuity planning, Phumzile Langeni and Mteto Nyati were appointed as independent non-executive directors of Nedbank Group with effect from 22 March 2022 and 1 October 2022 respectively. Daniel Mminele was appointed as an independent non-executive director and Chairperson-designate with effect from 1 May 2023. He will replace the current Chairperson, Mpho Makwana, when he steps down at the AGM on 2 June 2023, as previously announced. Professor Tshilidzi Marwala resigned as an independent non-executive director of Nedbank Group with effect from 28 February 2023 to take up the role of Rector of the United Nations University, headquartered in Tokyo.

In terms of executive leadership changes, Anna Isaac, then the Group Chief Compliance Officer, resigned with effect from 30 April 2022 to join a bank in the United Arab Emirates. In accordance with Nedbank Group's executive succession plan, Daleen du Toit was appointed to the Group Executive Committee as Group Chief Compliance Officer, with effect from 1 May 2022.

In 2023 Trevor Adams, Group Chief Risk Officer, and Fred Swanepoel, Group Chief Information Officer, will reach the group's mandatory retirement age of 60. Following extensive internal and external processes, Dave Crewe-Brown has been appointed to succeed Trevor as the Group Chief Risk Officer, with effect from 1 April 2023. Trevor Adams will stay on until the end of Q1 2023 to finalise the group's 2022 risk governance and reporting processes. Ray Naicker was appointed to succeed Fred as Chief Information Officer with effect from 1 July 2023. Fred will stay on until 30 June 2023. Both Dave and Ray have been appointed members of the Group Executive Committee with effect from 1 April and 1 July 2023 accordingly.

Forward-looking statements

This announcement is the responsibility of the directors and contains certain forward-looking statements with respect to the financial condition and results of operations of Nedbank Group and its group companies that, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include global, national and regional health; political and economic conditions; sovereign credit ratings; levels of securities markets; interest rates; credit or other risks of lending and investment activities; as well as competitive, regulatory and legal factors. By consequence, the financial information on which all forward-looking statements is based has not been reviewed or reported on by the group's joint auditors.

Final dividend declaration

Notice is hereby given that a final dividend of 866 cents per ordinary share has been declared, payable to shareholders for the six months ended 31 December 2022. The dividend has been declared out of income reserves.

The dividend will be subject to a dividend withholding tax rate of 20% (applicable in SA) or 173,2 cents per ordinary share, resulting in a net dividend of 692,8 cents per ordinary share, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of an applicable double-taxation agreement.

Nedbank Group's tax reference number is 9375/082/71/7 and the number of ordinary shares in issue at the date of declaration is 511 500 790.

In accordance with the provisions of Strate, the electronic settlement and custody system used by the Johannesburg Stock Exchange Limited (JSE), the relevant dates for the dividend are as follows:

Event	Date
Last day to trade (cum dividend)	Tuesday, 11 April 2023
Shares commence trading (ex dividend)	Wednesday, 12 April 2023
Record date (date shareholders recorded in books)	Friday, 14 April 2023
Payment date	Monday, 17 April 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 April 2023, and Friday, 14 April 2023, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. The acceptance or collection of cheques has ceased, effective from 31 December 2021. In the absence of specific mandates, the dividend will be withheld until shareholders provide their banking information. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 17 April 2023.

For and on behalf of the board

Mpho Makwana
Chairperson

Mike Brown
Chief Executive

Directors

PM Makwana (Chairperson), MWT Brown** (Chief Executive), HR Brody*, BA Dames, MH Davis** (Chief Financial Officer), NP Dongwana, EM Kruger, P Langeni, RAG Leith, L Makalima, Dr MA Matooane, MC Nkuhlu** (Chief Operating Officer), M Nyati, S Subramoney.

** Lead Independent Director ** Executive*

Notes

Financial results

Financial highlights

for the year ended 31 December

		Change %	2022	2021
Statistics				
Number of shares listed	m	1	**511,5**	508,9
Number of shares in issue, excluding shares held by group entities	m		**487,3**	485,6
Weighted-average number of shares	m		**486,9**	485,1
Diluted weighted-average number of shares	m	1	**500,7**	494,8
Headline earnings	Rm	20	**14 049**	11 689
Profit attributable to ordinary shareholders	Rm	27	**14 275**	11 238
Total comprehensive income	Rm	1	**13 342**	13 171
Preprovisioning operating profit	Rm	15	**25 737**	22 327
Economic (loss)	Rm	87	**(226)**	(1 735)
Headline earnings per share	cents	20	**2 886**	2 410
Diluted headline earnings per share	cents	19	**2 806**	2 362
Basic earnings per share	cents	27	**2 932**	2 317
Diluted basic earnings per share	cents	26	**2 851**	2 271
Ordinary dividends declared per share	cents		**1 649**	1 191
Interim			**783**	433
Final			**866**	758
Ordinary dividends paid per share	cents	>100	**1541**	433
Dividend cover	times		**1,75**	2,02
Total assets administered by the group	Rm		**1 646 035**	1 639 246
Total assets	Rm		**1 252 971**	1 214 917
Assets under management	Rm		**393 064**	424 329
Life insurance embedded value	Rm	10	**4 461**	4 039
Life insurance value of new business	Rm	85	**595**	322
Net asset value per share	cents	5	**21 533**	20 493
Tangible net asset value per share	cents	7	**18 937**	17 770
Closing share price	cents	21	**21 258**	17 502
Price/earnings ratio	historical		**7,4**	7,3
Price-to-book ratio	historical		**1,0**	0,9
Market capitalisation	Rbn	22	**108,7**	89,1
Number of employees (permanent staff)		(3)	**25 924**	26 861
Number of employees (permanent and temporary staff)		(3)	**26 480**	27 303
Key ratios (%)				
ROE			**14,0**	12,5
Return on tangible equity			**16,2**	14,8
ROA			**1,14**	0,98
Return on RWA			**2,18**	1,78
NII to average interest-earning banking assets			**3,93**	3,73
NIR to total income			**42,9**	43,4
NIR to total operating expenses			**75,0**	74,0
CLR – banking advances			**0,89**	0,83
Cost-to-income ratio			**56,5**	57,8
Total income growth less expense growth rate (JAWS ratio)			**2,5**	1,0
Effective taxation rate			**22,1**	24,2
Group capital adequacy ratios (including unappropriated profits):				
– CET1			**14,0**	12,8
– Tier 1			**15,5**	14,3
– Total			**18,1**	17,2

Consolidated statement of comprehensive income

for the year ended 31 December

Rm	Note	Change %	2022	2021 (restated)[1]
Interest and similar income		25	**82 104**	65 772
Interest expense and similar charges		38	**45 827**	33 272
Net interest income	1	12	**36 277**	32 500
Non-interest revenue and income	3	10	**27 301**	24 889
Net commission and fees income			**18 964**	17 754
Commission and fees revenue			**24 196**	22 085
Commission and fees expense			**(5 232)**	(4 331)
Net insurance income			**2 369**	2 005
Fair-value adjustments			**187**	(833)
Net trading income			**4 166**	4 475
Equity revaluation gains			**815**	650
Investment income			**96**	263
Net sundry income			**704**	575
Share of gains of associate companies	10	12	**879**	786
Total income		11	**64 457**	58 175
Impairments charge on financial instruments	2	13	**7 381**	6 534
Net income		11	**57 076**	51 641
Total operating expenses	4	8	**36 425**	33 639
Indirect taxation		7	**1 152**	1 073
Impairments charge on non-financial instruments and other gains and losses	5	>(100)	**(245)**	499
Profit before direct taxation		20	**19 744**	16 430
Total direct taxation		7	**4 326**	4 043
Direct taxation	6		**4 307**	4 104
Taxation on impairments charge on non-financial instruments and other gains and losses			**19**	(61)
Profit for the year		24	**15 418**	12 387
Other comprehensive (loss)/income (OCI) net of taxation		>(100)	**(2 076)**	784
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations			**(2)**	1 029
Share of OCI of investments accounted for using the equity method			**(1 821)**	(722)
Debt investments at FVOCI – net change in fair value			**146**	(5)
Items that may not subsequently be reclassified to profit or loss				
Share of OCI of investments accounted for using the equity method			**(1)**	(21)
Remeasurements on long-term employee benefit assets			**(245)**	389
Property revaluations			**(106)**	36
Equity instruments at FVOCI – net change in fair value			**(47)**	78
Total comprehensive income for the year		1	**13 342**	13 171

Rm	Note	Change %	2022	2021 (restated)[1]
Profit attributable to:				
– Ordinary shareholders		27	**14 275**	11 238
– Non-controlling interest – ordinary shareholders		66	**164**	99
– Non-controlling interest – holders of preference shares	7	(100)		188
– Non-controlling interest – holders of participating preference shares	7	(15)	**106**	125
– Non-controlling interest – holders of additional tier 1 capital instruments			**873**	737
Profit for the year		24	**15 418**	12 387
Total comprehensive income attributable to:				
– Ordinary shareholders		2	**12 227**	11 941
– Non-controlling interest – ordinary shareholders		(24)	**136**	180
– Non-controlling interest – holders of preference shares	7	(100)		188
– Non-controlling interest – holders of participating preference shares	7	(15)	**106**	125
– Non-controlling interest – holders of additional tier 1 capital instruments		18	**873**	737
Total comprehensive income for the year		1	**13 342**	13 171
Headline earnings reconciliation				
Profit attributable to equity holders of the parent		27	**14 275**	11 238
Less: Non-headline earnings items		>100	**226**	(438)
Impairments charge on non-financial instruments and other gains and losses			**245**	(499)
Taxation on impairments charge on non-financial instruments and other gains and losses			**(19)**	61
Share of associate impairment of goodwill		100		(13)
Headline earnings	5	20	**14 049**	11 689

[1] *During the year management elected to change the presentation of the 'Net monetary loss' line item that was previously disclosed separately on the face of the statement of comprehensive income (SOCI) and disclose it as part of non-interest revenue and income (NIR) under the 'Net sundry income' line item on the face of the SOCI. The change will allow the impact of the foreign exchange currency gains or losses on the US dollar nostro net cash balances that relate to Nedbank Zimbabwe, which is translated to the Zimbabwean dollar, and the 'Net monetary loss' line item, to be presented together within NIR. This change is a reclassification in terms of IAS 1: Presentation of Financial Statements (IAS 1) as it changes the presentation of the SOCI. To provide comparability, the prior-year balances have been restated accordingly. The reclassification had no impact on the group's statement of financial position, statement of changes in equity or statement of cash flows.*

Consolidated statement of financial position

at 31 December

Rm	Note	Change %	2022	2021 (restated)[1,2]
Assets				
Cash and cash equivalents		2	**45 618**	44 586
Other short-term securities		18	**70 661**	60 037
Derivative financial instruments		(77)	**9 101**	39 179
Government securities		6	**158 661**	149 340
Other dated securities		58	**1 834**	1 158
Banking loans and advances	8	7	**835 560**	781 304
Trading loans and advances	8	(8)	**46 605**	50 431
Other assets		(7)	**28 052**	30 011
Current taxation assets		19	**147**	124
Investment securities	9		**25 465**	25 498
Non-current assets held for sale		(62)	**244**	638
Investments in associate companies	10	(26)	**2 496**	3 395
Deferred taxation assets		(23)	**681**	889
Investment property		(7)	**26**	28
Property and equipment		3	**11 064**	10 739
Long-term employee benefit assets		(5)	**4 107**	4 339
Intangible assets	11	(4)	**12 649**	13 221
Total assets		3	**1 252 971**	1 214 917
Equity and liabilities				
Ordinary share capital			**487**	486
Ordinary share premium		2	**19 208**	18 768
Reserves		6	**85 233**	80 259
Total equity attributable to ordinary shareholders		5	**104 928**	99 513
Holders of participating preference shares		(14)	**51**	59
Holders of additional tier 1 capital instruments		10	**10 219**	9 319
Non-controlling interest attributable to ordinary shareholders		13	**698**	620
Total equity		6	**115 896**	109 511
Derivative financial instruments		(73)	**9 738**	36 042
Amounts owed to depositors	12	7	**1 039 622**	967 929
Provisions and other liabilities		(24)	**17 752**	23 451
Current taxation liabilities		(2)	**322**	330
Non-current liabilities held for sale		(100)		80
Deferred taxation liabilities		9	**499**	458
Long-term employee benefit liabilities		(96)	**6**	156
Investment contract liabilities		(8)	**16 609**	17 959
Insurance contract liabilities		(26)	**624**	842
Long-term debt instruments		(11)	**51 903**	58 159
Total liabilities		3	**1 137 075**	1 105 406
Total equity and liabilities		3	**1 252 971**	1 214 917

[1] *During 2022 the group reviewed its presentation of long-term employee benefits (LTEB) in the statement of financial position (SOFP). As a result of the review, it was noted that the LTEB qualifying insurance policies were incorrectly presented on a gross basis in the SOFP. In terms of IAS 19 qualifying insurance policies were required to be accounted for as plan assets (on a net basis) in the 2021 SOFP. As a result, the comparative LTEB assets and liabilities have been restated by R2 271m.*

[2] *During 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being included incorrectly under cash management deposits (liability) and debtors (asset), and the affected line items were therefore overstated. The sweep eliminates the cash management deposit account and the debtor funding account. As a result, the comparative assets and liabilities have been restated by R3 866m.*

Notes

Consolidated statement of changes in equity

for the year ended 31 December

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve[1]	Property revaluation reserve	Share-based payment reserve	Other non-distributable reserves[2]	FVOCI reserve	Other distributable reserves[3]	Total equity attributable to ordinary shareholders	Holders of preference shares	Holders of participating preference shares	Holders of additional tier 1 capital instruments	Non-controlling interest attributable to ordinary shareholders	Total equity
Balance at 1 January 2021	483 892 767	484	18 583	(1 995)	1 757	1 032	290	961	67 880	88 992	3 222	(58)	7 822	466	100 444
Share movements in terms of long-term incentive and BEE scheme	1 708 780	2	185			(132)			(36)	19					19
Additional tier 1 capital instruments issued										–			3 497		3 497
Additional tier 1 capital instruments redeemed										–			(2 000)		(2 000)
Preference share capital redeemed							78			78	(3 222)				(3 144)
Preference share dividend paid										–	(188)	(8)			(196)
Additional tier 1 capital instruments interest paid										–			(737)		(737)
Dividends paid to shareholders									(2 178)	(2 178)					(2 178)
Total comprehensive income for the year				499	28	–	–	(192)	11 606	11 941	188	125	737	180	13 171
Profit attributable to ordinary shareholders and non-controlling interest									11 238	11 238	188	125	737	99	12 387
Exchange differences on translating foreign operations				956						956				73	1 029
Movement in fair-value reserve								73		73					73
Property revaluations					28					28				8	36
Remeasurements of long-term employee benefit assets									389	389					389
Share of OCI of investments accounted for using the equity method				(457)				(265)	(21)	(743)					(743)
Transfer (from)/to reserves					(24)	(332)	(95)		451	–					–
Value of employee services (net of deferred tax)						637				637					637
Transactions with non-controlling interests				(12)	3				35	26				(26)	–
Other movements									(2)	(2)					(2)
Balance at 31 December 2021	485 601 547	486	18 768	(1 508)	1 764	1 205	273	769	77 756	99 513	–	59	9 319	620	109 511

Consolidated statement of changes in equity (continued)

for the year ended 31 December

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve[1]	Property revaluation reserve	Share-based payment reserve	Other non-distributable reserves[2]	FVOCI reserve	Other distributable reserves[3]	Total equity attributable to ordinary shareholders	Holders of preference shares	Holders of participating preference shares	Holders of additional tier 1 capital instruments	Non-controlling interest attributable to ordinary shareholders	Total equity
Share movements in terms of long-term incentive and BEE scheme	1 650 168	1	440			(384)			(82)	(25)					(25)
Additional tier 1 capital instruments issued										–			1 500		1 500
Additional tier 1 capital instruments redeemed										–			(600)		(600)
Preference share dividend paid										–		(114)			(114)
Additional tier 1 capital instruments interest paid										–			(873)		(873)
Dividends paid to shareholders									(7 788)	(7 788)				(38)	(7 826)
Total comprehensive income for the year				(1 391)	(97)	–	–	(317)	14 032	12 227	–	106	873	136	13 342
Profit attributable to ordinary shareholders and non-controlling interest[4]									14 275	14 275		106	873	164	15 418
Exchange differences on translating foreign operations				11						11				(13)	(2)
Movement in fair-value reserve								102		102				(3)	99
Property revaluations					(97)					(97)				(9)	(106)
Remeasurements of long-term employee benefit assets									(242)	(242)				(3)	(245)
Share of OCI of investments accounted for using the equity method				(1 402)				(419)	(1)	(1 822)					(1 822)
Transfer (from)/to reserves					(58)	(70)	3		125	–					–
Value of employee services (net of deferred tax)						979				979					979
Transactions with non-controlling interests				(17)	2				35	20				(20)	–
Other movements									2	2					2
Balance at 31 December 2022	487 251 715	487	19 208	(2 916)	1 611	1 730	276	452	84 080	104 928	–	51	10 219	698	115 896

[1] *Exchange differences of R11m credit (2021: R956m) in the foreign currency transaction reserve includes a credit of R190m (2021: R148m) for the conversion of our investment in ETI from USD to ZAR and a debit of R179m debit (2021: R808m credit) for the translation of the other foreign subsidiaries. The R1402m debit (2021: R457m) relates to our share of ETI's other comprehensive income on foreign exchange gains and losses.*

[2] *Represents other non-distributable revaluation surpluses on capital items and non-distributable reserves transferred from other distributable reserves, to comply with various banking regulations.*

[3] *Represents the accumulated profits after distributions to shareholders and appropriations of retained earnings to other non-distributable reserves.*

[4] *The R106m gains attributable to holders of participating preferences shares relate to economic gains allocated to participating preference shareholders in accordance with an operating-profit-share preference share agreement.*

Return-on-equity drivers

for the year ended 31 December

Rm	2022	2021
NII	36 277	32 500
Impairments charge on financial instruments	(7 381)	(6 534)
Non-interest revenue and income	27 301	24 889
Income from normal operations	56 197	50 855
Total operating expenses	(36 425)	(33 639)
Share of gains of associate companies	879	799
Net profit before taxation	20 651	18 015
Indirect taxation	(1 152)	(1 073)
Direct taxation	(4 307)	(4 104)
Net profit after taxation	15 192	12 838
Non-controlling interest	(1 143)	(1 149)
Headline earnings	14 049	11 689
Daily average interest-earning banking assets	922 197	870 382
Daily average total assets	1 233 772	1 195 860
Daily average shareholders' funds	99 996	93 359
Daily average shareholders' funds, excluding goodwill	95 650	88 602

Note: Averages calculated on a 365-day (2021: 365-day) basis.

	2022	2021
NII/Average interest-earning banking assets	3,93%	3,73%
	less	less
Impairments/Average interest-earning banking assets	0,80%	0,75%
	add	add
NIR/Average interest-earning banking assets	2,96%	2,86%
	6,09%	5,84%
	less	less
Total expenses/Average interest-earning banking assets	3,95%	3,86%
	add	add
Associate income/Average interest-earning banking assets	0,10%	0,09%
	2,24%	2,07%
	multiply	multiply
100% – effective direct and indirect taxation rate	0,74	0,71
	multiply	multiply
100% – income attributable to minorities	0,92	0,91
Headline earnings/Average interest-earning banking assets	1,52%	1,34%
	multiply	multiply
Interest-earning banking assets/Daily average total assets	74,8%	72,8%
	=	=
Return on total assets	1,14%	0,98%
	multiply	multiply
Leverage	12,34	12,81
	=	=
ROE	14,0%	12,5%

Notes

Segmental analysis

Our organisational structure, products and services

We deliver our products and services through four main business clusters.

Cluster	Areas of strength and differentiation	Products and services	Contribution to group
			HE contribution / ROE

Nedbank Corporate and Investment Banking

Areas of strength and differentiation

- Strong, integrated client relationships with clients that leverage off our deep sector expertise.
- Integrated model, delivering high levels of client service and a differentiated warm digital client experiences.
- Market leader with strong expertise in commercial property, mining and resources, public sector, infrastructure, telecommunications finance, and advisory services.
- Award winning renewable energy, infrastructure and sustainable finance teams with strong market presence that continue to deliver tangible positive impacts.
- Leading trading franchise with excellent trading capabilities across all asset classes.
- Robust employee value proposition focused on attracting, growing and retaining the best people.
- Efficient franchise with a leading cost to income ratio.

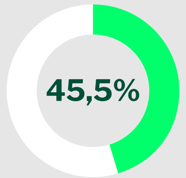
Products and services

> 600 large corporate clients

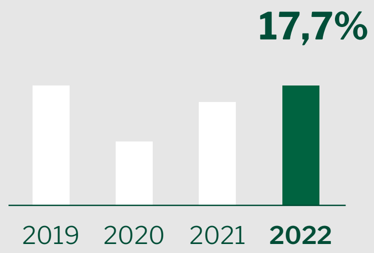
- Full suite of wholesale banking solutions, including investment banking and corporate lending, global markets and treasury, commercial-property finance, transactional banking and deposit-taking.

NEDBANK CIB

Contribution to group



R6 399m
2021: R5 605m
2020: R3 636m
2019: R6 167m



Nedbank Retail and Business Banking

Areas of strength and differentiation

- Leading digital capabilities enabling clients to join and engage with the bank through multiple channels, eg the app, the online platform, the USSD system, self-service kiosks, the contact centre, ATMs and Intelligent Depositor ATMs, third-party channels, and branches, as well as end-to-end digital onboarding capability for transactional and lending products across various channels.
- Differentiated and disruptive CVPs across our different client segments, including Unlocked. Me, MobiMoney, Avo, MoneyTracker, the USSD-based Stokvel Account, Home-buying Toolkit, Karri school payments app, tap on phone, SimplyBiz, Apple Pay, Money Message and API_Marketplace.
- In Commercial Banking, well-positioned and distinctive value propositions incorporating unique lending solutions and digital network platforms, to facilitate commercial growth, developed for the public sector as well as for the agriculture, franchising and manufacturing sectors.
- Highly competitive relationship banking offering for our affluent and small-business clients.
- Digitally enabled, reimagined distribution network with five different store types, supported by retailer partnerships and a flexible workforce.
- Differentiated and disruptive client-centred value propositions that help our clients manage money better. Full range of Banking and Beyond services including transactional banking, card and payment solutions, lending solutions, deposit-taking services, risk management, investment products, card-acquiring services for businesses, ecosystems and platforms-based solutions.

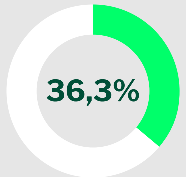
Products and services

Approximately three million retail main-banked clients

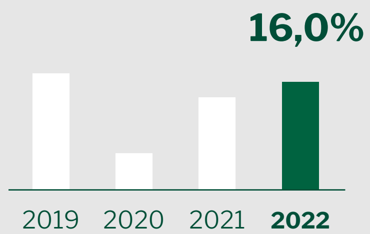
- > About 300 000 business clients are served through our Small Business Services offering (tailored to businesses with annual turnover of less than R30m and the business owner).
- > 14 585 commercial-banking client groups catering to mid-size and large commercial entities.

MFC A division of NEDBANK | NEDBANK

Contribution to group



R5 097m
2021: R4 523m
2020: R1 595m
2019: R5 293m



Nedbank Wealth

Areas of strength and differentiation

Insurance

- Leverages existing distribution channels and platforms to sell short-term, credit life and other insurance products to Nedbank's 7 million clients.

Asset Management

- Top fund managers identified through Nedgroup Investments' Best of Breed investment approach.
- Nedgroup Investments is committed to responsible investing through continuous engagement with partner fund managers to assess progress on agreed ESG focus areas.

Wealth Management

- An award-winning, integrated and holistic advice-led, high-net-worth offering for local and international clients.

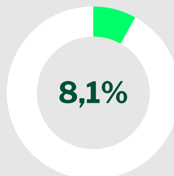
Products and services

High-net-worth clients (South Africa) and high-net-worth clients (UK, Jersey, Isle of Man and UAE)

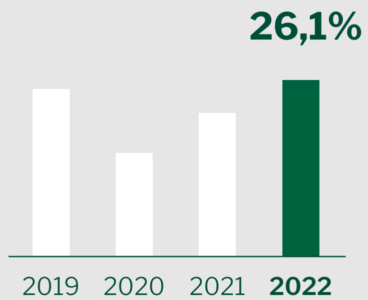
- The cluster provides insurance, asset management and wealth management solutions to a wide spectrum of clients.

NEDBANK PRIVATE WEALTH | NEDGROUP INVESTMENTS | NEDBANK INSURANCE

Contribution to group



R1 131m
2021: R962m
2020: R662m
2019: R1 042m



Nedbank Africa Regions

Areas of strength and differentiation

SADC (own, manage and control banks)

- Presence in five SADC countries – well positioned for growth on the back of a standardised model customised for market context.
- Ongoing technology investments to ensure digital leadership, as well as competitive and locally relevant CVPs.
- Recognised as the Most Innovative Retail Banking App, Best for Digital Banking Services in Lesotho 2022 and Best Digital Bank in Mozambique.
- Aiming to be #1 in client service in every market in which we operate (#1 in NPS performance in Eswatini and Mozambique).

Central and West Africa (ETI alliance – 21,2% shareholding)

- Ecobank–Nedbank alliance the widest banking network on the African continent, covering 39 countries.
- Aiming to increase deal flow by leveraging ETI's local presence and knowledge and Nedbank's structuring expertise.
- ETI has a very strong West and Central Africa franchise: it is in the top three in 13 of 16 countries in the region.

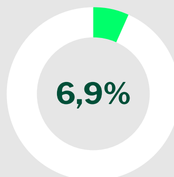
Products and services

> 360 900 retail and corporate clients

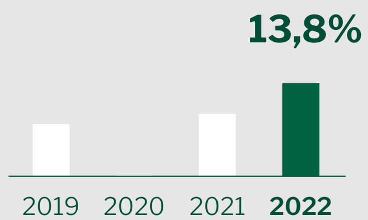
- Full range of banking services, including transactional, lending, deposit-taking services and card products, as well as selected wealth management offerings.
- Bancassurance offering in selected markets.

NEDBANK | Ecobank

Contribution to group



R975m
2021: R594m
2020: R12m
2019: R457m



The group's frontline business clusters are supported by various shared-services functions, including compliance, finance, human resources, marketing and corporate affairs, risk, technology and strategy, including sustainability.

Operational segmental reporting

for the year ended 31 December

Rm	Nedbank Group 2022	Nedbank Group 2021	Corporate and Investment Banking 2022	Corporate and Investment Banking 2021	Retail and Business Banking 2022	Retail and Business Banking 2021	Wealth 2022	Wealth 2021	Nedbank Africa Regions 2022	Nedbank Africa Regions 2021	Centre 2022	Centre 2021
Summary of consolidated statement of financial position (Rm)												
Assets												
Cash and cash equivalents	**45 618**	44 586	**814**	2 122	**5 629**	5 137	**1 723**	2 526	**7 048**	8 075	**30 404**	26 726
Other short-term securities	**70 661**	60 037	**38 245**	30 058			**28 511**	25 477	**4 787**	5 050	**(882)**	(548)
Derivative financial instruments	**9 101**	39 179	**9 019**	39 151			**39**	9	**23**	1	**20**	18
Government and other securities	**160 495**	150 498	**79 524**	68 887			**255**	268	**2 095**	1 773	**78 621**	79 570
Banking loans and advances	**835 560**	781 304	**378 037**	348 191	**408 430**	380 985	**29 025**	30 273	**21 714**	21 243	**(1 646)**	612
Trading loans and advances	**46 605**	50 431	**46 605**	50 431								
Other assets	**84 931**	88 882	**31 983**	33 504	**9 281**	7 992	**21 081**	22 433	**3 442**	4 285	**19 144**	20 668
Intergroup assets	**–**	–			**17 669**	17 040			**3 748**	2 420	**(21 417)**	(19 460)
Total assets	**1 252 971**	1 214 917	**584 227**	572 344	**441 009**	411 154	**80 634**	80 986	**42 857**	42 847	**104 244**	107 586
Equity and liabilities												
Total equity[1]	**115 896**	109 511	**36 249**	36 536	**31 843**	33 060	**4 336**	4 528	**7 057**	6 385	**36 411**	29 002
Total equity attributable to ordinary shareholders	**104 928**	99 513	**36 249**	36 536	**31 843**	33 060	**4 336**	4 528	**7 057**	6 385	**25 443**	19 004
Non-controlling interest attributable to ordinary shareholders	**698**	620									**698**	620
Holders of preference shares	**–**	–									**–**	
Holders of participating preference shares	**51**	59									**51**	59
Holders of additional tier 1 capital instruments	**10 219**	9 319									**10 219**	9 319
Derivative financial instruments	**9 738**	36 042	**9 708**	35 998	**–**		**16**	34	**14**	10		
Banking amounts owed to depositors	**983 582**	882 141	**385 846**	351 863	**402 114**	371 106	**46 191**	43 840	**34 327**	35 054	**115 104**	80 278
Trading amounts owed to depositors	**56 040**	85 788	**56 040**	85 788								
Provisions and other liabilities	**35 812**	43 276	**2 803**	7 305	**5 811**	5 447	**19 864**	23 678	**1 031**	971	**6 303**	5 875
Long-term debt instruments	**51 903**	58 159	**–**	316	**1 241**	1 541	**–**		**428**	427	**50 234**	55 875
Intergroup liabilities	**–**	–	**93 581**	54 538	**–**		**10 227**	8 906	**–**		**(103 808)**	(63 444)
Total equity and liabilities	**1 252 971**	1 214 917	**584 227**	572 344	**441 009**	411 154	**80 634**	80 986	**42 857**	42 847	**104 244**	107 586

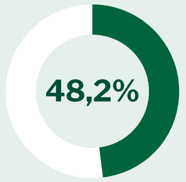
[1] *Total equity includes non-controlling interests in Centre. Total equity of the client-facing clusters is based on average allocated capital whereas the group's equity is based on actual equity. The difference between average allocated capital and actual equity resides in Centre.*

Operational segmental reporting (continued)

for the period ended

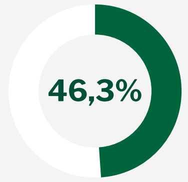
Advances to group

Corporate and Investment Banking



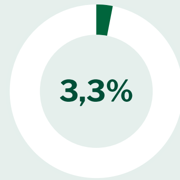
R425bn
2021: R399bn
2020: R429bn
2019: R424bn

Retail and Business Banking



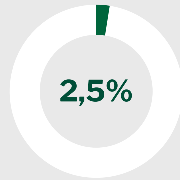
R408bn
2021: R381bn
2020: R356bn
2019: R349bn

Wealth



R29bn
2021: R30bn
2020: R31bn
2019: R31bn

Nedbank Africa Regions



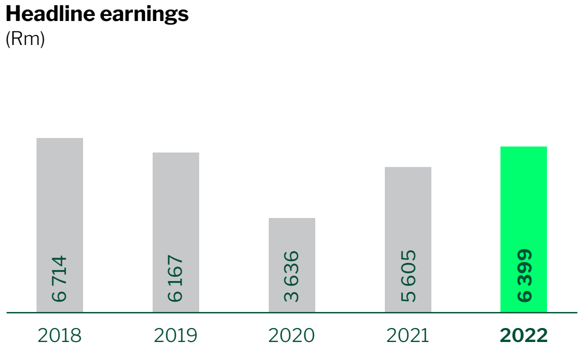
R22bn
2021: R21bn
2020: R23bn
2019: R22bn

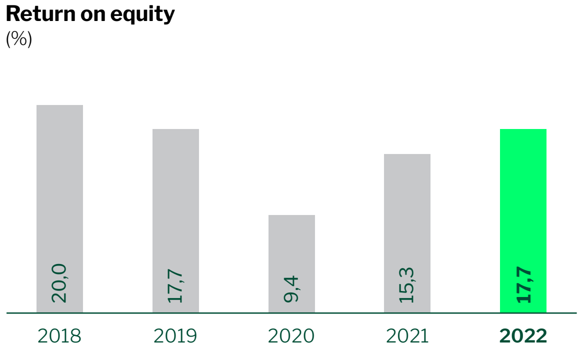
	Nedbank Group		Corporate and Investment Banking		Retail and Business Banking		Wealth		Nedbank Africa Regions		Centre	
Rm	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Summary of consolidated statement of comprehensive income (Rm)												
NII	**36 277**	32 500	**8 755**	7 966	**23 203**	20 745	**1 236**	866	**1 718**	1 448	**1 365**	1 475
NIR	**27 301**	24 889	**8 241**	7 881	**13 849**	12 783	**3 692**	3 788	**1 589**	1 293	**(70)**	(856)
Share of gains of associate companies[1]	**879**	799	**100**	100	**–**		**–**		**779**	699	**–**	
Total income	**64 457**	58 188	**17 096**	15 947	**37 052**	33 528	**4 928**	4 654	**4 086**	3 440	**1 295**	619
Impairments charge on financial instruments	**7 381**	6 534	**805**	1 418	**6 613**	5 172	**(63)**	28	**220**	168	**(194)**	(252)
Net income	**57 076**	51 654	**16 291**	14 529	**30 439**	28 356	**4 991**	4 626	**3 866**	3 272	**1 489**	871
Total operating expenses	**36 425**	33 639	**7 628**	7 011	**22 615**	21 442	**3 449**	3 280	**2 751**	2 535	**(18)**	(629)
Indirect taxation	**1 152**	1 073	**215**	202	**587**	529	**109**	99	**75**	72	**166**	171
Profit before direct taxation	**19 499**	16 942	**8 448**	7 316	**7 237**	6 385	**1 433**	1 247	**1 040**	665	**1 341**	1 329
Direct taxation	**4 307**	4 104	**2 049**	1 711	**2 034**	1 728	**302**	285	**(95)**	(26)	**17**	406
Profit after taxation	**15 192**	12 838	**6 399**	5 605	**5 203**	4 657	**1 131**	962	**1 135**	691	**1 324**	923
Profit attributable to:												
– Non-controlling interest – ordinary shareholders	**164**	99							**160**	97	**4**	2
– Holders of preference shares	**106**	313			**106**	125					**–**	188
– Holders of additional tier 1 capital instruments	**873**	737									**873**	737
Headline earnings/(losses)	**14 049**	11 689	**6 399**	5 605	**5 097**	4 532	**1 131**	962	**975**	594	**447**	(4)
Selected ratios												
Average interest-earning banking assets (Rm)	**922 197**	870 382	**361 987**	339 442	**405 760**	382 661	**59 017**	59 958	**34 759**	34 513	**60 674**	53 808
Average risk-weighted assets (Rbn)	**645 498**	655 675	**289 929**	312 716	**240 061**	228 299	**32 013**	28 461	**46 039**	46 520	**37 457**	39 678
ROA (%)	**1,14**	0,98	**1,10**	0,98	**1,20**	1,13	**1,41**	1,18	**2,31**	1,41		
RORWA (%)	**2,18**	1,78	**2,21**	1,79	**2,12**	1,99	**3,53**	3,38	**2,12**	1,28		
ROE (%)	**14,0**	12,5	**17,7**	15,3	**16,0**	13,7	**26,1**	21,2	**13,8**	9,3		
Interest margin (%)[2]	**3,93**	3,73	**2,42**	2,35	**5,72**	5,42	**2,09**	1,44	**4,94**	4,20		
NIR to total income (%)	**42,9**	43,4	**48,5**	49,7	**37,4**	38,1	**74,9**	81,4	**48,0**	47,2		
NIR to total operating expenses (%)	**75,0**	74,0	**108,0**	112,4	**61,2**	59,6	**107,0**	115,5	**57,8**	51,0		
CLR – banking advances (%)	**0,89**	0,83	**0,22**	0,42	**1,61**	1,34	**(0,20)**	0,09	**1,02**	0,72		
Cost-to-income ratio (%)	**56,5**	57,8	**44,6**	44,0	**61,0**	64,0	**70,0**	70,5	**67,3**	73,7		
Effective taxation rate (%)	**22,1**	24,2	**24,3**	23,4	**28,1**	27,1	**21,1**	22,9	**(9,1)**	(3,9)		
Contribution to group economic profit/(loss) (Rm)	**(226)**	(1 735)	**989**	125	**345**	(428)	**484**	284	**(79)**	(365)	**(1 965)**	(1 351)
Number of employees (permanent staff)	**25 924**	26 861	**2 347**	2 360	**15 671**	16 304	**1 826**	1 976	**2 191**	2 309	**3 889**	3 912

[1] *On an IFRS basis Nedbank Africa Regions earned associate income of R779m (2021: R686m) as IFRS requires associate income to be presented net of our share of ETI's goodwill impairment of R0m (2021: R13m). Our share of ETI's goodwill impairment is excluded from HE.*

[2] *Cluster margins include internal assets.*

Nedbank Corporate and Investment Banking





Financial performance

In a difficult macroeconomic environment CIB delivered good results by focusing on our purpose and partnering with our clients in key verticals. Cluster HE increased by 14% and ROE increased to 17,7%, up from 15,3% in 2021.

NII increased by 10% to R8,8bn as average banking advances grew by 7%, supported by an acceleration in the back end of 2022, and NIM expanded by 7 bps to 2,42%, driven by increased deposit margins and endowment benefits.

Continued prudent risk management, the expected emergence of stage 3 exposures and positive re-rating on the remaining portfolio resulted in impairments decreasing by 43% to R805m and the CLR decreasing to 22 bps. This was in line with management expectations to be within the TTC target range of 15 to 45 bps, with impairment overlays raised in prior years now being incorporated in the model. The coverage ratio reflects adequate provisioning, considering security in place for stressed counters, including those in the commercial property, aviation, and agricultural sectors. The total coverage ratio decreased to 1,29% from 1,35%. Stage 3 advances increased from R9,4bn to R18,6bn, representing 5% of banking advances. The large increase in stage 3 exposures was mainly as clients filed for business rescue in the property and agricultural sectors. The majority of Directive 3 and Directive 7 restructures at the end of December 2021, excluding Property Finance were rehabilitated during 2022. Pre-Covid pandemic stressed sectors, such as construction and state-owned entities, continue to be a challenge, but we have seen an absolute reduction in defaulted exposures. Besides some client-specific issues, the property sector remains largely stable, with low levels of arrears on the performing portfolio even though smaller distressed restructures have increased.

NIR increased by 5% driven, by higher commission and fees income (+13%) and private equity income (+38%). This was partially offset by trading income declining by 9%. The strong commission and fees income was driven by increased activity levels in Investment Banking on new and existing transactions. Private equity income increased as a result of revaluations, mainly in Property Finance. In Markets, a strong performance in foreign exchange trading was offset by a challenging backdrop in debt securities, particularly in interest rate derivatives. This was exacerbated by lower-than-expected client hedging activity in rates as well as margin compression across asset classes due to the implementation of the SARB Monetary Policy Implementation Framework (MPIF) in mid-2022.

Total expenses increased by 9%, reflecting digital investments aimed at enhancing client experiences and stability, as well as higher employee costs aimed at ensuring that Nedbank competes for and retains the best talent.

The business returns were further enhanced by our continued optimisation efforts, which resulted in capital and RWA decreasing by 1% and 7% respectively. This decrease was driven by a reduction in counterparty credit risk (CCR) due to a methodology refinement as well as a reduction in the net derivative exposure impacted by trade volumes and market movements.

Financial highlights

	Change %	Corporate and Investment Banking 2022	Corporate and Investment Banking 2021	Property Finance 2022	Property Finance 2021	Corporate and Investment Banking, excluding Property Finance 2022	Corporate and Investment Banking, excluding Property Finance 2021
Headline earnings (Rm)	14	**6 399**	5 605	**1 410**	1 111	**4 989**	4 494
NII (Rm)	10	**8 755**	7 966	**2 692**	2 682	**6 063**	5 284
Impairments charge (Rm)	(43)	**805**	1 418	**462**	495	**343**	923
NIR (Rm)	5	**8 241**	7 881	**1 060**	550	**7 181**	7 331
Gross operating income (Rm)	7	**17 096**	15 947	**3 753**	3 232	**13 343**	12 715
Operating expenses (Rm)	9	**7 628**	7 011	**1 356**	1 211	**6 272**	5 800
ROE (%)		**17,7**	15,3	**15,7**	11,8		
ROA (%)		**1,10**	0,98	**0,72**	0,56		
CLR – banking advances (%)		**0,22**	0,42	**0,28**	0,30		
NIR to total operating expenses		**108,0**	112,4	**78,2**	45,4		
Cost-to-income ratio (%)		**44,6**	44,0	**36,1**	37,5		
Interest margin (%)		**2,42**	2,35	**1,42**	1,40		
Total assets (Rm)	2	**584 227**	572 344	**175 962**	171 035	**408 265**	401 309
Average total assets (Rm)	2	**581 580**	569 247	**170 968**	170 934	**410 612**	398 313
Total advances (Rm)	7	**424 642**	398 622	**170 513**	165 635	**254 129**	232 987
Average total advances (Rm)		**405 855**	405 553	**165 618**	164 981	**240 237**	240 572
Total deposits (Rm)	1	**441 886**	437 651	**286**	262	**441 600**	437 389
Average total deposits (Rm)	4	**429 663**	414 248	**283**	303	**429 380**	413 945
Average allocated capital (Rm)	(1)	**36 249**	36 536	**8 975**	9 416	**27 274**	27 120

Looking forward

While the macroeconomic growth outlook remains challenging, acceleration in client activity in the latter part of 2022 is cause for optimism on the outlook. We see significant opportunity in working with our partners to deliver the energy and infrastructure projects that South Africa needs. CIB intends to maintain a leading position in renewable-energy and will position itself as a leader in infrastructure finance through thought leadership, product development and engagement with clients and government on strategic projects.

The Transactional Services business is a vital enabler for liability generation and low-capital-consuming annuity income. This is an area of specific focus for CIB and the broader Group from a juristic perspective. We will look to build on the progress made in this franchise by taking a coordinated approach to the juristic transactional client journey. In practice, this will mean re-evaluating our client solutions, how we sell and ultimately deliver to ensure a unified client experience that leverages CIB's 'warm digital' service model.

We will continue to invest in our people by building a proposition underpinned by our DEI journey to attract, retain and develop top talent. As a purpose-led organisation, CIB is intentional about the value it creates and the impacts it has on our employees, clients, shareholders, and society at large. We therefore believe that an inclusive, equitable and diverse culture is a socioeconomic imperative driving the transformation of our business.

Though the South African growth outlook remains challenging, especially given the ongoing electricity crisis, we remain confident of delivering growth through leadership in the energy and infrastructure space, delivering great digital client experiences in our transactional business and focus on enhancing our ROE through portfolio optimisation strategies. We intend on maintaining our CLR within the TTC target range with a continued focus on stressed counters to reduce stage 3 loans.

Strategic progress

Our focus remains on the execution of our vision – 'To be the corporate and investment bank that creates value by using our financial expertise to partner with clients and contribute to the building of a strong, equitable and inclusive South Africa' – and our strategic growth levers align to this.

Clients remain at the centre of our strategy. We adopted a sector approach to client management in 2019 and continue to leverage our deep sector expertise to create value for clients and the CIB franchise by originating significant transactions and delivering quality returns. Our differentiated client service model delivers a more focused approach to enhance the client experience and optimise our limited resources by focusing on current and potential client revenue and profitability.

Digitisation continues to be a priority for CIB, particularly to improve client experience in service and product delivery. Our 'warm digital' approach aims to create simplicity in how our clients engage with us on routine tasks while ensuring human expertise and support are available when required. We continue to prioritise, design and deliver capabilities based on experience feedback gathered across all client touchpoints. CIB business leads work hand in hand with technology experts in agile structures to build out our channels and automated processes and modernise our core applications as evidenced by Nedbank CIB winning the Global Finance World's Best Banks 2023: Best Bank for Client Facing Technology award. In parallel, we are focussed on building the skills, mindsets and structures we believe are necessary to build a digital-ready, modern front-line workforce.

A key enabler of 'warm digital' is our award-winning Nedbank Business Hub (NBH) platform, which brings this approach to life for our juristic clients. Over the past year we have migrated more than 96% of CIB clients, who can now access their transactional capability via the NBH. Nedbank continues to invest in and refine the Nedbank Business Hub, and in 2022 new global banking functionality was launched on the platform, enhancing the client experience for cross-border payments and foreign exchange management. Our focus has been to migrate our clients to our new digital solutions and these plans remain on track. In parallel, we will drive adoption through change management to enable our clients to benefit from the self-service capabilities provided.

In the digital world security is as important, thus in parallel to migrating clients to the NBH, the Nedbank Authenticator was launched, providing clients with the choice of security via an app, or a token based on FIDO (Fast Identity Online) standards. In total, 97% of clients prefer using the new app.

Optimising our existing balance sheet is key to improving the quality of our returns while we also ensure that we are deliberate in directing scarce balance sheet resources towards value-accretive client partnerships that are long-term in nature. This had a positive impact on our overall profitability as we returned to the 2019 ROE levels.

Financial highlights

	Property Finance		Investment Banking		Markets		Working capital and Transactional Services	
	2022	2021	2022	2021	2022	2021	2022	2021
Gross operating income (Rm)	3 753	3 232	4 472	4 270	5 035	5 299	3 836	3 146
Average total advances (Rm)	165 618	164 981	156 087	151 916	63 426	70 658	20 724	17 998

We continue to invest in our people by building a people proposition that is underpinned by a diverse, equitable, and inclusive culture, tailored to our business strategy to enable us to attract, retain and develop top talent, considering relevant global workforce trends. This strategic workforce approach is vital to our continued success as a leading corporate and investment bank. We have made a significant investment over the past eighteen months to align remuneration practices and outcomes to the market to ensure that we continue to compete effectively for talent.

Segmental performance

Property Finance

Property Finance provides development and term finance solutions to clients and partners with its clients through equity investment and mezzanine structures.In 2022, growth in the property sector remained slow on the back of a sluggish economy. We, however, experienced good revenue growth due to a strong performance across all pillars of our business, particularly Property Partners and the Africa business. Our focus remained on partnering with our clients, originating high-quality transactions and managing the risk across our portfolio.

Gross operating income (GOI) increased by 16%. NII was flat and negatively impacted by an increase in the suspension of interest as a result of the increase in stage 3 exposures. The growth of 93% in NIR was driven by the strong performance of the Property Partners owing to favourable revaluations on certain assets. The CLR deteriorated in the second half of the year to end at 28 bps (2021: 30 bps). The deterioration is linked to specific exposures rather than to the performance of the portfolio in general. The CLR is within the TTC target range of 15 to 35 bps and is expected to remain within the range going forward.

Our portfolio is secured by good-quality assets and is well diversified. This is underpinned by a strong client base with whom we have deep relationships.

Investment Banking

Investment Banking is responsible for the advisory, debt and equity capital markets, private equity, long-term debt finance, sustainable finance and syndication businesses. It has leading industry expertise in the mining and resources, energy, infrastructure, telecoms and the leveraged and diversified finance sectors. Our sector expertise, thought leadership and our purpose-driven approach in delivering solutions to our clients have received significant recognition and garnered us multiple awards in the year under review.

Investment Banking delivered solid results with 5% growth in GOI. NII increased 3%, as momentum in the latter part of the year saw closing advances grow by 8%, with the Mining and Resources and Leveraged and Diversified Finance business contributing significantly. We continue to drive cross-selling initiatives off our client and related advances growth into the broader CIB product offering and this remains a key focus. NIR growth of 9% was driven by strong growth in fees and commissions, which increased 29% reflecting strong underlying client activity. NIR related to private equity and investment income had a meaningful but lower contribution off the high base in 2021. The credit loss ratio for the period was 11 bps. This performance enabled the business to deliver a continued improvement in ROE, enhanced by our portfolio optimisation initiatives.

Looking forward, the pipeline of opportunities remains robust across all sectors particularly in energy and related infrastructure. The delays in the renewable-energy programme into 2023 will result in strong growth for the energy business as the renewable-energy and commercial and industrial projects close this year. Our investment in the advisory franchise continues as we grow NIR year on year from this business. The private equity franchise will focus on new investment activity while realising certain of the existing investments for value. There will be a continued focus on sustainable finance activity where we continue to play a key role in leading, structuring and co-ordinating these transactions, for which Nedbank has been recognised globally as a leading sustainable finance provider.

Markets

The Markets business trades in the foreign currency, equity, commodity and interest rate markets.

Trading conditions were challenging throughout the year as both local and international markets experienced significant inflationary pressure, exacerbated by the Ukraine conflict. Hawkish stances by central banks and easing of supply chains have resulted in a moderation of the inflation outlook but the low level of growth is now a significant concern with rising expectations of a global recession. The SARB MPIF, a transition from a shortage to surplus system, also significantly compressed margins across asset classes in funding products. Financial conditions are expected to remain tight for the short term.

GOI decreased by 5%, driven by a decline in trading income. Despite the impact from MPIF, foreign exchange showed robust growth of 14%, driven by increased client activity. This growth was, offset by a 18% decline in debt securities after a period of continued growth over the past few years. This performance was due to a tough trading environment driven by macroeconomic factors, margin compression from MPIF and a drop in large, structured transactions. Equities declined by 19% but this was off a high 2021 base that included the impact of significant once off revenue.

Given the stabilisation of the inflationary outlook we expect better outcomes in debt securities as well as an increase in hedging activity. The Markets business is focused on building strength in areas in which we are under-indexed relative to the market such as credit trading and targeted Africa opportunities.

Transactional Services

The Transactional Services business provides working capital products in conjunction with transactional solutions.

This business showed strong growth, with GOI increasing by 22% due primarily to NII increasing by 34%. NII benefiting from higher deposit and short-term asset growth of 9% and 15% respectively. NIR grew by 4% with growth in domestic payments, guarantees and trade risk participation, offset by a reduction in cash withdrawal volumes.

We recorded 25 new primary-banked wins including the retention and noteworthy wins of significant public sector clients. There is a strong pipeline going into 2023 underpinned by a robust sector-based strategy and refined operating model.

The business is prioritising client experience through digitisation of existing and future solutions. This focus resulted in the business being awarded the *Digital Banker – Middle East & Africa Innovation Award* for 2022 following the launch of the NBH. We will continue to enhance and invest in further innovation on this platform for our juristic clients.

The business continues to play a significant role in the industry through its thought leadership in cash and payments modernisation.

Favourable	Unfavourable
• NIM being up 7 bps, driven by higher deposit margins and endowment. • 6% growth in pre-provisioning operating profit. • Recorded 25 primary-banked client wins. • CLR being towards lower end of the TTC range. • Robust growth of 14% in FX markets. • High single-digit asset growth.	• Impact of unfavourable conditions on debt and interest rate markets and as a result trading income. • Increase in stage 3 loans and advances.

Developing our fossil fuel and power generation glidepaths

Building on a history of climate and environmental leadership, in 2021 we released our Energy Policy, including a commitment to have zero fossil fuel exposure by 2045. The policy recognises the need for a zero-carbon energy system by 2050 and, importantly, that an orderly exit from fossil fuel financing is necessary well before 2050. We have begun work on the fossil fuel and power generation glidepaths and will release these glidepaths next year in our 2023 reporting. We intend to pilot the glidepath internally through 2023 to fully integrate the management of the tool in our business, credit and risk processes.

To guide the transition of its energy portfolio, Nedbank has chosen to adopt a combination of financed emissions targets and other financing activity commitments. This includes a combination of near-term, absolute and financed emissions intensity targets and a longer-term net-zero target. This combination of commitments provides an ambitious, but achievable pathway in transitioning our lending to net-zero.

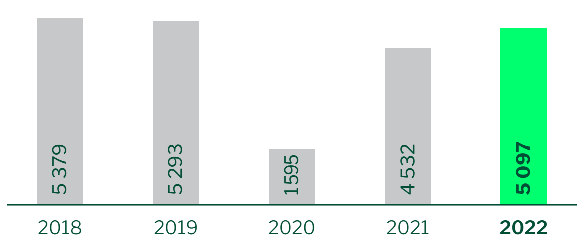
In line with our Energy Policy, our reduction targets will initially focus on the emissions related to our lending in the upstream fossil fuel and power generation sectors. For our fossil related lending we believe that a methodology that encompasses scopes 1, 2, and 3 client emissions is most appropriate in managing the full impact of the sector in the long term. For our generation pathway, we intend to use a physical intensity metric (CO_2e/MWh) encompassing scope 1 emissions of the electricity generated.

Our intention is to use a benchmark scenario that aligns to achieving the goals of the Paris Agreement, keeping global warming well below 2 degrees Celsius by 2050 and to pursue efforts to limit the temperature increase to 1,5 degrees Celsius. Given our position as an African Bank, we believe our benchmark scenario should take into account our African context and the African Just Transition. We will leverage the latest available science when selecting the pathway that will form the basis of our fossil fuel and power generation glidepaths.

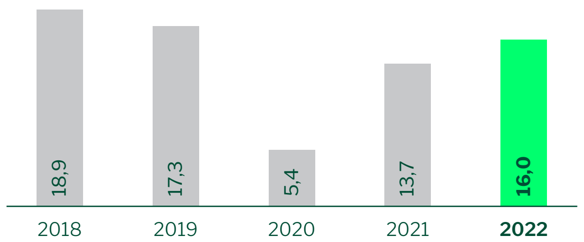
Post the disclosure of these sector pathways, Nedbank Group plans to set targets for other segments of its portfolio, data permitting. These will be prioritised based on materiality in terms of emissions to the country and to Nedbank.

Nedbank Retail and Business Banking

Headline earnings
(Rm)



Return on equity
(%)



Financial performance

RBB's financial performance has continued to improve, with HE up by 12% to R5 097m.

Higher earnings growth, coupled with a slight decrease in allocated capital due to methodology changes, resulted in ROE increasing to 16,0% (2021: 13,7%), now back above the group's cost of equity.

The main driver of the HE growth was an 11% increase in revenue, with expense growth being curtailed at 5%. This was offset by a 28% increase in the impairments charge off the back of once-off releases in the prior year and a deteriorating macro environment in 2022. The growth in revenue was driven largely by NIR recovering strongly from prior-year levels as all sectors of the economy opened and by NII growth remaining strong, benefiting from an improved NIM. Higher revenue has resulted in significant growth in preprovisioning operating profit (PPOP) of 20% and the cost-to-income ratio declining to 61,0% (2021: 64,0%).

In addition to the strong financial performance, RBB also showed positive traction on several key non-financial metrics, including a 13% increase in digitally active clients to 2,6 million and 6% growth in main-banked clients to 3,24 million, underpinned by a 6% growth in the economic-profit-rich middle client segments. During the year we received numerous awards such as the 2022 Global Banking and Finance Review Award for Excellence in Innovation Banking App in South Africa (for the Nedbank Avo app), and Best Corporate ESG Strategy in South Africa. At the Asian Banker Excellence in Retail Financial Services Awards 2022, we won the Best Retail Bank in Africa and South Africa Award, as well as the Best SME Bank in South Africa. At the Asian Banker Financial Technology Innovation Awards 2022, we were recognised for Best API and Open Banking Implementation. At the Africa Professional Wealth Management Wealth Tech Awards – Financial Times 2022, we were named the Best Private Bank for Digital Customer Service and lastly, we were also awarded for Outstanding Contribution in Commercial Payments Products for the SADC region at the ninth Africa Bank 4.0 Awards – BII World. These awards reflect our efforts and expertise in digital, ESG and the differentiated offerings for the segments we are serving.

NII increased by 12% to R23 203m, driven by an increase in advances off the back of stronger payouts, and the widening of NIM from 5,42% to 5,72%. NIM benefited from positive endowment as interest rates increased, as well as a higher liability margins from slightly more favourable funding spreads.

Average banking advances increased by 7% to R391bn driven by strong growth in our commercial banking and small business segments, as well as solid growth in secured lending. Unsecured-lending volumes have, however, slowed due to the adoption of a more cautious approach to new lending as a result of elevated risk. Overall new-loan payouts increased 3% to R121bn. As a results, our household advances market share decreased marginally to 17,3% in December 2022 (2021: 17,6%).

Average deposits increased by 7% to R383bn, supported by our market share of transactional deposits, which increased to 13,9% in December 2022. This is a key focus area, which has led to our achieving the strongest percentage deposit growth among large South African banks, based on the BA900.

The 28% increase in impairments by R1,4bn to R6,6bn was largely attributable to once-off benefits in 2021 (+R713m), book growth (+R400m), a deteriorating macro environment and elevated risk outcomes largely in secured products in Consumer Banking (+R857m). When normalising for the once-off items of R713m realised in 2021, the FY 2021 adjusted CLR of 153 bps (reported 134 bps) increased to 161 bps in 2022. Stage 3 loans as a percentage of total loans increased marginally from 6,67% to 6,81% as deterioration in the Consumer and RRB segments was partly offset by improvements in Commercial Banking. Total coverage remained elevated at 4,92% (2021: 4,83%), reflecting prudency in the difficult current macro conditions and outlook.

NIR increased by 8% to R13 849m, reflecting the ongoing improvement in client transactional activity, benefits of cross-sell, an increase in main-banked client gains and growth in card interchange revenue. Value-added services (VAS) grew by 25% and card acceptance volumes grew steadily in Q4 2022, reaching over R400bn in volumes for the year, which is the highest level reached to date. However, there is ongoing pressure on margins owing to higher levels of competition in the market.

Expenses increased by 5% to R22 615m, driven by judicious management of discretionary spend and ongoing optimisation of operations through Project Phoenix, Project Imagine and other Target Operating Model 2.0 initiatives. Permanent headcount decreased by 633 to 15 671, achieved mostly through natural attrition as we continue to leverage our investments in digital and the Managed Evolution (ME) technology strategy. Our cost-to-income ratio remains too high, but improved to 61,0% (2021: 64,0%), driven by higher revenue and cost-savings initiatives.

Strategic progress

Clients – The number of main-banked clients increased by 6% to 3,24 million. The increase in main-banked activity, the recovery of card spend, and the digitisation of our client base have all driven the NIR recovery this year. We also continue to scale several key growth vector products to supplement our value proposition and to support sustainable NIR growth by diversifying the revenue base.

Following a consistent upward trend in client experience over the past six years, Nedbank has reached #1 position in NPS (Net Promoter Score). Nedbank's performance is evidence that the focus on delivering delightful client experiences is bearing fruit. Consulta could not complete its 2022 client satisfaction study following some operational challenges and as a result, Nedbank commissioned a similar NPS benchmark study through Kantar – an independent, top-rated and world-leading data, insights, and consulting company. The Kantar Banking Industry study used a methodology consistent with Consulta, with the results statistically valid at a 95% confidence level. Questions and computation of scores were consistently applied so that results would be comparable. Looking ahead, Nedbank will continue its efforts to continuously improve client experiences and maintain our #1 NPS position.

In May 2022, Nedbank Business Banking was strategically repositioned as Nedbank Commercial Banking to better represent the comprehensive range of services and products we offer to medium-, large-, and mid-corporate-sized businesses. The annual 2022 study concluded by KPI Research showed a pleasing increase in market share to 24% (2021: 22%) in the category of businesses generating an annual turnover of between R750m to R2,5bn.

Nedbank's client experience (CX) continues to improve in support of the RBB goal to consistently deliver leading client experiences. This is supported by the Service Excellence programme initiated in 2019, with approximately 13 400 (90%) employees having gone through the first phase of training and approximately 7 900 (50%) of employees being in the embedding phase. Our gold-standard client journey management capability is well underway, built on a leading set of global technologies that allows us to understand client pain points through sentiment and operational data as we continuously implement client experience improvements to better meet client needs. Good market conduct principles are embedded and managed with oversight through our newly established Fair Client Conduct Board.

As part of our CX journey, Nedbank embarked on a journey to institutionalise behavioural economics for strategic projects across the business. We partnered with one of the leading South African universities, and Nedbank employees undertook technical training in behavioural economics and designed and tested behavioural interventions to increase client satisfaction, digital sales, cross-sales, and the adoption of service excellence rituals. All behavioural interventions were rigorously tested through live experiments and delivered significant improvements on behavioural interventions that could be scaled. In 2023, the institutionalisation journey will focus on embedding behavioural economics, skills, and interventions within campaigns, digital channels, collections, and frontline interactions with clients.

Through our financial wellness programmes (Consumer Financial Education and Financial Fitness) we reached over 29 million people, up from 15 million in 2021. These programmes are incorporated into various CVPs including Workplace Banking and are delivered via a combination of radio, digital, social-media and face-to-face interventions. Our financial wellness programmes incorporate behavioural economics principles that highlight the role of emotions and cognitive biases when making financial decisions.

Digital innovation – The digital growth story accelerated in 2022, with digitally active clients increasing by 13% to 2,6 million to reach a major milestone of 2,0 million clients now using the Nedbank Money app (up 23%). The continued investment in digitising onboarding journeys, digital marketing capabilities, and widening the distribution of sales capabilities all culminated in strong digital sales growth of 104%, far exceeding expectations. Digital is now contributing 53% (2021: 32%) of funded consumer sales and is well above South African industry standards (Finalta Digital Benchmark Study – 2022). The ease of onboarding clients onto the Money app and opening of accounts in less than five minutes contributed to the increase in clients joining and using our app. Digital payment volumes continued to grow, up by 18%, with Money app payment volumes increasing by 34% and app volumes now exceeding those of Online Banking. The Money app, together with other self-service channels, now play the dominant role in providing clients with simple and convenient banking anytime, anywhere.

Digital innovation is in our DNA and continues to be evident in the delivery of new and exciting features to market, adding value to our clients throughout 2022. Clients can now choose from a wider variety of vouchers, including for prepaid water, which seamlessly integrate into our Greenback programme. Access to our Avo super app is easier than ever and it can now be accessed through a single click from the Money app. Other new features include cardless cash-out solutions as well as the issuing of virtual cards that can be used to pay online. A combination of spend analysis, financial categorisation, budgets and a credit score dashboard help clients improve their financial health steadily. Clients are now able to book directly, through the Money app, video-call-based appointments with a branch or with our innovative Digital Advice Services Desk (DAS).

Furthermore, we strive to empower our clients financially through the Money app, with which they are now able to open investment accounts, increase credit card limits and access predetermined offers made available to them seamlessly. We also introduced Enbi, the always-on assistant bot that is there for our clients, 24/7 and which integrates with our contact centre agents seamlessly to address any questions from clients. We also drive financial inclusion and offer rich and simplistic banking for our Cellphone Banking (USSD) clients. During 2022 key innovations in the Cellphone Banking channel included real-time transaction notifications, a simplified and client-friendly new navigation experience, pre-login pop-ups to assist in client education, and an enhanced predetermined short-term loan offering.

The innovation pipeline promises to deliver more in 2023, and through the app clients will have the ability to apply for a credit card, allow children to access and use the app, and include enhanced features such as the ability to track card delivery. Enbi will also be expanded to handle more enquiries for clients and we will continue to focus on providing simplified products and solutions to our clients to enhance their overall client experience.

Client security remained a core focus, with several new features and enhancements implemented in 2022 to further protect our clients. The introduction of facial recognition, which integrates with the Department of Home Affairs for facial comparisons and data checks, enables us to reduce friction and grow the list of

Financial highlights

for the year ended 31 December

Segmental view

	Change %	Total Retail and Business Banking 2022	Total Retail and Business Banking 2021	Commercial Banking 2022	Commercial Banking 2021	Consumer Banking 2022	Consumer Banking 2021	Relationship Banking 2022	Relationship Banking 2021	Other[1] 2022	Other[1] 2021
Headline earnings (Rm)	12	**5 097**	4 532	**1 812**	1 408	**1 950**	2 109	**1 292**	907	**43**	108
NII (Rm)	12	**23 203**	20 745	**4 735**	3 847	**15 006**	14 276	**3 375**	2 585	**87**	37
Impairments charge on financial instruments (Rm)	28	**6 613**	5 172	**98**	(167)	**6 249**	5 144	**249**	150	**17**	45
NIR (Rm)	8	**13 849**	12 783	**1 917**	1 844	**7 941**	7 353	**1 686**	1 568	**2 305**	2 018
Operating expenses (Rm)	5	**22 615**	21 442	**3 984**	3 864	**13 772**	13 287	**2 994**	2 728	**1 865**	1 563
ROE (%)		**16,0**	13,7	**23,8**	19,8	**10,2**	10,1	**36,3**	24,6		
ROA (%)[2]		**1,20**	1,13	**1,06**	0,90	**0,78**	0,88	**1,21**	0,97		
CLR – banking advances (%)[2]		**1,61**	1,34	**0,11**	(0,21)	**2,37**	2,04	**0,41**	0,29		
NIR to total operating expenses (%)		**61,2**	59,6	**48,1**	47,7	**57,7**	55,3	**56,3**	57,5		
Cost-to-income ratio (%)		**61,0**	64,0	**59,9**	67,9	**60,0**	61,4	**59,2**	65,7		
Interest margin (%)		**5,72**	5,42	**2,80**	2,48	**6,08**	6,01	**3,16**	2,76		
Total advances (Rm)	7	**408 430**	380 985	**87 866**	80 363	**257 919**	242 390	**61 433**	57 312	**1 212**	920
Average total advances (Rm)	7	**391 022**	365 656	**83 862**	76 912	**246 802**	236 192	**59 118**	51 625	**1 240**	927
Total deposits (Rm)[3]	8	**402 114**	371 106	**167 651**	152 930	**125 165**	123 017	**108 977**	95 023	**321**	136
Average total deposits (Rm)	7	**383 010**	359 221	**162 321**	148 684	**120 416**	121 904	**100 053**	88 251	**220**	382
Average allocated capital (Rm)	(4)	**31 843**	33 060	**7 607**	7 116	**19 076**	20 789	**3 557**	3 684	**1 603**	1 471

[1] *'Other' includes income, impairments and costs relating to Channel, Card Acquiring, Central and Shared Services.*
[2] *Consumer CLR and ROA calculations are aligned with the methodology used across the bank.*
[3] *During 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being incorrectly reflected under cash management deposits (liability) and debtors (asset) and therefore the affected line items were overstated. In terms of IAS 32: Financial Instruments: Presentation, once the sweep has taken place in the cash management deposit account and the debtor funding account, these should not be reflected as a liability and asset respectively. As a result, the comparative assets and liabilities have been restated by R3 866m and the opening 1 January 2021 assets and liabilities have been restated by R3 390m respectively.*

functions offered via our digital platforms. A QR code security function was introduced on Online Banking to further mitigate threats to clients.

Our API_Marketplace provides a platform for our external and internal partners to consume financial products and services in line with our open-finance strategy. In support of the open finance strategy API_Marketplace, in collaboration with product teams across the group, increased product coverage to 13 in 2022 (2021: 9) with the addition of car and building insurance, credit card data and EFT payments APIs for the CMA countries (Namibia, Lesotho and Eswatini now available pending regulatory approvals). Work is materially complete on the CMA wallet and accounts data APIs, which will go to production in H1 2023. In addition, Rapid Payments, Cash Out at Retailer and Transactional Data (for juristic) APIs are in the pipeline for delivery in H1 2023. API_Marketplace has been at the forefront of the open-finance strategy in 2022, consistently collaborating with product teams to innovate with the platform and improve revenue and client acquisition. In 2023, the business will continue to focus on identifying market relevant opportunities that will contribute to our growth.

The Nedbank Business Hub's ongoing journey improvements have made becoming more digital easier for our Commercial Banking clients. It provides seamless access to a wide array of functions accessible through an integrated and secure platform, driving wider access to our ecosystem of products and services. To date there have been 139 996 service requests received via the hub, the bulk of which are straight-through, meaning immediate delivery to clients and ultimately a more efficient, streamlined client experience. There have also been 322 digital product applications with 83 activations by clients using the hub.

Currently, RBB has 142 active robots servicing 63 processes. These solutions have created efficiencies by optimising business processes, resulting in a significant saving in workforce hours (estimated at 1,3 million hours) over the past four years. Robotic automation has improved client experience by reducing turnaround times, and mitigating risk.

Physical distribution – Our physical footprint points to both the increased drive towards client self-service and a diverse South African consumer base that still requires face-to-face assistance. In response to shifts in client behaviour and preferences that were fast-tracked by Covid-19, we continued to optimise our branch footprint, while investing in more mobile and self-service channels as we aim to change in line with the way clients bank in a digital world.

During 2022, we closed 15 points of presence and opened 20 new in-retailer outlets and opened no new branches. This reduction has not affected our coverage of the bankable population in SA, which remains around 85%, in line with that of the industry. Since 2014 we have achieved actual floor space reduction of 83 823 m^2. We have a new operating model in 210 points of presence that will be rolled out over the next three-year cycle, including an innovative mix of branches from full-service and express to easy-access smaller branches. For our newly modelled branches we have seen an uplift in NIR per square metre when we compared data for six months from before the branch was opened and after the branch had been opened. By the end of 2025, 58% of branches will be smaller than 200 m^2, which is a significant shift from our current mix of branches.

We have also tested various in-market operating models through taxi rank branches and nine mobile sales teams in township economies. We expanded access to our products through new partners, both in market and online through APIs, acknowledging that clients are coming to branches less and that we need to be mobile and have a presence in the community. Appointment bookings, which allow our clients to schedule time for face-to-face meetings in- branch without having to stand in long queues, has seen a lift of 212%, with over 124 000 booking being done in 2022. We plan to extend our appointment booking capability to non-Nedbank clients via our website in 2023.

The transition of the frontline business to an agile operating model is underway in 61 of the 195 micro markets. The adoption of agile practices and methodologies while embedding agile values and mindsets has impacted sales performances positively across all frontline sales roles. Our continued focus on sales productivity as well as the 'Everyone Sells' strategy has resulted in branch sales and service productivity improving by 48%, with servicing employees now contributing 17% (2021: 4%) of overall sales.

To complement our in-market and digital channels we have a contact centre available to clients 24/7 through email, chat and voice options. Clients can now call our contact centre free of charge through our 0800 number. We have seen a 5% shift in service volumes from employee-assisted channels towards self-service channels. There has been an increase of 20% on digital channels for financial servicing, 17% for non-financial servicing and a 7% increase in transactions on bank-owned devices.

With self-service options expanding, we further invested in our ATM footprint by rolling out another 73 devices. During this period, cash dispensed through branches and ATMs increased by 12%. Altogether, 90,5% of client cash deposits at branches are now being processed through cash-accepting ATM devices. We continued to improve the experience of clients at our devices through the roll-out of our new ATM front-end, which enables first-in-market functionality such as app-initiated withdrawals using QR codes, meaning that clients do not have to insert their cards into our ATMs when withdrawing cash. Clients can now also pay all Nedbank accounts and beneficiaries at cash-deposit-taking devices and make real-time deposits at deposit-taking ATMs.

Significant progress has been made in enhancing functionality across self-service and online channels, providing our clients with enhanced convenience. During the past year, we simplified the password reset function for Online Banking and added great functionality, such as the ability to change card PINs in-app. Our network of 473 self-service kiosks in our branches enables clients to complete self-service actions at their own convenience, such as changing their ATM limit, maintaining their profile, issuing statements, as well as blocking and replacing personalised cards for PAYU and Savvy Plus Accounts. The long-term aim is to offer this across all accounts and clients, making the card process much faster as we continue to offer convenient options for clients. Clients can also pick up cards 24/7 by using our 160 lockers located in the self-service zone at branches or have their cards delivered to them. Our kiosks now also enable clients to open PAYU accounts seamlessly, with a card issued instantly, and we are looking to expand to other third parties.

Ecosystems – Our Avo super app has signed up more than 2,0 million users since its launch in 2020, with active users up almost fivefold. Benchmark analysis revealed that the growth trajectory of Avo's monthly active users has been much higher than that of benchmark peers after three years in the market. Over 20 000 businesses, up by 15%, have been registered to offer their products and services on this e-commerce platform. Avo now has access to over 12 000 drivers on its delivery fleet nationwide as product orders continue to grow exponentially, with a fivefold increase in gross merchandise value (GMV) and sevenfold increase when including internal procurement via the platform.

Avo Auto, a virtual vehicle mall that was launched in 2021, now hosts over 200 MFC-accredited dealers, with more than 8 000 vehicles available on the platform. During the year we launched Avo B2B Marketplace, making it easier for business buyers and sellers to connect, anywhere, anytime, on a secure platform. Avo also continued to increase its number of partners to drive scale, with our newest partnerships (with Apple, Dell and Uber Direct) highlighting the increasing appeal of Avo as a destination marketplace to assist global brands and manufacturers in realising their growth aspirations. The launch of Avo in our first NAR subsidiary is planned to go live in Q1 2023. At the Global Banking and Finance Awards 2022, we won the Excellence in Innovation Banking App (Nedbank Avo) in South Africa Award.

In the township economy, we continue to leverage partnerships to co-create solutions with clients. This work has been advanced through the establishment of an Insights centre of excellence aimed at tailoring solutions centred around the client's physical and psychological contexts. Our multipronged approach, anchored by our go-to-market strategy, has impacted the township economy positively and remains pivotal in our community-based interventions with residents, informal traders and SMMEs. Through the Distribution Performance Cell, enabling us to understand community needs better, we provided relevant solutions in 12 township markets to date and prioritised roll-out into the remaining main markets in 2023. In addition, we are creating shared value through our partnership with Township Entrepreneurs Alliance (TEA) by offering Kasi

Product views, excluding commercial banking

	Home loans		VAF		Unsecured lending[1,2]		Transactional[3]		Card and payments[3]		Forex and investment	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
NII (Rm)	3 259	2 979	5 526	5 121	4 163	3 998	2 488	1 803	1 419	1 506	1 546	1 475
Consumer banking and other	2 347	2 215	5 350	4 977	3 911	3 862	1 011	749	1 419	1 506	988	988
Relationship banking	912	764	176	144	252	136	1 477	1 054			558	487
Impairments charge on financial instruments (Rm)	507	(129)	2 408	1 727	2 719	2 619	71	64	811	1 059		
Consumer banking and other	427	(138)	2 379	1 702	2 581	2 502	71	64	811	1 059		
Relationship banking	80	9	29	25	138	117						
NIR (Rm)	283	275	701	708	891	726	6 151	5 680	3 634	3 216	249	230
Consumer banking and other	215	212	686	694	819	676	4 766	4 358	3 606	3 191	132	136
Relationship banking	68	63	15	14	72	50	1 385	1 322	28	25	117	94
Operating expenses (Rm)	1 772	1 683	1 787	1 662	1 977	1 843	8 286	8 064	3 001	2 626	1 579	1 500
Consumer banking and other	1 198	1 137	1 673	1 557	1 785	1 727	6 588	6 502	2 984	2 609	1 179	1 117
Relationship banking	574	546	114	105	192	116	1 698	1 562	17	17	400	383
Headline earnings (Rm)	890	1 215	1 342	1 612	279	185	185	(481)	859	723	150	142
Consumer banking and other	655	1 019	1 308	1 592	283	218	(653)	(1 067)	851	717	(48)	(1)
Relationship banking	235	196	34	20	(4)	(33)	838	586	8	6	198	143
ROE (%)	14,5	22,5	15,5	17,3	7,4	4,8	8,8	(16,7)	36,6	22,7	50,6	28,6
CLR – banking advances (%)	0,33	(0,09)	1,92	1,46	8,73	9,06	39,55	34,98	4,90	6,33		
Cost-to-income ratio (%)	50,0	51,7	28,7	28,5	39,1	39,0	95,9	107,8	59,4	55,6	88,0	88,0
Interest margin (%)	2,12	2,08	4,02	3,95	15,21	15,23	8,00	6,19	7,97	8,19	0,97	0,97
Average total advances (Rm)	149 525	138 952	119 249	112 468	24 287	23 342	69	98	13 957	13 896	2	2

The table does not include NCB HE of R1 812m (Dec 2021: R1 408m) and other unallocated costs of -R420m (Dec 2021: -R272m) relating to Channel, Central and Shared Services. Therefore, the table does not cross-cast to the segmental view on page 94

1 *Excludes additional insurance income in Nedbank Wealth that if included, would result in ROE of 12,0%.*
2 *Unsecured Lending's CLR has been restated to align with methodology for the current year.*
3 *Debit and cheque interchange and related costs have historically been reported under the Card and Payments product. This has been restructured in the current period and is now reported under the Transactional product to more closely reflect the true economics of the Transactional product and also align with the industry. The 2021 comparative period has been restated.*

Business Workshops across the country. Since May 2022, this programme has enriched more than 3 000 physical and 4 000 online township SMMEs with training, sponsored around 140 township exhibitors equipped with Nedbank POS machines, created supplier procurement opportunities for more than 40 black-youth-owned service providers, as well as crowned eight pitch challenge winners with a collective allocation of R350 000 in cash and business support in 11 township communities nationwide. This community-immersive approach has deepened our insights, which we have used to develop an informal trader CVP – to be launched soon – that drives financial inclusivity.

Nedbank Retail and Business Banking segmental review

Internal transfers

In line with the strategic intent of Project Phoenix to service clients holistically in a given segment, a reallocation of clients and products was conducted to ensure all income is accounted for in the correct segment.

As a result, R6,2bn in advances was transferred from Consumer Banking to Retail Relationship Banking in August 2021, and R2,4bn of deposits were transferred in January and April 2022, with the full-year impact as follows:

- R2,4bn in notice and term deposits
- R3,7bn in home loans
- R1,3bn in VAF
- R1,2bn in personal loans
- R41m in HE

Commercial Banking

Commercial Banking provides relationship-based banking services to mid-sized and large commercial entities, including tailored banking and financial propositions for agricultural, franchising and manufacturing industries as well as the public sector.

Commercial Banking increased HE by 29% to R1 812m at an attractive ROE of 24% through solid product volume growth, coupled with an improvement in NIM of 32 bps to 2,8%, driven mainly by the endowment benefit following the sharp increase in the interest rates. NIR grew moderately by 4% off the back of a 6,6% increase in transactional banking volumes, offset by lower non-transactional-related fees.

Average advances grew by 9% as client use of existing facilities increased, although we noted cautious borrowing behaviour, with new loan payouts remaining largely flat at R27bn. Commercial Banking remains a strong generator of funding, with R91bn in net surplus funds generated, supported by an increase of 9% in average deposits, particularly from growth in transactional deposits.

The CLR of 11 bps (2021: -21 bps) is below the target range of 50–70 bps and includes the release of forward-looking impairment overlays deemed as no longer required. The CLR is expected to normalize in 2023. The commercial operating environment has been, and continues to be, beleaguered by many external factors such as intensified load-shedding, increased input costs, margin pressure as well as logistical and transportation challenges. Although downside risk in the current economy persists, our balance sheet coverage ratio of 1,83% remains above pre-Covid-19 levels.

Our digital journey continues to advance and is underpinned by both ongoing delivery towards a clearly defined roadmap of strategic digital priorities, as well as incremental positive shifts in client experience, owing to the steady stream of functionality that we are taking to market. Commercial Banking continues to roll out the Nedbank Business Hub to clients, enabling a positive change in client experience for businesses, achieving critical scale in 2022. The focus for 2023 will be primarily around adoption and continual enhancement to our cybersecurity measures to help clients manage cyber security concerns as they adopt more digital solutions for their businesses. The Nedbank Business Hub provides convenience for the electronic banking needs of our clients and is a single view of all the digital offerings we have. From here, clients will be able to transact, apply for products and services and more. Security remains a top priority and we offer advanced protection through the combination of a password, certificate and choice of two-factor authentication (mobile or token). To date, 67% of clients have an active digital resolution in place, which enables businesses to nominate authorised persons to procure banking and financial products and services.

The introduction of a service model aimed at focusing on the delivery of a unique proposition to the lucrative mid-corporate segment within Commercial Banking in 2021 has according to KPI research brought about a positive increase in market share between 2021 and 2022 to 24% within the category of businesses generating annual turnover of between R750m and R2,5bn. This, together with various interventions aimed at improving existing client product cross-sell ratios culminated in an improvement in the status of single-banked clients with Nedbank from 27% in 2020 to 36% in 2022, versus a downward position in multibanked clients over the same period.

The year 2022 saw the launch of a bespoke value proposition to the manufacturing industry that was successfully promoted and well received by the sector. Continued client growth across the agriculture, franchising and public sector portfolios were also evident during the year.

Our sustainability proposition showed an increase in the provision of finance covering 'renewable energy' investments that exceeded our ambitions for the year. A pilot with a third party was also initiated with select clients towards the end of 2022, which offers the commercial market an aggregation of advisory services and geolocated suppliers for commercial clients contemplating the purchase and acquisition of solar-energy technology. So far, initial feedback received has been promising and we expect to finalise a more permanent arrangement with this service provider in early 2023, which will then be extended to the broader commercial market.

Retail Relationship Banking

RRB provides tailored banking services to affluent individuals and their households (salaried and self-employed), non-resident clients and embassies as well as SMEs with an annual turnover of less than R30m. The relationship banking offering is designed for clients seeking a personalised, flexible and proactive approach, and caters for more complex financial needs typically associated with the above-mentioned client segments.

Despite the subdued economic environment, the business delivered HE of R1 292m, up by 42%, generating an ROE of 36,3%. This reaffirms both the resilience of the client base (despite small-business clients being under more strain than affluent clients) and the quality of this business.

After rebasing for the internal transfers, the CLR increased from 36 bps to 41 bps, which is at the lower end of the target range of 40–70 bps and reflects the quality of the book and the effectiveness of the risk practices. Average advances grew by 7%, while average deposits increased by 11%, resulting in a net funding contribution to the group of R51bn. NIR grew moderately at 6,0%, which includes the impact of various industrywide and Nedbank-specific pricing concessions. NIR growth was more muted in the small-business segment, reflecting the strain this sector is under, but recovered strongly in the private-client segment.

Private Clients: Early in 2022 we repositioned our Professional Banking offering to Private Clients, to align with market naming conventions and to reflect our aspiration to provide a true 'private' experience. We have noted a steady improvement of consideration and sentiment ratings on the back of this change. Main-banked client numbers increased by 10%, maintaining our affluent market share at approximately 15%. Service levels and client satisfaction continue to improve, with more clients willing to promote Nedbank off the back of continued efforts to provide a seamless experience to this demanding client base.

The many enhancements being made to Online Banking and the Money app since the full migration of clients to the new platform in early 2021 have driven an improvement in digital satisfaction. Important digital features for this client base include the ability to receive and make international payments, open and manage investment accounts, apply for credit, access and manage wealth products (stockbroking, unit trusts, retirement annuities and life cover) as well as choose from a range of in-house short-term insurance solutions. Clients can also book appointments with their banker, and our financial management solutions continue to evolve, and we are seeing good usage by RRB clients. Our enhanced proposition for this segment positioned us to be recognised as the Best Private Bank for Digital Customer Service by *Financial Times*.

Small Business Services: Nedbank remains well positioned in the small-business segment, maintaining its urban market share of 24% as a result of positive views regarding our ability to understand and serve the needs of this important sector. According to the 2022 Small Business Tracker (a Nedbank-commissioned survey that has been running for 13 years and is conducted by the independent research company, KPI Research), small-business owners continue to rank Nedbank as the market leader in the provision of banking services to this market for the second year in a row, and the *Asian Banker* recognised Nedbank in 2022 as the best SME bank in South Africa at the Excellence in Retail Financial Services Awards. Our focus for small business is the provision of affordable transactional banking, innovative payment solutions and seamless lending to unlock growth for this important sector of our economy.

SimplyBiz, a free business development platform powered by Nedbank and available to all entrepreneurs (whether banked with us or not), has provided over 30 000 business owners free Beyond Banking assistance in the form of advertising, coaching, relevant business support materials and strategic initiatives. This represents an 111% growth from inception, and actively supports the UN SDG 4 and SDG 9 through an expert community with resources, ongoing learning and tangible support.

Despite a challenging economic outlook and an increasingly competitive market, now also heavily focused on small businesses, there are still many opportunities for us to grow in the relationship banking segments. We will continue executing our strategy to digitise as much of the day-to-day banking functionality as possible, while investing heavily in the skills, knowledge, and professionalism of our frontline employees to give impetus to our positioning of 'Digital when you want it; human when you need it'. Besides our growth in market share, financial performance will also be boosted by the growth in endowment earnings in an increasing-rate cycle.

Consumer Banking

Consumer Banking predominantly serves individuals earning less than R750 000 per year in three subsegments – middle market, entry-level banking and youth. Consumer Banking primarily offers these clients transacting, savings, lending and insurance solutions, across physical and digital channels. Consumer Banking also serves a few non-individual client types, such as stokvels, clubs and societies. Consumer Banking represents approximately 93% of our individual clients.

HE decreased by 8% to R1 950m, primarily driven by an increase in impairments, while PPOP increased by 11%, underpinned by strong NIR growth of 8% (the highest level achieved in over six years), offset by low expense growth of 4%. This reflects solid growth in client volume and activity (+R618m) and includes the effect of migrating 1,5 million client accounts between 2020 and 2021 to new, more competitive transactional products. The strong performance in PPOP resulted in the cost-to-income ratio improving to 60,0%, down from 61,4% in 2021. Impairments growth was the highest in our home loans and vehicle loans portfolios, where client interest rates are prime- linked. The increase in the prime rate during 2022 impacted some of these clients' ability to maintain their repayments. Management is focused on actions to support our clients in these difficult times while remaining committed to strengthen collections capabilities.

Balance sheet growth was solid, with average advances growing by 5%, off the back of a 6% growth in unsecured lending and vehicle finance and a 4% growth in home loans. Average deposits declined by 1%, despite a pleasing 7% growth in transactional deposits. Notice and term deposits declined by 3%, partly due to the migration to RRB.

Consumer Banking delivered strong client growth with total main-banked clients growing by 6% to reach 3,24 million through dedicated focus on front-line sales productivity and continued growth in digital sales. All segments grew their main-banked clients, including the youth segment that registered growth for the first time since 2019, the middle-market segment that grew by 5,7% and the entry-level segment that grew by 7,9%. Total active clients grew 3,2% to 6,62 million and Consumer Banking's cross-sell ratio improved to 1,89 products per client, up 5% (2021: 1,81). Furthermore, good progress has been made in personalised, AI-driven sales leads, including focused interventions for each of the segments, such as the Unlocked.Me proposition and YouthX for the youth, the township economy, micromarkets' 'go-to-market' focus and the Family Banking proposition for the middle market. It was pleasing to see our youth offering being voted the third 'coolest' brand at the Sunday Times Generation Next Awards.

Digital sales and servicing remain a key focus area and our Money app clients grew by 375 000 (of which 345 000 was in Consumer Banking) to reach two million overall for Nedbank Retail. Within Consumer Banking, two-thirds of our main-banked clients are digitally active, and over half are using the Money app. These shares have grown by 4% and 6% respectively since 2021. Digital sales grew to 53% (2021: 32%).

We enhanced our CVPs and during 2022 launched Family Banking, which enables spouses to enjoy up to R60 per month off the monthly fee of their current account, and MySmartMoney, a tool on the Money app with which clients can enjoy My Spend (a spend management tool), My Budget (a budgeting tool), My Savings (a goal-saving tool) and My Credit Score (a function to view one's credit score and find out how to improve it).

Looking forward

We expect RBB to continue showing performance improvements amid an expected toughening macro environment defined by low economic growth, rising levels of household debt and inflation-fuelled prices of basic goods and services, persistent unemployment levels and the adverse effects of load-shedding, all expected to persist in 2023 and a highly competitive environment with new entrants and non-banks moving into financial services. Our client-centred growth strategy and execution plans focus on the five core strategic levers set out below to help us achieve our aspirations. More so, our digital and data capabilities will enable us to create new and disruptive products and solutions to address clients' rapidly evolving needs and expectations, enabling us to expand access to new markets, and help develop new revenue-generating opportunities, to help reduce the cost-to-income ratio and improve ROE. We will continue with a heightened focus on purpose-driven and ESG-inclined CVPs.

Leading client experiences – We will continue to develop winning client value propositions (CVPs), innovative products and solutions for our clients to drive competitiveness through differentiation. We will configure operations to meet changing client needs and safeguard ourselves against new entrants and disruptors. We will also continue focusing on Strategic Portfolio Tilt 2.0 (SPT 2.0), which concentrates on growing profitable market share in selected areas, while embedding a leading client experience culture and leveraging behavioural economics in how we engage and serve clients.

Digital first, first in digital – We will invest in more to complete the digitisation and commercialisation of priority individual and juristic journeys through our Managed Evolution programme. We will focus particularly on the Nedbank Business Hub (NBH) migration capabilities and continue to use digital to improve client experience and scale through a low-cost operating model.

Growth Vectors to the Power of N – We will unlock more value through relentless focus on growth vectors ranging across key areas, APIs, partnerships growth through our digital ecosystems such as Avo and VAS, and the township economy. These growth vectors unlock alternative revenue generation opportunities and pave the future for the bank.

Efficient and agile operating model – We will continue to implement Project Phoenix, Project Imagine and other Target Operating Model 2.0 (TOM 2.0) initiatives that will yield cost savings derived from centralised important capabilities such as solution innovation, credit and pricing, and operations. We remain committed to monitor our impairments closely, with strengthened collections capabilities and targeted actions to address anti–money-laundering risks (AML).

Equipping our people – We will continue our journey of attracting and retaining talent as well as prioritising, skilling and re-skilling our people in an evolving and changing operating environment. This will be supported by holistic wellness initiatives. We remain committed to drive our unique employee value proposition (EVP) and culture journey specifically on diversity, equity and inclusion (DEI).

Nedbank Retail and Business Banking product review

Transactional Banking

Transactional Banking provides fully inclusive access to banking by offering affordable and meaningful banking to clients across all income levels, enabling financial inclusion and effective money management through key innovations such as MobiMoney, PAYU (consumers and small businesses) bundled accounts such as Savvy Plus and Bundle and savings pockets.

Transactional Banking was a significant contributor to NIR growth. The business continues to improve onboarding and servicing capabilities across physical and digital channels and has afforded a significant shift to self-service across all channels. As clients shifted behaviour patterns from branches to ATMs and digital channels, there has been a notable increase in the use of EFTs, with instant payment volumes growing by 45% and payments to cellphones (money transfers) growing by 59%. The purchasing and usage of digital vouchers, specifically in the entertainment space, increased by 212%. Value-added services such as airtime, electricity and LOTTO also increased, with total value-added services increasing by 25% across all products, and over 1,27 million (a 17% increase) clients buying on the platform today. Key servicing capabilities such as balance enquiries, payments and transfers, which enable clients to manage their money better, have increased by 91% and 49% respectively on the Money app.

As we continue on our digital journey, all our transactional products are now enabled for straight-through processing on the Money app and Online Banking, which allows for convenient and seamless account activation. We are also able to FICA our clients remotely, eliminating the need to go to a branch. When opening a transactional account, our clients can take up an overdraft and credit card seamlessly, thereby eliminating unnecessary delays. We continue to migrate clients to enhanced product offerings with up-to-date features in a frictionless manner.

Our client-centred innovations with MobiMoney have enabled the opening of approximately 1,5 million wallets, which have zero monthly maintenance fees, allow free deposits up to R4 000 per month, and give clients the ability to pay bills, buy airtime and electricity, and withdraw and deposit money at retailers. Clients can also buy vouchers, including retailer vouchers for Pick n Pay and Makro. Payment options have been increased through the enablement of Masterpass and a unique feature called Paycode, which enables informal traders with a MobiMoney wallet to receive payments from customers and pay for goods at wholesalers and other retailers.

Card and Payments

Card and Payments provides card-issuing, card-acceptance and payment products and solutions across all client segments, extending beyond RBB into Nedbank Private Wealth. It is also responsible for the bank's commercial card offerings. These offerings include key innovations such as tap-on-phone and scan-to-pay options, Market Edge, GAP Access, Virtual Card, Apple Pay enablement, Samsung Pay and Money Message.

Nedbank Card and Payments experienced strong growth in card-issuing volumes of 19,6%, and card-acquiring volume growth of 24,5% as the economy normalised after Covid-19. This growth was further evidenced through increased client acquisition, limit increases for card issuing, new innovations, as well as enhanced CVPs and an improvement in the overall quality of the book with CLR reducing by 144 bps resulting in a strong ROE of 36,6%.

Surges in online shopping and the use of contactless payment technologies have also fuelled the popularity of recent shopping innovations, including app-based shopping, kerbside pickup and QR-code-based ordering and purchasing. There was a significant increase in the use of our digital payment methods, with growth of 61% in e-commerce volumes, over 42% growth in contactless payments and 14% growth in QR payments.

Nedbank is also the first in Africa to launch the Tap on Phone app, a payments solution that enables businesses to accept payments by simply using an Android smartphone for contactless card payments. During 2022 new features on the market-leading PocketPOS offering were launched, including a till interface, stock management and pricing catalogues.

As part of our innovative journey, we launched the following new products:

- The Bill Payments feature on the Money app and Online Banking, which gives our clients full control and easy management of their bill payments. Clients can make once-off payments, set rules for recurring monthly payments, track their payment history and maximise their rewards with the Greenbacks, American Express Membership Rewards® and SAA Voyager programmes.
- The refreshed American Express Platinum Card CVP, which offers enhanced travel and lifestyle benefits. Global benefits such as discounted bookings at luxury hotels internationally and access to international airport lounges using the Priority Pass are still part of the offerings. Local offers have been enhanced to include the revamped local dining programme, with discounts at the top 30 restaurants in SA.

Investments

We continue to focus on expanding our digital investment capabilities, with a number of new features enabling clients to:

- open an investment account via the Money app and Online Banking (Nedbank and new-to-Nedbank clients);
- switch investments in-app and online and transfer between differing term offerings;
- redeem Greenbacks into a notice deposit with a total of 106 737 redemptions to the value of R46m since inception (December 2021: 74 823 redemptions to the value of R27m);
- give notice of withdrawal in-app without the need to have a Nedbank transactional account;
- use USSD channels for investment servicing requests, so that we cater to all markets, especially for those in entry-level banking; and
- give notice on investments using the self-service kiosks in branches.

Further enhancements include the implementation of the Simple Savings Account that can be opened in-branch or digitally where clients will have immediate access to their money while earning competitive interest rates.

New digital investments sales now contribute 80% of total sales and 95% of withdrawals notices.

The above improvements in digital capabilities, together with competitive investment pricing strategies in select product categories, have resulted in household demand and term market share increasing 56 bps to 16,24% since December 2021.

Forex

The forex business is well established in client journeys and continues to enhance and deliver innovative segment CVPs, enabling clients to transact and invest across numerous foreign currencies.

Forex-related NIR is up by 32%, driven mainly by economic recovery and digital enablement. Digital adoption of key forex capabilities continues to increase significantly and is now on average above 62% across key services and segments.

We continue to focus on digital transformation and during the year have:

- enhanced our international payments offering in-app and via Online Banking, enabling small-business clients, in addition to individual clients, to process both incoming and outgoing payments digitally in over 25 currencies;
- completed the development of the Send Money across Africa service and enabled clients to send money directly from their Nedbank account to top banks in 12 other African countries;
- maintained foreign currency account market share of 8% (currently third in market from fifth position three years ago);
- improved employee-assist capabilities, which will be leveraged as a foundation for future capabilities; and
- leveraged digital solutions to support high-volume straight-through settlement and client liquidity for qualifying rand incoming international payments, leveraging temporary SARB dispensation.

Unsecured Lending

Unsecured Lending provides personal loans, overdrafts and student loan products and solutions across all client segments.

HE increased by 51% to R279m, delivering an ROE of 7,4% or 12,0% including insurance related earnings in Nedbank Wealth. The CLR improved by 33 bps but remained above the TTC target range owing to the difficult macroeconomic environment. Proactive credit risk management and DebiCheck operational improvements have resulted in improvements in risk outcomes. Additional credit policy adjustments made in Q2 2022, together with improving new margins, are anticipated to drive further improvements in the CLR and overall economics into 2023. Disbursal growth is expected to remain subdued in the short term but anticipated to improve as macroeconomic conditions recover and new digital solutions are commercialised.

Overdrafts continue to benefit from digital enablement, resulting in book growth of 61% and overall household overdraft market share increasing from 9,9% in December 2021 to 12,9% in December 2022.

The Personal Loans API solution enables both Nedbank and non-Nedbank clients to apply for personal loans or make payments in less than 10 minutes. Predetermined offers have driven an increase in straight-through loans and has seen a 70% increase since December 2021. Digital personal-loan disbursals grew by 41% and now represents 46% of all personal loan disbursals, while three quarters of overdraft disbursals are being originated via a digital channel.

Our free Credit Score tool on the Money app, which enables clients to monitor their credit scores and receive guidance on how to improve their credit behaviour, has now also been made available through Online Banking and nedbank.co.za. Any South African citizen, regardless of their relationship with Nedbank, can access this tool. At the end of December 2022, over 700 000 clients have registered on the tool, with a third actively engaging monthly.

Home Loans

Home Loans provides home ownership product solutions to the consumer, small-business and the juristic segments.

Higher interest rates, rising unemployment and escalating inflation resulted in an overall decline in market application volumes, with Nedbank's application volumes decreasing by only 7%, and new business granted increasing by 6%. First-time buyers comprise approximately half of all transactions by natural persons on the back of the launch of a first-time home-buyer CVP in H1 2022. This CVP features a 100% to 105% LTV home loan value (bond plus transfer costs) with a rate concession depending on whether the first-time home buyer is purchasing in a Green Edge development and/or is main-banked.

House price inflation for 2022 was 2,7% and is forecast to reduce to 2,3% in 2023, subject to interest rate increases and the country's GDP growth outlook. HE declined by 27% to R890m (2021: R1 215m) delivering an ROE of 14,5% (2021: 22,5%). This decline in HE was driven by a higher CLR of 33 bps (2021: -9bps), influenced by the deteriorating macro environment and the cumulative impact of interest rate hikes. Normalising for once-off impairment releases, the 2021 CLR was 18 bps.

RBB HL's advances growth of 8,4% compares favourably to industry growth of 7,5%. New-business market share improved in H2 2022 to 14,4% (H1 2022: 12,3%), resulting in a 12 bps BA900 market share increase since July 2022. Credit risk appetite and quality of returns remain consistent through the cycle, while supporting market share growth aspirations.

Solar Solutions and technology capabilities were successfully launched during H2 2022.

Nedbank Home Loans remains equally committed to our business partners and clients alike, continuing to invest in digital optimisation and ease-of-doing-business initiatives across our new-business operations and sales channels, with a renewed focus on building and strengthening our relationship with our mortgage originator partners.

MFC

MFC provides secured-lending products to the consumer, small-business and juristic segments.

The domestic new-vehicle market has shown encouraging growth despite the economic pressures, the severity of load-shedding, the prolonged Covid-19 lockdown in China and challenges with vehicle stock.

MFC remains a dominant player in the vehicle finance market, with TransUnion market share at 35,2% in December 2022 and the household BA900 share at 35,4%, supported by loans and advances that grew by 6% during the year. TransUnion's latest Vehicle Pricing Index (VPI) reflects an increase in new vehicle pricing from 3,8% in Q3 2021 to 6,8% in Q3 2022 and the used-vehicle index increased from 5,9% to 9,0% over the same period. MFC's new-to-used vehicle finance ratio increased in 2022 to 33:67 (2021: 30:70).

HE decreased to R1 342bn and ROE to 15,5% and a CLR of 192 bps, which increased from 146 bps in 2021. Adjusting for once-off impairment releases the CLR was 159 bps in 2021. The increase in the CLR was driven by the deteriorating macroenvironment and the cumulative impact of interest rate hikes.

MFC has made positive strides with its client-centred solutions, while ensuring an efficient and productive business model that includes the following:

- Change of ownership across all offboarding stages of the account life cycle, thereby driving client value and enhancing retention strategies.
- The integration of secure automated payment solutions, enabling both businesses and clients to take up additional value-added services.
- The implementation of short-term insurance in our value-added products sphere, which has demonstrated overall year-on-year growth.

We continue to work with our dealer partners to gain momentum in growing their reach and efficacy, while providing a superior client experience.

Loyalty and rewards

The revamped Greenbacks programme now enables clients to join by virtue of having a transactional product, a loan or certain investment products, in addition to a credit card, delivering strong membership growth, with new enrolments up by 16% to 1,64 million members.

Greenbacks earned were up by 18% as clients increased their card swipe and debit order volumes. Greenbacks members, on average, generated double the monthly net operating income when compared to clients who were not Greenbacks members, with a higher cross-sell ratio of 2,18 versus 1,11 for non-members.

In addition to swipe earn, strategic partnerships with BP fuel and Nu Metro have delivered additional value of more than R32m to the Greenbacks base. New digital redemption volumes that enable clients to redeem their points into their MyPockets and to buy airtime, data and electricity, have increased by 11%.

The Greenbacks app was consolidated into the Money app, thereby providing clients with access to additional offers that, in turn, enhanced their client experience.

Favourable	Unfavourable
• Solid revenue growth and efficiencies from cost optimisation, realised through centralised capabilities driving efficiencies (Project Phoenix). • Repositioning of CVPs for Consumer Banking, Private Clients and Commercial Banking, including agriculture and manufacturing. • Accelerated digital uptake (including for Avo), and continued usage, with several awards received. • Increase in transacting main-banked clients across all segments. • Significant progress in our channel transformation programme (Project Imagine). • Growth in market share in transactional deposits	• Impairments impacted by macro deterioration and higher interest rates starting to take effect on collections and the CLR in secured products. • Aggressive competitor pricing impacting household deposit market share negatively. • Further recovery in ROE and improvement in the cost-to-income ratio still being required.

Retail and Business Banking: Key business statistics

		2022	2021
Commercial Banking			
New client acquisitions – groups		**442**	336
Average product holding		**4,83**	4,85
Home Loans			
Number of applications received	thousands	**183**	200
Average loan-to-value percentage of new business registered	%	**95**	94
Average balance-to-original-value percentage of portfolio	%	**81**	79
Proportion of new business written through own channels	%	**49**	53
Proportion of book written since 2009	%	**90**	85
Owned-properties book	Rm	**44**	48
MFC			
Number of applications received	thousands	**1 951**	1 832
Percentage of used vehicles financed	%	**67**	70
Personal Loans			
Number of applications received	thousands	**1 534**	1 419
Average loan size	R000s	**57,7**	59,5
Average term	months	**41,6**	43,3
Retail deposits			
Total value of deposits taken in	rand billions	**94**	79
Total value of deposit withdrawals	rand billions	**85**	83
Number of clients at period-end			
Retail active clients	thousands	**6 624**	6 417
Retail main-banked clients	thousands	**3 245**	3 052
Retail cross-sell ratio[1]	ratio	**1,94**	1,86
Commercial Banking groups		**14 585**	14 376
Small Business Services segment	thousands	**305**	299
Home Loans[2]	thousands	**377**	364
MFC	thousands	**584**	580
Personal Loans	thousands	**426**	433
Card Issuing	thousands	**1 108**	1 079
Investment products	thousands	**1 449**	1 428
Distribution			
Number of commercial banking locations		**59**	59
Number of retail outlets		**545**	538
Number of ATMs		**4 334**	4 261
Number of ATMs with cash-accepting capabilities[3]		**1 328**	1 278
Digitally active retail clients	thousands	**2 593**	2 289
Money app clients	thousands	**2 006**	1 631
POS devices	thousands	**106**	105

[1] *The number of needs met (products) per active client.*
[2] *Home Loans now includes joint-bond clients.*
[3] *Cash-accepting devices and interactive teller machines are included in the total number of ATMs.*

Balance sheet average advances and impairments

	Daily gross average advances Rm		Stage 1 %		Stage 2[1] %		Stage 3 %		% of total advances		Credit loss ratio %	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Home loans	**151 997**	141 629	**83,7**	85,1	**10,8**	9,8	**5,5**	5,1	**37,1**	36,7	**0,33**	(0,09)
VAF	**125 397**	118 450	**79,6**	81,2	**14,9**	13,4	**5,5**	5,4	**30,8**	31,3	**1,92**	1,46
Personal loans	**27 562**	25 812	**61,8**	65,8	**15,4**	13,6	**22,8**	20,6	**6,5**	6,7	**9,18**	9,82
Card	**16 547**	16 717	**78,9**	79,3	**7,3**	6,8	**13,9**	14,0	**3,8**	4,0	**4,90**	6,33
Other loans	**3 848**	3 294	**75,9**	81,3	**10,4**	6,7	**13,8**	12,0	**0,9**	0,8	**6,73**	4,46
Total Retail	**325 351**	305 902	**80,0**	81,6	**12,6**	11,4	**7,4**	7,0	**79,2**	79,5	**2,00**	1,75
Commercial Banking	**85 558**	78 860	**83,0**	83,1	**11,7**	11,7	**5,3**	5,2	**20,8**	20,5	**0,11**	(0,21)
Total RBB	**410 909**	384 762	**80,6**	81,9	**12,4**	11,4	**7,0**	6.7	**100,0**	100,0	**1,61**	1,34

Balance sheet impairment as a percentage of book

	% of total		Stage 1 %		Stage 2 %		Performing stage 3 %		Non-performing stage 3 %		Total stage 3 %	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Home loans	**1,72**	1,64	**0,21**	0,19	**3,66**	3,38	**11,97**	9,11	**23,34**	28,04	**20,83**	22,32
VAF	**5,11**	4,82	**1,24**	1,32	**11,35**	10,74	**18,94**	17,29	**64,35**	62,92	**44,15**	42,71
Personal loans	**24,08**	22,75	**5,31**	6,18	**23,47**	24,22	**59,03**	58,35	**78,46**	77,12	**75,43**	74,69
Card	**15,95**	16,81	**5,16**	4,67	**31,47**	55,20	**17,09**	20,44	**72,04**	70,12	**69,22**	67,08
Other loans	**16,54**	12,80	**2,98**	1,95	**29,41**	29,36	**12,50**	30,00	**82,55**	78,33	**81,52**	77,10
Total Retail	**5,73**	5,54	**1,20**	1,28	**10,19**	10,61	**23,04**	19,13	**54,93**	57,16	**46,98**	46,76
Commercial Banking	**1,83**	2,05	**0,23**	0,34	**1,71**	3,43			**27,23**	26,10	**27,23**	26,10
Total RBB	**4,92**	4,83	**0,99**	1,08	**8,53**	9,11	**23,04**	19,13	**49,38**	50,67	**43,85**	43,43

Balance sheet actual advances

	Total advances Rm		Stage 1 Rm		Stage 2 Rm		Performing stage 3 Rm		Non-performing stage 3 Rm		Total stage 3 Rm	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Home loans	**159 330**	147 005	**133 288**	125 083	**17 277**	14 407	**1 930**	2 272	**6 835**	5 243	**8 765**	7 515
VAF	**132 511**	125 250	**105 464**	101 647	**19 736**	16 839	**3 252**	2 996	**4 059**	3 768	**7 311**	6 764
Personal loans	**27 813**	26 687	**17 202**	17 563	**4 273**	3 625	**986**	713	**5 352**	4 786	**6 338**	5 499
Card	**16 472**	16 040	**12 990**	12 714	**1 198**	1 087	**117**	137	**2 167**	2 102	**2 284**	2 239
Other loans	**3 931**	3 273	**2 982**	2 662	**408**	218	**8**	10	**533**	383	**541**	393
Total Retail	**340 057**	318 255	**271 926**	259 669	**42 892**	36 176	**6 293**	6 128	**18 946**	16 282	**25 239**	22 410
Commercial Banking	**89 507**	82 046	**74 322**	68 191	**10 440**	9 559			**4 745**	4 296	**4 745**	4 296
Total RBB	**429 564**	400 301	**346 248**	327 860	**53 332**	45 735	**6 293**	6 128	**23 691**	20 578	**29 984**	26 706

Balance sheet actual impairments

	Total impairments Rm		Stage 1 Rm		Stage 2 Rm		Performing stage 3 impairments Rm		Non-performing stage 3 impairments Rm		Total stage 3 impairments Rm	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Home loans	**2 742**	2 404	**284**	240	**632**	487	**231**	207	**1 595**	1 470	**1 826**	1 677
VAF	**6 775**	6 043	**1 307**	1 346	**2 240**	1 808	**616**	518	**2 612**	2 371	**3 228**	2 889
Personal loans	**6 698**	6 071	**914**	1 086	**1 003**	878	**582**	416	**4 199**	3 691	**4 781**	4 107
Card	**2 628**	2 696	**670**	594	**377**	600	**20**	28	**1 561**	1 474	**1 581**	1 502
Other loans	**650**	419	**89**	52	**120**	64	**1**	3	**440**	300	**441**	303
Total Retail	**19 493**	17 633	**3 264**	3 318	**4 372**	3 837	**1 450**	1 172	**10 407**	9 306	**11 857**	10 478
Commercial Banking	**1 641**	1 683	**170**	234	**179**	328	**–**		**1 292**	1 121	**1 292**	1 121
Total RBB	**21 134**	19 316	**3 434**	3 552	**4 551**	4 165	**1 450**	1 172	**11 699**	10 427	**13 149**	11 599

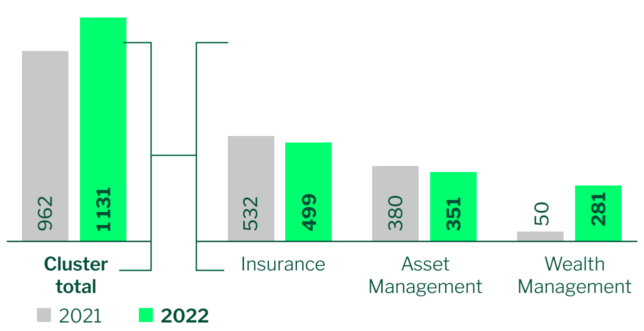
Income statement impairments

	Income statement impairments charge[1] Rm		Stage 1 Rm		Stage 2 Rm		Stage 3 Rm		Interest on impaired advances Rm		Post-write-off recoveries Rm	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Home loans	**507**	(129)	**42**	(5)	**156**	(199)	**464**	205	**(94)**	(75)	**(61)**	(55)
VAF	**2 408**	1 727	**(82)**	307	**453**	274	**2 566**	1 745	**22**	14	**(551)**	(613)
Personal loans	**2 530**	2 536	**(172)**	389	**140**	59	**3 728**	3 173	**(858)**	(792)	**(308)**	(293)
Card	**811**	1 059	**78**	36	**(223)**	(166)	**1 398**	1 611	**(14)**	(34)	**(428)**	(388)
Other loans	**259**	146	**39**	13	**56**	11	**218**	172	**(42)**	(29)	**(12)**	(21)
Total Retail	**6 515**	5 339	**(95)**	740	**582**	(21)	**8 374**	6 906	**(986)**	(916)	**(1 360)**	(1 370)
Commercial Banking	**98**	(167)	**(63)**	(83)	**(164)**	(207)	**410**	150	**6**	(6)	**(91)**	(21)
Total RBB	**6 613**	5 172	**(158)**	657	**418**	(228)	**8 784**	7 056	**(980)**	(922)	**(1 451)**	(1 391)

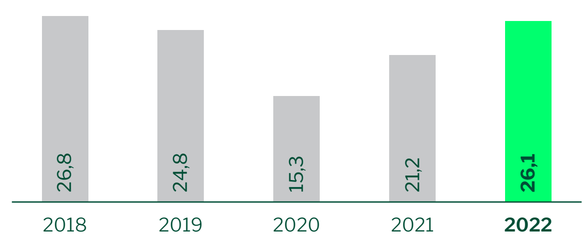
[1] *The income statement charge includes the charge associated with unutilised balances.*

Nedbank Wealth

Headline earnings
(Rm)



Return on equity
(%)



Financial highlights
for the year ended 31 December

	Change %	2022	2021
Headline earnings (Rm)	18	1 131	962
NII (Rm)	43	1 236	866
Impairments charge (Rm)	>(100)	(63)	28
NIR (Rm)	(3)	3 692	3 788
Operating expenses (Rm)	5	3 449	3 280
ROE (%)		26,1	21,2
ROA (%)		1,41	1,18
CLR – banking advances (%)		(0,20)	0,09
NIR to total operating expenses		107,0	115,5
Cost-to-income ratio (%)		70,0	70,5
Interest margin (%)		2,09	1,44
Assets under management (Rm)	(7)	393 064	424 329
Life assurance embedded value (Rm)	10	4 461	4 039
Life assurance value of new business (Rm)	85	595	322
Total assets (Rm)		80 634	80 986
Average total assets (Rm)	(2)	80 175	81 673
Total advances (Rm)	(4)	29 025	30 273
Average total advances (Rm)	(2)	30 457	30 978
Total deposits (Rm)	5	46 191	43 840
Average total deposits (Rm)		44 286	44 070
Average allocated capital (Rm)	(4)	4 336	4 528

Financial performance

Nedbank Wealth has continued to show a strong financial recovery, with headline earnings (HE) up by 18% to R1 131m. ROE increased to 26,1% (2021: 21,2%), remaining well above the group's cost of equity, with both HE and ROE above pre-Covid-19 levels. This performance was driven mainly by an increase in revenue, net credit impairment releases and well-managed expenses. A higher-interest-rate environment benefited the local and international wealth management businesses, resulting in significant growth in NII. However, the volatile local and international equity markets negatively impacted Asset Management fees, advice fees in Wealth Management, and shareholder returns in Insurance. While Nedbank Insurance benefited from lower claims in the life portfolio, this was partially offset by higher non-life claims due to the KwaZulu-Natal floods.

NII increased by 43% to R1 236m, driven by a widening of NIM from 1,44% to 2,09% due to higher SA, US, EU and UK interest rates. Total average deposits remain largely steady, with average deposit balances in Wealth Management (South Africa) growing by 7% as clients favoured on-balance-sheet investments in the rising-interest-rate environment. Wealth Management (International) deposits were flat in GBP, and down in rands given exchange rate movements. Average loans and advances decreased marginally as high-net-worth clients, both locally and internationally, opted to pay down debt early in the higher-interest-rate cycle.

Impairments decreased by more than 100%, driven by client-specific overlay releases due to better-than-expected credit impairment recoveries locally, resulting in a net release of R63m. This led to a CLR of -20 bps, compared to the TTC target range of 20 to 40 bps.

NIR decreased by 3% to R3 692m. In Wealth Management, as expected, revenue was lost due to the sale of the international Nedgroup Trust business and reduced advice fees, offset by higher estate fees from the local Trust business. In Nedbank Insurance the base effects of once-off profits from an enhanced asset-and-liability matching strategy in 2021, an increase in non-life claims as a result of the KwaZulu-Natal floods, and lower shareholder investment returns further negatively impacted NIR. This was partially offset by reduced life claims. In Asset Management, NIR decreased due to lower AUM balances, which were impacted by negative markets and net outflows as well as lower asset management fees.

Expenses increased by 5%, below inflation levels, with underlying expense growth impacted by investment in employees, increased STI aligned with performance, and investment in digital and data. This was partially offset by the exclusion of costs previously incurred by the international Trust business that was sold in 2022. Expenses were well managed.

Looking forward

From a macroeconomic perspective, Nedbank Wealth will continue to monitor the impacts of high inflation, challenging power supply constraints in South Africa, and the ongoing war between Russia and Ukraine. Markets are expected to remain volatile, which may negatively impact investor sentiment and non-interest revenues. Nedbank Wealth remains committed to acting in the best interest of its clients by offering advice that meets their needs while delivering long-term investment performance. As a result, Nedbank Wealth is expected to grow its client base and attract positive net flows. While a higher-interest-rate environment helps boost NII, on the contrary, it encourages high-net-worth clients to repay loans sooner, impacting client lending balances. As local and international interest rates begin to peak, clients are expected to migrate to interest-bearing fixed-term deposits, which will limit the further expansion of NIM from additional interest rate increases. We expect an increase in impairments post the net recoveries reported in 2022. While the challenging macro environment may require additional IFRS 9 provisions, overall, we anticipate that CLR will remain below the TTC target range. Expenses are expected to grow marginally above inflation as the business continues to optimise its operations through automation and invest in people and key strategic growth initiatives.

Nedbank Insurance is committed to creating value through market-leading client experiences by unlocking its competitive advantages, backed by people and a winning culture. Growth of the MyCover suite, enabled by enhanced digital and data capabilities, will be instrumental to clients' receiving best value in a convenient and simple manner. The business aims to achieve growth by collaborating with the group to co-create client solutions and ensure access to the Nedbank Insurance product suite on group digital platforms.

With effect from 1 January 2023 in Nedbank Insurance IFRS 17 replaced IFRS 4, and establishes new principles for the recognition, measurement, presentation, and disclosure of insurance contracts. The standard aims to increase comparability and transparency pertaining to profitability across the entities where an insurance contract is issued and held. While the overall profit of an insurance contract remains the same under both standards, IFRS17 changes how profits are recognised over the term, and aligns the recognition of profit with the risk profile of the product. The transition to IFRS17 is not expected to have a material impact on group reserves and will positively impact the cost-to-income ratio, as expenses directly related to insurance products will be recognised in NIR.

Nedgroup Investments remains committed to delivering long-term investment performance, acting in the best interest of clients, and taking further steps towards becoming one of the leaders in responsible investing. The business will continue to collaborate with the group by integrating into the various digital channels, making investing easier and more accessible for clients. In addition, Nedgroup Investments sees opportunity to grow its international offering by expanding its European distribution strategy. The recent amendments to offshore allowances will have significant implications for the asset management industry. The business is well positioned for this change due to its diverse Best of Breed fund range, asset swap capacity and proven track record, which has delivered consistently over the past decade.

Wealth Management (South Africa) will focus its efforts on entrenching its market presence as an advice-led business connecting clients' holistic wealth needs to appropriate solutions, and leveraging digital assets to create efficiencies and enhance client experiences. The business will continue to evolve its banking client value proposition to position Nedbank Private Wealth (South Africa) as a strong brand, while profitably growing its market share in a competitive environment. Growth across all offerings remains a priority and collaboration with the group will be key to increasing client penetration and providing a full spectrum of services to clients. Leveraging the group's digital onboarding capabilities and other target-state technologies will support the business in unlocking efficiencies and enhancing the client experience.

Wealth Management (International) will continue to provide an international wealth offering for Nedbank Private Wealth (South Africa) while also delivering advice-led business growth from its operations in the UK, Isle of Man, Jersey and Dubai. Nedbank Private Wealth (International) is committed to simplifying its technology landscape by investing in solutions, including the replacement of its core wealth management platform. The business will continue to focus on the enhancement of digital client engagement, intelligent use of data, and improved automation.

Strategic progress

Nedbank Wealth remains committed to delivering its strategic priorities of enhancing client experiences, building data and digital capabilities, driving long-term investment performance, collaborating across the group, and investing in people and culture.

Nedbank Insurance has made good progress in diversifying and digitising client solutions and distribution channels. The expanded suite of MyCover solutions continues to report good growth in sales due to channel expansion and increased awareness in the market. Nedbank Insurance has further enhanced its quoting, fulfilment, and claims functionality with 10 product offerings across six digital channels (including the aggregator Hippo), and MyCover Funeral has been incorporated into the group's digital client-onboarding platform.

Overall, the Nedgroup Investments fund range performed well on a relative basis, with good inflows into the low-cost Core and Global funds, which benefited from an increased desire by South Africans to diversify their investments. However, the business reported a 7% decline in AUM to R393bn as a result of negative local and international market performance as well as outflows predominantly in the cash portfolio. According to the Q4 2022 ASISA stats, Nedgroup Investments ranked the sixth largest in total AUM locally and third largest internationally, with a market share of 7% and 12% respectively. Nedgroup Investments continued its journey of becoming one of the leaders in responsible investing by collaborating with Nedbank Private Wealth (International) to deliver sustainable investment model portfolios. In addition, Nedbank Wealth became a signatory to the United Nations Principles for Responsible Investment (UN PRI).

Wealth Management (South Africa) has made significant strides in optimising its business structure and operations. This has resulted in enhanced client experiences, which have led to revenue growth and efficiencies across the Investments, Fiduciary and Trading businesses. Collaboration with the international business has been key to strengthening the integrated high-net-worth proposition, and partnering with the group has enabled increased cross-sell locally. In 2022 Nedbank Private Wealth (South Africa) launched the Connected Wealth digital marketing campaign, which has shown increased client engagement on various social-media platforms.

Wealth Management (International) continues to make progress in digital innovation and adoption by enhancing mobile and online banking and introducing eKYC technology. The business has also improved the client-onboarding experience for Nedbank Private Wealth (South Africa) clients. At the 2022 City of London Wealth Management Awards, Nedbank Private Wealth (International) was recognised as the Best Private Bank in the UK for the eighth consecutive year. In addition, at the 2022 Wealth Briefing MENA Awards for Excellence, Nedbank Private Wealth (International) was awarded the Best Boutique Private Bank for a fourth consecutive year and was also recognised as the Best Private Bank – Overall Client Service.

In April 2022 Nedbank Private Wealth (International) successfully concluded the sale of Nedgroup Trust Limited (Guernsey) and Nedgroup Trust Limited (Jersey) at a profit of R177m, shifting the company's focus to core business activities. In accordance with the group's accounting policies, the profit from the sale was excluded from HE.

Segmental performance

Insurance

The KwaZulu-Natal floods were the largest non-life claims event reported in the history of the South African insurance industry. In the same reporting period, the industry also experienced a decline in investment returns as a result of negative market performance. Although Nedbank Insurance was not significantly impacted by the KwaZulu-Natal floods, the business experienced a 3% increase in non-life claims. Life claims decreased by 33% due to the reduced impact of Covid-19. Nedbank Insurance HE decreased by 6% to R499m due to the higher non-life claims mentioned above, lower investment returns, and the base effect of once-off profits from the enhanced asset-and-liability matching strategy in the prior year.

Life embedded value (EV) increased by 10% to R4 461m, due mainly to an increase in new-business volumes and non-economic assumption updates as well as higher-than-expected investment returns. Value of new business (VNB) increased by 85% to R595m, driven primarily by non-economic assumption updates and the removal of the Covid-19 overlay. Non-life gross written premiums (GWP) increased by 3% to R1 143m, due to marginal growth in homeowners cover (HOC), offset by a reduction in the vehicle value-added products (VVAPs) book.

Asset Management

The asset management industry continued to experience pressure on fees and was significantly impacted by negative local and international market performance. Asset Management HE declined by 8% to R351m as a result of a reduction in NIR due to lower AUM. AUM declined by 7% to R393bn due to negative market performance and net outflows of R11bn, primarily in the low-margin cash portfolio. This was driven mainly by the reversal of the 2020 'Covid-19 excess' in the cash portfolio as corporates became more confident in investing, repaying debt and resuming dividends. These outflows were partially offset by inflows into the Core and Global fund ranges.

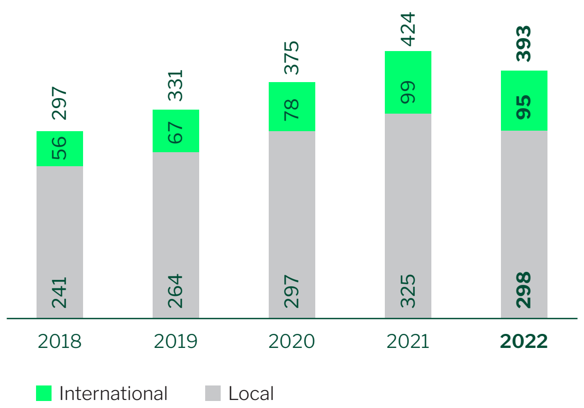
Wealth Management

The wealth management industry has benefited from an increase in interest rates both locally and internationally. However, volatile and negative market performance impacted investor sentiment. In addition, the industry was affected by a decrease in brokerage fees as compared with the heightened levels experienced in 2020 and 2021. Overall, Wealth Management HE improved by more than 100% to R281m, driven mainly by an increase in NII as well as net credit impairment recoveries. This was partially offset by a decrease in NIR due to lower advice fees and the exclusion of revenue previously accounted for from the sale of the international Nedgroup Trust business in the current reporting period.

Wealth Management (South Africa) benefited from credit impairment recoveries and client-specific overlay releases due to better-than-expected credit impairment recoveries locally, improved margins, an increase in estate fees and strong cost containment initiatives, offset by lower brokerage, investment, and advice fees due to negative market performance and investor sentiment. Average deposit balances showed a 7% growth as clients favoured on-balance-sheet investments in the volatile environment. However, average lending balances declined by 5% as clients opted to pay down debt in the high-interest-rate environment.

Wealth Management (International) benefited from UK, US and EU base interest rate increases, resulting in higher NII and HE. Average deposit balances reported in rands were impacted by exchange rates; however, in GBP terms they were flat. Average lending balances to clients have declined by 3% (in GBP) as some clients opted to pay down balances due to the higher-interest-rate environment. In addition, the ongoing fierce competition from ring-fenced banks impacted new lending growth. In 2022 the continued negative market performance internationally resulted in a decline in AUM and AUA balances.

Assets under management
(Rbn)



Assets under management

Rm	2022	2021
Fair value of funds under management – by type		
Unit trusts	**341 045**	359 404
Third party	**1 008**	1 105
Private clients	**51 011**	63 820
	393 064	424 329
Fair value of funds under management – by geography		
SA	**298 460**	325 318
Rest of the world	**94 604**	99 011
	393 064	424 329

Rm	Unit trusts	Third party	Private clients	Total
Reconciliation of movement in funds under management – by type				
Opening balance at 31 December 2021	359 404	1 105	63 820	424 329
Inflows	690 545	12	6 608	697 165
Outflows	(692 979)	(32)	(14 787)	(707 798)
Mark-to-market value adjustment	(20 594)	(10)	(4 210)	(24 814)
Foreign currency translation differences	4 669	(67)	(420)	4 182
Closing balance – 31 December 2022	341 045	1 008	51 011	393 064

Rm	SA	Rest of the world	Total
Reconciliation of movement in funds under management – by geography			
Opening balance at 31 December 2021	325 318	99 011	424 329
Inflows	677 208	19 957	697 165
Outflows	(695 073)	(12 725)	(707 798)
Mark-to-market value adjustment	(8 993)	(15 821)	(24 814)
Foreign currency translation differences		4 182	4 182
Closing balance – 31 December 2022	298 460	94 604	393 064

Favourable

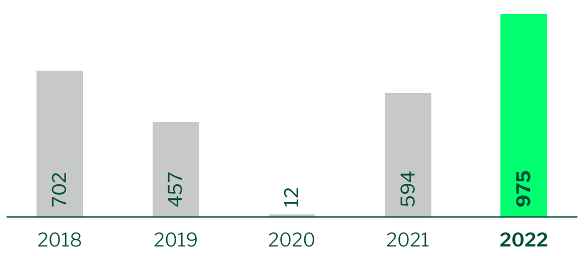
- Wealth cluster HE and ROE having exceeded pre-Covid-19 levels.
- Significant progress on digital initiatives.
- Improved life claims experience.
- Client-specific overlay releases locally, due to better-than-expected recoveries.
- Increasing local and international base interest rates.
- Awards recognising Nedbank Private Wealth (South Africa and International).
- Sale of the International Trust business to Suntera Global.
- Approved as signatory to the UN Principles for Responsible Investment (UN PRI).

Unfavourable

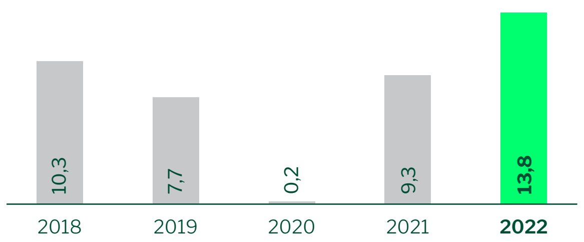
- Higher non-life claims ratio driven by KwaZulu-Natal floods.
- Challenging local and international markets impacting investor sentiment.
- Decline in loans and advances.
- Competitive local and international lending environment.
- Net AUM outflows.

Nedbank Africa Regions

Headline earnings
(Rm)



Return on equity
(%)



Financial performance

Nedbank Africa Regions' financial performance continued to show a good recovery in 2022, with HE increasing by 64% to R975m, delivering an ROE of 13,8% (2021: 9,3%). This performance was driven by a strong growth off a low base in our SADC operations and a continued turnaround of our ETI associate investment, partially offset by providing for the estimated impact of the Ghanaian sovereign debt restructure programme that was initiated in December 2022. Excluding the impact of the Ghanaian debt restructures, ROE would have been 16,3%.

Our SADC operations generated HE of R365m, up by more than 100% from R71m in 2021. Its ROE of 5,9% increased from the 1,3% reported in the prior year but remains below the cost of equity. The growth was driven mainly by a 19% increase in revenue to R3 541m.

NII in the cluster increased by 19% to R1 718m, driven by improved margins across the regions and a higher NIM of 4,94% (2021: 4,20%), as a result of increases in interest rates. This growth was despite a 5% decrease in average total advances to R21bn on the back of lower-than-expected economic activity across the regions and lower demand from clients as interest rates increased.

NIR increased by 23% to R1 589m, driven by higher forex gains in Zimbabwe and an overall uplift in transaction volumes across the regions. Our NIR levels have now surpassed our 2019 pre-Covid-19 levels by 30%.

The impairment charge increased by 31% to R220m, driven mainly by additional provisions raised on specific wholesale exposures and ECL model reviews that incorporate a higher interest rate and inflation cycle. This was offset by releases in Namibia and a rate adjustment in the Lesotho model. As a result, the NAR CLR increased to 102 bps from 72 bps, but remains within the cluster TTC target range of 85 bps to 120 bps.

Expenses increased by 9% to R2 751m, driven mainly by growth in employee costs from higher employee incentives. Headcount decreased by 5% to 2 191 as we continued to transform the business and focus on rightsizing and automating manual processes. The cluster's cost-to-income ratio decreased from 73,7% in 2021 to 67,3%, with the cost-to-income ratio of the SADC operations also showing an improvement to 77,7% (2021: 84,9%).

Associate income for the period of R779m, relating to the group's 21% shareholding in ETI, has been recognised, up by 14%. During December 2022, the government of Ghana announced its intention to restructure its local and external debt. The Ghanaian Finance Minister announced that Ghana was entering a voluntary domestic debt restructure programme for its local debt, while indicating that it will not service external debts. This led to a default event when Ghana's Eurobond coupon payments were not made in January 2023. Nedbank concluded its own governance review process for the 2022 full-year results, and in accordance with our accounting policy, estimated our share of the impact of the restructuring using publicly available information such as Ecobank Ghana's published financial statements and published economic data and reports. The impact was an estimated R175m associate loss. The total effect of ETI on the group's HE was a profit of R610m (2021: R523m), including the R168m impact of funding costs.

Looking forward

Economic growth in sub-Saharan Africa has experienced the impacts of the Russia–Ukraine war and most recently tighter global financial conditions and rising inflation. This has put the supply chains under pressure and caused rising food and energy prices, which are impacting the region's ability to grow. Public debt is now at very high levels that have not been experienced in recent times. According to the IMF, the region's economic growth is expected to be 3,7% in 2023, down from the previous projection of 4,0%. This poses a risk to business performance and will put pressure on achieving our desired aspirations. In the countries we operate in, we continue to monitor sporadic unrest in Eswatini and its impact on the economy, and monitor the northern parts of Mozambique affected by insurgents, though efforts are in place through the deployment of SADC forces to try and stabilise the area and address security concerns. Responsive management actions are in place to deal with the impacts on business resulting from the hyperinflationary and uncertain macroeconomic environment in Zimbabwe.

The foundation to grow the business is in place and we expect business performance improvements to continue in 2023. Our SADC operations are expected to continue to deliver on achieving scale across the various markets we operate in. Our ETI associate investment is expected to continue on an earnings recovery path and our focus, as a shareholder, remains to support the business in solving the challenges that face Ecobank Nigeria and Ecobank Ghana.

Our key focus areas for 2023 are the following:

- Continuing the transformation of our business for quicker-to-market deployments, greater efficiency, and consistent client experiences across the regions by leveraging an enterprise ecosystem.
- Driving and accelerating the digitisation and automation of the business as we deliver on our pan-African digital growth strategy.

Financial highlights

	Change %	Nedbank Africa Regions 2022	Nedbank Africa Regions 2021	SADC 2022	SADC 2021	ETI 2022	ETI 2021
Headline earnings (Rm)	64	**975**	594	**365**	71	**610**	523
NII (Rm)	19	**1 718**	1 448	**1 952**	1 693	**(234)**	(245)
Impairments charge (Rm)	31	**220**	168	**220**	168		
NIR (Rm)	23	**1 589**	1 293	**1 589**	1 293		
Operating expenses (Rm)	9	**2 751**	2 535	**2 751**	2 535		
Associate income[1]	14	**779**	686			**779**	686
ROE (%)[2]		**13,8**	9,3	**5,9**	1,3	**67,5**	67,8
ROA (%)		**2,31**	1,41	**1,03**	0,20	**8,93**	7,62
Return on cost of ETI investment (%)		**12,4**	11,0			**12,4**	11,0
CLR (%)		**1,02**	0,72	**1,02**	0,72		
NIR to total operating expenses		**57,8**	51,0	**57,7**	51,0		
Cost-to-income ratio (%)		**67,3**	73,7	**77,7**	84,9		
Interest margin (%)		**4,94**	4,20	**6,49**	5,68		
Total assets (Rm)		**42 857**	42 847	**41 571**	40 575	**1 286**	2 272
Average total assets (Rm)	1	**39 542**	39 235	**37 382**	37 070	**2 160**	2 165
Total advances (Rm)	2	**21 714**	21 243	**21 714**	21 243		
Average total advances (Rm)	(5)	**21 415**	22 469	**21 415**	22 469		
Total deposits (Rm)	(2)	**34 327**	35 054	**34 327**	35 054		
Average total deposits (Rm)	(2)	**33 768**	34 413	**33 768**	34 413		
Average allocated capital (Rm)	11	**7 057**	6 385	**6 153**	5 614	**904**	771

[1] *Associate income on an IFRS basis is R779m (Dec 2021: R686m) as IFRS requires associate income to be presented net of our share of ETI's goodwill impairment of R0m (Dec 2021: R13m). Our share of ETI's goodwill impairment is excluded from HE.*

[2] *December 2022 ROE on subsidiary in-country statutory capital is 15,7% with Namibia 9,8% (2021: 7,6%); Eswatini 17,7% (2021: 14,0%); Lesotho 6,9% (2021: 5,3%); Zimbabwe 76,9% (2021: 26,9%); Nedbank Mozambique 11,7% (2021: 5,4%).*

- Unlocking further value in Mozambique, leveraging local expertise and enterprise capabilities.
- Amplifying the focus on improving the quality of earnings continually, to grow sustainably.
- Unlocking value, with the other shareholders in our ETI associate investment by increasing deal flow and providing support to resolve challenges faced by Ecobank Nigeria and Ecobank Ghana.

Nedbank is committed to long-term and profitable growth in our NAR business and seeks to leverage these growth opportunities. Our ambition is to give our clients access to the best financial services network in Africa and we will deploy capital to optimise returns for the group. In the medium-to-long term, we expect the NAR business to continue to grow its overall contribution to group earnings and improve its ROE to levels consistently above COE.

Strategic progress

Our strategy on the continent remains to own, manage and control banking operations in SADC and East Africa, and to give our clients access to a banking network in West and Central Africa through our strategic investment in the pan-African banking group ETI, which has subsidiaries in 33 African countries. Nedbank's strategy is to achieve scale in the current markets where we operate while exploring opportunities to expand in large, fast-growing markets on the continent, when they arise.

We are making good progress to transform our business as we scale up our SADC operations and ensure we have the right skills and capabilities to gain our fair share of banking revenue pools across the markets we operate in. Our key focus areas remain to build an ecosystem that leverages more of the group's capabilities, deliver on our digital growth strategy, continue to unlock value in Mozambique as a key market for the business, and increase the value of our investment in ETI.

In addition to building out our technology infrastructure, we have identified opportunities to respond to market and client needs quicker, unlock greater efficiencies, and provide consistent client experiences across the regions. In 2022 we finalised our modified approach to converging into the enterprise systems, thus moving away from a big-bang implementation approach to one that is incremental and smooths out the introduction of complexity. This will enable NAR to better leverage the group's enterprise capabilities.

Our digital growth strategy is key in ensuring that we deliver on our aspirations to lead in digital. We are progressing well, with 57% of our clients being digitally active at the end of 2022 (2021: 54%). The Nedbank Money App (Africa) continued to be the channel of choice, with over 90% of digitally active clients using the app as the preferred channel and the number of app users increasing by 29% to 108 202. Value-added services (including airtime and electricity) purchases increased by 17% and SendMoney volumes increased by 25%. As we look to deliver on our digital aspirations, we have put in place the foundational building blocks to launch the Avo SuperShop across our regions in Q1 2023, starting with Namibia and then other countries shortly thereafter.

New innovations and improvements across our digital channels include the following:

- We have enabled clients to apply for various insurance products and fixed deposits via the Nedbank Money App (Africa) and Nedbank Online Banking.
- We have enabled business clients to perform bulk SendMoney payments to clients with mobile numbers, including paying workers who do not have a bank account or are seasonal workers.
- In Mozambique we have enabled current clients to apply for loans via the digital channels, improved the new MyUey App so clients can make QR payments, and enabled business clients to apply for bank-guarantee documents via Nedbank Online.
- In Zimbabwe we have enabled Zipit Smart Clients to pay merchants directly from their account through our mobile banking platform and have enabled clients to perform self-service functions in branch via tablets.
- We have implemented the Payments API as part of our API-Marketplace journey in Namibia, Eswatini and Lesotho.
- We launched the MobiMoney wallet in Lesotho and Namibia as part of our financial inclusion efforts.
- We rolled out Avaya, a new call centre solution, in Eswatini, Lesotho and Zimbabwe.
- We implemented MS Teams, as part of the MS Office ProPlus roll-out, in Namibia, Eswatini, Lesotho and Zimbabwe to improve collaboration and efficiencies.

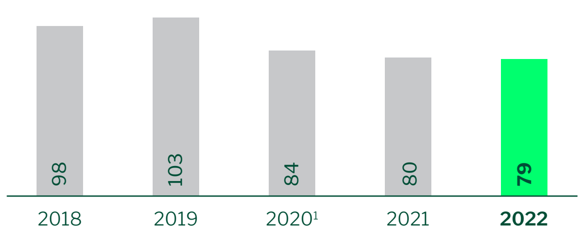
Mozambique remains a key focus market and good progress has been made in leveraging the group's capabilities through collaboration efforts with business clusters such as Corporate and Investment Banking, as we increase our focus on multinational corporates operating in that market. We will continue to focus on these efforts as we look to unlock further value. The Nedbank brand has been well received in the market, as evidenced by Nedbank being rated #1 in NPS and brand sentiment in Mozambique.

Our bold aspiration is to be rated #1 in client experiences across the markets in which we operate. As a result of brand building and client experience enhancements across our various channels, as well as social-media and other marketing activities over the past year, Nedbank's brand sentiment has improved in almost all markets (Eswatini, Lesotho, Namibia and Zimbabwe), with Nedbank leading in brand sentiment in Lesotho and Mozambique and ranked as a top-three brand in Namibia and Zimbabwe. From a client experience perspective, Nedbank Eswatini and Mozambique ranked #1 in NPS in their respective markets, with Nedbank Eswatini showing the greatest improvement from #4 in 2021.

In recognition of the progress we have made, in 2022 we received the following awards: Excellence in Mobile Banking in the Finnovex Southern Africa Awards 2022; Most Innovative Retail Banking App in Lesotho 2022 in the Global Banking & Finance Awards 2022; Best Bank for Digital Banking Services in Lesotho 2022 in the Global Banking & Finance Awards 2022; Most Innovative Bank in Digital Banking in Africa for 2022 (Nedbank Mozambique) by *The Banker* magazine; Best Digital Bank in Mozambique for 2022 in the Global Banking & Finance Awards 2022; Best Digital Corporate/Institutional Bank in Mozambique for 2022 by *Global Finance* magazine; Most Innovative Digital Bank in Mozambique for 2022 by *International Finance* magazine; and the Corporate Social Responsibility Initiative of the Year Award at the Eswatini Customer Service Excellence Awards 2022.

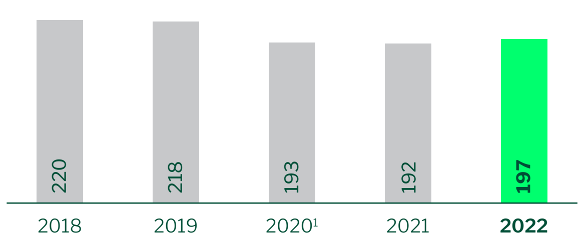
With regard to ETI, our focus remains to increase the value of our investment and improve our return on the original cost of investment to above 20% (2022: 12,4%). We are working through our representation on the ETI board to ensure an appropriate focus on capital, liquidity and growth to unlock value, including addressing the challenges in Ecobank Nigeria and Ecobank Ghana. Through increased collaboration efforts, we continue to work on increasing business flows across the two businesses.

Branches



[1] *Malawi disposed of in H12020 (11).*

ATMs



[1] *Malawi disposed of in H12020 (22).*

Segmental performance

SADC operations

Our SADC operations generated an HE of R365m, an increase of more than 100%, from R71m in 2021. The business achieved these results despite the hyperinflationary environment and monetary policy uncertainty in Zimbabwe, new regulatory directives in Lesotho putting pressure on earnings, security issues in the northern parts of Mozambique and concerns about ongoing unrest in Eswatini. The main driver of performance was improved revenue (NIR and NII) growth, largely in Zimbabwe, Mozambique and Namibia.

NII for the SADC operations increased by 15% to R1 952m and the NIM improved from 5,68% to 6,49%, mainly as a result of higher interest rates. NIR in SADC increased by 23% to R1 589m, from R1 293m in 2021. The increase in NIR was driven mainly by higher unrealised forex gains in Zimbabwe and increased transaction volumes in Mozambique. If one excludes Zimbabwe, NIR was up by 14%. The net monetary loss of R419m, resulting from a further depreciation of the Zimbabwean dollar, was significantly higher than the prior year (2021: R138m). In 2022 management elected to change the presentation of the 'Net monetary loss' line item, which was previously disclosed separately in the statement of comprehensive income (SOCI), and disclose it as part of non-interest revenue and income under the 'Net sundry income' line item in the SOCI. To provide comparability, the prior-year balances have been restated accordingly. The reclassification had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows. Our impairment charge increased by 31% to R220m, driven by additional provisions raised on specific wholesale exposures and ECL model reviews that incorporate a higher interest rate and inflation cycle. The SADC CLR increased to 102 bps and is within the cluster TTC target range of 85 bps and 120 bps.

Clients – The overall number of clients grew by 7% to 360 962 (2021: 337 860). Most of the client growth has come from Lesotho (up by 11%), Mozambique (up by 13%) and Namibia (up by 9%). Growth in Lesotho was driven by improvements in the personal loans CVP, growth in Mozambique was on the back of the rebranding to Nedbank and off a low base, while growth in Namibia was driven by the roll-out of a new digital acquisition channel leveraging third-party verification capabilities and the introduction of an enhanced PAYU CVP.

Distribution – We are transforming our business model for overall efficiency while driving growth to achieve scale. In line with this, we have been reviewing our distribution strategy to ensure an efficient, optimally staffed, fit-for-purpose distribution model. In 2022 we reduced our branches by 1% to 79, while increasing our ATMs by 3% to 197. We continue to invest in growing our digital channels as we aim to become a more digital business. Our revenue from card-acquiring increased by 7% to R188m in 2022, with strong performances from Namibia, Lesotho, Eswatini and Mozambique.

ETI associate investment

ETI's financial recovery continued in 2022, with associate income from our investment up by 14% yoy to R779m, generating a 17% increase in HE to R610m (2021: R523m). This includes accounting for our share of ETI's Q4 2021 and 9M 2022 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear) and significant transactions or events that occurred between 1 October 2022 to 31 December 2022, by providing for the estimated impact of Ghanaian sovereign debt restructures that emerged in December 2022. The investment ROI increased to 12,4% from 11,0% in the prior year.

ETI's 9M 2022 performance (ETI results are reported in Nedbank results a quarter in arrear) which saw attributable earnings increase by 7% to US$196m, was driven by the following:

- Strong revenue growth, NIR and NII, and continued benefits of diversification.
- Stringent cost containment measures in a high inflationary environment and proactive credit loss management.
- Improved performance of the Nigerian business, although suboptimal, Ecobank Nigeria delivered profit before tax of US$28m, a 55% increase yoy or 76% in constant currency.

The continued turnaround in performance has meant that ETI resumed payment of dividends – the last time dividends were paid was in 2016. ETI's ROTE was up to 21,0% from 17,9% the prior year and total CAR was 14,4% (as of 30 June 2022).

Some of the awards received by ETI for 2022 include the following: Africa's Best Bank at the Euromoney Awards for Excellence; Africa Best Bank for SMEs and Africa's Best Digital Bank at the African Banker Awards 2022; Outstanding Leadership in Sustainability Bonds in Africa at the Global Finance – Sustainable Finance 2022 Awards; Best Savings Account and Best SME Bank at the Digital Banker – Innovation Awards 2022; and Africa Best Employer Brand Award at the Africa Best Employer Brand Awards 2022.

Ecobank's strengths include local knowledge and experience, clients, technology, digital platforms and geographic footprint. ETI is ranked in the top three banks across 14 African countries, #1 in seven countries, #2 in three countries and #3 in four countries. Its focus is on growing the business and it wants to remain at the forefront of trade, payments, remittances and financial inclusion by continually leveraging technology and appropriate partnerships. ETI has the ability to transact in 33 markets facilitating trade and money transfer services. Its key partners include MTN, Airtel and PalmPay and it is working with them to drive financial inclusion across the network. To improve its operational and financial performance, it has restructured its businesses in Nigeria and the central eastern and southern Africa (CESA) regions, implementing a suite of efficiency initiatives, including closing physical branches and reducing headcount. It has also focused on the quality of the legacy credit portfolio and on improving the health of its credit portfolio, specifically in Nigeria.

ETI is focused on continuing to deliver returns above the cost of equity, improving business performance by regions, and entrenching their leadership positions in the West African Monetary and Economic Union and Anglophone West Africa, which is reflected in the strong financial performance across both regions. CESA's ROE has improved following restructuring exercises and the region's performance is expected to continue to improve, notwithstanding the impact of hyperinflation in Zimbabwe and South Sudan. Given Ghana's sovereign default, the impact this will have on ETI will be monitored closely through the debt restructuring process.

Favourable	Unfavourable
• Strong liquidity and capital positions across subsidiaries. • Strong growth in digitally active clients and digital channel usage. • Significant growth in revenue. • Improved cost-to-income ratios. • Good cross-sell metrics. • Market leader in brand sentiment score in Lesotho and Mozambique. • Leading Net Promoter Score performance in Eswatini and Mozambique. • Increased contribution from our SADC operations to overall NAR HE. • Significant improvement in associate income from ETI. • Strong returns from ETI's West and Central African regions. • Dividends amounting to R139m received from our investment in ETI.	• Impact of hyperinflation on Zimbabwe. • Low ROE in SADC operations, though this is improving. • Decrease in assets. • Low growth in main-banked clients. • Improvement in Ecobank Nigeria (ENG) key balance sheet metrics, but financial performance remains suboptimal. • Adverse impact on ETI of Ghana sovereign debt restructures.

Notes

Geographical segmental reporting

for the year ended 31 December

Rm	Nedbank Group		South Africa[1]		Nedbank Africa Regions[2]		Rest of the world	
	2022	2021	2022	2021	2022	2021	2022	2021
Summary of consolidated statement of financial position								
Assets								
Cash and cash equivalents	45 618	44 586	37 261	34 563	7 048	8 075	1 309	1 948
Other short-term securities	70 661	60 037	43 043	34 459	4 787	5 050	22 831	20 528
Derivative financial instruments	9 101	39 179	8 989	39 099	23	1	89	79
Government and other securities	160 495	150 498	158 400	148 722	2 095	1 773	–	3
Loans and advances	882 165	831 735	811 010	767 051	21 714	21 243	49 441	43 441
Other assets	84 931	88 882	75 641	78 580	3 442	4 285	5 848	6 017
Intergroup assets	–	–	(3 748)	(2 420)	3 748	2 420		
Total assets	1 252 971	1 214 917	1 130 596	1 100 054	42 857	42 847	79 518	72 016
Equity and liabilities								
Total equity	115 896	109 511	94 303	89 896	7 057	6 385	14 536	13 230
Derivative financial instruments	9 738	36 042	9 677	35 956	14	10	47	76
Amounts owed to depositors	1 039 622	967 929	940 691	874 893	34 327	35 054	64 604	57 982
Provisions and other liabilities	35 812	43 276	33 910	41 070	1 031	971	871	1 235
Long-term debt instruments	51 903	58 159	51 475	57 732	428	427		
Intergroup liabilities	–	–	540	507			(540)	(507)
Total equity and liabilities	1 252 971	1 214 917	1 130 596	1 100 054	42 857	42 847	79 518	72 016
Summary of consolidated statement of comprehensive income								
NII	36 277	32 500	33 488	30 296	1 718	1 448	1 071	756
NIR	27 301	24 889	24 506	22 289	1 589	1 293	1 206	1 307
Share of income of associate companies	879	799	100	100	779	699		
Total income	64 457	58 188	58 094	52 685	4 086	3 440	2 277	2 063
Impairments charge on financial instruments	7 381	6 534	7 120	5 810	220	168	41	556
Net income	57 076	51 654	50 974	46 875	3 866	3 272	2 236	1 507
Total operating expenses	36 425	33 639	32 639	30 146	2 751	2 535	1 035	958
Indirect taxation	1 152	1 073	1 058	979	75	72	19	22
Profit before direct taxation	19 499	16 942	17 277	15 750	1 040	665	1 182	527
Direct taxation	4 307	4 104	4 261	4 100	(95)	(26)	141	30
Profit after taxation	15 192	12 838	13 016	11 650	1 135	691	1 041	497
Profit attributable to non-controlling interest	1 143	1 149	983	1 052	160	97		
Headline earnings	14 049	11 689	12 033	10 598	975	594	1 041	497

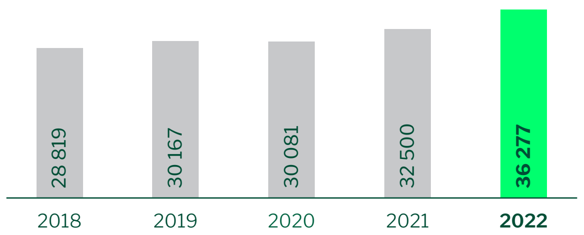
[1] *Includes all group eliminations.*

[2] *The Nedbank Africa Regions geographical segmental income statement and balance sheet consist of the SADC banking subsidiaries and the investment in ETI. These statements do not include transactions concluded with clients resident in the rest of Africa by other group entities within CIB, or transactional-banking revenues. For example, CIB has a credit exposure to clients resident in the Africa regions of R50,6bn (December 2021: R45,5bn).*

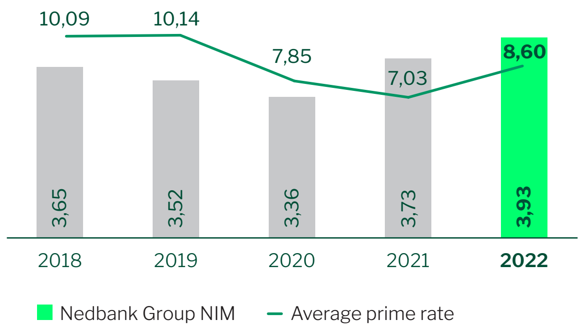
Income statement analysis

1 Net margin analysis

Net interest income
(Rm)



Interest margin trends versus prime rate
(%)



Nedbank Group	2022 Bps	2022 Rm	2021 Bps	2021 Rm
Closing average interest-earning banking assets (year-to-date average)		922 197		870 382
Opening NIM/NII	373	32 500	336	30 081
Growth in banking assets		1 935		(856)
Endowment	23	2 128	(1)	(111)
Endowment rate impact	24	2 220	(14)	(1 293)
Endowment mix impact	(1)	(92)	13	1 182
Asset margin pricing and mix	(5)	(496)	20	1 744
Impact due to pricing	(1)	(120)	8	683
Impact due to mix change	(4)	(376)	12	1 061
Liability margin pricing and mix	8	726	6	504
Deposits pricing and mix	5	464	3	207
Impact due to pricing	6	511	(2)	(162)
Impact due to mix change	(1)	(47)	5	369
Impact of changes in the funding profile	3	262	3	297
Impact due to pricing		(44)	1	62
Impact due to mix change	3	306	2	235
Foreign loan classification	(7)	(621)		
Balance sheet management and other	1	105	12	1 138
Closing NIM/NII for the period	393	36 277	373	32 500

Net interest margin
(Bps)

Favourable	Unfavourable
• Positive endowment rate impact due to higher interest rates, following interest rate hikes of 325 bps. • Liability mix benefits as a result of stronger growth in higher-margin deposits relative to wholesale funding, as well as positive deposit pricing impact in commercial deposits. • Higher yields in Nedbank Africa Regions and basis risk impacts.	• Negative endowment mix impact due to slower growth of endowment balances relative to the growth of interest-earning assets. • Negative asset mix impact due to slower growth in higher-yielding advances and stronger growth in lower-yielding advances as well as asset pricing pressure in certain retail and commercial advances portfolios. • The dilutive impact of moving the foreign currency loan portfolio, with lower- yielding assets, into the banking book (previously the trading book), in line with the regulatory requirements of the Fundamental Review of the Trading Book (FRTB).

NII sensitivity

- At December 2022 the NII sensitivity of the group's banking book for a 1% parallel increase in interest rates, measured over 12 months, was 1,51% of total group ordinary shareholders' equity, which is below the board's approved risk limit of < 2,25%.
- This exposes the group to an increase in NII of approximately R1 583m before tax, should interest rates increase by 1% across the yield curve, measured over a 12-month period. Nedbank London branch and Wealth International NII sensitivities are, however, measured at a 0,5% instantaneous increase in interest rates and Nedbank Zimbabwe is measured at a 30,0% instantaneous increase in interest rates.
- The group's NII sensitivity exhibits very little convexity and will therefore also result in a decrease in pretax NII of approximately similar amounts should interest rates decrease by 1%.
- The group's NII sensitivity is actively managed through on- and off-balance-sheet interest rate risk management strategies for the group's expected interest rate view and impairment sensitivity over the cycle.
- Nedbank Limited's economic value of equity (EVE) for a 1% increase in interest rates remains at a low level of 0,10% (-R80m) of ordinary shareholders' equity, which is below the board's approved risk limit of 1,25%.

Average banking statement of financial position and related interest

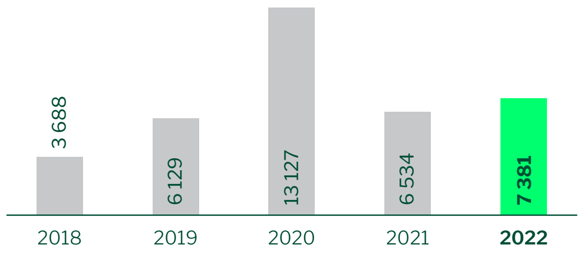
	2022			2021		
	Average balance	Margin statement interest		Average balance	Margin statement interest	
Rm	**Assets**	**Received**	**%**	**Assets**	**Received**	**%**
Average prime rate			**8,60**			7,03
Assets						
Listed corporate bonds	**23 412**	**1 634**	**6,98**	22 236	1 287	5,79
Home loans (including properties in possession)	**182 925**	**14 711**	**8,04**	173 839	11 314	6,51
Commercial mortgages	**190 240**	**15 210**	**8,00**	187 550	12 516	6,67
Instalment debtors	**141 994**	**14 581**	**10,27**	134 137	12 199	9,09
Credit card balances	**16 950**	**2 267**	**13,37**	17 072	2 138	12,52
Overdrafts	**23 467**	**2 156**	**9,19**	21 316	1 576	7,39
Term loans and other[1]	**217 559**	**17 042**	**7,83**	195 198	11 357	5,82
Personal loans	**29 929**	**5 684**	**18,99**	28 454	5 528	19,43
Gross banking loans and advances	**826 476**	**73 285**	**8,87**	779 802	57 915	7,43
Impairment of loans and advances	**(26 450)**			(25 214)		
Government and other securities	**81 524**	**7 338**	**9,00**	76 635	6 837	8,92
Short-term funds and securities	**40 647**	**1 481**	**3,64**	39 159	1 020	2,60
Interest-earning banking assets	**922 197**	**82 104**	**8,90**	870 382	65 772	7,56
Other[2]	**205 191**			188 668		
Total assets	**1 127 388**	**82 104**	**7,28**	1 059 050	65 772	6,21

	Liabilities	**Paid**	**%**	**Liabilities**	**Paid**	**%**
Equity and liabilities						
Deposit and loan accounts	**542 794**	**27 940**	**5,15**	513 248	18 957	3,69
Current and savings accounts	**145 637**	**1 045**	**0,72**	140 660	523	0,37
Negotiable certificates of deposit	**108 849**	**6 677**	**6,13**	91 839	4 378	4,77
Other interest-bearing liabilities	**130 881**	**6 047**	**4,62**	104 440	5 465	5,23
Long-term debt instruments	**53 738**	**4 118**	**7,66**	58 278	3 949	6,78
Interest-bearing banking liabilities	**981 899**	**45 827**	**4,67**	908 465	33 272	3,66
Revaluation of FVTPL-designated liabilities	**(2 174)**			5 285		
Ordinary and minority shareholders' equity	**107 795**			103 619		
Other[3]	**39 868**			41 681		
Total shareholders' equity and liabilities	**1 127 388**	**45 827**	**4,06**	1 059 050	33 272	3,14
Interest margin on average interest-earning banking assets	**922 197**	**36 277**	**3,93**	870 382	32 500	3,73

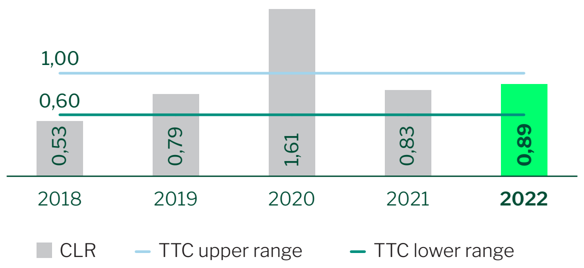
[1] *Includes term loans, preference shares, factoring debtors, foreign lending, loans to banks and other lending-related instruments.*
[2] *Includes cash and banknotes, derivative financial instruments, insurance assets, associates and investments, property and equipment, mandatory reserve deposits with central banks, intangible assets and other assets.*
[3] *Includes derivative financial instruments, investment contract liabilities, other liabilities, equity and elimination entries.*

2 Impairments

Nedbank Group impairments charge
(Rm)



Nedbank Group credit loss ratio trends
(%)



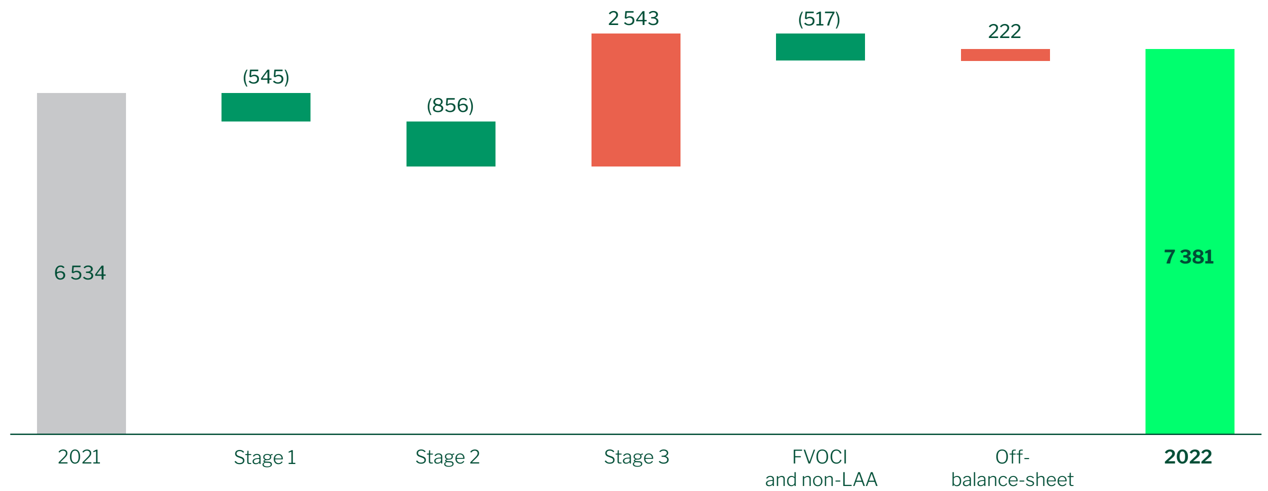
Favourable	Unfavourable
• Decrease in the CIB CLR ratio of 22 bps (YE 2021: 42 bps) and this ratio being at the lower end of the through-the-cycle (TTC) target range of 15–45 bps. Impairments are down by 43% to R805m (YE 2021: R1 418m), despite an increase in the stage 3 loans and advances (LAA) that remain appropriately provisioned. • Commercial Banking having operated below its CLR target range despite the challenging macroeconomic environment and impact of load-shedding. • Card having performed well, with impairments having decreased by more than 20% and at the bottom of the TTC CLR, while policy tightening in the Personal Loans portfolio has started to benefit the CLR. • Continued resilient performance despite the macroeconomic environment and impact of loadshedding.	• Deterioration of CLR to 89 bps (YE 2021: 85 bps), but remained within the group's TTC target range of 60 bps to 100 bps, and in line with the full-year TTC target 2022 guidance range of between 80 bps and 100 bps. • Increase in the group's impairment charge of 13% to R7 381m (YE 2021: R6 534m), driven by growth in interest-rate-sensitive products in Retail and a few corporate clients having filed for business rescue.

Nedbank Group income statement impairment charge and credit loss ratio

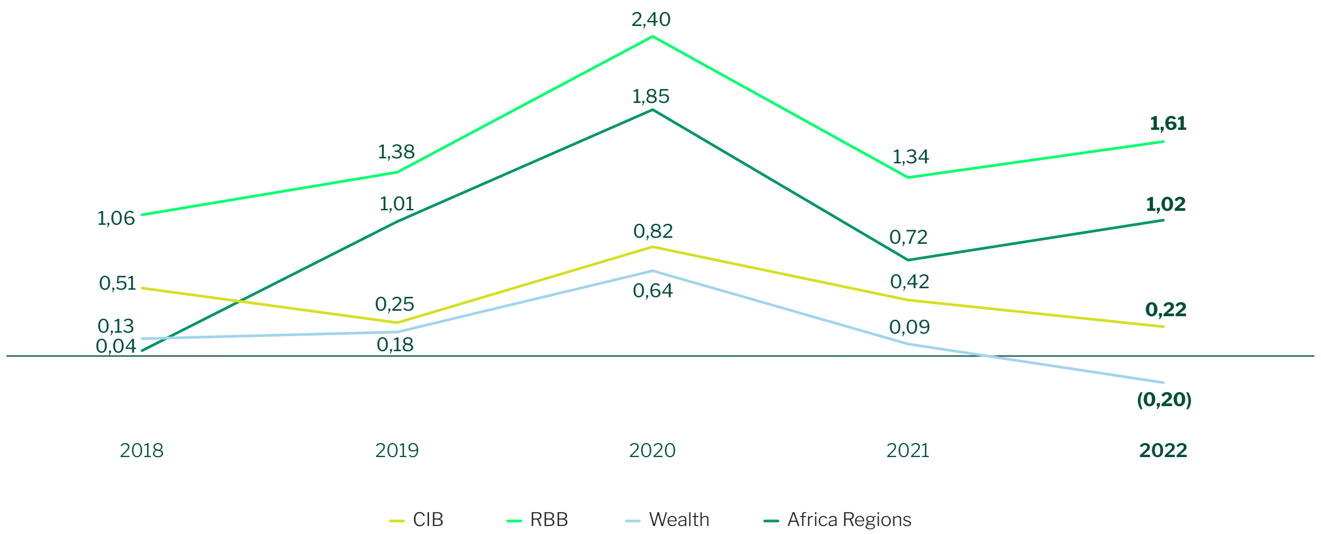
2022	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Non-LAA and FVOCI Rm	Off-balance-sheet Rm	Impairment charge, net of recoveries Rm	Mix of average banking advances %	CLR %	Target CLR range %
Corporate and Investment Banking (CIB)	(67)	(1 093)	2 241	(224)	(52)	805	43,9	0,22	0,15–0,45
CIB, excluding Property Finance	(3)	(251)	873	(224)	(52)	343	23,7	0,17	0,20–0,50
Property Finance	(64)	(842)	1 368			462	20,2	0,28	0,15–0,35
Retail and Business Banking (RBB)	(161)	433	6 351	–	(10)	6 613	49,7	1,61	1,20–1,75
Commercial Banking	(63)	(149)	324		(14)	98	10,4	0,11	0,50–0,70
Retail	(98)	582	6 027		4	6 515	39,3	2,00	1,60–2,40
Wealth	(1)	(9)	(53)			(63)	3,7	(0,20)	0,20–0,40
Nedbank Africa Regions	60	(3)	164	(11)	10	220	2,7	1,02	0,85–1,20
Centre		(197)		3		(194)			
Nedbank Group	(169)	(869)	8 703	(232)	(52)	7 381	100,0	0,89	0,60–1,00

2021	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Non-LAA and FVOCI Rm	Off-balance-sheet Rm	Impairment charge, net of recoveries Rm	Mix of average banking advances %	CLR %	Target CLR range %
Corporate and Investment Banking (CIB)	(291)	453	1 178	290	(212)	1 418	43,6	0,42	0,15–0,45
CIB, excluding Property Finance	(129)	150	824	290	(212)	923	22,3	0,53	0,20–0,50
Property Finance	(162)	303	354			495	21,3	0,30	0,15–0,35
Retail and Business Banking (RBB)	669	(207)	4 763	–	(53)	5 172	49,1	1,34	1,30–1,80
Commercial Banking	(75)	(187)	141		(46)	(167)	10,1	(0,21)	0,50–0,70
Retail	744	(20)	4 622		(7)	5 339	39,0	1,75	1,60–2,40
Wealth	(18)	(3)	49			28	4,0	0,09	0,20–0,40
Nedbank Africa Regions	16	(7)	170	(2)	(9)	168	3,0	0,72	0,85–1,20
Centre		(249)		(3)		(252)	0,3		
Nedbank Group	376	(13)	6 160	285	(274)	6 534	100,0	0,83	0,60–1,00

Nedbank Group impairment drivers
(Rm)



Nedbank Group credit loss ratio per cluster
(%)



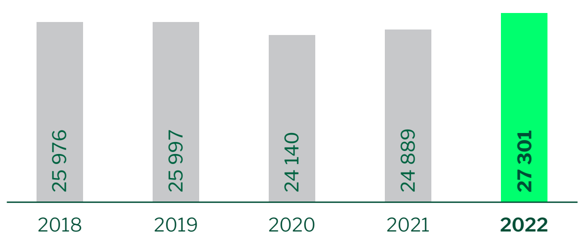
Impairments charge of financial instruments

2022	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
Balance at the beginning of the year	26 581	5 114	19 406	456	1 105	500
Stage 1 ECL allowance	4 573	681	3 600	44	248	
Stage 2 ECL allowance	6 543	1 692	4 194	39	118	500
Stage 3 ECL allowance	15 465	2 741	11 612	373	739	
Statement of comprehensive income charge net of recoveries	7 381	805	6 613	(63)	220	(194)
Stage 1 ECL allowance	(169)	(67)	(161)	(1)	60	
Stage 2 ECL allowance	(869)	(1 093)	433	(9)	(3)	(197)
Stage 3 ECL allowance	8 703	2 241	6 351	(53)	164	
Off-balance-sheet allowance	(52)	(52)	(10)		10	
Non-loans and advances	(8)				(11)	3
FVOCI loan impairment charge	(224)	(224)				
Adjusted for:	(6 069)	(1 131)	(4 804)	(23)	(109)	(2)
Recoveries	1 587	79	1 451		57	
Interest in suspense	1 195	198	980		17	
Amounts written off	(8 757)	(1 216)	(7 393)	(20)	(128)	
Foreign exchange and other transfers	(138)	(228)	158	(3)	(66)	1
Non-loans and advances	8				11	(3)
FVOCI loans	36	36				
ECL allowance – closing balance	27 893	4 788	21 215	370	1 216	304
Stage 1	4 261	517	3 487	42	215	
Stage 2	5 554	538	4 564	29	120	303
Stage 3	18 078	3 733	13 164	299	881	1
Split by measurement category	27 893	4 788	21 215	370	1 216	304
Loans and advances	27 209	4 213	21 134	370	1 188	304
Loans and advances in FVOCI	347	347				
Off-balance-sheet allowance	337	228	81		28	

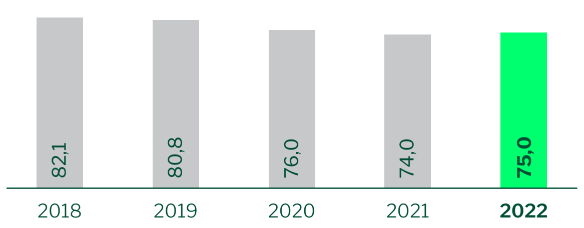
2021	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
Balance at the beginning of the year	26 077	4 638	19 257	434	983	765
Stage 1 ECL allowance	4 237	935	3 015	46	241	
Stage 2 ECL allowance	6 772	1 306	4 504	56	158	748
Stage 3 ECL allowance	15 068	2 397	11 738	332	584	17
Statement of comprehensive income charge net of recoveries	6 534	1 418	5 172	28	168	(252)
Stage 1 ECL allowance	376	(291)	669	(18)	16	
Stage 2 ECL allowance	(13)	453	(207)	(3)	(7)	(249)
Stage 3 ECL allowance	6 160	1 178	4 763	49	170	
Off-balance-sheet allowance	(274)	(212)	(53)		(9)	
Non-loans and advances	(5)				(2)	(3)
FVOCI loan impairment charge	290	290				
Adjusted for:	(6 030)	(942)	(5 023)	(6)	(46)	(13)
Recoveries	1 425	4	1 391		30	
Interest in suspense	1 062	152	922		(12)	
Amounts written off	(8 139)	(691)	(7 380)	(5)	(63)	
Foreign exchange and other transfers	(19)	(43)	44	(1)	(3)	(16)
Non-loans and advances	5				2	3
FVOCI loans	(364)	(364)				
ECL allowance – closing balance	26 581	5 114	19 406	456	1 105	500
Stage 1	4 573	681	3 600	44	248	
Stage 2	6 543	1 692	4 194	39	118	500
Stage 3	15 465	2 741	11 612	373	739	
Split by measurement category	26 581	5 114	19 406	456	1 105	500
Loans and advances	25 650	4 296	19 316	456	1 082	500
Loans and advances in FVOCI	535	535				
Off-balance-sheet allowance	396	283	90		23	

3 Non-interest revenue and income

Non-interest revenue
(Rm)



Non-interest revenue to total operating expenses
(%)



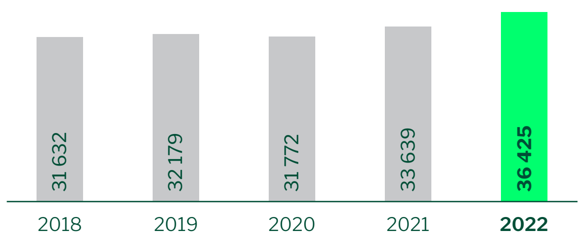
Favourable	Unfavourable
• Solid commission and fees growth from higher client transactional activity, as well as benefits of cross-sell, main-banked client gains and growth in card interchange revenue. • Insurance benefits from lower death and funeral claims. • Higher equity revaluations. • Non-occurrence of fair-value losses in the base.	• Impact on trading income by global, political and macroeconomic events, particularly in debt securities. • Non-repeat of insurance asset–liability matching execution in the prior-period base and KwaZulu-Natal floods impacting insurance income.

Rm	Change %	Nedbank Group 2022	Nedbank Group 2021	Corporate and Investment Banking 2022	Corporate and Investment Banking 2021	Retail and Business Banking 2022	Retail and Business Banking 2021	Wealth 2022	Wealth 2021	Nedbank Africa Regions 2022	Nedbank Africa Regions 2021	Centre 2022	Centre 2021
Net commission and fees income	7	18 964	17 754	3 057	2 710	12 955	11 965	2 057	2 210	968	953	(73)	(84)
Administration fees	7	1 502	1 403	54	50	487	505	798	766	148	68	15	14
Card fees	12	4 100	3 646	29	21	3 934	3 511			136	111	1	3
Cash-handling fees	6	1 084	1 027	179	193	875	802	1	1	29	31		
Exchange commission	13	734	648	214	192	283	242	108	110	123	129	6	(25)
Guarantees income	6	283	267	217	195	33	41			33	31		
Insurance commission	(41)	262	442			256	243		194	6	5		
Other commission	(10)	3 551	3 958	1 420	1 250	2 079	2 623	(162)	(178)	200	250	14	13
Other fees	53	3 114	2 041	890	753	1 057	98	1 257	1 264	19	15	(109)	(89)
Service charges		4 334	4 322	54	56	3 951	3 900	55	53	274	313		
Insurance income	18	2 369	2 005			617	487	1 702	1 474	53	65	(3)	(21)
Fair-value adjustments	>100	187	(833)	58	(83)	15	25	–	–	8	(14)	106	(761)
Fair-value adjustments	96	(5)	(128)	35	(94)					8	(14)	(48)	(20)
Hedge-accounted portfolios	>100	192	(705)	23	11	15	25					154	(741)
Trading income	(7)	4 166	4 475	3 898	4 295	148	109	–	–	120	71	–	–
Commodities	(96)	1	26	1	26								
Debt securities	(16)	1 897	2 267	1 897	2 267								
Equities	(19)	679	842	679	842								
Foreign exchange	19	1 589	1 340	1 321	1 160	148	109			120	71		
Equity revaluation gains/(losses)	25	815	650	921	666	(27)	43	–	–	–	–	(79)	(59)
Realised gains, dividends, interest and other income	(47)	384	727	463	786							(79)	(59)
Unrealised gains/(losses)[1]	>100	431	(77)	458	(120)	(27)	43						
Investment income	(63)	96	263	86	87	17	16	(19)	161			12	(1)
Sundry income/(expenses)[2]	22	704	575	221	206	124	138	(48)	(57)	440	218	(33)	70
Total non-interest revenue and income	10	27 301	24 889	8 241	7 881	13 849	12 783	3 692	3 788	1 589	1 293	(70)	(856)

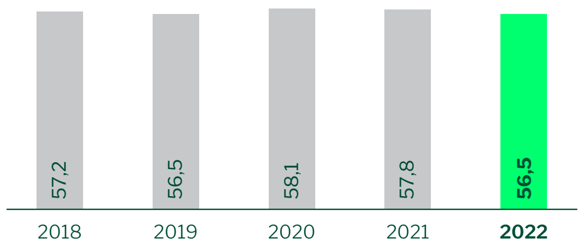
[1] *Unrealised losses relate to equity investments in associates and joint ventures, which are estimated and converted to realised or dividends once earned.*
[2] *Sundry income comprises mainly security dealings, rental income, fair-value movements on non-trading investments, forex gains and losses and the R419m net monetary loss (2021: R138m).*

4 Expenses

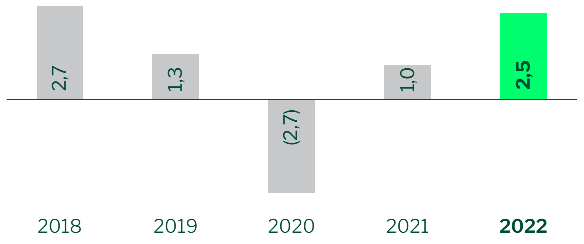
Total operating expenses
(Rm)



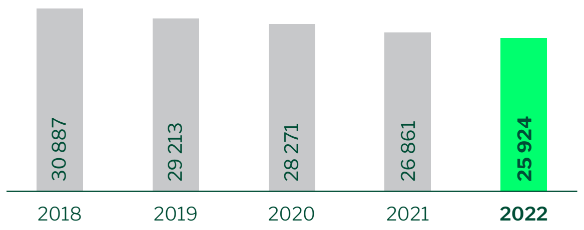
Cost-to-income ratio
(%)



Total income growth rate less expenses growth rate (JAWS ratio)
(%)



Total employees
(Permanent staff)



Rm	Change %	Nedbank Group 2022	Nedbank Group 2021	Corporate and Investment Banking 2022	Corporate and Investment Banking 2021	Retail and Business Banking 2022	Retail and Business Banking 2021	Wealth 2022	Wealth 2021	Nedbank Africa Regions 2022	Nedbank Africa Regions 2021	Centre 2022	Centre 2021
Staff costs	11	**19 940**	18 018	**3 585**	3 172	**8 287**	7 963	**1 801**	1 719	**1 210**	1 113	**5 057**	4 051
Salaries and wages	4	**16 017**	15 412										
Total incentives	23	**3 761**	3 049										
Short-term incentives	19	**2 900**	2 427										
Long-term incentives	38	**861**	622										
Other staff costs	>100	**162**	(443)										
Computer processing	3	**6 494**	6 329	**432**	481	**1 884**	2 625	**403**	414	**342**	425	**3 433**	2 384
Depreciation of computer equipment	(7)	**671**	718										
Depreciation of right-of-use assets: computer equipment	(1)	**82**	83										
Amortisation of intangible assets	9	**1 864**	1 705										
Operating lease charges for computer processing	(15)	**169**	198										
Other computer processing expenses	2	**3 708**	3 625										
Fees and insurances	8	**4 420**	4 109	**534**	574	**2 885**	2 563	**208**	230	**347**	291	**446**	451
Occupation and accommodation[1,2]	(4)	**2 089**	2 185	**203**	212	**1 682**	1 844	**118**	153	**198**	192	**(112)**	(216)
Marketing and public relations	17	**1 554**	1 332	**67**	58	**748**	698	**74**	48	**73**	56	**592**	472
Communication and travel	22	**874**	718	**309**	260	**379**	328	**39**	23	**102**	83	**45**	24
Other operating expenses[3]	11	**1 054**	948	**71**	108	**578**	540	**41**	37	**75**	61	**289**	202
Activity-justified transfer pricing		**–**	–	**2 427**	2 146	**6 172**	4 881	**765**	656	**404**	314	**(9 768)**	(7 997)
Total operating expenses	8	**36 425**	33 639	**7 628**	7 011	**22 615**	21 442	**3 449**	3 280	**2 751**	2 535	**(18)**	(629)

Analysis of total IT-related function spend included in total expenses	Change %	2022	2021
IT-staff-related costs within Group Technology	28	**2 976**	2 326
Depreciation and amortisation of computer equipment, software and intangibles	4	**2 617**	2 506
Other IT costs (including licensing, development, maintenance and processing charges)[4]	2	**3 944**	3 881
Total IT-related functional spend	9	**9 537**	8 713

[1] Includes the depreciation of right-of-use assets of R827m (December 2021: R863m).
[2] Includes a building depreciation charge of R386m (December 2021: R385m).
[3] Includes a furniture depreciation charge of R335m (December 2021: R332m), consumables and sundry expenses.
[4] Includes consulting and professional fees (that are included in fees and insurance), communication and travel expenses, and other IT-related spend (included in computer processing).

Favourable

- Decrease in employee numbers of 3% yoy, largely through natural attrition.
- Lower accommodation costs.
- Cost savings delivered by optimisation initiatives, including cumulative run rate savings from TOM 2.0 of R1,5bn.

Unfavourable

- Increase in incentive costs as a result of the group's improved financial performance.
- Increase in the amortisation charge of 9%, albeit slowing.
- Increase in marketing and travel costs as business returns to normal.
- Higher other staff costs due to lower returns from employee benefit assets.
- Increase in other staff costs due to less work on IT projects that are capitalised, given new Ways of Work and demand for highly skilled resources increasing costs.

5 Headline earnings reconciliation

Rm	Change %	2022 Gross	2022 Net of taxation	2021 Gross	2021 Net of taxation
Profit attributable to ordinary shareholders	27		14 275		11 238
Impairment charge on non-financial instruments and other gains and losses	>(100)	(245)	(226)	499	438
IAS 16 – (profit)/loss on disposal of property and equipment		(155)	(111)	41	26
IAS 36 – impairment of goodwill		–	–	306	306
IAS 36 – impairment of intangible assets		93	67	153	110
IFRS 10 – profit on sale of subsidiaries/associates		(181)	(181)	(11)	(11)
IFRS 16 – (reversal of impairment)/impairment of right-of-use assets		(2)	(1)	10	7
Share of losses of associate companies					
IAS 36 share of associate impairment of goodwill				13	13
Headline earnings	20		14 049		11 689

6 Taxation charge

	2022	2021
Direct taxation	4 307	4 104
Taxation rate reconciliation (excluding non-trading and capital items) (%)		
Standard rate of South African normal taxation	28,0	28,0
Reduction of taxation rate:		
Dividend income	(1,0)	(1,3)
Share of profits of associate companies	(1,3)	(1,3)
Capital items	(0,7)	(0,1)
Effects of profits taxed in different jurisdictions	(1,5)	(0,6)
Additional tier 1 capital instruments	(1,3)	(1,2)
Assessed losses not subject to deferred tax and special allowances	(0,2)	(0,3)
Non-deductible expenses[1]	0,7	0,6
Prior-year adjustments	(0,7)	0,4
Tax rate change[2]	0,1	
Total taxation on income as percentage of profit before taxation	22,1	24,2
Effective tax rate, excluding associate headline earnings	23,1	25,4

During the year the group reviewed the presentation of its taxation rate reconciliation. As a result of this review, certain reconciling line items have been reclassified and renamed to provide our users with additional information. 'Foreign income and section 9D attribution' (2021: -0,5%) has been combined with 'NAR non-taxable amounts' (2021: -0,5%) and has been renamed 'Effects of profits taxed in different jurisdictions'. 'Exempt income and special allowances' (2021:-0,4%) has been combined with 'Revenue losses not recognised' (2021: 0,1%) and has been renamed 'Assessed losses not subject to deferred tax and special allowances'. 'Net monetary loss' (2021: 0,4%), previously included in 'Non-deductible expenses' (2021: 1,0%), has been reallocated to 'Effects of profits taxed in different jurisdictions'. To provide comparability, the prior-year balances have been restated accordingly.

[1] *Non-deductible expenses includes the impact of share-based payments and other non-deductible expenses.*
[2] *The corporate tax rate was reduced from 28% to 27% during 2022 and is applicable from the 2023 year of assessment for South African companies in the group. Current tax balances are therefore reflected at the 28% rate and deferred tax balances at the 27% rate, resulting in a decrease in deferred tax assets of R2m, this being related to the remeasurement at 31 December 2022.*

7 Preference shares

Profit attributable to preference shareholders	Number of shares	Cents per share	Amount Rm
2021			
Nedbank – final (dividend no 36) declared for 2020 – paid April 2021	358 277 491	29,45696	106
Nedbank – interim (dividend no 37) declared for 2021 – paid September 2021	358 277 491	28,92693	103
Total of dividends declared			209
Less: Dividends declared in respect of shares held by group entities			(21)
Dividends declared to holders of preference shares[1]			188
Nedbank (MFC) – participating preference shares[2]			125
			313
2022			
Nedbank (MFC) – participating preference shares[2]			106
			106

[1] *The group repurchased all of the non-redeemable, non-cumulative, non-participating preference shares in issue on 21 December 2021.*
[2] *Share in economic profit calculated semi-annually.*

Notes

Statement of financial position analysis

8 Loans and advances

Loans and advances segmental breakdown

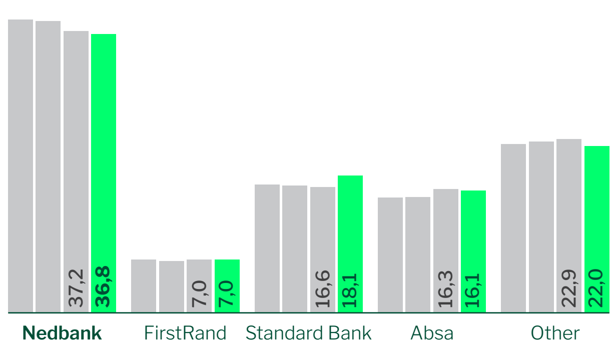
Rm	Change %	Nedbank Group 2022	Nedbank Group 2021	Corporate and Investment Banking 2022	Corporate and Investment Banking 2021	Retail and Business Banking 2022	Retail and Business Banking 2021	Wealth 2022	Wealth 2021	Nedbank Africa Regions 2022	Nedbank Africa Regions 2021	Centre[1] 2022	Centre[1] 2021
Home loans	6	**189 370**	178 840	**20**	19	**166 247**	154 272	**15 756**	17 257	**7 347**	7 292		
Commercial mortgages	4	**196 619**	189 576	**157 626**	152 413	**28 628**	26 782	**8 112**	8 424	**2 164**	1 855	**89**	102
Properties in possession	1	**189**	187			**52**	68	**14**	13	**123**	106		
Credit cards	3	**16 816**	16 297			**16 667**	16 154			**149**	143		
Overdrafts	15	**26 613**	23 042	**3 987**	3 733	**19 259**	16 048	**149**	151	**3 218**	3 110		
Personal loans	3	**30 166**	29 175			**28 469**	27 277	**10**		**1 687**	1 898		
Term and other loans	5	**176 877**	168 584	**153 203**	146 040	**13 288**	13 278	**5 039**	4 641	**5 058**	4 364	**289**	261
Overnight loans	31	**12 393**	9 479	**11 041**	8 341	**1 126**	878			**226**	260		
Foreign client lending	>100	**18 764**	5 793	**17 192**	3 799	**255**	330			**1 317**	1 664		
Instalment debtors	6	**151 582**	142 559	**2 940**	2 880	**147 013**	138 013	**42**	32	**1 585**	1 629	**2**	5
Preference shares and debentures	(6)	**11 503**	12 204	**11 214**	11 977	**16**	16	**273**	211				
Factoring accounts	19	**8 572**	7 188			**8 544**	7 185			**28**	3		
Listed corporate bonds	8	**25 027**	23 279	**25 027**	23 279								
Fair-value hedge-accounted portfolios	>(100)	**(1 722)**	750	**–**	6							**(1 722)**	744
Trade, other bills and bankers' acceptances	(100)	**–**	1								1		
Gross banking loans and advances	7	**862 769**	806 954	**382 250**	352 487	**429 564**	400 301	**29 395**	30 729	**22 902**	22 325	**(1 342)**	1 112
Impairment of advances	(6)	**(27 209)**	(25 650)	**(4 213)**	(4 296)	**(21 134)**	(19 316)	**(370)**	(456)	**(1 188)**	(1 082)	**(304)**	(500)
Net banking loans and advances	7	**835 560**	781 304	**378 037**	348 191	**408 430**	380 985	**29 025**	30 273	**21 714**	21 243	**(1 646)**	612
Trading loans and advances	(8)	**46 605**	50 431	**46 605**	50 431								
Loans and advances	6	**882 165**	831 735	**424 642**	398 622	**408 430**	380 985	**29 025**	30 273	**21 714**	21 243	**(1 646)**	612
Banking loans and advances to banks	>100	**32 355**	11 173	**28 888**	8 337	**–**	–	**1 706**	1 088	**1 761**	1 748	**–**	–

[1] *Centre includes the group's centrally managed macro fair-value hedge accounting adjustment and a central impairment provision.*

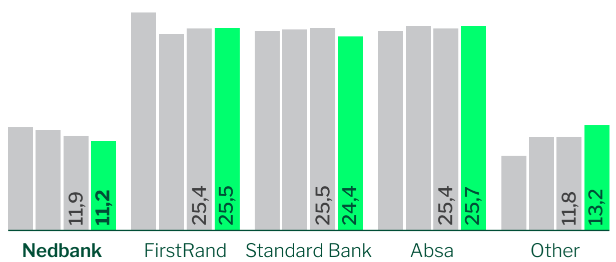
Market share according to BA900

Home loans (2019–2022)
(%)

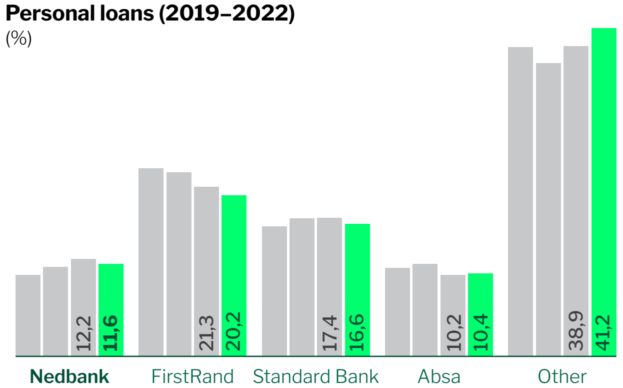
Commercial mortgage loans (2019–2022)
(%)



Credit cards (2019–2022)
(%)

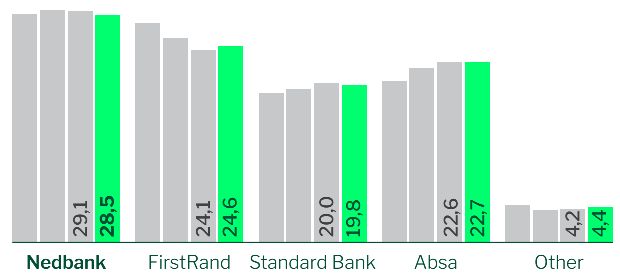


Personal loans (2019–2022)
(%)



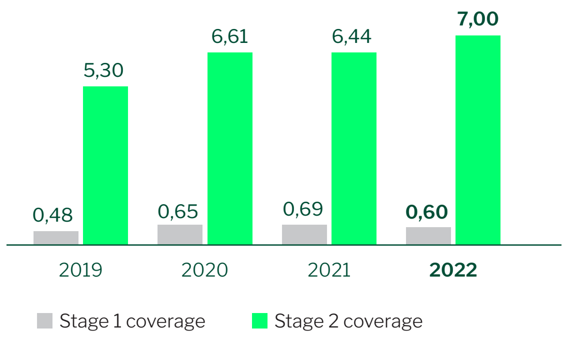
Core corporate loans (2019–2022)
(%)

Instalment sales and leases (2019–2022)
(%)

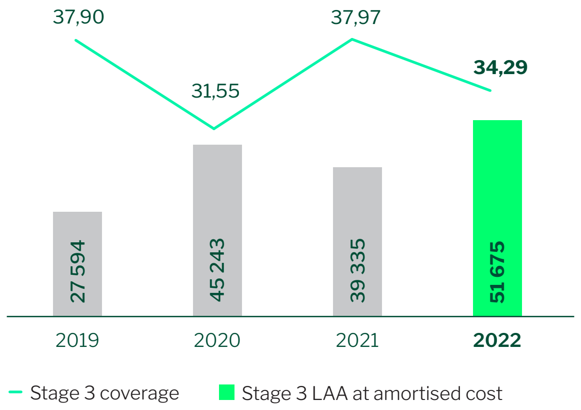


Summary of loans and advances and coverage ratios

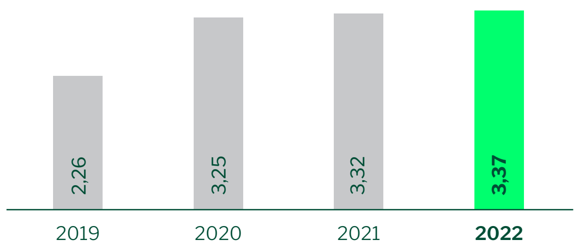
Stage 1 and stage 2 coverage
(%)



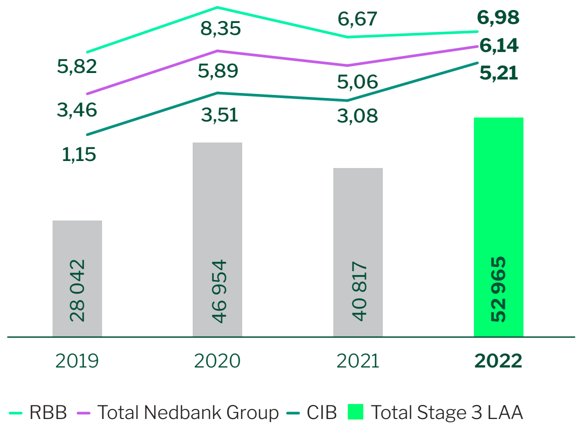
Stage 3 advances and coverage ratio
(Rm) (%)



Nedbank Group coverage
(%)



Stage 3 advances as a percentage of gross banking loans and advances
(Rm)



GLAA, ECL and coverage ratios, by cluster, by stage

	Stage 1			Stage 2			Stage 3			Total				
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA excluding trading book	Stage 3 GLAA as a % of GLAA excluding trading book
2022	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	%
Corporate and Investment Banking (CIB)	288 066	379	0,13%	19 794	447	2,26	18 631	3 387	18,18	326 491	4 213	1,29	382 250	5,21
CIB, excluding Property Finance	136 572	294	0,22%	12 849	376	2,93	7 054	1 529	22,68	156 475	2 199	1,41	209 723	3,98
Property Finance	151 494	85	0,06%	6 945	71	1,02	11 577	1 858	16,05	170 016	2 014	1,19	172 527	6,71
Retail and Business Banking (RBB)	346 248	3 434	0,99%	53 332	4 551	8,53	29 984	13 149	43,85	429 564	21 134	4,92	429 564	6,98
Commercial Banking	74 322	170	0,23%	10 440	179	1,77	4 745	1 292	27,23	89 507	1 641	1,83	89 507	5,30
Retail	271 926	3 264	1,20%	42 892	4 372	10,19	25 239	11 857	46,98	340 057	19 493	5,73	340 057	7,42
Wealth	24 871	42	0,17%	1 842	29	1,57	1 133	299	26,39	27 846	370	1,33	29 395	3,85
Nedbank Africa Regions	19 708	197	1,00%	1 272	110	8,65	1 922	881	45,84	22 902	1 188	5,19	22 902	8,39
Centre	(1 065)			1 440	303		5	1		380	304		(1 342)	
Gross loans and advances/ECL held at amortised cost	677 828	4 052	0,60%	77 680	5 440	7,00	51 675	17 717	34,29	807 183	27 209	3,37	862 769	6,14
GLAA/ECL for assets held at FVOCI	40 533	64		1 001	32		1 290	251		42 824	347			
Trading GLAA held at FVTPL	46 605									46 605			46 605	
Banking book GLAA held at FVTPL	14 484									14 484				
GLAA for fair-value hedge-accounted portfolios	(1 722)									(1 722)				
Off-balance-sheet ECL		145			82			110			337			
Total GLAA/ECL	777 728	4 261		78 681	5 554		52 965	18 078		909 374	27 893		909 374	

2021	Stage 1 GLAA Rm	Stage 1 ECL Rm	Stage 1 Coverage %	Stage 2 GLAA Rm	Stage 2 ECL Rm	Stage 2 Coverage %	Stage 3 GLAA Rm	Stage 3 ECL Rm	Stage 3 Coverage %	Total GLAA Rm	Total ECL Rm	Total Coverage %	GLAA, excluding trading book Rm	Stage 3 GLAA as a % of total GLAA excluding trading book %
Corporate and Investment Banking (CIB)	260 775	529	0,20	49 193	1 543	3,14	9 384	2 224	23,70	319 352	4 296	1,35	352 487	3,08
CIB, excluding Property Finance	116 082	382	0,33	31 747	631	1,99	6 520	1 396	21,41	154 349	2 409	1,56	184 965	4,33
Property Finance	144 693	147	0,10	17 446	912	5,23	2 864	828	28,91	165 003	1 887	1,14	167 522	1,71
Retail and Business Banking (RBB)	327 860	3 552	1,08	45 735	4 165	9,11	26 706	11 599	43,43	400 301	19 316	4,83	400 301	6,67
Commercial Banking	68 191	234	0,34	9 559	328	3,43	4 296	1 121	26,09	82 046	1 683	2,05	82 046	5,24
Retail	259 669	3 318	1,28	36 176	3 837	10,61	22 410	10 478	46,76	318 255	17 633	5,54	318 255	7,04
Wealth	25 453	44	0,17	2 538	39	1,54	1 282	373	29,10	29 273	456	1,56	30 729	4,17
Nedbank Africa Regions	19 118	230	1,20	1 248	112	8,97	1 959	740	37,77	22 325	1 082	4,85	22 325	8,77
Centre	302			62	500		4			368	500		1 112	
Gross loans and advances/ECL held at amortised cost	633 508	4 355	0,69	98 776	6 359	6,44	39 335	14 936	37,97	771 619	25 650	3,32	806 954	5,06
GLAA/ECL for assets held at FVOCI	21 279	60		2 694	48		1 481	427		25 454	535			
Trading GLAA held at FVTPL	50 431									50 431			50 431	
Banking book GLAA held at FVTPL	9 131									9 131				
GLAA for fair-value hedge-accounted portfolios	750									750				
Off-balance-sheet ECL		158			136			102			396			
Total GLAA/ECL	715 099	4 573		101 470	6 543		40 816	15 465		857 385	26 581		857 385	

Favourable

- Increase in banking LAA of 7% to R862 769m (YE 2021: R806 954m), driven by ongoing growth momentum in RBB LAA and a strong recovery in CIB LAA in H2 2022.
- Increase in the group coverage ratio to 3,37% (YE 2021: 3,32%), reflective of the increase in stage 3 LAA and appropriate level of ECL raised against the portfolio.
- Reduction in group overlays to R1 413m (2021: R3 019m). R895m of overlays released via the income statement, R1 224m of overlays raised via the income statement, while R1 955m was catered for in-model.
- Improvement in the group performing coverage ratio from 1,46% to 1,26% driven by growth of 7% and improvement in stage 2 LAA.

Unfavourable

- Increase in the stage 3 LAA of 31,4% to R51 675m (YE 2021: R39 335m), driven by the macroeconomic environment impacting affordability in Retail, a few corporate clients having filed for business rescue, and the sovereign default of Ghana.

GLAA, ECL and coverage, by product

	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage
2022	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%
Residential mortgages	158 725	336	0,21	18 404	655	3,56	10 760	2 417	22,46	187 889	3 408	1,81
Commercial mortgages	168 438	140	0,08	11 376	151	1,33	14 024	2 360	16,83	193 838	2 651	1,37
Instalment debtors	121 720	1 348	1,11	22 096	2 264	10,25	7 766	3 395	43,72	151 582	7 007	4,62
Credit cards and overdrafts	25 369	910	3,59	5 804	597	10,29	4 373	2 760	63,11	35 546	4 267	12,00
Term loans	121 044	1 180	0,97	16 433	1 371	8,34	11 850	6 256	52,79	149 327	8 807	5,90
Other client loans	74 499	186	0,25	3 534	412	11,66	2 867	530	18,49	80 900	1 128	1,39
Other including credit and zero balances	8 033	(48)	n/a	33	(10)	n/a	35	(1)	n/a	8 101	(59)	n/a
GLAA/ECL held at amortised cost	677 828	4 052	0,60	77 680	5 440	7,00	51 675	17 717	34,29	807 183	27 209	3,37

	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage
2021	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%
Residential mortgages	151 227	287	0,19	16 260	530	3,26	9 887	2 340	23,67	177 374	3 157	1,78
Commercial mortgages	161 636	217	0,13	20 360	979	4,81	4 825	1 119	23,19	186 821	2 315	1,24
Instalment debtors	117 158	1 392	1,19	18 125	1 841	10,16	7 275	3 106	42,69	142 558	6 339	4,45
Credit cards and overdrafts	21 890	815	3,72	5 360	884	16,49	3 964	2 460	62,06	31 214	4 159	13,32
Term loans	103 688	1 395	1,35	22 092	1 376	6,23	11 161	5 260	47,13	136 941	8 031	5,86
Other client loans	69 617	294	0,42	16 565	760	4,59	2 187	651	29,77	88 369	1 705	1,93
Other including credit and zero balances	8 292	(45)		14	(11)		36			8 342	(56)	
GLAA/ECL held at amortised cost	633 508	4 355	0,69	98 776	6 359	6,44	39 335	14 936	37,97	771 619	25 650	3,32

Economic scenarios

Scenario	Probability weighting (%)	Total ECL allowance	Difference to weighted scenarios	Percentage difference to weighted scenarios (%)	Economic measures	2022 Economic forecast[1] (%) 2023	2024	2025
Base case	50	27 817	(76)	(0,28)	GDP	1,25	1,76	1,66
					Prime	11,00	10,50	10,50
					HPI	2,50	3,02	3,57
Mild stress	21	28 122	229	0,82	GDP	(0,14)	0,37	1,02
					Prime	11,75	12,00	12,25
					HPI	2,06	2,37	2,69
Positive outcome	21	27 630	(263)	(0,94)	GDP	1,91	2,33	2,25
					Prime	10,00	9,75	9,75
					HPI	3,29	3,87	4,74
High stress	8	28 446	553	1,98	GDP	(1,17)	(0,48)	0,77
					Prime	12,75	12,75	12,75
					HPI	1,63	1,72	1,81
Weighted scenarios	100	27 893						

[1] Forecast at 31 December 2022.

Scenario	Probability weighting (%)	Total ECL allowance	Difference to weighted scenarios	Percentages difference to weighted scenarios (%)	Economic measures	2021 Economic forecast[1] (%) 2022	2023	2024
Base case	50	26 491	(90)	(0,33)	GDP	1,75	1,74	0,97
					Prime	8,25	8,75	9,25
					HPI	4,04	3,96	4,15
Mild stress	21	26 857	276	1,04	GDP	(0,09)	0,66	0,61
					Prime	8,50	9,75	10,75
					HPI	3,54	3,39	3,50
Positive outcome	21	26 263	(319)	(1,20)	GDP	3,08	2,86	1,92
					Prime	7,50	7,50	7,75
					HPI	4,90	4,89	5,00
High stress	8	27 259	678	2,55	GDP	(1,41)	(0,23)	0,30
					Prime	8,75	10,00	11,00
					HPI	3,04	2,82	2,85
Weighted scenarios	100	26 581						

[1] Forecast at 31 December 2021.

Climate-related disclosures

	Rm 2022	Rm 2021	Rm Change	% of GLAA 2022	% of GLAA 2021
Thermal coal[1]					
Limit[2]	2 324	2 817	(493)	0,3	0,3
Drawn exposure	1 002	1 221	(219)	0,1	0,1
Upstream oil[3]					
Limit[2]	19 592	13 559	6 033	2,2	1,6
Drawn exposure	11 081	9 110	1 971	1,2	1,1
Upstream gas[3]					
Limit[2]	1 698	468	1 230	0,2	0,1
Drawn exposure	1 380	424	956	0,2	0,0
Non-renewable-power-generation exposure					
Limit[2]	9 964	10 741	(777)	1,1	1,3
Drawn exposure	5 375	6 557	(1 182)	0,6	0,8
Renewable Energy Independent Power Producer Procurement Programme					
Limit[2]	34 910	35 347	(437)	3,8	4,1
Drawn exposure	25 941	28 741	(2 800)	2,9	3,4
Private power generation – CIB					
Limit[2]	1 575	513	1 062	0,1	0,1
Drawn exposure	735	417	318	0,1	0,0
Private power generation – RBB					
Limit	233	–	233	0,0	0,0
Drawn exposure	232	–	232	0,0	0,0
Private power generation – NAR					
Limit	41	–	41	0,0	0,0
Drawn exposure	41	–	41	0,0	0,0
African renewable-energy projects					
Limit[2]	402	614	(212)	0,0	0,1
Drawn exposure	304	438	(134)	0,0	0,1
Total renewable energy					
Limit[2]	37 160	36 474	686	4,0	4,3
Drawn exposure	27 253	29 596	(2 343)	2,9	3,5

[1] Excludes derivative products and environmental guarantees.
[2] Limits include all committed facilities approved to clients, in respective portfolios, aligned with the Nedbank Energy Policy.
[3] Includes all limits and exposures, including all products and derivatives, aligned with the Nedbank Energy Policy.

Gross advances and ECL movement

Reconciliation of loss allowance relating to financial assets measured at amortised cost and FVOCI because changes in the associated ECL are recognised in impairment charges. The reconciliation excludes loans measured at FVTPL and fair-value hedge-accounted portfolios because changes in fair values are recognised in NIR.

	Stage 1			Stage 2			Stage 3			Total		
Loans and advances (Rm)	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2021	625 216	4 513	620 703	98 762	6 495	92 267	39 299	15 038	24 261	763 277	26 046	737 231
New loans and advances originated	340 508	3 721	336 787			–			–	340 508	3 721	336 787
Loans and advances written off			–			–	(8 757)	(8 757)	–	(8 757)	(8 757)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	(265 736)	2 549	(268 285)	(17 934)	(729)	(17 205)	(11 393)	3 830	(15 223)	(295 063)	5 650	(300 713)
Transfers to stage 1	45 918	843	45 075	(44 159)	(731)	(43 428)	(1 759)	(112)	(1 647)	–	–	–
Transfers to stage 2	(55 720)	(3 294)	(52 426)	60 458	3 875	56 583	(4 738)	(581)	(4 157)	–	–	–
Transfers to stage 3	(18 787)	(4 262)	(14 525)	(19 508)	(3 433)	(16 075)	38 295	7 695	30 600	–	–	–
Foreign exchange and other movements	(1 604)	127	(1 731)	28	45	(17)	693	714	(21)	(883)	886	(1 769)
Net balances	669 795	4 197	665 598	77 647	5 522	72 125	51 640	17 827	33 813	799 082	27 546	771 536
Total credit and zero balances	8 033		8 033	33		33	35		35	8 101	–	8 101
Balance at 31 December 2022	677 828	4 197	673 631	77 680	5 522	72 158	51 675	17 827	33 848	807 183	27 546	779 637
GLAA for assets held at FVOCI	40 533	64	40 469	1 001	32	969	1 290	251	1 039	42 824	347	42 477
Trading book GLAA held at FVTPL	46 605		46 605			–			–	46 605	–	46 605
Banking book GLAA held at FVTPL	14 484		14 484			–			–	14 484	–	14 484
GLAA for fair-value hedge-accounted portfolios	(1 722)		(1 722)			–			–	(1 722)	–	(1 722)
Total GLAA/ECL	777 728	4 261	773 467	78 681	5 554	73 127	52 965	18 078	34 887	909 374	27 893	881 481
ECL on loans at FVOCI		(64)	64		(32)	32		(251)	251		(347)	347
Off-balance-sheet ECL		(145)	145		(82)	82		(110)	110		(337)	337
Loans and advances at 31 December 2022	777 728	4 052	773 676	78 681	5 440	73 241	52 965	17 717	35 248	909 374	27 209	882 165

CIB, excluding Property Finance (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2021	116 082	474	115 608	31 747	732	31 015	6 520	1 486	5 034	154 349	2 692	151 657
New loans and advances originated	149 921	896	149 025			–	–	–	–	149 921	896	149 025
Loans and advances written off			–			–	(863)	(863)	–	(863)	(863)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(131 573)	(682)	(130 891)	(9 709)	(232)	(9 477)	(5 812)	(32)	(5 780)	(147 094)	(946)	(146 148)
Transfers to stage 1	24 559	333	24 226	(24 496)	(304)	(24 192)	(63)	(29)	(34)	–	–	–
Transfers to stage 2	(16 814)	(364)	(16 450)	17 107	451	16 656	(293)	(87)	(206)	–	–	–
Transfers to stage 3	(5 046)	(285)	(4 761)	(1 855)	(215)	(1 640)	6 901	500	6 401	–	–	–
Foreign exchange and other movements	(557)	(4)	(553)	55	3	52	664	649	15	162	648	(486)
Net balances	136 572	368	136 204	12 849	435	12 414	7 054	1 624	5 430	156 475	2 427	154 048
Total credit and zero balances			–			–			–	–	–	–
Balance at 31 December 2022	136 572	368	136 204	12 849	435	12 414	7 054	1 624	5 430	156 475	2 427	154 048
GLAA for assets held at FVOCI	40 533	64	40 469	1 001	32	969	1 290	251	1 039	42 824	347	42 477
Trading book GLAA held at FVTPL	46 605		46 605			–			–	46 605	–	46 605
Banking book GLAA held at FVTPL	10 424		10 424			–			–	10 424	–	10 424
Total GLAA/ECL	234 134	432	233 702	13 850	467	13 383	8 344	1 875	6 469	256 328	2 774	253 554
ECL on loans at FVOCI		(64)	64		(32)	32		(251)	251		(347)	347
Off-balance-sheet ECL		(74)	74		(59)	59		(95)	95	–	(228)	228
Loans and advances at 31 December 2022	234 134	294	233 840	13 850	376	13 474	8 344	1 529	6 815	256 328	2 199	254 129

Property Finance (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2021	144 693	147	144 546	17 446	912	16 534	2 864	828	2 036	165 003	1 887	163 116
New loans and advances originated	78 610	100	78 510			–			–	78 610	100	78 510
Loans and advances written off			–			–	(353)	(353)	–	(353)	(353)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(71 527)	(310)	(71 217)	(1 589)	(237)	(1 352)	(125)	927	(1 052)	(73 241)	380	(73 621)
Transfers to stage 1	5 331	160	5 171	(5 176)	(155)	(5 021)	(155)	(5)	(150)	–	–	–
Transfers to stage 2	(4 643)	(8)	(4 635)	5 418	28	5 390	(775)	(20)	(755)	–	–	–
Transfers to stage 3	(967)	(4)	(963)	(9 154)	(477)	(8 677)	10 121	481	9 640	–	–	–
Foreign exchange and other movements	(3)		(3)			–			–	(3)	–	(3)
Balance at 31 December 2022	151 494	85	151 409	6 945	71	6 874	11 577	1 858	9 719	170 016	2 014	168 002
Banking book GLAA held at FVTPL	2 511		2 511			–			–	2 511	–	2 511
Loans and advances at 31 December 2022	154 005	85	153 920	6 945	71	6 874	11 577	1 858	9 719	172 527	2 014	170 513

	Stage 1			Stage 2			Stage 3			Total		
Commercial Banking (Rm)	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2021	68 191	238	67 953	9 559	347	9 212	4 296	1 133	3 163	82 046	1 718	80 328
New loans and advances originated	26 533	235	26 298			–			–	26 533	235	26 298
Loans and advances written off	–	–				–	(247)	(247)	–	(247)	(247)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(16 314)	(241)	(16 073)	(1 355)	(232)	(1 123)	(1 156)	430	(1 586)	(18 825)	(43)	(18 782)
Transfers to stage 1	4 135	149	3 986	(3 773)	(98)	(3 675)	(362)	(51)	(311)	–	–	–
Transfers to stage 2	(6 357)	(47)	(6 310)	6 912	207	6 705	(555)	(160)	(395)	–	–	–
Transfers to stage 3	(1 866)	(159)	(1 707)	(903)	(42)	(861)	2 769	201	2 568	–	–	–
Balance at 31 December 2022	74 322	175	74 147	10 440	182	10 258	4 745	1 306	3 439	89 507	1 663	87 844
Off-balance-sheet impairment allowance		(5)	5		(3)	3		(14)	14	–	(22)	22
Loans and advances at 31 December 2022	74 322	170	74 152	10 440	179	10 261	4 745	1 292	3 453	89 507	1 641	87 866

	Stage 1			Stage 2			Stage 3			Total		
Retail — Mortgage loans (Rm)	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2021	124 882	241	124 641	14 403	488	13 915	7 504	1 677	5 827	146 789	2 406	144 383
New loans and advances originated	8 605	32	8 573			–			–	8 605	32	8 573
Loans and advances written off			–			–	(305)	(305)	–	(305)	(305)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	4 926	511	4 415	(12)	210	(222)	(893)	(112)	(781)	4 021	609	3 412
Transfers to stage 1	4 101	11	4 090	(3 600)	(9)	(3 591)	(501)	(2)	(499)	–	–	–
Transfers to stage 2	(7 361)	(243)	(7 118)	8 738	309	8 429	(1 377)	(66)	(1 311)	–	–	–
Transfers to stage 3	(2 073)	(268)	(1 805)	(2 257)	(366)	(1 891)	4 330	634	3 696	–	–	–
Net balances	133 080	284	132 796	17 272	632	16 640	8 758	1 826	6 932	159 110	2 742	156 368
Total credit and zero balances/Off-balance-sheet impairment allowance	208		208	5		5	7		7	220	–	220
Loans and advances at 31 December 2022	133 288	284	133 004	17 277	632	16 645	8 765	1 826	6 939	159 330	2 742	156 588

	Stage 1			Stage 2			Stage 3			Total		
Retail — Instalment debtors (Rm)	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2021	101 647	1 346	100 301	16 839	1 808	15 031	6 764	2 889	3 875	125 250	6 043	119 207
New loans and advances originated	48 658	736	47 922			–			–	48 658	736	47 922
Loans and advances written off			–			–	(2 264)	(2 264)	–	(2 264)	(2 264)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(32 593)	1 413	(34 006)	(3 361)	(201)	(3 160)	(3 179)	1 048	(4 227)	(39 133)	2 260	(41 393)
Transfers to stage 1	5 401	107	5 294	(5 095)	(99)	(4 996)	(306)	(8)	(298)	–	–	–
Transfers to stage 2	(13 080)	(1 419)	(11 661)	14 444	1 577	12 867	(1 364)	(158)	(1 206)	–	–	–
Transfers to stage 3	(4 569)	(876)	(3 693)	(3 091)	(845)	(2 246)	7 660	1 721	5 939	–	–	–
Loans and advances at 31 December 2022	105 464	1 307	104 157	19 736	2 240	17 496	7 311	3 228	4 083	132 511	6 775	125 736

Retail — Card, term and other (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	Stage 2 GLAA	Stage 2 ECL	Stage 2 Amortised cost	Stage 3 GLAA	Stage 3 ECL	Stage 3 Amortised cost	Total GLAA	Total ECL	Total Amortised cost
Net balance at 31 December 2021	24 850	1 775	–	4 920	1 551	3 369	8 106	5 913	2 193	37 876	9 239	28 637
New loans and advances originated	16 592	1 576	15 016			–			–	16 592	1 576	15 016
Loans and advances written off			–			–	(4 577)	(4 577)	–	(4 577)	(4 577)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(9 177)	1 874	(11 051)	(690)	174	(864)	311	1 749	(1 438)	(9 556)	3 797	(13 353)
Transfers to stage 1	689	62	627	(585)	(52)	(533)	(104)	(10)	(94)	–	–	–
Transfers to stage 2	(3 965)	(1 139)	(2 826)	4 253	1 240	3 013	(288)	(101)	(187)	–	–	–
Transfers to stage 3	(3 639)	(2 427)	(1 212)	(2 047)	(1 403)	(644)	5 686	3 830	1 856	–	–	–
Net balances	25 350	1 721	554	5 851	1 510	4 341	9 134	6 804	2 330	40 335	10 035	30 300
Total credit and zero balances/Off-balance-sheet impairment allowance	7 824	(48)	7 872	28	(10)	38	29	(1)	30	7 881	(59)	7 940
Loans and advances at 31 December 2022	33 174	1 673	8 426	5 879	1 500	4 379	9 163	6 803	2 360	48 216	9 976	38 240

Wealth (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	Stage 2 GLAA	Stage 2 ECL	Stage 2 Amortised cost	Stage 3 GLAA	Stage 3 ECL	Stage 3 Amortised cost	Total GLAA	Total ECL	Total Amortised cost
Net balance at 31 December 2021	25 453	44	25 409	2 538	39	2 499	1 282	373	909	29 273	456	28 817
New loans and advances originated	5 522	12	5 510			–			–	5 522	12	5 510
Loans and advances written off						–	(20)	(20)	–	(20)	(20)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(5 382)	7	(5 389)	(725)	(1)	(724)	(253)	(90)	(163)	(6 360)	(84)	(6 276)
Transfers to stage 1	1 344	2	1 342	(1 176)	(2)	(1 174)	(168)		(168)	–	–	–
Transfers to stage 2	(1 298)	(16)	(1 282)	1 356	17	1 339	(58)	(1)	(57)	–	–	–
Transfers to stage 3	(224)	(11)	(213)	(131)	(26)	(105)	355	37	318	–	–	–
Foreign exchange and other movements	(544)	4	(548)	(20)	2	–	(5)		(5)	(569)	6	(575)
Net balances	24 871	42	24 829	1 842	29	1 835	1 133	299	834	27 846	370	27 476
Banking book GLAA held at FVTPL	1 549		1 549			–			–	1 549	–	1 549
Loans and advances at 31 December 2022	26 420	42	26 378	1 842	29	1 835	1 133	299	834	29 395	370	29 025

Nedbank Africa Regions (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	Stage 2 GLAA	Stage 2 ECL	Stage 2 Amortised cost	Stage 3 GLAA	Stage 3 ECL	Stage 3 Amortised cost	Total GLAA	Total ECL	Total Amortised cost
Net balance at 31 December 2021	19 118	248	18 870	1 248	118	1 130	1 959	739	1 220	22 325	1 105	21 220
New loans and advances originated	6 020	134	5 886			–			–	6 020	134	5 886
Loans and advances written off			–			–	(128)	(128)	–	(128)	(128)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(4 105)	(11)	(4 094)	(494)	(26)	(468)	(285)	(91)	(194)	(4 884)	(128)	(4 756)
Transfers to stage 1	344	9	335	(242)	(2)	(240)	(102)	(7)	(95)	–	–	–
Transfers to stage 2	(795)	(60)	(735)	825	48	777	(30)	12	(42)	–	–	–
Transfers to stage 3	(405)	(232)	(173)	(69)	(59)	(10)	474	291	183	–	–	–
Foreign exchange and other movements	(469)	127	(596)	4	41	(37)	34	65	(31)	(431)	233	(664)
Net balances	19 708	215	19 493	1 272	120	1 152	1 922	881	1 041	22 902	1 216	21 686
Off-balance-sheet ECL		(18)	18		(10)	10		–	–	–	(28)	28
Loans and advances at 31 December 2022	19 708	197	19 511	1 272	110	1 162	1 922	881	1 041	22 902	1 188	21 714

9 Investment securities

Rm	2022	2021
Equity investments	**6 612**	6 287
Associates – Property Partners	**1 598**	1 799
Associates – Investment Banking	**1 176**	1 020
Unlisted investments – Property Partners	**1 592**	1 228
Unlisted investments – Investment Banking	**2 246**	2 240
Listed investments	**347**	23
Unlisted investments	**2 930**	3 349
Taquanta Asset Managers portfolio	**526**	550
Strate Limited	**163**	163
Other	**2 241**	2 636
Total listed and unlisted investments	**9 889**	9 659
Listed policyholder investments at market value	**11 851**	11 638
Unlisted policyholder investments at directors' valuation	**3 725**	4 201
Total policyholder investments	**15 576**	15 839
Total investment securities	**25 465**	25 498

Equity risk in the banking book

		2022	2021
Total equity portfolio	Rm	**12 385**	13 054
Accounted for at fair value	Rm	**9 889**	9 659
Equity-accounted, including investment in ETI	Rm	**2 496**	3 395
Percentage of total assets	%	**1,0**	1,1
Percentage of group minimum economic-capital requirement[1]	%	**7,4**	5,3

[1] *During the year, it was identified that the percentage of group minimum economic-capital requirement was previously incorrectly disclosed as 4,8% at 31 December 2021. The ratio is now disclosed correctly as 5,3% at 31 December 2021.*

- Equity risk in the banking book is assumed primarily in CIB, which actively makes investments with clearly defined strategies.
- Additional investments are undertaken as a result of operational requirements or strategic decisions, or as part of debt restructuring.
- The equity portfolio that is held at fair value increased by R224m yoy, due largely to the realisation of one asset and significant upside valuations in the overall investment portfolio.
- The value of the portfolio that is equity-accounted decreased by R899m to R2 496m (December 2021: R3 395m). This was due to a R986m decrease in the ETI carrying value owing to foreign currency translation losses and as a consequence of the Ghana sovereign default. The ETI board continues to make good progress on the key strategic focus areas.
- The ETI investment is accounted for under the equity method of accounting and is therefore not carried at fair value.
- The board sets the overall risk appetite and strategy of the group for equity risk, and business develops portfolio objectives and investment strategies for its investment activities. These address the types of investment, expected business returns, desired holding periods, diversification parameters and other elements of sound investment management oversight.

10 Investments in associate companies

Name of company and nature of business	Equity-accounted earnings Rm		Carrying amount Rm		Net exposure to/(from) associates[1] Rm	
	2022	2021	2022	2021	2022	2021
Associates						
Listed						
ETI[2]	**779**	686	**1 286**	2 272	**782**	81
Unlisted						
Equity investments: Tracker Technology Holdings Proprietary Limited	**50**	51	**530**	480	**1 615**	1 246
Other equity investments	**14**	33	**238**	237	**437**	271
Other strategic investments	**36**	16	**442**	406	**67**	35
Total	**879**	786	**2 496**	3 395	**2 901**	1 633

[1] *Includes on-balance-sheet and off-balance-sheet exposure.*
[2] *ETI is a pan-African bank and its shares are listed on the stock exchanges of Nigeria, Ghana and Ivory Coast.*

The percentage holding in ETI at 31 December 2022 was 21,2% (31 December 2021: 21,2%).

Accounting recognition of ETI

Rm	2022	2021
Opening carrying value	**4 022**	3 930
Share of associate gains[1,3]	**779**	686
Share of other comprehensive losses[2,3]	**(1 822)**	(742)
Foreign currency translation[4]	**190**	148
Dividends	**(133)**	
Closing carrying value pre-impairment provision	**3 036**	4 022
Impairment provision	**(1 750)**	(1 750)
Closing carrying value	**1 286**	2 272

[1] *Applicable period: 1 October 2021 (audited) – 30 September 2022 (audited).*
[2] *Applicable period: 1 October 2021 (audited) – 30 September 2022 (audited).*
[3] *Applicable average exchange rate: 1 January 2022 – 31 December 2022.*
[4] *Applicable period: 1 January 2022 – 31 December 2022, ie the cumulative difference at each quarter of the earnings and other comprehensive income converted at an average USD/ZAR rate when compared with the related US dollar balances converted at the quarter-end spot rate. The USD/ZAR exchange rate weakened from R15,90 on 31 December 2021 to R16,98 on 31 December 2022.*

Our associate income includes our share of ETI's earnings from 1 October 2021 to 30 September 2022, in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear, and any significant transactions or events that occurred between 1 October 2022 and 31 December 2022. During December 2022, the government of Ghana announced its intention to restructure its local and external debt. The Ghanaian Finance Minister announced that Ghana was entering a voluntary domestic-debt restructure programme for its local debt, while indicating that it will not service its external debts. This led to a default event when Ghana's Eurobond coupon payments were not made in January 2023. Nedbank concluded its own governance review process for the 2022 full-year results and, in accordance with our accounting policy, estimated our share of the impact of the Ghanaian sovereign-debt restructure programme on ETI, using publicly available information, such as Ecobank Ghana's published financial statements, and published economic data and reports on the restructuring. The impact was an estimated R175m after-tax associate loss.

The market value of the group's investment in ETI, based on its quoted share price, was R2,1bn on 31 December 2022 and R2,5bn on 2 March 2023.

11 Intangible assets

Rm	2022	2021
Computer software and capitalised development costs	8 316	8 901
Goodwill	4 292	4 295
Client relationships, contractual rights and other	41	25
	12 649	13 221

Computer software and capitalised development costs – carrying amount

Rm	Amortisation periods	2022	2021
Computer software	2–10 years	6 958	7 763
Core product and client systems		1 882	1 928
Support systems		1 903	2 244
Digital systems		2 567	2 790
Payment systems		606	801
Development costs not yet commissioned	none	1 358	1 138
Core product and client systems		574	390
Support systems		422	327
Digital systems		243	296
Payment systems		119	125
		8 316	8 901
Computer software			
Opening balance		7 763	7 352
Additions		101	272
Commissioned during year		1 018	1 928
Foreign exchange and other moves		(4)	15
Amortisation charge for the year		(1 864)	(1 705)
Impairments		(56)	(99)
Closing balance		6 958	7 763
Development costs not yet commissioned			
Opening balance		1 138	1 629
Additions		1 279	1 495
Commissioned during the year		(1 018)	(1 928)
Foreign exchange and other moves		(4)	(4)
Impairments		(37)	(54)
Closing balance		1 358	1 138

Notes

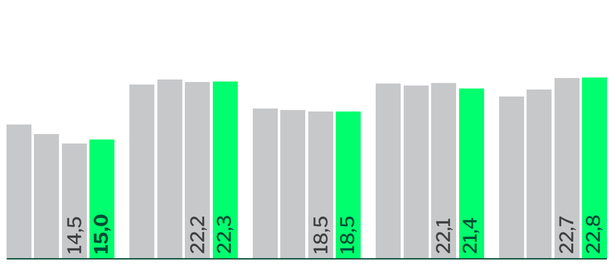
12 Amounts owed to depositors

Segmental breakdown

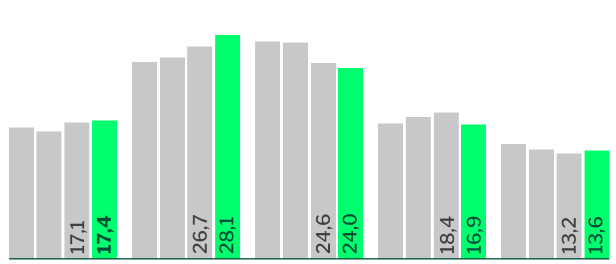
Rm	Change %	Nedbank Group 2022	Nedbank Group 2021	Corporate and Investment Banking 2022	Corporate and Investment Banking 2021	Retail and Business Banking 2022	Retail and Business Banking 2021	Wealth 2022	Wealth 2021	Nedbank Africa Regions 2022	Nedbank Africa Regions 2021	Centre 2022	Centre 2021
Current accounts	4	**110 590**	106 751	**8 672**	6 170	**88 662**	87 005	**2 275**	2 256	**10 758**	11 224	**223**	96
Savings accounts	(9)	**42 095**	46 343			**13 796**	13 404	**27 422**	32 066	**877**	873		
Other deposits and loan accounts	5	**726 686**	694 209	**399 552**	400 175	**290 669**	263 956	**16 473**	9 471	**18 819**	19 182	**1 173**	1 425
Call and term deposits	12	**409 270**	363 857	**162 380**	137 404	**223 350**	206 433	**13 968**	7 652	**9 567**	12 364	**5**	4
Fixed deposits	20	**72 277**	60 238	**15 586**	14 361	**49 835**	42 237	**1 124**	651	**5 732**	2 989		
Cash management deposits	(11)	**99 734**	111 768	**87 459**	102 170	**9 459**	7 421	**262**	382	**2 385**	1 702	**169**	93
Other deposits	(8)	**145 405**	158 346	**134 127**	146 240	**8 025**	7 865	**1 119**	786	**1 135**	2 127	**999**	1 328
Foreign currency liabilities	29	**29 180**	22 688	**20 116**	15 880	**8 987**	6 741	**21**	47	**56**	20		
Negotiable certificates of deposit	44	**118 892**	82 429							**3 817**	3 755	**115 075**	78 674
Macro fair-value hedge accounting adjustment	>(100)	**(1 367)**	83									**(1 367)**	83
Deposits received under repurchase agreements	(12)	**13 546**	15 426	**13 546**	15 426								
Total amounts owed to depositors	7	**1 039 622**	967 929	**441 886**	437 651	**402 114**	371 106	**46 191**	43 840	**34 327**	35 054	**115 104**	80 278
Comprises:													
– Banking amounts owed to depositors	11	**983 582**	882 141	**385 846**	351 863	**402 114**	371 106	**46 191**	43 840	**34 327**	35 054	**115 104**	80 278
– Trading amounts owed to depositors	(35)	**56 040**	85 788	**56 040**	85 788								
Total amounts owed to depositors	7	**1 039 622**	967 929	**441 886**	437 651	**402 114**	371 106	**46 191**	43 840	**34 327**	35 054	**115 104**	80 278

Market share according to BA900

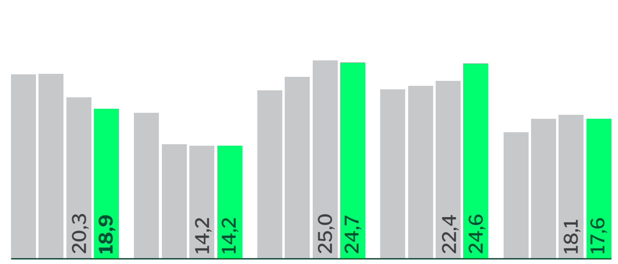
Household deposits[1] (2019–2022)
(%)



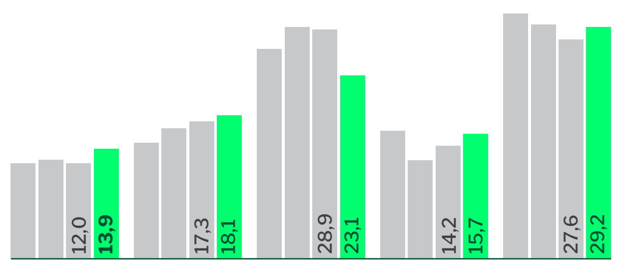
Non-financial corporate deposits[2] (2019–2022)
(%)



Wholesale deposits[3] (2019–2022)
(%)



Foreign currency liabilities[4] (2019–2022)
(%)



[1] *Includes households according to the BA900 return.*
[2] *Includes private non-financial corporate sector deposits, unincorporated businesses, as well as non-profit organisations and charities according to the BA900 return.*
[3] *Includes insurers, pension funds, private financial corporate-sector deposits, collateralised borrowings and repurchase deposits according to the BA900 return.*
[4] *Includes foreign currency deposits and foreign currency funding according to the BA900 return.*

Liquidity risk and funding

Summary of Nedbank Group liquidity risk and funding profile

		2022	2021
Total sources of quick liquidity	Rm	**285 688**	264 224
Total HQLA	Rm	**224 963**	207 105
Other sources of quick liquidity	Rm	**60 725**	57 119
Total sources of quick liquidity (as a percentage of total assets)	%	**22,8**	21,7
Long-term funding ratio (three-month average)	%	**28,4**	26,6
Senior unsecured debt, including green bonds	Rm	**34 561**	39 193
Green bonds	Rm	**2 697**	3 829
Total capital market issuance (excluding additional tier 1 capital)	Rm	**51 903**	58 159
Reliance on NCDs (as a percentage of total deposits)	%	**11,4**	8,5
Reliance on foreign currency deposits (as a percentage of total deposits)	%	**2,8**	2,3
Loan-to-deposit ratio	%	**84,9**	85,9
Basel III liquidity ratios			
LCR[1]	%	**160,5**	128,1
Minimum regulatory LCR requirement[2]	%	**100,0**	80,0
NSFR[3]	%	**119,1**	116,1
Minimum regulatory NSFR requirement	%	**100,0**	100,0

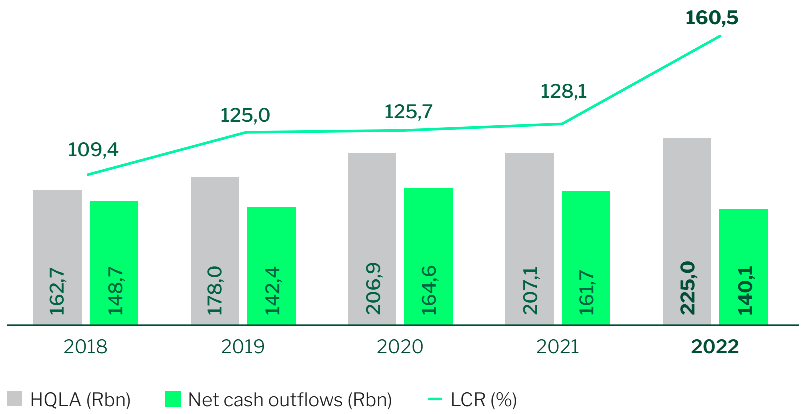
[1] *Only banking and/or deposit-taking entities are included in the group LCR and the group ratio represents a consolidation of the relevant individual net cash outflows (NCOF) and the individual HQLA portfolios across all banking and/or deposit-taking entities, where surplus HQLA holdings in excess of the minimum requirement of 100% have been excluded from the consolidated HQLA number in the case of all non-South African banking entities. Group consolidation is performed based on Directive 1/2022 requirements. The above values reflect the simple average of daily observations over the quarter ending 31 December 2022 for Nedbank and simple average of the month-end values at 31 October 2022, 30 November 2022 and 31 December 2022 for all non-South African banking entities. For the prior periods the group ratio represents an aggregation of the relevant individual (NCOF) and the individual HQLA portfolios across all banking and/or deposit-taking entities, where surplus HQLA holdings in excess of the minimum requirement of 100% have been excluded from the aggregated HQLA number in the case of all non-South African banking entities.*

[2] *The PA issued Directive 1/2020 on 31 March 2020 reducing the minimum LCR requirement from 100% to 80%, with effect from 1 April 2020. The PA subsequently issued Directive 8/2021 specifying a phased-in approach to increase the minimum LCR regulatory requirement from 80% to 90%, with effect from 1 January 2022, and subsequently to 100%, with effect from 1 April 2022.*

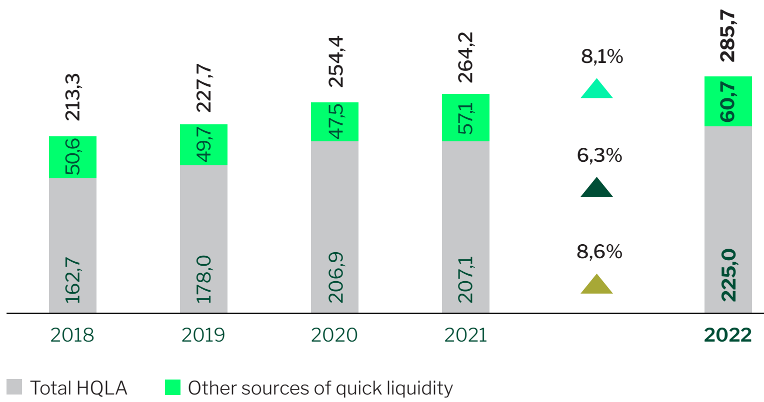
[3] *Only banking and/or deposit-taking entities are included in the group NSFR and the group data represents a consolidation of the relevant individual assets, liabilities and off-balance-sheet items.*

- Nedbank Group remains well funded, with a strong liquidity position, underpinned by a significant quantum of long-term funding, an appropriately sized surplus liquid-asset buffer, a strong loan-to-deposit ratio that is consistently below 100% and a low reliance on interbank and foreign currency funding.
- The group's LCR exceeded the minimum regulatory requirement of a 100%, with the group maintaining appropriate operational liquidity buffers designed to absorb seasonal, cyclical and systemic volatility. On 29 October 2021, the PA issued Directive 8/2021 specifying a phased in approach to reinstate the minimum LCR regulatory requirement from 80% to 90%, with effect from 1 January 2022 and subsequently phased-in to 100%, with effect from 1 April 2022. On 11 February 2022, the PA issued Directive 1/2022 requiring the LCR to be disclosed at a consolidated level with all intergroup transactions between the banking entities to be eliminated.
- The consolidated Group LCR, calculated using the simple average of daily observations over the quarter ending 31 December 2022 for Nedbank limited, and the simple average of the month-end values at 31 October 2022, 30 November 2022 and 31 December 2022 for all non-South African banking entities, was 160,5%.
  - Nedbank's portfolio of LCR-compliant HQLA (comprising mainly government bonds and treasury bills) increased to a quarterly average of R225,0bn, up from December 2021, when the portfolio amounted to R207,1bn.
  - Nedbank's proactive management of its HQLA liquidity buffers, the implementation of the cash surplus monetary policy transmission mechanism and favourable tilt in the diversified deposit mix resulted in a yoy increase in the LCR to 160,5% (Dec 2021: 128,1%).
  - Nedbank will continue to manage the HQLA portfolio, taking into account balance sheet growth, while maintaining appropriately sized surplus liquid-asset buffers based on cyclical, seasonal and systemic market conditions.
  - In addition to the HQLA portfolio maintained for LCR purposes, Nedbank also identifies other sources of quick liquidity, which can be accessed in times of stress. Nedbank Group has significant sources of quick liquidity, as is evident in the combined portfolio of HQLA and other sources of quick liquidity, collectively amounting to R285,7bn at December 2022 and representing 22,8,% of total assets.

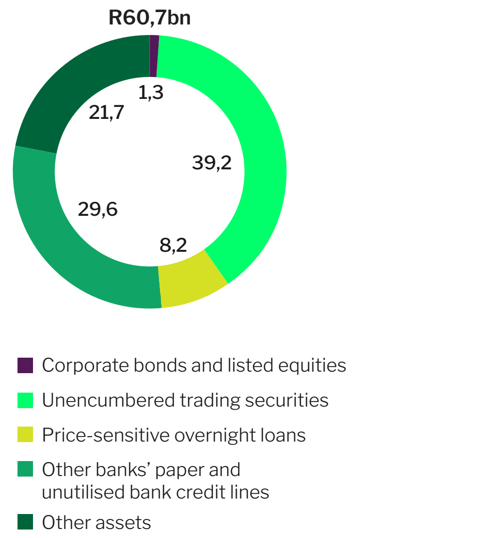
Nedbank Group LCR exceeds minimum regulatory requirements



Total sources of quick liquidity
(Rbn)

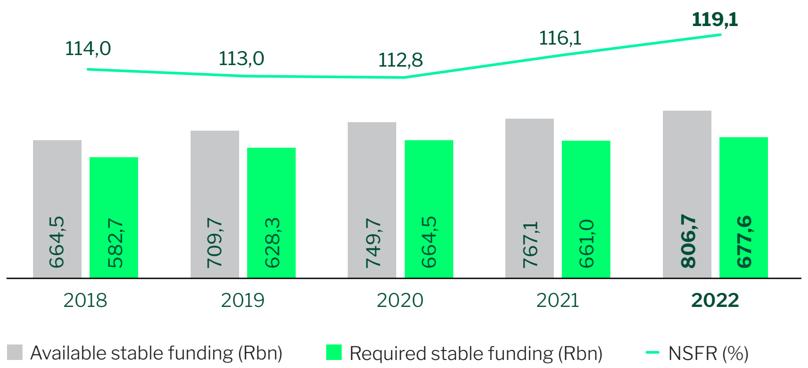


Other sources of quick liquidity contribution
(%)



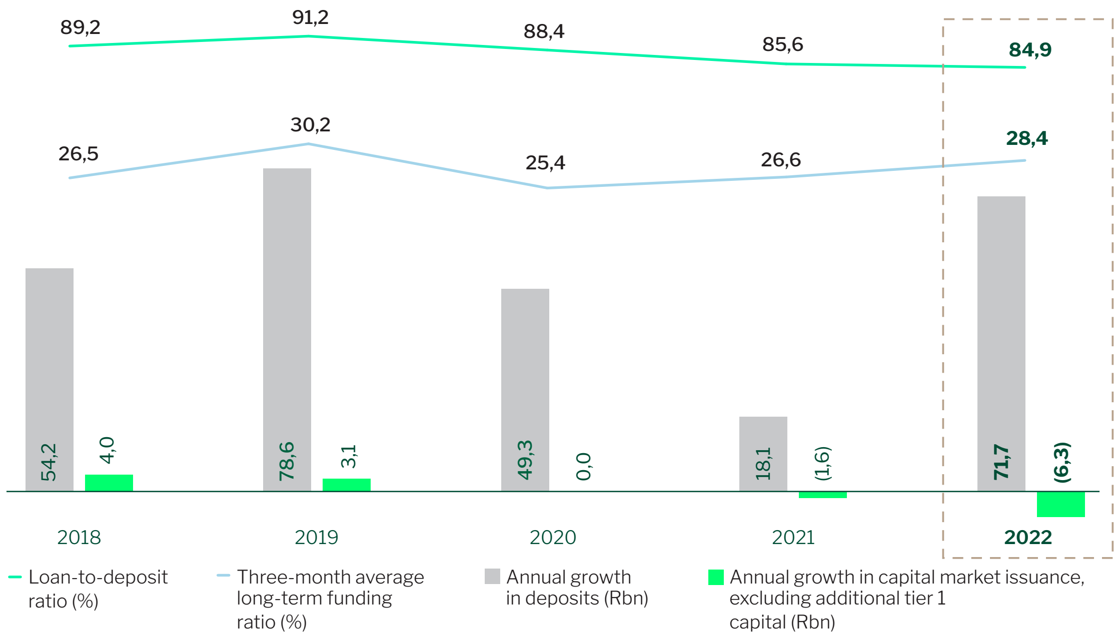
- Nedbank exceeded the minimum regulatory NSFR requirement of 100%, with a December 2022 ratio of 119,1% (Dec 2021: 116,1%). The structural liquidity position of the group continues to be strong as a result of effective management of balance sheet growth and the implementation of the cash surplus monetary policy transmission mechanism. The key focus in terms of the NSFR is to achieve ongoing compliance in the context of balance sheet optimisation.

Nedbank Group NSFR exceeds minimum regulatory requirements



- A strong funding profile was maintained in 2022, with Nedbank recording a three-month average long-term funding ratio of 28,4% in the fourth quarter of the year. The focus on proactively managing Nedbank's long-term funding profile contributed to a strong balance sheet position and sound liquidity risk metrics. Nedbank has continued to run a more prudent long-term funding profile when compared with the industry average of 22,3%.
  - Nedbank opportunistically issued long- term debt via its alternative funding book at a lower cost than senior unsecured debt in 2022, while R4,7bn matured during the year.
  - Nedbank issued tier 1 capital instruments of R1,5bn during 2022 while it redeemed R0,6bn and issued tier 2 capital instruments of R1,4bn and redeemed R2,5bn during 2022, in line with the group's capital plan.
- While foreign currency funding reliance remains small, at 2,8% of total deposits, Nedbank continues to focus on growing this funding source in support of funding base diversification, where the proceeds can be applied to meet funding requirements for foreign advances growth.
- The group's 2022 Internal Liquidity Adequacy Assessment Process (ILAAP) and Internal Capital Adequacy Assessment Process (ICAAP) reports were approved by the board and submitted to the PA, in accordance with the annual business-as-usual process. In addition, the group's Recovery Plan (RP), which sets out in detail Nedbank's approach to dealing with a capital, liquidity and/or business continuity crisis, was approved by the board on 28 October 2022 and incorporates the Nedbank African Regions, Nedbank London Branch and Nedbank Private Wealth (International) RPs.

Nedbank Group funding and liquidity profile, underpinned by strong liquidity risk metrics



Exchange rates

	Average			Closing		
	Change %	2022	2021	Change %	2022	2021
UK pound to rand	(4)	20,17	21,11	(5)	20,43	21,48
US dollar to rand	3	16,36	15,86	7	16,98	15,90
US dollar to naira	4	426,47	408,99	8	460,82	424,83
Rand to naira	1	26,02	25,88	5	27,14	25,86
Zimbabwe dollar to rand[1]		n/a	n/a	(80)	0,03	0,15
US dollar to Zimbabwe dollar[1]		n/a	n/a	>100	669,25	108,41

[1] *In terms of hyperinflation accounting, the inflation-indexed income statement is translated at the year-end closing spot exchange rate.*

Equity analysis

Analysis of changes in net asset value

	Change %	2022	2021
Balance at the beginning of the year		109 511	100 444
Additional shareholder value	2	12 227	11 941
Profit attributable to equity holders of the parent		14 275	11 238
Currency translation movements		(1 391)	499
Exchange differences on translating foreign operations – foreign subsidiaries[1]		(179)	808
Exchange differences on translating foreign operations – ETI[1]		190	148
Share of other comprehensive income of investments accounted for using the equity method – ETI[2]		(1 402)	(457)
Fair-value adjustments		(317)	(192)
Fair-value adjustments on equity and debt instruments		102	73
Share of other comprehensive income of investments accounted for using the equity method[2]		(419)	(265)
Defined-benefit fund adjustment		(242)	389
Share of other comprehensive income of investments accounted for using the equity method (included in other distributable reserves)		(1)	(21)
Property revaluations		(97)	28
Transactions with ordinary shareholders	<(100)	(6 814)	(1 418)
Dividends paid		(7 788)	(2 178)
Value of employee services (net of deferred tax)		979	637
Other transactions		(5)	123
Transaction with non-controlling shareholders[3]	>100	70	(2 951)
Additional tier 1 capital instruments	(40)	900	1 497
Other movements	>100	2	(2)
Balance at the end of the year	6	115 896	109 511

[1] *Exchange differences on translating foreign operations as shown in the statement of comprehensive income of R2m loss (December 2021: R1 029m).*
[2] *Share of other comprehensive income of investments accounted for using the equity method as shown in the statement of comprehensive income of R1 821m (December 2021: R722m).*
[3] *The group repurchased all the non-redeemable, non-cumulative, non-participating preference shares in issue on 21 December 2021.*

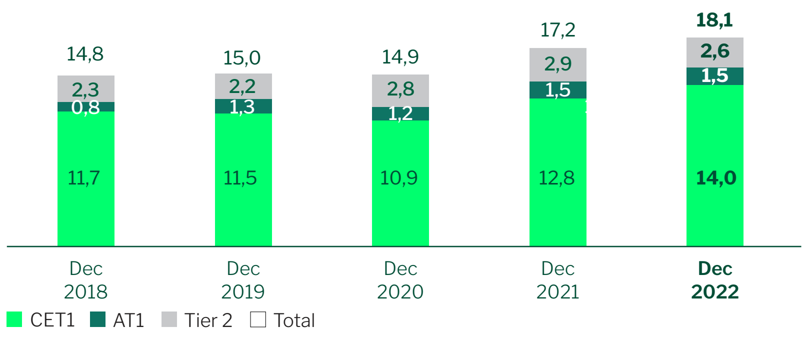
Movements in group foreign currency translation reserve

	Change %	2022	2021
Balance at the beginning of the year		(1 508)	(1 995)
Foreign currency translation reserve (FCTR)	>(100)	(1 408)	487
ETI		(1 212)	(309)
Nedbank Mozambique		63	198
Other subsidiaries		(259)	598
Balance at the end of the year	(93)	(2 916)	(1 508)

Capital management

Regulatory capital adequacy and leverage

Capital ratios (including unappropriated profit)
(%)



		PA minimum[1]	Internal targets[2]	2022	2021
Nedbank Group					
Including unappropriated profits					
Total CAR	%		> 14,5	18,1	17,2
Total tier 1	%		> 12,0	15,5	14,3
CET1	%		11,0–12,0	14,0	12,8
Surplus tier 1 capital	Rm			34 221	31 292
Dividend cover	times		1,75–2,25	1,75	2,02
Cost of equity	%			14,9	15,1
Excluding unappropriated profits					
Total CAR	%	12,5		16,4	16,4
Total tier 1	%	10,25		13,8	13,4
CET1	%	8,5		12,2	12,0
Leverage	times	<25	<20	14,8	14,3
Nedbank Limited					
Including unappropriated profits					
Total CAR	%		> 14,5	18,2	17,6
Total tier 1	%		> 12,0	15,0	14,0
CET1	%		11,0–12,0	13,1	12,3
Surplus tier 1 capital	Rm			25 079	23 993
Excluding unappropriated profits					
Total CAR	%	12,5		16,7	16,7
Total tier 1	%	10,25		13,6	13,1
CET1	%	8,5		11,6	11,3

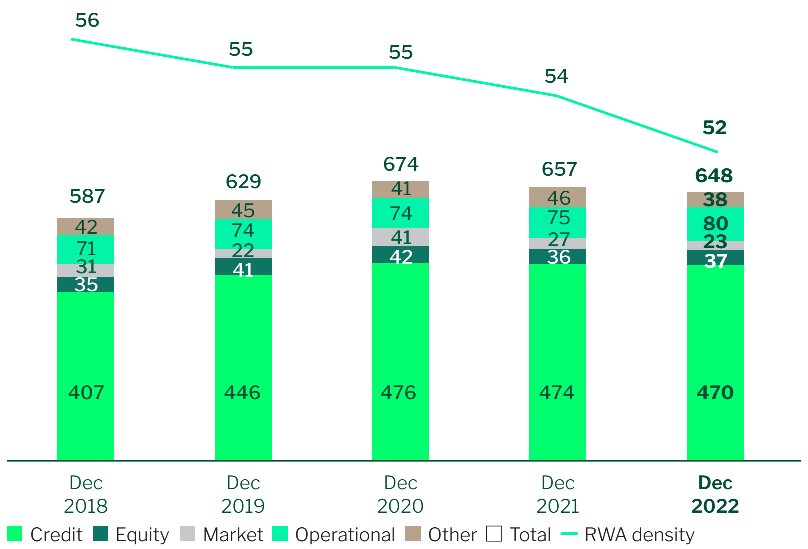
[1] *The Pillar 2A capital requirement was reinstated, with effect from 1 January 2022, to 50 bps at CET1; 75 bps at tier 1 and 100 bps for the total ratio, and the internal targets were recalibrated with effect from 1 January 2022 to align to the reinstatement.*

[2] *The surplus tier 1 capital is the difference between qualifying total tier 1 capital and the total tier 1 capital requirement at the PA minimum of 10,25%.*

- Nedbank Group improved its capital adequacy position, with ratios significantly above the minimum regulatory requirements and the group's internal targets.
- Nedbank Group manages its capital levels based on the board-approved risk appetite, taking cognisance of rating agency and shareholder expectations, in line with regulatory requirements. The group further seeks to ensure that its capital structure uses the full range of capital instruments and capital management activities available to optimise the financial efficiency and loss absorption capacity of its capital base. The group has improved its capital base through the increase in its CET1 capital and reserves and a reduction in its tier 2 capital and reserves.
- Nedbank performs extensive and comprehensive stress testing to ensure that the group remains well capitalised relative to its business activities, the board's strategic plans, risk appetite, risk profile and the external environment in which the group operates.
- The Pillar 2A capital requirement was reinstated effective 1 January 2022. The Pillar 2A capital requirement was reinstated back to 50 bps at CET1, 75 bps at tier 1 and 100 bps for the total ratio, and our internal targets were recalibrated with effect from 1 January 2022 to align to the reinstatement.

Nedbank Group overview of risk-weighted assets

Risk-weighted assets
(Rbn) (%)



	2022		2021
	RWA	MRC[1]	RWA
Credit risk[2]	449 982	56 248	438 959
Counterparty credit risk	14 450	1 806	15 932
Credit valuation adjustment	5 858	732	18 797
Equity risk	37 119	4 640	35 601
Market risk	23 037	2 880	26 815
Operational risk	79 853	9 982	74 879
Amounts below the thresholds for deduction	16 910	2 114	19 203
Other assets	20 998	2 625	26 360
Total	648 207	81 027	656 546

[1] *Total minimum required capital (MRC) is measured at 12,5% and excludes bank-specific Pillar 2b add-on.*

[2] *Including the securitisation exposures in the banking book.*

- The group's total RWA/total assets density improved to 51,6% at December 2022 from 53,8% at December 2021 , driven by a decrease of 1,3% in total RWA and stronger levels of profitability.
- The decrease in total RWA is attributable mainly to the following:
  - Credit risk RWA increased mainly due to increases in RBB and Wealth, offset by decreases in CIB and NAR.
  - Credit valuation adjustment decreased primarily driven by a methodology refinement and a reduction of net derivative exposures as a result of lower trade volumes and market movements.
  - Market risk RWA decreased mainly as a result of a general risk reduction across the trading portfolio on the back of heightened financial market volatility as well as the effect on local markets of the implementation of the Monetary Policy Implementation Framework (MPIF) and the movement to a cash surplus model.
  - Operational risk RWA increased due to the review of the group's operational risk scenarios and the update of internal loss data used, including the AMA floor which is driven by movements in GOI.
  - Other risk RWA decreased, mainly due to changes in the accounting treatment of non-qualifying pension fund assets and factoring debtors, and by a reduction in sundry debtors in line with balance sheet movements.
  - Threshold RWA decreased as a result of lower carrying values of investment in financial entities and a reduction in deferred tax assets.

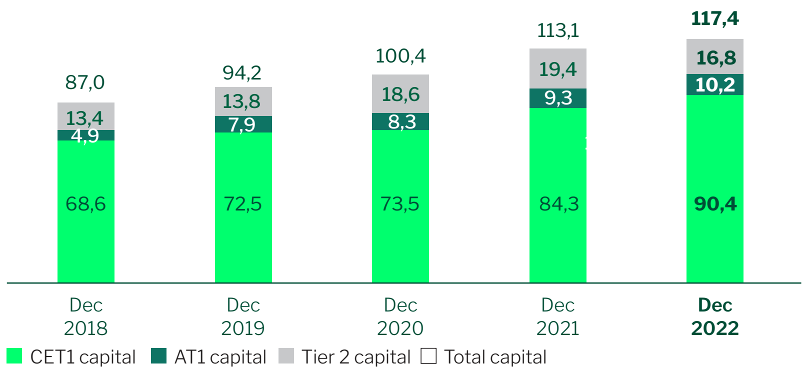
Nedbank Limited overview of risk-weighted assets

	2022		2021
	RWA	MRC[1]	RWA
Credit risk[2]	376 775	47 097	361 760
Counterparty credit risk	9 960	1 245	12 856
Credit valuation adjustment	5 798	725	18 283
Equity risk	21 389	2 674	19 742
Market risk	21 727	2 716	26 081
Operational risk	64 576	8 072	62 360
Amounts below the thresholds for deduction	7 109	889	7 596
Other assets	15 481	1 935	19 821
Total	**522 815**	**65 353**	**528 499**

[1] *Total MRC is measured at 12,5% and excludes the bank-specific Pillar 2b add-on.*
[2] *Including the securitisation exposures in the banking book.*

Summary of regulatory qualifying capital and reserves[1]

Capital adequacy
(Rbn)



Rm	Nedbank Group 2022	Nedbank Group 2021	Nedbank Limited 2022	Nedbank Limited 2021
Including unappropriated profits				
Total tier 1 capital	**100 662**	93 664	**78 668**	74 200
CET1	**90 443**	84 345	**68 449**	64 881
Share capital and premium	19 695	19 254	20 111	20 111
Reserves	85 233	80 259	60 160	57 322
Minority interest: Ordinary shareholders	670	623	–	
Deductions	(15 155)	(15 791)	(11 822)	(12 552)
Additional tier 1 capital	**10 219**	9 319	**10 219**	9 319
Perpetual subordinated debt instruments	10 219	9 319	10 219	9 319
Tier 2 capital	**16 757**	19 425	**16 387**	18 913
Subordinated debt instruments	15 431	16 554	15 431	16 554
Excess of eligible provisions over downturn expected losses	966	2 496	954	2 357
General allowance for credit impairment	360	385	2	2
Regulatory adjustments	–	(10)	–	
Total capital	**117 419**	113 089	**95 055**	93 113
Excluding unappropriated profits				
CET1 capital	79 297	78 811	60 633	59 948
Tier 1 capital	89 516	88 130	70 852	69 267
Total capital	106 272	107 555	87 240	88 179

[1] *For comprehensive 'composition of capital' and 'capital instruments main features' disclosure please refer to https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/capital-and-risk-management-reports.html.*

- The group's tier 1 capital position was enhanced by the issuance of additional tier 1 instruments amounting to R1,5bn, offset by redemptions of R600m.
- The group's total capital was impacted by the redemption of tier 2 capital instruments of R2,5bn, offset by an issuance of R1,4bn, in line with the group's capital plan.

Regulated banking subsidiaries

Nedbank Group banking subsidiaries are well capitalised for the environments in which they operate, with CARs well in excess of respective host regulators' minimum requirements.

	2022			2021	
	Total capital requirement (host country) %	RWA Rm	Total capital ratio %	RWA Rm	Total capital ratio %
Nedbank Africa Regions					
Nedbank Mozambique	12,0	4 406	21,4	5 251	15,5
Nedbank Namibia	10,0	13 195	16,1	13 057	16,7
Nedbank Eswatini	8,0	5 268	18,0	5 397	17,2
Nedbank Lesotho	8,0	1 831	34,2	2 076	29,2
Nedbank Zimbabwe[1]	12,0	1 954	33,9	1 908	26,3
Isle of Man					
Nedbank Private Wealth	13,0	9 415	18,0	10 184	17,4

[1] *The Reserve Bank of Zimbabwe confirmed on 9 February 2022 that Nedbank Zimbabwe met the minimum capital requirement of US$ 30m equivalent, following a rights issue of US$ 8m.*

Economic capital adequacy

Nedbank Group economic capital requirement

	2022		2021	
	Rm	Mix %	Rm	Mix %
Credit risk	47 266	70	47 902	67
Market risk	8 836	13	6 020	8
Business risk	3 568	5	7 930	11
Operational risk	4 612	7	5 426	8
Insurance risk	277	<0	492	<1
Other assets risk	1 184	2	3 953	6
Model Risk[1]	1 701	3		
Minimum economic capital requirement	67 444	100	71 723	100
Add: Stress-tested capital buffer[2]	4 873		7 172	
Total economic capital requirement	72 317		78 895	
AFR	123 264	100	117 769	100
Tier A capital	97 614	79	91 943	78
Tier B capital	25 650	21	25 826	22
Total surplus AFR	51 739		38 874	
AFR: Total economic capital requirement (%)	170		149	

[1] *With effect from January 2022, Nedbank implemented model risk as a stand-alone risk type.*
[2] *Stress-tested capital buffer is set at 10% of credit risk, market risk, business risk, operational risk, insurance risk and other assets risk less the portion recognised separately as model risk.*

- Nedbank Group's minimum economic capital requirement decreased by R4,3bn during the year, driven primarily by the following:
  - Business risk decrease of R4,4bn driven by the enhancement of the business risk model. The changes implemented in the enhanced model include using internal data versus external data to generate a suitable distribution and using earnings versus revenue to quantify the size of business risk
  - The refinement of the Inter-Risk Diversification (IRD) model resulted in a decrease of operational risk (R814m) , insurance risk (R215m) and other assets risk (R2,8bn); partially offset by an increase of R2,8bn in market risk.
  - The introduction of model risk in January 2022 into the economic capital risk universe, resulted in an increase of the R1,7bn.
- Nedbank Group's AFR increased of R5,5bn in 2022, mainly as a result of the following:
  - A R5,7bn increase in tier A capital, driven by growth in organic earnings over the period.
  - A R176m decrease in tier B capital, driven by the issuance of R1,5bn additional tier 1 and R1,4bn of tier 2 capital instruments, which was offset by the redemption of R600m of additional tier 1 and R2,5bn of tier 2 capital instruments, in line with the group's capital plan.

Supplementary information

Earnings per share and weighted-average shares

Earnings per share	Basic	Diluted basic	Headline	Diluted headline
2022				
Earnings for the year	**14 275**	**14 275**	**14 049**	**14 049**
Weighted-average number of ordinary shares	**486 867 063**	**500 654 864**	**486 867 063**	**500 654 864**
Earnings per share (cents)	**2 932**	**2 851**	**2 886**	**2 806**
2021				
Earnings for the year	11 238	11 238	11 689	11 689
Weighted-average number of ordinary shares	485 071 919	494 841 155	485 071 919	494 841 155
Earnings per share (cents)	2 317	2 271	2 410	2 362

Basic earnings and headline earnings per share are calculated by dividing the relevant earnings amount by the weighted-average number of shares in issue.

Fully diluted basic earnings and fully diluted headline earnings per share are calculated by dividing the relevant earnings amount by the weighted-average number of shares in issue after having taken the dilutive impact of potential ordinary shares to be issued into account.

Number of weighted-average dilutive potential ordinary shares (000)	2022		2021
	Potential shares[1]	Weighted-average dilutive shares	Weighted-average dilutive shares
Traditional schemes	**21 338**	**12 228**	8 210
Nedbank Group Restricted-share Scheme (2005)	**18 042**	**10 376**	6 729
Nedbank Group Matched-share Scheme	**3 296**	**1 853**	1 481
Total BEE schemes	**1 593**	**1 559**	1 559
BEE schemes – SA	**1 559**	**1 559**	1 559
Community	**1 559**	**1 559**	1 559
BEE schemes – Namibia	**33**		
Total	**22 931**	**13 788**	9 769

[1] *Potential shares are the total number of shares arising from historic grants, schemes or awards available for distribution.*

Nedbank Group employee incentive schemes

for the year ended 31 December

Nedbank Group employee incentive schemes	2022	2021
Summary by scheme		
Nedbank Group Restricted-share Scheme (2005)	16 946 909	16 193 982
Nedbank Group Matched-share Scheme (2005)	3 238 649	3 296 042
Instruments outstanding at the end of the year	20 185 558	19 490 024
Analysis		
Performance-based – restricted shares	9 908 892	9 291 564
Time-based – restricted shares	7 038 017	6 902 418
Time-based (CBSS[1])	2 096 140	2 118 190
No performance conditions (VBSS[2])	1 142 509	1 177 852
Instruments outstanding at the end of the year	20 185 558	19 490 024
Movements		
Instruments outstanding at the beginning of the year	19 490 024	14 357 241
Granted	5 567 475	9 349 301
Accelerated	(21 569)	(16 011)
Exercised	(3 801 327)	(3 253 593)
Surrendered	(1 049 045)	(946 914)
Instruments outstanding at the end of the year	20 185 558	19 490 024

[1] *Compulsory Bonus Share Scheme.*
[2] *Voluntary Bonus Share Scheme.*

Matched shares

Instrument expiry date	Number of shares
1 April 2023	1 557 192
1 April 2024	732 561
1 April 2025	948 896
Matched shares outstanding not exercised at 31 December 2022	3 238 649
Shares exercised and forfeited during the year	902 829
Shares not expected to vest	(845 425)
Total potential shares	3 296 054
Weighted-average dilutive shares applicable for the year	1 852 674

- The obligation to deliver the matched shares issued under the Voluntary and Compulsory Bonus Share Schemes is subject to time and other performance criteria.
- This obligation exists over 31 December 2022 and therefore has a dilutive effect.
- Matched shares are not issued and are therefore not recognised as treasury shares. However, until they are issued, there remains a potential dilutive effect.

Nedbank Group (2005) Restricted- and Matched-share Schemes

Restricted shares[1]

Details of instruments granted and not exercised at 31 December 2022 and the resulting dilutive effect:

Instrument expiry date	Number of shares	
20 March 2023	2 726 863	P
21 March 2023	1 934 038	
26 March 2024	4 377 646	P
27 March 2024	3 339 455	
20 August 2024	82 902	P
21 August 2024	72 898	
18 March 2025	2 652 491	P
19 March 2025	1 650 788	
19 August 2025	68 990	P
20 August 2025	40 838	
Restricted shares not exercised at 31 December 2022	16 946 909	
Unallocated shares	667 623	
Treasury shares	17 614 532	
Shares exercised and forfeited during the year	2 101 033	
Shares not expected to vest	(1 673 256)	
Total potential shares	18 042 309	
Weighted-average dilutive shares applicable for the year	10 375 679	

[1] *Restricted shares are issued at a market price for no consideration to participants, and are held by the schemes until the expiry date (subject to achievement of performance conditions). Participants have full rights and receive dividends.*
[P] *Performance-based instruments.*

Long-term debt instruments

Instrument code	2022	2021
Subordinated debt	16 041	17 059
Callable notes (rand-denominated)[1]	13 594	14 620
Callable notes and long-term debentures (Namibian-dollar-denominated)	428	426
Green bonds (rand-denominated)[1]	2 018	2 013
Securitised liabilities – callable notes (rand-denominated)	1 240	1 856
Senior unsecured debt – senior unsecured notes (rand-denominated)	31 864	35 364
Unsecured debentures (rand-denominated)	61	51
Senior unsecured green bonds (rand-denominated)	2 697	3 829
Total long-term debt instruments in issue	**51 903**	**58 159**

[1] *Loss-absorbing instruments.*

Further information can be accessed on our group website

Capital and risk management reports:

https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/capital-and-risk-management-reports.html

Debt investors programme:

https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/debt-investor/debt-investors-programme.html

External credit ratings

	Standard & Poor's		Moody's Investors Service	
	Nedbank Limited	Sovereign rating SA	Nedbank Limited	Sovereign rating SA
	Dec 2022	Dec 2022	Oct 2022	Oct 2022
Outlook	Positive	Positive	Stable	Stable
Foreign currency deposit ratings				
Long term	BB-	BB-	Ba2	Ba2
Short term	B	B	Not prime	Not prime
Local currency deposit ratings				
Long term			Ba2	Ba2
Short term			Not prime	N/A
National scale rating				
Long-term deposits	zaAA	zaAAA	Aa1/NP	
Short-term deposits	zaA-1+	zaA-1+	P-1.za	

Additional tier 1 capital instruments

The group has issued additional tier 1 capital instruments as follows:

Instrument code	Instrument terms	2022	2021
Subordinated			
Callable notes (rand-denominated)			
NGLT1A	3-month JIBAR + 5,65% per annum		600
NGLT1B	3-month JIBAR + 4,64% per annum	750	750
NGT103	3-month JIBAR + 4,40% per annum	671	671
NGT104	3-month JIBAR + 4,50% per annum	1 829	1 829
NGT105	3-month JIBAR + 4,25% per annum	1 000	1 000
NGT106	3-month JIBAR + 4,95% per annum	500	500
NGT107	3-month JIBAR + 4,55% per annum	472	472
NGT108	3-month JIBAR + 4,67% per annum	1 537	1 537
NGT1G – Green AT1	3-month JIBAR + 4,10% per annum	910	910
NGT109	3-month JIBAR + 3,91% per annum	700	700
NGT110	3-month JIBAR + 3,91% per annum	350	350
NGT111	3-month JIBAR + 3,79% per annum	1 000	
NGT112	3-month JIBAR + 3,40% per annum	500	
Total non-controlling interest attributable to additional tier 1 capital instruments		**10 219**	**9 319**

The additional tier 1 notes represent perpetual, subordinated instruments, with no redemption date. The instruments are redeemable subject to regulatory approval at the sole discretion of the issuer, Nedbank Group Limited or Nedbank Limited, from the applicable call date and following a regulatory or tax event. The payment of interest is at the discretion of the issuer and interest payments are non-cumulative. If certain conditions are reached, the regulator may prohibit Nedbank from making interest payments. Accordingly, the instruments are classified as equity instruments and disclosed as a separate category of equity.

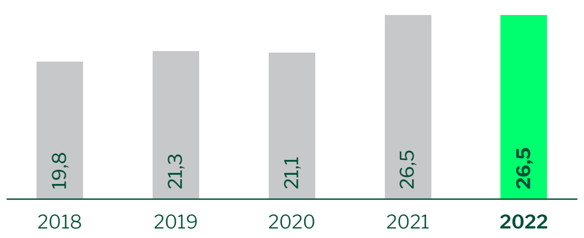
Shareholders' analysis

Register date: 30 December 2022
Authorised share capital: 600 000 000 shares
Issued share capital: 511 500 790 shares

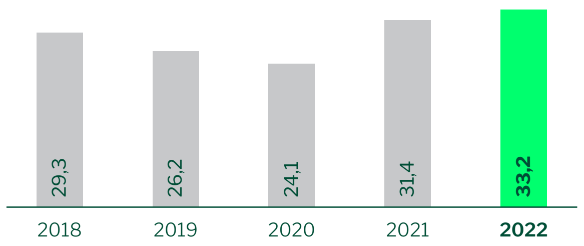
	Number of shares	2022 % holding	2021 % holding
Major shareholders/managers[1]			
Nedbank Group treasury shares	24 249 075	**4,74**	4,58
BEE trusts	6 587 031	**1,29**	1,28
Eyethu scheme – Nedbank SA	6 454 677	**1,26**	1,25
Omufima scheme – Nedbank Namibia	132 354	**0,03**	0,03
Nedbank Group (2005) Restricted- and Matched-share Schemes	17 614 532	**3,44**	3,29
Nedbank Namibia Limited	47 512	**0,01**	0,01
Public Investment Corporation (SA)	69 311 364	**13,55**	13,69
Allan Gray Investment Council (SA)	50 093 634	**9,79**	10,63
GIC Asset Management Proprietary Limited (international)	28 678 455	**5,61**	2,97
Coronation Fund Managers (SA)	23 578 426	**4,61**	7,00
BlackRock Incorporated (international)	20 503 951	**4,01**	4,55
Ninety One (SA)	20 020 940	**3,91**	2,91
The Vanguard Group Incorporated (international)	16 774 314	**3,28**	3,09
Lazard Asset Management (international)	14 868 780	**2,91**	3,23
Old Mutual Life Assurance Company (SA) Limited and associates (includes funds managed on behalf of other beneficial owners)	13 174 952	**2,58**	5,17
Sanlam Investment Management Proprietary Limited (SA)	12 425 793	**2,43**	3,08
Major beneficial shareholders[2]			
Government Employees Pension Fund (SA)	75 162 022	**14,69**	15,00
Allan Gray Balanced Fund (ZA)	35 658 073	**6,97**	7,48
GIC Private Limited	28 798 333	**5,63**	2,89

[1] *Source: JP Morgan Cazenove.*
[2] *Source: Vaco Ownership.*

Index classified shareholding
(%)



Foreign shareholding
(%)



	Number of shares	2022 % holding	2021 % holding
Geographical distribution of shareholders[1]			
Domestic	341 881 741	**66,84**	68,64
SA	305 574 913	**59,74**	62,61
Namibia	9 708 873	**1,90**	2,59
Unclassified	26 597 955	**5,20**	3,44
Foreign	169 619 049	**33,16**	31,36
USA	73 550 269	**14,38**	15,56
Asia	41 708 381	**8,15**	5,51
Europe	24 532 727	**4,80**	4,21
UK and Ireland	16 730 834	**3,27**	2,93
Other countries	13 096 838	**2,56**	3,15
Total shares listed	511 500 790	**100,00**	100,00
Less: Treasury shares held	24 249 075		
Net shares reported	487 251 715		

[1] *Source: JP Morgan Cazenove.*

Basel III balance sheet credit exposure by business cluster and asset class

Rm	Nedbank CIB	Property Finance	Nedbank Retail and Business Banking	Nedbank Wealth	Nedbank Africa Regions	Centre	Nedbank Group 2022	Mix (%)	Change (%)	Risk weighting[1]	Downturn expected loss (dEL)[2]	BEEL[3]	Nedbank Group 2021	Downturn expected loss (dEL)[2]	BEEL[3]
AIRB Approach	407 217	172 533	428 344	22 150	–	81 234	938 945	91,68	6,19	38,37	8 499	16 681	888 184	8 490	14 000
Corporate	183 822	55 834	20 060	59		19	203 960	19,92	10,74	40,64	940	2 132	184 184	1 601	750
Specialised lending – HVCRE[4]	5 097	5 097		41			5 138	0,50	0,11	94,03	44	257	5 132	52	167
Specialised lending – IPRE[5]	108 649	108 513	1 512	5 177			115 338	11,26	2,14	29,39	197	515	112 926	233	693
Specialised lending – project finance	43 016						43 016	4,20	(5,62)	50,64	160	135	45 578	148	132
SME – corporate	5 062	3 089	40 869	1 736			47 667	4,65	5,07	54,84	331	733	45 366	243	536
Public sector entities	8 881		20				8 901	0,87	(35,25)	43,05	29	243	13 746	20	324
Local governments and municipalities	8 521		1 793				10 314	1,01	(6.01)	47,00	44		10 973	21	
Sovereign	5 031		42	156		81 215	86 444	8,44	1,10	12,02	19	39	85 502	21	26
Banks	38 734		1	3 601			42 336	4,13	36,86	43,83	98	20	30 933	63	
Retail mortgage	13		158 640	9 507			168 160	16,42	8,32	27,46	955	2 023	155 242	786	1 933
Retail revolving credit			17 252	60			17 312	1,69	4,63	65,29	949	1 765	16 545	823	1 587
Retail – other			155 053	146			155 199	15,15	5,35	50,23	4 177	7 938	147 311	3 967	6 946
SME – retail	21		32 930	1 667			34 618	3,38	0,57	41,72	556	881	34 423	512	906
Securities firms	370						370	0,04		44,47					
Securitisation exposure			172				172	0,02	(46,69)	143,15			323		
TSA[6]			168	35 006	32 254	–	67 428	6,58	(8,85)	51,59			73 971		
Corporate					4 062		4 062	0,40	(31,42)	151,79			5 923		
SME – corporate			168	1 514			1 682	0,16	59,80	40,42			1 053		
Public sector entities					441		441	0,04	80,53	91,50			244		
Local government and municipalities					44		44	0,00	103,93	78,23			22		
Sovereign				9 712	6 226		15 938	1,56	(15,16)	74,35			18 786		
Banks				17 475	8 751		26 226	2,56	0,78	17,56			26 023		
Retail mortgage				5 589	7 223		12 812	1,25	(9,24)	38,82			14 116		
Retail revolving credit					256		256	0,02	(18,73)	40,73			315		
Retail – other				464	2 723		3 187	0,31	(18,51)	65,45			3 911		
SME – retail				252	2 528		2 780	0,27	(22,30)	86,79			3 578		
PiPs			52	14	123		189	0,02	1,25				187		
Non-regulated entities	17 502		75				17 577	1,72	6,51				16 503		
Total Basel III balance sheet exposure[7]	424 719	172 533	428 639	57 170	32 377	81 234	1 024 139	100,00	4,63		8 499	16 681	978 845	8 490	14 000
dEL (AIRB Approach)												25 180			22 489
Expected loss performing book												8 498			8 490
BEEL on defaulted advances												16 681			14 000
IFRS impairment on AIRB loans and advances												(26 146)			(24 985)
Excess of downturn expected loss over eligible provisions[8]												(966)			(2 496)

[1] *Risk weighting is shown as a percentage of exposure at default (EAD) for the AIRB Approach and as a percentage of total credit extended for The Standardised Approach (TSA).*
[2] *dEL is in relation to performing loans and advances.*
[3] *Best estimate of expected loss (BEEL) is in relation to defaulted loans and advances.*
[4] *High-volatility commercial real estate.*
[5] *Income-producing real estate.*
[6] *A portion of the legacy Imperial Bank book in Nedbank RBB, Nedbank Private Wealth (UK) and the non-South African banking entities in Africa are covered by TSA.*
[7] *Balance sheet credit exposure includes on-balance-sheet, repurchase and resale agreements and derivative exposure.*
[8] *Excess impairments compared to downturn expected loss for IRB exposures total R966m at 31 December 2022. However, in line with the Bank's Act Regulations the total amount that may be included in tier 2 unimpaired reserve funds is limited to 0,6% of total IRB risk-weighted assets, which amounts to R2 576m at 31 December 2022 (2021: R2 587m).*

Nedbank Limited consolidated statement of comprehensive income

for the year ended 31 December

Rm	Change %	2022	2021
Interest and similar income	26	78 612	62 452
Interest expense and similar charges	40	45 224	32 348
Net interest income	11	33 388	30 104
Non-interest revenue and income	12	21 050	18 801
Net commission and fee income		16 144	14 838
Commission and fee revenue		20 229	18 012
Commission and fee expense		(4 085)	(3 174)
Net insurance income		(47)	15
Fair-value adjustments		171	(827)
Net trading income		3 403	3 654
Equity revaluation gains		776	516
Investment income		103	98
Net sundry income		500	507
Share of gains of associate companies	27	100	79
Total income	11	54 538	48 984
Impairments charge on financial instruments	16	7 154	6 169
Net income	11	47 384	42 815
Total operating expenses	8	31 751	29 314
Indirect taxation	7	1 002	935
Impairments charge on non-financial instruments and other losses	>(100)	(50)	205
Profit before direct taxation	19	14 681	12 361
Total direct taxation	9	3 378	3 113
Direct taxation		3 362	3 175
Taxation on impairments charge on non-financial instruments and other losses		16	(62)
Profit for the year	22	11 303	9 248

Rm	Change %	2022	2021
Other comprehensive (loss)/income (OCI) net of taxation	>(100)	(496)	560
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translating foreign operations		(110)	222
Debt investments at FVOCI – net change in fair value		132	9
Items that may not subsequently be reclassified to profit or loss			
Property revaluations		(160)	9
Remeasurements on long-term employee benefit assets		(359)	322
Equity instruments at FVOCI – net change in fair value		1	(2)
Total comprehensive income for the year	10	10 807	9 808
Profit attributable to:			
– Ordinary and preference shareholders	22	11 300	9 246
– Non-controlling interest – ordinary shareholders		3	2
Profit for the year	22	11 303	9 248
Total comprehensive income attributable to:			
– Ordinary and preference shareholders	10	10 804	9 806
– Non-controlling interest – ordinary shareholders		3	2
Total comprehensive income for the year	10	10 807	9 808
Headline earnings reconciliation			
Profit attributable to ordinary shareholders	23	11 194	9 121
Less: Non-headline earnings items	>100	34	(143)
Impairments charge on non-financial instruments and other losses		50	(205)
Taxation on impairments charge on non-financial instruments and other losses		(16)	62
Headline earnings attributable to ordinary and preference shareholders	20	11 160	9 264

Nedbank Limited consolidated financial highlights

for the year ended

Rm	2022	2021
ROE (%)	13,9	12,2
ROA (%)	1,00	0,86
NII to average interest-earning banking assets (%)	3,93	3,77
CLR – banking advances (%)	0,90	0,81
Cost-to-income ratio	58,2	59,8

Nedbank Limited consolidated statement of financial position

at 31 December

Rm	Change %	2022	2021 (restated)[1,2]
Assets			
Cash and cash equivalents	8	36 950	34 056
Other short-term securities	26	42 043	33 425
Derivative financial instruments	(78)	8 522	38 840
Government securities	6	156 325	147 297
Other dated securities	59	1 820	1 144
Banking loans and advances	7	840 269	786 841
Trading loans and advances	(8)	46 605	50 431
Other assets	17	6 770	5 798
Current taxation assets	40	59	42
Investment securities	6	7 252	6 867
Non-current assets held for sale	(70)	38	127
Investments in associate companies	9	1 031	944
Deferred taxation assets	(38)	354	573
Property and equipment	4	9 467	9 140
Long-term employee benefit assets	(6)	3 982	4 216
Intangible assets	(5)	9 594	10 142
Total assets	4	1 171 081	1 129 883
Total equity and liabilities			
Ordinary share capital		28	28
Ordinary share premium		20 073	20 073
Reserves	7	64 842	60 694
Total equity attributable to equity holders of the parent	5	84 943	80 795
Holders of participating preference shares	(14)	51	59
Holders of additional tier 1 capital instruments	10	10 219	9 319
Non-controlling interest attributable to ordinary shareholders	23	16	13
Total equity	6	95 229	90 186
Derivative financial instruments	(74)	9 182	35 623
Amounts owed to depositors	7	1 003 663	933 870
Provisions and other liabilities	(7)	12 939	13 939
Current taxation liabilities	(12)	228	260
Deferred taxation liabilities	56	187	120
Long-term debt instruments	(11)	49 653	55 885
Total liabilities	3	1 075 852	1 039 697
Total equity and liabilities	4	1 171 081	1 129 883

[1] *During 2022 the group reviewed its presentation of long-term employee benefits (LTEB) in the statement of financial position (SOFP). As a result of the review, it was noted that the LTEB qualifying insurance policies were incorrectly presented on a gross basis in the SOFP. In terms of IAS 19 qualifying insurance policies were required to be accounted for as plan assets (on a net basis) in the 2021 SOFP. As a result, the comparative assets and liabilities have been restated by R2 271m.*

[2] *During 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being included incorrectly under cash management deposits (liability) and debtors (asset), and the affected line items were therefore overstated. The sweep eliminates the cash management deposit account and the debtor funding account. As a result, the comparative assets and liabilities have been restated by R3 866m and the opening 1 January 2021 assets and liabilities restated by R3 390m respectively.*

Definitions

12-month expected credit loss (ECL) This expected credit loss represents an ECL that results from default events on financial instruments occurring within the 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months), weighted by the probability of the defaults occurring.

Assets under administration (AUA) (Rm) Market value of assets held in custody on behalf of clients.

Assets under management (AUM) (Rm) Market value of assets managed on behalf of clients.

Basic earnings per share (cents) Attributable income divided by the weighted-average number of ordinary shares.

Black persons A generic term that refers to South African citizens who are African, Coloured or Indian.

Central counterparty (CCP) A clearing house that interposes itself between counterparties for contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer, thereby ensuring the future performance of open contracts.

Common-equity tier 1 (CET1) capital adequacy ratio (%) CET1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Cost-to-income ratio (%) Total operating expenses as a percentage of total income, being net interest income, non-interest revenue and income, and share of profits or losses from associates and joint arrangements.

Coverage (%) On-balance-sheet ECLs divided by on-balance-sheet gross banking loans and advances. Coverage excludes ECLs on off-balance-sheet amounts, ECL and gross banking loans and advances on the fair-value-through-other-comprehensive-income (FVOCI) portfolio, and loans and advances measured at fair value through profit or loss (FVTPL).

Credit loss ratio (CLR) (% or bps) The income statement impairment charge on banking loans and advances as a percentage of daily average gross banking loans and advances. Includes the ECL recognised in respect of the off-balance-sheet portion of loans and advances.

Default In line with the Basel III definition, default occurs in respect of a client in the following instances:

- When the bank considers that the client is unlikely to pay their credit obligations to the bank in full without the bank having recourse to actions such as realising security (if held).
- When the client is past due for more than 90 days on any material credit obligation to the bank. Overdrafts will be considered as being past due if the client has breached an advised limit or has been advised of a limit smaller than the current outstanding amount.
- In terms of the Nedbank Group Credit Policy, when the client is placed under business rescue in accordance with the Companies Act, 71 of 2008, and when the client requests a restructure of their facilities as a result of financial distress, except where debtor substitution is allowable in terms of the regulations.

At a minimum a default is deemed to have occurred where a material obligation is past due for more than 90 days or a client has exceeded an advised limit for more than 90 days. A stage 3 impairment is raised against such a credit exposure due to a significant perceived decline in the credit quality.

For retail portfolios this is product-centred, and a default would therefore be for a specific advance. For all other portfolios, except specialised lending, it is client- or borrower-centred, meaning that should any transaction with a legal-entity borrower default, all transactions with that legal-entity borrower would be treated as having defaulted.

To avoid short-term volatility, Nedbank employs a six-month curing definition where subsequent defaults will be an extension of the initial default.

Diluted headline earnings per share (DHEPS) (cents) Headline earnings divided by the weighted-average number of ordinary shares, adjusted for potential dilutive ordinary shares.

Directive 1/2020 A directive from the Prudential Authority (PA) that provides temporary measures to aid compliance with the liquidity coverage ratio during the Covid-19 pandemic stress period. The PA deemed it appropriate to amend the minimum liquidity coverage ratio (LCR) requirement temporarily to 80%, with effect from 1 April 2020.

Directive 2/2020 A directive from the PA that provides temporary capital relief to alleviate risks posed by the Covid-19 pandemic. The PA has implemented measures to reduce the specified minimum requirement of capital and reserve funds to be maintained by banks, to provide temporary capital relief to enable banks to counter economic risks to the financial system as a whole and to individual banks. These measures are intended to provide relief to banks in response to the Covid-19 pandemic, thereby enabling banks to continue providing credit to the real economy during this period of financial stress.

Directive 3/2020 A directive from the PA that implements measures to ensure that various types of relief to qualifying borrowers that were up to date at 29 February 2020, such as payment holidays, do not result in unintended consequences such as inappropriate higher capital requirements. The PA has provided temporary relief for qualifying loans from portions of Directive 7/2015 dealing with distressed restructures. Importantly, this relief covers retail, small and medium enterprises (SMEs) and corporate loans, including all specialist asset classes such as commercial property.

Directive 7/2015 A directive from the PA that provides clarity on how banks should identify restructured credit exposures and how these exposures should be treated for purposes of the definition of default.

Dividend cover (times) Headline earnings per share divided by dividend per share.

Economic profit (EP) (Rm) Headline earnings less the cost of equity (total equity attributable to equity holders of the parent, less goodwill, multiplied by the group's cost-of-equity percentage).

Effective taxation rate (%) Direct taxation as a percentage of profit before direct taxation, excluding impairments charged on non-financial instruments and sundry gains or losses.

Earnings per share (EPS) (cents) Earnings attributable to ordinary shareholders, divided by the weighted-average number of ordinary shares in issue.

Expected credit losses Difference between all contractual cash flows that are due to the bank in terms of the contract and all the cash flows that the bank expects to receive (ie all cash shortfalls), discounted at the original effective interest rate related to default events on financial instruments that are possible within 12 months after the reporting date (stage 1) or that result from all possible default events over the life of the financial instrument (stage 2 and 3).

Forward-looking economic expectations The impact of forecast macroeconomic conditions in determining a SICR and ECL.

Guidance Note 4/2020 A guidance note from the South African Reserve Bank that recommends banks no longer make dividend distributions on ordinary shares, to conserve capital in light of the negative economic impact of the Covid-19 pandemic and the temporary regulatory-capital relief provided.

Guidance Note 3/2021 A guidance note from the South African Reserve Bank that recommends banks be prudent and consider the adequacy of their current and forecast capital and profitability levels, internal capital targets and risk appetite, as well as current and potential future risks posed by the ongoing pandemic, when making distributions of dividends on ordinary shares and the payment of cash bonuses to executive officers and material risk-takers. Guidance Note 3/2021 replaces Guidance Note 4/2020.

Headline earnings (Rm) The profit attributable to equity holders of the parent, excluding specific separately identifiable remeasurements, net of related tax and non-controlling interests.

Headline earnings per share (HEPS) (cents) Headline earnings divided by the weighted-average number of ordinary shares in issue.

High-quality liquid assets (HQLA) Assets that can be converted easily and immediately into cash at little or no loss of value.

Lifetime ECL The ECL of default events between the reporting date and the end of the lifetime of the financial asset, weighted by the probability of the defaults occurring.

Life insurance embedded value (Rm) The embedded value (EV) of the covered business is the discounted value of the projected future after-tax shareholder earnings arising from covered business in force at the valuation date, plus the adjusted net worth.

Life insurance value of new business (Rm) A measure of the value added to a company as a result of writing new business. Value of new business (VNB) is calculated as the discounted value, at the valuation date, of projected after-tax shareholder profit from covered new business that commenced during the reporting period, net of frictional costs and the cost of non-hedgeable risk associated with writing new business, using economic assumptions at the start of the reporting period.

Loss-given default The estimated amount of credit losses when a borrower defaults on a loan.

Net asset value (NAV) (Rm) Total equity attributable to equity holders of the parent.

Net asset value (NAV) per share (cents) NAV divided by the number of shares in issue, excluding shares held by group entities at the end of the period.

Net interest income (NII) to average interest-earning banking assets (AIEBA) (%) NII as a percentage of daily average total assets, excluding trading assets. Also called net interest margin (NIM).

Net monetary gain/(loss) (Rm) Represents the gain or loss in purchasing power of the net monetary position (monetary assets less monetary liabilities) of an entity operating in a hyperinflation environment.

Non-interest revenue and income (NIR) to total income (%) Non-interest revenue and income as a percentage of total income, excluding the impairments charge on loans and advances and share of gains or losses of associate companies.

Number of shares listed (number) Number of ordinary shares in issue, as listed on the JSE.

Off-balance-sheet exposure Undrawn loan commitments, guarantees and similar arrangements that expose the group to credit risk.

Ordinary dividends declared per share (cents) Total dividends to ordinary shareholders declared in respect of the current period.

Performing stage 3 loans and advances (Rm) Loans that are up to date (not in default) but are classified as having defaulted due to regulatory requirements, ie Directive 7/2015 or the curing definition.

Preprovisioning operating profit (PPOP) (Rm) Headline earnings plus direct taxation plus impairment charge on loans and advances.

Price/earnings ratio (historical) Closing share price divided by the headline earnings, multiplied by total days in the year, divided by total days in the period.

Price-to-book ratio (historical) Closing share price divided by the net asset value per share.

Profit attributable to equity holders of the parent (Rm) Profit for the period less non-controlling interests pertaining to ordinary shareholders, preference shareholders and additional tier 1 capital instrument noteholders.

Profit for the period (Rm) Income statement profit attributable to ordinary shareholders of the parent before non-controlling interests.

Return on assets (ROA) (%) Net contribution (headline earnings) divided by the average daily assets, multiplied by the total days in the year, divided by the total days in the period.

Return on equity (ROE) (%) Headline earnings as a percentage of daily average ordinary shareholders' equity.

Return on cost of ETI investment (%) Headline earnings from the group's ETI investment pre-funding costs divided by the group's original cost of investment (R6 265m).

Return on tangible equity (%) Headline earnings as a percentage of daily average ordinary shareholders' equity, less intangible assets.

Return on risk-weighted assets (RWA) (%) Headline earnings as a percentage of monthly average risk-weighted assets.

Risk-weighted assets (RWA) (Rm) On-balance-sheet and off-balance-sheet exposures after having applied prescribed risk weightings according to the relative risk of the counterparty.

SME loan guarantee scheme An initiative by National Treasury and the South African Reserve Bank, in partnership with participating commercial banks, aimed at giving financial support to SMEs affected by the lockdown.

Stage 1 Financial assets for which the credit risk (risk of default) at the reporting date has not significantly increased since initial recognition.

Stage 2 Financial assets for which the credit risk (risk of default) at the reporting date has significantly increased since initial recognition.

Stage 3 Any advance or group of loans and advances that has triggered the Basel III definition of default criteria, in line with South African banking regulations. At a minimum, a default is deemed to have occurred where a material obligation is past due for more than 90 days or a client has exceeded an advised limit for more than 90 days. A stage 3 impairment is raised against such a credit exposure due to a significant perceived decline in the credit quality.

Stage 3 ECL (Rm) ECL for banking loans and advances that have been classified as stage 3 advances.

Tangible net asset value (Rm) Equity attributable to equity holders of the parent, excluding intangible assets.

Tangible net asset value per share (cents) Tangible NAV divided by the number of shares in issue, excluding shares held by group entities at the end of the period.

Tier 1 capital adequacy ratio (CAR) (%) Tier 1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Total capital adequacy ratio (CAR) (%) Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Total income growth rate less expenses growth rate (JAWS ratio) (%) Measure of the extent to which the total income growth rate exceeds the total operating expenses growth rate.

Value in use (VIU) (Rm) The present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Weighted-average number of shares (number) The weighted-average number of ordinary shares in issue during the period listed on the JSE.

Abbreviations and acronyms

AFR available financial resources
AGM annual general meeting
AI artificial intelligence
AIEBA average interest-earning banking assets
AIRB advanced internal ratings-based
AMA advanced measurement approach
AML anti-money-laundering
API application programming interface
AUA assets under administration
AUM assets under management
BBBEE broad-based black economic empowerment
BEE black economic empowerment
bn billion
bps basis point(s)
CAGR compound annual growth rate
CAR capital adequacy ratio
CASA current account savings account
CCP central counterparty
CET1 common-equity tier 1
CIB Corporate and Investment Banking
CIPC Companies and Intellectual Property Commission
CLR credit loss ratio
COE cost of equity
CPI consumer price index
CPF commercial-property finance
CSI corporate social investment
CVP client value proposition
CX client experience
DHEPS diluted headline earnings per share
D-SIB domestic systemically important bank
ECL expected credit loss
EE employment equity
ELB entry-level banking
EP economic profit
EPS earnings per share
ESG environmental, social and governance
EV embedded value
ETI Ecobank Transnational Incorporated
FCTR foreign currency translation reserve
FSC Financial Sector Code
FSCA Financial Sector Conduct Authority
FVOCI fair value through other comprehensive income
FVTPL fair value through profit or loss
FX foreign exchange
GDP gross domestic product
GFC great financial crisis
GLAA gross loans and advances
GLC great lockdown crisis
GOI gross operating income
HE headline earnings
HEPS headline earnings per share
HQLA high-quality liquid asset(s)
IAS International Accounting Standard(s)
ICAAP Internal Capital Adequacy Assessment Process
IFRS International Financial Reporting Standard(s)
ILAAP Internal Liquidity Adequacy Assessment Process
IMF International Monetary Fund
JIBAR Johannesburg Interbank Agreed Rate
JSE JSE Limited
LAA loans and advances
LAP liquid-asset portfolio
LCR liquidity coverage ratio
LIBOR London Interbank Offered Rate
LTI long-term incentive
m million
M&A mergers and acquisitions
MFC Motor Finance Corporation (vehicle finance division of Nedbank)
MRC minimum required capital
MZN Mozambican metical
N/A not applicable
Nafex Nigerian Autonomous Foreign Exchange Rate Fixing Methodology
NAR Nedbank Africa Regions
NCA National Credit Act, 34 of 2005
NCD negotiable certificate of deposit
NCOF net cash outflows
NGN Nigerian naira
NII net interest income
NIR non-interest revenue and income
NIM net interest margin
NPL non-performing loan(s)
NPS Net Promoter Score
NSFR net stable funding ratio
nWoW new Ways of Work
OCI other comprehensive income
OM Old Mutual
PA Prudential Authority
PAT profit after tax
PAYU pay-as-you-use account
plc public limited company
PPOP preprovisioning operating profit
PRMA postretirement medical aid
R rand
RBB Retail and Business Banking
Rbn South African rand expressed in billions
REIPPPP Renewable Energy Independent Power Producer Procurement Programme
REITs real estate investment trusts
Rm South African rand expressed in millions
ROA return on assets
ROE return on equity
RORWA return on risk-weighted assets
RPA robotic process automation
RRB Retail Relationship Banking
RTGS real-time gross settlement
RWA risk-weighted assets
SA South Africa
SAcsi South African Customer Satisfaction Index
SADC Southern African Development Community
SAICA South African Institute of Chartered Accountants
S&P Standard & Poor's
SARB South African Reserve Bank
SDGs Sustainable Development Goals
SICR significant increase in credit risk
SME small to medium enterprise
STI short-term incentive
TSA the standardised approach
TTC through the cycle
UK United Kingdom
UN United Nations
USA United States of America
USD United States dollar (currency code)
USSD unstructured supplementary service data
VAF vehicle and asset finance
VaR value at risk
VIU value in use
VNB value of new business
YES Youth Employment Service
yoy year on year
ytd year to date
ZAR South African rand (currency code)

Company details

Nedbank Group Limited

Incorporated in the Republic of SA
Registration number 1966/010630/06

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Instrument codes

Nedbank Group ordinary shares

JSE share code:	NED
NSX share code:	NBK
A2X share code:	NED
ISIN:	ZAE000004875
JSE alpha code:	NEDI
ADR code:	NDBKY
ADR CUSIP:	63975K104

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Old Mutual Investment Services (Namibia) Proprietary Limited

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