NEDBANK GROUP

Annual results

for the year ended 31 December 2023

see money differently

All 2023 targets met – a strong foundation from which we shift focus to deliver on our medium-term targets

In 2023 the operating environment for South African banks was more challenging than initially forecast. In addition to a weaker global economy, domestic economic activity was impacted by record levels of load-shedding (electricity shortages), logistical constraints, higher-than-expected levels of inflation and, as a result, higher-than-expected increases in interest rates. Collectively, these conditions have put increasing pressure on consumers' finances and led to reductions in business confidence and investment in most sectors other than energy. Progress, albeit slow, is being made in the partnership between government and business to help address the key issues of energy security, transport and logistics, and crime and corruption that are collectively resulting in very low levels of economic growth in South Africa (SA) and a weakening fiscal position.

Despite this difficult and volatile operating environment, Nedbank Group produced a strong financial performance in 2023. Headline earnings (HE) grew by 11% to R15,7bn, underpinned by strong revenue and associate income growth of 12% and prudent expense management that enabled preprovisioning operating profit (PPOP) growth of 15%. This growth was partially offset by a 30% increase in the impairment charge, which is a decrease from the 57% increase reported in H1 2023. As a result, the group's credit loss ratio (CLR) improved from 121 bps (H1 2023) to 109 bps for the full year. The diversification benefit across our portfolio of businesses was evident in very strong growth in HE from Nedbank Africa Regions, albeit off a low base, alongside solid performances in both HE and return on equity (ROE) from Nedbank Corporate and Investment Banking, Nedbank Retail and Business Banking and Nedbank Wealth. The group's balance sheet metrics all remained strong, enabling the declaration of a final dividend of 1 022 cents per share, up by 18%, at a payout ratio of 57%. The R5bn capital optimisation initiative announced in March 2023 was completed successfully, through a share repurchase programme and odd-lot offer executed at attractive levels, enhancing both ROE and earnings growth on a per-share basis.

A highlight of the year was achieving all the group's post-Covid-19 targets for 2023 announced in March 2021. Two of these targets were already achieved in 2022 – being exceeding the 2019 diluted headline earnings per share (DHEPS) of 2 565 cents and ranking #1 on Net Promoter Score (NPS). In 2023 we further increased DHEPS to 3 199 cents, up by 14% yoy, and we maintained our #1 NPS ranking among South African banks. Pleasingly, at the end of 2023, we also met the remaining 2 targets, by reporting an ROE of 15,1% ahead of the target level of 15,0% and a cost-to-income ratio of 53,9%, which is lower than our target of 54,0%.

These targets were achieved as a result of ongoing progress on delivery of our strategy, with a focus on growth, productivity, as well as risk and capital management. Growth trends across average interest-earning banking assets (AIEBA) (+7%), net interest income (NII) (+14%), non-interest revenue (NIR) (+6%) and associate income (+64%) remained robust. Levels of productivity improved, evident in our cost-to-income ratio declining to 53,9% from 55,8% in 2022. Capital and liquidity ratios remained strong, with a common-equity-tier 1 (CET1) ratio of 13,5%, an average fourth-quarter liquidity coverage ratio (LCR) of 135% and a net stable funding ratio (NSFR) of 117%, all well above board targets and regulatory minimums. The group's total expected credit loss (ECL) coverage increased to an annual high of 3,62% (Dec 2022: 3,37%) and we remain conservatively provided in a difficult macroeconomic environment.

Our world-class technology platform, delivered through our Managed Evolution (ME) programme, which has reached 95% completion, supported continued double-digit growth in all digital-related metrics; client satisfaction scores remaining at the top-end of the South African banking peer group; higher levels of cross-sell; main-banked client gains across all segments; market share gains in key product categories; and improved efficiencies. We continued to create positive impacts through R145bn of exposures that support sustainable development finance (SDF) aligned with the United Nations (UN) Sustainable Development Goals (SDGs); maintained high levels of employee satisfaction; supported clients during difficult times; retained our top-tier rankings on environmental, social and governance (ESG) scores; and maintained our level 1 broad-based black economic empowerment (BBBEE) status under the Amended Financial Sector Code (FSC) for the sixth year in a row.

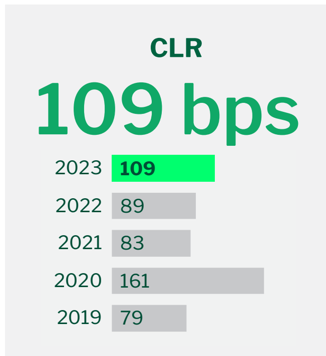
Looking forward, although geopolitical uncertainties increase forecast risk, we currently expect the economic environment in SA to remain challenging but improve off a low 2023 base. The Nedbank Group Economic Unit forecasts SA's gross domestic product (GDP) to increase by 1% in 2024 and inflation to continue to decline. The forecast is for the South African prime lending rate to decline by a cumulative 75 bps in the second half of 2024 to end the year at 11,0% and private sector credit growth to be muted at around 5%.

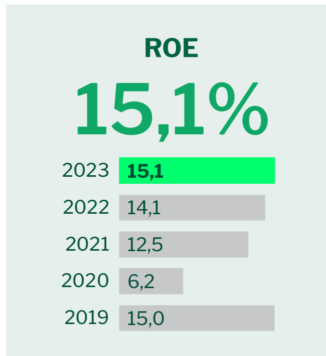
While we were pleased to have achieved all our 2023 targets while operating in a more difficult economic environment, we aspire to deliver ongoing improvements in ROE to increase shareholder value. Our strong financial performance in 2023, together with the progress made in executing on our strategy and underlying momentum in the business, gives us confidence in delivering on our medium-term targets* and, in particular, our aim to increase our ROE to 17% by 2025 and above 18% in the long term.

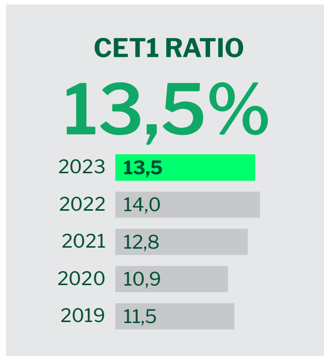
As I reach the final stretch of my 14 years as Chief Executive of Nedbank Group, I look back with pride on our achievements and the challenges we have overcome together. When I retire at the annual general meeting in May 2024 and hand over to Jason Quinn, I know I leave behind a better Nedbank than what I was entrusted with, and that Jason and the Nedbank team will inherit strong foundations from which to build an even better future for all our stakeholders.

Thank you to all the Nedbankers who have been part of this journey and to our more than 7,3 million retail and wholesale clients for choosing to bank with Nedbank. We also appreciate the ongoing support of the investment community, regulators, and our other stakeholders. As Nedbank, we continue to play a constructive and positive role in society as we fulfil our purpose of using our financial expertise to do good for the benefit of all our stakeholders.

Mike Brown
Chief Executive







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

Notes:

Overview

All 2023 targets met: DHEPS ✓ | Cost-to-income ✓ | ROE ✓ | NPS ✓

Strong foundations in place for **delivery of medium- & long-term targets** with a focus on continued ROE improvement

Environment	Strategy	Operations	Financial
Volatile & difficult operating environment	**Strategic delivery showing results**	**Good operational performance**	**Strong revenue growth & prudent expense management, partially offset by higher impairments**
▪ **Weak 2023 SA GDP** growth at ~0,5% ▪ Record **electricity shortages**, improved in H2 ▪ **125 bps yoy interest rate** increases, flat in H2 ▪ **Inflation high**, but trending down ▪ **Volatile markets** – geopolitical & social risks	▪ **Strong digital** growth ▪ **#1 in NPS** ▪ **Market share gains** in HL, term-loans & retail deposits ▪ **R2,2bn TOM 2.0** benefits ▪ **ESG leadership** in general & renewable energy in particular	▪ PPOP **+15%** ▪ JAWS **+4%** ▪ Cost-to-income **53,9%**	▪ Headline earnings **+11%** ▪ DHEPS **+14%** ▪ Revenue **+12%** ▪ Impairments **+30%** H1: +57% yoy | H2: +8% yoy ▪ ROE **15,1%** ▪ CET1 **13,5%** ▪ NAV per share **+8%** ▪ ECL coverage **3,62%** ▪ Full-year DPS **+15%**

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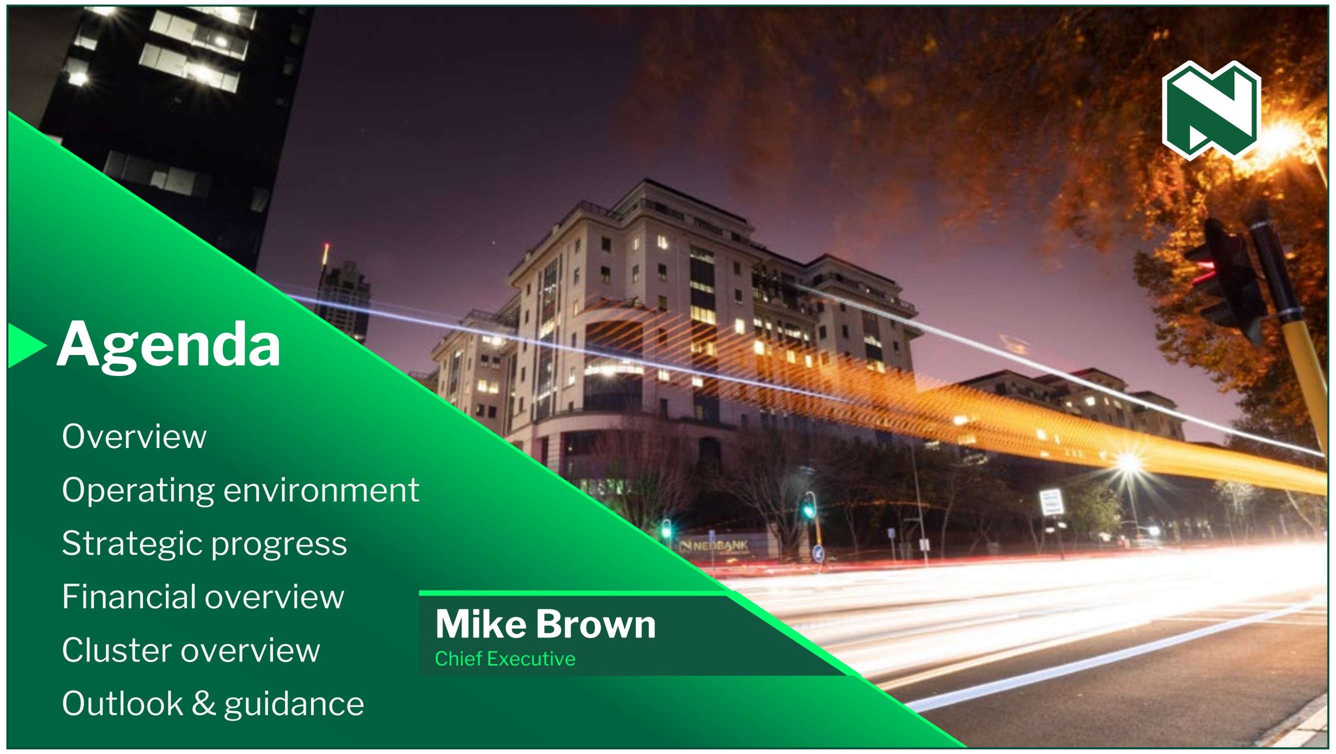
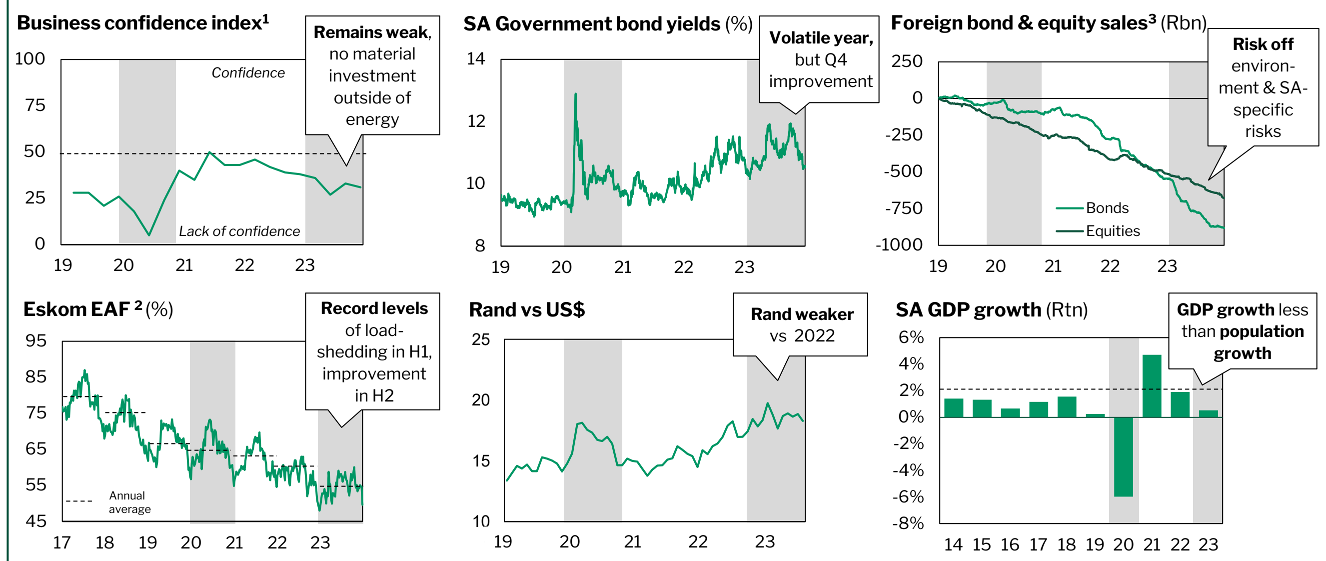
Notes:



Notes:

Operating environment – volatile & difficult environment



[1] SA Bureau of Economic Research. | [2] Eskom electricity availability factor. | [3] Cumulative sales from 2019. | F: Forecast.

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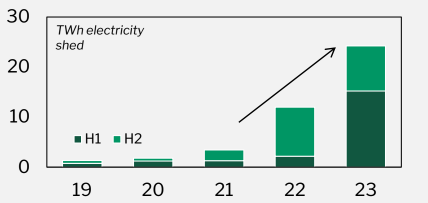
Notes:

Operating environment – structural challenges to economic growth around energy supply, logistics & crime being addressed through Government-Business partnership

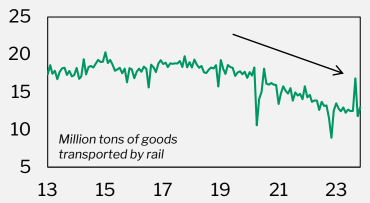
Energy/Electricity[1]



Estimated **GDP loss**[3] of **1% to 3%**

- **Private sector investments**[5] – more than 6 GW registered & under construction over the past 2 years
- **REIPPP** – mixed progress
- **Loadshedding possible to reduce**[7] to largely level 1 & 2 in the medium-term

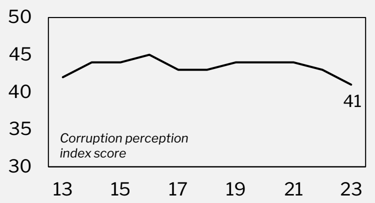
Logistics/Transport[2]



Estimated **GDP loss**[4] of **up to 5%**

- **National Logistics Crisis Committee** established
- **Freight Logistics Roadmap** published
- **Preferred operator for Durban port** announced
- Progress in clearing **port backlogs**

Crime/Corruption[6]



- **FATF greylisting** – some progress made, with key challenges in investigation & prosecution capability
- Limited success with **state-capture-related prosecutions**

Business & Government working together through the B4SA platform to accelerate progress on these issues to increase levels of economic growth

[1] Source: Eskom se Push & Nedbank GEU. | [2] Source: Statistics SA. | [3] Source: SARB (June 2023). | [4] Source: SA National Treasury (November 2023). | [5] Source: NERSA registrations. | [6] Source: Transparency International. Best in class: Denmark with a 90 score; worst: Somalia with a score of 11. | [7] NECOM.

Notes:

Operating environment – large renewable energy opportunity to reduce impact of load-shedding & ensure a Just Transition

Additional info

Renewable energy market potential up to 2030[1] (GW)

	Private power generation	Government procurement projects
Solar	12,4 GW	4,0 GW
Wind	4,7 GW	9,6 GW
BESS	-	1,2 GW
Total	**17,1 GW**	**14,8 GW**

Financing

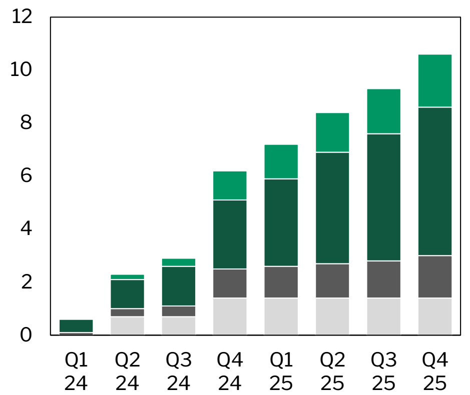
Nedbank CIB estimates by 2030 **> R650bn**[2]

JET IP estimates by 2027 **R475bn**[3]

Renewable investments to be supported by:

- **Grid expansion** accelerated through **build-own-operate-and-transfer** models
- More **energy storage** capacity than currently in pipeline
- **Gas-to-power** for peaking purposes

NECOM estimates to reduce load-shedding[4] (targeted additional power to be added to the grid, GW)



2 GW new wind power

>5,5 GW new solar PV power

>1,5 GW other

>1 GW improved Eskom performance

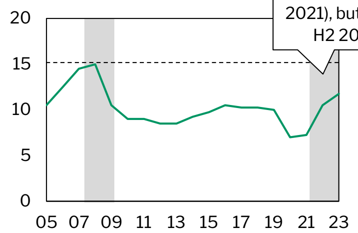
[1] Based on assessment of Eskom Renewable Energy Grid Survey projects likelihood of reaching closure by 2030. BESS = Battery energy storage system. | [2] Source: Nedbank CIB energy team estimates of new cumulative financing opportunities for the total SA market by 2030. | [3] Source: SA Just Energy Transition Investment Plan. | [4] Source: NECOM.

Notes:

Operating environment – consumers have been under increasing pressure

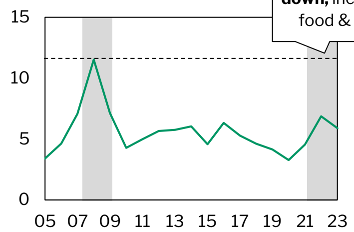
Prime interest rate (year-end, %)

Steep increase of +4,75% (since 2021), but flat in H2 2023



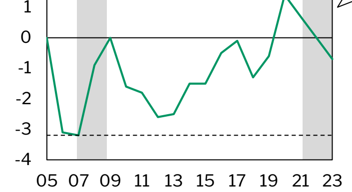
Inflation (annual average, %)

Trending down, including food & fuel



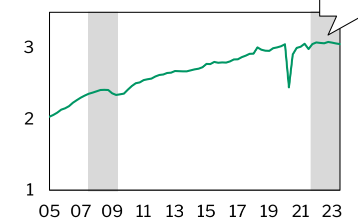
Household savings rate (annual, % of PDI)

HH savings reduced to support debt service costs



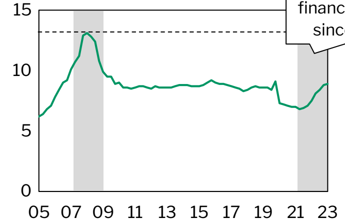
Personal disposable income (quarterly, Rtn)

No growth since 2021



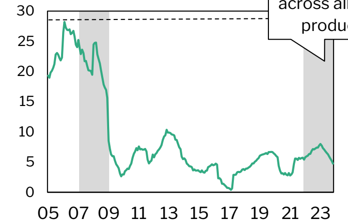
Household debt service costs (quarterly, % of PDI)

~35% more expensive to finance a home since 2020



Household credit growth (annual, % yoy)

Slowdown in H2 2023 across all retail products



Notes:

Nedbank Group strategy

Our purpose

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

Strategic value drivers

Growth | Productivity | Risk and Capital Management

Strategic value unlocks

- Digital leadership (DX)
- Market-leading client experiences (CX)
- Focusing on areas that create value (SPT)
- Efficient execution (TOM)
- Creating positive impacts (Purpose delivery)

World-class technology platform

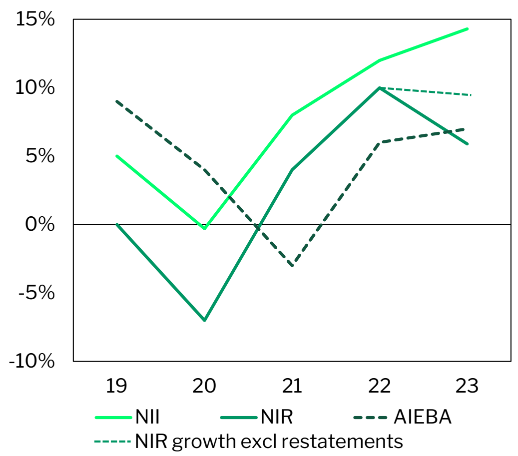
Our employees & differentiated corporate culture (EX)

Notes:

Growth – strong revenue & client growth

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

Nedbank revenue[1] & average interest-earning banking asset growth (%)



Strong client-driven growth

- New CIB primary client wins: **20**
- Retail main-banked clients: **+9%** to 3,5m
- NAR clients: **+4%** to 349k
- App volumes: **+18%** yoy & **> 300%** since 2019
- Retail cross-sell ratio: up to **1,96** (2019: 1,71)

Impact of financial markets

- AUM: **+14%** to **R448bn**
- Markets revenue: **+7%**

Active interest rate risk management – positioning an appropriately sized residual endowment position as an offset against anticipated changes in impairments over the cycle. R1,4bn (pre-tax) sensitivity for every 1% change. (Average prime: 21: 7,0%, 22: 8,8%, 23: 11,4%, 24F: 11,5%)

[1] 2022 NIR restated for IFRS 17 & card-processing costs. F= forecast.

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Notes:

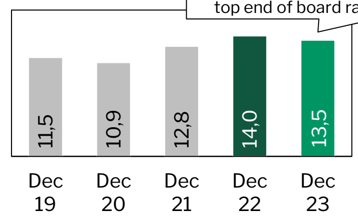
Risk & capital management – a fortress balance sheet remains in place after the R5bn capital optimisation initiative

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

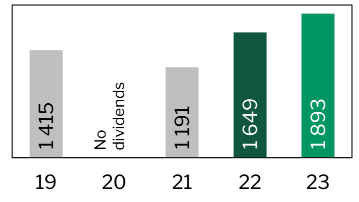
Capital

CET1 ratio (%)

R12bn average surplus capital & CET1 well-above top end of board range

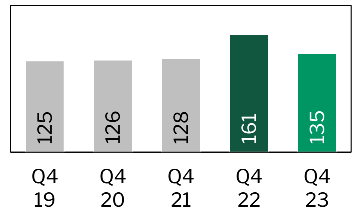


Dividends (cents/share)

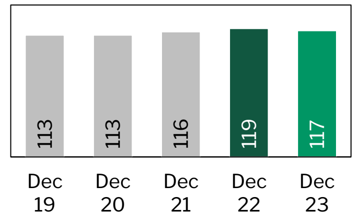


Liquidity

LCR (%)

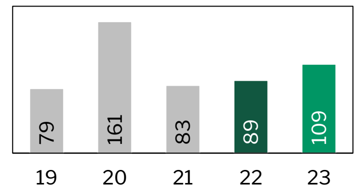


NSFR (%)

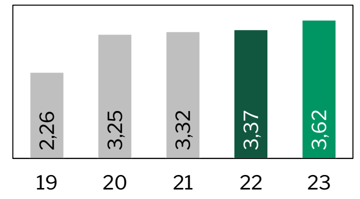


Credit

CLR (bps)



Total ECL coverage (%)



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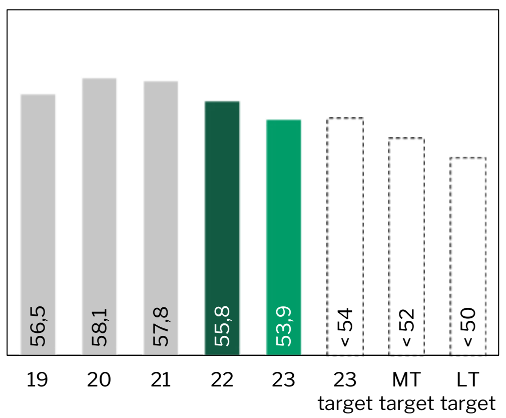
Notes:

Productivity – structural cost optimisation initiatives support a reduction in the group's cost-to-income ratio

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

Nedbank cost-to-income ratio[1] (%)



Structural cost optimisation benefits

- Managed Evolution IT build **95%** complete, having delivered a world-class IT platform & leading client experience outcomes, enabling TOM 2.0 savings of **R2,2bn** to date
- Intangible software assets peaked at R9bn in 2020 with 2023 at **R7,9bn** & IT cash flow spend peaked in 2017 at R2,3bn with 2023 at **R1,3bn**
- Significantly increased levels of **digital usage**, eg **digital volumes +12%** yoy (with lower acquisition & operating costs)
- Headcount down by **2%** yoy & down by **13%** since 2019, largely through natural attrition
- Flexible work practices & real estate optimisation (branch & CRE) enabling ongoing cost savings

PPOP growth +15% to R30bn

[1] 2022 restated for net monetary loss reclassification, card-processing costs & IFRS 17. Prior years have not been restated.

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Notes:

Notes:

Nedbank Group strategy

Our purpose

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

Strategic value drivers

Growth | Productivity | Risk and Capital Management

Strategic value unlocks

- Digital leadership (DX)
- Market-leading client experiences (CX)
- Focusing on areas that create value (SPT)
- Efficient execution (TOM)
- Creating positive impacts (Purpose delivery)

World-class technology platform

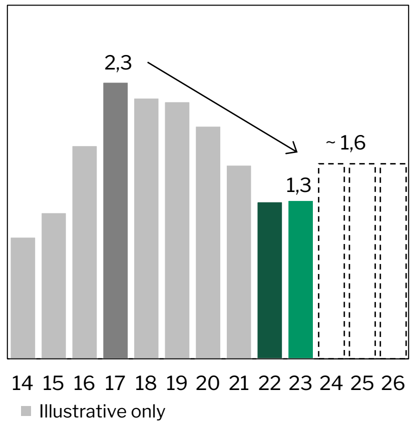
Our employees & differentiated corporate culture (EX)

Notes:

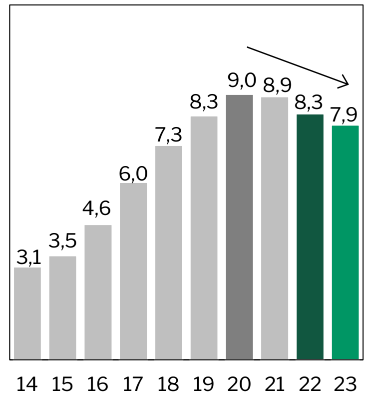
Managed Evolution IT build programme – cash flow spend peaked in 2017 & intangible software assets peaked in 2020 at R9bn, while increasing benefits are being realised according to plan

Additional info

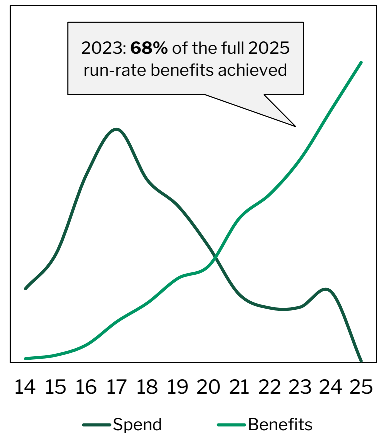
IT software development spend (Rbn annual cash flow)



Intangible software assets on the balance sheet (Rbn)



Investment vs benefit realisation to date (%)



Notes:

A world-class technology platform for ongoing competitive advantage – Managed Evolution (ME) IT build 95% complete – on time, on scope, on budget

Core banking systems

88% complete

- **Product lifecycle management**
  - Pricing & billing
  - Product catalogues
- **Core product systems**
  - **Deposit** products
    - Transactional
    - Investment
  - **Lending** products

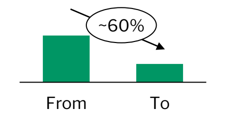
Foundational components

99% complete

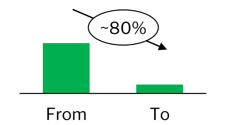
- Enterprise content & master data management
- Client systems
- Enterprise security
- Enterprise data
- Modular architecture

# of products[1]

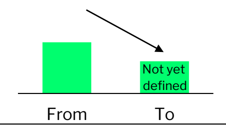
Transactional



Investment



Lending



Our focus beyond ME

- **Product rationalisation & migration** – 2,1 million MiGoals Accounts opened to date (including 1,4 million migrations)
- **Product digitisation** – 8/10 client journeys completed with home loans & VAF digital onboarding & sales to be completed in H2 2024
- **Converging for scale** – leverage ME digital IT stack in NAR & mobile app convergence with target completion by end 2026
- **Payment modernisation**
- **Process automation**
- **AI & Data** – 300 Microsoft Copilot licences in use & > 50 use cases being considered
- **Cloud computing & storage**[2] – almost double usage over the next 3 years

[1] *Current estimated product rationalisation. Target state lending products & juristic deposit product definitions remain work in progress.* | [2] *2022: ~24% & 2023: ~45%.*

Project initiated | In progress | Completed

Notes:

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

Strategic value unlocks

Benefits for our **clients**

Digital onboarding

Seamless FICA-compliant onboarding of individual & juristic clients

Digital servicing

> 200 Individual services on Eclipse & Money App

> 400 Juristic services on Nedbank Business Hub

Digital product sales

% of new sales

▲ **55%**

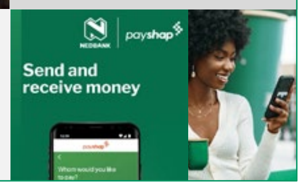
(2019: 12%)

Great client experiences

NPS

▲ **#1 bank**

(2019: #3)



Benefits for **Nedbank**

Revenue growth

Retail cross-sell ▲ **1,96** (2019: 1,71)

VAS revenue ▲ **197%** (vs 2019)

Beyond Banking

Avo clients ▲ **2,5m** (up by 26% yoy)

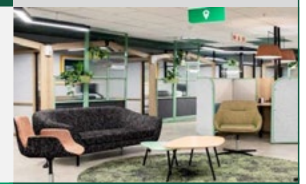
APIs ▲ **64** (up by 14% yoy)

Operational efficiencies

Floor space ▼ **33%**

Headcount ▼ **13%**

(since 2019)



Target operating model benefits

R4,2bn

(cumulative 1.0 & 2.0 to date)

Nedbank brand value

up by 15% to

▲ **R17bn**

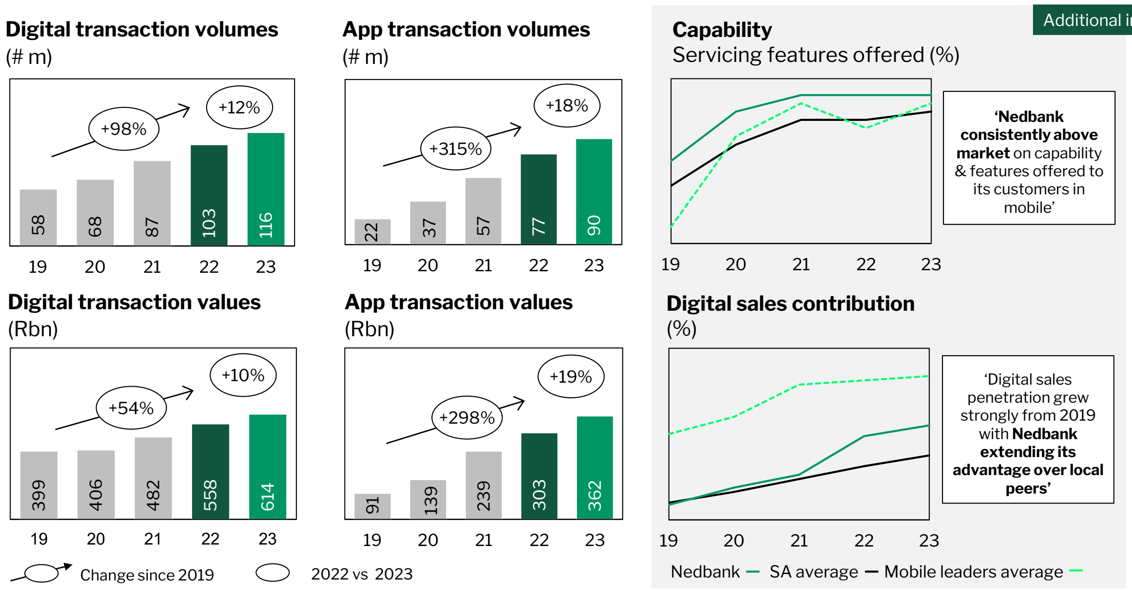
(rank from #9 to #8 in SA)

Notes:

Digital uptake & usage continues to grow strongly – independent benchmarking ranks Nedbank's digital capabilities highly

Strategic value unlocks

Additional info



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Source: 2023 Finalta Survey (McKinsey & Company).

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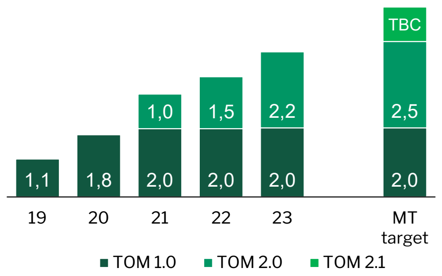
Notes:

Operating model changes & efficient execution – supporting a lower cost-to-income ratio

Strategic value unlocks

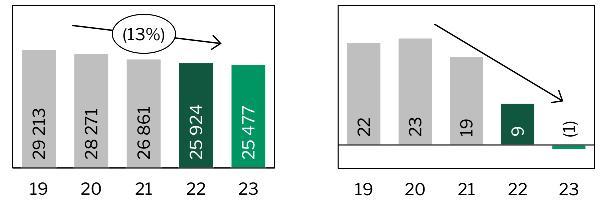
Cumulative target operating model benefits (Rbn)

- **TOM 2.0 target of R2,5bn to be achieved in 2024** (initially 2023) given:
  - delayed or reconsidered some initiatives impacting revenues
  - a delay in some cost initiatives
- **TOM 2.1 opportunities** across data, Gen AI, payments & process optimisation. Benefits to be disclosed during H1 2024 results



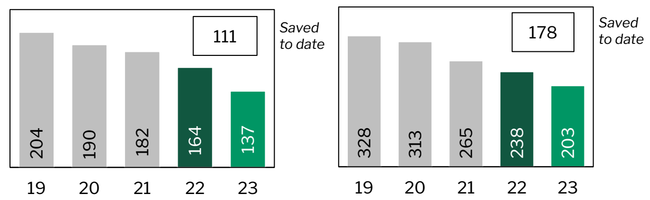
Permanent employees (#)

Annual IT amortisation charge (% growth)



Branch floor space ('000 m²)[1]

Corporate real estate floor space ('000 m²)



[1] Total branch floor space saved since 2014 equates to 111k sqm, 48% of the 2014 floor space.

NEDBANK GROUP LIMITED – 2023 Annual Financial Results

Change since 2019

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Notes:

Our world-class technology platform is also enabling us to unlock new revenue streams

Strategic value unlocks

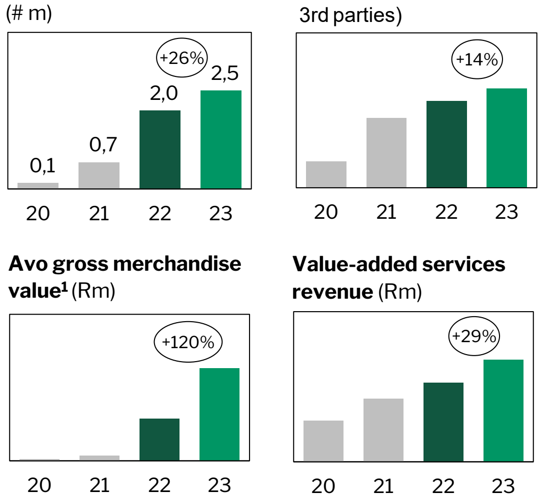
Additional info

Registered Avo clients (# m)

API activity (# of active 3rd parties)

Avo gross merchandise value[1] (Rm)

Value-added services revenue (Rm)



[1] GMV growth excluding internal spend +149% yoy

Avo Auto
Hosts **> 800** MFC-accredited dealers and lists **~25 000 vehicles**

Avo Solar
Launched in Aug '23 with over 100 residential installations, **70% being financed by Nedbank**

Avo B2B
+R100m Avo B2B stock financing applications assessed, **majority being Non-Nedbank businesses**

Avo Home
One of the top marketplaces for best value on Apple products

Avo launched in NAR with Apple as the top merchant

Driving acquisition, cross-sell & retention

NEDBANK GROUP LIMITED – 2023 Annual Financial Results

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Notes:

Traction in gaining profitable market share in key areas, while remaining selective in a difficult environment (Strategic Portfolio Tilt 2.0)

Strategic value unlocks

BA900 market share (%)	Dec 22	Dec 23	Yoy change
Total core loans	17,9	17,9	▶
Wholesale term loans	15,5	16,4	▲
Home loans	14,1	14,4	▲
Commercial property	36,8	36,0	–
Vehicle finance	35,4	35,5	–
Personal loans	11,9	11,0	▼
Retail deposits	16,0	16,4	▲
Commercial deposits	17,6	17,1	▼

- **Yoy market share gains** in term loans, retail home loans, retail overdrafts & key deposits categories as management actions start yielding results
- **Unlocking growth opportunities** – infrastructure & SDG-related financing, particularly in wholesale term lending
- **Selective credit origination** in areas where we have strong market positions – commercial property & vehicle finance
- **Prudent credit granting** in a more difficult macroeconomic environment – unsecured lending
- **Deposits** – retail deposits growth above industry levels & market share gains in notice deposits

Total core loans include retail & corporate loans, excluding loans to SA, foreign currency loans, resale agreements & preference shares. | Retail deposits, a common lens used in the industry, is the sum of BA900 lines 26, 27, 28 & 35. Nedbank's household deposit (line 27) decreased to 14,6% (December 2022: 14,8%), while Nedbank's household non-transactional deposit (line 27) increased to 17,3% (December 2022: 17,1%).

NEDBANK GROUP LIMITED – 2023 Annual Financial Results

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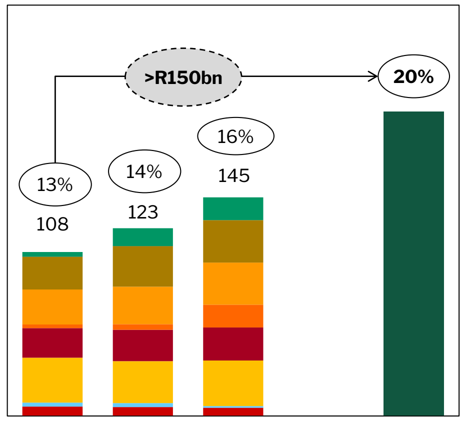
Notes:

Creating positive impacts – R145bn of exposures at the end of December 2023 that support sustainable development financing (SDF)

Strategic value unlocks

Sustainable development finance[1,2]
(Rbn)



- **R15bn** sustainable finance across multiple SDGs for CIB clients (R27bn limits)
- **R28bn** support for farmers & the agriculture sector
- **R3bn** for affordable home loans, supporting **>5 000** home purchases
- **R22bn** lending exposure to small businesses & their owners
- **R30bn** total renewable energy exposures (R46bn limits), supporting new generation capacity of almost **4GW**
- **R1,2bn** financing for clean water & sanitation
- **>11 000** student loans & **>43 000** student beds financed since 2015

[1] By the end of 2025, it is our ambition to have increased our SDF exposures to around 20% of the group's total gross loans & advances, achieved by support for more than R150bn in new SDF that is aligned with the SDGs (from our 2021 base). [2] R15bn for the financing of buildings that include green interventions such as green energy, water & waste efficiencies has not yet been included as we consider its eligibility.

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Notes:

Creating positive impacts – ESG highlights

Strategic value unlocks

Nedbank ESG ratings

MSCI	AAA	Top 5% of global banks
S&P Global	60	Top 9% of all global banks
Sustainalytics	17,1	Top 10% of diversified banks
ISS ESG	C	Top 10% of all global banks
FTSE Russell / FTSE4Good	3,9	Top 26% of global banks

Commitments & achievements

- **2030 financed emission targets** for thermal-coal, oil & gas, and power generation (1st SA bank)
- **Net-zero** operational water use (since 2018)

- **Zero exposure** to fossil-fuel-related activities by **2045**
- **82% AIC representation** (from 78% in 2019)
- **Level 1 BBBEE status** for the past 6 years
- **Cash taxation payments**[1] **of R13,2bn** up by 15% yoy

- **2 835 unemployed youth** (YES) recruited (almost 10 000 since 2019)
- Employee experience (EX) **NPS 2nd highest** since inception (employee survey)
- **World-class reporting** #1 integrated report (EY & CGISA Top 40) #1 tax report (PWC)

[1] Tax payments relating to direct, indirect & employee taxes, as well as other taxation.

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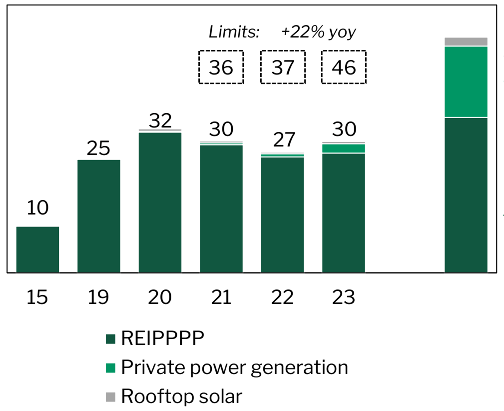
Notes:

Creating positive impacts – building on our leadership in renewable energy

Strategic value unlocks

Additional info

Renewable energy financing
(drawn exposures, limits, Rbn)



Renewable energy financing opportunities to date

RBB renewable finance
- Strong growth in Commercial Banking & Retail. MFC solar finance in place with HL solar CVP & Avo Solar launched in H2 2023

>R2bn

CIB mandated on 1,9 GW of new commercial private generation (from < 1 GW at 31 Dec 2022)
- 3 projects closed in 2023 (168 MW)
- 15 projects anticipated to close in 2024 (1,9 GW)

R16bn

CIB mandated 0,8 GW of Government projects[1]
- 6 projects closed in 2023 (0,3 GW)
- 5 projects expected to close in 2024 (0,5 GW)

R7bn

Nedbank supported 3,5 GW in REIPPPP rounds 1 to 4 (out of a total 6,3 GW added)	Additional **0,5 GW** supported in 2023 (projects closed)	**Nedbank's pipelines beyond 2024 support a further >2,5 GW** of new renewable energy

NEDBANK GROUP LIMITED – 2023 Annual Financial Results

[1] 0,3GW closed in 2023, 0,5GW in the pipeline & 0,4GW terminated (Out of the 1,15GW that was in the pipeline at the end of H1 2023).

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Notes:

Creating positive impacts – progress on our journey to net zero

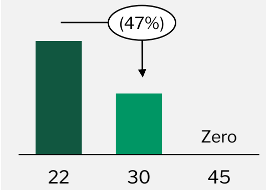
Strategic value unlocks

Additional info

Our journey to net zero

2020	**Climate change resolutions** passed with 100% votes of approval at our 53rd AGM
2021	Adopted & disclosed our market-leading **Energy Policy** & inaugural **TCFD Report**
2024	Disclose net-zero-aligned **glidepath for upstream fossil fuels & power generation**
2025	**No provision** of project financing for **new thermal-coal mines** Reduce Nedbank's **own operations' carbon emissions by >40%** (from 2019 levels) **Generate >30% of Nedbank's own energy needs** from renewable sources
2030	**Thermal-coal funding** to be <0,5% of gross loans & advances
2035	**No new finance** for oil production
2045	**Zero exposure** to fossil-fuel-related activities
2050	**100% of lending & investing** supporting a net-zero carbon economy

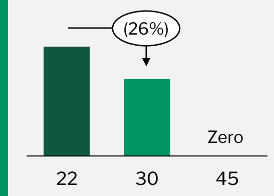
Thermal-coal glidepaths ($ktCO_2e$ financed)



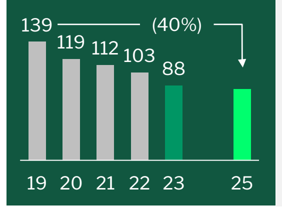
Power generation

Adopted a **cap** aligning to NZE target of **188 gCO_2e/kWh**

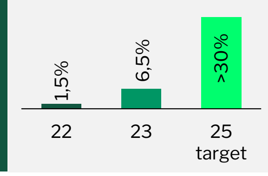
Oil & gas glidepaths ($ktCO_2e$ financed)



Own operational GHG emissions ($ktCO_2e$)



Own operational renewable energy sourced (% of total electricity)



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Notes:

External recognition received in 2023 – across business excellence, digital innovation & purpose/ESG-related

Strategic value unlocks

Additional info

- 2023 Global Banking and Finance Awards – **Best Investment Bank in South Africa** (winner)
- 2023 Global Finance Magazine Awards – **Best Sub-custodian Banks Namibia** (winner)
- 2023 The Asian Banker Excellence in Retail Financial Services – **Best SME Bank in South Africa** (winner)
- 2023 Private Asset Managers Awards – **Total Wealth Planning – High Net Worth** (winner)
- 2023 Euromoney Awards – **Best Digital Bank In Africa** (winner)
- 2023 Banks and Banking Survey Awards – **Corporate Governance, Social Responsibility & Sustainability in Zimbabwe** (winner)
- 2023 African Banker Awards – **Debt Deal of the Year** (winner)
- 2023 Global Business & Finance Magazine Awards – **Best Financial Institution in South Africa** (winner)
- 2023 Intellidex Top Private Banks and Wealth Managers Awards – **Top Private Bank** (winner)
- 2023 Finnovex Awards Southern Africa – **Excellence in Mobile Banking** (winner)
- 2023 Global Finance Magazine Awards – **Best Bank for client facing technology** (winner)
- 2023 Global Banking & Finance Awards – **Best Corporate Sustainability Strategy South Africa** (winner)
- 2023 African Banker Awards – **Sovereign Bond Deal of the Year** (winner)
- 2023 Qorus Reinvention Awards – **SME Bank of the Year** (winner)
- 2023 ActiveOps – **ActiveOpsTeam of the Year Award - EMEIA region** (winner)
- 2023 Global Finance Magazine Awards – **Top Innovations in Finance in Mozambique** (winner)
- 2023 Global Banking & Finance Awards – **Excellence in Innovation – Banking App (Nedbank Avo) South Africa** (winner)
- 2023 Environmental Finance Awards – **Sustainability-linked Loan of the Year (Africa)** (winner)
- 2023 Top Companies Survey Awards – **Top Banking Institution in Zimbabwe** (winner)
- 2023 ActiveOps Awards – **Excellence in Operations** (winner)
- 2023 Raging Bull – **Best SA Multi-Asset Medium Equity Fund** (winner)
- 2023 Finance Derivative Magazine Awards – **Best Retail Banking Technology Implementation South Africa** (winner)
- 2023 Global Finance Magazine Awards – **Outstanding Leadership in Sustainable Bonds** (winner)
- 2023 African Banker Awards – **Sustainable Bank of the Year** (winner)

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

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Notes:

Key drivers – the impact of a difficult operating environment in 2023 was offset by good strategic delivery

Operating environment				Strategic delivery	
SA GDP growth	✗	Global conflicts	✗	Technology/Digital	✓
SA inflation	✗✓	Global & local markets	✗	Efficient execution	✓
SA prime interest rate	✓✗	Currency impacts	✗	Market share gains	—
Business confidence	✗	Regulation	—	Cross-sell & main-banked client gains	✓
Electricity constraints	✗	Competition	✗	Creating positive impacts	✓

Financial outcomes

Revenues **+12%** ▲	ROE **15,1%** ✓
Headline earnings **+11%** ▲	Diluted HEPS **+14%** ▲
Dividends per share **+15%** ▲	CET1 ratio **13,5%** ✓

NEDBANK GROUP LIMITED – 2023 Annual Financial Results ✓ Positive ✗ Negative — No material impact in 2023 27

Notes:

Financial overview

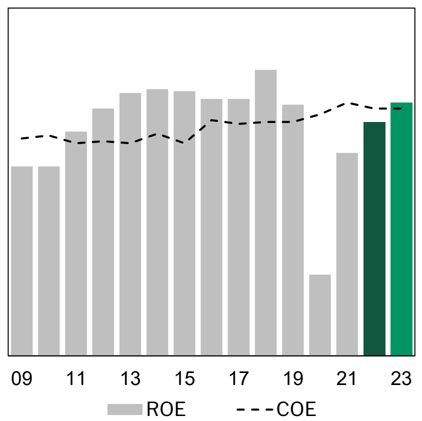
'Headline earnings up by 11%, driven by strong revenue growth, partially offset by higher impairments. DHEPS up by 14%, benefiting from the R5bn capital optimisation initiative'

Mike Davis
Chief Financial Officer

Notes:

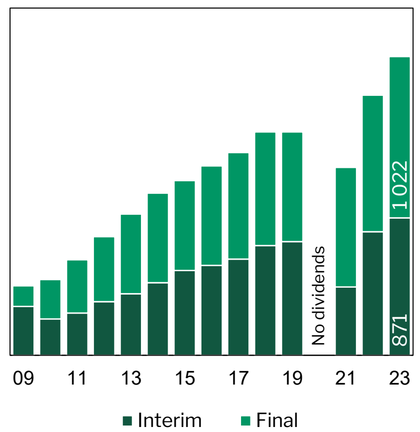
Shareholder value creation – ROE improvement to above COE & dividends declared at the top of our payout ratio, while maintaining good NAV growth, even after the R5bn capital optimisation initiative

ROE & cost of equity (%)



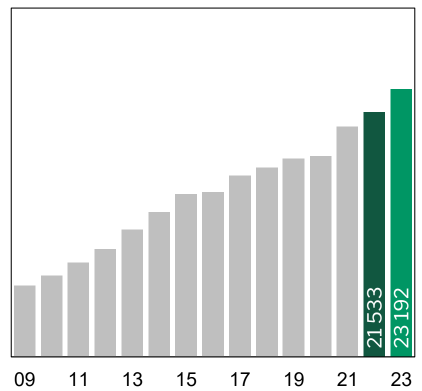
ROE above COE

Dividend per share (cents)



Dividend at 57% payout ratio

NAV per share (cents)



NAV/share +8% yoy

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Notes:

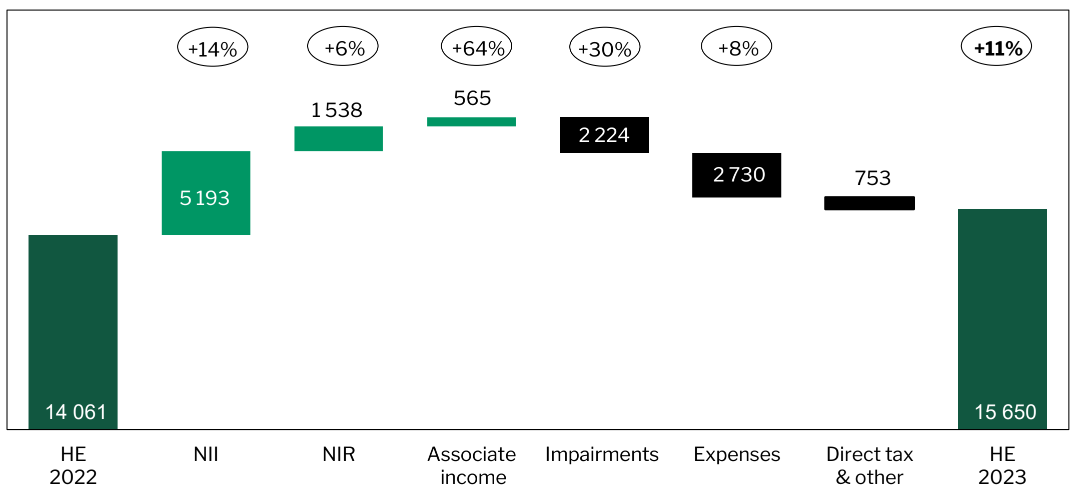
Profitability metrics improved yoy, underpinned by robust capital, liquidity & provisioning

		yoy	2023	2022	2021	2020	2019
Profitability	Headline earnings (Rbn)	+11%	15,7	14,1			
	Preprovisioning operating profit (Rbn)	+15%	29,7	25,8			
	Total comprehensive income (Rbn)	+30%	17,3	13,4			
	DHEPS (cents)	+14%	3 199	2 809	2 362	1 113	2 565
	Basic EPS (cents)	+10%	3 239	2 934			
	ROE (%)		15,1	14,1	12,5	6,2	15,0
Advances & deposits	Gross banking advances (Rbn)	+3%	885	863			
	Deposits (Rbn)	+5%	1 088	1 040			
Asset quality	NIM (%)		421	393	373	336	352
	Credit loss ratio (bps)		109	89	83	161	79
	Total coverage (%)		3,62	3,37	3,32	3,25	2,26
Liquidity	Liquidity coverage ratio (%)		135	161			
	NSFR (%)		117	119			
Capital	CET1 (%)		13,5	14,0	12,8	10,9	11,5
	Risk-weighted assets (Rbn)	+7%	695	648			

Notes:

Headline earnings up by 11% – driven by strong revenue growth & prudent expense management, partially offset by higher impairments

Headline earnings (Rm)

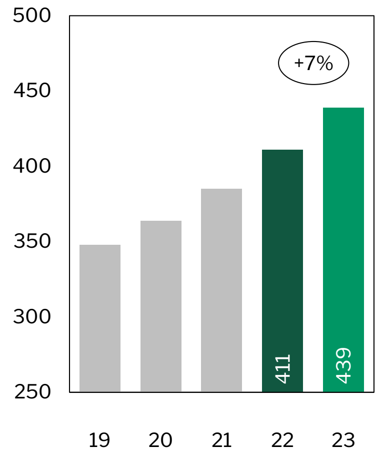


[1]'Other' includes indirect tax and minority & preference shareholders.

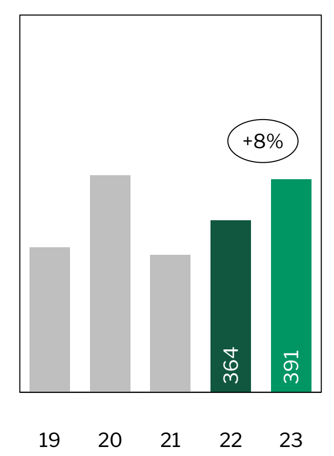
Notes:

Average gross banking advances up by 7% – solid growth in RBB & CIB

RBB average banking advances (Rbn)



CIB average banking advances (Rbn)

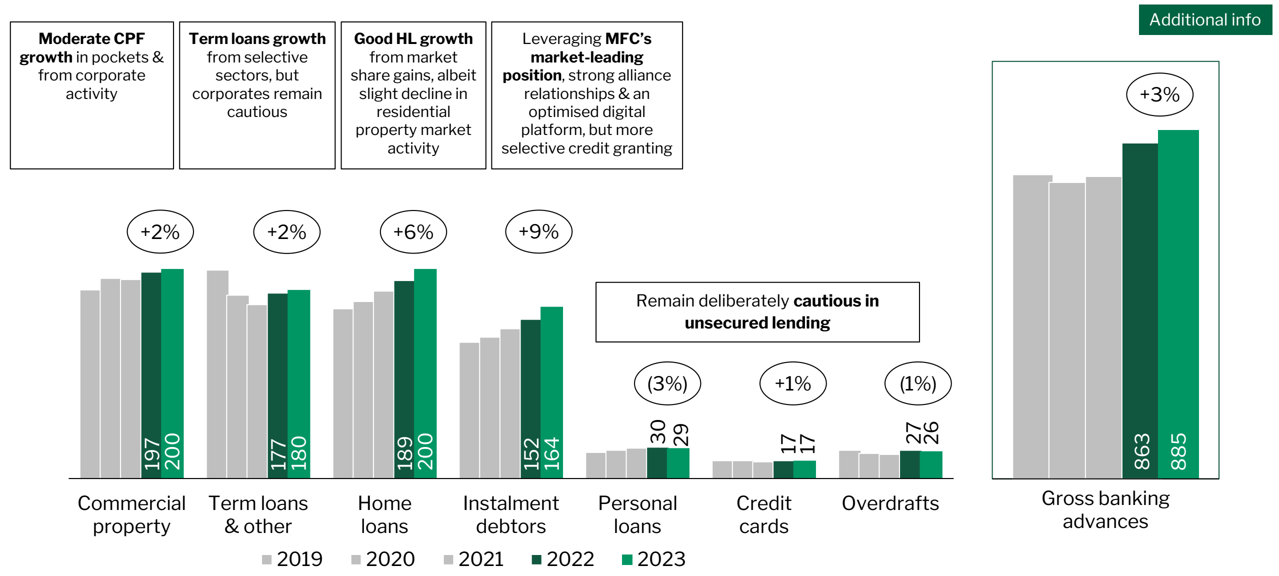


- **RBB**
  - Solid growth in our relationship businesses
  - Gradual HL market share gains, but slowing demand
  - Selective growth by leveraging our strong position in MFC
  - More cautious in unsecured lending given elevated risk
- **CIB**
  - Term lending businesses grew 4%
  - Growth across multiple sectors, with continued momentum into 2024
  - Moderate growth in commercial property, supported by increased corporate activity

Notes:

Actual gross banking advances up by 3%

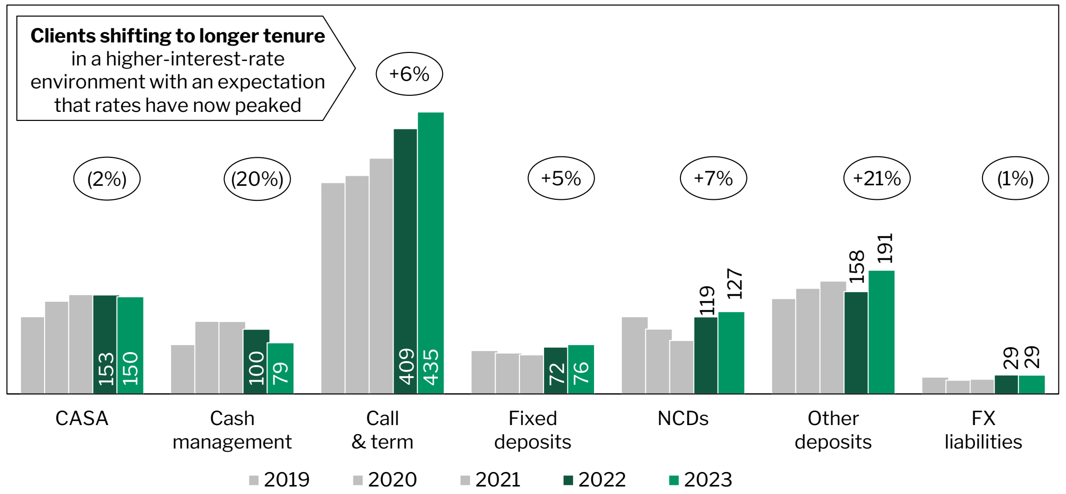
Additional info



Notes:

Deposits up by 5% – with improving loan-to-deposit ratio to 82% (2022: 85%)

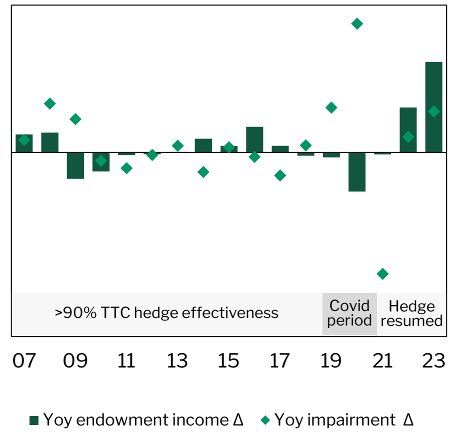
Deposits (Rbn)



Notes:

Endowment income – active interest rate risk management, positioning an appropriately sized residual endowment position as an offset against anticipated changes in impairments over time

Change in endowment income vs impairments (Rbn)



Directional drivers

	H1 23	H2 23	H1 24	H2 24	2025
Average SA interest rates	11,1%	11,75%	11,75%	11,3%	10,6%
	11,4%		11,5%		
Endowment (yoy change)	▲	▲	▲	▼	▼
CLR (yoy change)	▲	▼	▼	▼	▼
	121 bps	96 bps	CLR within 60 to 100 bps range		

10 bps CLR = **R0,9bn** pre-tax

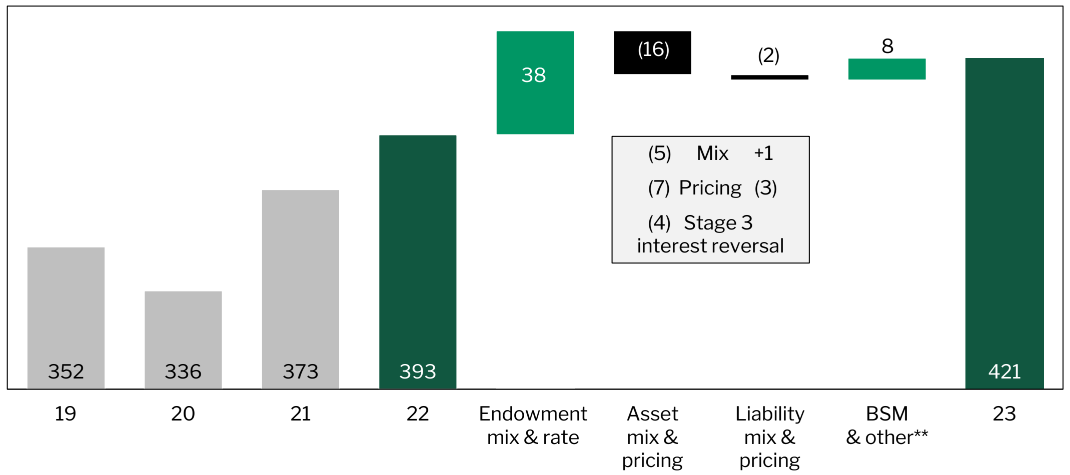
10 bps NIM = **R1,0bn** pre tax

NII sensitivity for 1% change in interest rates: R1,4bn

Notes:

NII up by 14% – driven by AIEBA growth of 7% & NIM expansion of 28 bps, primarily from endowment (higher interest rates)

Net interest margin* (bps)

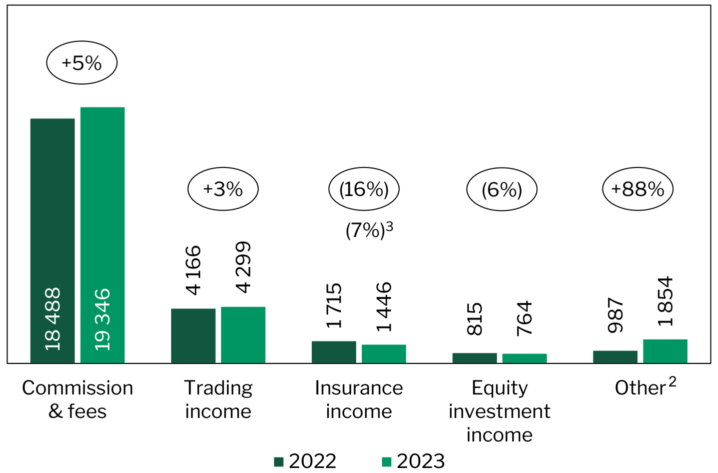


*Surplus cash in the SARB quota account, on which Nedbank earns repo, reclassified as AIEBA (R8,2bn reclassified, impacting NIM negatively by -3 bps).
**Balance sheet management & other includes positive HQLA rate & mix impact, positive basis risk impact & higher yields in NAR.

Notes:

NIR up by 6% – supported by solid growth in commission & fees, as well as FX devaluation. Excluding restatements, NIR growth was up by 9%

Non-interest revenue & income[1] (Rm)



- **Commission & fees** – solid growth driven by cross-sell, main-banked client gains & value-added services
- **Trading** – positive outcomes in debt securities & commodities
- **Insurance** – impacted by lower traditional bancassurance volumes, new business strain & non-repeat of reserve releases, offset by improved non-life claims experience & positive shareholder returns
- **Equity investment income** – closely matched a high 2022 base
- **Other** – benefit from FX devaluation of ZWL & ZAR vs US$ given hard currency US$ exposure in Zimbabwe, partially offset by a higher net monetary loss

[1] 2022 restatements relate to net monetary loss from the face of the IS to NIR, card-selling costs & IFRS 17. Prior years not restated. | [2] Represents fair-value adjustments, sundry income & investment income. | [3] Excluding reclassifications, insurance declined by 7%.

Notes:

Income statement restatements – net monetary loss, card-related costs & IFRS 17 (immaterial impact on headline earnings)

Additional info

Summary of restatements/ reclassification impact (Rm)	2023 As reported	2022 Restated	growth %
Non-interest revenue	27 709	26 171	6%
Reclassification on a like-for-like basis			
Net monetary loss	1 059	419	
RBB Visa/Mastercard costs	634	477	
IFRS 17	758	653	
NIR (excl all reclassifications)	30 160	27 720	9%

Summary of restatements/reclassification impact (Rm)	2023 As reported	2022 Restated	growth %
Expenses	38 059	35 329	8%
Reclassifications on a like-for-like basis			
RBB Visa/Mastercard costs	634	477	
IFRS 17	713	619	
Expenses (excl all reclassifications)	39 406	36 425	8%

- **Net monetary loss:** reclassified from the face of the income statement to NIR *(similar to what we reported in FY 2022)*
- **IFRS 17** *(New standard effective FY 2023)*: Expenses of R713m (2022: R619m) & associated indirect tax of R45m (2022: R50m) related to the insurance products have been reclassified from expenses to NIR of R758m (2022: R653m)
- **RBB Visa & Mastercard costs** *(New item in 2023)*: 2023: R634m & 2022: R477m have become material and therefore reclassified from expenses to NIR in accordance with IFRS 15 & to align with industry
- **Commission & fees:** +4,6% growth reported (excluding reclassification: +5,4%)
- **Insurance income:** 16% decline reported (excluding reclassification: 7% decline)

Note: IFRS requires that costs directly attributable to revenue generation are included on the revenue line (ie NIR).

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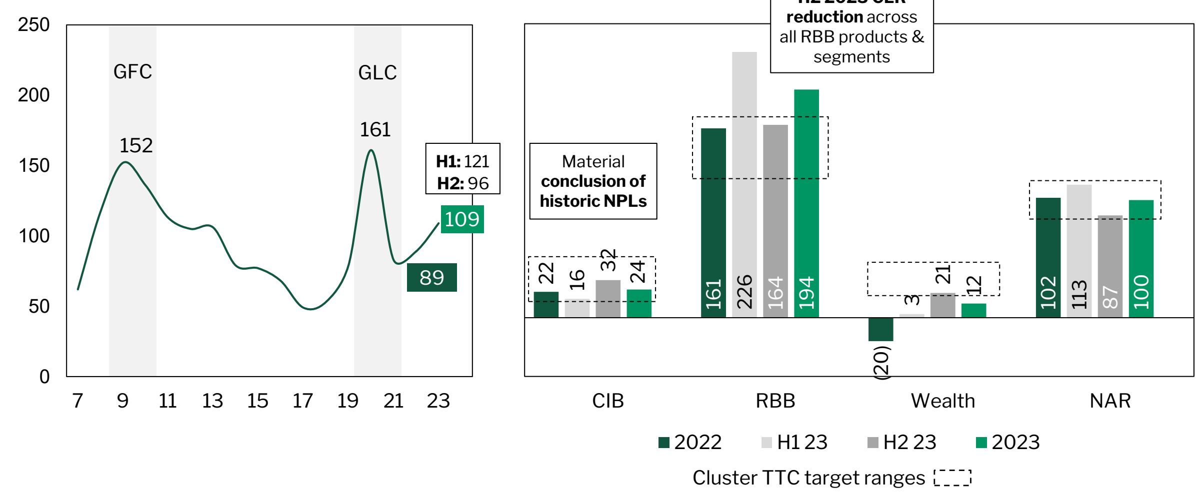
Notes:

Group credit loss ratio at 109 bps – increase from 89 bps in 2022, but down from the 121 bps reported in H1 2023

Credit loss ratios (bps)



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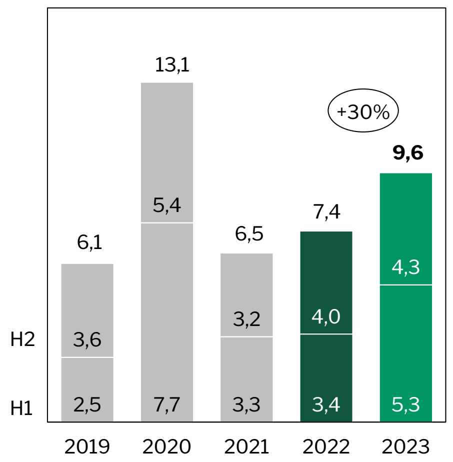
Notes:

Impairment charge up by 30% – primarily driven by the macroeconomic pressures on consumers, but pleasingly H2 2023 materially down on H1 2023 as a result of management intervention

Impairment charge (Rbn)



- **RBB impairments +29% yoy**
  – Consumer pressure from steep increases in SA prime rate, high levels of inflation & load-shedding, albeit easing in H2 2023. H1 2023 impairments up by 60% vs H2 2023 up by 3%
  – Management interventions delivering benefits, including better collections & loan origination, with impairments down in H2 2023 across all RBB products/ segments
- **CIB impairments +17**% yoy – higher H2 2023 reflecting the conclusion of material stage 3 loans
- **Good outcomes in Wealth & NAR**
- **Central provision** reduced to R150m (2022: R300m) & total overlays reduced to R1,1bn (2022: R1,4bn) as risks were incorporated in IFRS models

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Notes:

Clusters within or below their TTC target ranges, with the exception of RBB, but CLRs improving from H1 2023 across all segments/products

Additional info

	Credit loss ratio (bps)								ECL coverage (%)				
	23	H2 23	H1 23	22	21	20	19	TTC	23	22	21	20	19
CIB	**24**	**32**	**16**	**22**	**42**	**82**	**25**	**15–45**	**1,14**	**1,29**	**1,35**	**1,07**	**0,61**
CIB excl CPF	6	3	9	17	53	103	45		1,56	1,41	1,56	1,23	0,75
CPF	47	66	26	28	30	54	(2)		0,81	1,19	1,14	0,91	0,44
RBB	**194**	**164**	**226**	**161**	**134**	**240**	**138**	**120–175**	**5,35**	**4,92**	**4,83**	**5,09**	**3,87**
CB	67	61	75	11	(21)	110	50	50–70	2,28	1,83	2,05	2,61	1,68
Retail	227	191	266	200	175	275	163	160–240	6,13	5,73	5,54	5,73	4,48
HL	80	62	98	33	(9)	64	14		2,29	1,72	1,64	2,02	1,47
VAF	183	163	203	192	146	269	182		5,16	5,11	4,82	5,29	4,09
PL	1025	943	1106	918	982	1062	639		27,1	24,1	22,8	20,0	16,8
Card	566	341	794	490	633	897	542		16,3	15,9	16,8	17,6	13,2
Wealth	**12**	**21**	**3**	**(20)**	**9**	**64**	**18**	**20–40**	**1,29**	**1,33**	**1,56**	**1,42**	**0,74**
NAR	**100**	**87**	**113**	**102**	**72**	**185**	**101**	**85–120**	**5,71**	**5,19**	**4,85**	**3,94**	**3,34**
Group	**109**	**96**	**121**	**89**	**83**	**161**	**79**	**60–100**	**3,62**	**3,37**	**3,32**	**3,25**	**2,26**

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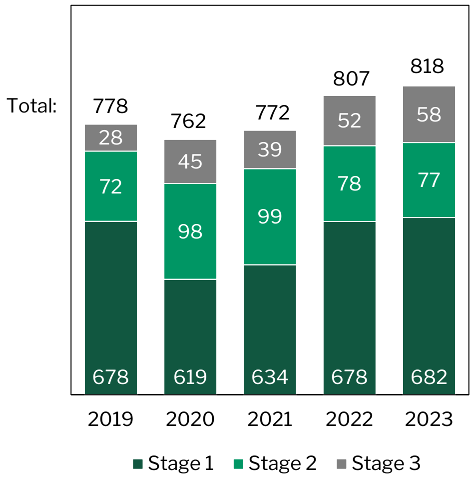
Notes:

GLAA stage movements & coverage – overall coverage at multi-year highs given an increase in stage 3 loans, although set to reduce in coming reporting periods

GLAA (Rbn)



Coverage (%)

2019	2022	2023
2,26	3,37	3,62
37,9	34,3	34,2
5,3	7,0	6,8
Performing coverage (stage 1 &2)		
0,94	1,26	1,28
0,48	0,60	0,66

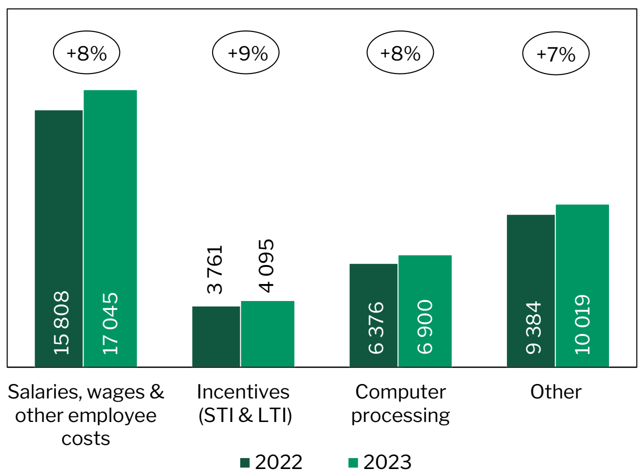
- **Stage 1 loans**
  - Coverage well above pre-Covid levels
- **Stage 2 loans**
  - Levels more stable, with coverage still well above pre-Covid levels
- **Stage 3 loans**
  - Expected stage 3 loan decline in 2024, resulting in NPL ratio below 2,5%
  - RBB stage 3 loans: VAF & Card peaked, PL to reduce in 2024 & HL to remain elevated
  - Coverage reflects Nedbank's highly collateralised book

[1] Total balance sheet ECL includes FVOCI & off-balance sheet ECL, whereas ECL coverage excludes FVOCI & off-balance sheet ECL.

Notes:

Expenses up by 8% – reflecting good expense management

Expenses (Rm)

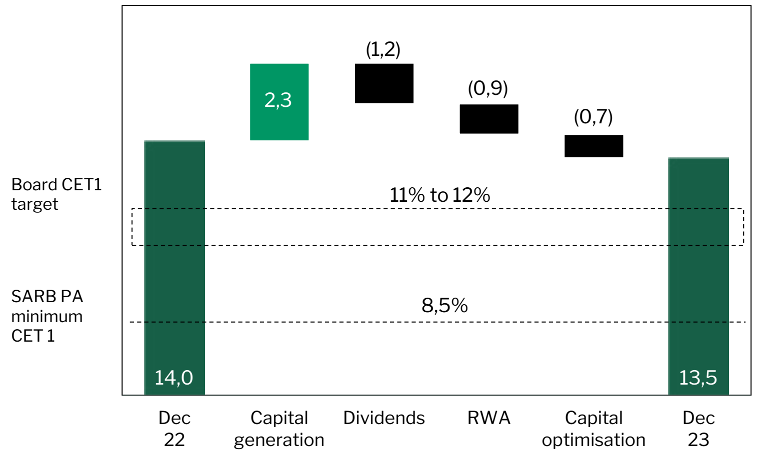


- **Employee-related costs**
  - Salaries & wages: higher annual average salary increases (+6,3%), additional costs to retain talent, partially offset by 2% yoy decline in permanent headcount
  - Variable-pay incentives aligned with profitability metrics & vesting probabilities (STI +5%, LTI +23%)
- **Computer processing** – driven by FX devaluation & higher digital volumes, partially offset by a decline in amortisation of intangible assets
- **Other costs**
  - Discretionary spend at more normalised levels, incl marketing (+3%) & travel (+7%)
  - Accommodation +8% driven by higher generator running-costs relating to load-shedding (up >100% to R107m)
  - Fees & insurances +15% from card-issuing & acceptance costs, linked to strong revenue growth

Notes:

Capital – CET1 ratio at 13,5% remains very strong, positioning us well for growth & sustainable dividend payments, while protecting against unexpected downside risk

CET1 ratio (%)



Completed R5bn capital optimisation initiative, with the following outcomes (full-year basis):

- CET1 reduction: 0,7%
- ROE accretion: ~0,5%
- HEPS growth accretion: ~4%

Maintain CET1 ratio above our 11%-12% target range – considered appropriate in a difficult & volatile environment

Retain capital for growth – infrastructure opportunities & SPT 2.0 growth objectives

Complementary bolt-on M&A, should they arise

Pay dividends at top-end of payout ratio, subject to board approval

Further capital optimisation, if appropriate

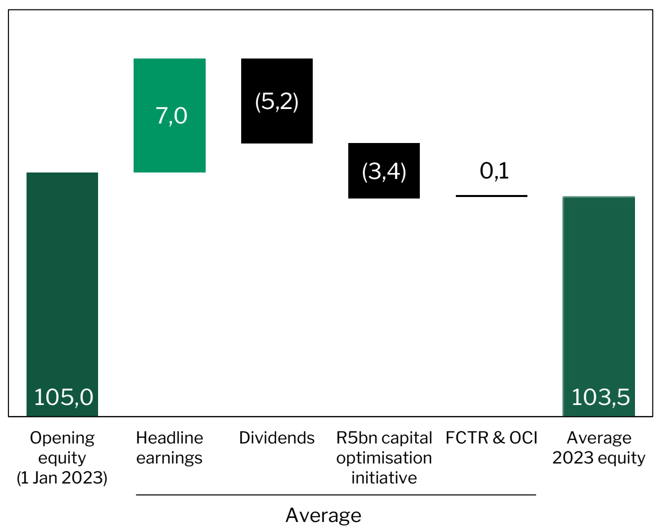
Possible **Basel III PCN counter-cyclical buffer** in 2026

Notes:

Average equity drivers – strong growth in earnings, partially offset by R5bn capital optimisation, dividends paid at the top end of payout ratio

Additional info

Equity movements (Rbn)



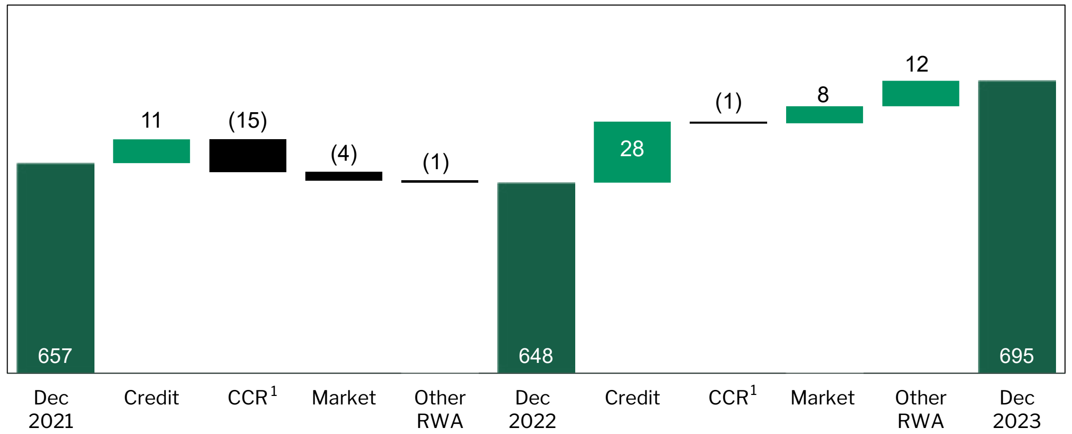
- **Average HE of R7,0bn** – R15,7bn actual throughout FY 2023, with H2 > H1
- **Average dividends paid of R5,2bn** – R4,4bn (accrued in March 2023) & R4,2bn (accrued in August 2023)
- **Average capital optimisation of R3,4bn** –R5bn capital optimisation initiative executed, mostly in the April to June 2023 period
- **Average FCTR, OCI & other reserves of R0,1bn** – R0,6bn actual impacts from FX etc

Notes:

RWA progression – RWA growth in 2023 driven by credit RWA aligned to overall loan growth & credit risk migration

Additional info

Risk-weighted assets (Rbn)

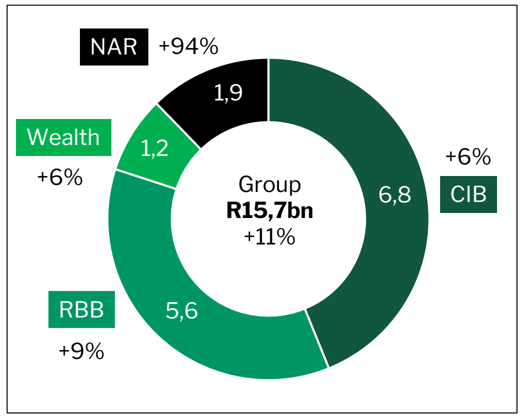


[1] *Counterparty credit risk.*

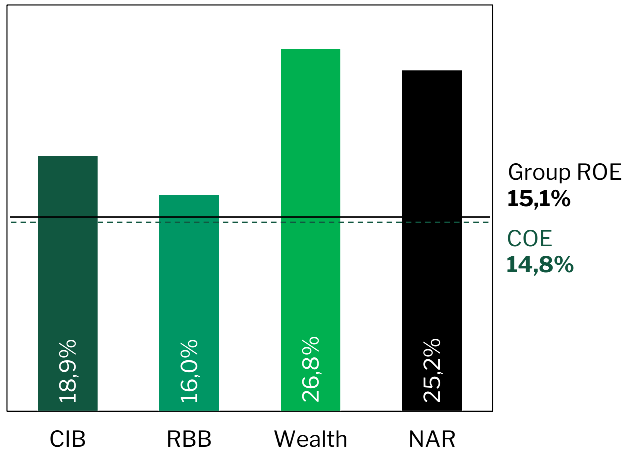
Notes:

Cluster financial overview – all business clusters reported positive HE growth & all ROEs were above the group's COE

Headline earnings
(Rbn, growth %)



Return on equity
(%)

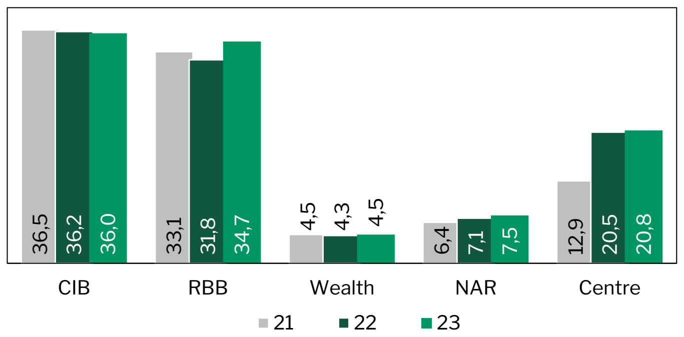


Notes:

Capital management – strong capital position maintained in an uncertain macroeconomic environment

Additional info

Average capital allocation (Rbn)



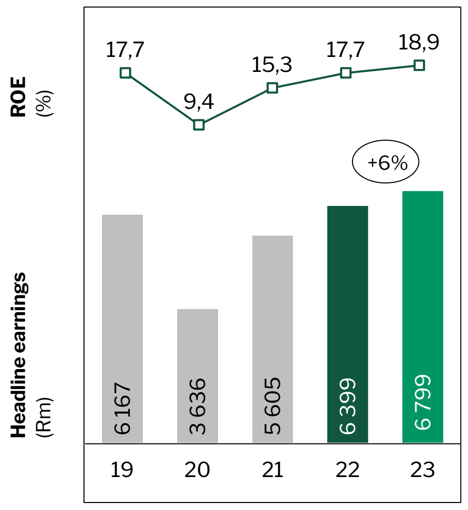
At 31 December 2023 the average surplus capital position increased by R0,5bn to R12,3bn, driven largely by strong organic capital generation offsetting the R5bn capital optimisation initiative.

Notes:

Notes:

CIB financial performance – CIB achieved a solid set of results in a difficult operating environment, with HE growing at 6% & ROE increasing to 18,9%

Financial performance



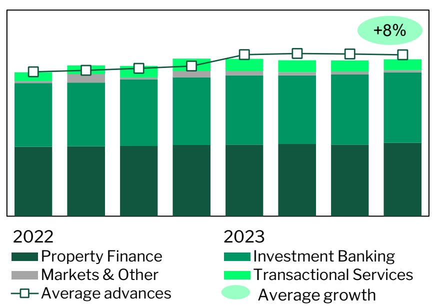
- **NII up by 7%**
  - Average interest-earning banking assets +7%
  - NIM maintained at 2,42% – endowment benefit, offset by lower margins, improved risk ratings & suspended interest on stage 3 assets
- **NIR up by 5%**
  - Commission & fees up by 3% as deal closure & transactional activity levels increased
  - Equity investment income[1] matched a high 2022 base
  - Markets NIR by 7%
- **CLR below mid point of the TTC target range of 15-45 bps**
  - CLR at 24 bps includes adequate provisioning for stressed counters; single-name exposures in business rescue
- **Expense growth of 7%**
  - Expenses controlled, increasing by7% due to inflationary pressures & market-driven employee costs

[1] *Equity portfolios defined as private equity & not equity trading.*

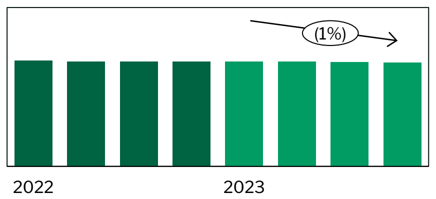
Notes:

Banking advances – strong performance in H2 2022 leading to higher average advances in 2023

Actual & average banking advances (Rbn)



Total allocated capital (Rbn)

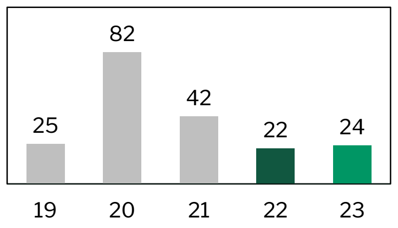


- Average banking advances up by 8%
  - Solid growth across multiple sectors, with continued momentum into 2024
- Actual banking advances flat
  - Term lending businesses grew by 4%
  - Liquidity management impacts banking advances
  - Short-term transactional facility repayments
- Total allocated capital down by 1%
  - Continued focus on capital efficiency & optimisation of returns

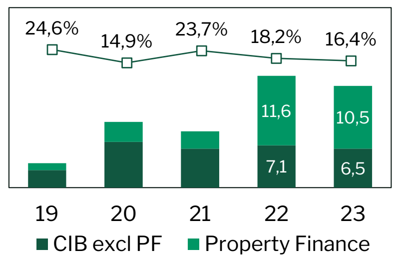
Notes:

CLR below the mid-point of the CIB TTC target range

Credit loss ratio (bps)



Stage 3 loans (Rbn) **& coverage ratio** (%)



- 24 bps CLR includes **adequate provisioning for stressed counters**, below the expected mid-point of our TTC target range
- **Material conclusion of stage 3 loans in business rescue** (commercial property, aviation & agriculture)
  - Expected stage 3 loan decline in 2024 resulting in NPL ratio below 2,5%
- Focus on **stressed sectors/counters**
- **Stage 2 exposures** continue to reduce with **increased coverage ratio**
- **African deals** – well structured & secured

Notes:

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

High-quality, well-diversified & highly collateralised portfolio

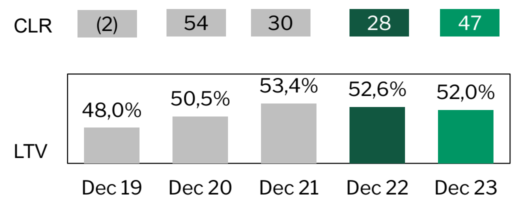
Portfolio LTVs remain low at < 52%
Adequate collateral – significantly reduces the risk of potential losses

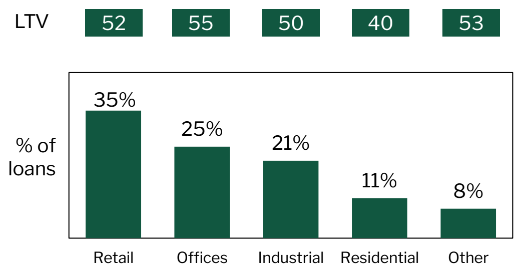
CLR at 47 bps
(Dec 22: 28 bps) driven by large single-name exposure rather than general portfolio stress

Large stage 3 exposure in business rescue largely resolved

Low levels of arrears on performing book
0 to 90 days: R8m (Dec 22: R6m)

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





Notes:

Additional info

Commercial Property Finance – sector trends

Office vacancies [1]

- Office vacancies maintain downward trajectory:
  - Q2 2022: 16,7% (peak)
  - Q4 2022: 16,1%
  - Q4 2023: 15,2%
- Continue to see negative rental reversions to protect vacancies

Retail vacancies[1]

- Retail vacancies have largely remained flat:
  - Q1 2021: 7,1% (peak)
  - Q4 2022: 5,0%
  - Q3 2023: 5,1%

Sector trends

- Valuations appear to have stabilised:
  - Valuations in the listed sector up by ~1%
  - Property Finance valuations up by ~2% across the portfolio
- Trading of assets:
  - Improved sentiment & confidence returning to the sector
  - Assets trading at book values
- Increase in corporate action – reflects more positive sentiment & opportunities being seen in the sector. This is expected to continue in 2024.

Listed sector

- Listed property sector the best-performing asset class in 2023: up by 10,7%
- Average LTV for the listed sector at 36%: well below typical covenant level of 50%
- Average listed sector ICR at 2,9x: well above typical covenant level of 2x
- Sustainability remains a key theme for the sector – particularly for listed funds

[1] SAPOA reports

Notes:

Creating positive impacts – using glidepaths to shift the financing of our energy mix

Adopted **IEA Net Zero (NZE) 2050 pathway** as a basis for our first targeted commitment date of 2030 (31 December 2029)

Reduction to achieve **net zero by 2050**

Science-based scenarios

Attribution factors for share of GHG emissions/attributed emissions of the financed clients

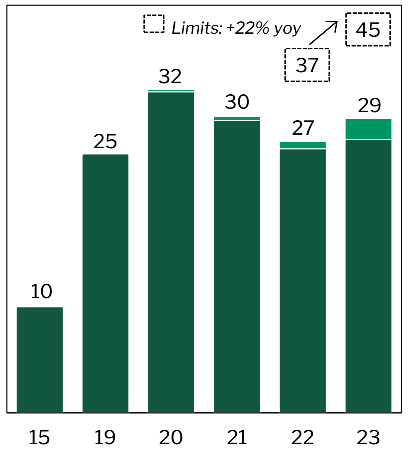
Upstream fossil fuel emissions	Power generation emissions
Thermal coal ▼ **47%** reduction; Oil & gas ▼ **26%** reduction	Adopted a **cap** aligning to NZE target of **188 gCO_2e/kWh**
▪ Utilisation of Scope 1, 2 & 3 CO_2e emissions ▪ Absolute measurement metric & target ▪ Use of limits instead of drawn amounts in the attribution factor ▪ Zero exposure to fossil fuels by 2045	▪ Utilisation of Scope 1 CO_2e emissions ▪ An intensity metric of CO_2e/kWh

Note: Carbon dioxide equivalent or CO_2e is the number of metric tons of CO_2 emissions with the same global warming potential as one metric ton of another greenhouse gas.

Notes:

Creating positive impacts – expanding our leadership in renewable energy through pipeline conversion

Renewable energy exposures (Rbn)



■ Private power generation
■ Government programmes

Strong activity in Q4 2023 will support book growth in 2024

3 C&I projects closed in 2023
- 168 MW
- R3,7bn in facility limits

6 government projects closed in 2023
- 330 MW
- R8,2bn in facility limits

Good pipeline of deals anticipated to close in 2024

Pipeline/Mandates on C&I projects
- 1,9GW
- R16bn in facility limits
- 15 projects anticipated to close in 2024

Pipeline/Mandates on government projects
- 0,5GW
- R7bn in facility limits
- 5 projects anticipated to close in 2024

Book growth of R18bn expected for 2024

Progress on government projects	Awarded	Closed in 2023	Closing in 2024	Terminated
RMIPPPP	4 (0,5GW)	2 (0,15GW)	1 (0,15GW)	1 (0,2GW)
REIPPPP R5	4 (0,3GW)	2 (0,15GW)	-	2 (0,15GW)
REIPPPP R6	2 (0,3GW)	-	2 (0,3GW)	-

Notes:

Creating positive impacts – supporting clients to achieve environmental & socioeconomic objectives

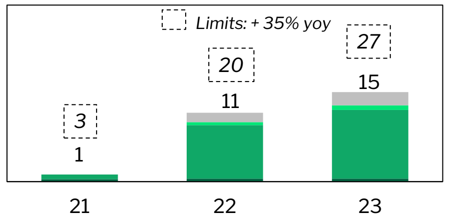
Additional info

Growing our exposures by refining our solutions – supporting our clients to achieve their strategic objectives

35% increase in facilities

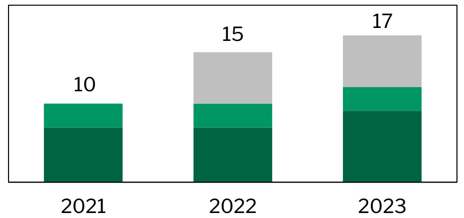
36% increase in utilisation

Sustainable finance (exposures, Rbn)



■ Use of proceeds (bonds)
■ Use of proceeds (loans)
■ Sustainability-linked loans
■ Sustainability-linked bonds

Sustainable fundraising in issue (Rbn)



■ Green loans
■ Sustainability-linked loans
■ Climate loans
■ Green bonds

Positive impacts created for our clients through funding green technologies & embedding KPIs* focused on emissions reductions, renewable energy & water efficiency

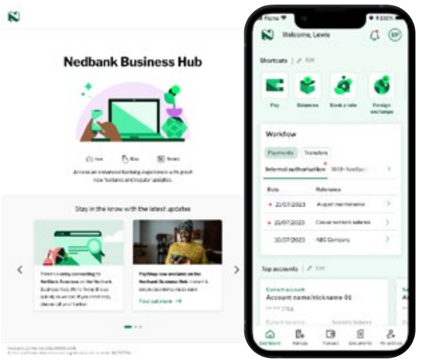
Market recognition & thought leadership

- 2023 Global Finance Magazine Awards – **Outstanding Leadership in Sustainable Bonds** (winner)
- 2023 Bonds, Loans and ESG Capital Markets Africa Awards – **ESG Loan Deal of the Year** (winner)
- 2023 African Banker Awards – **Sustainable Bank of the Year** (winner)
- 2023 Environmental Finance Awards – **Sustainability-linked Loan of the Year (Africa)** (winner)

Measured through key performance indicators on sustainability-linked facilities extended to clients.

Notes:

Digital – delivering capabilities to be the go-to transactional bank for SA businesses



Completed TOM 2.0 organisational restructure
- Focus on digital, channel, client delivery & payments
- Embedding digital culture & leadership
- Innovation for efficiency & optimisation
- Delivering our Transactional Services & other capabilities to market

Empowering clients through our warm digital capabilities
- Driving channel and client experience excellence
- Digital adoption through feature-rich Nedbank Business Hub platform
- Leverage client data insights & experience to inform design

83% client satisfaction survey score

>95% of clients migrated onto FX & international payments channel

Notes:

Our strategic growth levers to drive franchise value

Additional info

- **Accelerate growth** mindset across our business
- Deliver **client value** through our sectorised approach
- **Actively manage** the balance sheet to enhance returns
- Grow our **Transactional Services** business
- Empower our clients through our **warm digital capabilities**
- Increase **investment in our people**
- Create **positive impacts** by embedding purpose in everything we do

Notes:

Nedbank Corporate & Investment Banking – outlook

2024 outlook
- **NII**
  - **Banking advances** – momentum built in H2 2023 continues into 2024
- **NIR**
  - Diverse revenue stream through transactional banking, trading & advisory
  - Commission & fees to benefit from balance sheet activity & liquidity instruments
  - Continued momentum in trading activities
  - Targeted opportunities in Africa
- **CLR** – below mid point of the TTC target range
- **Strategic execution** – maintain focus under challenging conditions
- **Capital** – improve returns & optimise resources further

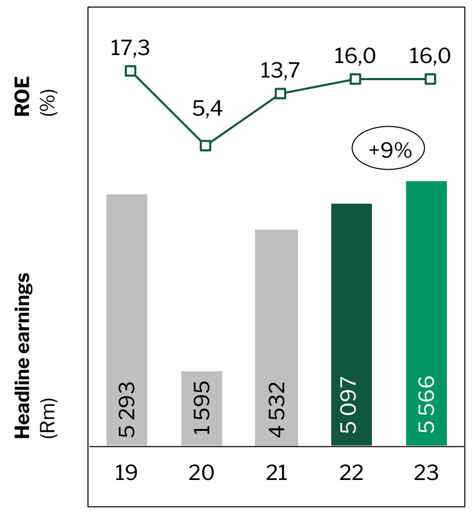
Medium- & long-term outlook
- Reduce cost-to-income ratio to <44% & maintain ROE >19%

Notes:

Notes:

RBB financial performance – HE growth improved from a decline of 8% in H1 2023 to an increase of 24% in H2 2023, following lower impairments

Financial performance



- **NII up by 14%**
  - Average advances growth momentum continued at +7%
  - Endowment benefit from higher interest rates
- **NIR up by 7%**
  - Driven by main-banked client gains & improved cross-sell
  - Higher card interchange volumes (+12%) & higher activity in value-added services (+27%)
- **Impairments up by 29%**
  - CLR improved from 226 bps in H1 to 164 bps in H2 due to improved origination & collections
  - CLR within TTC target range in H2 2023
- **Expense growth of 7%**
  - Ongoing cost optimisation & digitisation benefits

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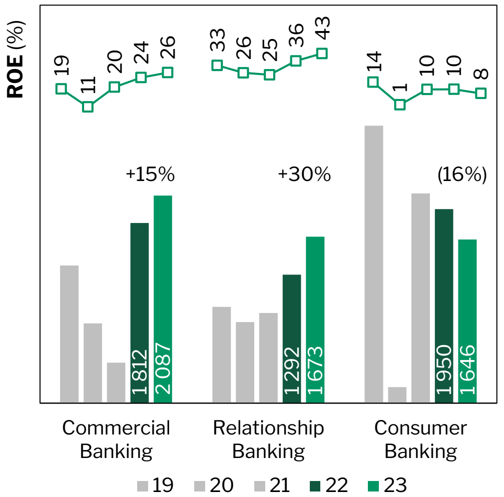
Notes:

RBB financial performance – strong HE growth & attractive ROEs in NCB & RRB. Consumer Banking impacted by higher H1 2023 impairments, which improved in H2 2023 along with a lower cost-to-income ratio

Additional info

Headline earnings per division (Rm)



Nedbank Commercial Banking

- Strong revenue growth of 17% driven by good advances & strong deposit growth, positive endowment & moderate NIR growth
- CLR at 67 bps (2022: 11 bps) at the top end of the TTC target range

Retail Relationship Banking

- Strong revenue growth of 20% driven by good advances & strong deposit growth, positive endowment & well-managed expense base
- CLR up to 79 bps (2022: 41 bps), slightly above the TTC target range

Consumer Banking

- >9% growth in main-banked clients & transactional NIR, supported by being #1 in client experience among the big 5 retail banks
- Digital & sales productivity enabling efficiencies, with the cost-to-income ratio declining to 58,5% (2022: 59,5%)
- Improved credit outcomes in H2 23 with CLR down to 217 bps (H2 22: 250 bps) while FY 23 CLR up to 262 bps (2022: 237 bps)

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Notes:

Nedbank Commercial Banking & Retail Relationship Banking – strong growing & differentiated franchises, delivering great client experiences & leveraging digital

Nedbank Commercial Banking

Well-positioned & distinctive value propositions incorporating unique lending solutions

- **Market share increase** to 23% owing to high CX attributes
- **Positive momentum on digital journey**, achieving critical scale on Nedbank Business Hub
- **Leveraging well-positioned industry CVPs** resulting in competitive market share positions in manufacturing (26%), retail services sectors (28%) & growing brand presence in agriculture – secondary production (27%)
- **Promotion of NCB sustainability proposition** leveraging increased financing activity levels across key sustainability development goals
- **Public sector activity focus** – Impressive gains in transactional banking and financing across the sector
- **The NCB Leveraged Finance Team** acknowledged as one of the most innovative & forward-thinking teams

Retail Relationship Banking

Loyal established client base and a CVP focused on growing young professionals and start ups

- **Client satisfaction at all-time high**; improving cross-sell & entrenchment metrics
- **High levels of digital adoption** (98% digitally enabled) driving a lower cost-to income ratio
- **Best value and most accessible Private Clients** proposition in market; market share in mid-teens
- **Small business offering strengthened** with easy-to-access credit solutions, 6-month free banking; market share in early twenties (urban)
- **Market-leading 'beyond' offering** with 47k SimplyBiz users providing coaching, tools and other business support
- **Opportunity to further grow client base** in franchising, more focused merchant acquisition as well as leveraging our expansion of relationship services into underrepresented markets

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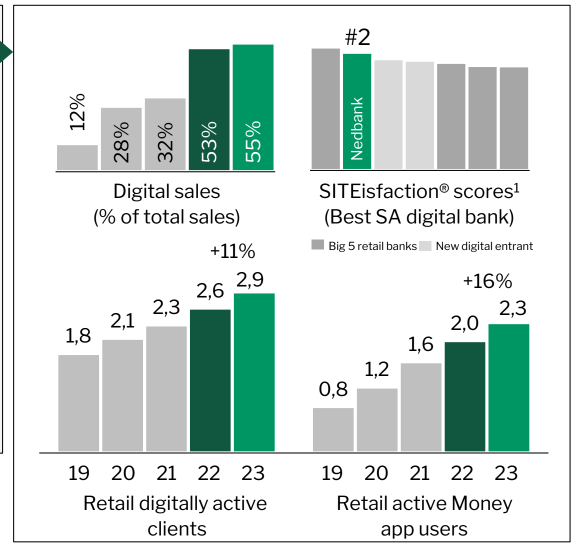
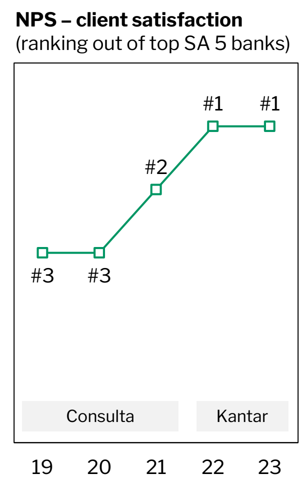
Notes:

Consumer Banking – our digital transformation is enabling enhanced CVPs, strong growth & outcomes in digital metrics & market-leading client experiences

Improved CVPs

- ✓ **Digital onboarding & servicing**
- ✓ **MiGoals** – R99 account incl GB
- ✓ **Greenbacks 2.0** – relaunch in Q1 2024
- ✓ **#2 ranking in mobile banking** (SITEisfaction ®)
- ✓ **386 Imagine branches** (71% converted)





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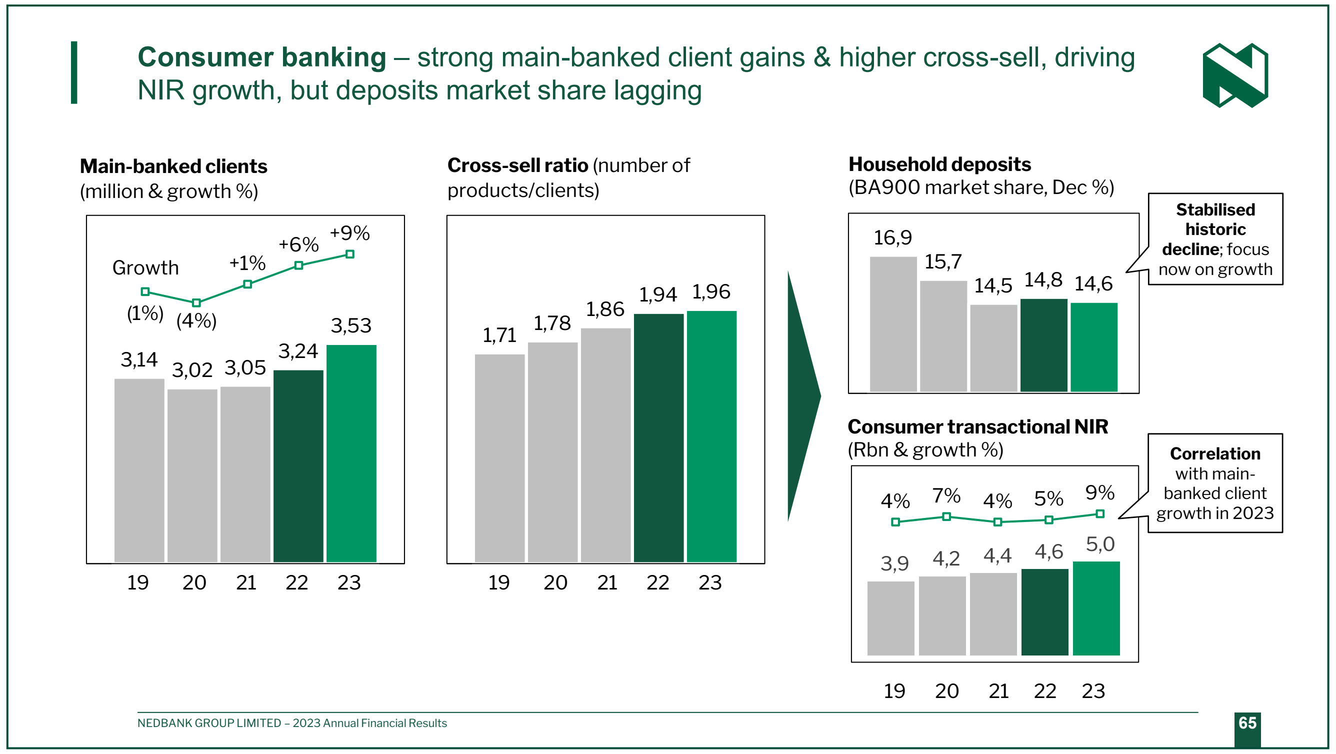
¹ 2023 SITEisfaction® Report (Human8).

Notes:



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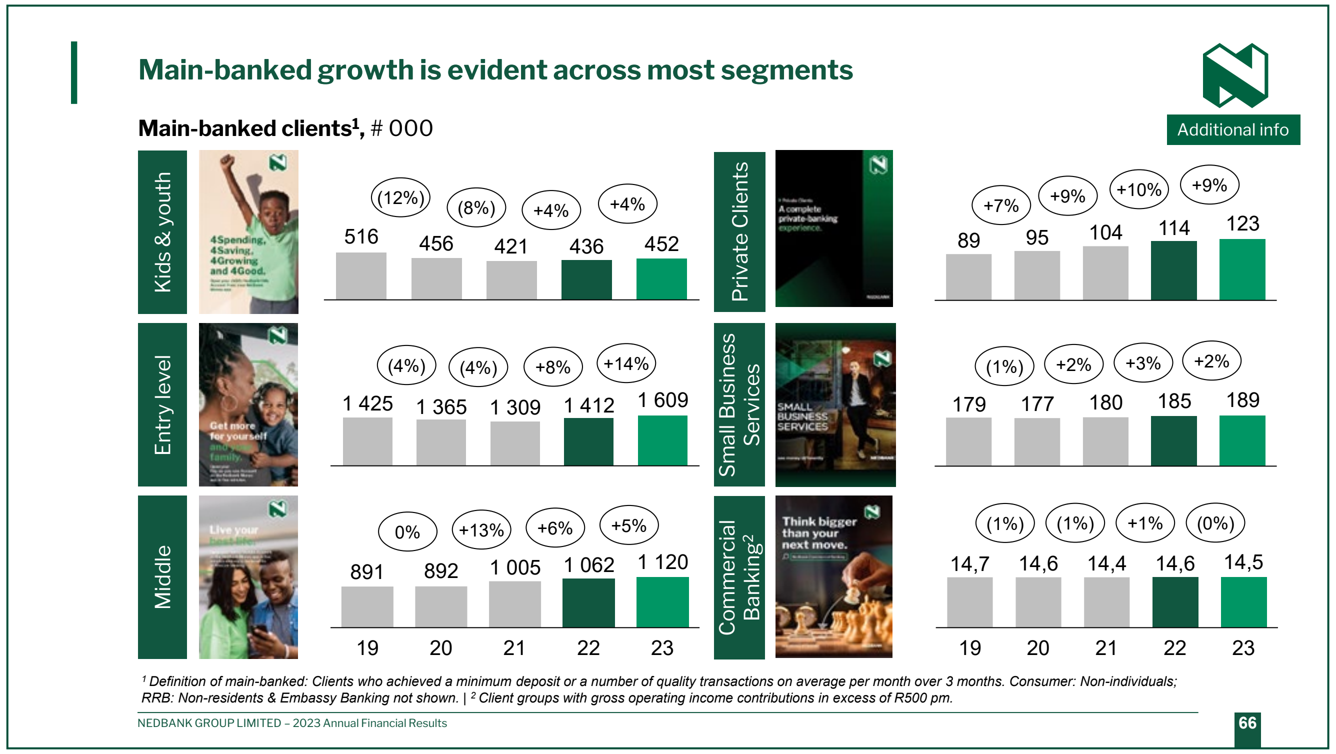

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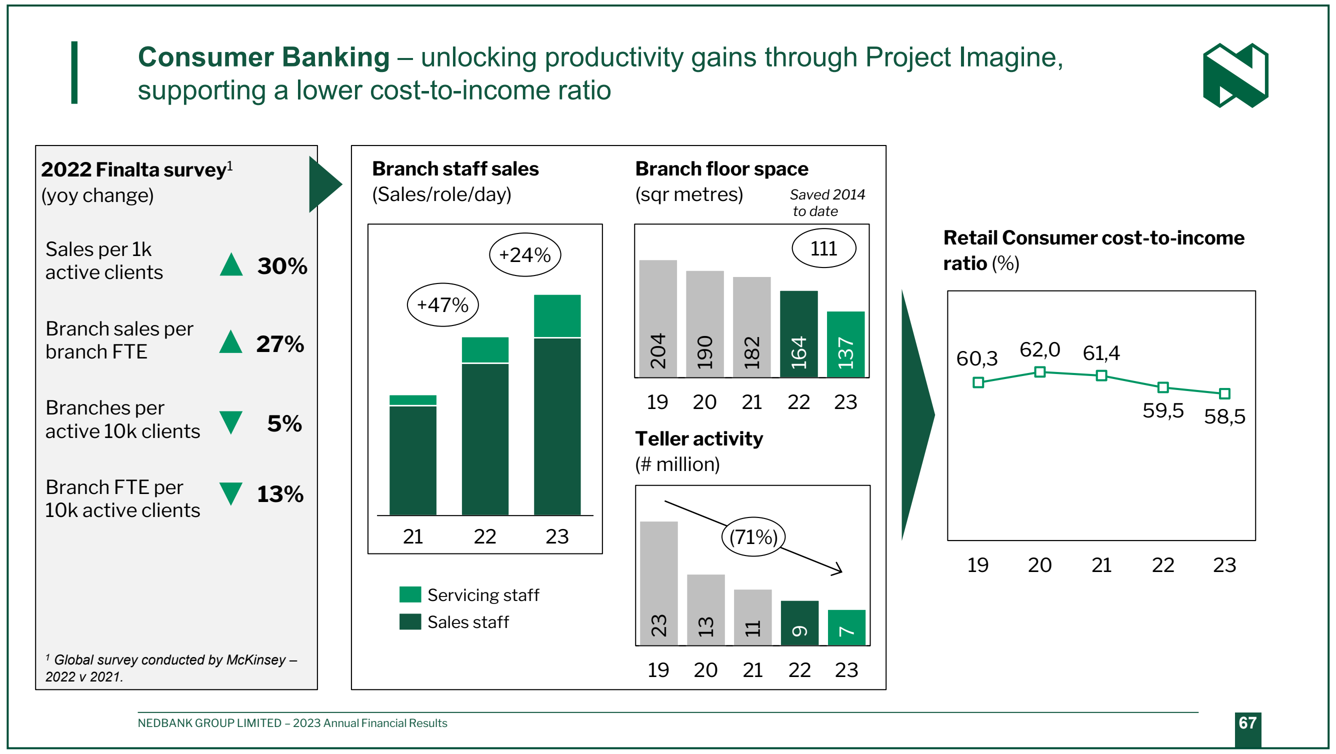

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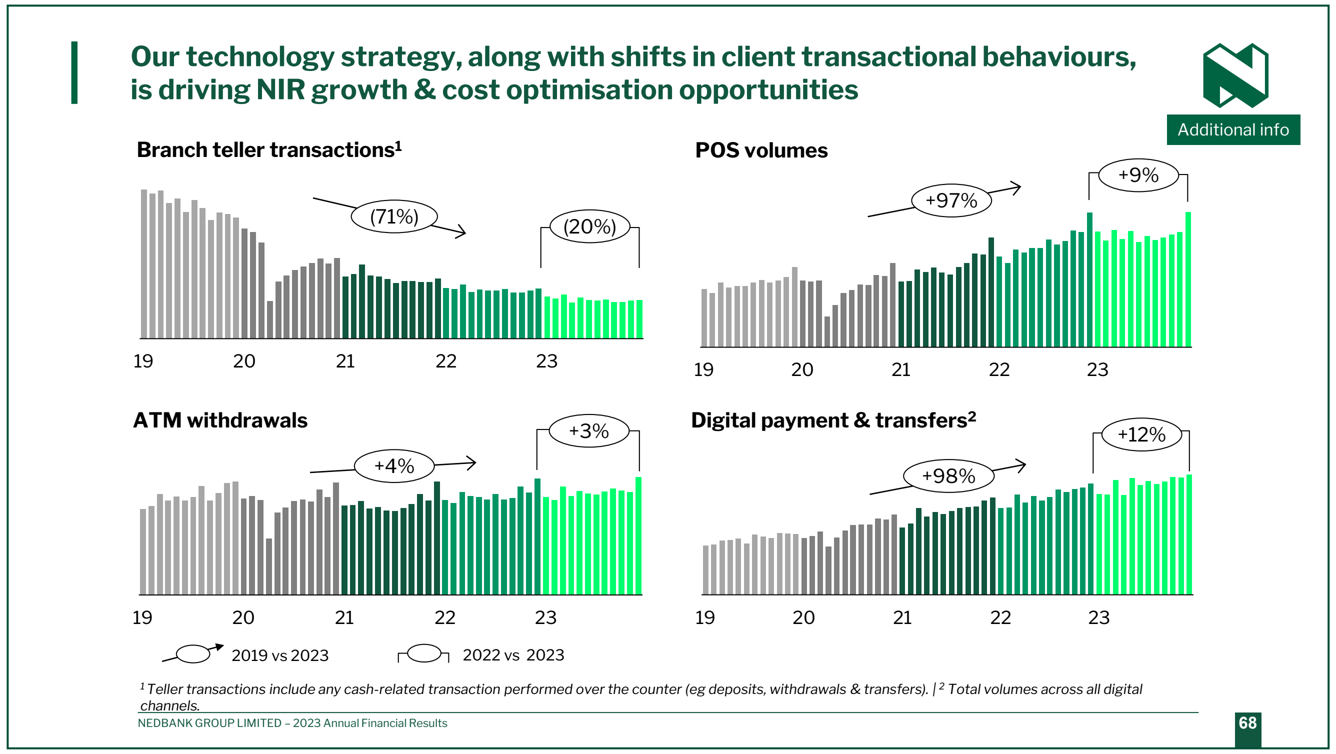
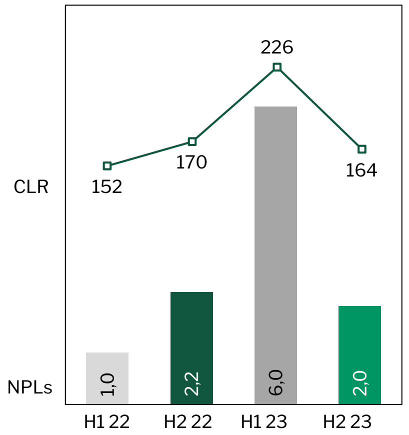


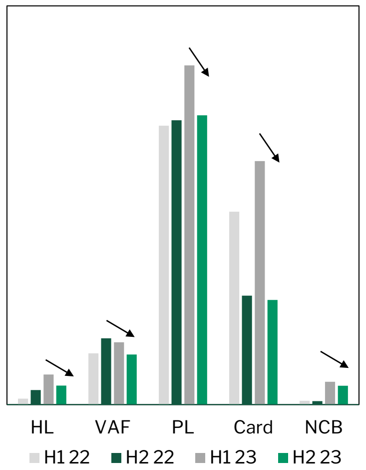
Notes:

RBB impairments – focus on collections, loan origination & credit policy tightening, leading to an ongoing improvement in CLRs & material slowdown in NPL formation

RBB stage 3 loans (hoh growth, Rbn)
RBB CLR (%)



Business & product level CLRs (%)



Drivers of improving trends

- A **more stable macroeconomic environment** in H2 2023
- **Credit policy tightening**, particularly in Unsecured Lending
- **Assisting our clients** via tailored rehabilitation & support
- **Payment strategies & DebiCheck** mandate increases, particularly on MFC & Card
- **Enhanced collections** strategies
- **Client-specific interventions** supporting clients in Commercial Banking

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Notes:

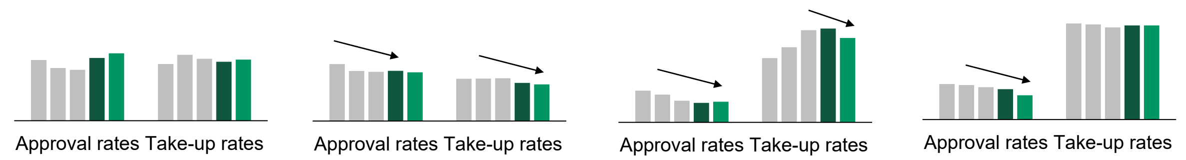
Additional info

RBB credit quality – impacted by higher interest rates, higher inflation & lower levels of disposable income, but improved in H2

	Home loans	Vehicle finance	Personal loans	Credit card
Key risk drivers	• Interest rates & inflation • More recent vintages initially most impacted; elevated trends across all vintages • Entry-level & higher-end (lesser extent) clients impacted	• Interest rates & inflation • Strain across most vintages & segments • Impact not as severe as on home loans on a relative basis	• Inflation & unemployment • Strain across most vintages & segments. Improvement in H2 • Clients with other variable-rate exposures experiencing bigger relative strain vs expectations	• Discretionary spend & unemployment • Strain across most vintages & segments. Improvement in H2 • Clients with other variable-rate exposures experiencing bigger relative strain vs expectations

Credit loss ratio (bps)

Approval & take-up rates



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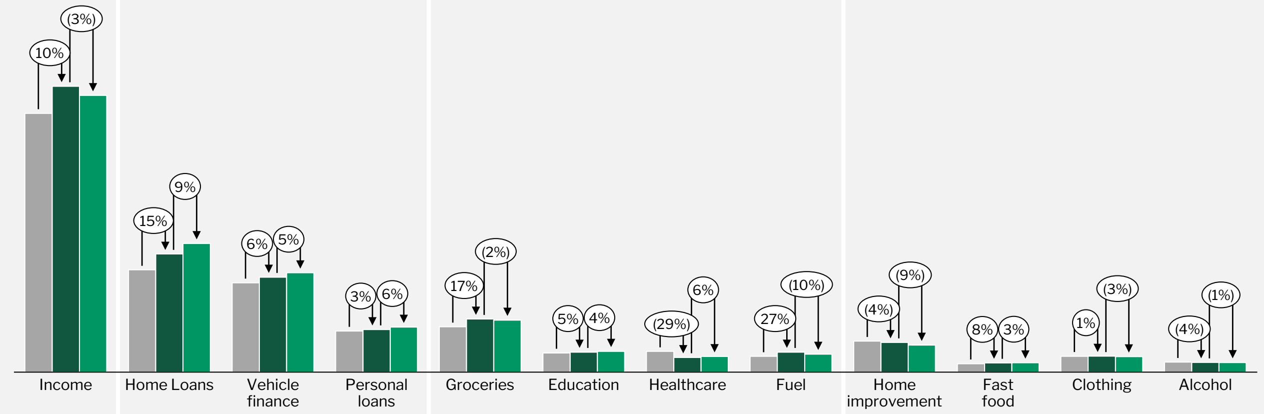
Notes:

Additional info

Client income & expenditure – consumer disposable income under pressure

Average client income & expenditure



Sample comprises Nedbank main-banked clients that have received income or transacted during the period reported (~1,5m clients). The yoy comparison is Jul-Dec for 2023, 2022 and 2021. Income growth reflects the average effect of some clients receiving increases above inflation, some clients below inflation as their employers could not afford higher increases & some clients that may have lost or seen a reduction in their income.

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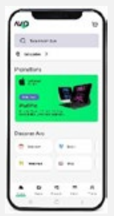
Notes:

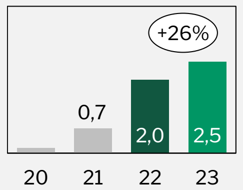
RBB strategic progress – good progress on growth vectors

Avo



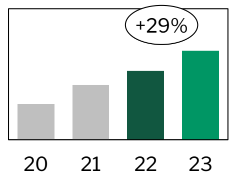
- Avo **Marketplace**
- Avo **Auto**
- Avo **Home**
- Avo **B2B**
- Avo **Solar**

Registered Avo clients (# m)



Value-added services

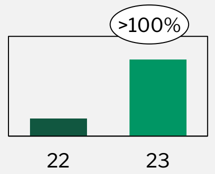
Value-added services revenue (Rm)



Solar offerings

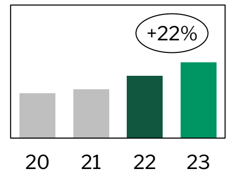
- **101 deals** approved & **> R400m** deals financed for commercial clients
- **> 450 households** financed **with MFC solar**

 # MFC deals approved



Funeral insurance

Clients with funeral policies (#)



Township economy

Specialised Main Markets Team formed led by GM: Main Market

Transactional	>45%
Investments	>90%
VAS	>450%
Funeral Insurance (Funeral policies)	>55%

PayShap

28% share of market transactions

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Notes:

Nedbank Retail & Business Banking – outlook

2024 outlook

- **NII**
  - Advances & deposits growth – momentum continues
  - NIM is expected to decline as a result of ongoing product mix changes & margin squeeze in client spreads
- **NIR** – diversify revenue base & scale key growth vector strategies
- **CLR**
  - CLR within the top half of our TTC target range (120 bps to 175 bps)
  - Economic risk is on the downside, putting pressure on clients
- **Expenses** – optimisation continues
- **Strategic execution** – Phoenix, Imagine & collection strategies

Medium- & long-term outlook

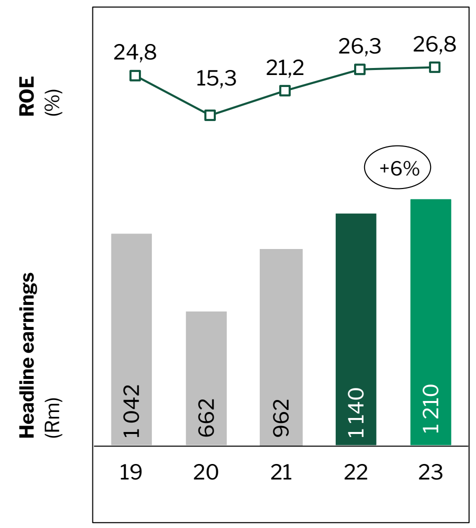
- Ongoing focus to reduce the cost-to-income ratio to <57% & increase ROE to between 20% & 23%

Notes:

Notes:

Wealth financial performance – resilient HE & ROE, driven by higher local & international interest rates & growth in AUM

Financial performance



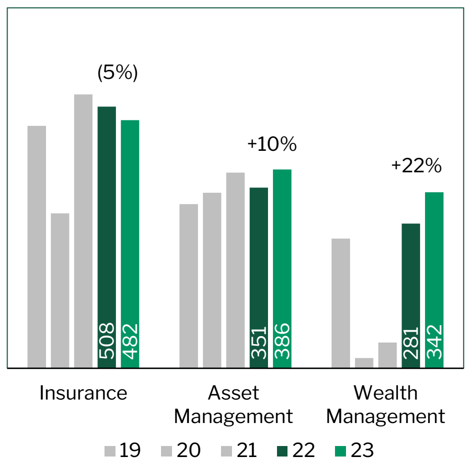
- **NII up by 42%**
  - NIM expansion due to higher local & international interest rates
  - Significant growth in average deposit balances in WMSA
- **NIR down by 4%**
  - Lower traditional bancassurance volumes
  - New business strain from new MyCover solutions
  - Lower advice & investment fees
  - Increase in shareholder returns in Insurance
  - Growth in AUM fees
- **Impairments up by > 100%**
  - Lower client-specific overlay releases than in prior year & an increase in credit impairment charges in WMSA
- **Expense growth of 10%**
  - Investment in people, brand awareness, data & digital initiatives
  - Higher inflation rates internationally & exchange rate impacts

Notes:

Wealth financial performance – resilient HE growth positively impacted by higher interest rates & market performance locally & internationally, offset by lower NIR in Insurance

Additional info

Headline earnings per division (Rm)



Insurance

- Increased sales in MyCover suite
- Higher shareholder returns
- Lower traditional bancassurance volumes
- New business strain from new MyCover solutions

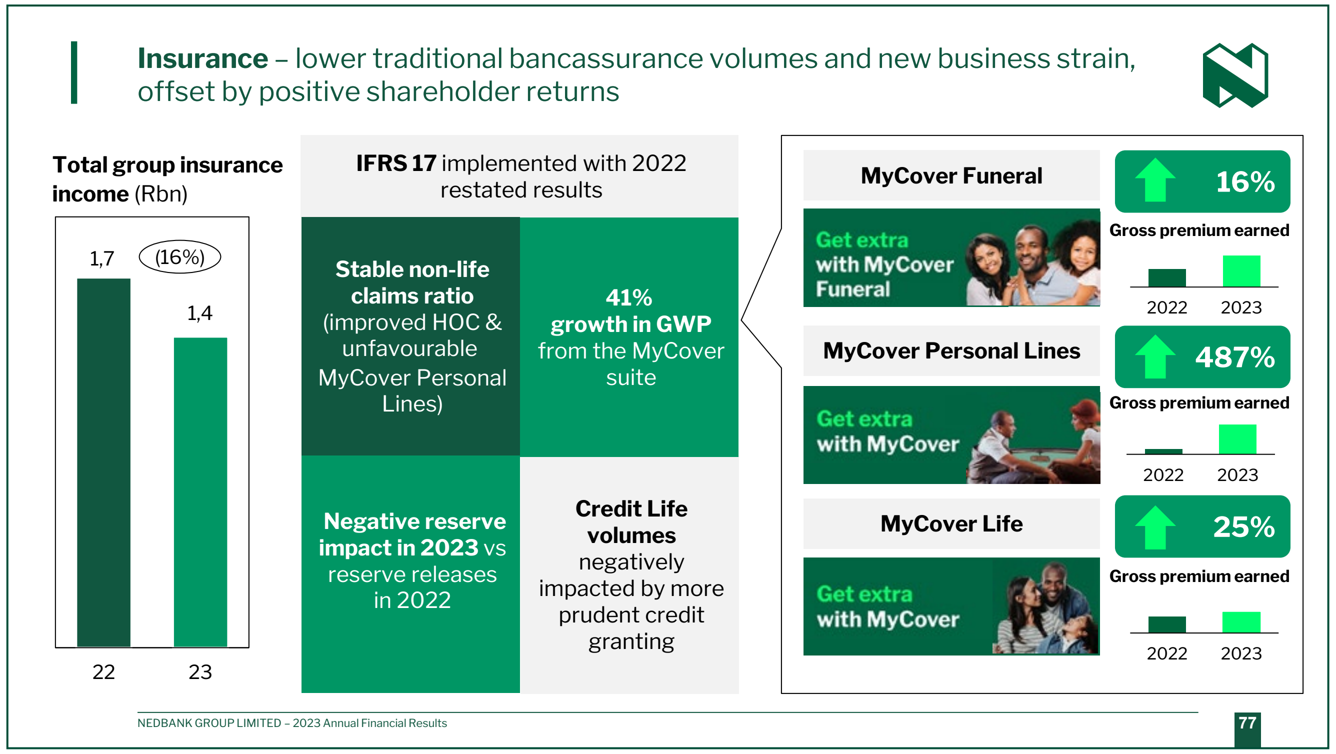
Asset Management

- Positive local & international market performance
- Significant growth in inflows & positive FX impact

Wealth Management

- Higher local & international interest rates
- Significant growth in average deposit balances in WMSA
- Lower client-specific overlay releases in WMSA

Notes:



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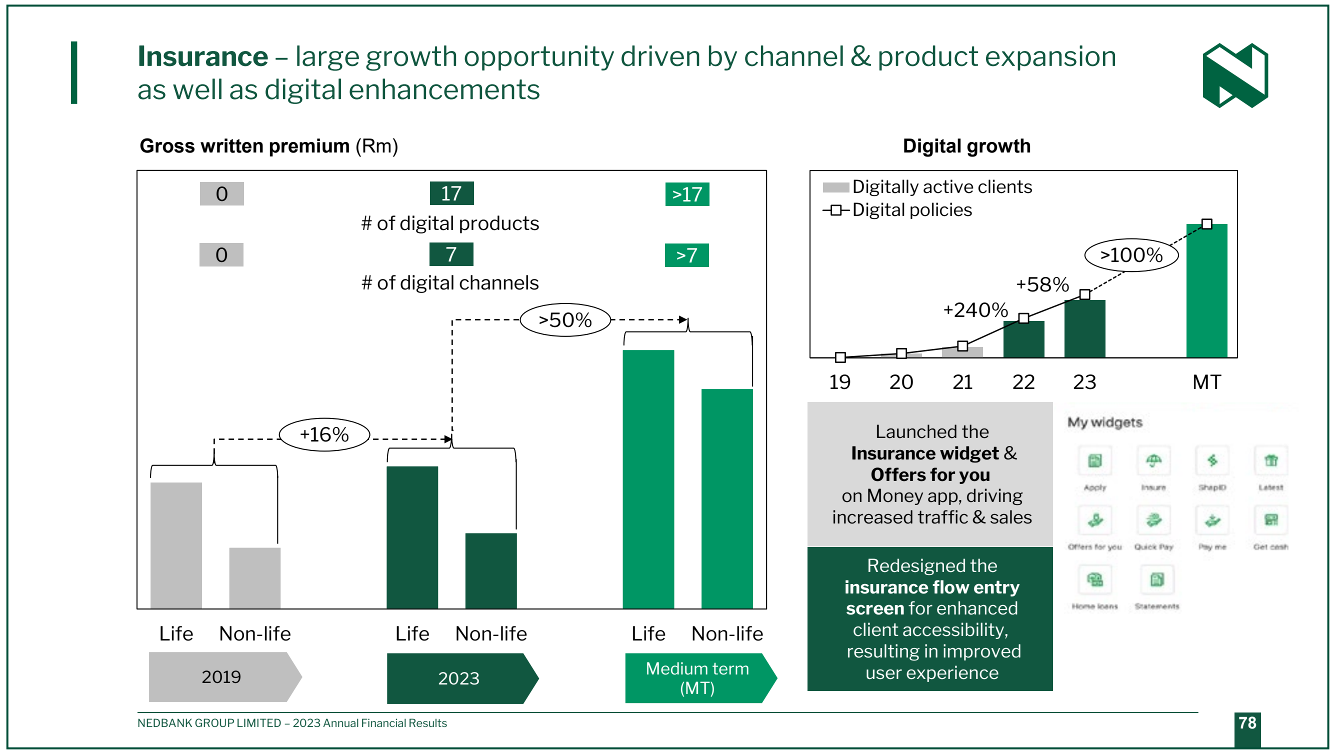

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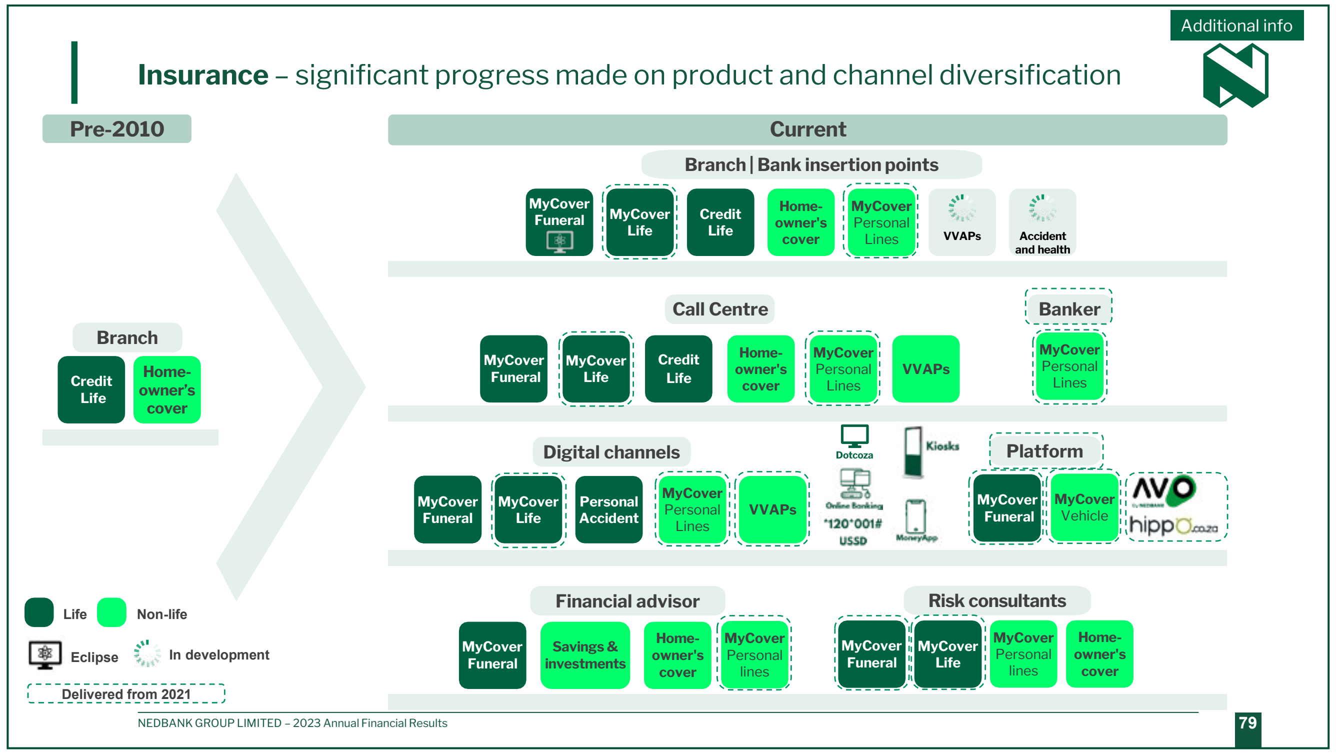

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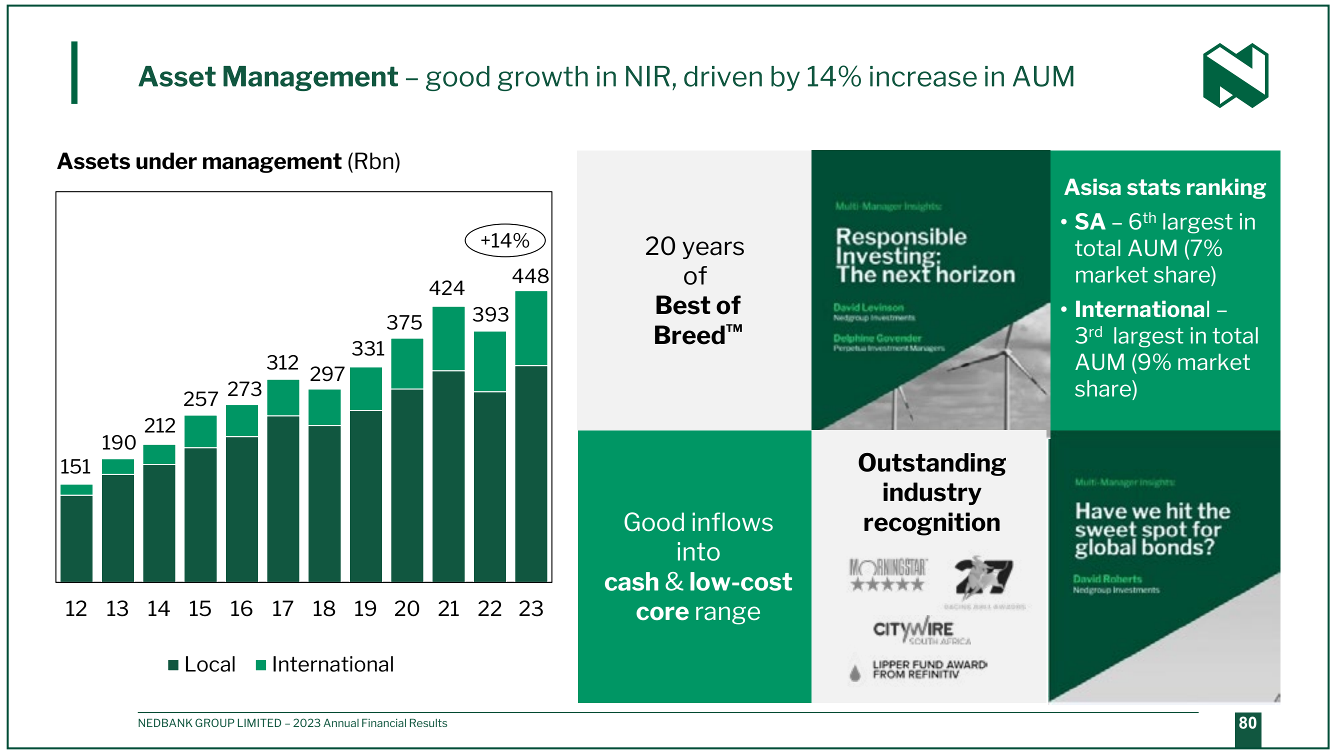
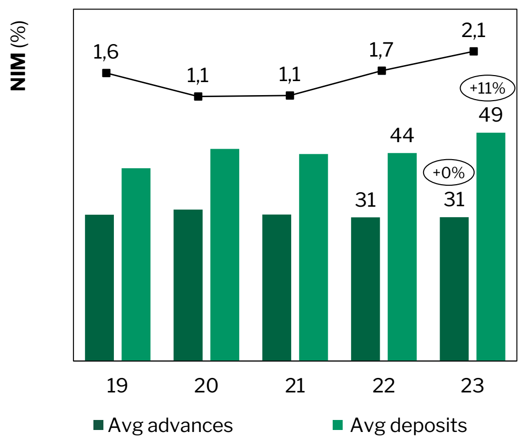


Notes:

Wealth Management – HE growth of 22%, driven mainly by an increase in NII, offset by increased impairment charges locally

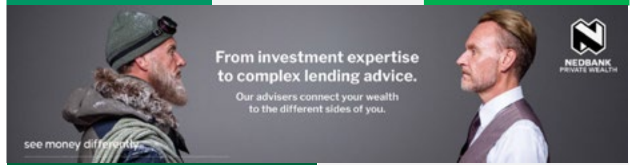
Wealth Management average advances, average deposits & NIM



20% increase in average **deposit book** in WMSA

Group **collaboration** driving increase in advice **penetration**

Replacement of international wealth management **platform** on track



Top Private Bank in SA (Intellidex)

Best Private Bank – Africa (Global Private Banking Innovation awards)

WealthBriefing MENA Awards **Best Boutique Private Bank** and **Best Private Bank** – Overall Client Service

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Notes:

Nedbank Wealth – outlook

2024 outlook

- **NII** – NIM expected to decrease as international interest rates forecast to decline
- **NIR**
  – Growth in Nedbank Insurance MyCover suite
  – Increase in high-net-worth market share
  – Higher AUM through attracting net inflows
- **CLR** – To remain within the lower end of the TTC target range
- **Expenses**
  – Continued investment in strategic growth initiatives & key enablers (people & brand)

Medium- & long-term outlook

- Reduce cost-to-income ratio to < 65% & maintain strong ROE > 10% above the group's COE

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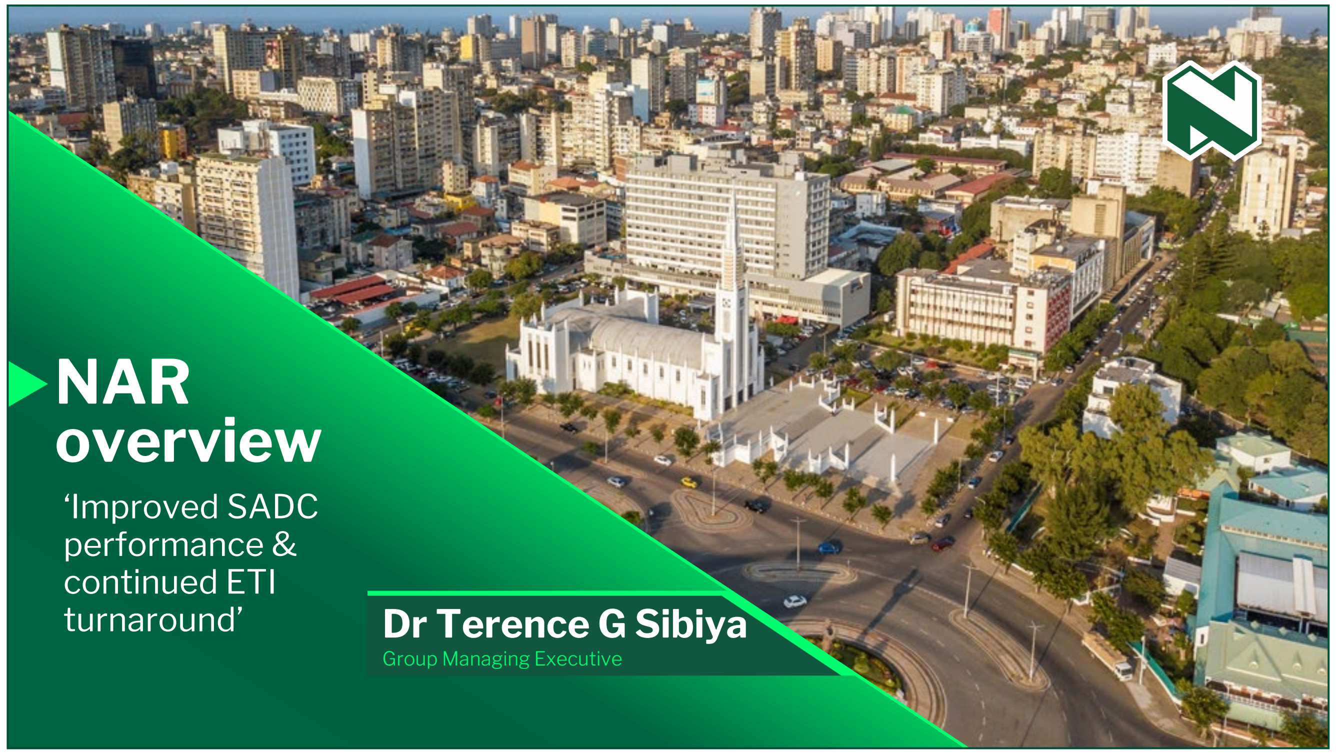
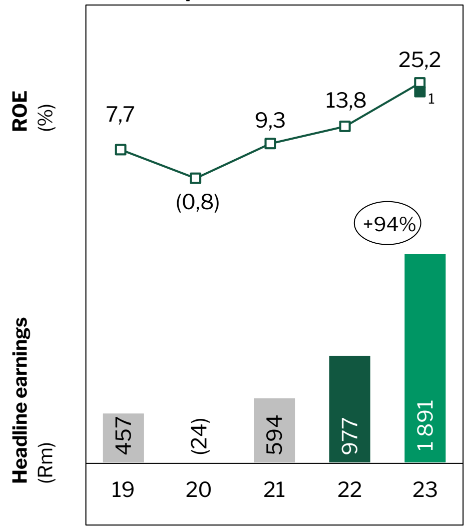
Notes:



Notes:

NAR financial performance – improved performance from our SADC operations & continued turnaround from ETI

Financial performance



- **SADC operations** – HE of R662m, up by 80%
  – NII up by 25%, driven by improved margins
  – NIR up by 17%, driven by FX gains & increased revenue from digital channels
  – Expenses up by 7% as a result of proactive cost management
  – Impairments up by 15% & CLR of 100 bps remains within the cluster TTC target range of 85 bps to 120 bps
  – ROE of 9,9% (2022: 5,9%)
- **ETI associate investment** – HE of R1,2bn; up by >100%
  – Associate income up by 77% to R1 380m, including the reversal of the R175m Ghana sovereign bond provision raised by Nedbank in 2022
  – Dividends declared in the last 2 cycles
  – ROI of 22,0% (2022: 12,4%)
  – Ecobank Nigeria remains a focus to improve performance

[1] ROE of 22,9% excluding the R175m reversal of the Ghana sovereign bond provision (equivalent HE of R1 716m). HE up by 76% on a similar basis.

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Notes:

SADC progress – good momentum underpinned by a strong foundation

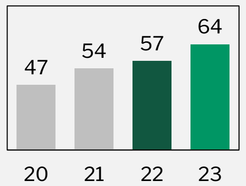
Additional info

Client & digital progress

Net Promoter Score
 # 1
bank in 2 countries

Avo SuperShop in Namibia
a first in the market with potential to expand to other regions

Digitally active clients
(%)

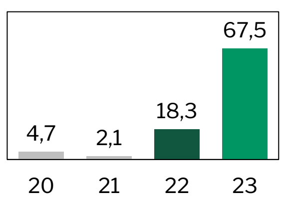


Commenced technology convergence
enabling a consistent Nedbank experience across the regions

Key subsidiary developments

- Higher reserve requirements impact in Mozambique
- Ongoing changes in inflation measurement method in Zimbabwe
- Pricing directive continuing to impact revenue-earning potential in Lesotho
- Competition commission enquiry on banks in Namibia

Zimbabwe advances
(US$m loan book)



% contribution to SADC	% of total clients	% of total revenue	% of total assets
Namibia	32,7	31,3	48,4
Mozambique	12,3	21,4	18,8
Zimbabwe	20,7	25,3	6,7
Eswatini	18,7	13,4	18,0
Lesotho	15,6	8,6	8,1

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Notes:

ETI associate investment – resilient financial performance supported by encouraging progress on the value unlock agenda

Additional info

Ecobank top 3 in 15 African countries & #1 in 6 countries

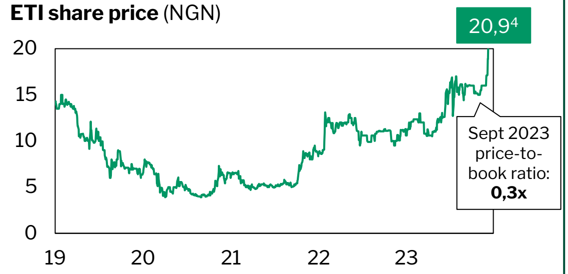
ROTE up to 25,6% from 21,0% in the prior year[1]

Continued benefits of a diversified business model with 3 of the core regions achieving ROEs >28%[2]

Growth, Transformation and Returns (GTR) strategy completed, with true client orientation at the core

Total CAR of 13,9%[3] showing resilience, despite macro environment shocks

ETI share price (NGN)



ETI share price performance
(% change end 2020 to end 2023)

Naira (NGN)	+248%
Rand (ZAR)	+92%
US dollar (U$S)	+52%

[1] Based on ETI's 9M results.
[2] ROEs of UEMOA: 28,8%, AWA: 28,5%, CESA: 34,4% & Nigeria: 5,5%.
[3] At 30 September 2023.

[4] Increase in ETI share price +97% to NGN20,9 at December 2023 yoy, offset by the naira devaluation of ~44% against the US dollar.

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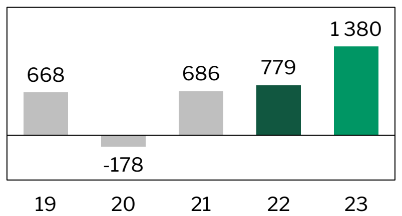
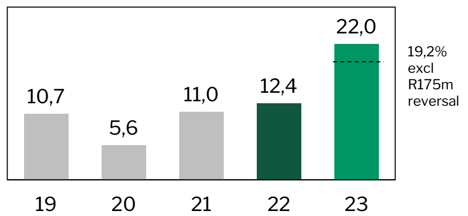
Notes:

ETI associate investment – positive momentum in financial performance & release of the R175m Ghana sovereign bond provision that Nedbank recognised in 2022

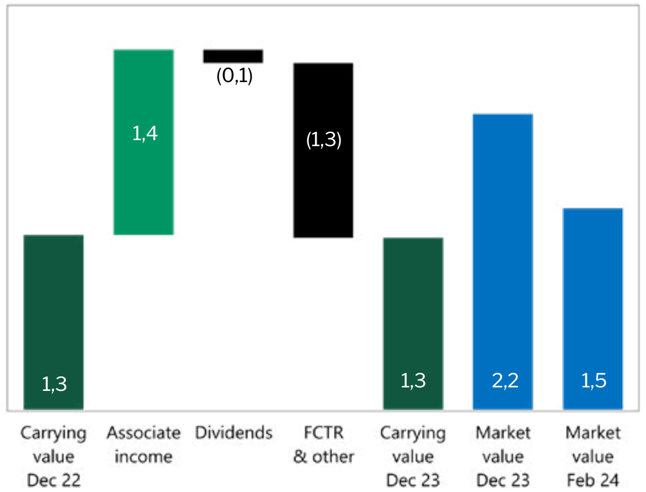
Associate income[1]
(Rm)



Return on ETI investment[2]
(%)



ETI carrying value vs market value
(Rbn)



Note: ETI accounted for a quarter in arrear. | [1]Associate income includes the reversal of the R175m estimated impact of the Ghana sovereign domestic bond provision accounted for in the prior financial year. | [2]Return on original investment of R6,3bn (based on associate income). For 2020, ROI was calculated using IFRS associate income, which excludes goodwill impairment by ETI. | Market value at February 2024 reflects the impact of naira devaluation since December 2023.

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Notes:

Nedbank Africa Regions – outlook

2024 outlook

SADC operations

- **Execute** on our technology convergence journey
- **Transform** the business & operating model to leverage group centres of excellence
- **Continue** our pan-African digital growth strategy
- **Unlock** further value in Mozambique

ETI associate investment

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

Medium- & long-term outlook

- Reduce SADC operations cost-to-income ratio to < 60% & increase ROE consistently >COE
- Target ETI ROI consistently >20% & price-to-book of ~1x

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Notes:

Economic forecasts

Short-term guidance & medium-/long-term targets

CE succession

Conclusion

Outlook

Mike Brown
Chief Executive

Notes:

Operating environment – forecasts highlight an improvement in key macroeconomic indicators at a time when geopolitical risk has increased

	Actual				Forecast: Feb 2023			Forecast: Feb 2024			
	19	20	21	22	23	24	25	23	24	25	26
SA GDP growth	0,1%	(6,4%)	4,7%	1,9%	0,7%	1,5%	1,6%	0,5%	1,0%	1,5%	1,6%
Prime interest rate (year-end)	10,0%	7,0%	7,25%	10,5%	11,0%	10,25%	10,25%	11,75%	11,0%	10,5%	10,5%
Inflation (average CPI)	4,1%	3,3%	4,6%	6,9%	5,5%	4,8%	4,8%	5,9%	5,0%	4,6%	4,5%
Industry credit growth	5,3%	1,2%	4,4%	9,2%	5,0%	5,9%	6,4%	4,7%	5,2%	5,7%	6,2%
Rand/US$ (year-end)	14,0	14,6	15,9	17,0	16,8	16,7	17,3	18,3	18,2	18,3	18,4
SA fiscal deficit % of GDP[1]	(3,6%)	(5,1%)	(9,9%)	(4,6%)	(4,2%)	(4,0%)	(3,2%)	(4,9%)	(4,8%)	(4,4%)	(4,2%)
SA govt debt % of GDP[1]	52%	56%	70%	69%	72%	73%	74%	75%	76%	77%	77%

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

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Notes:

Short-term guidance (2024) – progress towards our medium-term targets in a macroeconomic environment that remains difficult & volatile

	2023 performance	2024 guidance[1]	Key drivers/risks in 2024
NII growth	+14%	Above mid-single digits	▪ Advances growth from renewables & SPT 2.0 gains, with H1 growth slow, before picking up in H2 ▪ NIM peaked in 2023, but endowment benefit remains elevated given average interest rates
CLR	109 bps	Back within the top half of the 60 bps to 100 bps TTC range	▪ Ongoing reduction in RBB's CLR & resolution of material risk relating to CIB NPLs completed in 2023 ▪ Seasonality likely resulting in H1 CLR > H2 CLR
NIR growth	+6%	Above mid-single digits	▪ Main-banked client gains, cross-sell & deal closures ▪ Trading & insurance income off a lower 2023 base (outcomes market-dependent), but high base in fair-value & Zimbabwe FX gains
Expense growth	+8%	Mid-to-upper single digits	▪ Average annual salary increases of around 6% ▪ Ongoing cost optimisation focus – TOM 2.0 & 2.1 ▪ DIS (~R230m), Twin Peaks run rate, YES ramp up
Associate income	+64%	Slightly lower than 2023	▪ Ongoing associate income growth, but base impact from Nedbank's R175m Ghana sovereign bond provision reversal in 2023
Capital (CET1 ratio)	13,5%	Above TTC target range (11% to 12%)	▪ Remains above the top end of board target range
Dividend	57% payout	Top end of payout ratio	▪ Dividend cover range 1,75x to 2,25x or payout ratio of 57% to 44%

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

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Notes:

Our medium- & long-term targets support shareholder value creation

	Diluted headline earnings per share	ROE	Cost-to-income ratio	Net Promoter Score
Short term – By end 2023	> 2 565 cents (2019 levels) 3 199cents ✓	15% (2019 levels) 15,1% ✓	< 54% 53,9% ✓	#1 bank (from #3 in 2019) #1 bank ✓
Medium term – By end 2025	> CPI + GDP + 5% (CAGR to end-2025)	17% (around COE + 2%)	< 52%	#1 bank
Long term – Not dated	> CPI + GDP + 5% (CAGR through the cycle)	> 18% (around COE + 3%)	< 50%	#1 bank

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Notes:

Medium-term targets – path towards ROE of 17%

Additional info

Solid NII growth → CLR within target range → Strong NII & associate income growth → Manage expense growth for + Jaws → Capital → 17% target

15,1%

Advances growth
- RBB growth by delivering on SPT 2.0 targets
- CIB growth from unlocking large infrastructure opportunities

No material NIM contraction
- Prime rate remains ≥ 10,5%
- Ave prime: 23: 11,4%, 24F: 11,5%, 25F: 10,6%)

Impairments
- CLR back to within the top half of our 60 bps to 100 bps TTC target range

NIR & associate income
- Main-banked client gains & higher cross-sell
- Leveraging balance sheet for NIR growth
- Continued momentum in trading activities
- Unlock large insurance growth opportunity
- Double-digit ETI-related growth

Expenses
- Ongoing cost optimisation
- Delivering on TOM 2.0 target (R2,5bn by H1 2024)
- New TOM 2.1 opportunities
- Progress towards C:I target: <52%

Capital
- Pay dividends at the top end of payout ratios of 57%
- Run-rate benefits of R5bn capital optimisation initiative & further capital optimisation if appropriate

2023 | 2025

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Notes:

Chief Executive succession – a seamless, well-managed process

- 15 Feb 23: **Announced appointment of Daniel Mminele** as Chairperson-designate
- 1 May 23: **Daniel Mminele joined board** as Chairperson-designate
- 2 Jun 23: **2023 AGM** – **Daniel Mminele became Chairperson**; **Announced CE succession process** started
- 11 Nov 23: **Announced appointment of Jason Quinn** as CE-designate
- 22 May 24: **Jason Quinn** joins Nedbank as CE-designate
- 31 May 24: **2024 AGM** – **Jason Quinn joins** the board as CE; **Mike Brown retires** from the board

Mike Brown retained as Senior advisor for 3 months to facilitate seamless handover

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Notes:

Medium-term targets – path towards ROE of 17%

Additional info

CIB	RBB	Wealth	NAR
ROE at >19% (2023: 18,9%) **Cost-to-income ratio** reduces to < 44% (2023: 45,2%)	**ROE** increases to between 20% & 23% (2023: 16,0%) **Cost-to-income ratio** reduces to < 57% (2023: 58,1%)	**ROE** maintained >25% (2023: 26,8%) **Cost-to-income ratio** reduces to < 65% (2023: 66,6%)	**SADC ROE** increases to > COE (2023: 9,9%) **SADC cost-to-income ratio** reduces to < 60% (2023: 68,3%) **ETI ROI** consistently above >20% (2023: 22,0%)
• Using deep sector expertise to unlock further balance sheet growth, particularly SDF & renewable energy • CLR below the mid-point of the CIB TTC target range • Leverage balance sheet for NIR growth • Ongoing focus on capital efficiency & ROE optimisation	• SPT 2.0 targets – grow advances ahead of market, except for PL & maintain VAF. Grow deposit market share • CLR towards the mid-point of the RBB TTC target range • Main-banked client gains to >4 million • Cross-sell increase to >2,0 • Continued cost optimisation, driven by TOM 2.0 initiatives	• Insurance – grow MyCover suite • Asset Management – expand international distribution & offering • WMSA – increase high-net-worth market share • WMI – bolster wealth offering through new core platform	• Leverage group IT technology & centres of excellence • Digital growth strategy increasing NIR from digital channels • Growth opportunities in Mozambique • Continue focus on value unlock agenda in ETI

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Notes:

Conclusion – slightly improving macroeconomic environment, strong foundations & underlying business momentum position Nedbank well to deliver on 2025 targets & create shareholder value

Macroeconomic environment improving	Strong foundations in place	Momentum in the business	Medium- & long-term targets aligned to shareholder value creation
• Key SA **economic indicators are forecast to improve** in 2024 • Initiatives around energy supply to **reduce load-shedding to levels 1 or 2** by 2025 • But **geopolitical & sociopolitical risks** remain (eg global conflict, international & local elections)	• **Experienced board & leadership** team • **Strategy** that is unlocking growth & enhancing productivity • **Track record** of delivery • **World-class technology platform** & leading digital capabilities • **Fortress balance sheet** & excess levels of capital • **Great people** & culture • **Purpose-driven bank** – leading in sustainability & ESG matters	• Attractive **lending pipelines** • **Digital growth** trends continuing • **Main-banked client gains** & higher levels of cross-sell • **Market share gains** in key product areas • Ongoing **cost optimisation** • **Impairments trending down** (CLR peaked in H1 2023, RBB management actions & ~R11bn of stage 3 reductions in CIB expected in 2024)	• **Achieved all our 2023 targets** in a more difficult environment DHEPS ✓ Cost-to-income ✓ ROE ✓ NPS ✓ • But we **aspire to increase our ROE further** to improve our price-to-book ratio from 0,9x DHEPS growth: CAGR GDP + CPI + 5% Cost-to-income: <52% ROE: >17% NPS: #1 bank

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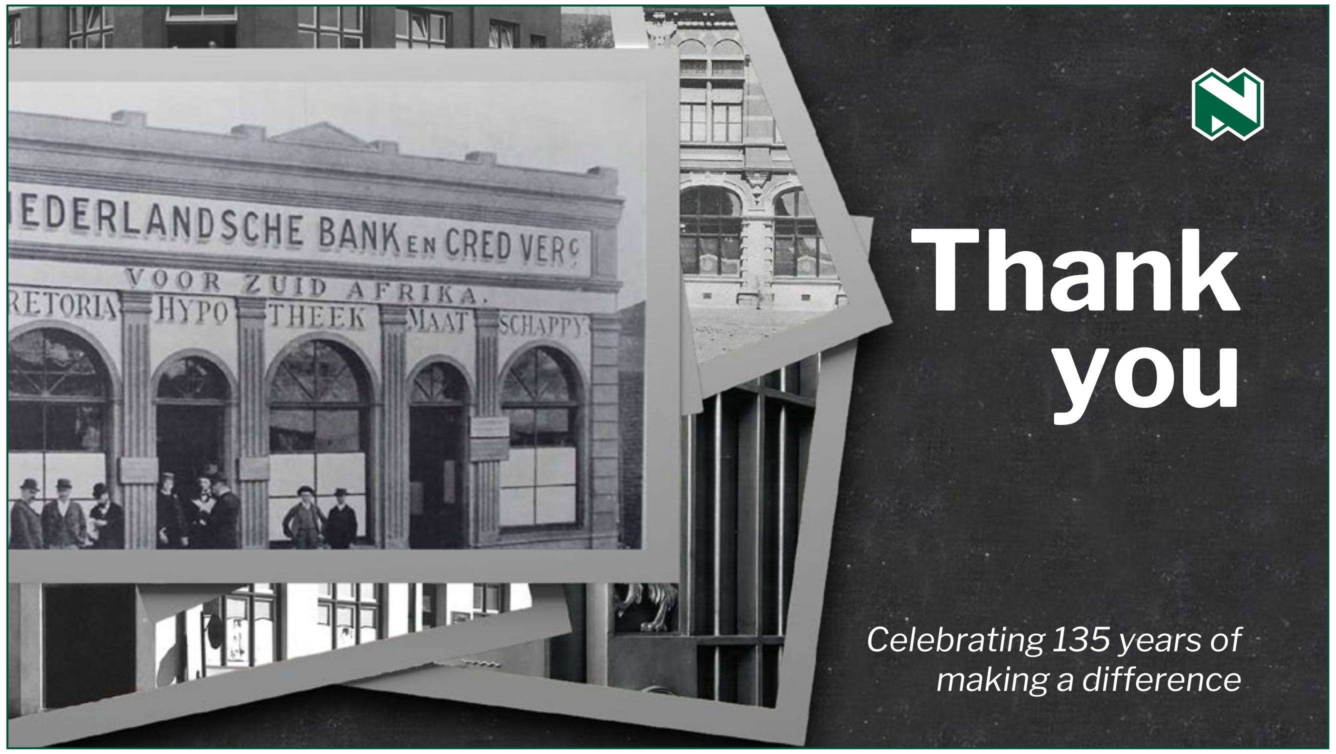

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Disclaimer

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.

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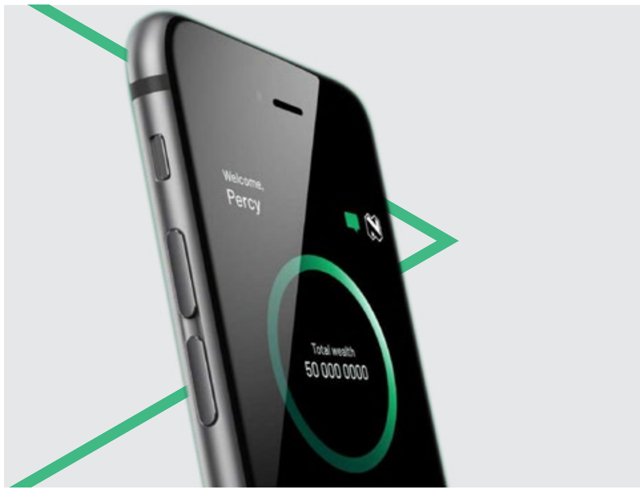
2023 results commentary



Economic and banking environment in 2023

The world economy fared better than most expected in 2023, although the International Monetary Fund (IMF) forecasts global growth in 2023 to have slowed to 3,1% (2022: 3,5%). A robust US economy and China's modest recovery off the previous year's low base provided some counter to the deeper economic downturns in Europe, the UK, and most other advanced countries, as the lingering effects of the earlier surge in inflation and much tighter monetary policies weighed on confidence and eroded demand. Global inflation receded in 2023 driven by the reversal in energy and food prices from the highs of 2022, the ongoing normalisation in global supply chains, slightly softer labour market conditions, and weaker consumer demand in many countries in response to restrictive monetary policies. The onset of disinflation brought some relief to households towards the end of last year, lifting real incomes, purchasing power and confidence, thereby preventing a sharper slowdown in the world economy. The US and most other major central banks raised their respective policy rates to restrictive territory and continued to reduce their sizeable balance sheets. Around Q3 2023, major central banks signalled a pause in their rate-hiking cycles as underlying price pressures started to subside more convincingly. Even so, the most aggressive monetary policy tightening in advanced countries in over 4 decades resulted in significant adjustments to global investor portfolios, sustaining the US dollar near its 2022 highs, weighing down commodity prices and reducing appetite for higher-risk emerging market assets.

Sub-Saharan Africa experienced a loss of economic momentum, with GDP growth slowing to 3,3% in 2023 (2022: 4,0%). Falling commodity prices, caused by softer global demand and a firm US dollar, weighed on the region's export earnings. At the same time, high inflation and interest rates subdued domestic demand in most countries. In addition, the fiscal position of many governments across the region weakened significantly as tax revenue dwindled while borrowing costs surged, leaving little to no policy space to stimulate growth. Several low-income African countries with high levels of dollar-denominated debt struggled to access capital markets and grappled with surging borrowing costs as a buoyant US dollar compounded the impact of higher global interest rates. As a result, more countries slipped into default, turning to the IMF for financial assistance.

SA's economy remained weak throughout 2023 in the face of crippling power outages and worsening transport bottlenecks. The inefficiencies at 2 of the country's critical state-owned enterprises – Eskom and Transnet – increased sharply, reducing production, driving up operating costs and squeezing profits across all industries. Eskom managed to maintain an electricity availability factor of only 54,8% throughout 2023 and, as a result, the frequency and intensity of load-shedding more than doubled from 2022, with Eskom shedding 24 408 GWh in 2023.

Unreliable rail and port services added more pressure to the private sector, undermining trade, disrupting supply chains, and eroding the country's international competitiveness. The drag from these crippling challenges was further amplified by softer global demand, lower international commodity prices and weak domestic demand amid sticky inflation and sharply higher interest rates. By the third quarter, real GDP contracted by 0,2% qoq compared with modest growth of 0,5% and 0,4% over the second and first quarters. The Nedbank Group Economic Unit now forecasts GDP growth of only 0,5% for the year, down from 1,9% in 2022. Given the unfavourable environment, industry credit growth slowed to 4,7% yoy by the end of 2023 (2022: 9,2%).

Fixed investment activity held up better than expected in 2023, with activity dominated by the private sector's drive to secure alternative energy and transport options, supported by the ongoing rollout of projects under the official independent power producers' renewable energy programme. However, by the third quarter of last year, private sector outlays stalled, suggesting that the difficult operating environment was starting to deter other capital expenditure, and convincing more companies to postpone non-energy-related investment plans. Consequently, corporate credit demand softened off the previous year's higher base and company loan growth moderated to 5,0% in December 2023, down from 10,7% in December 2022.

The strain on household finances increased throughout the year. Real personal disposable income declined by 1,2% yoy over the first 3 quarters of 2023. Elevated inflation largely offset the impact of further job creation and higher wage increases. At the same time, higher interest rates pushed debt service costs up to 8,9% qoq of personal disposable income, up from 8% qoq at the end of 2022, significantly reducing the funds available for discretionary spending. Households also depleted the savings they built up during the pandemic years, leaving little to no buffers to shield against more difficult financial conditions. As a result, households cut back on spending and borrowing, with household consumption expenditure growing by only 0,7% qoq over the first 3 quarters of 2023, down from a relatively strong 2,5% in 2022. As consumers reduced spending and commercial banks tightened lending standards amid rising defaults, household loans and advances growth slowed significantly to 4,3% yoy in December 2023 from 7,7% in December 2022. Mortgages and personal loans weakened, while vehicle finance and demand for transactional credit remained relatively firm.

Inflation receded from 7,2% yoy at the end of 2022 to 5,1% by the end of 2023, averaging 5,9% over the year. The downward pressure came mainly from falling fuel prices as global oil prices declined, offsetting the impact of a weaker rand. As the year progressed, waning domestic demand helped keep core inflation steady at around 4,5%. However, food prices remained high and volatile, reflecting the surge in local production costs caused by load-shedding and transport bottlenecks. Animal diseases and extreme weather events also strained local food producers and placed upward pressure on prices. Encouragingly, food inflation started to decline more convincingly towards the end of 2023. As inflationary pressures eased, the Monetary Policy Committee (MPC) left the repo rate unchanged at 8,25% from May onwards after hiking by 125 basis points in the first half of the year.

Financial markets were volatile throughout 2023, reflecting swings in global risk sentiment. At the beginning of the year the brief turmoil in parts of the US and Swiss banking sectors, uncertainties over the outlook for US interest rates, and speculation over the likely severity of the unfolding global economic downturn weighed on sentiment. However, global risk appetites improved later in the year as global inflation subsided and global economic activity proved to be relatively resilient, fuelling expectations of more accommodative monetary policies and a soft landing for the world economy in 2024. Investor sentiment towards SA remained muted, hurt by the country's poor economic growth prospects, worsening fiscal metrics in the face of deepening structural constraints, the greylisting by the Financial Action Task Force, and persistent concerns about SA's geopolitical stance against the backdrop of the conflicts in Ukraine and the Middle East. Investors priced in lower growth and higher risk, resulting in significant capital outflows and persistent rand weakness.

Strategic progress

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

At the start of 2021 Nedbank was one of the first South African banks post the disruptions of Covid-19 to set new medium-term targets, including financial targets for diluted headline earnings per share (DHEPS), return on equity (ROE) and cost-to-income ratio, as well as a non-financial target, being Net Promoter Score (NPS). This was done in an environment of uncertainty, but importantly to inform our shareholders of the value creation potential of post-Covid-19 recovery given the fact that analyst consensus forecasts for ROE in 2023 was around 13% and above 56% for the cost-to-income ratio at the time. In 2022 we reported DHEPS of 2 809 cents, greater than the 2023 DHEPS target of 2 565 cents, being the DHEPS level achieved in 2019. We also achieved a #1 ranking in the Kantar NPS survey, and both these targets were achieved a year earlier than we initially planned, and both were achieved again in 2023. At the end of 2023 we met the remaining 2 targets, being reporting an ROE of 15,1%, above the 2019 level of 15,0% and a cost-to-income ratio of 53,9%, below our target of 54,0%, and well below the 56,5% reported in 2019.

Achieving these targets is an important milestone, but we aspire to improve our profitability metrics further as we now focus on our medium- and long-term targets, including higher ROEs (17% in the medium term and 18% in the long term) and lower cost-to-income ratios (52% in the medium term and below 50% in the long term). This requires diligent execution of our strategy by growing revenues faster than expenses and increasing levels of productivity – both strongly enabled by our world-class technology platform – and maintaining strong risk and capital management metrics. We are focusing on gaining profitable market share in key lending categories, increasing our share of transactional main-banked clients and related deposits, and ensuring delivery of market-leading client experiences that will help us attract new clients and deepen our share of wallet among existing clients. To boost productivity and improve operational efficiency, we are building on and accelerating efforts in optimising our operating model in a more digital world by leveraging the digital platforms we have put in place. Our world-class risk management capabilities will ensure that we balance risk and reward trade-offs appropriately.

Our strategy, which is enabled by a world-class technology platform and our employees as our most important asset, is delivered through 5 strategic value unlocks: digital leadership and digital experiences (DX); market-leading client experiences (CX); focusing on areas that create value (known as strategic portfolio tilt); driving efficient execution (including target operating model enhancements); and creating positive impacts, including delivering on our purpose of using our financial expertise to do good while maintaining our leadership in ESG matters.

Our technology strategy and managed evolution transformation programme have enabled us to build a world-class modern, modular, and digital information technology (IT) stack. At the end of December 2023 we reached 95% build completion, and the programme is aiming for full completion by the end of 2024, with the refactoring and modernisation of our core banking systems and the digitisation of the 2 remaining client onboarding and servicing journeys, with home loans and vehicle finance being the key remaining deliverables. The benefits of ME are evident in the digital progress we have made, as well as the realisation of benefits through our target operating model and expense optimisation programmes. The group's intangible software assets on the balance sheet ended December 2023 at R7,9bn, down from R8,3bn at the end of 2022 and having peaked in 2020 at R9,0bn. This decline is aligned to lower levels of IT cash flow spend, which peaked at around R2,3bn in 2017, and are expected to remain around the R1,6bn level going forward (2023: R1,3bn). As we close out the ME programme, our focus shifts to leveraging our new technology stack to simplify our product range, making banking easier and more affordable for our clients by migrating existing accounts onto new products (where appropriate), converging for scale – across all segments, all channels and all geographies (including harmonisation of Nedbank Africa Regions (NAR) IT systems), optimising processes end to end, and leveraging data and generative artificial intelligence (AI) for commercial advantage.

The following are some highlights of the strategic progress we have made in 2023:

- **Digital leadership**
  - **Simplified sets of products off our new core banking platform:** 3 new MiGoals transactional products for our retail consumer banking clients were launched in May 2023 and are the first transactional products released off our new core banking systems. The launch of these MiGoals products is part of the optimisation process of our transactional product range from 46 (36 current accounts and 10 savings products) to 18. MiGoals will be followed by the release of similar transactional products for Private Clients, high-net-worth clients, and businesses, including a relaunch of an optimised set of investment and lending products. Since the launch, 2,1 million MiGoals accounts were opened on our new core banking platform, of which 1,4 million were account migrations and 0,7 million were new sales.
  - **Apps**: Active Nedbank Money app clients reached 2,3 million in 2023, up by 16% yoy. Transaction volumes on the Money app increased by 18% yoy (up by 315% since 2019) and transaction values increased by 19% (up by 298% since 2019). Revenue from value-added services grew by 29% yoy (up by 197% since 2019) across prepaid data, voucher, and electricity purchases, as well as LOTTO and the sending of money to cellphones. The Nedbank Private Wealth app, which offers integrated local and international banking capabilities, continued to be enhanced regularly to deliver a leading client experience. Nedbank Insurance further improved its digital offering by launching the Insurance widget and 'Offers for you', increasing activity and sales on the Money app. The Nedbank Money App (Africa), offering convenience, a wide range of functionality and great user experiences for our NAR clients, reported a 24% yoy increase in app users.
  - **Digital outcomes**: Our digital initiatives helped us increase the number of digitally active retail clients in SA by 11% yoy to 2,9 million, representing 69% of retail main-banked clients (2022: 68% and 2019: 49%). Retail digital transaction volumes in SA increased by 12% (and by 98% since 2019) and transaction values were up by 10% (up by 54% since 2019). Digitally active clients across the NAR business increased from 57% to 64% of its total active client base. Nedbank Insurance has extended its quoting, fulfilment, and claims functionality on digital channels to 17 product offerings (2022: 10) and 7 channels. In recognition of our market-leading digital positioning, Nedbank was recently recognised as the Best Digital Bank in Africa in 2023 at the Euromoney Awards and as the Best Bank for Client-facing Technology at the 2023 Global Banking & Finance Awards.
  - **Avo super app:** Since its launch in 2020, the Avo super app (SuperShop) has signed up 2,5 million customers (up by 26% yoy), with over 23 000 businesses registered to offer their products and services on this e-commerce platform. Avo continues to grow exponentially, with a more than 100% yoy increase in gross merchandise value (GMV) as all 3 Avo ecosystems gain momentum. Avo Auto, a virtual vehicle mall launched in 2021, now hosts over 880 MFC-accredited dealers (up more than 100%) with close to 25 000 vehicles on the platform (up more than 100%) and has grown GMV 3,5 times yoy. Avo B2B launched to market in 2022 and offers a stock financing or working capital solution to businesses through a secure facility and is well on its way to contributing to significant GMV growth in 2023. Avo Home continues to increase its number of partners to drive scale, with GMV growth of 23% yoy. Avo Solar launched in August 2023, with over 100 residential installations, of which 70% is being financed by Nedbank. The Avo SuperShop launch in Namibia in August 2023 is showing good progress with 15 merchants, of which Apple is the top merchant. This is expected to continue to improve as more merchants are added to the platform. In recognition of the progress we have made, Nedbank won the Excellence in Innovation Banking App South Africa (Nedbank Avo) Award at the Global Banking & Finance Awards 2023.
  - **Data and generative AI:** We have invested significantly in our data capabilities, leveraging big data and AI through strong analytics teams. While it is early in the AI journey, the progress we have made on our technology journey is foundational for seamless integration and fast adoption of AI capabilities. We have already delivered numerous AI solutions that have generated benefits by using machine learning and data science techniques to make intelligent decisions based on data, including next-best-action strategies to drive higher levels of cross-sell. Going forward we will accelerate our AI capabilities with a further 53 data and AI analytics use cases being explored. In partnership with Microsoft, the M365 Copilot early access program was launched with the allocation of 300 licences. Early adopters participating in the access programme from across the bank are identifying and validating high-value use cases in support of its organisational readiness and the adoption of generative AI. A number of use cases have already been implemented, resulting in productivity gains and quality improvements to business correspondence, research, and the maintenance and application of policies. These pilot users have noticed an average time saving of 42 minutes a day, with the top time-saving activities related to creating and summarising documents, emails and chats. Copilot Web, formerly known as Bing Chat Enterprise, was launched in October 2023, providing personal and company data protection, and extending generative AI capabilities to all Nedbank employees.
  - **Payments:** The modernisation of our payments domain is progressing well. Our participation in industry modernisation initiatives and our own payments efforts are enabling Nedbank to create a fully interoperable enterprise payment service hub that will optimise the cost to serve, increase innovation cadence, respond to open-finance opportunities, and unlock competitive advantages by enabling contextual and embedded payments. We participated in the industry rapid payments programme, PayShap, which is a low-cost, immediate, interoperable digital payments solution that was successfully launched in March 2023. To date there has been steady growth in its use with 2,3 million consumers registered and 11 million payments processed, worth over R7bn across all participating banks. Nedbank clients contributed approximately 28% to the overall volumes. Since the launch we remain the bank that offers clients the widest range of options of transactional channels, with more than 200 000 ShapIDs having been registered, culminating in over 3 million transactions.
- **Market-leading client experiences**
  - **Great client experiences:** The success of our digital innovations was evident in higher levels of client satisfaction, as illustrated in Nedbank being rated #1 in NPS among South African banks in 2022 and 2023 (Kantar survey). In 2023 we also experienced a continuation of high sentiment rankings, with Nedbank ranked as the #1 bank on social-media brand sentiment as measured by Brandwatch.
  - **Competitive brand:** Nedbank was ranked the #8 most valuable brand among South African companies, up from the #9 position in the prior year, with the group's brand value having increased by 15% to R17,3bn.
  - **External recognition:** In recognition of the value-add to our clients and our leadership position in key industries, segments and products, we have won various awards in 2023, including the Best Investment Bank in South Africa Award and Best Retail Bank South Africa Award at the 2023 Global Banking & Finance Awards, Best Private Bank Africa Award at the Global Private Banking Awards 2023, and Top Private Bank of the Year Award at the (Krutham) Intellidex Top Private Banks and Wealth Managers Awards 2023.
- **Focusing on areas that create value**
  - **Main-banked client gains and cross-sell:** We continue to focus on areas that create value, particularly through our Strategic Portfolio Tilt 2.0 (SPT 2.0) initiative, which is a groupwide strategy focused on growing profitable market share in selected areas through integrated client-led asset and liability client value propositions (CVPs), leveraging the point of origination to increase the levels of cross-sell with a keen focus on growing the transactional-banking relationship and main-banked market share. In 2023 main-banked clients in retail grew by 9% to 3,53 million and cross-sell increased to 1,96 (compared with 1,94 in 2022 and 1,71 in 2019). Importantly, the correlation between main-banked client growth and transactional NIR growth in the Retail and Business Banking (RBB) consumer segment was strong. Corporate and Investment Banking (CIB) gained 20 new primary clients in the period. In NAR total clients increased by 4% to over 349 000, of which around 147 000 are main-banked clients. The opportunity to cross-sell insurance products across the group is significant, with steady progress achieved through collaboration between Nedbank Insurance and RBB. The MyCover suite showed good growth, with gross earned premiums up 16% in MyCover Funeral, 25% in MyCover Life and more than 487% in MyCover personal lines, albeit off a low base.
  - **BA900 market share:** As reported in the December 2023 SARB BA900 returns, we increased market share yoy in home loans (from 14,1% to 14,4%), retail overdrafts (from 12,9% to 15,1%) and commercial term loans (from 15,5% to 16,4%). Total retail deposits increased (from 16,0% to 16,4%) supported by retail transactional deposits (from 15,1% to 15,3%) and retail- non-transactional deposits (from 18,1% to 18,7%). Commercial transactional deposits, excluding tax and loans, increased from 11,8% to 12,2%. In areas where we have strong market share positions, we have been more selective in credit origination in the current economic environment, including for vehicle finance (from 35,4% to 35,5%) and commercial mortgages (from 36,8% to 36,0%). Given increasing risks in the environment, we have deliberately slowed growth in some product areas and, as a result, we reported market share declines in personal loans (from 11,9% to 11,0%) and credit card (from 11,0% to 10,0%).
- **Driving efficient execution**
  - **TOM 2.0**: Our Target Operating Model 2.0 (TOM 2.0) programme, which was launched in 2021, is aimed at optimising the shape of our infrastructure (branches and corporate real estate), shifting our RBB organisational structure so that it is more client-centred and optimising our shared-services functions across the group as a direct result of the digital benefits from ME. At the end of 2023 the cumulative cost benefits realised have increased to R2,2bn, slightly below our target of R2,5bn following decisions to reconsider the timing of the implementation of some initiatives that are linked to revenue uplift and a delay in some cost initiatives. Our R2,5bn target remains in place and is expected to be met in H1 2024. The implementation of Project Phoenix aimed at shifting our RBB organisational structure from being 'product-led, supported by client and channel views' to being 'client-segment-led, supported by product and channel views' is materially complete, including the consolidation of middle and back offices within the cluster, thereby unlocking efficiencies. In addition, the digitisation of services in RBB and changing client behaviours have enabled us to reduce branch teller volumes by 71% since 2019. To date, as we optimise the shape of our infrastructure through Project Imagine (our new digitally focused outlets), branch floor space has decreased by 27 000 m^2 in 2023 (cumulatively by 111 000 m^2 from 2014 levels) to 137 000 m^2. Through our strategy of consolidating and standardising our own buildings, the number of campus sites (offices) has decreased from 31 to 23 over the past 4 years. Since 2016 we have saved more than 178 000 m2 in floor space, including around 35 000 m2 in

2023. We have also focused on ensuring efficient and effective central group functions, including marketing, risk, human resources, finance, and technology. Savings in technology include efficiencies in network costs, a reduction of printing costs, the implementation of agile methodologies, and new ways of work (nWoW), with overall reductions in headcount, rigorous licence and service vendor management as well as the implementation of our cloud migration plans, with reductions in on-premise costs. At the end of December 2023 our total group permanent headcount declined by 456 or 2% yoy (and 3 745 or 13% since 2019) to 25 477, largely through natural attrition.

- **TOM 2.1:** Our ongoing focus on extracting value from our technology investments and our world-class technology platform has resulted in the launch of TOM 2.1, which builds on our TOM 2.0 initiatives. TOM 2.1 will focus on extracting additional benefits from maturing our data and analytics capabilities, modernising key processes and payments, as well as implementing generative AI strategies. We are in the process of estimating associated revenue and cost benefits to be extracted over the medium term, and more detail will be communicated as part of our H1 2024 results.

- **Creating positive impacts**
  - **Sustainable development finance:** Fulfilling our purpose of using our financial expertise to do good is best demonstrated through our ongoing delivery against the UN SDGs, our continued focus on leading in ESG matters, and our sustainable-development finance (SDF) commitments as we tilt our portfolio to areas that create positive impacts. At 31 December 2023 we had exposures of R145bn (December 2022: R123bn) that support SDF, representing 16% of the group's gross loans and advances (2022: 14%). By the end of 2025, it is our ambition to have increased our SDF exposures to around 20% of the group's total gross loans and advances, achieved through the support of more than R150bn in new SDF that is aligned with the SDGs (from our starting base in 2021).
  - **2030 glidepaths:** Building on our history of climate and environmental leadership, including the commitment to have zero fossil fuel exposure by 2045 (in line with science-based targets), we have finalised our first sectoral glidepaths that inform our exit over time from the thermal coal, oil, and gas sectors in support of our net-zero 2050 commitment. Nedbank will use the widely adopted International Energy Agency (IEA) Net Zero Emissions by 2050 scenario (NZE) as a basis for our first targeted commitment to 2030 (31 December 2029) for our fossil fuel and power generation pathways. This science-based pathway aligns with the goals of the Paris Agreement, keeping global warming well below 2 °C by 2050 and to pursue efforts to limit the temperature increase to 1,5 °C. This will result in targeted reductions from 2022 to 2030 of 47% for thermal coal and 26% for oil and gas. As a result of our significant renewable energy power generation book, the current carbon intensity of the energy book is already below the 2030 NZE target of 188gCo2e/kWh, and we have therefore adopted the 2030 IEA target as a cap, with a cap beyond 2030 to be assessed closer to the time.
  - **ESG ratings:** We retained our top-tier ESG ratings with the following scores and rankings: MSCI – AAA (upgraded from AA and now within the top 5% of global banks); Sustainalytics – low-risk score of 17,1 (top 10% of 339 diversified banks); S&P Global – score of 60 out of 100 (top 9% of global banks); ISS – C rating (within the top 10% of global banks); FTSE Russell – 3,9 rating out of 5 (top 26% of global banks and a FTSE4Good Index constituent).
  - Our efforts in sustainability and ESG matters were recognised externally, including through our winning the Best Corporate Sustainability Strategy South Africa Award at the prestigious Global Banking & Finance Awards 2023, the Sustainability-linked Loan of the Year (Africa) Award at the Environmental Finance Awards 2023, and the Sustainable Bank of the Year Award at the African Banker Awards 2023.

Overview of 2023 results

Nedbank Group delivered a strong financial performance for the 12 months to 31 December 2023 when compared with the 12 months to 31 December 2022 (prior period). Headline earnings (HE) increased by 11% to R15 650m, enabled by a strong operational performance as preprovisioning operating profit (PPOP) increased by 15%, underpinned by 12% revenue growth, including associate income and prudent expense management, partially offset by a 30% higher impairment charge.

Headline earnings per share (HEPS) increased by 15% to 3 312 cents and diluted HEPS (DHEPS) increased by 14% to 3 199 cents respectively, ahead of the HE growth of 11%, driven by the benefits of the R5bn capital optimisation initiative executed via an odd-lot offer as well as a share purchase programme that were materially completed in H1 2023, with the resultant cancellation of 23,4m shares. Basic earnings per share (EPS) increased by 10% to 3 239 cents.

Return on equity (ROE) for the period increased to 15,1%, above the prior period of 14,1% and the group's estimated cost of equity (COE) of 14,8%. This improvement was assisted by an increase in return on assets from 1,14% to 1,21% and slightly higher gearing post the finalisation of the R5bn capital optimisation initiative. Net asset value (NAV) per share of 23 192 cents increased by 8% compared with 21 533 cents in 2022, while tangible NAV of 20 614 cents increased by 9% compared with the 18 937 cents in the prior period.

The group's balance sheet remained very strong. CET1 and tier 1 capital ratios of 13,5% and 15,0% were well above board-approved target ranges and SARB minimum requirements. The average liquidity coverage ratio (LCR) for the fourth quarter of 135% and a net stable funding ratio (NSFR) of 117%, were well above the 100% regulatory minimums and board-approved targets. Following solid earnings growth and strong capital and liquidity positions, the group declared a final dividend of 1 022 cents per share, up by 18% (December 2022: 866 cents per share), bringing the total dividend for 2023 to 1 893 cents per share, up by 15% (2022: 1 649 cents). The dividend was declared at a payout ratio of 57% at the bottom end of the group's board-approved dividend target range of 1,75 to 2,25 times.

Cluster financial performance

The group's HE increase of 11% to R15 650m was driven by very strong HE growth in the NAR cluster, as well as solid performances across CIB, RBB and Nedbank Wealth. The group and all the clusters delivered ROEs above the group's COE.

	Change (%)	HE (Rm) 2023	HE (Rm) 2022	ROE (%) 2023	ROE (%) 2022
CIB	6	**6 799**	6 399	**18,9**	17,7
RBB	9	**5 566**	5 097	**16,0**	16,0
Wealth	6	**1 210**	1 140	**26,8**	26,3
NAR	94	**1 891**	977	**25,2**	13,8
Centre	(59)	**184**	448		
Group	11	**15 650**	14 061	**15,1**	14,1

HE in CIB increased by 6% to R6,8bn, and the cluster delivered an ROE of 18,9%. HE growth was solid despite a 17% increase in impairments. NII increased by 7%, supported by average banking loans and advances growth of 8% to R391bn, while NIR increased by 5%, supported by an increase in net commission and fees, growth in trading revenue and fair value gains, partially offset by a decline in equity investment income off a high 2022 base. The cluster CLR at 24 bps (2022: 22 bps) was below the midpoint of its through-the-cycle (TTC) target range of 15 bps to 45 bps and includes additional impairments in respect of a few counters that reached the finals stages of business rescue. Expenses increased by 7%, driven mainly by higher costs associated with the retention and attraction of talent, resulting in a cost-to-income ratio of 45,2%.

HE in RBB increased by 9% to R5,6bn, with HE in H2 2024 increasing by 24% compared with the decline of 8% reported in H1 2023, delivering an ROE of 16,0%. Very strong PPOP growth of 17% was driven by revenue growth of 11% and expense growth that was well managed. Impairments increased by 29%, primarily as a result of the impact of the more difficult macroeconomic environment, elevated risk outcomes, and a weaker collections performance in H1 2023. While the RBB CLR increased to 194 bps yoy, above the cluster's TTC target range of 120 bps to 175 bps, it declined to 164 bps in H2 2023 from the 226 bps reported in H1 2023 as we improved our risk and collections strategies. NII grew by 14%, driven by a 7% increase in average banking loans and advances and a widening of NIM that benefited from positive endowment (higher interest rates). NIR, on a restated basis, increased by 7%, underpinned by higher levels of cross-sell and strong main-banked client gains, as well as good growth in card interchange and value-added services revenue. Expenses were very well managed, increasing by 7%, enabling the cluster cost-to-income ratio to decrease to 58,1% from 60,5% in 2022.

Nedbank Wealth's HE increased by 6% to R1,2bn, maintaining a high ROE of 26,8%. The cluster's financial performance was driven primarily by the benefit of higher local and international interest rates on NII (positive endowment), and growth in assets-under-management (AUM) fees locally and internationally, partially offset by a decline in traditional bancassurance volumes and new business strain in insurance. HE growth slowed from the 41% reported in H1 2023, primarily as a result of the base impacts of SA and international interest rates increasing in H2 2022 and H1 2023 while remaining steady in H2 2023; the base impact of the KwaZulu-Natal floods on insurance income in H1 2022; and higher shareholder returns in H1 2023 relative to H2 2023.

HE in NAR increased by 94% to R1,9bn and its ROE improved to 25,2%. The performance of the Southern African Development Community (SADC) operations improved strongly as HE was up 80% to R662m (2022: R367m) and ROE increased to 9,9% but remains below our target. Our associate investment, Ecobank Transnational Incorporated (ETI), continued its ongoing recovery with a higher HE contribution to Nedbank and growth of more than 100% to R1 229m (2022: R610m), benefiting from operational performance improvements and the reversal of the R175m provision that Nedbank raised in 2022 for the estimated impact on associate income from ETI from the Ghana sovereign domestic debt restructure. The stronger performance of the SADC operations was driven mainly by increases in NII (up by 25%) and NIR (up by 17%), as well as benefitting from foreign exchange gains on US dollar capital in Zimbabwe, partially offset by an increased net monetary loss.

The performance in the Centre reflects primarily the endowment benefit from higher interest rates on the average R12bn surplus capital held in the Centre, fair value gains relating to the group's hedge-accounted portfolios of R280m, and a R150m reduction in the group's central provision as these risks emerged in the underlying impairment models.

Financial performance

Net interest income

NII increased by 14% to R41 470m, supported by 7% growth in average interest earning banking assets (AIEBA) to R986bn and an increase in the group's NIM. The increase in AIEBA was driven by 8% growth in average CIB banking loans and advances and 7% growth in average RBB banking loans and advances.

NIM increased by 28 bps to 4,21% from the 3,93% reported in 2022. This increase was driven primarily by a positive endowment impact of 38 bps due to higher interest rates, positive basis risk impacts (+3 bps) and NAR (+3 bps). The increase was partially offset by a negative asset mix impact (-5 bps) due to slower growth in high-yielding assets such as unsecured loans and faster growth in lower-yielding assets such as term loans, home loans and vehicle finance, as well as negative liability (-3 bps) and asset pricing (-7 bps) impacts largely due to increased levels of competition and due to stage 3 loan interest reversals (-4 bps). Nedbank's interest rate sensitivity is around R1,4bn NII (pre-tax) for each 100 bps change in interest rates over 12 months. At this point in the cycle, the accounting impact of higher interest rates on endowment income continues to exceed the change in impairments, in line with management's hedging objectives.

Impairments charge on loans and advances

The group's impairment charge increased by 30% to R9 605m, largely as a result of the impact of a more difficult macroeconomic environment on consumers. The group's CLR of 109 bps (2022: 89 bps) improved from the 121 bps reported at H1 2023, but remained above the group's TTC target range of 60 bps to 100 bps, in line with the guidance provided. The yoy increase in CLR reflects the impacts of higher-than-expected interest rates, higher levels of inflation (mainly in food and energy), and higher levels of load-shedding, all of which had an adverse impact on our clients, particularly in the consumer segment in RBB.

CLR (%)	Average banking advances (%)	2023	2022	TTC target ranges
CIB	44	**0,24**	0,22	0,15–0,45
RBB	50	**1,94**	1,61	1,20–1,75
Wealth	3	**0,12**	(0,20)	0,20–0,40
NAR	3	**1,00**	1,02	0,85–1,20
Group	100	**1,09**	0,89	0,60–1,00

Impairments in CIB increased by 17% to R939m and its CLR, at 24 bps, incorporated additional provisioning for stage 3 counters in the second half of the year. The CIB CLR ended the year within the bottom half of its TTC target range of 15 bps to 45 bps, slightly up from the 22 bps reported in 2022. The commercial-property portfolio reported a CLR of 47 bps, outside its TTC target range, due to impairments raised on stage 3 counters as business rescue processes were concluded.

In RBB impairments increased by 29% to R8 520m, driven by the negative economic impacts mentioned earlier that resulted in increased client migration into stages 2 and 3, as well as the impact of updating our macroeconomic assumptions and annual model regrounds. The RBB CLR, at 194 bps, was above its TTC target range of 120 bps to 175 bps but below the 226 bps reported in H1 2023 as a result of focussed management interventions in respect of collections and origination. These benefits are expected to continue into 2024. Higher impairments in the secured-lending portfolios (home loans and vehicle finance, with mostly variable interest rates) primarily reflect the impact of higher interest rates on clients' ability to repay their debt. The increase in impairments in Personal Loans (mostly a fixed-rate product) and Card was driven mainly by the impact of higher levels of food and transport price inflation on disposable income, despite our credit policy tightening in Personal Loans since 2021. The increase in impairments in Commercial Banking was largely the result of the impacts of load-shedding and higher input costs, primarily on certain sectors in the agriculture portfolio. Pleasingly, CLRs across all RBB products and segments improved from the levels reported in H1 2023.

Nedbank Wealth reported a CLR of 12 bps, below its TTC target range of 20 bps to 40 bps, benefitting from the release of local client-specific overlays as a result of better-than-expected recoveries, while NAR reported a CLR of 100 bps, within its TTC target range of 85 bps to 120 bps.

Total overlays decreased slightly to R1,1bn (December 2022: R1,4bn), including a R150m reduction in the group's central provision (2022: R300m) as the risks have now been accounted for in our International Financial Reporting Standards (IFRS) impairment models. The remaining R150m in the central provision relates to potential risks that have emerged but are not yet showing in the data and resultant IFRS impairment models.

The group's balance sheet expected credit loss (ECL) increased by 9% to R30,4bn (December 2022: R27,9bn), reflecting prudent provisioning in the current economic environment. The increase was driven by the R9,6bn impairment charge, which includes post-write-off recoveries of R1,4bn (2022: R1,6bn) and higher write-offs at R10,2bn (2022: R8,8bn). The overall ECL coverage ratio increased to 3,62% (December 2022: 3,37%) as a result of the increase in stage 3 loans with higher coverage. The group's stage 1 coverage ratio increased slightly to 0,66% (December 2022: 0,60%) and remained higher than the pre-Covid-19 level of 0,48% (December 2019). The stage 2 coverage ratio declined slightly to 6,8% (December 2022: 7,0%) and remained well above the pre-Covid-19 levels of 5,3% (December 2019). The stage 3 coverage ratio remained steady at 34,2% (December 2022: 34,3%) as RBB loans, with higher coverage, migrated from stage 2 to stage 3 (RBB stage 3 loans up by 20%) and stage 3 loans in CIB, with lower coverage, declined by 3% as some counters cured.

Non-interest revenue and income

NIR increased by 6% to R27 709m, slightly above the group's guidance of around mid-single digits. The increase was underpinned by solid growth in commission and fees, the benefits of fair-value gains, and foreign currency gains in Zimbabwe on US dollar capital. Trading revenue growth remained muted, while overall NIR growth was impacted by lower insurance income and equity investment income. NIR includes restatements relating to IFRS 17, card-processing costs and the reclassification of net monetary loss in 2022 into NIR as reported in H1 2023. Excluding these restatements, NIR grew by 9% on a like-for-like basis.

- Net commission and fees income increased by 5% to R19 346m, supported by strong growth across RBB and NAR. RBB recorded increased levels of purchases of value-added services, main-banked client growth of 9%, improved levels of cross-sell, as well as growth in card acceptance and interchange volumes. This growth was partially offset by a slowdown in client activity following the difficult macroeconomic environment.
- Insurance income declined by 16% to R1 446m, impacted by a slowdown in traditional bancassurance volumes, the non-repeat of reserve releases in the prior year, and new business strain relating to new insurance solutions. The 2022 financials have been restated to account for IFRS 17 as expenses (R619m) and associated indirect tax (R51m) related to insurance products are now recognised in NIR.
- Trading income increased by 3% to R4 299m, reflecting good performances in debt securities and commodities, partially offset by a deterioration in the performance of equities and the impact of the introduction of the SARB's new Monetary Policy Implementation Framework (MPIF), which reduced financing margins across certain asset classes.
- Equity investment income declined by 6% to R764m (2022: R815m), returning to more normalised levels as compared with a high 2022 base, driven by revaluations, realisations, dividends, and operational revenues with limited disposals.
- Fair-value adjustments of R577m (2022: R187m) include R260m, mainly from fair value gains on structured loans within the CIB banking book and gains of R280m relating to the group's hedge-accounted portfolios (Centre).
- Foreign currency gains in Zimbabwe on US dollar capital as a result of currency devaluation were partially offset by a higher net monetary loss, resulting in a net gain in NIR of R501m. In 2023 NIR has been restated to reflect the reclassification of the net monetary loss (2022: R419m loss) on the face of the income statement to NIR, as was done as part of the group's 2022 annual results announcement.

Expenses

The increase in expenses of 8% to R38 059m reflects the impacts of higher salary-related costs, higher fees linked to revenue growth and ongoing investment in technology and digital solutions.

- Employee-related costs increased by 8% to R21 040m following:
  - an 8% increase in salaries, wages, and other staff costs, reflecting the impacts of an average 2023 annual salary increase of 6,3% (bargaining-unit increase of 7,3%) and higher costs to attract and retain key talent, partially offset by a 2% reduction in permanent employee numbers, largely through natural attrition; and
  - a 5% increase in short-term incentives (STIs), aligned to the group's financial performance, and a 23% increase in long-term incentives (LTIs), driven by higher anticipated vesting outcomes from meeting corporate performance targets.
- Computer-processing costs increased by 8% to R6 900m, reflecting the impact of continuous investment in digital and cloud solutions, an increase in payments infrastructure such as ATMs and intelligent depositors, increased IT volumes, and the impact of the rand's devaluation related to foreign currency IT contracts. As our ME technology IT build reaches material completion, the growth rate in the related amortisation charge continues to slow, along with benefits from lower depreciation as we increasingly leverage cloud-based solutions.
- Marketing costs increased by 3% to R1 585m and communication and travel costs increased by 7% after having normalised post-Covid-19. Fees and insurance-related costs increased by 15%, largely as a result of increases in card-issuing and acceptance costs.
- While the group continues to benefit from its real estate optimisation initiatives, the 8% increase in occupation and accommodation costs reflects the impact of more than 100% growth in generator-related costs to R107m (2022: R44m) due to increased use during load-shedding.

The group's increase in expenses of 8% was lower than the 12% increase in revenue, including associate income, resulting in a positive JAWS ratio of 4% and the cost-to-income ratio decreasing to 53,9% (2022: 55,8%).

Earnings from associates

Associate income increased by 64% to R1 443m and includes associate income of R1 380m relating to the group's 21% shareholding in Ecobank Transnational Incorporated (ETI) for the period (up by 77% compared with R779m in 2022). This includes accounting for our share of ETI's Q4 2022 and 9-month 2023 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear) and the reversal of the R175m estimate provided for by Nedbank for our share of the impact of the Ghanaian sovereign domestic debt restructure programme on associate income in our 2022 results. The total effect of ETI on the group's HE was a profit of R1 229m (2022: R610m). The gross return on the original ETI investment increased to 22,0% (2022: 12,4%) or 19,2%, excluding the R175m reversal.

Statement of financial position

Banking loans and advances

Gross banking loans and advances increased by 3% to R885bn. Actual banking loans and advances growth was lower than the 7% growth in average banking loans and advances, primarily as a result of the benefit of strong growth in CIB in H2 2022 (benefiting average growth in 2023), while actual growth in H2 2023 was impacted by higher levels of client repayments and reduced placements with foreign correspondent banks in CIB.

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

Rm	Change (%)	2023	2022
CIB	(0)	**380 455**	382 250
RBB	6	**453 498**	429 564
Wealth	1	**29 059**	29 395
NAR	(3)	**22 176**	22 902
Centre[1]	> 89	**(141)**	(1 342)
Group	3	**885 047**	862 769

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

CIB gross banking loans and advances decreased slightly to R380bn as the growth in the leverage and diversified lending businesses, coupled with growth in the energy sector, was offset by a decrease in foreign client lending owing to lower overnight interbank placements. Commercial-property loans and advances grew by 3%, indicative of a level of confidence returning to the sector and an improvement in sentiment. Average banking advances grew by 8%.

RBB gross loans and advances increased by 6% to R453bn, driven by solid growth in secured lending. Home Loans grew by 7%, MFC (vehicle finance) grew by 8%, Commercial Banking grew by 3%, and Credit Card grew by 1%. Unsecured-lending disbursal growth remained subdued as we deliberately remain cautious in the current environment, with Personal Loans declining by 4%. Overall new-loan payouts decreased slightly to R118bn (2022: R121bn), mainly due to the slowdown in unsecured lending and slowing demand in home loans.

Deposits

Deposits increased by 5% to R1 088bn and the group's loan-to-deposit ratio decreased to 82% (December 2022: 85%). Within our business clusters, CIB deposits remained flat, RBB grew by 8%, Wealth by 4% and NAR by 7%, with the Centre growing by 8%.

Many clients termed out short-term cash into longer-term deposits due to the favourable interest rate environment. As a result, savings accounts, short-dated foreign currency liabilities as well as cash management deposits decreased by 13%, 0,5% and 20% respectively. In contrast, call and term deposits increased by 6%, fixed deposits by 5% and other deposits by 21%. Negotiable certificates of deposit (NCDs) increased by 7% as our need for wholesale funding remains muted. Foreign funding, although small in relative terms for Nedbank at 3% of total funding, was flat.

Funding and liquidity

The group achieved a quarterly average long-term funding ratio of 28,4%, which is above the industry average of around 23,2% as a result of the proactive management of Nedbank's long-term funding profile.

The group's December 2023 quarter average LCR of 135% (December 2022: 161%) exceeded the minimum regulatory requirement of 100%, with the group maintaining appropriate operational buffers to absorb seasonal, cyclical, and systemic volatility. Liquidity metrics remained strong, with no implications evident from the adverse global banking and other developments.

	2023	2022
HQLA (Rm)	**238 182**	224 963
Net cash outflows (Rm)	**177 000**	140 138
Liquidity coverage ratio (%)[2]	**134,6**	160,5
LCR regulatory minimum (%)	**100,0**	100,0
NSFR (%)	**117,3**	119,1
NSFR regulatory minimum (%)		100,0

[2] *Average for the quarter.*

Nedbank's proactive management of its high-quality liquid asset (HQLA) buffers resulted in the bank operating well within its risk tolerance levels. The group has significant sources of quick liquidity (R285bn), including HQLA, representing 22% of total assets.

Nedbank exceeded the minimum regulatory NSFR requirement of 100% with the December 2023 ratio of 117%. The structural liquidity position of the group continued to be strong as a result of the effective management of balance sheet growth.

Capital

The group remains strongly capitalised. Capital ratios are well above the minimum regulatory requirements and board-approved target ranges, with a CET1 ratio of 13,5% (Dec 2022: 14,0%) and a tier 1 ratio of 15,0% (Dec 2022: 15,5%). The movement in the CET1 ratio reflects the impact of the R5bn capital optimisation initiative, the payment of the 2022 final dividend and 2023 interim dividend, and a 7,3% increase in risk-weighted assets (RWA). The RWA increase was mainly due to movements in credit risk, market risk and operational risk.

Group capital adequacy ratios (%)	2023	2022	Internal target range	Regulatory minimum
CET1	**13,5**	14,0	11,0–12,0	8,5
Tier 1	**15,0**	15,5	> 12,0	10,3
Total CAR	**16,9**	18,1	> 14,5	12,5

Note: Ratios include unappropriated profits.

The group continues to focus on maintaining an optimal capital structure using a full range of capital instruments. The group's total tier 1 capital position was impacted by the issuance of additional tier 1 instruments of R1bn, partly offset by redemptions of R750m. The group's total capital was further impacted by the issuance of tier 2 capital instruments of R2,1bn and redemptions amounting to R4,5bn, in line with the group's capital plan.

Using our financial expertise to do good

We remain committed to fulfilling our purpose of using our financial expertise to do good and 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

- Employee satisfaction levels remained high, as evident in our 2023 'great place to work' NPS score of 20 (2022: 22), the second highest since inception of our employee Pulse survey conducted annually to track employee satisfaction and engagement.
- We maintained our focus on the physical and mental well-being of our employees by continuing to provide well-being solutions and interventions. In light of a more difficult economic environment, we increased our support to employees through various financial education awareness programmes and financial support initiatives. The continuation of FLOW time on Wednesday afternoons, where employees are encouraged to focus on their development or focussed work, is a further commitment towards supporting a balanced lifestyle and improved well-being.
- We paid our 25 477 permanent and temporary employees' salaries and benefits of R21,1bn and concluded annual salary increases of 7,3% for our bargaining-unit employees, with non-bargaining-unit employees receiving increases of 5% to 6%.
- Skills development spend in 2023 increased to R1 169m (2022: 939m).
- Our hybrid work model saw 67% of employees working in some hybrid fashion. This promotes flexibility and enables employees to return to the workplace in an integrated and natural manner.
- Our employee attrition rate improved to 9,2% in 2023 (2022: 10,6%), with regrettable voluntary attrition declining to 3,8% (2022: 5,0%). During the year, our Agility Centre successfully redeployed 421 employees into alternative roles within Nedbank, while 75 employees have regrettably been retrenched due to necessary operational changes. A key focus has been on timeous reskilling and upskilling to enable employees to transition to future internal or external roles.
- We continued to focus on diversity, equity, and inclusion (DEI) as a key imperative to ensure that we remain relevant in a transforming society. The group remains strongly representative of a diverse talent complement, with 82% of total employees being black African, Coloured, or Indian (ACI), increasing from 81% in 2022, while we continue to record improvements in ACI employee representation, and African representation in particular, at senior- and middle-management levels. Total female employee representation remained around 62%.
- Nedbank has been recognised at the 2023 ESG Africa Conference, not only for being the biggest contributor to the Youth Employment Services (YES) Programme among South African banks, but also for the purpose-driven social impact that it has realised through the Nedbank YES Programme over the years, where we have now given close to 10 000 youth a first-time work experience. In addition, we won the UN Women's Empowerment Principles (UNWEP) Gender Responsive Marketplace Award at the 2023 UNWEP Gender Mainstream Awards and were placed second for listed companies on both the Economic Empowerment and the Women in the Community Awards.

Clients

- We retained our #1 rank in NPS among the large South African banks (Kantar survey) and ranked #1 in social-media net sentiment (Brandwatch).
- We safeguarded R1,1tn in deposits at competitive rates.
- We supported clients by advancing R332bn (2022: R341bn) in new loans to enable them to finance their homes, vehicles, and education and grow their businesses, increasingly in support of the UN SDGs.
- Our clients' access to banking products and services improved as clients continue their shift to digital channels, evident in digitally active retail users increasing by 11% to 2,9 million (up by 61% since 2019). During the year we also increased the number of Imagine branches, which are more digitally and sales-focused, to 386 (71% of total branches from 39% in 2022).
- To support our clients during challenging times, we offered tailored payment plans to help address their temporary financial distress and gradually normalise their payment obligations over time. For clients who have temporarily fallen behind on their loans, while being mindful of all regulatory requirements, we strive to help them keep their homes or vehicles by providing restructures that reduce their monthly debt payments, assisting them in getting back on track. We also encouraged clients to consolidate their existing debt, thereby lowering their monthly debt repayments, or assisted in selling their property or vehicle at the best possible price to help settle their loan. During 2023 we rehabilitated 936 000 clients, assisted 53 600 clients to keep their vehicles and homes, and a further 15 500 clients to sell their assets on the open market through our Assisted Sales programmes.
- The launch of the MiGoals Premium and MiGoals Plus Accounts in 2023, with their more competitive pricing and value to clients, resulted in Nedbank ranking very well in the Solidarity 2024 Bank Charges Report. Nedbank was recognised as best priced in the higher middle-class income segment and second best in the middle-class income segment. In the low-income segment, Nedbank ranked third among the big 5 retail banks. Nedbank was commended for the progress made on competitiveness as well as the transparency and simplicity of fees.
- In recognition of the value-add to our clients and our leadership position in key industries, segments and products, Nedbank won various awards, including the Best Investment Bank in South Africa Award at the 2023 Global Banking & Finance Review Awards, Best Retail Bank in South Africa Award at the 2023 Global Banking & Finance Awards, Best Private Bank Africa Award at the Global Private Banking Awards 2023, and Top Private Bank of the Year Award at the Intellidex Top Private Banks and Wealth Managers Awards 2023.

Shareholders

- Following a strong share price performance in 2021 and 2022, when the Nedbank share price increased by 35% and 21% respectively, the increase was more moderate in 2023 at 2%, below the SA Banks Index that increased by 11%. Including dividends, total shareholder return was 10% in 2023.
- All financial drivers of shareholder value creation improved. DHEPS increased by 14%, ROE improved to 15,1%, above the group's cost of equity, and NAV per share increased by 8%. Strong capital and liquidity positions at 31 December 2023 supported the declaration of a final dividend of 1 022 cents per share for 2023, and a total dividend of 1 893 cents per share, increases of 18% and 15% respectively.
- We successfully executed a R5bn capital optimisation initiative, which is beneficial to ROE and per share metrics.
- We hosted our 56th AGM and all resolutions were passed, although votes in support of our remuneration implementation report at 74,8% were slightly below the required 75%. From engagement with shareholders, we understand that some of the votes against the group's remuneration implementation report were because of a vote against the remuneration policy of the prior year by the same shareholders. Pleasingly, our remuneration policy received 90,4% votes of support in 2023.
- We ensured world-class transparent, relevant, and timeous reporting as evidenced in various reporting awards and ongoing positive shareholder feedback. In 2023 Nedbank's activities related to investor relations were rated #2 among all JSE companies in the Krutham (Intellidex) Top Investor Relations 2023 survey for the second year in a row. We also ranked #1 company for best market communications, #1 company for best integrated report, #2 company for best disclosure of ESG metrics, and #7 company for most accessible management.
- We remained at the top end of various ESG ratings when compared with local and international peers.

Regulators

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

Key regulatory developments in 2023 included the following:

- Basel III reforms: During H2 2023 the Prudential Authority (PA) published the second draft of the proposed directives with amendments to the regulations relating to banks, addressing key matters related to the Basel III post-crisis reforms; revisions to the standardised and the internal ratings-based approaches for credit risk; the new standardised approach for operational risk; refinements to the definition of the leverage ratio exposure measure; and revised output floors that place a limit on the regulatory capital benefits that a bank, using internal models, can derive relative to the standardised approaches. With implementation starting mid-2025, the impact on the capital holdings of the group is currently estimated to emerge through 2026 to 2027, with the phase-in of the capital floor requirements. We are working through the various committees and subcommittees to optimise not only the capital holdings, but also the product offerings to absorb the impact of these Basel III reforms. Nedbank is well positioned to absorb these changes through current capital buffers.
- In November 2023 the PA issued a Proposed Directive pertaining to the implementation of a positive cycle-neutral countercyclical capital buffer (PCN CCyB). The PA proposed increasing the CCyB rate from 0% to 1%, effective from 1 January 2026, which will increase the regulatory minimum capital requirement and consequently will impact the group's surplus capital position, if implemented.
- The Financial Sector Laws Amendment Bill (FSLAB) was promulgated in January 2022, giving rise to the Financial Sector Laws Amendment Act (FLSAA), 23 of 2021, establishing the following:
  - SARB as the resolution authority (RA). In March 2023, the Minister of Finance published the FSLAA commencement schedule, which stipulated that the Resolution Framework became effective in June 2023.
  - The Corporation for Deposit Insurance (CODI) was established as a legal entity in terms of the Financial Sector Regulation Act (FSR Act), 9 of 2017. Banks automatically became members of CODI, and it is noted that CODI will become fully operational only from 1 April 2024. The group's initial impact assessments suggest, once secondary legislation has been promulgated, an annual CODI cost of approximately R240m for a covered deposit balance of approximately R120bn and a liquidity tier of approximately R3,6bn. The covered deposit balance is the amount covered by CODI for a qualifying depositor and a qualifying deposit product, which is currently proposed at a maximum of R100 000.
- In 2023 S&P Global (S&P) and Moody's affirmed their ratings of Nedbank. S&P revised their outlook from 'positive' to 'stable', similar to Moody's, following S&P's decision to revise its outlook on the SA sovereign from 'positive' to 'stable'.
- We hold investments of over R184bn in government and public sector bonds as part of our HQLA requirements. All government bonds held in the Trading Book are held at fair value and all government bonds held in the Banking Book for LCR purposes are hedged, with interest rate swaps through Nedbank's Macro Fair-value Hedge Accounting solution. From an LCR perspective all HQLA are measured at their fair value.
- We made cash taxation payments relating to direct, indirect and employee taxes as well as other taxation of R13,2bn across the group, up by almost 15% yoy.

Society

Banks play a central role in driving sustainable socioeconomic development for the benefit of all stakeholders and helping create a better future by providing capital for investment in the real economy. Our purpose, of using our financial expertise to do good, guides our strategy, behaviour, and actions towards the delivery of long-term system value for us and our stakeholders.

We have adopted the UN SDGs as a framework for measuring delivery on our purpose and prioritised 9 SDGs where we believe we have the greatest ability to deliver meaningful impact through our core business, thereby creating positive social and environmental outcomes. Key highlights for 2023 include the following:

- **Quality education (SDG 4):** We provided financing towards student loans and student accommodation, supporting 1 099 student loans (over 11 000 since 2015) and 967 student beds (almost 44 000 since 2015).
- **Clean water and sanitation (SDG 6):** We are committed to supporting this vital sector. However, given the reliance on public sector readiness, investing continues to be a challenge. We have exposure of R1,2bn towards clean-water provision relating to public sector reticulation and sanitation projects, the agricultural sector, and commercial and industrial businesses. In our own operations we have been a net-zero operational water user since 2018 through our support of the World Wide Fund for Nature South Africa Water Balance Programme, which removes invasive alien trees in key water source areas.
- **Affordable and clean energy (SDG 7):** On the back of our leadership position in the first 4 rounds of the South African Renewable Energy Independent Power Producers Procurement Programme (REIPPPP), where we supported 3,5 GW of renewable energy, we closed 6 additional deals across the emergency round Risk Mitigation IPPPP and the REIPPPP in H2 2023, which will contribute a further 0,3 GW to the grid. There are another 5 projects that we expect to close in 2024, supporting a further 0,5 GW in additional capacity. We also maintain a strong pipeline in private power generation, wherein we are mandated on 1,9 GW of new projects. We anticipate closing most of these deals in 2024 and for clients to start drawing down on some of their facilities during the year. Growth in solar financing, off a low base, was strong in RBB, supported by solutions for Commercial Banking clients, as well as MFC solar finance, home loans solar readvance, and Avo Solar that launched in the second half of 2023. At 31 December 2023 the group's total renewable energy exposures across REIPPPP and private power generation in CIB, RBB and NAR was around R30bn, with client facilities (limits) increasing by 22% to R45bn. In our own operations, to

supplement our own solar-photovoltaic-produced electricity towards greener and self-generated renewable energy, we commenced wheeling green power from IPPs to reduce our own carbon emissions and aim to increase this from around 6,5% in 2023 (2022: 1%) to more than 30% of energy consumption by the end of 2025.

- **Decent work and economic growth (SDG 8):** We increased our support for small businesses and their owners, evident in loan exposures of R22bn, and provided banking solutions to more than 300 000 small-and-medium-enterprise (SME) clients. In 2023 we welcomed our fourth intake of 2 835 YES participants as we continue to make an impact on South African youth and their families and communities. With this intake included, close to 10 000 previously unemployed youth have been afforded the opportunity of employment through participating in Nedbank's YES programme. To date, 1 140 of them have been permanently employed within Nedbank and our YES programme partners.
- **Industry, innovation and infrastructure (SDG 9):** Infrastructure remains a key priority for Nedbank as we seek to unlock bottlenecks for growth in SA and across the continent. We have exposures of R15bn to infrastructure related projects spanning roads, rail, ports and telecommunications infrastructure.
- **Reduced inequalities (SDG 10):** We maintained our level 1 BBBEE status and were acknowledged at the 22nd Top Empowerment Awards by being awarded the Legends of Empowerment Award. Within the township economy we continue to innovate and leverage partnerships to co-create solutions with clients. In 2023 we continued with hosting Kasi Business Workshops across the country, creating shared value through our partnership with the Township Entrepreneurs Alliance (TEA). We have impacted more than 48 000 township SMMEs, sponsored more than 165 township exhibitors with Nedbank point-of-sale devices and created supplier procurement opportunities for more than 180 black-youth-owned service providers. Significant work was done to launch a CVP for informal traders, customised to their unique needs and behaviours in 2024.
- **Sustainable cities and communities (SDG 11):** The value of affordable home loans paid out for lower-income households was R3bn, equating to over 5 000 home purchases in 2023. To date, we provided R25bn worth of funding for the construction of buildings that conform to green building standards and buildings with green aspects. We also continuously pursue green star ratings for our own premises, and at the end of 2023, 85% of our space was Green Star-rated.
- **CEO pledge:** In July 2023 CEOs from more than 130 of SA's leading corporations, including Nedbank, signed a pledge underpinning their collective belief in SA and their determination to assist in realising its potential. Businesses are committed to working with government to play its part in helping address the economic challenges facing the country, with the aim of achieving higher levels of sustainable and inclusive economic growth.

Economic outlook

Global growth is widely expected to remain relatively subdued but resilient in 2024. The softer trend will probably intensify in the first half of 2024 as higher interest rates continue to weigh on demand in advanced and emerging economies. However, the world economy is expected to recover in the second half, supported by much lower inflation and falling interest rates, which should lift real incomes and boost confidence. The IMF expects steady global growth of 3,1% in 2024. Advanced economies are forecast to expand by 1,5%, while emerging and developing economies are expected to grow at the same pace as last year of around 4,1%. The IMF sees sub-Saharan Africa's economy picking up some pace, growing by 3,8% in 2024. Global disinflation will likely deepen, creating space for monetary policy easing by the US and other major central banks later this year. As a result, global financial conditions should improve as the year progresses, potentially driving a recovery in global risk sentiment and capital inflows to emerging markets. Although encouraging, downside risks remain significant given high public debt burdens in advanced and developing countries, the ongoing war in Ukraine, the escalating conflict in the Middle East and the threat of heightened political instability as 63 countries head to the polls in 2024.

SA's economy will remain constrained by electricity shortages and deteriorating rail and port services. Load-shedding is expected to decline in 2024 as Eskom eases unplanned outages and private power generation increases. In contrast, transport bottlenecks are expected to persist and intensify, while public service delivery will likely remain relatively poor. These structural constraints will continue to weigh on producers and exporters, undermining production, inflating operating costs, and squeezing profitability. Given the difficult operating environment and the uncertainties surrounding the outcome of SA's general elections, business confidence will remain weak, and fixed investment activity is forecast to slow, with private firms likely to delay or postpone expansionary projects other than in energy until the business cycle turns positive and the political and policy outlooks become clearer. Furthermore, high interest rates will continue to weigh on household confidence, eroding discretionary income and constraining spending, particularly in H1 2024. On the upside, consumer spending should recover as inflation reduces and interest rates start to decline in H2 2024. The Nedbank Group Economic Unit expects real GDP growth of 1,0% in 2024, which is moderately higher than 2022.

Average inflation for South Africa is forecast to ease further, ending 2023 at 5,9% and averaging 5,0% in 2024, before receding to the SARB's preferred target of 4,5% in 2025. However, upside risks remain, consisting of the threat posed by the conflict in the Middle East to global oil supplies and prices, a vulnerable rand sensitive to changes in US interest rate expectations, further aggressive hikes in electricity tariffs and cost implications of persistent load-shedding and logistical constraints. The SARB MPC is, therefore, likely to remain cautious. The Nedbank Group Economic Unit expects monetary policy easing to begin in July 2024 and interest rates to reduce by a cumulative 75 bps, taking the prime lending rate down to 11,00% by the end of 2024.

Conditions in the banking industry are likely to remain challenging. Credit extension is forecast to gradually pick up to 5,2% by year-end, supported by the anticipated decline in domestic interest rates and the recovery in the global economy. However, risks to the outlook for credit growth are tilted to the downside. Households are likely to be highly sensitive to the timing of anticipated interest rate cuts. If inflation proves sticky and interest rates stay higher for longer, household demand for credit will weaken more than anticipated. Equally, fragile business confidence and the country's poor economic growth prospects will continue to weigh on corporate credit demand, discouraging large new capital projects and subduing demand for general loans. Encouragingly, the downside will be limited by continued growth in renewable energy projects, which should provide some foundation for corporate loan growth. The risk of bad debt is expected to remain elevated for as long as interest rates stay at current levels.

Prospects

Our current guidance on financial performance for the full year 2024, in a difficult macroeconomic environment with high forecast risk and uncertainty, is as follows:

- **NII** growth of above mid-single digits. The group's NIM is expected to reduce slightly from the 2023 level of 4,21%, while average banking loans and advances growth is likely to see stronger growth in H2 2024 when compared with H1 2024, as lower interest rates and inflation start benefiting retail credit growth and as wholesale clients start drawing down on renewable energy deals.
- **CLR** for the full year moving back into the group's TTC target range of 60 bps to 100 bps, with the likelihood of being above 100 bps in the first half of the year given seasonality impacts. While upside risks remain given macroeconomic challenges, progress in consumer collections in RBB remains steady and risks around several stage 3 loans in CIB have been resolved in 2023.
- **NIR** growth being above mid-single digits, supported by higher levels of cross-sell, main-banked client gains and new revenue streams in RBB, ongoing dealflow in CIB and insurance improving off a low 2023 base. Trading and equity investment income is expected to improve but remain exposed to macro risks. Fair-value gains and foreign exchange gains in Zimbabwe create high base effects.
- **Expense** growth being around the mid-to-upper single digits as we continue to focus on managing costs in a more difficult environment while absorbing new regulatory costs such as deposit insurance.
- **Associate income** likely to continue showing good underlying growth from ETI, although the base effect of Nedbank's R175m Ghana sovereign bond provision release in 2023 will create headwinds to growth in 2024.
- **CET1** capital ratio remaining well above the top end of the board-approved target range of 11% to 12%.
- **Dividend payments**, subject to board approval, being at the top end of our payout ratio of 57% (ie bottom end of the group's target range of 1,75 times to 2,25 times).

Our medium-term targets to 2025, and long-term (undated) targets support our focus on ongoing value creation for shareholders and remain in place. They have, however, become more difficult to achieve in the macroeconomic environment that has deteriorated when compared to assumptions when targets were set in February 2022. By the end of 2025 we aim to have grown DHEPS by more than a compound annual growth rate (CAGR) of GDP growth + CPI + 5% from the 2022 base and achieved an ROE of more than 17,0% (around COE plus 2%). Our cost-to-income ratio target of below 52,0% is now likely to be achieved a year later in 2026.

In the long term we aim to increase our ROE further to 18,0% or more (around COE plus 3%) and decrease our cost-to-income ratio to below 50,0%.

Metric	2023 performance[6]	Full-year 2024 outlook	Medium-term target	Long-term target
ROE	**15,1%**	Increase	17,0% (around COE + 2%) by 2025	> 18,0% (around COE + 3%)
Growth in DHEPS	**14%**	Solid growth, driven by lower impairments	≥ consumer price index + GDP growth + 5% CAGR	
CLR	**109 bps**	Within the top half (80 bps to 100 bps) of the group's TTC target range	Between 60 bps and 100 bps of average gross banking advances	
Cost-to-income ratio (including associate income)	**53,9%**	Increase slightly	< 52,0% by 2026	< 50,0%
CET1 capital adequacy ratio	**13,5%**	Above the top end of the target range	11,0%–12,0%	
Dividend cover	**1,75 times**	At the bottom end of our target range of 1,75–2,25 times	1,75–2,25 times	

[6] *COE is currently forecast to be 15,0% in 2024 to 2026.*

Shareholders are advised that all guidance is based on organic earnings and our latest macroeconomic outlook. The group's joint auditors have not reviewed or reported on this guidance.

Board and executive leadership changes during the period

Daniel Mminele was appointed as an independent non-executive director and Chairperson-designate with effect from 1 May 2023, and assumed the role of Independent Chairperson following Mpho Makwana's retirement from the Nedbank Group Board at the AGM on 2 June 2023. Dr Mantsika Matooane also retired as an independent non-executive director at the AGM on 2 June 2023, having reached her 9-year tenure. Brian Dames was due to retire from the Nedbank Group Board on 2 June 2023, and the board resolved to extend his tenure given the continued search for additional directors with climate risk expertise. Having served on the board for more than 9 years, Brian Dames became a non-independent non-executive director on 2 June 2023. Terence Nombembe was appointed as an independent non-executive director with effect from 1 January 2024. Professor Tshilidzi Marwala and Mteto Nyati resigned as independent non-executive directors on 28 February and 9 October 2023, respectively.

In terms of executive leadership changes, Trevor Adams, former Group Chief Risk Officer, and Fred Swanepoel, former Group Chief Information Officer, reached the group's mandatory retirement age of 60 during H1 2023. In line with Nedbank Group's executive succession plan, Dave Crewe-Brown was appointed to succeed Trevor and Ray Naicker was appointed to succeed Fred. Both have accordingly been appointed members of the Group Executive Committee with effect from 1 April and 1 July 2023, respectively.

Following the successful completion of the group's Chairperson succession process and the subsequent appointment of Daniel Mminele as the Chairperson, the Nedbank Group Board commenced a process to choose a successor to Mike Brown, who joined Nedbank Group 30 years ago and has been the Chief Executive (CE) since 2010 and an executive director since 2004. In line with Nedbank Group's executive succession plan and after a thorough process overseen by the Nedbank Group Board, Jason Quinn was appointed as CE-designate of Nedbank Group and Nedbank with effect from 22 May 2024, subject to regulatory approval, which was subsequently granted in February 2024. After joining Nedbank on 22 May 2024, he will assume the role of CE on Mike Brown's planned retirement from the boards at the close of the Nedbank Group AGM, currently scheduled for 31 May 2024. Mike will remain at Nedbank as a senior adviser for a period of three months after he steps off the boards to ensure a seamless handover to Jason.

Forward-looking statements

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

The group, in the ordinary course of business, enters into transactions that expose it to taxation, legal and business risks. The group does not expect the ultimate resolution of any of these other matters to have a material adverse effect on the group's consolidated financial position.

Final dividend declaration

Notice is hereby given that a final dividend of 1 022 cents per ordinary share has been declared, payable to shareholders for the year ended 31 December 2023. 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 204,4 cents per ordinary share, resulting in a net dividend of 817,6 cents per ordinary share, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of an applicable double taxation agreement.

Nedbank Group's tax reference number is 9375/082/71/7 and the number of ordinary shares in issue at the date of declaration was 488 105 724.

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

	2024
Last day to trade (cum dividend)	Tuesday, 9 April
Shares commence trading (ex dividend)	Wednesday, 10 April
Record date (date shareholders recorded in shareholders' register)	Friday, 12 April
Payment date	Monday, 15 April

Share certificates may not be dematerialised or rematerialised between Wednesday, 10 April 2024, and Friday, 12 April 2024, both days included.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, the dividend will be withheld until shareholders provide their banking information. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 15 April 2024.

For and on behalf of the board

Daniel Mminele
Chairperson

Mike Brown
Chief Executive

Directors

AD Mminele (Chairperson), MWT Brown** (Chief Executive), HR Brody*, BA Dames, MH Davis** (Chief Financial Officer), NP Dongwana, EM Kruger, P Langeni, RAG Leith, L Makalima, MC Nkuhlu** (Chief Operating Officer), TM Nombembe, S Subramoney.

** Lead Independent Director ** Executive*

Notes

Financial results

Financial highlights

for the year ended 31 December

		Change %	2023	2022
Statistics				
Number of shares listed	m	(5)	**488,1**	511,5
Number of shares in issue, excluding shares held by group entities	m		**464,6**	487,3
Weighted-average number of shares	m		**472,5**	486,9
Diluted weighted-average number of shares	m	(2)	**489,2**	500,7
Headline earnings	Rm	11	**15 650**	14 061
Profit attributable to ordinary shareholders	Rm	7	**15 305**	14 287
Total comprehensive income	Rm	30	**17 338**	13 354
Preprovisioning operating profit	Rm	15	**29 739**	25 753
Economic profit/(loss)	Rm	>100	**970**	(222)
Headline earnings per share	cents	15	**3 312**	2 888
Diluted headline earnings per share	cents	14	**3 199**	2 809
Basic earnings per share	cents	10	**3 239**	2 934
Diluted basic earnings per share	cents	10	**3 128**	2 854
Ordinary dividends declared per share	cents	15	**1 893**	1 649
Interim		11	**871**	783
Final		18	**1 022**	866
Ordinary dividends paid per share	cents	13	**1 737**	1 541
Dividend cover	times		**1,75**	1,75
Total assets administered by the group	Rm		**1 759 875**	1 645 968
Total assets	Rm		**1 311 408**	1 252 904
Assets under management	Rm		**448 467**	393 064
Net life insurance contractual service margin	Rm	7	**1 071**	997
Nedbank Wealth life insurance value of new business	Rm	(37)	**372**	595
Net asset value per share	cents	8	**23 192**	21 533
Tangible net asset value per share	cents	9	**20 614**	18 937
Closing share price	cents	2	**21 623**	21 258
Price/earnings ratio	historical		**6,5**	7,4
Price-to-book ratio	historical		**0,9**	1,0
Market capitalisation	Rbn	(3)	**105,5**	108,7
Number of employees (permanent)		(2)	**25 477**	25 924
Number of employees (permanent and temporary)		(2)	**25 984**	26 480
Key ratios (%)				
ROE			**15,1**	14,1
Return on tangible equity			**17,2**	16,2
ROA			**1,21**	1,14
Return on RWA			**2,31**	2,18
NII to average interest-earning banking assets			**4,21**	3,93
NIR to total income			**40,1**	41,9
NIR to total operating expenses			**72,8**	74,1
CLR – banking advances			**1,09**	0,89
Cost-to-income ratio			**53,9**	55,8
Total income growth less expense growth rate (JAWS ratio)			**3,8**	3,8
Effective taxation rate			**20,5**	22,1
Group capital adequacy ratios (including unappropriated profits):				
– CET1			**13,5**	14,0
– Tier 1			**15,0**	15,5
– Total			**16,9**	18,1

Consolidated statement of comprehensive income

for the year ended 31 December

Rm	Note	Change %	2023	2022
Interest and similar income		42	**116 915**	82 104
Interest expense and similar charges		65	**75 445**	45 827
Net interest income	1	14	**41 470**	36 277
Non-interest revenue and income	3	6	**27 709**	26 171
Net commission and fees income			**19 346**	18 488
Commission and fees revenue			**25 296**	24 197
Commission and fees expense			**(5 950)**	(5 709)
Net insurance income			**1 446**	1 715
Fair-value adjustments			**577**	187
Net trading income			**4 299**	4 166
Equity investment income			**764**	815
Investment income			**142**	96
Net sundry income			**1 135**	704
Share of gains of associate companies	9	65	**1 449**	879
Total income		12	**70 628**	63 327
Impairments charge on financial instruments	2	30	**9 605**	7 381
Net income		9	**61 023**	55 946
Total operating expenses	4	8	**38 059**	35 329
Indirect taxation		2	**1 129**	1 102
Impairments charge on non-financial instruments and other gains and losses	5	>100	**403**	(245)
Profit before direct taxation		8	**21 432**	19 760
Total direct taxation		2	**4 432**	4 330
Direct taxation	6		**4 484**	4 311
Taxation on impairments charge on non-financial instruments and other gains and losses			**(52)**	19
Profit for the year		10	**17 000**	15 430
Other comprehensive income/(losses) (OCI) net of taxation		>100	**338**	(2 076)
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations			**1 492**	(2)
Share of OCI of investments accounted for using the equity method			**(1 556)**	(1 821)
Debt investments at FVOCI – net change in fair value			**242**	146
Cash flow hedge losses			**(190)**	
Items that may not subsequently be reclassified to profit or loss				
Share of OCI of investments accounted for using the equity method			**75**	(1)
Remeasurements on long-term employee benefit assets			**191**	(245)
Property revaluations			**53**	(106)
Equity instruments at FVOCI – net change in fair value			**31**	(47)
Total comprehensive income for the year		30	**17 338**	13 354

Rm	Note	Change %	2023	2022
Profit attributable to:				
– Ordinary shareholders		7	**15 305**	14 287
– Holders of participating preference shares		57	**166**	106
– Holders of additional tier 1 capital instruments		47	**1 286**	873
– Non-controlling interest – ordinary shareholders		48	**243**	164
Profit for the year		10	**17 000**	15 430
Total comprehensive income attributable to:				
– Ordinary shareholders		28	**15 651**	12 239
– Holders of participating preference shares		57	**166**	106
– Holders of additional tier 1 capital instruments		47	**1 286**	873
– Non-controlling interest – ordinary shareholders		73	**235**	136
Total comprehensive income for the year		30	**17 338**	13 354
Headline earnings reconciliation				
Profit attributable to equity holders of the parent		7	**15 305**	14 287
Less: Non-headline earnings items		>(100)	**(351)**	226
Impairments charge on non-financial instruments and other gains and losses			**(403)**	245
Taxation on impairments charge on non-financial instruments and other gains and losses			**52**	(19)
Less: Share of associate (ETI) impairments charge on non-financial instruments and other gains and losses			**6**	
Headline earnings	5	11	**15 650**	14 061

Consolidated statement of financial position

at 31 December

Rm	Note	Change %	2023	2022
Assets				
Cash and cash equivalents		14	52 082	45 618
Other short-term securities		24	87 769	70 661
Derivative financial instruments		52	13 812	9 101
Government securities		5	167 138	158 661
Other dated securities		95	3 579	1 834
Banking loans and advances	7	2	855 445	835 560
Trading loans and advances	7	(22)	36 174	46 605
Other assets		28	35 575	27 827
Current taxation assets		6	156	147
Insurance contract assets		>100	378	156
Investment securities	8	7	27 287	25 465
Non-current assets held for sale		>100	493	244
Investments in associate companies	9		2 489	2 496
Deferred taxation assets		35	921	683
Investment property		>100	371	26
Property and equipment		(1)	10 913	11 064
Long-term employee benefit assets		18	4 849	4 107
Intangible assets	10	(5)	11 977	12 649
Total assets		5	1 311 408	1 252 904
Equity and liabilities				
Ordinary share capital		(5)	465	487
Ordinary share premium		(25)	14 332	19 208
Reserves		9	92 952	85 281
Total equity attributable to ordinary shareholders		3	107 749	104 976
Holders of participating preference shares		>100	106	51
Holders of additional tier 1 capital instruments		2	10 469	10 219
Non-controlling interest attributable to ordinary shareholders		27	887	698
Total equity		3	119 211	115 944
Derivative financial instruments		45	14 141	9 738
Amounts owed to depositors	11	5	1 087 645	1 039 622
Provisions and other liabilities		36	22 715	16 722
Current taxation liabilities		(3)	313	322
Deferred taxation liabilities		(5)	507	533
Long-term employee benefit liabilities		>100	43	6
Investment contract liabilities		4	17 512	16 832
Insurance contract liabilities		20	1 544	1 282
Long-term debt instruments		(8)	47 777	51 903
Total liabilities		5	1 192 197	1 136 960
Total equity and liabilities		5	1 311 408	1 252 904

Notes

Consolidated statement of changes in equity

for the year ended 31 December

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve[1]	Property revaluation reserve	Share-based payment reserve	Other non-distributable reserves[2]	FVOCI reserve	Other distri-butable reserves[3]	Total equity attributable to ordinary shareholders	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 2022	485 601 547	486	18 768	(1 508)	1 764	1 205	273	769	77 792	99 549	59	9 319	620	109 547
Share movements in terms of long-term incentive and BEE scheme	1 650 168	1	440			(384)			(82)	(25)				(25)
Additional tier 1 capital instruments issued										–		1 500		1 500
Additional tier 1 capital instruments redeemed										–		(600)		(600)
Preference share dividend paid										–	(114)			(114)
Additional tier 1 capital instruments interest paid										–		(873)		(873)
Dividends paid to shareholders									(7 788)	(7 788)			(38)	(7 826)
Total comprehensive (losses)/income for the year				(1 391)	(97)	–	–	(317)	14 044	12 239	106	873	136	13 354
Profit attributable to ordinary shareholders and non-controlling interest[4]									14 287	14 287	106	873	164	15 430
Exchange differences on translating foreign operations				11						11			(13)	(2)
Movement in fair-value reserve								102		102			(3)	99
Property revaluations					(97)					(97)			(9)	(106)
Remeasurements of long-term employee benefit assets									(242)	(242)			(3)	(245)
Share of OCI of investments accounted for using the equity method				(1 402)				(419)	(1)	(1 822)				(1 822)
Transfer (from)/to reserves					(58)	(70)	3		125	–				–
Value of employee services (net of deferred tax)						979				979				979
Transactions with non-controlling interests				(17)	2				35	20			(20)	–
Other movements									2	2				2
Balance at 31 December 2022	487 251 715	487	19 208	(2 916)	1 611	1 730	276	452	84 128	104 976	51	10 219	698	115 944

Consolidated statement of changes in equity (continued)

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve[1]	Property revaluation reserve	Share-based payment reserve	Other non-distributable reserves[2]	FVOCI reserve	Other distributable reserves[3]	Total equity attributable to ordinary shareholders	Holders of 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	709 349	1	145			(411)			(154)	(419)				(419)
Share buyback	(23 395 066)	(23)	(5 021)							(5 044)				(5 044)
Additional tier 1 capital instruments issued										–		1 000		1 000
Additional tier 1 capital instruments redeemed										–		(750)		(750)
Preference share dividend paid										–	(111)			(111)
Additional tier 1 capital instruments interest paid										–		(1 286)		(1 286)
Dividends paid to shareholders									(8 569)	(8 569)			(46)	(8 615)
Total comprehensive (losses)/income for the year				(63)	27	–	–	303	15 384	15 651	166	1 286	235	17 338
Profit attributable to ordinary shareholders and non-controlling interest[4]									15 305	15 305	166	1 286	243	17 000
Exchange differences on translating foreign operations				1 515						1 515			(23)	1 492
Cash flow hedge losses									(190)	(190)				(190)
Movement in fair-value reserve								281		281			(8)	273
Property revaluations					27					27			26	53
Remeasurements of long-term employee benefit assets									194	194			(3)	191
Share of OCI of investments accounted for using the equity method				(1 578)				22	75	(1 481)				(1 481)
Transfer (from)/to reserves					(54)	181	61	(13)	(175)	–				–
Value of employee services (net of deferred tax)						1 154				1 154				1 154
Balance at 31 December 2023	**464 565 998**	**465**	**14 332**	**(2 979)**	**1 584**	**2 654**	**337**	**742**	**90 614**	**107 749**	**106**	**10 469**	**887**	**119 211**

[1] *Exchange differences of R1 515m credit (2022: R11m) in the foreign currency transaction reserve include a credit of R168m (2022: R190m) for the conversion of our investment in ETI from USD to ZAR and a credit of R1 347m (2022: R179m) for the translation of the other foreign subsidiaries. The R1 578m debit (2022: R1 402m) relates to our share of ETI's other comprehensive income on foreign exchange gains and losses.*

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

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

[4] *The R166m gains (2022: R106m) attributable to holders of participating preferences shares relate to economic gains allocated to participating preference shareholders in accordance with an operating-profit-share preference share agreement.*

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

Rm	2023	2022
NII	**41 470**	36 277
Impairments charge on financial instruments	**(9 605)**	(7 381)
Non-interest revenue and income	**27 709**	26 171
Income from normal operations	**59 574**	55 067
Total operating expenses	**(38 059)**	(35 329)
Share of gains of associate companies	**1 443**	879
Net profit before taxation	**22 958**	20 617
Indirect taxation	**(1 129)**	(1 102)
Direct taxation	**(4 484)**	(4 311)
Net profit after taxation	**17 345**	15 204
Non-controlling interest	**(1 695)**	(1 143)
Headline earnings	**15 650**	14 061
Daily average interest-earning banking assets	**986 060**	922 197
Daily average total assets	**1 297 206**	1 233 772
Daily average shareholders' funds	**103 501**	99 996

Note: Averages calculated on a 365-day basis.

	2023	2022
NII/Average interest-earning banking assets	**4,21%**	3,93%
	less	less
Impairments/Average interest-earning banking assets	**0,97%**	0,80%
	add	add
NIR/Average interest-earning banking assets	**2,81%**	2,84%
	6,05%	5,97%
	less	less
Total expenses/Average interest-earning banking assets	**3,86%**	3,83%
	add	add
Associate income/Average interest-earning banking assets	**0,15%**	0,10%
	2,34%	2,24%
	multiply	multiply
100% – effective direct and indirect taxation rate	**0,76**	0,74
	multiply	multiply
100% – income attributable to minorities	**0,90**	0,92
Headline earnings/Average interest-earning banking assets	**1,59%**	1,52%
	multiply	multiply
Interest-earning banking assets/Daily average total assets	**76,0%**	74,7%
	=	=
Return on total assets	**1,21%**	1,14%
	multiply	multiply
Leverage	**12,5**	12,3
	=	=
ROE	**15,1%**	14,1%

Notes

Segmental analysis

Our organisational structure, products and services

We deliver our products and services through 4 main business clusters.

Cluster | **Areas of strength and differentiation** | **Products and services** | **Contribution to group** (HE contribution; ROE)

Nedbank Corporate and Investment Banking

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

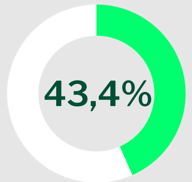
- Market leader with strong expertise in commercial-property, corporate advances and renewable-energy financing.
- Market-leading South African trading franchise with excellent trading capabilities across all asset classes.
- Leading expertise across various sectors such as mining, telecoms and infrastructure.

> 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 products and services.

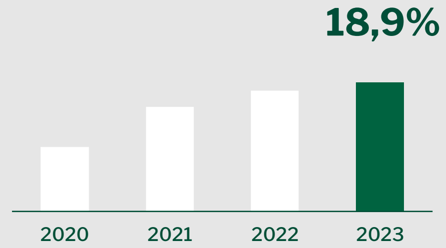
NEDBANK CIB

HE contribution



R6 799m
2022: R6 399m
2021: R5 605m
2020: R3 636m

ROE



Nedbank Retail and Business Banking

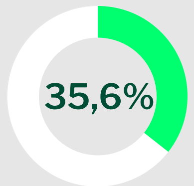
Individual clients and businesses

- Leading digital capabilities enabling clients to join and engage with the bank through multiple channels.
- #1 bank in client satisfaction metrics.
- Differentiated and disruptive client value propositions (CVPs) across different client segments.
- Highly competitive relationship banking offering for our affluent and small-business clients.
- Well-positioned and distinctive CVPs in Commercial Banking.
- Digitally enabled and reimagined distribution network.

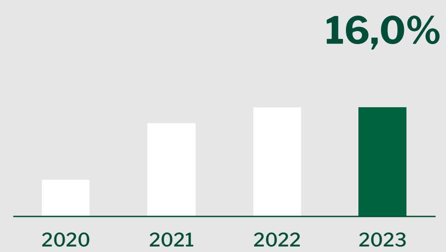
Approximately 3,5 million main-banked retail clients and 7 million active retail clients

- Offering a 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.
- > 300 000 business clients are served through our Small Business Services offering (tailored to businesses with an annual turnover of less than R30m and the business owner).
- > 14 521 commercial-banking client groups catering to mid-size and large commercial entities.

MFC A division of NEDBANK | NEDBANK



R5 566m
2022: R5 097m
2021: R4 523m
2020: R1 595m



Nedbank Wealth

Individual, business and corporate clients

Insurance

- Leveraging existing distribution channels and platforms to sell insurance solutions to Nedbank clients.

Asset Management

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

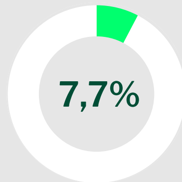
Wealth Management

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

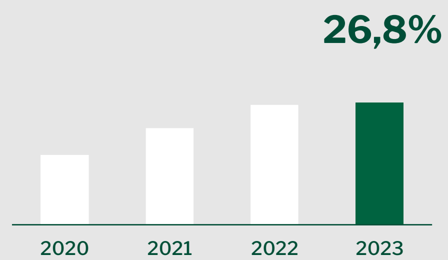
Entry-level to high-net-worth clients (SA) and high-net-worth clients (UK, Jersey, Isle of Man & UAE)

- Providing insurance, asset management and wealth management solutions to a wide spectrum of clients.

NEDBANK PRIVATE WEALTH | NEDGROUP INVESTMENTS | NEDBANK INSURANCE



R1 210m
2022: R1 140m
2021: R962m
2020: R662m



Nedbank Africa Regions

Retail, small and medium enterprises as well as business and corporate clients across the countries where we operate

SADC (own, manage and control banks)

- Presence and positioned for growth in 5 SADC countries with ongoing technology investments to enhance CVPs and achieve scale.

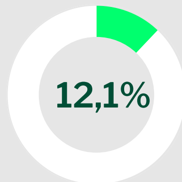
Central and West Africa (ETI alliance – 21,2% shareholding)

- Access to the largest banking network in Africa through our ETI strategic alliance.

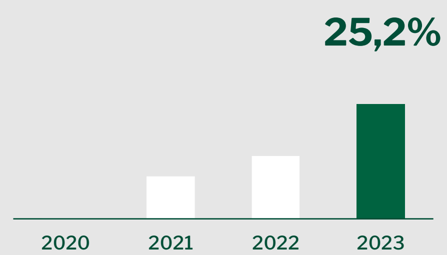
> 349 000 retail and corporate clients

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

NEDBANK | Ecobank



R1 891m
2022: R977m
2021: R594m
2020: R12m

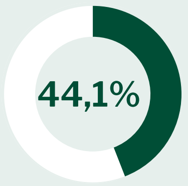


The group's frontline business clusters are supported by various shared-services functions related to compliance, finance, human resources, marketing and corporate affairs, risk, technology and strategy, including sustainability.

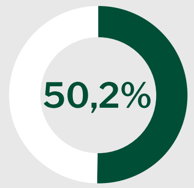
Operational segmental reporting

for the year ended 31 December

Banking advances contribution to the group

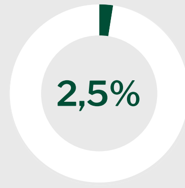


R377bn
2022: R378bn
2021: R348bn
2020: R358bn



R429bn
2022: R408bn
2021: R381bn
2020: R356bn

R29bn
2022: R29bn
2021: R30bn
2020: R31bn



R21bn
2022: R22bn
2021: R21bn
2020: R23bn

	Nedbank Group		Corporate and Investment Banking		Retail and Business Banking		Wealth		Nedbank Africa Regions		Centre	
Rm	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Summary of consolidated statement of financial position (Rm)												
Assets												
Cash and cash equivalents	52 082	45 618	1 513	814	5 331	5 629	895	1 723	10 583	7 048	33 760	30 404
Other short-term securities	87 769	70 661	54 628	38 245			29 295	28 511	4 831	4 787	(985)	(882)
Derivative financial instruments	13 812	9 101	13 777	9 019			17	39	4	23	14	20
Government and other securities	170 717	160 495	81 417	79 524			213	255	1 979	2 095	87 108	78 621
Banking loans and advances	855 445	835 560	376 882	378 037	429 244	408 430	28 711	29 025	20 909	21 714	(301)	(1 646)
Trading loans and advances	36 174	46 605	36 174	46 605								
Other assets	95 409	84 864	38 789	31 983	10 320	9 281	22 478	21 018	3 663	3 438	20 159	19 144
Intergroup assets	–	–			33 210	17 669			3 937	3 748	(37 147)	(21 417)
Total assets	1 311 408	1 252 904	603 180	584 227	478 105	441 009	81 609	80 571	45 906	42 853	102 608	104 244
Equity and liabilities												
Total equity[1]	119 211	115 944	35 957	36 249	34 690	31 843	4 520	4 418	7 492	7 023	36 552	36 411
Total equity attributable to ordinary shareholders	107 749	104 976	35 957	36 249	34 690	31 843	4 520	4 418	7 492	7 023	25 090	25 443
Non-controlling interest attributable to ordinary shareholders	887	698									887	698
Holders of participating preference shares	106	51									106	51
Holders of additional tier 1 capital instruments	10 469	10 219									10 469	10 219
Derivative financial instruments	14 141	9 738	14 100	9 708			31	16	10	14		
Banking amounts owed to depositors	1 029 746	983 582	383 601	385 846	436 283	402 114	48 212	46 191	36 846	34 327	124 804	115 104
Trading amounts owed to depositors	57 899	56 040	57 899	56 040								
Provisions and other liabilities	42 634	35 697	5 831	2 803	5 891	5 811	21 125	19 719	1 129	1 061	8 658	6 303
Long-term debt instruments	47 777	51 903			1 241	1 241			429	428	46 107	50 234
Intergroup liabilities	–	–	105 792	93 581			7 721	10 227			(113 513)	(103 808)
Total equity and liabilities	1 311 408	1 252 904	603 180	584 227	478 105	441 009	81 609	80 571	45 906	42 853	102 608	104 244

[1] *Total equity includes non-controlling interests in the Centre. Total equity of the client-facing clusters is based on average allocated capital while the group's equity is based on actual equity. The difference between average allocated capital and actual equity resides in the Centre. Includes the variance between average allocated capital, which is computed using the average-equity month-end balances and actual equity.*

Operational segmental reporting (continued)

for the year ended 31 December

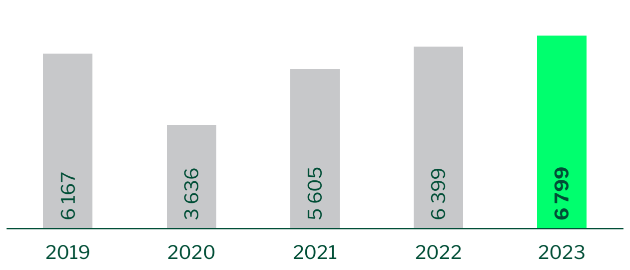
Rm	Nedbank Group 2023	Nedbank Group 2022	Corporate and Investment Banking 2023	Corporate and Investment Banking 2022	Retail and Business Banking 2023	Retail and Business Banking 2022	Wealth 2023	Wealth 2022	Nedbank Africa Regions 2023	Nedbank Africa Regions 2022	Centre 2023	Centre 2022
Summary of consolidated statement of comprehensive income (Rm)												
NII	**41 470**	36 277	**9 386**	8 755	**26 413**	23 203	**1 749**	1 233	**2 226**	1 720	**1 696**	1 366
NIR	**27 709**	26 171	**8 678**	8 241	**14 306**	13 372	**2 924**	3 047	**1 857**	1 581	**(56)**	(70)
Share of gains of associate companies[1]	**1 443**	879	**63**	100					**1 380**	779		
Total income	**70 622**	63 327	**18 127**	17 096	**40 719**	36 575	**4 673**	4 280	**5 463**	4 080	**1 640**	1 296
Impairments charge on financial instruments	**9 605**	7 381	**939**	805	**8 520**	6 613	**37**	(63)	**253**	220	**(144)**	(194)
Net income	**61 017**	55 946	**17 188**	16 291	**32 199**	29 962	**4 636**	4 343	**5 210**	3 860	**1 784**	1 490
Total operating expenses	**38 059**	35 329	**8 196**	7 628	**23 678**	22 138	**3 111**	2 838	**2 928**	2 743	**146**	(18)
Indirect taxation	**1 129**	1 102	**259**	215	**747**	587	**64**	59	**56**	75	**3**	166
Profit before direct taxation	**21 829**	19 515	**8 733**	8 448	**7 774**	7 237	**1 461**	1 446	**2 226**	1 042	**1 635**	1 342
Direct taxation	**4 484**	4 311	**1 934**	2 049	**2 042**	2 034	**251**	306	**97**	(95)	**160**	17
Profit after taxation	**17 345**	15 204	**6 799**	6 399	**5 732**	5 203	**1 210**	1 140	**2 129**	1 137	**1 475**	1 325
Profit attributable to:												
– Non-controlling interest – ordinary shareholders	**243**	164							**238**	160	**5**	4
– Holders of participating preference shares	**166**	106			**166**	106						
– Holders of additional tier 1 capital instruments	**1 286**	873									**1 286**	873
Headline earnings	**15 650**	14 061	**6 799**	6 399	**5 566**	5 097	**1 210**	1 140	**1 891**	977	**184**	448
Selected ratios												
Average interest-earning banking assets (Rm)	**986 060**	922 197	**387 929**	361 987	**445 309**	405 760	**61 359**	59 017	**36 318**	34 759	**55 145**	60 674
Average risk-weighted assets (Rbn)	**678 142**	645 499	**295 120**	289 929	**257 017**	240 061	**34 603**	32 013	**49 896**	46 039	**41 506**	37 457
ROA (%)	**1,21**	1,14	**1,11**	1,10	**1,20**	1,20	**1,46**	1,43	**4,16**	2,31		
RORWA (%)	**2,31**	2,18	**2,30**	2,21	**2,17**	2,12	**3,50**	3,53	**3,79**	2,12		
ROE (%)	**15,1**	14,1	**18,9**	17,7	**16,0**	16,0	**26,8**	26,3	**25,2**	13,8		
Interest margin (%)[2]	**4,21**	3,93	**2,42**	2,42	**5,93**	5,72	**2,85**	2,09	**6,13**	4,94		
NIR to total income (%)	**40,1**	41,9	**48.0**	48,5	**35,1**	36,6	**62,6**	71,2	**45,5**	47,9		
NIR to total operating expenses (%)	**72,8**	74,1	**105,9**	108,0	**60,4**	60,4	**94,0**	107,4	**63,4**	57,6		
CLR – banking advances (%)	**1,09**	0,89	**0,24**	0,22	**1,94**	1,61	**0,12**	(0,20)	**1,00**	1,02		
Cost-to-income ratio (%)	**53,9**	55,8	**45,2**	44,6	**58,1**	60,5	**66,6**	66,3	**53,6**	67,2		
Effective taxation rate (%)	**20,5**	22,1	**22,1**	24,3	**26,3**	28,1	**17,2**	21,2	**4,4**	(9,1)		
Contribution to group economic profit/(loss) (Rm)	**970**	(222)	**1 477**	989	**432**	345	**541**	493	**783**	(76)	**(2 263)**	(1 973)
Number of employees (permanent)	**25 477**	25 924	**2 272**	2 347	**15 157**	15 671	**1 835**	1 826	**2 157**	2 191	**4 056**	3 889

[1] *On an IFRS basis Nedbank Africa Regions earned associate income of R1 386m (2022: R779m) as IFRS requires associate income to be presented net of our share of ETI's impairment charge on non-financial instruments and other gains and losses of R6m (2022: R0m). Our share of ETI's impairment charge on non-financial instruments and other gains and losses is excluded from HE.*

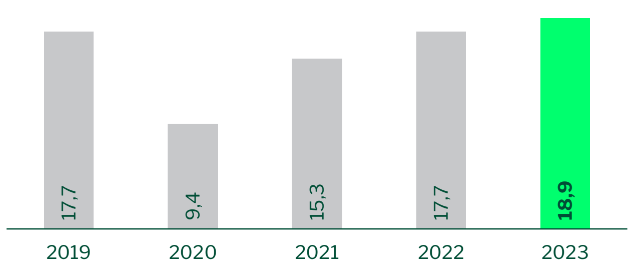
[2] *Cluster margins include internal assets.*

Nedbank Corporate and Investment Banking

Headline earnings
(Rm)



Return on equity
(%)



Financial performance

CIB achieved good results against a challenging local and global operating environment characterised by high inflation, low economic growth and geopolitical tension. This shows the strength of our strategic plan to build robustness through changing and complex business environments. By focusing on delivering purposeful solutions to our clients in key sectors, CIB delivered headline earnings (HE) growth of 6% at a significantly improved ROE of 18,9%, up from 17,7% in 2022.

NII increased by 7% to R9,4bn, driven by average banking advances growth of 8% to R391bn and average deposit growth of 5% to R451bn. The net interest margin remained stable at 2,42% (2022: 2,42%) as endowment benefit was offset by lower margins, improved risk ratings and suspended interest on stage 3 assets.

The credit loss ratio rose marginally to 24bps but remained below the midpoint of the TTC target range of 15bps to 45bps, despite a 17% increase in impairments to R939m. The commercial-property portfolio reported a CLR of 47 bps, impacted by a single-name client, with low levels of arrears on the rest of the portfolio. The total coverage ratio decreased to 1,14% (Dec 2023) from 1,29% (Dec 2022) due to the restructure and write-off of a single significant exposure in Property Finance (PF) and some stage 3 exposures in Investment Banking (IB) and Transactional Services (TS) migrating to the performing book. Stage 2 exposures continue to decrease, and stage 1 exposures remain stable.

NIR grew by 5% to R8,7bn. Trading income grew 3% with solid performances in the debt securities and commodities markets and weaker performance in foreign exchange due to reduced client flows. This resulted, alongside fair value gains on structured deals, in total NIR growth of 7% in the Markets business. Commission and fees increased by 3%, with a strong performance in our trade finance business benefiting from our investment in capabilities as a key growth driver in Africa. Deal closure in our lending businesses towards the end of 2023 generated fee growth from a high 2022 base. Equity investment income and dividends decreased by 5%, coming off a high 2022 base.

Expenses have been controlled and increased by 7%, despite inflationary cost pressures and our firm commitment to attract and retain top talent. Employee-related costs account for 70% of CIB's operational cost base. The cost-to-income ratio increased to 45,2% from 44,6%, which we believe to be transitory. The medium-term target of below 44% remains.

Our deliberate and disciplined approach to business selection and focus on capital efficiency helped improve our ROE to 18,9%. This focus has been embedded across our organisation to maximise value against the changing regulatory capital backdrop.

Financial highlights

	Change %	Corporate and Investment Banking 2023	Corporate and Investment Banking 2022	Property Finance 2023	Property Finance 2022	Corporate and Investment Banking, excluding Property Finance 2023	Corporate and Investment Banking, excluding Property Finance 2022
Headline earnings (Rm)	6	**6 799**	6 399	**1 156**	1 410	**5 643**	4 989
NII (Rm)	7	**9 386**	8 755	**2 795**	2 692	**6 591**	6 063
Impairments charge (Rm)	17	**939**	805	**805**	462	**134**	343
NIR (Rm)	5	**8 678**	8 241	**1 076**	1 060	**7 602**	7 181
Gross operating income (Rm)	6	**18 127**	17 096	**3 871**	3 753	**14 256**	13 343
Operating expenses (Rm)	7	**8 196**	7 628	**1 464**	1 356	**6 732**	6 272
ROE (%)		**18,9**	17,7	**13,0**	15,7		
ROA (%)		**1,11**	1,10	**0,66**	0,82		
CLR – banking advances (%)		**0,24**	0,22	**0,47**	0,28		
NIR to total operating expenses		**105,9**	108,0	**73,5**	78,2		
Cost-to-income ratio (%)		**45,2**	44,6	**37,8**	36,1		
Interest margin (%)		**2,42**	2,42	**1,64**	1,63		
Total assets (Rm)	3	**603 180**	584 227	**182 371**	175 962	**420 809**	408 265
Average total assets (Rm)	5	**610 718**	581 580	**176 434**	170 968	**434 284**	410 612
Total advances (Rm)	(3)	**413 056**	424 642	**176 474**	170 513	**236 582**	254 129
Average total advances (Rm)	6	**431 398**	405 855	**170 890**	165 618	**260 508**	240 237
Total deposits (Rm)		**441 500**	441 886	**155**	286	**441 345**	441 600
Average total deposits (Rm)	5	**450 640**	429 663	**204**	283	**450 436**	429 380
Average allocated capital (Rm)	(1)	**35 957**	36 249	**8 893**	8 975	**27 064**	27 274

Looking forward

Positive advances growth is anticipated in most of our businesses, particularly in renewable energy. A robust energy and related infrastructure pipeline is likely to see the asset growth momentum gained in H2 2023 continuing this year. We continue to focus on entrenching our market leadership in this sector by looking across the value chain and following our clients to new geographies to help deliver on their ambitions.

Deep relationships with our clients in the property sector will ensure we maintain a good quality and well-diversified portfolio.

Our trading business should benefit from continued focus on refreshing our FX franchise through driving digital adoption, optimising technological capabilities and improving data-led acquisition. The rates business will continue to benefit from hedging in the energy sector, and there is likely to be continued benefit from our investment in talent as new products in the credit space and targeted African strategies are executed.

With a slower growth South African economy, we continue to accelerate the delivery of targeted opportunities across the African continent where our expertise, capabilities and resources align.

The new TS operating model solidifies our sector-focused approach and positions the business for growth and added revenue diversification through increased NIR. An enhanced understanding of our clients will enable us to deliver purposeful solutions and differentiated service excellence. Emphasis will be placed on streamlined product groupings, sectorised sales and service models, and reducing manual handoffs.

All of this is underpinned by our digital strategy that enables growth and efficiencies across our business, increases productivity, enhances the client experience, builds differentiated and digitally enabled products and services, and fosters a culture of innovation to deliver market-leading capabilities and client solutions.

Strategic progress

Our client-centred strategy has enabled us to grow and maintain a robust client and asset portfolio in an increasingly complex operating context. We continued to showcase our deep sector expertise and alignment in our product areas.

We have completed the business reorganisation changes under Target Operating Model 2.0 (TOM 2.0), which delivers our transactional, digital and client services capabilities to the market and embeds our sector-focused approach within TS.

Innovation continues throughout our business, ensuring we deliver a warm digital experience and equipping our employees and clients with the right digital and data capabilities to provide differentiated journeys. Key highlights of our digital strategy include the launch of Voice of the Client to capture client sentiment, and more than 95% of global clients were migrated from our previous system onto the Nedbank Business Hub (NBH). Survey results show that multibanked clients feel the NBH experience surpasses competitors on critical metrics, including true channel convergence.

Further benefits from our digital initiatives include our data-driven approach to origination, client management and enhanced client profitability that supports primary client wins and increases large transactions. Our Markets business was also bolstered by the significant investments in technology capabilities and increased sales presence.

We embed purpose in everything we do as we contribute towards growing a sustainable and inclusive economy. In 2023 we published our fossil fuels and power generation glidepath methodology, which is already being advanced through the closure of multiple renewable energy deals. Partnering with our Property Finance clients to promote a sustainable property sector, we launched a new value-added service, EDGE, to assist property clients with greening and certification of their buildings. The Property Finance business continued to advance access to affordable social housing and student accommodation, with total disbursements of R1,2bn for developing new units.

As a people-led business we continually strive to attract and retain diverse talent. Continued investment in our bespoke leadership and management programmes remains a priority to equip our best talent with the tools they need to execute our strategy.

Financial highlights

	Property Finance		Investment Banking		Markets		Working capital and Transactional Services	
	2023	2022	2023	2022	2023	2022	2023	2022
Gross operating income (Rm)	3 871	3 753	4 929	4 472	5 368	5 035	3 959	3 836
Average total advances (Rm)	170 890	165 618	167 170	156 087	69 913	63 426	23 425	20 724

Segmental performance

Property Finance (PF)

PF provides development and term finance solutions to clients and partners with them through equity investment and mezzanine structures. Some positive trends in the sector emerged during H2, including the stabilising of property values. Increased trading of properties and corporate action indicate some improvement in sentiment and a level of confidence returning to the sector. We noticed an increase in business activity related to lending opportunities over the last quarter of 2023, and we expect this to continue should interest rates reduce in line with expectations.

In H2 a significant focus was placed on resolving a high-risk counter in business rescue. The process of transferring these assets to the new purchasers has started. We continue to focus on partnering with our clients, originating high-quality transactions, and managing the risk across our portfolio.

GOI increased by 3%. An increase in suspended interest impacted NII due to the year-on-year increase in stage 3 exposures and higher interest rates. NIR increased by 2%, supported by a 23% increase in commission and fee income following deal closures in the latter part of the year. This was partly offset by lower equity investment income coming off a high 2022 base.

The CLR increased to 47 bps (Dec 2022: 28 bps) due to a specific stage 3 exposure. Due to this exposure, the CLR was expected to exceed the top of the TTC target range of 15 bps to 35bps by year-end. However, despite the high-interest-rate environment, particularly the rapid rise in rates experienced in H1, our impairment experience across the rest of the portfolio has been lower than expected, indicating the resilience of our client base.

Good-quality, well-diversified assets secure our portfolio, underpinned by a solid client base with whom we have deep relationships.

Investment Banking (IB)

IB is responsible for the advisory, debt and equity capital markets, private equity, long-term debt finance, sustainable finance, and syndication businesses. It has leading industry expertise in mining and resources, energy, infrastructure, telecoms, transport, freight and logistics, as well as the travel and leisure sectors. Our sector expertise, thought leadership, and purpose-driven approach to delivering solutions to our clients received ongoing recognition. We won multiple awards in the period under review: 2023 Bonds, Loans & ESG Capital Markets Africa Awards: 2023 Sovereign Bond Deal of the Year and 2023 Syndicated Loan Deal of the Year, 2023 Global Finance Sustainable Finance Awards: 2023 Outstanding Leadership in Sustainable Bonds, 2023 African Banker Awards:2023 Debt Deal of the Year, and 2023 ANSARADA DealMakers Awards: first place in the Sponsor Mergers & Acquisitions category by deal flow as well as second place in the Investment Advisers Mergers & Acquisition category by deal flow.

IB GOI increased by 10%. NII increased by 13%, as average banking advances grew by 7%, with a strong performance in our Leverage and Diversified Finance, Infrastructure, Water and Telecoms, and Mining businesses. Impairments decreased by 7% and the CLR for the period was 9 bps. NIR increased by 8%, driven by fair value adjustments and investment income with commission and fees maintained at prior-year levels, which is reasonable in the economic environment, reflecting improved underlying client activity. The portfolio optimisation initiatives within our target sectors and client base remain a key focus.

The pipeline of opportunities remains robust across all sectors, particularly in energy and related infrastructure. In Q4 2023 the energy team closed transactions in renewable energy programmes and private power commercial and industrial projects. The pipeline remains strong into the first half of 2024, with further projects expected to close. We continue to invest in the advisory business, focusing on growing our NIR contribution and cross-selling into the broader CIB franchise with a solid pipeline of opportunities into 2024. The private equity franchise will focus on new investment activity while realising certain existing investments for value. There will be a continued focus on sustainable finance where we play a crucial role in leading, structuring and coordinating these transactions, for which Nedbank has been recognised globally as a leading sustainable finance provider.

Markets

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

The Markets business grew operating income by 7% year on year despite continuing challenging trading conditions, with particularly strong client revenues across corporate and institutional structured deals. This growth was driven by good outcomes in Debt Securities trading (up by 6%) and Commodities trading, which increased by more than 100% off a low base. The rates business benefited from good client flow in the second half and an incredibly strong performance in credit trading – a growth focus over 2023.

This was offset by weaker FX trading income, down 2%, due to a waning trade impulse and the continuing impact of margin compression from MPIF. The equities trading business mounted a strong comeback, particularly in the non-linear derivatives business in the second half of the year, to finish down by 5% year on year.

Focus will remain on continued digitisation, building a diverse revenue base by strengthening areas in which we are under-indexed and investing in targeted opportunities in Africa.

Transactional Services (TS)

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

GOI increased by 3% as NII increased by 6%, benefiting from higher deposits and short-term asset growth of 5% and 13% respectively.

Impairments benefited from releases as distressed debt cured. NIR decreases slightly by 2%, with growth in domestic payments, guarantees and trade risk participation offset by lower cash withdrawal volumes. The business grew confirmation commissions strongly by participating in primary market transactions in Africa, which enabled us to be more of a market maker and increase returns. We worked with large exporters to increase our participation in essential commodity transactions. This was largely possible due to the reorganisation of the business to focus on cross-border trade activity. The investment in our trade finance team is increasing our ability to participate in larger and more complex transactions. We recorded 20 new primary-banked wins, including 2 noteworthy successes in the public sector domain.

A sector-based strategy and refined operating model underpin a strong pipeline for 2024 and beyond. We have undergone a significant internal realignment that will result in fewer touchpoints for clients, faster service delivery and enhanced processes. This will contribute to our goal of being the go-to transactional bank for all juristic clients. The business prioritises client experience by continually improving and investing in the innovation of our digital channels and plays a significant role in the South African banking landscape through thought leadership in various industry bodies.

Developing our fossil fuel and power generation glidepaths

In 2021, building on a history of climate and environmental leadership, we released our Energy Policy, including a commitment to zero fossil fuel exposure by 2045. The policy recognises the need for a zero-carbon energy system by 2050 and that an orderly exit from fossil fuel financing is necessary well before then.

In line with our energy policy, our reduction targets will initially focus on the emissions related to our lending in the upstream fossil fuel and power generation sectors. For our fossil-fuel-related lending, a methodology encompassing Scopes 1, 2, and 3 client emissions is most appropriate for managing the full impact of the industry in the long term. For our generation pathway, we will use a physical intensity metric (CO2e/MWh) encompassing Scope 1 emissions of generated electricity.

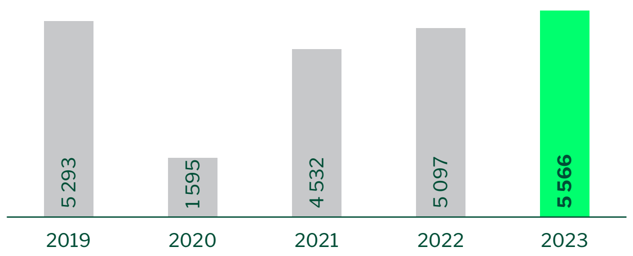
Nedbank will use the widely adopted IEA Net Zero Emissions by 2050 scenario (NZE) as a basis for our first targeted commitment date of 31 December 2029 for our fossil fuel and power generation pathways. This science-based pathway aligns with the goals of the Paris Agreement, keeping global warming well below 2 °C by 2050 and pursuing efforts to limit the temperature increase to 1,5 °C. This will result in targeted reductions from 2022 to 2030: thermal coal 47% and oil and gas 26%. Nedbank's power generation financing activities are largely dominated by renewable energy, which has kept our CO2e intensity well below the 2030 IEA NZE target of 188 gCo2e/kWh. As a result, we will adopt this target as a cap for power generation.

The scenarios adopted consider the latest available science, our African context, and the African Just Transition. We will regularly review the latest science to ensure that our pathways remain aligned, and targets beyond 2030 will be considered and communicated closer to 2030.

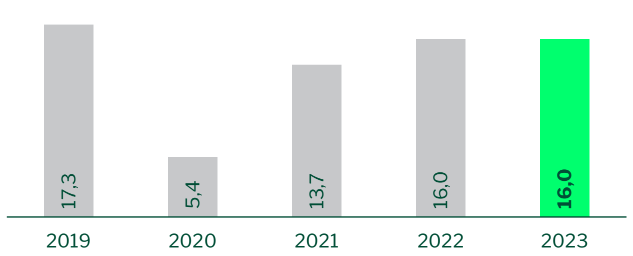
After disclosing these sector pathways, the group plans to set targets for other segments of its portfolio, if data permits. These plans will be prioritised based on materiality regarding emissions to the country and Nedbank.

Nedbank Retail and Business Banking

Headline earnings
(Rm)



Return on equity
(%)



Financial performance

RBB's financial performance has shown a strong recovery in the second half of 2023, with headline earnings (HE) up by 9% to R5 566. HE in H2 2023 increased by 24% compared to the decline of 8% reported in H1 2023.

Higher earnings, partially offset by an increase in capital, resulted in ROE remaining flat at 16,0%, above the group's cost of equity.

Revenue growth of 11% and expense growth that was well managed at 7%, were partially offset by a 29% increase in impairments. Impairment growth slowed down in H2 2023, increasing by only 3% compared with the increase of 60% reported in H1 2023. Higher revenue resulted in PPOP growth of 17% and the cost-to-income ratio improving to 58,1% (2022: 60,5%).

In addition to the strong revenue growth, RBB made good progress on several key non-financial metrics, including an 11% increase in digitally active clients to 2,9 million and a 9% growth in main-banked clients to 3,53 million.

NII increased by 14% to R26 413m, driven by advances growth following strong payouts and a widening of NIM from 5,72% to 5,93%. NIM benefited from positive endowment as interest rates increased, partially offset by higher funding costs, lower liability margins, and net lower asset margins, mainly comprising changes in asset mix, suspended interest, and lower client margins in Unsecured Lending.

Average banking advances increased by 7% to R439bn, driven by good growth in our relationship businesses and solid growth in secured lending. Unsecured lending volumes have slowed due to the deliberate adoption of a more cautious approach to new lending as a result of elevated risk. Overall new-loan payouts have decreased to R118bn (2022: R121bn), mainly due to the slowdown in unsecured lending and the slowing demand in home loans. Household advances market share increased to 17,5% in December 2023 from 17,3% in December 2022.

Average deposits increased by 10% to R421bn. Our market share in transactional deposits of 13,6% at the end of December 2023 remains a core focus area. We have seen a slight decrease in household deposits, with market share at 14,6% in December 2023 from 14,8% in December 2022.

The 29% growth in impairments to R8,5bn (2022: R6,6bn) was mainly driven by an unfavourable book performance due to the deteriorating macro environment, elevated risk outcomes, and increased provisions for parameter regrounds and net macro updates. While the CLR increased to 194 bps (2022: 161 bps) and is above the upper end of the TTC target range of 175bps, the CLR trend improved from 226 bps in H1 2023 to 164 bps in H2 2023, as we improved our risk and collections strategies and operational efficiencies through the creation of a Debt Management and Recoveries (CDR) business unit.

As noted during our H1 2023 results, management reviewed the presentation of certain card-processing-related expenses against industry practice. These expenses were directly attributable to income and recognised in NIR and were restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R477m for full year ended 31 December 2022 from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profits for the period or HE for the cluster or group.

NIR, on a restated basis, increased by 7% to R14 306m and by 8% before the restatement of card-processing fees, reflecting the benefits of cross-sell, the increase in main-banked clients, the 8% growth in card-issuing volumes and the 14% increase in card-acquiring volumes. Value-added services (VAS) volumes grew by 27% and revenues by 29%.

Expenses increased by 7% to R23 657m (pre-restatement of card-processing fees by 7,5%), supported by judicious management of discretionary spend and ongoing optimisation of operations through Project Phoenix, Project Imagine and other Target Operating Model 2.0 (TOM 2.0) initiatives. Permanent headcount decreased by 514 to 15 157, achieved mostly through natural attrition as we continue to leverage our investments in digital and the Managed Evolution (ME) technology strategy.

Strategic progress

Clients – The 9% increase in main-banked clients to 3,53 million, coupled with an increase in the digital adoption of products and services, impacted NIR growth positively. We continue to scale several key growth vector products to expand our value propositions and support sustainable NIR growth by diversifying the revenue base.

Nedbank continued to lead in client experience (CX) and retained our #1 NPS (Net Promoter Score) ranking among South African banks. This is a position we wish to retain through great client service, underpinned by human interactions, digital touchpoints, and fair client principles.

Pleasingly, our efforts are being recognised in the market by external and independent reviews across various categories through numerous awards and accolades. In 2023 the business was recognised as the Best Bank for Transaction Banking Services for 2023 in the Middle East and Africa Innovation Awards by the Digital Banker; Best Retail Bank in South Africa by the Global Banking & Finance Awards 2023; Best SME Bank in South Africa in the Middle East and Africa Awards 2023 from The Asian Banker; SME Bank of the Year in the Qorus Reinvention Awards 2023; Most Popular Bank of the Rising Sun Readers' Choice Awards 2023; and Best Financial Institution in South Africa awarded by the *Global Business & Finance Magazine* 2023. We continue to strive for 'first in digital; digital first' and in that vein, have been awarded Excellence in Innovation for our Avo super app by the Global Banking & Finance Awards 2023 and Best Digital Bank in Africa as awarded by the Euromoney Awards for Excellence 2023. We were also awarded Best Corporate Sustainability Strategy South Africa 2023 by the Global Banking & Finance Awards 2023; Best Corporate Social Responsibility Initiative in South Africa by *Global Business & Finance Magazine* as well as Excellence in Operations and Executive of the Year at the ActiveOps Awards 2023.

We continued to bolster our behavioural economics (BE) capability within RBB through a skills development strategy developed with a top-tier South African university. This strategy includes 3 tailored programmes designed to empower business areas to deliver rigorously tested, behaviourally informed and impactful solutions. So far over 1 300 employees have been trained on these programmes, with a special focus on frontline employees who engage with clients daily.

Through our financial wellness programmes (Consumer Financial Education and Financial Fitness) we reached close to 11,5 million consumers through a combination of radio, television, virtual and face-to-face interventions. We continue to explore social media as a channel to drive financial education through platforms like MoneyEdge, X Spaces (formerly Twitter Spaces), TikTok and WhatsApp. In H2 we added partners MoyaApp and Digify to drive demand-based learning as we follow client behaviour and preferences to help them manage their money better.

Digital innovation – Digitally active clients increased by 11% to 2,9 million, of which 2,3 million clients are now using the Nedbank Money app (up by 16% yoy). Digital platform sales grew by 16% yoy, driven by a significant focus on digital marketing and sales funnel capabilities, offset by pressure on lending products following credit tightening. Funded current accounts grew by 20%, investments by 28% and credit cards by 78% yoy. Total payment and Money app volumes grew by 12% and 18% respectively yoy.

Nedbank's chatbot, Enbi, is assisting clients at scale, with over 10 million interactions recorded to date, 78% of all engagements are managed through this chat function, freeing up the capacity of agents to support clients with more complex queries. Enbi is now also available on our website, nedbank.co.za, and assists clients in real time within the digital onboarding flows. The Money app and other self-service channels play the primary role in providing clients with simple and convenient banking, anytime, anywhere.

Our digital innovation journey continues to improve through enhanced onboarding capabilities as a new credit card or a MiGoals transactional account can be opened in less than 5 minutes via our digital channels. We have successfully opened more than 240 000 new MiGoals Accounts on our digital platforms since its launch in May 2023. The rapid-payments solution, PayShap, was a key enabler for real-time payments, and we were the only bank to enable this across all digital channels and completed more than 200 000 outgoing transactions successfully. Further innovative features included 'application save and resume' and card tracker functions, enabling clients to track the status of card delivery via the app. In addition, children can now use the Money app to do their daily banking and clients can change limits up to R250 000.

In 2024 we will focus on a significant shift in how we meet the needs of our clients digitally. We will introduce new products and features such as the capability to manage and receive POS devices via the app, servicing stokvel accounts and its members seamlessly, a new JustInvest product, improved document and market-leading insurance claim features and providing foreign nationals access to the Money app. In parallel, we will fundamentally redesign and improve the client experience on the Money app.

The Nedbank Business Hub (NBH) continues to evolve for our Commercial Banking clients by providing seamless access to an array of day-to-day banking functions through an integrated and secure platform, driving wider access to our ecosystem of products (including lending) and services. In 2023 over 82 000 service requests were received via NBH, the bulk of which were straight-through requests, meaning immediate delivery to clients, and 28 000 of these requests were actioned via the self-service channel.

Nedbank's API_Marketplace expanded operations to Namibia, Lesotho and Eswatini, aligning with Nedbank's NAR ambitions with accounts, payments and wallets now available in these countries. PayShap (rapid payments) and Send-iMali APIs, among others, were added to the product offering. Overall, the product offering increased by 14% yoy from 2023. At a platform level, the key focus remains on developer experience and third-party and platform support.

Client security remained a core focus area, and we implemented several new features and enhancements (pinpoint biometrics and QR code access) on our Online Banking platform during 2023. Facial recognition will be launched shortly as well as making all these capabilities available on our app.

We have invested significantly in our data capabilities, leveraging big data and AI through a strong analytics team. The commercialisation of data delivers beyond-banking and cutting-edge capability, including actionable insights that drive and unlock value for both Nedbank as a business as well as our individual and corporate juristic clients. The Adam AI engine has generated R250m in additional benefits by using machine learning and data science techniques to make intelligent decisions based on data.

Integrated physical distribution – In response to shifts in client behaviour and preferences, 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.

We have a new operating model in 386 points of presence, which we will roll out to the balance of our footprint over the next 2 years, including an innovative mix of branches – from full-service and express to easy-access smaller branches. By the end of 2025, 57% of branches will be smaller than 200 m^2, which is a significant shift from our current branch mix.

Our continued focus on sales productivity and the sales strategy has resulted in branch sales and service productivity improving by 24%, with servicing employees now contributing 22% (2022: 17%) of overall sales. We have seen a 21% decrease yoy in selected simple services provided at branches and through the contact centre as clients shift towards self-service via our digital channels. There has been an increase of 8% in the use of digital channels for financial servicing transactions and 17% for non-financial servicing transactions.

We have rightsized our ATM footprint by 135 devices, with the cash dispensed through ATMs increasing by 3%. Altogether 92% of client cash deposits at branches are now being processed through cash-accepting ATM devices.

Our network of 573 self-service kiosks in our branches enables clients to complete self-service actions at their convenience, such as changing their ATM limit, maintaining their profile, issuing statements, as well as blocking and replacing cards for Pay-as-you-use (PAYU) and Savvy Plus Accounts. Clients can also collect cards 24/7 by using our 222 lockers located in the self-service zone at branches, or have their cards delivered to them. Our kiosks now also enable clients to open PAYU accounts seamlessly, with a card issued instantly.

Growth vectors – In our value-added services portfolio, the addition of new products and services, such as bill payments and more digital vouchers, has resulted in volumes growing by 27% and revenue by 29% yoy for more than 1,44 million clients. The expansion of the redemption network and enhanced digitisation of services on our money transfer solution resulted in volume growth of 80% yoy, with more than 16% of redemptions being completed at our partners monthly. Various innovations are planned for 2024 to expand our offerings.

Avo SuperShop has been in the market for 3 and a half years and has signed up over 2,5 million clients (up by 26% yoy) and continues to grow exponentially, with a further 120% increase yoy in total gross merchandise value (GMV) across all 3 Avo ecosystems. Avo Home reflected GMV growth of 23% yoy and was recently highlighted as one of the top 3 marketplaces for best value in Apple devices. We further introduced Avo Solar for consumers in Q3, with over 100 residential installations completed with 70% of their financing being fulfilled through the MFC Solar Financing solution, attracting new-to-bank clients and driving cross-sell. Avo Auto, a virtual vehicle mall that was launched in 2021, now hosts over 880 MFC-accredited dealers (up 4 x yoy), with close to 25 000 vehicles available on the platform and growing GMV 3,5 x yoy. Avo B2B launched to market in 2022, offering a stock-financing or working capital solution to businesses through a secure facility, and introduced the trade of solar goods to suppliers or installers in 2023, which contributed to the yoy GMV lift.

Insurance remains a significant growth opportunity for both RBB and Nedbank Insurance to build a sustainable business partnership together for the benefit of Nedbank's clients. We offer a broad range of life and non-life insurance products and focus on continually exploring new solutions to meet the changing needs of our clients.

Within the Township economy, we continue to innovate and leverage partnerships to co-create solutions with clients. We will soon launch a CVP for informal traders, customised to their unique needs and behaviours. In 2023 we continued hosting Kasi business workshops across the country, creating shared value through our partnership with the Township Entrepreneurs Alliance (TEA). We have impacted more than 48 000 township SMMEs, sponsored close to 170 township exhibitors equipped with Nedbank POS machines, created supplier procurement opportunities for more than 180 black-youth-owned service providers, and crowned 11 pitch challenge winners across 11 township communities nationwide with a collective allocation of R550 000 in cash and business support.

We remain pleased with the strategic partnership and alliances capability that we are building as a strategic unlock for scale and to give value back to clients. 2023 saw a continuation of the expansion of our Greenbacks 2.0 headline partners to unlock additional merchant discount deals that provide best-in-market deals for Nedbank clients, with a strategic focus on fuel, travel, movies, and data discounts. For Avo, we signed up 108 new partners and co-created a CVP to broaden our Amex-accepting merchants. Our collaboration partnerships team continued to identify and engage potential strategic partners who have access to large markets in support of scaling RBB strategic client value propositions and solutions.

Looking forward

The first 6 months of the year were marked by a difficult macroeconomic environment marred by slow GDP growth, high inflation, continued high interest rates, load-shedding and a worsened credit lending outlook. These challenges led to increased financial strain on our clients, resulting in elevated impairments. However, during H2, through dedicated focus and improved collections and recovery capabilities, we managed to claw back significantly in impairments, leading to HE growth of 9%. Going into 2024, we remain acutely aware of some of the macro challenges that clients will continue to face, and we will tighten our collections and recoveries capabilities further, while at the same time, maintaining our strategies to originate quality business. Key challenges will be balancing our growth ambitions with acceptable risk tolerance, managing our operational costs judiciously, and managing our impairment levels while providing our clients with appropriate assistance through this difficult period.

Our 5 core strategy pillars remain relevant, focused on a client-centred growth strategy by creating leading client experiences anchored by disruptive CVPs and purpose-led objectives. We remain steadfast in driving our 'first in digital; digital first' strategy by continuing to deliver digital capabilities that enable us to develop innovative products and solutions and enhance digital experiences for our clients. Our strategic execution in delivering our growth vectors is aimed at yielding results and remains a focus for unlocking growth and gearing up for future competitiveness. We will continue focusing rigorously on our operating model agility to enhance our operational effectiveness, manage credit losses, and develop world-class capabilities like the commercialisation of data, behavioural economics, innovative risk management, strategic partnerships, and digital capabilities. All these will help reduce our cost-to-income ratio and improve our ROE to the required target range.

Leading client experiences – We will continue developing and commercialising our new CVPs, innovative products and solutions for our clients. To defend against competitors and disruptors, we will continue adapting our operations to deliver leading client experiences to match heightened client expectations. We will focus on Strategic Portfolio Tilt 2.0 (SPT 2.0), which concentrates on growing profitable market share in selected areas through world-class sales effectiveness and productivity while maintaining a culture of providing an unrivalled client experience, aided by behavioural economics principles to deliver personalised experiences and seamless interactions.

First in digital; digital first – We will drive the commercialisation of new and landed capabilities and the cadence of innovation deployments and leverage enterprise capabilities on our digitisation journey to being Africa's #1 digital service provider by completing priority individual and juristic journeys through our Managed Evolution programme. We will continue focusing on a full migration to NBH for our commercial and corporate businesses, expanding our beyond-banking capabilities across other verticals and elevating our mobile-first priorities through integrated and synchronised channel experiences to provide leading digital experiences for our clients.

Banking and Beyond growth vectors – We continue to derisk our plans and gear ourselves for future competitiveness through the commercialisation of growth vectors, including scaling the Avo super app, accelerating VAS through new commercial models and channels, accelerating growth and penetration of our insurance offerings, and driving our go-to-market micro markets strategy for the township economy. We intend to start increasing the percentage contribution of growth vectors to our total revenue.

Efficient and agile operating model – We will continue driving cost efficiencies through the execution of business transformation objectives through Project Phoenix, Project Imagine, Processes Automation and other TOM 2.0 initiatives that will yield cost savings derived from centralised capabilities such as solution innovation, credit and pricing, and operations.

Putting purpose into practice – Our purpose strategic pillars will accelerate our focus on green finance, development finance, inclusive distribution, financial inclusivity for individuals as well as businesses and financial wellness. We are encouraged by the significant progress we see within Commercial Banking initiatives to strategically increase investment in green industries and the accelerated take-up of solar solutions within Consumer Banking. We will also be expanding funding of projects that create or improve physical, social, or economic assets for sustainable growth. We intend to accelerate purpose-driven initiatives to give us a competitive edge.

We will continue focusing on enhancing and improving employee wellness capabilities to assist our employees amid the challenging economic climate. We will place added focus on attracting and retaining talent, reducing the loss of critical skills, and improving transformation targets at management levels. We will drive the upskilling and reskilling of our employees to meet the needs of our clients and business operations in an ever-changing environment. We will continue our culture journey shift by driving diversity, inclusivity, and equity goals to ensure a diverse and inclusive workplace to make Nedbank the best place to work at.

Nedbank Retail and Business Banking segmental review

Commercial Banking

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

NCB increased HE by 15% to R2,1bn at an attractive ROE of 26% through solid product volume growth, coupled with an improvement in NIM of 30 bps to 3,1%, driven mainly by endowment. NIR growth improved by 6% with transactional banking volumes increasing by 4%.

Average deposits grew strongly by 10% yoy, driven mainly by growth in non-transactional deposits. The business remains a strong generator of funding for the group, increasing the net surplus funds generated to R100bn. Average advances grew by 6% yoy, supported by new-loan payouts of R27bn.

The CLR of 67 bps (2022: 11 bps) was at the top end of the TTC target range of 50 bps to 70 bps and includes various client inflows into non-performing loans, particularly the horticulture subsector of the agricultural portfolio, which is evidence of the macroeconomic strain taken by this sector of the economy. New ECL models were implemented in the latter part of the year, increasing the ECL by R243m (27 bps). The commercial operating environment has been and continues to be, beleaguered by many external factors such as intensified load-shedding, increased input costs, margin pressure as well as logistical and transportation challenges. Although downside risk in the current economy persists, our ECL coverage ratio of 2,28% is prudent.

NCB increased their overall market share from 22% to 23% according to an annual study concluded by KPI Research.

NCB has migrated all domestic and global electronic banking clients onto its newly developed electronic NBH banking platform with the focus for 2024 being on adoption and the phased rolling out of new capabilities. NBH enables a positive change in client (and employee) experience for businesses by providing convenience for the day-to-day banking needs of our clients and a single view of our digital offerings. Clients can seamlessly transact, apply for products (including lending) and services, maintain profiles and more. Security remains a top priority and we offer advanced protection through the combination of a password certificate and choice of 2-factor authentication (mobile or token). To date, approximately 53% of service volumes now take place via self-service.

Financial highlights

for the year ended 31 December

Segmental view

	Change %	Total Retail and Business Banking 2023	Total Retail and Business Banking 2022	Commercial Banking 2023	Commercial Banking 2022	Consumer Banking 2023	Consumer Banking 2022	Relationship Banking 2023	Relationship Banking 2022	Other[1] 2023	Other[1] 2022
Headline earnings (Rm)	9	**5 566**	5 097	**2 087**	1 812	**1 646**	1 950	**1 673**	1 292	**160**	43
NII (Rm)	14	**26 413**	23 203	**5 762**	4 735	**16 304**	15 006	**4 278**	3 375	**69**	87
Impairments charge on financial instruments (Rm)	29	**8 520**	6 613	**613**	98	**7 349**	6 249	**514**	249	**44**	17
NIR (Rm)[2]	7	**14 306**	13 372	**2 024**	1 917	**8 205**	7 658	**1 774**	1 686	**2 303**	2 111
Operating expenses (Rm)[2]	7	**23 678**	22 138	**4 205**	3 984	**14 338**	13 489	**3 164**	2 994	**1 971**	1 671
ROE (%)		**16,0**	16,0	**25,9**	23,8	**7,7**	10,2	**42,6**	36,3		
ROA (%)		**1,20**	1,20	**1,11**	1,06	**0,61**	0,78	**1,40**	1,21		
CLR – banking advances (%)		**1,94**	1,61	**0,67**	0,11	**2,62**	2,37	**0,79**	0,41		
NIR to total operating expenses (%)[2]		**60,4**	60,4	**48,1**	48,1	**57,2**	56,8	**56,1**	56,3		
Cost-to-income ratio (%)[2]		**58,1**	60,5	**54,0**	59,9	**58,5**	59,5	**52,3**	59,2		
Interest margin (%)		**5,93**	5,72	**3,10**	2,80	**6,24**	6,08	**3,59**	3,16		
Total advances (Rm)	5	**429 244**	408 430	**90 150**	87 866	**271 514**	257 919	**66 328**	61 433	**1 252**	1 212
Average total advances (Rm)	6	**415 361**	391 022	**89 034**	83 862	**261 272**	246 802	**63 678**	59 118	**1 377**	1 240
Total deposits (Rm)	8	**436 283**	402 114	**178 438**	167 651	**134 909**	125 165	**122 507**	108 977	**429**	321
Average total deposits (Rm)	10	**421 416**	383 010	**178 783**	162 321	**128 566**	120 416	**113 727**	100 053	**340**	220
Average allocated capital (Rm)	9	**34 690**	31 843	**8 057**	7 607	**21 399**	19 076	**3 924**	3 557	**1 310**	1 603

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

[2] *During 2023 management reviewed the presentation of certain card-processing fees and found that these expenses have now become material. These are directly attributable to income recognised in NIR. As a result, these expenses have been restated to ensure that they are presented as part of NIR in the SOCI to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R477m for 31 December 2022, from operating expenses to NIR in the SOCI. This restatement is a reallocation between line items and had no impact on profit for the period or HEs for the group. As a result, the comparative NIR and expenses and impacted ratios have been restated.*

The Leveraged Finance Team had a particularly good year, with record payout numbers of R7,6bn and total asset-related fees of R48m. Specific transactions finalised in the secondary agriculture and manufacturing industries are recognised as milestone transactions for the mid-corporate market.

The manufacturing portfolio has seen an improvement in financial performance with top-line gross operating income up 18% yoy, driven by stronger NII, coupled with pleasing growth in client numbers. NCB's market share within the industry stands at 26% confirmed by KPI Research. The portfolio is being closely monitored to gauge the ongoing impact of logistical and load-shedding disruptions, with defaulted advances remaining within the targeted range.

The agricultural sector experienced significant financial challenges that played out, particularly in export horticulture, which was significantly impacted by logistical and energy challenges, as well as reducing international prices due to prevailing global economic challenges. This impacted the profitability of this subsector where rising financial distress became evident in early 2023, leading to an increase in impairments. It is, however, expected that most impacted businesses can recover over the next seasons (12 to 24 months). Apart from horticulture, the risk profile of the primary agricultural book is in good shape and has seen an improvement over the past 4 years, with gross operating income up by a pleasing 20% yoy.

The retail services sector, like all businesses in South Africa, has been impacted by load-shedding disruptions. However, the sector has shown signs of resilience and in some cases recovery to pre-Covid levels. During the year we have seen positive results from new-client acquisition gains due to the continued implementation of a differentiated transformation funding solution with major oil companies. NCB's market share stands at 28% within the sector according to a KPI Research study. The portfolio has shown satisfactory financial performance, underpinned mainly by NII, despite a subdued macro, while NIR continues to remain under pressure due to aggressive competitor offerings covering cash solutions and related pricing.

In the public sector, NCB won 18 tenders in 2023, of which the bulk represents funding for water and energy in support of sustainable development goals. Approximately R1bn has been disbursed to various municipalities across the country for much-needed infrastructure improvements. This portfolio continues to attract favourable investments and maintains a healthy net funding position of R19bn. A total of 6 municipalities have also awarded NCB their full transactional banking, and NCB defended market share in 5 of these municipalities.

NCB's climate resilience initiatives continue demonstrating encouraging positive traction. During 2023 we extended over R800m in finance associated with the UN Sustainable Development Goals, covering clean water and sanitation (SDG6), affordable and clean renewable energy (SDG7), as well as responsible consumption and production (SDG12).

Retail Relationship Banking

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

Benefiting from the higher interest rate environment and the strong relationship banking foundations built over many years, RRB's HE grew by 30% yoy to R1,7bn, delivering an ROE of 42,6%.

The CLR increased from 41 bps to 79 bps, which exceeded the upper end of the 40 bps to 70 bps TTC target range as recurring rate hikes, extended power outages and steady increases in costs placed significant strain on the otherwise robust affluent and small-business sector. Average advances grew by 8%, while average deposits increased by 14%, resulting in an improvement in the net funding contribution to the group to R59bn. NIR grew moderately at 5,2% with the affluent base performing strongly to compensate for the more muted growth coming from small businesses.

Affluent clients: The private-banking CVP, based on the promise of 'Digital when you want it, human when you need it', continues to resonate with the market as demonstrated by the 8% increase in main-banked client gains. Clients have embraced our feature-rich Online Banking and Money app channels, and digital use and satisfaction scores are at an all-time high. This, in turn, frees up bankers to focus on the relationship aspects of their role, including assisting with more complicated credit applications and promoting the broader set of wealth solutions, namely Nedgroup Investments, Nedbank Online Share Trading and our wealth advisory services.

Small Business Services: Our focus for small businesses is the provision of affordable transactional banking, innovative payment solutions and seamless lending to unlock growth for this important sector of our economy. Our beyond-banking offering, SimplyBiz, remains a differentiator through which we have provided over 47 000 business owners free beyond-banking assistance in the form of advertising, coaching, access to relevant business support materials and other strategic initiatives. Our initial efforts to offer pre-approved finance and digital and data-driven lending applications have received great interest and uptake.

Despite a challenging economic outlook and an increasingly competitive market, there are still many opportunities for RRB to grow. The launch of an enhanced loyalty programme for individuals, expansion of our automated lending options for smaller businesses, and a streamlined, modernised POS offering are expected to fuel growth and aid client retention in 2024. The quality of bankers we attract and develop from within also remains a key success factor along this journey.

Consumer Banking

Consumer Banking predominantly serves individuals earning less than R750 000 per year in 3 subsegments – middle market, entry-level banking and youth. Consumer Banking also serves a few non-individual client types, such as stokvels, clubs and societies.

HE declined by 16% yoy to R1 646m, driven primarily by an increase in impairments as interest rate hikes and high inflation placed strain on consumers. Consumer CLR increased to 262 bps (2022: 237 bps), driven by higher impairments of R1,1bn yoy. Home loans and personal loans were the largest contributors to the yoy increase, with R0,6bn and R0,4bn respectively.

Consumer Banking's performance improved materially in H2 2023, with HE growth of 22% yoy following the challenging 62% yoy decline in HE in H1 2023. The improvement in H2 2023 growth was enabled by specific initiatives across origination and collections, resulting in the CLR returning to a pleasing 217 bps, within the target range for Consumer Banking, from 308 bps in H1.

PPOP grew by a solid 7%, underpinned by NIR growth of 7% and strong NII growth of 9%, partially offset by expense growth of 6%. The performance in PPOP resulted in the cost-to-income ratio improving to 58,5% (2022: 59,5%).

NII growth was underpinned by average loans and advances growth of 7% after growth of 8% in home loans; 7% in vehicle finance, and 3% in unsecured lending. Average deposits grew by 7% yoy, with a 10% growth in the notice and term deposits book, offset by a 2,4% decline in current and savings account balances as clients took advantage of high interest rates to improve returns.

NIR growth was pleasing at 7% yoy, supported by 9% growth in transactional NIR. This was underpinned by a 9% yoy increase in main-banked clients to over 3,21 million in Consumer Banking, with total active clients growing by 5% yoy to 6,5 million. The cross-sell ratio improved to 1,90 products per client (December 2022: 1,89), which reflects the continued success of AI-enabled Next Best Action strategies.

We bolstered our CVP with the launch the MiGoals product range in May 2023. MiGoals has simplified our consumer current account range from 6 to 3 products - MiGoals (R5 per month); MiGoals Plus (R99 per month); and MiGoals Premium (R240 per month). The MiGoals range introduces pricing simplicity with only round numbers used for transaction pricing and categorised transaction price points. MiGoals products offer highly competitive value, and our analysis suggests that the MiGoals Premium Account is the best value premium account in South Africa. Market reception has been favourable, and the monthly sales of MiGoals Plus have been approaching triple-digit growth compared to its predecessor, the Savvy Plus Account.

Expense growth was well managed at 6% growth yoy. This was underpinned by strong digital adoption, with Money app users growing to 2,1 million from 1,8 million a year earlier. The digitisation of the business is enabling cost optimisation through a reduced headcount and floorspace in the branch network, as well as enabling headcount efficiencies in operations as processes become increasingly automated and standardised across products.

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 our existing products and newly launched transactional suite of products, namely MiGoals.

Transactional Banking continued to be a significant contributor to NIR during the year, enabled by the MiGoals product set and solutions that meet the needs of our clients at all life stages.

VAS volumes increased by 27% across all products, including bill payments and digital vouchers, with over 1,45 million clients buying products via the platform.

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

Card and Payments

Card and Payments provides card-issuing (individual and commercial), card-acceptance, and payment products and solutions across all client segments, extending beyond RBB into Nedbank Private Wealth, CIB and NAR. It is also responsible for the American Express® network in South Africa, offering global solutions for individuals and global companies. These offerings include key innovations such as tap- and scan-to-pay options, GAP access, dynamic currency conversion, BTA Powerlink, virtual cards, Apple Pay, Samsung Pay, Google Pay and Money Message.

The card and payments industry continues to be a dynamic and rapidly evolving sector, marked by technological advancements and shifting client preferences. There is an increased emphasis on digital transactions and a landscape influenced by regulatory changes, cybersecurity concerns and heightened competition. Against this backdrop, Nedbank continues to invest in emerging payment methods and improve the overall client payment experience.

Nedbank Card and Payments experienced strong growth in card-issuing volumes of 8% and card-acquiring volumes of 14%. The card-issuing growth was driven by our continued focus on user-centric services, digitisation, and innovation. Contactless payments are now prevalent, and we have seen strong adoption of virtual card and device-based digital wallets (Apple Pay, Samsung Pay and Google Pay) at >500% and 164% respectively. Card acceptance growth has been driven by increased merchant acquisition, improved retention rates and strong partnerships, and we continue to build a strong inclusive payments ecosystem in South Africa.

Nedbank was part of the first cohort of banks that launched PayShap in South Africa in March 2023. PayShap is a real-time, interbank payment offering aimed at addressing the high use of cash in South Africa while playing a key role in modernising the national payment system of South Africa. Since its launch, there has been steady growth in use, with 2,3 million consumers registered and 11 million payments worth over R7bn being processed across all the participating banks. Nedbank clients contributed approximately 28% to the overall volume. There are ongoing efforts to make PayShap more usable with additional features planned for 2024.

Investments

The expansion of our digital investment capabilities since 2018 has resulted in 82% of all new investment accounts being opened digitally and 97% of all withdrawal notices given via digital channels, reducing our reliance on physical infrastructure and making positive contributions to our cost-to-income ratio.

As a result of the expansion of our digital capabilities, competitive pricing strategies and significant marketing presence, we have seen strong yoy growth of 15% in the Nedbank household demand and term deposit book.

We have enhanced our fraud prevention capabilities by introducing an account verification service to help ensure that funds paid from investments are to our clients' accounts, regardless of the bank that the client uses.

Forex

The Forex business continues to enhance and deliver innovative segment CVPs and optimised client-centred journeys by enabling clients to transact and invest across multiple foreign currencies in different countries.

Forex-related NIR is up by 14%, driven mainly by increased volumes of incoming and outgoing payments. The weaker rand has also had a positive impact on incoming payments and foreign banknote revaluations. Digital adoption of key forex capabilities continues to increase significantly, with digital payments showing the most significant uplift in adoption. Digital outgoing and incoming payments contribute 73% and 57% respectively across all segments.

Unsecured Lending

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

A headline loss of R125m was reported due to the CLR increasing to 968 bps, which remains above the upper end of our TTC target range of 650 bps to 850 bps. The increase in the CLR is due to the ongoing deterioration in the macro and elevated consumer stress, despite credit policy tightening. The credit policy and system changes made throughout 2023 have resulted in a deliberate reduction in disbursals and market share levels to improve the quality of new business within acceptable levels. Disbursal growth is expected to remain subdued in the short term but is anticipated to improve as macroeconomic conditions recover and new digital solutions are commercialised.

Product views, excluding commercial banking

	Home loans		VAF		Unsecured lending		Transactional[1]		Card and payments[1]		Forex and investment	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
NII (Rm)	**3 587**	3 259	**6 128**	5 526	**4 215**	4 163	**3 676**	2 488	**1 391**	1 419	**1 551**	1 546
Consumer banking and other	**2 605**	2 347	**5 937**	5 350	**3 940**	3 911	**1 422**	1 011	**1 390**	1 419	**975**	988
Relationship banking	**982**	912	**190**	176	**275**	252	**2 255**	1 477			**576**	558
Impairments charge on financial instruments (Rm)	**1 312**	507	**2 442**	2 408	**3 087**	2 719	**106**	71	**961**	811		
Consumer banking and other	**1 008**	427	**2 357**	2 379	**2 962**	2 581	**106**	71	**961**	811		
Relationship banking	**304**	80	**85**	29	**125**	138						
NIR (Rm)	**304**	283	**709**	701	**876**	891	**6 423**	5 966	**3 665**	3 342	**288**	249
Consumer banking and other	**230**	215	**694**	686	**799**	819	**4 975**	4 581	**3 637**	3 314	**156**	132
Relationship banking	**74**	68	**14**	15	**77**	72	**1 448**	1 385	**28**	28	**132**	117
Operating expenses (Rm)	**1 838**	1 772	**1 872**	1 787	**2 113**	1 977	**8 739**	8 101	**2 983**	2 709	**1 618**	1 579
Consumer banking and other	**1 286**	1 198	**1 765**	1 673	**1 929**	1 785	**6 804**	6 403	**2 969**	2 692	**1 247**	1 179
Relationship banking	**552**	574	**107**	114	**184**	192	**1 936**	1 698	**15**	17	**370**	400
Headline earnings (Rm)	**498**	890	**1 631**	1 342	**(125)**	279	**759**	185	**806**	859	**126**	150
Consumer banking and other	**362**	655	**1 623**	1 308	**(153)**	283	**(494)**	(653)	**797**	851	**(114)**	(48)
Relationship banking	**136**	235	**7**	34	**28**	(4)	**1 253**	838	**10**	8	**240**	198
ROE (%)	**7,1**	14,5	**17,2**	15,5	**(2,9)**	7,4	**33,9**	8,8	**34,2**	36,6	**42,8**	50,6
CLR – banking advances (%)	**0,80**	0,33	**1,83**	1,92	**9,68**	8,73	**28,53**	39,55	**5,66**	4,90		
Cost-to-income ratio (%)	**47,2**	50,0	**27,4**	28,7	**41,5**	39,1	**86,5**	95,8	**59,0**	56,9	**87,9**	88,0
Interest margin (%)[2]	**2,19**	2,12	**4,17**	4,02	**15,10**	15,21	**5,43**	3,85	**7,78**	7,97	**0,87**	0,97
Average total advances (Rm)	**161 404**	149 525	**126 379**	119 249	**23 956**	24 287	**186**	69	**14 279**	13 957	**(1)**	2

The table does not include CB HE of R2 087m (Dec 2022: R1 812m) and other unallocated costs of -R216m (Dec 2022: -R419m) relating to Channel, Clients and Shared Services. Therefore, the table does not cross-cast.

1 *During 2023 management reviewed the presentation of certain card-processing fees and found that these expenses have now become material. These are directly attributable to income recognised in NIR. As a result, these expenses have been restated to ensure that they are presented as part of NIR in the SOCI to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R477m for 31 December 2022, from operating expenses to NIR in the SOCI. This restatement is a reallocation between line items and had no impact on profit for the period or HE for the group. As a result, the comparative NIR and expenses and impacted ratios have been restated.*

2 *Transactional's 2022 interest margin has been restated to reflect a more accurate position.*

Predetermined offers have driven an increase in straight-through processed loans and have performed well in a challenging macroeconomic environment, with over 196 000 credit agreements concluded across personal loans and overdraft products in 2023. At the end of December 2023, 58% of all personal-loan disbursals and 70% of overdraft disbursals were being originated via a digital channel. Personal-loan API sales volumes have increased by 14% in 2023.

Our free credit score tool on the Money app, which enables clients to monitor their credit scores and receive guidance on how to improve their credit behaviour, has over 1,2 million subscribers with around 30% returning every month. We have also added a new functionality that enables clients to see how their score has changed, the reason for the change, and any judgments that they may have at the bureau. All South African citizens, regardless of their relationship with Nedbank, can use this tool without impacting their score.

Home Loans

Nedbank Home Loans enables residential home ownership solutions across all client segments.

Our solar financing solution, leveraged off the MFC platform, launched in August 2022 and has delivered over R88m of disbursals to date.

As a result of higher debt servicing costs, reduced affordability, and tighter lending standards, residential property market volumes declined by 29% in 2023, now slightly below prepandemic levels. Given the lower demand, house price index growth (according to Lightstone) remained subdued at 2,5% yoy, a contraction of 0,2% in 2023.

HE declined by 44% to R498m (2022: R890m) at an ROE of 7,1% (2022: 14,5%). The decline in HE was driven by an increase in the CLR to 80 bps (2022: 33 bps), influenced by the deteriorating macroeconomic environment and the cumulative impact of interest rate hikes. Despite the decline in new business, average advances grew by 8% yoy, driven by a slowdown in the paydown rate of the book. New-business market share improved to 14,3% (2022: 13.1%), resulting in a 30 bps gain in BA900 market share. PPOP grew by 15% to R2 008m (2022: R1 751m).

As we move forward, our focus remains on amplifying sales growth through a series of forward-thinking initiatives:

- We are strengthening our partnerships, focusing on mutual benefits that enhance long-term sustainability in a dynamic market landscape.
- By introducing flexible home loan repayment plans, we aim to enhance cash flow for our clients at the crucial early stages of their homeownership journey.
- We are enabling clients to incorporate renewable energy financing solutions into their new and existing home loans, underscoring our commitment to sustainable homeownership.
- Our investment in leading-edge digital front-end systems is set to redefine the client onboarding experience, simplifying, and enhancing the entire home loan application process.

MFC

MFC facilitates smooth, frictionless vehicle finance to our consumer and juristic client segments.

MFC grew vehicle and asset finance volumes by 6% in 2023, despite a 0,4% decline in domestic passenger vehicle unit sales via dealerships across the market. MFC's new-to-used vehicle finance ratio increased in 2023 to 36:64 (2022: 33:67). MFC remains a leading financier in the vehicle finance market, with a new-business and total book market share of 28% (Experian Rand Value, Dec 2023) and 35,5% (BA900, Dec 2023) respectively.

HE increased by 22% to R1 631m at an ROE of 17,2% with the CLR improving to 183 bps (2022: 192 bps). PPOP grew by 10%, driven by advances growth of 6% and increased endowment income. The efficiency ratio has been maintained at 27%.

MFC remained focused on supporting their dealer partners and customers with new solutions such as step payment plans, payment holidays and finance for first-time buyers to assist customer demand in a tough macro environment.

Loyalty and rewards

The revamped Greenbacks programme continued to deliver strong membership growth, with new enrolments up by 15% yoy to 1,9 million members. Greenbacks membership has grown by 21% CAGR since 2019.

From an engagement perspective, Greenbacks earned were up by 8% yoy to R316m (46% CAGR since its launch in 2019) as clients increased their card swipe and debit order volumes. Greenbacks redeemed increased 10% yoy to R296m (41% CAGR since its launch in 2019).

The new digital redemption mechanisms launched, which enable clients to do more with their Greenbacks, yielded good engagement, as can be evidenced below:

- Greenbacks into MyPockets savings tools were up 40% yoy.
- Greenbacks to buy airtime, data and electricity increased by 24% yoy.
- Greenbacks redeemed into investment products increased by 34% yoy.

In addition to the earning of Greenbacks on swipes, strategic partnerships with bp and Nu Metro delivered additional value of more than R81,2m to the Greenbacks base since its inception.

The Avo SuperShop also launched the Greenbacks Exclusive store on the Avo platform, and delivered R2,1m of additional value to clients, through the additional 10% discount on products such as tech and appliances, exclusive to Greenbacks members.

From a financial standpoint, Greenbacks members, on average, generated double the monthly net operating income compared with clients who are not Greenbacks members, with a higher cross-sell ratio of 2,2 versus 1,2 for non-members.

The current Greenbacks programme is undergoing further changes and enhancements to create additional value for clients and improve the competitiveness of the programme. The enhanced programme will be launched in Q1 2024.

Retail and Business Banking: Key business statistics

		2023	2022
Commercial Banking			
New client acquisitions – groups		**428**	442
Average product holding		**4,80**	4,83
Home Loans			
Number of applications received	thousands	**153**	183
Average loan-to-value percentage of new business registered	%	**93**	95
Average balance-to-original-value percentage of portfolio	%	**82**	81
Proportion of new business written through own channels	%	**49**	49
Owned-properties book	Rm	**42**	44
MFC			
Number of applications received	thousands	**2 057**	1 951
Percentage of used vehicles financed	%	**64**	67
Personal Loans			
Number of applications received	thousands	**1 266**	1 534
Average loan size	R000s	**54.9**	57,7
Average term	months	**39,1**	41,6
Retail deposits			
Total value of deposits taken in	rand billions	**111**	94
Total value of deposit withdrawals	rand billions	**89**	85
Number of clients at period-end			
Retail active clients	thousands	**6 963**	6 624
Retail main-banked clients	thousands	**3 529**	3 245
Retail cross-sell ratio[1]	ratio	**1,96**	1,94
Commercial Banking groups		**14 521**	14 585
Small Business Services segment	thousands	**305**	305
Home Loans[2]	thousands	**378**	377
MFC	thousands	**590**	584
Personal Loans	thousands	**404**	426
Card Issuing	thousands	**1 102**	1 108
Investment products	thousands	**1 492**	1 449
Distribution			
Number of retail outlets		**547**	545
Number of ATMs		**4 199**	4 334
Number of ATMs with cash-accepting capabilities[3]		**1 350**	1 328
Digitally active retail clients	thousands	**2 879**	2 593
Money app clients	thousands	**2 329**	2 006
POS devices	thousands	**110**	106

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

Balance sheet average advances and impairments

	Daily gross average advances Rm		Stage 1 %		Stage 2[1] %		Stage 3 %		% of total advances		Credit loss ratio %	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Home loans	**164 743**	151 997	**79,8**	83,7	**12,5**	10,8	**7,7**	5,5	**37,6**	37,1	**0,80**	0,33
VAF	**133 516**	125 397	**82,4**	79,6	**12,0**	14,9	**5,6**	5,5	**31,5**	30,8	**1,83**	1,92
Personal loans	**27 874**	27 562	**56,6**	61,8	**17,2**	15,4	**26,2**	22,8	**5,9**	6,5	**10,25**	9,18
Card	**16 982**	16 547	**77,1**	78,9	**8,5**	7,3	**14,4**	13,9	**3,7**	3,8	**5,66**	4,90
Other loans	**4 509**	3 848	**71,2**	75,9	**9,9**	10,4	**19,0**	13,8	**1,0**	0,9	**7,47**	6,73
Total Retail	**347 624**	325 351	**78,9**	80,0	**12,4**	12,6	**8,7**	7,4	**79,7**	79,2	**2,27**	2,00
Commercial Banking	**90 971**	85 558	**82,9**	83,0	**9,9**	11,7	**7,2**	5,3	**20,3**	20,8	**0,67**	0,11
Total RBB	**438 595**	410 909	**79,7**	80,6	**11,9**	12,4	**8,4**	7,0	**100,0**	100,0	**1,94**	1,61

Balance sheet impairment as a percentage of book

	% of total		Stage 1 %		Stage 2 %		Performing stage 3 %		Non-performing stage 3 %		Total stage 3 %	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Home loans	**2,29**	1,72	**0,24**	0,21	**3,22**	3,66	**15,10**	11,97	**23,81**	23,34	**22,06**	20,83
VAF	**5,16**	5,11	**1,39**	1,24	**11,28**	11,35	**20,86**	18,94	**67,06**	64,35	**47,55**	44,15
Personal loans	**27,09**	24,08	**6,36**	5,31	**21,01**	23,47	**62,19**	59,03	**78,37**	78,46	**75,84**	75,43
Card	**16,32**	15,95	**4,52**	5,16	**42,84**	31,47	**17,95**	17,09	**66,11**	72,04	**63,76**	69,22
Other loans	**21,28**	16,54	**4,23**	2,98	**30,05**	29,41	**20,00**	12,50	**81,36**	82,55	**80,61**	81,52
Total Retail	**6,13**	5,73	**1,27**	1,20	**9,62**	10,19	**24,97**	23,04	**51,42**	54,93	**45,31**	46,98
Commercial Banking	**2,28**	1,83	**0,35**	0,23	**2,52**	1,71			**24,17**	27,23	**24,17**	27,23
Total RBB	**5,35**	4,92	**1,08**	0,99	**8,42**	8,53	**24,97**	23,04	**45,54**	49,38	**41,62**	43,85

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Home loans	**170 540**	159 330	**136 091**	133 288	**21 345**	17 277	**2 629**	1 930	**10 475**	6 835	**13 104**	8 765
VAF	**143 044**	132 511	**117 837**	105 464	**17 190**	19 736	**3 385**	3 252	**4 632**	4 059	**8 017**	7 311
Personal loans	**26 681**	27 813	**15 102**	17 202	**4 584**	4 273	**1 095**	986	**5 900**	5 352	**6 995**	6 338
Card	**16 662**	16 472	**12 840**	12 990	**1 424**	1 198	**117**	117	**2 281**	2 167	**2 398**	2 284
Other loans	**4 319**	3 931	**3 073**	2 982	**426**	408	**10**	8	**810**	533	**820**	541
Total Retail	**361 246**	340 057	**284 943**	271 926	**44 969**	42 892	**7 236**	6 293	**24 098**	18 946	**31 334**	25 239
Commercial Banking	**92 252**	89 507	**76 494**	74 322	**9 125**	10 440			**6 633**	4 745	**6 633**	4 745
Total RBB	**453 498**	429 564	**361 437**	346 248	**54 094**	53 332	**7 236**	6 293	**30 731**	23 691	**37 967**	29 984

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Home loans	**3 898**	2 742	**320**	284	**687**	632	**397**	231	**2 494**	1 595	**2 891**	1 826
VAF	**7 387**	6 775	**1 636**	1 307	**1 939**	2 240	**706**	616	**3 106**	2 612	**3 812**	3 228
Personal loans	**7 228**	6 698	**960**	914	**963**	1 003	**681**	582	**4 624**	4 199	**5 305**	4 781
Card	**2 720**	2 628	**581**	670	**610**	377	**21**	20	**1 508**	1 561	**1 529**	1 581
Other loans	**919**	650	**130**	89	**128**	120	**2**	1	**659**	440	**661**	441
Total Retail	**22 152**	19 493	**3 627**	3 264	**4 327**	4 372	**1 807**	1 450	**12 391**	10 407	**14 198**	11 857
Commercial Banking	**2 102**	1 641	**269**	170	**230**	179			**1 603**	1 292	**1 603**	1 292
Total RBB	**24 254**	21 134	**3 896**	3 434	**4 557**	4 551	**1 807**	1 450	**13 994**	11 699	**15 801**	13 149

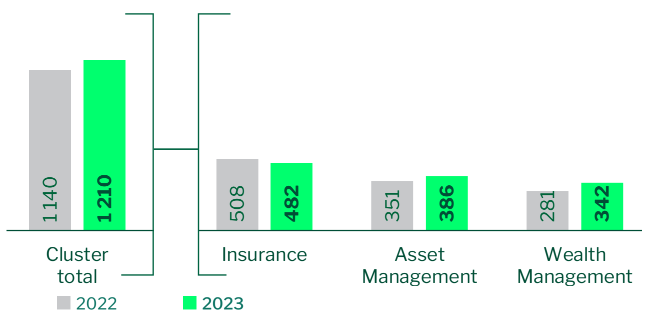
Income statement impairments

	Income statement impairments charge[1] Rm		Stage 1 Rm		Stage 2 Rm		Stage 3 Rm		Interest on impaired advances Rm		Post-write-off recoveries Rm	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Home loans	**1 312**	507	**37**	42	**88**	156	**1 445**	464	**(191)**	(94)	**(67)**	(61)
VAF	**2 442**	2 408	**324**	(82)	**(309)**	453	**2 767**	2 566	**(11)**	22	**(329)**	(551)
Personal loans	**2 857**	2 530	**45**	(172)	**17**	140	**3 976**	3 728	**(914)**	(858)	**(267)**	(308)
Card	**961**	811	**(91)**	78	**231**	(223)	**1 282**	1 398	**5**	(14)	**(466)**	(428)
Other loans	**335**	259	**52**	39	**4**	56	**401**	218	**(87)**	(42)	**(35)**	(12)
Total Retail	**7 907**	6 515	**367**	(95)	**31**	582	**9 871**	8 374	**(1 198)**	(986)	**(1 164)**	(1 360)
Commercial Banking	**613**	98	**103**	(63)	**51**	(164)	**535**	410	**4**	6	**(80)**	(91)
Total RBB	**8 520**	6 613	**470**	(158)	**82**	418	**10 406**	8 784	**(1 194)**	(980)	**(1 244)**	(1 451)

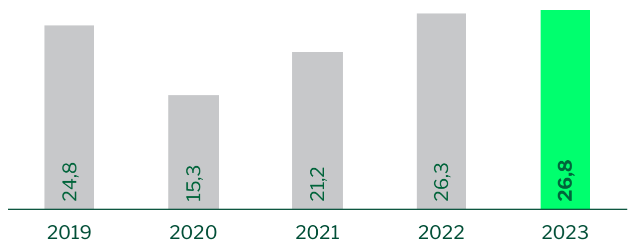
[1] *The income statement charge includes the charge associated with unutilised balances.*

Nedbank Wealth

Headline earnings
(Rm)



Return on equity
(%)



Financial highlights

for the year ended 31 December

	Change %	2023	2022
Headline earnings (Rm)	6	**1 210**	1 140
NII (Rm)	42	**1 749**	1 233
Impairments charge (Rm)	>100	**37**	(63)
NIR (Rm)	(4)	**2 924**	3 047
Operating expenses (Rm)	10	**3 111**	2 838
ROE (%)		**26,8**	26,3
ROA (%)		**1,46**	1,43
CLR – banking advances (%)		**0,12**	(0,20)
NIR to total operating expenses		**94,0**	107,4
Cost-to-income ratio (%)		**66,6**	66,3
Interest margin (%)		**2,85**	2,09
Assets under management (Rm)	14	**448 467**	393 064
Net life insurance contractual service margin (Rm)	9	**1 019**	936
Life insurance value of new business (Rm)	(37)	**372**	595
Total assets (Rm)	1	**81 609**	80 571
Average total assets (Rm)	3	**82 779**	80 175
Total advances (Rm)	(1)	**28 711**	29 025
Average total advances (Rm)		**30 551**	30 457
Total deposits (Rm)	4	**48 212**	46 191
Average total deposits (Rm)	10	**48 641**	44 286
Average allocated capital (Rm)	2	**4 520**	4 418

Financial performance

Nedbank Wealth delivered a resilient financial performance in 2023, with HE up 6% to R1 210m and an increase in ROE to 26,8%, well above the group's cost of equity. The local and international wealth management businesses benefited from a higher-interest-rate environment, delivering strong NII growth. Growth in Asset Management can be attributed to higher AUM fees as a result of positive market performance and net inflows. Insurance, however, experienced a challenging year, negatively impacted by lower traditional bancassurance volumes, new business strain and non-repeat of reserve releases.

HE growth slowed from the 41% reported in H1 2023, primarily as a result of the base impacts of SA and international interest rates increasing in H2 2022 and H1 2023 while remaining steady in H2 2023; the base impact of the KwaZulu-Natal floods on insurance income in H1 2022; and higher shareholder returns in H1 2023 relative to H2 2023.

NII increased by 42% to R1 749m due to higher SA, US, UK and EU interest rates, which led to a widening of NIM from 2,09% to 2,85%. Total average deposits grew by 10%, with average deposit balances in Wealth Management (South Africa) up by 20% as clients favoured on-balance-sheet investments in the rising-interest-rate environment. Deposits in Wealth Management (International) decreased by 15% in GBP due to Nedbank Private Wealth (International)'s deliberate exit from the corporate e-gaming sector, but remained positive in ZAR given exchange rate movements. Average loans and advances declined locally and internationally, as high-net-worth clients opted to pay down debt in the higher-interest-rate environment, however due to favourable exchange rates in ZAR terms, balances remained largely steady compared to the prior year.

The CLR deteriorated to 12 bps (2022: -20 bps), driven primarily by an increase in credit impairments and lower client-specific overlay releases in the Wealth Management (South Africa) business, but remains below the cluster TTC target range of 20 bps to 40 bps.

NIR decreased by 4% to R2 924m, driven by lower traditional bancassurance volumes as RBB adopted a more cautious approach to unsecured lending as a result of elevated risk, new business strain from new MyCover solutions, and lower advice and investment fees in Wealth Management (South Africa), as clients displayed preference for on-balance-sheet deposits in a high-interest-rate-environment. This was partially offset by increased shareholder returns in Insurance and higher AUM fees owing to strong growth in AUM balances in Asset Management.

Expenses increased by 10% due to ongoing investment in people, brand awareness, data and digital initiatives, the adverse impact of exchange rates and higher inflation internationally. The cost-to-income ratio remained steady at 66,6% (2022: 66,3%).

Looking forward

Local and international geopolitical risks, the ever-changing regulatory environment, high inflation, and the scarcity of power supply in SA are presenting a threat to the operating environment. Local markets are expected to remain volatile in 2024, with investors continuing to be hesitant to invest in equities and showing a preference for on-balance-sheet investments and cash. In line with forecast decreases in local and international interest rates, NIM is expected to decline. From a credit impairment perspective, we do not anticipate that the CLR will exceed the TTC target range. We expect expenses to grow marginally above inflation as we continue to invest in key initiatives and, assuming that revenue is not adversely impacted by negative market performance or high non-life insurance claims from weather-related events, Nedbank Wealth expects the cost-to-income ratio to remain steady.

Nedbank Insurance will continue to prioritise growth efforts with Retail and Business Banking, with focus on growing the MyCover suite of solutions. Use of data and digital remains a key growth enabler and Nedbank Insurance will continue to enhance its digital proposition, leveraging new technologies and improved access to client data to deliver enhanced client experiences. The business remains committed to increasing penetration of its MyCover suite through brand awareness, an improved omnichannel offering, data-driven targeted campaigns, and collaboration across the group.

Nedgroup Investments remains committed to delivering long-term investment performance, acting in the best interest of clients, and taking further steps in its journey of becoming a leader in responsible investing. The business will continue to leverage its competitive advantage of being part of the group by integrating with the Money app to access the Nedbank client base and other online digital channels, making investing easier and more accessible for clients. In addition, Nedgroup Investments will continue to focus on growing its international offering by expanding its European distribution capability and launching additional boutique franchises aimed at the non-SA market.

Wealth Management (South Africa) will continue to entrench its market presence as an advice-led business that connects clients' holistic wealth needs in line with its Connected Wealth™ value proposition. Key focus areas will be growing the high-net-worth client base, increasing penetration across the group through collaboration, and leveraging the market-leading Nedbank Private Wealth (International) offering. Technology, data and digital have been identified as high-priority enablers to optimise processes, create efficiencies and enhance client experiences. Implementation of the remaining initiatives in Nedbank's Managed Evolution journey will assist in achieving this.

Wealth Management (International) will continue to execute on its strategy to provide an international wealth offering for Nedbank Private Wealth (SA) clients, while also delivering advice-led international business growth from its operations in the Isle of Man, UK, Jersey, and Dubai to high-net-worth clients outside South Africa. The business will focus on implementation of its new core wealth management platform to enhance client experience, enable intelligent use of data, and improve automation. Wealth Management (International) will look to enhance the business through potential acquisitions aimed at increasing its high-net-worth proposition and adding scale to its advice-led capabilities.

Strategic progress

In 2023 Nedbank Wealth continued to make good progress on strategic priorities through enhancing client experiences, building data and digital capabilities, driving long-term performance for clients, collaborating within the cluster and across the group, and investing in people and culture.

Nedbank Insurance remained focused on growing penetration of the Nedbank client base, through various channels, with its MyCover suite of solutions achieving 41% growth in gross premiums earned. MyCover Funeral benefited from increased sales of the fixed package offerings, improved digital positioning, and enhanced collaboration efforts with Retail and Business Banking. MyCover Personal Lines reported substantial growth off a low base, with a 487% increase in gross premiums earned, due to an expansion of the omnichannel offering, which now includes risk consultants, branches and bank insertion points, call centres, digital, financial advisers and platform channels. MyCover Life sales grew by 25% and is forecast to improve further in 2024 with the recent addition of the Life risk consultant channel. Digital remained a key focus area for the business, with digital quoting, fulfilment and claims functionality enabled on 17 products (2022:10) and 7 channels, and the launch of the Insurance widget and 'Offers for you' increasing activity and sales on the Nedbank Money app. At the 2023 International ActiveOps Awards, the Nedbank Insurance non-life claims team won Team of the Year in the EMEIA region across all industries.

In 2023 Nedgroup Investments celebrated 20 years of its Best of Breed™ fund range. The business has grown unitised assets from R10bn to over R400bn over the past 2 decades, remains the third largest offshore manager for the sixth year in a row, and is the sixth largest SA manager according to Q4 2023 ASISA stats. Overall, the Nedgroup Investments fund range performed well relative to peers, reporting a 14% increase in AUM, on the back of improved market performance and strong net inflows, particularly in the Cash and low-cost Core ranges. In line with the business's strategy to grow its European client base, Nedgroup Investments introduced an in-house multi-boutique model. The first Fixed Income boutique and fund was launched in January 2024 with positive market response. Nedbank Wealth is a member of the UNPRI, with the latest assessment report indicating alignment with other signatories on the majority of the pillars of assessment. In 2023, 3 Best of Breed™ funds transitioned from Article 6 to Article 8 in accordance with the EU's Sustainable Finance Disclosure Regulation (SFDR), which recognises that these funds actively promote ESG principles. At the 2023 Raging Bull Awards, Nedgroup Investments won Best SA Multi-Asset Medium Equity Fund on both a stand-alone and risk-adjusted basis. In addition, the business won the Lipper award in the Mixed Assets USD Flexible Global category (UK) and the CityWire SA award for Best Mixed Assets Balanced (ZAR) and Mixed Assets (USD).

Wealth Management (South Africa) has made good progress in optimising its business structure and operations to enhance client experience. As part of the group-led Target Operating Model 2.0 initiative, there has been good collaboration with Retail and Business Banking to increase the penetration of financial planning and advice into the Nedbank client base. In line with the group's Strategic Portfolio Tilt 2.0 initiative, Nedbank Private Wealth (South Africa) has focused on growing banking market share in the high-net-worth segment. Initiatives implemented to enhance client centricity and leverage digital resulted in a significant increase in average deposits of 20%, with good net client growth. This includes regular enhancements to the Nedbank Private Wealth app to deliver a secure and enhanced client experience that continues to be highly rated by our clients and has resulted in consistently high digital adoption rates. Nedbank Private Wealth (South Africa) was recognised as Top Private Bank at the 2023 Intellidex awards, and Best Private Bank (Africa) at the 2023 Global Private Banking Innovation Awards.

Wealth Management (International) has made good progress in transforming, simplifying, and building its high-net-worth proposition, through digital innovation and adoption, the decision to exit corporate e-gaming, bolstering its advice-led capabilities, and leveraging its collaborative efforts with the South African business. Increased engagements with high-net-worth clients (> £1m) resulted in AUA and AUM balances remaining stable in an environment where clients are showing preference for on-balance-sheet products. The project to replace the business's core wealth management platform is still in early phases and is on track to be delivered in 2025. At the 2023 WealthBriefing MENA Awards Nedbank Private Wealth (International) won Best Boutique Private Bank and Best Private Bank – Overall Client Service.

Segmental performance

Insurance

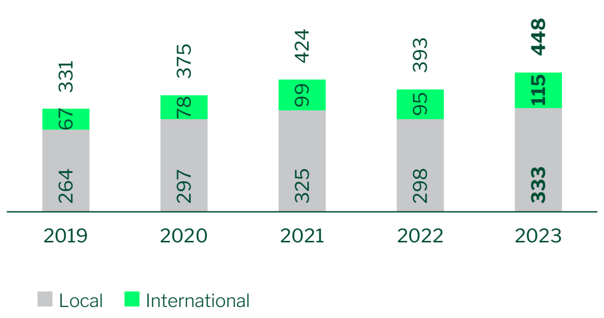
The insurance industry remained resilient in 2023 despite the turbulent economic environment owing to volatile market conditions and additional strain on already financially burdened clients. The non-life insurance industry benefited from improved weather conditions and a resultant decrease in claims in comparison to the impact of the KZN floods in 2022. The change in reporting standards for insurers to IFRS 17 became effective on 1 January 2023, compliance to which has become a key focus area for insurers, including Nedbank Insurance.

Nedbank Insurance's HE declined by 5% to R482m, driven largely by lower traditional bancassurance volumes, particularly in credit life, new business strain and non-repeat of reserve releases. This was offset by an improved non-life claims experience due to the base effect of the KZN floods in 2022, higher investment returns owing to positive market performance in the second half of the year, and a 41% increase in gross premiums earned in the MyCover suite.

As reported in the interim results, the transition to IFRS 17 has been successful and as of December 2023, financial statements have been prepared in accordance with these requirements. We have undertaken the necessary steps to restate the comparative period to align with the IFRS 17 framework. The transition did not have a material impact on the group's reserves, and reclassification of operating expenses to NIR has resulted in a 3% improvement in Nedbank Wealth's cost-to-income ratio.

The contractual service margin (CSM) represents unrecognised shareholders' future profit on long-term products. The CSM increased by 9% to R1 019m (2022: R936m), due primarily to a higher CSM from new business related to the MyCover suite as well as a positive impact from basis changes. The value of new business (VNB) declined by 37% to R372m owing to a reduction in total new business volumes from the traditional bancassurance book, a change in product mix, and the adverse impact of non-economic assumption changes, which had a positive impact on the prior year compared with an adverse impact in the current year. Non-life GWP increased by 15% due to the growth in new solutions, offset by a reduction in vehicle value-added products (VVAPs) premiums.

Assets under management
(Rbn)



Asset Management

The asset management industry continued to experience pressure on fees and net flows, with challenging macro conditions impacting clients' ability to invest. Notwithstanding this, Nedgroup Investments has grown HE by 10% to R386m, driven by strong growth in AUM of 14% resulting in an increase in NIR, with the business achieving R448bn in client assets. The high-interest-rate environment resulted in risk-free assets offering reasonable returns, reflected in both global and local flows. Nedgroup Investments benefited from exchange rate movements and positive net flows of R10bn, particularly in the lower-risk Cash and the low-cost Core range, as well as solid market performance locally and internationally.

Wealth Management

The wealth management industry has benefited from an increase in interest rates both locally and internationally. The negative effect of this higher-interest-rate environment is increased credit impairments, high inflation, and clients' opting for on-balance-sheet investments and repaying debt faster. Overall, Wealth Management's HE improved by 22% to R342m, driven mainly by higher NII, partially offset by an increase in credit impairments and a decrease in NIR due to lower advice fees.

Wealth Management (South Africa) benefited from an increase in NII due to higher local interest rates, driving a higher endowment impact and significant growth in average deposit balances, due largely to client migration to on-balance-sheet investments. Credit impairments increased due to lower client-specific overlay releases, and higher portfolio provisioning, as clients exhibited strain from the higher-interest-rate environment. This was partially offset by a marginal decline in average lending balances due to earlier repayments. NIR declined due to lower fees earned on trading, advice, and asset management activities, offset by strong growth in estates revenue.

Wealth Management (International) benefited from increases in UK, US and EU interest rates, resulting in improved NII and HE, notwithstanding a decrease in client lending balances, with some clients opting to pay down debt in the higher-interest-rate environment. Deposit balances have decreased and, despite challenging investment market conditions, AUM has remained in line with expectations, with AUA levels higher in comparison to the prior year. NIR declined due to lower FX income from reduced trading activity in a difficult macroeconomic environment.

Assets under management

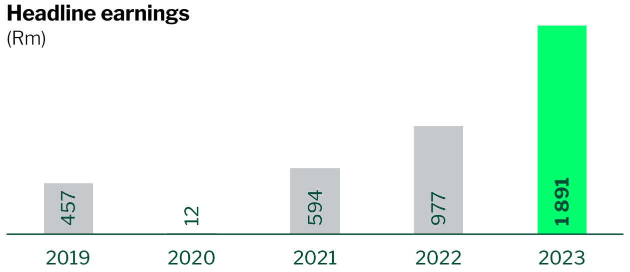
Rm	2023	2022
Fair value of funds under management – by type		
Unit trusts	392 468	341 045
Third parties	1 163	1 008
Private clients	54 836	51 011
	448 467	393 064
Fair value of funds under management – by geography		
SA	333 067	298 460
Rest of the world	115 400	94 604
	448 467	393 064

Rm	Unit trusts	Third party	Private clients	Total
Reconciliation of movement in funds under management – by type				
Opening balance at 31 December 2022	341 045	1 008	51 011	393 064
Inflows	746 577	10	6 247	752 834
Outflows	(734 714)	(16)	(8 217)	(742 947)
Mark-to-market value adjustment	30 707	11	4 590	35 308
Foreign currency translation differences	8 853	150	1 205	10 208
Closing balance – 31 December 2023	392 468	1 163	54 836	448 467

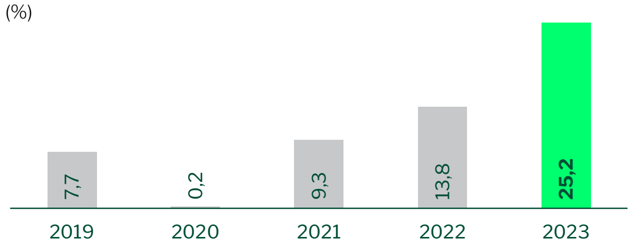
Rm	SA	Rest of the world	Total
Reconciliation of movement in funds under management – by geography			
Opening balance at 31 December 2022	298 460	94 604	393 064
Inflows	741 862	10 972	752 834
Outflows	(727 526)	(15 421)	(742 947)
Mark-to-market value adjustment	20 271	15 037	35 308
Foreign currency translation differences		10 208	10 208
Closing balance – 31 December 2023	333 067	115 400	448 467

Nedbank Africa Regions

Headline earnings
(Rm)



Return on equity
(%)



Financial performance

Nedbank Africa Regions (NAR) produced a strong financial performance with HE increasing by 94% to R1 891m, generating an ROE of 25,2% (2022: 13,8%), now above the group's cost of equity (COE). This growth was driven by improved performances in the Southern African Development Community (SADC) operations and our ETI associate investment, including the release of the R175m Ghana sovereign bond provision that Nedbank raised in 2022.

Our SADC operations delivered HE of R662m, up by 80% off a low base (2022: R367m). This resulted in an improved ROE of 9,9% (2022: 5,9%), which remains lower than the group's COE and our desired target of greater than 18%. The improved performance was largely driven by a 21% increase in revenue to R4 290m, due to the higher-interest-rate environments and unrealised forex gains on US dollar capital in Zimbabwe, partially offset by net monetary losses.

NII in the cluster increased by 29% to R2 226m largely driven by a widening NIM to 6,13% (2022: 4,94%). This was offset by a decrease in average total loans and advances of 2% to R21bn, given muted demand and economic activity, particularly in the common monetary area (CMA) countries.

NIR for the cluster increased by 17% to R1 857m, driven mainly by higher unrealised forex gains in Zimbabwe partially offset by a higher net monetary loss and an increase in revenue from digital and channels.

The impairment charge increased by 15% to R253m, offset by an improvement in arrears management in Lesotho, better-than-expected recoveries and releases in Stage 1 and Stage 2 ECL in Namibia. This included an ECL overlay of R24m in Mozambique attributable to the bank's sovereign bond exposure. As a result, the CLR was 100 bps (2022: 102 bps), within the cluster TTC target range of 85 bps to 120 bps.

Expenses increased by 7% to R2 928m, impacted by proactive management actions taken to manage costs such as a decrease in headcount of 2%, through natural attrition and our continued focus to transform and right-size the business by automating manual processes and leveraging the group's capabilities. The cluster's cost-to-income ratio declined to 53,6% from 67,2% in 2022.

Associate income, relating to the group's 21% shareholding in ETI, increased by 77% to R1 380m (2022: R779m). This includes accounting for our share of ETI's Q4 2022 and 9M 2023 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear), as well as the reversal of the R175m provision that Nedbank raised in 2022 for the estimated impact on associate income from ETI from the Ghana sovereign domestic debt restructure. The continued strong performance from ETI was driven largely by increased net revenues in Francophone West Africa (UEMOA) and Central, East and Southern Africa (CESA).

Looking forward

The macroeconomic environment in sub-Saharan Africa continues to remain challenging, albeit improving. Forecasts suggest lower average inflation, a continuation of higher interest rates although improving in the second half of 2024, resulting in limited availability of affordable capital to most sovereigns. The IMF forecasts that the region is projected to grow by an estimated 3,8% in 2024, up from 3,3% in 2023. We continue to monitor the impact of higher interest rates on our clients and the markets we operate in, as well as the progress of the liquefied-natural-gas (LNG) projects in Mozambique and the hyperinflationary and general macroeconomic environment in Zimbabwe.

The work we have done to leverage the group's enterprise capabilities is expected to continue to yield benefits for our SADC operations, driving business growth. ETI is expected to continue on a recovery path, and our focus as a shareholder remains on supporting the business in resolving the challenges that face Ecobank Nigeria and other subscale markets.

Our key focus areas for 2024 include the following:

- Executing on our board-approved technology convergence journey, convergence into Managed Evolution and unlocking our ability to leverage group capabilities.
- Continuing the transformation of our business, complementing the technology convergence, and having in place a fit-for-purpose operating model that leverages the group's capabilities.
- Continuing the digitisation and automation of the business as we deliver on our digital growth strategy.
- Continuing to unlock further value in Mozambique, leveraging local expertise and enterprise capabilities.
- Leveraging our brand sentiment market positions and client experience scores to accelerate growth in revenue market share.
- Unlocking value with the other shareholders in our ETI associate investment by increasing deal flows.

We are committed to long-term and profitable growth and are dedicated to seizing growth opportunities that are fit for the 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 generate an ROE consistently above COE.

Financial highlights

	Change %	Nedbank Africa Regions		SADC		ETI	
		2023	2022	**2023**	2022	**2023**	2022
Headline earnings (Rm)	94	**1 891**	977	**662**	367	**1 229**	610
NII (Rm)	29	**2 226**	1 720	**2 433**	1 954	**(207)**	(234)
Impairments charge (Rm)	15	**253**	220	**253**	220		
NIR (Rm)	17	**1 857**	1 581	**1 857**	1 581		
Operating expenses (Rm)	7	**2 928**	2 743	**2 928**	2 743		
Associate income[1]	77	**1 380**	779			**1 380**	779
ROE (%)[2]		**25,2**	13,8	**9,9**	5,9	**157,7**	67,5
ROA (%)		**4,16**	2,31	**1,71**	1,03	**18,45**	8,93
Return on cost of ETI investment (%)		**22,0**	12,4			**22,0**	12,4
CLR (%)		**1,00**	1,02	**1,00**	1,02		
NIR to total operating expenses		**63,4**	57,6	**63,4**	57,6		
Cost-to-income ratio (%)		**53,6**	67,2	**68,3**	77,6		
Interest margin (%)		**6,13**	4,94	**7,78**	6,49		
Total assets (Rm)	7	**45 906**	42 853	**44 658**	41 567	**1 248**	1 286
Average total assets (Rm)	5	**41 347**	39 542	**39 747**	37 382	**1 600**	2 160
Total advances (Rm)	(4)	**20 909**	21 714	**20 909**	21 714		
Average total advances (Rm)	(2)	**21 012**	21 415	**21 012**	21 415		
Total deposits (Rm)	7	**36 846**	34 327	**36 846**	34 327		
Average total deposits (Rm)	8	**36 331**	33 768	**36 331**	33 768		
Average allocated capital (Rm)	7	**7 492**	7 023	**6 713**	6 119	**779**	904

[1] *Associate income on an IFRS basis is R1 386m (2022: R779m) as IFRS requires associate income to be presented net of our share of ETI's impairment charge on non-financial instruments and other gains of R6m (2022: R0m). Our share of ETI's impairment charge on non-financial instruments and other gains and losses is excluded from HE.*

[2] *ROE on subsidiary in-country statutory capital is 18,5% (2022: 15,7%).*

Strategic progress

Our strategy on the continent remains to own, manage, and control banking operations in SADC and East Africa, and to give our clients access to a banking network in West and Central Africa through our strategic investment in the pan-African banking group, ETI, which has subsidiaries in 33 African countries. Nedbank's strategy is to achieve scale in the current markets in which we operate, while exploring opportunities to expand in large, fast-growing markets on the continent when they arise. Our investment in ETI presents great potential as we continue to unlock further value and look to generate and maintain a return on the original cost of the investment of above 20% (2023: 22,0%).

Our focus across the SADC operations is to transform the business and converge our technology infrastructure, enabling closer alignment to the enterprise, continue to deliver our digital growth strategy and unlock further value in Mozambique as a key market for growth.

The journey to converge into Managed Evolution, an important component in integrating the business into the enterprise ecosystem, is under way and progressing well. This will enable the business to seamlessly leverage group capabilities, unlocking greater efficiencies and providing a more consistent brand experience to clients across the regions. In 2024 the focus will be on implementing the foundational elements, and we expect that 3 of the markets we operate in, will start to experience the benefits of leveraging the enterprise technology infrastructure in 2025.

Our aspiration to lead in digital is delivered through our digital growth strategy and although a deliberate decision was made to slow down capital investments in technology solutions because of our converging into the group's technology infrastructure, 64% of our client base is digitally active (2022: 57%). This has been achieved through efforts and focus on enhancements of existing solutions and implementation of solutions that make us highly competitive. The Avo SuperShop launch in Namibia in August 2023 was well received by the market, a first in the market, and we continue to enhance the value proposition. This is expected to continue to improve as more merchants are loaded on the platform. Our digital growth strategy focus will remain on limited enhancements and the implementation of new solutions, outside of our convergence journey, that are necessary to remain competitive.

Innovations and improvements launched in 2023 include the following:

- Nedbank MobiMoney, an electronic wallet-based account, in Eswatini as part of our efforts for financial inclusion. MobiMoney is also available in Namibia and Lesotho.
- In Namibia, a bespoke solar offering where we can re-advance or offer a further loan on a home loan or asset-based finance for solar purchases and installations.
- An expanded Avo proposition, offering shopping and value-added-services with selected local service providers, merchants and partners, who are onboarded onto the platform.
- An improved online banking experience for our corporates in Eswatini, Lesotho and Namibia, which includes new features and functionalities enhancing convenience for clients.
- An enhanced Nedbank Marketplace API, enabling clients using our wallet API to transact using our vast ecosystem, accounts API for authorised transactional information and those using the payment API to use alternative payment mechanisms for card payments.
- An expanded robotics process automation programme where we have automated 11 additional processes, freeing up capacity of our employees to focus on their core functions.
- Launched a group card acquiring solution in Zimbabwe, including Amex Card acquiring to bolster our POS merchant offering.
- An added Gold cheque card offering in Eswatini and Lesotho to support our middle and affluent CVPs in the respective markets.
- Intelligent depositor ATMs in Eswatini and Lesotho respectively, to improve availability of cash deposits to improve client experience and liquidity for the bank.
- The only floating rate fixed-term deposit account available in the market in Eswatini, allowing clients to benefit from changes in interest rate, especially during the increasing interest rate cycle.

Our bold aspiration is to be rated number 1 in client experiences across the markets in which we operate. In 2023 Nedbank was the market leader in client experience (NPS) in Eswatini and Mozambique and the leader in brand sentiment in Lesotho and Zimbabwe.

In recognition of the progress we have made, Nedbank in 2023 received the following awards: Excellence in Mobile Banking at the Finnovex Awards Southern Africa 2023; Best Digital Bank Mozambique 2023 by *Global Banking & Finance* Awards; Top Innovations in Finance Award in Mozambique for 2023 in the User Experience category by *Global Finance* magazine; Top Banking Institution Award at the Top Companies Survey Awards 2023 in Zimbabwe, Corporate Governance, Social Responsibility and Sustainability Award at the Banks and Banking Survey Awards 2023 in Zimbabwe; Outstanding ESG/CSI Award for Inclusive Development of SDGs at the 7th Zimbabwe National ESG and Responsible Business Achievement Awards 2023, Governance, Compliance and Risk Team of the Year in Zimbabwe at the Women in Governance, Risk and Compliance Awards 2023, Best Sub-Custodian Bank 2023 of Namibia at the *Global Finance* Awards and Nedbank Namibia was recognised as one of the most exciting, innovative, and promising businesses from around the world by the Next 100 Global Awards 2023 for Corporate Banking.

Regarding ETI, we are working through our representation on the ETI board with fellow shareholders and management to ensure an appropriate focus on capital, liquidity, and growth to unlock value, including addressing the challenges in Ecobank Nigeria. Through ongoing collaboration efforts, we continue to work on increasing business flows between ETI and Nedbank.

Segmental performance

SADC operations

Our SADC operations delivered HE of R662m up by 80% (2022: R367m) and an ROE of 9,9% (2022: 5,9%). This was a result of strong growth in revenue, up 21% to R4 290m, largely driven by an expansion in NIM and unrealised forex gains in Zimbabwe. This strong growth in revenue was achieved despite increased reserve requirements in Mozambique and muted economic growth across the regions.

NII increased by 25% to R2 433m, mainly driven by higher interest rates with NIM widening to 7,78% (2022: 6,49%), loans and advances growth across most of the regions, and significant growth in the US$ loan book in Zimbabwe, despite a marginal 2% decrease in average total loans and advances to R21bn (2022: R21,4bn). NIR for the SADC operations increased by 17% to R1 857m, driven largely by unrealised forex gains in Zimbabwe and an increase in revenue from digital and channels. If we excluded Zimbabwe, NIR was up by 8%. The unrealised forex gains of R1 560m were offset by the net monetary loss of R1 059m (2022: R419m). Our impairment charge increased by 15% to R253m, offset mainly by an improvement in arrears management in Lesotho, better-than-expected recoveries and releases in Stage 1 and Stage 2 ECL. The SADC CLR improved to 100 bps from 102 bps and was within the cluster TTC target range of 85 bps and 120 bps.

Clients – The overall number of clients increased by 4% to 349 254 (2022: 337 287), despite the bulk dormant account closures in Zimbabwe. Our MobiMoney electronic wallet offering, which forms part of efforts towards addressing financial inclusion, continued to be the most significant client growth driver in Eswatini, Lesotho and Namibia, together with continued enhancements to our current offerings to increase our client base, particularly main-banked clients.

Distribution – Our focus remains on transforming the business for overall efficiency while driving growth to achieve scale. In line with this, our distribution strategy remains to ensure an efficient, optimally staffed, fit-for-purpose distribution. Our physical points of presence remained the same at 79 and ATMs increased by 1% to 199 (2022: 197).

Digital – As we continue to focus on enabling digital offerings to deliver on our aspirations to lead in digital, our digitally active clients increased to 64% (2022: 57%) of the total client base. The Money App (Africa) remains clients' digital channel of choice with 94% of digitally active clients preferring to use the app. The number of app users is up by 20% to 116 498. The number of users of MobiMoney wallets has increased by more than 100% to 42 017 wallets opened in 2023 (2022: 5 756). Value-added services (including airtime and electricity) purchases increased by 25% yoy and SendMoney volumes have increased by 8% yoy.

Nedbank Africa Regions: Key business statistics

		2023	2022
Client			
Number of clients[1]		**349 247**	337 287
Main-banked clients[2]	%	**42**	45
Cross-sell ratio[2]	ratio	**1,37**	1,45
Digital			
Digitally active clients	%	**64**	57
Mobile app users[3]		**116 498**	97 303
MobiMoney wallets		**42 017**	5 756
Distribution			
Number of branches[4]		**79**	79
Number of ATMs		**199**	197
Number of cash-accepting ATMs		**1**	1
POS devices[5]		**8 276**	9 213

Notes:

1 *Restated, taking into account the closure of dormant accounts as a result of seasonal tobacco merchants in Zimbabwe.*
2 *The December 2023 percentage/ratio includes MobiMoney Accounts (ie electronic wallets). If MobiMoney wallets were excluded, main-banked clients would be 45% of the base and the cross-sell ratio 1,4 for December 2023.*
3 *Money App (Africa) used in 3 countries (Lesotho, Namibia and Eswatini). The other 2 countries (Zimbabwe and Mozambique) use different versions.*
4 *The total number includes agencies (4 agencies across the regions).*
5 *Reduced number of devices in Mozambique after regulatory changes removing monthly rentals.*

ETI associate investment

ETI's strong performance continued in 2023, with associate income from our investment up by 77% yoy to R1 380m, generating over a 100% increase in HE to R1 229m. This includes accounting for our share of ETI's Q4 2022 and 9M 2023 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear) as well as the reversal of the R175m estimated provision that Nedbank raised in 2022, as the final Ghana sovereign domestic debt restructure impact on ETI was materially less than expected. Excluding the impact of Nedbank's R175m reversal, associate income was up 26% yoy, generating a HE of R1 054m.

ETI's 9M 2023 performance saw attributable earnings increase by 14% to US$224m, driven by:

- resilience and continued benefits of a diversified business model;
- strong revenue growth of 12% (34% in constant currency); and
- increased efficiencies, which led to an improved cost-to-income ratio yoy, despite the high inflationary environment as well as the investments made into business growth, distribution, and technology.

The continued turnaround in ETI's performance has generated a ROTE of 25,6% up from 21% in the prior year. Total CAR was 13,9% (as at 30 September 2023). The ETI share price was NGN16 (as at end of period 30 September 2023), up 42% yoy in Naira. These gains were offset by an approximate 44% devaluation of the Naira against the US dollar. The ETI share price rose a further 31% in Q4 2023, ending the year at NGN20,90. Following the strong performance, our investment in ETI generated a return on the original cost of investment of 22% (2022: 12,4%), or 19,2% excluding the reversal of the R175m. The market value of our investment in ETI rose to R2,2bn in 2023, notwithstanding the depreciation of the Naira and Cedi.

ETI's 3 core regions continued to show strong performance, with all 3 of the regions achieving ROEs above 28%, UEMOA (28,8%), Anglophone West Africa (AWA) (28,5%) and CESA (34,4%). Nigeria continues to be sub-optimal with an ROE of 5,5%, albeit improved from 4,6%.

Ecobank's strengths include local knowledge and experience, clients, technology, digital platforms, and a geographic footprint. ETI is ranked in the top 3 banks across 15 African countries, number 1 in 6 countries, number 2 in 2 countries and number 3 in 7 countries. Its focus is on growth and remaining at the forefront of trade, payments, remittances and financial inclusion by continuously leveraging technology and appropriate partnerships. ETI can transact in 33 markets, facilitating trade and money transfer services. Its key partners include MTN, Airtel and PalmPay, and it is working with them to drive financial inclusion across the network.

ETI has now completed its growth, transformation and returns strategy, which has true client orientation at its core. ETI is focusing on improving performance in subscale markets, accelerating growth of the consumer and commercial banking business, entrenching the leadership positions in markets where they are a top 3 bank and continuing to provide support to the Nigerian team to turn around and grow that business.

Geographical segmental reporting

for the year ended 31 December

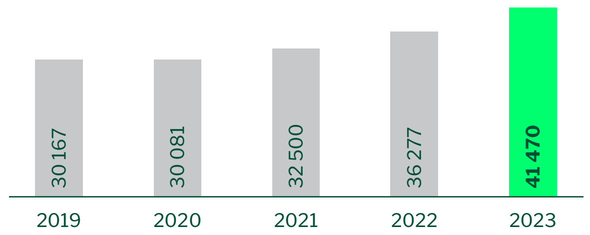
Rm	Nedbank Group 2023	Nedbank Group 2022	South Africa[1] 2023	South Africa[1] 2022	Nedbank Africa Regions[2] 2023	Nedbank Africa Regions[2] 2022	Rest of the world 2023	Rest of the world 2022
Summary of consolidated statement of financial position								
Assets								
Cash and cash equivalents	**52 082**	45 618	**40 747**	37 261	**10 583**	7 048	**752**	1 309
Other short-term securities	**87 769**	70 661	**59 853**	43 043	**4 831**	4 787	**23 085**	22 831
Derivative financial instruments	**13 812**	9 101	**13 756**	8 989	**4**	23	**52**	89
Government and other securities	**170 717**	160 495	**168 738**	158 400	**1 979**	2 095		
Loans and advances	**891 619**	882 165	**819 673**	811 010	**20 909**	21 714	**51 037**	49 441
Other assets	**95 409**	84 864	**85 773**	75 578	**3 663**	3 438	**5 973**	5 848
Intergroup assets	**–**	–	**(3 937)**	(3 748)	**3 937**	3 748		
Total assets	**1 311 408**	1 252 904	**1 184 603**	1 130 533	**45 906**	42 853	**80 899**	79 518
Equity and liabilities								
Total equity	**119 211**	115 944	**95 151**	94 385	**7 492**	7 023	**16 568**	14 536
Derivative financial instruments	**14 141**	9 738	**14 079**	9 677	**10**	14	**52**	47
Amounts owed to depositors	**1 087 645**	1 039 622	**984 354**	940 691	**36 846**	34 327	**66 445**	64 604
Provisions and other liabilities	**42 634**	35 697	**40 436**	33 765	**1 129**	1 061	**1 069**	871
Long-term debt instruments	**47 777**	51 903	**47 348**	51 475	**429**	428		
Intergroup liabilities	**–**	–	**3 235**	540			**(3 235)**	(540)
Total equity and liabilities	**1 311 408**	1 252 904	**1 184 603**	1 130 533	**45 906**	42 853	**80 899**	79 518
Summary of consolidated statement of comprehensive income								
NII	**41 470**	36 277	**37 777**	33 486	**2 226**	1 720	**1 467**	1 071
NIR	**27 709**	26 171	**24 635**	23 384	**1 857**	1 581	**1 217**	1 206
Share of income of associate companies	**1 443**	879	**63**	100	**1 380**	779		
Total income	**70 622**	63 327	**62 475**	56 970	**5 463**	4 080	**2 684**	2 277
Impairments charge on financial instruments	**9 605**	7 381	**9 363**	7 120	**253**	220	**(11)**	41
Net income	**61 017**	55 946	**53 112**	49 850	**5 210**	3 860	**2 695**	2 236
Total operating expenses	**38 059**	35 329	**33 854**	31 551	**2 928**	2 743	**1 277**	1 035
Indirect taxation	**1 129**	1 102	**1 044**	1 008	**56**	75	**29**	19
Profit before direct taxation	**21 829**	19 515	**18 214**	17 291	**2 226**	1 042	**1 389**	1 182
Direct taxation	**4 484**	4 311	**4 159**	4 265	**97**	(95)	**228**	141
Profit after taxation	**17 345**	15 204	**14 055**	13 026	**2 129**	1 137	**1 161**	1 041
Profit attributable to non-controlling interest	**1 695**	1 143	**1 457**	983	**238**	160		
Headline earnings	**15 650**	14 061	**12 598**	12 043	**1 891**	977	**1 161**	1 041

[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 exclude transactions concluded with clients resident in the rest of Africa by other group entities within CIB and transactional-banking revenues. For example, CIB has a credit exposure to clients resident in the Africa regions of R55,9bn (2022: R50,6bn).*

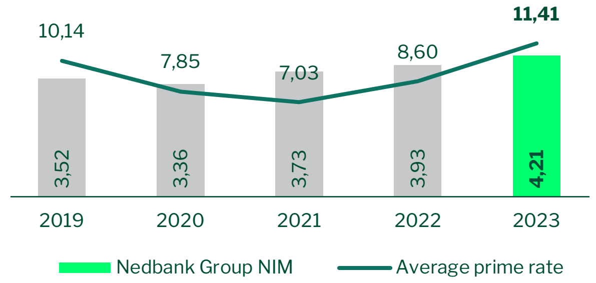
Income statement analysis

1 Net margin analysis

Net interest income
(Rm)

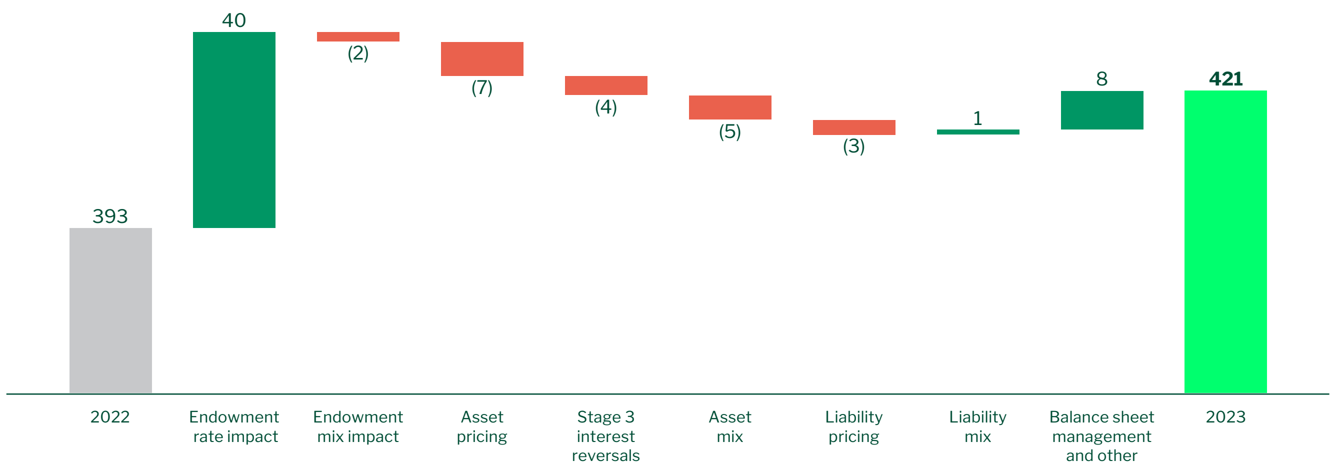


Interest margin trends versus prime rate
(%)



Nedbank Group	2023 Bps	2023 Rm	2022 Bps	2022 Rm
Closing average interest-earning banking assets (year-to-date average)		986 060		922 197
Opening NIM/NII	393	36 277	373	32 500
Growth in banking assets		2 512		1 935
Endowment	38	3 746	23	2 128
Endowment rate impact	40	3 954	24	2 220
Endowment mix impact	(2)	(208)	(1)	(92)
Asset margin pricing and mix	(16)	(1 587)	(5)	(496)
Impact due to pricing	(7)	(642)	1	90
Stage 3 interest reversals	(4)	(423)	(2)	(210)
Impact due to mix change	(5)	(522)	(4)	(376)
Liability margin pricing and mix	(2)	(185)	8	726
Deposits pricing and mix	(6)	(557)	5	464
Impact due to pricing	(6)	(581)	6	511
Impact due to mix change		24	(1)	(47)
Impact of changes in the funding profile	4	372	3	262
Impact due to pricing	3	245		(44)
Impact due to mix change	1	127	3	306
Foreign loan classification			(7)	(621)
Balance sheet management and other	8	707	1	105
Closing NIM/NII for the period	421	41 470	393	36 277

Net interest margin
(Bps)



Key drivers

- Positive endowment rate impact due to interest rate increases in H2 2022 and H1 2023, partly offset by a negative endowment mix impact due largely to slower growth of CASA deposits relative to the growth in interest-earning assets.
- Negative asset pricing due to higher levels of competition for good quality assets.
- Higher yields in Nedbank Africa Regions.
- Higher stage 3 interest reversals.
- Negative asset mix as a result of slower growth in higher-yielding assets such as unsecured loans and faster growth in lower-yielding assets such as term loans, home loans and vehicle finance.
- Negative liability pricing due to squeeze in deposits spreads.

NII sensitivity analysis

- At 31 December 2023, the NII sensitivity of the group's banking book for a 1% parallel decrease in interest rates, measured over 12 months, was 1,34% of total group ordinary shareholders' equity, which is below the board's approved risk limit of 2,25%.
- This exposes the group to a decrease in NII of approximately R1 449m before tax should interest rates decrease 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 decrease in interest rates and Nedbank Zimbabwe is measured at a 30% instantaneous decrease in interest rates.
- The group's NII sensitivity exhibits very little convexity and will therefore also result in an increase in pre-tax NII of approximately similar amounts should interest rates increase 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) sensitivity for a 1% decrease in interest rates remains at a low level of 0,76% (R601m) of ordinary shareholders' equity, which is below the board's approved risk limit of 1,25%.

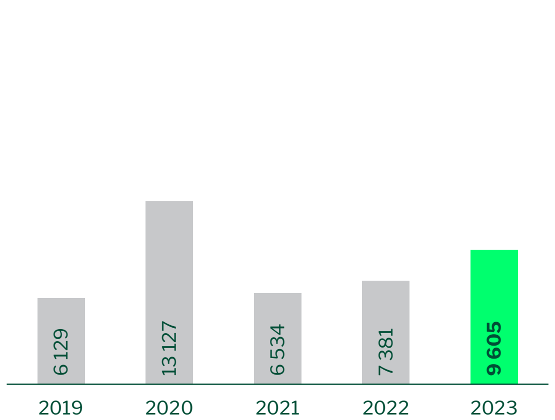
Average banking statement of financial position and related interest

	2023			2022		
	Average balance	Margin statement interest		Average balance	Margin statement interest	
Rm	**Assets**	**Received**	**%**	**Assets**	**Received**	**%**
Average prime rate			11,41			8,60
Assets						
Listed corporate bonds	23 913	2 293	9,59	23 412	1 634	6,98
Home loans (including properties in possession)	195 041	20 789	10,66	182 925	14 711	8,04
Commercial mortgages	196 662	20 748	10,55	190 240	15 210	8,00
Instalment debtors	152 218	19 087	12,54	141 994	14 581	10,27
Credit card balances	17 372	2 692	15,50	16 950	2 267	13,37
Overdrafts	25 387	2 916	11,49	23 467	2 156	9,19
Term loans and other[1]	239 245	31 198	13,04	217 559	17 042	7,83
Personal loans	30 342	5 780	19,05	29 929	5 684	18,99
Gross banking loans and advances	880 180	105 503	11,99	826 476	73 285	8,87
Impairment of loans and advances	(29 914)			(26 450)		
Government and other securities	84 720	7 835	9,25	81 524	7 338	9,00
Short-term funds and securities	51 074	3 577	7,00	40 647	1 481	3,64
Interest-earning banking assets	986 060	116 915	11,86	922 197	82 104	8,90
Other[2]	229 091			205 191		
Total assets	1 215 151	116 915	9,62	1 127 388	82 104	7,28
	Liabilities	**Paid**	**%**	**Liabilities**	**Paid**	**%**
Equity and liabilities						
Deposit and loan accounts	597 983	46 134	7,71	542 794	27 940	5,15
Current and savings accounts	142 800	2 507	1,76	145 637	1 045	0,72
Negotiable certificates of deposit	124 842	10 624	8,51	108 849	6 677	6,13
Other interest-bearing liabilities	153 744	11 289	7,34	130 881	6 047	4,62
Long-term debt instruments	49 854	4 891	9,81	53 738	4 118	7,66
Interest-bearing banking liabilities	1 069 223	75 445	7,06	981 899	45 827	4,67
Revaluation of FVTPL-designated liabilities	(2 887)			(2 174)		
Ordinary and minority shareholders' equity	111 452			107 795		
Other[3]	37 363			39 868		
Total shareholders' equity and liabilities	1 215 151	75 445	6,21	1 127 388	45 827	4,06
Interest margin on average interest-earning banking assets	986 060	41 470	4,21	922 197	36 277	3,93

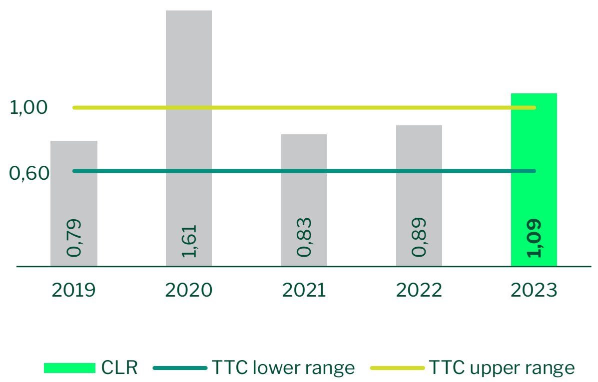
[1] *Includes term loans, preference shares, factoring debtors, foreign lending, loans to banks and other lending-related instruments.*
[2] *Includes cash and banknotes, derivative financial instruments, insurance assets, associates and investments, property and equipment, mandatory reserve deposits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

2 Impairments

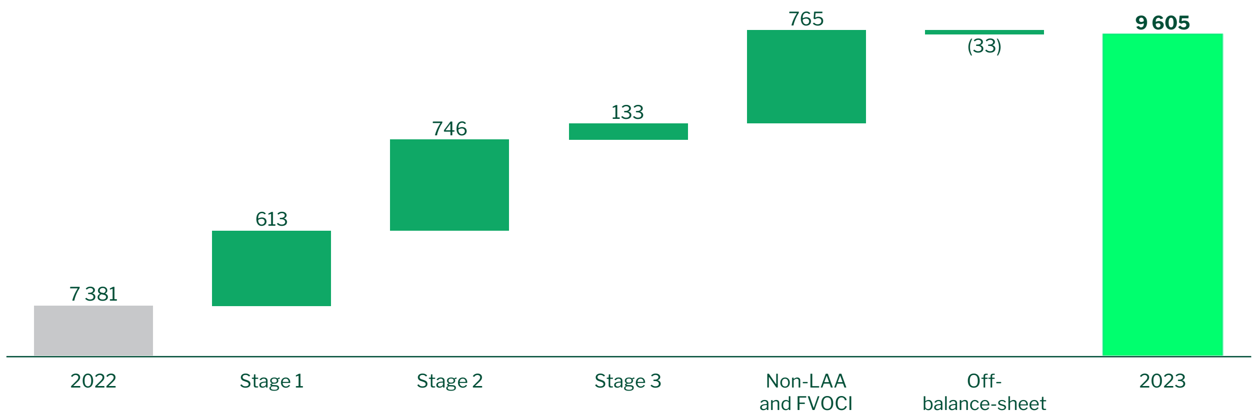
Nedbank Group impairments charge
(Rm)



Nedbank Group credit loss ratio trends
(%)



Nedbank Group impairment drivers
(Rm)



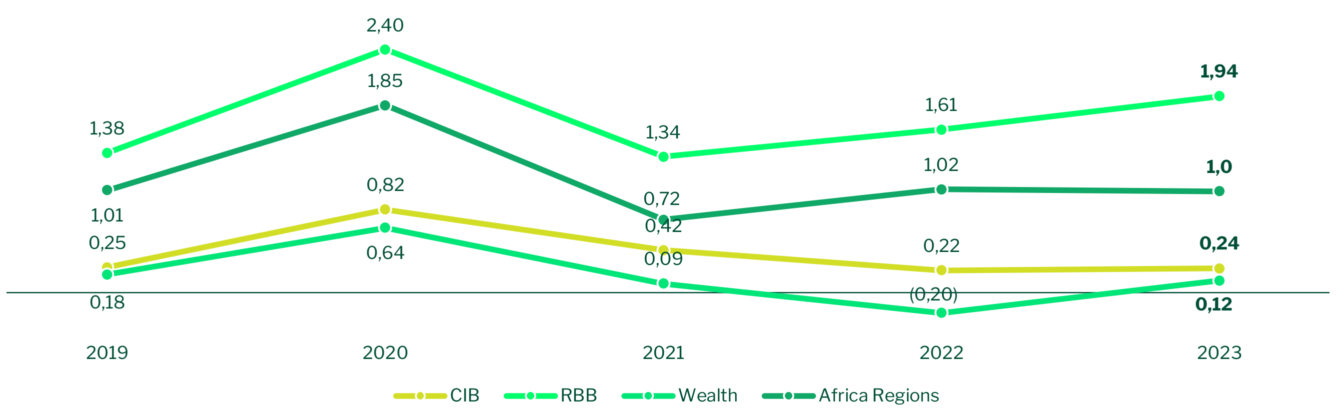
Nedbank Group income statement impairment charge and credit loss ratio

2023	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)	(20)	(30)	566	507	(84)	939	44,3	0,24	0,15–0,45
CIB, excluding Property Finance	(49)	(11)	(229)	507	(84)	134	24,7	0,06	0,20–0,50
Property Finance	29	(19)	795			805	19,6	0,47	0,15–0,35
Retail and Business Banking (RBB)	457	82	7 973	–	8	8 520	49,7	1,94	1,20–1,75
Commercial Banking	100	51	464		(2)	613	10,3	0,67	0,50–0,70
Retail	357	31	7 509		10	7 907	39,4	2,27	1,60–2,40
Wealth	(5)	2	40			37	3,5	0,12	0,20–0,40
Nedbank Africa Regions	12	(36)	257	29	(9)	253	2,5	1,00	0,85–1,20
Centre[1]		(141)		(3)		(144)			
Nedbank Group	444	(123)	8 836	533	(85)	9 605	100,0	1,09	0,60–1,00

[1] *The Centre impairment of R144m includes the R150m central provision release.*

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

Nedbank Group credit loss ratio per cluster
(%)



Key drivers

- Yoy increase in CLR, reflecting the adverse impact of higher-than-expected interest rates, higher levels of inflation (mainly in food and energy), and higher levels of load-shedding on our clients, particularly in the consumer segment in RBB.
- Increased impairments in CIB with a CLR, at 24 bps, incorporating additional provisioning for stage 3 counters in the second half of the year.
- Increased impairments in RBB, driven by negative economic impacts that resulted in increased client migration into stages 2 and 3, as well as the impact of updating our macroeconomic assumptions and annual model regrounds. The RBB CLR, at 194 bps, was above the TTC target range of 120 bps to 175 bps but below the 226 bps reported in H1 2023 as a result of focused management interventions in respect of collections and origination and an H2 2023 RBB CLR of 164 bps.
- A reduction of R150m in the group's central provision, with risks now being accounted for in our underlying International Financial Reporting Standards (IFRS) impairment models.

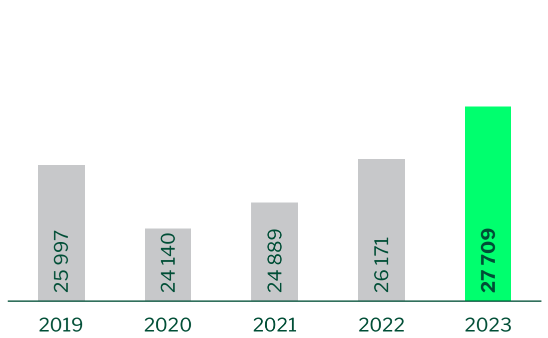
Impairments charge of financial instruments

2023	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
Balance at the beginning of the year	27 893	4 788	21 215	370	1 216	304
Stage 1 ECL allowance	4 261	517	3 487	42	215	
Stage 2 ECL allowance	5 554	538	4 564	29	120	303
Stage 3 ECL allowance	18 078	3 733	13 164	299	881	1
Statement-of-comprehensive-income charge net of recoveries	9 605	939	8 520	37	253	(144)
Stage 1 ECL allowance	444	(20)	457	(5)	12	
Stage 2 ECL allowance	(123)	(30)	82	2	(36)	(141)
Stage 3 ECL allowance	8 836	566	7 973	40	257	
Off-balance-sheet allowance	(85)	(84)	8		(9)	
Non-loans and advances	26				29	(3)
FVOCI loan impairment charge	507	507				
Adjusted for:	(7 112)	(1 477)	(5 391)	(59)	(185)	–
Recoveries	1 444	158	1 244		42	
Interest in suspense	1 630	408	1 194		28	
Amounts written off	(10 215)	(1 700)	(8 303)	(62)	(150)	
Foreign exchange and other transfers	379	(19)	474	3	(76)	(3)
Non-loans and advances	(26)				(29)	3
FVOCI loans	(324)	(324)				
ECL allowance – closing balance	30 386	4 250	24 344	348	1 284	160
Stage 1	4 674	484	3 962	40	188	
Stage 2	5 337	500	4 571	31	72	163
Stage 3	20 375	3 266	15 811	277	1 024	(3)
Split by measurement category	30 386	4 250	24 344	348	1 284	160
Loans and advances	29 602	3 573	24 254	348	1 267	160
Loans and advances in FVOCI	530	530				
Off-balance-sheet allowance	254	147	90		17	

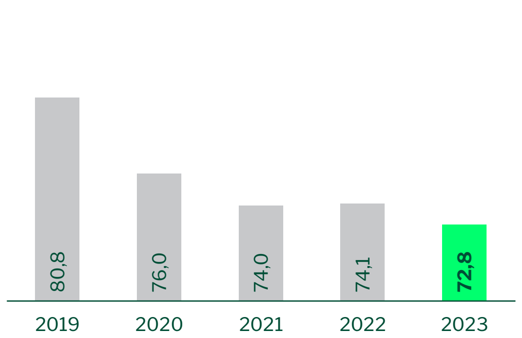
2022	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
Balance at the beginning of the year	26 581	5 114	19 406	456	1 105	500
Stage 1 ECL allowance	4 573	681	3 600	44	248	
Stage 2 ECL allowance	6 543	1 692	4 194	39	118	500
Stage 3 ECL allowance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

3 Non-interest revenue and income

Non-interest revenue
(Rm)



Non-interest revenue to total operating expenses
(%)



Key drivers

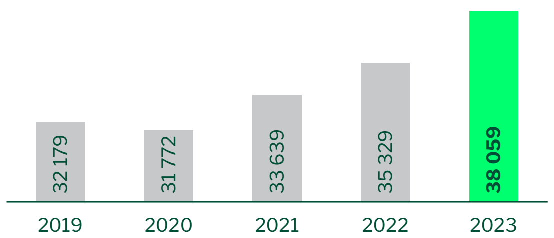
- Solid commission and fees growth, driven by the purchase of value-added services, main-banked client growth and improved levels of cross-sell.
- Impact on insurance income of a slowdown in traditional bancassurance volumes due mainly to the deliberate slowing in personal loans in the current risk environment, the non-repeat of reserve releases in the prior year, and new business strain relating to new insurance solutions.
- Fair-value adjustments, mainly from fair-value gains on structured loans within the CIB banking book and gains relating to the group's hedge-accounted portfolios (Centre).
- Positive trading outcomes reflecting good performances in debt securities and commodities, partially offset by a deterioration in the performance of equities and the impact of the introduction of the SARB's new Monetary Policy Implementation Framework (MPIF).
- Foreign currency gains in Zimbabwe on US dollar capital as a result of currency devaluation, partially offset by a higher net monetary loss, resulting in a net gain.

Rm	Change %	Nedbank Group 2023	Nedbank Group 2022	Corporate and Investment Banking 2023	Corporate and Investment Banking 2022	Retail and Business Banking 2023	Retail and Business Banking 2022	Wealth 2023	Wealth 2022	Nedbank Africa Regions 2023	Nedbank Africa Regions 2022	Centre 2023	Centre 2022
Net commission and fees income	5	**19 346**	18 488	**3 144**	3 057	**13 258**	12 478	**2 070**	2 058	**972**	968	**(98)**	(73)
Administration fees	4	**1 556**	1 502	**57**	54	**495**	487	**912**	798	**77**	148	**15**	15
Card fees	2	**3 711**	3 623	**24**	29	**3 540**	3 457			**146**	136	**1**	1
Cash-handling fees	6	**1 151**	1 084	**191**	179	**923**	875	**1**	1	**36**	29		
Exchange commission	16	**851**	734	**257**	214	**306**	283	**96**	108	**189**	123	**3**	6
Guarantees income	(13)	**247**	283	**178**	217	**35**	33			**34**	33		
Insurance commission	5	**276**	262			**260**	256	**7**		**9**	6		
Other commission	5	**3 738**	3 552	**1 425**	1 420	**2 334**	2 079	**(209)**	(161)	**168**	200	**20**	14
Other fees	1	**3 135**	3 114	**957**	890	**1 100**	1 057	**1 204**	1 257	**11**	19	**(137)**	(109)
Service charges	8	**4 681**	4 334	**55**	54	**4 265**	3 951	**59**	55	**302**	274		
Insurance income	(16)	**1 446**	1 715			**580**	617	**820**	1 056	**44**	45	**2**	(3)
Fair-value adjustments	>100	**577**	187	**260**	58	**–**	15	**–**	–	**49**	8	**268**	106
Fair-value adjustments	>100	**297**	(5)	**260**	35					**49**	8	**(12)**	(48)
Hedge-accounted portfolios	46	**280**	192		23		15					**280**	154
Trading income	3	**4 299**	4 166	**4 032**	3 898	**143**	148	**–**	–	**128**	120	**(4)**	–
Commodities	>100	**75**	1	**75**	1								
Debt securities	6	**2 013**	1 897	**2 013**	1 897								
Equities	(5)	**642**	679	**646**	679							**(4)**	
Foreign exchange	(1)	**1 569**	1 589	**1 298**	1 321	**143**	148			**128**	120		
Equity investment income/(losses)	(6)	**764**	815	**853**	921	**(16)**	(27)	**(3)**	–	**–**	–	**(70)**	(79)
Realised gains, dividends, interest and other income	>100	**856**	384	**926**	463							**(70)**	(79)
Unrealised (losses)/gains[1]	>(100)	**(92)**	431	**(73)**	458	**(16)**	(27)	**(3)**					
Investment income	48	**142**	96	**107**	86	**17**	17	**10**	(19)			**8**	12
Sundry income/(expenses)[2]	61	**1 135**	704	**282**	221	**324**	124	**27**	(48)	**664**	440	**(162)**	(33)
Total non-interest revenue and income	6	**27 709**	26 171	**8 678**	8 241	**14 306**	13 372	**2 924**	3 047	**1 857**	1 581	**(56)**	(70)

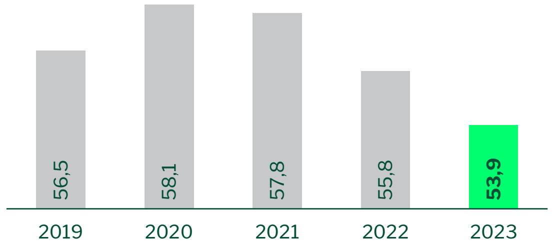
[1] *Unrealised losses relate to equity investments in associates and joint ventures, which are estimated and converted to realised or dividends once they have been earned.*
[2] *Sundry income comprises mainly security dealings, rental income, fair-value movements on non-trading investments, forex gains and losses partially offset by the R1 059m net monetary loss (2022: R419m).*

4 Expenses

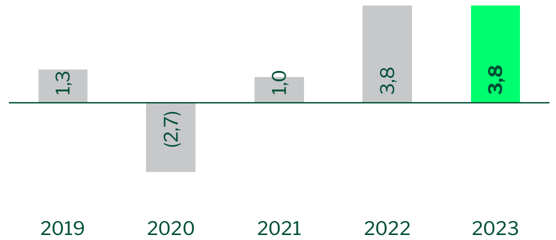
Total operating expenses
(Rm)



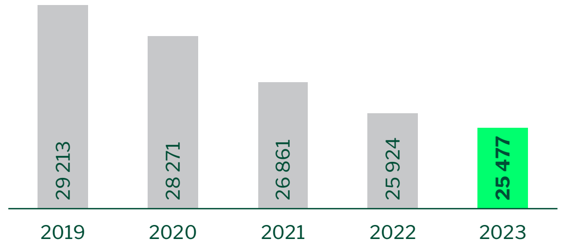
Cost-to-income ratio
(%)



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



Total employees
(Permanent)



		Nedbank Group		Corporate and Investment Banking		Retail and Business Banking		Wealth		Nedbank Africa Regions		Centre	
Rm	Change %	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Staff costs	8	**21 140**	19 569	**3 932**	3 585	**8 572**	8 287	**1 671**	1 434	**1 320**	1 206	**5 645**	5 057
Salaries and wages	9	**17 474**	16 017										
Total incentives	9	**4 095**	3 761										
Short-term incentives	5	**3 040**	2 900										
Long-term incentives	23	**1 055**	861										
Other staff costs	<(100)	**(429)**	(209)										
Computer processing	8	**6 900**	6 376	**445**	432	**2 053**	1 866	**247**	303	**322**	342	**3 833**	3 433
Depreciation of computer equipment	12	**749**	671										
Depreciation of right-of-use assets: computer equipment	21	**99**	82										
Amortisation of intangible assets	(1)	**1 850**	1 864										
Operating lease charges for computer processing	25	**212**	169										
Other computer processing expenses	11	**3 990**	3 590										
Fees and insurances	15	**4 336**	3 778	**523**	534	**2 810**	2 426	**99**	29	**371**	343	**533**	446
Occupation and accommodation[1,2]	8	**2 247**	2 089	**200**	203	**1 639**	1 682	**107**	118	**186**	198	**115**	(112)
Marketing and public relations	3	**1 585**	1 546	**72**	67	**749**	748	**92**	66	**68**	73	**604**	592
Communication and travel	7	**920**	863	**328**	309	**420**	379	**41**	28	**75**	102	**56**	45
Other operating expenses[3]	(16)	**931**	1 108	**85**	71	**564**	578	**34**	95	**90**	75	**158**	289
Activity-justified transfer pricing		**–**	–	**2 611**	2 427	**6 871**	6 172	**820**	765	**496**	404	**(10 798)**	(9 768)
Total operating expenses	8	**38 059**	35 329	**8 196**	7 628	**23 678**	22 138	**3 111**	2 838	**2 928**	2 743	**146**	(18)

Analysis of total IT-related function spend included in total expenses	Change %	2023	2022
IT-staff-related costs within Group Technology	15	**3 421**	2 976
Depreciation and amortisation of computer equipment, software and intangibles	3	**2 698**	2 617
Other IT costs (including licensing, development, maintenance and processing charges)[4]	12	**4 270**	3 826
Total IT-related functional spend	10	**10 389**	9 419

[1] *Includes the depreciation of right-of-use assets of R786m (2022: R827m).*
[2] *Includes a building depreciation charge of R398m (2022: R386m).*
[3] *Includes a furniture depreciation charge of R337m (2022: R335m), consumables and sundry expenses.*
[4] *Includes consulting and professional fees (included in fees and insurance), communication and travel expenses, and other IT-related spend (included in computer processing).*

Key drivers

- Average annual salary increases of 6,3% and higher costs to attract and retain key talent.
- 2% reduction in permanent employee numbers, largely through natural attrition.
- Alignment of incentive costs with the group's financial performance and higher anticipated vesting outcomes from meeting the group's corporate performance targets.
- Continuous investment in digital and cloud solutions, an increase in payments infrastructure such as ATMs and Intelligent Depositors, increased IT volumes, and the impact of the devaluation of the rand related to foreign currency IT contracts.
- Decrease in the growth in amortisation charge as our ME technology journey nears completion.
- Increase in cost savings from our TOM 2.0 optimisation programme to R2,2bn.
- Fees and insurance-related cost increases, largely as a result of increases in card issuing and acceptance costs.

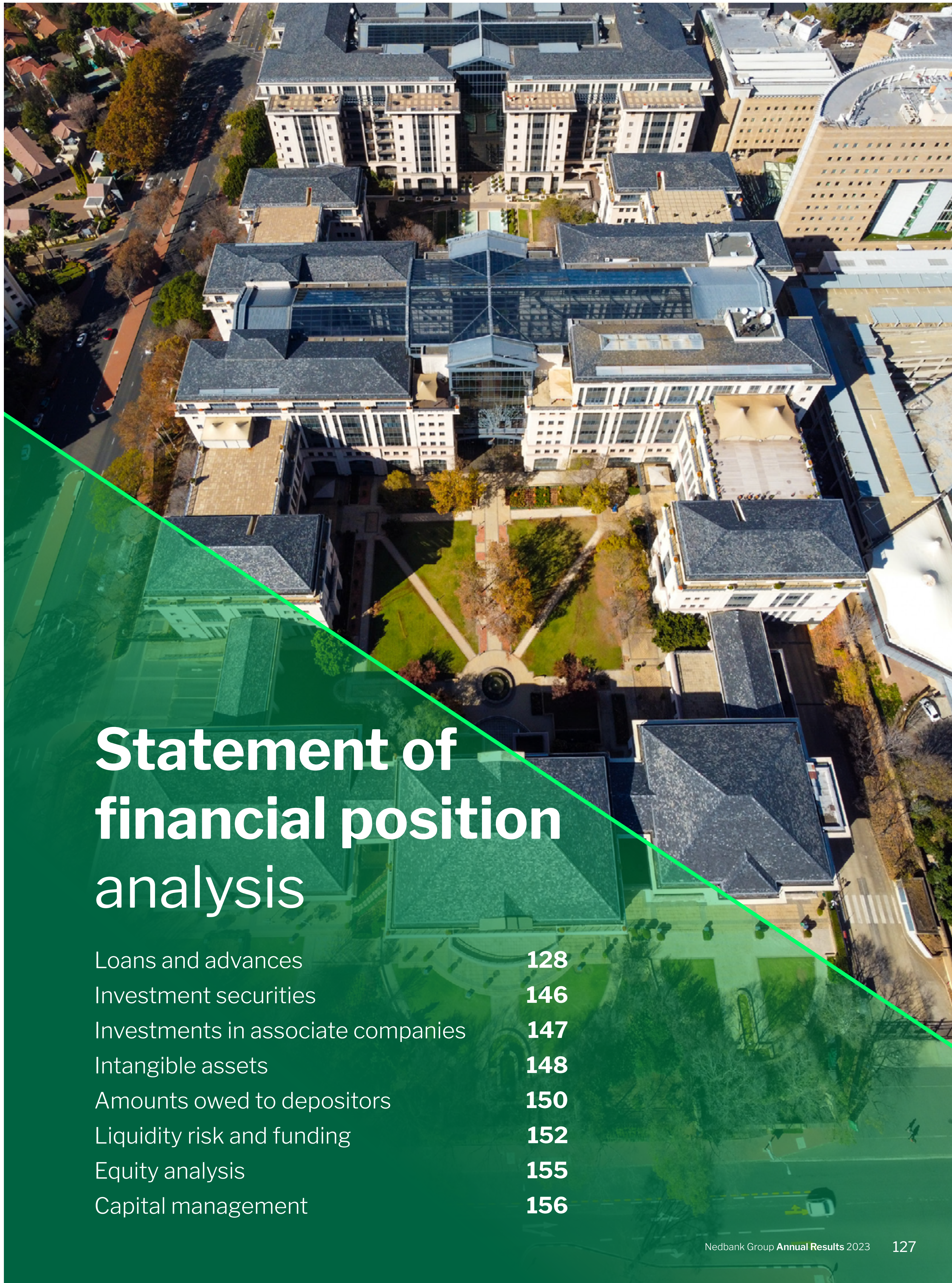
5 Headline earnings reconciliation

Rm	Change %	2023 Gross	2023 Net of taxation	2022 Gross	2022 Net of taxation
Profit attributable to ordinary shareholders	7		15 305		14 287
Impairment charge on non-financial instruments and other gains and losses	>100	403	351	(245)	(226)
IAS 16 – loss/(profit) on disposal of property and equipment		66	42	(155)	(111)
IAS 36 – impairment of goodwill		298	298		
IAS 36 – impairment of intangible assets		85	62	93	67
IAS 36 – impairment of property and equipment		34	29		
IAS 40 – profit on revaluation of investment properties		(81)	(81)		
IFRS 10 – profit on sale of subsidiaries/associates				(181)	(181)
IFRS 16 – impairment/(reversal of impairment) of right-of-use assets		1	1	(2)	(1)
Share of associate (ETI) impairments charge on non-financial instruments and other (gains)/losses		(6)	(6)		
Headline earnings	11		15 650		14 061

6 Taxation charge

	2023	2022
Direct taxation	4 484	4 311
Taxation rate reconciliation (excluding non-trading and capital items) (%)		
Standard rate of South African normal taxation	27,0	28,0
Reduction of taxation rate:		
Dividend income	(1,3)	(1,0)
Share of profits of associate companies	(1,8)	(1,3)
Capital items	0,1	(0,7)
Effects of profits taxed in different jurisdictions[1]	(1,1)	(1,5)
Additional tier 1 capital instruments	(1,6)	(1,3)
Assessed losses not subject to deferred tax and special allowances	(0,2)	(0,2)
Non-deductible expenses[2]	0,5	0,7
Prior-year adjustments[3]	(1,1)	(0,7)
Tax rate change[4]		0,1
Total taxation on income as a percentage of profit before taxation	20,5	22,1
Effective tax rate, excluding associate headline earnings	22,0	23,1

[1] *This consists mainly of the effects of the lower tax charge in Nedbank Zimbabwe, Nedbank Namibia, Nedbank Private Wealth Isle of Man and Nedgroup Investments Isle of Man.*
[2] *Non-deductible expenses include the impact of share-based payments and other non-deductible expenses.*
[3] *Prior-year adjustments include reduced assessments from SARS related to prior years.*
[4] *The corporate tax rate was reduced from 28% to 27% during 2022 and is applicable from the 2023 year of assessment for South African companies in the group.*



Statement of financial position analysis

7 Loans and advances

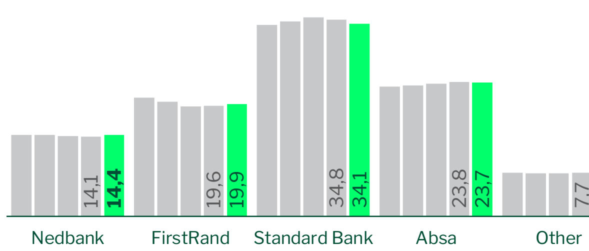
Loans and advances segmental breakdown

Rm	Change %	Nedbank Group 2023	Nedbank Group 2022	Corporate and Investment Banking 2023	Corporate and Investment Banking 2022	Retail and Business Banking 2023	Retail and Business Banking 2022	Wealth 2023	Wealth 2022	Nedbank Africa Regions 2023	Nedbank Africa Regions 2022	Centre[1] 2023	Centre[1] 2022
Home loans	6	**200 089**	189 370	**22**	20	**176 855**	166 247	**15 943**	15 756	**7 269**	7 347		
Commercial mortgages	2	**199 601**	196 619	**160 095**	157 626	**29 461**	28 628	**7 727**	8 112	**2 246**	2 164	**72**	89
Properties in possession	10	**207**	189			**64**	52	**14**	14	**129**	123		
Credit cards	1	**17 003**	16 816			**16 855**	16 667			**148**	149		
Overdrafts	(1)	**26 228**	26 613	**3 009**	3 987	**19 992**	19 259	**150**	149	**3 077**	3 218		
Personal loans	(3)	**29 235**	30 166			**27 484**	28 469	**2**	10	**1 749**	1 687		
Term and other loans	2	**179 969**	176 877	**155 710**	153 203	**14 295**	13 288	**4 891**	5 039	**4 815**	5 058	**258**	289
Overnight loans	(7)	**11 483**	12 393	**10 121**	11 041	**1 127**	1 126			**235**	226		
Foreign client lending	(53)	**8 782**	18 764	**7 707**	17 192	**450**	255			**625**	1 317		
Instalment debtors	9	**164 477**	151 582	**3 275**	2 940	**159 284**	147 013	**45**	42	**1 873**	1 585		2
Preference shares and debentures	11	**12 749**	11 503	**12 462**	11 214		16	**287**	273				
Factoring accounts	(11)	**7 641**	8 572			**7 631**	8 544			**10**	28		
Listed corporate bonds	12	**28 054**	25 027	**28 054**	25 027								
Fair-value hedge-accounted portfolios	73	**(471)**	(1 722)									**(471)**	(1 722)
Trade, other bills and bankers' acceptances		**–**	–										
Gross banking loans and advances	3	**885 047**	862 769	**380 455**	382 250	**453 498**	429 564	**29 059**	29 395	**22 176**	22 902	**(141)**	(1 342)
Impairment of advances	9	**(29 602)**	(27 209)	**(3 573)**	(4 213)	**(24 254)**	(21 134)	**(348)**	(370)	**(1 267)**	(1 188)	**(160)**	(304)
Net banking loans and advances	2	**855 445**	835 560	**376 882**	378 037	**429 244**	408 430	**28 711**	29 025	**20 909**	21 714	**(301)**	(1 646)
Trading loans and advances	(22)	**36 174**	46 605	**36 174**	46 605								
Loans and advances	1	**891 619**	882 165	**413 056**	424 642	**429 244**	408 430	**28 711**	29 025	**20 909**	21 714	**(301)**	(1 646)
Banking loans and advances to banks	(45)	**10 701**	19 392	**7 769**	15 925			**2 220**	1 706	**712**	1 761		

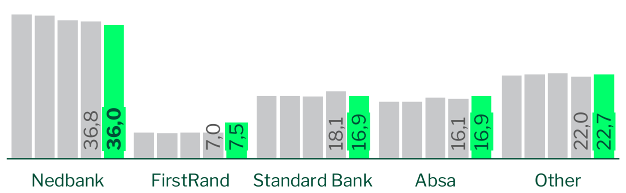
[1] *Centre includes the group's centrally managed macro fair-value hedge accounting adjustment and a central impairment provision.*

Market share according to BA900

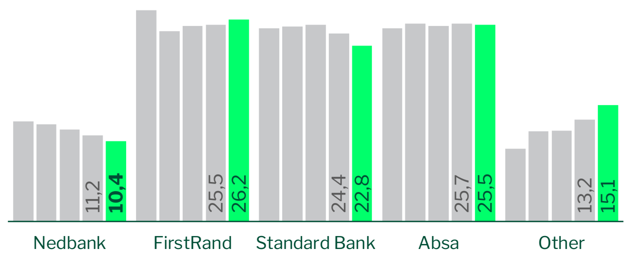
Home loans (2019–2023)
(%)



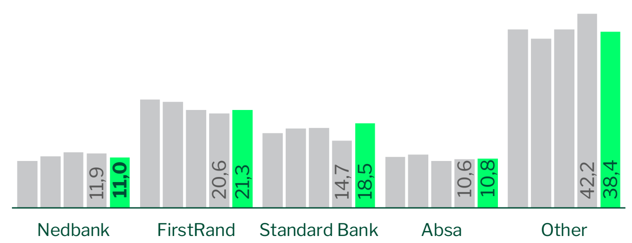
Commercial mortgage loans (2019–2023)
(%)



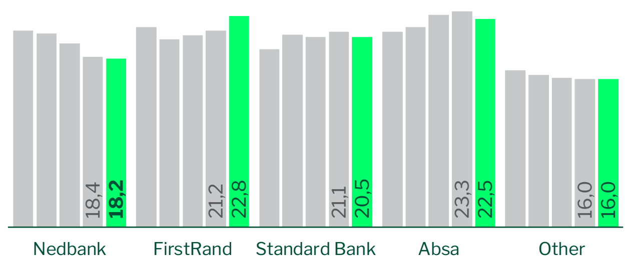
Credit cards (2019–2023)
(%)



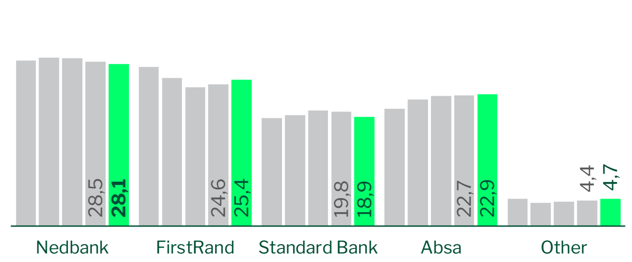
Personal loans (2019–2023)
(%)



Core corporate loans (2019–2023)
(%)

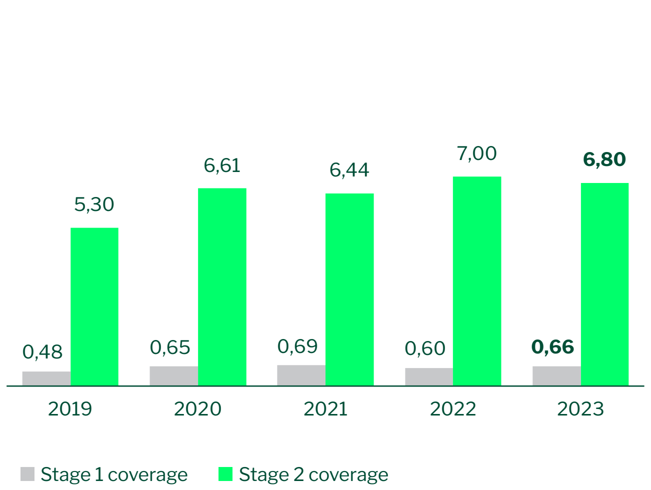


Instalment sales and leases (2019–2023)
(%)

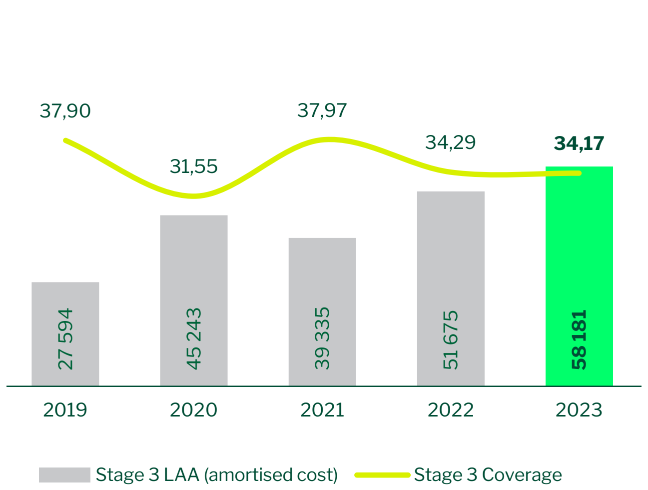


Summary of loans and advances and coverage ratios

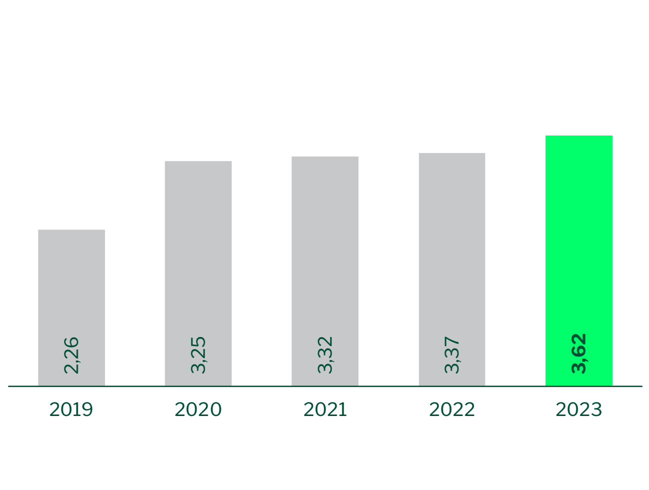
Stage 1 and stage 2 coverage
(%)



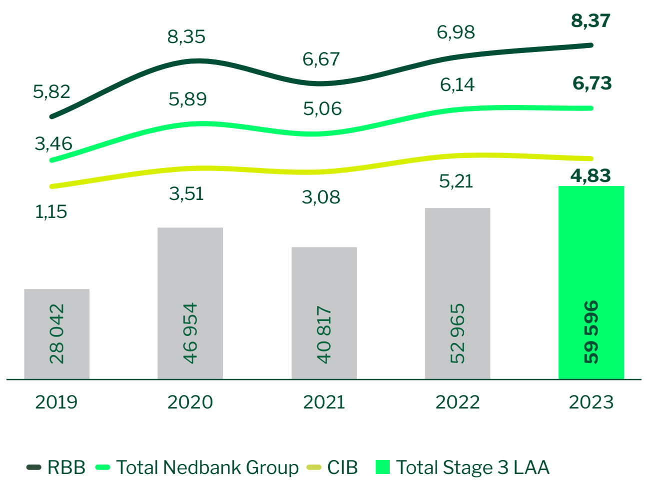
Stage 3 advances and coverage ratio
(Rm) (%)



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
2023	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	%
Corporate and Investment Banking (CIB)	280 664	367	0,13	17 084	421	2,46	16 968	2 785	16,41	314 716	3 573	1,14	380 455	4,83
CIB, excluding Property Finance	120 170	253	0,21	10 140	368	3,63	6 499	1 519	23,37	136 809	2 140	1,56	202 548	3,91
Property Finance	160 494	114	0,07	6 944	53	0,76	10 469	1 266	12,09	177 907	1 433	0,81	177 907	5,88
Retail and Business Banking (RBB)	361 437	3 896	1,08	54 094	4 557	8,42	37 967	15 801	41,62	453 498	24 254	5,35	453 498	8,37
Commercial Banking	76 494	269	0,35	9 125	230	2,52	6 633	1 603	24,17	92 252	2 102	2,28	92 252	7,19
Retail	284 943	3 627	1,27	44 969	4 327	9,62	31 334	14 198	45,31	361 246	22 152	6,13	361 246	8,67
Wealth	22 804	40	0,18	2 778	31	1,12	1 425	277	19,44	27 007	348	1,29	29 059	4,90
Nedbank Africa Regions	19 561	179	0,92	794	70	8,82	1 821	1 018	55,90	22 176	1 267	5,71	22 176	8,21
Centre[1]	(2 002)			2 332	163			(3)		330	160		(141)	
Gross loans and advances/ECL held at amortised cost	682 464	4 482	0,66	77 082	5 242	6,80	58 181	19 878	34,17	817 727	29 602	3,62	885 047	6,73
GLAA/ECL for assets held at FVOCI	53 884	58		1 793	64		1 415	408		57 092	530			
Trading GLAA held at FVTPL	36 174									36 174			36 174	
Banking book GLAA held at FVTPL	10 699									10 699				
GLAA for fair-value hedge-accounted portfolios	(471)									(471)				
Off-balance-sheet ECL		134			31			89			254			
Total GLAA/ECL	782 750	4 674		78 875	5 337		59 596	20 375		921 221	30 386		921 221	

[1] *The total ECL for Centre of R160m includes the central provision.*

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

Key drivers

- Slight decrease of CIB gross banking loans and advances as the growth in the leverage and diversified lending businesses, coupled with growth in the energy sector, was offset by a decrease in foreign client lending owing to lower overnight interbank placements.
- Increased commercial-property loans and advances, indicative of confidence returning to the sector and an improvement in sentiment.
- Increased RBB gross loans and advances, driven by solid growth in secured lending, while deliberate caution is maintained in unsecured lending in the current economic environment.
- Increased group balance sheet expected credit loss (ECL), reflecting prudent provisioning in the current economic environment.
- Increase in overall ECL coverage ratio to 3,62% as a result of the increase in stage 3 loans with higher coverage.
- Slight increase in the stage 1 coverage ratio to 0,66%, still higher than the pre-Covid-19 level of 0,48%.
- Slight decrease in the stage 2 coverage ratio to 6,80%, still well above the pre-Covid-19 levels of 5,30%.
- Stable stage 3 coverage ratio at 34,17% as RBB loans, with higher coverage, migrated from stage 2 to stage 3, and stage 3 loans in CIB, with lower coverage , declined as some counters cured or have been written off.

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
2023	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%
Residential mortgages	159 354	368	0,23	23 975	746	3,11	15 114	3 580	23,69	198 443	4 694	2,37
Commercial mortgages	173 806	201	0,12	11 404	155	1,36	14 242	2 078	14,59	199 452	2 434	1,22
Instalment debtors	135 904	1 692	1,24	19 997	1 951	9,76	8 575	4 015	46,82	164 476	7 658	4,66
Credit cards and overdrafts	25 370	902	3,56	4 877	846	17,35	5 092	2 890	56,76	35 339	4 638	13,12
Term loans	115 751	1 167	1,01	14 682	1 268	8,64	13 066	6 786	51,94	143 499	9 221	6,43
Other client loans	64 142	209	0,33	2 092	285	13,62	2 055	530	25,79	68 289	1 024	1,50
Other including credit and zero balances	8 137	(57)		55	(9)		37	(1)		8 229	(67)	
GLAA/ECL held at amortised cost	682 464	4 482	0,66	77 082	5 242	6,80	58 181	19 878	34,17	817 727	29 602	3,62

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

Economic scenarios

Scenario	2023							
						Economic forecast[1] (%)		
	Probability weighting (%)	Total ECL allowance	Difference to weighted scenarios	Percentage difference to weighted scenarios (%)	Economic measures	2024	2025	2026
Base case	50	30 330	(56)	(0,2)	GDP	1,1	1,6	1,4
					Prime	10,8	10,3	10,3
					HPI	3,2	3,5	4,2
Mild stress	21	30 611	225	0,7	GDP	0,1	1,3	1,1
					Prime	11,5	10,8	10,5
					HPI	2,4	2,6	3,3
Positive outcome	21	30 100	(286)	(0,9)	GDP	2,1	1,9	1,9
					Prime	10,5	10,0	9,8
					HPI	4,0	4,6	5,4
High stress	8	30 898	512	1,7	GDP	(0,8)	1,0	0,8
					Prime	12,3	11,5	11,0
					HPI	1,8	1,8	2,4
Weighted scenarios	100	30 386						

[1] *Forecast at 31 December 2023.*

Scenario	2022							
						Economic forecast[1] (%)		
	Probability weighting (%)	Total ECL allowance	Difference to weighted scenarios	Percentages difference to weighted scenarios (%)	Economic measures	2023	2024	2025
Base case	50	27 817	(76)	(0,3)	GDP	1,3	1,8	1,7
					Prime	11,0	10,5	10,5
					HPI	2,5	3,0	3,6
Mild stress	21	28 122	229	0,8	GDP	(0,1)	0,4	1,0
					Prime	11,8	12,0	12,3
					HPI	2,1	2,4	2,7
Positive outcome	21	27 630	(263)	(0,9)	GDP	1,9	2,3	2,3
					Prime	10,0	9,8	9,8
					HPI	3,3	3,9	4,7
High stress	8	28 446	553	2,0	GDP	(1,2)	(0,5)	0,8
					Prime	12,8	12,8	12,8
					HPI	1,6	1,7	1,8
Weighted scenarios	100	27 893						

[1] *Forecast at 31 December 2022.*

Climate-related disclosures

	Rm			% of GLAA	
	2023	2022	Change	2023	2022
Thermal coal[1]					
Limit[2]	2 296	2 324	(28)	0,3	0,3
Drawn exposure	1 233	1 002	231	0,1	0,1
Upstream oil[3]					
Limit[2]	18 902	19 592	(690)	2,1	2,3
Drawn exposure	12 479	11 081	1 398	1,4	1,3
Upstream gas[3]					
Limit[2]	4 632	1 698	2 934	0,5	0,2
Drawn exposure	1 525	1 380	145	0,2	0,2
Non-renewable-power-generation exposure					
Limit[2]	8 093	9 964	(1 871)	0,9	1,2
Drawn exposure	4 049	5 375	(1 326)	0,5	0,6
Renewable Energy Independent Power Producer Procurement Programme					
Limit[2]	41 155	34 910	6 245	4,7	4,0
Drawn exposure	26 844	25 941	903	3,0	3,0
Private power generation – CIB					
Limit[2]	3 371	1 575	1 796	0,4	0,2
Drawn exposure	2 107	735	1 372	0,2	0,1
Private power generation – RBB					
Limit[2]	561	220	341	0,1	0,0
Drawn exposure	561	220	341	0,1	0,0
Private power generation – NAR					
Limit[2]	94	91	3	0,0	0,0
Drawn exposure	56	68	(12)	0,0	0,0
African renewable energy projects					
Limit[2]	376	402	(26)	0,0	0,0
Drawn exposure	285	304	(19)	0,0	0,0
Total renewable energy					
Limit[2]	45 557	37 198	8 359	5,1	4,3
Drawn exposure	29 853	27 268	2 585	3,4	3,2

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

Gross advances and ECL movement

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

	Stage 1			Stage 2			Stage 3			Total		
Loans and advances (Rm)	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2022	669 795	4 197	665 598	77 647	5 522	72 125	51 640	17 827	33 813	799 082	27 546	771 536
New loans and advances originated	331 612	3 542	328 070			–			–	331 612	3 542	328 070
Loans and advances written off			–			–	(10 215)	(10 215)	–	(10 215)	(10 215)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	(281 155)	5 182	(286 337)	(16 696)	671	(17 367)	(10 478)	2 823	(13 301)	(308 329)	8 676	(317 005)
Transfers to stage 1	29 812	651	29 161	(27 436)	(452)	(26 984)	(2 376)	(199)	(2 177)	–	–	–
Transfers to stage 2	(51 326)	(3 222)	(48 104)	56 625	3 635	52 990	(5 299)	(413)	(4 886)	–	–	–
Transfers to stage 3	(20 953)	(5 791)	(15 162)	(13 576)	(4 104)	(9 472)	34 529	9 895	24 634	–	–	–
Foreign exchange and other movements	(3 458)	57	(3 515)	463	1	462	343	249	94	(2 652)	307	(2 959)
Net balances	674 327	4 616	669 711	77 027	5 273	71 754	58 144	19 967	38 177	809 498	29 856	779 642
Total credit and zero balances	8 137		8 137	55		55	37		37	8 229	–	8 229
Balance at 31 December 2023	682 464	4 616	677 848	77 082	5 273	71 809	58 181	19 967	38 214	817 727	29 856	787 871
GLAA for assets held at FVOCI	53 884	58	53 826	1 793	64	1 729	1 415	408	1 007	57 092	530	56 562
Trading book GLAA held at FVTPL	36 174		36 174			–			–	36 174	–	36 174
Banking book GLAA held at FVTPL	10 699		10 699			–			–	10 699	–	10 699
GLAA for fair-value hedge-accounted portfolios	(471)		(471)			–			–	(471)	–	(471)
Total GLAA/ECL	782 750	4 674	778 076	78 875	5 337	73 538	59 596	20 375	39 221	921 221	30 386	890 835
ECL on loans at FVOCI		(58)	58		(64)	64		(408)	408	–	(530)	530
Off-balance-sheet ECL		(134)	134		(31)	31		(89)	89	–	(254)	254
Loans and advances at 31 December 2023	782 750	4 482	778 268	78 875	5 242	73 633	59 596	19 878	39 718	921 221	29 602	891 619

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 2022	136 572	368	136 204	12 849	435	12 414	7 054	1 624	5 430	156 475	2 427	154 048
New loans and advances originated	138 862	1 013	137 849			–			–	138 862	1 013	137 849
Loans and advances written off			–			–	(132)	(132)	–	(132)	(132)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(143 843)	(630)	(143 213)	(6 281)	(72)	(6 209)	(4 773)	(345)	(4 428)	(154 897)	(1 047)	(153 850)
Transfers to stage 1	5 188	234	4 954	(4 734)	(126)	(4 608)	(454)	(108)	(346)	–	–	–
Transfers to stage 2	(7 781)	(230)	(7 551)	8 942	260	8 682	(1 161)	(30)	(1 131)	–	–	–
Transfers to stage 3	(5 066)	(455)	(4 611)	(789)	(120)	(669)	5 855	575	5 280	–	–	–
Foreign exchange and other movements	(3 762)	12	(3 774)	153	6	147	110	8	102	(3 499)	26	(3 525)
Net balances	120 170	312	119 858	10 140	383	9 757	6 499	1 592	4 907	136 809	2 287	134 522
Total credit and zero balances			–			–			–	–	–	–
Balance at 31 December 2023	120 170	312	119 858	10 140	383	9 757	6 499	1 592	4 907	136 809	2 287	134 522
GLAA for assets held at FVOCI	53 884	58	53 826	1 793	64	1 729	1 415	408	1 007	57 092	530	56 562
Trading book GLAA held at FVTPL	36 174		36 174			–			–	36 174	–	36 174
Banking book GLAA held at FVTPL	8 647		8 647			–			–	8 647	–	8 647
Total GLAA/ECL	218 875	370	218 505	11 933	447	11 486	7 914	2 000	5 914	238 722	2 817	235 905
ECL on loans at FVOCI		(58)	58		(64)	64		(408)	408	–	(530)	530
Off-balance-sheet ECL		(59)	59		(15)	15		(73)	73	–	(147)	147
Loans and advances at 31 December 2023	218 875	253	218 622	11 933	368	11 565	7 914	1 519	6 395	238 722	2 140	236 582

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 2022	151 494	85	151 409	6 945	71	6 874	11 577	1 858	9 719	170 016	2 014	168 002
New loans and advances originated	66 074	29	66 045			–			–	66 074	29	66 045
Loans and advances written off			–			–	(1 568)	(1 568)	–	(1 568)	(1 568)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(55 163)	(14)	(55 149)	(1 352)	8	(1 360)	(100)	964	(1 064)	(56 615)	958	(57 573)
Transfers to stage 1	4 569	18	4 551	(4 296)	(15)	(4 281)	(273)	(3)	(270)	–	–	–
Transfers to stage 2	(6 405)	(4)	(6 401)	6 409	4	6 405	(4)		(4)	–	–	–
Transfers to stage 3	(75)		(75)	(762)	(15)	(747)	837	15	822	–	–	–
Foreign exchange and other movements			–			–			–	–	–	–
Balance at 31 December 2023	160 494	114	160 380	6 944	53	6 891	10 469	1 266	9 203	177 907	1 433	176 474
Banking book GLAA held at FVTPL			–			–			–	–	–	–
Loans and advances at 31 December 2023	160 494	114	160 380	6 944	53	6 891	10 469	1 266	9 203	177 907	1 433	176 474

Commercial 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 2022	74 322	175	74 147	10 440	182	10 258	4 745	1 306	3 439	89 507	1 663	87 844
New loans and advances originated	26 907	262	26 645			–			–	26 907	262	26 645
Loans and advances written off			–			–	(243)	(243)	–	(243)	(243)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(20 073)	(70)	(20 003)	(2 280)	(1)	(2 279)	(1 566)	513	(2 079)	(23 919)	442	(24 361)
Transfers to stage 1	4 276	120	4 156	(3 837)	(54)	(3 783)	(439)	(66)	(373)	–	–	–
Transfers to stage 2	(6 450)	(54)	(6 396)	6 865	132	6 733	(415)	(78)	(337)	–	–	–
Transfers to stage 3	(2 488)	(155)	(2 333)	(2 063)	(25)	(2 038)	4 551	180	4 371	–	–	–
Balance at 31 December 2023	76 494	278	76 216	9 125	234	8 891	6 633	1 612	5 021	92 252	2 124	90 128
Off-balance-sheet impairment allowance		(9)	9		(4)	4		(9)	9	–	(22)	22
Loans and advances at 31 December 2023	76 494	269	76 225	9 125	230	8 895	6 633	1 603	5 030	92 252	2 102	90 150

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 2022	133 080	284	132 796	17 272	632	16 640	8 758	1 826	6 932	159 110	2 742	156 368
New loans and advances originated	23 502	166	23 336			–			–	23 502	166	23 336
Loans and advances written off			–			–	(338)	(338)	–	(338)	(338)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(10 100)	908	(11 008)	(883)	324	(1 207)	(935)	96	(1 031)	(11 918)	1 328	(13 246)
Transfers to stage 1	5 582	15	5 567	(5 077)	(13)	(5 064)	(505)	(2)	(503)	–	–	–
Transfers to stage 2	(12 354)	(412)	(11 942)	13 878	466	13 412	(1 524)	(54)	(1 470)	–	–	–
Transfers to stage 3	(3 792)	(641)	(3 151)	(3 849)	(722)	(3 127)	7 641	1 363	6 278	–	–	–
Net balances	135 918	320	135 598	21 341	687	20 654	13 097	2 891	10 206	170 356	3 898	166 458
Total credit and zero balances/Off-balance-sheet impairment allowance	173		173	4		4	7		7	184	–	184
Loans and advances at 31 December 2023	136 091	320	135 771	21 345	687	20 658	13 104	2 891	10 213	170 540	3 898	166 642

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 2022	105 464	1 307	104 157	19 736	2 240	17 496	7 311	3 228	4 083	132 511	6 775	125 736
New loans and advances originated	52 252	911	51 341			–			–	52 252	911	51 341
Loans and advances written off			–			–	(2 611)	(2 611)	–	(2 611)	(2 611)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(32 730)	1 732	(34 462)	(3 385)	(49)	(3 336)	(2 993)	629	(3 622)	(39 108)	2 312	(41 420)
Transfers to stage 1	8 494	199	8 295	(8 070)	(186)	(7 884)	(424)	(13)	(411)	–	–	–
Transfers to stage 2	(10 872)	(1 167)	(9 705)	12 565	1 342	11 223	(1 693)	(175)	(1 518)	–	–	–
Transfers to stage 3	(4 771)	(1 346)	(3 425)	(3 656)	(1 408)	(2 248)	8 427	2 754	5 673	–	–	–
Loans and advances at 31 December 2023	117 837	1 636	116 201	17 190	1 939	15 251	8 017	3 812	4 205	143 044	7 387	135 657

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 2021	25 350	1 721	23 629	5 851	1 510	4 341	9 134	6 804	2 330	40 335	10 035	30 300
New loans and advances originated	12 851	979	11 872			–			–	12 851	979	11 872
Loans and advances written off			–			–	(5 111)	(5 111)	–	(5 111)	(5 111)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(7 213)	3 302	(10 515)	(1 293)	638	(1 931)	211	1 092	(881)	(8 295)	5 032	(13 327)
Transfers to stage 1	782	62	720	(698)	(55)	(643)	(84)	(7)	(77)	–	–	–
Transfers to stage 2	(4 309)	(1 292)	(3 017)	4 767	1 363	3 404	(458)	(71)	(387)	–	–	–
Transfers to stage 3	(4 259)	(3 044)	(1 215)	(2 233)	(1 745)	(488)	6 492	4 789	1 703	–	–	–
Net balances	23 202	1 728	21 474	6 394	1 711	4 683	10 184	7 496	2 688	39 780	10 935	28 845
Total credit and zero balances/Off-balance-sheet impairment allowance	7 813	(57)	7 870	40	(10)	50	29	(1)	30	7 882	(68)	7 950
Loans and advances at 31 December 2022	31 015	1 671	29 344	6 434	1 701	4 733	10 213	7 495	2 718	47 662	10 867	36 795

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 2022	24 871	42	24 829	1 842	29	1 813	1 133	299	834	27 846	370	27 476
New loans and advances originated	6 094	64	6 030			–			–	6 094	64	6 030
Loans and advances written off			–			–	(62)	(62)	–	(62)	(62)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(7 791)	13	(7 804)	(306)	(7)	(299)	41	(35)	76	(8 056)	(29)	(8 027)
Transfers to stage 1	501	1	500	(388)	(1)	(387)	(113)		(113)	–	–	–
Transfers to stage 2	(1 683)	(19)	(1 664)	1 707	20	1 687	(24)	(1)	(23)	–	–	–
Transfers to stage 3	(333)	(56)	(277)	(112)	(7)	(105)	445	63	382	–	–	–
Foreign exchange and other movements	1 145	(5)	1 150	35	(3)	–	5	13	(8)	1 185	5	1 180
Net balances	22 804	40	22 764	2 778	31	2 709	1 425	277	1 148	27 007	348	26 659
Banking book GLAA held at FVTPL	2 052		2 052			–			–	2 052	–	2 052
Loans and advances at 31 December 2023	24 856	40	24 816	2 778	31	2 709	1 425	277	1 148	29 059	348	28 711

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 2022	19 708	215	19 493	1 272	120	1 152	1 922	881	1 041	22 902	1 216	21 686
New loans and advances originated	5 102	116	4 986			–			–	5 102	116	4 986
Loans and advances written off			–			–	(150)	(150)	–	(150)	(150)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(4 266)	(63)	(4 203)	(915)	(29)	(886)	(362)	(81)	(281)	(5 543)	(173)	(5 370)
Transfers to stage 1	421	4	417	(337)	(3)	(334)	(84)	(1)	(83)	–	–	–
Transfers to stage 2	(570)	(41)	(529)	591	47	544	(21)	(6)	(15)	–	–	–
Transfers to stage 3	(168)	(92)	(76)	(112)	(61)	(51)	280	153	127	–	–	–
Foreign exchange and other movements	(821)	49	(870)	284	(2)	286	236	228	8	(301)	275	(576)
Net balances	19 406	188	19 218	783	72	711	1 821	1 024	797	22 010	1 284	20 726
Off-balance-sheet ECL	155	(9)	164	11	(2)	13		(6)	6	166	(17)	183
Loans and advances at 31 December 2023	19 561	179	19 382	794	70	724	1 821	1 018	803	22 176	1 267	20 909

8 Investment securities

Rm	2023	2022
Equity investments	**7 290**	6 612
Associates – Property Partners	**1 914**	1 598
Associates – Investment Banking	**1 118**	1 176
Unlisted investments – Property Partners	**1 585**	1 592
Unlisted investments – Investment Banking	**2 673**	2 246
Listed investments	**28**	347
Unlisted investments	**3 238**	2 930
Taquanta Asset Managers portfolio	**586**	526
Strate Limited	**163**	163
Other	**2 489**	2 241
Total listed and unlisted investments	**10 556**	9 889
Listed policyholder investments at market value	**13 648**	11 851
Unlisted policyholder investments at directors' valuation	**3 083**	3 725
Total policyholder investments	**16 731**	15 576
Total investment securities	**27 287**	25 465

Equity risk in the banking book

		2023	2022
Total equity portfolio	Rm	**13 045**	12 385
Accounted for at fair value	Rm	**10 556**	9 889
Equity-accounted, including investment in ETI	Rm	**2 489**	2 496
Percentage of total assets	%	**1,0**	1,0
Percentage of group minimum economic-capital requirement	%	**6,8**	7,4

- Equity risk in the banking book is assumed primarily in CIB, which actively makes private equity investments with clearly defined strategies.
- Additional investments are undertaken in liquid funds for investment purposes and for operational requirements.
- The equity portfolio that is held at fair value increased by R667m year on year, due largely to positive revaluations and new investments.
- 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.

9 Investments in associate companies

Name of company and nature of business	Equity-accounted earnings Rm 2023	Equity-accounted earnings Rm 2022	Carrying amount Rm 2023	Carrying amount Rm 2022	Net exposure to/(from) associates[1] Rm 2023	Net exposure to/(from) associates[1] Rm 2022
Associates						
Listed						
ETI[2]	**1 386**	779	**1 248**	1 286	**(249)**	782
Unlisted						
Equity investments: Tracker Technology Holdings Proprietary Limited	**35**	50	**565**	530	**929**	1 615
Other equity investments	**(1)**	14	**205**	238	**492**	437
Other strategic investments	**29**	36	**471**	442	**106**	67
Total	**1 449**	879	**2 489**	2 496	**1 278**	2 901

[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 2023 remains unchanged at 21,2%.

Accounting recognition of ETI

Rm	2023	2022
Opening carrying value	**3 036**	4 022
Share of associate gains	**1 386**	779
Share of other comprehensive losses	**(1 481)**	(1 822)
Foreign currency translation	**168**	190
Dividends	**(111)**	(133)
Closing carrying value pre-impairment provision	**2 998**	3 036
Impairment provision	**(1 750)**	(1 750)
Closing carrying value	**1 248**	1 286

The associate income includes our share of ETI's earnings from 1 October 2022 to 30 September 2023, in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear, adjusted for any significant transactions or events that occurred between 1 October 2023 and 31 December 2023.

The market value of the group's investment in ETI, based on its quoted share price, was R2,2bn on 31 December 2023 and R1,5bn on 29 February 2024.

10 Intangible assets

Rm	2023	2022
Computer software and capitalised development costs	7 944	8 316
Goodwill	4 011	4 292
Client relationships, contractual rights and other	22	41
	11 977	12 649

Computer software and capitalised development costs – carrying amount

Rm	Amortisation periods	2023	2022
Computer software	2–10 years	6 578	6 958
Core product and client systems		1 916	1 882
Support systems		1 970	1 903
Digital systems		2 092	2 567
Payment systems		600	606
Development costs not yet commissioned	none	1 366	1 358
Core product and client systems		690	574
Support systems		248	422
Digital systems		319	243
Payment systems		109	119
		7 944	8 316
Computer software			
Opening balance		6 958	7 763
Additions		320	101
Commissioned during year		1 221	1 018
Foreign exchange and other moves		8	(4)
Amortisation charge for the year		(1 850)	(1 864)
Impairments		(79)	(56)
Closing balance		6 578	6 958
Development costs not yet commissioned			
Opening balance		1 358	1 138
Additions		1 237	1 279
Foreign exchange and other moves		(2)	(4)
Commissioned during the year		(1 221)	(1 018)
Impairments		(6)	(37)
Closing balance		1 366	1 358

Notes

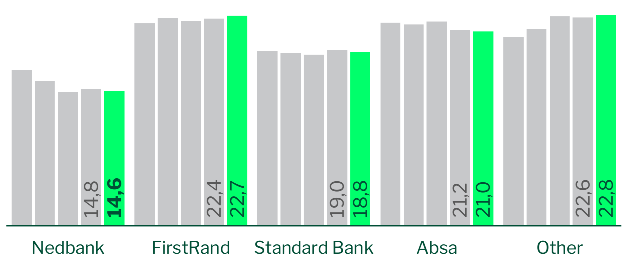
11 Amounts owed to depositors

Segmental breakdown

Rm	Change %	Nedbank Group 2023	Nedbank Group 2022	Corporate and Investment Banking 2023	Corporate and Investment Banking 2022	Retail and Business Banking 2023	Retail and Business Banking 2022	Wealth 2023	Wealth 2022	Nedbank Africa Regions 2023	Nedbank Africa Regions 2022	Centre 2023	Centre 2022
Current accounts	2	**113 231**	110 590	**9 402**	8 672	**89 206**	88 662	**2 287**	2 275	**12 150**	10 758	**186**	223
Savings accounts	(13)	**36 466**	42 095			**14 123**	13 796	**21 440**	27 422	**903**	877		
Other deposits and loan accounts	6	**768 158**	726 686	**399 550**	399 552	**323 465**	290 669	**24 462**	16 473	**19 764**	18 819	**917**	1 173
Call and term deposits	6	**435 331**	409 270	**155 884**	162 380	**248 022**	223 350	**21 366**	13 968	**10 050**	9 567	**9**	5
Fixed deposits	5	**75 890**	72 277	**12 392**	15 586	**56 475**	49 835	**1 738**	1 124	**5 285**	5 732		
Cash management deposits	(20)	**79 479**	99 734	**67 885**	87 459	**9 354**	9 459	**234**	262	**1 827**	2 385	**179**	169
Other deposits	22	**177 458**	145 405	**163 389**	134 127	**9 614**	8 025	**1 124**	1 119	**2 602**	1 135	**729**	999
Foreign currency liabilities	(1)	**29 032**	29 180	**19 428**	20 116	**9 489**	8 987	**23**	21	**92**	56		
Negotiable certificates of deposit	7	**127 142**	118 892							**3 438**	3 817	**123 704**	115 075
Macro fair-value hedge accounting adjustment	100	**(3)**	(1 367)									**(3)**	(1 367)
Deposits received under repurchase agreements	1	**13 619**	13 546	**13 120**	13 546					**499**			
Total amounts owed to depositors	5	**1 087 645**	1 039 622	**441 500**	441 886	**436 283**	402 114	**48 212**	46 191	**36 846**	34 327	**124 804**	115 104
Comprises:													
– Banking amounts owed to depositors	5	**1 029 746**	983 582	**383 601**	385 846	**436 283**	402 114	**48 212**	46 191	**36 846**	34 327	**124 804**	115 104
– Trading amounts owed to depositors	3	**57 899**	56 040	**57 899**	56 040								
Total amounts owed to depositors	5	**1 087 645**	1 039 622	**441 500**	441 886	**436 283**	402 114	**48 212**	46 191	**36 846**	34 327	**124 804**	115 104

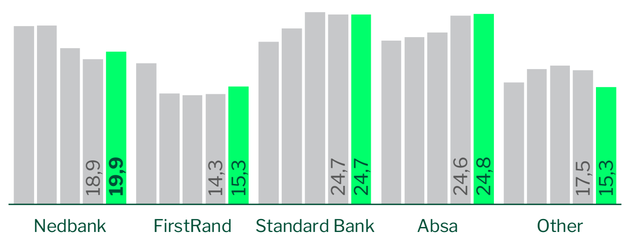
Market share according to BA900

Household deposits[1] (2019–2023)
(%)

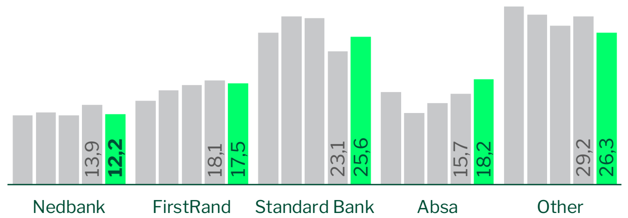


Non-financial corporate deposits[2] (2019–2023)
(%)

Wholesale deposits[3] (2019–2023)
(%)



Foreign currency liabilities[4] (2019–2023)
(%)



[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

		2023	2022
Total sources of quick liquidity	Rm	285 251	285 688
Total HQLA[1]	Rm	238 182	224 963
Other sources of quick liquidity	Rm	47 069	60 725
Total sources of quick liquidity (as a percentage of total assets)	%	21,8	22,8
Long-term funding ratio (3-month average)	%	28,4	28,4
Senior unsecured debt, including green bonds	Rm	32 815	34 561
Green bonds	Rm	2 702	2 697
Total capital market issuance (excluding additional tier 1 capital)	Rm	47 777	51 903
Reliance on NCDs (as a percentage of total deposits)	%	11,7	11,4
Reliance on foreign currency deposits (as a percentage of total deposits)	%	2,7	2,8
Loan-to-deposit ratio	%	82,0	84,9
Basel III liquidity ratios			
LCR[2]	%	134,6	160,5
Minimum regulatory LCR requirement	%	100,0	100,0
NSFR[3]	%	117,3	119,1
Minimum regulatory NSFR requirement	%	100,0	100,0

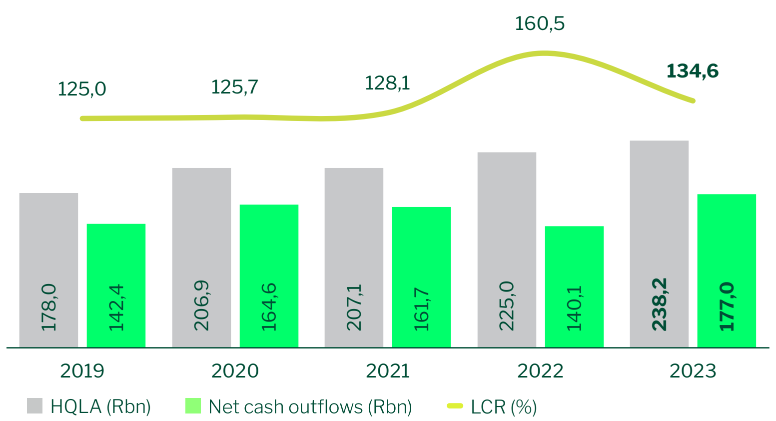
[1] *Total HQLA includes government securities fair-valued in the trading portfolio or fair-valued for interest-rate risk purposes in the macro fair-value hedge-accounting solution.*

[2] *Only banking and/or deposit-taking entities are included in the group LCR and the group ratio represents a consolidation of the relevant individual net cash outflows (NCOF) and the individual HQLA portfolios across all banking and/or deposit-taking entities, where surplus HQLA holdings in excess of the minimum requirement of 100% have been excluded from the consolidated HQLA number in the case of all non-South African banking entities. The above values reflect the simple average of daily observations over the quarter ending 31 December 2023 for Nedbank and simple average of the month-end values at 31 October 2023, 30 November 2023 and 31 December 2023 for all non-South African banking entities.*

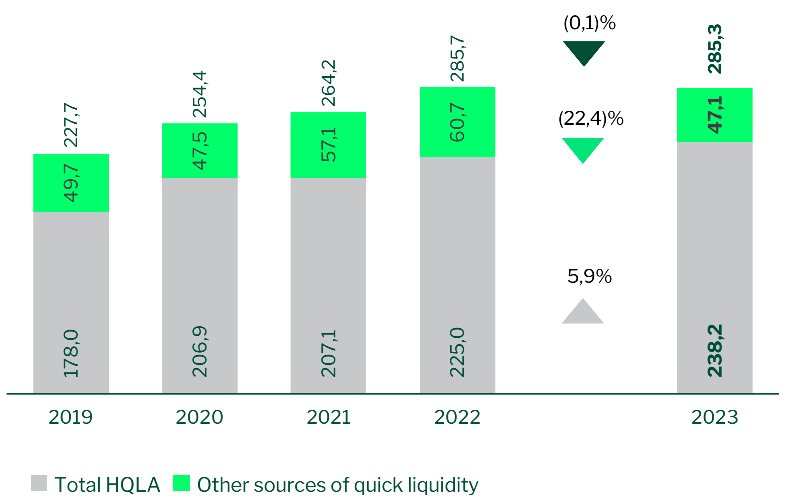
[3] *Only banking and/or deposit-taking entities are included in the group NSFR and the group data represents a consolidation of the relevant individual assets, liabilities and off-balance-sheet items.*

- 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 well below 100% and a low reliance on interbank and foreign currency funding.
- The group's LCR exceeded the minimum regulatory requirement of 100%, with the group maintaining appropriate operational liquidity buffers designed to absorb seasonal, cyclical and systemic volatility.
- The consolidated group LCR of 134,6% was calculated using the simple average of daily observations over the quarter ending 31 December 2023 for Nedbank Limited and the simple average of the month-end values at 31 October 2023, 30 November 2023 and 31 December 2023 for all non-South African banking entities.
  - Nedbank's portfolio of LCR-compliant HQLA measured at fair value (comprising mainly government bonds and treasury bills) increased to a quarterly average of R238,2bn, up from December 2022, when the portfolio amounted to R225,0bn.
  - The decrease in the LCR to 134,6% (Dec 2022: 160,5%) was primarily attributable to an increase in net cash outflows. The net cash outflows increased in line with the bank's balance sheet growth, which was effectively managed through the increase in HQLA liquidity buffers.
  - 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 identifies other sources of quick liquidity that can be accessed in times of stress. Nedbank Group has significant sources of quick liquidity, as is evident in the combined portfolio of HQLA and other sources of quick liquidity, collectively amounting to R285,3bn at December 2023 and representing 21,8% of total assets.

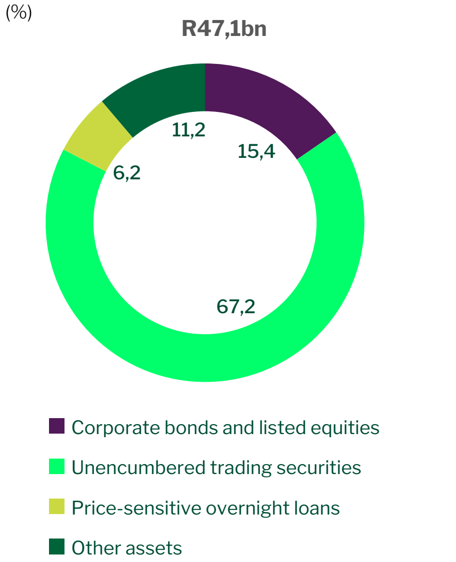
Nedbank Group LCR exceeds minimum regulatory requirements



Total sources of quick liquidity
(Rbn)

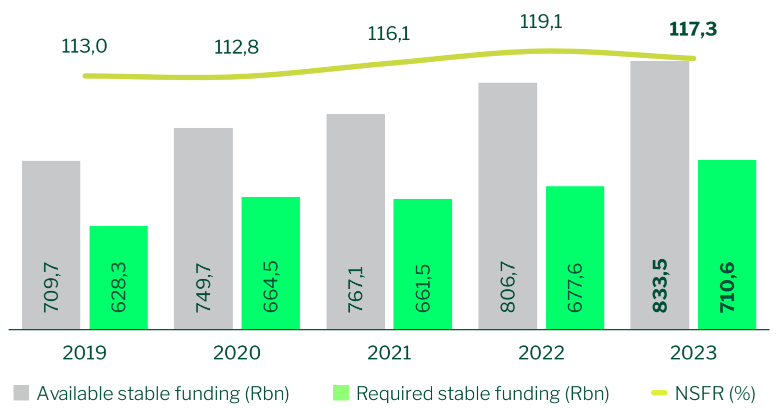


Other sources of quick liquidity contribution
(%)



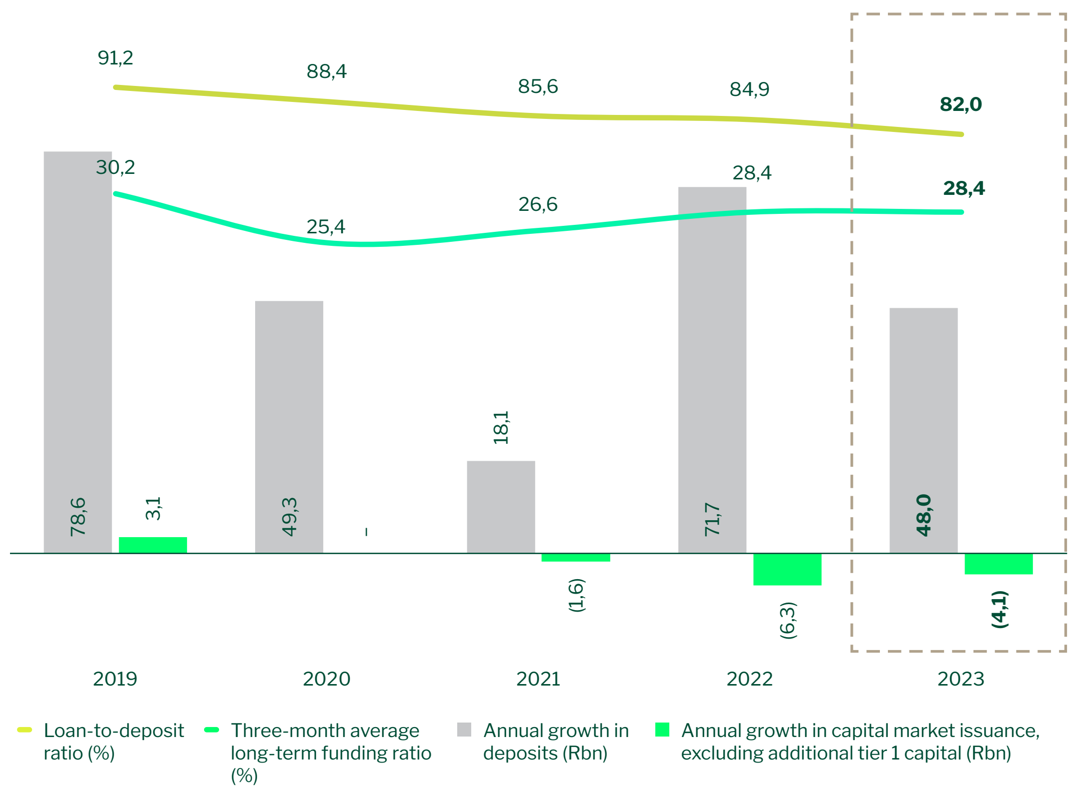
Nedbank exceeded the minimum regulatory NSFR requirement of 100%, with a December 2023 ratio of 117,3% (Dec 2022: 119,1%). The structural liquidity position of the group remained strong. Nedbank's primary focus is the optimisation of the balance sheet within the Board risk appetite and Regulatory compliance.

Nedbank Group NSFR exceeds minimum regulatory requirements



- A strong funding profile was maintained in 2023, with Nedbank recording a three-month average long-term funding ratio of 28,4% in the fourth quarter of the year. The focus on proactively managing Nedbank's long-term funding profile contributed to a strong balance sheet position and sound liquidity risk metrics. Nedbank has continued to run a more prudent long-term funding profile when compared with the industry average of 23,2%.
  - Nedbank opportunistically issued R2,8bn of long-term debt via its alternative funding book at a lower cost than senior unsecured debt in 2023, while R4,6bn matured during the year.
  - Nedbank issued tier 1 capital instruments of R1,0bn during 2023, while it redeemed R750m. The bank also issued tier 2 capital instruments of R2,1bn, while R4,5bn was redeemed in line with the group's capital plan.
- While foreign currency funding reliance remains small, at 2,7% of total deposits, Nedbank continues to focus on growing this funding source in support of funding base diversification, and to meet funding requirements for foreign advances growth.

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



The group's 2023 Internal Liquidity Adequacy Assessment Process (ILAAP) and Internal Capital Adequacy Assessment Process (ICAAP) reports were approved by the board and submitted to the PA, in accordance with the annual business-as-usual process. In addition, the group's Recovery Plan (RP), which sets out in detail Nedbank's approach to dealing with a capital, liquidity and/or business continuity crisis, was approved by the board on 27 October 2023 and incorporates the Nedbank African Regions, Nedbank London Branch and Nedbank Private Wealth International RPs.

Exchange rates

	Average			Closing		
	Change %	2023	2022	Change %	2023	2022
UK pound to rand	14	**22,94**	20,17	15	**23,54**	20,43
US dollar to rand	13	**18,45**	16,36	9	**18,53**	16,98
US dollar to naira	49	**636,59**	426,47	98	**911,68**	460,82
Rand to naira	32	**34,36**	26,02	81	**49,21**	27,14
US dollar to Zimbabwe dollar[1]		**n/a**	n/a	>100	**6114,27**	669,25
Zimbabwe dollar to rand[1]		**n/a**	n/a	(88)	**0,003**	0,025

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

Equity analysis

Analysis of changes in net asset value

	Change %	2023	2022
Balance at the beginning of the year		**115 944**	109 547
Additional shareholder value	28	**15 651**	12 239
Profit attributable to equity holders of the parent		**15 305**	14 287
Currency translation movements		**(63)**	(1 391)
Exchange differences on translating foreign operations – foreign subsidiaries[1]		**1 347**	(179)
Exchange differences on translating foreign operations – ETI[1]		**168**	190
Share of other comprehensive income of investments accounted for using the equity method – ETI[2]		**(1 578)**	(1 402)
Fair-value adjustments		**303**	(317)
Fair-value adjustments on equity and debt instruments		**281**	102
Share of other comprehensive income of investments accounted for using the equity method[2]		**22**	(419)
Cash flow hedge losses		**(190)**	
Defined-benefit fund adjustment		**194**	(242)
Share of other comprehensive income of investments accounted for using the equity method (included in other distributable reserves)		**75**	(1)
Property revaluations		**27**	(97)
Transactions with ordinary shareholders	(89)	**(12 878)**	(6 814)
Dividends paid		**(8 569)**	(7 788)
Equity-settled share-based payments		**1 154**	979
Value of employee services (net of deferred tax)[3]		**(419)**	(25)
Share buyback		**(5 044)**	
Other transactions[3]			20
Transaction with non-controlling shareholders	>100	**244**	70
Additional tier 1 capital instruments	(72)	**250**	900
Other movements	(100)		2
Balance at the end of the year	3	**119 211**	115 944

[1] *Exchange differences on translating foreign operations as shown in the statement of comprehensive income of R1 492m gain (2022: R2m loss).*
[2] *Share of other comprehensive income of investments accounted for using the equity method as shown in the statement of comprehensive income of R1 556m (2022: R1 821m).*
[3] *Share movements in terms of long-term incentive and BEE schemes were previously included in 'Other transactions'. Comparatives have been adjusted to disclose these movements separately in the current year.*

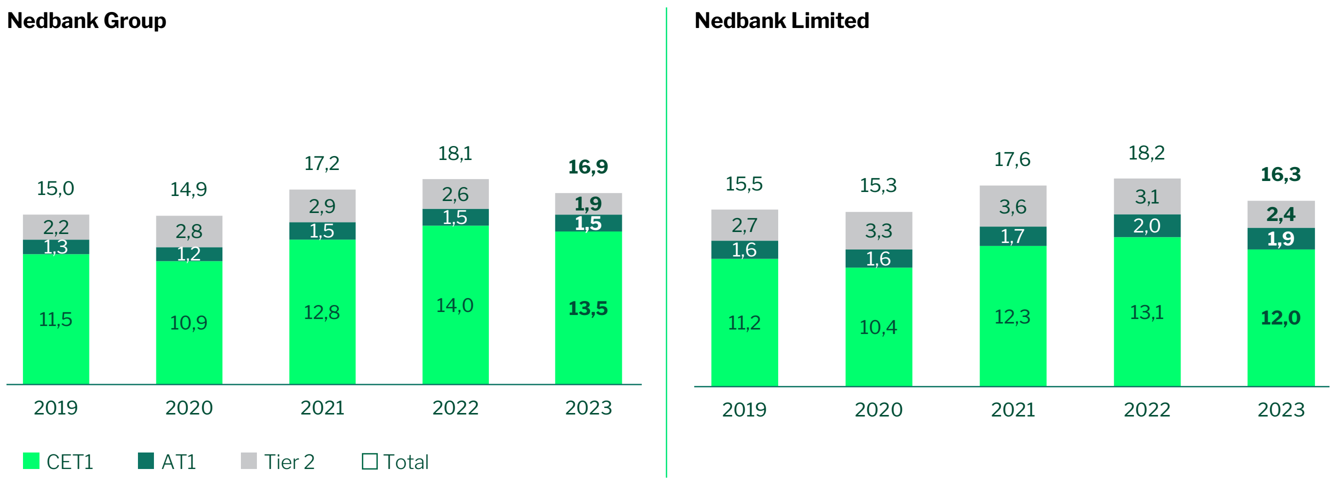
Movements in group foreign currency translation reserve

	Change %	2023	2022
Balance at the beginning of the year		**(2 916)**	(1 508)
Foreign currency translation reserve (FCTR)	96	**(63)**	(1 408)
ETI		**(1 410)**	(1 212)
Nedbank Mozambique		**120**	63
Nedbank Private Wealth Limited		**368**	(55)
Nedbank London branch		**650**	(114)
Other subsidiaries		**209**	(90)
Balance at the end of the year	(2)	**(2 979)**	(2 916)

Capital management

Regulatory capital adequacy and leverage

Capital ratios (including unappropriated profit)
(%)

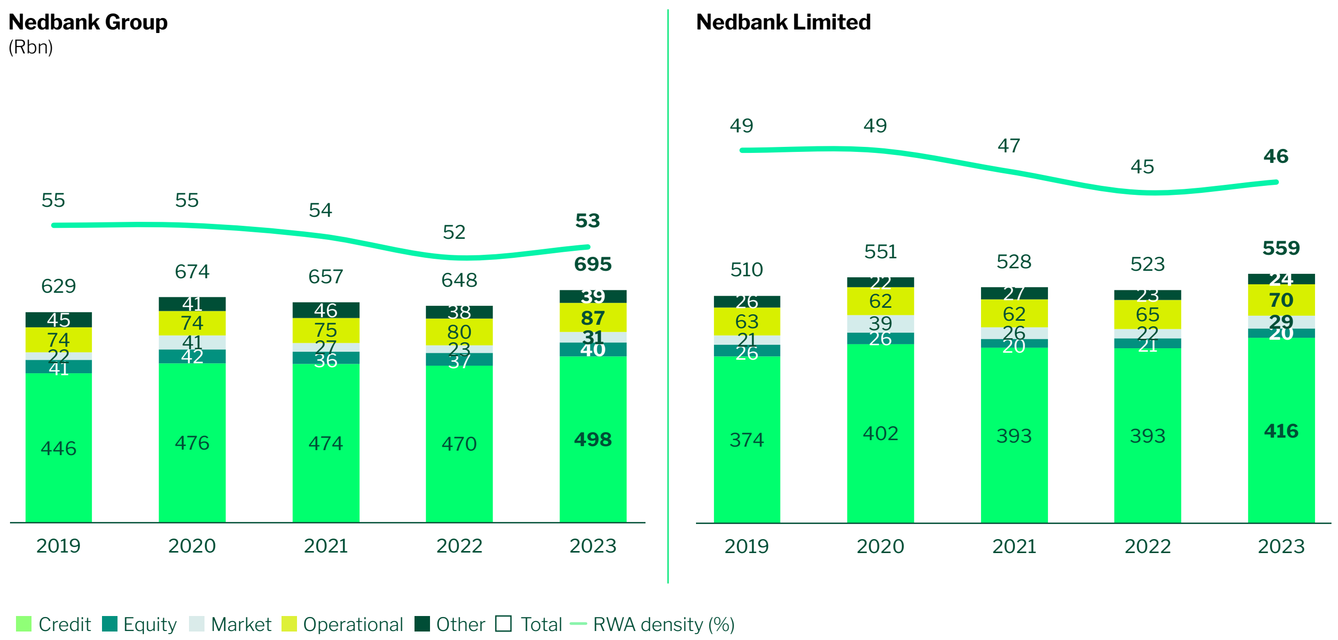


		PA minimum	Internal targets	2023	2022
Nedbank Group					
Including unappropriated profits					
CET1	%		11,0–12,0	13,5	14,0
Total tier 1	%		> 12,0	15,0	15,5
Total CAR	%		> 14,5	16,9	18,1
Surplus tier 1 capital[1]	Rm			32 828	34 221
Dividend cover	times		1,75–2,25	1,75	1,75
Cost of equity	%			14,8	14,9
Excluding unappropriated profits					
CET1	%	8,5		11,8	12,2
Total tier 1	%	10,25		13,3	13,8
Total CAR	%	12,5		15,3	16,4
Leverage	times	<25	<20	15,1	14,8
Nedbank Limited					
Including unappropriated profits					
CET1	%		11,0–12,0	12,0	13,1
Total tier 1	%		> 12,0	13,9	15,0
Total CAR	%		> 14,5	16,3	18,2
Surplus tier 1 capital	Rm			20 287	25 079
Excluding unappropriated profits					
CET1	%	8,5		11,0	11,6
Total tier 1	%	10,25		12,9	13,6
Total CAR	%	12,5		15,3	16,7

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

- Nedbank Group maintained a strong capital adequacy position, with ratios well above the minimum regulatory requirements and board-approved targets.
- Nedbank Group manages its capital levels based on the board-approved risk appetite, taking cognisance of rating agency and shareholder expectations, in line with regulatory requirements. The group further seeks to ensure that its capital structure uses the full range of capital instruments and capital management activities available to optimise the financial efficiency and loss absorption capacity of its capital base.
- During 2023 the Group completed a capital optimisation initiative of R5,0bn which included a share repurchase of 23,4 million shares. The capital optimisation initiative included an odd lot offer of 2,7 million shares valued at R638m. The repurchased shares were cancelled and delisted, resulting in a 70bps reduction in CET1 capital ratios and a full year ROE accretion of approximately 50bps.
- Nedbank performs extensive and comprehensive stress testing to ensure that the group remains well capitalised relative to its business activities, the board's strategic plans, risk appetite, risk profile and the external environment in which the group operates.
- The Prudential Authority issued a Proposed Directive in November 2023 pertaining to the implementation of a positive cycle-neutral countercyclical capital buffer (PCN CCyb). The PA proposes an increase in the countercyclical buffer rate from 0% to 1%, effective from 1 January 2026. The proposed PCN CCyb will increase the regulatory minimum capital requirement and consequently will impact the surplus capital position, if implemented.

Overview of risk-weighted assets



	2023		2022
Nedbank Group	**RWA**	**MRC[1]**	**RWA**
Credit risk[2]	478 194	59 774	449 982
Counterparty credit risk	13 441	1 680	14 450
Credit valuation adjustment	6 104	763	5 858
Equity risk	40 407	5 051	37 119
Market risk	30 862	3 858	23 037
Operational risk	86 834	10 854	79 853
Amounts below the thresholds for deduction	17 124	2 141	16 910
Other assets	22 274	2 784	20 998
Total	695 240	86 905	648 207

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

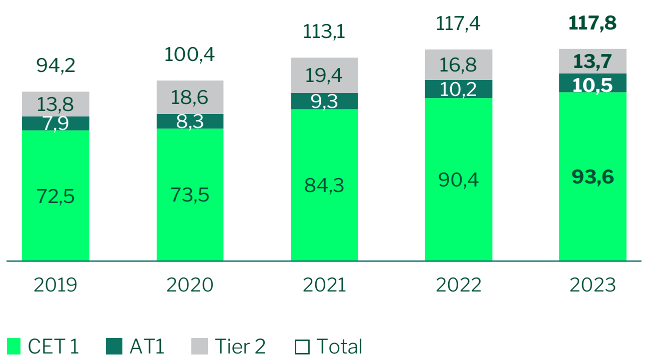
- The group's total RWA/total assets density was 53,0% at December 2023 (51,6% at December 2022), driven by an increase of 7,3% in total RWA versus growth in total assets of 4,7%.
- The increase in total RWA is attributable mainly to the following:
  - The increase in Credit risk RWA is driven mostly by growth in banking book advances in RBB, and increased risk weights in RBB and CIB.
  - Equity risk RWA increased as a result of movements in equity exposures.
  - Market risk RWA increased due to continued market volatility which was driven by interest rate hikes, the depreciation of the rand, and higher growth in the credit trading and rates businesses.
  - Operational risk RWA increased due to the review of the group's operational risk scenarios and the update of the internal loss data used, including the AMA floor, which is driven by movements in GOI.
  - The other asset RWA increase was mainly due to business-as-usual movements.

Nedbank Limited	2023 RWA	2023 MRC[1]	2022 RWA
Credit risk[2]	400 059	50 007	376 775
Counterparty credit risk	9 583	1 198	9 960
Credit valuation adjustment	6 060	758	5 798
Equity risk	20 230	2 529	21 389
Market risk	29 079	3 635	21 727
Operational risk	69 920	8 740	64 576
Amounts below the thresholds for deduction	8 399	1 050	7 109
Other assets	15 424	1 928	15 481
Total	**558 754**	**69 845**	522 815

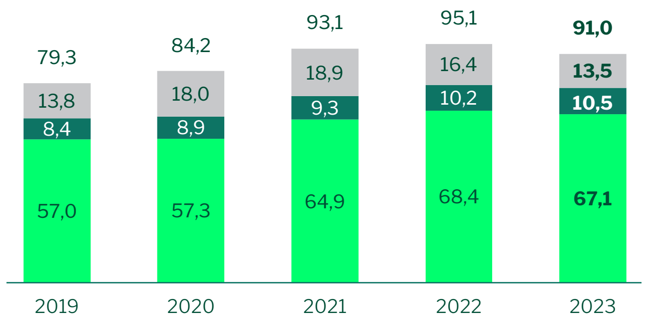
[1] *Total MRC is measured at 12,5% and excludes the bank-specific Pillar 2b add-on.*
[2] *Including the securitisation exposures in the banking book.*

Summary of regulatory qualifying capital and reserves

Nedbank Group
(Rbn)



Nedbank Limited



Rm	Nedbank Group 2023	Nedbank Group 2022	Nedbank Limited 2023	Nedbank Limited 2022
Including unappropriated profits				
Total tier 1 capital	**104 090**	100 662	**77 559**	78 668
CET1	**93 621**	90 443	**67 090**	68 449
Share capital and premium	**14 797**	19 695	**20 111**	20 111
Reserves	**92 952**	85 233	**58 719**	60 160
Minority interest: Ordinary shareholders	**809**	670		
Deductions	**(14 937)**	(15 155)	**(11 739)**	(11 822)
Additional tier 1 capital	**10 469**	10 219	**10 469**	10 219
Perpetual subordinated debt instruments	**10 469**	10 219	**10 469**	10 219
Tier 2 capital	**13 691**	16 757	**13 464**	16 387
Subordinated debt instruments	**12 998**	15 431	**12 998**	15 431
Excess of eligible provisions over downturn expected losses	**438**	966	**462**	954
General allowance for credit impairment	**255**	360	**4**	2
Total capital	**117 781**	117 419	**91 023**	95 055
Excluding unappropriated profits				
CET1 capital	**82 024**	79 297	**61 578**	60 633
Tier 1 capital	**92 493**	89 516	**72 047**	70 852
Total capital	**106 185**	106 272	**85 511**	87 240

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 CET 1 capital was impacted by the capital optimisation initiative of R5bn, final 2022 and interim 2023 dividends of R8.6bn, partly offset by organic earnings.
- The group's total tier 1 capital position was further impacted by the issuance of additional tier 1 instruments of R1bn, partly offset by redemptions of R750m.
- The group's total capital was further impacted by the issuance of tier 2 capital instruments of R2,1bn and redemptions amounting to R4,5bn, in line with the group's capital plan.
- These form part of the group's capital management strategy to optimise the group's capital structure.

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.

	2023			2022	
	Total capital requirement (host country) %	RWA Rm	Total capital ratio %	RWA Rm	Total capital ratio %
Nedbank Africa Regions					
Nedbank Mozambique	**12,0**	**5 369**	**22,3**	4 406	21,4
Nedbank Namibia	**14,0**	**12 339**	**18,1**	13 195	16,1
Nedbank Eswatini	**8,0**	**5 488**	**18,3**	5 268	18,0
Nedbank Lesotho[1]	**8,0**	**2 484**	**26,9**	1 831	34,2
Nedbank Zimbabwe[2]	**12,0**	**3 532**	**28,4**	1 954	33,9
Isle of Man					
Nedbank Private Wealth[3]	**13,0**	**9 719**	**26,2**	9 415	18,0

[1] *The decrease was mainly due to an increase in credit risk RWA, which is driven by higher placements with financial entities (at a higher risk weighted factor).*
[2] *The decrease was due to an increase in credit risk RWA, which was driven by higher customer loans and the depreciation of the local currency.*
[3] *The increase was due to additional earnings generated in 2023 and a decline in balance sheet lending.*

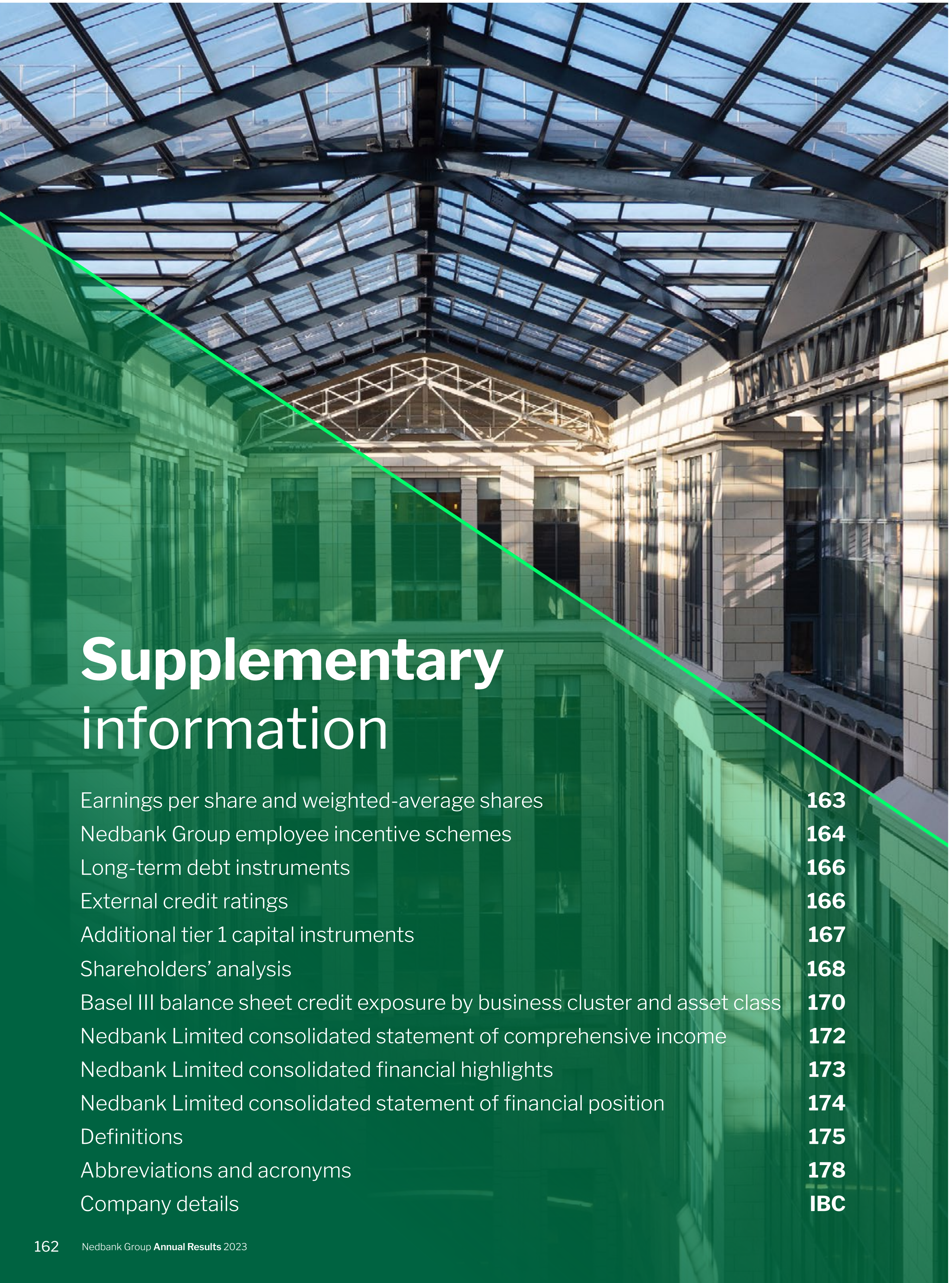
Economic capital adequacy

Nedbank Group economic capital requirement

	2023		2022	
	Rm	Mix %	Rm	Mix %
Credit risk	**47 609**	**69**	47 266	70
Market risk	**9 590**	**14**	8 836	13
Business risk	**3 722**	**5**	3 568	5
Operational risk	**4 912**	**7**	4 612	7
Insurance risk	**331**	**1**	277	<0
Other assets risk	**1 284**	**2**	1 184	2
Model Risk	**1 471**	**2**	1 701	3
Minimum economic capital requirement	**68 919**	**100**	67 444	100
Add: Stress-tested capital buffer[1]	**5 274**		4 873	
Total economic capital requirement	**74 193**		72 317	
AFR	**123 896**	**100**	123 264	100
Tier A capital	**100 429**	**81**	97 614	79
Tier B capital	**23 467**	**19**	25 650	21
Total surplus AFR	**49 703**		50 947	
AFR: Total economic capital requirement (%)	**167**		170	

[1] *The stress-tested capital buffer is calculated as: (the sum of credit risk, market risk, business risk, operational risk, insurance risk and other asset risk, multiplied by 10%) less the portion recognised separately for model risk.*

- Nedbank Group's minimum economic capital requirement increased by R1,5bn during the FY 2023, driven primarily by the following:
  - An increase of R343m in credit risk, driven primarily by a combination of growth in the CIB portfolio as well as deterioration of risk profiles in CIB and RBB.
  - An increase of R754m in market risk, driven primarily by an increase in investment exposure and interest rate risk in the banking book (IRRBB) due to higher stochastic results and changes in the yield curves, resulting from higher interest rates.
  - An increase of R300m in operational risk due to the review of the risk scenarios and the update of internal loss data used, including the AMA floor, which is driven by movements in GOI.
  - An increase of R100m in other assets due to balance sheet movements.
  - An increase of R154m in business risk due to annual model parameter updates, reflective of the higher risk environment.
  - A decrease in model risk due to an enhancement of the allocation approach for model risk to clusters, which is based on multipliers of total minimum economic capital linked to model materiality.
- Nedbank Group's AFR increased by R632m in FY 2023, mainly as a result of the following:
  - A R2,8bn increase in tier A capital, which was driven by organic capital generation over the period, offset with dividends and the execution of the capital optimisation initiative of R5,0bn, including an odd-lot offer.
  - A R2,2bn decrease in tier B capital following the redemption of R5,3bn of tier 1 and tier 2 debt instruments, which were offset by the issuance of tier 1 and tier 2 instruments amounting to R3,1bn.



Supplementary information

Earnings per share and weighted-average shares

Earnings per share	Basic	Diluted basic	Headline	Diluted headline
2023				
Earnings for the year	**15 305**	**15 305**	**15 650**	**15 650**
Weighted-average number of ordinary shares	**472 509 532**	**489 235 413**	**472 509 532**	**489 235 413**
Earnings per share (cents)	**3 239**	**3 128**	**3 312**	**3 199**
2022				
Earnings for the year	14 287	14 287	14 061	14 061
Weighted-average number of ordinary shares	486 867 063	500 654 864	486 867 063	500 654 864
Earnings per share (cents)	2 934	2 854	2 888	2 809

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

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

Number of weighted-average dilutive potential ordinary shares (000)	2023 Potential shares[1]	2023 Weighted-average dilutive shares	2022 Weighted-average dilutive shares
Traditional schemes	**25 484**	**15 167**	12 229
Nedbank Group Restricted-share Scheme (2005)	**20 973**	**12 988**	10 376
Nedbank Group Matched-share Scheme	**4 511**	**2 179**	1 853
Total BEE schemes	**1 592**	**1 559**	1 559
BEE schemes – SA	**1 559**	**1 559**	1 559
Community	**1 559**	**1 559**	1 559
BEE schemes – Namibia	**33**		
Total	**27 076**	**16 726**	13 788

[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	2023	2022
Summary by scheme		
Nedbank Group Restricted-share Scheme (2005)	16 577 839	16 946 909
Nedbank Group Matched-share Scheme (2005)	2 917 857	3 238 649
Instruments outstanding at the end of the year	19 495 696	20 185 558
Analysis		
Performance-based – restricted shares	10 149 887	9 908 892
Time-based – restricted shares	6 427 952	7 038 017
Deferral (compulsory) subject to time-based and match subject to performance-based (CBSS[1])	2 022 676	2 096 140
Deferral (voluntary) and match subject to performance-based (VBSS[2])	895 181	1 142 509
Instruments outstanding at the end of the year	19 495 696	20 185 558
Movements		
Instruments outstanding at the beginning of the year	20 185 558	19 490 024
Granted	6 188 628	5 567 475
Accelerated	(4 542)	(21 569)
Exercised	(6 201 894)	(3 801 327)
Surrendered	(672 054)	(1 049 045)
Instruments outstanding at the end of the year	19 495 696	20 185 558

[1] *Compulsory Bonus Share Scheme for deferral of short-term incentives.*
[2] *Voluntary Bonus Share Scheme for deferral of short-term incentives.*

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

Matched shares

Instrument expiry date	Number of shares
1 April 2024	689 531
1 April 2025	890 193
1 April 2026	1 338 133
Matched shares outstanding not exercised at 31 December 2022	2 917 857
Shares exercised and forfeited during the year	1 592 684
Total potential shares	4 510 541
Weighted-average dilutive shares applicable for the year	2 178 640

- 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 existed at 31 December 2023 and therefore had a dilutive effect.
- Matched shares are not issued and are therefore not recognised as treasury shares. However, until they have been issued, there remains a potential dilutive effect.

Restricted shares[1]

Details of instruments granted and not exercised at 31 December 2023 and the resulting dilutive effect:

Instrument expiry date	Number of shares	
26 March 2024	4 265 198	P
27 March 2024	3 237 496	
20 August 2024	82 902	P
21 August 2024	72 898	
18 March 2025	2 573 158	P
19 March 2025	1 587 203	
19 August 2025	68 301	P
20 August 2025	40 149	
23 March 2026	3 046 592	P
24 March 2026	1 454 421	P
18 August 2026	113 736	P
19 August 2026	35 785	P
Restricted shares not exercised at 31 December 2023	16 577 839	
Unallocated shares	342 553	
Treasury shares	16 920 392	
Shares exercised and forfeited during the year	2 426 114	
Additional shares expected to vest	1 626 788	
Total potential shares	20 973 294	
Weighted-average dilutive shares applicable for the year	12 987 793	

[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 achieving performance conditions). Participants have full rights and receive dividends.*
[P] *Awarded subject to corporate performance targets and/or minimum individual performance conditions.*

Long-term debt instruments

Instrument code	2023	2022
Subordinated debt	13 648	16 041
Callable notes (rand-denominated)[1]	9 073	13 594
Callable notes and long-term debentures (Namibian-dollar-denominated)	429	428
Green bonds (rand-denominated)[1]	4 146	2 018
Securitised liabilities – callable notes (rand-denominated)	1 241	1 240
Senior unsecured debt – senior unsecured notes (rand-denominated)	30 114	31 864
Unsecured debentures (rand-denominated)	72	61
Senior unsecured green bonds (rand-denominated)	2 702	2 697
Total long-term debt instruments in issue	**47 777**	51 903

[1] *Loss-absorbing instruments.*

More information is available on our group website

Capital and risk management reports

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

Debt investors programme

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

External credit ratings

	Standard & Poor's		Moody's Investors Service	
	Nedbank Limited	Sovereign rating SA	Nedbank Limited	Sovereign rating SA
	Dec 2023	Dec 2023	Aug 2023	Aug 2023
Outlook	Stable	Stable	Stable	Stable
Foreign currency deposit ratings				
Long term	BB-	BB-	Ba2	Ba2
Short term	B	B	Not prime	Not prime
Local currency deposit ratings				
Long term			Ba2	Ba2
Short term			Not prime	N/A
National scale rating				
Long-term deposits	zaAA	zaAAA	Aa1.za	
Short-term deposits	zaA-1+	zaA-1+	P-1.za	

Additional tier 1 capital instruments

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

Instrument code	Instrument terms	2023	2022
Subordinated			
Callable notes (rand-denominated)			
NGLT1B	3-month JIBAR + 4,64% per annum		750
NGT103	3-month JIBAR + 4,40% per annum	671	671
NGT104	3-month JIBAR + 4,50% per annum	1 829	1 829
NGT105	3-month JIBAR + 4,25% per annum	1 000	1 000
NGT106	3-month JIBAR + 4,95% per annum	500	500
NGT107	3-month JIBAR + 4,55% per annum	472	472
NGT108	3-month JIBAR + 4,67% per annum	1 537	1 537
NGT1G – Green AT1	3-month JIBAR + 4,10% per annum	910	910
NGT109	3-month JIBAR + 3,91% per annum	700	700
NGT110	3-month JIBAR + 3,91% per annum	350	350
NGT111	3-month JIBAR + 3,79% per annum	1 000	1 000
NGT112	3-month JIBAR + 3,40% per annum	500	500
NGT113	3-month JIBAR + 3,28% per annum	1 000	
Total non-controlling interest attributable to additional tier 1 capital instruments		**10 469**	10 219

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

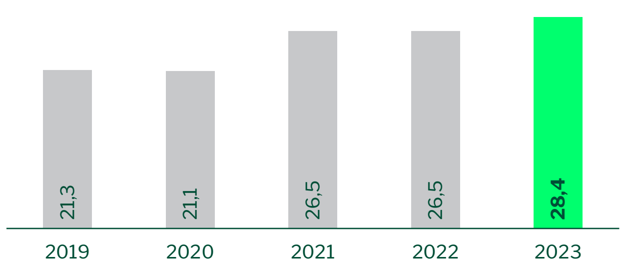
Shareholders' analysis

Register date	29 December 2023
Authorised share capital	600 000 000 shares
Issued share capital	488 105 724 shares

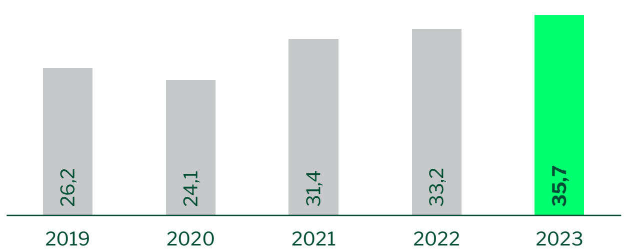
	Number of shares	2023 % holding	2022 % holding
Major shareholders/managers[1]			
Nedbank Group treasury shares	23 539 726	**4,82**	4,74
BEE trusts	2 597 880	**0,53**	1,29
Eyethu scheme – Nedbank SA	2 482 790	**0,51**	1,26
Omufima scheme – Nedbank Namibia	115 090	**0,02**	0,03
Nedbank Group (2005) Restricted- and Matched-share Schemes	16 920 392	**3,47**	3,44
Nedbank Namibia Limited	47 512	**0,01**	0,01
Nedbank Foundation Trust	2 055		
Nedbank Social Development Fund Trust	3 971 887	**0,81**	
Public Investment Corporation (SA)	71 984 634	**14,75**	13,55
Allan Gray Investment Council (SA)	45 804 806	**9,38**	9,79
Coronation Fund Managers (SA)	23 888 472	**4,89**	4,61
BlackRock Incorporated (international)	22 097 549	**4,53**	4,01
Dimensional Fund Advisors (international)	18 630 117	**3,82**	1,09
The Vanguard Group Incorporated (international)	18 598 031	**3,81**	3,28
GIC Asset Management Proprietary Limited (international)	16 757 561	**3,43**	5,61
Sanlam Investment Management Proprietary Limited (SA)	14 980 915	**3,07**	2,43
Lazard Asset Management (international)	13 032 543	**2,67**	2,91
Old Mutual Life Assurance Company (SA) Limited and associates (includes funds managed on behalf of other beneficial owners)	9 903 310	**2,03**	2,58
Major beneficial shareholders[2]			
Government Employees Pension Fund (SA)	75 003 214	**15,37**	14,69
Allan Gray Balanced Fund (ZA)	33 557 680	**6,88**	6,97

[1] *Source: JP Morgan Cazenove at 29 December 2023.*
[2] *Source: Vaco Ownership at 29 December 2023.*

Index classified shareholding
(%)



Foreign shareholding
(%)



	Number of shares	2023 % holding	2022 % holding
Geographical distribution of shareholders[1]			
Domestic	313 911 736	**64,31**	66,84
SA	291 324 765	**59,68**	59,74
Namibia	8 971 203	**1,84**	1,90
Unclassified	13 615 768	**2,79**	5,20
Foreign	174 193 988	**35,69**	33,16
USA	77 017 235	**15,78**	14,38
Asia	28 557 175	**5,85**	8,15
Europe	23 348 512	**4,78**	4,80
UK and Ireland	15 205 866	**3,12**	3,27
Other countries	30 065 200	**6,16**	2,56
Total shares listed	488 105 724	**100,0**	100,00
Less: Treasury shares held	23 539 726		
Net shares reported	464 565 998		

[1] *Source: JP Morgan Cazenove at 29 December 2023.*

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 2023	Mix (%)	Change (%)	Risk weighting[1]	Downturn expected loss (dEL)[2]	BEEL[3]	Nedbank Group 2022	Downturn expected loss (dEL)[2]	BEEL[3]
AIRB Approach	389 676	177 909	451 499	22 496	10	88 166	951 847	91,40	1,37	39,27	9 176	18 815	938 945	8 499	16 681
Corporate	180 213	57 004	22 050	2	10		202 275	19,42	(0,83)	40,54	988	1 754	203 960	940	2 132
Specialised lending – HVCRE[4]	4 920	4 920		23			4 943	0,47	(3,80)	91,79	47	329	5 138	44	257
Specialised lending – IPRE[5]	112 487	112 428	1 356	4 933			118 776	11,41	2,98	30,24	234	455	115 338	197	515
Specialised lending – project finance	46 338						46 338	4,45	7,72	54,73	191	46	43 016	160	135
SME – corporate	4 375	3 557	42 683	1 721			48 779	4,68	2,33	53,17	278	1 120	47 667	331	733
Public sector entities	5 274		19				5 293	0,51	(40,53)	65,16	88	201	8 901	29	243
Local governments and municipalities	7 296		2 599				9 895	0,95	(4,06)	57,55	67		10 314	44	
Sovereign	7 220		27			88 166	95 413	9,16	10,38	14,13	37	48	86 444	19	39
Banks	21 211		12	4 671			25 894	2,49	(38,84)	58,48	234		42 336	98	20
Retail mortgage			169 592	9 335			178 927	17,18	6,40	28,52	1 141	3 076	168 160	955	2 023
Retail revolving credit			17 760	66			17 826	1,71	2,97	62,12	952	1 869	17 312	949	1 765
Retail – other			162 287	126			162 413	15,60	4,65	50,65	4 341	9 075	155 199	4 177	7 938
SME – retail	5		32 942	1 619			34 566	3,32	(0,15)	43,97	569	842	34 618	556	881
Securities firms	337						337	0,03	(8,92)	16,55	9		370		
Securitisation exposure			172				172	0,02		142,66			172		
TSA[6]	–	–	307	35 373	35 226	–	70 906	6,81	5,16	55,24	–	–	67 428	–	–
Corporate					5 648		5 648	0,54	39,04	98,31			4 062		
SME – corporate			307	1 491			1 798	0,17	6,90	68,44			1 682		
Public sector entities					555		555	0,05	25,85	86,72			441		
Local government and municipalities					20		20		(54,55)	99,27			44		
Sovereign				13 217	12 008		25 225	2,42	58,27	60,85			15 938		
Banks				14 349	3 081		17 430	1,67	(33,54)	33,62			26 226		
Retail mortgage				5 945	7 278		13 223	1,27	3,21	32,25			12 812		
Retail revolving credit					275		275	0,03	7,42	33,22			256		
Retail – other				301	3 001		3 302	0,32	3,61	68,92			3 187		
SME – retail				70	3 360		3 430	0,33	23,38	64,43			2 780		
PiPs			64	14	129		207	0,02	9,52				189		
Non-regulated entities	18 366		41				18 407	1,77	4,72				17 577		
Total Basel III balance sheet exposure[7]	408 042	177 909	451 911	57 883	35 365	88 166	1 041 367	100.00	1,68		9 176	18 815	1 024 139	8 499	16 681
dEL (AIRB Approach)												27 991			25 180
Expected loss performing book												9 176			8 499
BEEL on defaulted advances												18 815			16 681
IFRS impairment on AIRB loans and advances												(28 430)			(26 146)
Excess of downturn expected loss over eligible provisions[8]												(439)			(966)

[1] *Risk weighting is shown as a percentage of exposure at default (EAD) for the AIRB Approach and as a percentage of total credit extended for The Standardised Approach (TSA).*
[2] *dEL is in relation to performing loans and advances.*
[3] *Best estimate of expected loss (BEEL) is in relation to defaulted loans and advances.*
[4] *High-volatility commercial real estate.*
[5] *Income-producing real estate.*
[6] *A portion of the legacy Imperial Bank book in Nedbank RBB, Nedbank Private Wealth (UK) and the non-South African banking entities in Africa are covered by TSA.*
[7] *Balance sheet credit exposure includes on-balance-sheet, repurchase and resale agreements and derivative exposure.*
[8] *Excess impairments compared to downturn expected loss for IRB exposures totaled R439m at 31 December 2023 (2022: R966m). 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 amounted to R2 720m at 31 December 2023 (2022: R2 576m).*

Nedbank Limited consolidated statement of comprehensive income

for the year ended 31 December

Rm	Change %	2023	2022
Interest and similar income	42	111 796	78 612
Interest expense and similar charges	65	74 645	45 224
Net interest income	11	37 151	33 388
Non-interest revenue and income	7	22 033	20 573
Net commission and fee income		16 528	15 667
Commission and fee revenue		21 599	20 229
Commission and fee expense		(5 071)	(4 562)
Net insurance expense		(78)	(47)
Fair-value adjustments		533	171
Net trading income		3 559	3 403
Equity investment income		689	776
Investment income		125	103
Net sundry income		677	500
Share of gains of associate companies	(20)	80	100
Total income	10	59 264	54 061
Impairments charge on financial instruments	31	9 380	7 154
Net income	6	49 884	46 907
Total operating expenses	8	33 625	31 274
Indirect taxation	2	1 019	1 002
Impairments charge on non-financial instruments and other losses	>100	175	(50)
Profit before direct taxation	3	15 065	14 681
Total direct taxation	(4)	3 259	3 378
Direct taxation		3 306	3 362
Taxation on impairments charge on non-financial instruments and other losses		(47)	16
Profit for the year	4	11 806	11 303

Rm	Change %	2023	2022
Other comprehensive income/(losses) (OCI) net of taxation	>100	837	(496)
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translating foreign operations		651	(110)
Debt investments at FVOCI – net change in fair value		235	132
Cash flow hedge losses		(190)	
Items that may not subsequently be reclassified to profit or loss			
Property revaluations		(37)	(160)
Remeasurements on long-term employee benefit assets		201	(359)
Equity instruments at FVOCI – net change in fair value		(23)	1
Total comprehensive income for the year	17	12 643	10 807
Profit attributable to:			
– Ordinary shareholders	4	11 634	11 194
– Holders of participating preference shares	57	166	106
– Non-controlling interest – ordinary shareholders	>100	6	3
Profit for the year	4	11 806	11 303
Total comprehensive income attributable to:			
– Ordinary shareholders	17	12 471	10 698
– Holders of participating preference shares	57	166	106
– Non-controlling interest – ordinary shareholders	>100	6	3
Total comprehensive income for the year	17	12 643	10 807
Headline earnings reconciliation			
Profit attributable to ordinary shareholders	4	11 634	11 194
Less: Non-headline earnings items	>(100)	(128)	34
Impairments charge on non-financial instruments and other losses		(175)	50
Taxation on impairments charge on non-financial instruments and other losses		47	(16)
Headline earnings attributable to ordinary and preference shareholders	5	11 762	11 160

Nedbank Limited consolidated financial highlights

for the year ended

Rm	2023	2022
ROE (%)	14,5	13,9
ROA (%)	1,00	1,00
NII to average interest-earning banking assets (%)	4,07	3,93
CLR – banking advances (%)	1,10	0,90
Cost-to-income ratio	56,7	57,8

Nedbank Limited consolidated statement of financial position

at 31 December

Rm	Change %	2023	2022
Assets			
Cash and cash equivalents	10	40 611	36 950
Other short-term securities	41	59 299	42 043
Derivative financial instruments	59	13 539	8 522
Government securities	6	164 961	156 325
Other dated securities	96	3 563	1 820
Banking loans and advances	4	870 768	840 269
Trading loans and advances	(22)	36 174	46 605
Other assets	28	8 643	6 770
Current taxation assets	63	96	59
Investment securities	6	7 675	7 252
Non-current assets held for sale	>100	315	38
Investments in associate companies	6	1 089	1 031
Deferred taxation assets	61	570	354
Property and equipment	(1)	9 353	9 467
Long-term employee benefit assets	18	4 690	3 982
Intangible assets	(4)	9 210	9 594
Total assets	5	1 230 556	1 171 081
Total equity and liabilities			
Ordinary share capital		28	28
Ordinary share premium		20 073	20 073
Reserves	1	65 485	64 842
Total equity attributable to equity holders of the parent	1	85 586	84 943
Holders of participating preference shares	>100	106	51
Holders of additional tier 1 capital instruments	2	10 469	10 219
Non-controlling interest attributable to ordinary shareholders	38	22	16
Total equity	1	96 183	95 229
Derivative financial instruments	50	13 802	9 182
Amounts owed to depositors	5	1 058 634	1 003 663
Provisions and other liabilities	25	16 190	12 939
Current taxation liabilities	(78)	51	228
Deferred taxation liabilities	(17)	156	187
Long-term debt instruments	(8)	45 540	49 653
Total liabilities	5	1 134 373	1 075 852
Total equity and liabilities	5	1 230 556	1 171 081

Definitions

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

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

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

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

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

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

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

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

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

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

Contractual service margin (Rm) for general measurement model (GMM) products represents unrecognised shareholders' future profit on long-term products.

Countercyclical buffer (CCyB) CCyB is a capital buffer requirement that aims to protect the banking sector through increased capital requirements in periods when credit growth consistently exceeds economic growth.

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

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

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

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

  To avoid short-term volatility, Nedbank employs a 6-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 7/2015 A directive from the PA that provides clarity on how banks should identify restructured credit exposures and how these exposures should be treated for purposes of the definition of default.

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

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

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

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

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

Flac instruments A new tranche of loss-absorbing and non-regulatory debt instruments that will be subordinated to other unsecured liabilities. These debt instruments are intended for bail-in resolution.

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

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

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

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

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

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

Life insurance value of new business (Rm) A measure of the value added to a company as a result of writing new business. Value of new business (VNB) is calculated as the discounted value, at the valuation date, of projected after-tax shareholder profit from covered new business that commenced during the reporting period, net of frictional costs and the cost of non-hedgeable risk associated with writing new business, using economic assumptions at the start of the reporting period.

Loss-given default The estimated amount of credit losses when a borrower defaults on a loan.

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

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

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

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

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

Number of shares listed (number) Number of ordinary shares in issue, as listed on the JSE.

Off-balance-sheet exposure Undrawn loan commitments, guarantees and similar arrangements that expose the group to credit risk.

Ordinary dividends declared per share (cents) Total dividends to ordinary shareholders declared in respect of the current period.

Performing stage 3 loans and advances (Rm) Loans that are up to date (not in default) but classified as having defaulted due to regulatory requirements, ie Directive 7/2015 or the curing definition.

Positive cycle-neutral CCyB (PCN CCyB) PCN CCyB is a macroprudential tool that can be used to build up and maintain capital buffers when risks are assessed to be neither subdued nor elevated to be released in the event of sudden shocks, including those unrelated to the credit cycle.

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 the total days in the year, divided by the 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 (%) Associate income from the group's ETI investment divided by the group's original cost of investment (R6 265m).

Return on tangible equity (%) Headline earnings as a percentage of daily average ordinary shareholders' equity, less intangible assets.

Return on risk-weighted assets (RWA) (%) Headline earnings as a percentage of monthly average risk-weighted assets.

Risk-weighted assets (RWA) (Rm) On-balance-sheet and off-balance-sheet exposures after having applied prescribed risk weightings according to the relative risk of the counterparty.

Stage 1 Financial assets for which the credit risk (risk of default) at the reporting date has not significantly increased since initial recognition.

Stage 2 Financial assets for which the credit risk (risk of default) at the reporting date has significantly increased since initial recognition.

Stage 3 Any advance or group of loans and advances that has triggered the Basel III definition of default criteria in line with South African banking regulations. At a minimum, a default is deemed to have occurred where a material obligation is past due for more than 90 days or a client has exceeded an advised limit for more than 90 days. A stage 3 impairment is raised against such a credit exposure due to a significant perceived decline in the credit quality.

Stage 3 ECL (Rm) ECL for banking loans and advances that have been classified as stage 3 advances.

Tangible net asset value (Rm) Equity attributable to equity holders of the parent, excluding intangible assets.

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

Tier 1 capital adequacy ratio (CAR) (%) Tier 1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Total capital adequacy ratio (CAR) (%) Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Total income growth rate less expenses growth rate (JAWS ratio) (%) Measure of the extent to which the total income growth rate exceeds the total operating expenses growth rate.

Value in use (VIU) (Rm) The present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Weighted-average number of shares (number) The weighted-average number of ordinary shares in issue during the period listed on the JSE.

Abbreviations and acronyms

AFR available financial resources
AGM annual general meeting
AI artificial intelligence
AIEBA average interest-earning banking assets
AIRB advanced internal ratings-based
AMA advanced measurement approach
AML anti-money-laundering
API application programming interface
AUA assets under administration
AUM assets under management
BBBEE broad-based black economic empowerment
BEE black economic empowerment
bn billion
bps basis point(s)
CAGR compound annual growth rate
CAR capital adequacy ratio
CASA current account savings account
CCP central counterparty
CET1 common-equity tier 1
CIB Corporate and Investment Banking
CIPC Companies and Intellectual Property Commission
CLR credit loss ratio
COE cost of equity
CPI consumer price index
CPF commercial-property finance
CSI corporate social investment
CSM contractual service margin
CVP client value proposition
CX client experience
DHEPS diluted headline earnings per share
D-SIB domestic systemically important bank
ECL expected credit loss
EE employment equity
ELB entry-level banking
EP economic profit
EPS earnings per share
ESG environmental, social and governance
ETI Ecobank Transnational Incorporated
FCTR foreign currency translation reserve
FSC Financial Sector Code
FSCA Financial Sector Conduct Authority
FVOCI fair value through other comprehensive income
FVTPL fair value through profit or loss
FX foreign exchange
GDP gross domestic product
GFC great financial crisis
GLAA gross loans and advances
GLC great lockdown crisis
GOI gross operating income
HE headline earnings
HEPS headline earnings per share
HPI house price index
HQLA high-quality liquid asset(s)
IAS International Accounting Standard(s)
ICAAP Internal Capital Adequacy Assessment Process
IFRS International Financial Reporting Standard(s)
ILAAP Internal Liquidity Adequacy Assessment Process
IMF International Monetary Fund
JIBAR Johannesburg Interbank Agreed Rate
JSE JSE Limited
LAA loans and advances
LAP liquid-asset portfolio
LCR liquidity coverage ratio
LIBOR London Interbank Offered Rate
LTI long-term incentive
m million
M&A mergers and acquisitions
MFC Motor Finance Corporation (vehicle finance division of Nedbank)
MRC minimum required capital
MZN Mozambican metical
N/A not applicable
Nafex Nigerian Autonomous Foreign Exchange Rate Fixing Methodology
NAR Nedbank Africa Regions
NCA National Credit Act, 34 of 2005
NCD negotiable certificate of deposit
NCOF net cash outflows
NGN Nigerian naira
NII net interest income
NIR non-interest revenue and income
NIM net interest margin
NPL non-performing loan(s)
NPS Net Promoter Score
NSFR net stable funding ratio
nWoW new Ways of Work
OCI other comprehensive income
OM Old Mutual
PA Prudential Authority
PAT profit after tax
PAYU pay-as-you-use account
plc public limited company
PPOP preprovisioning operating profit
PRMA postretirement medical aid
R rand
RBB Retail and Business Banking
Rbn South African rand expressed in billions
REIPPPP Renewable Energy Independent Power Producer Procurement Programme
REITs real estate investment trusts
Rm South African rand expressed in millions
ROA return on assets
ROE return on equity
RORWA return on risk-weighted assets
RPA robotic process automation
RRB Retail Relationship Banking
RTGS real-time gross settlement
RWA risk-weighted assets
SA South Africa
SAcsi South African Customer Satisfaction Index
SADC Southern African Development Community
SAICA South African Institute of Chartered Accountants
S&P Standard & Poor's
SARB South African Reserve Bank
SDGs Sustainable Development Goals
SICR significant increase in credit risk
SME small-to-medium enterprise
STI short-term incentive
TSA the standardised approach
TTC through the cycle
UK United Kingdom
UN United Nations
USA United States of America
USD United States dollar (currency code)
USSD unstructured supplementary service data
VAF vehicle and asset finance
VaR value at risk
VIU value in use
VNB value of new business
YES Youth Employment Service
yoy year on year
ytd year to date
ZAR South African rand (currency code)

Company details

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Registration number 1966/010630/06

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Instrument codes
Nedbank Group ordinary shares

JSE share code	NED
NSX share code	NBK
A2X share code	NED
ISIN	ZAE000004875
JSE alpha code	NEDI
ADR code	NDBKY
ADR CUSIP	63975K104

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Old Mutual Investment Services (Namibia) Proprietary Limited

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