Be the difference
that impacts our world

Annual results

for the year ended 31 December 2021

see money differently

NEDBANK GROUP

Contents

Strong performance enabled by a more supportive environment, ongoing strategic delivery and a good operational performance

The operating environment in 2021 was more supportive for Nedbank and our clients. The South African economy performed better than we expected at the start of the year, resulting in upward revisions of gross domestic product (GDP) growth to 4,9%. Off the low base in 2020, the rebound in economic growth was underpinned by higher commodity prices, lower levels of lockdown restrictions and some positive developments on key reforms in SA. The low-interest-rate environment supported demand for retail credit and transactional activity increased as lockdown levels eased. Demand for corporate credit remained muted, particularly in the first half of the year as excess cash was used to repay debt, and investment activity remained low. Encouragingly, demand for corporate credit saw a recovery in the second half. In the third quarter, the negative impacts of a prolonged third wave of Covid-19 infections, tighter lockdown restrictions, the July civil unrest in parts of the country and frequent power outages weighed heavily on economic activity. Trading conditions improved in the last quarter of 2021, supported by more lenient lockdown restrictions despite the onset of the fourth Covid-19 wave (Omicron variant).

The Nedbank Group's financial performance for 2021 reflects a strong rebound off a low 2020 base. Headline earnings (HE) in 2021 increased by 115% to R11,7bn, but remains 7% below 2019 levels. HE growth was driven by significantly lower impairments, a higher net interest margin, recovery in NIR growth, disciplined expense management and a stronger financial performance from our associate investment in ETI. Preprovisioning operating profit increased by 9% and JAWS was positive at 0,8%. The key drivers of shareholder value creation were also positive, with net asset value per share increasing by 11%, the group's ROE improving to 12,5% (2020: 6,2%) and a full-year dividend of 1 191 cents per share at 2,02 times cover.

Key balance sheet metrics have all strengthened to above pre-Covid-crisis levels. Capital and liquidity ratios increased as reflected in our tier 1 capital ratio of 14,3% (December 2020: 12,1%), common equity tier 1 (CET1) ratio of 12,8% (December 2020: 10,9%), average fourth-quarter liquidity coverage ratio (LCR) of 128% (December 2020: 126%) and net stable funding ratio (NSFR) of 116% (December 2020: 113%). Overall impairment coverage increased to multi-year highs of 3,32% (December 2020: 3,25%) and our credit loss ratio (CLR) declined to 83 bps (December 2020: 161 bps) and is now back within our board-approved through-the-cycle (TTC) target range of 60–100 bps.

The strong financial performance was supported by ongoing strategic delivery. Our Managed Evolution (ME) technology journey to create a modern, modular and digital IT stack is at 85% completion. The benefits of this are evident in most of our digital metrics showing double-digit growth, as well as target operating model (TOM 2.0) benefits of R967m being realised, as we move forward towards our target of R2,5bn by the end of 2023. In the 2021 Consulta survey Nedbank achieved the #2 ranking among the five largest South African banks on client satisfaction metrics, with our Net Promoter Score (NPS) increasing further to 47. Progress on our strategic portfolio tilt strategy (SPT 2.0) was evident in market share gains in key product areas and main-banked clients, as well as improved levels of cross-sell. Nedbank recorded the largest retail main-banked market share gain among the large South African banks, while Corporate and Investment Banking (CIB) gained 35 new primary clients. We continued to create positive impacts by delivering against the United Nations Sustainable Development Goals (SDGs) and increasing our focus on environmental, social and governance (ESG) matters. In 2021 we released our Energy Policy and inaugural Taskforce on Climate-related Financial Disclosures (TCFD) report and successfully concluded Africa's first green AT1 instrument, while maintaining ESG ratings at the top-end of the local and international peer group.

After a strong rebound in South African GDP in 2021, we currently forecast the country's GDP to increase by a more modest 1,7% in 2022. Good strategic and operational delivery should support delivery of a solid financial performance for the full-year 2022, underpinned by revenue growth and an ongoing cost focus. We are on track to meet our medium-term targets* set for the end of 2023. Pleasingly, we now expect to meet the diluted headline earnings per share (DHEPS) target (greater than 2 565 cents per share) in 2022, a year ahead of our previous expectation. We continue to focus on achieving a return on equity (ROE) greater than the 2019 ROE level of 15%, reducing our cost-to-income ratio to below 54%, and ranking #1 on the NPS among South African banks, all by the end of 2023.

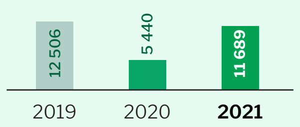
The past two years have been unprecedented and extraordinarily difficult for our clients and employees. Thank you to all our Nedbank employees for remaining resilient throughout the Covid-19 crisis, continuing to follow the Covid-19 health protocols and diligently supporting our clients and the economy with unrelenting commitment. We extend our heartfelt condolences to the families, friends and communities of employees and clients who have lost their loved ones during this time.

Our Chairperson, Vassi Naidoo passed away during 2021 after a long and brave battle with cancer. He led our board with integrity and passionately loved the Nedbank brand and all that we stand for. We will be forever grateful for his contribution to Nedbank.

Mike Brown
Chief Executive

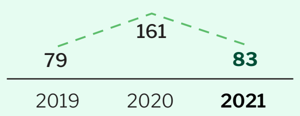
Headline earnings

▲ 115%



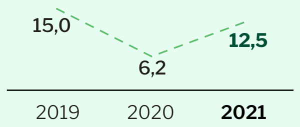
CLR

83 bps



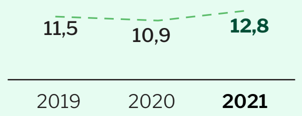
ROE

12,5%



CET1 RATIO

12,8%



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


NEDBANK GROUP

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2021 Annual Financial Results

For the year ended 31 December 2021

9 March 2022

Notes:

Overview

A more supportive environment	Strong financial performance	Strong operational performance	Good strategic delivery
▪ **GDP growth recovery** off a low base ▪ **Corporates** cautious ▪ **Low interest rates** supporting retail clients ▪ **Less negative economic impact** from Covid-19-related lockdowns in Q4	▪ HE: **+115%** ▪ ETI assoc: **>100%** ▪ CET1: **12,8%** ▪ LCR: **128%** ▪ NSFR: **116%** ▪ Coverage: **3,32%** ▪ Final DPS: **758 cps**	▪ PPOP: **+9%** ▪ JAWS: **+0,8%**	▪ **Digital** leadership ▪ Market-leading **client experiences** ▪ **Market share gains** in key areas ▪ **Productivity** improvements ▪ **ESG leadership** maintained

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 3

Notes:

Overview

Mike Brown

Chief Executive

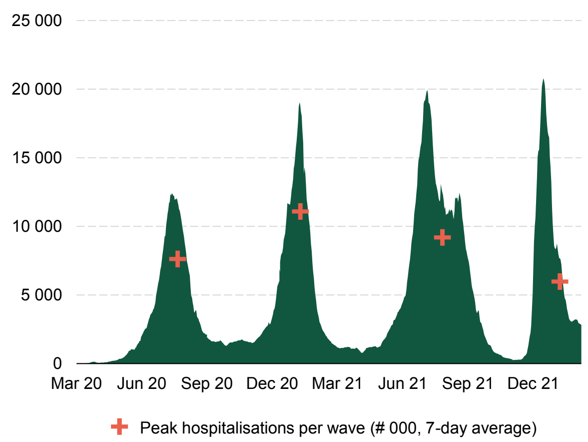
Agenda

- Operating environment & strategic progress
- Financial overview
- Cluster overview
- Outlook & guidance

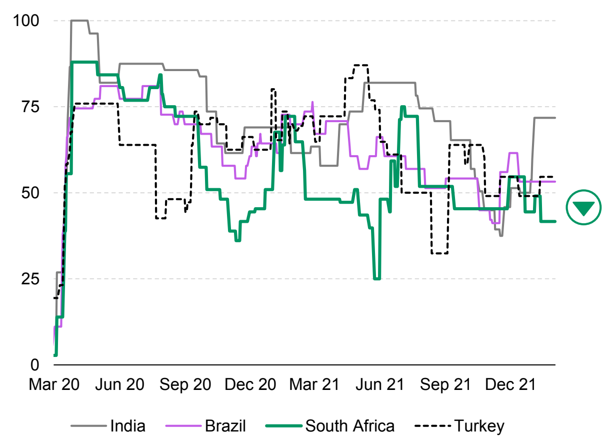
Notes:

1. **Operating environment** – lower mortality & hospitalisations during the Omicron wave & less negative economic impact from lockdowns in Q4 2021

SA positive Covid-19 cases[1] (7-day average)



Stringency index[2]



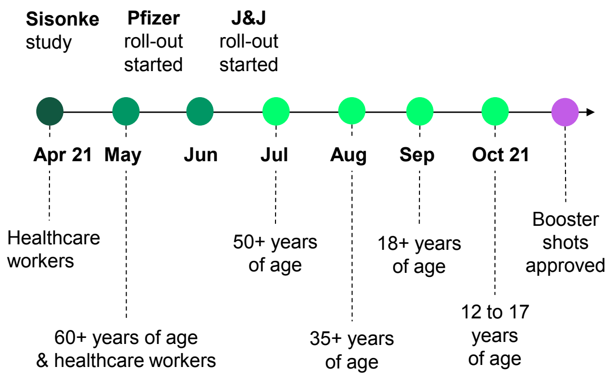
[1] *National Institute for Communicable Diseases: Peak average daily hospital admissions > 2 500 during the second wave & lowest during the fourth wave at ~1 400.* | [2] *Oxford University.*

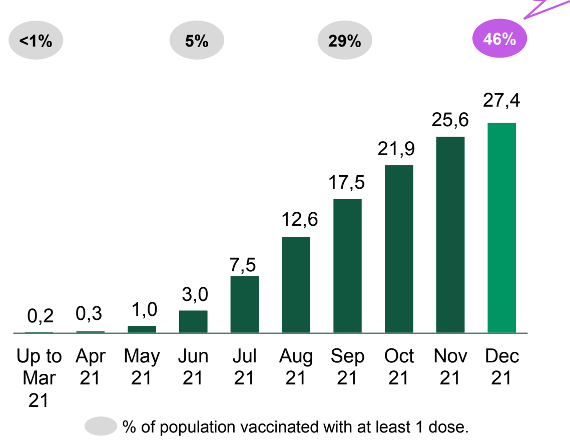
NEDBANK GROUP LIMITED – 2021 Annual Financial Results 4

Notes:

Operating environment – vaccine roll-out has been slow, but closing in on 50% level

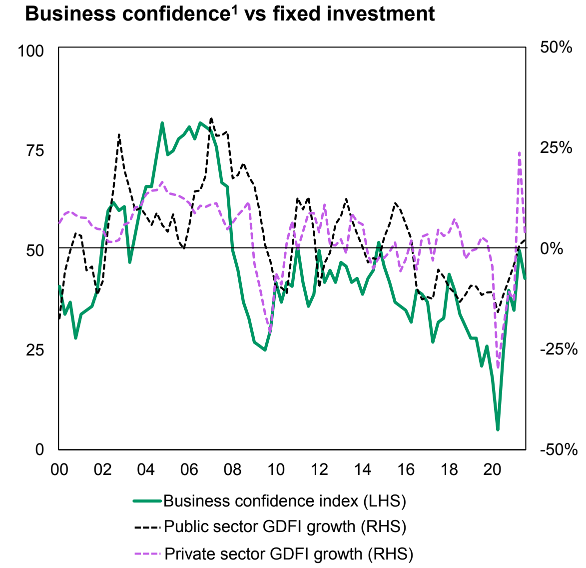
BOOKLET SLIDE





Notes:

Operating environment – positive developments on key SA reforms, but business confidence still low

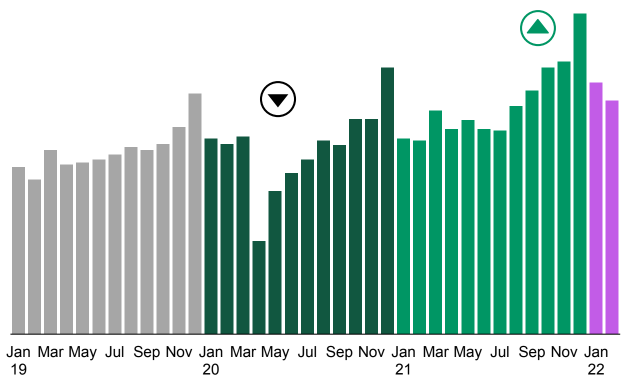


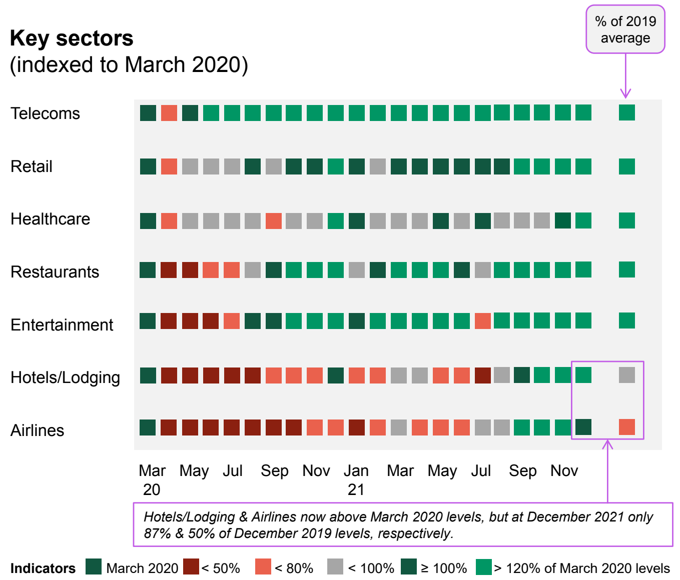
- **Business confidence remains below 50** (neutral position) evident in new corporate loan demand that is still weak
- **Positive developments on key SA reforms[2]**
  - 'Red tape reduction drive'
  - Unbundling of Eskom transmission (by Dec 2022)
  - Increased private energy generation capacity to 100 MW
  - RFP for public-private partnership in Ports
  - Auctioning of 5G spectrum
  - Third-party access to SA freight rail network
- **Renewable energy**
  - Nedbank participated in 4 projects in the emergency renewable-energy round (500 MW to finalise Q1 2022) | Round 5 REIPPP concluded (2 600 MW) – thinly priced market | Round 6 bids (2 600 MW) open in due course
- **Commodity boom beneficial to some clients** but resulted in early repayments/limited financing needs

[1] SA Bureau of Economic Research. | [2] Extracted from the SA President's State of the Nation Address 2022.

Notes:

Operating environment – high-frequency data from our client transactional turnover[1] shows a continued improvement in operating conditions

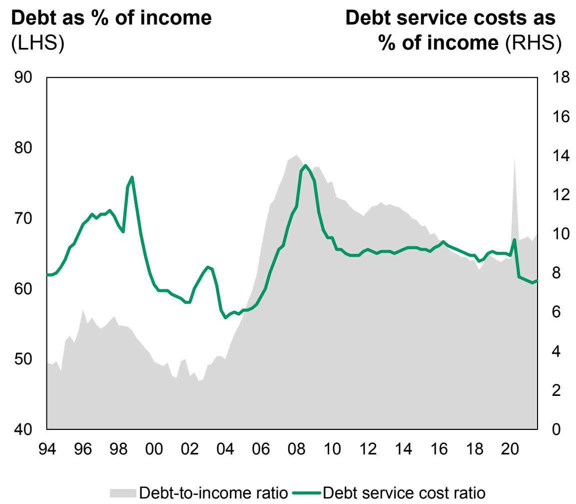




[1] Based on Nedbank POS & card-related digital payment data (client turnover).

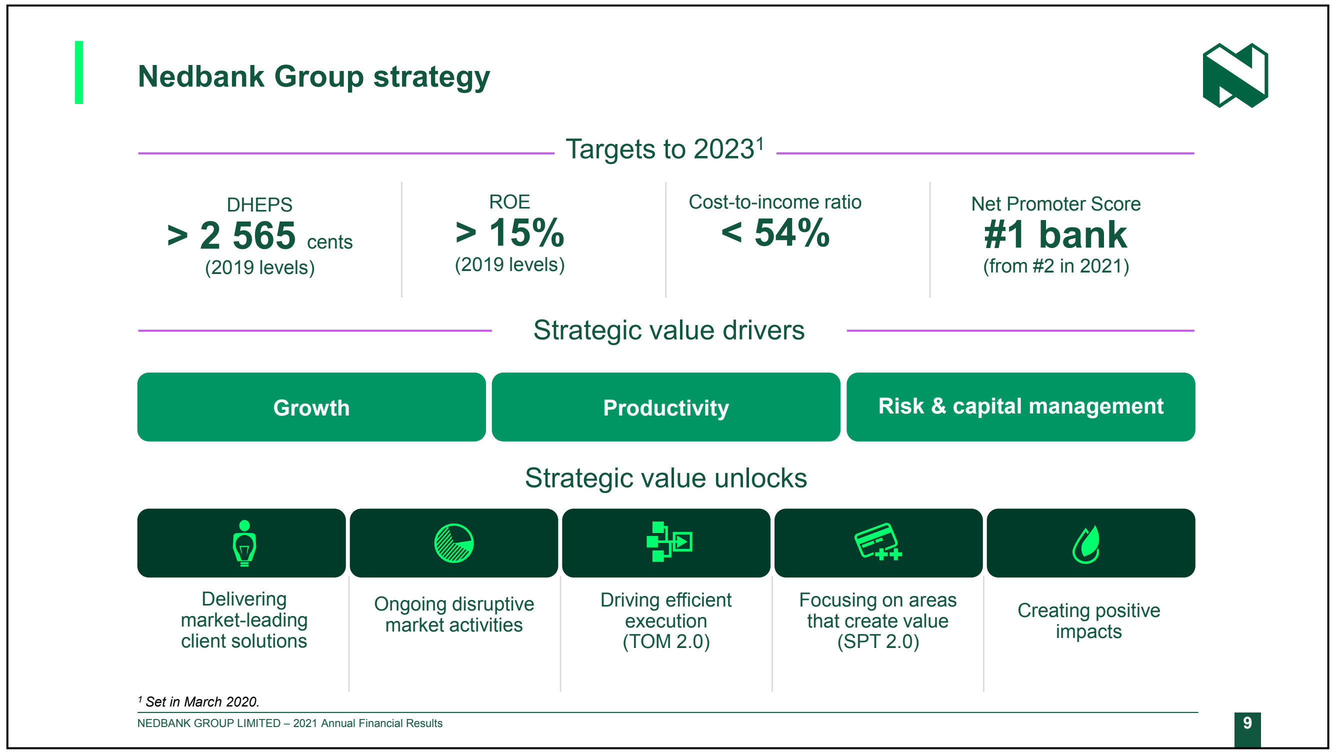
Notes:

Operating environment – households benefiting from lower interest rates, but pressure on consumers increasing



- **Households have de-levered since the GFC**
  - Peak of 79% to current level of 68%
- **Interest rates 250 bps lower since 2019, supporting:**
  - Demand for prime-linked credit (home loans, vehicle finance, etc) – evident in solid RBB loan growth
  - Easier for households, businesses & corporates to service their debt – evident in lower CLRs
- **Rising pressure on consumers**
  - Transport (oil), electricity & food price increases

Notes:



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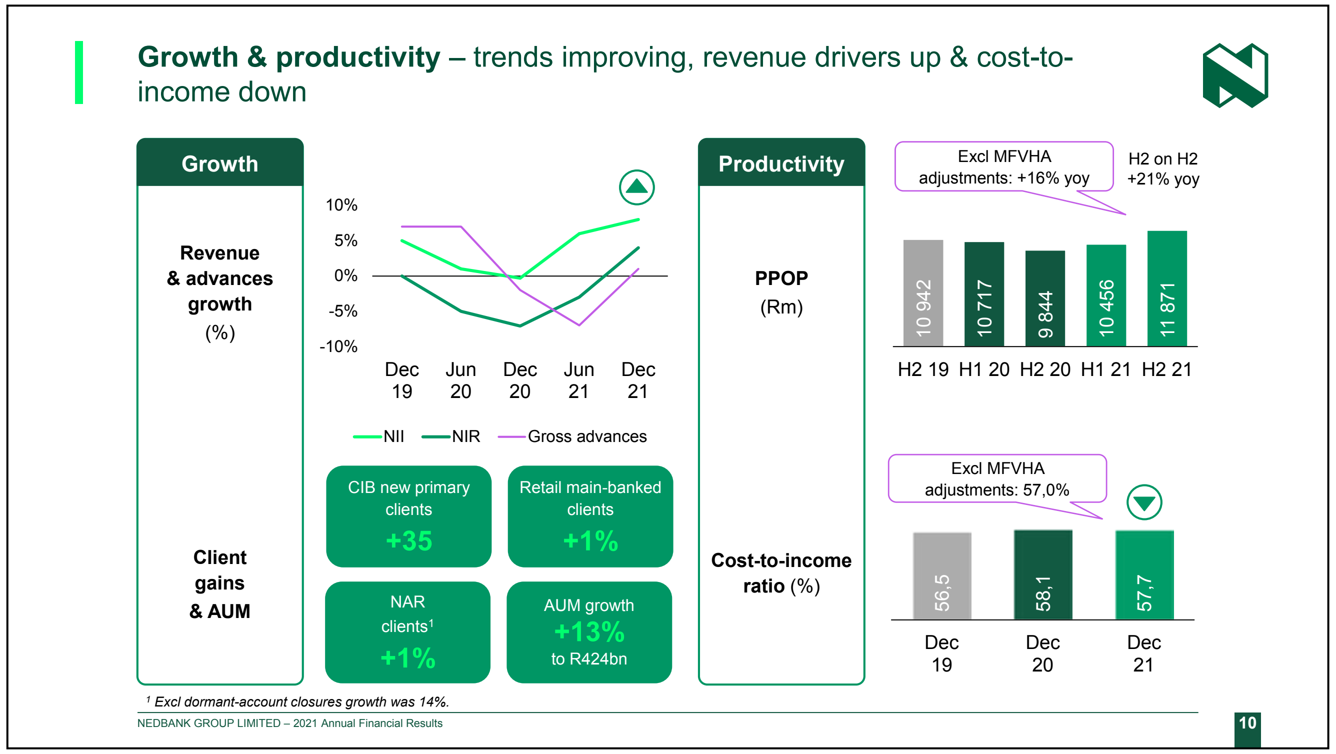

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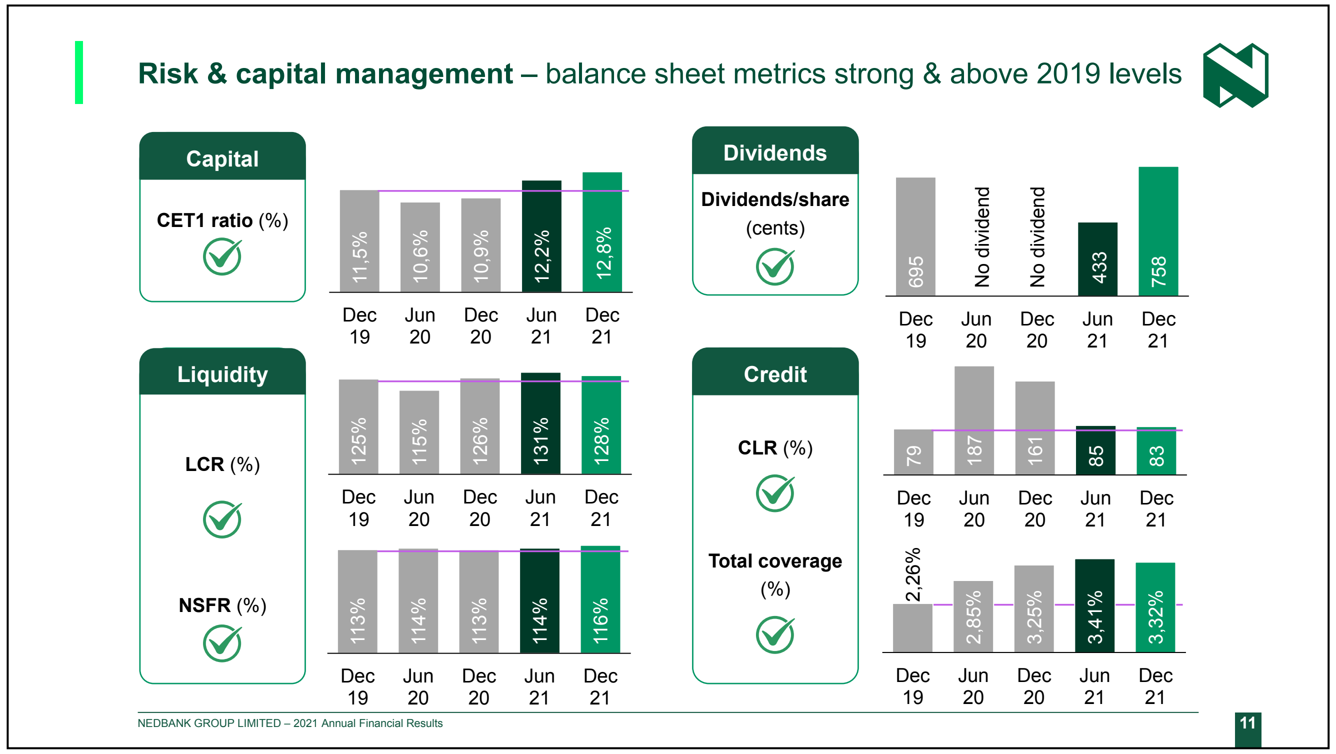

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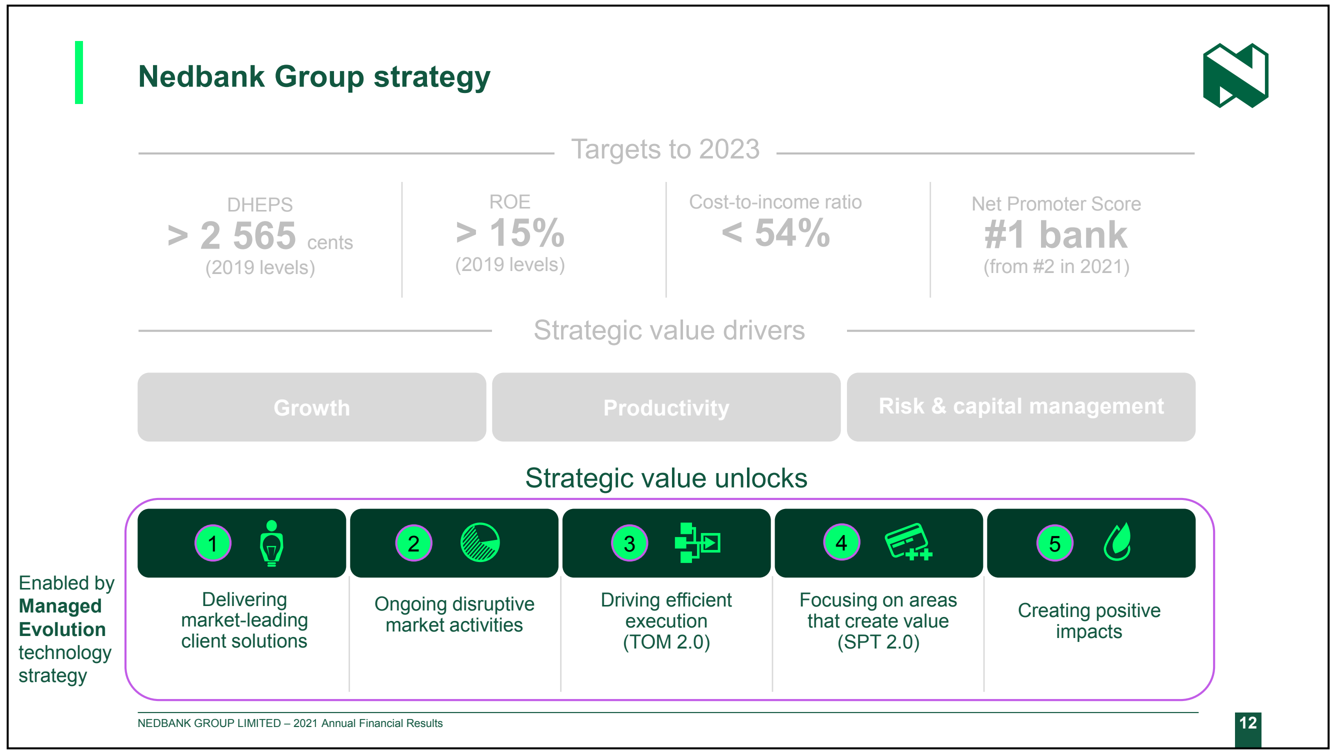


Notes:

Managed Evolution – good progress on our technology strategy

Managed Evolution
85% complete
(2020: 78%)

- **78** core systems (2020: 90)
- Individual & juristic **digital onboarding in place**
- **6 of our top 10 product/client** journeys digitised + various additional products
- IT cash flow spend peaked in 2017 at R2,3bn & 2021: **R1,6bn**
- Intangible software assets peaked in 2021 at **R9bn**

Digital leadership externally acknowledged

- Most Innovative Digital Bank[1]
- Best Digital Bank[2]
- Best Mobile & Internet Banking[3,4]
- Best Bank for APIs[1,2]
- Best Technology Transformation[1]
- Best Innovation in Retail Banking[5]

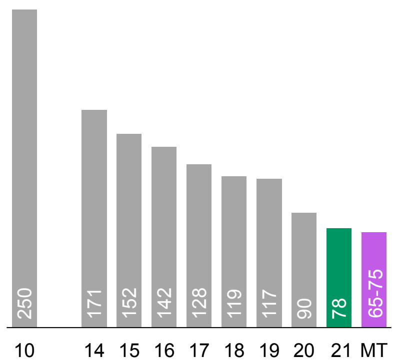
NEDBANK GROUP LIMITED – 2021 Annual Financial Results Source: [1] WorldEco.[2] Global Banking & Finance Awards. [3] Global Business Outlook. [4] International Business Magazine. [5] International Banker. 13

Notes:

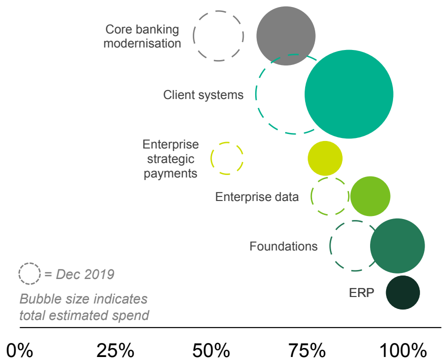
Managed Evolution – materially complete & delivering benefits as per plan

BOOKLET SLIDE

Core systems (#)
Rationalise, standardise & simplify

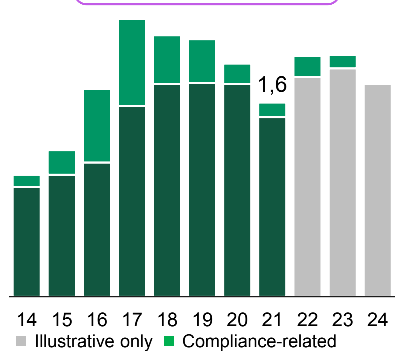


Managed Evolution programme
~85% complete, R9,8bn by Dec 2021
(R13bn including new technologies)



IT software development spend (Rbn)
Annual cash flow spend peaked[1]

The group's **intangible software assets are expected to have peaked in 2021 at R9bn,** in line with reducing cash flow spend.



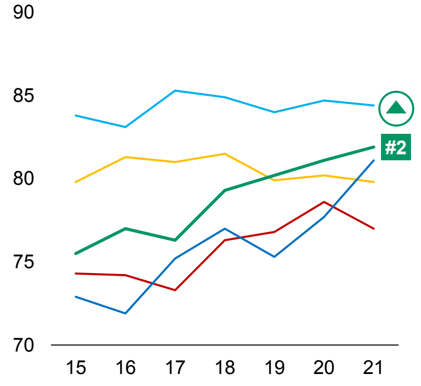
[1] *Project cash flow in 2021 was lower yoy as some large programmes came to an end. The expectation is to increase in 2022 as we aim to complete last few components of ME.*

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 14

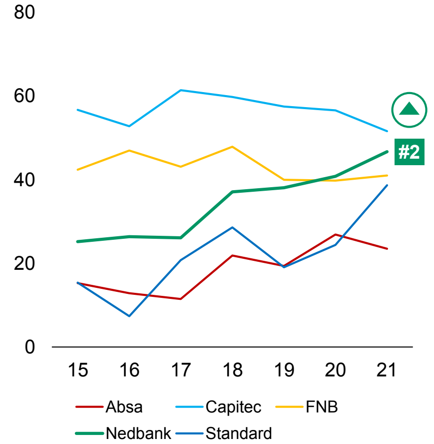
Notes:

Delivering market-leading client solutions – client satisfaction & brand metrics continue on an upward trajectory

SA Client Satisfaction Index[1]



Net Promoter Score[1]



Other metrics

- **Brand sentiment ranking (#2)** consistently above SA bank average[2]
- Nedbank brand value[3]: **R15bn**
- SA brand rank[3] in SA: **#8**
- **Multiple wholesale & retail banking awards** for business impact & expertise

[1] *Annual Consulta survey.*
[2] *1 January 2020 to June 2020: Brandseye & July 2020 to December 2021: Salesforce Social Studio.*
[3] *Top 8 among Top 50 SA companies (Brand Finance).*

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 15

Notes:

External recognition received across all business clusters in 2021 – enabled by business excellence, digital innovation & ESG leadership

BOOKLET SLIDE

The Banker: **Bank of the Year (South Africa)** 2021 Nedbank Group	The Banker: **2021 Deal of the Year Africa:** Infrastructure & Project Finance: Mozambique LNG 1 $15,4bn financing	Global Finance: **2021 Global Finance Investment Bank Awards:** Best Debt Bank: Africa	Global Finance: **2021 Global Finance Investment Bank Awards:** Best Investment Bank: South Africa	WorldEco: **Most Innovative Digital Bank:** 2021 Nedbank	WorldEco: **Best bank for API initiatives:** 2021 Nedbank	WorldEco: **Best Technology Transformation:** 2021 Nedbank	Global Business Outlook: **Best Digital Bank in South Africa:** 2021 Nedbank
Global Banking & Finance review: **Best Corporate Bank** South Africa | 2021 Nedbank CIB	Global Banking & Finance review: **Best Investment Bank** South Africa | 2021 Nedbank CIB	API: **Top Real Estate Bank of the Year** Africa | 2021 Nedbank CIB	Bloomberg: **DCM rankings** South Africa | 2021 #2 by volume & value	Global Banking & Finance review: **Best Digital Bank** | South Africa | 2021 Nedbank	Global Banking & Finance review: **Best Open Banking APIs** South Africa | 2021: Nedbank	International Business Magazine: **Best Mobile Banking Best Internet Banking** South Africa | 2021 Nedbank RBB	International Business Magazine: **Best Mobile Banking Best Internet Banking** South Africa | 2021 Nedbank NAR
African Banker Awards 2021: **2021 winner:** Infrastructure Deal of the Year	International Banker: **Best Innovation in Retail Banking** 2021 Nedbank RBB	Global Business Review Magazine: **Best Retail Bank & Best CSR Bank** South Africa 2021	Wealthbriefing Middle East & North Africa Awards: **Best Boutique Private Bank |** 2021 Nedbank Private Wealth International (third year in a row)	Global Banking & Finance review: **Best Bank for Sustainable Development** South Africa | 2021 Nedbank	Euromoney: **Best Bank for Sustainable Finance** Africa | 2021 Nedbank	Impact Awards 2021 Winner: **2021 winner: Investment Bank of the year** (global award) Nedbank CIB	Oliver Top Empowerment Awards: **Top Empowered Business of the Year** 2021 Nedbank

Business-impact- & expertise-related | Technology & innovation-related | Purpose- & ESG-related

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 16

Notes:

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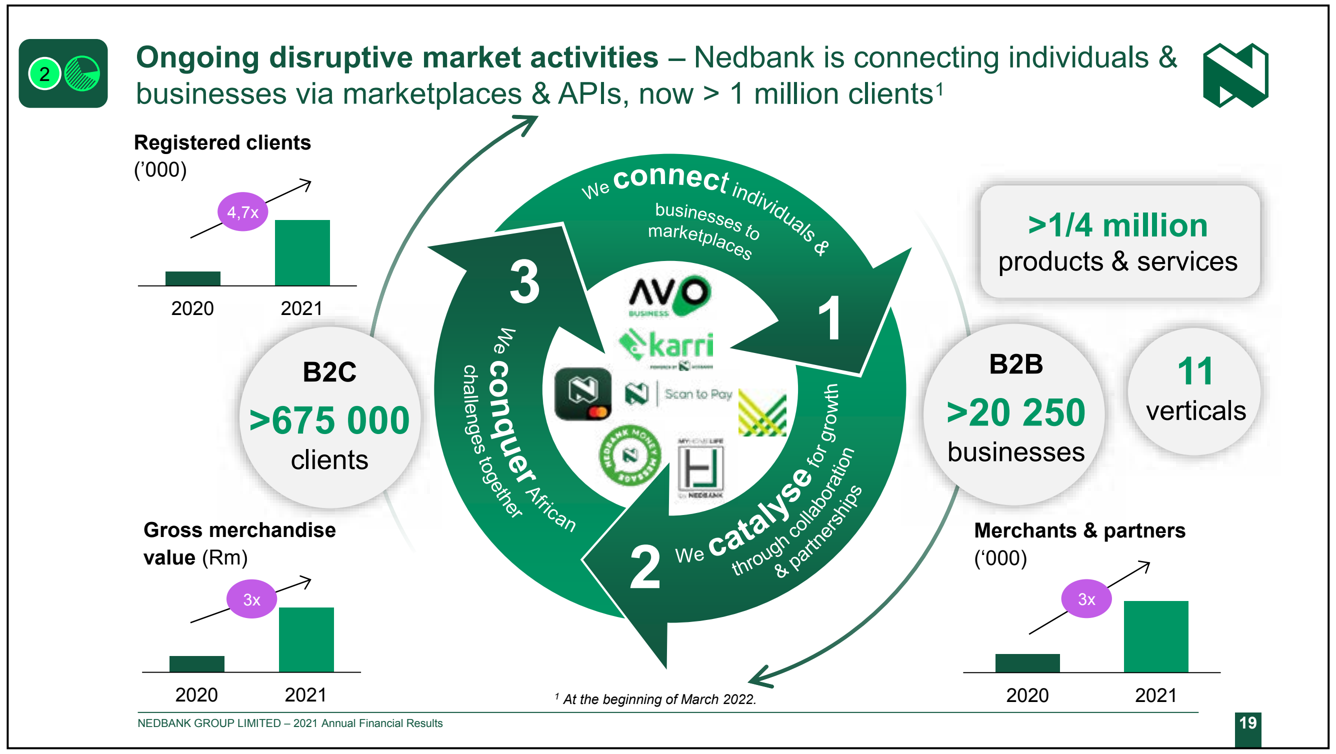

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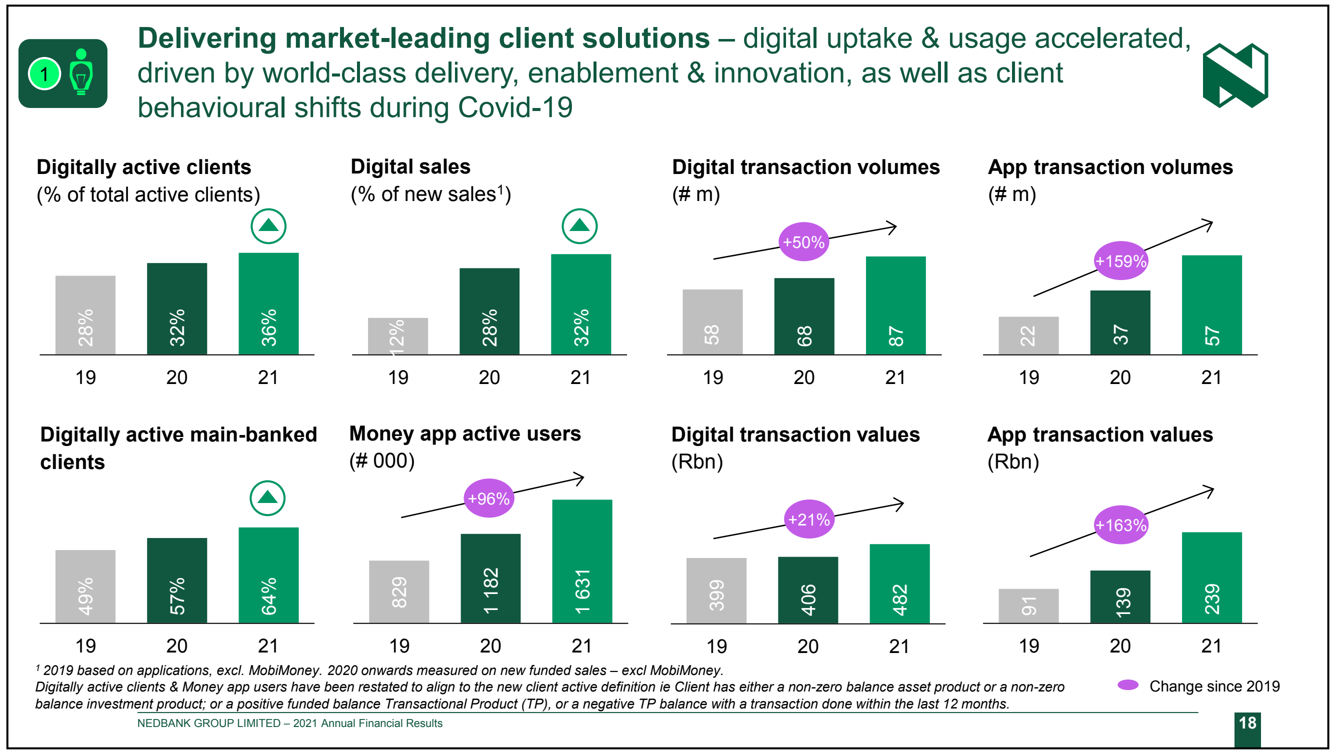

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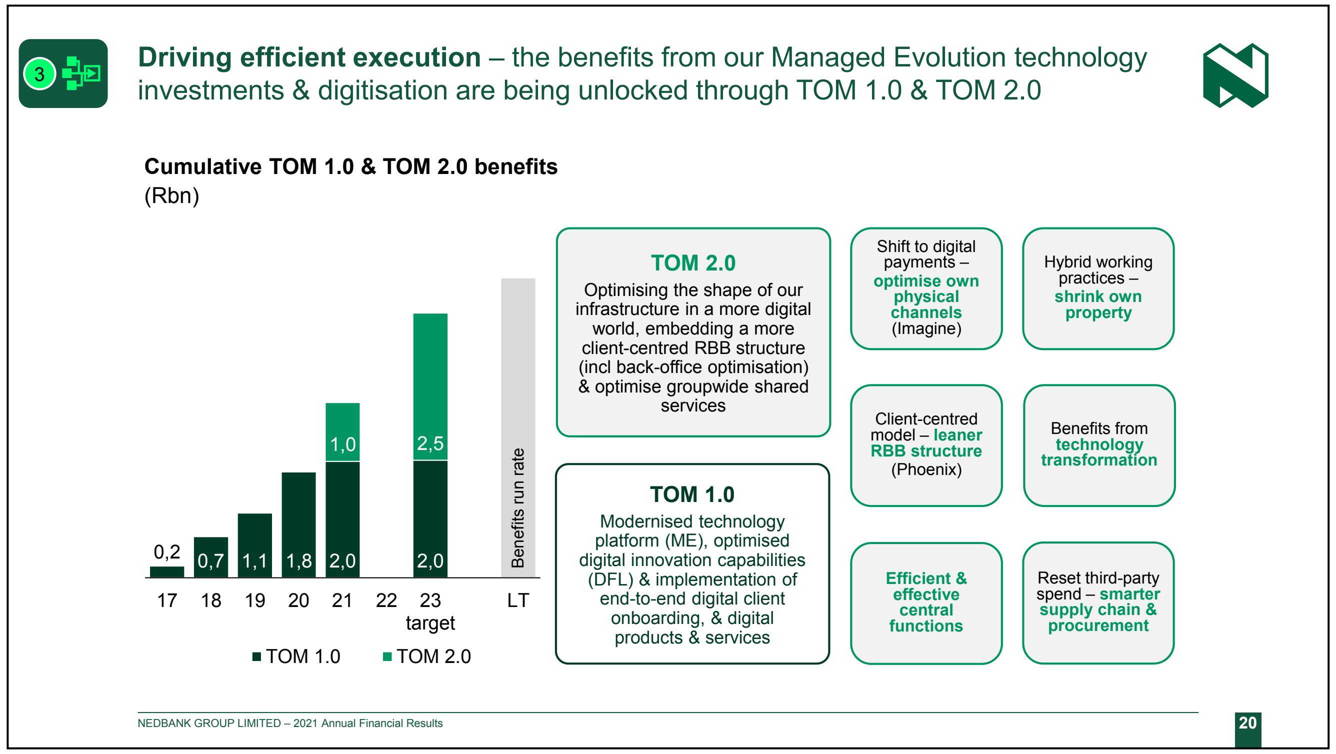

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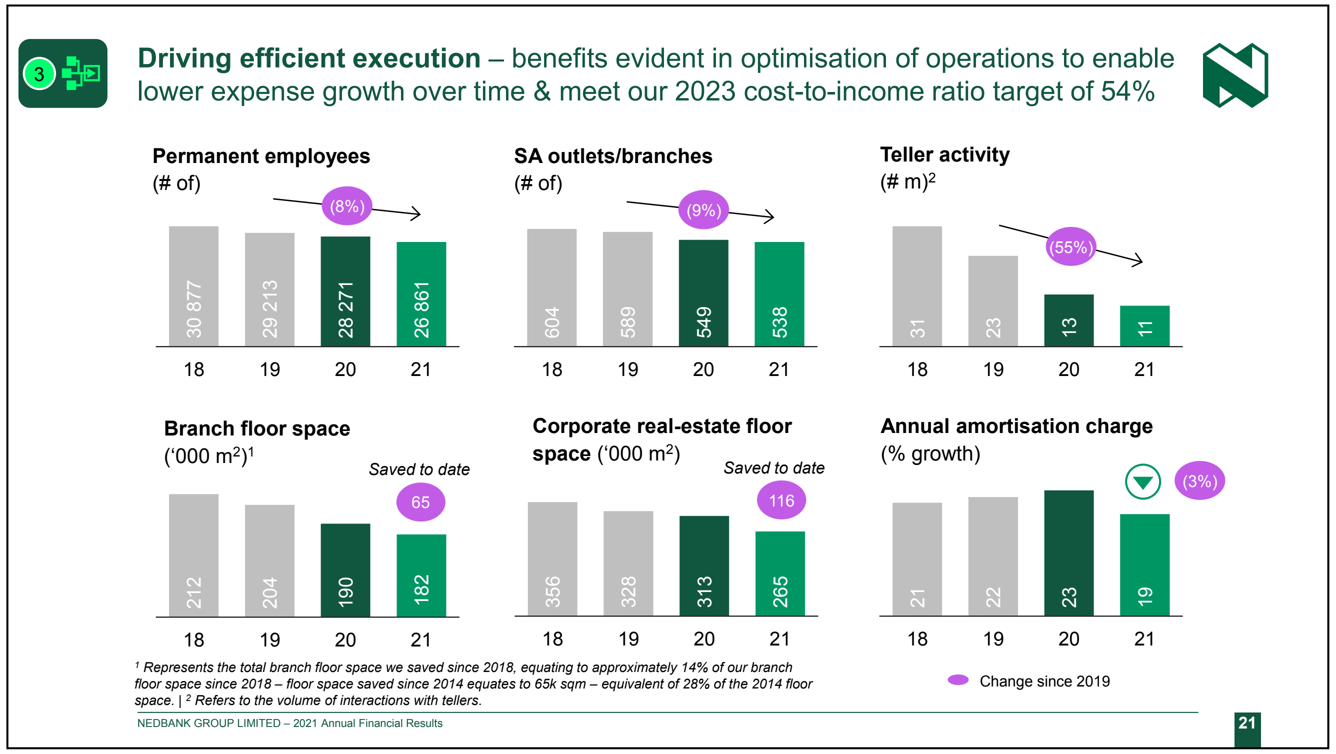

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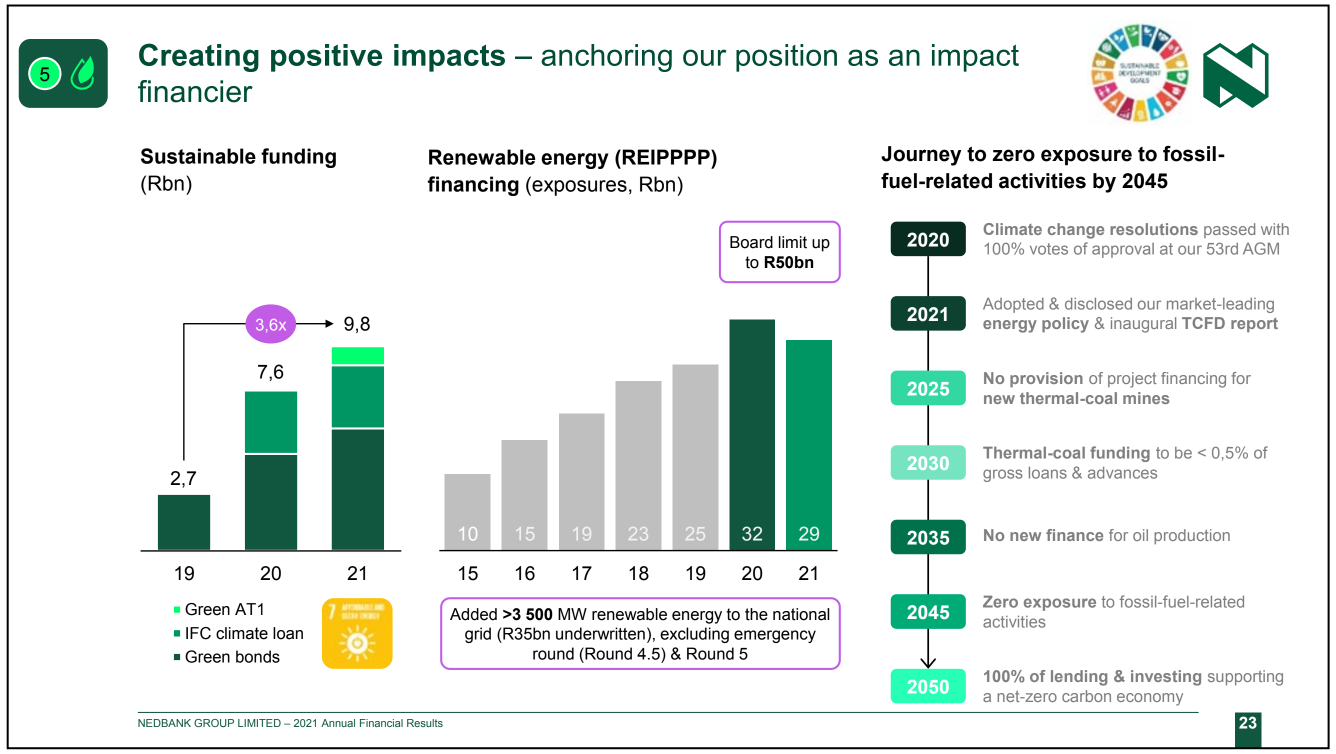

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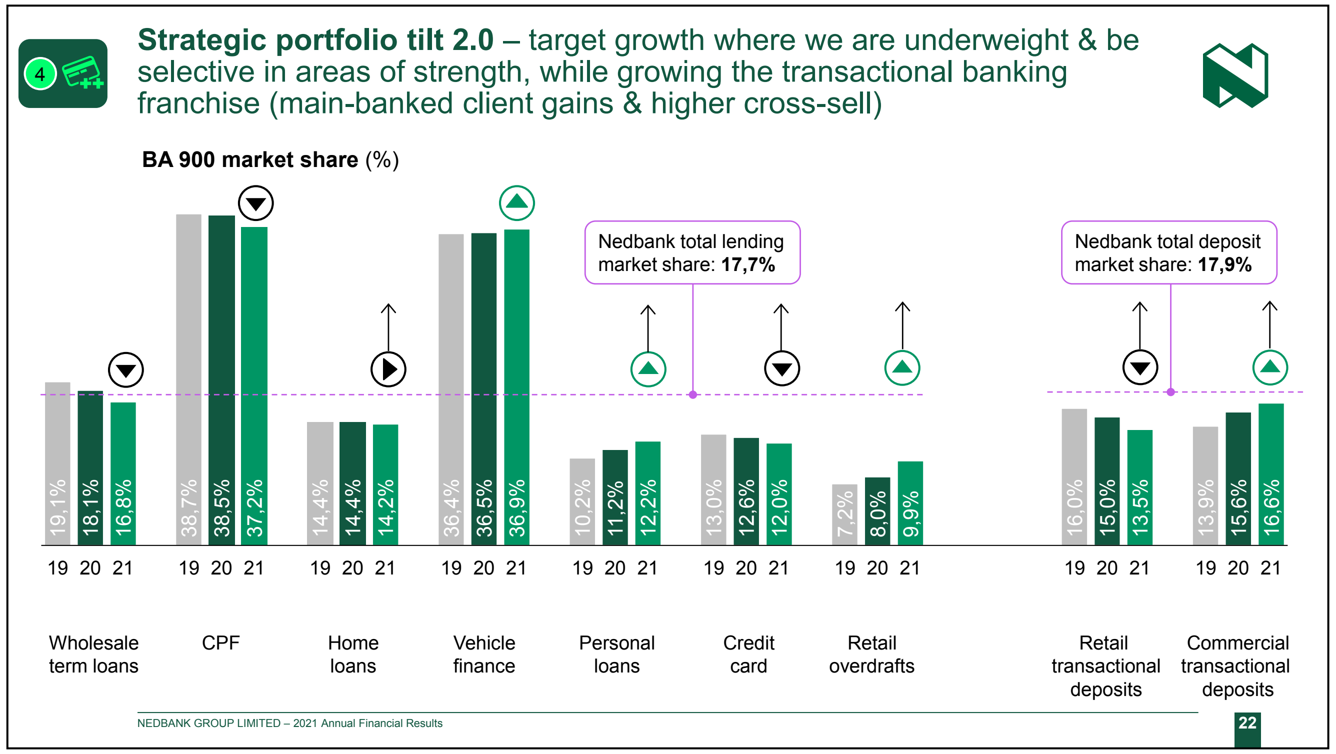

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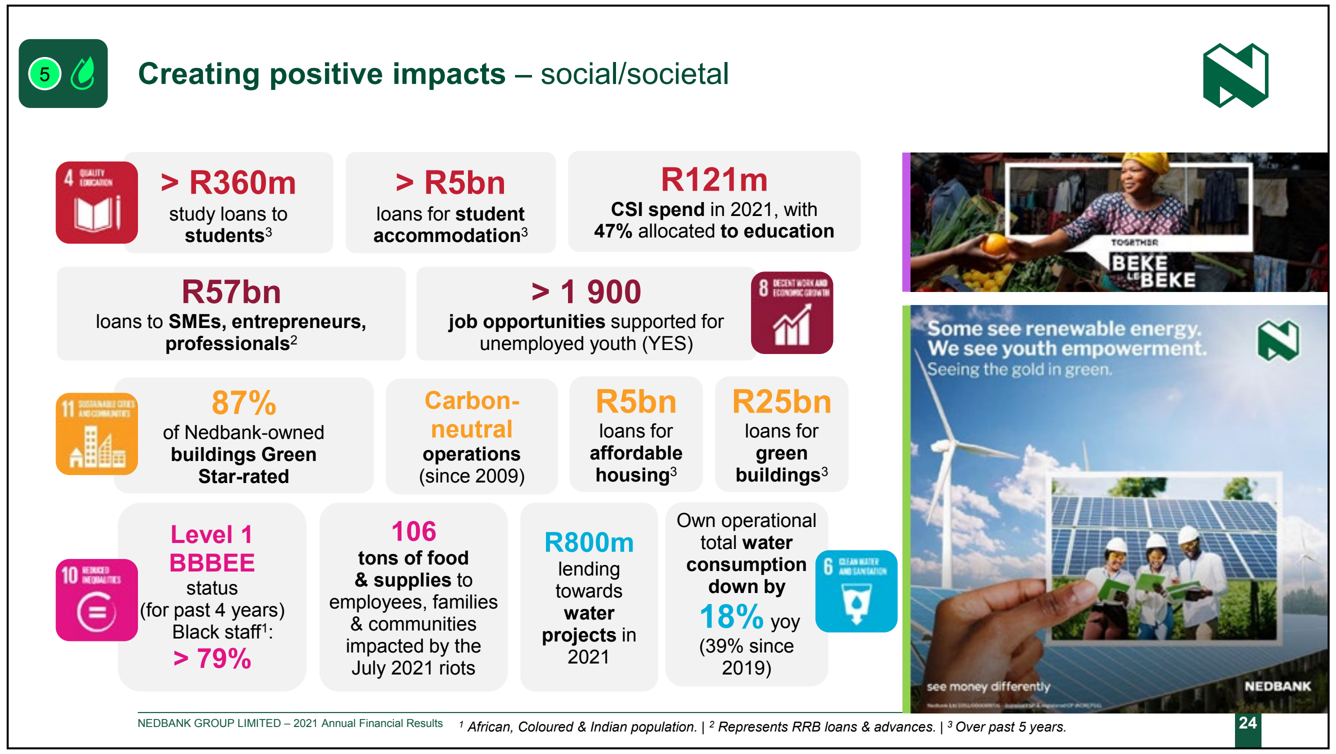


Notes:

Creating positive impacts – governance

Nedbank Board

Independent directors up to **69%** (2020: 67%)

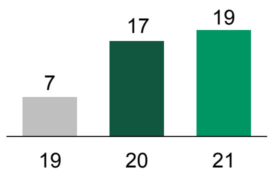
Black (ACI[1]) directors up to **62%** (2020: 60%)

Female directors up to **23%** (2020: 20%)

Regular shareholder engagements on **ESG** matters (2021: eighth annual roadshow)

A supporting culture

Great place to work NPS:



Attrition: **9%** employee attrition (2020: 7% | 2019: 11%)

ESG incorporated in performance scorecards & remuneration

ESG ratings

MSCI ESG	**AA** rating	**Top 33%** of global banks
FTSE Russell	**4,3** out of 5	**Top 6%** of global banks
SUSTAINALYTICS	**16,5** low risk	**22nd** out of 420 diversified banks
ISS	**C** rating	**Top 20%** of all global banks

[1] Defined as African, Coloured & Indian population.

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 25

Notes:

Financial overview

Mike Davis
Chief Financial Officer

'Strong HE recovery ahead of expectations & ROE up to 12,5%'

Notes:

Group-level corporate transactions completed in 2021

OM unbundling of its shareholding in Nedbank Group

- *15 Oct 2018:* OM unbundled 32%
- *8 Nov 2021*: OM unbundled 12,2%
- *No impact* on strategy, day-to-day management or operations of Nedbank, our employees or clients. Existing commercial relationship underpinned by arm's length agreements
- *Benefits:* Increased free float of Nedbank shares (enhanced liquidity & more favourable position in relevant indices)
- *OML shareholding:* 5,2% (31 Dec 2021)

Repurchased 100% of Nedbank Limited preference shares

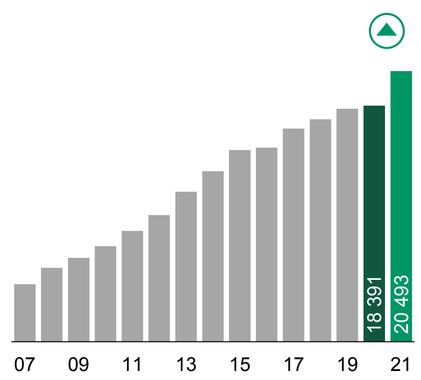
- *Offer to shareholders:* 30% premium to the 30-day VWAP
- *Rationale:* Expensive funding that does not contribute to Basel III requirements
- *Outcome:* 100% votes of approval at Nedbank Limited AGM (19 Nov 2021)
- *Shares suspended:* 14 Dec 2021
- No material impact on Nedbank's funding or capital ratios

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 26

Notes:

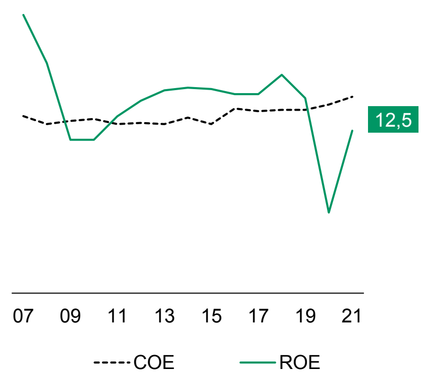
Key drivers of shareholder value creation – strong NAV growth & ROE recovery, while dividend payments resumed

NAV per share (cents)



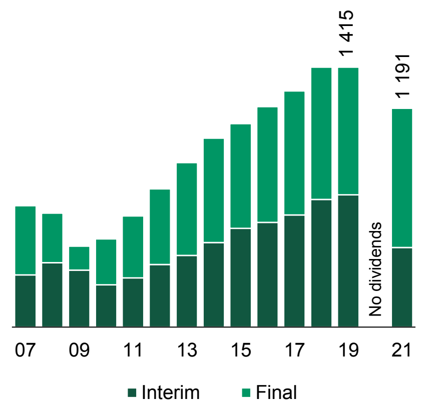
Strong NAV recovery +11% yoy

ROE & cost of equity (%)



ROE improved to double digits

Dividend per share (cents)



Final dividend at 1,75x cover

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 28

Notes:

Strong capital & liquidity positions, supported by stronger profitability & prudent levels of provisioning

		yoy	2021	2020	2019
Profitability	Headline earnings (Rm)	115%	**11 689**	5 440	12 506
	DHEPS (cents)	112%	**2 362**	1 113	2 565
	Basic EPS (cents)	223%	**2 317**	717	2 500
	ROE (%)		**12,5%**	6,2%	15,0%
Advances & deposits	Gross banking advances (Rbn)	1%	**807**	797	810
	Deposits (Rbn)	2%	**972**	954	904
	NIM (bps)		**373**	336	352
Asset quality	Credit loss ratio (bps)		**83**	161	79
	Total coverage (%)		**3,32%**	3,25%	2,26%
Liquidity	Liquidity coverage ratio (%)		**128%**	126%	125%
	NSFR (%)		**116%**	113%	113%
Capital	CET1 ratio (%)		**12,8%**	10,9%	11,5%
	Risk-weighted assets (Rbn)	(3%)	**657**	674	629

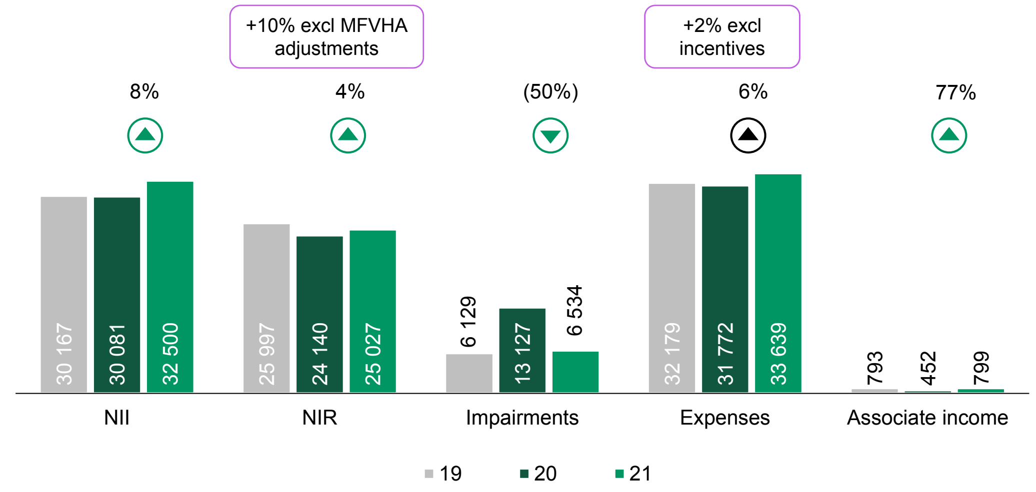
NEDBANK GROUP LIMITED – 2021 Annual Financial Results 29

Notes:

Headline earnings up by 115% – driven by a significant decrease in impairments, strong revenue recovery & well-managed expenses

BOOKLET SLIDE

Key earnings drivers (pre-tax, Rm)

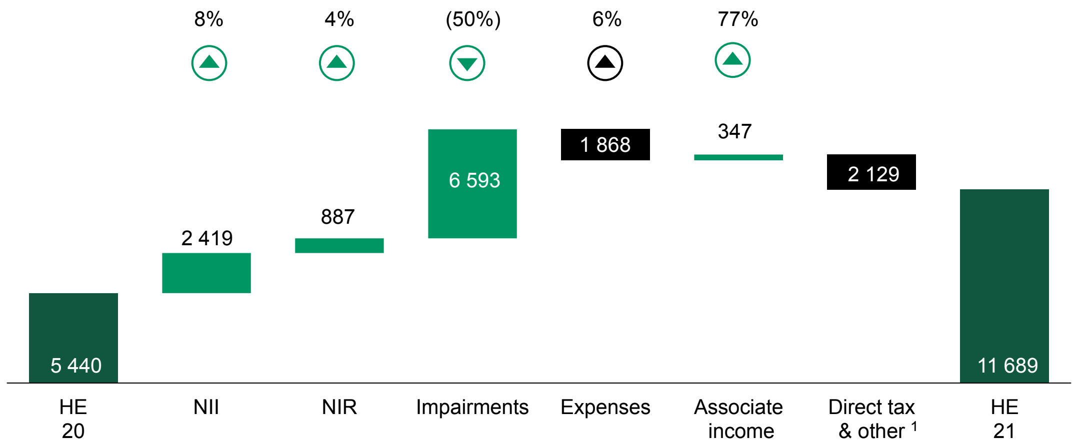


NEDBANK GROUP LIMITED – 2021 Annual Financial Results 31

Notes:

Headline earnings up by 115% – driven by a significant decrease in impairments, strong revenue recovery & well-managed expenses

Headline earnings (Rm)



[1] Other includes Indirect tax, net monetary loss, and minority & preference shareholders.

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 30

Notes:

Strong PPOP growth across all our clusters

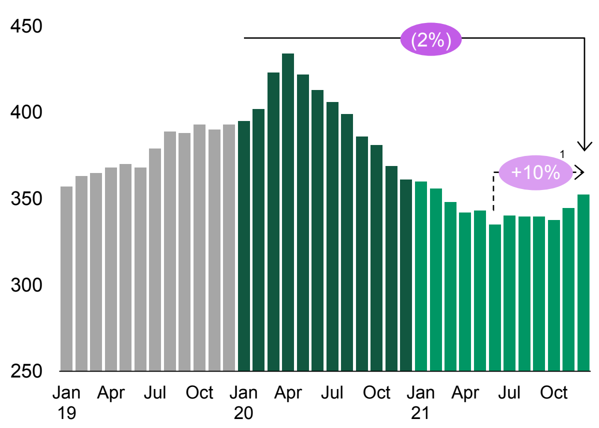
PPOP (Rm)	yoy	2021	2020	2019	yoy	H1 2021	H1 2020	yoy	H2 2021	H2 2020
CIB	8%	**8 734**	8 092	8 920	1%	**4 423**	4 363	16%	**4 311**	3 729
RBB	5%	**11 432**	10 931	12 175	3%	**5 291**	5 136	6%	**6 141**	5 795
Wealth	22%	**1 275**	1 048	1 358	13%	**600**	531	31%	**675**	517
NAR	76%	**736**	419	626	16%	**279**	241	156%	**457**	178
Centre	111%	**150**	71	(502)	(131%)	**(138)**	446	177%	**288**	(375)
Group	9%	**22 327**	20 561	22 577	(2%)	**10 456**	10 717	21%	**11 871**	9 844

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 32

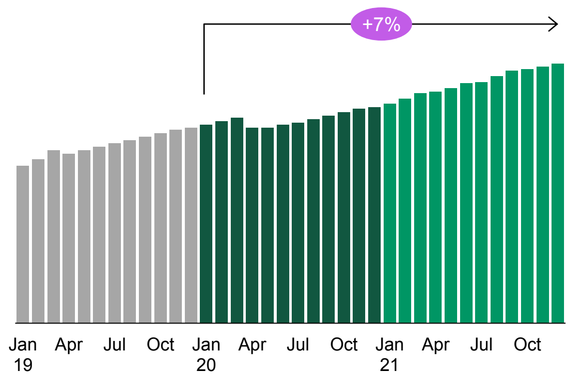
Notes:

Gross banking advances up 1% – momentum in RBB continued, while CIB reversed the downward growth trend in the second half of 2021

CIB gross banking advances (Rbn)



RBB gross banking advances (Rbn)



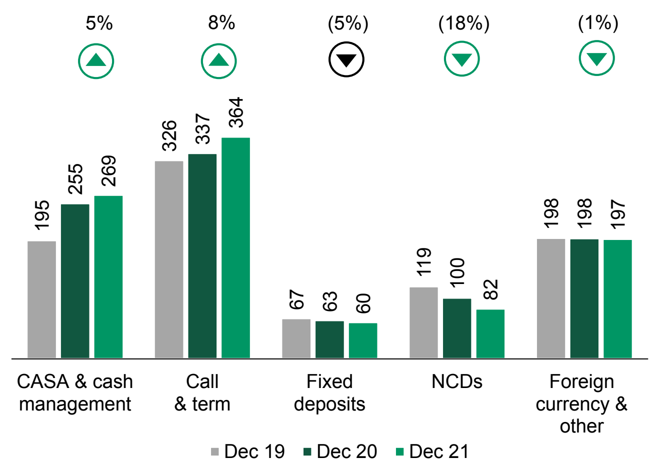
[1] *Annualised.*

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 33

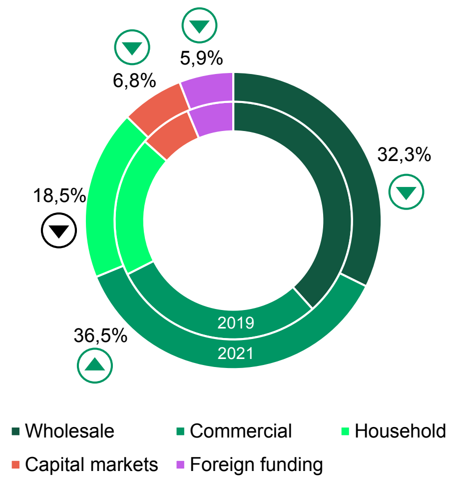
Notes:

Deposits up by 2% – good growth in transactional & core deposits, while reliance on wholesale funding continues to reduce

Deposits (Rbn, % change yoy)



Funding mix (% contribution 2021 vs 2019)

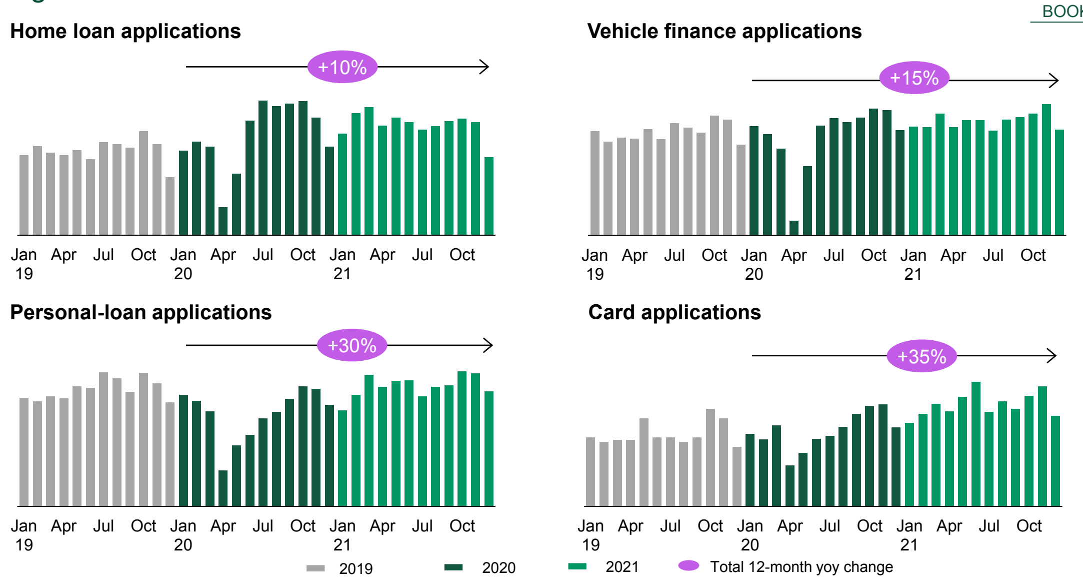


NEDBANK GROUP LIMITED – 2021 Annual Financial Results 35

Notes:

Retail loan application volumes – initial impact of strict lockdowns in 2020 but strong recovery on the back of lower interest rates & benefits from our enhanced digital channels

BOOKLET SLIDE

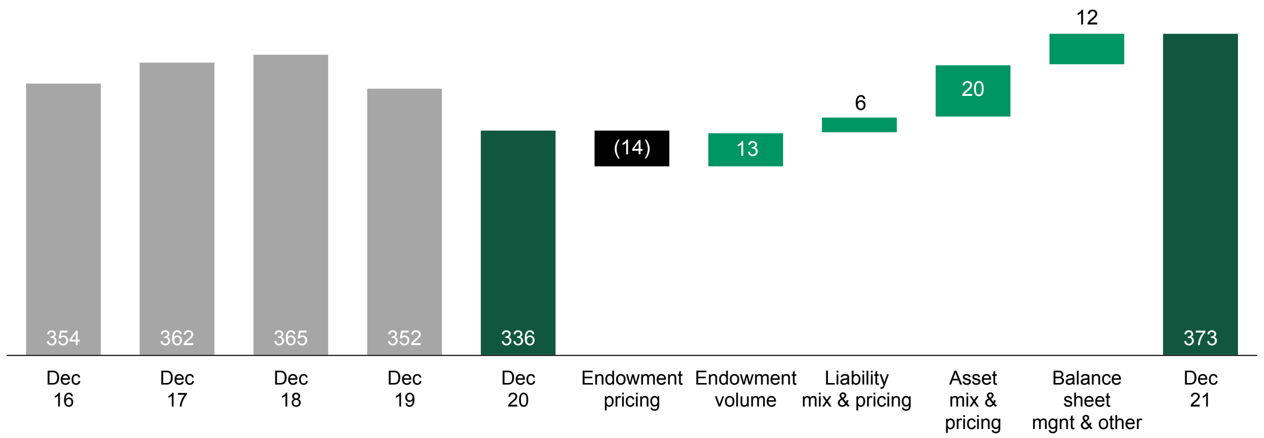


NEDBANK GROUP LIMITED – 2021 Annual Financial Results 34

Notes:

NII up by 8% – NIM expansion driven by higher levels of endowment (capital & CASA), asset & liability mix changes, improved asset pricing, risk management & basis risk impact

Net interest margin (bps)



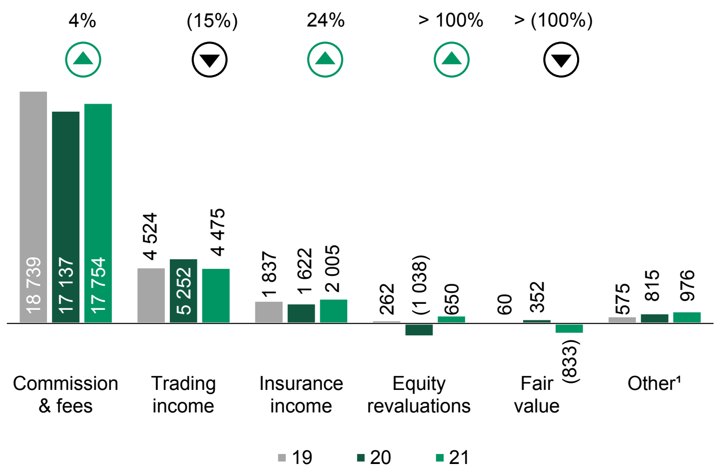
Positively positioned for a rising rate cycle – NII sensitivity for 1% change in interest rates: R1,6bn

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 36

Notes:

NIR up by 4% – recovery in commission & fees, insurance income & equity revaluations, partially offset by the impact of a high 2020 trading base & fair-value unwinds

NIR (Rm)



- **Commission & fees** – recovery evident in increasing client transactional activity, main-banked client gains & cross-sell
- **Trading** – solid performance but growth impacted by high 2020 base
- **Insurance** – enhanced ALM strategy & improved investment performance, partially offset by an increase in death & funeral claims
- **Equity revaluations** – non-recurrence of negative revaluations in 2020
- **Fair value** – unwind of the 2020 gains as a result of the group's macro fair-value hedge accounting solution (no further volatility in H2 2021 & not expected to recur)

[1] Represents sundry income & investment income.

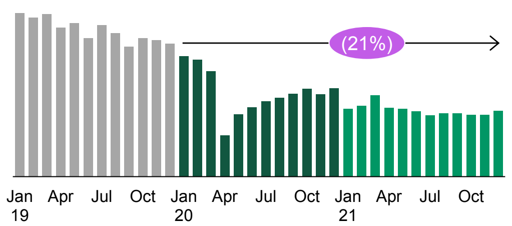
NEDBANK GROUP LIMITED – 2021 Annual Financial Results 37

Notes:

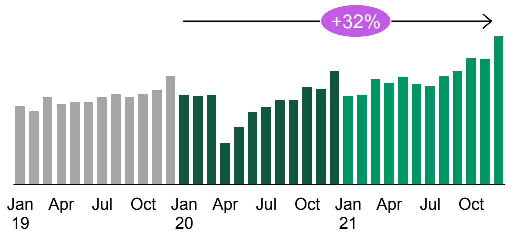
NIR – our technology strategy, along with shifts in RBB client transactional behaviours are driving NIR growth & cost optimisation opportunities

BOOKLET SLIDE

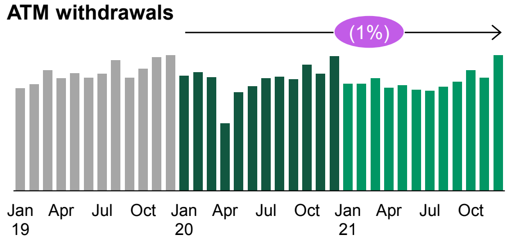
Branch teller transactions[1]



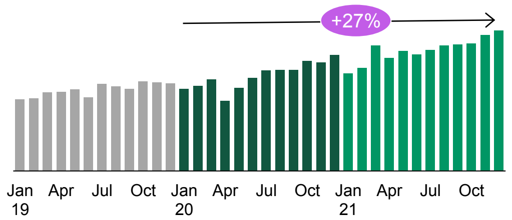
POS volumes



ATM withdrawals



Digital payment & transfers[2]



2019 2020 2021 Total 12-month yoy change

[1] Teller transactions include any cash-related transactions performed over the counter (eg deposits, withdrawals & transfers etc). | [2] App & web payment volumes combined.

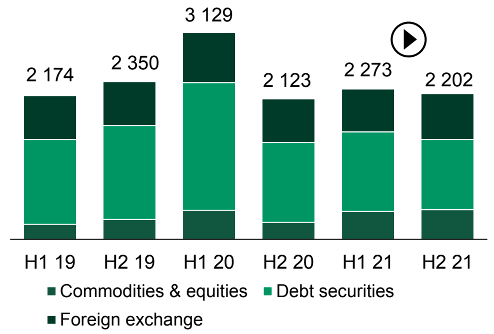
NEDBANK GROUP LIMITED – 2021 Annual Financial Results 38

Notes:

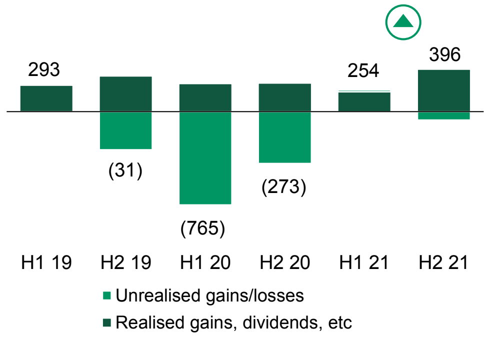
Trading income & equity revaluations – growth impact of 2020 trading base effects, normalising to 2019 levels

BOOKLET SLIDE

Trading income (Rm)



Equity revaluations (Rm)



- **Equities** – non-linear derivatives book well positioned in volatile equity markets
- **Debt securities & FX** – lower due to high base & once-off income earned in H1 2020. Global macro environment creating high volatility levels, low liquidity & subdued client flows

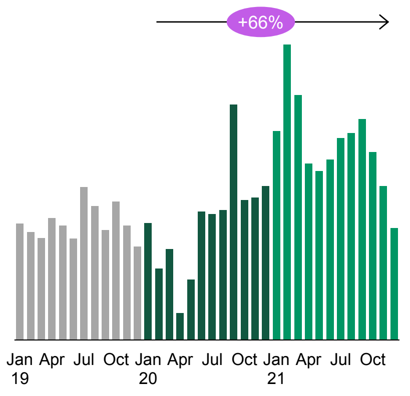
- **IB** – normalisation of equity revaluations driven by improved underlying investee company profitability resulting in increased valuations
- **CPF** – lower negative revaluations than the prior year

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 39

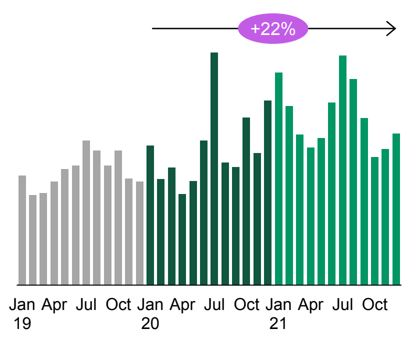
Notes:

Insurance – improved investment returns due to strong JSE growth, offset by higher claims in the life portfolio, with a slight decrease in H2 2021

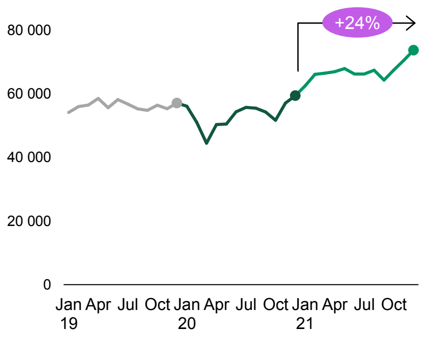
Death claims (volumes)



Funeral claims (volumes)



JSE all share index[1] (points)



2019 2020 2021 Total 12-month yoy change

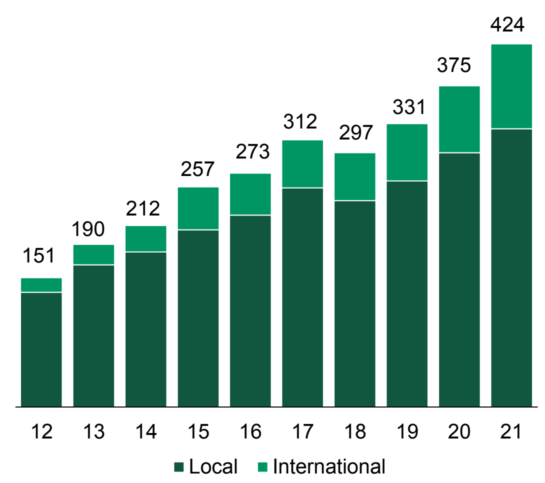
[1] Measured end of December 20 to end of December 21.

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 40

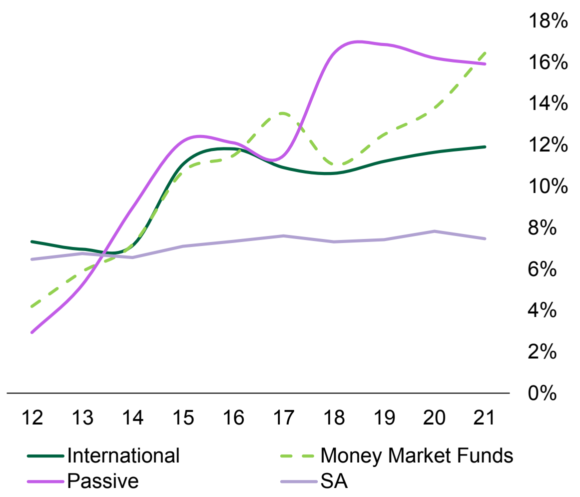
Notes:

Asset Management – 13% growth in AUM supported by positive net flows & an increase in market share in international & money market funds

Assets under management (Rbn)



Market share (%)

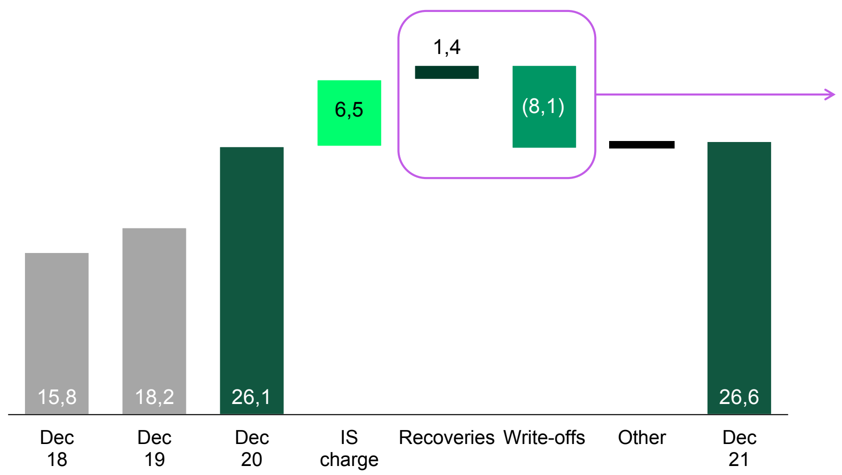


NEDBANK GROUP LIMITED – 2021 Annual Financial Results 41

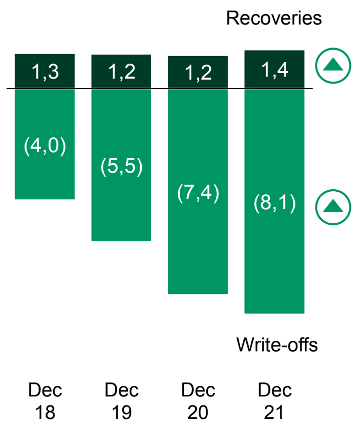
Notes:

Balance sheet ECL strong at R26,6bn – R6,5bn income statement charge, while recoveries & write-offs increased (conservatism)

Balance sheet ECL (Rbn)



Write-offs & post-write-off recoveries (Rbn)

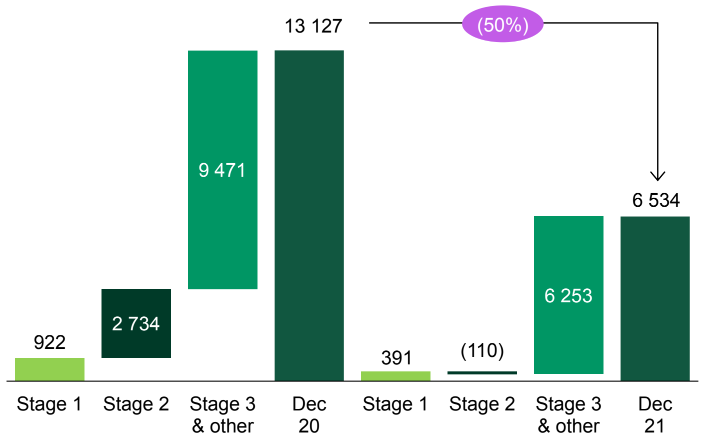


NEDBANK GROUP LIMITED – 2021 Annual Financial Results 42

Notes:

Impairment charge down by 50%

Impairment charge (Rm)



Key drivers

- **Gross loans & advances up by 1%**
- **Significantly better collections experience** – benefits from interest rate cuts in 2020 & improved risk profile
- **Macroeconomic benefits coming through in models** – mainly as GDP growth improved
- **D3 loans[1] reduced to R3bn** (Jun 20: R119bn)
- **D7 loans[2] reduced to R10bn** (Dec 20: R13bn) – restructured loans cured
- **Judgemental & macroeconomic overlays** – R1,7bn emerged in our new IFRS models, R675m released through the IS & R1,5bn remain in place

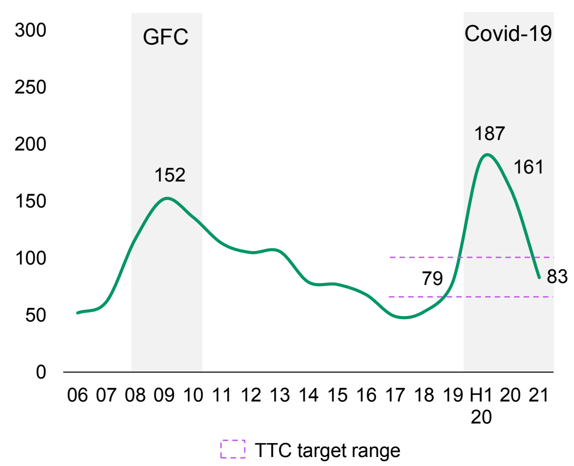
[1] D3 loans: Covid-related relief loans provided under PA D3/2020. | [2] D7 loans: Distressed restructured loans provided under PA D7/2015.

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 43

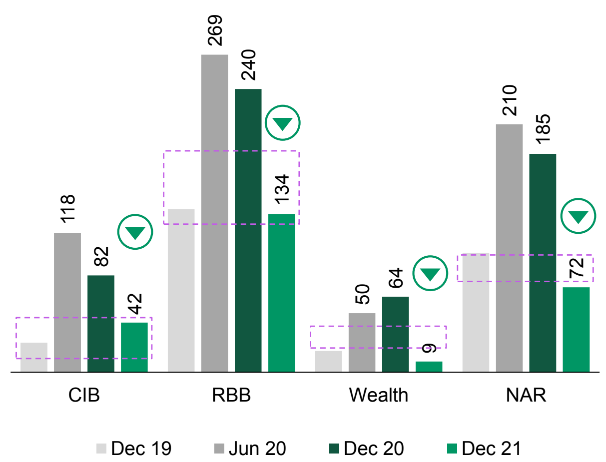
Notes:

Credit loss ratio reduced to 83 bps – within our TTC range of 60 to 100 bps

Group CLR (bps)



Cluster CLR (bps)



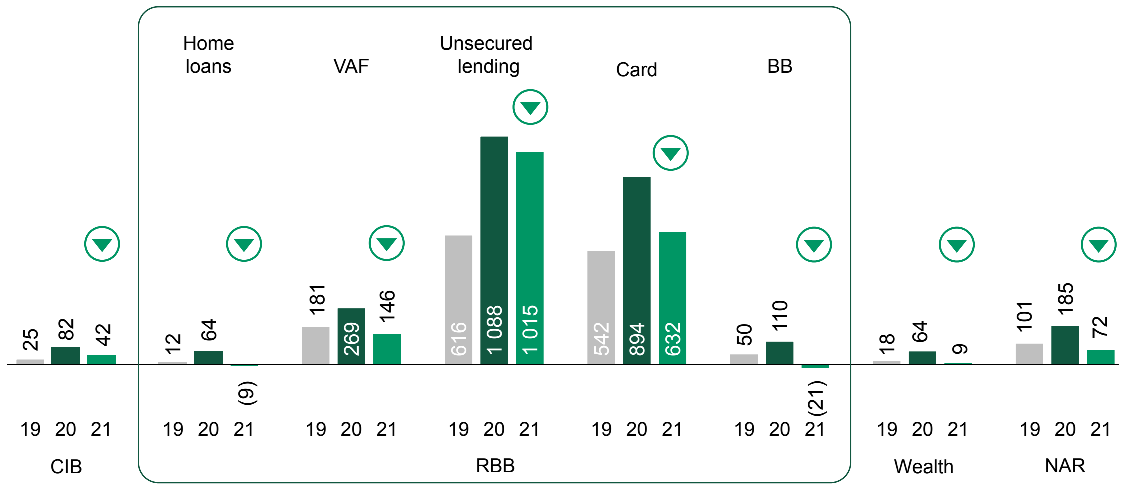
NEDBANK GROUP LIMITED – 2021 Annual Financial Results 44

Notes:

CLR – declines across all key business units & products due to conservative provisioning in 2020 under IFRS 9, together with a materially better macroeconomic environment

BOOKLET SLIDE

Credit loss ratio (bps)

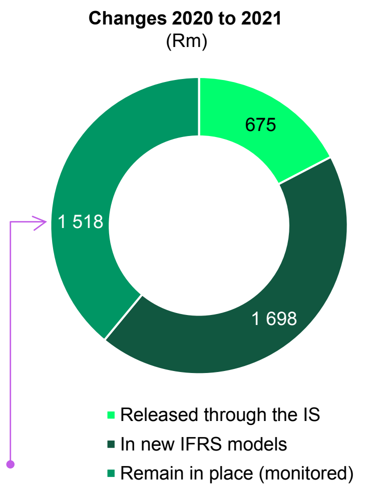


Notes:

Covid-19 & macro-related adjustments/overlays – risks either emerged via our new IFRS models, did not emerge or still remain in place

	Covid-19 & macro-related adjustments/overlays	Dec 2020	Dec 2021
Other	▪ **Central provision** (emerging risk not yet in models/data/macroeconomic forecasts)	R750m	R500m
	▪ **NAR & Nedbank Wealth** overlays	R168m	R75m
CIB	▪ **IB & TS overlays** – D3/D7 migration risk	R386m	R76m
	▪ **CPF overlays**	R440m	R370m
RBB	▪ **Interest rate benefit neutralisation overlay** (MFC, the rest of Retail adjusted in the models from H2 20)	R370m	R0m
	▪ **Covid-19-related adjustments**		
	– **Overlays on Retail loans** to cater for short-term residual risk (reduction driven by RBB D3 loans declining to zero)	R334m	R0m
	– **BB overlays**	R416m	R257m
	– Longer-term impact using stressed **forward-looking information** (FLI)	R1 027m	R240m
		R3 891m	**R1 518m**

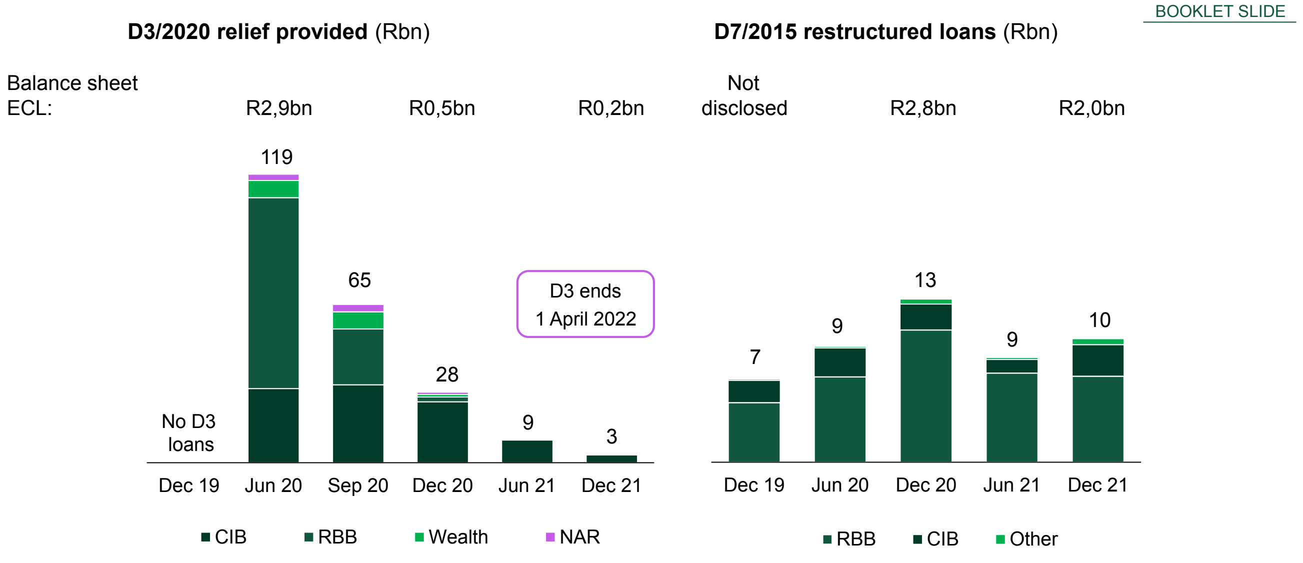
In addition to the R1,5bn Covid-19 overlays, new overlays were raised in RBB & CIB



Notes:

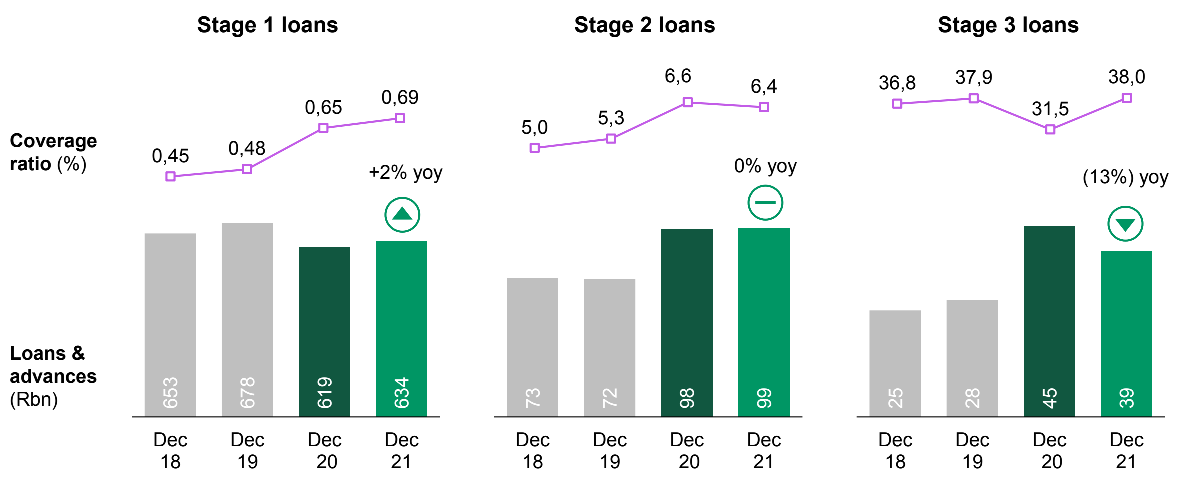
Credit risk – D3 (payment relief) loans & D7 (restructured) loans reduced significantly from Dec 2020

BOOKLET SLIDE



Notes:

Credit risk – strong coverage ratios across stage 1, 2 & 3 loans



Stage 1 coverage – marginal increase driven by mix changes (RBB vs CIB growth)

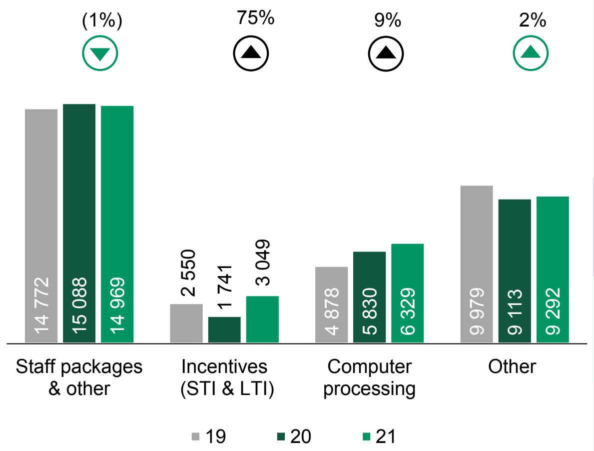
Stage 2 coverage – decrease driven by the reduction of the central provision & other overlays

Stage 3 coverage – increase driven by D7 loans curing & higher CIB stage 3 coverage ratio

Notes:

Expenses up by 6% – excluding incentives expenses up by 2%, reflecting good cost management, with focus on efficiencies & benefits from digitisation

Expenses (Rm)



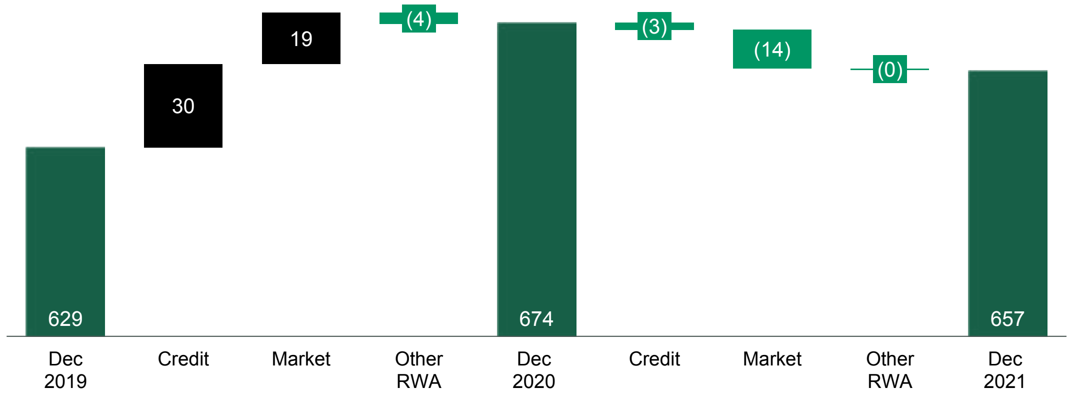
- **Staff costs**
  - Annual salary increases: +3,5%
  - 5% decline in headcount (mainly through natural attrition)
  - Variable-pay incentives up by 75%, aligned with improved profitability metrics (down 32% in 2020 & down 24% in 2019)
- **Computer processing** – amortisation growth rate slowing as ME journey matures (2021: +19%, 2020: +23%, 2019: +22%)
- **Other costs** – up by 2% (some normalisation in discretionary spend including marketing & YES, partially offset by savings from lower accommodation-related costs)
- **TOM 2.0** – R967m benefits in 2021 (R2,5bn targeted by end-2023)

Notes:

Risk-weighted assets – credit RWA optimisation & selective origination, along with normalisation of market RWA as volatility normalised through the models

BOOKLET SLIDE

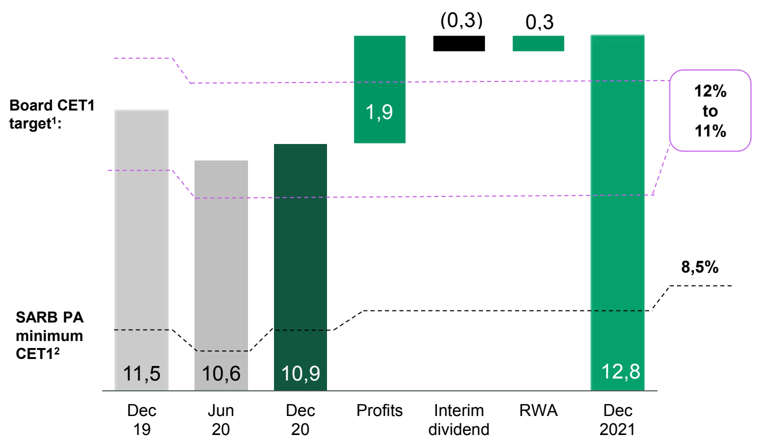
Risk-weighted assets (Rbn)



Notes:

Capital – CET1 ratio above pre-Covid levels & above the top-end of our revised board-approved target range of 11% to 12%

CET1 ratio (%)



Active capital management

- Maintain conservatism in a difficult, uncertain & volatile environment
- Retain adequate capital to grow the business
- Pay dividends in line with board policy of 1,75x – 2,25x cover
- Other management actions

~R6bn surplus capital above the top end of target range (12%) & **~R28bn** surplus capital above regulatory minimum (8,5%)

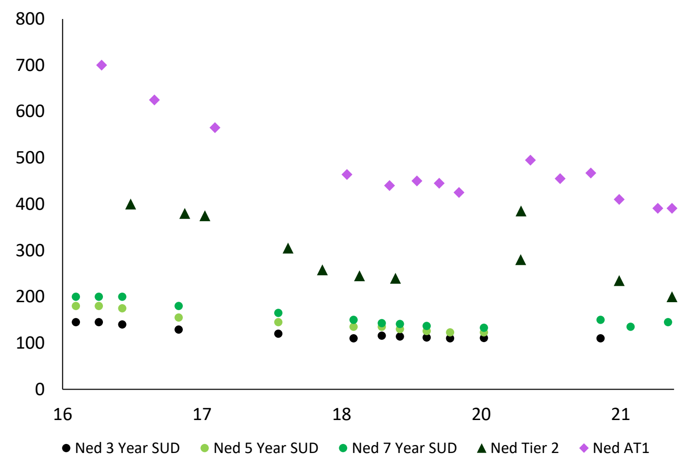
[1] During 2020 Nedbank's internal board-approved target ranges were adjusted to reflect the lower new regulatory minimum requirements, in line with PA Directive 2/2020. |
[2] Excluding idiosyncratic buffers & including the D-SIB capital requirement of 100 bps, in line with PA Directive 5/2021 (from 50 bps in December 2020).

Notes:

Pricing of capital & funding – reduced over time & within industry ranges

BOOKLET SLIDE

Nedbank pricing vs SA banking peers (bps above JIBAR)



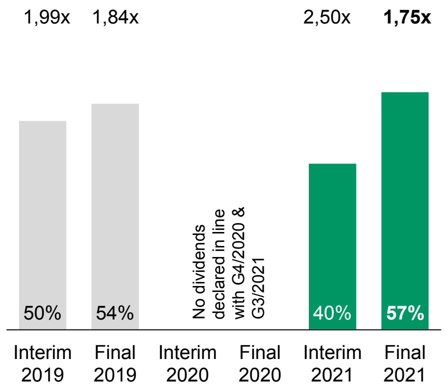
SA banks pricing during 2021

- **AT1**
  - Peers: 391 to 480 (Ned: 391 to 467)
- **Tier 2 debt**
  - Peers: 190 to 260 (Ned: 200 to 235)
- **Senior unsecured**
  - Peers: 3 year: 101 to 110 (Ned: 110)
  - Peers: 7 year: 145 to 149 (Ned: 135 to 150)

Notes:

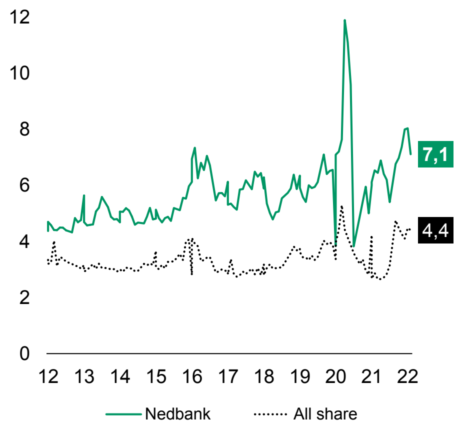
Dividends – strong capital position supported a final dividend at 1,75 times cover & dividend yield that is attractive for investors

Dividend payout ratio
(payout ratio %, times cover x)



Board-approved dividend policy:
Dividend coverage range 1,75x to 2,25x

Forward dividend yield[1]
(%)



[1] *Refinitiv (at 9 February 2022 based on consensus broker forecasts).*

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 53

Notes:

Nedbank CIB

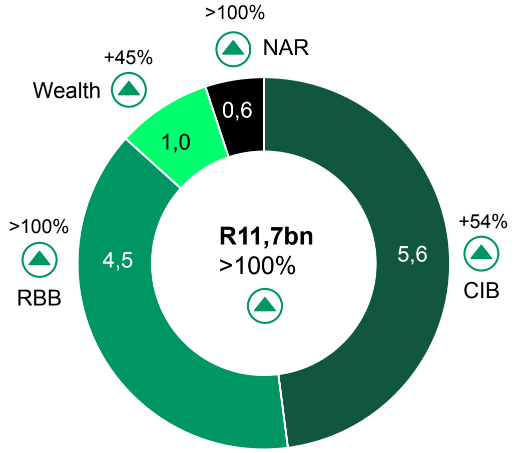
Anél Bosman
Group Managing Executive

'Strong HE recovery driven by significantly lower impairments, widening NIM & solid business performance'

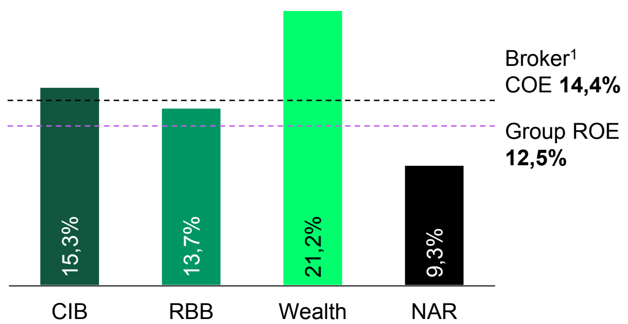
Notes:

Cluster financial overview

Headline earnings
(Rbn, growth %)



Return on equity
(%)



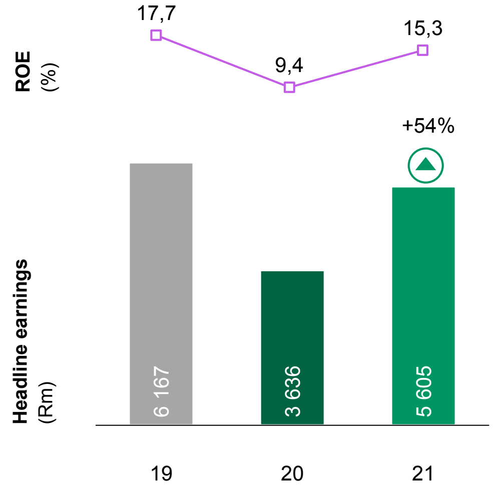
[1] *Average of 8 sell-side brokers.*

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 54

Notes:

CIB financial performance – solid HE driven by growth in NII, lower impairments & NIR normalisation

Financial performance

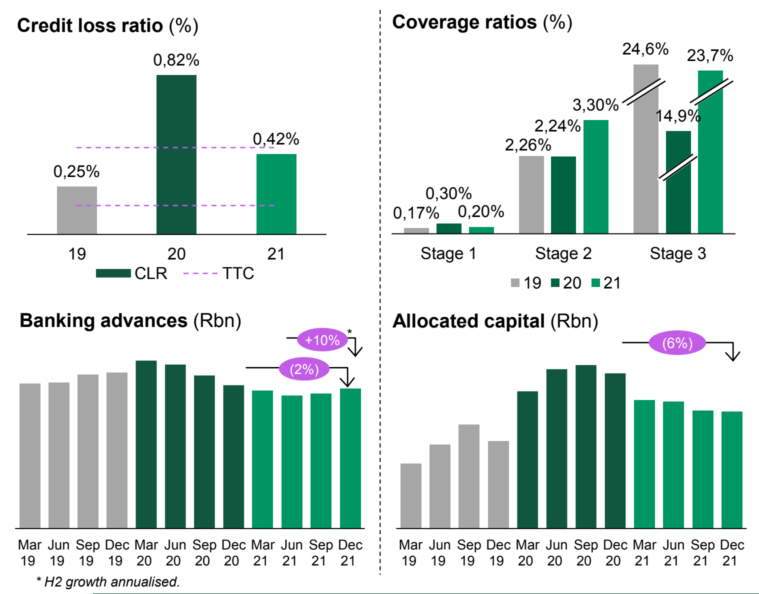


- **NII up 9%**
  - NIM increased by 48 bps benefitting from strategic optimisation of the portfolio
  - Lower banking loans & advances (down 2% yoy)
- **Impairments declined by 56%**
  - CLR at 42 bps within TTC target range
  - Improvement in macro-economic factors
- **NIR grew 9%**
  - Excellent performance of the private equity portfolio
  - Solid trading performance but growth impacted by high 2020 base

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 56

Notes:

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



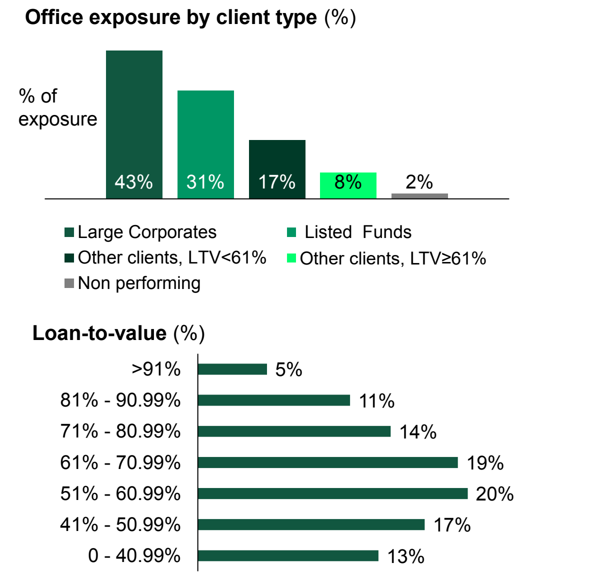
- **Impairments declined by 56%**
  - Proactive risk management
  - Below initial expectations
- **Coverage ratios**
  - Adequate impairments raised
- **Sector focus**
  - Aviation & hospitality impacted by Covid-19
  - Construction & SOEs continued focus
  - Property portfolio adequately covered
- **Banking advances declined by 2%**
  - Strong performance in H2
  - H1 2020 liquidity drawdowns repaid
  - Unexpected early repayments
- **Allocated capital declined by 6%**
  - RWA reduced by 9%
  - Market risk reduced by 35%

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 57

Notes:

BOOKLET SLIDE

Nedbank commercial property finance – office portfolio



Vacancies (%)	Nedbank	Market*
Commercial vacancies	8%	16%

- **Listed funds and large corporates comprise 74% of exposure** – generally low gearing & well-diversified portfolios, able to absorb increased vacancies & reduced rentals
- **Other clients LTV < 61%** – low gearing – able to absorb increased vacancies & reduced rentals while still meeting debt obligations
- **Other clients (LTV ≥ 61%) –** risk not significant
  - Exposure at elevated gearing levels (>81% LTV) is less than R200m
  - Lease expiry profile greater than 36 months across all exposures
  - Vacancy level: 6,2%
- **93% of exposure in higher LTV buckets (> 81%) is to listed funds & large corporates**
- While the office market will remain under pressure, the **quality of the collateral pool & composition of our portfolio reduces our risk**

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 59
* Based on SAPOA Q4 2021.

Notes:

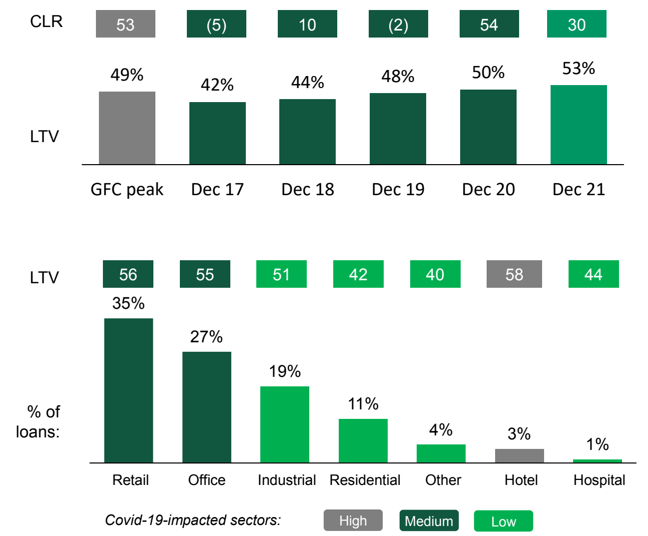
BOOKLET SLIDE

Commercial property finance – a high-quality, well-diversified & collateralised portfolio, with additional overlays for the risk of potential future stresses

What gives us comfort?

- **High-quality, well-diversified & collateralised portfolio**
- **Portfolio LTVs remain low**
  - Average LTV increased to 53% – due to downward revaluations of collateral
  - LTVs remain low, with adequate collateralisation – significantly reduces the risk of potential losses
- **Covid-19-related and other overlays increased to R670m** (Dec 20: R440m) to buffer against further deterioration in valuations & credit migration
- **Low levels of arrears**
  – 0 to 90 days: R5m (Dec 20: R22m)
- **Minimal impact** on debt servicing due to July unrest – all properties impacted were insured

Credit loss ratio (bps) **& Loan-to-value ratio** (%)



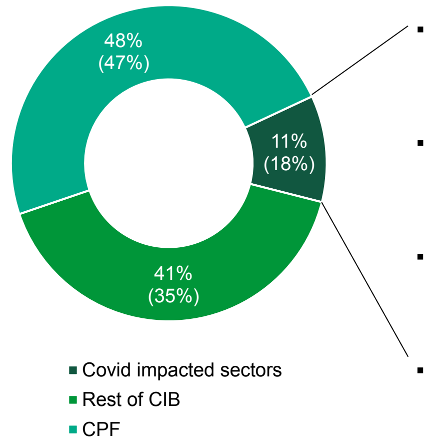
NEDBANK GROUP LIMITED – 2021 Annual Financial Results 58

Notes:

BOOKLET SLIDE

Credit risk – CIB Covid-19 high-risk exposures

CIB high-risk sectors



Covid-19-impacted sectors (excl CPF)	% of CIB exposure	D3 % of sector exp	D7 & NP % of sector exp
SOEs/Municipalities – defaulted exposures being restructured, with 19% government-guaranteed	5% (7%)	0% (0%)	5% (5%)
Construction* – Stressed sector pre-Covid-19 with reduction in high-risk & defaulted exposure in 2020	2% (3%)	0% (13%)	16% (6%)
Aviation – 29% of exposure guaranteed & remaining exposure secured at 70% average LTV	1% (1%)	9% (29%)	67% (28%)
Hospitality – exposure to largest hotel & casino groups with substantial asset/equity base	2% (2%)	0% (95%)	3% (0%)

NEDBANK GROUP LIMITED – 2021 Annual Financial Results
* Construction includes Steel & Cement. | (%) denotes exposure at 31 December 2020. 60

Notes:

Strategic growth levers – optimising our growth

Portfolio optimisation
Active management of the balance sheet to drive enhanced returns

- Active portfolio positioning
- Trusted advisor that services clients across all their financial needs
- Significant RWA savings realised in 2020 & 2021

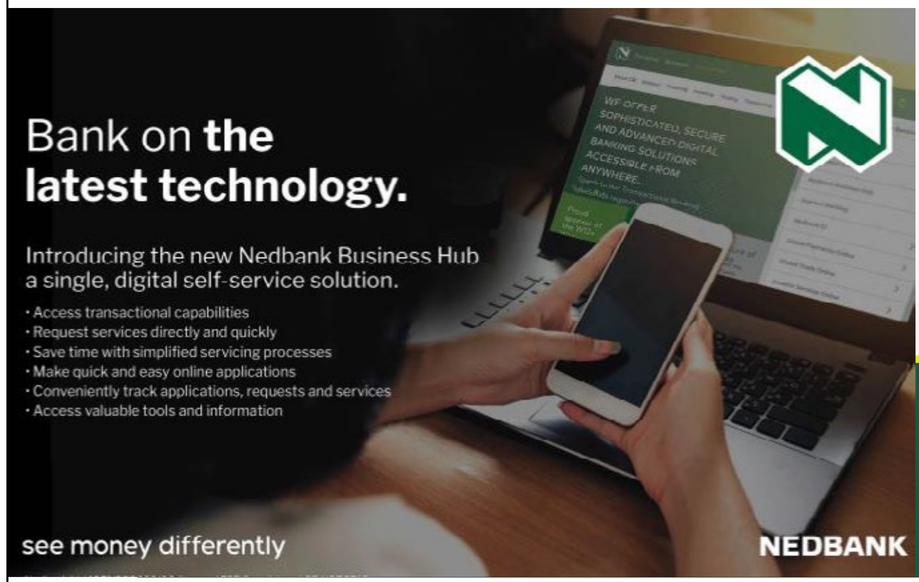
People
Focussed investment in our people & capabilities to support continued strategic growth

- **Sustainable people plan** to support strategic growth
- Attracting & retaining **best-in-market skills**
- Key focus on **diversity, equity & inclusion**

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 61

Notes:

Digitising our transactional experience – the Nedbank Business Hub delivers a differentiated, 'warm digital' client platform experience



The Nedbank Business Hub is an evolving channel that provides an all-in-one, convenient & self-serviced solution that enables business clients to:

- Apply for new products
- Transact
- Request & track services
- Set up & maintain user permissions

Unlocking transactional business growth:

- Enhanced client access to products & services
- Strengthen client 'stickiness' & market share

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 62

Notes:

Sustainably investing in South Africa

Being the difference **that impacts our world**

- Committed to supporting government's infrastructure programme
- Mobilising capital, resources & networks to play our part in sustainably building South Africa

Sustainable finance expertise externally acknowledged

- Arranging innovative green bond solutions
- Partnering with clients to drive ESG objectives through sustainability linked solutions

Driving the transition to renewable energy

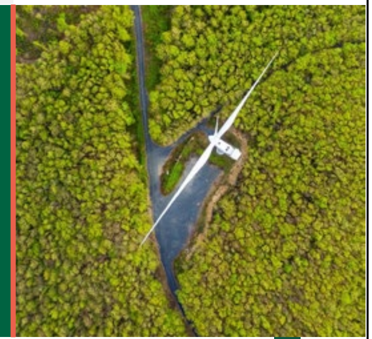
- RMIPPPP & Round 5 projects
- Round 6 due out shortly
- Significant mining & industrial sector activity for Commercial & Industrial Generation

Environmental Finance IMPACT Awards 2021 Winner Investment bank of the year

EUROMONEY AWARDS FOR EXCELLENCE 2021 AFRICA BEST BANK FOR SUSTAINABLE FINANCE

Finance review 2021 Winner: Best Bank for Sustainable Development | SA

Bonds & Loans AFRICA AWARDS Local Markets ESG and Sustainable Finance Adviser of the Year 2021



NEDBANK GROUP LIMITED – 2021 Annual Financial Results 63

Notes:

Nedbank Corporate & Investment Banking – outlook

2022 outlook

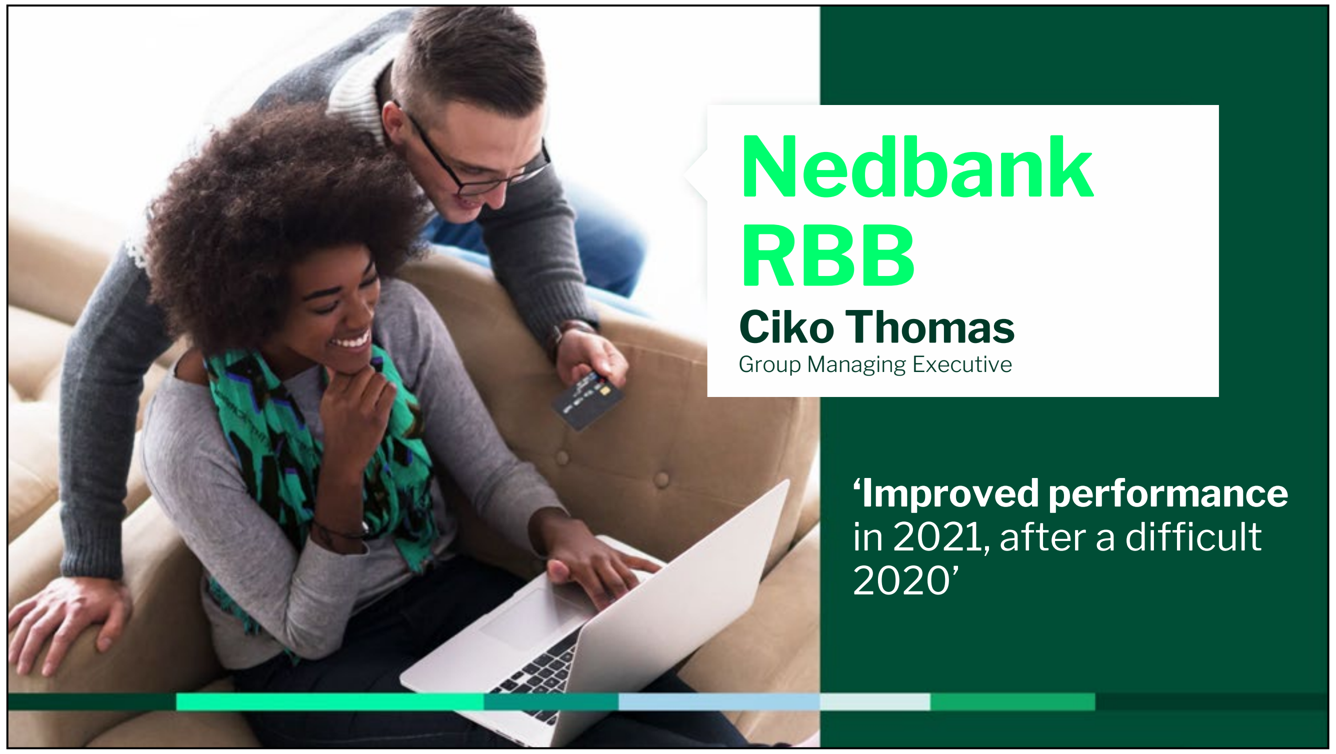
- **Capital** – continued focus on optimisation & increase returns
- **NII** – targeting consistent NIM & optimal balance sheet growth
- **NIR**
  - Trading conditions remain challenging with trading volumes under pressure
  - Leverage our robust pipeline to increase fees & commissions
  - Private equity to pursue new equity investments, continued focus on realisations & preserving the existing portfolio
- **Banking advances growth** – convert a robust/strong pipeline subject to confidence
- **CLR** – maintain around the midpoint of TTC target range

Long-term outlook

- **Position for growth** while financing responsibly through differentiated offerings
- Global twin challenge of inflation & growth, increased levels of uncertainty

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 64

Notes:



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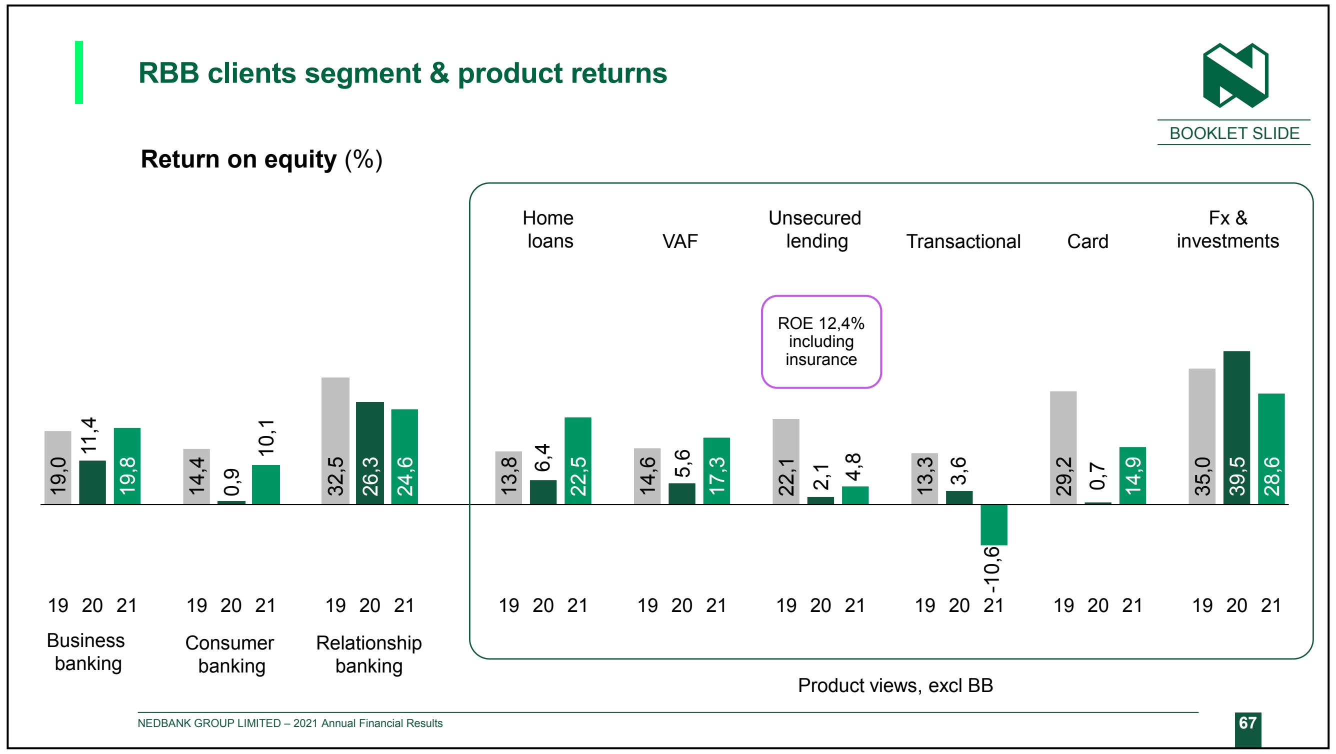

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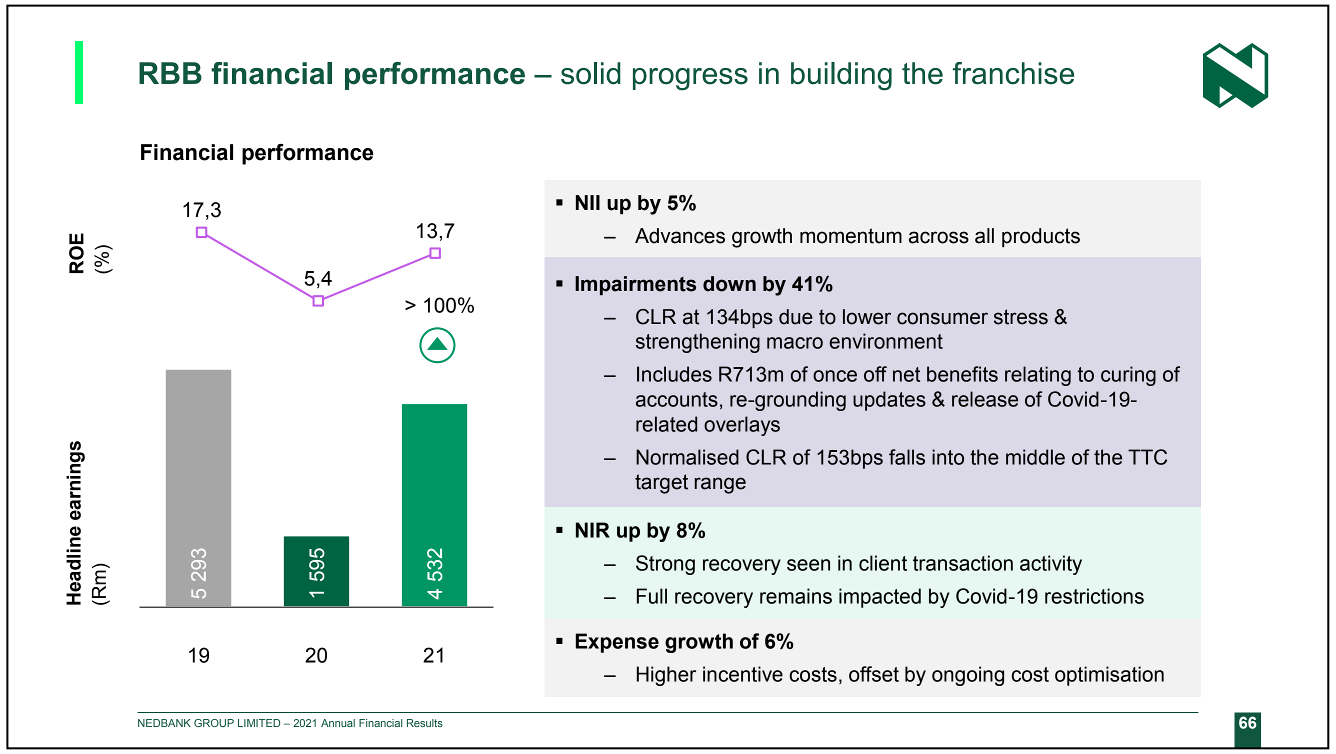

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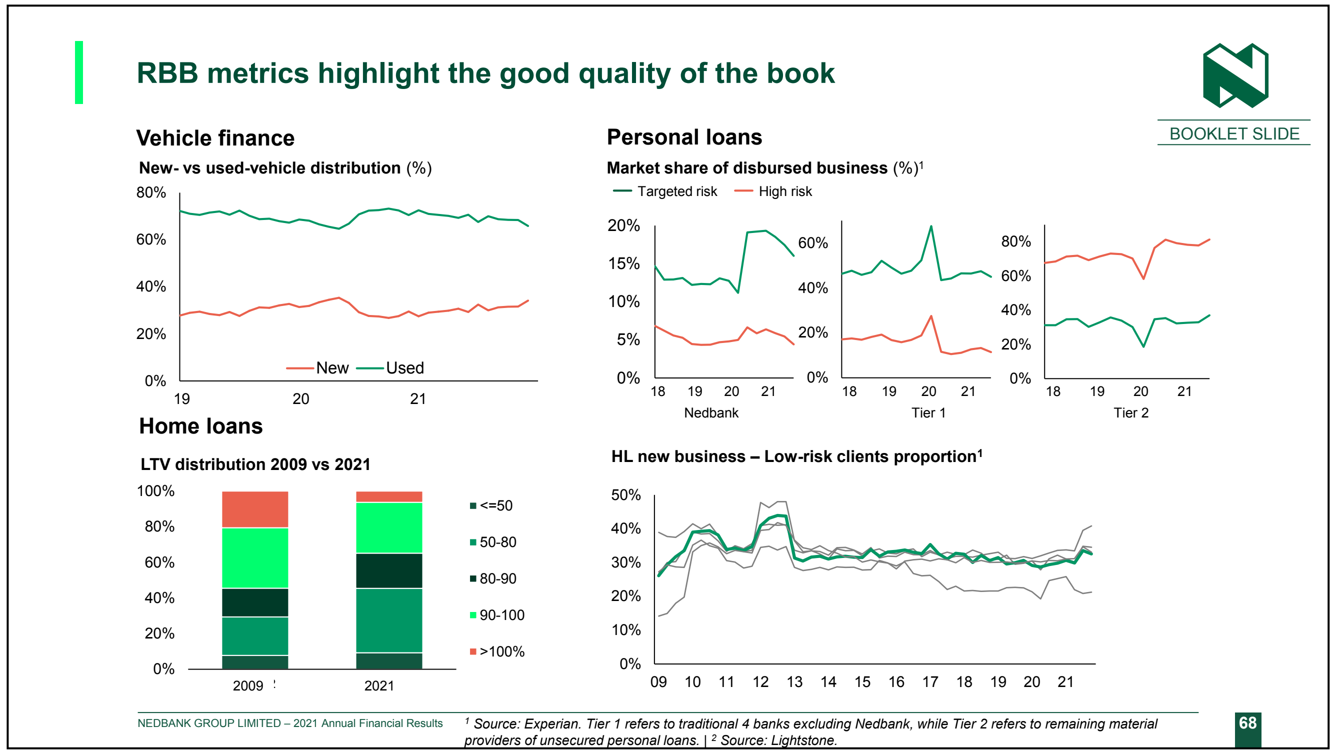


Notes:

RBB strategic focus areas

Delivering delightful client experiences through digital transformation

RBB strategic focus areas

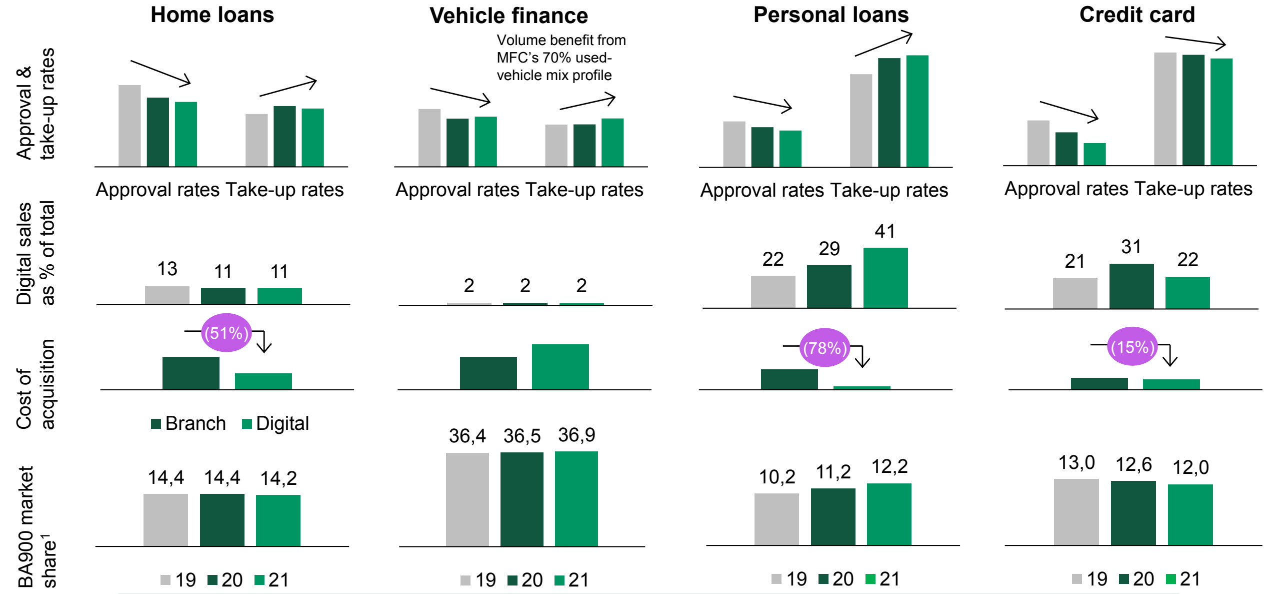
Leading client experiences	Digital First, First in Digital	Efficient operating model (TOM 2.0)	New growth vectors (SPT 2.0)
Net Promoter Score **#1 bank** (from #2 in 2021)	Digital sales[2] **> 75%** (2021: 32% excl MobiMoney)	Cost-to-income ratio[1] **< 57%**	Main-banked clients (2021: 3,1m)

[1] Set in March 2021 – target for 2023. | [2] Long-term target.

Notes:

Digital First, First in Digital – retail credit growth supported by our digital channels, notwithstanding more stringent approval rates

BOOKLET SLIDE



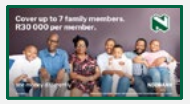
[1] Vehicle finance share for households.

Notes:

Leading client experiences – RBB innovations

Insurance

MyCover Life is a new life cover proposition, offers up to R2m cover with limited underwriting questions

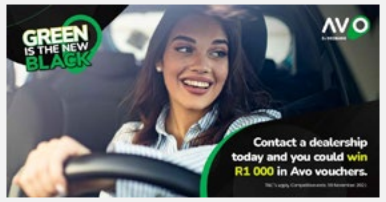


MyCover Funeral is a new funeral cover proposition offers competitive premiums for both individuals & families

Select a product

MyCover will offer convenient car, home & contents cover at one affordable price point

Avo super app



Partnerships on Avo – with 675 000 consumers[1] & > 20 000 businesses registered

- A partnership with **Moya**, a data-free instant messaging app
- A partnership with **AfroCentric,** a medical aid with 3,9m members, to be their loyalty & rewards and digital commerce partner.

Nedbank Business Hub

Nedbank Business Hub enables clients to access products & services through a central point

Solar energy finance

Solar Energy Finance offering through a home loan product

Consumer health

Money Tracker is a digital money management tool that allows clients to track finances & create budgets

Credit Health gives clients unlimited access to their credit profile & provides credit-scoring tips

Money Message is a secure platform enabling payments through WhatsApp

[1] At the beginning of March 2022: > 1 million.

Notes:

BOOKLET SLIDE

Digital First, First in Digital

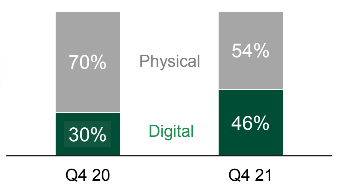
Personal Loans – our first fully digitised client journey/product now delivering tangible benefits

Channels

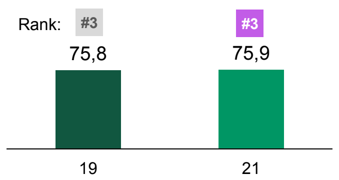
takealot.com
Cashbuild
SwitchPay
Nedbank API
AVO

Digital sales

Channels (% of total)

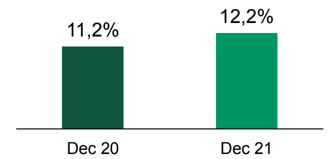


Client satisfaction score (SA-csi)

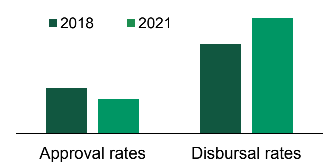


Credit

Personal loans market share (%)



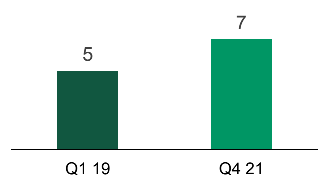
Loan approval & disbursal rates (%)



Cross-sell

PL paid into a Nedbank Tx account

Existing Nedbank clients (out of 10)



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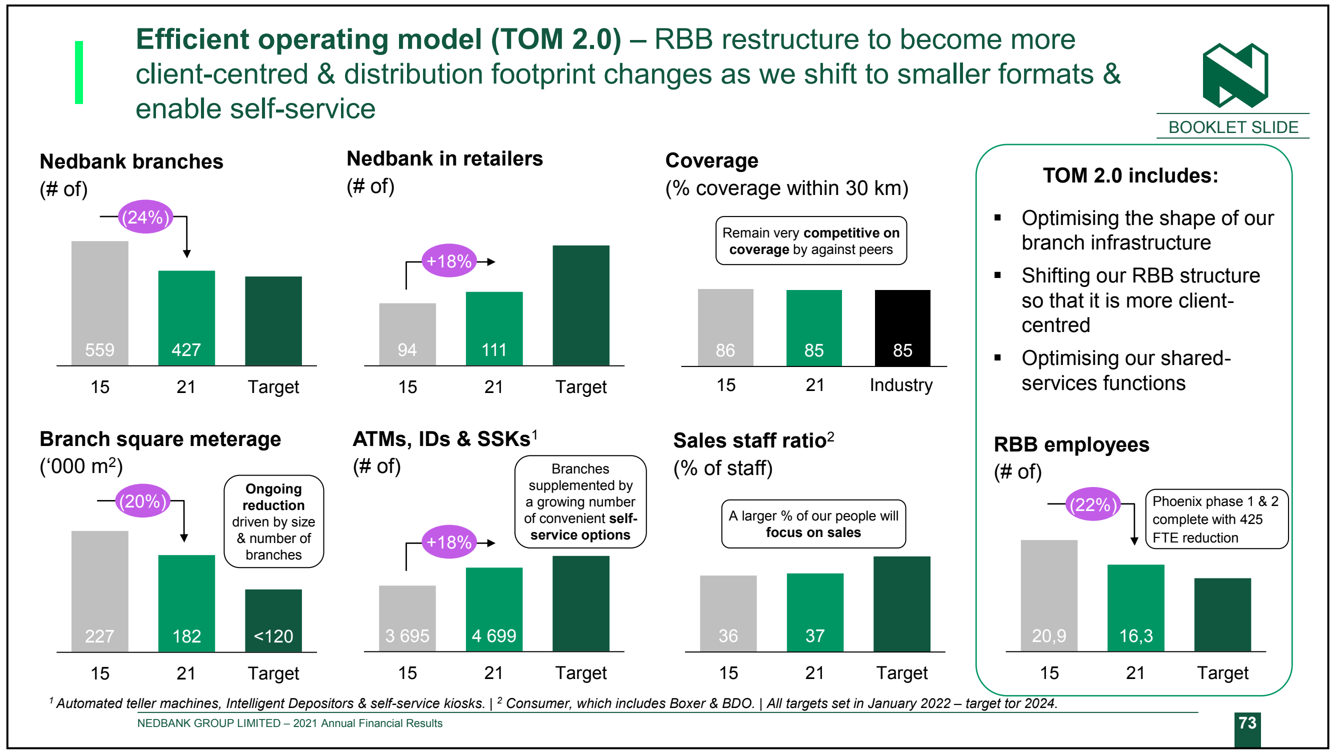

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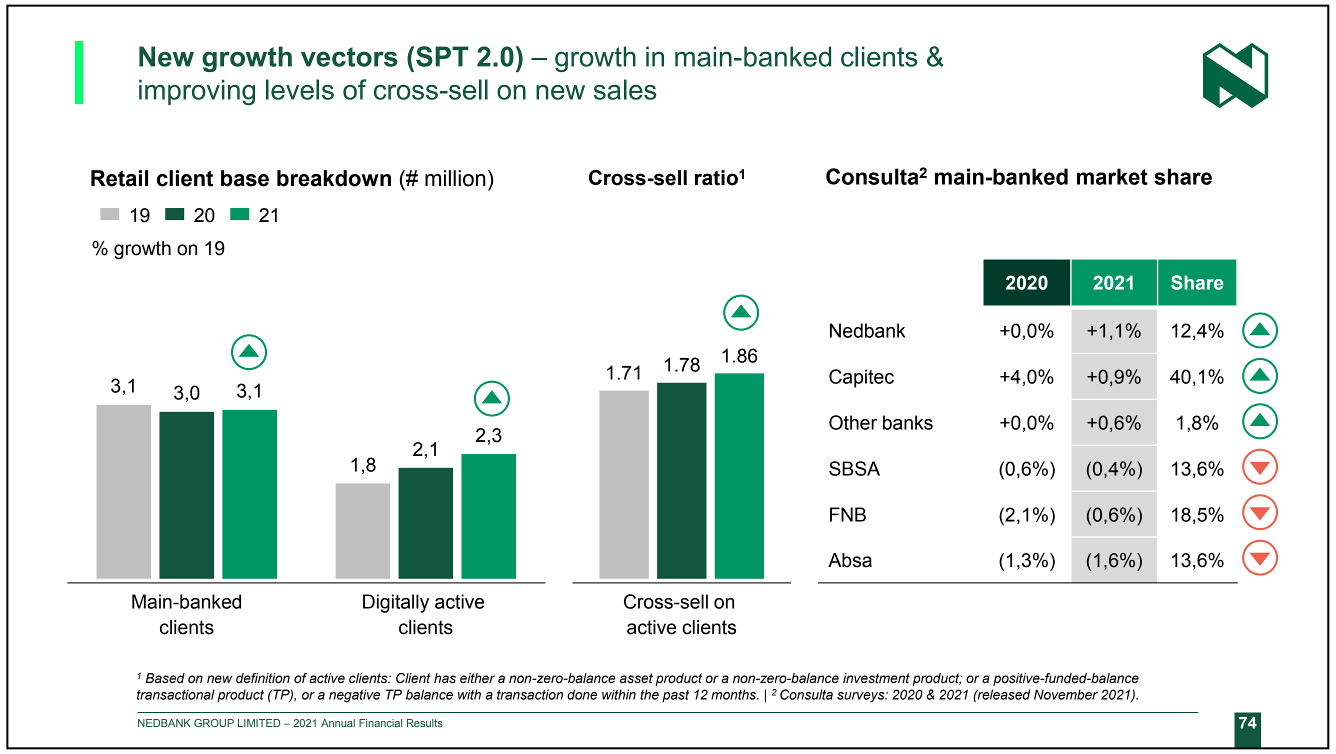

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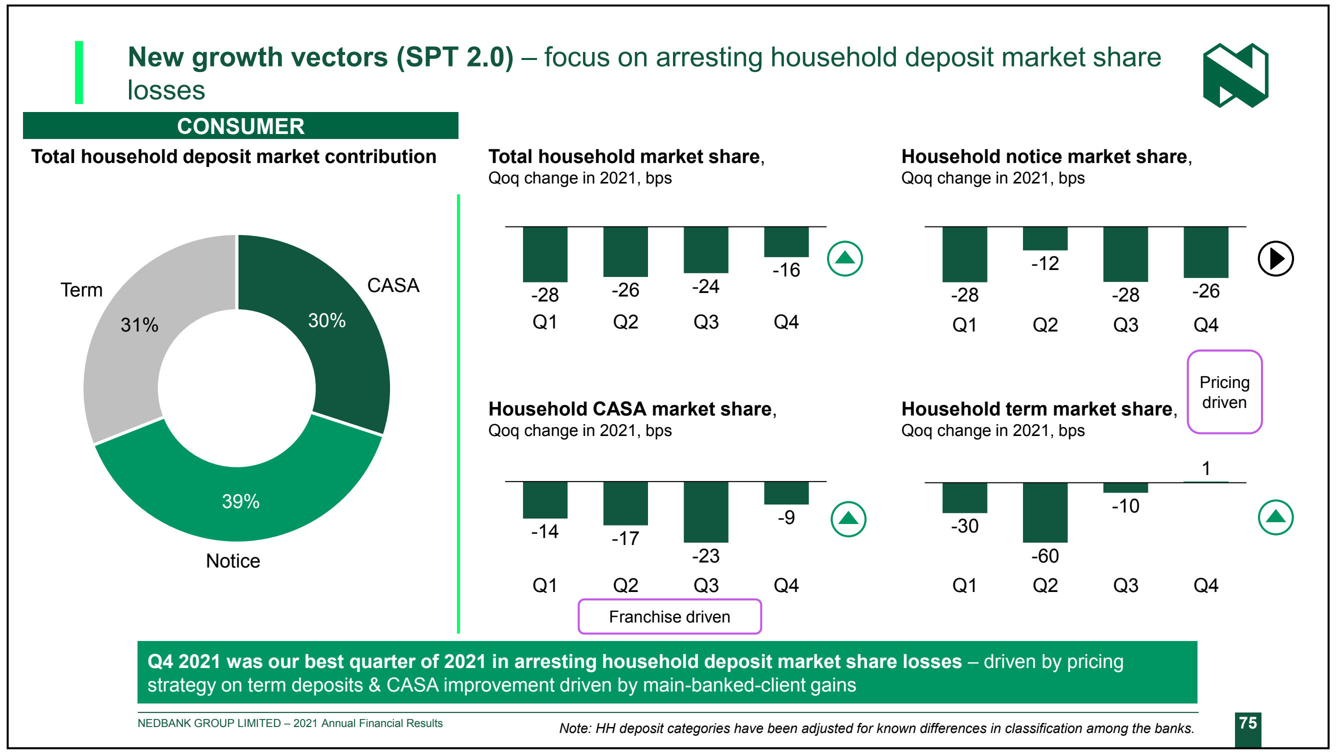

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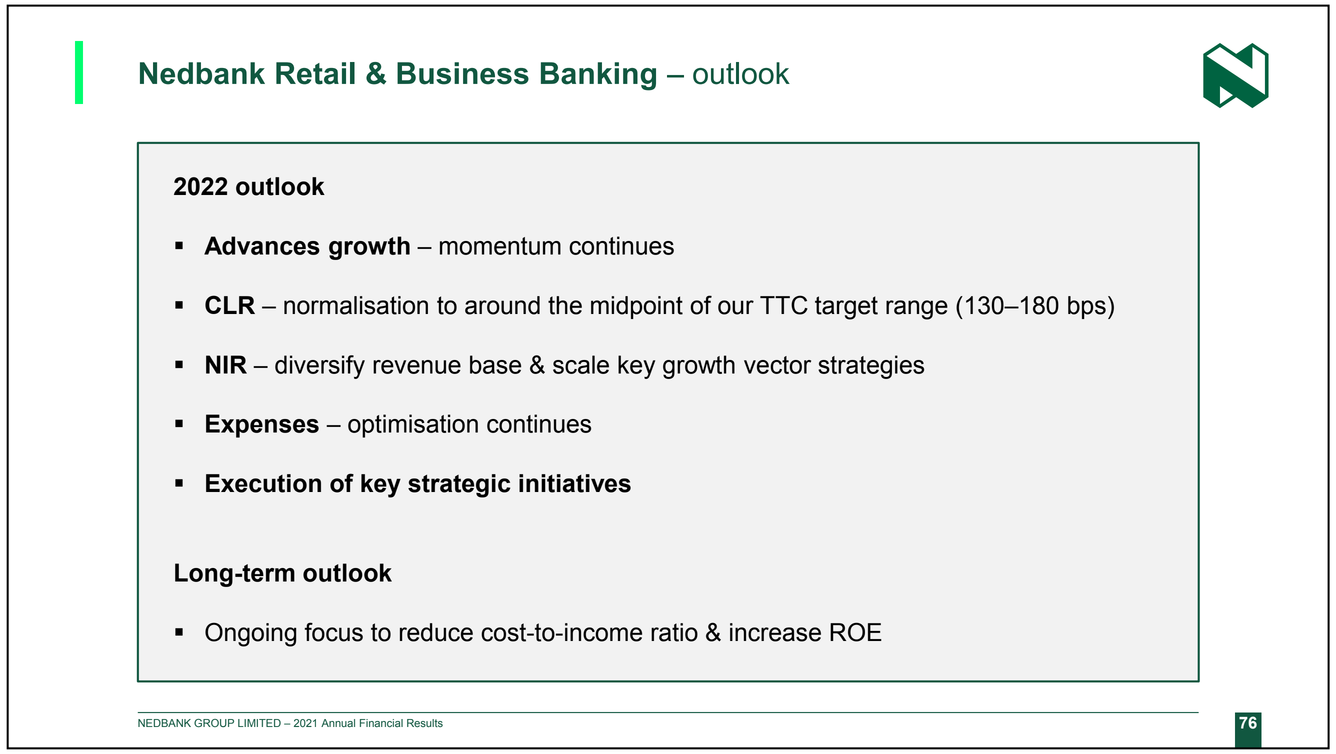


Notes:

Nedbank Wealth

Iolanda Ruggiero
Group Managing Executive

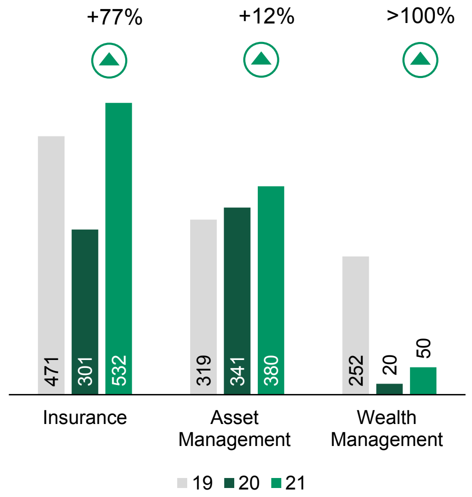
'Strong growth in HE supported by improved markets, positive net flows & credit impairment releases'

Notes:

Strong growth in HE supported by improved markets, positive net flows & credit impairment releases

BOOKLET SLIDE

Headline earnings per division (Rm)



Insurance
- Improved investment returns
- Implementation of an enhanced asset and liability matching strategy
- Negatively impacted by higher death and funeral claims in the life portfolio

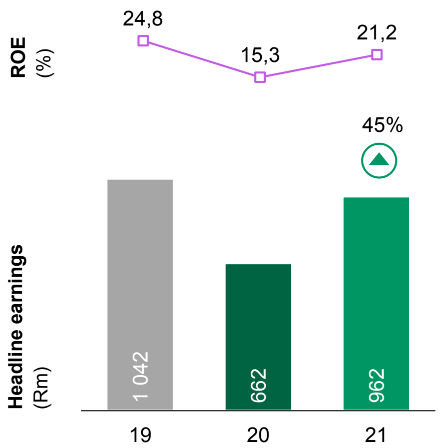
Asset Management
- Strong market rebound
- Positive net flows

Wealth Management
- Lower credit impairment charges due to the recovery of a large single client
- Strong growth in investment business lines in international
- Negatively impacted by record-low USD and GBP interest rates

Notes:

Wealth financial performance – strong growth in HE supported by improved markets, positive net flows & credit impairment releases

Financial performance



- **Strong ROE above the group's cost of equity**
- **Insurance HE up 77%**
  – Due to the implementation of enhanced ALM strategy & an improved investment performance, offset by an increase in death and funeral claims
- **Asset Management HE up 12%**
  – Strong market rebound & positive net flows of R7bn
- **Wealth Management HE up >100%**
  – Benefited from credit impairment releases due to a recovery on a large single client
  – Negatively impacted by record-low interest rates, particularly in the international business

Notes:

Wealth strategic focus areas

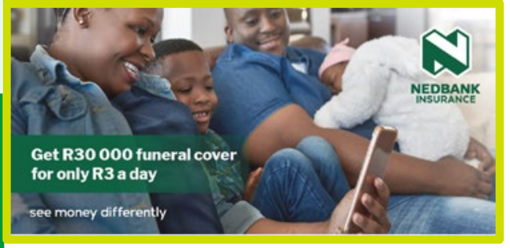
Building a sustainable business for the future

Enhance **client experiences**	Build **data & digital** capability	Drive long-term **performance for clients**	**Leverage and collaborate** within the cluster & across Nedbank	Invest in **people & culture**

Notes:

Insurance growth vectors – 20% growth in new business volumes

- Focus on the **diversification & digitisation** of insurance products
- Grow the **MyCover portfolio**
- **Accelerate mobile & digital** delivery
- **Collaborate across Nedbank** to increase client penetration



Buildings | House contents | Valuables | Vehicles | Personal legal liability

Notes:

Asset management growth vectors – 13% growth in AUM driven by positive net flows & an increase in market share

Maintain steady growth in the **Best of Breed range**	Leverage access to **group distribution & digital integration**	ASISA Q4 2021 NEDGROUP INVESTMENTS **Nedgroup Investments ranked** • **SA** – fifth largest in total AUM (7% market share) • **International** – third largest in total AUM (12% market share)
Grow institutional offering both locally & internationally	Continue on the journey to become one of the **leaders in responsible investing**	

Notes:

Wealth management growth vectors – 18% growth in NPW digital users & 41% growth in NPW app interactions yoy

South Africa

- Optimise business structure & operations
- Collaborate with Nedbank Group partners
- Continue to work closely with Nedbank Private Wealth (International)
- Digitise key processes

EUROMONEY PRIVATE BANKING 2022

International

- Enhance digital innovation and adoption
- Collaborate with Nedbank Private Wealth SA
- Investing in solutions

WealthBriefing AWARDS MENA 2021
BOUTIQUE PRIVATE BANK PRIVATE BANK – OVERALL CLIENT SERVICE
WINNER Nedbank Private Wealth

Notes:

Nedbank Wealth – outlook

2022 outlook

- **NII** – widening of NIM due to improved interest rate environment and growth in HNW client base
- **CLR** – remaining in TTC target range
- **NIR**
  - growth in the Insurance MyCover portfolio
  - normalised claims trends
  - increased cross-sell opportunities due to greater penetration within the Nedbank Group
  - AUM growth – increase in market share
- **Expenses**
  - optimisation continues through automation
  - investment in strategic growth initiatives
- Sale of the international trust business

Long-term outlook

- Maintain strong ROE above the group's cost of equity

Notes:

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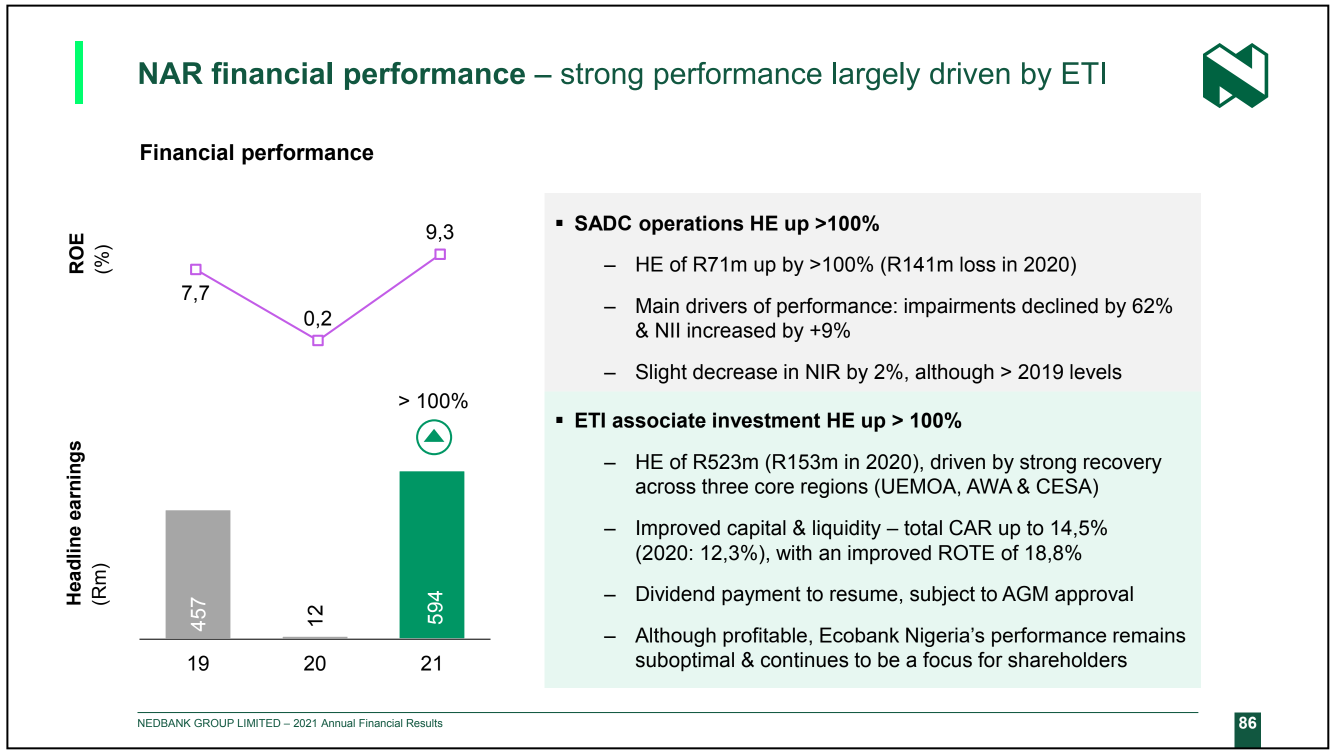

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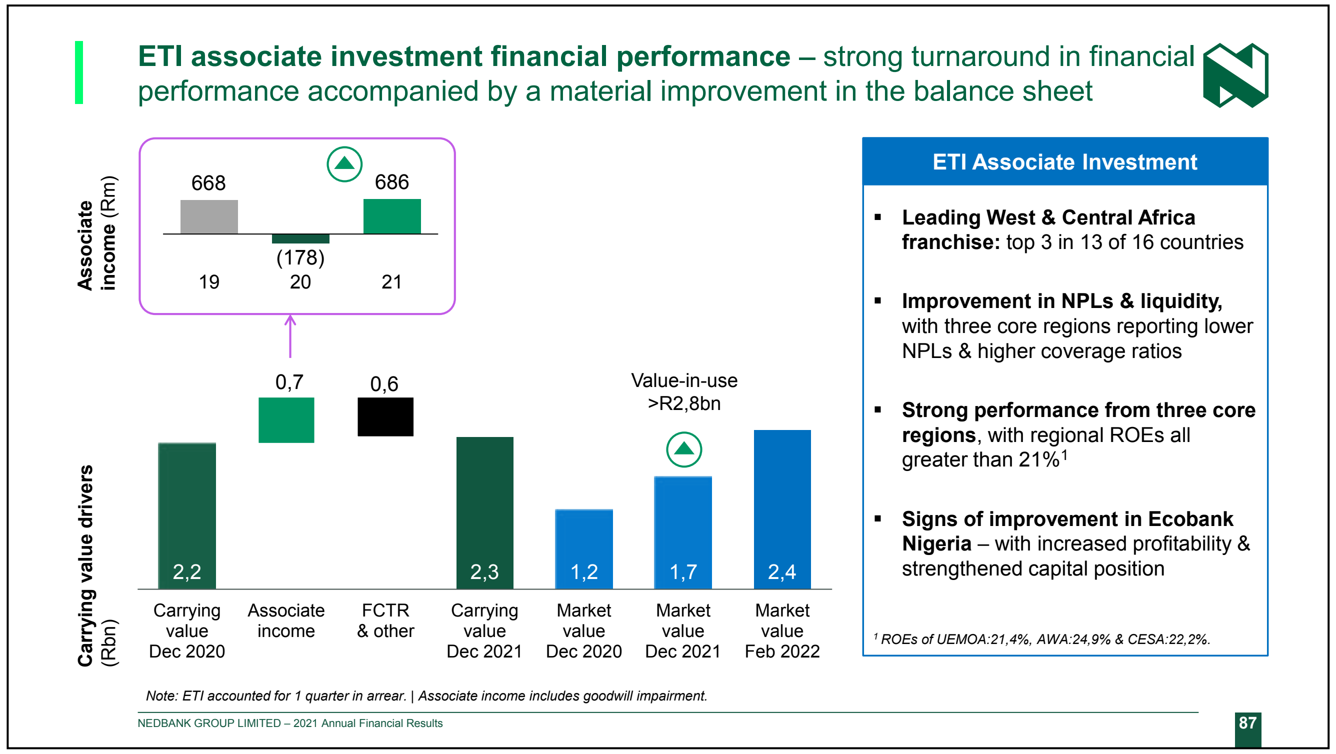

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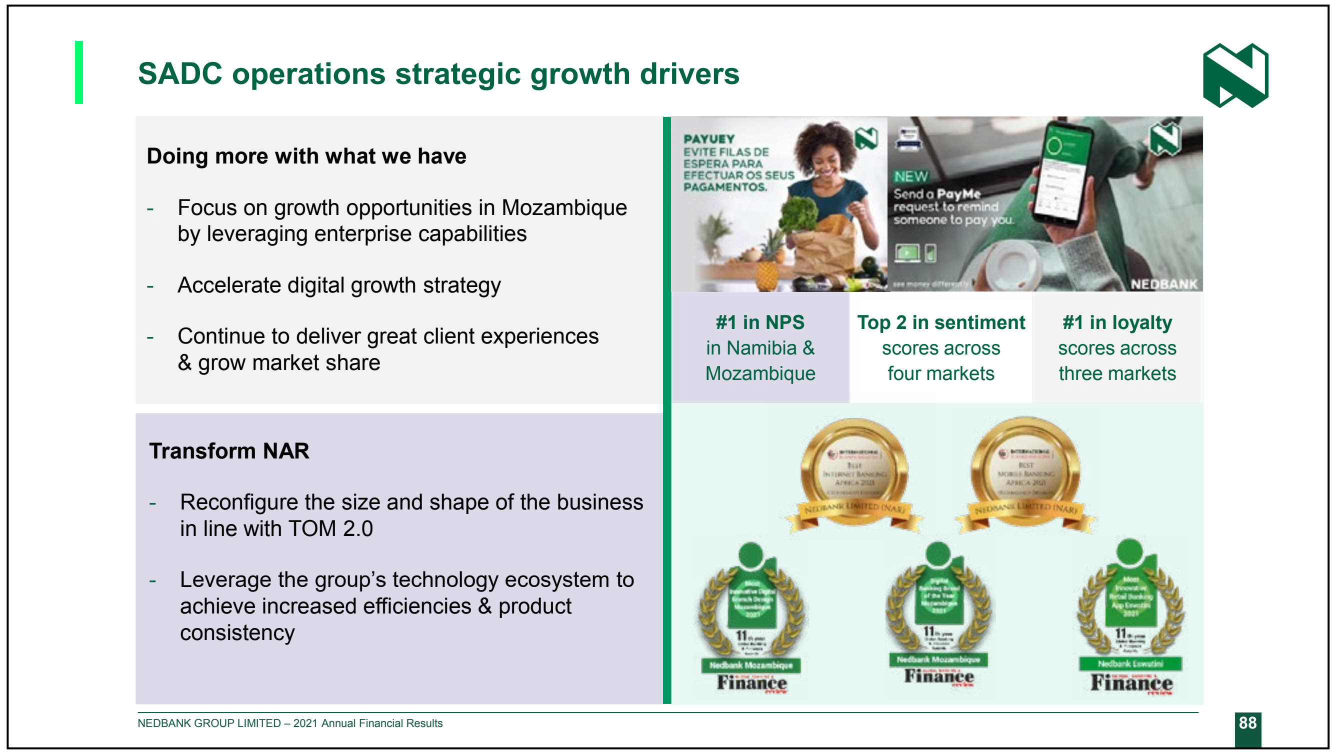


Notes:

Nedbank Africa Regions – outlook

2022 outlook

SADC operations

- **Transform** the business & operating model
- **Maximise Mozambique** growth opportunities
- Accelerated **digital growth strategy**

ETI associate investment

- **Resolution of Ecobank Nigeria** challenges to increase shareholder value

Long-term outlook

- Increase ROE to > COE

Notes:

Nedbank economic forecasts – 2022 & beyond

	Forecast: February 2021						Forecast: February 2022					
	19	20	21	22	23	24	21	22	23	24	21	Medium term
SA GDP growth	0,1%	(6,4%)	3,4%	2,2%	1,8%	1,5%	4,8%	1,7%	1,8%	1,0%	▲	▼
YE prime interest rate	10,0%	7,0%	7,0%	7,5%	7,5%	7,5%	7,25%	8,5%	9,0%	9,5%	▲	▲
Inflation (CPI)	4,1%	3,3%	4,2%	4,6%	4,3%	4,2%	4,6%	4,9%	4,2%	4,3%	▲	▶
Industry credit growth	5,3%	1,2%	4,5%	5,7%	5,1%	5,2%	2,4%	4,5%	4,3%	4,7%	▼	▼
Rand/US$ (year-end)	14,0	14,6	15,3	15,9	16,9	18,1	15,9	15,9	15,6	16,3	▲	▶
SA fiscal deficit % of GDP[1]	(3,6%)	(5,1%)	(14,2%)	(10,6%)	(9,8%)	(9,7%)	(10,0%)	(6,5%)	(5,7%)	(4,5%)	▼	▼
SA govt debt % of GDP[1]	52%	56%	82%	85%	90%	94%	67%	67%	70%	71%	▼	▼

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

Notes:

Outlook
Mike Brown
Chief Executive

‘On track to meet our 2023 targets, with DHEPS target now expected to be delivered a year earlier’

Notes:

2022 full-year financial guidance based on current economic forecasts

	2021 performance	2022 guidance[1]	Key drivers
NII growth	+8%	Upper single digits	▪ 125 bps interest rate increases in 2022 ▪ RBB advances growth > CIB advances growth ▪ Continued NIM expansion
CLR	83 bps	Within top half of our 60 to 100 bps TCC range	▪ Negative impact from mix change & rising interest rates, offset by a quality portfolio
NIR growth	+4%	Upper single digits	▪ Ongoing benefits from SPT 2.0 (main-bank client gains, cross-sell, new revenue streams etc) ▪ MVFHA volatility removed
Expense growth	+6%	Above mid-single digits	▪ Some costs return as lockdowns ease (eg travel, sponsorships) & new regulatory costs (eg deposit insurance, Twin Peaks) ▪ TOM 2.0 benefits
DHEPS growth	+112%	> GDP + CPI + 5%	
Capital (CET1 ratio)	12,8%	Above TTC range of 11,0% to 12,0%	▪ Remain above the top end of board target range
Dividend	2,02x cover	Within target range of 1,75x to 2,25x	

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

Notes:

Meeting our medium-term targets supports shareholder value creation

Targets to 2023

DHEPS	ROE	Cost-to-income ratio	Net Promoter Score
> 2 565 cents (2019 levels)	> 15% (2019 levels)	< 54%	#1 bank (from #2 in 2021)
Supported by the **CLR** remaining in the TTC range of 60 to 100 bps, meeting our **cost-to-income** target & delivering on **SPT 2.0** & **TOM 2.0** (targeting cumulative R2,5bn benefits over 3 years)	**CET1 ratio** to remain above the revised board-approved TTC target range of 11% to 12% & well above regulatory levels. **Dividend within cover range** (1,75x – 2,25x)	Focus on **areas that create value** (SPT 2.0), ongoing investment in the franchise, **efficient execution**, cost optimisation (TOM 2.0) & **digital leadership**	**Market-leading client solutions**, **disruptive market activities** & **creating positive impacts** (caring for employees, clients, society & the environment)
Currently expected to be achieved a year earlier in 2022	Remains a stretch target	Remains a stretch target	Remains a stretch target

Long-term targets

DHEPS growth	ROE	Cost-to-income ratio	Net Promoter Score
> GDP + CPI +5%	> 18% (COE + 3% to 4%)	< 50%	#1 bank

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 93

Notes:

Notes:

Conclusion – good strategic & operational delivery supports meeting our 2023 targets

Resilience – completed

- CET1 ratio: 12,8%
- LCR: 128%
- NSFR: 116%
- Coverage: 3,32%
- CLR back in TTC range: 83 bps
- **Dividend payments** resumed

Reimagine strategy – continue to execute well

- Continue to lead in **digital innovation** & complete final phases of **Managed Evolution**
- **Client satisfaction metrics** – #1 ranking by 2023
- Scale **Avo** beyond the 1 million clients (2022 target) already achieved
- **SPT 2.0** – leverage our balance sheet to grow clients, cross-sell, grow transactional income & grow deposits
- Unlock R2,5bn in benefits via **TOM 2.0** by 2023
- **Creating positive impacts** – using our financial expertise to do good. Continue to lead in SDG financing, ESG practices & ratings

Focus on **meeting our 2023 targets & thereby unlock shareholder value** through: DHEPS growth, improvements in ROE & efficiencies, & ongoing dividend growth

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 94

Notes:

Disclaimer

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

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

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

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

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

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

NEDBANK GROUP LIMITED – 2021 Annual Financial Results 96

Notes:

2021 results commentary

2021 results commentary

Banking and economic environment

Global economic growth rebounded in 2021 following the deep contraction in 2020 caused by strict Covid-19-induced lockdowns. The International Monetary Fund (IMF) currently predicts that global growth will be a robust 5,9% in 2021. The relaxation of lockdowns, higher commodity prices and pent-up demand supported the rebound during the year, but the upside was contained by supply-chain constraints, rising inflation and the ongoing impact of new variants of Covid-19. The rebound in growth was broad-based, however, divergences between regions and countries persisted. Significant fiscal and monetary policy support coupled with widespread vaccinations supported growth in advanced economies. Robust vaccination programmes allowed many advanced economies to ease restrictions substantially, thereby enabling a quicker return to near-normal trading conditions. Despite the strong rebound in advanced economies, the pace of the recovery slowed in the second half of the year. The rapid spread of the Omicron variant towards the end of 2021 triggered renewed lockdowns in some parts of the world, mainly Europe and China. While Omicron proved far more contagious, it nonetheless presented milder symptoms. Supply shortages and transport disruptions persisted, contributing to global price pressures. Inflation is proving more than transitory, triggering a rapid shift towards faster monetary policy normalisation by major central banks throughout the second half of last year.

Most emerging and developing countries entered the Covid-19 pandemic in a vulnerable state, with minimal fiscal policy space. As a result, output, investment, labour and consumption were hard hit over the past two years. The stop-start nature of recoveries throughout 2021 exacerbated the economic impact of the pandemic, partly due to uneven and insufficient vaccination rates. Despite these challenges, economic growth returned in most countries off 2020's low base. Emerging economies in Latin America, Europe and Central Asia benefited from substantial remittances, a recovery in labour markets and a rebound in domestic and external demand. Higher commodity prices also boosted output and exports in almost all developing and emerging economies, particularly in the oil- and commodity-exporting nations of the Middle East, Africa, Latin America and Asia. While strong growth in China supported the recoveries of other developing countries in the first half of 2021, underlying activity slowed significantly over the second half of the year, weighed down by numerous Covid outbreaks, severe lockdowns as well as stricter environmental, property and financial regulations.

In 2021 the South African economy bounced back faster than most forecasters expected from the low base of 2020 caused by the economic impact of strict lockdowns. The local economy benefited from a surge in global commodity prices and stronger global demand. After growing by 7,5% in H1 2021, GDP slowed in H2 2021. Multiple shocks disrupted SA's economic recovery in the third quarter of the year. A prolonged third wave of Covid-19 infections, tighter lockdown restrictions, the July civil unrest in parts of the country and frequent power outages resulted in a sharp contraction in economic activity. Trading conditions improved in the fourth quarter, enabled by government's decision to leave the country at the most lenient lockdown level 1 despite the onset of the fourth Covid wave triggered by the Omicron variant. We forecast South African GDP growth of 4,8% for calendar year 2021. High frequency data from our point-of-sale devices and card-related digital channels reflected strong growth in total turnover into H2 2021. Overall turnover levels are back above pre-Covid levels (March 2020) including in the telecommunication, retail, restaurant, healthcare and entertainment sectors. However, sectors that were most impacted by the various levels of Covid-19-related lockdowns, such as hotels/lodging and airlines, recorded turnover levels that are still below 2019 levels.

Labour market conditions remained highly depressed as the many shocks experienced in Q3 2021 exacerbated job losses, forcing the unemployment rate up to a record high of 34,9%. The league of discouraged workers swelled to an unprecedented 3,8 million people. Towards the end of 2021, household income growth was supported by the gradual normalisation in economic activity following July's unrest shocks, enabled by looser lockdown restrictions throughout the Omicron-led surge in new Covid cases over December. As a result, the fourth Covid wave was less disruptive to economic activity than the previous waves. Most South African households managed their finances relatively well throughout the pandemic, limiting borrowing and maintaining net savings. Household debt moderated to 66,7% of disposable income in the third quarter, while savings rose to 1,2% of disposable income. In the banking industry, credit growth improved in H2 2021. Household credit demand remained positive throughout last year, boosted by low interest rates, the economic recovery and stronger income growth. Higher levels of growth were evident in instalment sales and mortgages, but overdrafts declined further, and personal-loan growth slowed.

Fixed-investment activity has generally remained depressed, undermined by uncertain long-term growth prospects, continued policy uncertainties and frequent power outages. The July riots also weighed heavily on business confidence and fixed investment decisions. Towards the end of 2021, growth in fixed investment started to gradually recover off a low base. The second half of the year saw a recovery in corporate credit demand as companies started to utilise overdraft facilities again, while vehicle finance also accelerated. Encouragingly, general loans to companies, often used to finance capital projects, rose marginally in November after eight months of steep declines.

Inflation drifted higher off a low base in 2021. The main contributors were rising global oil and food prices and higher prices of a wide range of imported goods, primarily caused by global supply shortages and Covid-19-related disruptions to the world's transport networks. Upward pressure also came from a weaker rand and higher electricity tariffs. The rate hiking cycle started in November 2021 when the Monetary Policy Committee (MPC) announced a 25 bps hike in the repo rate in response to the mounting upside risks to the inflation outlook. The upward trend continued in January 2022 when the MPC raised the repo rate by a further 25 bps, in line with consensus forecasts.

After a volatile and difficult year for the South African banking sector in 2020, 2021 saw client transactional activity rebound and market volatility return to more normalised levels, although corporate deal flow across various sectors remained weak. Impairments declined significantly, underpinned by the improving operating environment and due to the normalisation of forward-looking IFRS 9 portfolio impairments. The South African banking sector continues to demonstrate strong levels of resilience, remaining well capitalised, liquid and profitable.

Strategic progress

Our strategy gives us a clear framework on where we want to focus as a purpose-led organisation and what we need to do to meet our medium-term targets of achieving diluted headline earnings per share (DHEPS) greater than the 2019 level (2 565 cents), an ROE greater than the 2019 level (15,0%), a cost-to-income ratio lower than 54% (2019: 56,5%) and the #1 ranking in NPS (2019: 3) by the end of 2023. Through our strategy we seek to create value by growing revenue and increasing levels of productivity, both strongly enabled by technology, while maintaining world-class risk and capital management metrics. We are focusing on growing our share of transactional relationships and related deposits across all our businesses, and ensuring we deliver market-leading client experiences that will help us to attract new clients and a deepened share of wallet among existing clients. To boost our productivity and improve operational efficiency, we are building on and accelerating existing 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 ensure that we appropriately balance risk/reward trade-offs.

Our strategy is delivered through five strategic value unlocks that include: delivering innovative market-leading client solutions; engaging in ongoing disruptive market activities (underpinned by digital leadership), focusing on areas that create value (strategic portfolio tilt, known as SPT 2.0), driving efficient execution (including target operating model enhancements, known as TOM 2.0) and creating positive impacts, including delivering on our purpose of using our financial expertise to do good. Underpinning these strategic value unlocks is our Managed Evolution (ME) strategy and technology transformation programme to build a modern, modular and digital IT stack that has reached 85% completion. Most foundational IT programmes are either complete or nearing completion, and the group's intangible software assets are expected to have peaked in 2021 at around R9bn, in line with reducing levels of IT cash flow spend. The rationalisation, standardisation and simplification of our core banking systems that have resulted in a reduction from 250 systems down to 78 (final target of 65 to 75), are enabling reduced infrastructure, support and maintenance costs, less complexity and increased agility in adopting new innovations. The benefits of ME are evident in the digital progress we have made, as well as the realisation of benefits through TOM 1.0 and TOM 2.0. In 2021, the ME programme was benchmarked against a globally recognised peer group of 14 local and international banks across five key dimensions (business case, digital readiness, architecture, governance, people and adoption, and regulation and risk) to give insights into Nedbank's relative positioning to this peer group. The benchmarking exercise confirmed that the ME philosophy and approach of a stepwise technology modernisation was in line with that of successful international peers. The findings were very encouraging and concluded that ME has delivered value on an ongoing basis and that Nedbank is one of a few enterprises in the benchmarking peer group that has achieved revenue uplift from its IT transformation programme. Similarly, the assessment concurs with Nedbank's focus of creating distinctive client experiences in support of digital penetration and sustainable client retention through increased cross-sell. The following progress was made in 2021:

- **Delivering innovative, market-leading client solutions**
  - **Digital client onboarding, sales and servicing (Eclipse for retail clients and Nedbank Business Hub 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, by providing a seamless omnichannel experience. The processing of product sales to individuals via Eclipse currently 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. Clients can also join the bank through our self-service kiosks, with a card issued immediately. Foreign exchange, the roll-out of student loans and selective Nedbank Insurance products, including MyCover Funeral and MyCover Life, will be available on the Eclipse platform during 2022. The Eclipse journey for individuals is now materially complete. In 2021, juristic client onboarding in Retail and Business Banking (RBB) and CIB started with the roll-out of the Nedbank Business Hub, leveraging our new digital token-less security and enabling a step change in client experience for businesses. The hub provides a convenient platform for clients from which they have a single view of relevant digital offerings and are able to transact, apply for products (transacting, lending and borrowing) or services to name a few. While migration to this modernised platform remains a key priority, the convergence of the various juristic digital channels has gained momentum, with a first release scheduled for July 2022. From a digital servicing perspective, an additional 100+ juristic services are intended to be digitised by the end of 2023.
  - **Apps:** The Nedbank Money app, which makes banking more convenient for our retail clients, continues to be rated highly on the Apple and Google app stores, with an average client rating of 4,4 (out of five). It is actively used by 1,6 million clients, up by 38% (2020: 1,2 million). Transaction volumes on the Money app increased by 54% and transaction values increased by 72% when compared to full-year 2020. New features introduced during the period include quote and fulfil functionality for funeral cover, life cover, car insurance and homeowners' cover (HOC), as well as claims functionality for HOC and funeral policies. The functionality to make payments to cellphones and new investments has been enhanced and clients are now able to request real-time credit limit increases via the app. Revenue from value-added services increased by 53% across prepaid data, vouchers, electricity purchases, LOTTO and Send-iMali. The Nedbank Private Wealth app, which offers integrated local and international-banking capabilities, has an average rating of 4,6 (out of five) on the Apple and Google app stores. 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 base and user experience, and achieved an app store rating of 3,7 (out of 5). The total number of enrolments at the end of December 2021 for the common monetary area (CMA) countries exceeded 63 000 users, with the total number of app users across NAR now more than 90 000. App volumes increased by 35% year on year (yoy), while value-added services (including airtime and electricity) purchases grew by 26%.
  - **New innovations:** During the period, in addition to the various app enhancements, we launched a number of new innovations. These include a new broad range of financial wellness tools, including credit score ratings with helpful tips for clients and enhanced MoneyTracker functionality tools allowing for spend categorisation and management. Retail Relationship Banking clients can now apply for an overdraft, and informal traders can join the bank and obtain a paycode through a simple USSD process. A host of user-friendly features were introduced, including the ability to redeem Greenbacks into a savings or investment account or to donate them to a charity, enhanced statements, and more seamless loan-offering processes. Significant transacting capabilities like the ability to get cash at an ATM by scanning a QR code (a first in SA), the ability for clients to withdraw cash using a digital voucher code at a wide network of retailers including: Pick n Pay, Shoprite and Checkers. RBB and Nedbank Private Wealth launched Apple Pay, which allows clients to make cashless, contactless payments using an Apple device. Since its launch in March 2021, we have seen excellent uptake in client usage and payments continue to grow on a monthly basis. This mobile payment capability follows our scan-to-pay capability as well as Samsung, Garmin and Fitbit Pay solutions launched in prior periods. In addition, we launched Money Message, an innovative invoice-and-payment solution that enables small businesses to create and send invoices, and receive payments easily and securely on WhatsApp, which is the dominant messaging platform in SA. It also complements Nedbank's tap-on-phone solution, a payments solution that enables businesses to accept payments by simply using an Android smartphone for contactless card payments. Enbi, our new artificial intelligence (AI)- driven chatbot, which was launched to meet client expectations for immediate and excellent personal assistance, now answers over 100 000 client enquiries a month. In NAR we continued to release new features, including digital wallets, self-enrolment and value-added services. The implementation of automated credit scoring enhanced our credit decisioning capability and provides integrated insights on managing credit risk and understanding our clients. In Nedbank Insurance, we have extended our insurance quoting, fulfilment and claims functionality on digital channels to 10 Insurance product offerings. As part of building Nedbank Private Wealth in Namibia, we extended our stockbroking services and international wealth offerings to clients.
  - **Digital outcomes:** Our digital initiatives helped us to increase the number of digitally active retail clients in SA by 11% to 2,3 million (December 2020: 2,1 million). This now represents 36% of total active clients (December 2020: 32% and December 2019: 28%) and 64% of main-banked clients (2020: 57% and 2019: 49%). Retail digital transaction volumes in SA increased by 28% and transaction values by 19%. Digitally active clients across the NAR business grew by 7% and represents 54% of the total active client base.
  - **Creating great client experiences:** The outcome of our digital innovations is evident in higher levels of client satisfaction, as illustrated in Nedbank again being rated the second-best large bank on NPS in 2021. We increased our score to 47% (2020: 41%) and similarly recorded an increase in the client satisfaction SAcsi score to 82% (2020: 81%). Nedbank was ranked the eighth most valuable brand among the top 50 South African companies for the second year in a row. In 2021 we have seen a continuation of high brand sentiment rankings; where Nedbank was consistently ranked as the #2 bank on social media brand sentiment as measured by Salesforce Social Studio. Independent external recognition, as reflected in the number and quality of international awards for business excellence, digital leadership and ESG, increased in the 12 months when compared with prior years. In 2021, relating to digital leadership, Nedbank won the Best Mobile and Internet Banking Awards at the International Business Magazine Awards, Best Digital Bank at the Global Business Outlook Awards and Best Digital Bank and Best Open Banking APIs (SA) at the 2021 Global Banking & Finance Awards.
- **Ongoing disruptive market activities**
  - **Avo super app:** Our market-leading digital ecosystem Avo, which is a one-stop super app enabling clients to buy essential products and services online and have them delivered to their home, with seamless payments and credit enabled by the Avo digital wallet and Nedbank. Since its launch in June 2020, Avo has signed up more than 675 000 consumers (4,7x growth yoy), along with over 20 250 businesses (3x growth yoy) registering and offering their products and services on this e-commerce platform. Product orders continue to grow exponentially, with 3x yoy growth of gross merchandise value (GMV). We continue to enjoy favourable ratings across the Google and Apple app stores with ratings of 3,9 and 4,3 respectively. Avo Auto and the launch of Avo B2B marketplace are expected to strongly support further scaling efforts of the platform.
  - **APIs:** After having been the first bank in Africa to launch an API platform (API_Marketplace) that is aligned with the Open Banking Standard (PSD2), we made good progress in scaling the platform by allowing approved partners to leverage the bank's financial capabilities through integrating into our standard, secure and scalable APIs. The number of third parties active on API_Marketplace has increased to 45 (2020: 17). Third-party interest in API_Marketplace continues to grow. The number of active APIs used increased from eight (December 2020) to nine. An example of a successful implementation is the enablement of personal-loans disbursals, which increased by 360% yoy, supporting our market share increase in this product.
  - **Karri app:** The Karri payments app made a strong recovery as schools reopened in 2021. Notwithstanding the big impact of Covid-19 on traditional event and sport tour collections (the main driver of usage and value of collections pre-Covid-19), we managed to increase active users back to pre-Covid-19 levels by adding new functionality and increasing the value offered to schools, enabling the highest active usage from March to May 2021. Karri now has well over 800 organisations that are using the app. The Karri app is now more relevant than ever, with a database of well over one million potential users and one of the highest app store ratings (currently 4,5). As schools return to normality, we are expecting a return to exponential growth.
- **Focusing on areas that create value (SPT 2.0)**
  - We focus on areas that create value, particularly through strategic portfolio tilt (SPT 2.0) that is a groupwide strategy focused on right-sizing certain advances market shares, growing our transactional banking franchise and cross-selling into transactional deposits through integrated client value propositions.
  - Over the past 12 months we increased market share in key advances categories in line with the South African Reserve Bank (SARB) BA 900 returns, including personal loans (12,2% market share, up 1,0%) and household overdrafts (9,9% market share, up 1,9%). We also increased our share in vehicle finance (36,9% market share, up 0,4%), where we are leveraging our market-leading position and unique business model that is skewed to financing used and lower-value vehicles. These gains were supported by increased levels of client take-up rates, enabled by digital channels, notwithstanding tightening of credit criteria. Our home loans market share of 14,2% declined marginally by 0,2%. In wholesale lending we were selective in granting loans as we continued to manage risk and focus on increasing Net interest margins (NIM), resulting in a decline in market share (commercial mortgages 37,2% market share and wholesale term-loan market share 16,8%, both down 1,3%).
  - Main-banked clients in retail grew by 1% to 3,1 million and cross-sell was 1,9 products (compared with 1,8 in 2020). In the independent 2021 Consulta survey, Nedbank recorded the largest increase in main-banked market share of all large South African banks, increasing by 1,1% to 12,4%. CIB gained 35 new primary clients in the period. In NAR total clients increased by 1% to 338 000, of which 141 000 are main-banked.
  - From a deposit perspective, we have seen an increase in commercial funding and a decrease in wholesale funding, and gained market share in both commercial transactional (16,6% market share, up 1,0%) and non-transactional deposits (17,6%, market share, up 0,8%). Our focus on household deposit market share continues, with ongoing management actions focused on arresting household deposit market share losses, notwithstanding aggressive competition and pricing for retail deposits. Trends in Q4 2021 were pleasing, with an uptick recorded in term-related household deposit market share.

- **Driving efficient execution (TOM 2.0)**
  - **Unlocking benefits through technology:** After realising cumulative TOM 1.0 savings of R2,0bn in 2020 relating to the benefits from a modernised technology platform (ME) and agile innovation methodologies, in 2021 we launched TOM 2.0. TOM 2.0 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 2021 we recorded benefits of R967m, on our way to unlocking cumulative revenue uplift and cost savings of R2,5bn by the end of 2023 (of which approximately 90% relates to cost savings). The business case of our technology investments, including ME, evident in the value unlocks through TOM 1.0 and TOM 2.0, remains intact as the group's annual amortisation charge (R1,7bn in 2021) remains below the cumulative benefit of these initiatives. In addition, annual IT cash flow spend has declined, after having peaked in 2017.
  - **Branch optimisation:** The digitisation of services in RBB and changing client behaviour, along with the impact of the Covid-19 lockdowns, has enabled us to reduce branch teller volumes by 21%. To date, as we optimise the shape of our infrastructure through Project Imagine, branch floor space has decreased by around 65 000 m^2 (December 2020: 57 000 m^2) from 2014 levels, while employee points of presence declined by 13 yoy to 538. Over the past 12 months our total group permanent headcount declined by 1 410, largely through natural attrition.
  - **Real estate optimisation:** Through our strategy of consolidating, standardising and optimising our own buildings to support new ways of working, our number of campus sites (offices) has decreased from 31 to 24 over the past four years, with a longer-term target of 19. Since 2016 we have saved over 116 000 m^2 and over 47 000 m^2 in 2021 alone. In the next few years, we will continue to optimise the portfolio by enhancing workstation use by enabling flexible office constructs to support more dynamic ways of work, as well as leveraging successful work-from-home experiences as a result of Covid-19, while creating further value and cost reduction opportunities. Our optimal workplace distribution mix is expected to settle at around 60% at Nedbank premises and 40% as a mix of hybrid and permanent work-from-home models to support an anticipated workforce distribution model of 50% full-time on premises, 30% hybrid and 20% permanent off-site.
  - **RBB reorganisation and shared-services optimisation:** In 2020 we started the implementation of Project Phoenix, which aims to shift 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 phase 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. We also concluded the restructure of the cluster and divisional executive roles, as well as finalising the next tiers in line with the competencies required to deliver on the outcomes of the value chain accountabilities in 2021. The client-centred technology investments we have made enable 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 to ensuring efficient and effective central group functions including marketing, risk, human resources (HR), finance and technology. In addition, we are in the process of further optimising smarter supply chain and procurement capabilities.
- **Creating positive impacts**
  - Understanding that banks play a central role in driving the sustainable socioeconomic development of our continent, Nedbank deliberately focuses on using its financial expertise to do good for its stakeholders. This strategic imperative is demonstrated through our market-leading Energy Policy that was released in H1 2021, which seeks to guide the transition away from fossil fuels, while accelerating efforts to finance non-fossil energy solutions needed to support socioeconomic development and build resilience to climate change. The Energy Policy will ensure that Nedbank has zero exposure to fossil-fuel-related activities (thermal coal, upstream oil and gas, and power generation) by 2045, with 100% of lending and investment activity supporting a net-zero carbon economy by 2050, while accelerating funding to key sectors such as renewable and embedded energy. To achieve this requires a significant amount of investment in innovation by the bank and this was evidenced with underwriting R35bn of renewable-energy lending to date and the launch of Africa's first green AT1 instrument in 2021 as we raised a total of R910m, with the equivalent notional amount of funding to be directed to supporting the financing of new green infrastructure projects in SA. In addition, we successfully structured and arranged a R1,1bn Green Residential Development Bond for Nedbank Limited, issued under its domestic medium-term note programme and listed on the Sustainability Segment of the JSE in December 2021.
  - It is pleasing to have our efforts in this regard externally recognised, and we accept these awards of validation as evidence that we are progressing well while acknowledging there is always much more to be done. Recent awards include Nedbank being recognised as Africa's Best Bank for Sustainable Finance 2021 by Euromoney and Best Bank for Sustainable Development South Africa 2021 by *Global Banking & Finance*. In recognition of the significant contributions made in the sustainable finance space, Nedbank won various awards including the Local Currency ESG and Sustainable Finance Deal of the Year and Local Markets ESG and Sustainable Finance Adviser of the Year at the Bonds, Loans and Sukuk Africa Awards in 2021.

Review of results

Nedbank Group delivered a strong financial performance for the year ended 31 December 2021 (the period), reflecting a significant decline in the impairment charge and strong revenue growth when compared to the low base in the year ended 31 December 2020 (the prior period). HE increased by 115% to R11 689m (2020: R5 440m) but remains 7% below our full-year 2019 HE of R12 506m. Preprovisioning operating profit growth increased by 9% (compared to a 2% decline reported at H1 2021).

	Change (%)	HE (Rm) 2021	HE (Rm) 2020	ROE (%) 2021	ROE (%) 2020
CIB	54	5 605	3 636	15,3	9,4
RBB	> 100	4 532	1 595	13,7	5,4
Wealth	45	962	662	21,2	15,3
NAR	> 100	594	12	9,3	0,2
Centre		(4)	(465)		
Group	115	11 689	5 440	12,5	6,2

HEPS and basic EPS increased by 114% to 2 410 cents and by 223% to 2 317 cents, respectively in line with the updated trading statement released on 14 February 2022. In this trading statement we noted that HEPS and basic EPS were expected to increase by between 108% and 118%, and 218% and 228%, respectively. DHEPS increased by 112% to 2 362 cents.

As a result of the group's strong financial performance, ROE for the period increased to 12,5%, well above the prior period of 6,2%, although still below the cost of equity and below the 2019 level of 15%. Return on assets increased from 0,45% to 0,98%, while return on risk-weighted assets (RWA) increased from 0,82% to 1,78%, assisted by an RWA decline of 3%. Net asset value (NAV) per share increased strongly by 11% to 20 493 cents.

During the period, the group's balance sheet strengthened further as we closed out the resilience phase of our strategic response to the Covid-19 pandemic. CET1 and tier 1 capital ratios of 12,8% and 14,3% respectively improved on the prior period and are now well above the pre-Covid 19 levels of 11,5% and 12,8% respectively (December 2019). These ratios are also well above the SARB minimum requirements and the group's board-approved target ranges. The average LCR for the fourth quarter of 128% was well above the regulatory minimum level of 90%, with effect from 1 January 2022, which will be increased to 100% with effect from 1 April 2022, and an NSFR of 116% was well above the 100% regulatory minimum. After not paying dividends in 2020 as a result of Prudential Authority (PA) Guidance Note 4/2020, the group resumed dividend payments in H1 2021, in line with PA Guidance Note 3/2021, with an interim dividend of 433 cents at 2,50 times cover (payout ratio of 40%). A final dividend of 758 cents at 1,75 times cover (payout ratio of 57%) has been declared, at the bottom end of the group's board-approved dividend target range of 1,75 times to 2,25 times.

Cluster financial performance

Nedbank Group's HE increase of 115% to R11 689m was supported by strong growth in HE across all business clusters and group ROE of 12,5% improved from the prior year's 6,2%.

HE in CIB increased by 54% to R5,6bn, and the cluster delivered an ROE of 15,3%, above the group's cost of equity. HE was primarily driven by a 56% decrease in impairments as reflected in the CLR declining to 42 bps (2020: 82 bps). NIM expanded and net interest income (NII) increased by 9%, despite average interest-earning banking assets (AIEBA) decreasing by 13% to R339bn. Actual gross banking advances decreased by 2% to R352bn due to muted corporate demand for new loans, particularly in the property sector, and early settlements as clients used excess liquidity to repay committed facilities, across multiple sectors. Actual trading advances decreased by 29% due to a decline in investments in foreign repo assets. Non-interest revenue (NIR) increased by 9%, benefiting from a normalisation of equity revaluations, partially offset by a lower trading performance given the high base in 2020. Expenses increased by 9%, driven by higher variable incentive costs, resulting in a cost-to-income ratio of 44%.

HE in RBB increased by 184% to R4,5bn and ROE increased to 13,7% and remained below the group's cost of equity. The main drivers for this performance were significantly lower impairment charges, due to relatively lower stress on the consumer driven by a stronger macroeconomic environment, as well as better-than-expected performance of Directive 7/2015 (restructured) loans exiting their monitoring period. The RBB CLR decreased to 134 bps from 240 bps in 2020 and from a H1 2020 peak of 269 bps, and it is now back within the cluster's TTC target range of 130 bps to 180 bps. NII increased by 5%, driven by solid average advances growth, continuing its momentum from 2020, benefiting from both client demand for secured loans as a result of the 300 bps cuts in interest rates in 2020. Increased lending volumes originated through the group's digital channels, notwithstanding lower loan approval rates across some products, also supported the growth. NIR increased by 8% as client-related transactional activity improved, evident in increased levels of spend, cash withdrawals and purchase of value-added services. An increase in expenses of 6% was driven by a higher incentive charge and higher computer processing costs, partially offset by good management of discretionary spend and ongoing optimisation of operations.

HE in Nedbank Wealth increased 45% to R962m, with an ROE of 21,2%, above the group's cost of equity. Insurance results were positively impacted by improved investment returns and the implementation of an enhanced asset and liability matching strategy, but these were partially offset by significantly higher death claims in the life portfolio. Asset Management delivered a robust performance on the back of positive net flows of R7bn, a 13% growth in assets under management (AUM) to R424bn and a strong market rebound. Wealth Management (SA) recorded a substantial growth in earnings off a low base, due to credit impairment releases and an increase in NII. Wealth Management (International) earnings were negatively impacted by record-low USD and GBP interest rates, offset by strong growth in investment business lines and steady client lending activity.

HE in NAR increased to R594m, which is significantly higher than the R12m reported in the prior period, with its ROE improving to 9,3%, but still well below cost of equity. The performance reflects the impact of significantly lower impairments (CLR down to 72 bps from 185 bps) and a strong recovery in associate income from ETI with related HE increasing to R523m (2020: R153m). This was offset by a slight decline in NIR as a result of a high base in 2020, as well as lower transactional activity and general economic slowdown in some Southern African Development Community (SADC) regions in the first half of the year.

The performance in the Centre reflects the benefits of higher levels of capital (endowment) held at the centre on NII and a R250 (pre-tax) decrease in the group central provision to R500m, partially offset by fair-value losses relating to the unwind of prior-period profits from the group's fair-value hedge accounting solution.

Financial performance

Net interest income

NII growth accelerated strongly from 2020, increasing by 8% to R32 500m. AIEBA declined by 3% to R870bn (compared to a 4% decline in H1 2021), negatively impacted by the first half reduction in CIB loans and advances as many clients used excess liquidity to repay committed facilities and demand for new wholesale credit was muted, offset by ongoing growth momentum in higher yielding RBB loans.

NIM increased by 37 bps to 3,73% from 3,36% in 2020, and by 21 bps from the 3,52% reported in 2019. This increase was driven by higher levels of capital (endowment benefit), improved asset pricing and asset mix changes (retail advances grew faster than wholesale advances), improved liability mix, active balance sheet management and basis risk impacts. The increase was partially offset by the run-rate impact of the interest rate cuts in 2020 (endowment), as well as liability pricing pressure in a highly competitive household deposits market. Nedbank is positively positioned for a rise in interest rates, gaining an additional R1,6bn NII (pre-tax) for each 100 bps increase in interest rates over a 12-month period.

Impairment charge on loans and advances

The group's impairment charge decreased by 50% to R6 534m. The key drivers of the decline include the benefits of an improved macroeconomic environment (coming through in IFRS 9 models as South African GDP growth in 2021 improved from the 6,4% decline in 2020), better-than-expected collection outcomes in a low interest rate environment, a reduction in stage 3 loans as clients cured, including the decline in Directive 7/2015 (restructured) loans and a reduction in some of the overlays that were raised during the Covid-19 crisis as risks either did not emerge or are now captured in the new IFRS 9 models. The group's CLR decreased from 161 bps in December 2020 to 83 bps in December 2021, an outcome that is now back within the group's TTC target range of 60 bps to 100 bps.

The support of clients in good standing and impacted by the Covid-19-related events, provided through Directive 3/2020 payment relief, declined from a peak of R121bn in July 2020 to R28bn in December 2020 and to R3,2bn in December 2021. Restructured (Directive 7/2015) loans declined from R13bn at December 2020 to R10bn as clients cured and exited their monitoring period, leading to these loans moving from stage 3 to performing.

CLR (%)	Average banking advances (%)	2021	2020[1]	TTC target ranges
CIB	44	0,42	0,82	0,15–0,45
RBB	49	1,34	2,40	1,30–1,80
Wealth	4	0,09	0,64	0,20–0,40
NAR	3	0,72	1,85	0,75–1,00
Group	100	0,83	1,61	0,60–1,00

[1] *CLR for 2020 restated due to reclassification of listed corporate bonds into loans and advances.*

In CIB impairments decreased by 56% to R1 418m and its CLR, at 42 bps, is well below the 82 bps reported in 2020 and back within its TTC target range of 15 bps to 45 bps. The reduction in impairments was driven by the improvement in the latest macroeconomic factors in forward-looking macro models against the prior year, a decline in exposures as loans and advances declined and a lower level of stage 3 impairment charge as stage 3 loans declined. The commercial-property portfolio continues to perform ahead of expectations and reported a CLR of 30 bps, improving from 54 bps in 2020. Stage 3 loans in CIB declined by 26% from December 2020 and impairments raised for specific counters remain adequate. In RBB impairments decreased by 41% to R5 172m, reflecting the same key drivers as described above for the group, and its CLR, at 134 bps, is within its TTC target range of 130 bps to 180 bps. When the net benefit in RBB of once-off items of R713m relating to the curing of accounts in line with Directive 7/2015, annual parameter regrounding updates as well as the Covid-19-related overlay releases are normalised, the adjusted CLR at 153 bps falls into the middle of the RBB target range. Nedbank Wealth reported a CLR of 9 bps benefiting from a recovery on a single large client in 2021. NAR reported a decline in impairments of 62% to R168m, and CLR of 72 bps, at the lower end of its TTC target range of 75 bps to 100 bps, driven by improved collections and subdued growth in the loan portfolio.

The group decreased Covid-19- and macro-related judgemental overlays to R1,5bn (December 2020: R3,9bn) as risks were either now accounted for in the refined IFRS 9 models (R1 698m – impairment neutral), released through the income statement (R675m – credit to impairments as these risks did not emerge) or retained (R1 518m – impairment neutral) and remain relevant for elevated risk in specific portfolios or new risks identified.

The group's central provision decreased by R250m to R500m as some of these risks have been accounted for in new cluster models and the remainder is held to cater for new risks that may emerge, including inflation and interest rate vulnerability and associated impacts on the credit portfolios.

The group's balance sheet expected credit loss (ECL) increased from R26,1bn (December 2020) to R26,6bn and is also higher than the R18,2bn reported in 2019. This increase was driven by the R6,5bn impairment charge and accounts for post-write-off recoveries increasing to R1,4bn (December 2020: R1,2bn) and higher levels of write-offs at R8,5bn (December 2020: R7,4bn). Overall coverage increased from 3,25% of total loans and advances at December 2020 to 3,32% at December 2021, reflecting prudent credit risk management. The stage 1 coverage ratio increased to 0,69% (June 2020: 0,63%; December 2020: 0,65%). Stage 2 coverage was 6,44% (June 2020: 7,04%; December 2020: 6,61%) reflecting the impact of an improved macroeconomic environment moving clients to stage 1, and a decrease in overlays, including the group's central provision. The stage 3 coverage ratio increased to 38,0% (June 2020: 34,6%; December 2020: 31,5%), as a result of a decrease in Directive 7/2015 loans in both RBB and CIB (so-called performing restructures or technical cures), which attract a lower coverage than non-Directive 7/2015 restructures and the 13% decline in stage 3 loans after successful implementation of restructures and sale of distressed debt.

Non-interest revenue and income

NIR increased by 4% to R25 027m, primarily as a result of a more favourable operating environment in H2 2021. The increase was driven by increased levels of client-related transactional activity, a normalisation of equity revaluations off the 2020 base and higher levels of insurance income. This growth was partially offset by the unwind of a significant proportion of the group's fair-value gains recorded in 2020 and the impact of a high trading revenue base in the prior period. NIR growth, excluding macro fair-value hedge accounting adjustments, was 10%.

- Commission and fee income increased by 4% to R17 754m, driven by improving transactional activity as evident in increased levels of client spend, cash withdrawals and purchase of value-added services, main-banked client gains, as well as improved levels of cross-sell.
- Insurance income increased by 24% to R2 005m, benefiting from the implementation of a more appropriate asset-and-liability matching strategy, increased investment performance and an improved non-life claims experience. This was partially offset by higher funeral and death claims in the life portfolio. Loss-of-income claims declined from a high in September 2020, and while claims were above pre-Covid-19 levels in the first quarter of 2021, they declined to 2019 levels in June 2021.
- Trading income remained robust but decreased by 15% to R4 475m, given the 2020 high base as a result of the benefit of the volatile market conditions in the prior period.
- Equity revaluations of R650m (2020: R1 038m loss) were driven by improved underlying investee company profitability, resulting in increased valuations.
- Fair-value adjustments, including those from the group's fair-value hedge accounting solution, was a loss of R833m (2020: R352m gain). The trend was stable into H2 2021 (H1 2021 loss of R740m) as actions have been taken in models to reduce volatility. The impact of Covid-19 and the resultant impact on financial markets resulted in accounting volatility during 2020 and H1 2021. The accounting volatility in the group's macro fair-value hedge accounting solution remained well within the accounting effectiveness thresholds, but model methodology enhancements were implemented during H2 2021 that are expected to reduce accounting volatility going forward during periods of extreme market movements.

Expenses

The increase in expenses of 6% to R33 639m reflects the impacts of higher variable-pay incentives, off a low 2020 base, and ongoing investment in technology and digital solutions, partially offset by ongoing optimisation benefits. Excluding variable-pay incentive costs, expenses increased by 2%, highlighting diligent cost management.

- Staff-related costs increased by 7% following:
  - an average 2021 annual salary increase of 3,5% and a 5% reduction in permanent employee numbers since 31 December 2020 (8% decline since 2019), largely through natural attrition; and
  - a 67% increase in short-term incentives (STIs) and a 117% increase in long-term incentives (LTIs) (combined variable pay up 75%), driven by the impact of the group's improved financial performance on variable incentives off the low base in 2020.
- Computer-processing costs increased by 9% to R6 329m, reflecting an increase in the amortisation charge of 19%, as well as investment in digital solutions, partially offset by efficiency gains. As our ME technology strategy reaches material completion, the growth rates in computer-processing costs and amortisation are beginning to slow.
- Marketing costs increased by 24% to R1 332m off a low 2020 base and reflects the group's increased focus on increasing Nedbank's share of voice in the market in support of revenue growth.
- Other cost lines reflect the good management of discretionary spend. Savings were recorded on lower levels of occupation and accommodation.

The group's increase in expenses of 6% was lower than the increase in revenue and associate income of 7%, resulting in a positive JAWS ratio of 0,8% and our cost-to-income ratio decreasing to 57,7% (2020: 58,1%).

Hyperinflation accounting in Zimbabwe

Given the further depreciation of the Zimbabwean dollar and slowing inflation, the group reported a net monetary loss of R138m (2020: R205m loss).

Earnings from associates

Associate income of R686m, relating to the group's 21% shareholding in ETI for the period has been recognised (up more than 100% when compared to a loss of R178m in 2020). This includes accounting for our share of ETI's Q4 2020 and 9M 2021 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear). The total effect of ETI on the group's HE was a profit of R523m (2020: R153m), including the R245m (R177m post-tax) impact of funding costs.

On 28 January 2022, ETI reported unaudited attributable earnings growth of more than 100% to US$257m and ROE of 18,8% (2020: 0,3%) for the 12 months to 31 December 2021. The performance was supported by solid growth in their West and Central Africa regions and ROEs in these regions were all above 21%. Ecobank Nigeria remains a drag on the overall ETI performance and we continue to work with management and other shareholders to address this. Non-performing loans continued to decline, while market-leading in-country franchises drove strong growth in deposits. The group's capital position strengthened further, reflected in a total capital adequacy ratio (CAR) of 14,5% (ratio published by ETI in February 2022) at 31 December 2021 (2020: 12,3%). On 28 February 2022, the ETI Board recommended the payment of a dividend of USD 0,16 cents per share being a total amount of circa $USD40m, subject to shareholders' approval at the upcoming Annual General Meeting of ETI. Our share of this dividend from ETI is estimated to be just over $USD8m.

Statement of financial position

Banking loans and advances

Gross banking loans and advances increased by 1% to R807bn (improving from the 7% annualised decline reported in H1 2021), driven by ongoing momentum in RBB advances growth and CIB banking loans and advances growing from the June 2021 levels.

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

Rm	Change (%)	2021	2020[3]
CIB	(2)	352 487	361 280
RBB	7	400 301	375 385
Wealth	(3)	30 729	31 567
NAR	(8)	22 325	24 186
Centre[2]	(75)	1 112	4 438
Group	1	806 954	796 856

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

[3] *The group reclassified listed corporate bonds of R22bn in December 2020 from 'Government and other securities' to 'Loans and advances' to align with peer disclosure and so that they better reflect the group's management of these assets.*

CIB gross banking loans and advances declined by 2% to R352bn as a result of many clients using excess liquidity to repay committed facilities in H1 2021 and muted corporate demand. Current demand for new wholesale loans remains low, with the timing of drawdowns uncertain, although recent developments are encouraging, including the increase in private renewable-energy-generation capacity up to 100 MW.

RBB gross loans and advances increased by 7% to R400bn. Gross loans and advances growth in RBB continued its momentum from 2020, benefiting from both client demand for secured loans as a result of the 300 bps cuts in interest rates in 2020, as well as an increase in unsecured-lending volumes originated through the group's expanded digital channels, notwithstanding lower loan approval rates due to tighter credit criteria. BB loans and advances increased by 7%, driven by strong growth in new-loan payouts achieved through judicious client acquisition and support given to meet clients' funding needs. Residential mortgage loans grew by 8%, broadly in line with the industry. MFC (vehicle finance) loans increased by 6%, ahead of the industry average, as we continue to benefit from our business model that is more geared towards second-hand vehicles. Unsecured lending grew by 10% as a result of the shift to digital, which continues to gain momentum and is driving increased take-up rates of approved loans.

Deposits

Deposits increased by 2% to R972bn, with total funding-related liabilities increasing by 2% to R1,0 trillion, while the loan-to-deposit ratio decreased to 86% (December 2020: 88%).

Within the clusters, CIB grew deposits by 3% and RBB by 6%. Deposits in Wealth declined marginally by 0,2% and NAR increased deposits by 5%.

Current and savings accounts (CASA), along with cash management deposits, increased by 6%, driven by some clients holding cash for short-term operational requirements and potential rate hikes in 2022. Individually, current accounts increased by 8%, cash management accounts increased by 3% and savings accounts increased by 5%. Call and term deposits increased by 8% and fixed deposits decreased by 5% as retail and commercial clients opted to keep their cash short or in notice deposits due to forecast rate hikes into the future. Negotiable certificate of deposits (NCDs) decreased by 18%, as surplus cash was used to pay down expensive marginal deposits. Nedbank's wholesale funding mix contribution has decreased by 4%, while the commercial funding mix pleasingly increased by 4%. Foreign funding, although small in relative terms for Nedbank, decreased by 9%.

Funding and liquidity

The group achieved a quarterly average long-term funding ratio of 26,6%, which is above the industry average of around 22,5% as a result of proactively managing Nedbank's long-term funding profile.

The group's December 2021 average LCR of 128,1% (December 2020: 125,7%) exceeded the minimum regulatory requirement, with the group maintaining appropriate operational buffers designed to absorb seasonal, cyclical and systemic volatility observed in the LCR.

Nedbank Group LCR	2021	2020
HQLA (Rm)	**207 105**	206 943
Net cash outflows (Rm)	**161 678**	164 583
Liquidity coverage ratio (%)[4]	**128,1**	125,7
Regulatory minimum (%)	**80,0**	80,0

[4] *Average for the quarter.*

More details on the LCR are available in the 'Additional information' section of the condensed consolidated interim financial results.

Nedbank's portfolio of LCR-compliant HQLA increased marginally to a December 2021 quarterly average of R207,1bn, while the lower quarterly arithmetic average net cash outflows were driven by an increased demand for longer-dated deposits. Nedbank's proactive management of its HQLA liquidity buffers, and close monitoring of its net cash outflows, resulted in an increase in the LCR to 128,1%. The HQLA portfolio, together with Nedbank's portfolio of other sources of quick liquidity, equated to total available sources of quick liquidity of R264,2bn, representing 21,6% of total assets.

Nedbank exceeded the minimum NSFR regulatory requirement of 100% effective from 1 January 2018 and reported a December 2021 ratio of 116,1% (December 2020: 112,8%). The structural liquidity position of the group has strengthened from December 2020 as a result of the effective management of balance sheet growth.

Capital

The group remains strongly capitalised, with ratios significantly above the minimum regulatory requirements and a CET1 ratio of 12,8% (December 2020: 10,9%) and a tier 1 ratio of 14,3% (December 2020: 12,1%). The improvement in the CET1 ratio was driven by strong organic earnings growth and lower RWA, including the benefits of deliberate optimisation initiatives. This was partly offset by the payment of the interim dividend of R2,2bn in August 2021. From 1 January 2022 the group's CET1 capital adequacy target range has been recalibrated to 11,0% to 12,0% (previously 10% to 12%) as the PA announced its intention to reinstate Pillar 2A in line with Directive 5/2021.

The tier 1 ratio was also impacted positively by the issuance of additional tier 1 instruments amounting to R3,5bn (including an industry-first R910m green AT1 instrument), offset by redemptions of R2bn, the buyback of old-style preference shares that still qualified as capital in 2021 and the further grandfathering of these old-style preference shares (R531m) from January 2021 in line with the Basel III transitional arrangements. The total CAR was further enhanced by the issuance of Basel III qualifying tier 2 instruments of R2,95bn, offset by redemptions of R2bn, in line with group's capital plan.

Basel III capital ratios (%)	2021	2020	Internal target range	Regulatory minimum[5]
CET1	**12,8**	10,9	10,0–12,0	8,0
Tier 1	**14,3**	12,1	> 11,25	9,5
Total CAR	**17,2**	14,9	> 13,0	11,5

(Ratios include unappropriated profits.)

[5] *PA minimum requirements are disclosed with Pillar 2A at 0% in line with Directive 2/2020 (April 2020) and excluding bank-specific Pillar 2b capital requirements. The Pillar 2A capital requirement will be reinstated back to 50 bps at CET 1, 75 bps at tier 1 and 100 bps for the total capital ratio, with effect from 1 January 2022.*

Using our financial expertise to do good

Nedbank continues to play an important role in society and in the economy, and we remain committed to delivering on 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 through various interventions, including a bankwide virtual campaign on mental well-being, together with a variety of webinars that were attended by more than 22 400 employees during the year. We are saddened by the loss of 55 of our employees who succumbed to Covid-19 in 2021.
- Despite the difficult operating environment, employee engagement levels remained high and our 'Great place to work' NPS improved to 19 (from 17 in 2020 and 7 in 2019).
- We have not retrenched any employees as a result of Covid-19. Our Agility Centre successfully redeployed 242 employees into alternative roles within Nedbank, while 70 employees were regrettably retrenched as a result of changes in operational requirements.
- We have paid our 26 861 employees' salaries and benefits of R18bn. We concluded annual salary increases of 4,0% for our bargaining-unit employees, with non-bargaining-unit employees receiving increases of 3,0% and the blended average employee salaries increasing by 3,5% in 2021.
- In 2021 training spend increased to R1,1bn (2020: R924m). Our Digital Learning platform was launched in February 2021 with more than 18 000 learners completing 982 417 digital learning courses. The total number of learning hours (including compliance training) increased to 49 hours per person (2020: 31 per person) with 24 746 learning beneficiaries (2020: 24 391).
- During 2021, 62% of our employees worked from home (excluding branch employees) as business continuity plans were invoked on the back of Covid-19-related lockdown levels and during the July civil unrest that broke out in parts of Gauteng and KwaZulu-Natal.
- Nedbank has implemented a 'hybrid work model' approach since the onset of the pandemic. A portion of our workforce will continue to work from a Nedbank office or branch, while a blended approach will be followed, with employees working on-site or remotely. We plan to accommodate a split of on-site/off-site employees, which will see approximately 60% of all office employees working at the various Nedbank campus sites on any given day.
- We continued to focus on transformation as a key imperative to ensure that Nedbank remains relevant in a transforming society. ACI (African, Indian, Coloured) representation at board level improved to 61,5% (2020: 60,0%), at executive level it was maintained at 46,2% and among our total employees it was 79,9% (2020: 78,0%). Pleasingly, we have recorded improvements in ACI employee representation at senior and middle management levels. Female representation at board level improved to 23,1% (2020: 20,0%), at executive level it remained at 46,2% and among total employees it was 61,4% (2020: 61,2%).
- We were formally recognised for our efforts towards transformation and diversity and won the Top Empowered Business of the Year Award at the 2021 Oliver Top Empowerment Awards. Nedbank also won the 'Best digital campaign' for the #YoungDifferenceMaker and was as voted as runner-up in the '2021 Employer of Choice: Commercial and Retail Banking' category by the South African Graduate Employers Association (SAGEA).

Clients

- Delivering market-leading client experiences remains a key priority for us. On the back of the 2020 Consulta survey, where we achieved second position among the five largest South African banks on client satisfaction metrics, we maintained this position in 2021 and improved our scores further in both client satisfaction (SAcsi score of 82%, 2020: 81%) and NPS (score of 47%, 2020: 41%).
- Nedbank's brand ranking among South African companies, which increased from 11th in 2019 to eighth in 2020, remained at eighth position in 2021, in Brand Finance's Most Valuable Brands in SA report. Brand Finance estimates Nedbank's brand value at around R15bn. We also consistently ranked the #2 bank on social-media net brand sentiment, measured by Salesforce Social Studio.
- We safeguarded R972bn (2020: R954bn) of deposits at competitive rates.
- We supported clients by advancing R228bn (2020: R210bn) in new loans to enable them to finance their homes, vehicles and education, as well as grow their businesses, and to help them manage through a difficult period in 2021.
- The payment relief (payment holidays) we provided to clients under the PA's Directive 3/2020 has mostly matured after assisting more than 400 000 clients on R121bn of loans since the Covid-19 crisis emerged.
- Our clients' access to banking improved, and as the Covid-19 lockdowns resulted in an accelerated shift of clients to digital channels, digitally active retail users increased by 11% to 2,3 million. 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 32% (from 28% in 2020 and 12% in 2019).
- In recognition of the value-add to our clients and our leadership position in key industries, segments and products, Nedbank won various awards, including *Global Finance's* 2021 Best Investment Bank in South Africa, *Global Banking & Finance's* 2021 Best Corporate Bank in South Africa, *African Banker's* 2021 Infrastructure Deal of the Year, *Global Business Review Magazine's* 2021 Best Retail Bank and City of London's 2021 Best Private Bank.

Shareholders

- After declining by 40% in 2020, in 2021 the Nedbank Group share price increased by 35%, outperforming the South African bank index that increased by 29%. This strong performance was underpinned by the group's improved financial results and good strategic and operational progress, supported by enhanced disclosures to address key issues investors raised in 2020, particularly in respect of our commercial-property finance portfolio which has been significantly more resilient than predicted at the onset of the Covid-19 lockdowns. The group's strong capital and liquidity position at 31 December 2021 supported the declaration of a final dividend for 2021 of 758 cents per share.
- We successfully hosted our second virtual annual general meeting (AGM) in May 2021. On the back of a remuneration implementation vote of 65,9%, being below the required 75%, we reached out to engage with shareholders and we have made a number of remuneration-related amendments during 2021. Given the high level of our ongoing shareholder engagements, only one shareholder requested a meeting after the AGM and the meeting was constructive. Nedbank Group continues to value feedback from our shareholders to enhance our disclosures and ESG practices, including those from our annual Board ESG Roadshow. In acknowledgement of Nedbank's leadership and progress made on ESG-related disclosures, Nedbank was announced the winner of Best Sustainability Reporting in Financials (Banking) and the overall winner, as well as Best Climate-related Reporting, in ESG Investing's 2021 ESG Reporting Awards. Our ESG ratings remain on the top tier among local and global peers – MSCI: AA (top 33% of global banks), FTSE Russell: 4,3 (top 6% of global banks), Sustainalytics: 16,5 (top 6% of diversified banks) and ISS: C (top 20% of global banks).
- We ensured transparent, relevant and timeous reporting; enhanced our disclosures to shareholders; and participated in numerous virtual investor engagements throughout 2021, which were accompanied by high levels of investor attendance. Foreign equity shareholding levels increased to 31,4% (December 2020: 24,1%).
- In November 2021 Old Mutual Limited (Old Mutual) concluded the unbundling of 62,1 million Nedbank Group shares (comprising 12,2% of the issued ordinary share capital of Nedbank Group) to Old Mutual shareholders by way of a distribution *in specie*. As expected, the Nedbank share's free-float increased further, resulting in a marked increase in index-related shareholders as well as many of the group's largest 20 shareholders increasing their holdings. At year-end, Old Mutual owned 5,2% of Nedbank Group.
- In December 2021 Nedbank Group repurchased all the non-redeemable, non-cumulative, non-participating, variable rate preference shares of Nedbank Limited by way of a scheme of arrangement, following approval by the requisite majority of shareholders (100% votes of approval).

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 developments included the following:
  - On 31 March 2020, the PA issued Directive 1/2020, which provided for the minimum regulatory LCR requirement to be reduced from 100% to 80%. This requirement remained effective for the 2021 financial year in line with Circular 1/2021. With effect from 1 January 2022, the LCR temporary relief measure was withdrawn in line with Directive 8/2021 issued by the PA. Banks are now directed to comply with the revised minimum regulatory LCR requirements with effect from 1 January 2022 of 90%, and from 1 April 2022 of 100%.
  - Directive 3/2020 dealt with Covid-19-related distressed restructures and remained effective for 2021 in line with Circular 1/2021. However, as the PA has issued Directive 7/2021, D3/2020 will not apply to any restructured

credit exposures granted after 1 January 2022, whether new or reapplications. Directive 3/2020 will be withdrawn with effect from 1 April 2022.
- The PA issued Directive 2/2020, which allows for the temporary removal of the systemic risk buffer, or Pillar 2A capital requirement, which was reduced from 1% in total CAR to zero, and which remained in effect for 2021 in line with Circular 1/2021.
- The PA issued Directive 5/2021, which directs banks to matters related to the prescribed minimum-required capital ratios as well as the application of various components of the previously mentioned capital requirements, such as the systemic risk capital requirement (Pillar 2A), the domestic systemically important bank (D-SIB) capital requirement, the countercyclical buffer range and the capital conservation buffer range. This in effect seeks to reinstate 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. The Pillar 2A reinstatement has been in effect from 1 January 2022.
- SARB believes the current money market shortage system (cash deficit system) is proving to be both difficult and costly to implement and it is therefore proposing a replacement of the current monetary policy transmission mechanism to a floor system (also known as a cash surplus system) where the resultant effect is that the banking system will operate on the basis of a surplus liquidity position. We believe that movement from a cash deficit system to cash surplus system should be net positive for the banking sector, with the most significant potential 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.

- We continued to strengthen our capital position, with a tier 1 capital ratio of 14,3% and CET1 ratio of 12,8%.
- We maintained a strong liquidity position, with an average LCR of 128% in the fourth quarter of 2021 and an NSFR of 116% at 31 December 2021. Both ratios improved on the levels achieved at December 2020.
- We hold investments of over R175bn in government and public sector bonds as part of our HQLA requirements.
- We made cash taxation payments across the group of R11,2bn, up 29% (2020: R8,7bn), relating to direct, indirect and employee taxes, as well as other taxation.

Society

Our long-term sustainability and success are contingent on the degree to which we deliver value to society. Through the considered development and delivery of products and services that satisfy societal needs and through our own operations, we aim to play our part in enabling a thriving society, create long-term value and maintain trust to ensure the ongoing success of our brand. This is particularly important in the current context of SA as well as the broader African continent.

We have adopted the United Nations SDGs as a framework for measuring delivery on our purpose, and this has proven very important during this time. Key highlights include the following:

Quality education (SDG 4)

- Over the past five years we have provided approximately 5 977 students with student loans to the value of R364m, a total of R36m of which was disbursed to support 575 students in 2021. In addition, we have provided R5,1bn in funding for the development of additional student accommodation for over 42 758 student beds since 2015, including R169m and 573 beds in 2021.
- Every year our sponsorship of the Thuthuka Education Upliftment Fund supports 45 students who are pursuing an academic qualification towards becoming chartered accountants in SA, and in 2021 we have funded the qualification of 62 (2020: 56) black chartered accountants.
- Our CSI spend totalled almost R121m (2020: R103m) in 2021 and included over R57m that was allocated to skills development and education.
- Nedbank partnered with an alternative student funding organisation to provide a R10m facility to create approximately 800 new tertiary education loans for the students in the 'missing middle' – those who do not qualify for state funding (the National Student Financial Aid Scheme) but are also unable to obtain a traditional student loan.

Clean water and sanitation (SDG 6)

- During 2021 Nedbank was awarded five public sector infrastructure finance tenders to the value of R363m. The Mpumalanga Municipality will leverage the funds for wastewater treatment and replacement of old water networks and the Western Cape Municipality will upgrade and replace ageing sewer infrastructure.
- During the 2021 financial year funding transactions were completed to the value of R437m. Many of these transactions were concluded in the agricultural sector, where recipients used the money to replace ageing and inefficient irrigation systems with improved technology. There has also been a notable increase in interest in the funding solutions from commercial and industrial businesses that are becoming increasingly aware of the risks of water scarcity to their sustainability, and the importance of water recycling, purifying and rainwater harvesting.
- We decreased our own total water consumption by a further 18% (2020 to 2021) and by 39% when compared to the 2019 base year. This decline was driven by floorspace consolidations and reduced levels of occupancy in our campus sites due to the lockdowns.

Affordable and clean energy (SDG 7)

- We have achieved many firsts in this space. Our pioneering green AT1 R910m issuance highlights the scope and breadth of opportunity that the sustainability agenda holds for Africa. To date we have raised a total of R6,8bn on green bonds, with R2,1bn raised during 2021.
- In the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) we have arranged 42 transactions in renewable-energy projects to date, underwriting a total of R35bn and current exposures of R29bn.
- The lifting of the licensing floor for energy projects in the private sector (embedded generation) from 1 MW to 100 MW is a positive development that will enable many of our clients to reduce their carbon footprint, while ensuring energy certainty. Deal flow in 2021 saw our Investment Banking division complete three material transactions totalling over R420m and our Business Banking division complete 40 transactions totalling R191m, with a healthy pipeline of future deals in place.

Decent work and economic growth (SDG 8)

- Nedbank's Small Business Services continued to promote our newly launched Startup Bundle for new small businesses, offering zero monthly maintenance fees for the first six months, access to a dedicated banker and beyond-banking support. New merchant features were landed to support cashless trading on smartphones (tap on phone) and on WhatsApp (Money Message).
- A total of 662 new Nedbank Stokvel Accounts were opened in 2021, with an average of just over 32 000 active lives insured through its innovative burial cover solution. With 55% new Stokvel Accounts converted from the USSD channel following the restrictions on movement and gatherings, the pandemic has prompted stokvel members to adopt digital payment methods.
- In 2021 we reactivated our commitment to the Youth Employment Service (YES), through which corporate SA aims to provide internship opportunities for more than one million South Africans. From our 2019 participation we have onboarded 239 YES participants into permanent Nedbank jobs and another 1 390 at Nedbank's partners. We have placed more than 1 900 previously unemployed youth internally and through sponsored placements, and we continue to encourage other South African corporates to follow our example.

Reduced inequalities (SDG 10)

- We partnered with the 67CEOs Foundation, Gift of the Givers and UNICEF, providing both rand value support and on-the-ground assistance to rebuild small and micro businesses, as well as to expedite humanitarian relief.
- We provided R6,4m to support initiatives, helping to clean up and repair damage caused to communities and infrastructure due to civil unrest, and, in addition, made a R7,5m donation to the Humanitarian Crisis Relief Fund under the Solidarity Fund. We supported employees, their families and communities in KwaZulu-Natal with 106 tons and 5 000 food parcels and supplies during the July 2021 civil unrest. In addition, we contributed R1m assistance to informal traders, helping them to rebuild their businesses and unlock economic activities, while investing into the township economy to support micro entrepreneurs with R2m additional funding.
- We maintained our level 1 BBBEE status and were acknowledged at the Oliver Top Empowerment Awards as 2021's Top Empowered Business of the Year. The award is given to the organisation that best demonstrates excellence in all spheres of the general criteria and the seven pillars of empowerment.
- In our own operations, 76% of our procurement spend was used to support South African businesses. In an effort to support the cash flow needs of small businesses as part of our commitment to the #PayIn30 Campaign, 91% of the total amount paid to 1 606 qualifying small and medium enterprises (SMEs) was paid within 30 days of our receiving their invoices.

Sustainable cities and communities (SDG 11)

- We disbursed R640m towards the development of affordable housing for lower-income households in 2021, bringing the total invested in the sector to over R5bn over the past five years.
- To date, we have provided funding of R25bn for buildings that are linked to green-certified properties and those that contain sustainable features.
- We successfully structured and arranged a R1,1bn Green Residential Development Bond for Nedbank Limited, issued under its domestic medium-term note programme and listed on the Sustainability Segment of the JSE on 10 December 2021.

Economic outlook

The world economic outlook has become murkier in recent weeks. Initial expectations were for another year of relatively robust global growth, with the IMF forecasting 4,4% growth for 2022. However, downside risks have increased significantly. Russia's invasion of Ukraine adds another layer of uncertainty to the outlook. The conflict is likely to push global oil prices higher for longer, adding further fuel to the global inflationary fire already raging on the back of persistent supply shortages, disruptions to global logistics and transport networks, and the lingering impact of the pandemic. Surging global oil prices amid already high and rising inflation will erode households' purchasing power, companies' profits and investors' returns, weighing on confidence and slowing global growth in the process. This situation also complicates monetary policy decisions, possibly forcing the US and other major central banks to tighten monetary policies more aggressively. Fiscal policies in the US and other advanced countries are also shifting towards rebuilding and expanding infrastructure while accelerating the transition to clean energy to mitigate climate change. The focus on infrastructure could boost the demand for commodities in the years ahead, supporting growth in commodity-exporting countries. However, these benefits are only likely to materialise from 2023 onwards. The IMF projected slower growth of 3,8% for advanced countries in 2022 from an estimated 5,2% in 2021. In emerging and developing economies, economic growth was expected to slow to 4,8% in 2022, down significantly from approximately 6,5% in 2021. Growth is expected to remain fragile throughout 2022 as countries deal with geopolitical tensions, new Covid-19 variants, slow vaccination progress, weak policy support, sharply higher global oil prices, higher general inflationary pressures, and tighter global financial conditions. Expectations of slower Chinese economic growth will weigh on the outlook for other emerging and developing economies, given its significance as an export destination for most countries in this group. The recovery in Sub-Saharan Africa is likely to continue, slightly slower than the 4,0% in 2021. The region's economy is projected to expand by 3,7% in 2022. However, downside risks have increased. The Russia-Ukraine war is likely to benefit oil-exporting nations, but prices of non-energy commodities are expected to ease off last year's peak and stabilise at lower levels. Given the region's low vaccination rates, resurgent Covid infections and associated lockdowns continue to pose downside risks.

SA's economic recovery is expected to moderate off 2021's higher base in the year ahead. Encouragingly, consumer spending is likely to increase steadily, underpinned by firmer income growth and relatively favourable interest rates. Fragile consumer confidence, hurt by a weak job market, will still limit the upside. Fixed-investment spending is forecast to rise off a low base but faces ongoing headwinds. A sustainable rise in private sector capital outlays will only occur once government accelerates structural reforms and eradicates electricity shortages. The restocking of depleted inventories should support domestic demand. In contrast, government spending will likely remain weak. At the same time, softer global demand and commodity prices will weigh on exports. Real GDP growth is forecast to grow by 1,7% in 2022. Accelerated structural reforms and energy security remain key to unlocking faster economic growth and job creation over the medium-to-longer term.

Inflation is forecast to remain close to the upper 6% limit of SARB's target range throughout Q1 2022. The upside risks to the inflation outlook are unlikely to recede quickly as bottlenecks and shortages in the global supply chain are expected to ease only during Q2 2022. The rand remains a major source of uncertainty for the year ahead. Headline inflation is forecast to average 4,8% in 2022. Price-sensitive domestic demand is expected to keep inflation in check over the next three years. We expect another four interest rate hikes of 25 bps each this year, followed by more hikes of a cumulative 100 bps spread over the following two years, taking the repo rate up to 6,00% by the end of 2024.

Conditions in the South African banking industry continue to improve. Growth in loans to households and companies is forecast to increase further in 2022, supported by the anticipated normalisation in economic activity. However, the rise in household demand could be dampened by a hesitancy to borrow given rising interest rates and fragile confidence on concerns about job losses. Corporate credit demand should hold up relatively well, underpinned by improving profits and firmer fixed investment.

Prospects

Our guidance on financial performance for the financial year 2022, in a global and domestic macroeconomic environment with high forecast risk and uncertainty, and based on our current economic forecasts, is currently as follows:

- **NII** growth to be around high-single digits. Loan growth is expected to be faster than the 1% reported in 2021 and the group's NIM is expected to increase from the 2021 level of 3,73%.
- **CLR** to be within the top half of our TTC target range of 60 bps to 100 bps, being 80 bps to 100 bps.
- **NIR** growth to be around high single digits as transactional activity continues to recover, as strategic initiatives including main-banked client gains, cross-sell and new revenue streams contribute to growth and as the volatility relating to the group's fair-value hedge accounting solution is not expected to recur.
- **Expense** growth to be above mid-single digits, reflecting the impact of ongoing investment in our technology platform and digital solutions, the return of some discretionary spend such as sponsorships, and new regulatory costs such as deposit insurance and Twin Peaks, partially offset by TOM 2.0 savings.
- **Liquidity** metrics, including LCR and NSFR, to remain well above PA minimum requirements.
- **CET1 capital** ratio to remain above the top end of the board-approved target range of 11% to 12%.
- **Dividend** payments, within the group's board-approved dividend policy and target range of between 1,75 times to 2,25 times.
- **DHEPS** growth greater than nominal South African GDP (GDP + CPI) +5%.

As part of 2020 year-end reporting we set new medium-term targets that we believe are appropriate to drive value creation in the current and expected economic environment. These, together with our 2022 guidance for these, as well as long-term targets, are as follows:

Metric	2021 performance[6]	Full-year 2022 outlook	Medium-term target	Long-term target
ROE	**12,5%**	Improve on 2021	Greater than 2019 levels (15%) by 2023.	> 18% (COE + 3% to 4%)
Growth in DHEPS	**112%**	Solid positive growth	Greater than 2019 levels (2 565 cents) by 2022, a year earlier than initially planned.	≥ consumer price index + GDP growth + 5%
CLR	**83 bps**	Between 80 bps and 100 bps	Between 60 bps and 100 bps of average banking advances	
Cost-to-income ratio (including associate income)	**57,7%**	Improve on 2021	Below 54% by 2023	≤ 50%
CET1 capital adequacy ratio	**12,8%**	Above the top end of target range	11,0–12,0%[7]	
Dividend cover	**2,02 times**	Within our target range of 1,75–2,25 times	1,75–2,25 times	

[6] *The COE is currently forecast to be around 14,5% to 15,0% in 2022 to 2024.*
[7] *The group's CET1 capital adequacy ratio target range has been refined by the board to 11,0% to 12,0%, previously 10,0% to 12,0%.*

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

Board and leadership changes during the period

Iain Williamson stepped down as a non-executive director of Nedbank Limited and Nedbank Group Limited (companies) with effect from the close of the companies' AGMs on 26 May and 28 May 2021 respectively. Iain's appointment was in terms of the relationship agreement previously concluded between Old Mutual Limited (OML) and Nedbank Group, which provided for OML to nominate one director to the boards of Nedbank Group and Nedbank Limited for as long as OML's shareholding was equal to or greater than 15% in Nedbank Group. Following OML's unbundling of the majority of its shareholding in Nedbank Group to OML shareholders, this provision no longer applies.

The companies' previous Chairperson, Vassi Naidoo, was granted medical leave of absence in January 2021 and Mpho Makwana stepped in as Acting Chairperson. On 28 September 2021 a SENS was released advising shareholders of the sad passing of Vassi Naidoo. Mpho Makwana (the former Lead Independent Director and Acting Chairperson) was appointed as Non-executive Chairperson and Hubert Brody was appointed as Lead Independent Director of the companies' boards on 2 December 2021.

Anna Isaac, Group Chief Compliance Officer, has resigned with effect from 30 April 2022 to join a bank in the United Arab Emirates. The appointment of a successor for Anna will be announced once Nedbank Group's succession process has been completed and regulatory approvals have been received.

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 conditions; 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 758 cents per ordinary share has been declared, payable to shareholders for the year ended 31 December 2021. 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 151,6 cents per ordinary share, resulting in a net dividend of 606,4 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-tax 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 508 870 678.

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

Event	Date
Last day to trade (cum dividend)	Tuesday, 05 April 2022
Shares commence trading (ex dividend)	Wednesday, 06 April 2022
Record date (date shareholders recorded in books)	Friday, 08 April 2022
Payment date	Monday, 11 April 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 06 April 2022, and Friday, 08 April 2022, 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/collection of cheques has ceased, effective from 31 December 2020. In the absence of specific mandates, the dividend will be withheld until such time that shareholders provide their banking information. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 11 April 2022.

The above dates are subject to change. Any changes will be published on SENS and in the press.

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, RAG Leith, L Makalima, Prof T Marwala, Dr MA Matooane, MC Nkuhlu** (Chief Operating Officer), S Subramoney.

** Lead Independent Director ** Executive*

Financial results

Financial highlights
for the year ended 31 December

		Change %	2021	2020
Statistics				
Number of shares listed	m	1	**508,9**	502,1
Number of shares in issue, excluding shares held by group entities	m		**485,6**	483,9
Weighted-average number of shares	m		**485,1**	483,2
Diluted weighted-average number of shares	m	1	**494,8**	488,7
Headline earnings	Rm	>100	**11 689**	5 440
Profit attributable to ordinary shareholders	Rm	>100	**11 238**	3 467
Total comprehensive income	Rm	>100	**13 171**	5 345
Preprovisioning operating profit	Rm	9	**22 327**	20 561
Economic profit/(loss)	Rm	74	**(1 735)**	(6 580)
Headline earnings per share	cents	>100	**2 410**	1 126
Diluted headline earnings per share	cents	>100	**2 362**	1 113
Basic earnings per share	cents	>100	**2 317**	717
Diluted basic earnings per share	cents	>100	**2 271**	709
Ordinary dividends declared per share	cents		**1 191**	–
Interim			**433**	
Final			**758**	
Ordinary dividends paid per share	cents	(38)	**433**	695
Dividend cover	times		**2,02**	N/A
Total assets administered by the group	Rm	3	**1 645 383**	1 602 683
Total assets	Rm		**1 221 054**	1 228 137
Assets under management	Rm		**424 329**	374 546
Life insurance embedded value	Rm	12	**4 039**	3 606
Life insurance value of new business	Rm	14	**322**	283
Net asset value per share	cents	11	**20 493**	18 391
Tangible net asset value per share	cents	14	**17 770**	15 549
Closing share price	cents	35	**17 502**	12 948
Price/earnings ratio	historical		**7,3**	11,5
Price-to-book ratio	historical		**0,9**	0,7
Market capitalisation	Rbn	37	**89,1**	65,0
Number of employees (permanent staff)		(5)	**26 861**	28 271
Number of employees (permanent and temporary staff)		(4)	**27 303**	28 324
Key ratios (%)				
ROE			**12,5**	6,2
Return on tangible equity			**14,8**	7,4
ROA			**0,98**	0,45
Return on RWA			**1,78**	0,82
NII to average interest-earning banking assets			**3,73**	3,36
NIR to total income			**43,5**	44,5
NIR to total operating expenses			**74,4**	76,0
CLR – banking advances			**0,83**	1,61
Cost-to-income ratio			**57,7**	58,1
Total income growth less expense growth rate (JAWS ratio)			**0,8**	(2,7)
Effective taxation rate			**24,2**	23,7
Group capital adequacy ratios (including unappropriated profits):				
– CET1			**12,8**	10,9
– Tier 1			**14,3**	12,1
– Total			**17,2**	14,9

Consolidated statement of comprehensive income

for the year ended 31 December

Rm	Note	Change %	2021	2020 (restated)[1]
Interest and similar income		(9)	**65 772**	72 300
Interest expense and similar charges		(21)	**33 272**	42 219
Net interest income	1	8	**32 500**	30 081
Non-interest revenue and income	3	4	**25 027**	24 140
Net commission and fees income			**17 754**	17 137
Commission and fees revenue			**22 085**	20 653
Commission and fees expense			**(4 331)**	(3 516)
Net insurance income			**2 005**	1 622
Fair-value adjustments			**(833)**	352
Net trading income			**4 475**	5 252
Equity revaluation gains/(losses)			**650**	(1 038)
Investment income			**263**	212
Net sundry income			**713**	603
Share of gains/(losses) of associate companies	10	>100	**786**	(76)
Total income		8	**58 313**	54 145
Impairments charge on financial instruments	2	(50)	**6 534**	13 127
Net income		26	**51 779**	41 018
Total operating expenses	4	6	**33 639**	31 772
Zimbabwe hyperinflation		(33)	**138**	205
Indirect taxation		(7)	**1 073**	1 148
Impairments charge on non-financial instruments and other gains and losses	5	(68)	**499**	1 562
Profit before direct taxation		>100	**16 430**	6 331
Total direct taxation		>100	**4 043**	1 877
Direct taxation	6		**4 104**	1 994
Taxation on impairments charge on non-financial instruments and other gains and losses			**(61)**	(117)
Profit for the year		>100	**12 387**	4 454
Other comprehensive income (OCI) net of taxation		(12)	**784**	891
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations			**1 029**	672
Share of OCI of investments accounted for using the equity method			**(722)**	(189)
Debt investments at FVOCI – net change in fair value			**(5)**	119
Items that may not subsequently be reclassified to profit or loss				
Share of OCI of investments accounted for using the equity method			**(21)**	395
Remeasurements on long-term employee benefit assets			**389**	(80)
Property revaluations			**36**	(26)
Equity instruments at FVOCI – net change in fair value			**78**	
Total comprehensive income for the year		>100	**13 171**	5 345

Rm	Note	Change %	2021	2020 (restated)[1]
Profit attributable to:				
– Ordinary shareholders		>100	**11 238**	3 467
– Non-controlling interest – ordinary shareholders		80	**99**	55
– Non-controlling interest – holders of preference shares	7	(25)	**188**	251
– Non-controlling interest – holders of participating preference shares	7	>100	**125**	(58)
– Non-controlling interest – holders of additional tier 1 capital instruments			**737**	739
Profit for the year		>100	**12 387**	4 454
Total comprehensive income attributable to:				
– Ordinary shareholders		>100	**11 941**	4 358
– Non-controlling interest – ordinary shareholders		>100	**180**	55
– Non-controlling interest – holders of preference shares	7	(25)	**188**	251
– Non-controlling interest – holders of participating preference shares	7	>100	**125**	(58)
– Non-controlling interest – holders of additional tier 1 capital instruments			**737**	739
Total comprehensive income for the year		>100	**13 171**	5 345
Headline earnings reconciliation				
Profit attributable to equity holders of the parent		>100	**11 238**	3 467
Less: Non-headline earnings items		70	**(438)**	(1 445)
Impairments charge on non-financial instruments and other gains and losses			**(499)**	(1 562)
Taxation on impairments charge on non-financial instruments and other gains and losses			**61**	117
Share of associate impairment of goodwill		98	**(13)**	(528)
Headline earnings		>100	**11 689**	5 440

[1] *During the year, the group reviewed its statement of comprehensive income presentation. As a result of the review, certain line descriptions have been updated, subtotals have been removed and the 'Non-interest revenue and income' line item has been disaggregated. These changes represent reclassifications to the statement of comprehensive income presentation. It is the group's view that these changes provide more relevant disclosures on its financial performance. To provide comparability, the prior-year balances have been restated accordingly. The reclassifications had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows.*

Consolidated statement of financial position

at 31 December

Rm	Note	Change %	2021	2020 (restated)[1]
Assets				
Cash and cash equivalents[1]		8	44 586	41 382
Other short-term securities		14	60 037	52 605
Derivative financial instruments		(51)	39 179	80 325
Government securities		14	149 340	130 468
Other dated securities		(34)	1 158	1 753
Loans and advances to clients	8	3	751 656	731 214
Trading loans and advances	8	(29)	50 431	71 251
Loans and advances to banks	8	(27)	29 648	40 838
Other assets		>100	33 877	16 802
Current taxation assets		(24)	124	164
Investment securities	9	(4)	25 498	26 425
Non-current assets held for sale		>100	638	69
Investments in associate companies	10	2	3 395	3 322
Deferred taxation assets		35	889	657
Investment property			28	
Property and equipment		(5)	10 739	11 334
Long-term employee benefit assets		14	6 610	5 777
Intangible assets	11	(4)	13 221	13 751
Total assets		(1)	1 221 054	1 228 137
Equity and liabilities				
Ordinary share capital			486	484
Ordinary share premium		1	18 768	18 583
Reserves		15	80 259	69 925
Total equity attributable to ordinary shareholders		12	99 513	88 992
Holders of preference shares		(100)		3 222
Holders of participating preference shares		>100	59	(58)
Holders of additional tier 1 capital instruments		19	9 319	7 822
Non-controlling interest attributable to ordinary shareholders		33	620	466
Total equity		9	109 511	100 444
Derivative financial instruments		(45)	36 042	65 130
Amounts owed to depositors	12	2	971 795	953 715
Provisions and other liabilities		(1)	23 451	23 704
Current taxation liabilities		(44)	330	590
Non-current liabilities held for sale			80	
Deferred taxation liabilities		17	458	390
Long-term employee benefit liabilities		(7)	2 427	2 604
Investment contract liabilities		(14)	17 959	20 868
Insurance contract liabilities		(9)	842	922
Long-term debt instruments		(3)	58 159	59 770
Total liabilities		(1)	1 111 543	1 127 693
Total equity and liabilities		(1)	1 221 054	1 228 137

[1] *During the year, the group reviewed the presentation of the mandatory reserve deposits with central banks, which was previously disclosed separately on the statement of financial position. As a result of this review, the mandatory reserve deposits with central banks have now been aggregated within the cash and cash equivalents balance, as the nature of the mandatory reserve deposits represents cash and cash equivalents. The amount of mandatory reserve deposits with central banks that was reclassified to cash and cash equivalents is R26 491m for 2020, and consequently the prior-year balances have been restated to provide comparative information. The group is of the view that the updated disclosure provides more relevant information for users to better understand the group's cash and cash equivalents.*

Notes

Consolidated statement of changes in equity

for the year ended 31 December

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve	Property revaluation reserve	Share-based payment reserve	Other non-distributable reserves[1]	FVOCI reserve	Other distributable reserves[2]	Total equity attributable to ordinary shareholders	Holders of preference shares	Holders of participating preference shares	Holders of additional tier 1 capital instruments	Non-controlling interest attributable to ordinary shareholders	Total equity
Balance at 1 January 2020	481 174 379	481	18 096	(2 244)	1 839	1 512	(55)	594	67 374	87 597	3 222		6 850	780	98 449
Share movements in terms of long-term incentive and BEE scheme[3]	2 718 388	3	487			(435)			(53)	2					2
Additional tier 1 capital instruments issued										–			972		972
Preference share dividend paid										–	(251)				(251)
Additional tier 1 capital instruments interest paid										–			(739)		(739)
Dividends paid to shareholders									(3 451)	(3 451)				(49)	(3 500)
Total comprehensive income for the year				146	(26)	–	–	456	3 782	4 358	251	(58)	739	55	5 345
Profit attributable to ordinary shareholders and non-controlling interest									3 467	3 467	251	(58)	739	55	4 454
Exchange differences on translating foreign operations				672						672					672
Movement in fair-value reserve								119		119					119
Property revaluations					(26)					(26)					(26)
Remeasurements of long-term employee benefit assets									(80)	(80)					(80)
Share of OCI of investments accounted for using the equity method				(526)				337	395	206					206
Transfer (from)/to reserves					(41)	(337)	401	(89)	66	–					–
Value of employee services (net of deferred tax)[4]						292				292					292
Transactions with non-controlling interests				103	(15)		(56)		173	205				(320)	(115)
Other movements									(11)	(11)					(11)
Balance at 31 December 2020	483 892 767	484	18 583	(1 995)	1 757	1 032	290	961	67 880	88 992	3 222	(58)	7 822	466	100 444

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

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

[3] *During the year, the group reviewed its presentation of the statement of changes in equity. As a result of this review, the 'Shares issued in terms of employee incentive schemes' and 'Shares (acquired)/no longer held by group entities and BEE schemes' line items, which were previously presented in separate lines, have been aggregated into one line item, 'Share movements in terms of long-term incentive and BEE scheme'. The group is of the view that the updated disclosure provides more relevant information for users to better understand the group's changes in equity.*

[4] *Preference share dividends include total dividends paid of R209m less preference dividend earned in respect of preference shares, held by group entities, of R188m.*

Consolidated statement of changes in equity (continued)

for the year ended 31 December

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve	Property revaluation reserve	Share-based payment reserve	Other non-distributable reserves[1]	FVOCI reserve	Other distri-butable reserves[2]	Total equity attributable to ordinary shareholders	Holders of preference shares	Holders of participating preference shares	Holders of additional tier 1 capital instruments	Non-controlling interest attributable to ordinary shareholders	Total equity
Share movements in terms of long-term incentive and BEE scheme[3]	1 708 780	2	185			(132)			(36)	19					19
Additional tier 1 capital instruments issued										–			3 497		3 497
Additional tier 1 capital instruments redeemed										–			(2 000)		(2 000)
Preference share capital redeemed							78			78	(3 222)				(3 144)
Preference share dividend paid[4]										–	(188)	(8)			(196)
Additional tier 1 capital instruments interest paid										–			(737)		(737)
Dividends paid to shareholders									(2 178)	(2 178)					(2 178)
Total comprehensive income for the year				499	28	–	–	(192)	11 606	11 941	188	125	737	180	13 171
Profit attributable to ordinary shareholders and non-controlling interest[5]									11 238	11 238	188	125	737	99	12 387
Exchange differences on translating foreign operations[6]				956						956				73	1 029
Movement in fair-value reserve								73		73					73
Property revaluations					28					28				8	36
Remeasurements of long-term employee benefit assets									389	389					389
Share of OCI of investments accounted for using the equity method				(457)				(265)	(21)	(743)					(743)
Transfer (from)/to reserves					(24)	(332)	(95)		451	–					–
Value of employee services (net of deferred tax)[7]						637				637					637
Transactions with non-controlling interests				(12)	3				35	26				(26)	–
Other movements									(2)	(2)					(2)
Balance at 31 December 2021	485 601 547	486	18 768	(1 508)	1 764	1 205	273	769	77 756	99 513	–	59	9 319	620	109 511

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

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

[3] *During the year, the group reviewed its presentation of the statement of changes in equity. As a result of this review, the 'Shares issued in terms of employee incentive schemes' and 'Shares (acquired)/no longer held by group entities and BEE schemes' line items, which were previously presented in separate lines, have been aggregated into one line item, 'Share movements in terms of long-term incentive and BEE scheme'. The group is of the view that the updated disclosure provides more relevant information for users to better understand the group's changes in equity.*

[4] *Preference share dividends include total dividends paid of R209m less preference dividend earned in respect of preference shares, held by group entities, of R188m.*

[5] *The R125m 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.*

[6] *Exchange differences of R1 029m disclosed in the statement of other comprehensive income includes R148m for the conversion of our investment in ETI from USD to ZAR. The R499m decrease in the FCTR includes R457m relating to the conversion of our investment in ETI and a R881m decrease related to foreign subsidiaries.*

[7] *During the year, the group reviewed its presentation of the statement of changes in equity presentation. As a result of this review, the 'Share-based payment movements' line item was renamed 'Value of employee services (net of deferred taxation)' to better reflect the nature of the line item. The group is of the view that the updated disclosure provides more relevant information for users to better understand the group's changes in equity.*

Return-on-equity drivers
for the year ended 31 December

Rm	2021	2020
NII	**32 500**	30 081
Impairments charge on financial instruments	**(6 534)**	(13 127)
Non-interest revenue and income	**25 027**	24 140
Income from normal operations	**50 993**	41 094
Total operating expenses	**(33 639)**	(31 772)
Zimbabwe hyperinflation	**(138)**	(205)
Share of gains of associate companies	**799**	452
Net profit before taxation	**18 015**	9 569
Indirect taxation	**(1 073)**	(1 148)
Direct taxation	**(4 104)**	(1 994)
Net profit after taxation	**12 838**	6 427
Non-controlling interest	**(1 149)**	(987)
Headline earnings	**11 689**	5 440
Daily average interest-earning banking assets	**870 382**	895 880
Daily average total assets	**1 195 860**	1 209 835
Daily average shareholders' funds	**93 359**	88 021
Daily average shareholders' funds, excluding goodwill	**88 602**	82 897

Note: Averages calculated on a 365-day (2020: 366-day) basis.

	2021	2020
NII/Average interest-earning banking assets	**3,73%**	3,36%
	less	less
Impairments/Average interest-earning banking assets	**0,75%**	1,47%
	add	add
NIR/Average interest-earning banking assets	**2,88%**	2,69%
	5,86%	4,58%
	less	less
Total expenses/Average interest-earning banking assets	**3,86%**	3,55%
	less	less
Zimbabwe hyperinflation/Average interest-earning banking assets	**0,02%**	0,02%
	add	add
Associate income/Average interest-earning banking assets	**0,09%**	0,05%
	2,07%	1,06%
	multiply	multiply
100% – effective direct and indirect taxation rate	**0,71**	0,67
	multiply	multiply
100% – income attributable to minorities	**0,91**	0,85
Headline earnings/Average interest-earning banking assets	**1,34%**	0,60%
	multiply	multiply
Interest-earning banking assets/Daily average total assets	**72,8%**	74,0%
	=	=
Return on total assets	**0,98%**	0,45%
	multiply	multiply
Leverage	**12,81**	13,74
	=	=
ROE	**12,5%**	6,2%

Notes

Segmental analysis

Our organisational structure, products and services

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

Cluster | **Areas of strength and differentiation** | **Outputs** | **Contribution to group**

Nedbank Corporate and Investment Banking

Corporates, institutions and parastatals with an annual turnover of over R750m

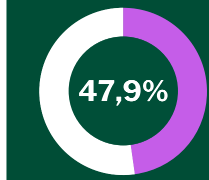
- Market leader with strong expertise in commercial property, corporate advances, advisory services and renewable-energy financing.
- Market-leading trading franchise with excellent trading capabilities across all asset classes.
- Leading industry expertise in public sector, mining and resources, infrastructure and telecoms.
- Integrated model, delivering high levels of client service and better coverage.
- Ability to attract and retain high-quality intellectual capital.
- Efficient franchise.

> 600 large corporate clients.

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

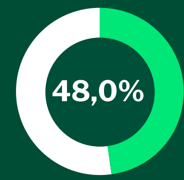
NEDBANK CIB

Advances



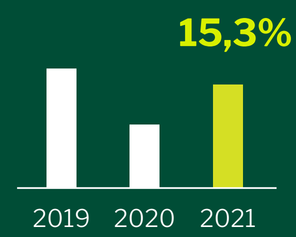
R399bn
2020: R429bn
2019: R424bn

HE Contribution



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

ROE



Nedbank Retail and Business Banking

Individual clients and businesses

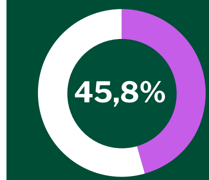
- Strong and growing market share across segments.
- Digital capabilities enabling clients to join and engage with the bank through multiple channels, eg app, online, USSD, self-service kiosk, contact centre, ATMs/Intelligent Depositors, third-party channels and branches, as well as end-to-end digital onboarding capability for transactional and lending products across various channels.
- Differentiated and disruptive CVPs across our different client segments, including Unlocked.Me, MobiMoney, Avo, MoneyTracker, the USSD-based Stokvel Account, Home-buying Toolkit, Karri school payments app, tap on phone, SimplyBiz, Apple Pay, Money Message and API_Marketplace.
- In Business Banking, well-positioned and distinctive value propositions incorporating unique lending solutions and digital network platforms to facilitate commercial growth have been developed for 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, including retailer partnerships and flexible workforce.

Approximately three million retail main-banked clients.

- **> About 300 000 business clients are served through our Small Business Service offering (tailored to businesses with annual turnover of less than R30m and the business owner).**
- **> 14 376 business-banking client groups catering to mid- and large-sized commercial entities.**
- 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.

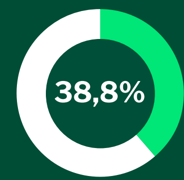
MFC A division of NEDBANK
NEDBANK

Advances



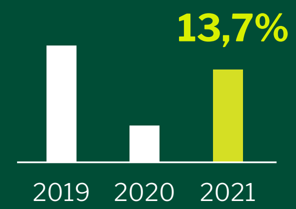
R381bn
2020: R356bn
2019: R349bn

HE Contribution



R4 532m
2020: R1 595m
2019: R5 293m

ROE



Nedbank Wealth

High-net-worth individuals, and other retail, business and corporate clients

Insurance
- Leverages existing distribution channels and digital platforms to market short-term, life and other insurance products to Nedbank 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 and to gain a deeper appreciation of the real-life impact of investments.

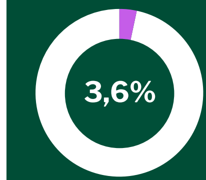
Wealth Management
- An award-winning, integrated and holistic advice-led, high-net-worth offering for local and international clients.

> 18 100 high-net-worth clients locally and internationally (SA, UK, Jersey, Isle of Man and the UAE).

- Wide range of financial services, including high-net-worth banking and wealth management offering, as well as asset management and insurance solutions.

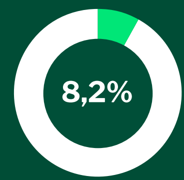
NEDBANK PRIVATE WEALTH | NEDGROUP INVESTMENTS | NEDBANK INSURANCE

Advances



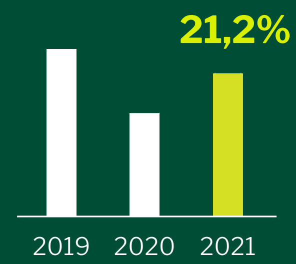
R30bn
2020: R31bn
2019: R31bn

HE Contribution



R962m
2020: R662m
2019: R1 042m

ROE



Nedbank Africa Regions

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

SADC operations (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, and competitive and locally relevant CVPs.
- Winner of the 2021 *International Business Magazine* Awards for Best Internet Banking Africa and Best Mobile Banking Africa.
- Aiming for #1 in client service in every market that we operate in (#1 in NPS scores in Namibia and Mozambique).

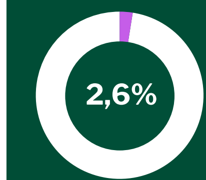
ETI associate investment (21,2% shareholding)
- Ecobank-Nedbank alliance is the widest banking network on the African continent, covering 39 countries.
- Aiming to increase dealflow by leveraging ETI's local presence and knowledge and Nedbank's structuring expertise.
- ETI has a very strong West and Central Africa franchise: it is in the top three in 13 of 16 countries in the region.

> 337 800 clients.

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

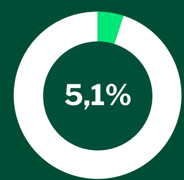
NEDBANK | Ecobank

Advances



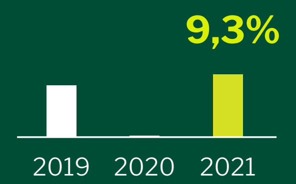
R21bn
2020: R23bn
2019: R22bn

HE Contribution



R594m
2020: R12m
2019: R457m

ROE



Operational segmental reporting

for the year ended 31 December

Rm	Nedbank Group		Corporate and Investment Banking		Retail and Business Banking		Wealth		Nedbank Africa Regions		Centre	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Summary of consolidated statement of financial position (Rm)												
Assets												
Cash and cash equivalents	44 586	41 382	2 122	997	5 137	6 468	2 526	1 981	8 075	6 813	26 726	25 123
Other short-term securities	60 037	52 605	30 058	24 403			25 477	25 105	5 050	3 639	(548)	(542)
Derivative financial instruments	39 179	80 325	39 151	80 264			9	2	1	33	18	26
Government and other securities	150 498	132 221	68 887	54 232			268		1 773	827	79 570	77 162
Loans and advances	831 735	843 303	398 622	428 992	380 985	356 272	30 273	31 133	21 243	23 233	612	3 673
Other assets	95 019	78 301	33 504	18 460	11 858	11 917	22 433	22 023	4 285	3 811	22 939	22 090
Intergroup assets	–	–			17 040	15 941			2 420	2 733	(19 460)	(18 674)
Total assets	1 221 054	1 228 137	572 344	607 348	415 020	390 598	80 986	80 244	42 847	41 089	109 857	108 858
Equity and liabilities												
Total equity[1]	109 511	100 444	36 536	38 691	33 060	29 573	4 528	4 327	6 385	6 471	29 002	21 382
Derivative financial instruments	36 042	65 130	35 998	65 079			34	12	10	39		
Amounts owed to depositors	971 795	953 715	437 651	423 046	374 972	354 243	43 840	43 945	35 054	33 294	80 278	99 187
Provisions and other liabilities	45 547	49 078	7 305	10 095	5 447	5 242	23 678	25 527	971	967	8 146	7 247
Long-term debt instruments	58 159	59 770	316	543	1 541	1 540			427	318	55 875	57 369
Intergroup liabilities	–	–	54 538	69 894			8 906	6 433			(63 444)	(76 327)
Total equity and liabilities	1 221 054	1 228 137	572 344	607 348	415 020	390 598	80 986	80 244	42 847	41 089	109 857	108 858
Summary of consolidated statement of comprehensive income (Rm)												
NII	32 500	30 081	7 966	7 339	20 745	19 692	866	897	1 448	1 274	1 475	879
NIR	25 027	24 140	7 881	7 229	12 783	11 830	3 788	3 303	1 431	1 454	(856)	324
Share of gains of associate companies[2]	799	452	100	115					699	337		
Total income	58 326	54 673	15 947	14 683	33 528	31 522	4 654	4 200	3 578	3 065	619	1 203
Impairments charge on financial instruments	6 534	13 127	1 418	3 245	5 172	8 746	28	208	168	437	(252)	491
Net income	51 792	41 546	14 529	11 438	28 356	22 776	4 626	3 992	3 410	2 628	871	712
Total operating expenses	33 639	31 772	7 011	6 432	21 442	20 161	3 280	3 061	2 535	2 325	(629)	(207)
Zimbabwe hyperinflation	138	205							138	205		
Indirect taxation	1 073	1 148	202	159	529	488	99	91	72	64	171	346
Profit before direct taxation	16 942	8 421	7 316	4 847	6 385	2 127	1 247	840	665	34	1 329	573
Direct taxation	4 104	1 994	1 711	1 211	1 728	590	285	178	(26)	(30)	406	45
Profit after taxation	12 838	6 427	5 605	3 636	4 657	1 537	962	662	691	64	923	528
Profit attributable to:												
– Non-controlling interest – ordinary shareholders	99	55							97	52	2	3
– Holders of preference shares	313	193			125	(58)					188	251
– Holders of additional tier 1 capital instruments	737	739									737	739
Headline earnings/(losses)	11 689	5 440	5 605	3 636	4 532	1 595	962	662	594	12	(4)	(465)
Selected ratios												
Average interest-earning banking assets (Rm)	870 382	895 880	339 442	392 089	382 661	364 417	59 958	59 590	34 513	33 126	53 808	46 658
Average risk-weighted assets (Rbn)	655 675	665 119	312 716	340 490	228 299	211 606	28 461	29 060	46 520	44 636	39 678	39 327
ROA (%)	0,98	0,45	0,98	0,60	1,13	0,42	1,18	0,81	1,41	0,03		
RORWA (%)	1,78	0,82	1,79	1,07	1,99	0,75	3,38	2,28	1,28	0,03		
ROE (%)	12,5	6,2	15,3	9,4	13,7	5,4	21,2	15,3	9,3	0,2		
Interest margin (%)[3]	3,73	3,36	2,35	1,87	5,42	5,40	1,44	1,51	4,20	3,85		
NIR to total income (%)	43,5	44,5	49,7	49,6	38,1	37,5	81,4	78,6	49,7	53,3		
NIR to total operating expenses (%)	74,4	76,0	112,4	112,4	59,6	58,7	115,5	107,9	56,4	62,5		
CLR – banking advances (%)	0,83	1,61	0,42	0,82	1,34	2,40	0,09	0,64	0,72	1,85		
Cost-to-income ratio (%)	57,7	58,1	44,0	43,8	64,0	64,0	70,5	72,9	70,8	75,9		
Effective taxation rate (%)	24,2	23,7	23,4	25,0	27,1	27,7	22,9	21,2	(3,9)	(88,2)		
Contribution to group economic profit/(loss) (Rm)	(1 735)	(6 580)	125	(1 974)	(428)	(2 693)	284	35	(365)	(929)	(1 351)	(1 019)
Number of employees (permanent staff)	26 861	28 271	2 360	2 470	16 304	17 267	1 976	2 115	2 309	2 352	3 912	4 067

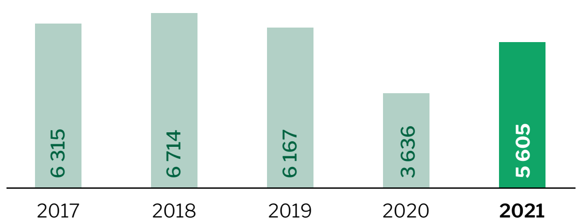
[1] *Total equity includes non-controlling interests in Centre. Total equity of the client-facing Clusters is based on average allocated capital whereas the group's equity is based on actual equity. The difference between average allocated capital and actual equity resides in Centre.*

[2] *On an IFRS basis Nedbank Africa Regions earned associate income of R686m (2020: R178m loss) as IFRS require associate income to be presented net of our share of ETI's goodwill impairment of R13m (2020: R528m). Our share of ETI's goodwill impairment is excluded from HE.*

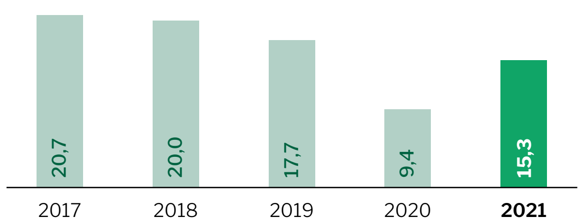
[3] *Cluster margins include internal assets.*

Nedbank Corporate and Investment Banking

Headline earnings
(Rm)



Return on equity
(%)



Financial performance

CIB continued on the path to recovery with a solid underlying business performance. HE increased by 54% to R5 605m, supporting ROE recovery to 15,3%. GOI increased by 9% to R15 947m, with NII and NIR both growing by 9%. Impairments decreased by 56% due largely to risk management efforts and an improvement in the latest forecast macroeconomic factors in the forward-looking models. The concerted efforts to balance income, enhance returns and the needs of our clients, as well as lower market volatility, resulted in a 6% reduction in capital utilisation and a 9% reduction in RWA.

Net interest income increased by 9% to R7 966m and the NIM increased 48 bps while banking advances decreased by 2% to R352bn. The NIM benefited from management efforts to optimise exposures, returns and capital utilisation across all portfolios. The decline in banking advances was driven by 2020 liquidity drawdown repayments, muted corporate demand for new loans and unexpected early settlements. However, we have seen an increase in credit demand in the second half of the year, with banking advances growing by 10% on an annualised basis, most notably in the telecoms, mining and resources and agriculture sectors. Average deposits increased by 2% to R414bn, arising from a strategic focus on growing deposits through the formation of a specialised working capital sales team, which aims to retain operational deposits.

Financial highlights

	Change %	Corporate and Investment Banking 2021	Corporate and Investment Banking 2020	Property Finance 2021	Property Finance 2020	Corporate and Investment Banking, excluding Property Finance 2021	Corporate and Investment Banking, excluding Property Finance 2020
Headline earnings (Rm)	54	**5 605**	3 636	**1 111**	250	**4 494**	3 386
NII (Rm)	9	**7 966**	7 339	**2682**	2 111	**5 284**	5 228
Impairments charge (Rm)	(56)	**1 418**	3 245	**495**	911	**923**	2 334
NIR (Rm)	9	**7 881**	7 229	**550**	146	**7 331**	7 083
Gross operating income (Rm)	9	**15 947**	14 683	**3 232**	2 258	**12 715**	12 425
Operating expenses (Rm)	9	**7 011**	6 432	**1 211**	956	**5 800**	5 476
ROE (%)		**15,3**	9,4	**11,8**	2,7		
ROA (%)		**0,98**	0,60	**0,56**	0,12		
CLR – banking advances (%)		**0,42**	0,82	**0,30**	0,54		
NIR to total operating expenses		**112,4**	112,4	**45,4**	15,3		
Cost-to-income ratio (%)		**44,0**	43,8	**37,5**	42,4		
Interest margin (%)		**2,35**	1,87	**1,40**	1,07		
Total assets (Rm)	(6)	**572 344**	607 348	**171 035**	174 587	**401 309**	432 761
Average total assets (Rm)	(6)	**569 247**	608 288	**170 934**	172 680	**398 313**	435 608
Total advances (Rm)	(7)	**398 622**	428 992	**165 635**	168 832	**232 987**	260 160
Average total advances (Rm)	(9)	**405 553**	446 176	**164 981**	166 942	**240 572**	279 234
Total deposits (Rm)	3	**437 651**	423 046	**262**	341	**437 389**	422 705
Average total deposits (Rm)	2	**414 248**	407 418	**303**	357	**413 945**	407 061
Average allocated capital (Rm)	(6)	**36 536**	38 691	**9 416**	9 222	**27 120**	29 469

Impairments decreased by 56% to R1 418m (2020: R3 245m). The CLR reduced to 42 bps, outperforming initial expectations, and returning to the TTC target range of 15 to 45 bps. The total coverage ratio increased from 107 to 135 bps, driven by a conservative approach to higher-risk sectors and stage 3 impairments. Stage 3 advances decreased from R10,9bn to R9,4bn, representing 2,7% of banking advances. The increased stage 3 impairments relate mostly to a single counter. Altogether R3,2bn of Directive 3 restructures, representing 0,9% of banking advances, was still outstanding at the end of the period, with exposures mainly in the hospitality and aviation sectors. High-risk Covid-19-impacted sectors such as aviation and hospitality are top of mind and pre-Covid-19 stressed sectors, such as construction and state-owned entities, continue to be challenging. Adequate impairments have been raised.

NIR increased by 9% to R7 881m mainly due to a good performance from the private-equity portfolio after a difficult 2020. This was partly offset by lower trading income, down by 16% from a high base and once-off income in the prior year. Trading conditions have remained challenging throughout the year due to high volatility. Commission and fees income decreased by 7% to R2 710m due to increased interchange fees that was somewhat negated by the continued gains made in primary-banked wins.

Expenses increased by 9% and the efficiency ratio declined slightly to 44,0%, as a result of variable incentive costs increasing. Positively the NIR:expense ratio remained at 112,4%.

Looking forward

The strong results from CIB in a challenging macroeconomic environment are a testament to the overall resilience of the business, the strength of our people and the depth of the relationships we have with our clients. While the economic environment remains challenging, CIB continues to focus on optimising the business to increase the overall efficiency while investing for growth. Portfolio optimisation is one of the strategic levers for delivering value and ensuring deliberate and considered asset growth. This improves our ability to assess deals, ensuring appropriate returns at a client level, and enhances our agility in positioning the portfolio for expected macroeconomic conditions and emerging themes such as ESG. We believe that this enhanced agility is critical to navigating the business through complexity and maximising our ability to deliver enhanced returns on equity outcomes.

People remain core to delivering on our strategy and we have a sustainable people plan, which will support the strategic growth of the business. This will be achieved by addressing the skills required to grow our business, with an emphasis on accelerating our digital change agenda as well as developing leadership programmes to build the right skill sets to lead the agile organisation of the future. Focus will also be applied to nurturing a culture with diversity, equity and inclusion at its heart.

Transactional Services is a key enabler and remains focused on client solutions and product innovation, allowing our clients to manage their various products in a self-service manner. To position us for the future, we will continue our focus on digital technologies and internal optimisation to transform and improve our juristic client experiences.

Our long-term sustainability and success are contingent on the degree to which we play our role to add value to society and be the difference that supports the development of a sustainable SA and Africa as a whole. Through our sustainable finance solutioning expertise, we have remained at the forefront of arranging innovative green-funding instruments and channelling these towards the further development of the green economy through projects, such as renewable energy and green building developments. We continue to drive the energy transition with our support of government's renewable-energy programme, as well as commercial and industrial generation projects. Our support of the energy transition is underpinned by our Energy Policy.

The global twin challenge of inflation and growth, now coupled with more uncertainty, continues to be top of mind for us and our clients. Although the economic climate remains challenging, our focus is on our strategy to deliver strong financial results while making a meaningful contribution to building a strong, equitable and inclusive SA. It is this focus on fulfilling our purpose to be money experts who do good, that empowers and drives our people to innovate, to be bold, and to lead.

Financial highlights

	Property Finance 2021	Property Finance 2020	Investment Banking 2021	Investment Banking 2020	Markets 2021	Markets 2020	Working capital and Transactional Services 2021	Working capital and Transactional Services 2020
Gross operating income (Rm)	**3 232**	2 258	**4 270**	3 460	**5 299**	5 682	**3 146**	3 283
Average total advances (Rm)	**164 981**	166 942	**151 916**	198 942	**70 658**	58 455	**17 998**	21 837

Strategic progress

The macroeconomic environment remains challenging, with economic activity yet to return to 2019 levels. Macroeconomic factors impact the financial sector's operating environment in an already fast-changing reality. As such, we are continuing our focus on portfolio optimisation to maximise opportunities for enhanced returns on our existing portfolio, increase our product offerings and ultimately improving ROE and HE. This enables CIB to take a much more active approach to managing the portfolio, also responding to ESG and climate change challenges.

Our clients remain at the centre of our strategy, with key tilts to address the areas where significant growth exists – Advisory and Transactional Services. We are focused on identifying the right clients and products in the sectors that we have selected to optimise capital allocation. We aim to be a trusted advisor that services clients across all their financial needs. Strong deal closure across our franchise was a vital catalyst in the second half, creating forward-looking momentum. This solid origination across the franchise resulted in CIB being recognised for our leading offering, with a number of accolades received over the past year.

Technology is integral in running our business, while quality client relationships are paramount to our success. Combined, these form the basis for our 'warm digital' approach. This means that we invest in meaningful client relationships while creating a digital 'self-service' experience for our clients' day-to-day needs. Our recent digital investments such as the Nedbank Business Hub alongside our other recognised products and solutions ensure that we continue to deliver a seamless, end-to-end warm digital client experience. The Nedbank Business Hub is a single secure digital interface that enables CIB and RBB juristic clients to apply for, maintain and transact on their accounts in a self-service manner. It empowers our clients with full access to the CIB and Business Banking product offerings through a single platform.

Sustainably investing in SA and the rest of Africa is a key focus for CIB. As we entrench this focus into the ethos of our organisation, we believe we will enhance our broader impact and outcomes for the communities we operate in, as well as our shareholders. Thinking differently about environmental and social performance can drive change that delivers more business value while channelling the power of the enterprise to deliver better outcomes for people and the planet.

We expanded our sustainable finance products to our client base in 2021 and have structured and delivered sustainable finance solutions to our clients under the sustainability-linked lending product. We partnered with our clients to encourage sustainability objectives by embedding sustainability performance targets into financing products. Sustainability objectives have been aligned with the following themes: reduction in carbon emissions, improvements in water quality, energy efficiencies, local sourcing of goods and improvement of overall ESG score. On the liabilities side, we have delivered leading solutions such as the Green Residential Development Bond and the Green AT1. We continue to explore sustainable finance solutions for our clients to help them adapt to the risks and opportunities within a green economy and broader global environment that is increasingly focused on sustainability. We are proud to have been recognised as the Best Bank for Sustainable Finance in Africa by Euromoney for 2021. We are also proud to have received the 2021 Investment Bank of the Year Award by Environmental Finance as well as winning the Infrastructure Deal of the Year in the 2021 *African Banker* Awards.

Segmental performance

Property Finance

The property sector has been significantly more resilient than predicted at the onset of the lockdown period. While some parts of the sector are likely to remain under pressure for the foreseeable future, the sector as a whole has performed better than expected and we anticipate this to continue. We believe that the downward trend in property values in general will ease and that further downward adjustments are likely to be asset-specific or related to specific parts of the sector. We have been impressed with the resilience of our client base and their ability to service debt over the past two years, despite the impact of Covid-19 and the related lockdowns as well as the impact of the riots on many businesses. We will continue working with clients to understand the ongoing themes that are evolving in the sector.

Gross operating income increased by 43%, driven mainly by an increase in NIR in excess of 100%, as a result of negative equity revaluations in the prior year, coupled with NII increasing by 27%, due to higher margins. Banking advances decreased by 2% to R168bn, driven by deleveraging in the listed sector and a slowdown in new business growth, given market conditions. Our impairment experience has been better than expected in 2021, with the CLR improving to 30 bps (2020: 54 bps) and we expect to remain within the TTC target range of 15 to 35 bps going forward.

Importantly in this environment, our portfolio contains good-quality collateralised assets and is well diversified. This is underpinned by a strong client base and supported by an experienced property team.

Investment Banking

The period under review for Investment Banking was characterised by greater stability across its portfolios, although certain sectors like aviation, hospitality and tourism remain under pressure. There was a marked turnaround in the performance of the business achieved via client origination, portfolio optimisation and cross-sell initiatives to enhance the overall returns of the business. NIR was driven by strong growth from the private-equity and investment income portfolio. There was positive momentum in the mining, agriculture and telecoms sectors. We continue to work closely with our clients during the continued waves of Covid-19 to ensure that they have access to sufficient liquidity to navigate these uncertain conditions. Cross-selling into the broader CIB offering will continue to be a core focus. There has been a continued investment in people, particularly in the advisory franchise.

Investment Banking gross operating income increased by 23%, driven by NIR increasing over 100% mainly due to a stronger performance in underlying investee companies in the private equity portfolio. Selective origination, unexpected early repayments, extra-ordinary high drawdowns in the base and enhanced focus on returns across the portfolio resulted in NII decreasing by 6%, against banking advances, including corporate bonds, decreasing by 9%. The lower impairment charge was partly driven by the improvement in the latest macroeconomic factors applied to the impairment models, a decline in exposures as loans and advances declined and a lower level of stage 3 impairment charge, as exposures returned to performing buckets and stage 3 loans declined. The CLR remained above our TTC target range of 20 to 50 bps, mainly due to a single large stage 3 exposure that required further restructuring and additional liquidity support. Commission and fees decreased by 2%, due to some client activity rolling into 2022, with equity revaluations increasing in excess of 100%.

Investment Banking has leading industry expertise in mining and resources, infrastructure, oil and gas, telecoms and energy. The current advances pipeline is focusing on optimising return on risk-weighted assets and cross-selling into the broader CIB client offering.

Markets

Trading conditions have remained challenging throughout the year, due to high volatility, which was driven by renewed global inflationary expectations. This volatility was accompanied by poor market liquidity, making monetisation more challenging. Initial forecasts accounted for the expected drop-off in trading income after a very high 2020, driven by once-off items and outsized performance in the last three months of H1 2020.

The business was, however, able to deliver better outcomes than projected over the first three quarters of 2021 with a significant slowdown in the last quarter. GOI decreased by 7% and trading income decreased by 16% for the comparable period. There was a strong performance from equities, increasing by 31%. Debt securities declined 28% as once-off benefits in the first half of 2020 impacted year-on-year performance. Foreign exchange dropped by 8% with a sharp but expected fall-off in volatility trading revenue, buffered by robust outcomes in our client franchise. Trading conditions have remained challenging into the first quarter of 2022, with an expectation of some recovery after US Federal Reserve interest rate decisions towards the end of the first quarter.

Transactional Services

The transactional business places strategic focus in enabling our clients' daily liquidity management with our working capital and transactional solutions. Our range of products are aimed at delivering value to our clients and supporting our strategic focus on improving our clients' experience.

Preprovisioning operating profit for the business decreased by just under 1%. Reduced interest rates drove a decline in endowment earned, however this was more than offset by an increase in net interest income earned on deposits. Many of our clients experienced a positive working capital cycle that translated into increased deposits, with a corresponding drop in working capital borrowings. The continuous support of our clients' working capital and transactional needs has resulted in a healthy growth in our deposit balances during a time where clients retained cash balances. The average amount owed to depositors increased by 18% from R226bn in 2020 to R265bn in 2021. This was driven by growth in both transactional and investment deposits.

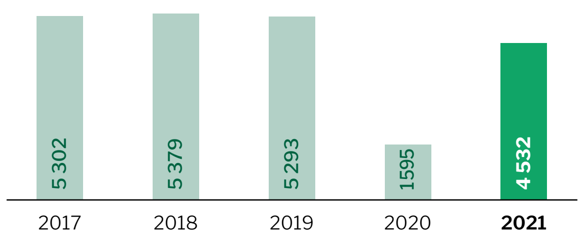
There was a 2% decline in non-interest revenue due to a slow recovery in the documentary trade and guarantee business, and on the payments portfolio. Economic recovery and additional client wins achieved in 2021 should result in increased volumes in these portfolios, which will support the growth in non-interest revenue. Certain sectors, however, are expected to lag economic recovery due to varying impacts from the past two years. We recorded 35 new primary-banked client wins in the past year and continue to see the accretive value of past primary-banked client wins. We have a strong pipeline that we expect will further increase our footprint in the transactional-banking space.

Ongoing and continued investment in the business is centred around digitising our processes to improve our client experience, built on the modernised technology stack invested in by the bank. The first of these projects was the launch of the Nedbank Business Hub. Transactional Services continues to deliver innovation in our product offering that is supported by client input. From an industry and regulatory perspective, the business continues to play a significant role through its thought leadership in cash and payment modernisation. Return on capital invested is at the forefront of all decision-making, as the business continues to optimise capital through higher-return products and deals.

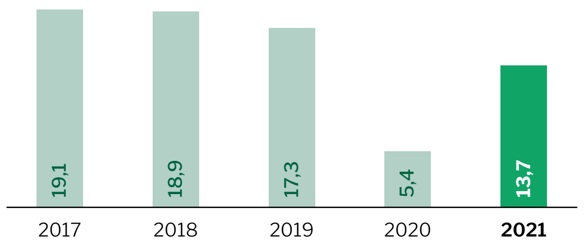
Favourable	Unfavourable
• ROE increased to above cost of equity, driven by higher HE. • RWA and allocated capital reduced owing to lower advances and portfolio optimisation. • Improvement in NIM driven by optimisation of the portfolio. • NIR increased owing to good performance from Private Equity portfolio, coupled with 35 primary client wins for the year. • Significant decline in impairments.	• Trading income down off a high base and once-off items in the prior year. • Increase in expenses, driven by normalised incentive costs resulting in a slightly higher cost-to-income ratio.

Nedbank Retail and Business Banking

Headline earnings
(Rm)



Return on equity
(%)



Financial performance

RBB's financial performance has continued to show a good recovery from the impact of the Covid-19 pandemic and associated lockdown measures, with HE for the year increasing by more than 180% to R4 532m.

Allocated capital increased off the back of balance sheet growth, but given the much higher earnings, ROE increased significantly to 13,7% from 5,4% in December 2020 but remains below the cost of equity.

The main drivers of the HE growth were a 41% lower impairment charge and 6% higher revenues, while expenses increased by 6% on the back of higher incentive charges related to a strong financial recovery off the base of 2020. The modest increase in revenues is largely due to R1,6bn lower endowment revenue, compared to 2020, as a result of lower interest rates. The increase in revenues offset by higher incentive charges has resulted in PPOP increasing by 5%.

Besides the stronger financial performance, RBB also showed positive traction on several key non-financial metrics, including a 11,4% increase in digitally active clients to 2,3 million and 1% growth in main-banked clients to 3,1 million, with 12% growth in the economic-profit-rich middle and affluent segments. Nedbank's share of main-banked clients grew to 12,4% (2020: 11,2%) in the annual independent Consulta Survey. We also saw market share gains in small-business and business banking single-banked clients as measured by an annual survey conducted by KPI Research (to 24% from 23% and to 24% from 21% respectively). We received the Global Business Outlook (GBO) Award for Best Digital Bank in South Africa 2021; the Global Business Review Magazine Award 2021 for Best Retail Bank in South Africa 2021; and the International Banker Award for Best Innovation in Retail Banking 2021.

NII increased by 5% to R20 745m driven by an increase in advances and a slight widening in the interest margin from 5,40% to 5,42%. The lending-book margin increased 26 bps due to the widening of the prime-cost-of-funds differential, offset by a 23 bps impact from lower endowment income. Deposit margins have declined slightly as a result of our strategy to adjust pricing in line with increased market pricing behaviour.

Average annualised banking advances increased by 5% to R366bn, continuing the momentum from 2020, benefiting from both client demand for secured loans following the 300 bps cuts in interest rates in 2020, as well as increased unsecured lending volumes originating through our digital channels, notwithstanding lower loan approval rates across some products. Overall new-loan payouts increased substantially to R118bn. Household advances market share increased marginally to 17,7% in December 2021, from 17,6% a year earlier.

Average annualised deposits increased by 5% to R359bn. Our market share of household deposits declined to 14,5% at December 2021 (15,7% December 2020), driven mainly by reduced market share in notice deposits (to 14,4% from 16,1%); term deposits (to 17,3% from 18,1%); and current account deposits (to 13,0% from 13,7%). As from 1 May 2021, RBB introduced a new pricing strategy to price more competitively on term deposits. This strategy has stabilised the decline in term deposits market share. Sales productivity in transactional products is also growing in both digital and physical channels, which is supporting efforts to stem overall household market share declines.

Defaulted advances decreased by 15% to R26,7bn from R31,3bn in December 2020, reducing the defaulted book to 6,7% from 8,3% in December 2020. Balance sheet impairments decreased to 4,83% of total advances (December 2020: 5,09%) and coverage on the performing stage 1 book increased to 1,08% (December 2020: 0,99%). The RBB CLR of 134 bps decreased from 240 bps in December 2020 and from the June 2020 peak of 269 bps. The decrease in impairments was due to relatively lower consumer stress driven by a strengthening macroeconomic environment. When the net benefit of once-off items of R713m relating to the curing of accounts in line with Directive 7/2015, annual parameter regrounding updates, as well as the Covid-19-related overlay releases (R652m) are normalised, the adjusted CLR at 153 bps falls into the middle of our-through-the-cycle target range of 130 bps to 180 bps.

NIR increased by 8% to R12 783m, driven by growth in client activity, including increased levels of client spend, cash withdrawals and purchase of value-added services. The recovery of card-acquiring revenue, which was impacted negatively by Covid-19-related lockdowns last year, has boosted NIR, with domestic volumes recovering to 2019 levels. The July civil unrest had a negative impact on sales as the related two-month fee waivers reduced NIR and has impacted the full recovery to pre-Covid-19 levels.

Expenses increased by 6% to R21 442m, driven primarily by higher incentive costs as RBB's financial performance improved, but this was partially offset by additional cost-saving initiatives of R495m. Permanent headcount decreased by 963 to 16 304 from December 2020, achieved mostly through natural attrition as we continue to leverage our investment in digital and Managed Evolution technology. In 2017 we launched our cost optimisation programme through the Business Transformation Office and by the end of 2020 we had achieved R1,4bn in cumulative savings, driven mainly by our branch optimisation programme and robotic process automation (RPA), combined with continued digital transformation initiatives. Our cost-to-income ratio remained flat at 64,0% (2020: 64,0%) due to the higher incentive and sales-related charges, which offset cost-saving initiatives.

Strategic progress

Clients – The number of main-banked clients was up 1% to 3,1 million at December 2021. This 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.

Nedbank Consumer Banking continues to significantly close the gap on the #1 position in the market across Net Promoter Score (NPS) and Client Satisfaction (CSAT) as per the Consulta South African Customer Satisfaction Index (SA-csi). Having retained our #2 position for both metrics, we have steadily increased our NPS for the fourth consecutive year to 46,7 in 2021 (40,8 in 2020), and improved our SA-csi score to 82 points in 2021 (81 points in 2020).

The annual 2021 study concluded by KPI showed again that Business Banking produced high-quality relationship scores and continues to maintain high relative NPS scores at a business manager level as an important outcome to its 'high touch' relationship-based service model.

Nedbank achieved #1 position in both NPS and CSAT for our ATM channel and improved NPS across all physical and digital channels. Continued improvements were made in loyalty, perceived value and complaints-handling scores, as measured in SA-csi. Nedbank has maintained #2 position on client loyalty and perceived value.

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 12 416 (75%) of employees completing initial programme training to drive a client-centred culture and the aspirational goal of setting the benchmark for service excellence in SA. A gold standard client journey management capability will enable improved solutions design and the overall CX. Understanding and solving client pain points through prioritised process and product enhancements will simplify services to better meet client needs.

Nedbank remains a leader in client conduct, improving the 2021 Consulta Treat Customers Fairly (TCF) score by 1,7 points and remaining #2.

After the July unrest that significantly impacted mostly informal traders and small-business owners who did not have insurance to rebuild their business, we launched a programme, Together Beke le Beke. This was a campaign to provide funding and support to informal traders and small businesses. We partnered with Sefa and disbursed R40m in grant relief, targeting 13 000 informal traders, each receiving a R3 500 grant. By end of 2021, we received more than 8 000 applications with R13m already dispersed and the remainder to be dispersed in 2022. Through our 'Proud of my Town' community programme in partnership with Ranyaka, we assisted 113 small-business owners in KwaZulu-Natal and Gauteng with grants ranging from R500 to R50 000 to help rebuild structures and restock shops. Thirty of these businesses have been onboarded onto the Proud of my Town six-month Building Business programme including mentorship and training. We also partnered with Township Entrepreneurs Association (TEA). Lastly, through our partnership with The Side Hustle – a daily grant and skills development programme to help aspiring entrepreneurs bring their ideas to fruition, in partnership with The Slow Fund, founded and run by Nic Haralambous – we helped to support over 20 000 individuals to start their own business by providing grants of R2 500 and supporting with this business coaching to the value of R10 000 each.

Through our financial wellness programme (Consumer Financial Education and Financial Fitness) we reached more than three million clients through education programmes delivered via a combination of radio, virtual and face-to-face interventions. We continue to be pleased with the progress we are making to educate consumers and help them manage their money better.

Digital innovation – 2021 has seen a continuation of growth in core digital metrics, with digitally active clients increasing by 11,4% to 2,3 million, of which 1,6 million clients are now using the Nedbank Money app (up 38% yoy). Digital sales grew strongly by 28% yoy, with the digital contribution to total funded consumer sales increasing from 28% in 2020 to 32% in 2021. The new nedbank.co.za platform delivered client journeys for personal loans, credit cards and transactional accounts, which are showing a marked improvement in the generation of sales leads. Digital payment volumes continued to grow, up by 27% yoy, with Money app payment volumes increasing by 54% yoy. Driving factors behind the growth have been core capabilities built to make clients' lives easier and more convenient, enhanced security to counter cybercrime, improved onboarding journeys, transactional capability, increased access to services through API_Marketplace and our fast-growing Beyond Banking offerings in Avo, all these enabled by the strong commercialisation capability we built within the business.

Digital innovation continues to be at the heart of the organisation, with a new broad range of financial wellness tools, including credit health checks, as well as credit score ratings, with helpful tips for clients and enhanced MoneyTracker functionality tools allowing for spend categorisation and management. Joining the bank and taking up banking products via the digital platforms has never been easier, with continued enhancements and automation of processes. Clients can now apply for homeowner's insurance and claim directly through the bank's digital platforms. Clients can now apply for an overdraft, and informal traders can join the bank and obtain a paycode through a simple USSD process. In 2021 we have onboarded close to 8 000 new informal traders through this process, helping us to drive inclusivity of informal traders through simple, easy-to-use and cost-effective platforms. Clients can also join the bank through our self-service kiosk devices, with a card issued immediately. Our digital transformation journey has enabled us to expand options from which clients can join the bank and also take up more products like third- party channels, API_ Marketplace and Avo our super app, which will be discussed later.

Buying journeys and offerings were also improved, with a new array of unit trusts, additional choice of over 230 airtime and data products, an improved experience for claiming free basic electricity for qualifying clients, and an enhanced gaming and software product catalogue. A host of user-friendly features were introduced, including the ability to redeem Greenbacks into a savings or investment account or to donate them to a charity, enhanced statements, and more seamless loan-offering processes. Significant transacting capabilities like the ability to get cash at an ATM by scanning a QR code (a first in SA), the ability for clients to withdraw cash using a digital voucher code at a wide network of retailers (including Pick n Pay, Shoprite and Checkers and the launch of Apple Pay have proved to be valuable and convenient features as the various Covid-19 lockdown conditions prevailed through 2021.

Financial highlights

for the year ended 31 December

Segmental view

	Change %	Total Retail and Business Banking 2021	Total Retail and Business Banking 2020	Business Banking 2021	Business Banking 2020	Consumer Banking 2021	Consumer Banking 2020	Relationship Banking 2021	Relationship Banking 2020	Other[1] 2021	Other[1] 2020
Headline earnings (Rm)	>100	**4 532**	1 595	**1 408**	803	**2 109**	161	**907**	815	**108**	(184)
NII (Rm)	5	**20 745**	19 692	**3 847**	3 784	**14 276**	13 257	**2 585**	2 635	**37**	16
Impairments charge on financial instruments (Rm)	(41)	**5 172**	8 746	**(167)**	853	**5 144**	7 480	**150**	379	**45**	34
NIR (Rm)	8	**12 783**	11 830	**1 844**	1 777	**7 353**	7 070	**1 568**	1 475	**2 018**	1 508
Operating expenses (Rm)	6	**21 442**	20 161	**3 864**	3 561	**13 287**	12 601	**2 728**	2 587	**1 563**	1 412
ROE (%)		**13,7**	5,4	**19,8**	11,4	**10,1**	0,9	**24,6**	26,3		
ROA (%)		**1,13**	0,42	**0,90**	0,55	**0,90**	0,07	**0,97**	0,90		
CLR – banking advances (%)		**1,34**	2,40	**(0,21)**	1,10	**2,00**	3,32	**0,29**	0,82		
NIR to total operating expenses (%)		**59,6**	58,7	**47,7**	49,9	**55,3**	56,1	**57,5**	57,0		
Cost-to-income ratio (%)		**64,0**	64,0	**67,9**	64,0	**61,4**	62,0	**65,7**	63,0		
Interest margin (%)[2]		**5,42**	5,40	**2,48**	2,60	**6,01**	5,86	**2,76**	2,91		
Total advances (Rm)[3]	7	**380 985**	356 272	**80 363**	74 860	**242 390**	233 644	**57 312**	46 938	**920**	830
Average total advances (Rm)	5	**365 656**	347 598	**76 912**	75 668	**236 192**	225 428	**51 625**	45 585	**927**	917
Total deposits (Rm)[3]	6	**374 972**	354 243	**156 796**	143 442	**123 017**	124 635	**95 023**	85 750	**136**	416
Average total deposits (Rm)	5	**359 221**	343 724	**148 684**	139 408	**121 904**	121 763	**88 251**	82 197	**382**	356
Average allocated capital (Rm)	12	**33 060**	29 573	**7 116**	7 023	**20 789**	18 160	**3 684**	3 092	**1 471**	1 298

[1] *"Other" includes income, impairments and costs relating to Channel, Card Acquiring, Central and Shared Services.*

[2] *Consumer Banking interest-earning assets have been restated to reflect a net funding position vs the previous product-focused reporting, which resulted in a restatement of the margin.*

[3] *Consumer Banking assets and deposits have been restated to reflect a more accurate position vs the previous product-focused reporting.*

Client expectations for immediate and excellent personal assistance was addressed through the launch of Enbi, our new AI-driven chatbot, now answering over 100 000 client queries a month. Business Banking continues to roll out the Nedbank Business Hub (NBH) to clients, enabling a positive change in client experience for businesses, and remains on track to achieve critical scale in 2022. The hub provides for a convenient platform for clients from which they have a single view of relevant digital offerings and will be able to transact, apply for products (transacting, lending and borrowing) or services and more.

Nedbank's partnership strategy enabled the establishment of key strategic relationships that will consume products through API_ Marketplace, further extending the digital distribution capability beyond Nedbank-owned channels. Notably, Gumtree has partnered with MFC to use the vehicle asset finance (VAF) APIs to better connect buyers and sellers on Gumtree Auto. Global small-business cloud accounting platform Xero has collaborated with Nedbank to provide SME clients with access to their financial data through a fully digital, API-enabled bank feed. Legacy Group is consuming the Rewards API to allow its customers to redeem Greenbacks into Legacy Points. The Nedbank and Takealot relationship continues to yield benefits for both parties, whereby Nedbank Personal Loans are offered to Takealot customers. Several fintechs are pilot-testing the Wallet API aiming to go live in H1 2022. In addition to the afore-mentioned products, API_ Marketplace launched the value-added services (VAS) API in Q1 2021 and the Nedbank Credit Card Account Details API in Q4 2021 with a select group of third parties for the initial commercialisation. VAS API provides a single integration point for approximately 360 prepaid and voucher products, with new ones added to the product catalogue as they become available. The Nedbank Credit Card Details API retrieves various credit card account and card-related details. The platform architecture is premised on a cloud-first strategy, enhancing the support and product capability, and further laying the foundation for the scaling of the existing products.

Physical distribution – Our physical footprint reflects 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 2021 we closed 17 points of presence and opened two new branches and four in-retailer outlets. This reduction has not affected our coverage of the bankable population in SA, which remains around 85%, very much in line with that of the industry. Since 2014 we achieved actual floor space reduction of 64 857 m^2. In 2021 we tested a new operating model in 40 branches, which will now be rolled out over the next three-year cycle and includes an innovative mix of branches from full service to express and easy-access smaller format branches. By the end of 2024, 52% will be smaller than 150 sqm, 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 Nedbank's products through new partners both in market and online through APIs, acknowledging that clients are coming to branch less and we need to be mobile and in the community.

To complement our in-market and digital channels we have a contact centre available to clients 24/7 through email, chat and voice. Clients can now call our Contact Centre free of charge through our 0800 number.

With self-service options expanding we further invested in our ATM footprint by rolling out a further 37 devices, and during this period cash dispensed through branches and ATMs decreased by 3%. Altogether, 89% 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 rollout of our new ATM front-end, which enabled first-in-market functionality such as app-initiated withdrawals using QR codes, meaning that clients will not have to insert cards into our ATMs when drawing cash. We have also landed the ability to pay all Nedbank accounts and beneficiaries at cash-deposit-taking devices and enabled real-time deposits in Q4 2021 at deposit-taking ATM devices.

Significant progress has been made in enhancing functionality across self-service and online channels, providing our clients with enhanced convenience. In the past six months we simplified the password reset function for Online Banking and added great functions such as the ability to change card PINs in-app. Our network of 438 self-service kiosks in our branches allows clients to complete self-service actions at their own convenience, such as changing their ATM limit, maintaining their profile, issuing statements, and blocking and replacing personalised cards for PAYU and Savvy Plus accounts. The long-term aim is to offer this across all accounts and for all clients, making the card process much faster as we continue to offer convenient options for clients. Clients can also pick up cards 24/7 without having to go into a branch. They can do this from our 107 lockers or have their cards delivered to them. The kiosks also now offer the ability to open PAYU accounts seamlessly, including getting an instantly issued card, which we are looking to expand to other third parties.

Ecosystems – Avo by Nedbank, the super app, continues to scale significantly, having turned one year old in June 2021. Consumers have grown by five times yoy to over 675 000 and over 20 000 businesses have signed up on Avo, at the end of 2021. The app continues to play a key part in consumers' lives and helps them find solutions to their everyday needs and wants conveniently, with great optionality, at great value and with predictable delivery. We have seen three times the growth in gross merchandise value (GMV) yoy and financial services revenue growing by 22 times. Collaborating closely with partners to help consumers and businesses grow, we launched our partnership with the AfroCentric group that has over 3,9 million medical aid members. Through this partnership, Avo has been positioned as AfroCentric's loyalty and rewards and digital commerce partner serving their schemes' members. Avo has also been established as a data-free offering through our partnership with Moya (the data-free instant-messaging app). Through this partnership, Avo can reach 6,5 million consumers and has seen significant growth in this consumer market interacting with Avo's offerings and value propositions. As a growing business, Avo has launched a new vertical 'Avo Auto', a platform for dealers to create a virtual dealership with ease of consumer financing for vehicle purchases. Further, Avo is readying to launch its B2B marketplace in Q1 2022, which would allow businesses to trade with access to financial service offerings.

Our collaboration with communities in the township economy to test a new ecosystem-based go-to-market approach to co-create simple, cost-effective and accessible solutions has gathered momentum, with the first proof of concepts (POC) showing green shoots. Traders have an option to choose between four different types of digital payments options: MobiMoney through Paycode (USSD-based); QR payments through Masterpass; tap on phone, which enables businesses to accept payments by simply using an Android smartphone; Money Message, an innovative solution that allows clients to make or receive payments through WhatsApp, and PocketPOS – a contactless POS device from a minimum of R89 per device. Through these solutions we have unlocked ecosystem-based solutions between traders, their suppliers and consumers.

Business Banking continues to see pleasing progress following the successful implementation of a unique 'transformation funding' solution in the franchise sector for well-known fuel and retail concepts. Since implementation, 58 outlets have been afforded this type of funding to the tune of R180m, with R140m of this directly supporting transformational funding transactions in the fuel sector. To date 94% of Pick 'n Pay market stores now bank with Nedbank Business Banking, as a result of this lending assistance being provided.

Product views, excluding business banking

	Home loans		VAF		Unsecured lending[1]		Transactional		Card and payments		Forex and investment	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
NII (Rm)	2 979	2 729	5 121	4 392	3 998	3 613	1 820	2 299	1 488	1 435	1 475	1 525
Consumer banking and other	2 215	1 907	4 977	4 272	3 862	3 551	766	1 080	1 488	1 435	988	1 023
Relationship banking	764	822	144	120	136	62	1 054	1 219			487	502
Impairments charge on financial instruments (Rm)	(129)	842	1 727	3 015	2 619	2 521	64	44	1 059	1 472		
Consumer banking and other	(138)	551	1 702	2 958	2 502	2 489	64	44	1 059	1 472		
Relationship banking	9	291	25	57	117	32						
NIR (Rm)	275	252	708	701	726	656	4 992	4 858	3 904	3 450	230	194
Consumer banking and other	212	206	694	690	676	621	3 670	3 581	3 879	3 428	136	110
Relationship banking	63	46	14	11	50	35	1 322	1 277	25	22	94	84
Operating expenses (Rm)	1 683	1 655	1 662	1 548	1 843	1 648	7 107	6 961	3 582	3 349	1 500	1 368
Consumer banking and other	1 137	1 119	1 557	1 467	1 727	1 589	5 545	5 425	3 565	3 335	1 117	1 007
Relationship banking	546	536	105	81	116	59	1 562	1 536	17	14	383	361
Headline earnings (Rm)	1 215	334	1 612	422	185	67	(276)	91	517	19	142	249
Consumer banking and other	1 019	304	1 592	427	218	63	(862)	(600)	511	13	(1)	87
Relationship banking	196	30	20	(5)	(33)	4	586	691	6	6	143	162
ROE (%)	22,5	6,4	17,3	5,6	4,8	2,1	(10,6)	3,6	14,9	0,7	28,6	39,5
CLR – banking advances (%)	(0,09)	0,64	1,46	2,69	10,15	10,88	34,75	23,66	6,32	8,94		
Cost-to-income ratio (%)	51,7	55,5	28,5	30,4	39,0	38,6	104,3	97,3	66,4	68,5	88,0	79,6
Interest margin (%)	2,08	2,03	3,95	3,64	15,23	15,29	3,17	4,48	8,08	8,24	0,97	1,00
Average total advances (Rm)	138 952	130 552	112 468	106 781	23 342	21 040	99	114	13 895	13 855	2	2

The table does not include BB HE of R1 408m (Dec 2020: R803m) and other unallocated costs of -R271m (Dec 2020: R391m) relating to Channel, Central and Shared Services. Therefore, the table does not cross-cast.

[1] *Excludes additional insurance income in Nedbank Wealth which would result in ROE of 12,4%.*

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 clean-up of clients and products was conducted to ensure all income is accounted for in the correct segment.

As a result, R6,2bn of advances were transferred from Consumer to Retail Relationship Banking in August 2021, with the full-year impact as follows:

- R3,7bn in home loans (average balance impact of R1,5bn)
- R1,3bn in VAF (average balance impact of R0,5bn)
- R1,2bn in personal loans (average balance impact of R0,5bn)
- R19m in HE (for five months)

Business Banking

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

Benefiting from impairment releases, Business Banking generated HE of R1,4bn, up more than 75%, and achieved a strong ROE of 19,8%.

New-loan payouts of R26,4bn were up by 12,5% yoy due to judicious client acquisition and support given to meet clients' funding needs, resulting in average advances growth of 2% yoy. Business Banking remains a strong generator of funding, with R83bn in net surplus funds generated, supported by an increase of 5% in average deposits and, in particular, strong growth in transactional deposits.

Following the significant Covid-19-related overlays that were raised in the prior year, we welcomed the release of impairments in the current year to achieve a negative CLR of 21 bps (2020: +110 bps), as the Business Banking client portfolio showed resilience despite a challenging operating environment. Despite the reversals, we consider ourselves adequately provided at an impairment coverage of 2%, which remains well above pre-Covid levels.

Business Banking has provided assistance of R670m to qualifying businesses via the SME loan guarantee scheme, including R25m in H1 2021. Business Banking has also been instrumental in actively driving awareness of our new innovative market trading platform, Avo, to assist merchants in their effort to sustain business and trade through the various Covid-19 alert levels.

Our digital journey continues to advance and is underpinned by both ongoing delivery toward a clear 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. At the forefront of this is our juristic onboarding and servicing initiatives culminating in the release of the Nedbank Business Hub (NBH) to employees and to the market. The NBH aims to enhance client experience, reduce attrition and increase cross-sell by providing a single point of entry through which clients can self-service, apply for products, or transact. Much of this year has been focused on crafting and executing a migration plan to introduce clients to the new capabilities with positive feedback thus far. At the end of December 2021, 8 668 users were migrated to the NBH, comprising 3 650 clients with 1 242 General Authorising Extract of Minutes forms, which allow businesses to nominate authorised persons to procure banking and financial products and services. The overall migration remains well on track. The employee version was rolled out in 2021 and was well received with the focus in 2022 being on increasing adoption and developing further enhancements. There was success in the employee adoption at scale, evidenced by the 53 393 service requests on behalf of our clients.

We have successfully implemented a service model aimed at focusing the delivery of a unique proposition to the lucrative mid-corporate segment, within Business Banking, and plan to build on and evolve our proposition to support sustainability through the provision of differentiated mechanisms to finance our clients' clean-energy investments coupled with advisory-based services. Our plans for 2022 will see the promotion of a bespoke industry-based proposition aimed at the manufacturing sector, as well as introducing a shariah compliant investment-based solution for the Islamic business market.

Retail Relationship Banking

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

Notwithstanding the protracted economic recovery to pre-Covid-19 levels, the July riots and a >R400m post-tax reduction in NII as a direct consequence of rate reductions, the core business (excluding the benefits of the internal transfers) delivered a 9% increase in HE to R888m at an attractive ROE of 24,9%. This affirms both the resilience of the client base (albeit with small-business clients under more strain than affluent clients) and the quality of the business itself.

The CLR decreased from 82 bps to 22 bps, which included the reversal of Covid-19-related overlays, but also highlighted the quality of the book and effectiveness of the risk practices. Average advances growth of 8% was driven by record home loan and good vehicle sales, while average deposits increased by 7%, resulting in a net funding contribution to the group of R46,8bn. Despite the lower base in 2020, core NIR grew moderately at 5,5%, as a result of various industrywide and Nedbank-specific pricing concessions, impact of further lockdowns and overall more muted activity in the small-business sector.

Professional Banking (now rebranded as Private Clients): Nedbank provides a well-priced, high-value offering to the sought-after affluent market. Main-banked client numbers increased by 9% yoy, leading to a 1% improvement in Nedbank's affluent market share to 15%. Service levels and client satisfaction remained stable yoy, with more clients willing to promote Nedbank, off the back of continued efforts to provide a seamless experience to this demanding client base.

Small Business: Nedbank also remains well positioned in the small-business segment, with the urban market share increasing by 1% to 24%, as a result of positive perceptions regarding our ability to understand and serve the needs of this important sector. According to the 2021 Small Business Tracker (a Nedbank-commissioned survey that has been running for 13 years and is conducted by 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 running.

SimplyBiz, a free business development platform powered by Nedbank, available to all entrepreneurs, (whether banked with Nedbank or not), has provided over 43 000 business owners free Beyond Banking assistance, in the form of advertising, coaching, relevant business support materials and strategic initiatives. This represents an 84% yoy growth and actively supports the United Nations Sustainability Goals (SDG 4 and SDG 9) through an expert community with resources, ongoing learning and tangible support.

The many enhancements 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. Some of the highlights for this client base include the ability to receive and make international payments and to access and manage wealth products (stockbroking, unit trusts, retirement annuities and life cover); the launch of MoneyTracker, an integrated financial management tool; and the ability for clients to book appointments with their banker.

Despite another tumultuous year and economic challenges, there are still many opportunities for Nedbank to grow in both markets. The recently landed digital onboarding capabilities for both private clients and small businesses with more than one director or shareholder is expected to boost acquisition volumes. MyCover comprehensive personal-lines insurance and life cover have better positioned us to compete in insurance, and we see significant cross-sell opportunities with regard to our wealth offerings, just to name a few. Over and above, financial performance will 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 also serves a few non-individual client types, such as stokvels, clubs, societies and informal traders.

The year 2021 saw improvements in all major client metrics. Main-banked clients grew 1% yoy, which supported growth in Nedbank's share of main-banked clients to 12,4% (2020: 11,2%), as measured by an independent survey by Consulta. Main-banked client growth was driven by improved sales performance particularly in digital channels, a focus on cross-selling transactional products to lending clients, as well as reductions in levels of client attrition, as client lifecycle management initiatives bore fruit.

The cross-sell ratio grew to 1,81 (2020: 1,72), driven by several purposeful cross-sell strategies including Core+ in the frontline, and the use of artificial intelligence to enable 'Next Best Action' recommendations to clients. The share of consumer clients who are digitally active grew to 33%, powered by a strong rise in clients on the Money app to 1,4 million (2020: 1,0 million). We also grew the share of sales done on digital channels to 32% (2020: 28%), reflecting a digital-first go-to-market strategy. Client experience scores improved significantly, for instance, NPS rose to 46,7 (2020: 40,8).

The above client momentum enabled strides in market share on the advances side of our business, notably in personal loans, overdrafts and vehicle finance. The home loans market share was relatively flat in 2021. On the deposits side, we experienced a decline in market share, however, we started to see some green shoots of recovery in the closing months of the year.

Consumer Banking increased HE to R2,1bn (2020 R0,2bn) and ROE to 10,1% (2020: 0,9%), largely off the back of a material improvement in impairments, with the CLR improving to 200 bps (2020: 332 bps). This improvement in CLR was enabled by improved loan repayment behaviour in our client base as the macroeconomy improved, releases of Covid-19-related overlays, and annual parameter regrounding updates.

Strong NII growth of 8% was the second-largest contributor to the HE growth. The strong NII growth was enabled by robust average gross advances growth of 5%, including 10% on average in personal loans, 5% yoy on average in home loans, and 5% on average in vehicle loans. Margins were also relatively similar to prior year at 6,0%.

Deposit growth was flat at 0,1% on average. Within this, we recorded a pleasing 11% average growth in transactional deposits, offset by a reduction of 3% on average in notice and term deposits. Transactional deposits growth was supported by a 1% yoy growth in main-banked clients to 3,1 million.

This growth was skewed towards the higher-economic-profit segments of the middle market (up 13% to 1,00 million main-banked clients). While main-banked clients declined by 4% yoy to 1,31 million in entry-level banking and declined by 8% to 0,42 million in youth, this was largely due to material migrations of clients to the middle segments. In both ELB and youth, acquisition rates improved materially from 2020, and in each of these segments exceeded rates of attrition from Nedbank.

In Consumer Banking, we enhanced Nedbank's client value proposition with the launch of several exciting products in 2021. We launched a simple life insurance product called MyCover Life, offering clients cover up to R2m, with minimal, simple underwriting questions. We launched MyCover Funeral, with extremely competitive price points for Nedbank main-banked clients. In addition, we launched a Gold Credit Card with a monthly fee of R40 per month, which matches the lowest-cost credit card in the market. These products are seeing extremely encouraging sales performance in the first few months since their launch and will support growth in NIR going forward. We have also seen encouraging sales growth in insurance funeral plan sales over the last year.

We have materially improved enablement of cross-sell in our Eclipse onboarding platform with the launch of Everyday Banking. Everyday Banking makes it materially easier for clients to know if they qualify for an overdraft facility or a credit card as they apply for a transactional product. This will enable us to more easily fulfil more client needs at onboarding, and support improvements in our cross-sell ratio.

Looking forward

Despite expectations of economic growth being slower than in 2021, we are encouraged by the multiple opportunities the economic landscape presents to us, with easing Covid-19 restrictions worldwide, offering businesses some reprieve. Consumers should feel some pressure on income as higher inflation and interest rates increase the cost of living. Digital adoption by both businesses and consumers continues to accelerate, causing shifts to the client experience and operating models, with businesses reinventing operations to design seamless interactions between digital and physical sales and servicing channels, as well as their operations. We also remain cognisant of continuing disruption and intensifying competition in the banking landscape as retailers, telcos and fintechs democratise banking-leveraging-evolving technologies. We have built solid capabilities that enable us to continue to support our clients, and we will do so through our ongoing commitment to delivering delightful client experiences, enabled by digitally transforming the bank. Our client-centred growth strategy and execution plans focus on five core strategic levers to help us achieve our aspirations. These are set out below and the strong capabilities we have built over the years, more so our digital and data capabilities, will allow us to create new and disruptive products and solutions to address clients' rapidly evolving needs and expectations, allowing us to expand access to new markets, reduce operational costs and help develop new revenue generating opportunities.

Create leading client experiences – We are enhancing our client value propositions in the Consumer and Relationship Banking segments. The enhancements will see improvements across components such as financial wellness, ease of access and service quality. We will also continue to enhance client journeys, to build on the improvements in client experience metrics over the past years.

Digital first and first in digital – We have seen pleasing improvements in key digital metrics, such as the number of active Money app users, and the share of our sales delivered on digital channels. We will continue to use digital to drive a lower cost-operating model, and improved client experience.

Efficient and agile operating model – Project Phoenix is a total restructure of our Retail and Business Banking cluster into a more client-centred organisational model. Project Phoenix has also enabled the efficiencies that derive from centralised important capabilities such as solution innovation, credit and pricing, and operations. Project Imagine sees us fundamentally transform our frontline branch infrastructure, so it is fit for a digital world, more cost-effective, and more geared to growing market share at micro-market level. As part of our digital transformation, we have adopted the Scaled Agile Framework (SAFE) to ensure more effective and efficient delivery of technology.

Exploring new growth vectors – We are driving several new growth vectors. These include improving Retail cross-sell, which has improved to 1,86 (2020 1,78); growth through digital eco-systems such as Avo (which reached over 675 000 users by Dec 2021); enhanced growth in insurance funeral plan sales; and enhanced penetration of the township economy.

Equipping our people – The group has instituted several major initiatives for our employees, in areas including leadership development, wellness and improved benefits. We are also investing enormously in better communication with our people, including regular Exco stand-ups, which serve to energise and align our people.

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, Unlocked.Me, PAYU (consumers and small businesses) and savings pockets.

The business continues to improve onboarding and servicing capabilities across physical and digital channels. The year 2021 was characterised by a strong recovery in transaction volumes as the economy rebounded from the pandemic and severe lockdown restrictions implemented in 2020 to curb the spread of the virus. This has also led to an accelerated adoption of self-service and digital channels. There is a sustained shift in behaviour away from the branch to ATMs and digital channels for cash withdrawals and deposits. Payments for goods and services resulted in increased usage of EFTs, instant payments, which grew by 69%, and payments to a cellphone number, which grew by 37%. The purchasing of value-added services such as airtime, electricity and LOTTO also increased, demonstrating the value and convenience of the availability of these services. The launch of our voucher capability, which allows clients to purchase vouchers for retailers such as Google Play, Makro, Pick n Pay and Spotify, has seen volume growth of over 500%. Savings pockets opened during the year have grown by 84%. Key servicing capabilities introduced have seen significant growth, including debit order switching instructions by 70% and card activation by 295%.

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. This supports the delivery of delightful client experiences that enable convenient and seamless account activation. The client experience has been further enhanced with card delivery to lockers, home or office, thereby ensuring our clients can bank safely. We endeavour to ensure clients get access to relevant product offerings with up-to-date features and benefits and continue to migrate clients to these enhanced products in a frictionless manner.

We continue to deliver client-centred innovations with MobiMoney. Our targeted acquisition strategies have been focused on key industries and client subsegments, enabling wallets for previously underserviced individuals. We have opened over 1,4 million wallets to date and this innovative and market-leading solution has zero monthly maintenance fees, allows free deposits up to R4 000 per month, and gives clients the ability to pay bills, buy airtime and electricity, and withdraw and deposit money at retailers. 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 for traders to be able to pay for goods from 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, scan to pay, Market Edge, GAP Access and the recently launched Apple Pay and Money Message.

Nedbank Card and Payments is poised for growth as the economy emerges from the pandemic and unrests experienced in 2021.This is evidenced by the strong growth in card issuing of 16%, and card acquiring volume growth at 31% for the same period. This joint growth was driven by the economic recovery, seasonality, increased client acquisition, limit increases for card issuing as well as new innovations and enhanced CVPs.

Digital payment trends where further accelerated in 2021 as consumers and merchants are minimise the risk of exposure to Covid-19 through person-to-person contact or shared surfaces. The pandemic has prompted surges in online shopping and the use of contactless payment technologies. It has also fuelled the popularity of recent shopping innovations, including app-based shopping, curbside pick-up and QR-code-based ordering and purchasing. There was a significant increase in the use of our digital payment methods, with growth of 52% in e-commerce volumes, over 237% growth in contactless payments and 4% growth in QR payments. These trends are fast becoming the new normal in transacting behaviour.

Our Card and Payments innovation agenda was dominated by digitally enabled, simple, secure and cost-effective payments. Nedbank is a leader in mobile payments and during 2021 enabled clients to use the much-anticipated Apple Pay. This mobile payment capability was created in addition to the existing scan-to-pay capability, Masterpass acceptance, Samsung, Garmin and Fitbit Pay solutions, as well as market-leading e-commerce solutions across a broad network of merchants. Nedbank is also the first in Africa to launch tap on phone, a payments solution that enables businesses to accept payments by simply using an Android smartphone for contactless card payments. This in addition to the market-leading PocketPos offering. Nedbank also launched Money Message during 2021, an innovative solution that allows clients to make or receive payments through WhatsApp, which is the dominant messaging platform in SA.

Card and Payments digitised its client onboarding and servicing capabilities by going live on the Eclipse platform in the consumer card segment, enabling our frontline channels and client self-service area to digitally onboard clients, assess their credit, open accounts and issue cards covered under Consumer Banking as Everyday Banking. Similarly, in the commercial card environment, Nedbank has launched a juristic servicing and onboarding platform aimed at enabling digital statements, real-time transaction listings and balances, as well as offering other unique commercial card services to a range of small-business, business banking and corporate clients.

Investments

We continue to expand our digital investment capabilities with a number of new features landed in 2021, which have enabled clients to:

- open an account online for Nedbank and non-Nedbank clients;
- switch investments on-app and online and transfer between differing term offerings;
- redeem Greenbacks into a notice deposit, into which we have seen growing redemptions to date;
- place a notice of withdrawal in-app without the need of a Nedbank transactional account; and
- make use of USSD channels for investment servicing requests, to cater to all markets.

Planned enhancements include enabling new-to-Nedbank clients to open an investment account in-app and differentiated notice deposit pricing.

New digital investments sales now contribute to 72% of total sales and 84% of withdrawals notices.

According to the 2020 SA-csi report on notices and savings, client-perceived value, client satisfaction and client loyalty increased by 1%, 2% and 3% respectively.

The above improvements in digital capabilities, together with competitive investment pricing strategies in select product categories, has resulted in a reversal of our declining household term deposit market share, improving to 17,3% at December 2021.

Forex

The forex business continues to create and improve segment CVPs enabling clients to transact, trade and invest across a number of foreign currencies, further supporting their financial goals.

Forex-related NIR has gradually started to recover and is now 20% up yoy and 5% above pre-Covid levels. Digital adoption of key forex capabilities continues to increase and is now on average above 60% across key services and segments.

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

- enhanced our international payments offering in-app and web, enabling small-business clients, in addition to individual clients, to process incoming payments digitally in over 25 currencies;
- enhanced our Send Money to Africa remittance solution, in partnership with Ecobank, allowing clients to submit payments 24x7 and improving ease of access; and
- increased campaigning of our foreign currency accounts (FCA) resulting in FCA market share growth from 6,1% to 8,5% and account growth of 29%, moving us from fifth to third position.

Unsecured Lending

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

The gross loan book grew by 9% to R28bn, mainly driven by a 17% increase in personal loan disbursals, with the shift to digital continuing to gain momentum and now contributing to 40% of total sales in Q4 2021 from 24% in Q4 2020. Our Personal Loans market share increased to 12,2% from 11,2% in the prior year. New-business market share in targeted lower-risk segments was maintained at approximately 17% compared to historic levels of about 13%. This reflects close management of risks while striking a balance with our SPT 2.0 targets.

HE remained subdued at R218m due to credit risk levels remaining elevated in the personal loans portfolio with the core CLR remaining near the top of the target range. HE including insurance profits reported in Nedbank Wealth is R429m at an ROE of 12,4%. Credit risk management and collections remain the key priority in a challenging environment. Nedbank was first to market in migrating to DebiCheck and efforts will now focus on increasing onboarding levels to improve collections.

Overdrafts continue to benefit from being enabled on a new technology stack. This has enabled yoy growth of 178% across the overdraft product spectrum. In total, 67% of overdrafts were originated via digital channels, an increase from 62% in 2020. Our overdrafts market share increased to 9.9% from 8.0% in 2020.

Our fully digital personal-loans API solution launched in July 2020 enables both Nedbank and non-Nedbank clients to take out personal loans or pay for goods and services with just a few clicks in less than 10 minutes. The loans API solution has shown good growth with loan volumes increasing by 345% since its launch in 2020 and now represents 5% of the total of new-business sales. This, together with other digital initiatives, is supporting our market share increase in this product.

A free credit health monitoring tool was launched for all Nedbank clients in-app in September 2021 allowing clients to monitor their credit scores and receive guidance on how to improve credit behaviour. At the end of December 2021, 280 000 clients have registered on the tool of which the majority are actively engaging monthly with insights shared.

Home Loans

Home Loans provides home ownership product solutions to the consumer and relationship segments.

The South African property market has shown strong growth during 2021, house price inflation (HPI) ended 2021 at 4,35%, up from 3,05% in 2020. The year started strongly with HPI growing steadily each month to a five-year high of 5,07% in June 2021. This growth was primarily driven by the low interest rate environment, as well as increased activity in the luxury (R1,5m—R3m) and high value (R700 000–R1,5m) segments of the property market, driven by consumers adjusting to their new post-Covid way of living, which increased demand for properties with space for home offices, as well as some semigration. The second half of the year saw a slowdown and then a decline in HPI as the interest rate impact started to fade, while unemployment and salary cuts started to play more of a role in curbing demand growth and we saw more sale-in-execution notices being issued by lenders as borrowers got into difficulty.

Nedbank's new business granted increased by 10%, with application volumes exceeding the pre-Covid-19 levels by 62%. The residential market share declined marginally to 14,2%. HE recovered strongly to R1 215m at an ROE of 22,5%, aided by the reduction in the CLR ratio to a negative -9 bps. The core CLR, excluding once-offs, is however within the target range.

Given the muted GDP growth outlook together with the expectation of rising rates, we expect the downward trend in HPI that we have witnessed throughout H2 2021 to continue into 2022.

To capitalise on the favourable outlook and to ensure sustained value, Home Loans seeks continually to improve client experience, launch new CVPs, strengthen existing business relationships and seek ways to support our clients. Highlights include the following:

- We continue to develop our relationship with the mortgage origination channel to enhance access for our clients.
- As part of our commitment to sustainable development goals we have developed a green residential mortgage CVP linked to EDGE accreditation. This CVP offers clients LTV up to 103% in EDGE-certified developments for first-time home buyers and provides main-banked clients rate discounts on their bonds.
- We launched a product to assist first-time home buyers, which includes bond plus costs up to 105% LTV and affords main-banked clients rate discounts on their bonds.
- We are bolstering our offering for self-employed individuals by improving the ease of doing business.
- Nedbank is currently offering solar finance through our home loan product features (NedRevolve, Readvance or a further loan). Through this offering our clients who wish to install a solar solution are connected with a reputable supplier.
- Another major area of focus is to significantly reduce our cost-to-income ratio by streamlining and re-engineering the origination and operational processes that link with providing better client service and improve the ease of doing business with us.

MFC

MFC provides secured-lending products to the consumer, relationship and business banking segments. RRB and Business Banking vehicle finance is booked directly to their respective segments, leveraging off the MFC product line infrastructure for several administrative processes.

The South African vehicle finance market, according to the National Association of Automobile Manufacturers of South Africa, has shown a reassuring recovery, with new-vehicle sales volumes growing at 22% in H2 2021, albeit still 13,8% lower than 2019 levels. Lower interest rates have provided more affordable financing and new and used-vehicle price inflation has normalised to 2% and 7% respectively (according to TransUnion). Despite the negative impacts of the July civil unrest and destruction of numerous dealerships, together with new vehicle stock shortages, MFC's sales volume and value grew by 14% and 22% respectively. New-business market share increasing to 30,39% (TransUnion, December 2021), 36,9% (BA900, December 2021) and overall vehicle finance balances increasing by 5%. New-vehicle finance deal sizes have increased to an average of R323 000, while used-vehicle deal sizes increased to R243 000. MFC's used-to-new-vehicle finance ratio remained flat at 70:30 (2020: 70:30).

HE recovered strongly to R1,6bn at an ROE of 17,3%, aided by the reduction in the CLR ratio to 146 bps. The core CLR, excluding once-off impacts, is within the through-the-cycle target range.

To ensure the safety of our clients during the current pandemic, a fully integrated digital origination and finance payout process has been implemented. Going forward, we will continue leveraging our digital channels and platforms, including working with our dealer partners to grow their reach and efficacy while providing a superior client experience to clients searching for a vehicle that suits their needs.

The Avo Auto Channel launched in H2 2021, linked into the MFC API app to bring bank-approved dealers to our clients offering them a platform to showcase their vehicles in a virtual dealer mall to afford our clients the comfort and safety of shopping for their vehicles online. To date there are 101 dealers, 3 644 cars listed and 8 000 views a day.

Our intention is to maintain market share while cross-selling transactional and insurance products.

Favourable	Unfavourable
• Improvement in CLR. • Accelerated digital uptake (incl Avo) and usage continues, with several awards. • Landing of multiple client-led solutions including the Money Management tools such as Money Coach, the credit health tool and SimplyBiz Academy and digital café. • Digital solutions landed include microloans on USSD, and enabling MyCoverLife insurance and onboarding for small businesses on the MoneyApp (companies with up to 3 directors). • Strong franchise in card acquiring, MFC and Small Business. • Various types of funding and support offered to informal traders and small business after the July civil unrest. • Increase in NPS maintaining number 2 spot, reducing the gap to market leader. • Improving enablement of cross-sell in our Eclipse onboarding platform using strong data capability. • Project Phoenix gaining traction with continued headcount reductions driving efficiencies.	• Sector specific earnings still being impacted by the Covid-19 national lockdown, particularly related to foreign-travel. • Aggressive competitor pricing driving lower household deposit market share. • The cost-to-income and ROE ratios recovering but still requiring further improvement. • Lower endowment income, driven by lower average interest rates.

Retail and Business Banking: Key business statistics

		2021	2020
Business Banking			
New client acquisitions – groups		**336**	278
Average product holding		**4,85**	4,56
Home Loans			
Number of applications received	thousands	**200**	182
Average loan-to-value percentage of new business registered	%	**94**	93
Average balance-to-original-value percentage of portfolio	%	**79**	78
Proportion of new business written through own channels	%	**53**	52
Proportion of book written since 2009	%	**85**	83
Owned-properties book	Rm	**48**	32
MFC			
Number of applications received	thousands	**1 832**	1 601
Percentage of used vehicles financed	%	**70**	70
Personal Loans			
Number of applications received	thousands	**1 419**	1 088
Average loan size	R000s	**59,5**	61,4
Average term	months	**43,3**	44,2
Retail deposits			
Total value of deposits taken in	rand billions	**79**	73
Total value of deposit withdrawals	rand billions	**83**	78
Number of clients at period-end[1]			
Retail active clients	thousands	**6 417**	6 390
Retail main-banked clients[2]	thousands	**3 052**	3 017
Retail cross-sell ratio[3]	ratio	**1,86**	1,78
Business Banking groups		**14 376**	14 583
Small Business Services segment	thousands	**299**	297
Home Loans[4]	thousands	**364**	348
MFC	thousands	**580**	574
Personal Loans	thousands	**433**	433
Card Issuing	thousands	**1 079**	1 067
Investment products	thousands	**1 428**	1 462
Distribution			
Number of business banking locations		**59**	58
Number of retail outlets		**538**	549
Number of new-image branches[5]		**366**	364
Number of ATMs		**4 261**	4 224
Number of ATMs with cash-accepting capabilities[6]		**1 278**	1 244
Digitally active retail clients[7]	thousands	**2 289**	2 054
Money app clients	thousands	**1 631**	1 182
POS devices	thousands	**105**	102

[1] *All Retail clients are based on the new active client rule, which defines active clients as those that have either a non-zero-balance asset or investment product or a positive-funded-balance transactional product (TP), or a negative TP balance with a transaction done within the past 12 months.*
[2] *The main-bank rule has been updated to include clients that achieved a minimum deposit or number of quality transactions on average per month over three months, and includes stabilisation assumptions.*
[3] *The number of needs met (products) per active client.*
[4] *Home Loans now includes joint-bond clients.*
[5] *Included in the number of retail outlets – shown separately for additional disclosure.*
[6] *Cash-accepting devices and Interactive teller machines are included in total number of ATMs.*
[7] *The definition of digitally active clients has been updated to include clients that are part of the active client base.*

Balance sheet average advances and impairments

	Daily gross average advances Rm		Stage 1 %		Stage 2[1] %		Stage 3 %		% of total advances		Credit loss ratio[1] %	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Home loans	141 629	132 437	85,1	82,8	9,8	10,4	5,1	6,8	36,7	36,4	(0,09)	0,64
VAF	118 450	111 965	81,2	80,3	13,4	11,5	5,4	8,3	31,3	31,5	1,46	2,69
Personal loans	25 812	23 177	65,8	67,2	13,6	14,2	20,6	18,6	6,7	6,5	9,82	10,62
Card	16 717	16 414	79,3	76,8	6,8	9,4	14,0	13,8	4,0	4,4	6,33	8,97
Other loans	3 294	2 754	81,3	83,3	6,7	6,4	12,0	10,3	0,8	0,8	4,46	3,78
Total Retail	305 902	286 747	81,6	80,2	11,4	11,1	7,0	8,7	79,5	79,5	1,75	2,75
Business Banking	78 860	77 361	83,1	75,0	11,7	18,2	5,2	6,8	20,5	20,5	(0,21)	1,10
Total RBB	384 762	364 108	81,9	79,1	11,4	12,5	6,7	8,3	100,0	100,0	1,34	2,40

[1] *Impairments charge and resultant CLR include charges housed centrally within RBB.*

Balance sheet impairment as a percentage of book

	% of total		Stage 1 %		Stage 2 %		Performing stage 3 %		Non-performing stage 3 %		Total stage 3 %	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Home loans	1,64	2,02	0,19	0,23	3,38	5,07	9,11	10,78	28,04	24,18	22,32	19,31
VAF	4,82	5,29	1,32	1,16	10,74	11,47	17,29	21,72	62,92	71,80	42,71	36,84
Personal loans	22,75	20,04	6,18	4,27	24,22	24,51	58,35	56,99	77,12	76,73	74,69	73,43
Card	16,81	17,57	4,67	4,36	55,20	49,58	20,44	34,64	70,12	76,47	67,08	69,40
Other loans	12,80	11,17	1,95	1,66	29,36	27,51	30,00	50,00	78,33	79,11	77,10	77,78
Total Retail	5,54	5,73	1,28	1,10	10,61	11,94	19,13	21,31	57,16	54,84	46,76	40,28
Business Banking	2,05	2,61	0,34	0,54	3,43	3,68			26,10	22,66	26,10	22,66
Total RBB	4,83	5,09	1,08	0,99	9,11	9,48	19,13	21,31	50,67	46,44	43,43	37,35

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Home loans	147 005	136 703	125 083	113 190	14 407	14 268	2 272	3 359	5 243	5 886	7 515	9 245
VAF	125 250	118 103	101 647	94 781	16 839	13 552	2 996	6 820	3 768	2 950	6 764	9 770
Personal loans	26 687	24 274	17 563	16 307	3 625	3 440	713	758	4 786	3 769	5 499	4 527
Card	16 040	16 474	12 714	12 658	1 087	1 545	137	384	2 102	1 887	2 239	2 271
Other loans	3 273	2 963	2 662	2 468	218	189	10	14	383	292	393	306
Total Retail	318 255	298 517	259 669	239 404	36 176	32 994	6 128	11 335	16 282	14 784	22 410	26 119
Business Banking	82 046	76 868	68 191	57 659	9 559	13 988			4 296	5 221	4 296	5 221
Total RBB	400 301	375 385	327 860	297 063	45 735	46 982	6 128	11 335	20 578	20 005	26 706	31 340

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Home loans	2 404	2 766	240	257	487	724	207	362	1 470	1 423	1 677	1 785
VAF	6 043	6 250	1 346	1 097	1 808	1 554	518	1 481	2 371	2 118	2 889	3 599
Personal loans	6 071	4 864	1 086	697	878	843	416	432	3 691	2 892	4 107	3 324
Card	2 696	2 894	594	552	600	766	28	133	1 474	1 443	1 502	1 576
Other loans	419	331	52	41	64	52	3	7	300	231	303	238
Total Retail	17 633	17 105	3 318	2 644	3 837	3 939	1 172	2 415	9 306	8 107	10 478	10 522
Business Banking	1 683	2 008	234	310	328	515			1 121	1 183	1 121	1 183
Total RBB	19 316	19 113	3 552	2 954	4 165	4 454	1 172	2 415	10 427	9 290	11 599	11 705

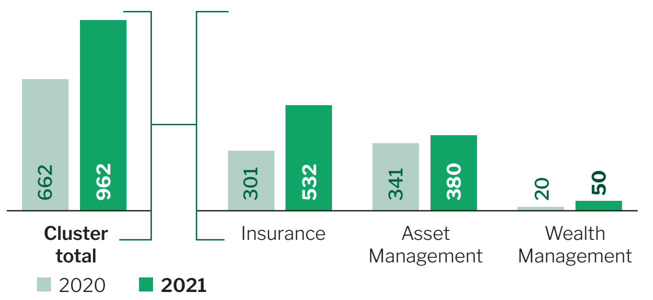
Income statement impairments

	Income statement impairments charge[1,2] Rm		Stage 1 Rm		Stage 2 Rm		Stage 3 Rm		Interest on impaired advances Rm		Post-write-off recoveries Rm	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Home loans	(129)	842	(5)	14	(199)	179	205	776	(75)	(82)	(55)	(45)
VAF	1 727	3 014	307	375	274	212	1 745	2 917	14	(42)	(613)	(448)
Personal loans	2 536	2 460	389	92	59	358	3 173	2 927	(792)	(653)	(293)	(264)
Card	1 059	1 473	36	(56)	(166)	455	1 611	1 411	(34)	(58)	(388)	(279)
Other loans	146	104	13	16	11	1	172	133	(29)	(25)	(21)	(21)
Total Retail	5 339	7 893	740	441	(21)	1 205	6 906	8 164	(916)	(860)	(1 370)	(1 057)
Business Banking	(167)	853	(83)	87	(207)	366	150	415	(6)	5	(21)	(20)
Total RBB	5 172	8 746	657	528	(228)	1 571	7 056	8 579	(922)	(855)	(1 391)	(1 077)

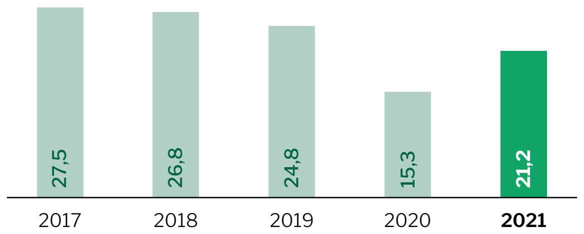
[1] *Impairment charge and resultant CLR include charges housed centrally within RBB.*
[2] *The income statement charge includes the charge associated with unutilised balances.*

Nedbank Wealth

Headline earnings
(Rm)



Return on equity
(%)



Financial highlights
for the year ended 31 December

	Change %	2021	2020
Headline earnings (Rm)	45	**962**	662
NII (Rm)	(3)	**866**	897
Impairments charge (Rm)	(87)	**28**	208
NIR (Rm)	15	**3 788**	3 303
Operating expenses (Rm)	7	**3 280**	3 061
ROE (%)		**21,2**	15,3
ROA (%)		**1,18**	0,81
CLR – banking advances (%)		**0,09**	0,64
NIR to total operating expenses		**115,5**	107,9
Cost-to-income ratio (%)		**70,5**	72,9
Interest margin (%)		**1,44**	1,51
Assets under management (Rm)	13	**424 329**	374 546
Life assurance embedded value (Rm)	12	**4 039**	3 606
Life assurance value of new business (Rm)	14	**322**	283
Total assets (Rm)	1	**80 986**	80 244
Average total assets (Rm)		**81 673**	81 428
Total advances (Rm)	(3)	**30 273**	31 133
Average total advances (Rm)	(4)	**30 978**	32 134
Total deposits (Rm)		**43 840**	43 945
Average total deposits (Rm)	(2)	**44 070**	45 170
Average allocated capital (Rm)	5	**4 528**	4 327

Financial performance

Nedbank Wealth reported a strong recovery from the impact of Covid-19 in the prior year, delivering growth in HE of 45% to R962m, with an ROE of 21,2%, above the group's cost of equity. Insurance results were positively impacted by a significant market rebound, offset by higher claims in the life portfolio. Asset Management delivered a robust performance on the back of strong growth in AUM. Wealth Management (SA) recorded a substantial growth in earnings largely due to lower credit impairments. Wealth Management (International) earnings were negatively impacted by record-low USD and GBP interest rates, partially offset by strong growth in investment business lines.

NII declined by 3% to R866m due to record-low interest rates both locally and internationally, which led to NIM contracting to 1,44% from 1,51% in the prior year.

CLR improved significantly to 9 bps as a result of credit impairment releases due to a recovery on a large single client locally, and IFRS 9 model releases in the international business, on the back of an improved economic outlook.

NIR increased by 15% to R3 788m due to strong investment returns, the implementation of an enhanced asset-and-liability matching strategy and a reduced non-life claims ratio in Insurance, partially offset by an increase in death and funeral claims in the life portfolio. Asset Management further contributed to the strong growth in NIR, with positive net flows both locally and internationally and a rebound in markets. Higher investment fees in the local and international Wealth Management businesses, combined with an increase in foreign exchange income due to strong client activity in the international business, also led to an improved NIR.

Expenses increased by 7% off a low base in the prior year, due to investment in people and strategic initiatives. The cost-to-income ratio decreased to 70,5% (2020: 72,9%), due primarily to strong growth in NIR.

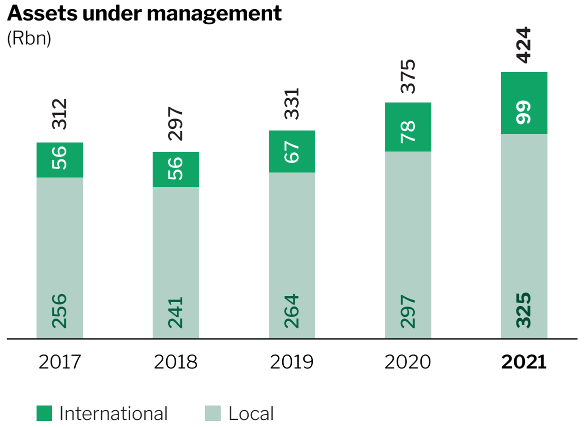
Strategic progress

Nedbank Wealth remains committed to providing market-leading client experiences, building data and digital capabilities, investing in people and culture, driving long-term performance for clients and collaborating across the Nedbank Group.

Insurance continued to focus on diversification and digitisation of solutions, with the business having made good traction on two new products launched in late 2021. MyCover, a personal lines solution with a total sum insured of almost R3bn, and MyCover Life, a semi-underwritten life solution with a total sum assured of more than R3bn. MyCover and MyCover Life are both available on various digital channels, Nedbank call centres, Nedbank branches and through risk consultants. The business has extended its insurance quoting, fulfilment and claims functionality on digital channels to 10 Insurance product offerings. Nedbank Insurance aims to further improve sales through digital and in-branch campaigns in collaboration with Nedbank Group partners.

Asset Management experienced solid growth in AUM, with good traction in the key multi-asset, cash, global and passive ranges. According to the Q4 2021 ASISA stats, Nedgroup Investments ranked fifth largest in total AUM locally with a 7% market share, and third largest in total AUM internationally, maintaining its 12% market share. The Best of Breed range has shown steady growth, with R270bn in AUM locally and $5,2bn in AUM internationally. The Nedgroup Investments SA multi-asset fund range (Flexible Income, Opportunity, Stable and Balanced funds) and global range continue to perform well and present opportunities for further growth. The business has focused on digital automation, with more than 80% of transactions now automated. Furthermore, the 2021 edition of the Nedgroup Investments Responsible Investments Research Report, which assessed 25 local and 21 global asset managers on their ESG efforts, has been published and is a further step in the business's journey towards becoming one of the leaders in responsible investing. This is the second report since the inaugural publication in 2020.

Assets under management
(Rbn)



Wealth Management (SA) continued to optimise its business structure and operations to enhance client experiences through improved segment-specific client value propositions, a single distribution business and digitisation of key processes. In line with current trends, the business has experienced an increase in digital activity on the Nedbank Private Wealth app, with 41% more interactions yoy. The app, which offers integrated local and international banking capabilities, has an average rating of 4,6 on the Apple and Google app stores. Wealth Management (SA) has made good progress in collaborating with Nedbank Group partners to increase cross-sell opportunities and continues to work closely with Nedbank Private Wealth (International) to enhance the integrated high-net-worth client experience and increase flows. In the 2022 Euromoney Private Banking and Wealth Management Survey, Nedbank Private Wealth (SA) took top honours in SA in the Family Governance/Succession Planning category.

Wealth Management (International) has made steady progress on digital innovation and adoption, with the business deploying digital signatures to improve client experience and help reduce its carbon footprint, with eKYC technology to follow in the coming months. Visa self-service functions have been incorporated in online wealth services to improve security and combat fraud. Nedbank Private Wealth (International) has won Best Boutique Private Bank for the third consecutive year and Best Private Bank, Overall Service at the 2021 WealthBriefing Middle East and North Africa (MENA) Awards. In 2021 Nedbank Private Wealth achieved an NPS of 42%, which is higher than the industry benchmark of 38%.

Nedbank Private Wealth (International) has signed an agreement to sell its Channel Islands trust businesses, Nedgroup Trust Limited (Guernsey) and Nedgroup Trust Limited (Jersey), to Suntera Global, an independent global provider of fund,

Looking forward

On the back of a solid market rebound, strong JSE growth and a significant improvement in the credit environment in 2021, Nedbank Wealth expects moderate market growth and an improved interest rate environment in 2022, both locally and internationally. The volume of death and funeral claims in Insurance will depend on the impact of possible future Covid-19 waves, as well as progress made on the national vaccination programme. The business will continue to focus on attracting positive net flows into Asset Management and growing the high-net-worth client base in Wealth Management SA and International. Nedbank Wealth expects an increase in expenses due to the continued investment in strategic growth initiatives across the business.

Insurance will focus on enhancing client experiences, growing the MyCover portfolio, improving data capabilities, expanding its mobile and digital offerings, and collaborating within the group to increase client penetration. Nedbank Insurance products, including MyCover Funeral and MyCover Life, will be available on the Eclipse platform during 2022.

Asset Management remains committed to delivering long-term investment performance, acting in the best interest of clients, and taking further steps towards becoming a leader in responsible investing. The business will continue to integrate with the Nedbank Money app and other online digital channels.

Wealth Management (SA) will focus efforts on entrenching its market presence as an advice-led business that connects client's wealth and developing digital assets to create efficiencies and enhance client experiences. In addition, the business will continue to optimise its structure and operations to remain future-fit and aligned with client needs. Collaboration with the Nedbank Group will be paramount to increasing client penetration and providing a full spectrum of services for high-net-worth clients.

Wealth Management (International) will continue to raise its profile within the client base and collaborate with the local business to provide an integrated, holistic high-net-worth client experience. The business is committed to simplifying the technology landscape by investing in solutions, with a specific focus on digital, data, integration and automation.

corporate and private-wealth services. This transaction is subject to regulatory approval and is expected to be completed by no earlier than 31 March 2022. This will enable Nedbank Private Wealth to focus on its core business of investment management, wealth planning, lending and banking.

Segmental performance

Insurance

The life insurance industry continues to be severely impacted by Covid-19-related death claims, while non-life claims have improved compared to the prior year. Insurance experienced an increase in HE of 77% to R532m, due primarily to improved investment performance as a result of a rebound in markets, and a better non-life claims experience. The business also benefited from the implementation of an enhanced asset-and-liability matching strategy in 2021 to minimise the impact of future interest rate moves on earnings. The life portfolio has been substantially impacted by an increase in death and funeral claims due to the pandemic, and includes reserves raised for the next Covid-19 wave.

Life EV increased by 12% to R4 039m due to higher profits as a result of a better-than-expected retrenchment claims experience, offset by increased mortality rate and higher dividends compared to prior year. VNB improved by 14% to R322m due to a significant increase (20%) in new business volumes, off a low base in the prior year. Non-life GWP increased by 3% toR1 113m owing to higher average premium increases and improved pricing on the existing portfolio.

Asset Management

The asset management industry continues to experience pressure on fees due to the shift to cash and lower-margin asset classes. Notwithstanding this, AUM increased by 13% to R424bn, supported by positive net flows of R7bn. The business delivered strong HE of R380m, up by 12% due to a solid overall performance, strict expense control and growth in market share.

Wealth Management

The wealth management industry continues to be impacted by low interest rates and cautious investor sentiment both locally and internationally. Overall, Wealth Management's HE improved by >100% to R50m, driven mainly by credit impairment recoveries and an increase in NIR, partially offset by a reduction in NII due to the low-interest-rate environment.

Wealth Management (SA) benefited from credit impairment releases due to a recovery on a large single client. In addition, the business recorded improved margins, an increase in banking and investment management fees, and higher new-business volumes in financial planning. This was offset by lower brokerage income, off a high base in the prior year, and continued delays in the winding up of estates due to the impact of Covid-19 on the Master's Office.

Wealth Management (International) earnings were impacted by record-low USD and GBP interest rates, resulting in lower NII, with lending balances remaining steady compared to the prior year. The business has maintained good growth in AUM and AUA due to strong inflows and a focus on client retention, resulting in solid growth rates as markets have rallied. NIR increased due to strong growth in AUM and AUA, partially offset by lower foreign exchange fees, off a high base in the prior year.

Favourable	Unfavourable
• Credit impairment recoveries. • Significant market rebound. • Strong AUM net flows. • Enhanced asset and liability matching strategy. • Numerous awards received during the year. • Low non-life claims ratio. • Increased digital activity. • Launch of MyCover and MyCover Life products.	• Significantly higher death and funeral claims. • Competitive lending environment, particularly in the international business. • Low US and UK interest rate environment impacting NII.

Assets under management

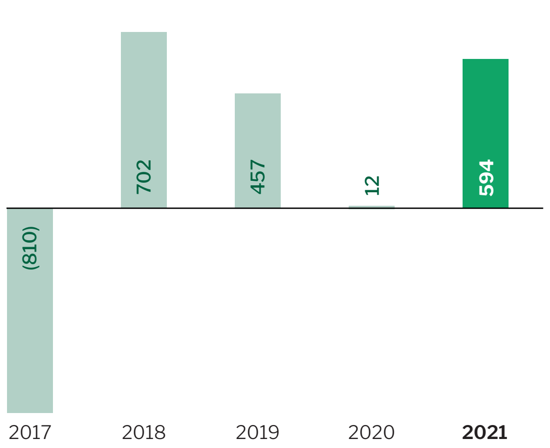
Rm	2021	2020
Fair value of funds under management – by type		
Unit trusts	359 404	314 539
Third party	1 105	957
Private clients	63 820	59 050
	424 329	374 546
Fair value of funds under management – by geography		
SA	325 318	296 971
Rest of the world	99 011	77 575
	424 329	374 546

Rm	Unit trusts	Third party	Private clients	Total
Reconciliation of movement in funds under management – by type				
Opening balance at 31 December 2020	314 539	957	59 050	374 546
Inflows	675 612	13	6 647	682 272
Outflows	(666 918)	(32)	(8 129)	(675 079)
Mark-to-market value adjustment	29 483	95	5 711	35 289
Foreign currency translation differences	6 688	72	541	7 301
Closing balance – 31 December 2021	359 404	1 105	63 820	424 329

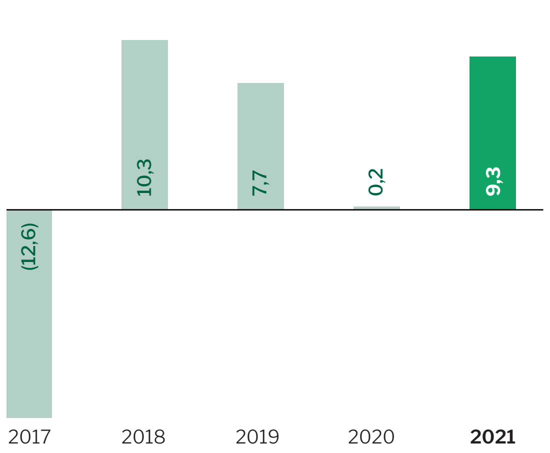
Rm	SA	Rest of the world	Total
Reconciliation of movement in funds under management – by geography			
Opening balance at 31 December 2020	296 971	77 575	374 546
Inflows	668 816	13 456	682 272
Outflows	(665 345)	(9 734)	(675 079)
Mark-to-market value adjustment	24 876	10 413	35 289
Foreign currency translation differences		7 301	7 301
Closing balance – 31 December 2021	325 318	99 011	424 329

Nedbank Africa Regions

Headline earnings
(Rm)



Return on equity
(%)



Financial performance

HE of the Nedbank Africa Regions (NAR) business was up by greater than 100%, with performance largely driven by ETI. Overall, NAR HE was up from R12m in 2020 to R594m in 2021, with ROE improving from 0,2% in 2020 to 9,3% for 2021. Although positive, ROE was below our ambition of greater than COE. The results reflect a muted performance from the SADC subsidiaries and an improvement in ETI's performance.

The main drivers of the performance were the decline in impairments by 62% and an increase in NII of 14% to R1 448m. Despite an improved H2 2021, NIR for full-year 2021 declined by 2% due to lower client transactional activity. Given the further depreciation of the Zimbabwean dollar and slowing inflation, NAR reported a net monetary loss of R138m (2020: R205m loss).

Average total advances grew by less than 1% to R22,5bn, while average total deposits grew by 6% to R34,4bn. NIM improved to 4,20% from 3,85% in 2020. Despite sluggish growth in loans and advances, NII growth was driven by high lending rates in Zimbabwe, coupled with increased investments in high-interest yielding assets, as well as lower cost of funds in Mozambique.

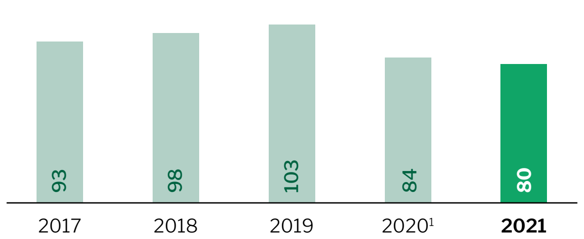
NIR declined marginally by 2% to R1 431m due to subdued transactional activity and lower foreign exchange translation gains. The third wave of the pandemic in H1 2021 saw extended lockdowns across the regions we have a presence in, which resulted in lower economic activity.

The impairment charge declined by 62% to R168m as economic conditions improved during 2021 with improved collections and recoveries. CLR decreased to 72 bps (2020: 185 bps), which is also below 2019 levels (101 bps).

Expenses increased by 9% to R2 535m mainly due to hyperinflationary pressures in Zimbabwe. Excluding Zimbabwe, NAR expenses were well managed and up by only 3% to R2 088m off a low base in the prior year. Headcount decreased by 2% to 2 309 as we focused on managing overall costs, but at the same time filling key vacancies. NAR's cost-to-income ratio decreased to 70,8% from 75,9% in the prior period.

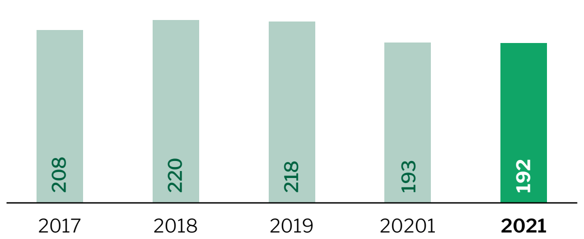
Associate income, relating to the group's 21% shareholding in ETI for the period, increased significantly to R686m in 2021 from a R178m loss in 2020, including a goodwill impairment. This includes accounting for our share of ETI's Q4 2020 and 9M 2021 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear). The total effect of ETI on the Nedbank Group's HE was a profit of R523m (2020: R153m), including a R245m impact of funding costs. The ETI Board has recommended a dividend of USD 0.16 cents per share (circa US$40m), which will be presented to shareholders for approval at the upcoming AGM.

Branches



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

ATMS



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

Strategic progress

Our strategy on the continent remains to own, manage and control banking operations in the SADC and East Africa, and to give our clients access to a banking network in West and Central Africa regions through our strategic associate investment in the pan-African banking group ETI, which has subsidiaries in 33 African countries. As part of the Ecobank–Nedbank alliance, Nedbank Group offers clients access to the widest banking network in Africa, with a presence in 39 countries on the continent. 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 opportunities arise.

We are continuing to transform the NAR business to ensure readiness for the future and to also ensure we get our fair share of revenue pools. As part of portfolio optimisation, we have made good progress in integrating the Mozambican business into the group, so that we can leverage our enterprise capabilities to unlock value. Having increased our stake in the business to 87,5% in H1 2020, in June 2021 we rebranded Banco Único as Nedbank Mozambique. Operating as Nedbank in Mozambique has served as a catalyst in addressing opportunities in growth sectors.

We have made progress in reconfiguring the Zimbabwe business and the impact of monetary loss due to hyperinflation has reduced. As of 9 February 2022, Nedbank Zimbabwe completed its recapitalisation to ensure that the bank complies with the minimum capital requirement of a Zimbabwe dollar equivalent of US$30m as required by the Reserve Bank of Zimbabwe. Nedbank and Old Mutual Zimbabwe, the main shareholders, took up the capital issue on a pro rata basis. As part of optimisation and improving efficiency, the bank closed three branches in 2021 and has continued its transformation to be more digital and automated, with a special focus on wholesale and transactional banking, trade finance and cash management.

We are also transforming and reimagining the NAR business to be more digital, automated, more competitive and more client obsessed. In 2021, digitally active clients across NAR made up 54% of the total active client base. The Nedbank Money App (Africa) has proven to be the channel of choice in Namibia, Lesotho and Eswatini, with payment and transfer volumes up 35% yoy and value-added services (airtime, data, prepaid electricity, etc) maintaining a steady upward trajectory of 26% yoy. A total of 29 new functionalities and enhancements were deployed on the app in 2021. Nedbank Zimbabwe and Mozambique each have their unique apps, called Nedbank Mobile and Nedbank Mobile Banking respectively.

Financial highlights

	Change %	Nedbank Africa Regions		SADC		ETI	
		2021	2020	2021	2020	2021	2020
Headline earnings (Rm)	>100	594	12	71	(141)	523	153
NII (Rm)	14	1 448	1 274	1 693	1 549	(245)	(275)
Impairments charge (Rm)	(62)	168	437	168	437		
NIR (Rm)	(2)	1 431	1 454	1 431	1 454		
Operating expenses (Rm)	9	2 535	2 325	2 535	2 325		
Associate income[1]	>100	686	(178)			686	(178)
ROE (%)[2]		9,3	0,2	1,3	(2,6)	67,8	14,0
ROA (%)		1,41	0,03	0,20	(0,42)	7,62	2,09
Return on cost of ETI investment (%)		11,0	5,6			11,0	5,6
CLR (%)		0,72	1,85	0,72	1,85		
NIR to total operating expenses		56,4	62,5	56,4	62,5		
Cost-to-income ratio (%)		70,8	75,9	81,1	77,8		
Interest margin (%)		4,20	3,85	5,68	5,42		
Total assets (Rm)	4	42 847	41 089	40 575	38 909	2 272	2 180
Average total assets (Rm)	1	39 235	38 739	37 070	36 004	2 165	2 735
Total advances (Rm)	(9)	21 243	23 233	21 243	23 233		
Average total advances (Rm)		22 469	22 409	22 469	22 409		
Total deposits (Rm)	5	35 054	33 294	35 054	33 294		
Average total deposits (Rm)	6	34 413	32 470	34 413	32 470		
Average allocated capital (Rm)	(1)	6 385	6 471	5 614	5 366	771	1 105

[1] *Associate income on an IFRS basis is R686m (Dec 2020: R178m loss) as IFRS requires associate income to be presented net of our share of ETI's goodwill impairment of R13m (Dec 2020: R528m). Our share of ETI's goodwill impairment is excluded from HE.*

[2] *December 2021 ROE on subsidiary in-country statutory capital is 5,2% with Namibia 7,6% (2020: 4,1%); Eswatini 14,0% (2020: 9,2%); Lesotho 5,3% (2020: 5,1%); Zimbabwe 26,9% (2020: 6,8%); Nedbank Mozambique 5,4% (2020:-4,5%).*

We received the following awards in 2021:

- Best Internet Banking Africa and Best Mobile Banking Africa for 2021, awarded by *International Business Magazine*.
- Best Bank for Digital Banking Services in Lesotho for 2021, awarded by *the Global Banking & Finance Review* (Nedbank Lesotho).
- Most Innovative Retail Banking App in Eswatini for 2021, awarded by *Global Banking & Finance Review* (Nedbank Eswatini).

Nedbank Mozambique won four awards:

- Digital Banking Brand of the Year Mozambique in 2021, awarded by *Global Banking & Finance Review*,
- Most Innovative Digital Branch Design in Mozambique for 2021, for the Business Lounge by Nedbank Mozambique, awarded by *Global Banking & Finance Review*,
- Best Digital Transformation Bank in Mozambique for 2021, awarded by *International Finance Magazine*.
- Best Digitally Re-engineered and Rebranded Bank in Mozambique for 2021, awarded by *International Finance Magazine*.
- Nedbank Zimbabwe was recognised as the first runner-up for Best Digital Innovation in the Banks and Banking Survey 2021.

Nedbank's bold aspiration is to be rated #1 in client experiences in most markets in which we operate. To deliver improved client experiences across the NAR business, we rolled out the Service Excellence programme to all NAR employees in H1 2021. In 2021, we achieved improvements in many key client metrics. During 2021 Namibia and Mozambique businesses achieved the highest NPS in their respective markets, while four of our businesses (Lesotho, Mozambique, Namibia and Zimbabwe) achieved #2 position for net sentiment in their markets. Nedbank Eswatini, Namibia and Zimbabwe also have the highest loyalty score in their markets.

In ETI our focus remains to increase the value of our investment. We are working through our representation on the board to ensure an appropriate focus on capital, liquidity and growth to underpin value creation. We are collaborating with the other major shareholders to resolve the challenges in Ecobank Nigeria so that we can unlock shareholder value. We are continuing to work with the ETI team to increase business flows across the two businesses.

Looking forward

Economic growth in sub-Saharan Africa is forecast to accelerate slightly to 3,7% in 2022 and rise further in 2023. For 2022, we expect to build on the improved businesses performance in 2021. Of course, risks remain - new Covid-19 variants and socioeconomic and political issues across the continent may still negatively impact African economies, and in turn our business performance. The ongoing unrest in Eswatini is something we are continuingly monitoring for its impact on the economy in the country. In Mozambique, even as SADC forces have helped stabilise the areas affected by jihadist insurgents, there remains a risk if the main causes of the attacks are not addressed. Stabilisation will facilitate the resumption of construction operations at the liquefied-natural-gas fields. Other issues to consider include the impact of inflationary pressures due to global supply challenge and the renewed monetary policy tightening by central banks and its impact on the population. Rising commodity prices on the other hand will also likely benefit commodity-driven economies.

Performance in the SADC operations for 2022 is expected to continue to improve yoy. We expect yoy improvements in revenue (NIR and NII) and normalised impairment charges, while continuing to manage overall expenses. From an ETI perspective, the recovery is expected to continue, especially from the three core regions, as evident in their recently released FY 2021 results.

Our key focus areas for 2022 are the following:

- Accelerating the implementation of our Africa digital growth strategy, leveraging our group capabilities.
- Maximising growth opportunities in Mozambique on the back of our increased stake in the business and the successful rebranding of the business, focusing on the key sectors of energy, agriculture and agro-processing.
- Continuing the transformation of our NAR business and operating model for overall efficiency, while driving overall growth to achieve scale.
- Increasing business flows while working with the other major ETI shareholders to resolve challenges in Ecobank Nigeria to increase shareholder value.

Nedbank is committed to the long-term and profitable growth of our NAR business. 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 returns earnings to closer to our ambition of ROE>COE.

Segmental performance

SADC operations

Our SADC operations generated an HE of R71m, up by >100% from a loss of R141m in 2020. The business achieved these results even though the Namibian economy has been in recession over the past few years, as well as hyperinflation in Zimbabwe, the ongoing unrest in Eswatini and the slowdown in the economies across the region that was exacerbated by the extended Covid-19-related lockdowns. HE in SADC operations, excluding Zimbabwe, improved from a loss of R193m in 2020 to a loss of R12m. HE in the Zimbabwe business increased to R84m from R53m in 2020.

NIR in SADC operations declined by 2% to R1 431m, with NII increasing by 9% to R1 693m (2020: R1 549m). The impairment charge declined by 62% to R168m as economic conditions improved during 2021, improved collections and recoveries, and subdued growth in the loan portfolio. CLR decreased to 72 bps (2020: 185 bps), which is also below 2019 levels (101 bps), which is at the lower end of its TTC target range of 75 bps to 100 bps.

Clients – The overall number of clients in the NAR business grew by 1% in 2021 to 337 860 (2020: 334 000) with the growth rate impacted by bulk closure of small-business tobacco farmer accounts in Zimbabwe that were dormant due to their seasonal usage. Altogether, 42% of these are main-banked clients.

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 for our business. We reduced our branches by 5% to 80 and ATMs by 1% to 192. As we tilt to become more digital, new investments into our physical presence are limited to high-growth micro-markets and the minimum presence that regulation requires. We have also focused on growing our point-of-sale (POS) devices across the region. We have grown the number of POS devices by 9% to 9 574 (2020: 8 780), resulting in an increase in card-acquiring turnover of 21% to R14,3bn (2020: R11,7bn) with NIR up 23% to R175m (2020: R142m). The number of merchant devices in NAR now make up 9,5% of the Nedbank devices across the group.

ETI associate investment

ETI's financial recovery continued, resulting in an increase in Nedbank HE of >100% to R523m (2020: R153m), including the R245m (R177m post-tax) impact of funding costs. Associate income increased significantly from a loss of R178m in 2020 to R686m in 2021, which is also higher than its 2019's performance of R668m. Overall, ETI achieved solid revenue growth despite pandemic-induced headwinds.

ETI's performance was driven by the following:

- Strong financial performance and solid returns registered in its three core regions, namely Francophone West Africa (UEMOA), Anglophone West Africa (AWA) and Central, Eastern and Southern Africa (CESA). Ecobank is a market leader in six countries and among the top three in 16 countries where it does business.
- Continued stabilisation of the Nigerian business. Although it is profitable, Ecobank Nigeria's performance remains suboptimal. Its NPL levels reduced to 16,3% (2020: 19,9%) although still elevated. In December 2021, ETI reported further reduction in NPLs by $66m as asset quality metrics improved. The improvement was predominantly driven by recoveries of $32m in the resolution vehicle (RV).

Ecobank's strengths include management experience, number of clients, technology, digital platforms and geographic footprint. Its focus is on growing the business and to remain at the forefront of trade, payments, remittances and financial inclusion by continually leveraging technology and appropriate partnerships. To improve its operational and financial performance, it has restructured its businesses in Nigeria and the CESA regions, implementing a suite of efficiency initiatives, including closing physical branches and reducing headcount. The firm's cost base has been reset through stringent cost management, operational discipline, and overall strategy of manufacture centrally' and distribute locally, which has begun delivering efficiency gains.

The majority of CESA countries delivered returns above the cost of equity and had a robust return profile driven by strong net interest income growth and fees and commission income across payments and trade. Macro headwinds in Zimbabwe are progressively improving. From a Nigeria perspective, there are signs of a turnaround from successful cost reduction efforts, a focused NPL recovery strategy and conservative lending. In December 2021, the business reported that profit before tax increased by $19m to $54m and had an ROE of 6,9%. The turnaround strategy is in progress, supported by improvement in asset quality metrics, while capital and funding have been strengthened, with successful local tier 2 issuance in 2020 and senior issuance of US$300m Eurobonds in Feb 2021. Nigeria holds upside future potential for the Ecobank Group, given it's the largest market in sub-Saharan Africa for the group. The business has made progress in managing costs, portfolio issues are more under control and the business now has improved capital.

ETI is focusing on delivering returns above the cost of equity. The group has been focusing on improving business performance by regions. The group reported strong profitability across most regions. ROEs were 21,4%, 24,9%, 22,2% and 6,9% for UEMOA, AWA, CESA and Nigeria respectively. Focus has been on entrenching the leadership positions in UEMOA and AWA, which is reflected in the strong financial performance across both regions. CESA's ROE has improved following restructuring exercises. Although still profitable, Nigeria's performance remains suboptimal and a drag on the group's overall financial performance and returns. ETI has achieved a material improvement in capital position – total CAR was up, at 14,5% (estimated ratio published by ETI in February 2022) on 31 December 2021 (2020: 12,3%). The firm's capital metrics have improved since 2019 continuing to meet increasing requirements.

Favourable	Unfavourable
• Good liquidity and capital positions across subsidiaries. • Excellent growth in digitally active clients. • Increasing recognition for digital progress resulting in many awards. • Strong and growing returns from ETI's three core regions. • Significant improvement in associate income from ETI. • Top 2 in brand sentiment score in four of the markets we operate in. • Leading net promoter scores in Namibia and Mozambique. • Significant reduction in impairments. • Well managed expenses.	• Zimbabwe affected by hyperinflation, resulting in a monetary loss, albeit improving. • SADC subsidiaries negatively impacted by Covid-19 and socio-political issues. • Low but improving return on equity. • Growing market share of revenue pools, but still sub-scale. • Low growth in main banked clients. • Ecobank Nigeria (ENG) improved but performance remains suboptimal.

Geographical segmental reporting

for the year ended 31 December

Rm	Nedbank Group		South Africa[1]		Nedbank Africa Regions[2]		Rest of the world	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Summary of consolidated statement of financial position								
Assets								
Cash and cash equivalents	**44 586**	41 382	**34 563**	32 642	**8 075**	6 813	**1 948**	1 927
Other short-term securities	**60 037**	52 605	**34 459**	27 702	**5 050**	3 639	**20 528**	21 264
Derivative financial instruments	**39 179**	80 325	**39 099**	80 173	**1**	33	**79**	119
Government and other securities	**150 498**	132 221	**148 722**	131 277	**1 773**	827	**3**	117
Loans and advances	**831 735**	843 303	**767 051**	777 395	**21 243**	23 233	**43 441**	42 675
Other assets	**95 019**	78 301	**84 717**	68 589	**4 285**	3 811	**6 017**	5 901
Intergroup assets	**–**	–	**(2 420)**	(2 733)	**2 420**	2 733		
Total assets	**1 221 054**	1 228 137	**1 106 191**	1 115 045	**42 847**	41 089	**72 016**	72 003
Equity and liabilities								
Total equity	**109 511**	100 444	**89 896**	81 974	**6 385**	6 471	**13 230**	11 999
Derivative financial instruments	**36 042**	65 130	**35 956**	65 004	**10**	39	**76**	87
Amounts owed to depositors	**971 795**	953 715	**878 759**	854 767	**35 054**	33 294	**57 982**	65 654
Provisions and other liabilities	**45 547**	49 078	**43 341**	46 924	**971**	967	**1 235**	1 187
Long-term debt instruments	**58 159**	59 770	**57 732**	59 452	**427**	318		
Intergroup liabilities	**–**	–	**507**	6 924			**(507)**	(6 924)
Total equity and liabilities	**1 221 054**	1 228 137	**1 106 191**	1 115 045	**42 847**	41 089	**72 016**	72 003
Summary of consolidated statement of comprehensive income								
NII	**32 500**	30 081	**30 296**	27 703	**1 448**	1 274	**756**	1 104
NIR	**25 027**	24 140	**22 289**	21 559	**1 431**	1 454	**1 307**	1 127
Share of income of associate companies	**799**	452	**100**	115	**699**	337		
Total income	**58 326**	54 673	**52 685**	49 377	**3 578**	3 065	**2 063**	2 231
Impairments charge on financial instruments	**6 534**	13 127	**5 810**	11 815	**168**	437	**556**	875
Net income	**51 792**	41 546	**46 875**	37 562	**3 410**	2 628	**1 507**	1 356
Total operating expenses	**33 639**	31 772	**30 146**	28 576	**2 535**	2 325	**958**	871
Zimbabwe hyperinflation	**138**	205			**138**	205		
Indirect taxation	**1 073**	1 148	**979**	1 065	**72**	64	**22**	19
Profit before direct taxation	**16 942**	8 421	**15 750**	7 921	**665**	34	**527**	466
Direct taxation	**4 104**	1 994	**4 100**	1 986	**(26)**	(30)	**30**	38
Profit after taxation	**12 838**	6 427	**11 650**	5 935	**691**	64	**497**	428
Profit attributable to non-controlling interest	**1 149**	987	**1 052**	935	**97**	52		
Headline earnings/(losses)	**11 689**	5 440	**10 598**	5 000	**594**	12	**497**	428

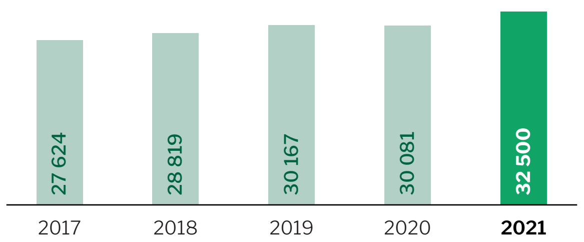
[1] *Includes all group eliminations.*

[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 R41,5bn (December 2020: R34,0bn).*

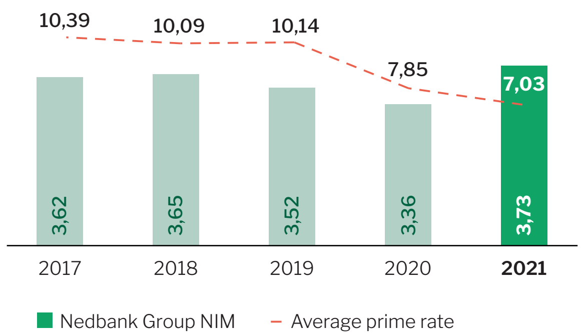
Income statement analysis

1 Net margin analysis

Net interest income
(Rm)

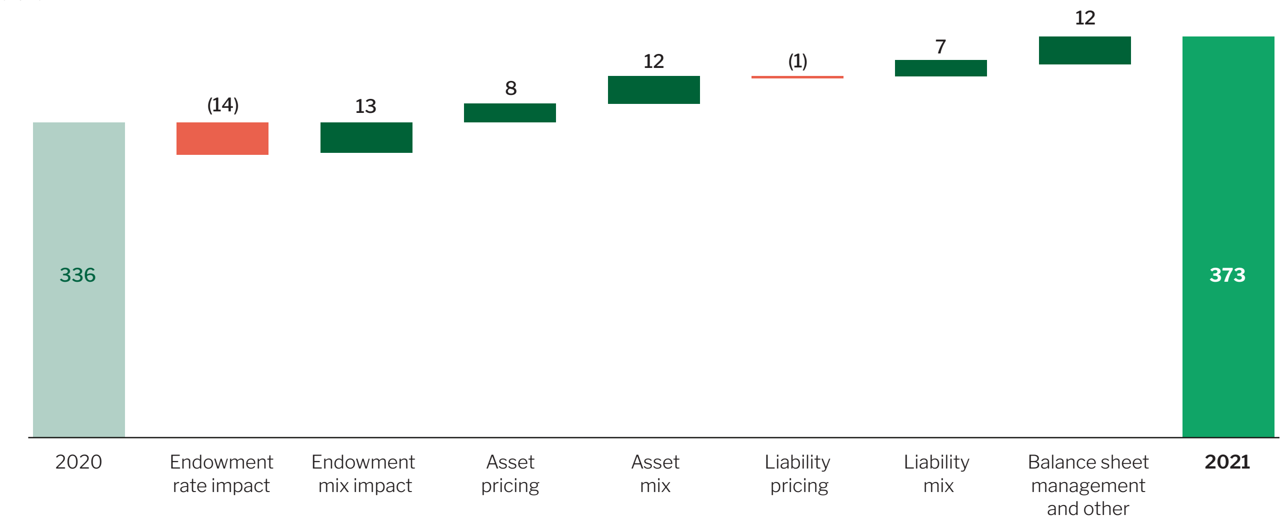


Interest margin trends versus prime rate
(%)



Nedbank Group	2021 Bps	2021 Rm	2020 Bps	2020 Rm
Closing average interest-earning banking assets (year-to-date average)		870 382		895 880
Opening NIM/NII	336	30 081	352	30 167
Growth in banking assets		(856)		1 333
Endowment	(1)	(111)	(24)	(2 128)
Endowment rate impact	(14)	(1 293)	(32)	(2 821)
Endowment mix impact	13	1 182	8	693
Asset margin pricing and mix	20	1 744	14	1 237
Impact due to pricing	8	683	15	1 357
Impact due to mix change	12	1 061	(1)	(120)
Liability margin pricing and mix	6	504	(9)	(788)
Deposits pricing and mix	3	207	(9)	(742)
Impact due to pricing	(2)	(162)	(10)	(851)
Impact due to mix change	5	369	1	109
Impact of changes in the funding profile	3	297	–	(46)
Impact due to pricing	1	62		(28)
Impact due to mix change	2	235		(18)
Balance sheet management and other	12	1 138	3	260
Closing NIM/NII for the period	373	32 500	336	30 081

Net interest margin
(Bps)



Favourable	Unfavourable
• Endowment mix benefit largely due to strong growth in CASA deposits and capital levels due to higher earnings and the issuance of tier 1 capital instruments. • Improved asset pricing on new retail and commercial advances. • Positive asset mix changes due to higher-yielding retail advances growing faster than lower-yielding CIB advances. • Liability mix benefits as a result of stronger growth in higher-margin deposits relative to wholesale funding. • Stronger growth in higher margin Nedbank Africa Region businesses.	• Negative endowment rate impact due to the full run rate impact of the 2020 interest rate cuts. • Liability pricing pressure in highly competitive household and commercial deposit markets.

NII sensitivity

- At December 2021 the NII sensitivity of the group's banking book for a 1% parallel increase in interest rates, measured over 12 months, was 1,58% 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 577m 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 3,0% 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 0,39% (+R300m) of ordinary shareholders' equity, which is below the board's approved risk limit of 1,25%.

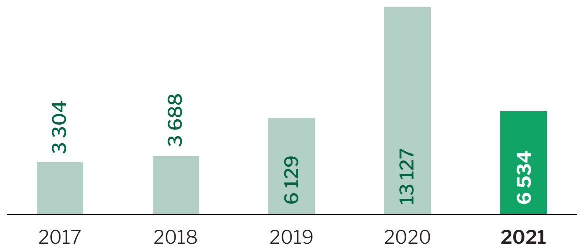
Average banking statement of financial position and related interest

	2021			2020		
	Average balance	Margin statement interest		Average balance	Margin statement interest	
Rm	Assets	Received	%	Assets	Received	%
Average prime rate			7,03			7,85
Assets						
Listed corporate bonds	22 236	1 287	5,79	28 138	1 912	6,80
Home loans (including properties in possession)	173 839	11 314	6,51	165 603	12 234	7,39
Commercial mortgages	187 550	12 516	6,67	186 240	13 834	7,43
Instalment debtors	134 137	12 199	9,09	128 006	12 559	9,81
Credit card balances	17 072	2 138	12,52	16 752	2 256	13,47
Overdrafts	21 316	1 576	7,39	23 554	1 933	8,21
Term loans and other[1]	195 198	11 357	5,82	236 647	15 147	6,40
Personal loans	28 454	5 528	19,43	25 963	5 330	20,53
Gross banking loans and advances	779 802	57 915	7,43	810 903	65 205	8,04
Impairment of loans and advances	(25 214)			(21 268)		
Government and other securities	76 635	6 837	8,92	64 884	5 623	8,67
Short-term funds and securities	39 159	1 020	2,60	41 361	1 472	3,56
Interest-earning banking assets	870 382	65 772	7,56	895 880	72 300	8,07
Other[2]	188 668			141 385		
Total assets	1 059 050	65 772	6,21	1 037 265	72 300	6,97
	Liabilities	Paid	%	Liabilities	Paid	%
Equity and liabilities						
Deposit and loan accounts	513 248	18 957	3,69	483 084	22 943	4,75
Current and savings accounts	140 660	523	0,37	127 150	663	0,52
Negotiable certificates of deposit	91 839	4 378	4,77	114 620	7 212	6,29
Other interest-bearing liabilities	104 440	5 465	5,23	104 982	6 683	6,37
Long-term debt instruments	58 278	3 949	6,78	61 035	4 718	7,73
Interest-bearing banking liabilities	908 465	33 272	3,66	890 871	42 219	4,74
Revaluation of FVTPL-designated liabilities	5 285					
Ordinary and minority shareholders' equity	103 619					
Other[3]	41 681			146 394		
Total shareholders' equity and liabilities	1 059 050	33 272	3,14	1 037 265	42 219	4,07
Interest margin on average interest-earning banking assets	870 382	32 500	3,73	895 880	30 081	3,36

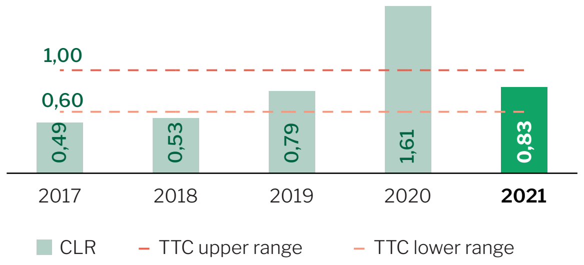
[1] *Includes term loans, preference shares, factoring debtors, foreign lending, loans to banks and other lending-related instruments.*
[2] *Includes cash and banknotes, derivative financial instruments, insurance assets, associates and investments, property and equipment, mandatory reserve deposits 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
(%)



Covid-19 restructured credit exposures in line with Directive 3/2020 and Directive 7/2015

Nedbank cluster/business unit	Restructured credit exposure transactions						GLAA, excluding trading book	Directive 3/2020 restructures as a % of cluster/business unit GLAA
	Directive 3/2020 restructures			Directive 7/2015 restructures				
2021	Total number	Exposure (Rm)	Impairments (Rm)	Total number	Exposure (Rm)	Impairments (Rm)	Exposure (Rm)	%
Corporate and Investment Banking	14	3 249	167	18	2 513	400	352 487	0,92
CIB, excl Property Finance	1	345	38	5	2 258	360	184 965	0,19
Property Finance	13	2 904	129	13	255	40	167 522	1,73
Retail and Business Banking	–	–	–	35 603	6 852	1 462	400 301	0,00
Business Banking				67	115	26	82 046	
Retail				35 536	6 737	1 436	318 255	
Wealth				29	194	67	30 729	
Nedbank Africa Regions				104	275	75	22 325	
Centre							1 112	
Group	14	3 249	167	35 754	9 834	2 004	806 954	0,40

Nedbank cluster/business unit	Restructured credit exposure transactions						GLAA, excluding trading book	Directive 3/2020 restructures as a % of cluster/business unit GLAA
	Directive 3/2020 restructures			Directive 7/2015 restructures				
2020	Total number	Exposure (Rm)	Impairments (Rm)	Total number	Exposure (Rm)	Impairments (Rm)	Exposure (Rm)	%
Corporate and Investment Banking	53	25 355	281	24	2 061	516	361 280	7,02
CIB, excluding Property Finance	19	18 160	250	6	1 792	433	190 891	9,51
Property Finance	34	7 195	31	18	269	83	170 389	4,22
Retail and Business Banking	15 241	2 051	189	59 073	10 540	2 196	375 385	0,55
Business Banking	61	179	4	257	448	51	76 868	0,23
Retail	15 180	1 872	185	58 816	10 092	2 145	298 517	0,63
Wealth	1	4		73	249	14	31 567	0,01
Nedbank Africa Regions	138	333	3	143	144	34	24 186	1,38
Centre							4 438	
Group	15 433	27 743	473	59 313	12 994	2 760	796 856	3,48

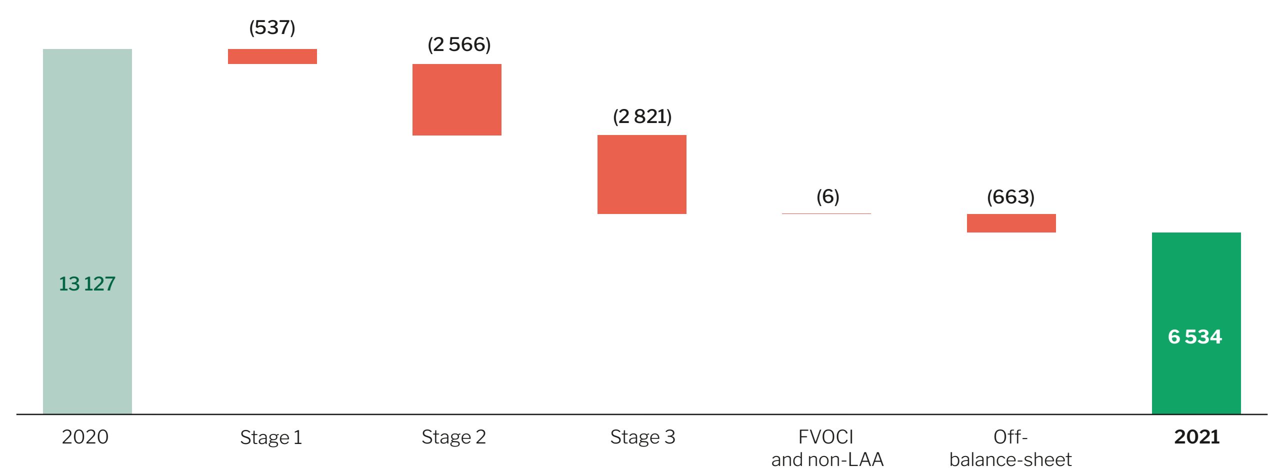
Favourable	Unfavourable
• The group's impairment charge has decreased to R6,5bn (Dec 2020: R13,1bn) as a result of an improved macro-economic environment and proactive credit risk management. • The central provision decreased to R500m (2020: R750m), driven by a release of overlays that were raised in the clusters. • The CLR decreased to 83 bps (2020: 161 bps) and returned to within the target range of 60 bps to 100 bps. • There were better-than-expected collection outcomes, a reduction in stage 3 loans as some clients cured and Directive 7/2015 (restructured) loans decreased.	• The Unsecured Lending impairment charge increased, driven by higher-than-anticipated risk emergence in the portfolio. • Retail overlays were raised for elevated risk in Card and for changes in the collection environment based on the DebiCheck implementation. • Amounts written off increased 10% to R8 139m (2020: R7 419m), offset by an increase in post-write-off recoveries of 22% to R1 425m (2020: R1 165m).

Nedbank Group income statement impairment charge and credit loss ratio

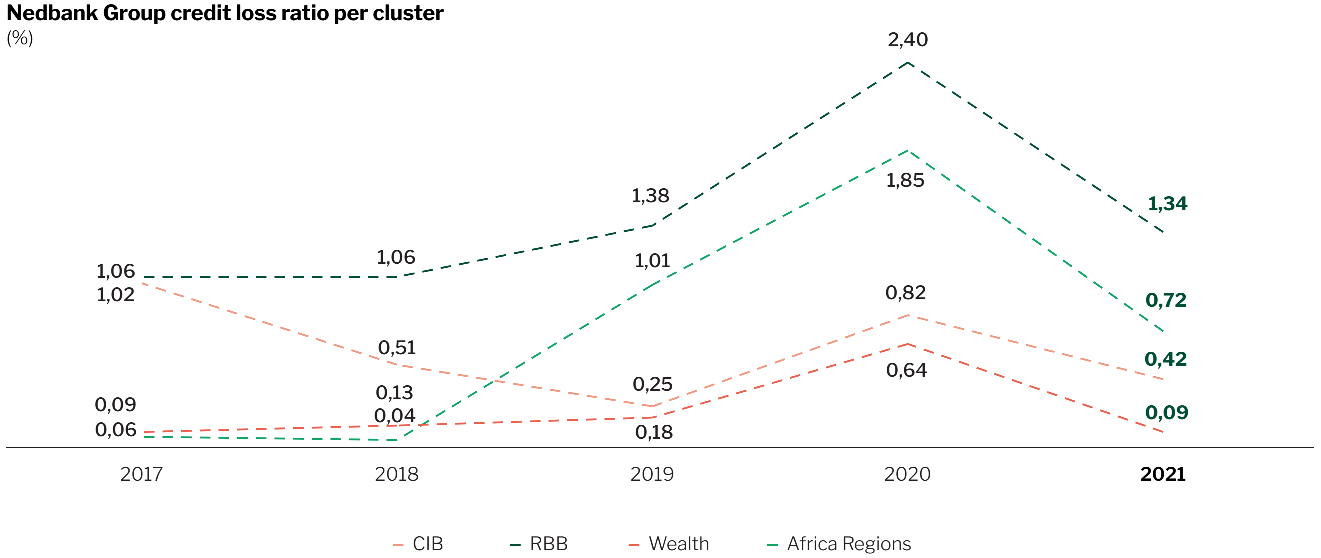
2021	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Non-LAA and FVOCI Rm	Off-balance-sheet Rm	Impairment charge, net of recoveries Rm	Mix of average banking advances %	CLR %	Target CLR range %
Corporate and Investment Banking (CIB)	(291)	453	1 178	290	(212)	1 418	43,6	0,42	0,15–0,45
CIB, excluding Property Finance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

2020	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Non-LAA and FVOCI Rm	Off-balance-sheet Rm	Impairment charge, net of recoveries Rm	Mix of average banking advances %	CLR %	Target CLR range %
Corporate and Investment Banking (CIB)	271	435	1 941	293	305	3 245	48,4	0,82	0,15–0,45
CIB, excluding Property Finance	137	136	1 463	293	305	2 334	29,6	1,03	0,20–0,50
Property Finance	134	299	478			911	18,8	0,54	0,15–0,35
Retail and Business Banking (RBB)	519	1 533	6 619	–	75	8 746	44,7	2,40	1,30–1,80
Business Banking	10	366	415		62	853	9,5	1,10	0,50–0,70
Retail	509	1 167	6 204		13	7 893	35,2	2,75	1,60–2,40
Wealth	22	31	155			208	4,0	0,64	0,20–0,40
Nedbank Africa Regions	101	54	267	6	9	437	2,9	1,85	0,75–1,00
Centre		500	(1)	(8)		491	0,0		
Nedbank Group	913	2 553	8 981	291	389	13 127	100,0	1,61	0,60–1,00

Nedbank Group impairment drivers
(Rm)



Nedbank Group credit loss ratio per cluster
(%)



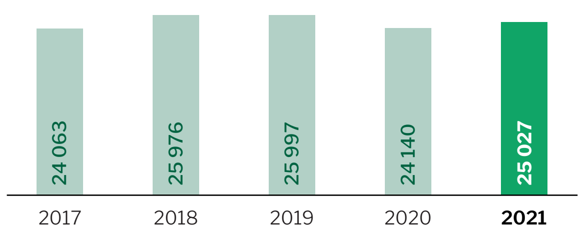
Impairments charge of financial instruments

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

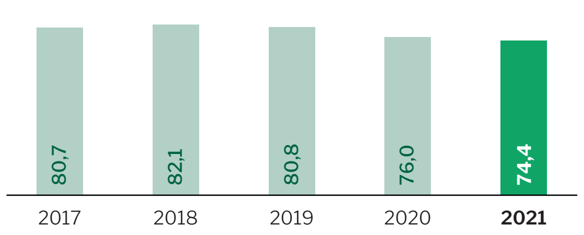
2020	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
Balance at the beginning of the year	18 152	2 745	14 144	229	771	263
Stage 1 ECL allowance	3 428	658	2 507	24	240	(1)
Stage 2 ECL allowance	3 931	767	2 819	25	72	248
Stage 3 ECL allowance	10 793	1 320	8 818	180	459	16
Statement of comprehensive income charge net of recoveries	13 127	3 245	8 746	208	437	491
Stage 1 ECL allowance	913	271	519	22	101	
Stage 2 ECL allowance	2 553	435	1 533	31	54	500
Stage 3 ECL allowance	8 981	1 941	6 619	155	267	(1)
Off-balance-sheet allowance	389	305	75		9	
Non-loans and advances	(2)				6	(8)
FVOCI loan impairment charge	293	293				
Adjusted for:	(5 178)	(1 328)	(3 633)	(3)	(225)	11
Recoveries	1 165	6	1 077		82	
Interest in suspense	1 059	74	855		130	
Amounts written off	(7 419)	(1 378)	(5 979)	(3)	(59)	
Foreign exchange and other transfers	15	(30)	414		(372)	3
Non-loans and advances	2				(6)	8
FVOCI loans	(24)	(24)				
ECL allowance – closing balance	26 077	4 638	19 257	434	983	765
Stage 1	4 237	935	3 015	46	241	
Stage 2	6 772	1 306	4 504	56	158	748
Stage 3	15 068	2 397	11 738	332	584	17
Split by measurement category	26 077	4 638	19 257	434	983	765
Loans and advances	24 804	3 539	19 113	434	953	765
Loans and advances in FVOCI	609	609				
Off-balance-sheet allowance	664	490	144		30	

3 Non-interest revenue and income

Non-interest revenue
(Rm)



Non-interest revenue to total operating expenses
(%)



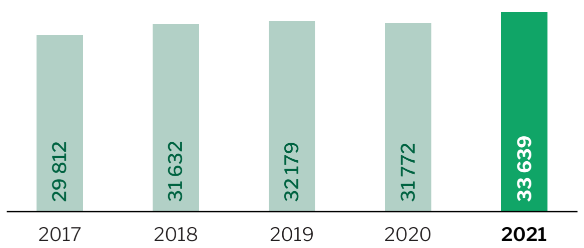
Favourable	Unfavourable
• Commission and fee growth recovering off the low 2020 base, driven by increased levels of client transactional activity. • Insurance benefited from the implementation of an enhanced asset and liability matching strategy. • Unrealised equity revaluation losses in 2020 not repeated.	• Solid trading performance, with growth impacted by a high 2020 base. • Unwinding of 2020 gains from the group's fair-value hedge accounting solution (no volatility into H2 2021).

Rm	Change %	Nedbank Group 2021	Nedbank Group 2020	Corporate and Investment Banking 2021	Corporate and Investment Banking 2020	Retail and Business Banking 2021	Retail and Business Banking 2020	Wealth 2021	Wealth 2020	Nedbank Africa Regions 2021	Nedbank Africa Regions 2020	Centre 2021	Centre 2020
Net commission and fees income	4	17 754	17 137	2 710	2 907	11 965	11 268	2 210	2 099	953	839	(84)	24
Administration fees	6	1 403	1 327	50	57	505	525	766	664	68	67	14	14
Card fees	15	3 646	3 178	21	17	3 511	3 065			111	95	3	1
Cash-handling fees	1	1 027	1 017	193	202	802	785	1	1	31	29		
Exchange commission	(8)	648	707	192	200	242	216	110	120	129	96	(25)	75
Guarantees income	(14)	267	311	195	229	41	51			31	31		
Insurance commission	9	442	406			243	245	194	156	5	5		
Other commission	1	3 958	3 910	1 250	1 420	2 623	2 386	(178)	(110)	250	201	13	13
Other fees	3	2 041	1 989	753	724	98	98	1 264	1 221	15	25	(89)	(79)
Service charges	1	4 322	4 292	56	58	3 900	3 897	53	47	313	290		
Insurance income	24	2 005	1 622			487	329	1 474	1 250	65	70	(21)	(27)
Fair-value adjustments	>(100)	(833)	352	(83)	(357)	25	29	–	–	(14)	8	(761)	672
Fair-value adjustments	62	(128)	(338)	(94)	(373)					(14)	8	(20)	27
Hedge-accounted portfolios	>(100)	(705)	690	11	16	25	29					(741)	645
Trading income	(15)	4 475	5 252	4 295	5 094	109	74	–	–	71	84	–	–
Commodities	(51)	26	53	26	53								
Debt securities	(28)	2 267	3 142	2 267	3 142								
Equities	31	842	642	842	642								
Foreign exchange	(5)	1 340	1 415	1 160	1 257	109	74			71	84		
Equity revaluation gains/(losses)	>100	650	(1 038)	666	(861)	43	(19)	–	–	–	(15)	(59)	(143)
Realised gains, dividends, interest and other income	10	727	659	786	818						(15)	(59)	(144)
Unrealised gains/(losses)[1]	95	(77)	(1 697)	(120)	(1 679)	43	(19)						1
Investment income	24	263	212	87	154	16	12	161	4		13	(1)	29
Sundry income/(expenses)[2]	18	713	603	206	292	138	137	(57)	(50)	356	455	70	(231)
Total non-interest revenue and income	4	25 027	24 140	7 881	7 229	12 783	11 830	3 788	3 303	1 431	1 454	(856)	324

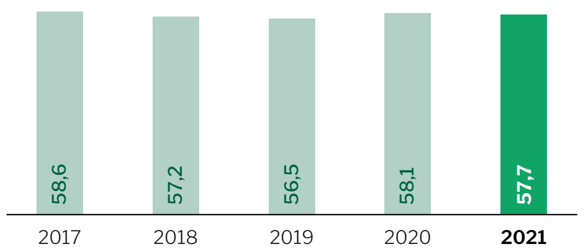
[1] *Unrealised losses relate to equity investments in associates and joint ventures, which are estimated and converted to realised or dividends once earned.*
[2] *Sundry income comprises mainly security dealings, rental income, fair-value movements on non-trading investments and forex gains and losses.*

4 Expenses

Total operating expenses
(Rm)

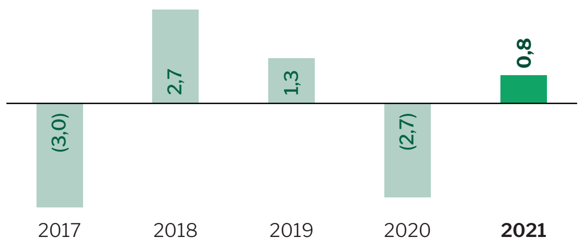


Cost-to-income ratio
(%)



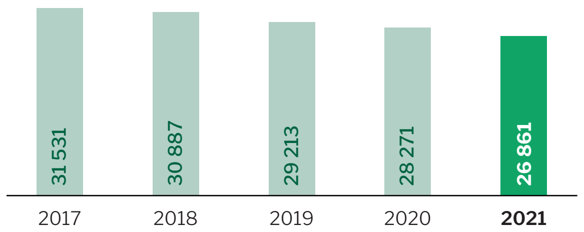
Excluding hedge-accounted portfolios, the group's cost-to-income ratio would be 57,0% (2020: 58,8%).

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



Excluding hedge-accounted portfolios, the group's JAWS ratio would be 3,4% (2020: -3,8%).

Total employees
(Permanent staff)



Rm	Change %	Nedbank Group 2021	Nedbank Group 2020	Corporate and Investment Banking 2021	Corporate and Investment Banking 2020	Retail and Business Banking 2021	Retail and Business Banking 2020	Wealth 2021	Wealth 2020	Nedbank Africa Regions 2021	Nedbank Africa Regions 2020	Centre 2021	Centre 2020
Staff costs	7	**18 018**	16 829	**3 172**	2 721	**7 963**	7 486	**1 719**	1 608	**1 113**	1 084	**4 051**	3 930
Salaries and wages	2	**15 412**	15 171										
Total incentives	75	**3 049**	1 741										
Short-term incentives	67	**2 427**	1 455										
Long-term incentives	>100	**622**	286										
Other staff costs	<(100)	**(443)**	(83)										
Computer processing	9	**6 329**	5 830	**481**	501	**2 625**	2 267	**414**	365	**425**	379	**2 384**	2 318
Depreciation of computer equipment	(6)	**718**	760										
Depreciation of right-of-use assets: computer equipment	(6)	**83**	88										
Amortisation of intangible assets	19	**1 705**	1 436										
Operating lease charges for computer processing	(12)	**198**	224										
Other computer processing expenses	9	**3 625**	3 322										
Fees and insurances		**4 109**	4 094	**574**	664	**2 563**	2 494	**230**	207	**291**	260	**451**	469
Occupation and accommodation[1,2]	(5)	**2 185**	2 304	**212**	233	**1 844**	1 933	**153**	156	**192**	179	**(216)**	(197)
Marketing and public relations	24	**1 332**	1 077	**58**	43	**698**	562	**48**	54	**56**	42	**472**	376
Communication and travel		**718**	717	**260**	287	**328**	317	**23**	27	**83**	64	**24**	22
Other operating expenses[3]	3	**948**	921	**108**	58	**540**	462	**37**	45	**61**	18	**202**	338
Activity-justified transfer pricing		**–**	–	**2 146**	1 925	**4 881**	4 640	**656**	599	**314**	299	**(7 997)**	(7 463)
Total operating expenses	6	**33 639**	31 772	**7 011**	6 432	**21 442**	20 161	**3 280**	3 061	**2 535**	2 325	**(629)**	(207)

Analysis of total IT-related function spend included in total expenses	Change %	2021	2020
IT staff-related costs within Group Technology	11	**2 326**	2 094
Depreciation and amortisation of computer equipment, software and intangibles	10	**2 506**	2 284
Other IT costs (including licensing, development, maintenance and processing charges)[4]	7	**3 881**	3 613
Total IT-related functional spend	9	**8 713**	7 991

Favourable	Unfavourable
• As client digital adoption increases, employee numbers decreased by 1 021, largely through natural attrition. • Good management of discretionary spend during the crisis contributed to savings being recorded across travel, communication, occupation and accommodation. • Optimisation initiatives delivered cost savings, including cumulative run-rate savings from TOM 2.0 of R967m.	• Increased incentive costs as a result of the group's improved financial performance. • Increased computer-processing costs, driven by an increase in the amortisation charge of 19%. • Increased levels of marketing spend off a low base.

[1] *Includes the depreciation of right-of-use assets of R863m (December 2020: R915m).*
[2] *Includes a building depreciation charge of R385m (December 2020: R422m).*
[3] *Includes a furniture depreciation charge of R332m (December 2020: R352m), consumables and sundry expenses.*
[4] *Includes consulting and professional fees (that are included in fees and insurance), communication and travel, and other IT-related spend (included in computer processing).*

5 Headline earnings reconciliation

Rm	Change %	2021 Gross	2021 Net of taxation	2020 Gross	2020 Net of taxation
Profit attributable to ordinary shareholders	>100		11 238		3 467
Non-trading and capital items	(70)	499	438	1 562	1 445
IAS 16 – loss on disposal of property and equipment		41	26	89	72
IAS 36 – impairment of associates: ETI				750	750
IAS 36 – impairment of goodwill		306	306	345	345
IAS 36 – impairment of intangible assets		153	110	207	149
IAS 40 – loss on revaluation of investment properties				2	2
IFRS 5 – impairment of non-current assets held for sale				17	17
IFRS 10 – profit on sale of subsidiaries/associates		(11)	(11)		
IFRS 16 – impairment of right-of-use assets		10	7	152	110
Share of losses/(gains) of associate companies					
IAS 36 share of associate impairment of goodwill		13	13	528	528
Headline earnings	>100		11 689		5 440

6 Taxation charge

	2021	2020
Direct taxation	4 104	1 994
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	(1,3)	(2,4)
Capital items	(0,1)	0,4
Foreign income and section 9D attribution	(0,5)	(1,1)
Additional tier 1 capital instruments	(1,2)	(2,5)
Revenue losses not recognised	0,1	1,2
Exempt income and special allowances	(0,4)	(0,2)
NAR non-taxable amounts	(0,5)	(0,5)
Share of gains of associate companies	(1,3)	(1,5)
Non-deductible expenses	1,0	3,0
Prior-year adjustments	0,4	(0,7)
Total taxation on income as percentage of profit before taxation	24,2	23,7
Effective tax rate, excluding associate headline earnings	25,4	26,8

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 disaggregated in order to provide our users with additional information. 'Non-taxable income' has been disaggregated into 'Dividend income' (2020: -2,4%) and 'NAR non-taxable amounts' (2020: -0,5%) and 'Exempt income and special allowances' (2020: -0,2%). 'Non-deductible expenses' (2020: 2.3%) has been aggregated with 'Net monetary loss' (2020: 0,7%). To provide comparability, the prior-year balances have been restated accordingly.

7 Preference shares

Profit attributable to preference shareholders	Number of shares	Cents per share	Amount Rm
2020			
Nedbank – final (dividend no 34) declared for 2019 – paid April 2020	358 277 491	42,11186	151
Nedbank – interim (dividend no 35) declared for 2020 – paid September 2020	358 277 491	35,94033	129
Total of dividends declared			280
Less: Dividends declared in respect of shares held by group entities			(29)
Dividends declared to holders of preference shares			251
Nedbank (MFC) – participating preference shares[1]			(58)
			193
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			188
Nedbank (MFC) – participating preference shares[1]			125
			313

[1] *Share in economic profit/(loss) calculated semi-annually.*

Notes

Statement of financial position analysis

8 Loans and advances

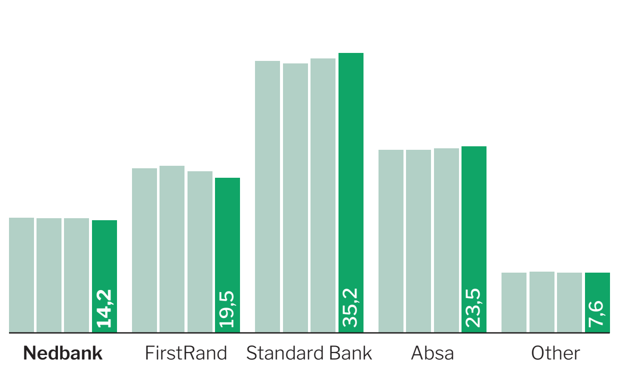
Loans and advances segmental breakdown

Rm	Change %	Nedbank Group 2021	Nedbank Group 2020	Corporate and Investment Banking 2021	Corporate and Investment Banking 2020	Retail and Business Banking 2021	Retail and Business Banking 2020	Wealth 2021	Wealth 2020	Nedbank Africa Regions 2021	Nedbank Africa Regions 2020	Centre[1] 2021	Centre[1] 2020
Home loans	6	**178 840**	168 900	**19**	33	**154 272**	144 512	**17 257**	17 135	**7 292**	7 220		
Commercial mortgages	(1)	**189 576**	190 583	**152 413**	155 016	**26 782**	24 879	**8 424**	9 014	**1 855**	1 550	**102**	124
Properties in possession	26	**187**	149			**68**	50	**13**	13	**106**	86		
Credit cards	(3)	**16 297**	16 721			**16 154**	16 584			**143**	137		
Overdrafts	(2)	**23 042**	23 593	**3 733**	4 008	**16 048**	16 089	**151**	188	**3 110**	3 308		
Personal loans	8	**29 175**	26 916			**27 277**	24 954			**1 898**	1 962		
Term and other loans	(4)	**168 584**	175 489	**146 040**	153 534	**13 278**	11 562	**4 641**	5 003	**4 364**	5 146	**261**	244
Overnight loans	(7)	**9 479**	10 175	**8 341**	8 681	**878**	909			**260**	585		
Foreign client lending	4	**5 793**	5 580	**3 799**	3 146	**330**	206			**1 664**	2 228		
Instalment debtors	5	**142 559**	135 269	**2 880**	2 877	**138 013**	130 423	**32**	46	**1 629**	1 914	**5**	9
Preference shares and debentures	(1)	**12 204**	12 274	**11 977**	11 973	**16**	133	**211**	168				
Factoring accounts	40	**7 188**	5 130			**7 185**	5 084			**3**	46		
Listed corporate bonds	6	**23 279**	21 910	**23 279**	21 910								
Fair-value hedge-accounted portfolios	(82)	**750**	4 163	**6**	102							**744**	4 061
Trade, other bills and bankers' acceptances	(75)	**1**	4							**1**	4		
Loans and advances before impairments	1	**806 954**	796 856	**352 487**	361 280	**400 301**	375 385	**30 729**	31 567	**22 325**	24 186	**1 112**	4 438
Impairment of advances	(3)	**(25 650)**	(24 804)	**(4 296)**	(3 539)	**(19 316)**	(19 113)	**(456)**	(434)	**(1 082)**	(953)	**(500)**	(765)
Total banking loans and advances	1	**781 304**	772 052	**348 191**	357 741	**380 985**	356 272	**30 273**	31 133	**21 243**	23 233	**612**	3 673
Comprises:													
– Loans and advances to clients	3	**751 656**	731 214	**321 379**	323 233	**380 985**	356 269	**29 185**	28 027	**19 495**	20 012	**612**	3 673
– Loans and advances to banks	(27)	**29 648**	40 838	**26 812**	34 508		3	**1 088**	3 106	**1 748**	3 221		
Total loans and advances after impairments	1	**781 304**	772 052	**348 191**	357 741	**380 985**	356 272	**30 273**	31 133	**21 243**	23 233	**612**	3 673
Trading loans and advances	(29)	**50 431**	71 251	**50 431**	71 251								

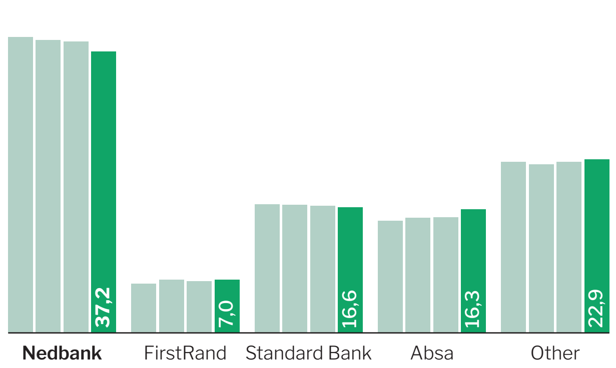
[1] Centre includes the group's centrally managed macro fair-value hedge accounting adjustment and a central impairment provision.

Market share according to BA900

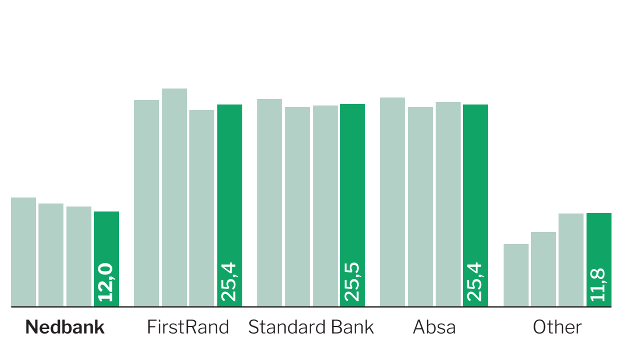
Home loans (2018–2021)
(%)



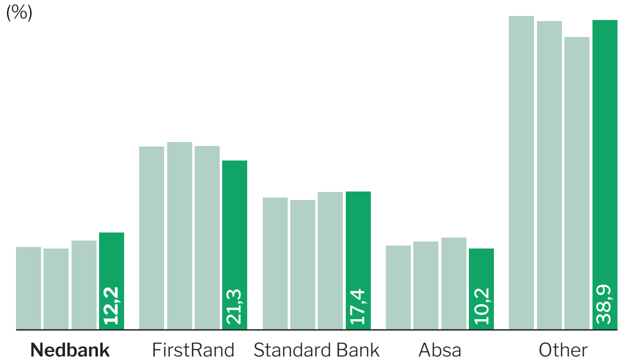
Commercial mortgage loans (2018–2021)
(%)



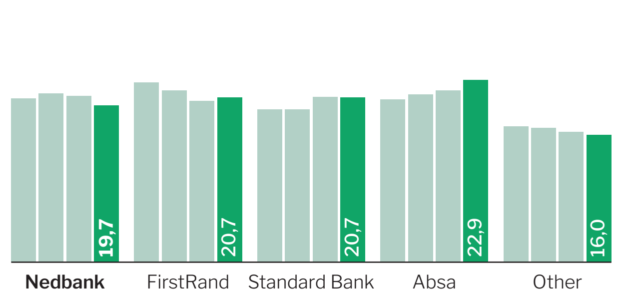
Credit cards (2018–2021)
(%)



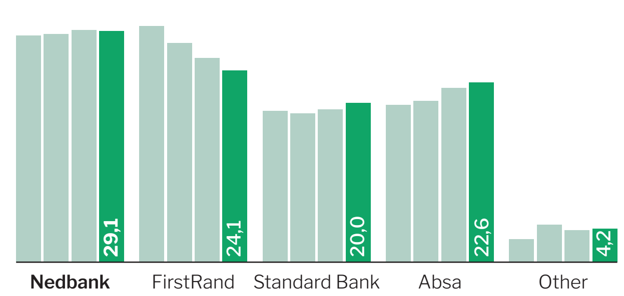
Personal loans (2018–2021)
(%)



Core corporate loans (2018–2021)
(%)

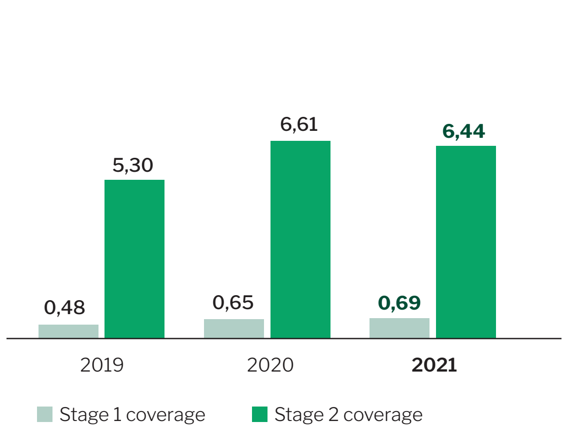


Instalment sales and leases (2018–2021)
(%)

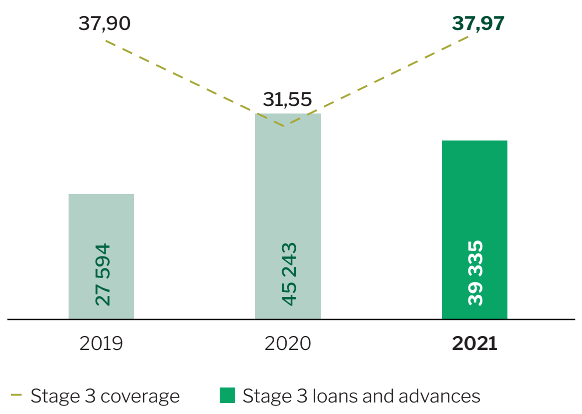


Summary of loans and advances and coverage ratios

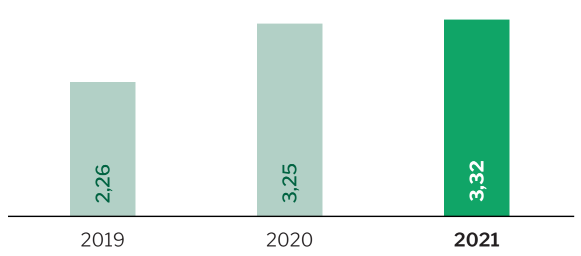
Stage 1 and stage 2 coverage
(%)



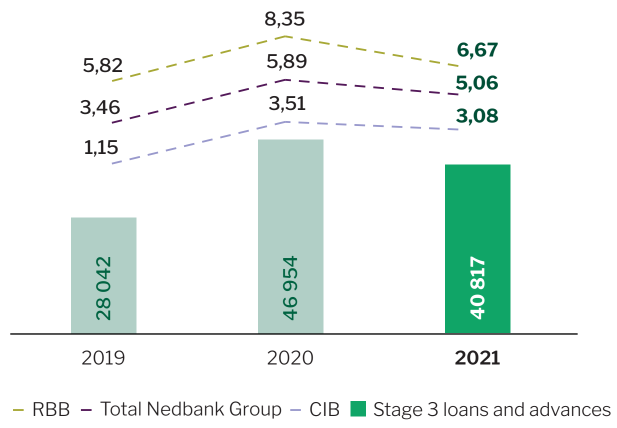
Stage 3 advances and coverage ratio
(Rm) (%)



Nedbank Group coverage
(%)



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



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

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

2020	Stage 1 GLAA Rm	Stage 1 ECL Rm	Stage 1 Coverage %	Stage 2 GLAA Rm	Stage 2 ECL Rm	Stage 2 Coverage %	Stage 3 GLAA Rm	Stage 3 ECL Rm	Stage 3 Coverage %	TOTAL GLAA Rm	TOTAL ECL Rm	TOTAL Coverage %	GLAA, excluding trading book Rm	Stage 3 GLAA as a % of total GLAA excluding trading book %
Corporate and Investment Banking (CIB)	272 163	812	0,30	48 642	1 093	2,25	10 964	1 634	14,90	331 769	3 539	1,07	361 280	3,51
CIB, excluding Property Finance	120 921	504	0,42	32 918	485	1,47	7 643	993	12,99	161 482	1 982	1,23	190 891	4,90
Property Finance	151 242	308	0,20	15 724	608	3,87	3 321	641	19,30	170 287	1 557	0,91	170 389	1,95
Retail and Business Banking (RBB)	297 063	2 954	0,99	46 982	4 454	9,48	31 340	11 705	37,35	375 385	19 113	5,09	375 385	8,35
Business Banking	57 659	310	0,54	13 988	515	3,68	5 221	1 183	22,66	76 868	2 008	2,61	76 868	6,79
Retail	239 404	2 644	1,10	32 994	3 939	11,94	26 119	10 522	40,28	298 517	17 105	5,73	298 517	8,75
Wealth	28 511	46	0,16	735	56	7,62	1 320	332	25,15	30 566	434	1,42	31 567	4,18
Nedbank Africa Regions	20 489	217	1,06	2 072	152	7,34	1 625	584	35,94	24 186	953	3,94	24 186	6,72
Centre	383				748		(6)	17		377	765		4 438	
Gross loans and advances/ECL held at amortised cost	618 609	4 029	0,65	98 431	6 503	6,61	45 243	14 272	31,55	762 283	24 804	3,25	796 856	5,89
GLAA/ECL for assets held at FVOCI	12 501	54		4 599	71		1 711	484		18 811	609			
Trading GLAA held at FVTPL	71 251									71 251			71 251	
Banking book GLAA held at FVTPL	11 599									11 599				
GLAA for fair-value hedge-accounted portfolios	4 163									4 163				
Off-balance-sheet ECL		154			198			312			664			
Total GLAA/ECL	718 123	4 237		103 030	6 772		46 954	15 068		868 107	26 077		868 107	

Favourable	Unfavourable
• RBB gross loans and advances (GLAA) continued growth momentum from 2020, benefiting from the 300 bps total cut in interest rates in 2020. • An increase in lending volumes originated through the group's digital channels. • Continuing to benefit from our MFC business model that is more geared towards lower-value and second-hand vehicles as clients buy down in a difficult economic environment. • Turnaround in CIB GLAA in the second half of the year, up 10% annualised from June 2021.	• Total group ECL increased 2,3% yoy, slightly higher than the banking book growth of 1,3% and reflective of the higher contribution from Retail of 39,4% (2020: 37,5%). • CIB GLAA declined, driven by subdued credit demand in the current environment.

GLAA, ECL and coverage, by product

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

	Stage 1			Stage 2			Stage 3			TOTAL		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage
2020	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%
Residential mortgages	140 249	350	0,25	15 988	801	5,01	11 656	2 318	19,89	167 893	3 469	2,07
Commercial mortgages	161 287	376	0,23	18 367	694	3,78	5 644	999	17,70	185 298	2 069	1,12
Instalment debtors	108 290	1 159	1,07	16 511	1 625	9,84	10 468	3 876	37,03	135 269	6 660	4,92
Credit cards and overdrafts	21 031	834	3,97	7 581	1 094	14,43	4 277	2 476	57,89	32 889	4 404	13,39
Term loans	115 254	1 136	0,99	26 597	1 313	4,94	10 847	4 331	39,93	152 698	6 780	4,44
Other client loans	64 978	223	0,34	13 365	988	7,39	2 293	272	11,86	80 636	1 483	1,84
Other including credit and zero balances	7 519	(49)		22	(12)		58			7 599	(61)	
GLAA/ECL held at amortised cost	618 608	4 029	0,65	98 431	6 503	6,61	45 243	14 272	31,55	762 282	24 804	3,25

Economic scenarios

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

[1] Forecast at 31 December 2021.

Scenario	Probability weighting (%)	Total ECL allowance	Difference to weighted scenarios	Percentages difference to weighted scenarios (%)	Economic measures	2020 Economic forecast (%) 2021	2022	2023
Base case	50	25 949	(128)	(0,5)	GDP	3,04	2,22	1,52
					Prime	7,00	7,38	7,50
					HPI	2,10	2,30	3,50
Mild stress	21	26 466	389	1,5	GDP	2,84	1,65	1,15
					Prime	7,25	8,00	8,00
					HPI	1,81	2,12	3,08
Positive outcome	21	25 613	(464)	(1,8)	GDP	3,85	2,44	1,57
					Prime	7,00	7,00	7,00
					HPI	3,60	4,10	4,80
High stress	8	27 034	957	3,7	GDP	2,14	1,68	0,92
					Prime	7,42	8,46	8,50
					HPI	1,51	1,94	2,66
Weighted scenarios	100	26 077						

Climate-related disclosures

	Rm 2021	Rm 2020	Rm Change	% of GLAA 2021	% of GLAA 2020
Thermal coal[1]					
Limit[2]	2 817	5 707	(2 890)	0,3	0,7
Drawn exposure	1 221	3 600	(2 379)	0,1	0,4
Upstream oil[3]					
Limit[2]	13 559	15 900	(2 341)	1,6	1,8
Drawn exposure	9 110	10 900	(1 790)	1,1	1,3
Upstream gas[3]					
Limit[2]	468	4 600	(4 132)	0,1	0,5
Drawn exposure	424	1 800	(1 376)	0,0	0,2
Non-renewable-power-generation exposure					
Limit[2]	10 741	11 480	(739)	1,3	1,3
Drawn exposure	6 557	10 240	(3 683)	0,8	1,2
Renewable Energy Independent Power Producer Procurement Programme[4]					
Limit[2]	35 347	36 200	(853)	4,1	4,2
Drawn exposure	28 741	31 500	(2 759)	3,4	3,6
Embedded-energy generation projects[5]					
Limit[2]	513	365	148	0,1	0,0
Drawn exposure	417	246	171	0,0	0,0
African renewable-energy projects					
Limit[2]	614	657	(43)	0,1	0,1
Drawn exposure	438	550	(112)	0,1	0,1
Total renewable energy					
Limit[2]	36 474	37 222	(748)	4,3	4,3
Drawn exposure	29 596	32 296	(2 700)	3,5	3,7

[1] Excludes derivative products and environmental guarantees.
[2] Limits include all committed facilities approved to clients, in respective portfolios, aligned to the Nedbank Energy Policy.
[3] Includes all limits and exposures, including all products and derivatives, aligned to the Nedbank Energy Policy.
[4] Board-approved limit of R50bn, as well as a 15% (R7,5bn) buffer to be applied for a period of 6 months.
[5] Board-approved limit of R2bn.

Gross advances and ECL movement

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

	Stage 1			Stage 2			Stage 3			Total		
Loans and advances (Rm)	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	611 089	4 183	606 906	98 409	6 701	91 708	45 185	14 584	30 601	754 683	25 468	729 215
New loans and advances originated	229 678	2 932	226 746			–			–	229 678	2 932	226 746
Loans and advances written off			–			–	(8 139)	(8 139)	–	(8 139)	(8 139)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	(174 538)	3 673	(178 211)	(32 518)	(1 379)	(31 139)	(9 963)	3 207	(13 170)	(217 019)	5 501	(222 520)
Transfers to stage 1	31 581	1 208	30 373	(26 595)	(713)	(25 882)	(4 986)	(495)	(4 491)	–	–	–
Transfers to stage 2	(62 010)	(3 694)	(58 316)	66 795	4 221	62 574	(4 785)	(527)	(4 258)	–	–	–
Transfers to stage 3	(13 375)	(3 902)	(9 473)	(7 880)	(2 391)	(5 489)	21 255	6 293	14 962	–	–	–
Foreign exchange and other movements	2 791	113	2 678	551	56	495	732	115	617	4 074	284	3 790
Net balances	625 216	4 513	620 703	98 762	6 495	92 267	39 299	15 038	24 261	763 277	26 046	737 231
Total credit and zero balances	8 292		8 292	14		14	36		36	8 342	–	8 342
Balance at 31 December 2021	633 508	4 513	628 995	98 776	6 495	92 281	39 335	15 038	24 297	771 619	26 046	745 573
GLAA for assets held at FVOCI	21 279	60	21 219	2 694	48	2 646	1 481	427	1 054	25 454	535	24 919
Trading book GLAA held at FVTPL	50 431		50 431			–			–	50 431	–	50 431
Banking book GLAA held at FVTPL	9 131		9 131			–			–	9 131	–	9 131
GLAA for fair-value hedge-accounted portfolios	750		750			–			–	750	–	750
Total GLAA/ ECL	715 099	4 573	710 526	101 470	6 543	94 927	40 816	15 465	25 351	857 385	26 581	830 804
ECL on loans at FVOCI												535
Off-balance-sheet ECL												396
Loans and advances at 31 December 2021												831 735

CIB, excluding Property Finance (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	120 921	573	120 348	32 918	627	32 291	7 643	1 272	6 371	161 482	2 472	159 010
New loans and advances originated	81 519	445	81 074			–	–	–	–	81 519	445	81 074
Loans and advances written off			–			–	(534)	(534)	–	(534)	(534)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(61 962)	(113)	(61 849)	(26 379)	(517)	(25 862)	(2 203)	893	(3 096)	(90 544)	263	(90 807)
Transfers to stage 1	7 359	635	6 724	(7 291)	(337)	(6 954)	(68)	(298)	230	–	–	–
Transfers to stage 2	(32 829)	(959)	(31 870)	32 874	970	31 904	(45)	(11)	(34)	–	–	–
Transfers to stage 3	(1 023)	(120)	(903)	(609)	(24)	(585)	1 632	144	1 488	–	–	–
Foreign exchange and other movements	2 097	13	2 084	234	13	221	95	20	75	2 426	46	2 380
Net balances	116 082	474	115 608	31 747	732	31 015	6 520	1 486	5 034	154 349	2 692	151 657
Total credit and zero balances						–			–	–	–	–
Balance at 31 December 2021	116 082	474	115 608	31 747	732	31 015	6 520	1 486	5 034	154 349	2 692	151 657
GLAA for assets held at FVOCI	21 279		21 279	2 694		2 694	1 481		1 481	25 454	–	25 454
Trading book GLAA held at FVTPL	50 431		50 431			–			–	50 431	–	50 431
Banking book GLAA held at FVTPL	5 156		5 156			–			–	5 156	–	5 156
GLAA for fair-value hedge-accounted portfolios	6		6			–			–	6	–	6
Off-balance-sheet ECL		(92)	92		(101)	101		(90)	90	–	(283)	283
Loans and advances at 31 December 2021	192 954	382	192 572	34 441	631	33 810	8 001	1 396	6 605	235 396	2 409	232 987

Property Finance (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	151 242	308	150 934	15 724	608	15 116	3 321	641	2 680	170 287	1 557	168 730
New loans and advances originated	40 004	116	39 888			–			–	40 004	116	39 888
Loans and advances written off			–			–	(157)	(157)	–	(157)	(157)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(44 468)	(279)	(44 189)	269	279	(10)	(924)	371	(1 295)	(45 123)	371	(45 494)
Transfers to stage 1	3 914	56	3 858	(3 753)	(22)	(3 731)	(161)	(34)	(127)	–	–	–
Transfers to stage 2	(5 607)	(51)	(5 556)	5 615	51	5 564	(8)		(8)	–	–	–
Transfers to stage 3	(384)	(3)	(381)	(409)	(4)	(405)	793	7	786	–	–	–
Foreign exchange and other movements	(8)		(8)			–			–	(8)	–	(8)
Balance at 31 December 2021	144 693	147	144 546	17 446	912	16 534	2 864	828	2 036	165 003	1 887	163 116
Banking book GLAA held at FVTPL	2 519		2 519			–			–	2 519	–	2 519
Loans and advances at 31 December 2021	147 212	147	147 065	17 446	912	16 534	2 864	828	2 036	167 522	1 887	165 635

Business Banking (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	57 659	310	57 349	13 988	515	13 473	5 221	1 183	4 038	76 868	2 008	74 860
New loans and advances originated	26 450	185	26 265			–			–	26 450	185	26 265
Loans and advances written off			–			–	(232)	(232)	–	(232)	(232)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(17 560)	(352)	(17 208)	(2 103)	(138)	(1 965)	(1 377)	247	(1 624)	(21 040)	(243)	(20 797)
Transfers to stage 1	7 853	258	7 595	(7 394)	(204)	(7 190)	(459)	(54)	(405)	–	–	–
Transfers to stage 2	(5 037)	(55)	(4 982)	5 914	208	5 706	(877)	(153)	(724)	–	–	–
Transfers to stage 3	(1 174)	(108)	(1 066)	(846)	(34)	(812)	2 020	142	1 878	–	–	–
Balance at 31 December 2021	68 191	238	67 953	9 559	347	9 212	4 296	1 133	3 163	82 046	1 718	80 328
Off-balance-sheet impairment allowance		(4)	4		(19)	19		(12)	12	–	(35)	35
Loans and advances at 31 December 2021	68 191	234	67 957	9 559	328	9 231	4 296	1 121	3 175	82 046	1 683	80 363

Retail — Mortgage loans (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	113 027	257	112 770	14 264	724	13 540	9 236	1 785	7 451	136 527	2 766	133 761
New loans and advances originated	8 829	35	8 794			–			–	8 829	35	8 794
Loans and advances written off			–			–	(295)	(295)	–	(295)	(295)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	3 385	330	3 055	(309)	(267)	(42)	(1 348)	(163)	(1 185)	1 728	(100)	1 828
Transfers to stage 1	5 266	12	5 254	(3 914)	(8)	(3 906)	(1 352)	(4)	(1 348)	–	–	–
Transfers to stage 2	(3 885)	(187)	(3 698)	5 947	276	5 671	(2 062)	(89)	(1 973)	–	–	–
Transfers to stage 3	(1 740)	(206)	(1 534)	(1 585)	(237)	(1 348)	3 325	443	2 882	–	–	–
Net balances	124 882	241	124 641	14 403	488	13 915	7 504	1 677	5 827	146 789	2 406	144 383
Total credit and zero balances/Off-balance-sheet impairment allowance	201	(1)	202	4	(1)	5	11		11	216	(2)	218
Loans and advances at 31 December 2021	125 083	240	124 843	14 407	487	13 920	7 515	1 677	5 838	147 005	2 404	144 601

Retail — Instalment debtors (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	94 781	1 097	93 684	13 552	1 554	11 998	9 770	3 599	6 171	118 103	6 250	111 853
New loans and advances originated	46 962	629	46 333			–			–	46 962	629	46 333
Loans and advances written off			–			–	(2 425)	(2 425)	–	(2 425)	(2 425)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(31 132)	1 603	(32 735)	(2 282)	(616)	(1 666)	(3 976)	602	(4 578)	(37 390)	1 589	(38 979)
Transfers to stage 1	5 072	139	4 933	(2 994)	(71)	(2 923)	(2 078)	(68)	(2 010)	–	–	–
Transfers to stage 2	(9 317)	(1 282)	(8 035)	10 656	1 458	9 198	(1 339)	(176)	(1 163)	–	–	–
Transfers to stage 3	(4 719)	(840)	(3 879)	(2 093)	(517)	(1 576)	6 812	1 357	5 455	–	–	–
Net balances	101 647	1 346	100 301	16 839	1 808	15 031	6 764	2 889	3 875	125 250	6 043	119 207
Total credit and zero balances			–			–			–	–	–	–
Loans and advances at 31 December 2021	101 647	1 346	100 301	16 839	1 808	15 031	6 764	2 889	3 875	125 250	6 043	119 207

Retail — Card, term and other (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	24 077	1 290	22 787	5 156	1 661	3 495	7 056	5 138	1 918	36 289	8 089	28 200
New loans and advances originated	16 694	1 277	15 417			–			–	16 694	1 277	15 417
Loans and advances written off			–			–	(4 428)	(4 428)	–	(4 428)	(4 428)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(10 409)	2 593	(13 002)	(744)	245	(989)	474	1 463	(989)	(10 679)	4 301	(14 980)
Transfers to stage 1	1 109	87	1 022	(845)	(68)	(777)	(264)	(19)	(245)	–	–	–
Transfers to stage 2	(3 049)	(1 098)	(1 951)	3 493	1 199	2 294	(444)	(101)	(343)	–	–	–
Transfers to stage 3	(3 572)	(2 374)	(1 198)	(2 140)	(1 486)	(654)	5 712	3 860	1 852	–	–	–
Net balances	24 850	1 775	23 075	4 920	1 551	3 369	8 106	5 913	2 193	37 876	9 239	28 637
Total credit and zero balances/Off-balance-sheet impairment allowance	8 089	(43)	8 132	10	(9)	19	25	(1)	26	8 124	(53)	8 177
Loans and advances at 31 December 2021	32 939	1 732	31 207	4 930	1 542	3 388	8 131	5 912	2 219	46 000	9 186	36 814

Wealth (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	28 511	46	28 465	735	56	679	1 320	332	988	30 566	434	30 132
New loans and advances originated	5 558	69	5 489			–			–	5 558	69	5 489
Loans and advances written off			–			–	(5)	(5)	–	(5)	(5)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(6 990)	19	(7 009)	(124)	(2)	(122)	(371)	(59)	(312)	(7 485)	(42)	(7 443)
Transfers to stage 1	129	1	128	7	(1)	8	(136)	–	(136)	–	–	–
Transfers to stage 2	(1 960)	(10)	(1 950)	2 004	14	1 990	(44)	(4)	(40)	–	–	–
Transfers to stage 3	(416)	(78)	(338)	(95)	(29)	(66)	511	107	404	–	–	–
Foreign exchange and other movements	621	(3)	624	11	1	10	7	2	5	639	–	639
Net balances	25 453	44	25 409	2 538	39	2 499	1 282	373	909	29 273	456	28 817
Banking book GLAA held at FVTPL	1 456		1 456			–			–	1 456	–	1 456
Loans and advances at 31 December 2021	26 909	44	26 865	2 538	39	2 499	1 282	373	909	30 729	456	30 273

Nedbank Africa Regions (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	20 489	241	20 248	2 072	158	1 914	1 625	584	1 041	24 186	983	23 203
New loans and advances originated	3 594	176	3 418			–			–	3 594	176	3 418
Loans and advances written off			–			–	(63)	(63)	–	(63)	(63)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(5 399)	(66)	(5 333)	(847)	(54)	(793)	(245)	(143)	(102)	(6 491)	(263)	(6 228)
Transfers to stage 1	879	20	859	(411)	(2)	(409)	(468)	(18)	(450)	–	–	–
Transfers to stage 2	(265)	(52)	(213)	231	45	186	34	7	27	–	–	–
Transfers to stage 3	(342)	(173)	(169)	(103)	(72)	(31)	445	245	200	–	–	–
Foreign exchange and other movements	162	102	60	306	43	263	631	127	504	1 099	272	827
Net balances	19 118	248	18 870	1 248	118	1 130	1 959	739	1 220	22 325	1 105	21 220
Off-balance-sheet ECL		(18)	18		(6)	6		1	(1)	–	(23)	23
Loans and advances at 31 December 2021	19 118	230	18 888	1 248	112	1 136	1 959	740	1 219	22 325	1 082	21 243

9 Investment securities

Rm	2021	2020
Equity investments	6 287	7 380
Associates – Property Partners	1 799	1 842
Associates – Investment Banking	1 020	1 128
Unlisted investments – Property Partners	1 228	1 339
Unlisted investments – Investment Banking	2 240	3 071
Listed investments	23	136
Unlisted investments	3 349	3 150
Taquanta Asset Managers portfolio	550	470
Strate Limited	163	143
Other	2 636	2 537
Total listed and unlisted investments	9 659	10 666
Listed policyholder investments at market value	11 638	13 129
Unlisted policyholder investments at directors' valuation	4 201	2 630
Total policyholder investments	15 839	15 759
Total investment securities	25 498	26 425

Equity risk in the banking book

		2021	2020
Total equity portfolio	Rm	13 054	13 988
Accounted for at fair value	Rm	9 659	10 666
Equity-accounted, including investment in ETI	Rm	3 395	3 322
Percentage of total assets	%	1,1	1,1
Percentage of group minimum economic-capital requirement	%	4,8	4,8

- Equity risk in the banking book is primarily assumed 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 declined by R1bn year on year, largely due to the realisation of assets.
- The value of the portfolio that is equity-accounted increased by R73m to R3 395m (2020: R3 322m). This was largely due to a R92m increase in the ETI carrying value. The strong financial performance from ETI is accompanied by a material improvement in the balance sheet.
- The ETI investment is accounted for under the equity method of accounting and is therefore not carried at fair value.
- The board sets the overall risk appetite and strategy of the group for equity risk, and business develops portfolio objectives and investment strategies for its investment activities. These address the types of investment, expected business returns, desired holding periods, diversification parameters and other elements of sound investment management oversight.

10 Investments in associate companies

Name of company and nature of business	Equity-accounted earnings Rm 2021	Equity-accounted earnings Rm 2020	Carrying amount Rm 2021	Carrying amount Rm 2020	Net exposure to/(from) associates[1] Rm 2021	Net exposure to/(from) associates[1] Rm 2020
Associates						
Listed						
ETI[2]	686	(178)	2 272	2 180	81	(7)
Unlisted						
Equity investments: Tracker Technology Holdings Proprietary Limited	51	56	480	570	1 246	774
Other equity investments	33	37	237	156	271	
Other strategic investments	16	9	406	416	35	
Total	786	(76)	3 395	3 322	1 633	767

[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 2021 was 21,2% (31 December 2020: 21,2%).

Accounting recognition of ETI

Rm	2021	2020
Opening carrying value	3 930	3 674
Share of associate gains/(losses)[1,3]	686	(178)
Share of other comprehensive (losses)/income[2,3]	(742)	207
Foreign currency translation[4]	148	227
Closing carrying value pre-impairment provision	4 022	3 930
Impairment provision	(1 750)	(1 750)
Closing carrying value	2 272	2 180

[1] *Applicable period: 1 October 2020 (audited) – 30 September 2021 (audited).*
[2] *Applicable period: 1 October 2020 (audited) – 31 December 2021 (unaudited).*
[3] *Applicable average exchange rate: 1 January 2021 – 31 December 2021.*
[4] *Applicable period: 1 January 2021 – 31 December 2021, 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 R14,70 on 31 December 2020 to R15,90 on 31 December 2021.*

The market value of the group's investment in ETI, based on its quoted share price, was R1,7bn on 31 December 2021 and R2,1bn on 03 March 2022.

11 Intangible assets

Rm	2021	2020
Computer software and capitalised development costs	8 901	8 981
Goodwill	4 295	4 747
Client relationships, contractual rights and other	25	23
	13 221	13 751

Computer software and capitalised development costs – Carrying amount

Rm	Amortisation periods	2021	2020
Computer software	2–10 years	7 763	7 352
Core product and client systems		1 928	1 724
Support systems		2 244	2 438
Digital systems		2 790	2 492
Payment systems		801	698
Development costs not yet commissioned	none	1 138	1 629
Core product and client systems		390	523
Support systems		327	343
Digital systems		296	578
Payment systems		125	185
		8 901	8 981
Computer software			
Opening balance		7 352	6 502
Additions		272	475
Commissioned during year		1 928	1 949
Foreign exchange and other moves		15	18
Amortisation charge for the year		(1 705)	(1 436)
Impairments		(99)	(156)
Closing balance		7 763	7 352
Development costs not yet commissioned			
Opening balance		1 629	1 752
Additions		1 495	1 877
Commissioned during the year		(1 928)	(1 949)
Foreign exchange and other moves		(4)	
Impairments		(54)	(51)
Closing balance		1 138	1 629

Notes

12 Amounts owed to depositors

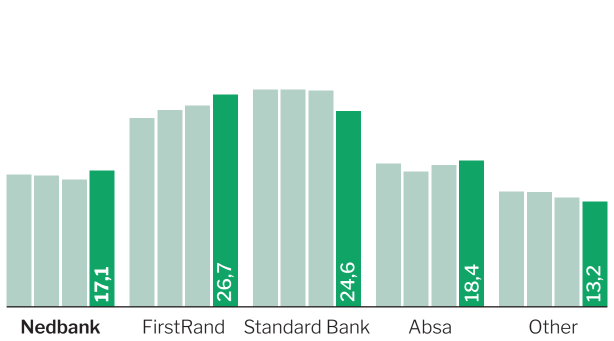
Segmental breakdown

Rm	Change %	Nedbank Group 2021	Nedbank Group 2020	Corporate and Investment Banking 2021	Corporate and Investment Banking 2020	Retail and Business Banking 2021	Retail and Business Banking 2020	Wealth 2021	Wealth 2020	Nedbank Africa Regions 2021	Nedbank Africa Regions 2020	Centre 2021	Centre 2020
Current accounts	8	**106 751**	98 886	**6 170**	8 105	**87 005**	79 768	**2 256**	1 874	**11 224**	9 052	**96**	87
Savings accounts	5	**46 343**	44 233			**13 404**	12 300	**32 066**	31 083	**873**	850		
Other deposits and loan accounts	3	**698 075**	675 363	**400 175**	389 077	**267 822**	255 150	**9 471**	10 957	**19 182**	18 947	**1 425**	1 232
Call and term deposits	8	**363 857**	337 197	**137 404**	123 311	**206 433**	192 121	**7 652**	9 311	**12 364**	12 451	**4**	3
Fixed deposits	(5)	**60 238**	63 429	**14 361**	16 404	**42 237**	43 562	**651**	614	**2 989**	2 857		(8)
Cash management deposits	3	**115 634**	111 832	**102 170**	97 678	**11 287**	11 748	**382**	424	**1 702**	1 893	**93**	89
Other deposits	(3)	**158 346**	162 905	**146 240**	151 684	**7 865**	7 719	**786**	608	**2 127**	1 746	**1 328**	1 148
Foreign currency liabilities	7	**22 688**	21 146	**15 880**	13 597	**6 741**	7 025	**47**	31	**20**	493		
Negotiable certificates of deposit	(18)	**82 429**	100 405							**3 755**	3 952	**78 674**	96 453
Macro fair-value hedge accounting adjustment	(94)	**83**	1 415									**83**	1 415
Deposits received under repurchase agreements	26	**15 426**	12 267	**15 426**	12 267								
Total amounts owed to depositors	2	**971 795**	953 715	**437 651**	423 046	**374 972**	354 243	**43 840**	43 945	**35 054**	33 294	**80 278**	99 187
Comprises:													
– Amounts owed to clients	4	**941 506**	905 081	**409 719**	378 581	**375 078**	353 315	**43 840**	43 945	**33 972**	32 240	**78 897**	97 000
– Amounts owed to banks	(38)	**30 289**	48 634	**27 932**	44 465	**(106)**	928			**1 082**	1 054	**1 381**	2 187
Total amounts owed to depositors	2	**971 795**	953 715	**437 651**	423 046	**374 972**	354 243	**43 840**	43 945	**35 054**	33 294	**80 278**	99 187

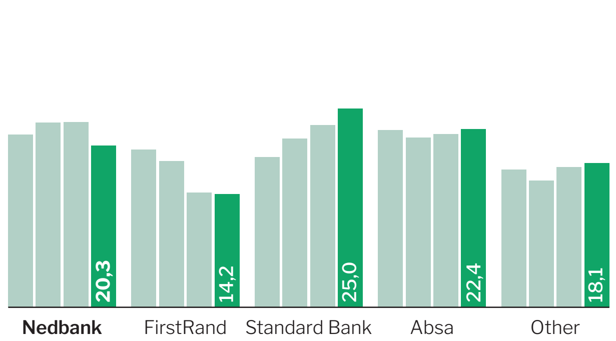
Market share according to BA900

Household deposits[1] (2018–2021)
(%)

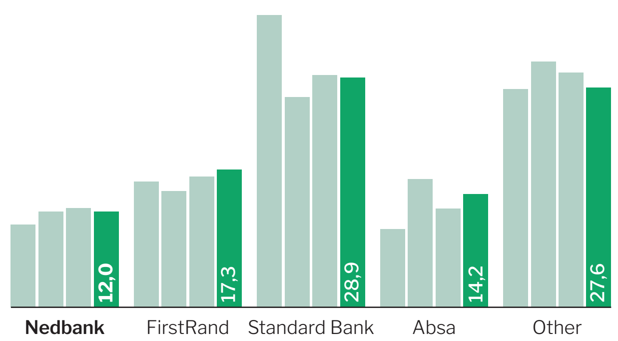
Non-financial corporate deposits[2] (2018–2021)
(%)



Wholesale deposits[3] (2018–2021)
(%)



Foreign currency liabilities[4] (2018–2021)
(%)



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

Liquidity risk and funding

Summary of Nedbank Group liquidity risk and funding profile

		2021	2020
Total sources of quick liquidity	Rm	264 224	254 400
Total HQLA	Rm	207 105	206 943
Other sources of quick liquidity	Rm	57 119	47 457
Total sources of quick liquidity (as a percentage of total assets)	%	21,6	20,7
Long-term funding ratio (three-month average)	%	26,6	25,4
Senior unsecured debt, including green bonds	Rm	39 193	41 649
Green bonds	Rm	3 829	2 628
Total capital market issuance (excluding additional tier 1 capital)	Rm	58 159	59 770
Reliance on NCDs (as a percentage of total deposits)	%	8,5	10,5
Reliance on foreign currency deposits (as a percentage of total deposits)	%	2,3	2,2
Loan-to-deposit ratio	%	85,6	88,4
Basel III liquidity ratios			
LCR[1]	%	128,1	125,7
Minimum regulatory LCR requirement[2]	%	80,0	80,0
NSFR[3]	%	116,1	112,8
Minimum regulatory NSFR requirement	%	100,0	100,0

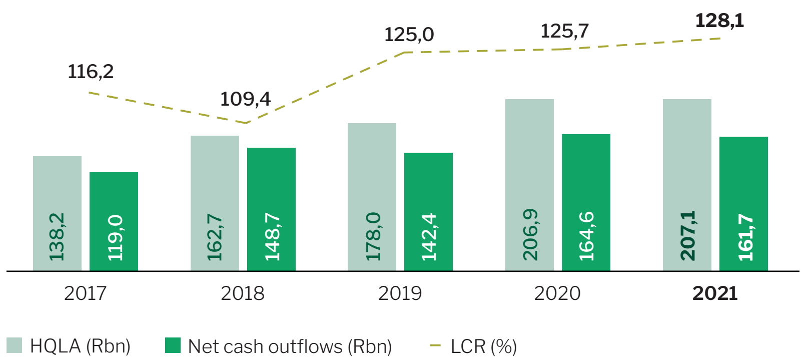
[1] *Only banking and/or deposit-taking entities are included in the group LCR and the group ratio represents an aggregation of the relevant individual net cash outflows (NCOF) and the individual HQLA portfolios across all banking and/or deposit-taking entities, where surplus HQLA holdings in excess of the minimum requirement of 100% have been excluded from the aggregated HQLA number in the case of all non-South African banking entities. The above figures reflect the simple average of daily observations over the quarter ending December 2021 for Nedbank Limited and the simple average of the month-end values at 31 October 2021, 30 November 2021 and 31 December 2021 for 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.*

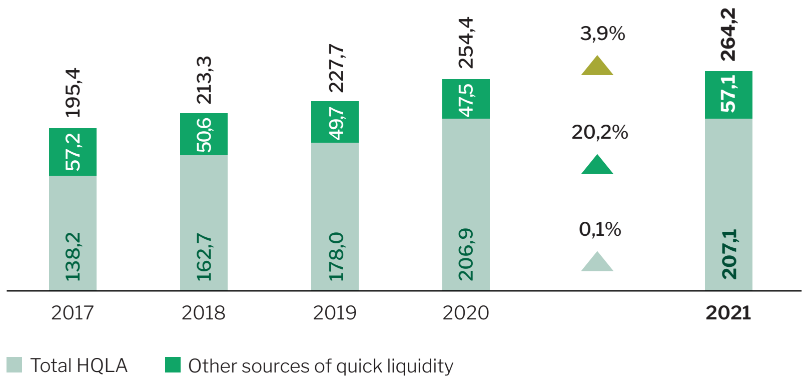
[3] *Only banking and/or deposit-taking entities are included in the group NSFR and the group data represents a consolidation of the relevant individual assets, liabilities and off-balance-sheet items.*

- 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, with the group maintaining appropriate operational liquidity buffers designed to absorb seasonal, cyclical and systemic volatility observed in the LCR. On 31 March 2020 the PA issued Directive 1/2020 temporarily reducing the minimum regulatory LCR requirement from 100% to 80%, with effect from 1 April 2020. The reduction in the minimum regulatory LCR requirement was in direct response to financial market volatility brought on by the Covid-19 pandemic and the resulting lockdown. This requirement currrently remains effective for 2021 in line with Circular 1/2021. As a result of observed normalisation in the financial markets and banks demonstrating healthy liquidity positions during 2021, on 29 October 2021 the PA issued Directive 8/2021 specifying a phased-in approach to increase the minimum regulatory LCR requirement from 80% to 90%, with effect from 1 January 2022, and subsequently to 100%, with effect from 1 April 2022.
  - The LCR, calculated using the simple average of daily observations over the quarter ending December 2021 for Nedbank Limited, and the simple average of the month-end values at 31 October 2021, 30 November 2021 and 31 December 2021 for all non-South African banking entities, was 128,1%.
    - Nedbank's portfolio of LCR-compliant HQLA (mainly comprising government bonds and treasury bills) increased slightly to a quarterly average of R207,1bn, up from December 2020, when the portfolio amounted to R206,9bn.
    - The increase in the LCR is primarily attributable to a decrease in the quarterly arithmetic average net cash outflows driven by increased demand for longer-term deposits.
    - 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 R264,2bn at December 2021 and representing 21,6% of total assets.

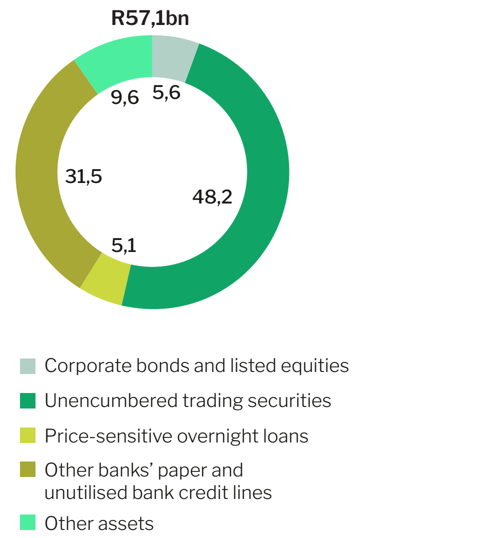
Nedbank Group LCR exceeds minimum regulatory requirements



Total sources of quick liquidity
(Rbn)

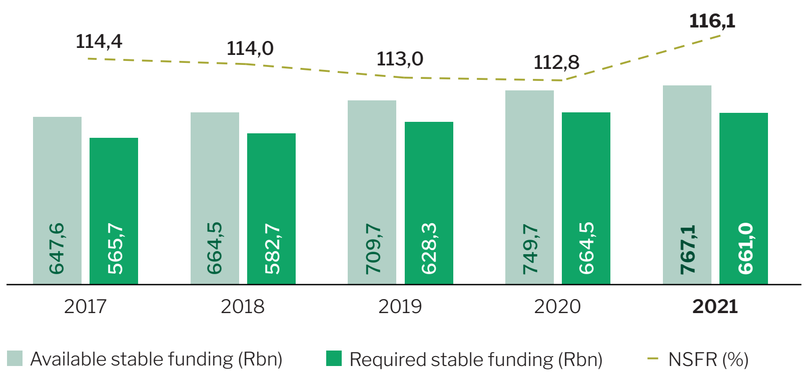


Other sources of quick liquidity contribution
(%)



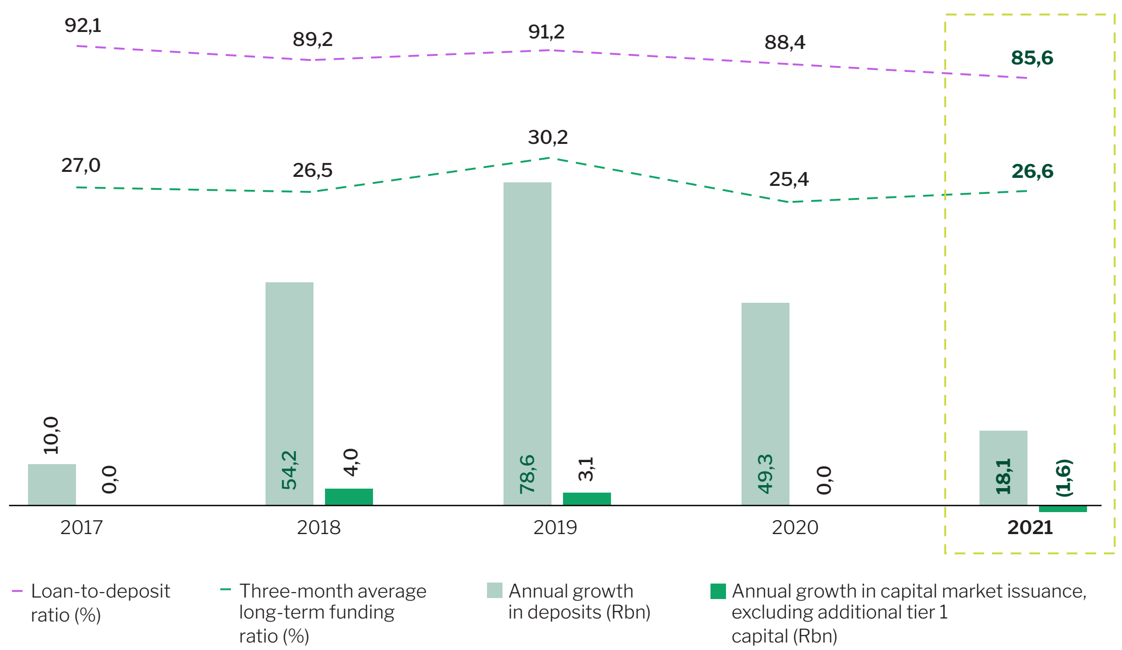
- Nedbank exceeded the minimum regulatory NSFR requirement of 100%, with effect from from 1 January 2018, with a December 2021 ratio of 116,1%. The structural liquidity position of the group has strengthened from December 2020 as a result of the effective management of the balance sheet growth. The key 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 2021, with Nedbank recording a three-month, average long-term funding ratio of 26,6% 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 22,5%.
  - Nedbank successfully issued R3,4bn in senior unsecured debt, while R5,9bn matured during the year.
  - Nedbank issued tier 2 capital instruments of R3,0bn and redeemed R2,0bn during 2021, in line with the group's capital plan.
- While foreign currency funding reliance remains small, at 2,3% 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 2021 Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) reports were approved by the board and submitted to the PA, in accordance with annual business-as-usual process. The group's recovery plans, which incorporate Nedbank London, were updated and approved by the board on 4 March 2022. The parliamentary processes relating to the promulgation of the Financial Sector Laws Amendment Bill (FSLAB) have been concluded and the Bill was endorsed by the National Council of Provinces (NCOP) in December 2021, after which it was transmitted for assent by the President and promulgation took place on 28 January 2022. With SARB now having been established as SA's Resolution Authority (RA), the industry is awaiting further discussion papers and draft resolution standards to be issued in order to establish SA's Resolution Framework.

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



Exchange rates

	Average			Closing		
	Change %	2021	2020	Change %	2021	2020
UK pound to rand	6	21,11	19,99	7	21,48	20,07
US dollar to rand	7	15,86	14,87	8	15,90	14,70
US dollar to naira	8	408,99	381,21	11	424,83	381,20
Rand to naira	(3)	25,88	26,64		25,86	25,94

Equity analysis

Analysis of changes in net asset value

	Change %	2021	2020
Balance at the beginning of the year		100 444	98 449
Additional shareholder value	>100	11 941	4 358
Profit attributable to equity holders of the parent		11 238	3 467
Currency translation movements		499	146
Exchange differences on translating foreign operations – foreign subsidiaries[1]		808	445
Exchange differences on translating foreign operations – ETI[1]		148	227
Share of other comprehensive income of investments accounted for using the equity method – ETI[2]		(457)	(526)
Fair-value adjustments		(192)	456
Fair-value adjustments on equity and debt instruments		73	119
Share of other comprehensive income of investments accounted for using the equity method[2]		(265)	337
Defined-benefit fund adjustment		389	(80)
Share of other comprehensive income of investments accounted for using the equity method (included in other distributable reserves)		(21)	395
Property revaluations		28	(26)
Transactions with ordinary shareholders	52	(1 418)	(2 952)
Dividends paid		(2 178)	(3 451)
Value of employee services (net of deferred tax)		637	292
Other transactions		123	207
Transaction with non-controlling shareholders[3]	<(100)	(2 951)	(372)
Additional tier 1 capital instruments	54	1 497	972
Other movements	82	(2)	(11)
Balance at the end of the year	9	109 511	100 444

[1] *Exchange differences on translating foreign operations as shown in the statement of comprehensive income of R1 029m (December 2020: R672m).*
[2] *Share of other comprehensive income of investments accounted for using the equity method as shown in the statement of comprehensive income of R722m (December 2020: R189m).*
[3] *The group repurchased all of the non-redeemable, non-cumulative, non-participating preference shares in issue on 21 December 2021.*

Movements in group foreign currency translation reserve

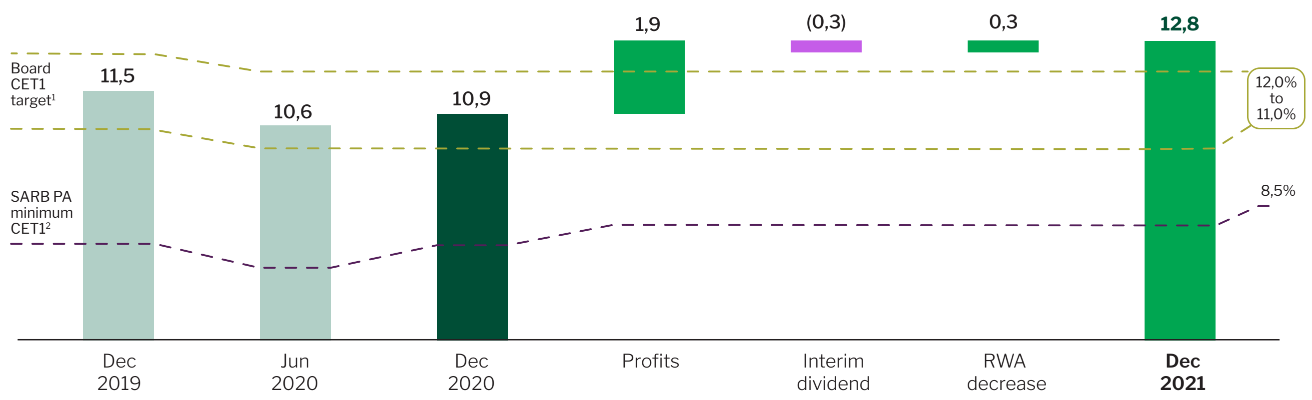
	Change %	2021	2020
Balance at the beginning of the year		(1 995)	(2 244)
Foreign currency translation reserve (FCTR)	96	487	249
ETI		(309)	(299)
Nedbank Mozambique		198	(116)
Other subsidiaries		598	664
Balance at the end of the year	24	(1 508)	(1 995)

The movements in the group FCTR table have been revised from prior years to provide more granular information. Comparative information has been reclassified accordingly.

Capital management

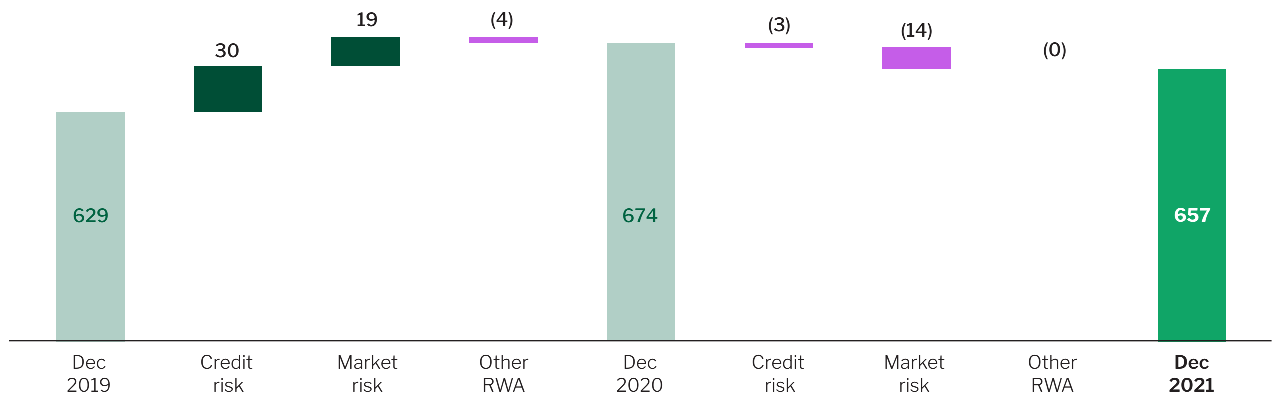
Regulatory capital adequacy and leverage

CET1 capital ratio
(%)



[1] During 2020 Nedbank's internal board-approved target ranges were adjusted to reflect the lower new regulatory minimum requirements according to Directive 2/2020. In line with Directive 5/2021 which results in the reinstatement of the Pillar 2A capital requirements, the board has recalibrated the targets to 11% to 12% (currently 10% to 12%), with effect from 1 January 2022.
[2] Excluding idiosyncratic buffers and including the D-SIB capital requirement of 100 bps, in line with PA Directive 5/2021 (from 50 bps in December 2020).

Risk-weighted assets
(Rbn)



Nedbank Group strengthened its capital adequacy position significantly, on the back of strong organic earnings generation in 2021 and lower RWA.

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.

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.

During H1 2021, the PA published Guidance Note 3/2021, which encouraged boards of banks to be prudent when making decisions relating to distributions of dividends on ordinary shares and the payment of cash bonuses to executive officers and material-risk-takers in 2021. Within the context of this guidance, Nedbank resumed paying dividends after the release of the 2021 interim results.

Furthermore, the PA published Directive 5/2021, which confirmed the recalibration of the D-SIB capital requirement to 100 bps at a CET1 level and the reinstatement of the Pillar 2A to 50bps.

		PA minimum[1]	Internal targets[2]	2021	2020
Nedbank Group					
Including unappropriated profits					
Total CAR	%		> 13,0	17,2	14,9
Total tier 1	%		> 11,25	14,3	12,1
CET1	%		10,0–12,0	12,8	10,9
Surplus tier 1 capital	Rm			31 292	19 462
Dividend cover	times		1,75–2,25	2,02	N/A
Cost of equity	%			15,1	14,5
Excluding unappropriated profits					
Total CAR	%	11,5		16,4	14,8
Total tier 1	%	9,5		13,4	12,1
CET1	%	8,0		12,0	10,8
Leverage	times	<25	<20	14,3	15,4
Nedbank Limited					
Including unappropriated profits					
Total CAR	%		> 13,0	17,6	15,3
Total tier 1	%		> 11,25	14,0	12,0
CET1	%		10,0–12,0	12,3	10,4
Surplus tier 1 capital	Rm			23 993	15 219
Excluding unappropriated profits					
Total CAR	%	11,5		16,7	15,0
Total tier 1	%	9,5		13,1	11,8
CET1	%	8,0		11,3	10,1

[1] PA minimum excludes the idiosyncratic buffer and includes the recalibrated D-SIB capital requirement in line with Directive 5 of 2021, with the Pillar 2A currently at nil, but increasing by 50 bps, 75 bps and 100 bps at a CET1, tier 1 and total level when it is reinstated from 1 January 2022, in line with Directive 5/2021.
[2] Taking into account Directive 5/2021 the internal targets have been increased effective from 1 January 2022 as follows: Total CAR > 14,5%, tier 1 > 12,0%, CET1 11% to 12%.

Nedbank Group overview of risk-weighted assets

	2021		2020
	RWA	MRC[1]	RWA
Credit risk (excluding counterparty credit risk)	438 544	50 433	436 948
Standardised approach (TSA)	39 511	4 544	36 951
Supervisory slotting approach	6 375	733	7 287
Advanced internal ratings-based approach (AIRB)	392 658	45 156	392 710
Counterparty credit risk	15 932	1 832	16 613
Standardised approach (SA-CCR)[2]	15 932	1 832	16 613
Credit valuation adjustment	18 797	2 162	22 279
Equity risk[3]	35 601	4 094	42 291
Equity positions under simple risk-weight approach	30 195	3 472	42 291
Equity investments in funds – look-through approach	4 017	462	
Equity investments in funds – fall-back approach	1 389	160	
Securitisation exposures in banking book	415	48	445
Internal ratings-based approach	83	10	91
External ratings-based approach, including internal assessment approach	332	38	354
Market risk	26 815	3 084	40 916
Standardised approach	2 222	256	3 024
Internal model approach (IMA)	24 593	2 828	37 892
Operational risk	74 879	8 611	73 665
Standardised approach	7 151	822	7 318
Advanced measurement approach (AMA)	64 730	7 444	63 973
Floor adjustment	2 998	345	2 374
Amounts below the thresholds for deduction (subject to 250% risk weighting)	19 203	2 208	13 989
Other assets (100% risk weighting)	26 360	3 031	26 542
Total	656 546	75 503	673 688

[1] Total minimum required capital (MRC) is measured at 11,5% and excludes bank-specific Pillar 2b add-on.
[2] The standardised approach for measuring counterparty credit risk (SA-CCR) was applied from 1 January 2021, to calculate counterparty credit risk exposure (in line with Guidance Note 7/2020), while the current exposure method (CEM) was applied in prior periods.
[3] In line with Guidance Note 7/2020, Nedbank implemented the Capital Requirements for Equity Investments in Funds (CREIF) Framework. The RWA for the investments in funds was previously measured using the simplified risk weight approach.

- The group's total RWA/total assets density improved marginally to 53,8% in 2021 from 54,9% in 2020 , driven by a decrease of 2,5% in RWA relative to a decrease in total assets of 0,6%.
- The decrease in total RWA is attributable mainly to the following:
  - Credit risk RWA increased due to growth in banking booking advances, particularly in RBB and NAR portfolios.
  - Counterparty credit risk RWA was impacted by the implementation of the new SA-CCR methodology, with effect from 1 January 2021. The increase due to the implementation of SA-CCR, was offset by a significant change in the profile of the counterparty credit risk portfolio.
  - Market risk RWA decreased due the calibration of the bank's historical VaR model and the subsequent roll-off in 2021 of the Covid-19 extreme market movements observed during 2020.
  - Equity risk RWA decreased as a result of the implementation of the CREIF Framework and the realisation of a number of equity investments.
  - The increase in amounts below the thresholds for deduction was driven by increases in deferred tax assets due to temporary differences and investments in financial entities.

Nedbank Limited overview of risk-weighted assets

	2021		2020
	RWA	MRC[1]	RWA
Credit risk (excluding counterparty credit risk)	361 345	41 555	364 557
Standardised approach (TSA)	144	17	134
Supervisory slotting approach	5 510	634	6 375
Advanced internal ratings-based approach (AIRB)	355 691	40 904	358 048
Counterparty credit risk	12 856	1 478	14 898
Standardised approach (SA-CCR)[2]	12 856	1 478	14 898
Credit valuation adjustment	18 283	2 103	21 620
Equity risk[3]	19 742	2 270	25 841
Equity positions under simple risk-weight approach	18 832	2 165	25 841
Equity investments in funds – look-through approach	503	58	
Equity investments in funds – fall-back approach	407	47	
Securitisation exposures in banking book	415	48	445
Internal ratings-based approach	83	10	91
External ratings-based approach, including internal assessment approach	332	38	354
Market risk	26 081	2 999	39 322
Standardised approach	1 678	193	1 624
Internal model approach (IMA)	24 403	2 806	37 698
Operational risk	62 360	7 171	61 818
Standardised approach			1
Advanced measurement approach (AMA)	60 246	6 928	59 848
Floor adjustment	2 114	243	1 969
Amounts below the thresholds for deduction (subject to 250% risk weighting)	7 596	874	1 633
Other assets (100% risk weighting)	19 821	2 279	20 514
Total	528 499	60 777	550 648

[1] Total MRC is measured at 11,5% and excludes the bank-specific Pillar 2b add-on.
[2] The SA-CCR was applied from 1 January 2021 to calculate counterparty credit risk exposure (in line with Guidance Note 7/2020), while the CEM was applied in prior periods.
[3] In line with Guidance Note 7/2020, Nedbank implemented the CREIF Framework. The RWA for the investments in funds was previously measured using the simplified risk weight approach.

Summary of regulatory qualifying capital and reserves[1]

Rm	Nedbank Group 2021	Nedbank Group 2020	Nedbank Limited 2021	Nedbank Limited 2020
Including unappropriated profits				
Total tier 1 capital	**93 664**	81 779	**74 200**	66 154
CET1	**84 345**	73 455	**64 881**	57 269
Share capital and premium	**19 254**	19 067	**20 111**	20 111
Reserves	**80 259**	69 925	**57 322**	49 771
Minority interest: Ordinary shareholders	**623**	463		
Deductions	**(15 791)**	(16 000)	**(12 552)**	(12 613)
Additional tier 1 capital	**9 319**	8 324	**9 319**	8 885
Preference share capital and premium		1 063		1 063
Perpetual subordinated debt instruments	**9 319**	7 822	**9 319**	7 822
Regulatory adjustments		(561)		
Tier 2 capital	**19 425**	18 574	**18 913**	18 014
Subordinated debt instruments	**16 554**	15 604	**16 554**	15 604
Excess of eligible provisions over downturn expected losses	**2 496**	2 626	**2 357**	2 408
General allowance for credit impairment	**385**	391	**2**	2
Regulatory adjustments	**(10)**	(47)		
Total capital	**113 089**	100 353	**93 113**	84 168
Excluding unappropriated profits				
Tier 1 capital	**88 130**	81 380	**69 267**	64 769
CET1 capital	**78 811**	73 056	**59 948**	55 884
Total capital	**107 555**	99 954	**88 179**	82 783

[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 positively impacted by the issuance of new-style additional tier 1 instruments of R3,5bn, which was offset by the, redemptions of R2,0bn and the buyback of old-style preference shares that still qualified as regulatory capital.
- The group's total capital was further impacted by the issuance of Basel III qualifying tier 2 capital instruments of R2,95bn, offset by the redemptions of R2,0bn, in line with the group's capital plan.
- The focus remains on issuing fully loss-absorbent capital, with Basel III fully compliant capital making up 99,95% of the group's total capital structure.
- The group's gearing remains below the Regulatory Leverage Ratio Framework requirement of less than 25 times, at 14,3 times.

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.

	2021 Total capital requirement (host country) %	2021 RWA Rm	2021 Total capital ratio %	2020 RWA Rm	2020 Total capital ratio %
Nedbank Africa Regions					
Nedbank Mozambique	**12,0**	**5 251**	**15,5**	3 697	17,4
Nedbank Namibia Limited	**10,0**	**13 057**	**16,7**	14 419	13,1
Nedbank Eswatini Limited	**8,0**	**5 397**	**17,2**	5 549	14,8
Nedbank Lesotho Limited	**8,0**	**2 076**	**29,2**	2 033	28,1
Nedbank Zimbabwe Limited[1]	**12,0**	**1 908**	**26,3**	1 184	21,1
Isle of Man					
Nedbank Private Wealth Limited	**13,0**	**10 184**	**17,4**	8 986	16,2

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

Economic capital adequacy

Nedbank Group economic capital requirement

	2021		2020	
	Rm	Mix %	Rm	Mix %
Credit risk	47 902	67	45 101	69
Market risk	6 020	8	5 852	9
Business risk	7 930	11	6 601	10
Operational risk	5 426	8	4 020	6
Insurance risk	492	< 1	505	< 1
Other assets risk	3 953	6	3 301	5
Minimum economic capital requirement	71 723	100	65 380	100
Add: Stress-tested capital buffer (10%)	7 172		6 538	
Total economic capital requirement	78 895		71 918	
AFR	117 769	100	105 111	100
Tier A capital	91 943	78	80 669	77
Tier B capital	25 826	22	24 442	23
Total surplus AFR	38 874		33 193	
AFR: Total economic capital requirement (%)	149		146	

- Nedbank Group's minimum economic capital requirement increased by R6,3bn during the year, driven primarily by the following:
  - The annual model parameter updates, which resulted in an increase of R1,3bn and R1,4bn in business risk economic capital and operational risk economic capital, respectively.
  - A R2,8bn increase in credit risk economic capital, driven primarily by a combination of advances growth in RBB and rating migrations of clients in both RBB and CIB due to the prevailing macroeconomic environment.
- Nedbank Group's AFR increased by R12,7bn in 2021, mainly as a result of the following:
  - A R11,3bn increase in tier A capital, which was driven by growth in organic earnings over the period.
  - A R1,4bn increase in tier B capital following the issuance of R3,5bn new-style additional tier 1 capital and R3,0bn of new-style tier 2 capital instruments, which was offset by the buyback of old-style preference shares that qualified as regulatory capital, the redemption of R2,0bn new-style additional tier 1 capital and R2,0bn new-style tier 2 capital instruments, in line with the group's capital plan.

Notes

Supplementary information

Earnings per share and weighted-average shares

Earnings per share	**Basic**	**Diluted basic**	**Headline**	**Diluted headline**
2021				
Earnings for the year	**11 238**	**11 238**	**11 689**	**11 689**
Weighted-average number of ordinary shares	**485 071 919**	**494 841 155**	**485 071 919**	**494 841 155**
Earnings per share (cents)	**2 317**	**2 271**	**2 410**	**2 362**
2020				
Earnings for the year	3 467	3 467	5 440	5 440
Weighted-average number of ordinary shares	483 208 526	488 738 145	483 208 526	488 738 145
Earnings per share (cents)	717	709	1 126	1 113

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 taking the dilutive impact of potential ordinary shares to be issued into account.

	2021		**2020**
Number of weighted-average dilutive potential ordinary shares (000)	**Potential shares[1]**	**Weighted-average dilutive shares**	**Weighted-average dilutive shares**
Traditional schemes	**17 755**	**8 210**	3 840
Nedbank Group Restricted-share Scheme (2005)	**15 128**	**6 729**	2 846
Nedbank Group Matched-share Scheme	**2 627**	**1 481**	994
Total BEE schemes	**1 593**	**1 559**	1 690
BEE schemes – SA	**1 559**	**1 559**	1 690
Community	**1 559**	**1 559**	1 690
BEE schemes – Namibia	**33**		
Total	**19 348**	**9 769**	5 530

[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	2021	2020
Summary by scheme		
Nedbank Group Restricted-share Scheme (2005)	**16 193 982**	11 054 244
Nedbank Group Matched-share Scheme (2005)	**3 296 042**	3 302 997
Instruments outstanding at the end of the year	**19 490 024**	14 357 241
Analysis		
Performance-based – restricted shares	**9 291 564**	6 319 602
Non-performance-based – restricted shares	**6 902 418**	4 734 642
Performance-based – matched shares (CBSS[1])	**2 118 190**	2 216 960
Non-performance-based – matched shares (VBSS[2])	**1 177 852**	1 086 037
Instruments outstanding at the end of the year	**19 490 024**	14 357 241
Movements		
Instruments outstanding at the beginning of the year	**14 357 241**	11 303 275
Granted	**9 349 301**	7 298 988
Accelerated	**(16 011)**	(2 675)
Exercised	**(3 253 593)**	(3 584 901)
Surrendered	**(946 914)**	(657 446)
Instruments outstanding at the end of the year	**19 490 024**	14 357 241

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

Matched shares

Instrument expiry date	Number of shares
1 April 2022	**784 187**
1 April 2023	**1 724 422**
1 April 2024	**787 433**
Matched shares outstanding not exercised at 31 December 2021	**3 296 042**
Shares exercised and forfeited during the year	**728 320**
Shares not expected to vest	**(1 397 658)**
Total potential shares	**2 626 705**
Weighted-average dilutive shares applicable for the year	**1 481 071**

- 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 2021 and therefore has a dilutive effect.
- Matched shares are not issued and are therefore not recognised as treasury shares. However, until they are issued, there remains a potential dilutive effect.

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

Restricted shares[1]

Details of instruments granted and not exercised at 31 December 2021 and the resulting dilutive effect:

Instrument expiry date	Number of shares	
15 March 2022	**1 707 799**	P
16 March 2022	**1 231 115**	
16 August 2022	**51 604**	P
17 August 2022	**51 589**	
20 March 2023	**2 867 794**	P
21 March 2023	**2 043 827**	
26 March 2024	**4 578 504**	P
27 March 2024	**3 500 029**	
20 August 2024	**85 863**	P
21 August 2024	**75 858**	
Restricted shares not exercised at 31 December 2021	**16 193 982**	
Unallocated shares	**541 989**	
Treasury shares	**16 735 971**	
Shares exercised and forfeited during the year	**1 840 356**	
Shares not expected to vest	**(3 448 159)**	
Total potential shares	**15 128 168**	
Weighted-average dilutive shares applicable for the year	**6 728 717**	

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

Long-term debt instruments

Instrument code	2021	2020
Subordinated debt	17 059	15 994
Callable notes (rand-denominated)[1]	14 620	13 665
Callable notes and long-term debenture (Namibian-dollar-denominated)	426	317
Green bonds (rand-denominated)[1]	2 013	2 012
Securitised liabilities – callable notes (rand-denominated)	1 856	2 084
Senior unsecured debt – senior unsecured notes (rand-denominated)	35 364	39 021
Unsecured debentures (rand-denominated)	51	43
Senior unsecured green bonds (rand-denominated)	3 829	2 628
Total long-term debt instruments in issue	**58 159**	**59 770**

[1] *Loss absorbing instruments.*

Further information can be accessed on our group website

Capital and risk management reports:

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

Debt investors programme:

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

External credit ratings

	Standard & Poor's		Moody's Investors Service	
	Nedbank Limited	Sovereign rating SA	Nedbank Limited	Sovereign rating SA
	Feb 2022	May 2021	Dec 2021	May 2021
Outlook	Stable	Stable	Negative	Negative
Foreign currency deposit ratings				
Long term	BB-	BB-	Ba2	Ba2
Short term	B	B	Not prime	Not prime
Local currency deposit ratings				
Long term	BB	BB	Ba2	Ba2
Short term	B	B	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 issued new-style (Basel III-compliant) additional tier 1 capital instruments as follows:

Instrument code	Instrument terms	2021	2020
Subordinated			
Callable notes (rand-denominated)			
NEDT1A	3-month JIBAR + 7,00% per annum		1 500
NEDT1B	3-month JIBAR + 6,25% per annum		500
NGLT1A	3-month JIBAR + 5,65% per annum	600	600
NGLT1B	3-month JIBAR + 4,64% per annum	750	750
NGT103	3-month JIBAR + 4,40% per annum	671	671
NGT104	3-month JIBAR + 4,50% per annum	1 829	1 829
NGT105	3-month JIBAR + 4,25% per annum	1 000	1 000
NGT106	3-month JIBAR + 4,95% per annum	500	500
NGT107	3-month JIBAR + 4,55% per annum	472	472
NGT108	3-month JIBAR + 4,67% per annum	1 537	
NGT1G – Green AT1	3-month JIBAR + 4,10% per annum	910	
NGT109	3-month JIBAR + 3,91% per annum	700	
NGT110	3-month JIBAR + 3,91% per annum	350	
Total non-controlling interest attributable to additional tier 1 capital instruments		**9 319**	**7 822**

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 from the applicable call date and following a regulatory or a tax event. The payment of interest is at the discretion of the issuer and interest payments are non-cumulative. In addition, 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 part of the non-controlling interest.

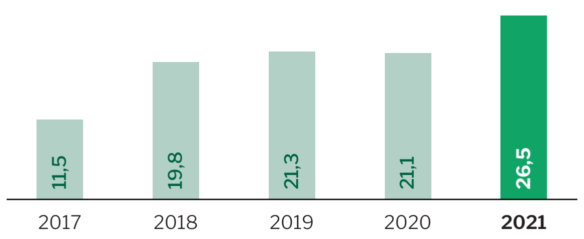
Shareholders' analysis

Register date:	31 December 2021
Authorised share capital:	600 000 000 shares
Issued share capital:	508 870 678 shares

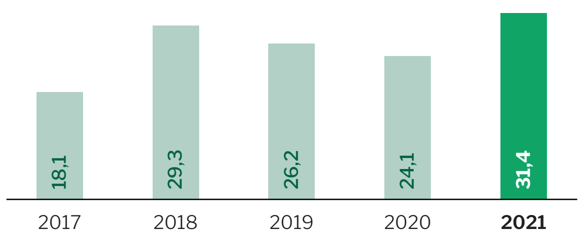
	Number of shares	2021 % holding	2020 % holding
Major shareholders/managers[1]			
Nedbank Group treasury shares	23 269 131	4,58	3,62
BEE trusts	6 485 648	1,28	1,32
Eyethu scheme – Nedbank SA	6 336 586	1,25	1,29
Omufima scheme – Nedbank Namibia	149 062	0,03	0,03
Nedbank Group (2005) Restricted- and Matched-share Schemes	16 735 971	3,29	2,29
Nedbank Namibia Limited	47 512	0,01	0,01
Public Investment Corporation (SA)	69 667 537	13,69	10,39
Allan Gray Investment Council (SA)	54 083 505	10,63	8,95
Coronation Fund Managers (SA)	35 632 689	7,00	8,58
Old Mutual Life Assurance Company (SA) Limited and associates (includes funds managed on behalf of other beneficial owners)	26 326 444	5,17	21,96
BlackRock Incorporated (international)	23 143 128	4,55	4,17
Lazard Asset Management (international)	16 438 722	3,23	2,79
The Vanguard Group Incorporated (international)	15 729 896	3,09	2,51
Sanlam Investment Management Proprietary Limited (SA)	15 663 050	3,08	2,16
GIC Asset Management Proprietary Limited (international)	15 100 406	2,97	1,69
Ninety One (SA)	14 830 894	2,91	0,32
Major beneficial shareholders[2]			
Government Employees Pension Fund (SA)	76 316 690	15,00	11,36
Allan Gray Balanced Fund (ZA)	38 066 319	7,48	5,74
Old Mutual Life Assurance Company (SA) Limited and associates (SA)	24 662 527	4,85	21,47

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

Index classified shareholding
(%)



Foreign shareholding
(%)



	Number of shares	2021 % holding	2020 % holding
Geographical distribution of shareholders[1]			
Domestic	349 309 703	68,64	75,91
SA	318 612 839	62,61	71,70
Namibia	13 211 454	2,59	3,06
Unclassified	17 485 410	3,44	1,15
Foreign	159 560 975	31,36	24,09
USA	79 164 152	15,56	12,67
Asia	28 019 991	5,51	3,56
Europe	21 447 861	4,21	3,51
UK and Ireland	14 908 598	2,93	2,47
Other countries	16 020 373	3,15	1,88
Total shares listed	508 870 678	100,00	100,00
Less: Treasury shares held	23 269 131		
Net shares reported	485 601 547		

[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 2021	Mix (%)	Change (%)	Risk weighting[1]	Downturn expected loss (dEL)[2]	BEEL[3]	Nedbank Group 2020	Downturn expected loss (dEL)[2]	BEEL[3]
AIRB Approach	387 446	168 096	399 083	22 056	79 599	–	888 184	90,74	(7,20)	38,55	8 490	14 000	957 110	7 700	13 626
Corporate	167 156	52 623	16 874	110	44		184 184	18,82	(11,72)	45,01	1 601	750	208 648	1 480	1 030
Specialised lending – HVCRE[4]	5 072	5 073		60			5 132	0,52	(6,62)	103,13	52	167	5 496	62	52
Specialised lending – IPRE[5]	105 994	105 834	1 543	5 389			112 926	11,52	(2,07)	28,28	233	693	115 317	225	469
Specialised lending – project finance	45 577		1				45 578	4,66	(3,28)	52,69	148	132	47 124	119	103
SME – corporate	6 613	4 417	36 825	1 928			45 366	4,63	9,33	50,90	243	536	41 493	233	418
Public sector entities	13 660		56	30			13 746	1,40	(29,65)	33,09	20	324	19 539	70	207
Local governments and municipalities	9 493		1 480				10 973	1,12	(9,92)	40,44	21		12 181	8	
Sovereign	5 920		10	107	79 465		85 502	8,73	0,37	12,95	21	26	85 184	17	16
Banks	27 767		1	3 075	90		30 933	3,16	(64,51)	39,71	63	–	87 161	48	
Retail mortgage			145 610	9 632			155 242	15,86	7,35	25,44	786	1 933	144 608	746	1 947
Retail revolving credit			16 480	65			16 545	1,69	(1,83)	62,77	823	1 587	16 854	789	1 619
Retail – other			147 176	135			147 311	15,05	6,43	50,55	3 967	6 946	138 411	3 388	6 837
SME – retail	45		32 853	1 525			34 423	3,52	(0,95)	42,04	512	906	34 752	515	928
Securitisation exposure	149	149	174				323	0,03	(5,65)	128,59			342		
TSA[6]			135	34 522	–	39 314	73 971	7,56	18,03	50,14	–	–	62 674	–	–
Corporate						5 923	5 923	0,61	(43,68)	102,00			10 518		
SME – corporate			135	918			1 053	0,11	(35,31)	67,04			1 627		
Public sector entities						244	244	0,02	(60,22)	83,09			614		
Local government and municipalities						22	22	0,002	(20,09)	96,96			27		
Sovereign				8 421		10 365	18 786	1,92	2,54	68,30			18 320		
Banks				16 798		9 225	26 023	2,66	214,02	20,59			8 287		
Retail mortgage				6 812		7 304	14 116	1,44	0,60	38,84			14 032		
Retail revolving credit						315	315	0,03	(44,14)	34,16			565		
Retail – other				599		3 312	3 911	0,40	(21,20)	63,76			4 963		
SME – retail				974		2 604	3 578	0,37	(3,85)	63,22			3 721		
PiPs			68	13	106		187	0,02	25,28				149		
Non-regulated entities	16 399		104				16 503	1,69	(2,64)				16 950		
Total Basel III balance sheet exposure[7] [8]	403 845	168 096	399 390	56 591	79 705	39 314	978 845	100,00	(5,60)		8 490	14 000	1 036 883	7 700	13 626
dEL (AIRB Approach)												22 489			21 326
Expected loss performing book												8 490			7 700
BEEL on defaulted advances												14 000			13 626
IFRS impairment on AIRB loans and advances												(24 985)			(24 643)
Excess of downturn expected loss over eligible provisions[9]												(2 496)			(3 317)

[1] *Risk weighting is shown as a percentage of exposure at default (EAD) for the AIRB Approach and as a percentage of total credit extended for The Standardised Approach (TSA).*
[2] *dEL is in relation to performing loans and advances.*
[3] *Best estimate of expected loss (BEEL) is in relation to defaulted loans and advances.*
[4] *High-volatility commercial real estate.*
[5] *Income-producing real estate.*
[6] *A portion of the legacy Imperial Bank book in Nedbank RBB, Nedbank Private Wealth (UK) and the non-South African banking entities in Africa are covered by TSA.*
[7] *Balance sheet credit exposure includes on-balance-sheet, repurchase and resale agreements and derivative exposure.*
[8] *The decreases in credit exposure for the bank, corporate and public sector entity asset classes are attributable mainly to the implementation of the new standardised approach for the measurement of counterparty credit risk (SA-CCR). Previously total credit exposure included a gross exposure measure including potential future exposure (PFE) for OTC derivative exposure, the new measurement takes into account counterparty netting and collateralisation.*
[9] *Excess impairments compared to downturn expected loss for IRB exposures total R2 496m at 31 December 2021. 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 587m at 31 December 2021 (2020: R2 626m).*

Nedbank Limited consolidated statement of comprehensive income

for the year ended 31 December

Rm	Change %	2021	2020 (restated)[1]
Interest and similar income	(9)	62 452	68 654
Interest expense and similar charges	(21)	32 348	41 146
Net interest income	9	30 104	27 508
Non-interest revenue and income	(1)	18 801	19 026
Net commission and fee income		14 838	14 393
Commission and fee revenue		18 012	16 846
Commission and fee expense		(3 174)	(2 453)
Net insurance income		15	1
Fair-value adjustments		(827)	336
Net trading income		3 654	4 550
Equity revaluation gains/(losses)		516	(945)
Investment income		98	183
Net sundry income		507	508
Share of gains of associate companies	(31)	79	115
Total income	5	48 984	46 649
Impairments charge on financial instruments	(50)	6 169	12 425
Net income	25	42 815	34 224
Total operating expenses	6	29 314	27 705
Indirect taxation	(8)	935	1 017
Impairments charge on non-financial instruments and other losses	(51)	205	417
Profit before direct taxation	>100	12 361	5 085
Total direct taxation	>100	3 113	1 164
Direct taxation		3 175	1 283
Taxation on impairments charge on non-financial instruments and other losses		(62)	(119)
Profit for the year	>100	9 248	3 921

Rm	Change %	2021	2020 (restated)[1]
Other comprehensive income (OCI) net of taxation	>100	560	256
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translating foreign operations		222	199
Debt investments at FVOCI – net change in fair value		9	96
Items that may not subsequently be reclassified to profit or loss			
Property revaluations		9	(40)
Remeasurements on long-term employee benefit assets		322	1
Equity instruments at FVOCI – net change in fair value		(2)	
Total comprehensive income for the year	>100	9 808	4 177
Profit attributable to:			
– Ordinary and preference shareholders	>100	9 246	3 919
– Non-controlling interest – ordinary shareholders		2	2
Profit for the year	>100	9 248	3 921
Total comprehensive income attributable to:			
– Ordinary and preference shareholders	>100	9 806	4 175
– Non-controlling interest – ordinary shareholders		2	2
Total comprehensive income for the year	>100	9 808	4 177
Headline earnings reconciliation			
Profit attributable to ordinary shareholders	>100	9 121	3 977
Less: Non-headline earnings items	52	(143)	(298)
Impairments charge on non-financial instruments and other losses		(205)	(417)
Taxation on impairments charge on non-financial instruments and other losses		62	119
Headline earnings attributable to ordinary and preference shareholders	>100	9 264	4 275

[1] *During the year, the group reviewed its statement of comprehensive income presentation. As a result of the review, certain line descriptions have been updated, subtotals have been removed and the 'Non-interest revenue and income' line item has been disaggregated. These changes represent reclassifications to the statement of comprehensive income presentation. It is the group's view that these changes provide more relevant disclosures on its financial performance. To provide comparability, the prior-year balances have been restated accordingly. The reclassifications had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows.*

Nedbank Limited consolidated financial highlights

for the year ended

Rm	2021	2020
ROE (%)	12,2	6,0
ROA (%)	0,86	0,39
NII to average interest-earning banking assets (%)	3,77	3,35
CLR – banking advances (%)	0,81	1,61
Cost-to-income ratio	59,8	59,4

Nedbank Limited consolidated statement of financial position

at 31 December

Rm	Change %	2021	2020 (restated)[1]
Assets			
Cash and cash equivalents[1]	4	34 056	32 597
Other short-term securities	23	33 425	27 082
Derivative financial instruments	(51)	38 840	79 933
Government securities	14	147 297	129 710
Other dated securities	(31)	1 144	1 670
Loans and advances to clients	4	760 028	729 807
Trading loans and advances	(29)	50 431	71 251
Loans and advances to banks	(22)	26 813	34 510
Other assets	(7)	9 664	10 407
Current taxation assets	(44)	42	75
Investment securities	(17)	6 867	8 269
Non-current assets held for sale	84	127	69
Investments in associate companies	(9)	944	1 037
Deferred taxation assets	66	573	346
Property and equipment	(5)	9 140	9 661
Long-term employee benefit assets	14	6 487	5 709
Intangible assets	(1)	10 142	10 225
Total assets	(1)	1 136 020	1 152 358
Total equity and liabilities			
Ordinary share capital		28	28
Ordinary share premium		20 073	20 073
Reserves	13	60 694	53 512
Total equity attributable to equity holders of the parent	10	80 795	73 613
Preference share capital and premium	(100)		3 561
Holders of participating preference shares	>100	59	(58)
Holders of additional tier 1 capital instruments	19	9 319	7 822
Non-controlling interest attributable to ordinary shareholders	18	13	11
Total equity	6	90 186	84 949
Derivative financial instruments	(45)	35 623	64 649
Amounts owed to depositors	1	937 736	929 761
Provisions and other liabilities	13	13 942	12 359
Current taxation liabilities	(50)	260	516
Deferred taxation liabilities	(23)	120	155
Long-term employee benefit liabilities	(4)	2 268	2 366
Long-term debt instruments	(3)	55 885	57 603
Total liabilities	(2)	1 045 834	1 067 409
Total equity and liabilities	(1)	1 136 020	1 152 358

[1] *During the year, the group reviewed the presentation of the mandatory reserve deposits with central banks, which was previously disclosed separately on the statement of financial position. As a result of this review, the mandatory reserve deposits with central banks have now been aggregated within the cash and cash equivalents balance, as the nature of the mandatory reserve deposits represents cash and cash equivalents. The amount of mandatory reserve deposits with central banks that was reclassified to cash and cash equivalents is R24 482m for 2020, and consequently the prior-year balances have been restated to provide comparative information. The group is of the view that the updated disclosure provides more relevant information for users to better understand the group's cash and cash equivalents.*

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.

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) 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 Nedbank's 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%, effective 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.

Forward-looking economic expectations The impact of forecast macroeconomic conditions in determining a significant increase in credit risk (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.

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.

Net asset value (NAV) (Rm) Total equity attributable to equity holders of the parent.

Net asset value (NAV) per share (cents) NAV divided by the number of shares in issue, excluding shares held by group entities at the end of the period.

Net interest income (NII) to average interest-earning banking assets (AIEBA) (%) NII as a percentage of daily average total assets, excluding trading assets. Also called net interest margin (NIM).

Net monetary gain/(loss) (Rm) Represents the gain or loss in purchasing power of the net monetary position (monetary assets less monetary liabilities) of an entity operating in a hyperinflation environment.

Non-interest revenue and income (NIR) to total income (%) Non-interest revenue and income as a percentage of total income, excluding the impairments charge on loans and advances and share of gains/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 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 applying 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.

Year-to-date annualised or ytd annualised The growth rate for the six-month period to 30 June annualised by 366 days, divided by 182 days.

Abbreviations and acronyms

ACI African, Coloured and Indian
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
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
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
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 lending division of Nedbank)
MRC minimum required capital
MZN Mozambican metical
N/A not applicable
Nafex The 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
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 The South African Customer Satisfaction Index
SADC Southern African Development Community
SAICA South African Institute of Chartered Accountants
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
USA United States of America
USD United States dollar (currency code)
USSD unstructured supplementary service data
VAF vehicle and asset finance
VaR value at risk
VIU value in use
VNB value of new business
YES Youth Employment Service
yoy year on year
ytd year to date
ZAR South African rand (currency code)

Company details

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Instrument codes

Nedbank Group ordinary shares

JSE share code:	NED
NSX share code:	NBK
ISIN:	ZAE000004875
JSE alpha code:	NEDI
ADR code:	NDBKY
ADR CUSIP:	63975K104

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This announcement is available on the group's website at nedbankgroup.co.za, together with the following additional information:

- Financial results presentation.
- Link to a webcast of the presentation to investors.

For further information please contact Nedbank Group Investor Relations at NedGroupIR@nedbank.co.za.

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Sponsors in SA: Merrill Lynch SA Proprietary Limited
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.

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