

Using our financial expertise **to do good**

Annual results

for the year ended 31 December 2022



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Message from our Chief Executive



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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.

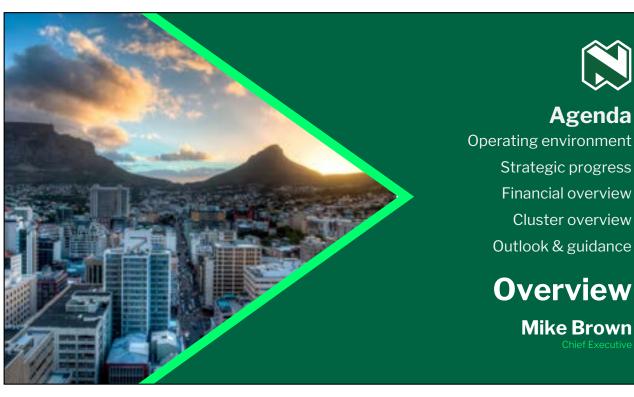
Thank you to our dedicated employees for their commitment and hard work in difficult conditions – I appreciate the value they strive to deliver to our clients at every touchpoint. We thank our more than seven million retail and wholesale clients for choosing to bank with Nedbank every single day, and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

	I		
Headline earnings	CLR	ROE	CET1 RATIO
▲ 20%	89 bps	14,0%	14,0%
2022 14 049	2022 89	2022 14,0	2022 14,0
2021 11689	2021 83	2021 12,5	2021 12,8
2020 5 440	2020 161	2020 6,2	2020 10,9
2019 12 506	2019 79	2019 15,0	2019 11,5

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





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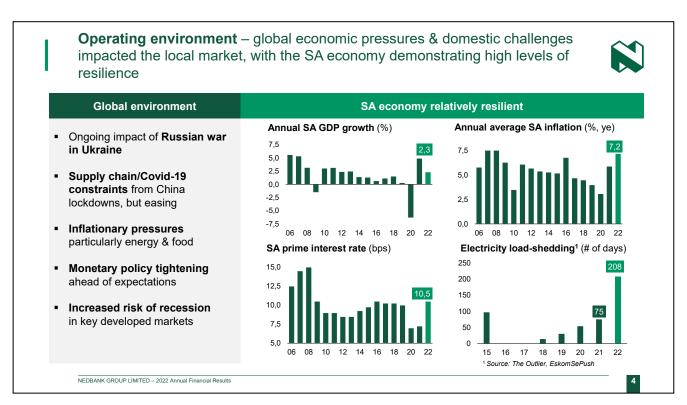
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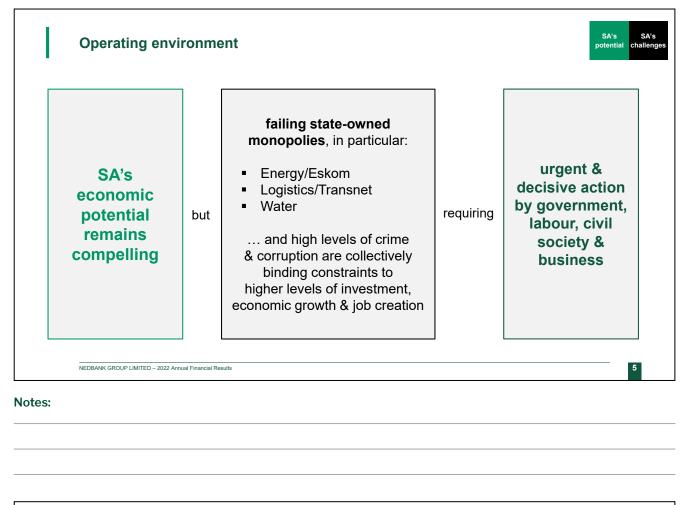
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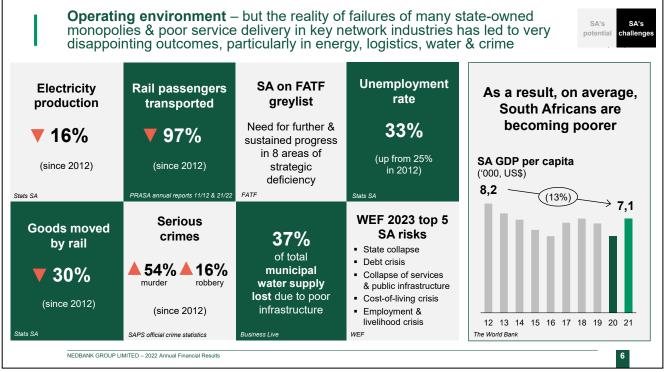
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Environment	Strategic	Operational	Financial
A challenging operating environment	Strategic delivery on track	Good operational performance	Strong earnings growth & fortres balance sheet
 2,3% SA GDP growth Severe electricity shortages 325 bps interest rate increases 6,9% average inflation Muted markets JSE down 1% SA 10-year bond yield: +1,0% yoy to 10,8% 	 Strong digital growth Leading client experiences Market share gains in key areas Productivity improvements ESG leadership 	 PPOP: +15% JAWS: +2,5% Cost-to-income: 56,5% 	 HE: +20% Revenue: +11% ROE 14,0% CET1: 14,0% LCR: 161% NSFR: 119% Coverage: 3,37% Full-year DPS: +38%

Notes:









Results presentation

2022 results commentary

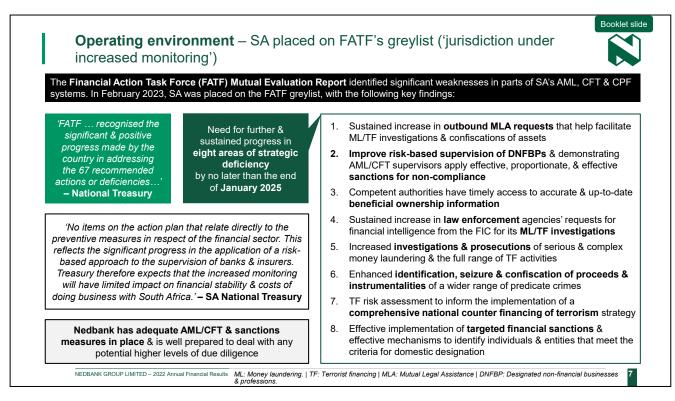
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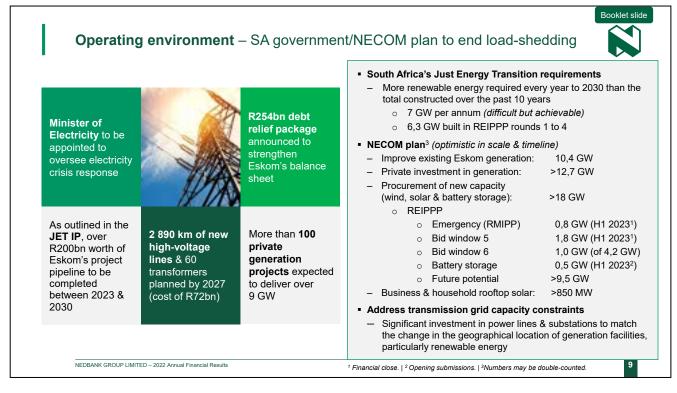
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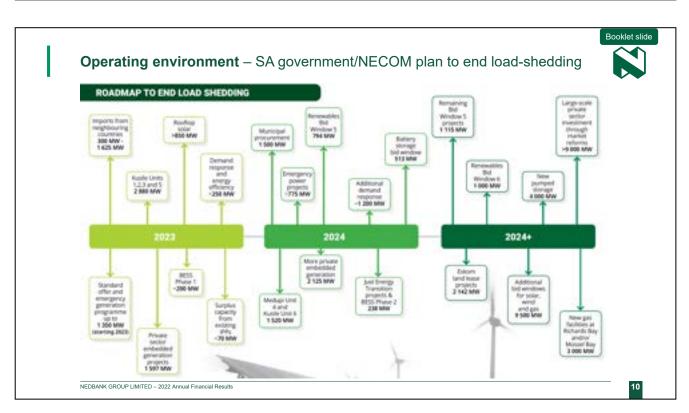
Statement of financial position analysis

Supplementary information



load-shedding	potential
Eskom & electricity security	Impact of load-shedding
 SA's path to net zero is a path to energy security Requires 7 GW renewable energy per annum to 2030 NECOM plan by 2030¹ – 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 	 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
 Grid allocation & capacity constraints – to be addressed immediately (limiting ability to support new REIPPP & private generation connections) 	 Risks – risks increase with higher stages & as load- shedding prolongs
More detail provided in the booklet slide. 1Numbers may be double-counted.	More detail provided in the booklet slide.





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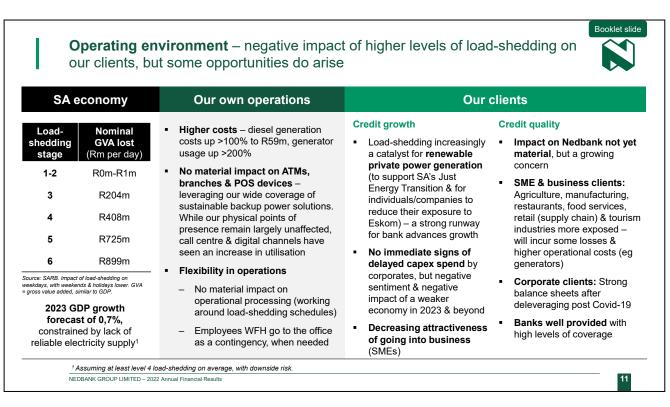
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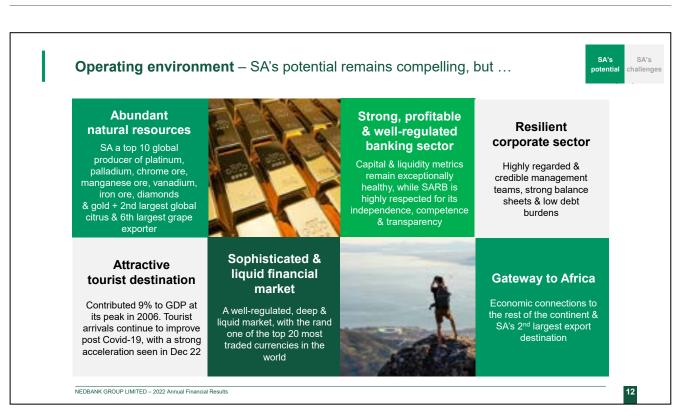
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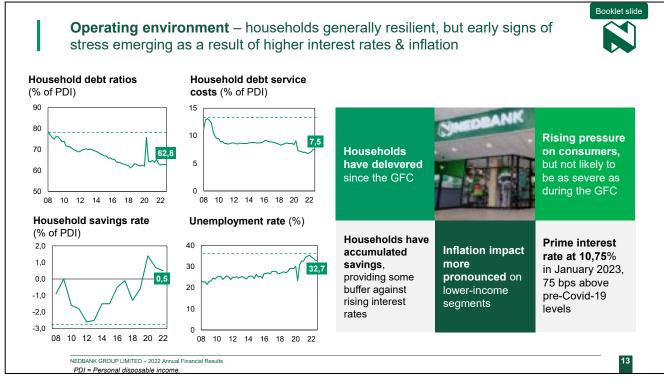
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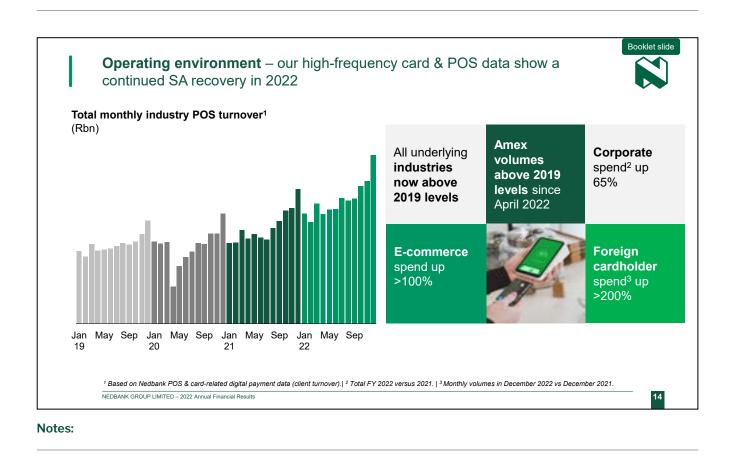


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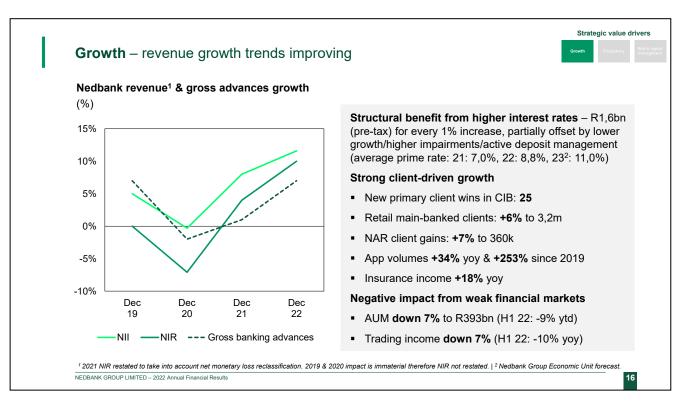


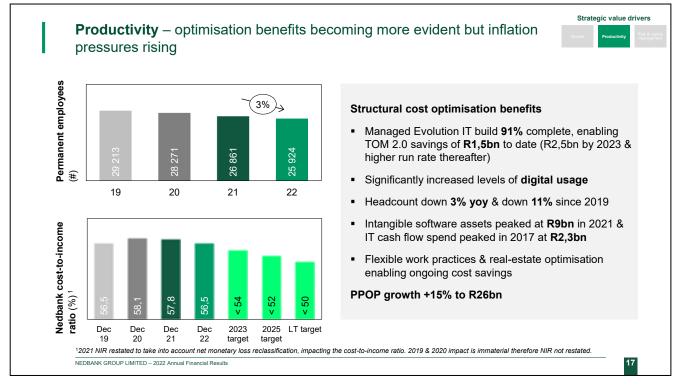


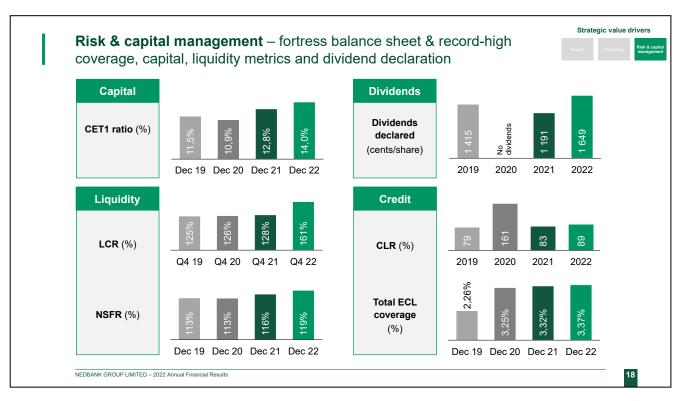




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Ne	edbank Grou	p strategy					
			0	ur purpose			
	To use our fina	ncial expertise	to do goo	od for individ	uals, families, bu	sinesses & society	
			Strateg	jic value dri	ivers ———		_
	Grow	th	Ρ	roductivity	сарі	Risk & tal management	
			Strateg	ic value un	locks ———		_
	D			Ð	E.	Ö	
	Delivering market-leading client solutions	Ongoing disrupt market activitie		Driving efficient execution (TOM 2.0)	Focusing on areas that create value (SPT 2.0)	Creating positive impacts	
		Enabled by ou	ır Manag	ed Evolution	technology strate	ду	
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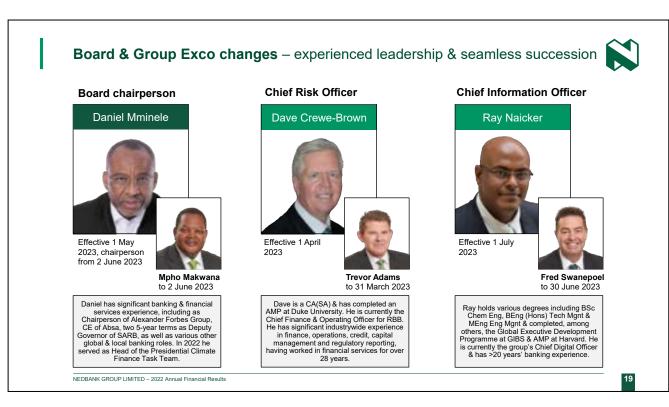
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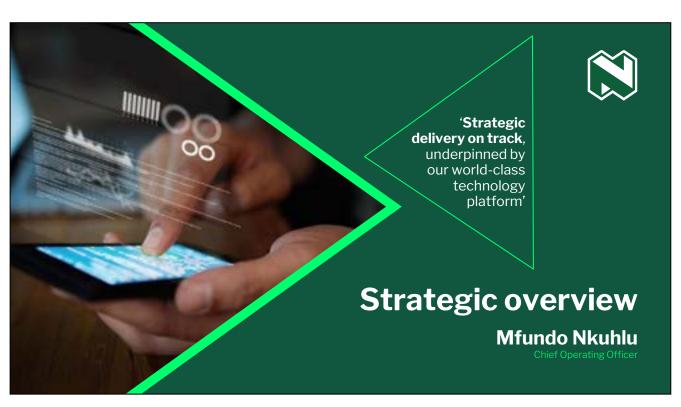
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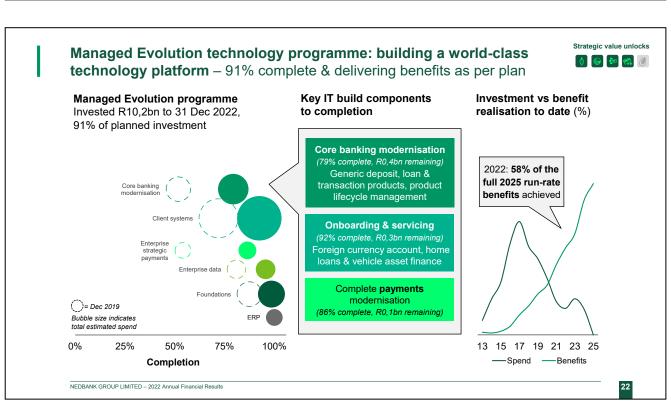


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To use our fina	ncial expertise to do	Our purpose	als, families, busine	esses & society
	Str	ategic value driv	/ers	
Grow	th	Productivity		Risk & management
	Stra	ategic value unlo	ocks ———	
D		₽ ₽	E.	Č
Delivering market-leading client solutions	Ongoing disruptive market activities	Driving efficient execution (TOM 2.0)	Focusing on areas that create value (SPT 2.0)	Creating positive impacts
	Enabled by our Ma		technology strategy	







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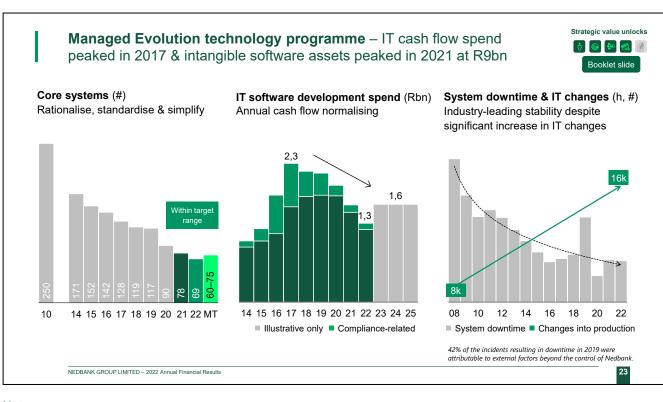
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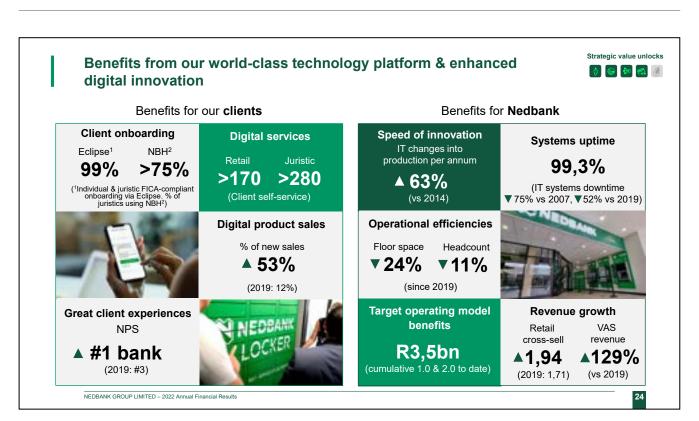
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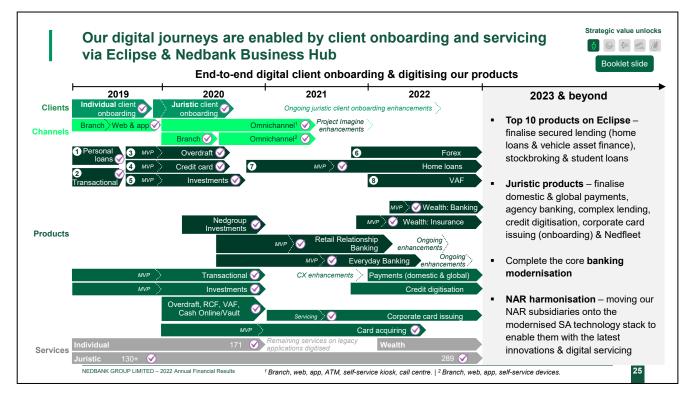
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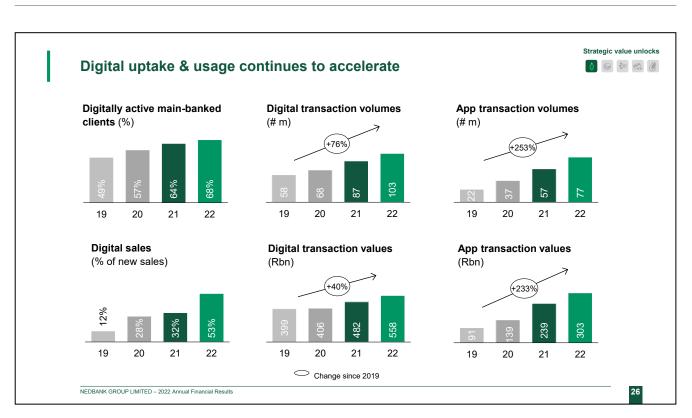
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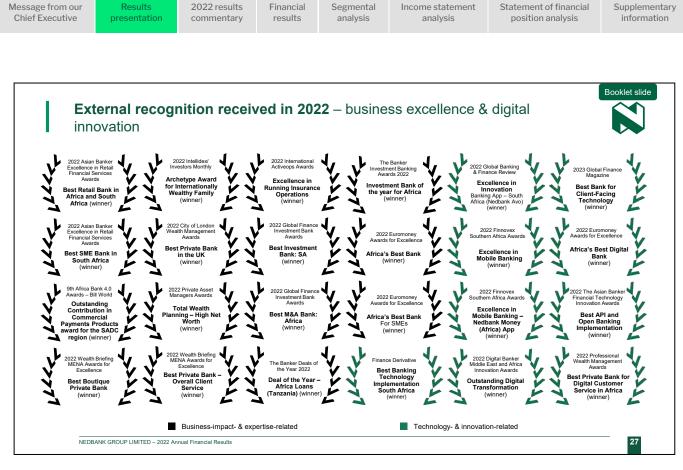


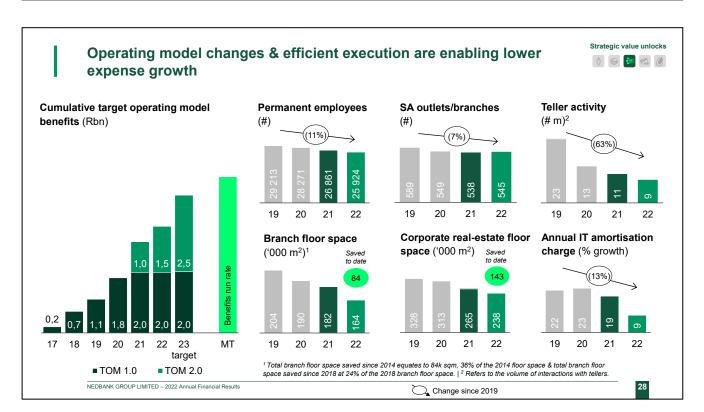
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Mixed outcome on market share gains as we remained prudent in a difficult economic environment (Strategic Portfolio Tilt 2.0)

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

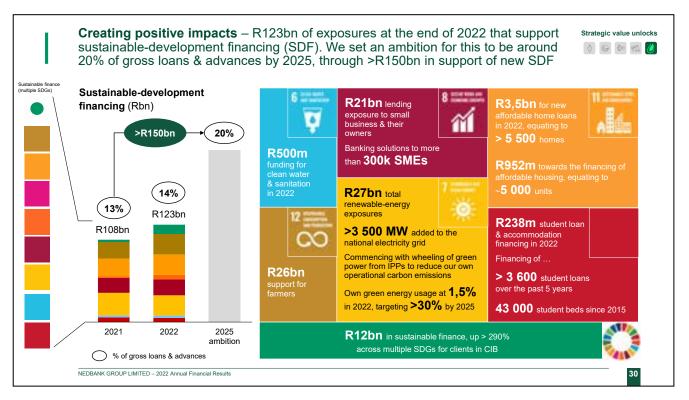
Strategic value unlocks

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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%).
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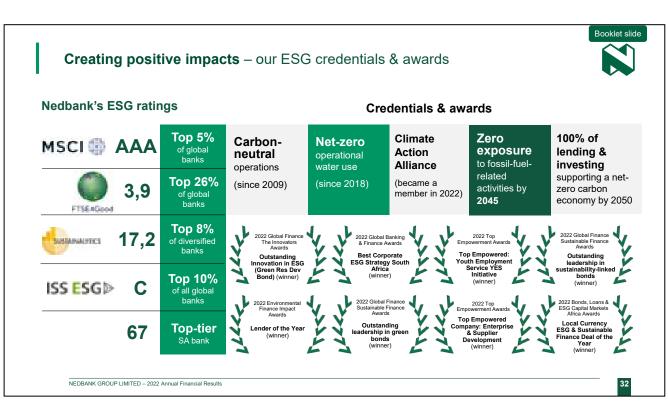
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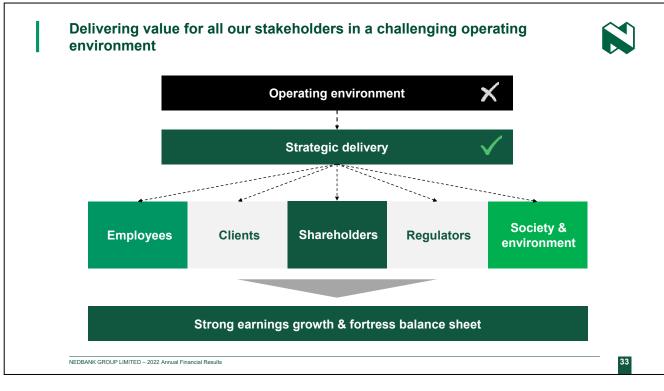
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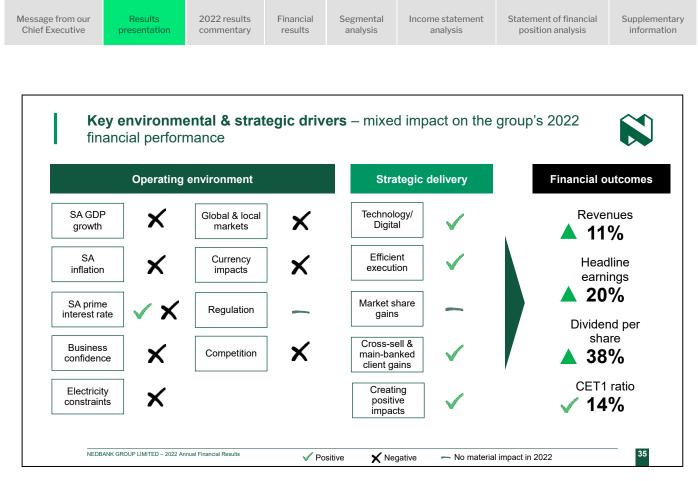
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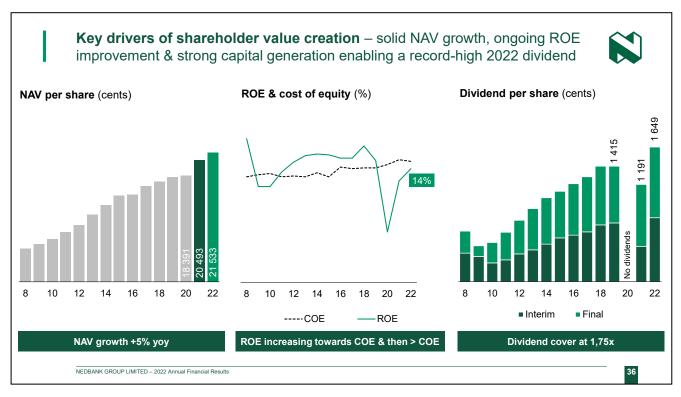
MSCI ESG rating AAA (ranked in top 5% of global banks) from AA in 2021	Level 1 BBBEE status for the past 5 years	Employee 'Best place to work' NPS up to 22 (up 3 yoy)	Jan	Ranked #1 in the JSE Satrix Inclusion & Diversity Index	Mandatory Audi Firm Rotation – KPMG to replace Deloitte in 2024
USAN CONTRACTOR	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	COMMUNITYBULS	Listed on A2X in 2022, offering investors choice – Nedbank regularly a top 10 traded stock









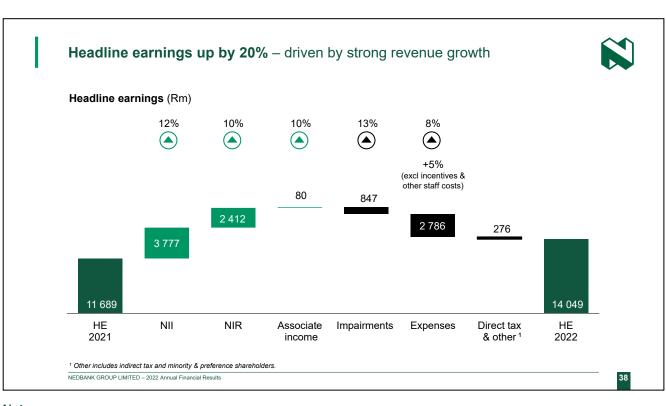


Profitability metrics continue to improve, underpinned by robust capital, liquidity & provisioning



		уоу	2022	2021	2020	2019
	Headline earnings (Rm)	20%	14 049	11 689	5 440	12 506
Profitability	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	Gross banking advances (Rbn)	7%	863	807	797	810
& deposits	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
l tan dallari	Liquidity coverage ratio (%)		161	128	126	125
Liquidity	NSFR (%)		119	116	113	113
	CET1 (%)		14,0	12,8	10,9	11,5
Capital	Risk-weighted assets (Rbn)	(1%)	648	657	674	629
NEDBANK GROUP LIMITED - 2022	2 Annual Financial Results					

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Headline earnin	gs up by 20%	6 – driven	by strong reve	enue growth	
Key earnings drivers	(pre-tax, Rm)				
12%	10%	10%	13%	8%	5%
32 500 36 277	24 889 27 301	619	6 534	33 639 36 425	4 104
NII	NIR Asso	ociate income	Impairments	Expenses	Direct tax

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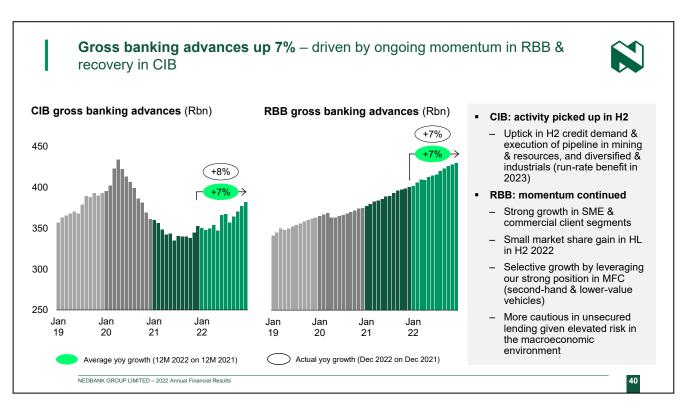
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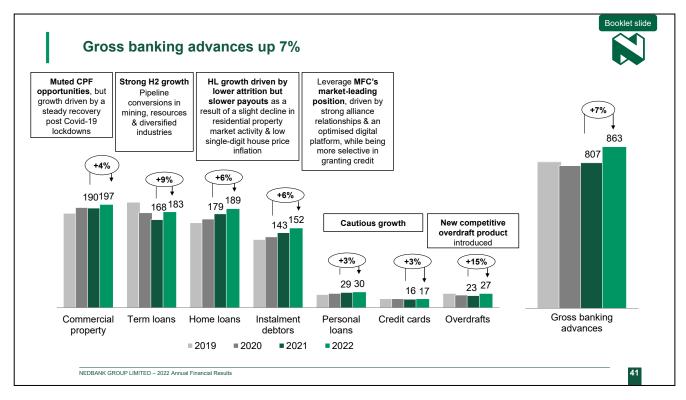
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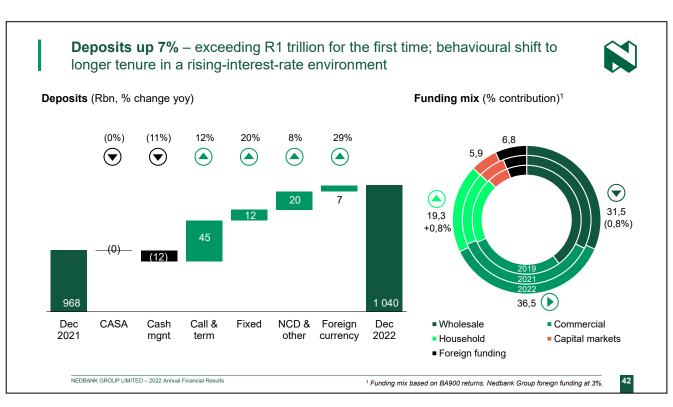
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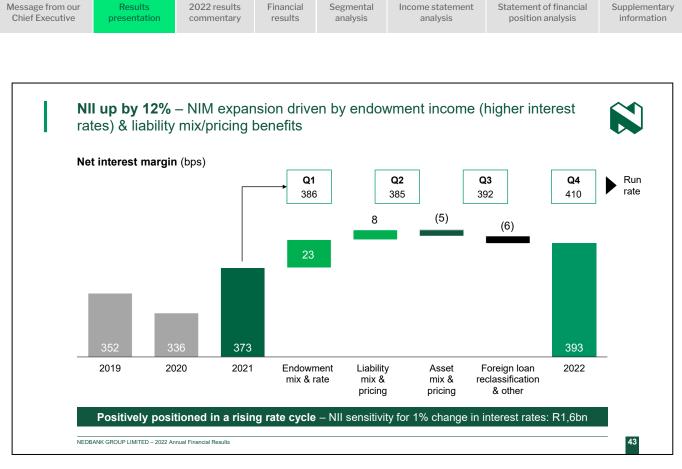
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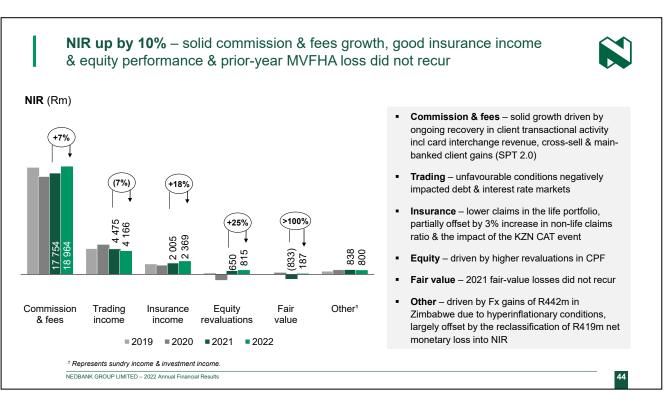
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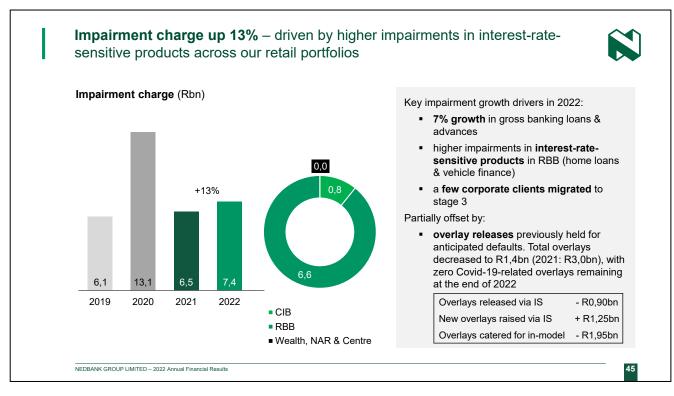


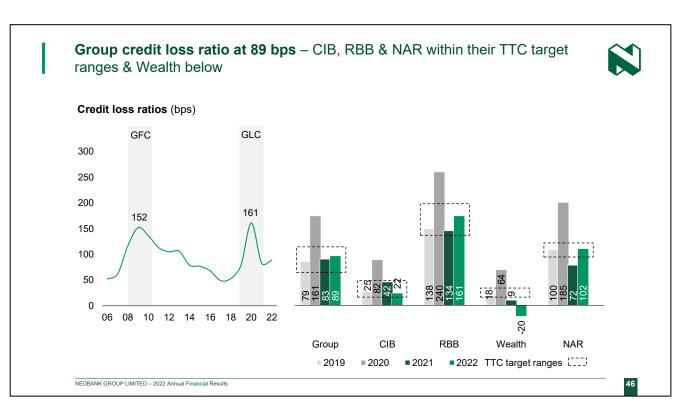


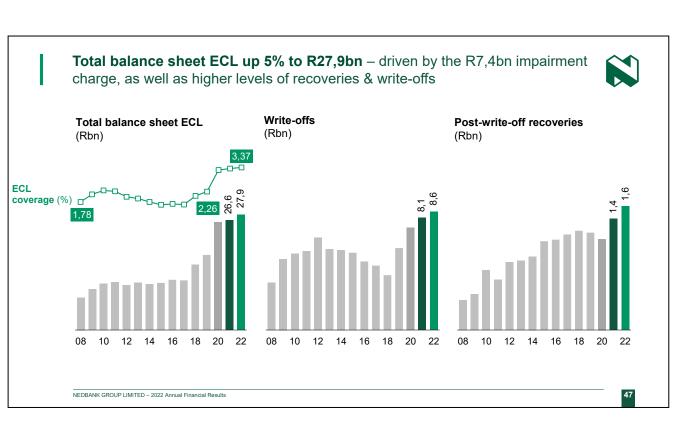












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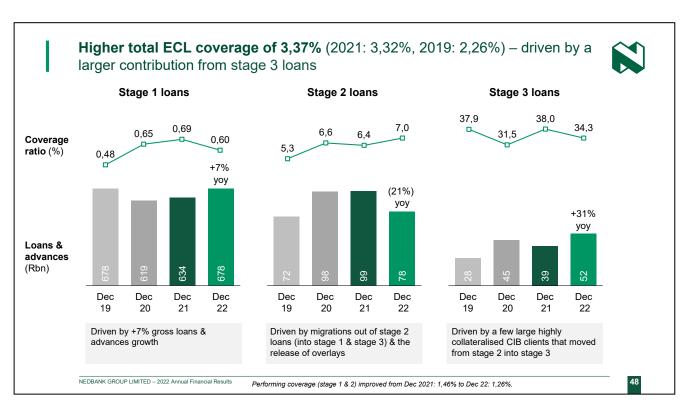
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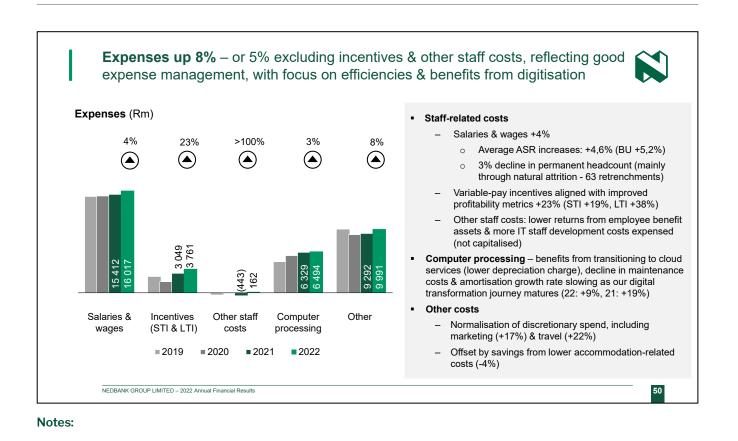
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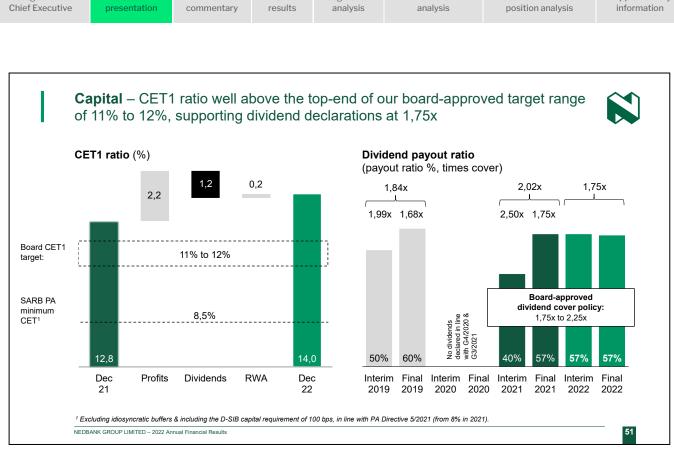


All clusters within or below their target ranges & coverage ratios well above 2019 levels

	Credit loss ratio (bps)					ECL coverage (%)			
	22	21	20	19	TTC	22	21	20	19
СІВ	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
СВ	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

Booklet slide





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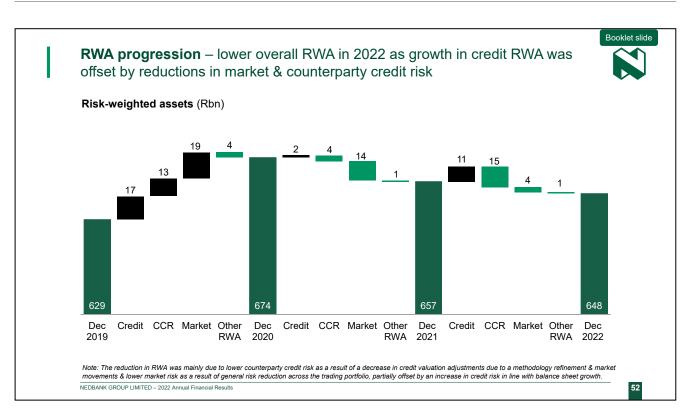
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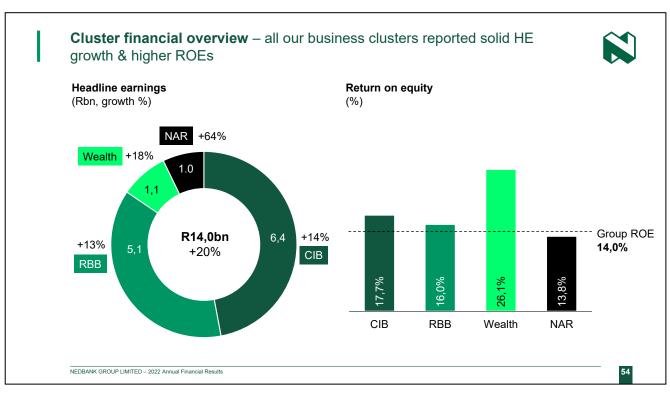


Capital allocation – surplus capital held at the Centre enabled a R5bn share repurchase programme Capital allocation (Rbn) Share repurchase programme¹ • up to R5bn 20.5 executed over the next 12 months 12.9 11,8 subject to all legal & 4.2 regulatory approvals & 2,5 requirements being met 36.5 12,9 4,8 4.3 The proposed share repurchase CIB RBB Wealth NAR Centre Dec 21 Dec 22 programme is expected to be Dec 21 Dec 22 accretive to DHEPS, optimise Surplus capital capital levels & associated returns Property risk & other on equity & in so doing deliver value · Capital allocated to clusters was affected by optimisation Intangibles initiatives, loans & advances mix changes & model Goodwill to shareholders enhancements ¹ The share repurchase programme is likely to include an odd-lot offer, being an offer by Nedbank Group to Average surplus capital of In 2022, average surplus capital increased by R7,6bn, largely R11,8bn reflected in a strong repurchase shares from shareholders holding less driven by the group's improved profitability & lower RWA CET1 ratio of 14% than 100 Nedbank Group ordinary shares.

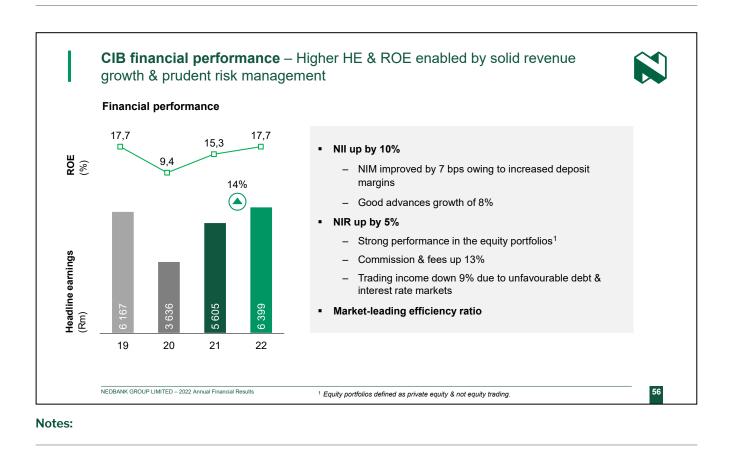
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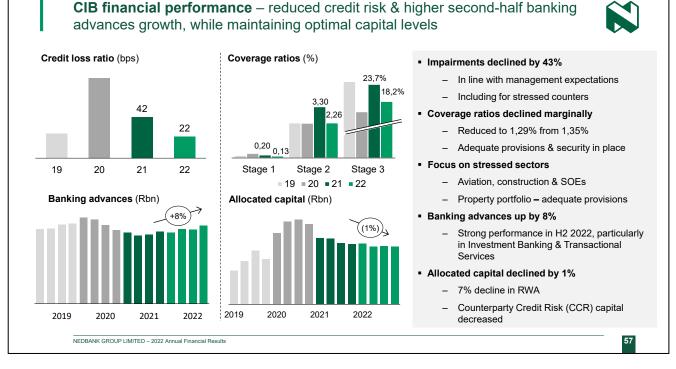
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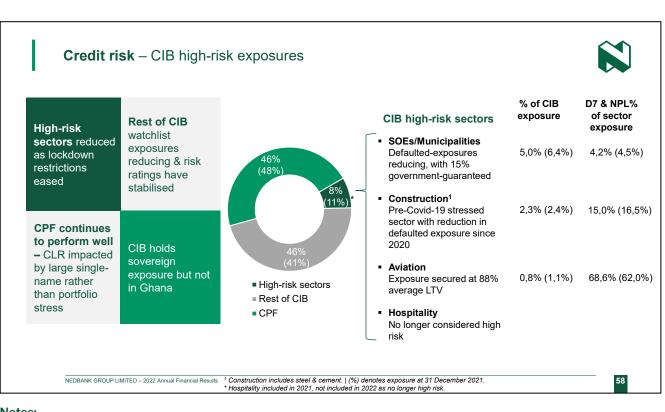
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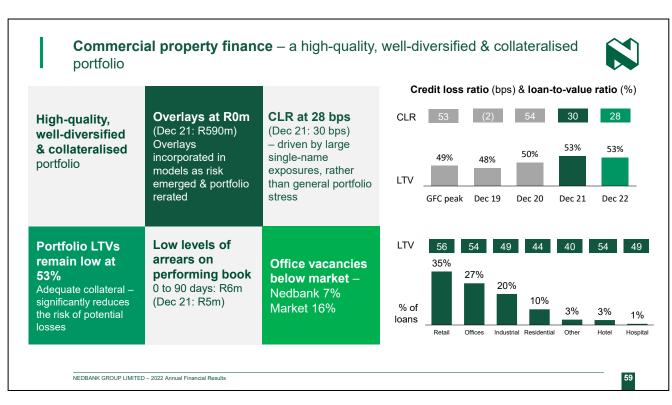


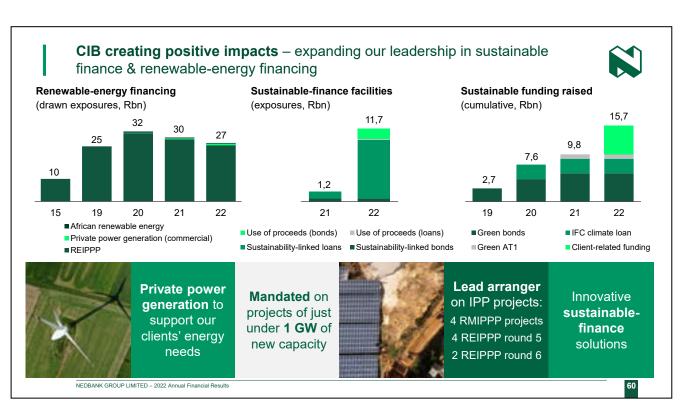


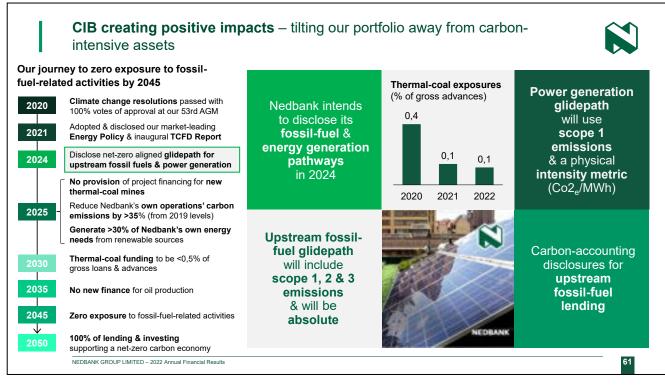


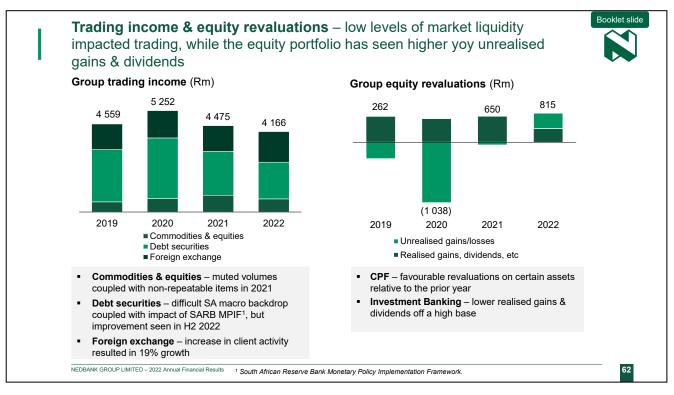


Message from our
Chief Executive









Message from our
Chief Executive

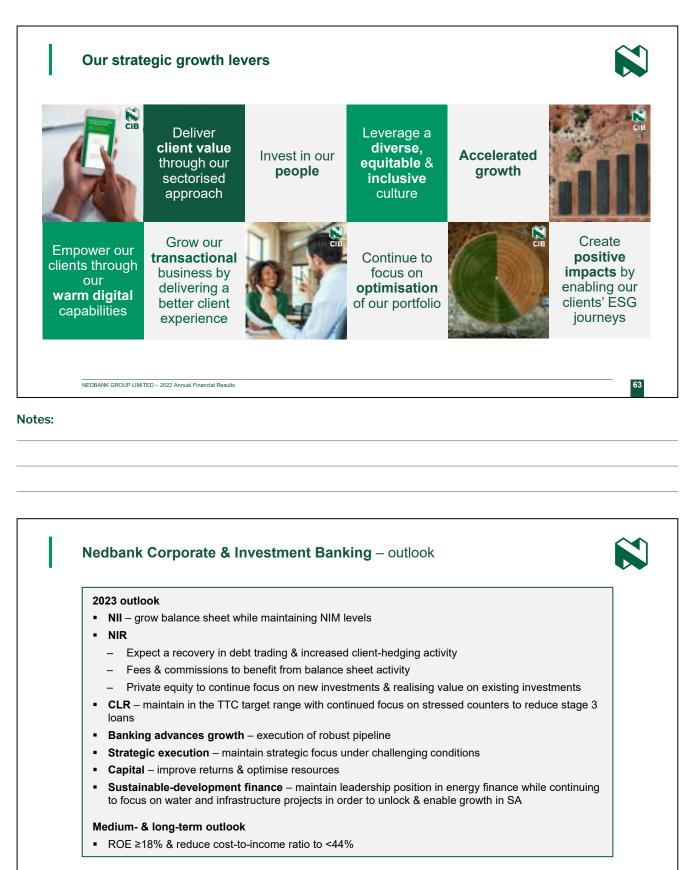
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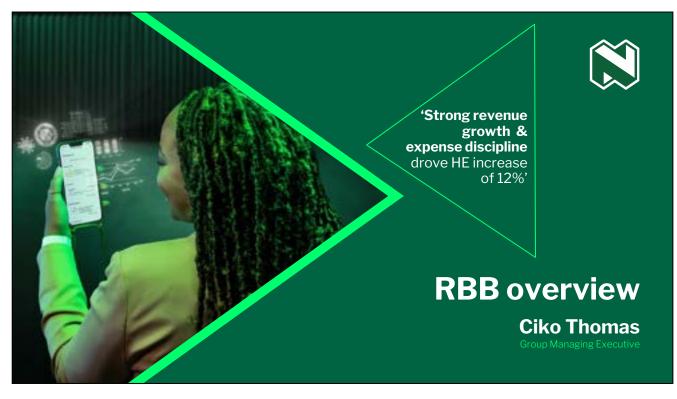
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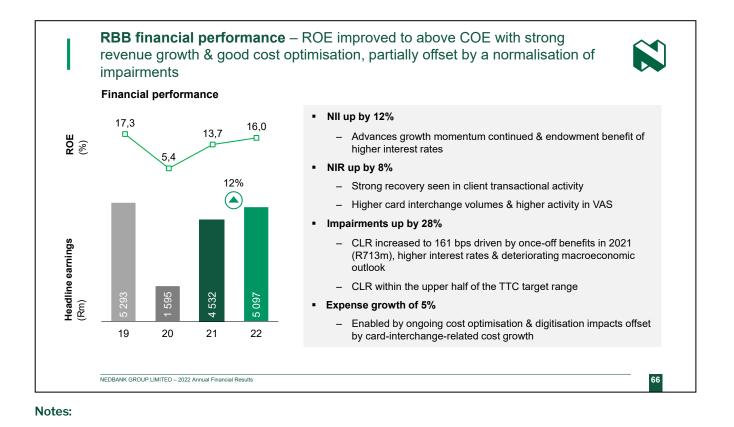
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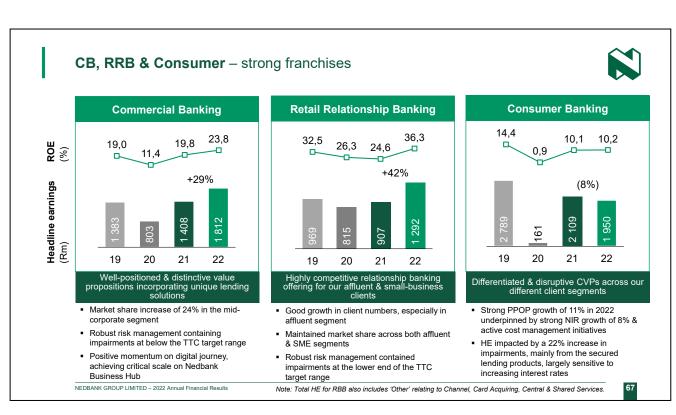




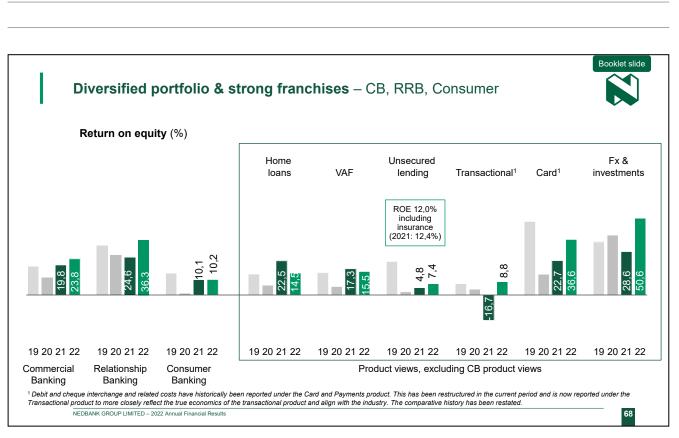
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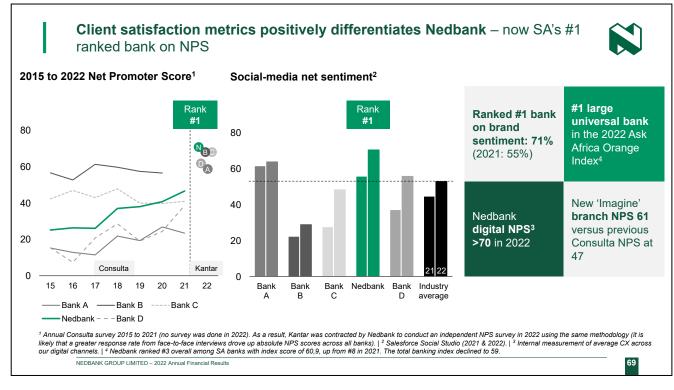
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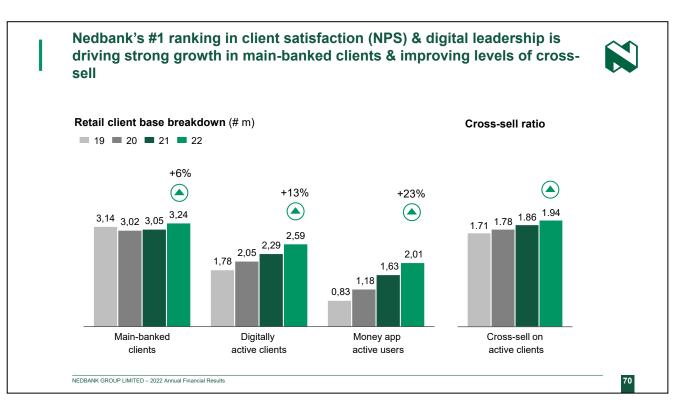
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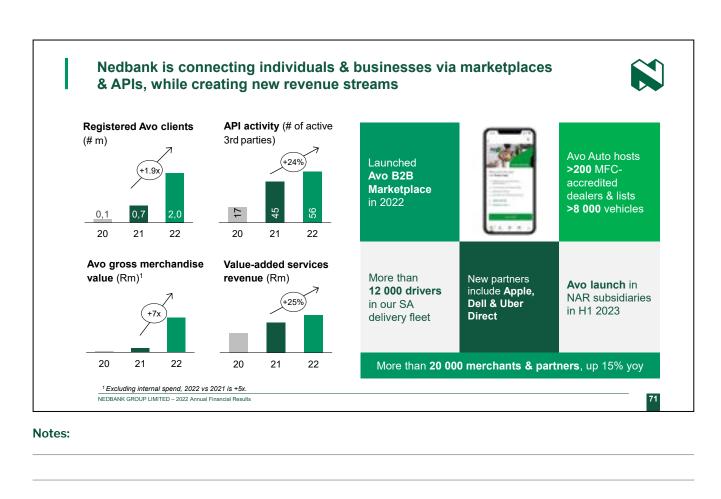


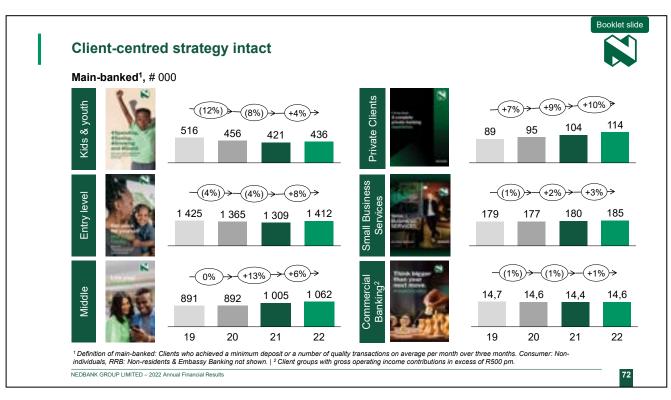


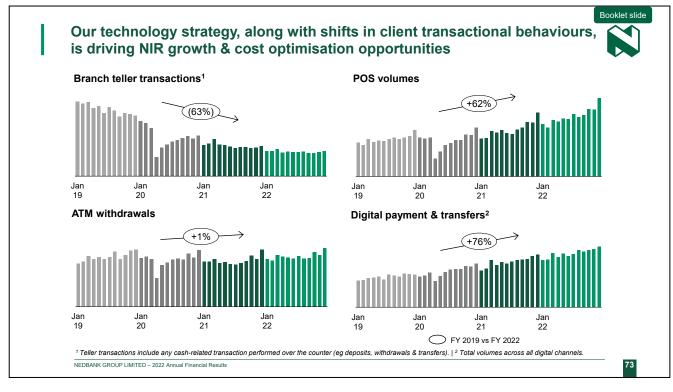


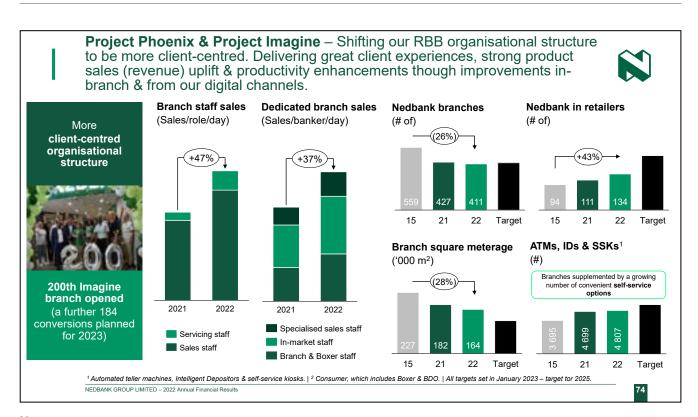


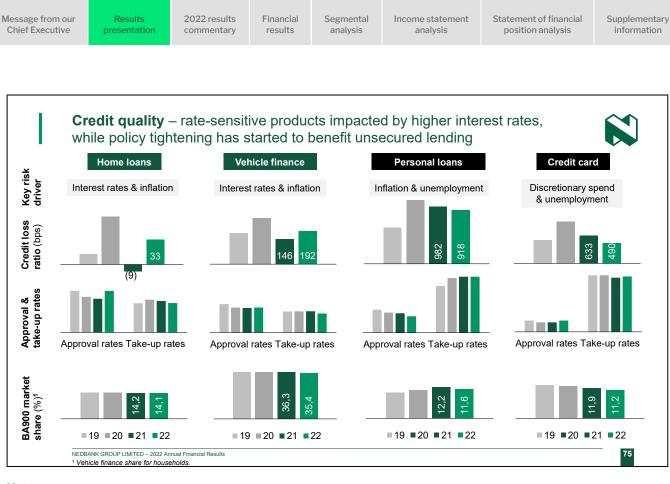
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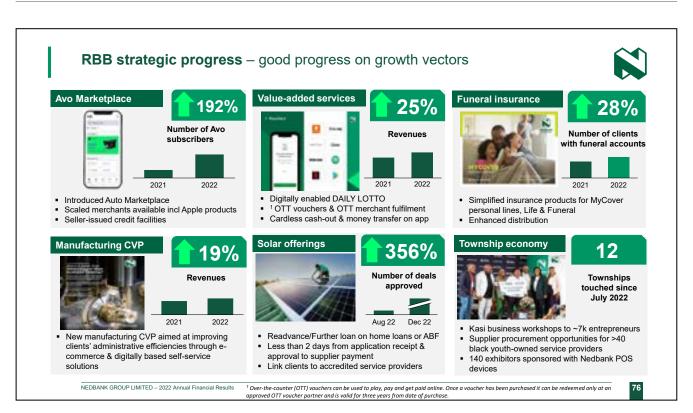


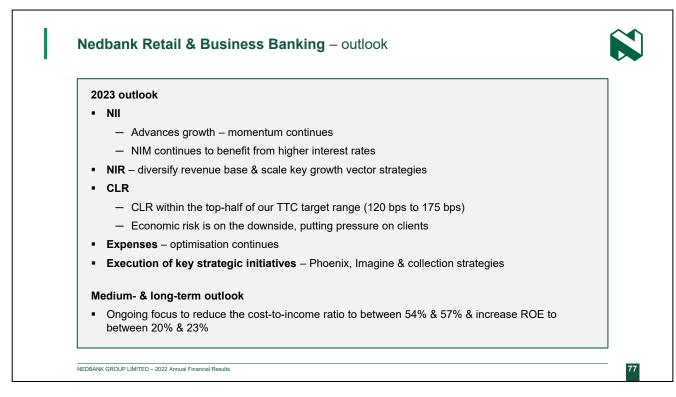












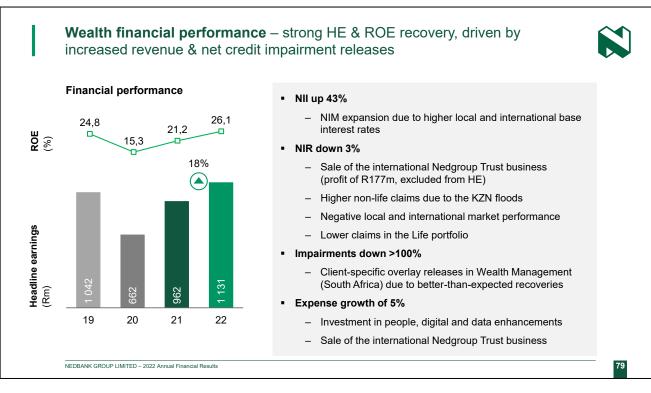


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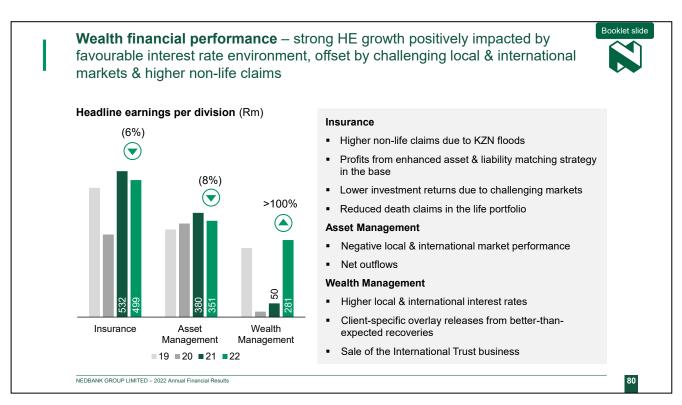
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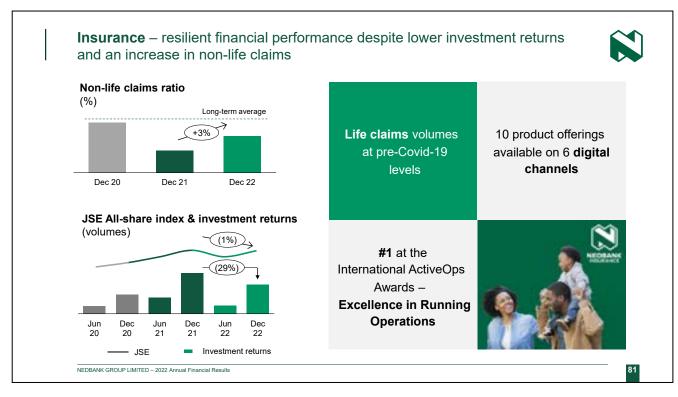
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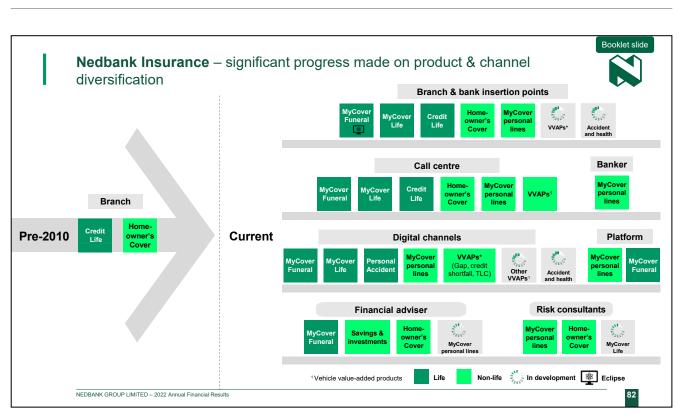
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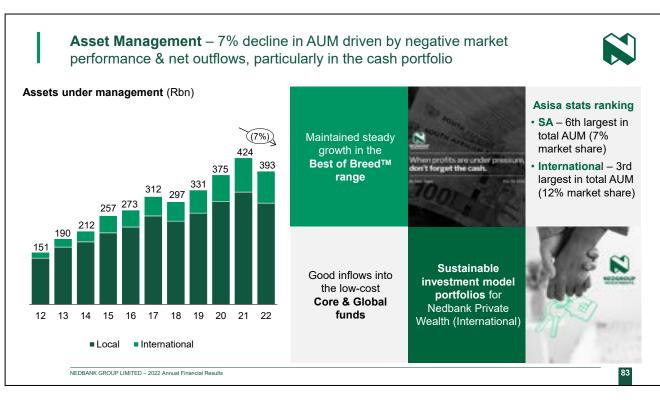
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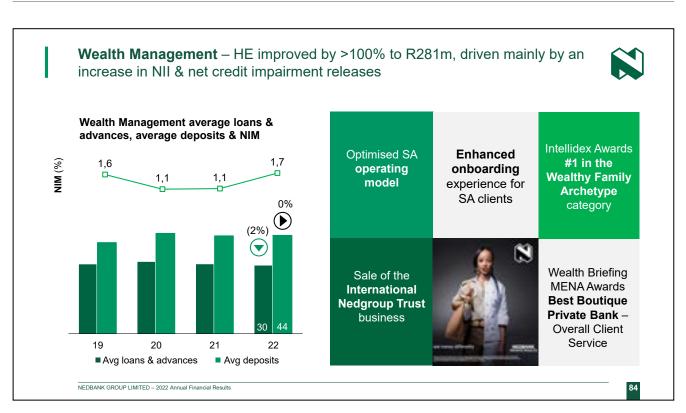
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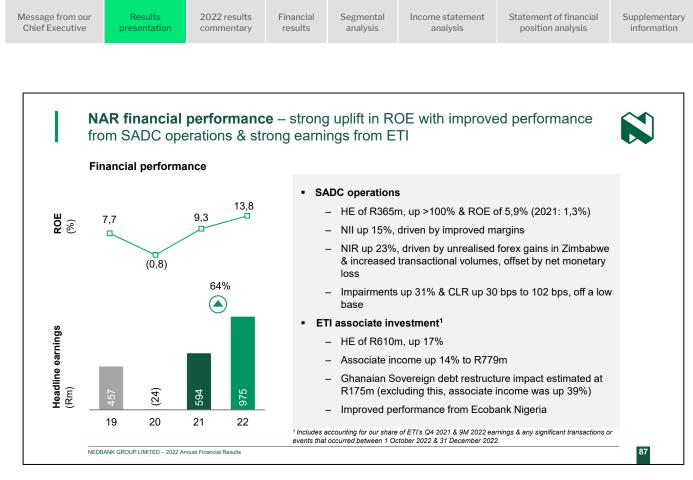


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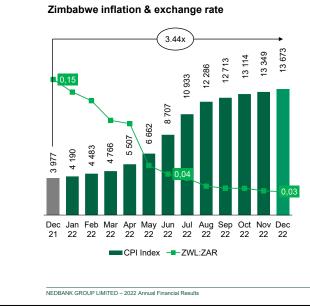
2023 oi	
	- Continued expansion of NIM due to local and international interest rate increases
• NIR	
	Growth in the Nedbank Insurance MyCover portfolio
	Normalised life & non-life claims trends
-	Increased cross-sell opportunities due to greater penetration within the group
-	AUM growth through attracting netflows
CLF	R – Expected to increase post net recoveries in 2022, however still to remain below the TTC target range
Exp	enses
-	Investment in strategic growth initiatives
-	Optimisation continues through automation
IFR	S 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
/lediur	n- & long-term outlook
Mai	ntain strong ROE, ≥10% above the group's cost of equity & reduce cost-to-income ratio to ≤67%





			0.1			
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	Clients (# '000)	20	al growth mo සිද්ද දිරි දු1 +	22 24 24 24 24
Payment APIs implemented in Lesotho & Eswatini as part of our API marketplace journey	Insurance offerings available for clients to take up via digital channels	Turn your cirtus to bank account with MobiMoney	% of digitally active clients Mobile app users (# '000)	68 67,1	21	22 29% 8

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

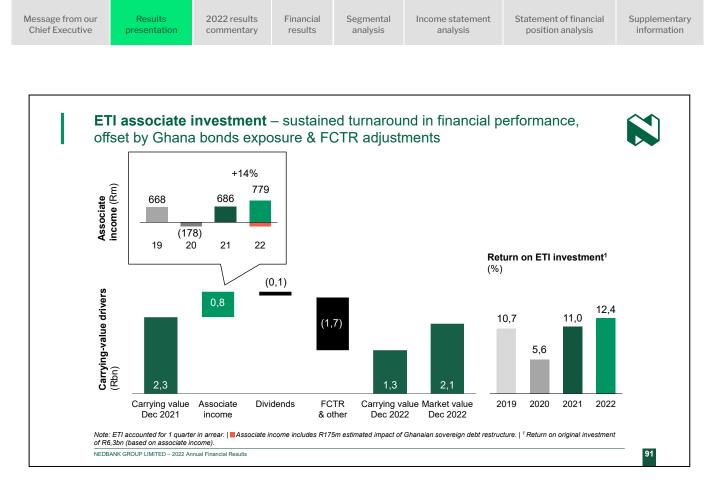


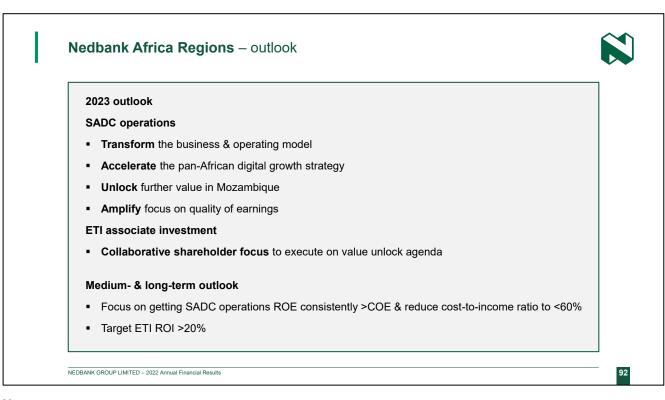
	Non-			
Total	control interests	Ord share- holders	Assets	Equity
(254)	(65)	(189)		189
86	22	64	64	
(251)	(64)	(187)		
(419)	(107)	(311)		
		187		
		(125)		(125)
			64	64
	(254) 86 (251) (419)	interests (254) (65) 86 22 (251) (64) (419) (107)	interests holders (254) (65) (189) 86 22 64 (251) (64) (187) (419) (107) (311) 187	interests holders (254) (65) (189) 86 22 64 64 (251) (64) (187) (1419) (107) (311) 187 187 1125 1125 1125 1125

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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	25 20 15 10 5 0 19 20	ETI share price (NGN	ו) ^{הראו} ערייקערי
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		2022 Euromoney Awards for Excellence Bank	2022 Awards Euromoney Awards for Excellence Africa's Best Bank for SMEs	2022 Euromoney Awards for Excellence Africa's Best Digital Bank



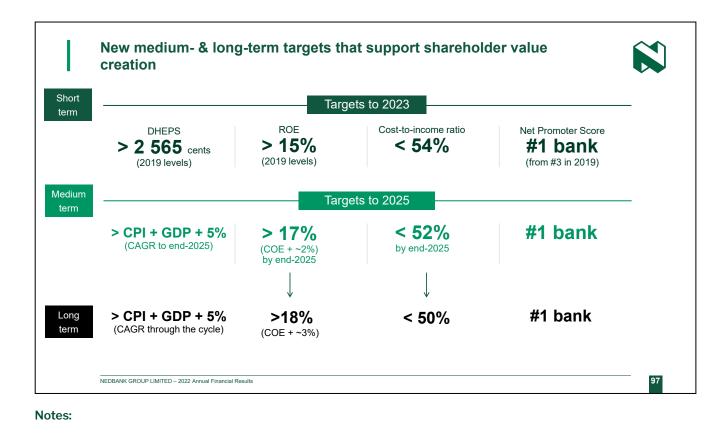


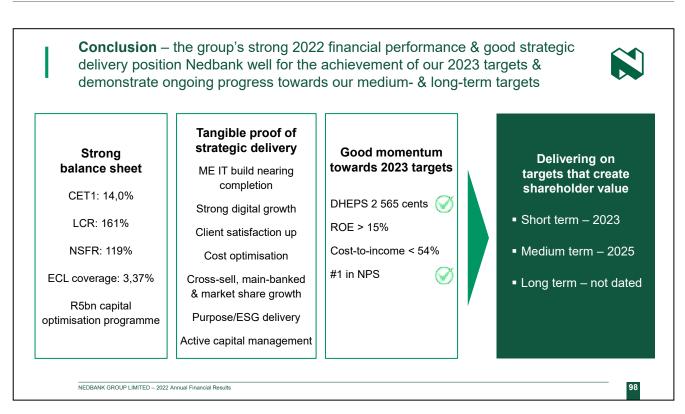


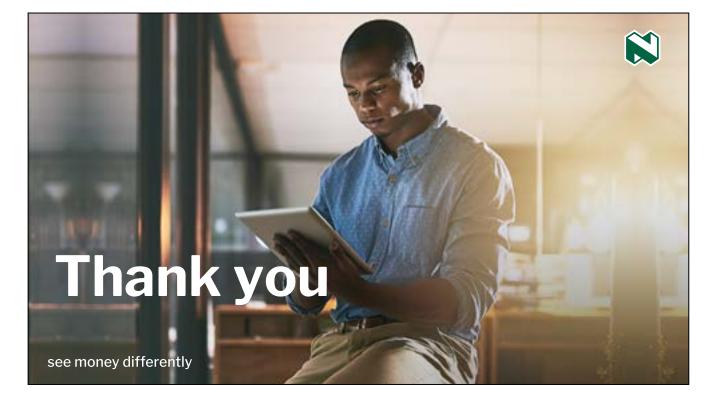
			For	Forecast: February 2022			Forecast: February 2023			
	19	20	21A	22	23	24	22A	23	24	25
SA GDP growth	0,1%	(6,4%)	4,9%	1,7%	1,8%	1,0%	2,3%	0,7%	1,5%	1,6%
Prime interest rate (year-end)	10,0%	7,0%	7,25%	8,5%	9,0%	9,5%	10,5%	11,0%	10,25%	10,25%
Inflation (average CPI)	4,1%	3,3%	4,6%	4,9%	4,2%	4,3%	6,9%	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%

Message from our Chief Executive	Results presentation	2022 results commentary	Financial results	Segmental analysis	Income statement analysis	Statement of financial position analysis	Supplementar information
Ne	dbank Grou	p strategy					Booklet slide
			Οι	ır purpose			
r T	o use our fina	ncial expertise	e to do goo	d for individu	uals, families, bus	sinesses & society	
			Strateg	ic value dri	vers ——		_
	Grow	th	Ρ	roductivity	сарі	Risk & tal management	
			Strategi	ic value unl	ocks ———		_
	Ō			₽	E	Č	
	Delivering market-leading client solutions	Ongoing disru market activi		riving efficient execution (TOM 2.0)	Focusing on areas that create value (SPT 2.0)	Creating positive impacts	
		Enabled by	y our Manag	ed Evolution t	echnology strategy		
							_
		Supports deliv	very of our s	short-, mediun	n- & long-term targ	ets	
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	2022 performance	2023 guidance ¹	Key drivers/risks in 2023	V
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) 	IFI
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) 	_ ch
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 	96







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



2022 results commentary

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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 guarter 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

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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 m² in 2022 (cumulatively by 84 000 m² from 2014 levels) to 164 000 m².
- 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 m² in floor space including 27 000 m² 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, 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, 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.

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	Change	HE (Rm)			DE 6)
	(%)	2022	2021	2022	2021
CIB	14	6 399	5 605	17,7	15,3
RBB	12	5 0 97	4 532	16,0	13,7
Wealth	18	1131	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 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 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%.

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- 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 guarter 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.)

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

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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.

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- · 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 renewableand 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 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.

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- **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 +		
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

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Financial inglinging			0000	
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)	(1735)
Headline earnings per share	cents	20	2886	2 410
Diluted headline earnings per share	cents	19	2806	2 362
Basic earnings per share	cents	27	2 9 3 2	2 317
Diluted basic earnings per share	cents	26	2 851	2 271
Ordinary dividends declared per share	cents		1649	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		1646035	1639246
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

		Change		2021
Rm	Note	%	2022	(restated) ¹
Interest and similar income		25	82104	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 Commission and fees expense			24 196 (5 232)	22 085 (4 331)
Net insurance income			2 369	2005
Fair-value adjustments			187	(833)
Net trading income			4166	4 475
Equity revaluation gains Investment income			815 96	650 263
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 5 3 4
Net income		11	57 076	51 641
Total operating expenses	4	8	36 425	33 639
Indirect taxation	-	7	1152	1073
Impairments charge on non-financial instruments and other gains and losses	5	>(100)	(245)	499
Profit before direct taxation		20	19744	16 430
Total direct taxation	_	7	4 326	4 0 4 3
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)	1029
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			(1)	(21)
Share of OCI of investments accounted for using the equity method Remeasurements on long-term employee benefit assets			(1) (245)	(21) 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

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Rm	Note	Change %	2022	2021 (restated) ¹
Profit attributable to:				
– Ordinary shareholders		27	14 275	11 2 38
– 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 1AS 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	1834	1158
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 4 96	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)	9738	36 0 4 2
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	1137 075	1105 406
Total equity and liabilities		3	1 252 971	1 214 917

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.
 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. As a result, the comparative assets and liabilities have been restated by R3 866m.

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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	
Balance at 1 January 2021	483 892 767	484	18 583	(1995)	1757	
Share movements in terms of long-term incentive and BEE scheme	1708780	2	185			
Additional tier 1 capital instruments issued						
Additional tier 1 capital instruments redeemed						
Preference share capital redeemed						
Preference share dividend paid						
Additional tier 1 capital instruments interest paid						
Dividends paid to shareholders						
Total comprehensive income for the year				499	28	
Profit attributable to ordinary shareholders and non-controlling interest						
Exchange differences on translating foreign operations				956		
Movement in fair-value reserve						
Property revaluations					28	
Remeasurements of long-term employee benefit assets						
Share of OCI of investments accounted for using the equity method				(457)		
Transfer (from)/to reserves					(24)	
Value of employee services (net of deferred tax)						
Transactions with non-controlling interests				(12)	3	
Other movements						
Balance at 31 December 2021	485 601 547	486	18 768	(1 508)	1764	

Total equity	Non- controlling interest attributable to ordinary shareholders	Holders of additional tier 1 capital instruments	Holders of participating preference shares	Holders of preference shares	Total equity attributable to ordinary shareholders	Other distri- butable reserves ³	FVOCI reserve	Other non- distributable reserves ²	Share- based payment reserve
100 444	466	7 822	(58)	3 222	88 992	67 880	961	290	1032
19					19	(36)			(132)
3 497		3 497			-				
(2 000)		(2 000)			-				
(3 1 4 4)				(3 222)	78			78	
(196)			(8)	(188)	-				
(737)		(737)			_				
(2178)					(2178)	(2178)			
13 171	180	737	125	188	11 941	11 606	(192)	-	-
12 387	99	737	125	188	11 238	11 238			
1029	73				956				
73					73		73		
36	8				28				
389					389	389			
(743)					(743)	(21)	(265)		
_					_	451		(95)	(332)
637					637				637
-	(26)				26	35			
(2)					(2)	(2)			
109 511	620	9 319	59	-	99 513	77 756	769	273	1205

Consolidated statement of changes in equity (continued)

for the year ended 31 December

Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve ¹	Property revaluation reserve	
1650168	1	440			
			(1 391)	(97)	
		/			
			11		
				(97)	
		/			
			(1 402)		
				(58)	
			(17)	2	
487 251 715	487	19 208	(2 916)	1 611	
	ordinary shares	ordinary shares share capital 1 650 168 1	ordinary sharesshare capitalshare premium16501681440	Number of ordinary sharesOrdinary share capitalOrdinary share premiumcurrency translation reserve11 650 1681440(1 391)(1 391)11(1 402)(17)	Number of ordinary shares Ordinary share capital Ordinary share premium Currency translation reserve ¹ Property revaluation reserve 1 650 168 1 440 (1 391) (97) 11 (1391) (97) (1 402) (1402) (58) (17) 2

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. Segmental analysis

Total equity	Non- controlling interest attributable to ordinary shareholders	Holders of additional tier 1 capital instruments	Holders of participating preference shares	Holders of preference shares	Total equity attributable to ordinary shareholders	Other distri- butable reserves ³	FVOCI reserve	Other non- distributable reserves²	Share- based payment reserve	
(25)					(25)	(82)			(384)	
1500		1500			-					
(600)		(600)			-					
(114)			(114)		-					
(873)		(873)			-					
(7 826)	(38)				(7 788)	(7 788)				
13 342	136	873	106	-	12 227	14 032	(317)	-	-	
15 418	164	873	106		14 275	14 275				
(2)	(13)				11					
99	(3)				102		102			
(106)	(9)				(97)					
(245)	(3)				(242)	(242)				
(1 822)					(1 822)	(1)	(419)			
-					-	125		3	(70)	
979					979				979	
-	(20)				20	35				
2					2	2				
115 896	698	10 219	51	_	104 928	84 080	452	276	1730	

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)	(1073)
Direct taxation	(4 307)	(4 104)
Net profit after taxation	15 192	12 838
Non-controlling interest	(1143)	(1149)
Headline earnings	14 049	11 689
Daily average interest-earning banking assets	922 197	870 382
Daily average total assets	1 233 772	1195860
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 results Financial commentary results

	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%



Segmental analysis

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Our organisational structure, products and services

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

Cluster

Nedbank Corporate and Investment Banking

A comprehensive suite of wholesale banking solutions for corporates, institutions, governments and parastatals

Nedbank Retail and Business Banking

Individual clients and businesses

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 advisorv 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.
- 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 kiosisk, 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

- 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. platforms-based solutions.

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.

Nedbank Africa Regions

Nedbank

Wealth



Retail, small and medium enterprises, and business and corporate clients across the countries we operate in

I PAL STRATE

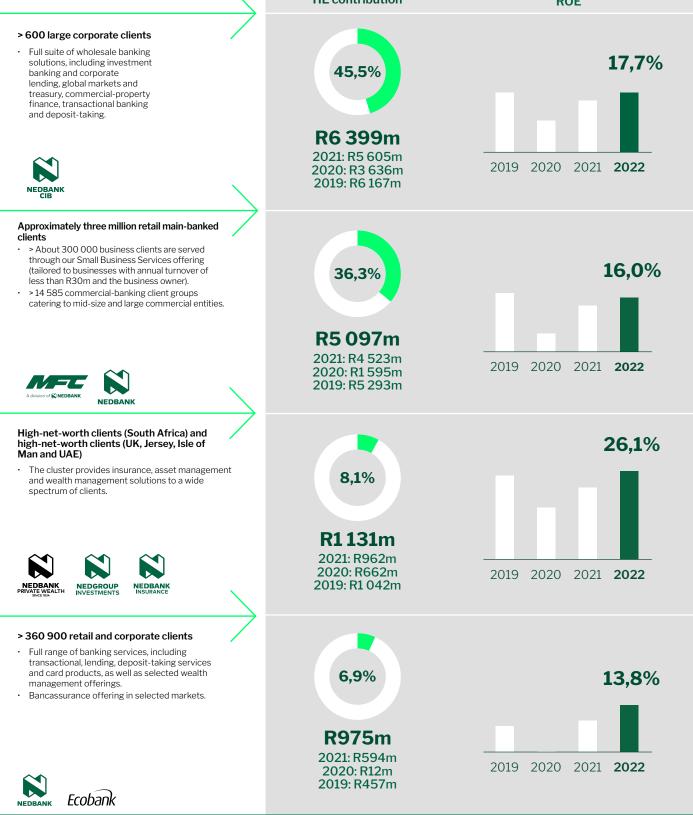
Individual (high-net-worth). business and corporate clients

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.

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.

Message from our Chief Executive	Results presentation	2022 results commentary	Financial results	Segmental analysis	Income statement analysis	Statement of financial position analysis	Supplementary information	
Products a	and service	s	н	Co E contributio	ontribution t ⁿ	o group Roe		
> 600 large corpo	orate clients							
	esale banking							



Operational segmental reporting

for the year ended 31 December

	Nedban	k Group	Corpor Investmer	ate and It Banking	
Rm	2022	2021	2022	2021	
Summary of consolidated statement of financial position (Rm)					
Assets					
Cash and cash equivalents	45 618	44 586	814	2 1 2 2	
Other short-term securities	70 661	60 037	38 245	30 058	
Derivative financial instruments	9 101	39179	9 019	39 151	
Government and other securities	160 495	150 498	79 524	68 887	
Banking loans and advances	835 560	781 304	378 037	348 191	
Trading loans and advances	46 605	50 431	46 605	50 431	
Other assets	84 931	88 882	31 983	33 504	
Intergroup assets	-	-			
Total assets	1 252 971	1 214 917	584 227	572 344	
Equity and liabilities					
Total equity ¹	115 896	109 511	36 249	36 536	
Total equity attributable to ordinary shareholders	104 928	99 513	36 249	36 536	
Non-controlling interest attributable to ordinary shareholders	698	620			
Holders of preference shares	-	-			
Holders of participating preference shares	51	59			
Holders of additional tier 1 capital instruments	10 219	9 319			
Derivative financial instruments	9738	36 042	9708	35 998	
Banking amounts owed to depositors	983 582	882141	385 846	351 863	
Trading amounts owed to depositors	56 040	85 788	56 040	85788	
Provisions and other liabilities	35 812	43 276	2803	7 305	
Long-term debt instruments	51 903	58 159	-	316	
Intergroup liabilities	-	-	93 581	54 538	
Total equity and liabilities	1 252 971	1 214 917	584 227	572 344	

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.

Reta Business	il and Banking	Wea	alth	Nedl Africa F		Cen	tre
2022	2021	2022	2021	2022	2021	2022	2021
5 6 2 9	5 137	1723	2 526	7 048	8 075	30 404	26 726
		28 511	25 477	4 7 8 7	5 0 5 0	(882)	(548)
		39	9	23	1	20	18
		255	268	2 0 9 5	1773	78 621	79 570
408 430	380 985	29 025	30 273	21 714	21 2 4 3	(1646)	612
9 281	7 992	21 081	22 433	3 4 4 2	4 285	19144	20 668
17 669	17 040	21001	22 433	3748	2 420	(21 417)	(19 460)
441 009	411 154	80 634	80 986	42 857	42 847	104 244	107 586
31 843	33 060	4 3 3 6	4 528	7 057	6 385	36 411	29 002
31 843	33 060	4 336	4 528	7 057	6 385	25 443	19 004
						698	620
						-	
						51	59
						10 219	9 319
-		16	34	14	10		
402 114	371106	46 191	43 840	34 327	35 054	115 104	80 278
5 811	5 447	19864	23 678	1 0 3 1	971	6 303	5 875
1241	1541	-		428	427	50 234	55 875
-		10 227	8 906	-		(103 808)	(63 444)
441 009	411 154	80 634	80 986	42 857	42 847	104 244	107 586

Operational segmental reporting (continued)

for the period ended

for the period ended						
	Advances to group	5	48, R42 2021: R 2020: R 2019: R			
	Nedban	k Group		Corporate and Investment Banking		
Rm	2022	2021	2022	2021		
Summary of consolidated statement of comprehensive income (Rm)						
NII	36 277	32 500	8 755	7 966		
NIR	27 301	24 889	8 241	7 881		
Share of gains of associate companies ¹	879	799	100	100		
Total income	64 457	58 188	17 096	15 947		
Impairments charge on financial instruments	7 381	6 534	805	1 418		
Net income	57 076	51654	16 291	14 529		
Total operating expenses	36 425	33 639	7 628	7 011		
Indirect taxation	1152	1073	215	202		
Profit before direct taxation	19 499	16 942	8 4 4 8	7 316		
Direct taxation	4 307	4104	2049	1 711		
Profit after taxation	15 192	12 838	6 399	5605		
Profit attributable to:						
 Non-controlling interest – ordinary shareholders 	164	99				
- Holders of preference shares	106	313				
- Holders of additional tier 1 capital instruments	873	737				
Headline earnings/(losses)	14 049	11 689	6 399	5605		
Selected ratios						
Average interest-earning banking assets (Rm)	922 197	870 382	361 987	339 442		
Average risk-weighted assets (Rbn)	645 498	655 675	289 929	312 716		
ROA (%)	1,14	0,98	1,10	0,98		
RORWA (%)	2,18	1,78	2,21	1,79		
ROE (%)	14,0	12,5	17,7	15,3		
Interest margin (%) ²	3,93	3,73	2,42	2,35		
NIR to total income (%)	42,9	43,4	48,5	49,7		
NIR to total operating expenses (%)	75,0	74,0	108,0	112,4		
CLR – banking advances (%)	0,89	0,83	0,22	0,42		
Cost-to-income ratio (%)	56,5	57,8	44,6	44,0		
Effective taxation rate (%)	22,1	24,2	24,3	23,4		
Contribution to group economic profit/(loss) (Rm)	(226)	(1735)	989	125		
Number of employees (permanent staff)	25 924	26 861	2 347	2 360		

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.

R40 2021: F 2020: F	3% 8bn R381bn R356bn R349bn	3,3 R29 2021: F 2020: 2019:	9bn R30bn R31bn	R2: 2021: 2020:	5% 2 bn R21bn R23bn R22bn			
 Reta	il and Banking	Wea		Nedl Africa F	bank	Centre		
 2022	2021	2022	2021	2022	2021	2022	2021	
23 203 13 849 -	20 745 12 783	1236 3692 -	866 3 788	1718 1589 779	1 448 1 293 699	1365 (70) -	1 475 (856)	
37 052 6 613	33 528 5 172	4 928 (63)	4 654 28	4 086 220	3 440 168	1 295 (194)	619 (252)	
30 439 22 615 587	28 356 21 442 529	4 991 3 449 109	4 626 3 280 99	3 866 2 751 75	3 272 2 535 72	1 489 (18) 166	871 (629) 171	
7 237 2 034	6 385 1 728	1 433 302	1 247 285	1040 (95)	665 (26)	1 341 17	1 329 406	
5 203	4 657	1131	962	1135	691	1 324	923	
106	125			160	97	4 - 873	2 188 737	
5 097	4 532	1131	962	975	594	447	(4)	
405 760 240 061 1,20	382 661 228 299 1,13	59 017 32 013 1,41	59 958 28 461 1,18	34 759 46 039 2,31	34 513 46 520 1,41	60 674 37 457	53 808 39 678	
2,12 16,0 5,72	1,99 13,7 5,42	3,53 26,1 2,09	3,38 21,2 1,44	2,12 13,8 4,94	1,28 9,3 4,20			
37,4 61,2 1,61 61,0	38,1 59,6 1,34 64,0	74,9 107,0 (0,20) 70,0	81,4 115,5 0,09 70,5	48,0 57,8 1,02 67,3	47,2 51,0 0,72 73,7			
28,1 345 15 671	27,1 (428) 16 304	21,1 484 1826	22,9 284 1 976	(9,1) (79) 2 191	(3,9) (365) 2 309	(1 965) 3 889	(1 351) 3 912	

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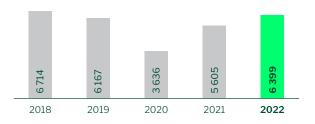
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Nedbank Corporate and Investment Banking

Headline earnings

(Rm)



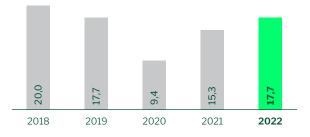
Financial performance

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

Return on equity



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

Financial highlights

		Corpora Investmen		Property	Finance	Corpora Investmen excluding Fina	t Banking, Property
	Change %	2022	2021	2022	2021	2022	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 0 6 3	5284
Impairments charge (Rm)	(43)	805	1 418	462	495	343	923
NIR (Rm)	5	8 241	7 881	1060	550	7 181	7 331
Gross operating income (Rm)	7	17 096	15 947	3 753	3 2 3 2	13 343	12 715
Operating expenses (Rm)	9	7 628	7 011	1356	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

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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.

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		Investmer	Investment Banking		kets	Working capital and Transactional Services		
	2022	2021	2022	2021	2022	2021	2022	2021	
Gross operating income (Rm)	3 753	3 2 3 2	4 472	4 270	5 035	5 299	3 836	3146	
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 2022 results Financial commentary results

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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

- 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.

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 (CO₂e/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.

· Impact of unfavourable conditions on debt and interest rate markets and as a result trading income.

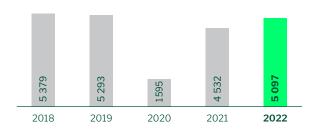
· Increase in stage 3 loans and advances.

Unfavourable

Nedbank Retail and Business Banking

Headline earnings

(Rm)



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.

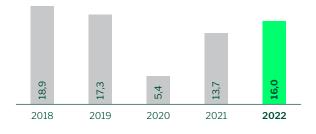
The main driver of the HE growth was an 11% increase in revenue, with expense growth being curtailed at 5%. This was offset by a 28% increase in the impairments charge off the back of once-off releases in the prior year and a deteriorating macro environment in 2022. The growth in revenue was driven largely 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.

Return on equity

(%)



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.

Message from our Chief Executive 2022 results Financial commentary results

Segmental analysis Income statement analysis

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

	Busines		Total Retail and Business Banking Banking			Consumer Banking		Relationship Banking		Other ¹	
	Change %	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Headline	10		4 500	4.040	1 400	1050	0.400	1	0.07	10	100
earnings (Rm)	12	5 0 9 7	4 532	1812	1408	1950	2109	1292	907	43	108
NII (Rm)	12	23 203	20745	4735	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	1917	1844	7 941	7 353	1686	1568	2 305	2 018
Operating expenses (Rm)	5	22 615	21 4 42	3 984	3864	13 772	13 287	2 994	2 728	1865	1563
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 4 3 3	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	1240	927
Total deposits (Rm)³	8	402114	371106	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	1603	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 m². 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. 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 m², 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

	Home	loans	V	٩F	Unse lend		Transad	ctional ³		l and ents ³	Fore>	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
NII (Rm)	3 2 5 9	2 979	5 526	5 121	4163	3 998	2 488	1803	1 419	1506	1546	1475
Consumer banking and other	2 347	2 215	5 350	4 977	3 911	3862	1 011	749	1 419	1506	988	988
Relationship banking	912	764	176	144	252	136	1 477	1054			558	487
Impairments charge on financial instruments (Rm)	507	(129)	2408	1727	2 719	2 619	71	64	811	1059]
Consumer banking and other	427	(138)	2 379	1702	2 581	2 502	71	64	811	1059		
Relationship banking	80	9	29	25	138	117						
NIR (Rm)	283	275	701	708	891	726	6 151	5680	3 6 3 4	3 216	249	230
Consumer banking and other	215	212	686	694	819	676	4766	4 358	3 606	3 191	132	136
Relationship banking	68	63	15	14	72	50	1385	1322	28	25	117	94
Operating expenses (Rm)	1772	1683	1787	1662	1977	1843	8 286	8 064	3 001	2 626	1579	1500
Consumer banking and other	1198	1137	1673	1557	1785	1727	6 588	6 502	2984	2 609	1179	1 117
Relationship banking	574	546	114	105	192	116	1698	1562	17	17	400	383
Headline earnings (Rm)	890	1 215	1342	1 612	279	185	185	(481)	859	723	150	142
Consumer banking and other	655	1 019	1308	1592	283	218	(653)	(1067)	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). Message from our Chief Executive 2022 results Financial commentary results

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 antimoney-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% MFC remains a dominant player in the vehicle finance market. increase since December 2021. Digital personal-loan disbursals 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

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.

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

pricing from 3,8% in Q3 2021 to 6,8% in Q3 2022 and the

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). 	 Impairments impacted by macro deterioration and higher interest rates starting to take effect on collections and the CLR in secured products.
 Repositioning of CVPs for Consumer Banking, Private Clients and Commercial Banking, including agriculture and manufacturing. 	 Aggressive competitor pricing impacting household deposit market share negatively. Further recovery in ROE and improvement in the
• Accelerated digital uptake (including for Avo), and continued usage, with several awards received.	cost-to-income ratio still being required.
 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	

Message from our Chief Executive

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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	1951	1832
Percentage of used vehicles financed	%	67	70
Personal Loans			
Number of applications received	thousands	1534	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	3245	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	1108	1079
Investment products	thousands	1449	1428
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	1278
Digitally active retail clients	thousands	2 593	2 289
Money app clients	thousands	2 006	1631
POS devices	thousands	106	105

 $^{\scriptscriptstyle 1}$ $\,$ 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.

	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	3848	3 2 9 4	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	1930	2 272	6835	5243	8 765	7 515
VAF	132 511	125 250	105 464	101 647	19736	16 839	3 2 5 2	2 996	4 0 5 9	3768	7 311	6764
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	1198	1087	117	137	2167	2102	2284	2 2 3 9
Other loans	3 931	3 273	2 982	2662	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			4745	4 296	4745	4 296
Total RBB	429 564	400 301	346 248	327 860	53 332	45 735	6 293	6128	23 691	20 578	29 984	26706

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	2742	2 404	284	240	632	487	231	207	1595	1470	1826	1677
VAF	6 775	6 0 4 3	1 307	1346	2 2 4 0	1808	616	518	2 612	2 371	3 228	2889
Personal loans	6 6 9 8	6 071	914	1086	1003	878	582	416	4 199	3 691	4 781	4 107
Card	2 6 2 8	2696	670	594	377	600	20	28	1 561	1474	1 5 8 1	1502
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	1450	1172	10 407	9 306	11 857	10 478
Commercial Banking	1641	1683	170	234	179	328	-		1 2 9 2	1 1 2 1	1 292	1121
Total RBB	21134	19 316	3 4 3 4	3 552	4 551	4165	1450	1172	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	1727	(82)	307	453	274	2 566	1745	22	14	(551)	(613)
Personal loans	2 530	2 536	(172)	389	140	59	3 728	3173	(858)	(792)	(308)	(293)
Card	811	1059	78	36	(223)	(166)	1398	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	5172	(158)	657	418	(228)	8784	7 056	(980)	(922)	(1 451)	(1 391)

 $^{\rm 1}$ $\,$ The income statement charge includes the charge associated with unutilised balances.

Nedbank Wealth

Headline earnings

(Rm)

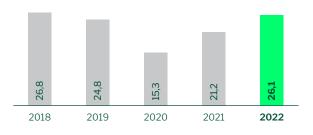


Financial highlights for the year ended 31 December

	Change %	2022	2021
Headline earnings (Rm)	18	1131	962
NII (Rm)	43	1236	866
Impairments charge (Rm)	>(100)	(63)	28
NIR (Rm)	(3)	3 692	3 788
Operating expenses (Rm)	5	3 4 4 9	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

Return on equity

(%)



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





Assets under management

Rm			2022	2021
Fair value of funds under management – by type				
Unit trusts			341 045	359 404
Third party			1008	1105
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	1105	63 820	424 329
Inflowe	690 545	12	6 6 0 8	607165

Closing balance – 31 December 2022	341045	1008	51 011	393 064
Foreign currency translation differences	4 669	(67)	(420)	4 182
Mark-to-market value adjustment	(20 594)	(10)	(4 210)	(24 814)
Outflows	(692 979)	(32)	(14 787)	(707 798)
Inflows	690 545	12	6 608	697 165

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	697165
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

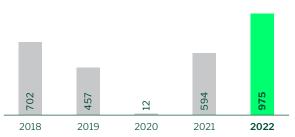
Higher non-life claims ratio driven by KwaZulu-Natal floods. Challenging local and international markets impacting investor sentiment.
Decline in loans and advances.
Competitive local and international lending environment. Net AUM outflows.
i I

- Awards recognising Nedbank Private Wealth (South Africa and International).
- $\cdot \;$ Sale of the International Trust business to Suntera Global.
- Approved as signatory to the UN Principles for Responsible Investment (UN PRI).

Nedbank Africa Regions

Headline earnings





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.

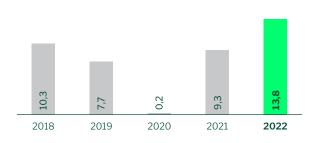
NIR increased by 23% to R1 589m, driven by higher forex gains in Zimbabwe and an overall uplift in transaction volumes across the regions. Our NIR levels have now surpassed our 2019 pre-Covid-19 levels by 30%.

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

Return on equity



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.

Message from our Chief Executive 2022 results Financial commentary results

Financial highlights

		Nedbank Africa Regions		SA	DC	ETI	
	Change %	2022	2021	2022	2021	2022	2021
Headline earnings (Rm)	64	975	594	365	71	610	523
NII (Rm)	19	1 718	1448	1952	1693	(234)	(245)
Impairments charge (Rm)	31	220	168	220	168		
NIR (Rm)	23	1589	1293	1589	1293		
Operating expenses (Rm)	9	2 751	2 535	2 7 5 1	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	1286	2 272
Average total assets (Rm)	1	39 542	39 235	37 382	37 070	2160	2165
Total advances (Rm)	2	21 714	21 2 4 3	21 714	21 2 4 3		
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)	33768	34 413	33768	34 413		
Average allocated capital (Rm)	11	7 057	6 385	6153	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 selfservice 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.

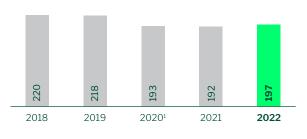
Mozambique remains a key focus market and good progress has been made in leveraging the group's capabilities through collaboration efforts with business clusters such as Corporate and Investment Banking, as we increase our focus on multinational corporates operating in that market. We will continue to 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.

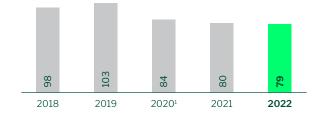
With regard to ETI, our focus remains to increase the value of our investment and improve our return on the original cost of investment to above 20% (2022: 12,4%). We are working through our representation on the ETI board to ensure an appropriate focus on capital, liquidity and growth to unlock value, 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.

ATMs



¹ Malawi disposed of in H12020 (22).

Branches



¹ Malawi disposed of in H12020 (11).

2022 results Financial commentary results

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 Mozambigue. 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

- · 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.

Unfavourable

- 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.

Message from our Chief Executive	Results presentation	2022 results commentary	Financial results	Segmental analysis	Income statement analysis	Statement of financial position analysis	Supplementary information
Notes							

Geographical segmental reporting

for the year ended 31 December

	Nedbank Group				
Rm	2022	2021			
Summary of consolidated statement of financial position					
Assets					
Cash and cash equivalents	45 618	44 586			
Other short-term securities	70 661	60 037			
Derivative financial instruments	9 101	39 179			
Government and other securities	160 495	150 498			
Loans and advances	882165	831735			
Other assets	84 931	88 882			
Intergroup assets	-	-			
Total assets	1 252 971	1 214 917			
Equity and liabilities					
Total equity	115 896	109 511			
Derivative financial instruments	9 738	36 042			
Amounts owed to depositors	1 039 622	967 929			
Provisions and other liabilities	35 812	43 276			
Long-term debt instruments	51 903	58 159			
Intergroup liabilities	-	-			
Total equity and liabilities	1 252 971	1 214 917			
Summary of consolidated statement of comprehensive income					
NII	36 277	32 500			
NIR	27 301	24 889			
Share of income of associate companies	879	799			
Total income	64 457	58188			
Impairments charge on financial instruments	7 381	6 5 3 4			
Net income	57 076	51654			
Total operating expenses	36 425	33 639			
Indirect taxation	1152	1073			
Profit before direct taxation	19 499	16 942			
Direct taxation	4 307	4 104			
Profit after taxation	15 192	12 838			
Profit attributable to non-controlling interest	1143	1149			
Headline earnings	14 049	11 689			

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).

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Nedbank Group Annual Results 2022

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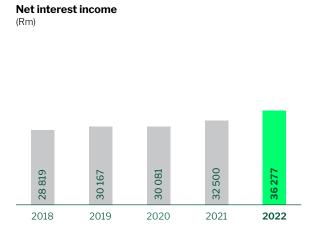
South Africa ¹		Nedbank Afr	ica Regions ²	Rest of the world		
2022	2021	2022	2021	2022	2021	
37 261	34 563	7 048	8 075	1 309	1948	
43 043	34 459	4 787	5 050	22 831	20 528	
8 989	39 099	23	1	89	79	
158 400	148 722	2 0 9 5	1773	-	3	
811 010	767 051	21 714	21 243	49 441	43 441	
75 641	78 580	3 4 4 2	4 285	5848	6 017	
(3 748)	(2 420)	3748	2 420			
1130 596	1100 054	42 857	42 847	79 518	72 016	
94 303	89 896	7 057	6 385	14 536	13 230	
9 677	35 956	14	10	47	76	
940 691	874 893	34 327	35 054	64 604	57 982	
33 910	41 070	1 0 3 1	971	871	1235	
51 475	57 732	428	427			
540	507			(540)	(507)	
1130 596	1100 054	42 857	42 847	79 518	72 016	
33 488	30 296	1 718	1448	1071	756	
24 506	22 289	1 589	1293	1206	1307	
100	100	779	699			
58 094	52 685	4 0 8 6	3 440	2 277	2 063	
7 120	5 810	220	168	41	556	
50 974	46 875	3 866	3 272	2 2 3 6	1507	
32 639	30 146	2 7 5 1	2 535	1035	958	
1058	979	75	72	19	22	
17 277	15 750	1040	665	1182	527	
 4 261	4 100	(95)	(26)	141	30	
13 016	11 650	1135	691	1041	497	
983	1052	160	97			



Income statement analysis

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- Non-interest revenue and income **128**
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1 Net margin analysis



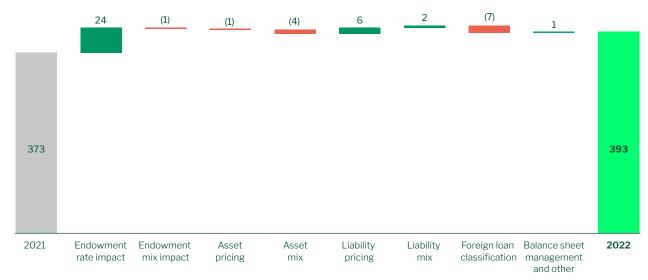
Interest margin trends versus prime rate (%)



	202	2	2021		
Nedbank Group	Bps	Rm	Bps	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		1935		(856)	
Endowment	23	2128	(1)	(111)	
Endowment rate impact	24	2 2 2 2 0	(14)	(1 2 9 3)	
Endowment mix impact	(1)	(92)	13	1182	
Asset margin pricing and mix	(5)	(496)	20	1744	
Impact due to pricing	(1)	(120)	8	683	
Impact due to mix change	(4)	(376)	12	1061	
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	1138	
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 staten	nent interest		
Rm	Assets	Received	%	Assets	Received	%	
Average prime rate			8,60			7,03	
Assets							
Listed corporate bonds	23 412	1634	6,98	22 236	1287	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	2138	12,52	
Overdrafts	23 467	2156	9,19	21 316	1576	7,39	
Term loans and other ¹	217 559	17 042	7,83	195 198	11 357	5,82	
Personal loans	29 929	5684	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 4 8 1	3,64	39 159	1020	2,60	
Interest-earning banking assets	922 197	82104	8,90	870 382	65 772	7,56	
Other ²	205 191			188 668			
Total assets	1127 388	82104	7,28	1059050	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	1045	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 0 4 7	4,62	104 440	5 465	5,23
Long-term debt instruments	53738	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	(2174)			5 285		
Ordinary and minority shareholders' equity	107 795			103 619		
Other ³	39868			41 681		
Total shareholders' equity and liabilities	1127 388	45 827	4,06	1059050	33 272	3,14
Interest margin on average interest-earning banking assets	922 197	36 277	3,93	870 382	32 500	3,73

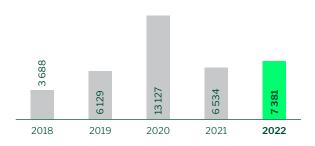
¹ Includes term loans, preference shares, factoring debtors, foreign lending, loans to banks and other lending-related instruments.

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 (%)



Nedbank Group income statement impairment charge and credit loss ratio

	Stage 1	Stage 2	Stage 3	
2022	Rm	Rm	Rm	
Corporate and Investment Banking (CIB)	(67)	(1 0 9 3)	2 241	
CIB, excluding Property Finance	(3)	(251)	873	
Property Finance	(64)	(842)	1368	
Retail and Business Banking (RBB)	(161)	433	6 351	
Commercial Banking	(63)	(149)	324	
Retail	(98)	582	6 0 2 7	
Wealth	(1)	(9)	(53)	
Nedbank Africa Regions	60	(3)	164	
Centre		(197)		
Nedbank Group	(169)	(869)	8 703	

Message from our Chief Executive	Results presentation	2022 results commentary	Financial results	Segmental analysis	Income statement analysis	Statement of financial position analysis	Supplementary information
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Favourable

- 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.

Unfavourable

- 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.

Non-LAA and FVOCI	Off- balance-sheet	Impairment charge, net of recoveries	Mix of average banking advances	CLR	Target CLR range
Rm	Rm	Rm	%	%	%
(224)	(52)	805	43,9	0,22	0,15-0,45
(224)	(52)	343	23,7	0,17	0,20-0,50
		462	20,2	0,28	0,15-0,35
-	(10)	6 613	49,7	1,61	1,20–1,75
	(14)	98	10,4	0,11	0,50-0,70
	4	6 515	39,3	2,00	1,60-2,40
		(63)	3,7	(0,20)	0,20-0,40
(11)	10	220	2,7	1,02	0,85–1,20
3		(194)			
(232)	(52)	7 381	100,0	0,89	0,60–1,00

	Stage 1	Stage 2	Stage 3	
2021	Rm	Rm	Rm	
Corporate and Investment Banking (CIB)	(291)	453	1178	
CIB, excluding Property Finance	(129)	150	824	
Property Finance	(162)	303	354	
Retail and Business Banking (RBB)	669	(207)	4 763	
Commercial Banking	(75)	(187)	141	
Retail	744	(20)	4 622	
Wealth	(18)	(3)	49	
Nedbank Africa Regions	16	(7)	170	
Centre		(249)		
Nedbank Group	376	(13)	6 160	

Nedbank Group impairment drivers (Rm)



Message from our Chief Executive	Results presentation	2022 results commentary	Financial results	Segmental analysis	Income statement analysis	Statement of financial position analysis	Supplementary information

Non-LAA and FVOCI	Off- balance-sheet	Impairment charge, net of recoveries	Mix of average banking advances	CLR	Target CLR range
Rm	Rm	Rm	%	%	%
290	(212)	1 418	43,6	0,42	0,15-0,45
290	(212)	923	22,3	0,53	0,20-0,50
		495	21,3	0,30	0,15-0,35
-	(53)	5 172	49,1	1,34	1,30-1,80
	(46)	(167)	10,1	(0,21)	0,50-0,70
	(7)	5 339	39,0	1,75	1,60–2,40
		28	4,0	0,09	0,20-0,40
(2)	(9)	168	3,0	0,72	0,85–1,20
(3)		(252)	0,3		
285	(274)	6 534	100,0	0,83	0,60–1,00

Nedbank Group credit loss ratio per cluster (%)

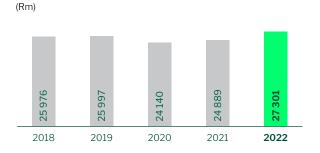


Impairments charge of financial instruments

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	1105	500
Stage 1 ECL allowance	4 573	681	3600	44	248	
Stage 2 ECL allowance	6 543	1692	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)	(1093)	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 1 3 1)	(4 804)	(23)	(109)	(2)
Recoveries	1587	79	1 451		57	
Interest in suspense	1195	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 7 3 3	13 164	299	881	1
Split by measurement category	27 893	4788	21 215	370	1 216	304
Loans and advances	27 209	4 213	21134	370	1188	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	1306	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	6160	1178	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 0 3 0)	(942)	(5 023)	(6)	(46)	(13)
Recoveries	1425	4	1 391		30	
Interest in suspense	1062	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	1105	500
Stage 1	4 573	681	3 600	44	248	
Stage 2	6 543	1692	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	1105	500
Loans and advances	25 650	4 296	19 316	456	1082	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

Non-interest revenue to total operating expenses (%)



m 9% 2022 2021 2022 2021 et commission and fees income 7 18964 17754 3057 2710 Administration fees 7 1502 1403 54 50 Card fees 12 4100 3646 29 21 Cash-handling fees 6 1084 1027 179 193 Exchange commission 13 74 648 214 192 Card rees 6 1084 1027 179 193 Exchange commission 13 74 648 214 192 Card rees 160 283 267 217 195 Insurance commission (11) 262 442 1250 Other commission (10) 3551 3958 1420 1250 Service charges 53 3114 2041 890 753 surance income 18 2369 2005 5 5 Fair-value adjustments >100 187 1833 58 8(83) 11 <th></th> <th></th> <th colspan="2">Nedbank Group</th> <th></th> <th>rate and nt Banking</th> <th></th>			Nedbank Group			rate and nt Banking	
Administration fees7150214035450Card fees1241003 6462921Cash-handling fees610841027179193Exchange commission13734648214192Guarantees income6283267217195Insurance commission(10)3 5513 9581 4201 250Other commission(10)3 5513 9581 4201 250Other commission(10)3 5513 9581 4307 53Service charges4 3344 3225456surance income182 3692 0056surance income187(833)58(83)Fair-value adjustments96(5)(128)35(94)Hedge-accounted portfolios>100192(705)2311ading income(7)41664 4753 8984 295Commodities(96)12 612 6Debt securities(16)1 8972 2671 8972 267Equities(19)6798 426798 42Foreign exchange191 5891 3401 3211160uptive realuation gains/(losses)25815650921666Realised gains, dividends, interest and other income477463786120urrealised gains, dividends, interest and other income470384727 <t< th=""><th>Rm</th><th>Change %</th><th>2022</th><th>2021</th><th>2022</th><th>2021</th><th></th></t<>	Rm	Change %	2022	2021	2022	2021	
Card fees 12 4100 3 646 29 21 Cash-handling fees 6 1084 1027 179 193 Exchange commission 13 734 648 214 192 Guarantees income 6 283 267 217 195 Insurance commission (41) 262 442 1250 Other commission (10) 3551 3958 1420 1250 Other fees 53 3114 2041 880 753 Service charges 4334 4322 54 56 surance income 18 2369 2005 5 (83) Fair-value adjustments 100 187 (833) 58 (83) Fair-value adjustments 96 192 (705) 23 11 ading income (7) 4166 4475 3898 4295 Commodities (96) 1 266 1 266 Pareig	Net commission and fees income	7	18 964	17 754	3 057	2 710	
Cash-handling fees 6 1084 1027 179 193 Exchange commission 13 734 648 214 192 Guarantees income 6 283 267 217 195 Insurance commission (11) 262 442 1250 Other commission (10) 3551 3958 1420 1250 Other fees 53 3114 2041 890 753 Service charges 4 334 4 322 54 56 surance income 18 2369 2005 8 (83) Fair-value adjustments >100 187 (833) 58 (83) Fair-value adjustments >100 192 (705) 23 11 ading income (7) 4166 4475 3898 4 295 Commodities (96) 1 266 1 267 Equities (16) 1897 2267 1897 2267 Equities (16) 1897 2267 1896 242 <td< td=""><td>Administration fees</td><td>7</td><td>1 502</td><td>1 403</td><td>54</td><td>50</td><td></td></td<>	Administration fees	7	1 502	1 403	54	50	
Exchange commission 13 734 648 214 192 Guarantees income 6 283 267 217 195 Insurance commission (10) 3551 3958 1420 1250 Other commission (10) 3551 3958 1420 1250 Service charges 53 3114 2041 890 753 surance income 18 2369 2005 surance income 18 2369 2005 Fair-value adjustments 100 187 (833) 58 (94) Hedge-accounted portfolios 100 192 (705) 23 11 ading income (7) 4166 4475 <t< td=""><td>Card fees</td><td>12</td><td>4 100</td><td>3 6 4 6</td><td>29</td><td>21</td><td></td></t<>	Card fees	12	4 100	3 6 4 6	29	21	
Guarantees income 6 283 267 217 195 insurance commission (41) 262 442 1250 Other commission (10) 3 551 3 958 1 420 1 250 Other fees 53 3 114 2 041 890 753 Service charges 4 334 4 322 54 56 surance income 18 2 369 2 005 833 683 683 Fair-value adjustments 100 187 (833) 58 (83) Fair-value adjustments 96 (128) 3 58 (94) Hedge-accounted portfolios 100 192 (705) 23 11 ading income (7) 4 166 4 475 3 898 4 295 Commodities (96) 1 2 6 1 2 6 Debt securities (16) 1897 2 267 8 83 160 Foreign exchange 19 1589 1340 1321 1160	Cash-handling fees	6	1084	1027	179	193	
Insurance commission (4) 262 442 442 Other commission (10) 3 551 3 958 1 420 1 250 Other fees 53 3 114 2 041 890 753 Service charges 4 334 4 322 54 56 surance income 18 2 369 2 005 (83) Fair-value adjustments 100 187 (833) 58 (83) Fair-value adjustments 96 (5) (128) 355 11 ading income (7) 4 166 4 475 3 898 4 295 Commodities (96) 1 2 6 1 2 6 Debt securities (16) 1 897 2 2 67 1 897 2 2 67 Equities (19) 679 8 42 679 8 42 Foreign exchange 19 1589 1 40 1 321 1160 upt revaluation gains/(losses) ¹ 210 666 431 777 463 78	Exchange commission	13	734	648	214	192	
Other commission (10) 3 551 3 958 1 420 1 250 Other fees 53 3 114 2 041 890 753 Service charges 4 334 4 322 54 56 surance income 18 2 369 2 005 58 (83) Fair-value adjustments 96 (5) (128) 355 (94) Hedge-accounted portfolios 100 192 (705) 23 11 ading income (7) 4 166 4 475 3 898 4 295 Commodities (96) 1 26 1 26 Debt securities (16) 1897 2 267 1897 2 267 Foreign exchange 19 1589 1 340 1 321 1160 quity revaluation gains/(losses) 25 815 650 921 666 Realised gains, dividends, interest and other income (47) 463 786 (120) vestment income (63) 96 263	Guarantees income	6	283	267	217	195	
Other fees 53 3114 2 041 890 753 Service charges 4334 4322 54 56 surance income 18 2 369 2 005 (83) Fair-value adjustments >100 187 (833) 58 (83) Fair-value adjustments 96 (5) (128) 355 (94) Hedge-accounted portfolios >100 192 (705) 23 11 ading income (7) 4166 4475 3898 4 295 Commodities (96) 1 2 66 1 2 67 Debt securities (16) 1897 2 2 67 1897 2 2 67 Equities (19) 679 842 669 842 Foreign exchange 19 1589 1340 1321 1160 quity revaluation gains/(losses) 25 815 650 921 666 Qurealised gains, dividends, interest and other income (47) 384 727	Insurance commission	(41)	262	442			
Service charges 4334 4322 54 56 surance income 18 2369 2005 8 833 58 (83) Fair-value adjustments 100 187 8333 58 (83) Fair-value adjustments 96 (5) 1(128) 355 (94) Hedge-accounted portfolios >100 192 (705) 23 11 ading income (7) 4166 4475 3898 4295 Commodities (96) 1 266 1 267 Debt securities (16) 1897 2267 1897 2267 Equities (19) 679 842 679 842 paint revaluation gains/(losses) (19) 1589 1340 1321 1160 urrealised gains, dividends, interest and other income (47) 384 727 463 786 undry income/(expenses) ¹ >100 431 (77) 458 (120)	Other commission	(10)	3 551	3 958	1 4 2 0	1250	
Surance income 18 2 369 2 005 8 surance income 187 (833) 58 (83) Fair-value adjustments 96 (5) (128) 35 (94) Hedge-accounted portfolios >100 192 (705) 23 11 ading income (7) 4166 4475 3898 4295 Commodities (96) 1 26 1 26 Debt securities (16) 1897 2267 1897 2267 Equities (19) 679 842 679 842 Group exchange 19 1589 1340 1321 1160 quity revaluation gains/(losses) 25 815 650 921 666 Qurealised gains, dividends, interest and other income (47) 384 727 463 786 Unrealised gains/(losses) ¹ >100 431 (77) 458 (120) vestment income (63) 96 263 <t< td=""><td>Other fees</td><td>53</td><td>3 114</td><td>2 0 4 1</td><td>890</td><td>753</td><td></td></t<>	Other fees	53	3 114	2 0 4 1	890	753	
Air-value adjustments >100 187 (833) 58 (83) Fair-value adjustments 96 (5) (128) 355 (94) Hedge-accounted portfolios 100 192 (705) 23 11 ading income (7) 4166 4475 3898 4295 Commodities (96) 1 26 1 26 Debt securities (16) 1897 2267 1897 2267 Equities (19) 6679 842 679 842 Foreign exchange 19 1589 1340 1321 1160 quity revaluation gains/(losses) 25 815 650 921 666 Nealised gains, dividends, interest and other income (47) 384 727 463 786 Unrealised gains/(losses) ¹ >100 431 (77) 458 (120) vestment income (63) 96 263 86 87 quarty income/(expenses) ² 20 206 206 206	Service charges		4 3 3 4	4 322	54	56	
Fair-value adjustments96(5)(128)35(94)Hedge-accounted portfolios>100192(705)2311ading income(7)4166447538984295Commodities(96)126126Debt securities(16)1897226718972267Equities(16)1897226718972267Equities(19)679842679842Foreign exchange191589134013211160quity revaluation gains/(losses)25815650921666Unrealised gains, dividends, interest and other income(47)384727463786Unrealised gains/(losses) ¹ >100431(77)458(120)vestment income(63)962638687undry income/(expenses) ² 20704575221206	Insurance income	18	2 369	2 005			
Hedge-accounted portfolios >100 192 (705) 23 11 ading income (7) 4166 4475 3898 4295 Commodities (96) 1 266 1 26 Debt securities (16) 1897 2267 1897 2267 Equities (19) 679 842 679 842 Foreign exchange 19 1589 1340 1321 1160 quity revaluation gains/(losses) 25 815 650 921 666 Realised gains, dividends, interest and other income (47) 384 727 463 786 Unrealised gains/(losses) ¹ >100 431 (77) 458 (120) vestment income (63) 96 263 86 87 undry income/(expenses) ² 22 704 575 221 206	Fair-value adjustments	>100	187	(833)	58	(83)	
ading income(7)416644753 8984 295Commodities(96)126126Debt securities(16)18972 26718972 267Equities(19)679842679842Foreign exchange1915891 3401 3211 160quity revaluation gains/(losses)25815650921666Unrealised gains, dividends, interest and other income(47)384727463786Unrealised gains/(losses) ¹ >100431(77)458(120)vestment income(63)962638687undry income/(expenses) ² 22704575221206	Fair-value adjustments	96	(5)	(128)	35	(94)	
Commodities (96) 1 26 1 26 Debt securities (16) 1897 2267 1897 2267 Equities (19) 679 842 679 842 Foreign exchange 19 1589 1340 1321 1160 quity revaluation gains/(losses) 25 815 650 921 666 Realised gains, dividends, interest and other income (47) 384 727 463 786 Unrealised gains/(losses) ¹ >100 431 (77) 458 (120) vestment income (63) 96 263 86 87 undry income/(expenses) ² 22 704 575 221 206	Hedge-accounted portfolios	>100	192	(705)	23	11	
Debt securities (16) 1897 2 267 1897 2 267 Equities (19) 679 842 679 842 Foreign exchange 19 1589 1340 1321 1160 quity revaluation gains/(losses) 25 815 650 921 666 Realised gains, dividends, interest and other income (47) 384 727 463 786 Unrealised gains/(losses) ¹ >100 431 (77) 458 (120) vestment income (63) 96 263 86 87 undry income/(expenses) ² 22 704 575 221 206	Trading income	(7)	4 166	4 475	3 898	4 295	
Equities (19) 679 842 679 842 Foreign exchange 19 1589 1340 1321 1160 quity revaluation gains/(losses) 25 815 650 921 666 Realised gains, dividends, interest and other income (47) 384 727 463 786 Unrealised gains/(losses) ¹ >100 431 (77) 458 (120) vestment income (63) 96 263 86 87 undry income/(expenses) ² 22 704 575 221 206	Commodities	(96)	1	26	1	26	
Foreign exchange 19 1589 1340 1321 1160 quity revaluation gains/(losses) 25 815 650 921 666 Realised gains, dividends, interest and other income (47) 384 727 463 786 Unrealised gains/(losses) ¹ >100 431 (77) 458 (120) vestment income (63) 96 263 86 87 undry income/(expenses) ² 22 704 575 221 206	Debt securities	(16)	1897	2 267	1897	2 267	
quity revaluation gains/(losses) 25 815 650 921 666 Realised gains, dividends, interest and other income (47) 384 727 463 786 Unrealised gains/(losses) ¹ >100 431 (77) 458 (120) vestment income (63) 96 263 86 87 undry income/(expenses) ² 22 704 575 221 206	Equities	(19)	679	842	679	842	
Realised gains, dividends, interest and other income (47) 384 727 463 786 Unrealised gains/(losses) ¹ >100 431 (77) 458 (120) vestment income (63) 96 263 86 87 undry income/(expenses) ² 22 704 575 221 206	Foreign exchange	19	1 589	1 340	1 321	1160	
Unrealised gains/(losses) ¹ >100 431 (77) 458 (120) vestment income (63) 96 263 86 87 undry income/(expenses) ² 22 704 575 221 206	Equity revaluation gains/(losses)	25	815	650	921	666	
vestment income (63) 96 263 86 87 undry income/(expenses) ² 22 704 575 221 206	Realised gains, dividends, interest and other income	(47)	384	727	463	786	_
undry income/(expenses) ² 22 704 575 221 206	Unrealised gains/(losses) ¹	>100	431	(77)	458	(120)	
	Investment income	(63)	96	263	86	87	
vtal non-interest revenue and income 10 27 301 24 889 8 241 7 881	Sundry income/(expenses) ²	22	704	575	221	206	
	Total non-interest revenue and income	10	27 301	24 889	8 2 4 1	7 881	

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).

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Message from our Chief Executive	Results presentation	2022 results commentary	Financial results	Segmental analysis	Income statement analysis	Statement of financial position analysis	Supplementary information

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

• Non-occurrence of fair-value losses in the base.

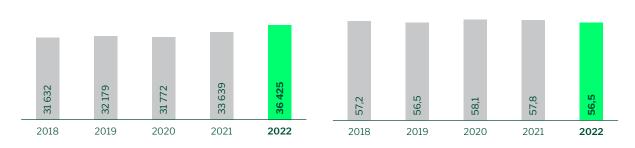
Retail and Business Banking		Wealth		Nedbank Af	rica Regions	Centre	
2022	2021	2022	2021	2022	2021	2022	2021
12 955	11 965	2 057	2 210	968	953	(73)	(84)
487	505	798	766	148	68	15	14
3 934	3 511			136	111	1	3
875	802	1	1	29	31		
283	242	108	110	123	129	6	(25)
33	41			33	31		
256	243		194	6	5		
2 079	2 623	(162)	(178)	200	250	14	13
1057	98	1257	1264	19	15	(109)	(89)
3 951	3 900	55	53	274	313		
617	487	1702	1474	53	65	(3)	(21)
15	25	-	-	8	(14)	106	(761)
				8	(14)	(48)	(20)
15	25					154	(741)
148	109	-	_	120	71	-	_
148	109			120	71		
(27)	43	-	-	-	-	(79)	(59)
						(79)	(59)
(27)	43						
17	16	(19)	161			12	(1)
124	138	(48)	(57)	440	218	(33)	70
13 849	12 783	3 692	3 788	1589	1293	(70)	(856)

4 Expenses

Total operating expenses (Rm)

Cost-to-income ratio





		Nedban	k Group		Corporate and Investment Banking	
Rm	Change %	2022	2021	2022	2021	
Staff costs	11	19 940	18 018	3 585	3 172	
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	
Depreciation of computer equipment	(7)	671	718			
Depreciation of right-of-use assets: computer equipment	(1)	82	83			
Amortisation of intangible assets	9	1864	1705			
Operating lease charges for computer processing	(15)	169	198			
Other computer processing expenses	2	3 708	3 625			
Fees and insurances	8	4 420	4109	534	574	
Occupation and accommodation ^{1,2}	(4)	2 0 8 9	2 185	203	212	
Marketing and public relations	17	1554	1 332	67	58	
Communication and travel	22	874	718	309	260	
Other operating expenses ³	11	1054	948	71	108	
Activity-justified transfer pricing		-	-	2 427	2146	
Total operating expenses	8	36 425	33 639	7 628	7 011	

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).

Message from our Chief Executive	Results presentation	2022 results commentary	Financial results	Segmental analysis	Income statement analysis	Statement of financial position analysis	Supplementary information
Total inco (JAWS rat (%)	me growth rate I io)	ess expenses g	rowth rate		Total employees Permanent staff)		
2,7	1,3	1,0	2,5 2				

30 887

Unfavourable

Nedbank Africa Regions

29 213

2 535

28 271

Centre

3 4 3 3

(112)

(18)

(9768)

4 0 5 1

(216)

(629)

(7 997)

Favourable

Decrease in employee numbers of 3% yoy, largely through natural attrition.

(2,7)

2 6 2 5

2 563

4 881

21 4 4 2

Wealth

8 2 8 7

22 615

Retail and Business Banking

- · Lower accommodation costs.
- Cost savings delivered by optimisation initiatives, including cumulative run rate savings from TOM 2.0 of R1,5bn.
- 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

		20:	22	2021		
Rm	Change %	Gross	Net of taxation	Gross	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	4104
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.

Statement of financial

position analysis

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		, i i i i i i i i i i i i i i i i i i i	
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.



Statement of financial position analysis

01h 30:22

- Loans and advances 136
- Investment securities **154**
- Investments in associate companies 155
 - Intangible assets 156
 - Amounts owed to depositors 158
 - Liquidity risk and funding 160
 - Equity analysis 163
 - Capital management 164

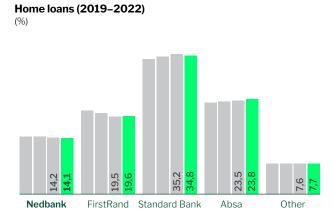
8 Loans and advances

Loans and advances segmental breakdown

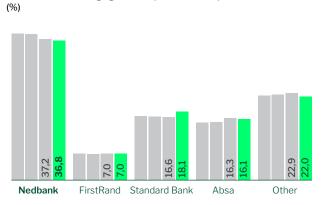
		Nedbank Group		Corpora Investmen		
Rm	Change %	2022	2021	2022	2021	
Home loans	6	189 370	178 840	20	19	
Commercial mortgages	4	196 619	189 576	157 626	152 413	
Properties in possession	1	189	187			
Credit cards	3	16 816	16 297			
Overdrafts	15	26 613	23 042	3 987	3 7 3 3	
Personal loans	3	30 166	29175			
Term and other loans	5	176 877	168 584	153 203	146 040	
Overnight loans	31	12 393	9 479	11 041	8 341	
Foreign client lending	>100	18 764	5 793	17 192	3 799	
Instalment debtors	6	151 582	142 559	2 940	2 880	
Preference shares and debentures	(6)	11 503	12 204	11 214	11 977	
Factoring accounts	19	8 572	7 188			
Listed corporate bonds	8	25 027	23 279	25 027	23 279	
Fair-value hedge-accounted portfolios	>(100)	(1722)	750	-	6	
Trade, other bills and bankers' acceptances	(100)	-	1			
Gross banking loans and advances	7	862 769	806 954	382 250	352 487	
Impairment of advances	(6)	(27 209)	(25 650)	(4 213)	(4 2 9 6)	
Net banking loans and advances	7	835 560	781 304	378 037	348 191	
Trading loans and advances	(8)	46 605	50 431	46 605	50 431	
Loans and advances	6	882165	831735	424 642	398 622	
Banking loans and advances to banks	>100	32 355	11 173	28 888	8 337	

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

Market share according to BA900



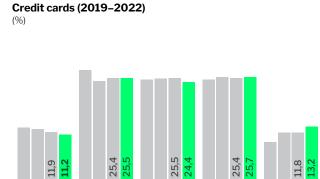
Commercial mortgage loans (2019-2022)



Retail and Business Banking		Wealth		Nedbank Af	rica Regions	Centre ¹		
2022	2021	2022	2021	2022	2021	2022	2021	
166 247	154 272	15 756	17 257	7 347	7 292			
28 628	26 782	8 112	8 424	2164	1855	89	102	
52	68	14	13	123	106			
16 667	16 154			149	143			
19 259	16 048	149	151	3 218	3 110			
28 469	27 277	10		1687	1898			
13 288	13 278	5 0 3 9	4 641	5 0 5 8	4 364	289	261	
1126	878			226	260			
255	330			1 317	1664			
147 013	138 013	42	32	1 585	1629	2	5	
16	16	273	211					
8 544	7 185			28	3			
						(1722)	744	
					1			
429 564	400 301	29 395	30 729	22 902	22 325	(1 342)	1 112	
(21134)	(19 316)	(370)	(456)	(1 188)	(1 0 8 2)	(304)	(500)	
408 430	380 985	29 025	30 273	21 714	21 2 4 3	(1646)	612	
						. ,		
408 430	380 985	29 025	30 273	21 714	21 243	(1646)	612	
-	-	1706	1088	1 761	1748	-	_	

Other

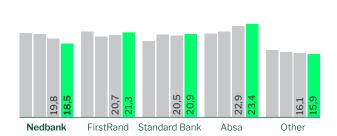
Absa



FirstRand Standard Bank

Core corporate loans (2019-2022) (%)

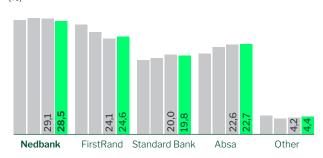
Nedbank

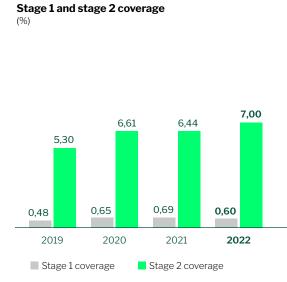


Personal loans (2019-2022)

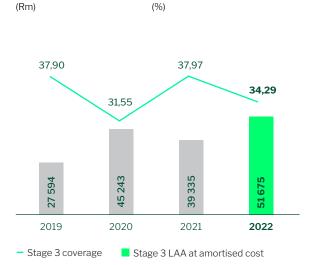


Instalment sales and leases (2019-2022) (%)





Summary of loans and advances and coverage ratios



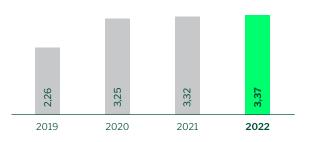
Stage 3 advances and coverage ratio

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

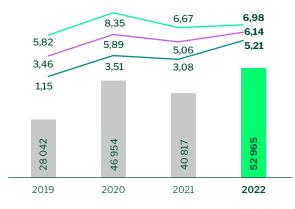
		Stage 1			Stage 2		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	
2022	Rm	Rm	%	Rm	Rm	%	
Corporate and Investment Banking (CIB)	288 066	379	0,13%	19794	447	2,26	
CIB, excluding Property Finance	136 572	294	0,22%	12 849	376	2,93	
Property Finance	151 494	85	0,06%	6 945	71	1,02	
Retail and Business Banking (RBB)	346 248	3 4 3 4	0,99%	53 332	4 551	8,53	
Commercial Banking	74 322	170	0,23%	10 440	179	1,77	
Retail	271 926	3 2 6 4	1,20%	42 892	4 372	10,19	
Wealth	24 871	42	0,17%	1842	29	1,57	
Nedbank Africa Regions	19 708	197	1,00%	1 272	110	8,65	
Centre	(1065)			1440	303		
Gross loans and advances/ECL held at amortised cost	677 828	4 052	0,60%	77 680	5 440	7,00	
GLAA/ECL for assets held at FVOCI	40 533	64		1 0 0 1	32		
Trading GLAA held at FVTPL	46 605						
Banking book GLAA held at FVTPL	14 484						
GLAA for fair-value hedge-accounted portfolios	(1722)						
Off-balance-sheet ECL		145			82		
Total GLAA/ECL	777 728	4 261		78 681	5 554		

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Nedbank Group coverage (%)



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



– RBB – Total Nedbank Group – CIB 📕 Total Stage 3 LAA

Stage 3				Total				
GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA excluding trading book	Stage 3 GLAA as a % of GLAA excluding trading book	
Rm	Rm	%	Rm	Rm	%	Rm	%	
18 631	3 387	18,18	326 491	4 213	1,29	382 250	5,21	
7 054 11 577	1 529 1 858	22,68 16,05	156 475 170 016	2 199 2 014	1,41 1,19	209 723 172 527	3,98 6,71	
29 984	13149	43,85	429 564	21 134	4,92	429 564	6,98	
4 745 25 239	1 292 11 857	27,23 46,98	89 507 340 057	1 6 4 1 19 4 9 3	1,83 5,73	89 507 340 057	5,30 7,42	
 1133 1922	299 881	26,39 45,84	27 846 22 902	370 1188	1,33 5,19	29 395 22 902	3,85 8,39	
5	1	10,01	380	304	0,10	(1 342)	0,00	
51675	17 717	34,29	807 183	27 209	3,37	862 769	6,14	
1290	251		42 824 46 605 14 484 (1 722)	347		46 605		
	110		(=)	337				
52 965	18 078		909 374	27 893		909 374		

	Stage 1			Stage 2			
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	
2021	Rm	Rm	%	Rm	Rm	%	
Corporate and Investment Banking (CIB)	260 775	529	0,20	49 193	1543	3,14	
CIB, excluding Property Finance	116 082	382	0,33	31747	631	1,99	
Property Finance	144 693	147	0,10	17 446	912	5,23	
Retail and Business Banking (RBB)	327 860	3 552	1,08	45 735	4 165	9,11	
Commercial Banking	68 191	234	0,34	9 559	328	3,43	
Retail	259 669	3 318	1,28	36176	3 837	10,61	
Wealth	25 453	44	0,17	2 538	39	1,54	
Nedbank Africa Regions	19 118	230	1,20	1248	112	8,97	
Centre	302			62	500		
Gross loans and advances/ECL held at amortised cost	633 508	4 355	0,69	98 776	6 359	6,44	
- GLAA/ECL for assets held at FVOCI	21 279	60		2 694	48		
Trading GLAA held at FVTPL	50 431						
Banking book GLAA held at FVTPL	9 131						
GLAA for fair-value hedge-accounted portfolios	750						
Off-balance-sheet ECL		158			136		
Total GLAA/ECL	715 099	4 573	_	101 470	6 543	_	

Stage 3			Total				
GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA, excluding trading book	Stage 3 GLAA as a % of total GLAA excluding trading book
Rm	Rm	%	Rm	Rm	%	Rm	%
9 384	2 224	23,70	319 352	4 296	1,35	352 487	3,08
6 520	1396	21,41	154 349	2 409	1,56	184 965	4,33
2864	828	28,91	165 003	1887	1,14	167 522	1,71
26 706	11 599	43,43	400 301	19 316	4,83	400 301	6,67
4 296	1121	26,09	82 046	1683	2,05	82 046	5,24
22 410	10 478	46,76	318 255	17 633	5,54	318 255	7,04
1282	373	29,10	29 273	456	1,56	30 729	4,17
1959	740	37,77	22 325	1082	4,85	22 325	8,77
4			368	500		1 112	
39 335	14 936	37,97	771 619	25 650	3,32	806 954	5,06
1 481	427		25 454	535			
			50 431			50 431	
			9 131				
			750				
	102			396			
40 816	15 465		857 385	26 581		857 385	

	Favourable	Unfavourable
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- 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.

 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						
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	
2022	Rm	Rm	%	Rm	Rm	%	
Residential mortgages	158 725	336	0,21	18 404	655	3,56	
Commercial mortgages	168 438	140	0,08	11 376	151	1,33	
Instalment debtors	121 720	1348	1,11	22 096	2 264	10,25	
Credit cards and overdrafts	25 369	910	3,59	5 804	597	10,29	
Term loans	121 044	1180	0,97	16 433	1 371	8,34	
Other client loans	74 499	186	0,25	3 534	412	11,66	
Other including credit and zero balances	8 0 3 3	(48)	n/a	33	(10)	n/a	
GLAA/ECL held at amortised cost	677 828	4 052	0,60	77 680	5 4 4 0	7,00	

		Stage 1					
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	
2021	Rm	Rm	%	Rm	Rm	%	
Residential mortgages	151 227	287	0,19	16 260	530	3,26	
Commercial mortgages	161 636	217	0,13	20 360	979	4,81	
Instalment debtors	117 158	1392	1,19	18 125	1841	10,16	
Credit cards and overdrafts	21 890	815	3,72	5 360	884	16,49	
Term loans	103 688	1 395	1,35	22 092	1376	6,23	
Other client loans	69 617	294	0,42	16 565	760	4,59	
Other including credit and zero balances	8 292	(45)		14	(11)		
GLAA/ECL held at amortised cost	633 508	4 355	0,69	98 776	6 359	6,44	

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Stage 3			Total			
GLAA	ECL	Coverage	GLAA	ECL	Coverage	
Rm	Rm	%	Rm	Rm	%	
10 760	2 417	22,46	187 889	3 408	1,81	
14 024	2 360	16,83	193 838	2 651	1,37	
7 766	3 395	43,72	151 582	7 007	4,62	
4 373	2760	63,11	35 546	4 267	12,00	
11 850	6 256	52,79	149 327	8 807	5,90	
2 867	530	18,49	80 900	1128	1,39	
35	(1)	n/a	8 101	(59)	n/a	
51 675	17 717	34,29	807 183	27 209	3,37	

	Stage 3		Total			
GLAA	ECL	Coverage	GLAA	ECL	Coverage	
Rm	Rm	%	Rm	Rm	%	
9 887	2 340	23,67	177 374	3 157	1,78	
4 825	1 119	23,19	186 821	2 315	1,24	
7 275	3106	42,69	142 558	6 339	4,45	
3 964	2 460	62,06	31 214	4 159	13,32	
11 161	5 260	47,13	136 941	8 0 3 1	5,86	
2187	651	29,77	88 369	1705	1,93	
36			8 342	(56)		
39 335	14 936	37,97	771 619	25 650	3,32	

Economic scenarios

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

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

scenarios 100 26581

¹ Forecast at 31 December 2021.

Climate-related disclosures

		Rm		% of	GLAA
	2022	2021	Change	2022	2021
Thermal coal ¹					
Limit ²	2 3 2 4	2 817	(493)	0,3	0,3
Drawn exposure	1002	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	1698	468	1230	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	(1182)	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	(2800)	2,9	3,4
Private power generation – CIB					
Limit ²	1575	513	1062	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	37160	36 474	686	4,0	4,3
Drawn exposure	27 253	29 596	(2 3 4 3)	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		
Loans and advances (Rm)	GLAA	ECL	Amortised cost	
Net balance at 31 December 2021	625 216	4 513	620 703	
New loans and advances originated	340 508	3 721	336 787	
Loans and advances written off			-	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements ¹	(265 736)	2 5 4 9	(268 285)	
Transfers to stage 1	45 918	843	45 075	
Transfers to stage 2	(55 720)	(3 294)	(52 426)	
Transfers to stage 3	(18 787)	(4 262)	(14 525)	
Foreign exchange and other movements	(1604)	127	(1 7 3 1)	
Net balances	669 795	4 197	665 598	
Total credit and zero balances	8 0 3 3		8 0 3 3	
Balance at 31 December 2022	677 828	4 197	673 631	
GLAA for assets held at FVOCI	40 533	64	40 469	
Trading book GLAA held at FVTPL	46 605		46 605	
Banking book GLAA held at FVTPL	14 484		14 484	
GLAA for fair-value hedge-accounted portfolios	(1722)		(1722)	
Total GLAA/ECL	777 728	4 261	773 467	
ECL on loans at FVOCI		(64)	64	
Off-balance-sheet ECL		(145)	145	
Loans and advances at 31 December 2022	777 728	4 052	773 676	

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	Stage 2			Stage 3			Total	
GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
98 762	6 495	92 267	39 299	15 038	24 261	763 277	26 046	737 231
		-			-	340 508	3 721	336 787
		-	(8 757)	(8 757)	-	(8 7 5 7)	(8 757)	-
(17 934)	(729)	(17 205)	(11 393)	3 830	(15 223)	(295 063)	5 650	(300 713)
(44 159)	(731)	(43 428)	(1759)	(112)	(1647)	-	-	-
60 458	3 875	56 583	(4 738)	(581)	(4 157)	-	-	-
(19 508)	(3 433)	(16 075)	38 295	7 695	30 600	-	-	-
28	45	(17)	693	714	(21)	(883)	886	(1769)
77 647	5 522	72 125	51 640	17 827	33 813	799 082	27 546	771 536
33		33	35		35	8 101	-	8 101
77 680	5 522	72158	51675	17 827	33 848	807 183	27 546	779 637
1 001	32	969	1290	251	1039	42 824	347	42 477
		-			-	46 605	-	46 605
		-			-	14 484	-	14 484
		-			-	(1722)	-	(1722)
78 681	5 554	73 127	52 965	18 078	34 887	909 374	27 893	881 481
	(32)	32		(251)	251		(347)	347
	(82)	82		(110)	110		(337)	337
78 681	5 440	73 241	52 965	17 717	35 248	909 374	27 209	882165

		Stage 1		
CIB, excluding Property Finance (Rm)	GLAA	ECL	Amortised cost	
Net balance at 31 December 2021	116 082	474	115 608	
New loans and advances originated	149 921	896	149 025	
Loans and advances written off			-	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(131 573)	(682)	(130 891)	
Transfers to stage 1	24 559	333	24 226	
Transfers to stage 2	(16 814)	(364)	(16 450)	
Transfers to stage 3	(5 046)	(285)	(4 761)	
Foreign exchange and other movements	(557)	(4)	(553)	
Net balances	136 572	368	136 204	
Total credit and zero balances			-	
Balance at 31 December 2022	136 572	368	136 204	
GLAA for assets held at FVOCI	40 533	64	40 469	
Trading book GLAA held at FVTPL	46 605		46 605	
Banking book GLAA held at FVTPL	10 424		10 424	
Total GLAA/ECL	234 134	432	233 702	
ECL on loans at FVOCI		(64)	64	
Off-balance-sheet ECL		(74)	74	
Loans and advances at 31 December 2022	234 134	294	233 840	

		Stage 1		
Property Finance (Rm)	GLAA	ECL	Amortised cost	
Net balance at 31 December 2021	144 693	147	144 546	
New loans and advances originated	78 610	100	78 510	
Loans and advances written off			-	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(71 527)	(310)	(71 217)	
Transfers to stage 1	5 331	160	5 171	
Transfers to stage 2	(4 6 4 3)	(8)	(4 635)	
Transfers to stage 3	(967)	(4)	(963)	
Foreign exchange and other movements	(3)		(3)	
Balance at 31 December 2022	151 494	85	151 409	
Banking book GLAA held at FVTPL	2 511		2 511	
Loans and advances at 31 December 2022	154 005	85	153 920	

Stage 2				Stage 3			Total		
GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	
31747	732	31 015	6 520	1486	5034	154 349	2 6 9 2	151 657	
		-	-	-	-	149 921	896	149 025	
		-	(863)	(863)	-	(863)	(863)	-	
(9 709)	(232)	(9 477)	(5 812)	(32)	(5 780)	(147 094)	(946)	(146 148)	
(24 496)	(304)	(24 192)	(63)	(29)	(34)	-	-	-	
17 107	451	16 656	(293)	(87)	(206)	-	-	-	
(1855)	(215)	(1640)	6 901	500	6 401	-	-	-	
55	3	52	664	649	15	162	648	(486)	
12 849	435	12 414	7 054	1624	5 430	156 475	2 427	154 048	
		-			-	-	-	-	
12 849	435	12 414	7 054	1624	5 430	156 475	2 427	154 048	
1 0 0 1	32	969	1290	251	1039	42 824	347	42 477	
		-			-	46 605	-	46 605	
		-			-	10 424	-	10 424	
13 850	467	13 383	8 3 4 4	1875	6 469	256 328	2774	253 554	
	(32)	32		(251)	251		(347)	347	
	(59)	59		(95)	95	-	(228)	228	
13 850	376	13 474	8 344	1 529	6 815	256 328	2 199	254 129	

Stage 2		Stage 3			Total			
GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
17 446	912	16 534	2864	828	2 0 3 6	165 003	1887	163 116
		-			-	78 610	100	78 510
		-	(353)	(353)	-	(353)	(353)	-
(1 589)	(237)	(1 352)	(125)	927	(1052)	(73 241)	380	(73 621)
(5 176)	(155)	(5 021)	(155)	(5)	(150)	-	-	-
5 418	28	5 390	(775)	(20)	(755)	-	-	-
(9154)	(477)	(8 677)	10 121	481	9 640	-	-	-
		-			-	(3)	-	(3)
6945	71	6 874	11 577	1858	9 719	170 016	2 014	168 002
		-			-	2 511	-	2 511
6945	71	6 874	11 577	1858	9 719	172 527	2 014	170 513

Commercial Banking (Rm)	GLAA	ECL	Amortised cost	
Net balance at 31 December 2021	68 191	238	67 953	
New loans and advances originated	26 533	235	26 298	
Loans and advances written off	-	-	-	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(16 314)	(241)	(16 073)	
Transfers to stage 1	4 1 3 5	149	3 986	
Transfers to stage 2	(6 357)	(47)	(6 310)	
Transfers to stage 3	(1866)	(159)	(1 707)	
Balance at 31 December 2022	74 322	175	74 147	
Off-balance-sheet impairment allowance		(5)	5	
Loans and advances at 31 December 2022	74 322	170	74 152	

	Stage 1			
Retail — Mortgage loans (Rm)	GLAA	ECL	Amortised cost	
Net balance at 31 December 2021	124 882	241	124 641	
New loans and advances originated	8 605	32	8 573	
Loans and advances written off			-	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	4 926	511	4 415	
Transfers to stage 1	4 101	11	4 0 9 0	
Transfers to stage 2	(7 361)	(243)	(7 118)	
Transfers to stage 3	(2 073)	(268)	(1805)	
Net balances	133 080	284	132 796	
Total credit and zero balances/Off-balance-sheet impairment allowance	208		208	
Loans and advances at 31 December 2022	133 288	284	133 004	

Retail — Instalment debtors (Rm)	GLAA	ECL	Amortised cost	
Net balance at 31 December 2021	101 647	1 346	100 301	
New loans and advances originated	48 658	736	47 922	
Loans and advances written off			-	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(32 593)	1 413	(34 006)	
Transfers to stage 1	5 401	107	5 294	
Transfers to stage 2	(13 080)	(1 419)	(11 661)	
Transfers to stage 3	(4 569)	(876)	(3 693)	
Loans and advances at 31 December 2022	105 464	1 307	104 157	

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Stage 2			Stage 3			Total		
GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
9 559	347	9 212	4 296	1133	3163	82 046	1 718	80 328
		-			-	26 533	235	26 298
		-	(247)	(247)	-	(247)	(247)	-
(1 355)	(232)	(1 123)	(1156)	430	(1 586)	(18 825)	(43)	(18 782)
(3 773)	(98)	(3 675)	(362)	(51)	(311)	-	-	-
6 912	207	6 705	(555)	(160)	(395)	-	-	-
(903)	(42)	(861)	2 769	201	2 568	-	-	-
10 440	182	10 258	4 745	1306	3 439	89 507	1663	87 844
	(3)	3		(14)	14	-	(22)	22
10 440	179	10 261	4 745	1 2 9 2	3 453	89 507	1641	87 866

Stage 2			Stage 3			Total		
GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
14 403	488	13 915	7 504	1677	5 827	146 789	2 406	144 383
		-			-	8 605	32	8 573
		-	(305)	(305)	-	(305)	(305)	-
(12)	210	(222)	(893)	(112)	(781)	4 021	609	3 412
(3 600)	(9)	(3 591)	(501)	(2)	(499)	-	-	-
8738	309	8 4 2 9	(1 377)	(66)	(1 311)	-	-	-
(2 257)	(366)	(1 891)	4 330	634	3 6 9 6	-	-	-
17 272	632	16 640	8 758	1826	6 932	159 110	2742	156 368
5		5	7		7	220	-	220
17 277	632	16 645	8765	1826	6 939	159 330	2742	156 588

Stage 2			Stage 3			Total		
GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
16 839	1808	15 031	6764	2889	3 875	125 250	6 043	119 207
		-			-	48 658	736	47 922
		-	(2 264)	(2 264)	-	(2 264)	(2 264)	-
(3 361)	(201)	(3 160)	(3 179)	1048	(4 227)	(39 133)	2 260	(41 393)
(5 095)	(99)	(4 996)	(306)	(8)	(298)	-	-	-
14 444	1577	12 867	(1 364)	(158)	(1 206)	-	-	-
(3 091)	(845)	(2 2 4 6)	7 660	1721	5 939	-	-	-
19 736	2 240	17 496	7 311	3 228	4 083	132 511	6 775	125 736

		Stage 1		
Retail — Card, term and other (Rm)	GLAA	ECL	Amortised cost	
Net balance at 31 December 2021	24 850	1775	-	
New loans and advances originated	16 592	1576	15 016	
Loans and advances written off			-	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(9 177)	1874	(11 051)	
Transfers to stage 1	689	62	627	
Transfers to stage 2	(3 965)	(1139)	(2 826)	
Transfers to stage 3	(3 6 3 9)	(2 427)	(1 212)	
Net balances	25 350	1 721	554	
Total credit and zero balances/Off-balance-sheet impairment allowance	7 824	(48)	7 872	
Loans and advances at 31 December 2022	33 174	1673	8 426	

	Stage 1			
Wealth (Rm)	GLAA	ECL	Amortised cost	
Net balance at 31 December 2021	25 453	44	25 409	
New loans and advances originated	5 522	12	5 510	
Loans and advances written off			-	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(5 382)	7	(5 389)	
Transfers to stage 1	1344	2	1342	
Transfers to stage 2	(1 2 9 8)	(16)	(1 282)	
Transfers to stage 3	(224)	(11)	(213)	
Foreign exchange and other movements	(544)	4	(548)	
Net balances	24 871	42	24 829	
Banking book GLAA held at FVTPL	1 549		1 5 4 9	
Loans and advances at 31 December 2022	26 420	42	26 378	

Nedbank Africa Regions (Rm)	GLAA	ECL	Amortised cost	
Net balance at 31 December 2021	19 118	248	18 870	
New loans and advances originated	6 0 2 0	134	5 886	
Loans and advances written off			-	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(4 105)	(11)	(4 094)	
Transfers to stage 1	344	9	335	
Transfers to stage 2	(795)	(60)	(735)	
Transfers to stage 3	(405)	(232)	(173)	
Foreign exchange and other movements	(469)	127	(596)	
Net balances	19 708	215	19 493	
Off-balance-sheet ECL		(18)	18	
Loans and advances at 31 December 2022	19 708	197	19 511	

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	Stage 2		Stage 3			Total			
GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	
4 920	1 5 5 1	3 369	8 106	5 913	2193	37 876	9 2 3 9	28 637	
		-			-	16 592	1576	15 016	
		-	(4 577)	(4 577)	-	(4 577)	(4 577)	-	
(690)	174	(864)	311	1749	(1 4 3 8)	(9 556)	3 7 9 7	(13 353)	
(585)	(52)	(533)	(104)	(10)	(94)	-	-	-	
4 253	1240	3 013	(288)	(101)	(187)	-	-	-	
(2 0 4 7)	(1 403)	(644)	5 686	3 8 3 0	1856	-	-	-	
5 851	1 510	4 341	9134	6 804	2 3 3 0	40 335	10 035	30 300	
28	(10)	38	29	(1)	30	7 881	(59)	7 940	
5 879	1 500	4 379	9 163	6 803	2 360	48 216	9 976	38 240	

	Stage 2			Stage 3			Total		
GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	
2 5 3 8	39	2 4 9 9	1 282	373	909	29 273	456	28 817	
		-			-	5 522	12	5 510	
		-	(20)	(20)	-	(20)	(20)	-	
(725) (1)	(724)	(253)	(90)	(163)	(6 360)	(84)	(6 276)	
(1176) (2)	(1174)	(168)		(168)	-	-	-	
1356	17	1 3 3 9	(58)	(1)	(57)	-	-	-	
(131	(26)	(105)	355	37	318	-	-	-	
(20	2	-	(5)		(5)	(569)	6	(575)	
1842	29	1835	1133	299	834	27 846	370	27 476	
		-			-	1549	-	1549	
1842	29	1835	1133	299	834	29 395	370	29 025	

Stage 2			Stage 3			Total		
GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
1248	118	1130	1959	739	1 220	22 325	1105	21 220
		-			-	6 020	134	5 886
		-	(128)	(128)	-	(128)	(128)	-
(494)	(26)	(468)	(285)	(91)	(194)	(4 884)	(128)	(4 756)
(242)	(2)	(240)	(102)	(7)	(95)	-	-	-
825	48	777	(30)	12	(42)	-	-	-
(69)	(59)	(10)	474	291	183	-	-	-
4	41	(37)	34	65	(31)	(431)	233	(664)
1 272	120	1152	1 922	881	1041	22 902	1 216	21 686
	(10)	10		-	-	-	(28)	28
1 272	110	1162	1 922	881	1041	22 902	1188	21 714

9 Investment securities

Rm	2022	2021
Equity investments	6 612	6 287
Associates – Property Partners	1598	1799
Associates – Investment Banking	1176	1020
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 2 4 1	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.

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10 Investments in associate companies

	Equity-accounted earnings Rm			; amount m	Net exposure to/(from) associates ¹ Rm		
Name of company and nature of business	2022	2021	2022	2021	2022	2021	
Associates							
Listed							
ETI ²	779	686	1286	2 272	782	81	
Unlisted							
Equity investments: Tracker Technology Holdings Proprietary Limited	50	51	530	480	1615	1246	
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	1633	

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 0 3 6	4 022
Impairment provision	(1750)	(1750)
Closing carrying value	1286	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		1882	1928
Support systems		1903	2 2 4 4
Digital systems		2 567	2 790
Payment systems		606	801
Development costs not yet commissioned	none	1358	1138
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	1928
Foreign exchange and other moves		(4)	15
Amortisation charge for the year		(1864)	(1705)
Impairments		(56)	(99)
Closing balance		6 958	7763
Development costs not yet commissioned			
Opening balance		1138	1629
Additions		1 279	1495
Commissioned during the year		(1 018)	(1 928)
Foreign exchange and other moves		(4)	(4)
Impairments		(37)	(54)
Closing balance		1358	1138

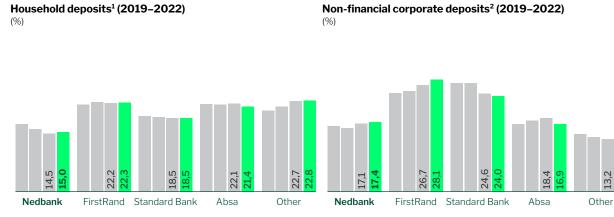
Message from our Chief Executive	Results presentation	2022 results commentary	Financial results	Segmental analysis	Income statement analysis	Statement of financial position analysis	Supplementary information
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12 Amounts owed to depositors

Segmental breakdown

		Nedban	k Group		ate and nt Banking	
Rm	Change %	2022	2021	2022	2021	
Current accounts	4	110 590	106 751	8 672	6 170	
Savings accounts	(9)	42 095	46 343			
Other deposits and loan accounts	5	726 686	694 209	399 552	400 175	
Call and term deposits	12	409 270	363 857	162 380	137 404	
Fixed deposits	20	72 277	60 238	15 586	14 361	
Cash management deposits	(11)	99 734	111 768	87 459	102 170	
Other deposits	(8)	145 405	158 346	134 127	146 240	
Foreign currency liabilities	29	29 180	22 688	20 116	15 880	
Negotiable certificates of deposit	44	118 892	82 429			
Macro fair-value hedge accounting adjustment	>(100)	(1 367)	83			
Deposits received under repurchase agreements	(12)	13 546	15 426	13 546	15 426	
Total amounts owed to depositors	7	1039622	967 929	441 886	437 651	
Comprises:						
– Banking amounts owed to depositors	11	983 582	882141	385 846	351 863	
- Trading amounts owed to depositors	(35)	56 040	85 788	56 040	85788	
Total amounts owed to depositors	7	1 039 622	967 929	441 886	437 651	

Market share according to BA900

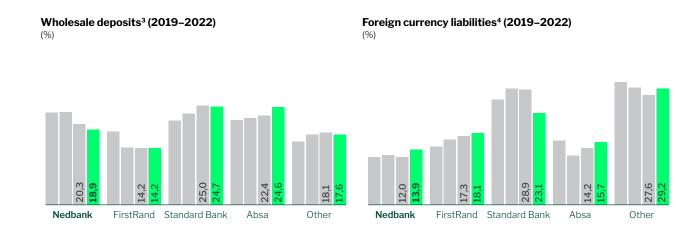


¹ Includes households according to the BA900 return.

Includes private non-financial corporate sector deposits, unincorporated businesses, as well as non-profit organisations and charities according to the BA900 return. 2

Message from our	
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Retail and Business Banking		Wealth		Nedbank Africa Regions		Cen	tre
2022	2021	2022	2021	2022	2021	2022	2021
88 662	87 005	2 275	2 256	10 758	11 224	223	96
13 796	13 404	27 422	32 066	877	873		
290 669	263 956	16 473	9 471	18 819	19 182	1173	1 425
223 350	206 433	13 968	7 652	9 567	12 364	5	4
49 835	42 237	1124	651	5 732	2989		
9 459	7 421	262	382	2 385	1702	169	93
8 025	7 865	1 119	786	1135	2 127	999	1 328
8 987	6 741	21	47	56	20		
				3 817	3 755	115 075	78 674
						(1 367)	83
402 114	371106	46 191	43 840	34 327	35 054	115 104	80 278
402 114	371106	46 191	43 840	34 327	35 054	115 104	80 278
402 114	371106	46 191	43 840	34 327	35 054	115 104	80 278



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 6 9 7	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%.

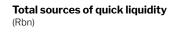
• Nedbank's portfolio of LCR-compliant HQLA (comprising mainly government bonds and treasury bills) increased to a quarterly average of R225,0bn, up from December 2021, when the portfolio amounted to R207,1bn.

- 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.

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Nedbank Group LCR exceeds minimum regulatory requirements

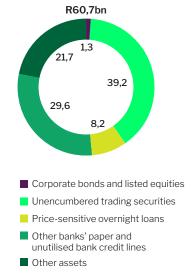






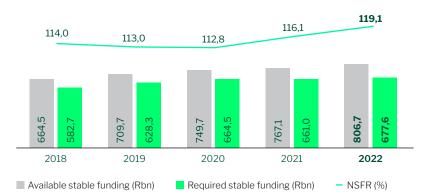
Other sources of quick liquidity contribution (%)

Supplementary information



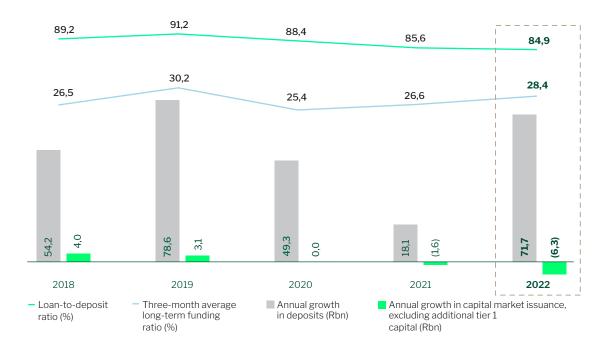
Nedbank exceeded the minimum regulatory NSFR requirement of 100%, with a December 2022 ratio of 119,1% (Dec 2021: 116,1%). The structural liquidity position of the group continues to be strong as a result of effective management of balance sheet growth and the implementation of the cash surplus monetary 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 – $\ensuremath{ETI^2}$		(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)	(2178)
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	1497
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)

(%)



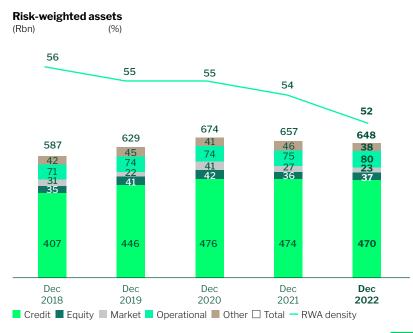
		PA minimum ¹	Internal targets ²	2022	2021
Nedbank Group					
Including unappropriated profits					
Total CAR	%		>14,5	18,1	17,2
Total tier 1	%		> 12,0	15,5	14,3
CET1	%		11,0–12,0	14,0	12,8
Surplus tier 1 capital	Rm			34 221	31 292
Dividend cover	times		1,75–2,25	1,75	2,02
Cost of equity	%			14,9	15,1
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



	2022		2021
	RWA	MRC ¹	RWA
Credit risk ²	449 982	56 248	438 959
Counterparty credit risk	14 450	1806	15 932
Credit valuation adjustment	5 858	732	18 797
Equity risk	37 119	4640	35 601
Market risk	23 037	2880	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 6 2 5	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	1245	12 856
Credit valuation adjustment	5 7 9 8	725	18 283
Equity risk	21 389	2 674	19 742
Market risk	21 7 27	2 716	26 081
Operational risk	64 576	8 072	62 360
Amounts below the thresholds for deduction	7109	889	7 596
Other assets	15 481	1935	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 reserves¹

Capital adequacy

(Rbn)



	Nedban	k Group	Nedbank Limited	
Rm	2022	2021	2022	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	88130	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	Total capital ratio	RWA	Total capital ratio	
	%	Rm	%	Rm	%	
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	1831	34,2	2 0 7 6	29,2	
Nedbank Zimbabwe ¹	12,0	1954	33,9	1908	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 8 3 6	13	6 0 2 0	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	1184	2	3 953	6
Model Risk ¹	1701	3		
Minimum economic capital requirement	67 444	100	71723	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

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2022 results Financial commentary results

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	2886	2 806
2021				
Earnings for the year	11 238	11 2 38	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.

	2022		2021
Number of weighted-average dilutive potential ordinary shares (000)	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) Nedbank Group Matched-share Scheme	18 042 3 296	10 376 1 853	6 729 1 481
Total BEE schemes	1 5 9 3	1559	1559
BEE schemes – SA	1 559	1559	1559
Community	1 559	1559	1559
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)	1142 509	1177 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 2 3 8 6 4 9
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	1852674

- 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.

Message from our
Chief Executive

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

Restricted shares¹

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

Instrument expiry date	Number of shares	
	2 726 863	Ρ
21 March 2023	1934038	
26 March 2024	4 377 646	Ρ
27 March 2024	3 339 455	
20 August 2024	82 902	Ρ
21 August 2024	72 898	
18 March 2025	2 652 491	Ρ
19 March 2025	1650788	
19 August 2025	68 990	Ρ
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	

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. Performance-based instruments. 1

Ρ

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)	1240	1856
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 6 9 7	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 Servio	
	Nedbank Sovereign Limited rating SA		Nedbank Limited	Sovereign rating SA
	Dec 2022	Dec 2022	0ct 2022	0 ct 2022
Outlook	Positive	Positive	Stable	Stable
Foreign currency deposit ratings				
Long term	BB-	BB-	Ba2	Ba2
Short term	В	В	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	1829	1829
NGT105	3-month JIBAR + 4,25% per annum	1000	1000
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	1537	1537
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	1000	
NGT112	3-month JIBAR + 3,40% per annum	500	
Total non-controlling interest attributa additional tier 1 capital instruments	able to	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 Decembe
Authorised share capital:	600 000 000
Issued share capital:	511 500 790

er 2022 0 shares 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

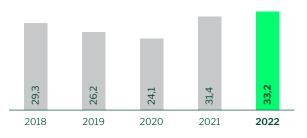
Source: JP Morgan Cazenove.
 Source: Vaco Ownership.

Index classified shareholding

(%)



Foreign shareholding (%)



Message from our	Res
Chief Executive	preser

	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	
AIRB Approach	407 217	172 533	428 344	22 150	-	81 234	938 945	
Corporate	183 822	55 834	20 060	59		19	203 960	
Specialised lending – HVCRE ⁴	5 097	5 097		41			5138	
Specialised lending – IPRE⁵	108 649	108 513	1 512	5177			115 338	
Specialised lending – project finance	43 016						43 016	
SME – corporate	5 0 6 2	3 0 8 9	40 869	1736			47 667	
Public sector entities	8 881		20				8 901	
Local governments and municipalities	8 521		1793				10 314	
Sovereign	5 0 3 1		42	156		81 215	86 444	
Banks	38734		1	3 601			42 336	
Retail mortgage	13		158 640	9 507			168 160	
Retail revolving credit			17 252	60			17 312	
Retail – other			155 053	146			155 199	
SME – retail	21		32 930	1667			34 618	
Securities firms	370						370	
Securitisation exposure			172				172	
TSA ⁶			168	35 006	32 254	-	67 428	
Corporate					4 062		4 062	
SME – corporate			168	1 514			1682	
Public sector entities					441		441	
Local government and municipalities					44		44	
Sovereign				9 712	6 226		15 938	
Banks				17 475	8 7 5 1		26 226	
Retail mortgage				5 589	7 223		12 812	
Retail revolving credit					256		256	
Retail – other				464	2723		3 187	
SME – retail				252	2 528		2780	
PiPs			52	14	123		189	
Non-regulated entities	17 502		75				17 577	
Total Basel III balance sheet exposure ⁷	424 719	172 533	428 639	57170	32 377	81 2 34	1 024 139	
dEL (AIRB Approach)								
Expected loss performing book								
BEEL on defaulted advances								

IFRS impairment on AIRB loans and advances

Excess of downturn expected loss over eligible provisions⁸

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).

dEL is in relation to performing loans and advances.

Best estimate of expected loss (BEEL) is in relation to defaulted loans and advances.

High-volatility commercial real estate.

Income-producing real estate. 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.

Balance sheet credit exposure includes on-balance-sheet, repurchase and resale agreements and derivative exposure.

Excess impairments compared to downlurn 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).

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Income statement analysis

BEEL ³	Downturn expected loss (dEL) ²	Nedbank Group 2021	BEEL ³	Downturn expected loss (dEL) ²	Risk weighting ¹	Change (%)	Mix (%)
14 000	8 490	888 184	16 681	8 499	38,37	6,19	91,68
750	1601	184 184	2132	940	40,64	10,74	19,92
167	52	5132	257	44	94,03	0,11	0,50
693	233	112 926	515	197	29,39	2,14	11,26
132	148	45 578	135	160	50,64	(5,62)	4,20
536	243	45 366	733	331	54,84	5,07	4,65
324	20	13 746	243	29	43,05	(35,25)	0,87
	21	10 973		44	47,00	(6.01)	1,01
26	21	85 502	39	19	12,02	1,10	8,44
	63	30 933	20	98	43,83	36,86	4,13
1933	786	155 242	2 0 2 3	955	27,46	8,32	16,42
1587	823	16 545	1765	949	65,29	4,63	1,69
6 946	3 967	147 311	7 938	4 177	50,23	5,35	15,15
906	512	34 423	881	556	41,72	0,57	3,38
					44,47		0,04
		323			143,15	(46,69)	0,02
		73 971			51,59	(8,85)	6,58
		5 923			151,79	(31,42)	0,40
		1053			40,42	59,80	0,16
		244			91,50	80,53	0,04
		22			78,23	103,93	0,00
		18 786			74,35	(15,16)	1,56
		26 023			17,56	0,78	2,56
		14 116			38,82	(9,24)	1,25
		315			40,73	(18,73)	0,02
		3 911			65,45	(18,51)	0,31
		3 578			86,79	(22,30)	0,27
		187				1,25	0,02
		16 503				6,51	1,72
14 000	8 490	978 845	16 681	8 499		4,63	100,00
22 489			25 180	<u>.</u>			
			8 498				
8 490 14 000			8 498 16 681				
(24 985)			(26146)				
(2 4 9 6)			(966)				

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)	(3174)
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	6169
Net income	11	47 384	42 815
Total operating expenses	8	31 751	29 314
Indirect taxation	7	1002	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	9248

Message from our	
Chief Executive	

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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	9808
Profit attributable to:			
- Ordinary and preference shareholders	22	11 300	9246
- 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	9806
- Non-controlling interest - ordinary shareholders		3	2
Total comprehensive income for the year	10	10 807	9808
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

	Change		2021
Rm	%	2022	(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	1820	1144
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	1031	944
Deferred taxation assets	(38)	354	573
Property and equipment	4	9 467	9 1 4 0
Long-term employee benefit assets	(6)	3 982	4 216
Intangible assets	(5)	9 594	10 142
Total assets	4	1 171 081	1129883
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	1003663	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 0 3 9 6 9 7
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

² During 2022 the group identified a one-day delay in the sweep on the cash management deposits (iability) and debtors (asset), and the affected line items were therefore overstated. The sweep eliminates the 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.

position analysis

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 vtd vear to date ZAR South African rand (currency code)

Company details

Nedbank Group Limited

Incorporated in the Republic of SA Registration number 1966/010630/06

Registered office

Nedbank Group Limited, Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown, Sandton, 2196 PO Box 1144, Johannesburg, 2000

Transfer secretaries in SA

JSE Investor Services Proprietary Limited, One Exchange Square, Gwen Lane, Sandown, Sandton, 2196 (from 13 March 2023)

PO Box 4844, Marshalltown, 2000, SA

Namibia

Transfer Secretaries Proprietary Limited Robert Mugabe Avenue No 4, Windhoek, Namibia PO Box 2401, Windhoek, Namibia

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

For more information contact

Investor Relations

Email: NedGroupIR@nedbank.co.za

Mike Davis

Chief Financial Officer Email: MichaelDav@nedbank.co.za

Alfred Visagie

Executive Head. Investor Relations Tel: +27 (0)10 234 5329

Company Secretary:	
Sponsors in SA:	

J Katzin

Merrill Lynch SA Proprietary Limited t/a BofA Securities Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Sponsor in Namibia

Old Mutual Investment Services (Namibia) Proprietary Limited

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 US 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 will be 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.

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