Integrated Report
for the year ended 31 December 2023

see money differently
Our reporting universe

The 2023 Nedbank Group Integrated Report, produced in line with the Integrated Reporting Framework, provides a holistic, yet concise read of how the group creates and protects value while minimising the risk of value erosion over the short, medium and long term. It primarily addresses the information requirements of long-term investors (our equity shareholders, bondholders, debt providers and prospective investors).

This report is also relevant to other stakeholders as it incorporates material matters relating to value creation for them, supplemented by more granular reporting in our various online publications that include financial, risk management, sustainability, and environmental, social and governance (ESG) disclosures. These reports are available on our website at nedbankgroup.co.za.

**Integrated Report**

**What is disclosed in these reports**

**Financial and risk management reporting**

Our financial and risk management reporting provides information relating to the group's financial position and performance. They are primarily of interest to Nedbank's equity and debt investors, credit rating agencies, depositors, regulators, and various other stakeholders. The disclosed information can be used to assess the group's financial performance, strength, and prospects, and includes important risk and regulatory disclosures.

- 2023 Results Booklet and presentation
- 2023 Nedbank Group Annual Financial Statements
- 2023 Pillar 3 Risk and Capital Management Report

**Key regulatory and reporting frameworks**

- International Financial Reporting Standards (IFRS)
- Companies Act
- South African Reserve Bank (SARB) Regulations
- Basel Committee on Banking Supervision (BCBS) Guidance
- JSE Listings Requirements

**Climate reporting**

Our climate reporting includes information relating to the group's climate-related activities, governance, strategy, policies, risk management, carbon footprint and emissions, as well as targets. It is primarily of interest to investors, non-governmental organisations (NGOs), ESG ratings agencies, as well as key stakeholders such as clients and invested members of society who associate with value-aligned and purpose-driven companies. The disclosed information can be used to assess Nedbank's progress in managing its positive and negative impacts in addressing climate change.

- 2023 Climate Report
- Nedbank Energy Policy*
- Nedbank Climate Change Position Statement*
- Nedbank Nature Position Statement (new)*

**Societal reporting**

Our societal reporting includes information relating to how the group uses its financial expertise to do good by creating positive economic, societal and environmental impacts, including those aligned with the United Nations (UN) Sustainable Development Goals (SDGs). It is primarily of interest to investors, existing and prospective employees, regulators, NGOs, existing and prospective clients, ESG ratings agencies, and engaged members of society. The disclosed information demonstrates progress in how Nedbank is fulfilling its purpose.

- Sustainable development finance (SDF)
- Human capital, diversity and inclusion
- Social impact
- Supplier relationships and procurement
- Client responsibility
- Financial inclusion
- Transformation
- Broad-based black economic empowerment (BBBEE) certificate*
- Global Reporting Initiative (GRI) Standards disclosures*
- SDF inclusion criteria*

**Governance reporting**

Our governance disclosures include information relating to board matters, ethics, financial crime, tax and remuneration. They are primarily of interest to investors, ESG ratings agencies, clients, employees, regulators, suppliers and members of society. The information disclosed demonstrates how Nedbank performs business through sound governance practices, upholding the highest standards of ethics, integrity, transparency and accountability.

- Governance
- Ethics
- Financial crime (including AML and cybercrime)
- Remuneration Policy and Implementation Report
- Tax disclosures
- Stakeholder engagement
- Key policies*
- Leadership CVs and profiles*

**Shareholder information**

The notice of the annual general meeting (AGM) and form of proxy provide valuable information to shareholders who want to participate in the Nedbank Group 57th AGM.

- Notice of 57th AGM
- Form of proxy
- Shareholding profile*

* Available separately at nedbankgroup.co.za.
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*** Reporting of TCFD has been incorporated into the International Sustainability Standards Board (ISSB) Standards. The incorporation of the TCFD recommendations into the ISSB Standards further simplifies the so-called ‘alphabet soup’ of disclosure initiatives for companies and investors. The Financial Stability Board has also asked the IFRS Foundation to take over the monitoring of the progress on companies’ climate-related disclosures from the TCFD.
Navigating our value creation journey

About our Integrated Report

A summary of how we think about value creation, preservation and erosion; integrated thinking; our material matters; the integrated reporting process we follow; relevant reporting frameworks; assurance provided; the scope of the report; and approval by the board.

Nedbank Group at a glance

Overview of the Nedbank Group, our businesses, market position, differentiators, business model, the needs and expectations of our stakeholders, and how our purpose, vision, values, and strategy position us for long-term value creation.

Ensuring value creation through good governance

Overview of how good governance and strong leadership support the creation and protection of value while minimising the risk of value erosion.

Creating value in a sustainable manner through our strategy

Overview of the context in which we operate, including our material matters, how we manage risks, our strategic response, and the trade-offs we make to ensure ongoing value creation.

Delivering, measuring and rewarding value creation

Assessment of value creation, protection, and erosion for stakeholders in 2023 and how remuneration outcomes are aligned with our performance.

Supplementary information

Independent assurance, abbreviations and acronyms, reporting criteria and company details.
About our 2023 Integrated Report

Our 2023 Integrated Report is the outcome of integrated thinking and a reporting process that is governed by the board, led by the Group Executive Committee (Group Exco), assured through our Coordinated Assurance Model, and delivered through groupwide collaboration.

1 Our purpose

Vision

Fulfilling our purpose

Values

Board, Group Exco, employees

2 Integrated thinking

Risks

Determining our material matters

Opportunities

Board, Group Exco

Short-, medium- and long-term outlook

Developing our strategy

Board, Group Exco

Board and board committees

Overseeing and delivering our strategy

Group Exco, Exco committees and employees

3 Integrated reporting process

Integrated Reporting Framework

Compiling our report

Board, Group Exco, Integrated Reporting Team

Integrated Assurance Model

Validating the integrity of the report

Board, Group Exco, Group Internal Audit, External Auditors

Exco sign-off

Approving the Integrated Report

Board, Group Exco

Process we followed to complete the 2023 Nedbank Integrated Report

As in prior years, the 2023 Integrated Report was prepared from Group Exco and board discussions, minutes, business plans, decisions, and approvals reflecting the group’s integrated thinking, as well as internal and external reporting information requirements of the Integrated Reporting Framework and other reporting frameworks.

A cross-functional team, led by the Group Chief Financial Officer (CFO) and representing businesses and subject matter experts across the group, produced the content of the Integrated Report and, for the 1st time, used artificial intelligence (AI) tools to assist with the collation. Group Exco and boardmembers contributed and were involved in the various approval processes, which were supported by independent assurance providers. The board approved the final report, while the Group Integrated Report Approval Committee (with delegated authority from the board) provided final sign-off for publication.

Reporting frameworks to which we adhere

Our integrated reporting is guided by the principles and requirements of the Integrated Reporting Framework, the International Financial Reporting Standards (IFRS) and the King Code of Governance Principles for South Africa (King IV), and is aligned with the Global Reporting Initiative (GRI) Standards.

As a South African bank and a company listed on the JSE Limited (JSE), we align with the JSE Listings Requirements, the South African Companies Act, 71 of 2008, and the Banks Act, 94 of 1990. We have also considered the disclosure requirements of the International Sustainability Standards Board (ISSB) and the JSE’s Sustainability and Climate Disclosure Guidance.

How we ensured the integrity of our report

The board ensures the integrity of the Integrated Report through our integrated reporting process and the various approvals and sign-offs by Group Exco and the board, and relies on our Coordinated Assurance Model, overseen by the Group Audit Committee, that assesses and assures various aspects of our business operations and reporting. These assurances are provided by management and the board through rigorous internal reporting governed by the group’s Enterprisewide Risk Management Framework (ERMF), Group Internal Audit and independent external sources and service providers.
About our 2023 Integrated Report

4 Our 2023 Integrated Report

Approval by the board
The board acknowledges its responsibility of ensuring the integrity of this Integrated Report. In the board's opinion, this report addresses all the matters that are material to the group's ability to create value and fairly presents the integrated performance of Nedbank Group. The board is confident that the report was prepared in line with the Integrated Reporting Framework. This report was approved by the Board of Directors of Nedbank Group on 17 April 2024.

Reporting period
Our Integrated Report, which is produced and published annually, covers the period from 1 January to 31 December 2023. Any material events after this date and up to the board approval date of 17 April 2024 have also been included, such as macroeconomic updates and post-balance-sheet events.

Operating businesses
We report on the primary activities of the group, our business clusters, key support areas and subsidiaries in our African and international operations.

Financial and non-financial reporting
Our Integrated Report extends beyond financial reporting and includes non-financial performance, opportunities, risks, and outcomes attributable to or associated with our key stakeholders and external entities, which have a considerable influence on our ability to create value sustainably, while minimising value erosion.

Governance and risk management principles, practices and outcomes are integrated throughout the report. Specific summarised board committee reports are included in relevant sections given the integrated nature of governance, with more detail provided in our 2023 Governance Report that is available online.

We report on our purpose-led sustainable development lending investments and actions, and how they align to UN SDGs as well as key ESG matters, which are embedded in our strategy as part of our strategic value unlock of creating positive impacts.

Materiality
The principle of materiality is applied when assessing what information should be included in our Integrated Report. This report focuses particularly on those issues, opportunities and risks that impact materially on our 6 capitals and our ability to be a sustainable business that consistently creates, protects, and minimises the erosion of value for all stakeholders over the medium to long term.

Strategy and targets
We provide insight into the group’s strategy, as well as financial and non-financial targets for the short (1 year), medium (2 to 3 years) and long term (5 years+).

Coordinated assurance
Our Coordinated Assurance Model integrates and aligns risk, audit and compliance functions and assurance activities. This enables an effective internal control environment across the group with assurance focused on critical risk exposures supporting the integrity of information used in internal decision-making and reporting to external stakeholders.

Our 2023 Annual Financial Statements were assured by our joint external auditors, being Ernst & Young Inc (EY) and Deloitte & Touche (Deloitte). Limited assurance on selected sustainability information was provided by Deloitte, and Mosela Rating Agency provided limited assurance on our application of the Amended Financial Sector Code (FSC) and the group’s BBBEE status. We have indicated the level of assurance provided on pages 13, 61 and 62, 66, 72 and 73, 87, 89, 91 and 92, and 105, and included the independent assurance practitioners’ Limited Assurance Report on selected key performance indicators on page 102.

Forward-looking statements
This report contains certain forward-looking statements about Nedbank Group’s financial position, results, strategy, operations, and businesses. These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that may occur in the future. There are several factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Consequently, forward-looking statements have not been reviewed or reported on by the group’s joint auditors.

Our 2023 integrated reporting suite has been designed for an enhanced digital experience and ease of use as our stakeholders now primarily engage with information through digital channels. The landscape layout supports readability on computer screens and tablets while the digital navigation capability in the report will assist you to easily navigate between different sections or topics. This can be done using the navigation icons at the top of the page or pop-ups wherever you hover with your cursor. We have also created links to videos that provide additional insights and bring our Integrated Report to life.

Digital and ESG reporting
This icon refers to our 2023 ESG data sheet available at Nedbankgroup.co.za where Nedbank-specific terminology is aligned with similar terminologies used by various disclosure frameworks we ascribe to.
Nedbank Group at a glance

Overview of Nedbank Group, our businesses, market position, differentiators, business model, the needs and expectations of our stakeholders, and how our purpose, vision, values, and strategy position us for long-term value creation.

We are one of Africa's largest banks, differentiated by our commitment to fulfilling our purpose of using our financial expertise to do good.
Overview of Nedbank Group

Nedbank Group, with assets of more than R1,3tn, is one of the largest financial services groups in Africa, offering wholesale and retail banking, as well as insurance, asset management and wealth management services and solutions to more than 7,3 million active clients.

The group’s ordinary shares have been listed on the JSE since 1969. In South Africa (SA), Nedbank has a strong franchise that contributes 90% of the group's R1,3tn in assets and 80% of the group's R15,7bn headline earnings (HE).

Additionally, the group operates in 5 countries in the Southern African Development Community (SADC) through subsidiaries and banks in Lesotho, Mozambique, Namibia, Eswatini and Zimbabwe. In central and west Africa we have a strategic alliance with Ecobank Transnational Incorporated (ETI) and a representative office in Kenya. Outside Africa we have a presence in key global financial centres to provide international financial services for Africa-based multinational and high-net-worth clients in the Isle of Man, Jersey, and London, and have a representative office in Dubai.
Our purpose, vision, values, strategy, and targets

**Our purpose**
To use our financial expertise to do good for individuals, families, businesses and society.

**Our vision**
To be the most-admired financial services provider in Africa by our employees, clients, shareholders, regulators and society.

**Our brand promise**
see money differently

**Our values**
Integrity | Respect | Accountability | People-centred | Client-driven

**The Nedbank Sustainable Development Framework**
We have prioritised 9 SDGs where we believe we have the greatest ability to deliver a meaningful impact through our core business and a purpose-led ambition of providing sustainable development finance support to clients.

**Our key targets**
- **Diluted headline earnings per share**
  - **Short term**
    - By end 2023
    - > 2 565 cents (2019 levels)
  - **Medium term**
    - By end 2025
    - > CPI + GDP + 5% (CAGR to end 2025)
  - **Long term**
    - 5 year +
    - > CPI + GDP + 5% (CAGR through the cycle)
- **Return on equity**
  - 15% (2019 levels)
- **Cost-to-income ratio**
  - < 54%
- **Net Promoter Score**
  - #1 bank

These targets are supported by various strategic and stakeholder-related targets as discussed on page 22.
What sets Nedbank apart

Nedbank Group has many characteristics that differentiate the group from its universal banking and financial services peers in SA.

A strong, experienced, and diversified board and leadership team

- 69% independent non-executive directors

Nedbank Board ranked #1 among all financial companies in Emerging EMEA*

One of SA’s most experienced financial services management teams

- Highly regarded by the investment community

- > 230 years’ combined experience

- Seamless leadership succession over many years

Leadership positions

in renewable energy finance, sectors such as mining and telecoms, commercial-property finance, small-business services, vehicle finance, card acquiring, digital client value propositions and asset management.

A world-class modern technology platform and market-leading digital innovations.

Ranked #1 in retail client NPS (client satisfaction)**.

A purpose-led business

focused on delivering positive societal and environmental impact, supported by good governance, ESG leadership and proud credentials of doing business in a manner that contributes positively to society.

Strong franchises

A strong Corporate and Investment Banking (CIB) business, a very competitive and increasingly differentiated Retail and Business Banking (RBB) business, a high-return Wealth business and a growing Nedbank Africa Regions (NAR) business.

Access to the largest banking network in Africa through our own operations in the SADC region and our strategic alliance with ETI in 39 countries.

Unique corporate culture and high levels of employee satisfaction.

Market-leading and transparent reporting and disclosures.

Strong balance sheet to support growth and protect against downside risk (CET1 13.5%; LCR 135%; NSFR 117%).

Sound risk management track record - ECL coverage at 3.62%, well above pre-Covid-19 levels of 2.26%.

Attractive valuation metrics

- Price-to-book ratio: 0.9 times.
- Dividend yield: 9%.
- Value unlock potential by delivering on our medium- and long-term targets.

* In both the 2022 and 2023 Institutional Investor’s Emerging Europe, Middle East and Africa (EMEA) Investor Relations surveys (best company board).

** Kantar NPS survey.

† At 31 December 2023.
The top 100 banks in Africa have assets of around US$1.3tn, which is supported by capital of over US$110bn that collectively represents an estimated 1% of global bank capital. Mostly they generate high returns on capital and provide good long-term growth opportunities as their economies grow faster than those in developed markets, banking penetration increases, and client needs become more sophisticated.

In 2023, 4 South African banks were included in the top 10 in Africa, with Nedbank ranking as the 4th-largest bank in Africa measured by both capital and assets.

**South African banking sector**

In SA the banking sector has advances of R5.1tn (up by 5% yoy in 2023), of which Nedbank has a 16.5% share representing the credit provided to clients. We also have a 17.3% share of the R5.7tn South African deposit market (up by 6% yoy in 2023), which is an important indicator of franchise strength. With assets under management (AUM) of R448bn, Nedbank is the 6th-largest unit trust manager in SA, with a South African market share of 7% locally.

**Source:** SARB BA900 at 31 December 2023
South African banks are well capitalised and liquid, generating ROEs above their cost of equity and producing cost-to-income ratios that are trending down towards 50%.

In 2023 South African bank earnings remained constant as franchises outside of SA grew faster than those in SA. Operations in SA were negatively impacted by higher impairment charges in their consumer portfolios as higher interest rates and inflationary pressures negatively impacted clients’ disposable income and ability to service their debt. As a result, credit loss ratios increased towards the top end or above the various banks’ through-the-cycle (TTC) target ranges. Credit growth slowed throughout the year and transactional activity was more muted, while net interest margins benefitted from higher interest rates (endowment benefit). Expenses continued to be managed well but were negatively impacted by inflationary pressures and currency weakness. At a consolidated industry level, the South African-related pre-tax income of all the banks operating in SA decreased by 1% to R103bn.
Our organisational structure, products, and services

### Cluster

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

**Nedbank Retail and Business Banking**
- Leading digital capabilities.
- #1 bank in client satisfaction metrics.
- Differentiated and disruptive client value propositions (CVPs) across different client segments.
- Leader in card-acquiring and vehicle finance.
- Highly competitive franchises in relationship banking, small-business services and commercial banking.
- Digitally enabled and reimagined distribution network.

**Nedbank Wealth**
- Leveraging existing distribution channels and platforms to sell insurance solutions to Nedbank clients.
- Top fund managers are contracted through our Best of Breed investment approach. Committed to responsible investing and agreed ESG focus areas.
- An award-winning, integrated and holistic advice-led and high-net-worth offering for local and international clients.

**Nedbank Africa Regions**
- Presence and positioned for growth in 5 SADC countries with technology investments to enhance CVPs and achieve scale.
- Access to the largest banking network in Africa through our ETI strategic alliance supported by our 20% investment in ETI.

### Areas of strength and differentiation

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

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### Outputs

**Nedbank Corporate and Investment Banking**
- Investment banking and corporate lending.
- Global markets and treasury.
- Commercial-property finance.
- Deposit-taking and transactional banking.

**Nedbank Retail and Business Banking**
- Transactional banking.
- Card and payment solutions.
- Lending and deposit-taking.
- Investment products.
- Beyond banking solutions.

**Nedbank Wealth**
- High-net-worth banking.
- Insurance.
- Asset management.
- Wealth management.

**Nedbank Africa Regions**
- Transactional banking.
- Lending, deposit-taking and card products.
- Wealth management.

### Support functions:
- compliance, finance, human resources, marketing and corporate affairs, risk, technology, strategy and sustainability.
Our business model

Availability and quality of our 6 capital inputs

Financial capital
Our capital base, together with diversified sources of deposits and funding from investors and clients, is used to support our clients. This includes extending credit, facilitating payments and transactions, and rewarding shareholders for the capital invested through dividends.

- Deposits: R1 088bn (2022: R1 040bn).
- Gross banking loans and advances: R885bn (2022: R863bn).
- Shareholders’ equity: R119bn (2022: R116bn), including R12bn average capital surplus above the top end of our 11% to 12% CET1 target range.

Intellectual capital
Our intangible assets, including our brand, reputational and franchise value, research and development capabilities, innovation capacity, knowledge and expertise, as well as strategic partnerships that help us grow our business.

- World-class IT systems (benchmark independently).
- Nedbank brand value increased by 15% to R17,3bn and its rank in SA among companies improved to #8 (2022: #9).
- Market leadership and differentiation across various products and segments (as described on page 48).

Human capital
Our employees, culture, collective knowledge, skills, and experience that enable innovative and competitive solutions for our clients and create value for all stakeholders.

- Salary and benefits paid: R21,1bn (2022: R19,6bn).
- Training and skills development spend: R1,2bn (2021: R0,9bn).
- A differentiated culture that is client- and people-centred, innovative, competitive, and strong in compliance and governance.

Manufactured capital
Our business structure and operational processes, including our property and equipment, as well as our digital assets, including products, channels and information technology (IT) systems, provide the framework and mechanics of how we do business and create value.

- A total of 59 core IT systems.
- R10,7bn technology platform investment since 2010 (2022: R10,2bn).
- Market-leading digital products, services and CVPs.
- Physical presence in SA: 547 outlets (covering 85% of the population in SA), 4 199 ATMs and 110 000 point-of-sale devices (2022: 545, 4 334 and 106 000 respectively).

Social and relationship capital
Stakeholder relationships, including the communities in which we operate, are central to the environment in which we operate, and we recognise the role that we need to play in building a thriving society as well as a strong financial ecosystem.

- Total clients: 7,3 million (2022: 7,0 million).
- R145bn purpose-led sustainable development financing aligned with UN SDGs (2022: R123bn).
- Responsible ESG practices.
- Good relationships with our stakeholders.

Natural capital
The direct use and impact we have on natural resources through our own operations, including energy, water and climate, as well as our influence through our business activities.

- A strong track record and market-leading capabilities in renewable energy financing and funding and in our own operations.
- Of our own buildings, 85% are Green Star-rated and we used 88 486 MWh electricity (down by 13%) and 159 105 kℓ of water (up by 10%).

Our material matters

Delivering, measuring and rewarding value creation

The economy
Environmental limits
Disruptive technologies
Increased competition
World of work
Regulatory demands
Our purpose: To use our financial expertise to do good for individuals, families, businesses and society.

Our strategic value unlocks

by enabling business activities that produce purpose-led products and services

Our business model continued

Digital leadership (DX)

Delivering market-leading client experiences (CX)

Focusing on areas that create value (SPT)

Nedbank Group
Integrated Report 2023

* Fossil-fuel-related financing takes into account thermal coal and oil and gas.
Our business model continued

Financial capital
- Headline earnings of R15.7bn, up by 11%
- Full-year dividend up by 15%
- ROE up to 15.1%
- Net asset value per share (NAV) up by 8%

Intellectual capital
- Market-leading digital and ecosystem solutions
- Nedbank brand value increased by 15% to R17.3bn and its rank in SA among companies improved to #8 (2022: #9)

Human capital
- Percentage average salary increase for bargaining-unit employees at 7%, greater than management at 5% to 6%
- Diversity metrics improved
- Provided 2,835 new 1st-time job opportunities (YES Programme)

Manufactured capital
- Digital product sales higher at 55% of total sales (2022: 53%)
- Digitally active clients up by 11% to 2.9 million
- Avo clients up by 26% to 2.5 million
- Branch and head office floor space reduced by a combined 62,000 m² yoy

Social and relationship capital
- Client NPS improved by 2 points to 78
- Main-banked retail clients increased by 9% to over 3.5 million
- 20 new primary client wins in CIB
- Direct and indirect tax contributions of R13.2bn (2022: R11.5bn)

Natural capital
- Cumulatively raised R17bn in sustainable funding since 2019 (2022: R16bn)
- Fossil-fuel-related financed carbon emissions: Thermal coal 5,518,000 tC0₂e/MWh and oil and gas 2,946,570 tC0₂e/MWh

Value creation Value preservation Value erosion

Employees Clients Shareholders Regulators Society

for long-term value for our stakeholders.
Our stakeholders – their needs and expectations

As a financial services provider, we are deeply connected to the environment in which we operate and the societies where we serve. Our ability to create and protect value is dependent on our relationships, our activities, and the contributions we make to our stakeholders. By providing for their needs, meeting their expectations, and managing relevant risks, we create and protect value for our stakeholders and for Nedbank, while looking to minimise value erosion.

**Employees**

The quality of the relationship with our employees was assessed in 2023 by taking into account, among others, an employee NPS score of 20 (slightly down from 22 in 2022); ongoing investment in human capital development and training; a 6.3% average salary increase; a 9% increase in incentives (short- and long-term incentives); mental-health and financial support to employees in the difficult environment; solid progress on diversity, equity and inclusion (DEI) metrics; a decrease in attrition to 9.2%; and 75 employees who were regrettably retrenched.

**Client matters, needs and expectations**

The quality of the relationship with our clients was assessed in 2023 by taking into account, among others, continued market-leading levels of client satisfaction, with NPS retained at #1 among South African banks for the 2nd year in a row thanks to market-leading innovations that have made a difference in our clients’ lives, evident in an increase across all digital metrics and main-banked client gains.

**Engagement with employees**

Engagement includes digital feedback channels, face-to-face engagements with regular client testing, outbound calling, complaint channels, and external independent surveys on topics such as client satisfaction and bank fees.

**Engagement with clients**

Engagement includes digital feedback channels, face-to-face engagements with regular client testing, outbound calling, complaint channels, and external independent surveys on topics such as client satisfaction and bank fees.

**Relevant material matters**

- World of work
- Disruptive technologies
- Environmental limits
- The economy
- Regulatory demands

**Capabilities impacted**

- Intellectual
- Human
- Social and relationship

**Associated risks**

- People
- Strategic execution
- Operational

**Capabilities impacted**

- Intellectual
- Manufactured
- Social and relationship
- Natural

**Read more about our strategy on pages 55 to 67. More detail on how value was created for clients is on page 83 and progress made against client metrics on page 91.**

Read more about our Human Capital Strategy on page 68 and in our 2023 Society Report available on our website. More detail on how value was created for employees is on page 82 and progress against employee metrics on page 91.
Our stakeholders – their needs and expectations continued

Shareholders

Quality of relationship:
- Falling short
- Performing
- Excelling

The quality of the relationship with the investment community was assessed in 2023 by taking into account, among others, the benefits to shareholders as a result of a good financial performance (all 2023 targets were met); a strong balance sheet; record dividend payments; the conclusion of our RSbn capital optimisation initiative; independent investor relations surveys and roadshows. Engagement includes regular virtual and face-to-face engagements, either as part of industry body engagements or through direct requests.

Relevant material matters
- The economy
- Regulatory demands
- Disruptive technologies

Capital impacted
- Financial
- Intellectual
- Social and relationship

Associated risks
- All risks

How do we engage with investors to get feedback?
Engagement includes regular virtual and face-to-face engagements, feedback via our investor relations channels, the group’s AGM, and independent investor relations surveys and roadshows.

Read more about how value was created for shareholders on pages 84 and 85 and progress against shareholder metrics on page 92.

Read more about how value was created for regulators on page 86 and progress against regulatory metrics on page 92.

Regulators

Quality of relationship:
- Falling short
- Performing
- Excelling

The quality of the relationship with our regulators was assessed in 2023 considering, among others, our contribution to new regulatory developments; alignment with regulatory requirements (with metrics and ratios well above the minimums); and remedial action where required, including fines and penalties paid, which declined from the prior period.

Relevant material matters
- Compliance with all legal and regulatory requirements (meeting minimum regulatory requirements).
- Being a responsible taxpayer in the countries where we do business.
- Active participation in and contribution to industry and regulatory working groups.

Key metrics we track include, but are not limited to, key balance sheet metrics such as CET1 ratio and taxes paid.

Capitals impacted
- Financial
- Intellectual
- Social and relationship

Associated risks
- Credit
- Cybersecurity
- Operational
- Climate
- Capital

How do we engage with regulators to get feedback?
Engagement includes regular interactions, participation in conferences, collaboration with industry experts, and contributions to policymaking and regulatory developments.

Society

Quality of relationship:
- Falling short
- Performing
- Excelling

During 2023 we maintained strong relationships with the communities that we serve, including key civil society organisations. The quality of our relationships is informed by, among others, our contributions to a thriving society and healthy environment.

Society matters, needs and expectations
- Providing access to expert financial advice, products and solutions that help create positive impacts for individuals, their families, their businesses, and their communities.
- Financing of sustainable development aligned with the SDGs, thereby promoting socioeconomic transformation through enabling economic inclusion, job creation and poverty alleviation.
- Partnering in common social and environmental matters.
- Using our resources to promote social and environmental matters.
- Offering access to expert financial advice, products and solutions that help create positive impacts for individuals, their families, their businesses, and their communities.

How do we engage with stakeholders in society to get feedback?
Engagement includes numerous digital channels as well as face-to-face engagements, either as part of industry body engagements or in response to direct requests.

Read more about our strategy on pages 55 to 67, how value was created for society on pages 87 to 90, and progress against societal metrics on page 92.
Delivering value by fulfilling our purpose

Banks play a crucial role in facilitating economic activity and enabling sustainable growth and development by allocating capital to where it is needed.

Our success depends on the degree to which we deliver value to society, and it is therefore important to understand our role in society and how society can be different and better because Nedbank is a part of it. A deep understanding of our purpose directs our strategy and decision-making, resulting in an optimal balance between long-term value creation and short-term results.

Nedbank Group
A strong and profitable business enables continued investment in our employees and operations, which in turn creates value for our clients, shareholders, and society at large.

**Employees**
Our employees are our greatest asset and key to making Nedbank a great place to bank and work. Motivated and skilled employees, together with efficient, innovative, and value-creating solutions, services, and operations, offer value to our clients. Employees, as part of society, contribute materially to the communities where they live and work.

**Clients**
Our clients are our largest source of deposits, which enables us to fund lending activities. Gaining more clients and deepening existing relationships result in greater revenue growth, while responsible banking practices and world-class risk management mitigate value erosion.

**Shareholders**
The financial capital we source from our equity and debt investors and our retained earnings enable business continuity and growth, including strategic investments.

**Government**
The tax we pay and investments in government and public sector bonds are imperative for the economic and social development of the countries in which we operate.

**Regulators**
Regulation reduces systemic risk and promotes the healthy functioning of an economy. Nedbank operates within its risk appetite.

**Society**
We embrace our role in society as an active contributor to building a thriving society and can do this only with engaged communities that have the same values.

**Value is created and preserved through:**
- employment opportunities in the countries in which we operate;
- rewarding employees for the value they add;
- providing flexible working practices;
- encouraging our employees to embrace technological changes, further their careers, and improve our services and products; and
- contributing to the transformation towards a more inclusive society through diversity, equity, and inclusion.

**Value is created and preserved through:**
- increasing NAV, returns, dividends and the share price;
- maintaining a strong balance sheet to support growth and protect against downside risk;
- investing in and growing our client franchises and our people sustainably;
- following good ESG practices that ensure a sustainable business for the long term; and
- operating within our risk appetite.

**Value is created and preserved through:**
- contributing meaningfully to government budgets through our own corporate taxes and employees paying personal taxes;
- investing in government and public sector bonds as required by prudential regulation, thereby partially supporting the funding needs of government; and
- participating in public-private partnerships to leverage the strength of corporate SA to address SA’s Just Transition, including investment needed in energy and infrastructure.

**Value is created and preserved through:**
- transforming economies, the environment and society positively through our lending and investment activities, aligned with the SDGs;
- playing a meaningful role in the broader society as a procurer and consumer of goods and services; and
- making a difference through our partnerships and corporate social investment activities.
Ensuring value creation through good governance

Overview of how good governance and strong leadership support the creation and protection of value, while minimising the risk of value erosion.
Reflections from our Chairperson

As South Africa celebrates the 30th anniversary of its democracy, it is with a sense of pride and respect for our collective journey that I write my first Integrated Report message as Chairperson of the Nedbank Board. Nedbank’s own growth and evolution over the past 3 decades has been inextricably linked to the nation’s path, and we have been privileged to witness, and contribute to the country’s resilience and potential.

Daniel Mminele, Chairperson

It has been an exciting journey since my appointment as Chairperson in June 2023. I would like to use this opportunity to convey that I have been impressed by the depth of talent, experience and passion I have witnessed not only around the Nedbank Board table, but throughout the Nedbank Group. The dedication and determination of the people of Nedbank to confront the challenges of a difficult operating environment and resolutely deliver on Nedbank’s purpose to use its financial expertise to do good has been an inspiration for me.

Nedbank’s commitment to solid business ethics, underscored by our adherence to the King IV principles and core values of rigorous governance, transparency and accountability underpin our purpose. These practices have been instrumental in maintaining our high environmental, social, and governance (ESG) ratings.

While my 1st year has indeed been exciting, it would be amiss of me not to mention the challenges that have faced Nedbank, and indeed all businesses in South Africa (SA) and Africa in 2023, most notably the uncertain international and domestic economic environment. The global economy ended 2023 on a soft footing, with tighter monetary policy affecting sentiment and demand. However, there were glimmers of positivity, including a services sector that showed strength in the latter part of the year, and resilient economic activity in most emerging markets. However, global performance ultimately remained a mixed bag, with the US economy expanding well, while the eurozone faced a potential technical recession, and the UK’s performance remained weak. The Chinese economic rebound has been disappointing, but the targeted stimulatory measures will support demand in 2024. However, the deep structural imbalances will constrain economic growth in the world’s second-largest economy. The global economy also faced the continuing repercussions of the pandemic, the Russia-Ukraine conflict, and a pervasive cost-of-living crisis. Towards the latter part of the year, the escalating Israel-Gaza war and resultant geopolitical tensions in the Middle East threatened to further impact oil prices and global inflation.

Despite these challenges, there have been positive developments. In Africa, nations like Zambia and Ghana have shown determination in managing their debt, and a constructive handling of Kenya’s upcoming eurobond repayments will further strengthen confidence. In southern Africa, falling inflation has paved the way for lower interest rates in the period ahead, although drier weather conditions continue to threaten agricultural output, while the still subdued commodity prices will contain growth. SA’s economy, despite disappointingly slow growth, has shown some resilience, but the strain of many domestic challenges is becoming increasingly evident. Real gross domestic product (GDP) grew by only 0,6% in 2023, highlighting the need for urgent and more focused attention on crime and corruption, electricity and water insecurity, and failing bulk transport networks.

Public-private partnerships

The imperative for public-private partnerships (PPPs) is clear. Our nation has endured significant setbacks, notably from Eskom’s unprecedented load-shedding and Transnet’s logistical woes. The South African Reserve Bank estimates a substantial negative impact on our GDP growth due to these disruptions. Addressing the triad of crime, corruption, and infrastructure inefficiencies is critical.
Reflections from our Chairperson continued

The private sector, including Nedbank Group, has been vocal about its willingness and desire to partner with the government in overcoming these challenges, not just through investment, but also by offering its vast expertise. Nedbank is ready to collaborate and deliver on our commitment to use our financial expertise to do good by contributing to better governance, sustainability, and the shared goal of a thriving South African economy so that, together, we can address the systemic challenges of inequality, unemployment and poverty to lift the country to new heights of prosperity.

Building SA together

As we approach the South African national elections, it is an opportune moment to reflect on our nation’s democratic journey and to recommit to contributing to its growth and evolution. The elections serve not only as a checkpoint but also as a catalyst for re-envisioning our collective path toward a prosperous future.

To enhance SA’s appeal as an investment destination, we must draw lessons from our past successes, such as the growth seen from 2005 leading up to 2010. The keys to replicating this growth pattern lie in, among others, improving the efficiency of essential services, stabilising energy and water supply, fixing transport logistics, and addressing crime and corruption.

Banks and financial institutions have a significant role to play in building this sustainable future. Nedbank remains committed to doing this, as evidenced by our leading position in sustainable development finance (SDF) in general and renewable energy finance in particular as we continue to tilt our portfolio to areas that create positive impacts.

Focused on the future

In 2023 the board of directors focused on several key areas to ensure the robustness and strategic growth of our group in line with the priorities outlined in our previous Integrated Report and the evolving operational landscape. We recognise the critical nature of succession planning and have been proactive in this regard. The Group Directors’ Affairs Committee worked diligently to ensure the continuity of the board by planning for the succession of directors reaching the end of their tenure and retirement. The past year saw some significant transitions, including my appointment as the new Chairperson and Jason Quinn as the Chief Executive-designate. Additionally, we welcomed Terence Nombembe to the board, whose expertise spans several critical sectors. Executive leadership transitions were also well managed with new appointments in key roles of Chief Risk Officer and Chief Information Officer following retirements.

Strategically, our board has engaged in rigorous debates and contributed valuable insights to the group’s strategy, endorsing the updated 3-year business plan and setting the resultant external targets to end 2025. We continued to focus on maximising our information technology (IT) investments to enhance digital experiences, drive profitable growth through superior client experiences, and cultivate an outstanding employee experience. We are directing significant investments into technology, data, artificial intelligence (AI), and optimising our operating model. In addition, our risk management practices have been sharpened to navigate key risks amid global volatility and uncertainty.

Understanding that our success is intertwined with societal and environmental well-being, we continue to prioritise sustainable economic development and recognise the importance of ESG matters to our investors. In 2023 we enhanced our governance and risk management to include broader sustainability considerations, with the board expanding the mandate of the Group Climate Resilience Committee to become the Group Sustainability and Climate Resilience Committee. The new ESG Risk Management Framework was established, reflecting our commitment to addressing a wide spectrum of ESG risks.

Committed to transparency

The board and management continue to manage and safeguard Nedbank’s reputation in a manner that prioritises accountability and transparency. In the ongoing alleged forex manipulation case against multiple banks, the Competition Appeal Court (CAC) dismissed the Competition Commission’s case against Nedbank, and while the Competition Commission has since applied to the Constitutional Court for leave to appeal the CAC decision, Nedbank maintains that the allegations levelled against us are baseless and we will continue to defend ourselves against claims brought by the Competition Commission.

As publicly stated over the past few years, while the Zondo Commission itself made no findings against Nedbank, Nedbank continues to cooperate fully with the various additional investigations into certain transactions following recommendations by the Zondo Commission. The board has previously requested and approved the terms of reference for comprehensive independent technical and legal reviews in respect of these transactions. Based on these reviews we remain of the view, as previously stated, that there has been no wrongdoing on the part of Nedbank in relation to transactions mentioned in the report of the Zondo Commission.

We are committed to fostering honest and trustworthy relationships with all our stakeholders, both internal and external, and we have a zero-tolerance policy towards corruption. As such, we hold all stakeholders, including our clients, service providers, and employees, to the highest standards of ethical conduct and integrity.

Looking forward

In the near term, Nedbank Group will have to navigate the future against a continued challenging global economic and geopolitical backdrop. SA, being a relatively small and open economy, and given our limited control over international developments, we need to get right that which is within our control in terms of policy choices and their effective and efficient implementation, informed by a collaborative approach between the public and private sector, and underpinned by a common purpose.

The fortunes of the banking sector are inextricably linked with SA’s economic prospects. The economy has been trapped in a low-growth environment, with GDP growth in recent years lagging population growth. The Nedbank Group Economic Unit forecasts a modest growth in GDP of 1% in 2024, reflecting a slight improvement largely buoyed by renewable energy investments, despite binding constraints related to energy supply, and transport and logistics. In the medium term, GDP growth is expected to reach 1.5%, which continues to be insufficient to address key challenges the country is facing, pointing to an urgent need to make more meaningful progress with structural reforms that will help lift SA’s potential growth rate.

Addressing the greylist status assigned by the Financial Action Task Force (FATF) remains an urgent priority. Fortunately, some strides are being made toward rectifying the identified deficiencies and, while National Treasury forecasts any reclassification is likely to only take place in 2025, the positive steps that are being taken augur well for the economy.

As we celebrate 30 years of a democratic SA, let us hold steadfast to the strides we’ve made as a nation. Irrespective of the outcome of the 2024 national elections, it is incumbent upon us to unite behind a vision that prioritises higher levels of inclusive economic growth and job creation, and to vigorously address corruption and inefficiencies in the economy. Our collective commitment to
homing each other accountable is essential for the legacy of our democracy and the future we leave for generations to come.

There is no doubt that banking in SA, and across Africa, will continue to rapidly evolve, driven by, among other things, the growth of digital payments, infrastructure finance and increased competition in small and medium-sized enterprise/business banking. As new players emerge, Nedbank Group aims not only to compete, but to lead through innovation and a relentless commitment to superior client experience, inclusion and sustainable development. Our strong capital and liquidity foundations position us to embrace the evolving competitive landscape, and the opportunities it will bring for all stakeholders.

Finally, one of the key issues that stood out as a highlight at the recent World Economic Forum in Davos was the fact that generative artificial intelligence (GenAI) is now firmly on the radar of every business and government around the world. Many people and organisations are looking at GenAI through a lens of fear and uncertainty, but for us at Nedbank Group, GenAI can, and will, be a catalyst for productivity and growth and new employment opportunities. As such, we are proactively embedding AI across our value chain, continuing to invest in AI and data analytics to drive intelligent decision-making, and working to harness its full potential, but always with a people-centred approach.

Appreciation
I would like to extend my deepest appreciation to the many individuals and groups who contribute to the success and vibrancy of Nedbank Group. To our boardmembers, your collegiality, guidance and wisdom continue to be both an inspiration to me as well as the compass that directs our strategic decisions. To the Group Exco, thank you for your leadership and commitment which ensures that these decisions are executed with the requisite level of care and diligence as we deliver to our broad range of stakeholders.

To the entire Nedbank Team, I convey on behalf of the board our appreciation for your dedication and hard work which are the foundation on which our success is built. It is through your efforts that we continue to thrive in a complex and ever-changing environment. Thank you also to our business partners and suppliers whose unwavering support and collaborative spirit drive our mutual success. To our shareholders, your continued trust and investment empower us to pursue growth and innovation. Finally, thank you to our loyal and valued clients. You are the reason we strive to be better every day. As we celebrate our young democracy as a nation, let us also reflect on the legacy we wish to leave for the next generation, and continue to play our part in ensuring a prosperous future.

A special note of gratitude is reserved for our outgoing Chief Executive, Mike Brown. Mike’s tenure has been nothing short of transformative. His exceptional leadership, unwavering dedication, and strategic vision have been pivotal in steering Nedbank Group from strength to strength over the past 14 years he has been Chief Executive, and over the 30 years he has been with the group. Under Mike’s stewardship, the group successfully navigated an ever-increasing complex and uncertain operating environment, including steering the Nedbank ship through various domestic and internationally induced crises, most recently the Covid-19 pandemic, ensuring that the Nedbank Group emerged stronger.

Mike was at the helm during the managed separation from Old Mutual, a complex and critical milestone successfully concluded in 2018. In a competitive landscape, he championed our digital transformation, driving the bank’s innovation agenda forward and overseeing the successful Managed Evolution technology rebuild. This initiative has firmly established Nedbank’s reputation as a leader in digital innovation. Moreover, Mike has been instrumental in embedding our commitment to sustainability, recognising the green agenda as a strategic imperative for our future and ensuring Nedbank is positioned as a market leader in renewable energy finance in particular.

Mike was rightly honoured with the Sunday Times Business Leader of the Year award in 2020 – a testament to the respect and admiration of his peers.

As we bid farewell to Mike, we also warmly welcome Jason Quinn as the incoming Chief Executive. Jason brings with him a wealth of experience from his time as CFO at Absa, along with a proven track record in banking across SA and other parts of the African continent. We are confident that he will build upon Mike’s impressive legacy, and lead Nedbank into a future filled with even more promise and potential.

Daniel Mminele
Chairperson

A legacy of excellence
Mike’s tenure as CE since 2010, and previously as CFO from 2004, is a testament to his exemplary leadership. During the challenging Covid-19 period, Mike’s leadership was recognised with the Sunday Times Business Leader of the Year award in 2020, an accolade determined by the votes of CEOs from the top 100 companies listed on the JSE.

Under Mike’s guidance, the group embraced its mission to leverage financial expertise for societal benefit, fostering a culture of diversity and inclusion within Nedbank. This commitment to corporate social responsibility is reflected in the group’s consistent level 1 BBBEE ratings over the past 6 years. Furthermore, Mike orchestrated the managed separation from Old Mutual, culminating in a successful conclusion in 2018.

In the face of a competitive industry, Mike was at the forefront of the bank’s digital transformation and innovation agenda. His leadership in the Managed Evolution technology rebuild solidified Nedbank’s reputation as a digital innovation leader, culminating in the bank achieving the highest client satisfaction rating (NPS) in SA. Mike’s dedication extended beyond the financial sector, as he actively supported various social and environmental initiatives. He played a pivotal role in the CEO Initiative, served as Deputy Chairman of Business Leadership SA, and was a former Chairman of the Banking Association South Africa. His commitment to sustainability led to Nedbank’s strategic focus on environmental issues and social sustainability efforts in the communities it serves, including significant involvement in the Youth Employment Service. As such Nedbank retained its leadership in social and environmental matters.

After 30 years of dedicated service, Mike’s departure leaves a lasting legacy on the group’s history, marked by his passion and influential leadership.
Governance at Nedbank

The board strives to optimise value for all stakeholders by fulfilling our purpose of using our financial expertise to do good; executing our strategy to enhance our competitiveness and differentiation; ensuring the sustainability of our business model; monitoring the external environment and assessing key risks, as well as the availability and quality of the group’s capitals; and understanding the needs of all relevant stakeholders.

Nedbank is committed to the highest standards of governance, ethics and integrity, which are essential for sustained value and to protect the interests of all our stakeholders. We believe that good governance is essential to promote our values through accountability, effective risk and performance management, transparency, and ethical leadership.

We embrace world-class banking practices and robust institutional governance and risk frameworks to ensure our banking services are secure and stable. We regularly review these practices and frameworks to ensure that we act in the best interest of all our stakeholders, considering the ever-changing landscape in which we operate, including factors such as economic changes, geopolitics, cultural shifts in the workplace, digital trends such as AI and data security, as well as climate change risks. We are also mindful that banks are expected to adapt to regulatory changes quickly, which means we must entrench good governance practices, while remaining flexible in responding proactively to the fast-changing regulatory environment. However, governance at Nedbank goes beyond mere compliance with legislation and best practices.

The board’s governance oversight is driven by its commitment to fulfilling its responsibilities and governance objectives through the application of the principles and practices outlined in King IV.

Our stakeholders
- Clients
- Employees
- Regulators
- Shareholders
- Society

Our material matters
- The economy
- Environmental limits
- Disruptive technologies
- Increased competition
- World of work
- Regulatory demands

Our capitals
- Financial
- Manufactured
- Natural
- Intellectual
- Human
- Social and relationship

Mindful governance and integrated thinking
- Processes
- Actions
- Strategy

We provide detailed disclosure on our governance objectives and the application status of the King IV principles in our Governance Review available online as part of our 2023 Governance Report at nedbankgroup.co.za.
Key board focus areas in 2023

In line with the board priorities that we identified and communicated in our 2022 Integrated Report, as well as external developments in the operating environment, the following areas received heightened focus in 2023:

1. Board and executive succession

Succession planning is an extremely important responsibility of the board as a whole, assisted by the Group Directors’ Affairs Committee (DAC). The DAC ensures that, where directors are reaching tenure and retirement age, board continuity is maintained through active succession planning that considers any changes to the skills needed on the board in terms of the group’s strategy. The DAC also monitors the split between executive, non-executive and independent directors as well as the diversity, skills, experience and tenure of board members as shown on pages 26 and 27.

In this context, 2023 was a milestone year in which the group announced the appointments of a new Chairperson (Daniel Mminele) and Chief Executive (CE)-designate (Jason Quinn), as well as changes to the board and Group Exco.

Chairperson succession – On 1 May 2023 Daniel Mminele was appointed as an independent non-executive director and Chairperson-designate post the retirement of Mpho Makwana at the close of the group’s 56th AGM on 2 June 2023. At the AGM, Daniel received 99.9% votes in favour of his appointment to the board, illustrating strong shareholder support.

CE succession – After the successful completion of the chairperson succession process, the board, supported by a global search firm with a strong domestic presence, commenced a process to choose a successor to Mike Brown who has joined the Nedbank Group 30 years ago, has been the CE since 2010 and an executive director since 2004. Following a rigorous process, considering both internal and external candidates that were both racially and gender diverse, Jason Quinn was announced as CE-designate on 22 November 2023 after emerging as the most suitable candidate. Jason will assume the role of CE on Mike’s planned retirement from the boards at the close of the group’s AGM on 31 May 2024. Mike will remain at Nedbank for another 3 months as a senior adviser to ensure a seamless handover to Jason.

Board changes – In addition to Mpho Makwana, Dr Mantiskia Mateoane retired from the board following the completion of her 9-year term, while Prof Tshilidzi Marwala stepped down to take up the role as the next Rector of the United Nations University in Tokyo, and Metto Nyati stepped down to take up the role of Chairperson at Eskom. The board extended the tenure of Brian Dames for an additional year given the need for continuity on the Group Climate Resilience Committee. Terence Nombembe (independent non-executive director) was appointed to the board, adding valuable experience and expertise in the areas of regulation, financial services, accounting, economics, social matters, and politics. The focus on board succession continues in 2024 in light of scheduled retirements over the next 3 years.

Executive leadership changes – The DAC reviews the succession plans for the group’s Executive Committee members. During the year, and in terms of those executive succession plans, Dave Crewe-Brown was appointed as the group’s Chief Risk Officer, and Ray Naicker was appointed as the group’s Chief Information Officer, after their predecessors, Trevor Adams and Fred Swanepoel reached the group’s retirement age of 60.

2. Delivery of the group’s strategy and targets

Strategic discussions at the board and relevant board subcommittee meetings remained a key agenda item. The board debated and provided input into the group’s strategy and deliberated on material matters throughout the year before approving the group’s 3-year business plan in November 2023.

The group’s strategy, which incorporates the strategic value drivers of growth, productivity and risk and capital management, drives value creation as we seek to deliver on our short-, medium- and long-term targets as shown on page 55. Value creation is enabled by 5 strategic unlocks: digital leadership; market-leading client experiences; focusing on areas that create value; driving efficient execution; and creating positive impacts – all underpinned by the group’s world-class technology platform and its people and culture.

In an environment that has become more challenging, as evident in the material matters discussed on pages 41 to 50, the board reviewed the progress made towards the group’s medium- and long-term financial targets. While all targets remain in place and suitably ambitious and stretching, the macroeconomic environment has become more challenging since these targets have been set at the start of 2022. It is likely that the group’s medium-term (2025) cost-to-income ratio target of < 52% will be achieved only a year later in 2026.

As part of business planning for 2024 to 2026, the board signed off the group’s material matters and financial and non-financial targets, and made decisions to secure strategic resources for the future, involving the group’s various capitals. This included capital, liquidity and funding plans, as well as IT (Group Information Technology Committee (GITCO)-approved), marketing, compliance, risk appetite (Group Risk and Capital Management Committee (GRCMC)-approved), and human capital plans. Key considerations included resource allocation to technology initiatives and ongoing digital innovations, building our capabilities in data and AI, and optimising various capitals under our target operating model initiative, such as the group’s real estate (branches and own offices – manufactured capital) and employees (human capital).
Managing the group through a difficult environment

Risk management was again a key focus in 2023, with emphasis on the group’s top 5 risks as we navigate through conditions of volatility, uncertainty, and low economic growth in a world seemingly in permanent crisis with elevated geopolitical risks. Integrated thinking becomes evident as we continue to make trade-offs and capital allocation decisions to manage our risks but, at the same time, unlock new opportunities.

Business risk – Oversight at the level of the board and various board committees of the impact of volatility and material changes in both the global and local environments, particularly the implications of sociopolitical developments such as the conflicts in Ukraine and the Middle East, high levels of inflation, the steep rise in interest rates, record levels of load-shedding and electricity shortages in SA, heightened competition, and climate change impacts. In this context, the group retained a strong balance sheet to protect against downside risk and developed action plans to manage impacts from higher impairments to ensure the group reported a solid set of 2023 financial results as discussed on pages 75 to 79.

Credit risk – Oversight by the Group Credit Committee (GCC) of clients in the RBB consumer segment that came under stress from the impact of higher interest rates and inflation, particularly in home loans and personal loans, as well as the few clients in CIB that went into business rescue. At the end of 2023 the group’s credit loss ratio (CLR) at 109 bps exceeded its target range of 60 bps to 90 bps and improved from the 121 bps reported in H1 of the year following focused management interventions in respect of collections and origination. Pleasingly, the RBB CLR is trending down, although it may still be elevated in H1 of 2024 given the impact of seasonality, while risks associated with CIB clients in business rescue are mostly behind us.

Cyberrisk – Oversight by GITCO and GRCMC of the increasing threat of cyberattacks and the increased levels of digitisation across the business, data privacy, data loss protection, as well as the increasing focus of the group on AI as discussed on page 60.

People risk – Oversight by the Group Transformation, Social and Ethics Committee (GTSEC) and the Group Remuneration Committee (Group Remco) of risks relating to ongoing skills shortages, increased competition for scarce skills, employee well-being and the unprecedented levels of change, hybrid work practices, as well as succession planning.

Strategic execution risk – Oversight at the level of the board, GITCO, DAC, GRCMC and GTSEC of the group’s strategy, as well as delivery on strategic portfolio tilt (SPT) and operating model ambitions.

The following governance- and risk-related initiatives were implemented:

- The Group Climate Resilience Committee was renamed as the Group Sustainability and Climate Resilience Committee (GSCRC). Its mandate will expand to reflect broader sustainability and ESG considerations, including oversight of environmental and social risks and opportunities beyond and in addition to climate risks and opportunities, referencing international standards, including the International Financial Reporting Standards (IFRS) S1 and S2 and the Taskforce on Nature-related Disclosures (TFND). Its mandate now includes the identification and regular monitoring of controversial matters, the accuracy of reporting and expanded roles and responsibilities to include the ESG Risk Management Framework, and ensuring alignment with the group’s work around purpose fulfilment. This change will come into effect from 1 April 2024.
- The ESG Risk Management Framework was approved in 2023, focusing on a broad range of ESG risks and factors faced by the group and its counterparties, as well as on setting the principles for the implementation of sound ESG risk management practices across the group’s activities. Embedding ESG risk management into core activities supports the achievement of the group’s strategic objectives.

We continually engage with shareholders and stakeholders on strategy, sustainability and ESG matters. This enables our board to exercise constructive influence, as and when appropriate, receive valuable feedback, and protect the interests of our shareholders. Additionally, we strive to maintain world-class transparent reporting through our comprehensive suite of reports. This has enabled us to retain our top-tier ESG ratings.

The following key board focus areas in 2023 continued...
A decade of proactively engaging on ESG matters

In 2023 we celebrated our 10th annual ESG shareholder roadshow. These meetings were led by Mpho Makwana (Board Chairperson at the time) and supported by Hubert Brody (Lead Independent Director and Chairperson of our Group Remco and the DAC), Stanley Subramoney (Independent Director and Chairperson of the Group Audit Committee (GAC), and Daniel Mminele (Chairperson designate at the time). The primary focus of the discussions was on succession planning considering board changes and the anticipated retirement of Chief Executive, Mike Brown. Other areas of discussion included remuneration (with no material issues raised); the importance of the role that banks play in moving towards a net-zero economy (Nedbank is seen as the leading bank in this area and investors were looking forward to the disclosure of our fossil fuel glidepaths); support for the group’s R5bn capital optimisation initiative; dividend considerations; updates on mandatory audit firm rotation (MAFR); oversight of IT and technology developments; progress on DEI; and addressing reputational matters. In recognition, the Nedbank Board was once again voted #1 among financial services companies in the 2023 Institutional Investor emerging EMEA survey.

AGM voting outcomes and important resolutions

All the resolutions at the 56th AGM (2023) were passed. Noteworthy resolutions include the following:

<table>
<thead>
<tr>
<th>Key resolutions at the 56th AGM (2023)</th>
<th>2023 votes in favour</th>
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<tbody>
<tr>
<td>Advisory endorsement, on a non-binding basis, of the following:</td>
<td></td>
</tr>
<tr>
<td>• Nedbank Group Remuneration Policy</td>
<td>90.4%</td>
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<tr>
<td>• Nedbank Group Remuneration Implementation Report</td>
<td>74.8%</td>
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<tr>
<td>Appointment of Daniel Mminele as Chairperson.</td>
<td>99.9%</td>
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<tr>
<th>Key resolutions at the 57th AGM (2024)</th>
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<tbody>
<tr>
<td>Advisory endorsement, on a non-binding basis, of the group’s Remuneration Policy and Implementation Report. Remuneration remains a focus and we continue to engage proactively with our shareholders to get their feedback and address issues raised.</td>
</tr>
<tr>
<td>Election of Jason Quinn as Nedbank Group CE and executive director.</td>
</tr>
<tr>
<td>Appointment of KPMG as external auditor alongside Ernst &amp; Young as joint auditors.</td>
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5 Reputational matters

We are committed to fostering honest and trustworthy relationships with all our stakeholders, both internal and external, and have a policy of zero tolerance towards corruption. We hold all our stakeholders, including our clients, service providers, and employees, to the highest standards of ethical conduct and integrity.

In this context the following reputational matters were top of mind for the board in 2023:

• Investigations foreshadowed in the Zondo Commission – Nedbank continues to cooperate with various enquiries and investigations that are underway in respect of transactions mentioned in the Zondo Commission report. These engagements may result in Nedbank entering into negotiations or failing which, becoming involved in litigation and associated regulatory proceedings with various parties. Given that there is no evidence of any wrongdoing, collusion, or corruption on the part of Nedbank, we will strongly defend any litigation against us.

• High-profile account closures – In 2022 media reports highlighted a few high-profile cases where clients’ accounts had been closed. Subsequently, Nedbank was involved in various legal processes in this regard. In particular, urgent interdicts were granted by the Equality Court and the Competition Tribunal against Nedbank and other banks. These interdicts ordered us to reopen and keep open clients’ accounts that had been terminated on the basis of reputational risk. In December 2023 the Supreme Court of Appeal overturned the Equality Court interdict against Nedbank and the Competition Tribunal against Nedbank and other banks. These interdicts ordered us to reopen and keep open clients’ accounts that had been terminated on the basis of reputational risk. In December 2023 the Supreme Court of Appeal overturned the Equality Court interdict against Nedbank and the Competition Tribunal against Nedbank and other banks. These interdicts ordered us to reopen and keep open clients’ accounts that had been terminated on the basis of reputational risk. In December 2023 the Supreme Court of Appeal overturned the Equality Court interdict against Nedbank and the Competition Tribunal refused to further extend the interim interdict against Nedbank and other banks. Decisions to terminate banking relationships with clients are neither arbitrary nor discriminatory and are taken extremely seriously, as clients are the essence of our business. Such decisions are taken only after a rigorous assessment and an internal independent governance process with reference to all the relevant information and facts have been followed, including a comprehensive due-diligence process overseen by the board. Nedbank is bound by client confidentiality and therefore does not disclose client matters in our external disclosures. As a result of our ongoing reviews of client activity and related reputational risks, during 2023 we offboarded just over 190 clients.

• Competition Commission investigation into rand-dollar exchange manipulation – The Competition Commission cited 28 banks in a referral of a complaint to the Competition Tribunal regarding allegations on the rand-dollar exchange manipulation. Nedbank and all implicated banks raised different technical arguments against the referral, among which was that the Commission’s allegations are impossible to plead to. The Competition Tribunal dismissed all these technical objections. Nedbank lodged an appeal and review application with the Competition Appeal Court (CAC), against the dismissal (along with 15 other banks). On 8 January 2024 the CAC dismissed the Competition Commission’s case against Nedbank. The Competition Commission has since applied to the Constitutional Court for leave to appeal the CAC’s decision. The Competition Commission is not appealing the CAC’s decision in respect of Nedbank Group. Nedbank maintains that there is no evidence against it or any of its traders participating in any of the chatrooms, or being involved in any so-called ‘single overarching conspiracy’ to fix the rand-dollar currency pair in contravention of the Competition Act. Nedbank therefore intends to oppose the Competition Commission’s leave to appeal to the Constitutional Court of South Africa and will continue to defend itself against all these claims brought by the Competition Commission.

Focus areas of the board in 2024

1. Chief Executive succession and handover
2. Talent retention
3. Delivering the group’s strategy and targets
4. Managing the group through an uncertain environment
5. Climate change and a Just Transition
Key board discussions and approvals in 2023

In addition to the 5 focus areas, the board had various discussions aimed at creating and protecting value and minimising the risk of value erosion in 2023.

**Jan/Feb**
- Annual board kick-off, which covered topics such as geopolitical challenges; SA’s Just Energy Transition Plan; risk management and balance sheet management; digital assets (crypto currencies); the legal and regulatory horizon; the labour market; and people risk.
- Approved and announced the appointment of chairperson-designate, Daniel Mminele.
- Discussed the results of the 2022 internal board and board committee evaluations.
- Approved a R5bn capital optimisation initiative to be executed through a general share repurchase programme and odd-lot offer.

**Mar/Apr**
- Approved the 2022 annual financial results and final ordinary dividend.
- Approved the 2022 Integrated Report and suite of ESG-related reports.
- Approved the 2022 Pillar 3 Report.
- Approved the group’s 2023–2025 forecasts, updated after the 2022 year-end.
- Approved further odd-lot offer execution resolutions.
- Considered and agreed on the directors to be put forward for re-election at the AGM.
- Approved the annual remuneration review of the CE and Group Exco as well as the Remuneration Policy.
- Approved the group’s ESG Risk Management Framework.

**May/Jun**
- Considered the proposed acquisition of Eqstra Fleet Management.
- Engaged in the annual strategy planning session.
- Held the group’s 10th annual ESG roadshow with shareholders and provided feedback to the board.
- Announced the retirement of CE, Mike Brown, and the start of a succession process.
- Held the group’s 2023 AGM (virtual and in-person options).
- Considered the feedback provided through the 2022 results and ESG roadshows.
- Undertook blackout planning.

**Jul/Aug**
- Approved the group’s 2024–2026 Strategic Planning Framework.
- Approved the group’s 2023 interim results.

**Sep/Oct**
- Held the annual meeting with the Prudential Authority (PA) and the FSCA to discuss the group’s medium- and long-term strategy.
- Signed the annual Board Ethics Statement.
- Received annual AML, CFT, CPF and sanctions training.
- Considered the feedback provided through the 2023 interim results roadshows.
- Undertook blackout planning.

**Nov/Dec**
- Interrogated and approved the Nedbank Group business plan for 2024–2026, associated external targets, as well as the group’s material matters.
- Approved and announced the appointment of CE-designate, Jason Quinn.

The CE succession process was considered in various board meetings (including ad hoc board meetings convened specifically for this purpose) throughout the year. Other regular agenda items included detailed feedback to the full board from the chairpersons of board committees on key deliberations of those committees, comprehensive presentations by the CE on front-of-mind items, which incorporated, among others, financial performance updates and forecasts, discussions on the macroeconomic, sociopolitical and competitor environmental landscapes, value creation, strategic implementation and the status of key strategic actions, key risk and reputational matters, key people matters and progress on significant programmes underway in the organisation such as Managed Evolution, TOM 2.0 and SPT 2.0, as well as presentations by the CFO on our financial results and forecasts at regular intervals.

**Director training during 2023**

During the year, directors received comprehensive training on diverse topics, which included: geopolitical challenges; SA’s Just Energy Transition Plan; energy transition and new technologies; risk management and balance sheet management; digital assets (including crypto currencies); the legal and regulatory horizon; financial crime trends and outcomes; anti-money-laundering; the combating of financing of terrorist and related activities, and the countering of proliferation financing (AML, CFT and CPF) and sanctions; the global state of responsible investing; executive compensation trends; compliance risk management and monitoring; ChatGPT; payments modernisation and evolution; labour markets and people risk; the latest view of the Indlulamithi (social cohesion) scenarios; ISSB sustainability disclosures and assurance; and the JSE Listings Requirements amendments.
Nedbank policy:

• Non-executive directors must retire at the 1st AGM that follows their reaching the age of 70 or after 9 years of being on the board as a non-executive, unless agreed otherwise by the board. They are given no fixed term of appointment, and all directors are subject to retirement by rotation in terms of the company’s memorandum of incorporation (MOI).

• An executive director must retire from the board at the age of 60, unless otherwise agreed by the board. Executive directors are subject to 6-month notice periods. This excludes the CE, who is subject to a 12-month notice period.

• In terms of our MOI, one-third of all boardmembers retire at each AGM but may make themselves available for re-election. This is an established practice in SA to ensure accountability while maintaining board continuity.

Our Board of Directors

Independence – protecting the interests of all shareholders

At 69%, the majority of Nedbank’s boardmembers are independent directors, which complies with King IV and global best-practice governance.

The size of the Nedbank Board, at 13 members, is influenced by the demands of a large and complex banking industry. The size gives the board adequate membership for its 9 board committees, of which 5 are statutory, while adequate levels of independence are maintained.

Executive and non-executive directors (

- Executive directors
- Independent non-executive directors
- Non-executive directors

Executive and non-executive directors: Age

- Average age = 58 years
- 77% < below 60 years

Non-executive directors: Tenure (Years)

- 0-3 years
- 4-6 years
- 7-9 years

Jason Quinn – CE-designate

Jason (BAcc (Hons), CA(SA)) was most recently the Financial Director of Absa Group Limited and Absa Bank Limited, having been initially appointed to that role in 2016. He joined Absa in 2008, where he held finance roles in the Group and Retail and Business Banking. Jason was also the Interim Group Chief Executive Officer of Absa from April 2021 to March 2022. Before Absa, he joined Ernst & Young Inc in 1992, where he held the role of partner from 2005 to 2008. Given his previous roles, Jason is well known and highly regarded by the investment community.
Skills, expertise and experience – a diversified board that adds value

The boards of banks and financial services companies require a broad range of skills to govern and act in the best interest of all stakeholders. The appropriate mix of skills, expertise, and experience ensures that the board, as a collective, is well equipped to guide and drive strategy and thereby create and protect value.

The board, through the DAC, determines the required composition of skills in response to shifts in the group’s long-term strategy and a rapidly changing environment. The appointments of Phumzile Langeni, Daniel Mminele and Terence Nombembe over the past 3 years strengthened the board’s skillset in the following areas: risk management; banking and other financial services; accounting and auditing; mining, resources and infrastructure; large corporates; macroeconomic and public policy; human resources, marketing and strategy; and environment and climate change.

The board’s succession process over the next few years looks to increase skills and expertise in key areas such as risk management; banking and other financial services; environment and climate; innovation and digital; and IT and cyberresilience. It also looks to replace boardmembers who have resigned (Prof Tshilidzi Marwala and Mteto Nyati) and retired (Mpho Makwana and Dr Mantsika Matooane).

<table>
<thead>
<tr>
<th>Board skills and expertise (Number of boardmembers with experience)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking and finance**</td>
</tr>
<tr>
<td>Large corporates</td>
</tr>
<tr>
<td>Accounting and auditing***</td>
</tr>
<tr>
<td>Innovation and digital expertise**</td>
</tr>
<tr>
<td>IT and cyberresilience***</td>
</tr>
<tr>
<td>Human resources, marketing and strategy***</td>
</tr>
<tr>
<td>Mining, resources and infrastructure</td>
</tr>
<tr>
<td>Emerging economies</td>
</tr>
<tr>
<td>Macroeconomic and public policy</td>
</tr>
<tr>
<td>Governance and stakeholder management*</td>
</tr>
<tr>
<td>Environment and climate***</td>
</tr>
</tbody>
</table>

- Banking and finance.
- Key ESG experience.
- Key risk management experience.
- Cyberrisk and technology.

Diversity – being relevant in a transforming society

Board diversity is important for remaining relevant and sustainable in a fast-transforming society and promotes diversity of thought in board decisions. It is therefore no surprise that companies that embrace gender, race and ethnic diversity tend to achieve more sustainable outcomes.

Nedbank is deeply committed to diversity, equity and inclusion and the continued transformation of corporate SA. We strive to ensure that the composition of Nedbank boards must be appropriately representative.

- Our board includes members from the 4 main racial groups in SA (African, White, Coloured and Indian) as well as from diverse ethnic and cultural backgrounds, including those speaking Sepedi, isiZulu, Afrikaans, isiXhosa, and English.
- Black* boardmember representation at 62% is above our target of 50% and ranks among the highest in the South African banking peer group.
- Gender diversity at board level is low at 23%, and we are continuously reviewing our board succession planning to ensure we trend closer to internationally recommended practices and gender benchmarks set by ESG rating agencies.

<table>
<thead>
<tr>
<th>Board demographics (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>White male</td>
</tr>
<tr>
<td>Black female*</td>
</tr>
<tr>
<td>Black male*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Promotion of diversity at board level (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black boardmembers</td>
</tr>
<tr>
<td>Black women boardmembers</td>
</tr>
<tr>
<td>Black executive boardmembers</td>
</tr>
<tr>
<td>Black women executive boardmembers</td>
</tr>
<tr>
<td>Black independent non-executive boardmembers</td>
</tr>
</tbody>
</table>

Nedbank policy: Maintain board membership that represents the demographics of SA.

* African, Coloured and Indian population.
Our board structure and mandates

The board of directors provides leadership and strategic guidance to safeguard stakeholder value creation within a framework of prudent and effective controls. This makes it possible to assess and manage risk to ensure long-term sustainable development and growth. The board has ultimate accountability and responsibility for the performance and affairs of the company and ensures that the group adheres to high standards of ethical behaviour.

The board committees assist the board in the discharge of its duties and responsibilities. Each board committee has formal written terms of reference that are reviewed annually and effectively delegated in respect of certain of the board’s responsibilities. These terms of reference are available at nedbankgroup.co.za. The board monitors these responsibilities to ensure effective coverage of and control over the group’s operations.

Detailed reports from the chairs of the board and board committees are available in the group’s 2023 Governance Report, which can be accessed at nedbankgroup.co.za.

Interdependency of board committees

The board’s 9 formal committees report in detail on key discussions and activities at each Nedbank Group Board meeting, and the minutes of board committee meetings are also made available to all boardmembers.

Additionally, GITCO and GCC report to the GAC on the adequacy and effectiveness of the group’s information system controls and the adequacy of the group’s impairments respectively.

The chairs of GRCMC and Group Remco also meet separately to consider remuneration risks, and there is a formal process between Group Remco and GTSEC in respect of the consideration of the ethics of remuneration.
Our board structure and mandates continued

**Group Audit Committee (GAC)**

Stanley Subramoney, Chairperson  
Hubert Brody  
Neo Dongwana  
Errol Kruger  
Phumzile Langeni  
Terence Nombembe

Terence Nombembe was appointed with effect from 1 January 2024.

**Mandate**
- Assists the board in its evaluation of the integrity of our financial statements through evaluation of the adequacy and efficiency of our internal control systems, internal financial controls and accounting policies for financial and corporate reporting processes.
- Responsible for the appointment, compensation and oversight of the external auditors for the group, including managing interactions with the GAC and assessing their independence and effectiveness.
- Facilitates and promotes communication between the board, executive management, the external auditors and the Chief Internal Auditor.
- Recommends the annual financial statements to the board for approval.

**Group Credit Committee (GCC)**

Errol Kruger, Chairperson  
Mike Brown  
Mike Davis  
Neo Dongwana  
Rob Leith  
Linda Makalima  
Mfundo Nkuhlu  
Stanley Subramoney

**Mandate**
- Assists the board in fulfilling its credit risk oversight responsibilities, particularly with regard to the evaluation of credit mandates and governance, policies and credit risk.
- Confirms the adequacy of credit impairments.
- Acts as the designated committee appointed by the board to monitor, challenge and ultimately approve all material aspects of the group’s credit rating and risk estimation systems and processes.
- Reviews and exercises an approval and monitoring function in respect of large exposures via the Large Exposures Approval Committee.

**Group Information Technology Committee (GITCO)**

Rob Leith, Chairperson  
Hubert Brody  
Brian Dames

**Mandate**
- Oversees the execution of the board’s approved IT and digital strategy.
- Performs, reviews and monitors enterprise IT matters to ensure that appropriate frameworks, procedures, structures and governance are in place for the consolidation, monitoring, management and reporting of IT risks and exposures on a group basis (e.g. cyberthreats and other regulatory risks).
- Ensures alignment and implementation of a well-coordinated, efficient, effective and properly resourced IT strategy, which enables the organisation to remain highly competitive.
- Assumes ultimate accountability for the effectiveness of all governance functions pertaining to the group’s technology capability, as required by the Banks Act and in support of the requirements of the GAC.

---

**Board committee representation at 31 March 2024.**

**Capitals**

- Financial
- Natural
- Intellectual
- Social and relationship

<table>
<thead>
<tr>
<th>Race (%)</th>
<th>Gender (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td>67</td>
</tr>
</tbody>
</table>

**Race (%)**

- Black
- White

**Gender (%)**

- Male
- Female

**Supplementary information**

Nedbank Group Integrated Report 2023
Our board structure and mandates

Group Remuneration Committee (Group Remco)

Hubert Brody, Chairperson  
Neo Dongwana  
Phumzile Langeni  
Stanley Subramoney  
Rob Leith

Independent members (%)  
100

Mandate

Enables the board to achieve its responsibilities in relation to the group’s Remuneration Policy, processes and procedures, and specifically enables the group to do the following:

• Meet the requirements of section 64C of the Banks Act.
• Operate remuneration structures that are aligned with best market practice.
• Conform with the latest thinking regarding good corporate governance on executive remuneration.
• Align the behaviour of executives with the strategic objectives of the group.
• Recommend CE and Group Exco remuneration to the board for approval.

Group Risk and Capital Management Committee (GRCMC)

Errol Kruger, Chairperson  
Mike Brown  
Brian Dames  
Rob Leith  
Linda Makalima  
Terence Nombembe*

Independent members (%)  
60

Mandate

• Ensures the identification, assessment, control, management, reporting and remediation of risks across a wide range of the organisation’s Enterprisewide Risk Management Framework (ERMF).
• Sets and owns Nedbank’s risk strategy and monitors conformance with risk management policies, procedures, regulatory and internal limits and exposures, as well as processes and practices. The monitoring of the group’s Key Issues Control Log (KICL) is paramount to GRCMC’s oversight role.

Group Transformation, Social and Ethics Committee (GTSEC)

Linda Makalima, Chairperson  
Mike Brown  
Phumzile Langeni  
Stanley Subramoney

Independent members (%)  
75

Mandate

• Advises on, oversees and monitors Nedbank Group’s activities with regard to social and economic development, ethics, transformation, sustainability, corporate citizenship, environment, health, public safety, stakeholder relationship, labour and employment matters.
• Applies the recommended practices and regulations as outlined in King IV and the Companies Act in executing its mandate.

Board committee representation at 31 March 2024.

* Terence Nombembe was appointed with effect from 1 April 2024.
Our board structure and mandates continued

**Group Directors’ Affairs Committee (DAC)**

<table>
<thead>
<tr>
<th>Chairperson</th>
<th>Hubert Brody</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members</td>
<td>Brian Dames, Errol Kruger, Rob Leith, Linda Makalima, Daniel Mminele, Stanley Subramoney</td>
</tr>
<tr>
<td>Independent members (%)</td>
<td>86</td>
</tr>
</tbody>
</table>

**Mandate**

- Monitors progress regarding the implementation and achievement of the board's corporate governance objectives and determines and evaluates the adequacy, efficiency and appropriateness of the corporate governance structures and practices of the group.
- Assists, evaluates and advises the board on issues of fundamental strategic importance to the group that are beyond the scope of the specific authorities mandated to the other board committees.
- Considers, monitors and reports to the board on reputational risk and compliance risk.
- Acts as the Nominations Committee for the board.

**Group Climate Resilience Committee (GCRC)**

<table>
<thead>
<tr>
<th>Chairperson</th>
<th>Brian Dames</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members</td>
<td>Phumzile Langeni, Linda Makalima, Daniel Mminele</td>
</tr>
<tr>
<td>Independent members (%)</td>
<td>75</td>
</tr>
</tbody>
</table>

**Mandate**

Enables the board to achieve its responsibility in relation to the group’s:

- Identification, assessment, control, management, reporting and remediation of all categories of sustainability and climate-related risks and opportunities; and
- Adherence to internal risk management policies, procedures, processes and practices.

With effect from 1 April 2024, the GCRC was renamed as the Group Sustainability and Climate Resilience Committee (GSCRC) and its mandate expanded to reflect broader sustainability and ESG considerations, including oversight of environmental and social risks and opportunities beyond and in addition to climate risks and opportunities.

**Capitals**

<table>
<thead>
<tr>
<th>Intellectual</th>
<th>Social and relationship</th>
<th>Natural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race (%)</td>
<td>Gender (%)</td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>14</td>
<td>57</td>
</tr>
</tbody>
</table>

- Black | Male | White | Female

<table>
<thead>
<tr>
<th>Race (%)</th>
<th>Gender (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>50</td>
</tr>
</tbody>
</table>

- Black | Male | White | Female

Board committee representation at 31 March 2024.
Other key areas of board responsibility and oversight

The board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of Nedbank over time.

The group’s relationship with its stakeholders is continuously monitored by the board, with specific oversight of employee and societal matters at the GTSEC, reputational matters across all stakeholders at the DAC, regulatory matters at the GRCMC and the GAC and environmental matters at the GCRR.

While directors engage directly with employees, clients, regulators, shareholders and other stakeholders from time to time, the process of managing stakeholder relationships is decentralised and forms part of the operations of our various clusters and business areas. This means that interactions with stakeholders, both formal and informal, are conducted by the functions directly aligned with the stakeholder group on an ongoing basis.

The quality of Nedbank’s stakeholder relationships remains high, evident in high levels of employee and client satisfaction, an improved financial performance and record dividend, working effectively with regulators and making a difference in the societies in which it operates.

The board is committed to ensuring that remuneration practices and outcomes are both fair and transparent, with the goal of achieving positive outcomes that meet the reasonable expectations of all stakeholders. In doing so, the board, through Group Remco, takes into account the income inequality in SA. Remuneration of executives and employees is tied to sustainable value creation ambitions, in line with the group’s overall strategy. These ambitions are based on well-defined financial and non-financial, including ESG, performance targets that are both challenging and in line with market benchmarks.

- In 2023 management received average salary increases of 5.6% and bargaining-unit employees 7%. In 2024 management will receive increases of around 5%, and bargaining-unit employees 7% on average. The group’s minimum guaranteed package was increased by 7% to R225,000, following an 11% increase in 2022. The continued focus on increases for lower-earning employees being higher than management-level employees and detailed analysis on Equal Pay for Work of Equal Value enables Group Remco to satisfy itself that there is no systemic unfair pay differentials based on either race or gender.

- After the short-term incentive (STI) pool increased by 19% in 2022, the increase of 4.6% in 2023 was more moderate, reflecting the group’s financial performance as discussed on page 76.

- In addition to the inclusion of ESG considerations in individual executive performance goal commitment contracts (GCCs), 2024 will be 3rd year in which the group includes key environmental and social deliverables into the performance conditions of the group’s long-term incentives (LTIs), with a further refinement of the underlying metrics.

- Our 10th annual board-led ESG roadshow highlighted that there was broad support for the Remuneration Policy changes that Group Remco implemented. Votes at our 56th AGM in support of our Remuneration Implementation Report, at 74.8%, were slightly below the 75% threshold. Given the high level of our ongoing shareholder engagements, we received no shareholder meeting requests in response to reaching out to shareholders who may have voted against the Remuneration Implementation Report. Some of the votes against the group’s Remuneration Implementation Report were because of a vote against the prior year’s Remuneration Policy by the same shareholders. Pleasingly, our Remuneration Policy received 90.4% votes of support in the current year.

Group Remco received 90.4% votes of support in the current year.
At Nedbank we are committed to doing business responsibly and ethically, which includes upholding human rights through our own operations and through the activities of those with whom we do business.

As a purpose-led and values-driven organisation, leadership commitment is essential in building and maintaining an ethical culture. At Nedbank ethics is governed in a way that starts with the correct ‘tone at the top’. The Nedbank Board sets the tone and leads the group ethically, effectively, and responsibly within acceptable risk parameters. In support of instilling an ethical culture, the group has put several mechanisms in place, including:

- directors’ disclosure of interests and ‘fit and proper’ questionnaires that are completed annually; and
- a Board Ethics Statement that sets out the expectations and commitments undertaken by every boardmember that all boardmembers must sign annually.

### Nedbank Group Board Ethics Statement

As the Nedbank Group Board of Directors, we are committed to the highest ethical standards and conduct our business honestly, scrupulously and with integrity. We will provide ethical, effective and responsible leadership, and will act with independence and diligence in making decisions.

At the core of our Code of Ethics and Conduct is our purpose to use our financial expertise to do good for individuals, families, businesses and society and our values of integrity, accountability, respect, people-centredness, and being client-obsessed. We use these to guide and direct the way we do business. We know that business depends on trust, which is why we do all we can to earn it and strive to do nothing to impair it. We will set an example knowing that what we do, and refrain from doing, is as important as what we say. As a catalyst for growth and an unstoppable force for good, we are committed to nation-building and contributing to a more transformed SA, and we will go beyond mere compliance to promote authentic organisational transformation. We will respect the rights of our employees and support their well-being.

### Comprehensive governance structures in place

We have implemented comprehensive governance structures that, among others, affect the board’s responsibilities in relation to ethics and human rights. This responsibility is delegated to executive management, which uses various tools and processes to embed a culture that drives ethics and human rights across the organisation. These include the annual Board Ethics Statement, and ad hoc declarations, various ethics and human rights codes, policies, statements and frameworks; ‘personal integrity management’ checks during recruitment; biannual declarations by group, cluster and subsidiary executives on corporate governance and internal processes; ongoing client and supplier due diligence; employee and supplier training and awareness-raising activities; various internal and external (anonymous) channels for reporting unethical behaviour; and mechanisms to review and manage client and supplier relationships when necessary.

### 2023 in review

Key actions and initiatives undertaken in 2023 included the following:

- All ethics-related codes, policies and frameworks underwent annual review and approval processes.
- We implemented a new procedure for the reporting, management, and resolution of harassment complaints, which has proven to be successful.
- We began to overhaul our ethics training material with a greater shift towards a behaviour-based approach to ethics to provide employees with practical skillsets to empower more ethical decision-making.
- We revised the annual Board Ethics Statement, which was signed by all boardmembers in October 2023.
- We launched a new employee conduct tool to track and monitor all employees’ outside business interests, conflict of interest, and gift declarations.
- We enhanced outsourcing and reporting capabilities to give our stakeholders crucial insight into ethics trends and observations within the bank.
- We provided ethics and human rights training to 1 601 employees.
- We provided ethics, human rights and governance-related training to 43 suppliers.
- Employees dismissed on disciplinary matters relating to dishonesty and unethical conduct: 67 (2022: 52).
- Employees dismissed on disciplinary matters relating to dishonesty and unethical conduct: 67 (2022: 52).

In 2024 we look to develop and roll out, among others, online and self-paced ethics training modules that will be compulsory for all employees, launch an ethics ambassador programme across the bank to further embed an ethical culture through the promotion of ethics awareness initiatives, and place a greater focus on emerging ethical issues, including data ethics, GenAI, crypto assets, the metaverse and ESG.

More details on our approach to human rights and ethics are disclosed in our 2023 Governance and 2023 Society Reports available at nedbankgroup.co.za.
**Board and committee evaluations**

Evaluations of the Nedbank Group Board and board committees alternate annually between independent evaluations and internal evaluations. The 2023 independent evaluation was undertaken by The Board Practice, with the overall feedback being that Nedbank Group has a professional board that functions well.

The 2023 independent evaluation found that the Nedbank Group Board and board committees effectively discharge their duties, and the overall feedback was very positive with respect to the board's work. Board committees and the company secretary are critical support structures for the board.

**Board performance**

(Score out of 5)

<table>
<thead>
<tr>
<th>Strategic focus, priorities and overall effectiveness</th>
<th>Core governance</th>
<th>Board dynamics</th>
<th>Board agility</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4 Best in class</td>
<td>4.2 Best in class</td>
<td>4.1 Low margin for improvement</td>
<td>3.9 Low margin for improvement</td>
</tr>
<tr>
<td>'The board's priorities are clear and the composition appropriate.'</td>
<td>'This is an effective board discharging its duties fully.'</td>
<td>'The dynamics of the board are healthy and directors are committed.'</td>
<td>'The board deals well with all matters pertaining to risks, with good focus on key issues.'</td>
</tr>
</tbody>
</table>

5 Exemplary

4 Exceeds expectations

3 Meets expectations

<table>
<thead>
<tr>
<th>Strategic focus, priorities and overall effectiveness</th>
<th>Core governance</th>
<th>Board dynamics</th>
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<td>4.4 Best in class</td>
<td>4.1 Low margin for improvement</td>
<td>4.1 Low margin for improvement</td>
</tr>
<tr>
<td>'The company secretary contributes strongly to the effectiveness of the board.'</td>
<td>'The company secretary is effective at providing practical and competent support and guidance to the board'</td>
<td>'Board committees are effectively discharging their duties.'</td>
<td>'Board committees are effectively discharging their duties.'</td>
</tr>
</tbody>
</table>

5 Exemplary

4 Exceeds expectations

3 Meets expectations

For more information on the results of the board and board committee evaluations, please refer to our Governance Review in the 2023 Governance Report available online at nedbankgroup.co.za.
Creating value in a sustainable manner through our strategy

Overview of the context in which we operate, including our material matters, how we manage risks, our strategic response, and the trade-offs we make to ensure ongoing value creation.

Delivering on our strategy is showing results. Our world-class technology platform has become the foundation of delivering strong digital growth metrics, market-leading client experiences, main-banked client growth, higher levels of cross-sell, market share gains in key areas, and ongoing productivity improvements, while cementing our leadership in renewable energy and ESG matters.
Reflections from our Chief Executive

"In a more volatile and difficult operating environment than we had expected, I am pleased to report that we met all of the 2023 targets that we announced as our post-Covid-recovery targets in March 2021, being DHEPS above 2 565 cents, ROE above 15%, and cost to income below 54%, as well as ranking #1 on NPS. Our focus now shifts to our medium- and long-term targets and, in particular, ongoing improvements in ROE to meet our 17% target in 2025."

Mike Brown, Chief Executive

In 2023 the operating environment for us and our clients was volatile and difficult, evident in weak South African gross domestic product (GDP) growth, record-level electricity shortages, high interest rates and elevated levels of inflation. While there is still forecast risk and a more sustained downward inflation trend is required, interest rates seem to have peaked, and electricity shortages improved in H2 of the year, although geopolitical tensions across the globe pose ongoing risk, with 2024 being an election year in many countries, including South Africa (SA).

Delivering on our strategy is showing results. Our world-class technology platform has become the foundation for delivering strong digital growth metrics, market-leading client experiences, main-banked client growth, higher levels of cross-sell, market share gains in key areas and ongoing productivity improvements, while we are also cementing our leadership in environmental, social, and governance (ESG) matters in general and sustainable development financing including the fast-growing renewable energy sector, in particular.

In this context, it is pleasing to report that the group delivered a strong financial performance in 2023. Headline earnings (HE) increased by 11%, as revenues grew by 12% and expenses were managed well, increasing by 8%. This was partially offset by a 30% increase in the impairment charge, albeit with a much better performance in H2 of the year. Diluted headline earnings per share (DHEPS) increased by 14% and return on investment (ROE) increased to 15.1%, both benefiting from the R5bn capital optimisation initiative we concluded in H1 of the year. We maintained very strong balance sheet metrics with respect to capital, liquidity and expected credit loss (ECL) coverage that, taken together with HEPS growth of 15%, enabled a very strong 15% growth in the full-year dividend.

Delivering on our strategy

Outcomes in respect of our strategic value drivers of growth, productivity, and risk and capital management reflect the benefits of strong foundations and ongoing momentum in the delivery of our strategy.

• Growth trends across revenue lines and average interest-earning banking advances (AIEBA) picked up when compared with prior years. You can read more about them in the review from our Chief Financial Officer on page 75. This growth was supported by 20 primary client wins in CIB, 9% growth in main-banked clients in RBB and 4% growth in NAR clients, while...
Reflections from our Chief Executive continued

levels of cross-sell improved further, digital metrics grew very strongly and assets under management (AUM) in Nedbank Wealth increased by 14%.

• From a productivity perspective we continue to see the outcomes of our structural cost optimisation efforts together with the benefits of endowment contributing to a lower cost-to-income ratio – which showed a pleasing improvement from 55.8% to 53.9%. The cost-related productivity improvements were driven largely by the benefits from our technology platform, enabling increased client use of more cost-effective digital products and services; ongoing process improvements; headcount reduction, mainly through natural attrition; and real estate optimisation.

• Our key risk and capital management metrics continue to reflect a fortress balance sheet, with the group’s common equity tier 1 (CET1) ratio at 13.5%, a liquidity coverage ratio of 135% and total ECL coverage at 3.62% – a multi-year high. These metrics show that Nedbank is in a very strong position to grow and is well prepared should the macroeconomic or global geopolitical environments deteriorate.

Our strategy, which is enabled by our world-class technology platform alongside our Nedbank employees as our most important asset, is delivered through 5 strategic value unlocks. More details on our progress and outlook on these are disclosed on pages 55 to 67. Over the past few years, I believe we have established a good track record of delivery, and I reflect for a final time as CE on the key highlights of each:

• A world-class technology platform – Starting in 2015 we set out to build a world-class technology platform that would enable digital leadership capabilities as a foundation for Nedbank’s long-term competitiveness in general and in retail banking in particular. This was delivered through an IT build programme we termed the Managed Evolution or ME, and this is now 95% complete. Final components will be delivered by the end of 2024 – and we are on track to complete the entire programme on time, on scope and on budget, and without any increased downtime on existing systems. This places Nedbank in a very strong position to compete effectively with fintechs, mobile companies and both new and existing banks and in so doing grow revenues, optimise costs, more easily meet client expectations and accelerate product development into the future, and increasingly leverage our use of data and exciting new technologies such as artificial intelligence (AI) and generative artificial intelligence (GenAI).

• Digital leadership (DX) – Digital client transactional values and volumes continue to grow at double-digit levels. Today, 55% of all retail sales are done digitally, up from 12% in 2019, while active Avo (2019: not yet launched) and Money app (2019: 0.8 million) users have increased to 2.5 million and 2.3 million respectively. External benchmarks show that we lead in areas such as servicing features offered to clients via mobile channels. As we complete the Managed Evolution in 2024, the final two retail products being home loans and vehicle finance will also be available digitally.

• Client satisfaction metrics (CX) – From being in the middle of the pack in 2019, in 2023 we again achieved our #1 ranking (tied) among South African banks on Net Promoter Score (NPS) in the Kantar NPS survey, and our focus on leading in client experiences remains top of mind in a highly competitive environment.

• Lending and deposit market shares (SPT) – We had a mixed performance in 2023, with market share gains recorded in the key asset categories of wholesale term loans, home loans and retail deposits and a decline in personal loans due to the deliberate tightening of credit criteria, while being selective in our areas of strength in vehicle finance and commercial-property finance. Our focus remains on profitable market share growth in targeted categories including, in particular, household and commercial transactional deposits.

• Operating model benefits (Target Operating Model or TOM) – At the end of 2023 we realised R2,2bn of cumulative benefits under TOM 2.0, following the R2,0bn of benefits realised from TOM 1.0 at the end of 2021. To make further progress towards our medium-term cost-to-income ratio target of 52%, we are exploring further benefits through TOM 2.1 in areas such as data analytics and AI, process optimisation, and payments modernisation and will announce these alongside our 2024 interim results.

• Sustainable development finance – We continued to fulfil on our purpose and created positive impacts through R145bn of exposures that support sustainable development finance (SDF), aligned with the United Nations Sustainable Development Goals (UN SDGs). This equated to around 16% of our gross banking loans and advances in 2023, up from 14% in 2022, with ambitions to increase this support to around 20% by the end of 2025. We remain market leaders in the key growth segment of renewable energy in SA with a strong pipeline of public and private sector projects.

Using our financial expertise to do good

We are inspired by our purpose of using our financial expertise to do good and in so doing creating value for all our stakeholders. A few highlights for me in 2023 include the following:

• Employee satisfaction, measured through our Pulse survey remained high, as evident in our 2023 ‘great place to work’ NPS score of 20 – the 2nd-highest level since the inception of our employee Pulse survey 5 years ago. We are also proud of our leading position on the YES Programme to help address the huge challenge of youth unemployment in SA, having recruited more than 2 800 youth in 2023 (and now having given almost 10 000 youth a 1st job opportunity since its inception) as we continue to make an impact on South African youth, their families and communities.

• We created value for our clients by providing more than R330bn in new loans, safeguarding over R1tn of deposits while keeping fee increases below inflation. We also launched our very competitive MiGoals suite of products that use the ME IT platform and are priced at the lower end of the banking peer group. In these difficult times, we worked hard to help our clients who experienced financial challenges and offered tailored payment plans to clients who struggled to meet their financial obligations, including assisting 53 000 clients to keep their vehicles and homes.
Reflections from our Chief Executive continued

- For our shareholders, the declaration of a full-year dividend that increased by 15% has been value accretive, along with our share price that appreciated by 67% since 1 January 2021, delivering a total shareholder return, including dividends, of 96% over the past 3 years, ahead of the peer group.

3-year shareholder returns (1 January 2021 to 31 December 2023)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Share price appreciation</th>
<th>Total shareholder return</th>
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<tbody>
<tr>
<td>Bank A</td>
<td>37%</td>
<td>60%</td>
</tr>
<tr>
<td>Bank B</td>
<td>41%</td>
<td>48%</td>
</tr>
<tr>
<td>Bank C</td>
<td>44%</td>
<td>66%</td>
</tr>
<tr>
<td>Nedbank</td>
<td>67%</td>
<td>96%</td>
</tr>
<tr>
<td>Bank D</td>
<td>64%</td>
<td>87%</td>
</tr>
</tbody>
</table>

- From a regulatory perspective we continue 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 that continues to demonstrate its strength and resilience in a difficult environment.

- We are active participants in Business Leadership South Africa (BLSA) where I am currently the Deputy Chairman and the B4SA platform that is working with government to help resolve the key structural impediments to higher levels of inclusive economic growth, being energy, logistics and crime and corruption.

- We actively contribute to the jurisdictions in which we operate in many ways, including through the payment of taxation and in 2023 cash taxation payments increased by 15% to R13,2bn, and in 2023 cash taxation and in 2023 increasing by 15% has been value accretive, along with our share price that appreciated by 67% since 1 January 2021, delivering a total shareholder return, including dividends, of 96% over the past 3 years, ahead of the peer group.

Matters relating to the Zondo Commission

As reported in my Chief Executive Reflections last year, while no findings were made against Nedbank in the Zondo Commission reports, it was recommended that some transactions involving Nedbank and Acasa and Transnet, where Regiments had acted as appointed financial advisers to Acasa and Transnet, be subject to further investigation. Nedbank continues to cooperate fully with various further enquiries and investigations in respect of these transactions and nothing has come to Nedbank’s attention in any of these enquiries and investigations that would change Nedbank’s view that there is no evidence of any wrongdoing, collusion or corruption by Nedbank or any of its employees and that, if these transactions were tainted by corruption on the part of Regiments, our clients or their employees, Nedbank was unaware of this at the time of the transactions and acted as a reasonable banker based on the knowledge we had at the time. Our fees and returns were market-related and all legal documentation and authorisations for the transactions are in place. Given this position, we will strongly defend any litigation that may be brought against us.

Increase in financial crime and cyberattacks

The challenging external environment combined with the rapid increase in digital activity remain the key drivers of increasing levels of financial crime as evident in the almost 70% increase in industrywide SA digital banking fraud losses to R740m during 2022 (SABRIC). Nedbank has a strong focus on cyberresilience, while ensuring client funds and client data are suitably protected alongside our own data, systems and infrastructure.

While our bank security systems remain robust and we maintain an integrated approach to financial crime risk management that involves risk assessment, prevention, detection and response, our clients and employees continue to be subject to increasing levels of fraud attacks. While the vast majority of these attacks are unsuccessful, unfortunately, there are instances where clients are persuaded to compromise their banking security or employees are approached by criminal syndicates.

Nedbank does not have any appetite for and will not tolerate any fraudulent, illegal, corrupt or unlawful acts by employees, clients and/or suppliers. We will investigate any such matter fully and will take the necessary disciplinary and/or civil/criminal action (where appropriate) against any employee, client or supplier involved in confirmed fraudulent acts. Nedbank was itself the victim of an internal fraud in 2023. While no client funds were impacted, the cost to Nedbank, net of insurance recoveries, amounted to R50m. In line with our principle of zero tolerance we immediately investigated the matter fully and took the necessary disciplinary and criminal actions against the implicated employees, and strengthened processes and procedures to prevent this from reoccurring.

Ongoing focus on value creation

Our annual strategy process is well embedded and culminates with the board approval of the Nedbank strategy and resultant 3-year financial, risk and other plans in November each year. These board-approved plans form the basis of the short- and medium-to-long-term guidance that we publish with respect to key performance metrics. The short-term key performance metrics in respect of ROE and DHEPS growth are used to inform the sizing of the on-target short-term incentive (STI) pool for the year ahead and the medium-to-long-term key performance metrics in respect of ROE, DHEPS growth and the cost-to-income ratio are used in setting the financial elements of the corporate performance targets (CPTs) that are attached to long-term incentive (LTI) awards. For more detail on this please see the Remuneration Report on pages 93 to 100.

We believe that shareholders are best served by setting medium-to-long-term targets that have a suitable degree of stretch at the time of setting, and even if final outcomes for these fail short of stretching targets, shareholders will be better off than setting and achieving easier targets. By way of example, after the target of achieving an ROE of 15% in 2023 was set in March 2021, the average of the top sell-side analysts forecast Nedbank’s ROE in 2023 to be 13% and in March 2022 this forecast was increased to 14.2%, with Nedbank finally achieving a 15.1% ROE in 2023. I believe that this delivery of a better-than-forecast ROE has been the key driver of Nedbank being the best-performing South African bank share over the past 3 years. Delivery of the medium-term ROE target of 17% in 2025, with the average of the top sell-side analysts forecast currently around 16%, should likewise support ongoing shareholder value creation.
External environment
While the external environment remains difficult, we expect some improvement in 2024, with risk to the downside possible from unforeseen geopolitical events. SA’s GDP growth is expected to increase over the next few years to between 1% and 2%, and inflation is expected to continue to decline. The prime lending rate is forecast to decline by a cumulative 75 bps in H2 of 2024 and a further 50 bps in 2025, which would bring welcome relief to consumers, many of whom are under financial stress in the current high-inflation/high-interest-rate environment. Private sector credit growth is forecast to be around 5% to 6%, with faster growth expected in wholesale than retail.

Fundamentally SA has an economic growth problem as GDP growth of 1% to 2% is insufficient to attract investment and create jobs and as a result generate sufficient tax revenue to fund both the public service wage bill and our increasing infrastructure and social needs alongside interest payments on our very large national debt. The South African government now needs to borrow approximately R2bn per working day to fund our fiscal deficit and debt rollovers, which debt can only be repaid over time by current and future South African taxpayers.

To resolve this, more urgent progress is needed on the key issues specific to SA that are structural constraints to higher levels of GDP growth, including record-high levels of electricity shortages with an estimated cost of 1% to 3% of GDP growth; logistical constraints with an estimated cost of up to 5% of GDP growth; water insecurity and crime and corruption.

A South African economy growing at 3% to 4% per annum would be materially different to one growing at 1% to 2% per annum. Although slow, progress on resolving energy constraints is evident, catalysed largely by the legislative changes to enable private sector energy generation at scale. If planned progress continues, I believe load-shedding could be curtailed to largely stages 1 and 2 in the medium term. Nedbank, as a leader in renewable energy solutions, is well positioned to participate in the financing of both through good governance and ensuring value creation through good governance.

Regarding crime and corruption, there is still much to be done. The FATF greylisting continues to be in effect, driven largely by limited success in state-captured-related investigations and prosecutions.

Outlook to 2025 and beyond

Our commitment to creating value for all the stakeholders of Nedbank remains steadfast, even in the face of a challenging macroeconomic environment, climate change, technological disruption, and digital transformation. We are also mindful of the threats posed by increases in cybercrime and fraud, increased competition, regulatory pressures, and changing work dynamics, which we welcome as they will help us to improve our ability to generate long-term value for our stakeholders. However, they also present opportunities for growth and innovation.

I know Nedbank has strong institutional foundations in place with an experienced board and leadership team, a strategy that is demonstrating ongoing improvements in growth, productivity and returns, a track record of delivery, a world-class technology platform, a fortress balance sheet, and great people, and a culture that will help us deliver on our purpose and lead in ESG.

While we were pleased to have achieved all our 2023 targets, we aspire to deliver ongoing improvements in ROE to further 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, whether from attractive lending pipelines, digital transformation, client and market share growth, cost optimisation efforts or a downward trending impairment profile, gives us confidence in delivering on our medium-term targets and particularly our aim to increase our ROE to 17% by 2025 and above 18% in the long term.

CE succession

In November last year we made an announcement regarding the appointment of Jason Quinn as CE-designate. Jason will start his employment at Nedbank on 22 May 2024 and will become CE when he joins the board at our annual general meeting (AGM) scheduled for 31 May 2024. I retire from the board as planned at the AGM but will continue as a Nedbank employee and be available for another 3 months as a senior adviser to facilitate a seamless handover. I wish Jason all the best and know that all Nedbankers will welcome him. Jason’s appointment has been well received given his extensive financial services experience, leadership qualities and trusted relationships with the investment community and other important stakeholders. Nedbank will be in good hands with an experienced board in place and Jason leading a strong Group Exco team to deliver on and evolve the Nedbank strategy and in so doing reach the stretching targets we have set for 2025 and beyond.

Appreciation

It has been a privilege to be the CE of Nedbank Group and the highlight of my career. I took over from Tom Boardman as CE in early 2010 and inherited a Nedbank that, under Tom’s leadership, had navigated the global financial crisis well, alongside a market-leading focus on the importance of culture and values that continues to define the Nedbank of today. I am grateful to have worked alongside Tom and learn from him over the years. When I became CE, I made a commitment to build on his legacy and leave behind a better Nedbank than when I started, and I am proud to say that I have fulfilled that commitment.

After 6 years as CFO and then 14 years as CE of Nedbank Group, I look back with pride on our achievements and the challenges we have overcome together. I leave behind a Nedbank that is stronger, more competitive, more agile, and more digital than when I was first appointed as CE and I know Jason will continue to build on these foundations to make Nedbank an even better bank than it is today.

Thank you to Warren Clewlow, Dr Reuel Khosa, the late Prof Vassi Naidoo, Mpho Makwana and Daniel Minenele for their guidance as Chairpersons of Nedbank Group during my tenure as well as to Jim Sutcliffe, Julian Roberts and Bruce Hemphill for their input in their roles as Chief Executives of Old Mutual Plc, our former parent company. Thanks also to the board and Group Exco members over time and all the Nedbankers who have been part of this journey as well as 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.

Thank you, in particular, to my wife and family for their unwavering support in my 30-year career with Nedbank.

As Nedbank, I know we will 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
The Nedbank Group Exco is a diverse and experienced management team that comprises the CE, COO, CFO, 4 frontline managing executives (MEs) and 6 shared-services executives.

**Executive Directors**

- **Mike Brown** 57
- **Jason Quinn** 59
- **Mfundo Nkuhlu** 57
- **Mike Davis** 58
- **Ané Bosman** 57
- **Ciko Thomas** 55
- **Iolanda Ruggiero** 53
- **Dr Terence Sibiya** 54

**Frontline MEs**

- **COO**
  - Exco member since: 1 December 2008
  - 19 years' service at Nedbank
- **CFO**
  - Exco member since: 1 January 2015
  - 27 years' service at Nedbank
- **Group Managing Executive: CIB**
  - Exco member since: 1 April 2020
  - 22 years' service at Nedbank
- **Group Managing Executive: RBB**
  - Exco member since: 18 January 2010
  - 13 years' service at Nedbank
- **Group Managing Executive: Wealth**
  - Exco member since: 1 May 2015
  - 21 years' service at Nedbank
- **Group Managing Executive: NAR**
  - Exco member since: 1 April 2020
  - 22 years' service at Nedbank
- **Chief Risk Officer**
  - Exco member since: 1 April 2023
  - 28 years' service at Nedbank
- **Chief Compliance Officer**
  - Exco member since: 1 May 2022
  - 22 years' service at Nedbank

**Shared-services Group Executives**

- **Dave Crewe-Brown** 58
- **Deb Fuller** 51
- **Daleen du Toit** 59
- **Priya Naidoo** 50
- **Khensani Nobanda** 45
- **Ray Naicker** 46

**Group Exco tenure at Nedbank**

- 0-10 years: 3
- 11-20 years: 4
- 21-30 years: 6
- 233 years of combined service

**Group Exco age**

- Average age: 53 years

**Nedbank is the only company close to gender parity at executive level.**

Source: Just Share NPC Women in leadership: Assessing gender equality in the JSE Top 40

**Group Exco changes**

After having reached the group’s mandatory retirement age of 60 in January 2023, Trevor Adams, the group’s Chief Risk Officer (CRO), retired and was succeeded by David Crewe-Brown. Fred Swanepoel retired as Chief Information Officer (CIO) at the end of June 2023 and was succeeded by Ray Naicker. Jason Quinn will succeed Mike Brown (Chief Executive) post his retirement at the conclusion of the group’s AGM in May 2024.

**Seamless succession**

Seamless succession planning since 2015 enabled the appointment of 10 experienced Group Exco members from within the group, including 5 female and 4 black (AIC) leaders.
Our operating environment

In an environment that remains volatile and difficult, we continue to refine our material matters as we review and evolve our strategy and conclude our 3-year business planning processes. They reflect the matters that have the greatest likelihood of affecting our ability to create sustained value for us and our stakeholders over the short, medium and long term.

Our approach to these material matters follows the principle of materiality, which is essential in assessing what information could influence our strategy, the decisions and trade-offs around the 6 capitals as discussed on page 11, the evolution of our business model, and the development of short-, medium- and long-term targets as discussed on page 55. We have broadened our process to include ESG-related matters, with more detail disclosed in our 2023 Society Report.
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 long-term capital investment in most industries other than energy.

**Material matter 1**

**The economy**

Banks and financial services companies are highly integrated into the economies where they operate by providing credit, safeguarding deposits, managing and optimising investments, and facilitating transactions. Retail, SME and corporate clients and various other stakeholders such as employees, suppliers, shareholders and regulators are also active participants in the economy. A volatile and difficult macroeconomic environment can therefore have a material impact on value creation and the prospects for us and our stakeholders.

**Record levels of load-shedding in 2023**

<table>
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<th>Year</th>
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<tr>
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<td>2022</td>
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<td>20</td>
</tr>
<tr>
<td>2023</td>
<td>30</td>
<td>20</td>
</tr>
</tbody>
</table>

**Macroeconomic outlook**

We expect the economic environment in SA to remain challenging but to improve off a low 2023 base, although global and local geopolitical risks increase forecast risk. SA’s GDP is forecast to increase by 1% in 2024 and towards 2% by 2026, while inflation is expected to drift down and remain in the SARB target range of 3% to 6%, with the South African prime lending rate declining by a cumulative 75 bps in H2 of 2024 to end the year at 11,0% and bottom out at 10,5% in 2025. These trends will assist consumers that are financially burdened. Private sector credit growth is forecast to remain muted at around 5% and pick up only slightly in 2025 and 2026. The outlook for the medium term and various up- and downside scenarios are shown on page 43.

**Addressing SA’s structural constraints**

Higher levels of GDP growth are key to resolving many of SA’s challenges. The structural constraints preventing this from happening around energy supply, logistics, and crime and corruption are being addressed through the government-business partnership.

**Energy/Electricity**

In June 2023 SARB estimated that the impact of the very high levels of load-shedding is somewhere between 1% to 3% of SA GDP. Although slow, progress on resolving the energy constraint is evident, catalysed by the legislative changes to enable private sector energy generation with 6 GW of registered renewable energy projects to date.

If planned progress continues, load-shedding could possibly be curtailed to largely stages 1 and 2 in the medium term. Delivering on this will be contingent on several factors, including improving Eskom’s production levels, addressing grid constraints, further developing the Independent Power Producer Procurement Programme (IPPPP) capacity, and gaining ongoing momentum of private power generation.

The financing opportunity for banks remains significant and is likely to provide a multi-year growth opportunity. SA’s Just Energy Transition Investment Plan estimates that R475bn of renewable energy investment (solar and wind) is required by 2027, while Nedbank estimates this number to be more than R650bn by 2030.

**Logistics/Transport**

Unreliable rail and port services further burdened the private sector, negatively affecting trade, disrupting supply chains, and eroding the country’s international competitiveness. In November 2023 National Treasury estimated that the underperformance of rail transport costs the economy up to 5% of GDP, with losses of around R50bn in the minerals sector alone. The establishment of the National Logistics Crisis Committee, the publication of the freight logistics roadmap, and some progress on clearing port backlogs also represent slow but steady progress in this area.

**Crime/Corruption**

Regarding crime and corruption, there is still much to be done. The FATF greylisting continues to be in effect, informed largely by limited success in state-capture-related investigations and prosecutions.
To operate successfully in a volatile and uncertain environment it is essential to regularly evaluate and adapt to different macroeconomic scenarios.

We highlight 4 scenarios that illustrate our base case economic forecasts (the underlying assumptions used in our business planning for 2024 to 2026 and our guidance to the market), a better-than-expected potential outcome (favourable scenario) and 2 downside scenarios (‘high-stress’ and ‘severe stagflation’). These forecasts reflect the independent and public views of the Nedbank Group Economic Unit (NGEU). Using these scenarios, along with others, as part of regular stress testing, indicates that Nedbank’s capital levels are expected to remain sound and above regulatory requirements, even in a severely adverse environment.

**Base case scenario**

Geopolitical tensions persist and the world becomes more polarised between countries aligned with the West and those affiliated with Russia and China. The world economy loses momentum and global growth continues to slow. Inflation recedes but only gradually, enabling easing of monetary policy in 2024. In SA, political uncertainty intensifies in the lead up to the general elections and the ANC stays in power, but with less majority. Economic conditions improve slightly off a low 2023 base, but structural constraints such as logistical challenges and ongoing electricity outages continue to negatively impact GDP growth, which stays in a 1% to 2% band over the next few years. Inflation moderates off a high base to within the SARB 3% to 6% band on the back of weaker demand, as well as lower global oil and food prices. The SARB MPC follows global monetary policy trends and cuts the repo rate by 75 bps in 2024 and a further 50 bps in 2025. Credit growth picks up slightly on the back of renewable energy investment and lower interest rates of 5% to 6%, but remains muted given weak business confidence and a strained consumer.

**Favourable scenario**

Geopolitical tensions simmer, but pragmatism prevails. Global growth slows into H1 2024, followed by a relatively strong rebound thereafter. Global inflation recedes much faster than expected, while risk appetite returns as investors sense the end of the interest rate hiking cycle, supporting capital inflows into emerging markets. Monetary policy eases and the 1st interest rate cut emerge in H1 2024. In SA, political uncertainty remains elevated ahead of the general elections in 2024, but the ruling party stays in power and the support for more moderate factions grows. Load-shedding continues, but new renewable energy comes on stream from 2024. GDP growth picks up to around 2%, while inflation declines rapidly off a high base on the back of lower oil, food, and other commodity prices. SARB MPC starts to cut rates in H1 2024 and the prime interest rate declines to 9.75% by 2025. Credit growth recovers from 2024, supported by firmer household disposable income, higher GDP growth, and lower interest rates.

**High-stress scenario**

Geopolitical tensions intensify and SA’s geopolitical choices compromise its relationship with the US and EU, with real punitive economic consequences. The world economy loses momentum and enters a mild recession in H1 2024, followed by a weak recovery from the end of 2024. Global inflation remains high, as global supply chain shocks outweigh the impact of shrinking demand. Monetary policy tightens further and ease only from the end of 2024. Risk-off sentiment intensifies, and emerging markets see persistent capital outflows, impacting SA more as it remains greylisted, political risks escalate and SA moves to a left-leaning coalition government with less fiscal discipline. SA GDP contracts in 2024 and growth thereafter remains slow. Inflation remains elevated above the SARB target band and monetary policy tightens with prime reaching 12.25%. Credit growth slows further and remains in low single digits on the back of higher interest rates and ongoing electricity shortages.

**Severe stagflation scenario**

External global shocks from a fractured world order, prone to a polycrisis, given structural imbalances on the back of elevated input costs and underlying price pressures creates conditions conducive to the development of stagflation, countered by tighter monetary policy (interest rate hikes). Global investors turn risk off, resulting in significant financial market volatility, encouraging a flight to safe-haven assets, and the rand weakens to close to R24 to the US$ by 2026. In SA, acute structural constraints such as persistent energy shortages and logistical constraints are aggravated by these global developments. This leads to a significant rise in inflation to above 7%, countered by tighter monetary policy, with interest rates increasing to 13% and the South African economy entering a recession and contracts in both 2024 and 2025. Credit growth, as a result, slows to low single digits.
Mixed prospects in sub-Saharan Africa

In sub-Saharan Africa (SSA), the impact of a weak global economic environment, combined with high government debt levels and tight currency supply, constrains many governments from boosting infrastructure investment and social spending to sustain the post-Covid economic recovery.

An ongoing uncertain economic environment would have a negative impact on earnings, particularly under ‘high-stress’ and ‘severe stagflation’ scenarios. Risks include slower advances growth and lower transactional volumes negatively impacting revenue growth, higher levels of impairments, and higher expenses growth from inflationary pressures and weaker exchange rates. In these scenarios, managing liquidity, credit and capital risk would become key focus areas, although all our balance sheet metrics are in a very strong position to weather these risks.

Our opportunities

- Improving socio- and macroeconomic conditions (under both ‘base case’ and ‘favourable’ scenarios) supports banks, and we are well positioned to leverage our market-leading expertise and capabilities in our wholesale banking franchises, while we expect to see an improvement in bad debt in our retail business as interest rates start to decline and inflation stabilises within the SARB target band.
- Providing SDF as discussed on page 46 and supporting SA’s infrastructure needs (particularly renewable energy) provides a significant and multi-year growth opportunity.
- Leveraging our industry expertise in CIB, benefiting from our investment in ETI, strengthening our SADC franchise, and leveraging our presence in Mozambique position us well to participate in the growth opportunity on the continent, outside of SA.

Our key risks

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Our operating environment continued

Material matter 2

Environmental limits

Failing to meet human development needs while overshooting ecological limits is a critical risk that is facing the world. Human behaviour and natural systems are complex and interdependent, which exacerbates the challenge. Addressing this problem means a fundamental shift in the way we seek to meet minimum social standards for all humans within the limits of what is ecologically possible and aligning that to new ways for businesses to function and responsibly grow our economies.

Ecological limits play a crucial role in shaping the boundaries that define the safe operating space for human activities and encompass important aspects such as the climate system, biodiversity, water resources, and land use. If these limits are breached due to human activity, there is a risk of irreversible and catastrophic consequences for human well-being and planetary health. The current levels of geopolitical instability create an uncertain investment climate and continue to hamper efforts to meaningfully address poverty and inequality levels as well as the growing climate and biodiversity emergency.

The 2024 WEF Global Risk Report highlights the impact or severity of various risks we could face globally over the next 10 years. Environment and social risks, such as extreme weather events, biodiversity loss and ecosystem collapse, natural resource shortages, and societal polarisation feature strongly in the top 10 risks.

Climate change and a Just Transition

The COP28 climate conference concluded with a final consensus that lays out an ambitious response to the global stocktake, an assessment of progress made towards mitigating global warming since the Paris Agreement in 2015, and a proposed plan to close the gaps by 2030. It calls on parties to move away from fossil fuels to reach net zero, encourages them to submit nationally determined contributions, including a new specific target to triple renewables and double energy efficiency by 2030, and builds momentum behind a new architecture for climate finance to assist developing countries.

Climate change will disproportionately affect persons living in poverty, with developing countries being most vulnerable due to limited capacity to cope. Financial barriers, such as lack of capital, credit, and affordable insurance, make it hard for vulnerable communities to adapt to the harmful impacts of climate change. Financial inclusion and access to finance are therefore essential to help people experiencing poverty build their resilience, with the role of the financial sector clear in this regard.

As both a developing country and a significant carbon emitter, SA finds itself at the forefront of the Just Transition commitment, having already attracted some international funding to facilitate the initial delivery of its Just Energy Transition Plan and the government having recently approved the implementation plan for this funding. This plan offers guidance on how the financial sector and other stakeholders can contribute to the successful delivery of a Just Transition that, if adhered to, will ensure SA meets its decarbonisation commitments in a just manner that is cognisant of the country’s socioeconomic development path, needs, and affordability.

A Just Transition presents many opportunities to achieve social objectives and provides a sustainable engine for economic growth for the African continent. The required shift from extractive economies to regenerative economies will be a net generator of decent jobs that can contribute significantly to poverty eradication and social inclusion. Without a Just Transition, there is a significant risk that a low-carbon, environmentally sustainable economy, which is essential to the well-being of current and future generations, will not be achieved.

The importance of the finance sector in supporting and driving a Just Transition cannot be overstated, given that capital allocation decisions from the sector in large part determine what matters can be addressed in the immediate and longer term. Fulfilling this role responsibly will see the sector working with climate-sensitive sectors to move to less carbon-intensive practices while speeding up the transition to a sustainable economy through instruments such as green and sustainability-linked bonds. Such approaches include rapid acceleration in sustainable finance activity, deliberate and ordered divestment from fossil fuels, more aggressive decisions aligned with responsible investment, and transparent disclosure and reporting aligned with best-practice climate and nature reporting. Recognising this imperative, many financial services institutions have committed to net-zero journeys and pledged to deliver much-needed funding for not only climate mitigation and adaptation solutions, but also for sustainable development imperatives as a whole.

SA’s transition to net zero requires significant financing

(Rbn per annum)

Source: National Business Initiative: Financing SA’s Just Transition

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<thead>
<tr>
<th>Year</th>
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Financing the SDGs

The SDGs are forward-looking and represent what is needed for a more just, equal and prosperous society. They serve as a strategic guide and provide a lens through which we can identify innovative and commercial opportunities.

Despite asymmetrical access to finance and high borrowing cost burdens, African states will need to spend about US$2.5tn by 2030 to meet their climate commitments according to a recent Cambridge University report ‘Financing Africa’s Low Carbon Green Economy Transition’. The UN, however, estimates that the funding gap is closer to US$4tn if achieving all the SDGs is considered. This investment need, along with the potential of creating more than 85 million jobs as estimated by the World Business Council for Sustainable Development, makes financing opportunities aligned with the SDGs a compelling proposition.

As we have shown in our previous Integrated Reports, the SDG opportunity sizing exercises that we have undertaken help steer our strategy, guide our resourcing requirements, and inform our level of ambition regarding sustainable development. These opportunities to create positive social and environmental impacts are vast, and a subset of opportunities for SA is described below.

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As we have shown in our previous Integrated Reports, the SDG opportunity sizing exercises that we have undertaken help steer our strategy, guide our resourcing requirements, and inform our level of ambition regarding sustainable development finance. These opportunities to create positive social and environmental impacts are vast, and a subset of opportunities for SA is described below.

**Our opportunities**

- Providing access to SDF at scale will meaningfully address the transition to a low-carbon economy and help tackle issues of inequality, poverty and unemployment.
- Providing SDF supports the achievement of the SDGs and our own strategic growth aspirations, with SDG-aligned financing expected to grow at more than double the rate of traditional advances growth, particularly in areas such as renewable energy, agriculture and SMME financing.
- Actively engaging with our clients to understand their decarbonisation journeys and developing innovative solutions in response will help our clients prepare for the future.
- Continue attracting like-minded talent, clients, investors, and other stakeholders who want to make a difference and partner with a purpose-led company that leads in sustainability matters.

**Our key risks**

- The impacts of climate change include more natural disasters; increased costs to rebuild (or retrofit) infrastructure where required; operational disruptions, including the loss of jobs and income; supply chain disruptions; the unavailability of goods and services; higher insurance claims; increased energy costs; water shortages and quality issues; as well as increased food prices and shortages.
- We face a range of climate, nature-related and social risks that could impact operations and financial performance. These include physical risks such as floods and fires, which could damage our assets and disrupt our operations; transition risks arising from policy, regulation, technology, and consumer preferences that could impact our investments and business strategy; and social risks arising from increasing inequality, poverty and high levels of unemployment that could impact our ability to operate successfully.


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**Nedbank Group Integrated Report 2023**
Financial services companies continue to embrace and leverage new technologies such as cloud computing, big data, advanced analytics, machine learning, blockchain, AI, robotics, and biometrics in the optimisation of legacy IT infrastructure. These technologies assist clients in accessing banking services more efficiently through digital channels, making payments, investing, and managing their finances, while they assist employees to become more efficient and productive.

### The growing potential of AI

AI is driving change in financial services by enabling the automation of processes, improving client experiences, and enhancing risk management. AI technologies such as machine learning, natural language processing, and predictive analytics are being used to automate routine tasks, reducing costs and increasing efficiency. AI can also help improve client experiences by providing personalised services, such as chatbots and virtual assistants, which can respond to queries in real time. In risk management, AI can be used to detect and prevent fraud, assess credit risk, and monitor transactions for suspicious activity. The World Economic Forum expects AI to generate US$1tn in additional value for the financial industry by 2030, an estimate that is likely significantly understated.

### Cyberrisk

Cyberrisk is a growing concern in the financial services industry, as the increasing use of technology and digitalisation has made financial institutions more vulnerable to cyberthreats. Financial institutions are prime targets for cybercriminals due to the sensitive nature of the data they hold and the substantial amounts of money they handle. According to the Boston Consulting Group, financial services companies are 300 times more likely to be targeted by cyberattacks when compared to other companies. Common types of cyberthreats faced by financial institutions include phishing, malware, ransomware, and distributed denial-of-service (DDoS) attacks.

To mitigate cyberrisk, financial institutions, including Nedbank, are investing in cybersecurity measures such as firewalls, intrusion detection systems, and encryption, while also implementing employee and client training programmes to raise awareness of cyberthreats and promote safe online behaviour.

### The impact on our strategy

The implementation of our world-class technology platform, discussed on page 56, has put us in a strong position to be more agile and more competitive while enabling us to leverage new emerging technologies such as GenAI. We continue to see strong growth in digital product sales and servicing as shown on page 57, moving towards more cost-effective and efficient digital solutions (intellectual capital) that offer enhanced levels of client satisfaction (social capital) as shown on page 61, replacing traditional employee-dependent channels (manufactured capital) as shown on page 70. We are increasingly offering customised credit and deposit solutions for clients by leveraging AI and data analysis, expanding the reach of our digital channels (for example our API_Marketplace), and enhancing our ability to cross-sell and offer clients additional value-added services while lowering our cost to serve and the cost to acquire clients.

### Our opportunities

- **Enhanced client experiences (social capital)** through personalised and seamless digital interactions across various channels are enabled by enhanced digital processes and greater levels of digital adoption.
- **Revenue growth (financial capital)** supported by client gains, enhanced cross-sell capabilities, the ability to sell value-added services and expanding our beyond banking client propositions, although digital transactions come at lower fees than traditional banking services.
- **Enhanced productivity and improved operational efficiencies** driven by enhanced digital processes and a reduction in redundant costs such as floor space and administrative jobs.

### Our key risks

- Cybersecurity and data privacy remain major concerns, with cyberrisk consistently ranked among the group’s top 3 risks. The rise of GenAI deepens this risk, as fraudsters can create increasingly sophisticated cyberattacks more easily, requiring banks to be proactive and stay at the forefront of cyberrisk developments.
- The skills needed to drive technological changes are in high demand, particularly in SA given the impact of emigration, heightened competition, and general skills shortages for these kinds of jobs. In response, we leverage flexible work practices (outside of SA), consultants and skills development programmes.
Our operating environment continued

Material matter 4

Increased competition

Competition in the banking sector remains intense given the presence of strong local banks and the growing threat posed by new entrants. Large South African banks are competing fiercely for deposits and high-quality assets, which has resulted in margin pressure, while new entrants in the retail banking market ensures that fee increases are kept well below inflation. In addition, competition within the SME market and renewable energy finance continues to increase. Responding appropriately to these threats reduces the risk of value erosion.

Heightened local competition

Large South African banks have strong capital and liquidity positions, which, in a slow-growth economy, increase the competition for high-quality assets.

- SA’s highly competitive wholesale banking market has seen the fight for high-quality assets intensify as demand for credit remains muted and clients delay long-term capital expenditure projects given the country’s challenges as discussed on page 43. In addition, the competition for SDF, particularly renewable energy, has increased significantly and contributes to margin pressure.
- Business/SME banking is generally expected to be the next battleground, as evident in incumbents bolstering their digital capabilities and non-traditional competitors acquiring smaller SME banks, such as Capitec’s acquisition of Mercantile Bank. Nedbank has a strong position in this market through our Retail Relationship (RRB) and Commercial Banking units, with the threat more focused on the lower end of the market.
- In retail banking asset pricing has become more competitive in the lower-risk segments of secured lending products (home loans and vehicle finance) at a time when consumers are under pressure, while banks continue to price competitively to retain market share in term and notice deposits. Cross-subsidisation to cross-sell transactional products and competitive loyalty and rewards programmes remain key tactics to deepen share of wallet.
- Heightened competition has resulted in various strategic initiatives such as ecosystem and platform investments to expand beyond banking, bolster digital innovations, forge new strategic partnerships, and diversity businesses in the Africa regions.

The impact of new entrants

New entrants in the South African banking system over the past few years, including Discovery Bank and TymeBank, have added to the competitive pressures in retail banking. In addition, insurers such as Old Mutual and telecommunication providers such as MTN have also expanded into attractive banking profit pools, with their primary focus on transactional services, insurance and deposits. The impact they have had to date has been mixed:

- The number of clients gained by new entrants has been impressive, but incumbent retail banks, in general, have not seen material client losses. This implies that retail clients have become multibanked and that a large part of the growth has come from previously low-revenue-generating unbanked consumers.
- While no comparable disclosures are available for main-banked clients, the Consulta primary client survey (asking consumers who they regard as their primary bank) for the period 2019 to 2022, showed that only Capitec, Nedbank and the smaller banks, which include new entrants, have grown market share.
- From a balance sheet perspective there has been no material lending or deposit market share gains. New entrants are likely to expand into more sophisticated lending products over time, which comes with additional operational complexity, credit risk and capital requirements.
- While transactional volumes at incumbent banks continue to grow, the impact on NIR has been evident in bank fee increases that have been kept well below inflation.

The impact on our strategy

In a fast-changing competitive landscape we need to be flexible, agile and responsive, enabled by our world-class technology platform (page 56), ongoing enhancements to our operating model (page 64) and evolving of our corporate culture (page 68). Expansion beyond banking into areas such as ecosystems is emerging as an attractive additional channel for selling existing Nedbank products and unlocking new revenue streams. Our leadership in renewable energy will continue to ensure we remain competitive. We are also investing in our SME franchise to enhance its competitiveness, as well as our SADC business to grow and scale.

Our opportunities

- Grow market share, deepen share of wallet, and differentiate Nedbank in a competitive market through digital leadership (page 72), market-leading client experiences (page 72), strategic portfolio tilt (page 62) and creating positive impacts as a purpose-led bank (page 65).
- Unlock new revenue streams through the commercialisation of data and our beyond-banking solutions such as Avo and API_Marketplace (page 59).

Our key risks

- A loss of deposit and transactional banking market share, persistent margin pressure and excessive pressure on bank fees could strain revenue growth ambitions should we not respond appropriately through our strategy. To protect against downside risk, we need to execute efficiently on our cost optimisation and TOM initiatives, discussed in more detail on page 64.
The growing talent challenge
As the talent challenge grows in complexity, the war for scarce and critical skills in SA is fiercer than ever before.

- **Global scarcity of certain skills** entices global organisations to increasingly hunt in South African talent pools.
- **Ongoing operating model and digital disruption** shape job and related skills requirements.
- **A shift to a portfolio of careers** requires growth beyond traditional career pathing.
- **Exponential shortening of the shelf life of technology and related skills** requires lifelong upskilling and reskilling.
- **Skills are strengthening as a currency**, separating talent and organisations who win, from those who struggle to compete.
- **In line with new South African legislation**, talent from previously underrepresented groups is in very high demand.
- **Talent seeks out organisations** that invest in their growth and development and offer valuable work experiences.
- **Organisations are arming themselves** with disruptive employee value propositions (EVPs), dynamic talent approaches, as well as technology and intelligence to access the skills they need.
As the global and local environments evolve, so do legislative and regulatory requirements. This places additional demands on financial institutions as they seek to comply with these requirements through strategic and operational change, including enhanced risk management practices. Key focus areas include regulatory developments in technology and cybersecurity, payments, consumer protection, financial crime, ESG (including climate change) and bank regulation, all of which impact financial institutions and their ability to create value.

**Regulatory demands**

Regulatory scrutiny via supervision, investigations, and enforcements is focused on compliance within stipulated timelines. This requires financial institutions to proactively identify and assess legislation once it has been published for commentary or implementation. The following key developments are closely monitored as they may impact on Nedbank and its stakeholders in the coming years:

**Digital transformation and technological innovation**

Technological change continues to drive an increase in automation and the use of AI as businesses seek faster, more efficient and less resource-intensive processes. These developments attract attention from various regulators and influence regulatory frameworks, which have led to the release of draft regulatory requirements such as the Joint Standard on Cybersecurity and Cyberresilience and Directive 2/2023 on Cybersecurity and Cyberresilience within the national payment system. The South African government has declared cybersecurity as a ‘central national priority’ and is expected to finalise the National Data and Cloud Policy, which will increase attention on data security, cyberrisk and cybersecurity.

**Payments**

There is an ever-growing amount of regulatory change and industry initiatives in payment, which aim to increase competition, security and payment best practices. Increasing regulatory control, rapid technology advancement and competitive business environments dictate that financial institutions need to be more agile and scalable to meet both legislative and the modern client’s requirements. In SA, a key focus is on financial inclusion for consumers who have shifted to digital adoption and use, leading to the launch of PayShap in 2023.

**Consumer protection**

The Financial Sector Conduct Authority (FSCA) continues to focus on developing regulatory frameworks for Open Finance, crypto currency, and other digital innovation with emphasis on consent, inclusion, and consumer education and protection. Considerable efforts have been made to develop conduct risk reporting to ensure good client outcomes as reflected by the release of the draft cross-sectoral conduct of business reporting in 2022 and the subsequent industry consultations in 2023 to ensure the report, once it has been finalised, will be fit for purpose across all sectors.

In 2023 the South African Banking Risk Information Centre (SABRIC) continues to report steep rises in digital banking fraud, with losses in 2023 surging by 45% to over R1bn.

**Digital banking fraud losses in SA**

(Rm)

<table>
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<tr>
<th>Year</th>
<th>2019</th>
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<td>480</td>
<td>758</td>
<td>1063</td>
</tr>
</tbody>
</table>

**Financial crime**

The South African government and its authorities are focused on addressing the remaining deficiencies that were identified in the 2021 Mutual Evaluation Report issued by FATF and the subsequent greening outcomes. Significant progress was achieved in 2023, with many of the deficiencies being addressed by government and financial institutions. Part of the remedial efforts included the amendment of 6 laws, among others the Financial Intelligence Centre Act, Protection of Constitutional Democracy Against Terrorism and Related Activities Act, Companies Act and Financial Sector Regulation Act, being key to the effectiveness of SA’s measures in terms of anti-money-laundering and combating the financing of terrorism. The focus for financial institutions is now on ensuring compliance with the resultant legislation through the introduction of new or enhanced existing controls.

**ESG**

- **ESG reporting** – An increase in reporting obligations is placing pressure on regulatory reporting processes, data and infrastructure. Financial institutions are expected to report on social and environmental risks through effective, consistent, and comparable sustainability- and climate-related disclosures to demonstrate accountability in addressing social and environmental challenges.
- **Diversity, equity and inclusion** – A growing number of laws and requirements are being enacted to support greater DEI in the workplace. In addition to amendments to existing transformation laws, the regulatory scrutiny and demands from the FSCA have increased.
  - **Environment/Climate** – Key legislative developments include a statement by the FSCA, clarifying its role in sustainable finance and the need for consumer education and protection; the publication of proposed guidance on climate-related disclosures and risk practices by the PA; and the advancement of the Climate Change Bill through the legislative process.
  - **Remuneration** – The Companies Amendment Bill introduced in 2023 saw the inclusion of a new requirement dealing with the governance and disclosure of the remuneration policy of a company and a directors’ remuneration implementation report. These amendments seek to ensure transparency and fairness within the company and to the wider public.

**Bank regulation in SA**

Key regulatory changes from a banking perspective over the next few years:

- **Deposit Insurance Scheme** – The Corporation for Deposit Insurance (CODI), which is a separate entity within SARB, has been mandated to manage a deposit insurance scheme (DIS) in SA, designed to protect depositor funds and enhance financial stability. The scheme will be implemented on 1 April 2024 pending secondary legislation, which is expected to be passed in March 2024 and will result in additional costs for banks. The estimated cost to Nedbank in 2024 will be approximately R230m.
- **Basel III reforms** – In 2023 the PA published the 2nd 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 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 limit regulatory capital benefits that a bank, using internal models, can derive relative to the standardised approaches.
- **Flac instruments** – SARB introduced a new tranche of loss-absorbing, non-regular, bail-inable debt instruments that will enable the Resolution Authority to execute statutory bail-in during a resolution scenario to recapitalise the failing institution. It is anticipated that the issuance of Flac instruments will incur additional costs, as these instruments are envisaged to replace maturing senior unsecured debt instruments over the phase-in period that starts in 2028.
Managing risk strategically

The operating environment is expected to remain volatile and difficult, where risks are elevated and multiple crises could occur at the same time or in quick succession, creating a complex and interconnected set of challenges for governments, organisations and societies.

Despite unfavourable conditions, Nedbank has consistently demonstrated world-class risk management practices over many years. The risk landscape is not only about minimising the downside risk but also about optimising upside risk and the opportunities that arise. As such, we continue to strike a balance between managing risk and supporting stakeholders in a difficult operating environment, while also unlocking opportunities. By responsibly allocating our resources to opportunities that offer sustainable, risk-adjusted growth and returns, we aim to create and protect value.

Banking is all about managing risk

The business of banking and financial services is fundamentally about managing risk, and we always strive to be world-class, with a strong risk culture, sound governance and a robust enterprise-wide risk management framework in place.

Our extensive risk landscape can be designated into 5 risk categories:

- Traditional major risks, such as credit, liquidity and capital risk.
- New emerged or emerging risks, such as ESG.
- Emerging technologies, digital transformation, and data risks, such as GenAI.
- Strategic-execution risk.
- Risk innovation and transformation.

New emerged or emerging risks

In addition to the major traditional risks that are associated with banking, various new emerged and emerging risks have come forth and continue to evolve and grow in importance. These risks include those of which the impacts have not yet significantly materialised such as ESG, with a strong focus on climate, and new digital risks relating to crypto assets and GenAI. We remain vigilant of their potential impacts, and we constantly scan global and local environments for root causes that could potentially impact value creation.

Inherent vs residual risk

The overall status, outcome and effectiveness of our risk management have remained favourable and duly stress-tested by various ongoing crises and shock events. To illustrate this, we look at our risks from an inherent and residual perspective. Inherent risk is the 'gross risk' and a gauge of the temperature before we take action. It considers the external environment and internal risk factors, enabling subjective judgement. Residual risk is the ‘net risk’ and outcomes remaining once risk management activities (mitigation and controls) have been implemented. Despite our external business environment being volatile and difficult, our residual risk outcomes at the end of 2023, as seen in the table below, were favourable.
Managing risk strategically continued

The top 10 risks identified for 2024 are the primary risks informing our risk management priorities.

1. **Business**
   - Awareness of emerging risk factors in both local and global markets can impact how business is conducted, while political instability can additionally cause heightened levels of uncertainty with deep social and economic impacts.
   - Continuous power outages (Eskom), logistical challenges in port and rail (Transnet), high interest rates, low GDP growth and sticky levels of inflation in SA are impacting our clients.

   **Our response**
   - Updated our risk appetite framework to ensure it remains fit for purpose in the operating environment.
   - Embedded our business recovery and continuity plans.
   - Updated South African country risk scenarios in our business plans and stress-testing scenarios.
   - Identified opportunities in infrastructure and renewable energy finance while planning for an improvement in key macroeconomic outcomes such as lower interest rates.

2. **Credit**
   - Credit risk management remains a core competency of any bank.
   - The impacts of steep interest rate increases and high levels of inflation added pressure on consumers’ finances and, together with the resolution of problematic loans in CIB, the group’s CLR increased to 109 bps, above the group’s TTC risk appetite target range of 60 bps to 100 bps.

   **Our response**
   - Focused management interventions, including better collections and loan origination, resulted in CLRs in RBB improving across all products and segments in H2 2023.
   - Material risks relating to CIB clients in business rescue were resolved.
   - Oversight, monitoring and reporting on the credit life cycle were enhanced.
   - From 2024 the group CLR is expected to reduce and return to the target range over the full year.

3. **Cyberrisk**
   - Cyberrisk requires ongoing focus considering its relevance to our Digital Strategy and the increase in the threat landscape enabled by a difficult macroeconomic environment.
   - Our cyberrisk management remains mature, and we continue our journey towards enhanced cyberresilience.

   **Our response**
   - Maintained our #1 BitSight rating among South African banks and a top cyberresilience benchmark maturity score.
   - Closely monitoring the evolution of 3rd-party risk management and data loss prevention trends.
   - Monitoring cyberrisk metrics, while significantly increasing our investment in skills, systems, training and awareness.

4. **People**
   - People risk remains elevated and exacerbated by external socioeconomic challenges, resource constraints, competition for in-demand scarce skills, as well as internal operating model changes.

   **Our response**
   - Having succession plans in place and developing our people to their full potential to ensure they are future fit.
   - Continuously embracing DEI in our operating environments.
   - Ensuring fair and non-discriminatory practices and enabling our people to look after their wellness.

   **Our response**
   - Having succession plans in place and developing our people to their full potential to ensure they are future fit.
   - Continuously embracing DEI in our operating environments.
   - Ensuring fair and non-discriminatory practices and enabling our people to look after their wellness.
Managing risk strategically continued

**Strategic execution**

Successfully and safely navigating organisational change requires the ongoing management of delivery risk associated with ensuring that the strategic objectives are pursued in a sustainable manner that preserves or enhances organisational value.

Risk management focus on the emerging and expanding impacts of the amount of organisational change across the group has been broadened, enabling Nedbank to respond fully and appropriately to changes.

**Our response**

- Completing ME in 2024, while commercialising and building on strategic technology foundations to deliver market-leading client experiences and unlock revenue opportunities through flexible and resilient client solutions.
- Monitoring SPT and target operating model progress against targets.
- Focusing on achieving ESG and SDF goals and realising climate-related opportunities.

**Operational**

Necessary actions are being driven by various committees across the group to manage the impact of operational risk on people, processes, technology, and external events.

The optimal synergy of people, process, and technology results in a resilient, high-performing Nedbank with increased productivity, improved quality, enhanced collaboration, greater agility, better decision-making, and increased satisfaction among employees and clients.

**Our response**

- Continuous building of a strong risk culture across the group while monitoring risk appetite at respective governance processes.
- Continuous monitoring and assurance of the payments landscape and risks.
- Effective management and resolution of audit matters.

**Organisational resilience**

Organisational resilience is an organisation's ability to anticipate, prepare for, respond, and adapt to incremental change and sudden disruptions to enable it to deliver on its objectives, survive and prosper. These changes and disruptions may include water crises, load-shedding, electricity blackouts and social unrest.

We view organisational resilience as a coordinated and integrated approach to increase our adaptive capability and ability to manage change.

**Our response**

- Facilitated the enhancement and embedment of operational resilience components.
- Conducted ongoing blackout scenario impact planning in alignment with the industry.
- Managing emerging risks.
- Applying sound strategic planning to increase our ability to adapt and respond to change.

**Climate**

Climate risk continues to be top of mind for the board and Group Exco and is at the top of the agenda for countries and businesses.

As a purpose-led organisation, we are acutely aware of our central role, alongside other financial industry companies and governments, in driving sustainable socioeconomic development for the benefit of all stakeholders.

**Our response**

- Facilitated the integration of climate-related risk into traditional financial risks, including embedding our Climate Risk Management Framework across the group.
- Enhanced climate risk reporting to align with new international disclosure requirements.
- Conducted climate-related stress testing and scenario analysis.
- Using our expertise to develop and offer innovative client solutions and facilitate the transition to net zero.
Managing risk strategically

Reputational and conduct

Nedbank’s reputational risk is largely driven by public controversies and informed by public perception.

We have a zero tolerance for corruption and expect all our stakeholders, including our clients, service providers and employees, to conduct themselves ethically and with integrity.

The conduct risk control environment remained stable, with ongoing oversight on open matters and no material concerns relating to the internal control environments.

Our response

- Managed through our proactive reputational risk management strategy and strong governance.
- Proactive communication.
- Perform benchmarking according to international trends and developments for conduct risk management.
- Continuously analyse and monitor potential impacts of the unprecedented level of change on conduct and culture.

Risk link to the 6 capitals:

- Intellectual
- Social and relationship

Risk category: Emerging

Board oversight – ensuring and protecting value

Group Risk and Capital Management Committee (GRCMC)

“The GRCMC remained focused on maintaining a high standard of risk and governance oversight and enhancing Nedbank’s resilience and growth in a challenging and turbulent operating environment. We remain confident that our robust and agile risk management framework enables the creation and preservation of value for all stakeholders.”

Errol Kruger, Chairperson

Ensuring and protecting value in 2023

- Monitored the effectiveness of the Enterprise-wide Risk Management Framework (ERMF) in ensuring high standards of risk management governance practices and cultivating a desired risk culture.
- Monitored cyberresilience against the evolving threat landscape in which digital banking fraud losses across the industry and ransomware attacks, in both the private and public sectors, have increased.
- Ensured a thorough assessment of the implications and learnings from the international banking turmoil of March 2023 in some international markets and enhanced risk management processes accordingly.
- Assessed the adequacy and effectiveness of the Group Blackout Plan to support operational resilience in an unlikely national blackout (electricity outages) and the orderly closing and re-opening of financial markets.
- Oversaw and supported the board and management in their engagement with shareholders, regulators and other stakeholders, and addressed their feedback and suggestions regarding risk and governance.

Focus for 2024 and beyond

- Review and approve the 2024 ICAAP and ILAAP and recommend board approval.
- Monitor heightened business risk due to the complex and challenging operating environment, externally driven by megatrends like technological disruption, demographic shifts, a fracturing world order and social instability.
- Continue to monitor the exploration and safe adoption of newly emerging technologies, eg GenAI and crypto assets while remaining competitive.

Capital

We have a fortress balance sheet in place, supported by strong capital and liquidity ratios as shown on page 76.

Resilience has become a defining characteristic of sustainability and success for local and global banks.

Our response

- Reviewed the group’s dividend cover and payout ratio.
- Continuously focusing on risk-weighted assets (RWA) optimisation and forecasting quality.
- Continuously refining our capital plan and its execution.
- Leveraging our strong balance sheet position to pursue growth opportunities.

Risk link to the 6 capitals:

- Financial
- Intellectual

Risk category: Traditional

A comprehensive GRCMC Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.
Our strategy

Our strategy, represented by strategic value drivers and strategic value unlocks, provides a clear framework of where we need to focus as a purpose-led organisation and what we need to do to meet our short-, medium- and long-term targets to create value for our shareholders and other stakeholders.

Strategic value drivers

Through our strategy we seek to grow revenue faster than expenses and increase levels of productivity, while maintaining world-class risk and capital management metrics to meet our medium- and long-term targets.

**Growth** – To grow, we focus on gaining profitable market share in key lending categories, increasing our share of transactional main-banked clients and related deposits, and ensuring we deliver market-leading client experiences that will help us attract new clients and deepen our share of wallet among existing clients. We also look to unlock a large insurance opportunity, benefit from solid ongoing associate income growth from our share of transactional main-banked clients and related deposits, and ensuring we deliver market-leading client experiences (CX), focusing on areas that create value (known as strategic portfolio tilt), 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.

**Productivity** – To boost our productivity and improve operational efficiency, we build on existing efforts to optimise our operating model in a more digital world by leveraging the technology platforms we have put in place.

**Risk and capital management** – Our world-class risk management capabilities ensures that we balance risk and reward trade-offs appropriately. Our CLR is expected to return to within the target range of 60 bps to 100 bps by the end of 2024, while capital levels will remain strong, supporting future growth. Dividends are expected to be paid at the top end of the group’s payout ratio, subject to board approval.

Strategic value unlocks

Our strategy, which is enabled by our 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), 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.

Achieved our 2023 targets

Post Covid-19, Nedbank was among the 1st South African banks to set new medium-term targets at the start of 2021, including financial targets (DHEPS, ROE and the cost-to-income ratio) and a non-financial target (NPS). This was done in an environment of uncertainty and it was important to inform our shareholders of the value creation potential, since consensus analyst forecasts at the time were around 13% for ROE and above 56% for the cost-to-income ratio. All these targets were met in 2023, as discussed on pages 75 to 79.

Medium- and long-term targets

While meeting our 2023 targets was an important milestone, we aspire to improve our profitability metrics further. 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%; achieved an ROE of 17% (around COE + 2%) and a cost-to-income ratio below 52%; and retained our #1 position in NPS. These targets were based on our macroeconomic assumptions that were set in February 2023 and ongoing delivery on our strategic value unlocks as key enablers and we have subsequently highlighted that 52% cost-to-income ratio target is only likely to be achieved in 2026. In the long term we aim to increase our ROE further to 18% or more (COE + 3%) and our cost-to-income ratio to below 50%.

<table>
<thead>
<tr>
<th><strong>Diluted headline earnings per share</strong></th>
<th><strong>Return on equity</strong></th>
<th><strong>Cost-to-income ratio</strong></th>
<th><strong>Net Promoter Score</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short term</strong></td>
<td>By end 2023</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; 2 565 cents (2019 levels)</td>
<td>&gt; 15% (2019 levels)</td>
<td>&lt; 54%</td>
<td>#1 bank (from #3 in 2015)</td>
</tr>
<tr>
<td><strong>Medium term</strong></td>
<td>By end 2025</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; CPI + GDP + 5% (CAGR to end 2025)</td>
<td>&gt; 17% (around COE + 2%)</td>
<td>&lt; 52%</td>
<td>#1 bank</td>
</tr>
<tr>
<td><strong>Long term</strong></td>
<td>5 years +</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; CPI + GDP + 5% (CAGR through the cycle)</td>
<td>&gt; 18% (around COE + 3%)</td>
<td>&lt; 50%</td>
<td>#1 bank</td>
</tr>
</tbody>
</table>

These targets are supported by various strategic and stakeholder-related targets as discussed on page 22.
Managed Evolution nearing completion

At the end of 2023 we reached 95% build completion, and the programme is aiming for full completion by the end of 2024 – on time, on scope and on budget, with the complete refactoring and modernisation of our core banking systems and the digitisation of the 2 remaining digital client onboarding and servicing journeys, being home loans and vehicle finance. Since 2019 we have digitised our personal loans, transactional, overdrafts, credit cards, investments, Forex, stockbroking and insurance products.

The benefits of ME are evident in the digital progress we have made (discussed on page 57) and the realisation of cost benefits through our target operating model initiatives (page 64). The financial implications are shown in the adjacent graph, with benefits accelerating and spend reducing. Two global consulting firms benchmarked our ME programme against a globally recognised peer group of 14 local and international banks. Their findings concluded that our technology strategy delivers ongoing value and that Nedbank is among a few enterprises in the peer group that has achieved revenue uplift from its IT transformation programme. Cost optimisation was slower compared to other leading global peers. However, given Nedbank’s approach of using natural attrition to optimise costs, that was a deliberate outcome and the benefits have since increased.

Investment vs benefit realisation

Intangible software assets on our balance sheet ended 2023 at R7.9bn, down from R8.3bn in 2022 and having peaked in 2020 at R9.0bn. This decline is aligned with lower levels of IT cash flow spend, which peaked in 2017 at around R2.3bn and are expected to remain around the R1.6bn level going forward (2023: R1.3bn).

Leveraging our new core banking platform

As we leverage our new core banking platform, we have started rationalising and simplifying our groupwide product set with more configurable generic products and flexible pricing. To this end we will seek to reduce the number of transactional products by around 60%, the number of investment products by around 80%, and the number of lending products by a percentage to be determined. In May 2023 we launched 3 new MiGoals transactional products for our retail consumer banking clients. These are the 1st transactional products released off our new core banking systems and, since the launch, 2.1 million MiGoals accounts have been opened (1.4 million migrations and 0.7 million new sales). MiGoals will be followed by the release of similar transactional products for Private Clients, high-net-worth clients and businesses, as well as a relaunch of an optimised set of investment and lending solutions.

Leveraging our technology investments

As we close out the ME programme, our focus shifts to leveraging our IT stack to expand our digital capabilities, with emphasis on the following:

- Leveraging data and GenAI for commercial advantage.
- Optimising processes end to end.
- Accelerating our cloud migration strategy, with the aim of almost doubling our use of cloud computing and storage from 45% in 2023.
- Converging for scale, including aligning the 3 Nedbank mobile apps and the NAR IT systems to the ME IT stack to further enhance client experiences and efficiencies.
- Protecting against disruption and enabling continued growth through payment modernisation.

Key targets and KPIs

Include ME completion, number of core IT systems, IT software development spend, intangible software assets, and cloud use (see pages 72 and 73 for more detail).
Over the past few years, our services that were available only at a branch or through human interaction were automated. Today, more than 200 retail client services (from 170+ in 2022) and more than 400 juristic services (from 200+ in 2022) are available on our apps and via electronic platforms, enabling our clients to benefit from self-service options. Independent benchmarking by McKinsey shows that Nedbank consistently ranks above local peers and above the average of global leaders on servicing features offered to clients via mobile channels.

In Commercial Banking over 82,000 service requests were received via NBH during the year, the bulk of which were straight-through requests (immediate delivery to clients), and 28,000 of these requests were actioned via the self-service channel.

We seek to amplify the digital experience (DX) for our clients and employees by leveraging and commercialising our IT foundations and the investments made over the past few years. Companies that successfully meet the digital challenge by providing client-focused and market-leading digital solutions are likely to see an increase in client satisfaction, a strong shift towards digital adoption by their clients and, as a result, a larger share of client revenue and improved client retention.

**Digitally active clients, digital onboarding, servicing and sales**

**Digitally active clients**
The number of digitally active retail clients in SA increased by 11% yoy (62% since 2019) to 2.9 million, representing 69% of our retail main-banked clients (from 49% in 2019), and we are now close to our medium-term target of more than 70%. Digitally active clients across the NAR business grew from 57% to 64% yoy off its total active-client base.

**Digitally active main-banked clients (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>49</td>
<td>57</td>
<td>64</td>
<td>68</td>
<td>69</td>
</tr>
</tbody>
</table>

**Digitally active clients (Million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.8</td>
<td>2.1</td>
<td>2.3</td>
<td>2.6</td>
<td>2.9</td>
</tr>
</tbody>
</table>

**Digital onboarding**
Our simplified digital client-onboarding and service platforms [Eclipse for retail clients and the Nedbank Business Hub (NBH) for business clients] continue to mature and expand, enabling clients to open FICA-compliant accounts remotely through our employee-assisted and self-service digital channels. These platforms provide a seamless omnichannel experience and include our apps, Online Banking, kiosks, contact centre and in-branch channels.

**Digital servicing**
Over the past few years our services that were available only at a branch or through human interaction were automated. Today, more than 200 retail client services (from 170+ in 2022) and more than 400 juristic services (from 200+ in 2022) are available on our apps and via electronic platforms, enabling our clients to benefit from self-service options. Independent benchmarking by McKinsey shows that Nedbank consistently ranks above local peers and above the average of global leaders on servicing features offered to clients via mobile channels.

In Commercial Banking over 82,000 service requests were received via NBH during the year, the bulk of which were straight-through requests (immediate delivery to clients), and 28,000 of these requests were actioned via the self-service channel.

**Product sales**
Digital product sales in our retail business increased to 55% of all sales (2022: 53%), showing the remarkable digital transformation over the past few years, having started at only 12% in 2019. We have extended our advantage over local banks but more needs to be done to get closer to global mobile leaders and our target of more than 75% in the medium to long term. The digitisation of our home loans and vehicle finance client journeys, extending our insurance quoting, fulfilment, and claims functionality on digital channels to 17 product offerings (2022: 10) and 7 channels, as well as the use of AI and digital marketing, will contribute to higher levels of digital sales.

We regularly benchmark our digital capabilities against local and global best practice. In terms of service features, we perform ahead of local peers and global mobile leaders and surpass local competitors in terms of digital sales.

**Service features offered (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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<td></td>
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</tbody>
</table>

**Digital sales contribution (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: 2023 Finnta Survey (McKinsey)
Apps

Our apps are now the primary channel that clients use to transact. The Nedbank Money app reached 2.3 million clients 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). In 2023 we further improved our digital offering by going live with the insurance widget and static offers, increasing activity and sales. The Nedbank Private Wealth app, which offers integrated local and international banking capabilities, continued to be enhanced regularly to deliver a leading client experience. 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.

A key strategic focus in the period ahead is the alignment of the abovementioned apps for scale and consistent experience across all client segments and geographies.

Active Money app users (Million)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.8</td>
<td>1.2</td>
<td>1.6</td>
<td>2.0</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Digital when you want it; human when you need it

Our groupwide approach of ‘Digital when you want it; human when you need it’ not only offers our clients cutting-edge, fast, safe and convenient digital banking but also a human touch for clients who have more complex needs.

Our Imagine branch design focuses on convenience and digital self-service banking, with features like an appointment booking system through the banking app suite. Clients can use the Nedbank Money app or Nedbank Online Banking to book a date and time with a branch consultant without having to wait in a queue to get personal financial guidance or assistance. At the end of 2023, 71% of our points of presence has been converted to the Imagine format (around 50% in 2022), with the plan to convert all our points of presence by December 2025.

In-branch, clients are presented with 3 distinct service zones, offering self-service options, employee-assisted services, and expert advice. Our continued focus on sales productivity and our Everyone Sells Strategy resulted in in-branch sales and service productivity improving by 24% after a 47% increase in 2022.

Digital transactions

Digital transaction volumes in SA increased by 12% yoy (by 98% since 2019) and transaction values were up by 10% (up by 54% since 2019), ahead of SA nominal GDP of around 6.5%.

External recognition

<table>
<thead>
<tr>
<th>Award</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023 Finnovex Awards Southern Africa Excellence in Mobile Banking (winner)</td>
<td>2023</td>
</tr>
<tr>
<td>2023 Finance Derivative Magazine Awards Best Retail Banking Technology Implementation South Africa (winner)</td>
<td>2023</td>
</tr>
<tr>
<td>2023 Euromoney Awards Best Digital Bank In Africa (winner)</td>
<td>2023</td>
</tr>
<tr>
<td>2023 Global Finance Magazine Awards Best Bank for client-facing technology (winner)</td>
<td>2023</td>
</tr>
</tbody>
</table>
Our Beyond Banking Strategy

As traditional revenue streams come under pressure from increased competition, banks are increasingly looking to unlock new sources of revenue and cross-sell while focusing on acquiring and retaining clients. Our Beyond Banking Strategy is to integrate seamlessly, through digital engagement platforms, within selected ecosystems to assist businesses and consumers in acquiring solutions, goods and services.

Avo super app

Since its launch in 2020, the Avo super app (SuperShop) has signed up 2.5 million customers (up by 26% yoy). Avo continues to grow exponentially, with 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, contributing significantly to GMV growth in 2023.
- **Avo Home** continues to increase its number of partners to drive scale, with GMV growth of 23% yoy. Avo Solar was launched in August 2023, with over 100 residential installations, of which 70% are being financed by Nedbank.

The Avo SuperShop launched in Namibia in August 2023 and is showing good progress with 15 merchants, of which Apple is #1. Progress is expected to improve as more merchants are added to the platform.

Application programme interfaces

After having been the 1st bank in Africa to launch an application programme interface (API) platform (API_Marketplace), we made ongoing progress in scaling the platform and driving our embedded finance strategy. The number of 3rd parties active on API_Marketplace continued to grow and increased to 64 (2022: 56). In 2023 we extended our API product offering to Common Monetary Area (CMA) countries (Namibia, Lesotho and Eswatini), having enabled EFT payments and wallet APIs.

What are APIs?

APIs allow seamless integration of our partners and 3rd parties within Nedbank's products and services, enabling them to embed innovative financial solutions into their customer journeys. An example is our Insurance API, through which 3rd parties allow their customers to apply for Nedbank vehicle and building insurance on their app or website. Other APIs we offer include PayShap, cash outs at an ATM or a retailer, direct EFT payments and personal loans.

Payment modernisation

The modernisation of our payments domain is progressing well. Our participation in industry modernisation initiatives and our own payments efforts enable us 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. In March 2023 the industry rapid-payments programme, PayShap (a low-cost, immediate and interoperable digital payments solution) was launched successfully. Nedbank has participated in the programme and 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 volume. Since the launch we continue to be the bank that offers clients the widest range of transactional channel options, with more than 200 000 ShapIDs having been registered, culminating in over 3 million transactions.

Value-added services

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 sending money to cellphones.

**Revenue from value-added services grew by 29%**
**Commercialisation of data and use of 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. In support of our focus on data, we have created the role of a Chief Data Officer to spearhead initiatives across the group.

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 MS365 Copilot has been launched with the allocation of 300 licences. Early adopters from across the bank participating in the programme are identifying and validating high-value use cases in support of organisational readiness and the adoption of GenAI. Several use cases have already been implemented, resulting in productivity gains and quality improvements to business correspondence, research, and the maintenance and application of policies. Pilot users have noticed an average time saving of 42 minutes a day, with the top time-saving activities relating 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 GenAI capabilities to all Nedbank employees.

**Examples of AI use cases**

- **Copilot, a new GenAI tool** for MS365 productivity apps
- **Advanced credit scoring models**
- **Early warning systems**
- **Client profitability enhancements**
- **Cross- or upsell lead creation**
- **Preapproved lending offers**
- **Optimised cash operations**
- **Fraud detection and prevention**

**Key targets and KPIs**

- Include digitally active clients, digital sales and Avio super app clients. We are busy exploring new KPIs as we seek to increase client digital activity and measure the impact of new technologies such as AI (see page 47 for more detail).
Creating great client experiences

**Net Promoter Score**

The outcome of the digital progress we have made is evident in higher levels of client satisfaction in our retail business, particularly in our NPS rankings. In 2019 Nedbank ranked #3 among South African banks and by 2020 we improved to become the #2 large bank in the Consulta NPS survey. In 2022 the Kantar NPS survey replaced the Consulta survey, and our ranking improved to #1 among the same South African banks for the past 2 years. Our NPS score of 78 LA1 improved from the 2022 score of 76, supported by #1 rankings in the categories of trust, digital banking, convenience (ATMs and branches), and friendly and caring employees (2023 Segment Tracker survey). In our NAR business, we also ranked #1 in NPS in Eswatini and Mozambique.

**IT systems availability**

IT systems availability improved to 99.5% LA1 (up from 99.3% in 2022) and is above our target of greater than 99.1%. This, along with ongoing digital innovation and enhancements, supports our NPS score.

**Client complaints**

In 2023 the number of client complaints declined by 23% to 70 860 as data and process enhancements contributed to fewer Money app-related complaints and fewer complaints related to deceased estates.

**App ratings**

Our apps remain highly rated on the iOS and Android app stores, with lifetime store client ratings for the Nedbank Money, Nedbank Private Wealth and Nedbank Money (Africa) apps achieving scores of 4.3, 4.6 and 3.8 (out of 5) respectively.

**Greenbacks – our revamped loyalty and rewards programme**

Our Greenbacks programme continued to deliver strong membership growth, with new enrolments up by 15% yoy to 1.9 million members. Strategic partnerships with bp and Nu Metro delivered additional value of more than R81m to clients since their inception. In February 2024 we launched our revamped Greenbacks programme, offering members the highest level of unlimited cash back on debit and credit card purchases in the industry at up to 2%, as well as up to 30% off on flights, and up to 10% off on Apple and Samsung devices. The revamped Greenbacks includes a Greenbacks Exclusive store on Nedbank’s Avo platform, where members enjoy discounts on various household appliances. The revamped Greenbacks has 10 simple money behaviours that members can adopt to move from level 0 to 5. Member profitability (earnings per member) increases as they move to higher levels, as do the rewards that they enjoy.

Building a competitive brand

We are building a compelling brand proposition through differentiated client value propositions and entrencing ‘see money differently’ as our brand proposition, while influencing people to change their money behaviours, increasingly through digital marketing efforts and customised messaging leveraging data and AI.

In 2023 Nedbank was ranked #4 most valuable bank brand and #8 most valuable brand among South African companies, up from #9 position in the prior year, with the group’s brand value having increased by 15% to R17.3bn (Brand Finance 2023). In support of this, the Brand Finance Brand Strength Index indicated that Nedbank was the leading South African bank in the categories of brand awareness, consideration and loyalty.

**Our legacy**

Nedbank has a legacy dating back to the early 19th century, when the Cape of Good Hope Bank was established in 1831. Over the years, the bank underwent several branding and structural changes, transitioning from The Nederlandsche Bank voor Zuid-Afrika to the Netherlands Bank of South Africa, and then to Nedcor Group in the 1980s. In 2003 the group was rebranded as Nedgroup and following various brand propositions, ‘see money differently’ was launched in 2017.
We focus on areas that create value through our strategic portfolio tilt 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, 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.

Main-banked client gains and cross-sell

- In 2023 main-banked clients in retail grew by 9% to 3,53 million, making good progress towards our target of more than 4 million in the medium term. Importantly, the correlation between main-banked client growth and transactional NIR growth in the Retail and Business Banking (RBB) consumer segment was strong. The increase was supported by growth across all client segments, including youth by 4%, entry-level clients by 14%, middle-market clients by 5%, and private clients by 9%.
- Cross-sell increased to 1,96 (compared with 1,94 in 2022 and 1,71 in 2019). The opportunity to cross-sell insurance products across the group remains significant. The MyCover suite showed good growth, with gross earned premiums up by 16% in MyCover Funeral, 25% in MyCover Life and more than 487% in MyCover personal lines, although off a low base.
- Corporate and Investment Banking (CIB) gained 20 new primary clients in the period.
- In NAR total clients increased by 4% to 349,254, of which around 147,000 are main-banked clients.

**Main-banked retail clients**
(Number [million], growth [%])

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3.14</td>
<td>3.02</td>
<td>3.05</td>
<td>3.24</td>
<td>3.53</td>
</tr>
<tr>
<td>Growth</td>
<td>-4</td>
<td>9</td>
<td>6</td>
<td>1</td>
<td>1,71 in 2019</td>
</tr>
</tbody>
</table>

**Cross-sell ratio**
(Number of products/client)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.71</td>
<td>1.78</td>
<td>1.86</td>
<td>1.94</td>
<td>1.96</td>
</tr>
</tbody>
</table>

**Unlocking the large insurance opportunity**

Insurance remains a significant growth opportunity for the group, enabling greater penetration of the Nedbank client base through integrated client solutions that offer clients a convenient and easy way of doing business. Over the past few years, the business has invested significantly in diversifying its life and non-life insurance product range and distribution channels, to deliver a market leading client experience. In 2023, the business extended its quoting, fulfilment, and claims functionality on digital channels to 17 product offerings (2022: 10), launched the ‘insure’ widget and ‘offers for you’, and redesigned the digital insurance experience to enhance client accessibility and improve user experience. The combination of these initiatives has created a more engaging platform for clients, growing digitally active clients by 58% in 2023. The customisable MyCover solution range, which includes funeral, life and comprehensive personal lines insurance, achieved 41% growth in gross written premium (GWP) in 2023, and together with the above, supports the more than 50% growth in forecasted GWP planned for the medium term. Looking ahead, the business will continue to prioritise growth through group collaboration, enhanced client experiences from improved digital and data usage, greater brand awareness and data-driven targeted campaigns, while continuing to engage with clients through an omnichannel presence.

**Gross written premium**
(Rm)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2023</th>
<th>Medium term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>&gt; 16%</td>
<td>&gt; 50%</td>
<td>&gt; 50%</td>
</tr>
</tbody>
</table>

**Case in point**

Our strategy continued

External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner’s Limited Assurance Report on selected key performance indicators.
Lending and deposit-taking market shares

Sustainable and profitable market share gains are not linear. Each product has its own individual flight path for market share gains linked to 10 separately identified factors of internal readiness such as credit policies, digital capabilities and marketing focus, product profitability, and market influences such as competitive practices at peers, client affordability, behaviours and needs, as well as the macroeconomic environment. Progress in achieving our desired portfolio tilts in 2023 was mixed, although overall core lending market share remained steady at 17.9% as reported in December 2023 SARB BA900 returns.

- **Market share gains** – Over the past 12 months we increased market share 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%), with the aim to continue growing in these areas.

- **Focus on deposits** – Our strategy to grow our deposit franchise was evident in total retail deposit market share increasing (from 16.0% to 16.4%) after a long period of market share losses. More work is required in growing market share in retail and commercial transactional deposits.

<table>
<thead>
<tr>
<th>Product Type</th>
<th>December 2022</th>
<th>December 2023</th>
<th>yoy change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total core loans</td>
<td>17.9</td>
<td>17.9</td>
<td>▲</td>
</tr>
<tr>
<td>Wholesale term loans</td>
<td>15.5</td>
<td>16.4</td>
<td>▲</td>
</tr>
<tr>
<td>Home loans</td>
<td>14.1</td>
<td>14.4</td>
<td>▲</td>
</tr>
<tr>
<td>Commercial property</td>
<td>36.8</td>
<td>36.0</td>
<td>—</td>
</tr>
<tr>
<td>Vehicle finance</td>
<td>35.4</td>
<td>35.5</td>
<td>—</td>
</tr>
<tr>
<td>Personal loans</td>
<td>11.9</td>
<td>11.0</td>
<td>▼</td>
</tr>
<tr>
<td>Retail deposits</td>
<td>16.0</td>
<td>16.4</td>
<td>▲</td>
</tr>
<tr>
<td>Commercial deposits</td>
<td>17.6</td>
<td>17.1</td>
<td>▼</td>
</tr>
</tbody>
</table>

Key targets and KPIs

Include main-banked clients, cross-sell, CIB primary client wins, selected lending and deposit market shares, CLR, and CET1 (see page 73 for more detail).

Board oversight – ensuring and protecting value

**Group Credit Committee (GCC)**

“Credit risk management and governance remained resilient despite a weak local economy hampered by high interest rates, higher inflation, load-shedding, infrastructure challenges, a weaker global economy, and a deteriorating geopolitical environment. The GCC continued to provide independent oversight, ensuring a quality credit portfolio that remains adequately impaired.”

Errol Kruger, Chairperson

- **Ensuring and protecting value in 2023**
  - Approved the adequacy of impairments (biannually) to ensure that the expected credit loss (ECL) held against gross loans and advances (GLAA) was appropriate.
  - Approved the adequacy of credit risk-weighted assets (RWA).
  - Tracked and monitored initiatives to improve origination and collection processes and their impact on the 2023 credit loss ratio (CLR).
  - Oversaw deep dives into the possible impact of a blackout scenario (electricity outages) on the economy, the impact of elevated interest rates on the credit portfolio, and the impact of infrastructure decay on Nedbank’s portfolio.

Focus for 2024 and beyond

- Oversee ongoing credit risk management across all portfolios to optimise the outcome of the cost of credit and credit RWA.
- Monitor and consider the impact of the implementation of Basel III Reforms on the credit portfolio.
- Monitor developments emanating from SARB’s proposed amendments to Directive 7/2015 relating to the treatment and classification of distressed restructurings on the credit portfolio.
- Continue to focus on early-identification strategies regarding distressed portfolios, industry-specific concentration risks, and the proactive management of key watch list clients.
Our strategy continued

Efficient execution (TOM)

Technological developments provide opportunities for improving efficiency by bringing new digital offerings to the market more quickly, lowering the cost to serve; optimising the overall cost base through the reduction of branch sizes and ancillary costs; and optimising processes through the use of AI. Central to achieving our cost-to-income-ratio targets is ongoing optimisation of our operations.

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 linked to revenue uplift and a delay in 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.

Optimising our own corporate real estate
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, and we are well on our way to 200 000 m² by 2025.

Optimising our physical channels
As we optimise the shape of our infrastructure through Project Imagine (our new digitally focused outlets), branch floor space has decreased by 27 000 m² in 2023 (cumulatively by 111 000 m² from 2014 levels) to 137 000 m².

Technology benefits
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.

Our chatbot, Enbi, is assisting clients at scale, with over 10 million interactions recorded to date. Of all engagements, 78% 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 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.

Effective central functions
We continue to focus on ensuring efficient and effective central group functions, including marketing, risk, human resources, finance, and technology. 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.

Cumulative TOM benefits (Rm)

<table>
<thead>
<tr>
<th>Year</th>
<th>TOM 1.0</th>
<th>TOM 2.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>1.1</td>
<td>2.0</td>
</tr>
<tr>
<td>2020</td>
<td>1.8</td>
<td>2.0</td>
</tr>
<tr>
<td>2021</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>2022</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>MT target</td>
<td>2.0</td>
<td>2.5</td>
</tr>
</tbody>
</table>

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, and implementing GenAI 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 during 2024.

Key targets and KPIs
Include branch and corporate real estate floor space, our cost-to-income ratio, TOM benefits, and permanent headcount (see pages 91 and 92 for more detail).
For our business to succeed, we need a thriving economy, a well-functioning society, and a healthy environment. We also recognise that sustainability issues such as climate change, inequality, and social justice play a material role in shaping this system and setting the guardrails to optimise how we operate.

Through capital allocation decisions, banks play a significant role in helping to determine the shape of society and support the economy over the long term. Banks also contribute to set the pace and scale of the required transition and can drive sustainable socioeconomic development for the benefit of all stakeholders. It is in this context that our purpose guides our strategy, behaviours, and actions towards the delivery of long-term system value. Together, the UN SDGs (as forward-looking strategic levers) and ESG (as a backward-looking measure) keep us on track to fulfil our purpose.

Fulfilling our purpose of using our financial expertise to do good is most impactful by delivering on our sustainable development finance (SDF) commitments as we deliberately tilt our lending portfolio to areas that create positive impacts and align to the SDGs. Doing less harm focuses on reducing our carbon footprint and building capacity to move forward.

The year 2023 was the start of a more formal and integrated approach to this challenge, with a Purpose Programme of Work (PPPOW) being established and endorsed by both the board and Group Eco. The programme guides and coordinates our efforts to enhance fulfilment of our purpose. It is centred on (i) defining the correct focus, content, and extent of work to be accomplished; (ii) the capabilities required to do so; and (iii) delivering greater coordination to ensure that the group’s return on investment is optimised, risks are managed more effectively, broader commercial opportunities are captured successfully, and business time and resources (including related expenditure) are used most efficiently.

The programme involves embedding sustainability and climate considerations through 8 workstreams: planning, strategy, risk and compliance, reporting and disclosures, people, governance and organisation, data and infrastructure, and processes and decision-making. These workstreams focus on fast-tracking ESG data and systems, embedding decisions in credit and lending processes, and building capability regarding financed emissions in support of Nedbank’s transition plan.

**Sustainable development finance (do good)**

Our focus on sustainable development finance sees us using more of our investment and lending to juristic entities and to individuals to deliberately deliver positive social and environmental outcomes across a wide range of sectors. We undertake this through 3 primary focus areas, namely sustainable finance, financing the transition, and financial inclusion through our products and services.

Through our commitments, we aim to model what is required of finance institutions to help address ESG challenges. While we recognise the equal importance of all 17 SDGs, we have prioritised 9 of them where we believe we have the greatest ability to deliver meaningful impact through innovation in our banking products as well as our lending and investment practices.

At 31 December 2023 we had exposures of R145bn (2022: R123bn), representing 16% of the group’s gross loans and advances (2022: 14%). It is our ambition to increase our finance exposures related to sustainable development to around 20% of the group’s total gross loans and advances by the end of 2025. This will be underpinned by more than R150bn in support of new SDF that is aligned with the SDGs (from our starting base in 2021). To achieve our targets, we are positioned to deliver strong growth in SDG 7 (renewable energy), SDG 12 (agriculture) and SDG 8 (SMME lending), while further work is underway to make more meaningful impacts in SDG 6 (water) and SDG 4 (education). The impact of the difficult macroeconomic environment is likely to see slow growth in SDG 11 (affordable housing).

As a responsible financial institution, we recognise the significance of sustainable development in generating long-term value for our stakeholders.
Reducing our carbon impact (do less harm)

Our strategy continued

Our journey to net zero continues to evolve, and strategic progress in 2023 included disclosing our fossil fuel and power generation glidepaths. These glidepaths guide our transition to supporting a low-carbon economy, setting financed emissions baselines for new sectors, including residential home loans and vehicle finance continue reducing our own operational carbon footprint, and increasing sourcing of renewable energy for our own operations.

2020
Climate change resolutions passed with 100% votes of approval at our 53rd AGM.

2021
Adopted and disclosed our market-leading Energy Policy and inaugural TCFD Report.

Disclose net-zero aligned glidepath for upstream fossil fuels and power generation in our 2023 Climate Report.

• No provision of project financing for new thermal-coal mines.
• Reduce Nedbank’s own operations’ carbon emission by > 40% (from 2019 levels).
• Generate > 30% of Nedbank’s own energy needs from renewable sources.

2024
Thermal-coal glidepaths (ktCO₂e financed)

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2030</th>
<th>2045</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero</td>
<td>Zero</td>
<td>Zero</td>
<td></td>
</tr>
</tbody>
</table>

Oil and gas glidepaths (ktCO₂e financed)

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2030</th>
<th>2045</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero</td>
<td>Zero</td>
<td>Zero</td>
<td></td>
</tr>
</tbody>
</table>

2025
Power generation
Adopted a cap aligning to the NZE target of 165 gCO₂e/kWh

2030
Thermal-coal funding to be < 0,5% of GLAA.

2035
No new finance for oil production.

2045
Zero exposure to fossil-fuel-related activities.

2050
100% of lending and investing supporting a net-zero carbon economy.

Financed emissions
Building on our history of climate and environmental leadership, and in line with our commitment to have zero fossil fuel exposure by 2045 (in line with science-based requirements), we have finalised our 1st sectoral glidepaths that inform our exit from thermal-coal as well as oil and gas sectors over time. Nedbank will use the widely adopted International Energy Agency (IEA) Net Zero (NZE) 2050 pathway as a basis for our 1st 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 pursuing 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 165 gCO₂e/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. In addition to these glidepaths, we plan on disclosing more glidepaths in climate-sensitive sectors.

Our own operational emissions
Our own scope 1, 2 and 3 greenhouse gas emissions reduced by a further 12% in 2023 to 113 339 ktCO₂e (44% lower than the 2019 base). In 2023, 6,1% of our energy use was from renewable energy sources (1% in 2022), and we aim to increase this to more than 30% by the end of 2025.

More detailed disclosures are available in our 2023 Climate Report at nedbankgroup.co.za.
Our strategy continued

Other ESG highlights
In 2023 external stakeholders again acknowledged our efforts in sustainability and ESG matters, with the following as key highlights:

- We maintained our level 1 BBBEE status for 6 years and generated 2,835 (2022: 1,835) 1st-time job opportunities for unemployed youth through the YES Programme (just below 10,000 since 2019).
- We continued to improve our DEI metrics, as demonstrated by increased numbers of black and female employees.
- Employee satisfaction remained high, and we have increased access to banking for the unbanked through innovative digital banking solutions, with Nedbank leading the market in PayShap transactions (28% share of transactions).
- We have published our 1st Nature Position Statement, which builds on our Climate Position Statement, acknowledging that nature and climate are inextricably linked. It explains how Nedbank understands nature, its current state, and what must be done to restore it. It commits us to a path that is aligned with global nature and climate commitments and that of our own operations, as well as our BBBEEE contributor status (see pages 72 and 73 for more detail).
- We were the winners of Sustainability Reporting in Financials (Banking) and the runners-up of Best Climate-related Reporting at the 2023 Global Banking and Finance Awards (winner).
- We were the winners of Best Climate-related Reporting at the 2023 Global Banking and Finance Awards (winner).
- A continued increase of employees working on site has resulted in an increase in resource consumption during 2023. Water consumption was 159,105 kℓ in 2022 (338 tonnes in 2022).
- As a result of our office optimisation project, there was a 26% increase of waste recycled to 427 tonnes (338 tonnes in 2022).
- A comprehensive GCRC Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.

Independent ESG ratings
We are proud to have retained our top-tier ESG ratings. Our MSCI rating remained at AAA for the 2nd year in a row (top 5% of global banks); S&P Global had a score of 60 (top 9% of global banks); Sustainalytics assigned Nedbank a low-risk score of 17.1 (top 10% of diversified banks); ISS assigned a C rating (top 10% of global banks); and FTSE Russell had a rating of 3.9 out of 5 (top 26% of global banks and an FTSE4Good Index constituent).

External recognition

- 2023 Intellidex Top Private Banks and Wealth Managers Awards (winner).
- 2023 Global Banking and Finance Awards: Best Retail Bank in South Africa (winner).

Key targets and KPIs
Include renewable energy finance, SDF exposures, carbon emissions financed and that of our own operations, as well as our BBBEEE contributor status (see pages 72 and 73 for more detail).

Top 10 risks

- Business
- Credit
- Strategic execution
- Climate
- Capital

A comprehensive GCRC Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.
Our Human Capital Strategy

Our Human Capital Strategy is a key enabler of the group’s strategy, embracing our employees as our most important asset and our culture as a key differentiator. Our focus remains on achieving 4 strategic outcomes.

**A fit-for-purpose Target Operating Model, organisational design and workforce composition**

Digital transformation that is supported by a changed operating model, organisational design and workforce composition, with the aim to drive efficiency, agility and competitiveness.

**Human-centred leadership and a culture that unlocks value for our clients**

A culture shift that enables the evolving Nedbank operating model, leveraging human-centred leadership and inspiring our workforce.

**A transformed and skilled workforce**

A highly skilled, diverse and transformed workforce, representative of society, is key to remaining competitive. We continue to focus on reskilling our workforce for a new reality and creating a sense of belonging for all.

**A high-performing and healthy workforce**

The performance of our workforce can be sustained only through a focus on their holistic well-being and a range of competitive benefits that offers greater choice.

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**Key human capital allocations and developments in 2023**

- **We adapted our work model** to facilitate agility and efficiency.
- **We equipped 300 employees with AI tools** to learn and experiment.
- **We continued to reshape our workforce distribution** from a hierarchical pyramid structure to a diamond shape (more highly skilled and technical roles, flattening organisational layers and less administrative functions).

**Workforce distribution model (％)**

<table>
<thead>
<tr>
<th>2023 Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time on premise</td>
<td>14</td>
</tr>
<tr>
<td>Work from home</td>
<td>19</td>
</tr>
<tr>
<td>Hybrid</td>
<td>67</td>
</tr>
</tbody>
</table>

**Employee ‘great place to work’ NPS (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPS</td>
<td>7</td>
<td>17</td>
<td>19</td>
<td>22</td>
<td>26</td>
</tr>
</tbody>
</table>

**Employee diversity (%)**

- **White**
  - 18% in 2019
  - 20% in 2020
  - 22% in 2021
  - 22% in 2022
  - 20% in 2023

- **Black**
  - 62% in 2019
  - 62% in 2020
  - 62% in 2021
  - 62% in 2022
  - 62% in 2023

- **Female**
  - 20% in 2019
  - 18% in 2020
  - 18% in 2021
  - 18% in 2022
  - 18% in 2023

**Employee attrition (Rbn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attrition</td>
<td>10.6</td>
<td>7.1</td>
<td>9.3</td>
<td>10.6</td>
<td>9.2</td>
</tr>
</tbody>
</table>

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Read more about how we created and protected value for our employees on page 82, as well our Human Capital Review in our 2023 Society Report available at nedbankgroup.co.za.
Our Human Capital Strategy continued

The Nedbank Way
The Nedbank Way describes our required culture and what we need to shift towards achieving our strategic ambitions. It integrates with our purpose, values, People Promise, and leadership framework, serves as an employee value proposition (EVP), describes the workforce experience we strive to create, and is practical and actionable for all our employees.

Our 7 culture principles are the following:

**Different is good**
We intentionally drive diversity, equity, and inclusion in how we engage, design solutions, and care for and connect with our clients and each other. We want all Nedbankers to feel a sense of belonging. We show up as our authentic selves and allow others to do the same. We treat each other with dignity and respect. We value and celebrate diversity. DEI is not just a set of policies or a programme to be implemented; it is part of our DNA. It’s how we do things and why we do them. We are allies for the marginalised and the unheard. We stand up for what is right. We create an environment in which all Nedbankers feel safe enough to speak up. And we use our voices when others cannot.

**Learn to grow**
We are alive to the changing world and a future filled with potential and possibility. To stay ahead, actively shape our future and thrive, we continuously learn, adapt, change, and grow as individuals and as an organisation. We challenge the status quo for good. We question what we are doing, why we are doing it, and how we do it, with a solution-focused mindset. We value curiosity, creativity, critical thinking, and a growth mindset. The future belongs to individuals and organisations willing to push themselves outside of their comfort zones and continually learn, unlearn, and relearn. That’s how we grow and stay relevant and effective as Nedbank.

**We have a hunger for success. We set ambitious goals, taking calculated risks, and push ourselves to achieve. We embrace a willingness to fail and learn from our mistakes. We are proactive, responsive, and execute with speed and agility. We play to win, but not at all costs, especially when it comes to our people and their well-being. How we win makes all the difference. We build resilience and practice human-centred leadership. We invest in our people and create an environment that empowers them to perform and excel. This is what gives us the edge, enabling commercial success and sustainability.**

**Play to win**

**Do the right thing and do things right**
We’ve built a culture that values trust, ethics, and unwavering integrity. We hold ourselves accountable to the highest standards, making sure our actions reflect our intent to be money experts who do good. We do things right. When we navigate the tensions that arise on how and with whom we do business, we protect the trust that has been placed in us and do the right thing for our people, our clients, our stakeholders, and society as a whole.

**Client obsession**
We deliver value to and through our clients. This is how we put our purpose into practice and achieve commercial success. We are obsessed about our clients; without them, we don’t exist. In our clients’ eyes, we are Nedbank. We create value, practice care, connect, and build strong, meaningful relationships in every client interaction. We know that nobody cares how much you know until they know how much you care. We keep our promises. We deliver. We delight the client every chance we get. Every client. Every time.

**Stronger together**
Regardless of how different our roles, our clusters, and our countries are, we are 1st and foremost Nedbankers. We have 1 share price. We win as 1 or we lose as 1. There is power in teamwork. Working together, we can achieve more than we ever could individually. Collaboration and cooperation are at the heart of everything we do. We bridge silos within and across teams, clusters, and countries for the benefit of the organisation as a whole. When it comes down to it, we are #StrongerTogether.
Strategic trade-offs through integrated thinking

The Nedbank Board and Group Exco continue to make various strategic trade-offs to create and protect value. In doing so, we assess the availability and quality of the group’s capitals, balance short-, medium- and long-term outcomes, and consider the impact on various stakeholders. We highlight 4 examples of such trade-offs and the rationale behind our decisions.

Trade-off between traditional and digital banking

With the ongoing increase in digital use of financial solutions (manufactured capital), there is a continuous shift from traditional channels and services that involve employees (human capital) towards more digital products, channels and services (manufactured and intellectual capital) as shown on page 13. At the same time, we have seen how automation and increased client adoption of digital solutions have resulted in enhanced client experiences (social and relationship capital) as highlighted on page 13. As a result, there is less demand for certain services (e.g., teller transactions) and direct human interaction has reduced.

A reduction in the number of employees and employee-dependent activities (such as in-branch services) and outlets (predominantly their size) result in cost savings. These cost savings are partially offset by the impact of ongoing IT investments (financial capital), investment in skills appropriate for digital innovation and automate processes. However, by embracing digital innovation (manufactured and intellectual capital), we are investing in the skills required (human and intellectual capital) to compete in a more digital world. As a result, cost pressures have escalated as these skills are scarce and more expensive.

Key business model shift

Client activity is shifting from physical products, services and outlets to digital products, services and channels, requiring us to allocate our resources to support digital growth. In our new Imagine branches, employees are reskilled from service consultants to part-time sales agents. Careful consideration is given to the impact on employee morale and the need for ongoing face-to-face client engagement in certain micro markets.

Capital outcomes in 2023

- Human capital (employees)
- Manufactured capital (branch floor space)
- Manufactured capital (digital solutions)
- Intellectual capital (IT skills)
- Social and relationship capital (client experiences)
- Financial capital (efficiencies)

Transitioning to a workforce of the future

The number of employees (human capital) required for traditional and administrative roles is reducing as we digitise and automate processes. However, by embracing digital innovation (manufactured and intellectual capital), we are investing in the skills required (human and intellectual capital) to compete in a more digital world. As a result, cost pressures have escalated as these skills are scarce and more expensive.

Key business model shift

Within the context of the world of work, we seek to develop innovative people practices, driving engagement and productivity, as many of our employees are enabled to work remotely and remain competitive in remuneration given the scarcity of key skills. While overall employee numbers have declined, given annual inflation increases and skills mix changes, the group’s salaries and wages have not, although corporate real estate has seen some savings.
Strategic trade-offs through integrated thinking continued

Trade-off between ROE and maintaining a strong capital position in a difficult environment

Maintaining a strong balance sheet (financial capital) is an imperative in banking, particularly in an environment that remains volatile and difficult. At such times we believe it is prudent and appropriate to manage capital levels above the board-approved target range as a buffer for unexpected losses, while being in a strong position to support higher levels of organic growth and bolt-on acquisitions. However, too much excess capital through the cycle will adversely impact on ROE (financial capital). Accordingly, capital needs to be appropriately managed through cycles. In this context, our medium-term target is to increase ROE from 15.1% in 2023 to 17.0% in 2025.

In 2023 we successfully completed a R5bn capital optimisation initiative, which reduced our CET1 ratio by 0.7%. The annual run rate benefit of this initiative includes approximate increases of 0.5% in ROE and 4% in HEPS growth, given the cancellation of just over 23 million shares.

How do we think about managing capital?
In a volatile and difficult environment, we believe it’s prudent to maintain a CET1 ratio above our 11% to 12% target range. To achieve this, we will retain capital for growth and particularly leverage large infrastructure opportunities and our SPT 2.0 growth objectives. In addition, we continue to explore complementary bolt-on acquisitions, should they arise; pay dividends at the top end of the group’s payout ratio (57%), subject to board approval; and consider further capital optimisation, if appropriate.

Portfolio tilt towards net zero

We are tilting our portfolio towards areas that create positive impacts, while reducing in areas that do not support our 2050 net-zero target. For example, we are supporting the diversification of SA’s electricity supply (natural capital) and the SDGs (natural and societal capital) while reducing negative impacts on the environment (natural capital). Over the long term, this will be financially beneficial (financial capital) for all our stakeholders (social capital).

Capital outcomes in 2023

Financial capital ▲▼
Social capital ▲
Natural capital ▲

Key business model shift
Tilting our lending and financing activities to align with our purpose and the SDGs, as well as reducing our financed and own operational carbon emissions to make a tangible difference to the environment and society.
## Strategic value unlocks – key performance indicators

<table>
<thead>
<tr>
<th>Value unlocks</th>
<th>Value drivers</th>
<th>Link to executive remuneration</th>
<th>yoy change</th>
<th>2023</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>Target 2023</th>
<th>Target 2024</th>
<th>Outlook</th>
<th>Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Digital leadership (DX)</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digitally active clients (% of total active clients)</td>
<td>Growth/ Productivity</td>
<td>GCC</td>
<td>▲</td>
<td>41</td>
<td>39</td>
<td>35</td>
<td>30</td>
<td>24</td>
<td>Increase</td>
<td>Increase</td>
<td>&gt; 70</td>
<td>Increase</td>
</tr>
<tr>
<td>Digitally active clients (million)</td>
<td>Growth</td>
<td>GCC</td>
<td>▲</td>
<td>2.9</td>
<td>2.6</td>
<td>2.3</td>
<td>2.1</td>
<td>1.8</td>
<td>Increase</td>
<td>Increase</td>
<td>Increase</td>
<td>Increase</td>
</tr>
<tr>
<td>Digital sales (% of total sales)</td>
<td>Growth</td>
<td>GCC</td>
<td>▲</td>
<td>56</td>
<td>51</td>
<td>33</td>
<td>28</td>
<td></td>
<td>Increase</td>
<td>Increase</td>
<td>Increase</td>
<td>&gt; 75</td>
</tr>
<tr>
<td>Avo super app – registered clients (million)</td>
<td>Growth</td>
<td>GCC</td>
<td>▲</td>
<td>2.5</td>
<td>2.0</td>
<td>0.68</td>
<td>0.15</td>
<td></td>
<td>Increase</td>
<td>Increase</td>
<td>Increase</td>
<td>Increase</td>
</tr>
<tr>
<td>Managed Evolution completion (%)</td>
<td>Growth/ Productivity</td>
<td>GCC</td>
<td>▲</td>
<td>95</td>
<td>91</td>
<td>85</td>
<td>78</td>
<td>70</td>
<td>Materially complete</td>
<td>Complete</td>
<td>by end 2024</td>
<td>[MO]</td>
</tr>
</tbody>
</table>

Unlock value from AI and GenAI while strengthening capabilities in data and analytics. Metrics under development as CPTs.

| **Market-leading client experiences (CX)** | | | | | | | | | | | | |
| Brand value ranking in SA | Growth | GCC | ▼ | 8 | 9 | 8 | 8 | 10 | Improve | Improve ranking | Improve ranking | Improve ranking | [IN – Brand finance] |
| Consumer NPS ranking | Growth | CPT | ▲ | 1 | 1 | 2 | 2 | 3 | #1 SA bank | #1 SA bank | #1 SA bank | [IN - Kantar: 2021–2019: Consulta] |
| Number of NAR subsidiary #1 NPS rankings – new metric in 2023 | Growth (new) | GCC | | 2 | ND | ND | ND | ND | ND | Maintain/ Increase | Increase | Increase | [FS] |
| Nedbank Money app average rating (out of 5) | Growth | GCC | ▲ | 4.3 | 4.1 | 4.4 | 4.4 | 4.4 | Maintain top rating | Maintain top rating | Maintain top rating | [IN – iOS and Android app stores] |
| Nedbank Private Wealth app average rating (out of 5) | Growth | GCC | | 4.6 | 4.7 | 4.6 | 4.5 | 4.6 | Maintain top rating | Maintain top rating | Maintain top rating | [IN – iOS and Android app stores] |
| System availability (%) | Productivity | GCC | ▲ | 99.5 | 99.3 | 99.3 | 99.6 | 99.1 | > 99.1 | > 99.1 | > 99.1 | [LA1] |

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**Assurance indicators**

- **LA**: External limited assurance on selected sustainability information [LA1] and the application of the Amended FSC and the group’s BBBEE status [LA2]. Related opinions are available at nedbankgroup.co.za.
- **MO**: Management and board oversight through rigorous internal reporting governed by the group’s ERMF.
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- **OV**: Independent oversight by regulatory bodies, including SARB, FSCA and various financial-sector ombudsman offices.
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### Strategic value unlocks – key performance indicators continued

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<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>Target</th>
<th>Outlook</th>
<th>Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Focusing on areas that create value (SPT)</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main-banked retail clients (million)</td>
<td>Growth</td>
<td>CPT</td>
<td>▲</td>
<td>3.53</td>
<td>3.20</td>
<td>3.10</td>
<td>2.90</td>
<td>3.00</td>
<td>Increase</td>
<td>&gt; 4</td>
<td>&gt; 4</td>
</tr>
<tr>
<td>Retail cross-sell (times)</td>
<td>Growth</td>
<td>GCC</td>
<td>▲</td>
<td>1.96</td>
<td>1.94</td>
<td>1.86</td>
<td>1.78</td>
<td>1.71</td>
<td>Increase</td>
<td>Increase</td>
<td>Increase</td>
</tr>
<tr>
<td>CIB primary client wins (number)</td>
<td>Growth</td>
<td>GCC</td>
<td>▼</td>
<td>20</td>
<td>25</td>
<td>35</td>
<td>37</td>
<td>32</td>
<td>&gt; 25</td>
<td>&gt; 20</td>
<td>&gt; 20</td>
</tr>
<tr>
<td>Wholesale term loans market share (%)</td>
<td>Growth</td>
<td>CPT</td>
<td>▲</td>
<td>16.4</td>
<td>15.5</td>
<td>16.8</td>
<td>18.1</td>
<td>19.1</td>
<td>Increase</td>
<td>Increase</td>
<td>Increase</td>
</tr>
<tr>
<td>Home loans market share</td>
<td>Growth</td>
<td>CPT</td>
<td>▲</td>
<td>14.4</td>
<td>14.1</td>
<td>14.2</td>
<td>14.4</td>
<td>14.4</td>
<td>Increase</td>
<td>Increase</td>
<td>Increase</td>
</tr>
<tr>
<td>Household transactional deposit market share (%)</td>
<td>Growth</td>
<td>CPT</td>
<td>▲</td>
<td>14.6</td>
<td>13.9</td>
<td>13.5</td>
<td>15.0</td>
<td>16.0</td>
<td>Increase</td>
<td>Increase</td>
<td>Increase</td>
</tr>
<tr>
<td>Commercial transactional deposits market share, excluding tax and loans and wholesale FX (%)</td>
<td>Growth</td>
<td>CPT</td>
<td>▼</td>
<td>12.2</td>
<td>12.0</td>
<td>12.8</td>
<td>12.8</td>
<td>12.8</td>
<td>Increase</td>
<td>Increase</td>
<td>Increase</td>
</tr>
<tr>
<td>Insurance gross written premium (Rbn)</td>
<td>Growth (new)</td>
<td>GCC</td>
<td>▲</td>
<td>3.7</td>
<td>3.5</td>
<td>3.5</td>
<td>3.4</td>
<td>3.4</td>
<td>New</td>
<td>Increase</td>
<td>Up by &gt; 50%</td>
</tr>
<tr>
<td>CET1 (%)</td>
<td>Risk and capital management</td>
<td>GCC</td>
<td>▼</td>
<td>13.5</td>
<td>14.0</td>
<td>12.8</td>
<td>10.9</td>
<td>11.5</td>
<td>Above board target</td>
<td>11-12</td>
<td>Above board target</td>
</tr>
<tr>
<td>CLR (bps)</td>
<td>GCC</td>
<td>▲</td>
<td>109</td>
<td>89</td>
<td>83</td>
<td>161</td>
<td>79</td>
<td>80-100</td>
<td>80-100</td>
<td>60-100</td>
<td>60-100</td>
</tr>
<tr>
<td><strong>Driving efficient execution (TOM)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branch floor space (000 m²)</td>
<td>Productivity</td>
<td>GCC</td>
<td>▼</td>
<td>137</td>
<td>164</td>
<td>182</td>
<td>190</td>
<td>204</td>
<td>Reduce</td>
<td>Reduce</td>
<td>Reduce</td>
</tr>
<tr>
<td>Corporate real estate floor space (000 m²)</td>
<td>GCC</td>
<td>▼</td>
<td>203</td>
<td>238</td>
<td>265</td>
<td>313</td>
<td>328</td>
<td>Reduce</td>
<td>&lt; 200</td>
<td>&lt; 200</td>
<td>Optimise</td>
</tr>
<tr>
<td>Cost-to-income ratio (%)</td>
<td>CPT and GCC</td>
<td>▼</td>
<td>53.9</td>
<td>56.5</td>
<td>57.7</td>
<td>58.1</td>
<td>56.6</td>
<td>&lt; 54</td>
<td>Increase on 2023</td>
<td>&lt; 52</td>
<td>&lt; 50</td>
</tr>
<tr>
<td>TOM 2.0 benefits (Rbn)</td>
<td>GCC</td>
<td>▲</td>
<td>2.2</td>
<td>1.5</td>
<td>0.98</td>
<td>Launching in 2023</td>
<td>n/a</td>
<td>2.5</td>
<td>2.5</td>
<td>Run-rate benefits</td>
<td>New TOM 2.1 benefits</td>
</tr>
<tr>
<td><strong>Creating positive impacts (purpose and ESG)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable energy lending (Rbn) – exposure</td>
<td>Growth</td>
<td>GCC</td>
<td>▲</td>
<td>29.9</td>
<td>27.3</td>
<td>29.6</td>
<td>32.3</td>
<td>26.1</td>
<td>Increase</td>
<td>Increase</td>
<td>Increase strongly</td>
</tr>
<tr>
<td>Renewable energy lending (Rbn) – limits</td>
<td>GCC</td>
<td>▲</td>
<td>46.0</td>
<td>37.2</td>
<td>36.5</td>
<td>37.2</td>
<td>36.7</td>
<td>Increase</td>
<td>Increase</td>
<td>[MO] [FS]</td>
<td></td>
</tr>
<tr>
<td>Sustainable development financing (Rbn, % of loans)</td>
<td>Risk and capital management</td>
<td>GCC</td>
<td>▼</td>
<td>146</td>
<td>(16)</td>
<td>123</td>
<td>(14)</td>
<td>108</td>
<td>(13)</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Thermal-coal funding (% of total advances)</td>
<td>GCC</td>
<td>▼</td>
<td>0.3</td>
<td>0.30</td>
<td>0.30</td>
<td>0.70</td>
<td>0.70</td>
<td>&lt; 1</td>
<td>&lt; 0.5</td>
<td>&lt; 0.5</td>
<td>[MO] [FS] [LA1]</td>
</tr>
<tr>
<td>Thermal-coal-financed emissions (tCO₂e)</td>
<td>New</td>
<td>CPT</td>
<td>▼</td>
<td>5 518 330</td>
<td>8 027 060</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>Reduce by 47% by 2030</td>
<td>Reduce by 40% from 2019 levels by 2025</td>
<td>Decline</td>
</tr>
<tr>
<td>Oil- and gas-financed emissions (tCO₂e)</td>
<td>New</td>
<td>CPT</td>
<td>▼</td>
<td>2 946 570</td>
<td>3 092 810</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>Reduce by 26% by 2030</td>
<td>Decline</td>
<td>[LA1]</td>
</tr>
<tr>
<td>Own operational carbon emissions (tCO₂e)</td>
<td>New</td>
<td>CPT</td>
<td>▼</td>
<td>113 339</td>
<td>128 149</td>
<td>123 847</td>
<td>137 540</td>
<td>188 443</td>
<td>Decline</td>
<td>[LA1]</td>
<td></td>
</tr>
<tr>
<td>BBBEE contributor status (level)</td>
<td>Growth</td>
<td>GCC</td>
<td>▼</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>Level 1 - subject to any FSC amendments</td>
<td>[MO] [OV]</td>
</tr>
</tbody>
</table>

**Assurance indicators**

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A strong financial performance in 2023 supported value creation for all stakeholders, including employee salaries and benefits of R21.1bn, new client loan payouts of R332bn, a 15% increase in the full-year dividend per share to shareholders, paid cash tax of R13.2bn to support the sovereigns in which we operate, and SDF exposures of R145bn to support our clients, society and the environment.

Delivering, measuring and rewarding value creation

Assessment of value creation, protection, and erosion for stakeholders in 2023 and how remuneration outcomes are aligned with our performance.
The group delivered a strong financial performance in 2023, with HE up by 11%, driven by strong revenue growth and expense discipline, partially offset by higher impairments. DHEPS increased by 14% as the R5bn capital optimisation initiative we executed this year resulted in the cancellation of just over 23 million shares.

Mike Davis, Chief Financial Officer

Opposing impacts from a difficult operating environment and good strategic delivery

The environment in which we achieved this strong financial performance in 2023 is very important. As highlighted on page 42, the operating environment in 2023 has been challenging, but we’ve made good progress in implementing our strategy as shown on pages 55 to 67. These factors had opposing impacts on the group’s financial performance.

GDP growth was muted, inflation elevated, interest rates continued to increase, business confidence was low, electricity constraints impacted businesses and consumers, global conflicts created volatility in markets, the rand weakened, and competition for good quality assets remained fierce.

From a strategy perspective, we continued to unlock revenue and cost benefits from our world-class technology platform and gained markets share in areas such as term loans, home loans and retail deposits, while more work is required to gain share in household and commercial transactional deposits. We gained more main-banked clients, improved cross-sell and continued to support SDF, which grew faster than average loans and advances.
Value creation for shareholders

The underlying drivers of value creation for our shareholders remained strong.

- **ROE** improved to 15.1%, above our estimated cost of equity of 14.8% and above our 2023 target of 15%.
- **NAV per share** increased by 8%, despite the R5bn capital optimisation initiative that we executed largely during H1 of 2023.
- Total dividends per share increased by 15% and the final dividend was up by 18%.

As we progress towards our medium-term targets, discussed in more detail on page 55, we would expect our price-to-book ratio to improve from the 0.9 times at the end of December 2023, closer to 1.3 times.

Strong balance sheet metrics

During volatile and difficult times, it is imperative to maintain a strong balance sheet, while providing a good foundation for growth when the environment improves. In 2023 we retained a fortress balance sheet evidenced in our capital, liquidity and coverage ratios.

- **Capital** – CET1 and tier 1 capital ratios of 13.5% and 15.0% were well above the SARB minimum requirements and the group’s board-approved target ranges. These ratios include the R5bn capital optimisation initiative, which impacted the CET1 capital ratio by 70 bps.
- **Liquidity** – The average liquidity coverage ratio (LCR) of 135% for Q4 2023 and the net stable funding ratio (NSFR) of 117% were both well above the 100% regulatory minimum.
- **Coverage** – Our total expected credit loss (ECL) coverage ended 2023 at a multi-year high of 3.62%, highlighting prudent levels of provisioning.

Key drivers of our strong financial performance

Headline earnings increased by 11% to R15.7bn.

- Revenue growth of 12% was driven primarily by the following:
  - Net interest income (NII) that increased by 14%, driven by 7% growth in average interest earning banking assets (AIEBA) and a 28 bps increase in the net interest margin (NIM).
  - Non-interest income and revenue (NIR) that increased by 6%, driven by solid growth in commission and fees, the benefits of fair-value gains, and foreign currency gains in Zimbabwe on US dollar capital.
  - Associate income that increased by 64%, driven by a strong recovery in associate income relating to our 21% shareholding in ETI.
- The impairment charge increased by 30%, with the group’s CLR increasing to 109 bps driven by 3% growth in gross banking loans and advances, higher impairments across product portfolios, particularly in the consumer segment in RBB, and providing for clients in CIB who went into business rescue.
- Expenses increased by 8% as a result of higher salary-related costs and incentives, higher fees linked to revenue growth, and ongoing investment in technology and digital solutions, partially offset by ongoing TOM 2.0 cost savings.

### Return on equity

<table>
<thead>
<tr>
<th>(%)</th>
<th>Return on shareholders’ capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>15.0</td>
<td>6.2</td>
</tr>
</tbody>
</table>

### NAV per share

<table>
<thead>
<tr>
<th>(Cents)</th>
<th>Book value of Nedbank Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>18 204</td>
<td>18 391</td>
</tr>
</tbody>
</table>

### Dividend per share

<table>
<thead>
<tr>
<th>(Cents)</th>
<th>Dividends paid to shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>14 165</td>
<td>0</td>
</tr>
</tbody>
</table>

### CET1 ratio

<table>
<thead>
<tr>
<th>(%)</th>
<th>Indication of the strength of our balance sheet based on our own capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>11.5</td>
<td>10.9</td>
</tr>
</tbody>
</table>

### Headline earnings

<table>
<thead>
<tr>
<th>(Rm)</th>
<th>Profits we generate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>12 506</td>
<td>5 440</td>
</tr>
</tbody>
</table>

### NII

<table>
<thead>
<tr>
<th>(Rm)</th>
<th>Difference between interest paid to depositors and interest received from borrowers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>30 167</td>
<td>30 081</td>
</tr>
</tbody>
</table>

### NIR

<table>
<thead>
<tr>
<th>(Rm)</th>
<th>Revenue from providing banking services, trading, insurance, etc</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>25 997</td>
<td>24 140</td>
</tr>
</tbody>
</table>

### CLR

<table>
<thead>
<tr>
<th>(Bps)</th>
<th>Bad-debt charge on the loans we provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>79</td>
<td>161</td>
</tr>
</tbody>
</table>
Reflections from our Chief Financial Officer continued

Statement of comprehensive income

<table>
<thead>
<tr>
<th>Rm</th>
<th>Change %</th>
<th>2023</th>
<th>2022 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>14</td>
<td>41 470</td>
<td>36 277</td>
</tr>
<tr>
<td>Non-interest income and revenue</td>
<td>6</td>
<td>27 709</td>
<td>26 171</td>
</tr>
<tr>
<td>Share of gains of associate companies</td>
<td>64</td>
<td>1 443</td>
<td>879</td>
</tr>
<tr>
<td>Total income</td>
<td>12</td>
<td>70 622</td>
<td>63 327</td>
</tr>
<tr>
<td>Impairments charge on financial instruments</td>
<td>30</td>
<td>(9 605)</td>
<td>(7 381)</td>
</tr>
<tr>
<td>Net income</td>
<td>9</td>
<td>61 017</td>
<td>55 946</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>8</td>
<td>(38 059)</td>
<td>(35 329)</td>
</tr>
<tr>
<td>Indirect taxation</td>
<td>2</td>
<td>(1 129)</td>
<td>(1 102)</td>
</tr>
<tr>
<td>Headline profit before direct taxation</td>
<td>12</td>
<td>21 829</td>
<td>19 515</td>
</tr>
<tr>
<td>Direct taxation</td>
<td>4</td>
<td>(4 484)</td>
<td>(4 311)</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>48</td>
<td>(1 695)</td>
<td>(1 143)</td>
</tr>
<tr>
<td>Headline earnings</td>
<td>11</td>
<td>15 650</td>
<td>14 061</td>
</tr>
</tbody>
</table>

Nedbank Group

2024 outlook (at 7 March 2024)

**Net interest income**

*Key drivers:* NII increased by 14%, supported by 7% growth in AIEBA and an increase in the group’s NIM to an all-time high. 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, negative deposit spreads on savings and investment products, and negative asset pricing due to increased competition for good quality assets. NIM increased by 28 bps to 4,21%, driven primarily by a positive endowment impact due to higher interest rates, partially offset by a negative asset mix impact due to slower growth in high-yielding assets and negative liability and asset pricing largely due to increased levels of competition.

**Non-interest revenue**

*Key drivers:* NIR increased by 6%, 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 off a high base.

**Associate income**

*Key drivers:* Associate income increased by 64%, driven by a strong recovery in associate income relating to the group’s 21% shareholding in ETI and the reversal of the R175m estimate that Nedbank provided for in terms of its share of the associate income relating to the group’s 21% shareholding in ETI and the reversal of the R175m estimate that Nedbank provided for in terms of its share of the impact of the Ghanaian sovereign domestic debt restructure programme on associate income in its 2022 results.

**Impairments charge on loans and advances**

*Key drivers:* Impairments increased by 30%, 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) remained above its TTC target range of 60 bps to 100 bps. The yoy increase in the 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.

**Total operating expenses**

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

**Dividends**

*Key drivers:* A strong capital and liquidity position at 31 December 2023 supported the declaration of a final dividend that increased by 18%, bringing the increase in dividends per share for the year to 15%, both at a payout ratio of 57%.

NIR growth above mid-single digits

*Key drivers:* NIR growth was impacted by lower insurance income and equity investment income on US dollar capital. Trading revenue growth remained muted, while overall NIR growth was impacted by lower insurance income and equity investment income off a high base.

Associate income is likely to continue showing good underlying growth from ETI, although the base effect of the Ghanaian sovereign bond provision release in 2023 will create headwinds to growth in 2024.

CLR declines and returns to within the top half of the TTC target range

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.

Expenses growth around mid-to-upper single digits

The guidance reflects a continued focus on managing costs well in a more difficult environment, while absorbing new regulatory costs such as deposit insurance.

Dividend payments, subject to board approval, 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).
## Financial position

<table>
<thead>
<tr>
<th>Rm</th>
<th>Change %</th>
<th>2023</th>
<th>2022 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and securities</td>
<td>14</td>
<td>324 380</td>
<td>285 875</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>1</td>
<td>891 619</td>
<td>882 165</td>
</tr>
<tr>
<td>Other assets¹</td>
<td>12</td>
<td>95 409</td>
<td>84 864</td>
</tr>
<tr>
<td>Total assets</td>
<td>5</td>
<td>1 311 408</td>
<td>1 252 904</td>
</tr>
<tr>
<td>Total equity attributable to ordinary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>equity holders²</td>
<td>3</td>
<td>107 749</td>
<td>104 976</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>5</td>
<td>11 462</td>
<td>10 968</td>
</tr>
<tr>
<td>Amounts owed to depositors</td>
<td>5</td>
<td>1 087 645</td>
<td>1 039 622</td>
</tr>
<tr>
<td>Provisions and other liabilities¹</td>
<td>25</td>
<td>56 775</td>
<td>45 435</td>
</tr>
<tr>
<td>Long-term debt instruments</td>
<td>(8)</td>
<td>47 777</td>
<td>51 903</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>1 311 408</td>
<td>1 252 904</td>
</tr>
<tr>
<td>Assets under management</td>
<td>14</td>
<td>448 467</td>
<td>393 064</td>
</tr>
<tr>
<td>Key ratios (%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on equity²</td>
<td></td>
<td>15.1</td>
<td>14.1</td>
</tr>
<tr>
<td>Return on assets</td>
<td></td>
<td>1.21</td>
<td>1.14</td>
</tr>
<tr>
<td>NIM</td>
<td></td>
<td>4.21</td>
<td>3.93</td>
</tr>
<tr>
<td>CLR</td>
<td></td>
<td>1.09</td>
<td>0.89</td>
</tr>
<tr>
<td>Cost-to-income ratio²</td>
<td></td>
<td>53.9</td>
<td>55.8</td>
</tr>
<tr>
<td>CET1 ratio</td>
<td></td>
<td>13.5</td>
<td>14.0</td>
</tr>
</tbody>
</table>

1 Refer to note A4: Restatements in the group’s audited consolidated and separate annual financial statements for the year ended 31 December 2023.

### Banking loans and advances

**Key drivers:** Gross banking loans and advances increased by 3%. This growth was lower than the 7% growth in average banking loans and advances, primarily as a result of strong growth in CIB in the prior year, while actual 2023 growth was impacted by higher levels of client repayments and reduced placements with foreign correspondent banks in CIB.

### Amounts owed to depositors

**Key drivers:** Deposits increased by 5%. 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 and cash management deposits decreased, while term and fixed deposits increased.

### Liquidity and funding

We remain well funded, with a strong liquidity position, underpinned by a significant quantum of long-term funding through client term and fixed deposits, money market instruments and instruments issued in the capital markets; an appropriately sized surplus liquid asset buffer designed to absorb seasonal, cyclical and systemic volatility; a strong loan-to-deposit ratio; and low reliance on interbank and foreign currency funding.

### CET1 ratio

**Key drivers:** The change in the CET1 ratio reflects the impact of strong capital generation, including 2023 profits, the R5bn capital optimisation initiative, the payment of the 2022 final dividend and 2023 interim dividend, and an increase in risk-weighted assets (RWA), mainly due to movements in credit, market and operational risk.

### 2024 outlook (at 7 March 2024)

| Banking loans and advances growth at mid to upper single digits |
| Deposit growth ahead of loan growth |

Growth will be supported by our SPT 2.0 Strategy, solid growth in RBB and a strong pipeline strategy in CIB.

Our CET1 capital ratio is to remain above the top end of the board-approved target range of 11% to 12%.

### Case in point

**Our approach to managing interest rate risk**

At Nedbank we adopt a strategy of hedging all fixed-rate assets and liabilities back to the short end, resulting in both sides of our balance sheet (assets and liabilities) effectively floating or repricing in the overnight-to-3-month bucket for changes in interest rates. This ensures that the economic value of equity remains intact when interest rates change, thereby protecting the group’s NAV. Post hedging, Nedbank’s residual NII sensitivity is therefore attributable to endowment sensitivity relating to non-rate-sensitive transactional deposits and equity, net of working capital, as these funds are deployed into interest-rate-sensitive assets. As a result, as interest rates rise, Nedbank earns higher endowment income on these balances and, conversely, lower endowment income as rates fall.

### Our 2024 pipeline strategy

- Strategy, solid growth in RBB and a strong pipeline strategy in CIB.
- Growth will be supported by our SPT 2.0 Strategy.
Medium- and long-term ROE targets

Our medium- and long-term targets (page 55), disclosed for the 1st time at the start of 2022, were based on the macroeconomic assumptions we set in February 2022 and ongoing delivery on our strategic initiatives as key enablers as discussed on pages 55 to 67. Since then, the environment has become more difficult, yet strategic execution has been effective. While reaching our 2023 targets was an important milestone for Nedbank, we know that more needs to be done to continue increasing our ROE towards 17% (by 2025) and to 18% or more in the long term. Achieving them will support an increase in our price-to-book ratio to create shareholder value.

Our equity story – the path to 17% ROE

<table>
<thead>
<tr>
<th>Year</th>
<th>Solid NII growth</th>
<th>CLR within target range</th>
<th>Strong NIR and associate income growth</th>
<th>Managing expenses growth for + Jaws</th>
<th>Active capital management</th>
<th>17% target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>15.1%</td>
<td>15.0%</td>
<td>15.0%</td>
<td>15.0%</td>
<td>15.0%</td>
<td>15.0%</td>
</tr>
<tr>
<td>2025</td>
<td>16.0%</td>
<td>16.0%</td>
<td>16.0%</td>
<td>16.0%</td>
<td>16.0%</td>
<td>16.0%</td>
</tr>
</tbody>
</table>

To achieve a 17% ROE by 2025, it is expected that revenue will grow ahead of expenses in 2025, driving a lower cost-to-income ratio, and that the group’s CLR will return towards the middle of the target range while we continue to actively manage our capital base. We expect the following:

1. **Solid NII growth**, supported by good advances growth, including unlocking renewable energy and other infrastructure opportunities in CIB, delivering on our SPT 2.0 objectives across deposits and advances, and supporting SDF in line with our ambitions. NIM is expected to decline slightly, primarily because of a change in the assets mix. Endowment income contribution will remain elevated in 2024 but decline slightly in 2025 as the South African average prime interest rate is expected to remain at similar levels in 2024 and decline to only 10.6% in 2025 from 11.4% in 2023.

2. **The CLR will return to within the group’s TTC target range in 2024 of 60 bps to 100 bps, and closer to 80 bps in 2025. Illustratively, a CLR decline from 109 bps (2023) to 80 bps (mid-point of the target range) on R885bn loans and advances equates to a R2.6bn decline in the pre-tax impairment charge or R1.9bn additional HE.**

3. **Strong NIR growth**, driven by ongoing main-banked client gains, higher levels of cross-sell, good deal flow linked to advances growth in CIB, the unlock of the large insurance income opportunity across our retail client base, and ongoing strong associate income growth from our investment in ETI.

4. **Expense optimisation** remains top of mind, with a focus on delivering the remaining TOM 2.0 initiatives and identifying new TOM 2.1 benefits. The group IT amortisation charge is expected to decline further as our ME technology investment completes by the end of 2024.

5. **The run rate benefits of the R5bn capital optimisation initiative will continue into 2024 and 2025, while our active approach to capital management, as discussed on page 54 (trade-offs), will support dividend payouts at the top end of the group’s payout ratio (57%), subject to board approval, and further capital optimisation will be considered, if appropriate.**
Reflections from our Chief Financial Officer continued

Audit firm rotation
In Q4 of 2023 KPMG was appointed as a joint external auditor of Nedbank and Nedbank Group for the financial year ending 31 December 2024, following a comprehensive tender process. Deloitte & Touche will rotate off the companies’ audits on conclusion of its external audit responsibilities for the year ending 31 December 2023, expected to happen at the conclusion of the relevant AGMs. KPMG will provide its services alongside Ernst & Young, who has been nominated to remain the joint external auditor of the companies, subject to shareholder approval at the AGMs.

CE and CFO internal financial control responsibility
Nedbank continues to maintain a strong risk culture and has implemented adequate and effective internal financial controls to confirm the integrity and reliability of the bank and group financial statements. These controls safeguard, verify and maintain accountability of our assets, are based on established policies and procedures, and implemented by trained and skilled employees whose duties are duly segregated. As a result, Mike Brown (CE) and I (Mike Davis) as CFO have made the appropriate attestation required by the JSE.

Appreciation
I would like to express my heartfelt gratitude to my colleagues on the board and Group Exco for your unwavering support and guidance during yet another challenging year. A special thank you to the diligent and committed finance, risk, balance sheet management, and strategy teams across the group for finalising our 2023 reporting and ensuring that we uphold our high standards and professionalism, as demonstrated by the various reporting awards that Nedbank received in 2023. I am also grateful to all our shareholders and the wider investment community, both locally and internationally, for your ongoing investment and interest in Nedbank Group, and I look forward to further engagements in 2024.

A special word of appreciation to Mike Brown, with whom I’ve worked closely over the years in his roles as both CFO and CE. I would like to recognise Mike’s significant contribution to the Nedbank Group, the financial industry and country as a whole. I wish Mike all the best on his journey from here.

I welcome our CE-designate, Jason Quinn, who I know through our CFO roles and the finance Group, the financial industry and country as a whole. I wish Mike all the best on his journey from here.

Mike Davis
Chief Financial Officer

Board oversight – ensuring and protecting value
Group Audit Committee (GAC)

The GAC oversaw the strengthening of Nedbank’s balance sheet and the delivery of a strong financial performance in 2023, despite the difficult operating environment. The GAC continued to focus on enhancing the integrity of financial and corporate reporting through proactive identification and resolution of audit and technical matters, enhanced financial reporting controls review of financial results, the internal financial control environment, the integrated reporting process. In addition the GAC continued to oversee the audit firm rotation process.

Stanley Subramoney, Chairperson

Ensuring and protecting value in 2023
• Recommended to shareholders the appointment of KPMG in a shadow capacity for the year ending 31 December 2023 to shareholders.
• Nominated Deloitte & Touche and Ernst & Young Inc as the external auditors for Nedbank Limited and Nedbank Group Limited for the year ending 31 December 2023. The appointment of KPMG, in a shadow capacity, resulted in improved voting outcomes for the auditor appointment at the 2023 annual general meeting.
• Considered the control deficiencies identified via the group’s 3 lines of defence (1st line via cluster finance and risk functions, 2nd line via Group Finance and Group Risk and 3rd line via GIA), as well as the appropriateness of management’s response, including remediation, reliance on compensating controls and additional review procedures.
• Approved the external auditors’ 2023 annual plan and related scope of work, confirming suitable reliance on GIA and the appropriateness of key audit risks identified.
• Reviewed findings and recommendations of the external auditors and confirmed that there were no material unresolved findings.
• Reviewed the 2023 audited annual financial statements and related disclosures and recommended them to the board for approval.
• Ensured that GIA performs an independent assurance function and monitored the effectiveness of the GIA function in terms of its scope, execution of its plan, coverage, independence, skills, staffing, overall performance and position within the organisation.

Focus for 2024 and beyond
• Continue to focus on ensuring that the group’s financial systems, processes and internal financial controls are operating effectively.
• Ensure a smooth transition for KPMG to ensure minimal disruptions to the 2024 year-end audit process.
• Ensure that there is meaningful engagement, through the College of Audit Committee Chairs, between the GAC chairperson and the chairpersons of subsidiary audit committees.
• Monitor the implementation of the JSE Listings Requirements, including the effectiveness of internal financial controls.
• Monitor audit firm rotation at a subsidiary level.
• Oversee the assessment of the impact of implementing the new accounting standard dealing with presentation and disclosure in financial statements (IFRS 18), once the final version of the new standard is published.

Top 10 risks
- Business
- Credit
- People
- Operational
- Capital

A comprehensive GAC Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.
Our solid financial performance in 2023 enabled us to create value for employees (remuneration), clients (investments in the Nedbank franchise to enhance client experiences), shareholders (dividends), regulators (tax paid) and society (socioeconomic spend) as well as retain profits to support future growth. The value we added, as shown in the graphs, increased across all categories.

¹ Includes non-interest income, impairments charge on non-financial instruments and sundry gains or losses items, and share of profits of associate companies.
² Value is allocated to shareholders in respect of cash dividends (excluding the underlying value of capitalisation shares awarded) and income attributable to non-controlling shareholders.
³ Includes expenses relating to computer processing, communication and travel, occupation and accommodation, marketing and public relations, as well as fees and insurances.
⁴ Includes direct and indirect tax, payroll tax, dividends withholding tax, and other taxes.
Employees – Investing in our employees

Value creation, preservation and erosion in 2023

- Employee engagement and satisfaction levels remained high as evident in our 2023 'great place to work' employee NPS of 20 (2022: 22), the 2nd-highest since inception of our employee Pulse surveys.
- We paid employee salaries and benefits of R21,1bn (2022: R19,9bn) and concluded annual salary increases with our bargaining-unit employees at 7%, ahead of non-bargaining-unit employee increases of between 5% and 6%. In 2024 bargaining-unit increases have been concluded at similar levels and non-bargaining-unit employees at 5%.
- Our hybrid work model saw 67% of our employees work in some hybrid fashion. This promotes flexibility and allows employees to return to the workplace in an integrated and natural manner, while it has become an attractive value proposition for new hires.
- We continued to focus on DEI as a key imperative to ensure that Nedbank remains relevant in a transforming society. We remain strongly representative of a diverse talent complement, with 82% of total employees being black African, Coloured or Indian (ACI), improving from 81% in 2022, while we continue to record improvements in ACI employee representation at senior- and middle-management levels. Total female employee representation remained at 62%.
- Skills development spend in 2023 increased to R1 169m (2022: R939m), and employees were encouraged to use the Flow Time Wednesday afternoons for upskilling and online learning as we increase the learning culture within the organisation.
- We maintained our focus on the physical, mental, and financial well-being of our employees by continuing to provide well-being solutions and interventions. In light of a more difficult environment, Nedbank increased its support to employees through various financial education awareness programmes and financial support initiatives. Our 2023 employee survey indicated that employees are confident that Nedbank cares about their well-being, with a favourable score of 70% (similar to the March 2022 survey result).
- Employee attrition improved to 9.2% from 10.6% in 2022 and remained below the industry benchmark of 11% to 13%.
- Our Agility Centre successfully redeployed 421 employees into alternative roles within Nedbank, while 75 employees have regretfully been retrenched because of necessary operational changes (2022: 63). A key focus has been on reskilling and upskilling to enable employees to transition into internal or external roles.

Case in point

Strategic partnerships with learning institutions

Our partnership with the University of Johannesburg was established to deepen our skills and insights, specifically the areas of digital and alternative energy. Upskilling and reskilling initiatives have reached approximately 2 000 employees through short-learning programmes, masterclasses, webinars, formal programmes, cocreated programmes, and professors lecturing in our internal programmes and academies.

Our engagement with the relevant faculties and thought leaders brings real-time learning on demand, discussing top-of-mind topics such as data-driven innovation, cybersecurity, big data analytics, 4th Industrial Revolution for professionals in business, machine learning, and predictive analysis for business decisions.

In addition, we have been able to source talent from within this environment and offer bursaries to students. We have also reached out to other universities in SA to build wider institutional capability to attract and develop talent and research capabilities in the regions where we operate.

Case in point

Internal talent mobility

Nedbank is not just a great place to work, but also a great place to grow. We pride ourselves in fostering an environment where career growth and advancement are actively supported. Our talent mobility practice provides employees with opportunities for career advancement, skills development and personal growth in different areas of the organisation, while ensuring that we have sustainable access to the right talent and skills at the right time to meet our rapidly evolving business needs.

In 2023, 4 761 employees transitioned to roles of similar level in different areas of the business (lateral growth) and higher-level roles (vertical growth) within the organisation. This resulted in an internal talent mobility rate of 21%, which exceeded the annual target of 20%. Aligned with our commitment to DEI, black (ACI) employees accounted for 86% of these opportunities and female employees made up 65% of internal mobility candidates.

A priority in the short- to medium-term is leveraging the power of AI, data and technology to enable an internal talent marketplace that effectively deploys and develops our existing workforce. Our focus on talent mobility allows us to be more responsive to business requirements, while retaining our top talent by meeting their career aspirations.
**Clients – delivering market-leading client experiences**

**Value creation, preservation and erosion in 2023**

- Client satisfaction levels remained at market-leading levels, evident in the following metrics:
  - #1 in NPS among large South African banks for 2 years in a row (from #3 in 2019) as measured by the Kantar NPS survey.
  - #1 among South African banks in social-media net sentiment as measured by Brandwatch.
  - #1 in NPS in Eswatini and Mozambique and leading in brand sentiment in Lesotho and Zimbabwe.
  - In recognition of the value-add to our clients and our leadership position in key industries, segments and products, we won various awards, as shown below.
- Our clients’ access to banking improved as they continue to shift to digital channels, specifically our apps, where iOS and Android app stores’ ratings remain high. Digitally active retail users increased by 11% to 2.9 million (up by 62% since 2019). During the year we increased the number of Imagine branches, being more digital and sales- and advice-focused, to 386 (71% of total branches from 39% in 2022).

- We supported clients by advancing R332bn (2022: R341bn) in new loans to enable them to finance their homes, vehicles and education, as well as grow their businesses in support of the UN SDGs.
- Nedgroup Investments saw an increase in client AUM of 14% to R448bn. The business is ranked the 3rd-largest offshore manager for the 6th year in a row, is the 6th-largest South African manager according to Q4 2023 ASISA stats and won the award for Best South African Multi-Asset Medium Equity Fund at the 2023 Raging Bull Awards.
- We safeguarded R1.1tn of deposits at competitive rates, reflecting in our market share gains in retail deposits.
- Average bank fee increases were retained below inflation and the launch of our MiGoals product suite assisted Nedbank’s favourable ranking among peers as highlighted in the case in point.
- We received 70 860 client complaints in 2023 (2022: 87 239), representing only 1% of our total client base.

**Case in point**

### Assisting clients during difficult times

To support our clients during difficult times, we offer tailored payment plans to help address their financial distress and normalise their payment obligations. While being mindful of all regulatory requirements, we strive to help clients who have temporarily fallen behind on loans keep their homes or vehicles by providing restructures that reduce their monthly debt payments to get them back on track. We also encourage clients to consolidate their existing debt, thereby lowering their monthly debt repayments and assist 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 assisted a further 15 500 clients to sell their assets on the open market through our Assisted Sales Programme. Restructures amounted to R4.4bn, up by almost 70% yoy.

**Competitive bank fees**

The launch of our 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. We were recognised as best-priced in the higher middle-class income segment and 2nd best in the middle-class income segment. In the low-income segment, Nedbank ranked #3 among the big 5 retail banks. We were also commended for the progress made on competitiveness as well as the transparency and simplicity of fees.
Value for stakeholders continued

Shareholders – delivering consistently to our shareholders

Value creation, preservation and erosion in 2023

- All key financial drivers of shareholder value creation improved in 2023. DHEPS increased by 14%, ROE improved to 15.1%, above the group’s cost of equity, and NAV per share increased by 8%. The group’s dividend yield at 8.8% remains attractive, supported by a 15% increase in dividend per share. The achievement of our 2023 financial targets was a key milestone towards our medium- and long-term targets (shown on page 55) and achieving higher ROEs will underpin ongoing shareholder value creation.

- To enable the group to grow and protect against downside risk, we reported strong capital and liquidity positions, while successfully executing the R5bn capital optimisation initiative that was beneficial to ROE and per-share metrics. Looking forward we will continue to actively manage our capital position.

- Eligible shareholders who participated in the odd-lot offer received a 5% premium on the 10-day volume-weighted average price (VWAP) of the Nedbank Group ordinary share at the close of business on Monday, 19 June 2023, without incurring any transaction costs or brokerage fees.

- In acknowledgement of Nedbank’s leadership and ongoing progress on ESG-related disclosures, our ESG ratings remain towards the top end of global banks as shown on page 23.

- 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 2nd year in a row. We also ranked #1 for best market communications, #1 for best integrated report, #2 for best disclosure of ESG metrics, and #7 for most accessible management.

- Following 2 years of share price outperformance, the Nedbank Group share increased by only 2% in 2023, underperforming the South African Banks Index, which increased by 11%. Including dividends, Nedbank delivered a respectable total shareholder return of 10%.

Key shareholding changes

Our shareholding profile reflects a large and diversified group of long-term oriented shareholders, a growing foreign shareholder base at a time when international investors have been net sellers of South African equities, and an ongoing increase in index-classified shareholdings.

Index-classified shareholding

Foreign shareholding

<table>
<thead>
<tr>
<th>Major shareholders/managers</th>
<th>% holding</th>
<th>% holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Investment Corporation (SA)</td>
<td>▲ 14.8</td>
<td>13.6</td>
</tr>
<tr>
<td>Allan Gray Investment Council (SA)</td>
<td>▼ 9.4</td>
<td>9.8</td>
</tr>
<tr>
<td>Coronation Fund Managers (SA)</td>
<td>▲ 4.9</td>
<td>4.6</td>
</tr>
<tr>
<td>BlackRock Incorporated (international)</td>
<td>▲ 4.5</td>
<td>4.0</td>
</tr>
<tr>
<td>Dimensional Fund Advisors (international)</td>
<td>▲ 3.8</td>
<td>1.1</td>
</tr>
<tr>
<td>Nedbank Group treasury shares</td>
<td>▲ 4.8</td>
<td>4.7</td>
</tr>
<tr>
<td>The Vanguard Group Inc (international)</td>
<td>▲ 3.8</td>
<td>3.3</td>
</tr>
<tr>
<td>GIC Asset Management (Pty) Ltd (international)</td>
<td>▼ 3.4</td>
<td>5.6</td>
</tr>
<tr>
<td>Sanlam Investment Management (SA)</td>
<td>▲ 3.1</td>
<td>2.4</td>
</tr>
<tr>
<td>Lazard Asset Management (international)</td>
<td>▼ 2.7</td>
<td>2.9</td>
</tr>
</tbody>
</table>

Source: JP Morgan Cazenove and Vaco Ownership
Key topics of discussion

We proactively communicate our financial performance, strategy, and progress on ESG matters to shareholders through transparent disclosures and an active and highly rated investor relations programme. Our management meets regularly with the investment community while our board, through our chairperson, lead independent director and other boardmembers engagements on ESG-related matters. The following were key topics of discussion during 2023:

SA macroeconomic developments – Nedbank management is highly regarded for consistently providing insights and disclosures relating to the macroeconomic environment in SA, joint government and business initiatives, and developments in the financial services landscape. In 2023 the focus was on SA’s energy challenges, renewable energy developments and opportunities, as well as prospects for GDP growth, interest rates, inflation expectations, and regulatory developments. These are discussed in more detail on pages 43 and 44.

Higher impairments in the consumer segment of RBB and stressed exposures in CIB – The RBB impairment charge increased by 29% in 2023 as a result of the pressure experienced by consumers due to the more difficult macroeconomic environment. Focused management interventions in H2 of the year delivered benefits, including better collections and loan origination. CIB impairments increased by 17% given the resolution of material stage 3 loans. On the back of the actions taken in 2023 we would expect lower impairments in both these businesses in 2024, supporting the group’s CLR returning to within its targets range.

Improving the group’s financial metrics beyond its 2023 targets – The progress we have made towards our 2023 financial targets have prompted investor discussions around how Nedbank aims to achieve its medium- and long-term cost-to-income ratio and ROE targets as shown on page 79. Investors acknowledge that achieving a higher ROE could see the group’s price-to-book ratio improving from around 1,0 times closer to 1,3 times (based on an ROE of 17%). Our CFO discussed the path to a 17% ROE (equity story) in more detail on page 79.

Digital progress and technology strategy – Comparing the technology and digital strategies of various banks are top of mind for investors. In this context, Nedbank’s ME IT build is regarded as very successful, driving both revenue growth and cost efficiency as discussed on page 56, as well as enhanced client experiences. On page 57, we share the strong digital trends evident in our business.

Capital considerations post the group’s R5bn capital optimisation initiative – Shareholders were very pleased with the successful execution of the group’s R5bn capital optimisation initiative. A strong CET1 ratio, well above board-approved targets of 11% to 12% and R12bn of average surplus capital, continued to prompt questions around capital considerations. We believe that having a CET1 ratio above our target range in an uncertain environment is prudent, but our active approach to capital management, as discussed on page 23, will ensure that we balance prudence, growth, higher returns, and shareholder value creation.

The impact of lower interest rates (endowment) – Our active approach to interest rate risk management continues as we manage the group’s endowment position to offset the impact of changes in impairments through interest rate cycles. In 2023 the incremental endowment benefit from higher interest rates continued to offset the incremental increase in impairments. This net benefit is expected to remain intact in 2024 and 2025 as average interest rates in 2024 are likely to remain at similar levels to 2023, and lower NII endowment due to lower interest rates is expected to be offset through lower impairments in 2025.

Succession planning and the appointment of an external candidate as CE – Nedbank has a commendable track record in succession planning, evident in the various internal appointments to our Group Exco over the years, which demonstrates our ability to develop talent internally. When succession opportunities arise, it is helpful to benchmark internal candidates against external talent. The selection of an external candidate for the CE role does not detract from the quality of our internal candidates, as evidenced by a strong line-up of internal and external contenders who were considered.
We regularly engaged with more than 15 different regulators, and 165 regulatory developments were applicable to the group in 2023. Through a formalised Regulatory Affairs process, regulatory developments are analysed to determine their relevance and impact on the business, with a total of 5,573 acts (new or amended), notices, directives, regulations, and consultation papers considered during the year. Through proactive engagements to assess and mitigate regulatory risk, the group ensures that it addresses any impact and effectively participates in regulatory consultation processes, either through industry associations or directly with government, regulators, and policymakers.

During the year we paid R13.2bn in direct, indirect and employee taxes to support the governments and societies where we operate, representing an increase of 15% on 2022 (SARS).

We continued to work closely with the government, regulators and BASA to ensure the safety and soundness of the South African banking system. Key developments in 2023 and beyond include the following:

- **Basel III reforms** – 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 capital floor requirements. We are working through the various committees and subcommittees to optimise not only 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.

- **Positive cycle-neutral countercyclical capital buffer (PC CCyB)** – The PA proposed increasing the CCyB rate from 0% to 1%, effective from January 2026, which will increase the regulatory minimum capital requirement and consequently impact the group’s surplus capital position, if implemented.

- **Deposit insurance** – The Corporation for Deposit Insurance (CODI) will become fully operational 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.

- 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 achieved a strong capital position, with a group tier 1 capital ratio of 15.0% and a CET1 ratio of 13.5% respectively. This includes the execution of our R5bn capital optimisation initiative, which is well above the SARB regulatory minimum of 12% as well as our board-approved targets of more than 11% to 12%. Our forecast capital ratios are projected to operate well above the regulatory minimum and above our board-approved targets (SARB).

- We continue to maintain a strong liquidity position, with Nedbank Group achieving an LCR of 135% in December 2023 (above the minimum regulatory LCR requirement of 100%). The structural liquidity position of Nedbank remains resilient, with the group maintaining an NSFR of 117% (SARB), exceeding the minimum regulatory requirement of 100%.

- We retained our level 1 BBBEE contributor status for the 6th year in a row (FSC).

- We received fines, administrative sanctions or penalties to the value of R17m (2022: R25m) relating to the contravention of regional-specific regulator or legislative requirements in the UK and some SADC countries outside of SA. Many of these cases were self-identified and shortfalls were rectified.

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**Case in point**

**Market-leading tax disclosures**

Being transparent about our approach to tax and the taxes that we contribute to governments are key principles and performance metrics in building trust with our stakeholders and SARS, which is our primary tax regulator.

We continuously aim to align our tax transparency disclosure to global and local standards and guidelines. In the 8th edition of PwC’s ‘Building Public Trust through Tax Reporting’ publication in SA, Nedbank achieved #1 for our tax disclosures among the top 100 companies listed on the JSE. The independent judging panel noted that ‘Nedbank provided well-articulated and comprehensive reporting in all categories and addressed most of the criteria of the framework’.
Value for stakeholders continued

Society – delivering impactful and purpose-led value

Value creation, preservation and erosion in 2023

As a purpose-driven organisation that leverages our financial expertise to do good, our purpose guides our business strategy, behaviours, and short- and long-term actions. We are committed to reducing systemic risks to the environment and society, while delivering significant and long-term societal value.

We use the Nedbank Sustainable Development Framework to focus our sustainable development efforts and to identify business opportunities, risks, and cost savings. These opportunities and savings are potentially enormous, estimated to have a global value of trillions of dollars every year.

We prioritise 9 of the 17 SDGs where we can deliver meaningful impact through innovation in our banking products, lending, and investment practices. Our sustainable development finance (SDF) commitment is realised on the 3 pillars of sustainable finance, financing the transition, and financial inclusion. These pillars, combined with our approach to human capital, transformation, human rights, corporate social investment (CSI), and market conduct, inform and enable our business strategy and guide our focus on creating positive impact.

Nedbank Sustainable Development Framework

These SDGs guide our climate change response.

Sustainable development finance

**SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

- We offer **student loans** that cover more than just tuition fees, taking a comprehensive approach that includes other educational expenses such as textbooks, accommodation, and transport. Our loans are designed to support students throughout their studies, regardless of their financial needs. Over the past 5 years, we have disbursed over 3 670 student loans worth R243m. In 2023 we provided R61m (2022: R80m) in student loans to help 1 099 students (2022: 934).

- Recognising the pivotal role of **accommodation** in a student’s success, we have taken a leading role in funding student housing and addressing the lingering accommodation shortage that has historically left 80% of students without on-campus housing. Our current student housing exposure is R5bn, and we have created 43 892 beds since 2015. In 2023 we continued this commitment, with total loans amounting to R1,4bn (2022: R2,0bn), resulting in a further 957 new beds to further enhance SA’s educational landscape.

<table>
<thead>
<tr>
<th>Number of students financed (Number of students)</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>759</td>
<td>677</td>
<td>575</td>
<td>934</td>
<td>1 099</td>
<td></td>
</tr>
</tbody>
</table>

**SDG 6: Ensure availability and sustainable management of water and sanitation for all**

- We are committed to playing a pivotal role in fostering effective water partnerships and investments, which are crucial for sustainable socioeconomic development. However, given the reliance on the public sector and business readiness, investing continues to be a challenge. Despite droughts, water shortages, water restrictions, shutdowns and looming day zeros in many metros, the public and private sectors are still struggling to recognise the risks that operations are exposed to concerning reliable water supply and invest accordingly. This is evidenced in the levels of water support business achieved in 2023. While we have over R1,1bn of exposure to water projects across the group, we did not have any material deals that paid out this year (2023: R215m; 2022: R514m).

- We aim to **reduce water usage** in our own offices by 40% by the end of 2025, based on 2019 levels. This target equates to 152 900 kℓ or 8,0 kℓ per full-time employee (FTE), whichever is met first. In 2023 the total water consumption across all Nedbank campus sites increased by 9,8% from 144 955 kℓ to 159 105 kℓ or 9,02 kℓ per FTE.

- Since 2019 the WWF Nedbank Green Trust has distributed R85m to 56 conservation projects around SA. Ten of those projects, constituting an investment of R13m, were focused on protecting and managing freshwater habitats and water sources, thereby improving water quality and quantity for people and nature.

- We have achieved net-zero operational water usage since 2018.

40% reduction by the end of 2025

Nedbank target

External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner’s Limited Assurance Report on selected key performance indicators.
Our commitment to achieve net-zero carbon emissions by 2050, supported by our Energy Policy, guides us to maintain our strong support for the energy transition and the increasing integration of renewable energy.

In 2023 we made considerable progress in closing several renewable energy deals in the government procurement programmes. Following lengthy delays, we successfully closed 2 deals under RMIPP PPP and 2 deals under REIPPPP round 5, along with 2 deals from prior rounds. In 2024 we anticipate closing a further 5 deals for which we are the mandated lead arranger. These will contribute 540 MW in additional capacity, supported by R7bn in new facility limits. To date we have supported 3.5 GW from REIPPPP rounds 1 to 4 (out of a total 6.3 GW added), and our 2023 activity will add a further 330 MW when the projects come online.

Our ability to be an innovative banking partner, collaborating with our clients to land impactful solutions and support them on their energy transition journeys, has resulted in a robust and growing pipeline of private power generation project financing in the commercial and industrial space. Our activity in this space has increased significantly, supported by the liberalisation of the electricity supply sector and clients’ needs for affordable, reliable and clean energy. This is evidenced by the 3 deals we closed in 2023, worth 168 MW in asset payouts for small-business development during the year.

SimplyBiz®, our free business development platform, was designed to support entrepreneurs at every stage, whether they are brainstorming ideas, starting up, growing, or running established businesses. The platform is dedicated to equipping approximately 47 000 registered businesses with the tools they need for efficient and sustainable operations. SimplyBiz provides a suite of services to foster entrepreneurial success, assists with a range of funding options, and offers practical guides as well as 1-on-1 coaching.

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 305 000 business clients, assisting with their transactional, payment, investment, and financing needs. Our specialised services extend to sectors such as medical, franchising, and agriculture. We are proud to have facilitated R4bn in asset payouts for small-business development during the year.

In 2023 our small-business bankers supported 305 000 business clients, assisting with their transactional, payment, investment, and financing needs. Our specialised services extend to sectors such as medical, franchising, and agriculture. We are proud to have facilitated R4bn in asset payouts for small-business development during the year.

In 2023 we welcomed our 4th 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 young individuals have been afforded the opportunity of employment through participating in Nedbank’s YES Programme. To date, 1140 of them have been permanently employed within Nedbank and our YES Programme partners.

Case in point: Nedbank Business Ignite sponsorship
Nedbank Business Ignite, in partnership with Primedia Broadcasting, is a business mentorship programme in SA. Targeting SMEs with a turnover between R2m and R5m, the initiative underpins our commitment to economic growth and job creation through SME support. In 2023 we celebrated the 11th year of the partnership with 702 and CapeTalk, and the theme for the competition was 'Boosting small businesses in doing big things during tough economic times'. Business coach, Thuli Magubane, steered the programme, which provided 6 winners with business support packages worth R140 000 each, including cash, coaching, and media exposure.
Nedbank is focused on investing in green and sustainable buildings that improve the quality of life for occupants, reduce carbon emissions and deliver positive impacts in terms of waste management and water stewardship. We evaluate properties based on their attainment of green certifications like Edge and Green Star, as well as the incorporation of sustainable features such as solar PV, wind or hydropower solutions, rainwater harvesting, and advanced water systems including black- and greywater recycling.

Our commitment to sustainability is reflected in our financial exposure, with R15bn invested in properties with sustainable features, termed ‘green aspects’. Through these investments, we are not just financing buildings; we are actively fostering a future where living spaces are in harmony with the planet.

Access to adequate housing is a key challenge of democratic SA, given lingering backlogs in the provision of housing amid steadily rising demand. To help address this matter, we approved R1,9bn (2022: R952m) in funding to help address this matter. To help address this matter, we approved R1,9bn (2022: R952m) in funding in 2023 for the development of affordable housing for lower-income households.

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.

Affordable housing loans (Rbn)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,10</td>
<td>0,69</td>
<td>0,64</td>
<td>0,55</td>
<td>1,9</td>
</tr>
</tbody>
</table>

Sustainable production practices have become increasingly important as companies recognise the need to address their environmental impact. Companies are doing this by implementing circular economy initiatives, which aim to keep resources in use for as long as possible through recycling and reusing. This shift in mindset requires a comprehensive understanding of the entire supply chain and identifying areas where waste can be minimised.

Our shade netting finance offer in the horticulture sector, totalled R15.5m in 2023 (2022: R43m) in 2023. The low interest reflects the challenges experienced by citrus producers such as poor infrastructure (ports and roads), energy shortages and higher associated costs. 2024 is looking more positive as farmers start investing in shade netting again.

Our sustainable agriculture funding solutions aim to address the challenges farmers face due to climate change. These challenges include reduced rainfall and increased temperatures, which make it difficult for farmers to produce food sustainably. The sustainable agriculture solutions help farmers to improve their farming practices, such as water conservation and storage, improved soil health, advanced irrigation techniques, and shade-netting to minimise evaporation. The solutions are offered either directly or via financing cooperatives.

SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable

SDG 12: Ensure sustainable consumption and production patterns

SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems

The financial sector has a pivotal role to play in addressing nature’s loss and protecting and restoring biodiversity. There is a direct link between nature impact (both positive and negative) and our business activities through those of our clients. Our efforts to protect and restore nature build on the work we are doing to move towards a net-zero economy as well as the investments we have already made into strengthening biodiversity and nature.

Working with WWF to raise awareness and educate: A guide titled ‘Gums, Bees and Biodiversity’ was created for landowners to help raise awareness and provide guidance for action.

We have published our first Nature Position Statement. It builds on our Climate Position Statement, acknowledging that nature and climate are inextricably linked. It explains how Nedbank understands nature, its current state, and what must be done to restore it. It commits the bank to a path that is aligned with global best practice, forming the basis for our related strategies and the foundation on which policy and related nature commitments and targets can be set.

Responsible finance

We actively manage ESG and climate risks using the Nedbank Social and Environmental Management System (SEMS). In 2023 a total of 579 A3 deals (2022: 610) were assessed in CIB (excluding Property Finance), 1 695 (2022: 1174) clients were assessed in Commercial Banking. In addition 10 A3 deals to the value of US$911m (2022: 4 deals to the value of US$168m) were assessed under the Equator Principles.

As Nedbank, we affect nature through our lending, investments, loans, and insurance underwriting.

We recognise that land use change is driving nature loss and are cognisant of the varying degrees of impact different sectors have on nature and, accordingly, apply a differentiated approach across sectors.

Different ways of producing, consuming, and financing these activities will be considered to ensure that we can meet our current needs and support the well-being of future generations without destroying our natural resource base.

We have a responsibility to limit and ultimately reverse our negative impact on nature and, consequently, advance the resilience of SA’s society and economy.

Read our full newly released Nature Positioning Statement online at Nedbankgroup.co.za.

External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner’s Limited Assurance Report on selected key performance indicators.
We are dedicated to leading in sustainable finance, ensuring that the solutions and services that we provide not only meet today’s needs, but also address tomorrow’s challenges. Our approach integrates sustainability criteria directly into our debt-financing activities, strengthening our position as a market leader in ESG and sustainable finance.

In 2023 we expanded our financial offerings to clients, evident in the 35% increase in financial facilities that support environmentally and socially responsible initiatives.

Corporate social investment

Through the Nedbank Foundation we support interventions that have a positive, transformational and systemic impact on the South African economy, centred around green-economy activities in areas such as renewable energy, water, waste and recycling, as well as agriculture. In 2023 the total value of CSI support and investment delivered across our group was R154m (2022: R127m).

Responsible investment

In 2023 we submitted our 1st PRI assessment report, which revealed that our practices are consistent with those of other signatories in key areas such as policy governance and strategy, indirect active equity, indirect fixed income, and confidence-building measures. This assessment is a crucial step for us, not just to benchmark our performance, but also to identify areas for further improvement and to ensure that we are contributing to positive social and environmental outcomes through our investment decisions.
### Stakeholder value creation – key performance indicators

#### Value unlocks

<table>
<thead>
<tr>
<th>Value drivers</th>
<th>Link to executive remuneration</th>
<th>yoy change</th>
<th>2023</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>Outlook</th>
<th>Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits (Rbn)</td>
<td>Remuneration and benefits to employees</td>
<td>▲</td>
<td>21.1</td>
<td>19.6</td>
<td>18.0</td>
<td>16.8</td>
<td>17.3</td>
<td>Maintain competitive remuneration</td>
<td>[MO] [FS]</td>
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<tr>
<td>Annual salary increase – bargaining-unit employees (%)</td>
<td>Salary increases for bargaining-unit employees</td>
<td>▲</td>
<td>7.0</td>
<td>5.2</td>
<td>4.0</td>
<td>6.3</td>
<td>7.0</td>
<td>Above the increase for management</td>
<td>[MO]</td>
</tr>
<tr>
<td>Training spend (Rbn)</td>
<td>Investment in employee development</td>
<td>GCC ▲</td>
<td>1.17</td>
<td>0.94</td>
<td>1.10</td>
<td>0.92</td>
<td>0.76</td>
<td>Continue to invest in employees</td>
<td>[LA2]</td>
</tr>
<tr>
<td>Attrition (%)</td>
<td>Ability to retain and rotate skills</td>
<td>GCC ▼</td>
<td>9.2</td>
<td>10.6</td>
<td>9.3</td>
<td>7.1</td>
<td>10.8</td>
<td>Maintain</td>
<td>[MO] [LA1]</td>
</tr>
<tr>
<td><strong>ESG</strong></td>
<td>Great place to work ‘NPS’</td>
<td>Employee engagement drives higher levels of productivity</td>
<td>CPT ▼</td>
<td>20</td>
<td>22</td>
<td>19</td>
<td>17</td>
<td>7</td>
<td>Maintain above 20</td>
</tr>
<tr>
<td><strong>ESG</strong></td>
<td>Diversity, equity and inclusion (employment equity) - black employees (%)</td>
<td>The transformation of the Nedbank employee profile is broadly in line with demographics in society</td>
<td>GCC and CPT ▲</td>
<td>82.0</td>
<td>80.8</td>
<td>79.9</td>
<td>78.9</td>
<td>78.5</td>
<td>Continue driving diversity, equity and inclusion</td>
</tr>
<tr>
<td><strong>ESG</strong></td>
<td>Diversity, equity and inclusion (employment equity) - female employees (%)</td>
<td>Progressing gender diversity</td>
<td>GCC and CPT ▼</td>
<td>61.7</td>
<td>61.8</td>
<td>61.4</td>
<td>61.2</td>
<td>91.8</td>
<td></td>
</tr>
</tbody>
</table>

#### Clients

<table>
<thead>
<tr>
<th>Value drivers</th>
<th>Link to executive remuneration</th>
<th>yoy change</th>
<th>2023</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>Outlook</th>
<th>Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan payouts (Rbn)</td>
<td>New loan payouts to clients</td>
<td>▼</td>
<td>332</td>
<td>341</td>
<td>228</td>
<td>210</td>
<td>208</td>
<td>Continue extending credit</td>
<td>[MO]</td>
</tr>
<tr>
<td>Average annual price increase</td>
<td>Value-for-money banking</td>
<td>—</td>
<td>Below inflation</td>
<td>Below inflation</td>
<td>At inflation</td>
<td>At inflation</td>
<td>At inflation</td>
<td>Below inflationary increases</td>
<td>[MO]</td>
</tr>
<tr>
<td>Unit trust market share in SA (rank)</td>
<td>Investment performance for clients</td>
<td>GCC —</td>
<td>6th</td>
<td>6th</td>
<td>4th</td>
<td>4th</td>
<td>5th</td>
<td>Top 5 in the industry</td>
<td>[MO]</td>
</tr>
<tr>
<td>Investment performance in asset management business</td>
<td>Investment performance for clients</td>
<td>GCC —</td>
<td>2 category winners</td>
<td>2 category winners</td>
<td>None</td>
<td>1 category winner</td>
<td>1 category winner</td>
<td>Rating among top 3</td>
<td>[IN – Raging Bull Awards]</td>
</tr>
<tr>
<td>Nedbank Money app average rating (out of 5)</td>
<td>Delivering market-leading client experiences</td>
<td>GCC ▲</td>
<td>4.3</td>
<td>4.1</td>
<td>4.4</td>
<td>4.4</td>
<td>4.4</td>
<td>Maintain top rating</td>
<td>[IN – iOS and Android app stores]</td>
</tr>
<tr>
<td>Nedbank Private Wealth app average rating (out of 5)</td>
<td></td>
<td>GCC ▼</td>
<td>4.6</td>
<td>4.7</td>
<td>4.6</td>
<td>4.5</td>
<td>4.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Promoter Score</td>
<td>Overall satisfaction with our products and services</td>
<td>CPT and GCC —</td>
<td>#1</td>
<td>#1</td>
<td>#2</td>
<td>#2</td>
<td>#3</td>
<td>Continue strong performance in client satisfaction</td>
<td>[IN – Kantar; 2023–2019: Consulta]</td>
</tr>
<tr>
<td>Client complaints received (000)</td>
<td>Quality of service experience through effective complaints handling</td>
<td>GCC ▼</td>
<td>70.9</td>
<td>87.2</td>
<td>82.3</td>
<td>79.1</td>
<td>72.5</td>
<td>Committed to providing world-class service</td>
<td>[MO]</td>
</tr>
</tbody>
</table>

#### Assurance indicators

<table>
<thead>
<tr>
<th>Value drivers</th>
<th>Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESG External limited assurance on selected sustainability information [LA1] and the application of the Amended FSC and the group's BBBEE status [LA2]. Related opinions are available at nedbankgroup.co.za.</td>
<td>[LA1]</td>
</tr>
<tr>
<td>MO Management and board oversight through rigorous internal reporting governed by the group's ERMF.</td>
<td>[MO]</td>
</tr>
<tr>
<td>IN Information sourced from external sources, eg independent surveys.</td>
<td>[IN]</td>
</tr>
<tr>
<td>OV Independent oversight by regulatory bodies, including SARB, FSCA and various financial-sector ombudsman offices.</td>
<td>[OV]</td>
</tr>
<tr>
<td>FS Financial information extracted from the 2023 Nedbank Group Limited Audited Annual Financial Statements.</td>
<td>[FS]</td>
</tr>
</tbody>
</table>

*1 The nett value of ombudsman cases (972) [LA1] has received external limited assurance.*
### Stakeholder value creation – key performance indicators

<table>
<thead>
<tr>
<th>Value unlocks</th>
<th>Value drivers</th>
<th>Link to executive remuneration</th>
<th>yoY change</th>
<th>2023</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>Outlook</th>
<th>Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share price performance (%)</td>
<td>Share price appreciation</td>
<td>▲</td>
<td>2</td>
<td>21</td>
<td>35</td>
<td>-40</td>
<td>-22</td>
<td>Performance above peers</td>
<td>[IN – JSE]</td>
<td></td>
</tr>
<tr>
<td>Full-year dividend per share (cents)</td>
<td>Dividends for shareholders</td>
<td>▲</td>
<td>1 893</td>
<td>1 649</td>
<td>1 191</td>
<td>n/a</td>
<td>1 415</td>
<td>Grow strongly</td>
<td>[MO]</td>
<td>[FS]</td>
</tr>
<tr>
<td>Full-year dividend per share cover (times)</td>
<td>Dividends for shareholders</td>
<td>—</td>
<td>1.75</td>
<td>1.75</td>
<td>2.02</td>
<td>n/a</td>
<td>1.84</td>
<td>At the low end of the board range (1.75x to 2.25x)</td>
<td>[MO]</td>
<td>[FS]</td>
</tr>
<tr>
<td>Price-to-book ratio (times)</td>
<td>Valuation indicator of the Nedbank share</td>
<td>▼</td>
<td>0.9</td>
<td>1.0</td>
<td>0.9</td>
<td>0.7</td>
<td>1.2</td>
<td>#2 SA bank</td>
<td>[IN – JSE]</td>
<td></td>
</tr>
<tr>
<td>Net asset value per share (cents)</td>
<td>Growth in Nedbank book value</td>
<td>▲</td>
<td>23 192</td>
<td>21 533</td>
<td>20 493</td>
<td>18 391</td>
<td>18 204</td>
<td>Above nominal GDP, subject to capital actions</td>
<td>[FS]</td>
<td></td>
</tr>
<tr>
<td>MSCI ESG rating</td>
<td>ESG rating of most influential ratings agency</td>
<td>GCC</td>
<td>—</td>
<td>AAA</td>
<td>AAA</td>
<td>AA</td>
<td>AA</td>
<td>AA</td>
<td>Maintain ESG leader rating</td>
<td>[IN – MSCI]</td>
</tr>
<tr>
<td><strong>Regulators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CET1 ratio – Basel III (%)</td>
<td>Strength of capital position</td>
<td>GCC</td>
<td>▼</td>
<td>13.5</td>
<td>14.0</td>
<td>12.8</td>
<td>10.9</td>
<td>11.5</td>
<td>Above the board range of 11-12</td>
<td>[MO]</td>
</tr>
<tr>
<td>LCR ratio – Basel III (%)</td>
<td>Strength of liquidity position</td>
<td>GCC</td>
<td>▼</td>
<td>135</td>
<td>161</td>
<td>128</td>
<td>126</td>
<td>125</td>
<td>&gt; SARB minimum of 100</td>
<td>[MO]</td>
</tr>
<tr>
<td>NSFR ratio – Basel III (%)</td>
<td>Strength of stable funding</td>
<td>GCC</td>
<td>▼</td>
<td>117</td>
<td>119</td>
<td>116</td>
<td>113</td>
<td>113</td>
<td></td>
<td>[MO]</td>
</tr>
<tr>
<td>Notable regulatory fines or penalties paid (Rm)</td>
<td>Indicator of adherence to regulatory requirements</td>
<td>GCC</td>
<td>▼</td>
<td>&lt; 18</td>
<td>&lt; 25</td>
<td>&lt; 6</td>
<td>&lt; 7</td>
<td>&lt; 18</td>
<td>Zero, although the risk of fines has increased</td>
<td>[MO]</td>
</tr>
<tr>
<td><strong>ESG</strong> Taxes – direct, indirect and employees (Rbn)</td>
<td>Contribution to the fiscus</td>
<td>GCC</td>
<td>▲</td>
<td>13.2</td>
<td>11.5</td>
<td>11.2</td>
<td>8.7</td>
<td>11.6</td>
<td>Responsible taxpayer</td>
<td>[OV]</td>
</tr>
<tr>
<td><strong>ESG</strong> Consumer finance education – participants (000)</td>
<td>Value through education</td>
<td>▼</td>
<td>11.5</td>
<td>88.6</td>
<td>13.3</td>
<td>34.0</td>
<td>175.5</td>
<td>Maximum alignment of impact with strategy</td>
<td>[MO]</td>
<td>[LA2]</td>
</tr>
<tr>
<td><strong>ESG</strong> Total socioeconomic spend (Rm)</td>
<td>Contribution to society</td>
<td>▲</td>
<td>154</td>
<td>127</td>
<td>121</td>
<td>103</td>
<td>130</td>
<td>Spend &gt; R100m</td>
<td>[MO]</td>
<td>[LA2]</td>
</tr>
<tr>
<td><strong>ESG</strong> Local procurement spend (% of total)</td>
<td>Supporting local suppliers</td>
<td>GCC</td>
<td>▼</td>
<td>&gt; 75</td>
<td>&gt; 75</td>
<td>&gt; 75</td>
<td>&gt; 75</td>
<td>&gt; 75</td>
<td>Spend &gt; R75m</td>
<td>[MO]</td>
</tr>
<tr>
<td><strong>ESG</strong> Carbon footprint offset to neutral (tCO2e)1</td>
<td>The impact of our business on the environment and society</td>
<td>GCC</td>
<td>▼</td>
<td>122 643</td>
<td>128 149</td>
<td>132 847</td>
<td>137 540</td>
<td>188 443</td>
<td>Maintain carbon-neutrality</td>
<td>[MO]</td>
</tr>
<tr>
<td><strong>ESG</strong> SEMS deals reviewed</td>
<td>The impact of our business on the environment and society</td>
<td>GCC</td>
<td>▼</td>
<td>579</td>
<td>610</td>
<td>703</td>
<td>764</td>
<td>526</td>
<td>Enhance SEMS integration</td>
<td>[MO]</td>
</tr>
<tr>
<td><strong>ESG</strong> Finance assessed under the Equator Principles (US$m)</td>
<td>The impact of our business on the environment and society</td>
<td>▲</td>
<td>911 (10 deals)</td>
<td>168 (4 deals)</td>
<td>60 (1 deal)</td>
<td>45 (2 deals)</td>
<td>75 (1 deal)</td>
<td>Enhance Equator Principles integration</td>
<td>[MO]</td>
<td>[LA1]</td>
</tr>
<tr>
<td><strong>ESG</strong> Carbon footprint per full-time employee (tCO2e)</td>
<td>The impact of our business on the environment</td>
<td>GCC</td>
<td>▼</td>
<td>4.44</td>
<td>4.65</td>
<td>4.71</td>
<td>4.71</td>
<td>6.09</td>
<td>Continue reducing our impact through reduction targets</td>
<td>[MO]</td>
</tr>
</tbody>
</table>

---

1. Our carbon footprint offset to neutral from 2023 includes the scope 3 emissions from our supply chain in addition to the 113 339 tCO2e of emissions from our own operations. For more information on this enhancement to our methodology please refer to page 96 of our 2023 Climate Report. The change in methodology has been applied prospectively.

**Assurance indicators**

- **LA**: External limited assurance on selected sustainability information (LA2) and the application of the Amended FSC and the group’s BBBEE status. Related opinions are available at nedbankgroup.co.za.
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Rewarding for value creation

Strong 2023 performance – all targets for 2023 announced in March 2021 met

All drivers of shareholder value creation improved

- Return on equity (ROE) increased to 15.1%, now back above cost of equity (COE)
- Dividends per share up by 15%
- Headline earnings (HE) up by 11% and diluted headline earnings per share (DHEPS) up by 14%
- Cost-to-income ratio improved to 53.9%

GP increases 2024, effective April 2024

- Non-bargaining unit 5.3% (2023: 5.6%)
- Bargaining-unit 7.0% (2023: 7.0%)
- Minimum annual GP R225 000 7.1% increase (2023: R210 000)

Vesting % of 2021 LTI awards, effective March 2024

- Group Exco 124.8%
- Cluster exco members 115.3%
- Other participants 117.1%

STI paid in March 2024

- Increased 4.6% from R2 900m (2022) to R3 032m (2023)

Non-executive directors fees, effective July 2024

- 6.7% overall average increase (2023: 6%) recommended for shareholder approval

Agreed terms for the incoming CE and outgoing CE, effective in 2024, with all remuneration components in line with the group remuneration policy

Shareholder engagement

The 2023 annual general meeting (AGM) produced a pleasing shareholder remuneration voting outcome with increased shareholder support for our Remuneration Policy and Implementation Report. We fell just below the 75% level on the implementation vote which was attributable to the position of 1 large shareholder that did not vote in favour of the Implementation Report in the year (2022) following their vote against the Remuneration Policy in 2021. It voted against the 2021 policy because not all the long-term incentive (LTI) awards were 100% performance-based in the particular year.

LTI awards from 2023 are all 100% performance-based. This policy change has been well received by our shareholders as evidenced by the 90.4% support at the 2023 AGM (2022 policy).

CE LTI returns vs Shareholder returns

The graph below compares total returns (dividends and share price) since Covid-19 for the CE and shareholders using the same size share portfolio. This demonstrates that shareholders have recovered more strongly than the CE returns (indicative of all LTI participants). The lower LTI return is attributable to the significant forfeitures from the low-percentage vestings of the LTI awards over the period where CPTs were not reset during the Covid-19 period.

(indexed to 100 in June 2020)

350%
300%
250%
200%
150%
100%
50%
0%
2020 2021 2022 2023

Shareholder returns
CE LTI returns

309%
164%
Guaranteed package outcomes in 2023

Employees at Group Exco level and NBU employees received an increase in their total GP averaging 5.6% in 2023. This compares with 7% for the BU. The minimum GP for permanent full-time employees in SA was increased by 10.5% to R210 000 per annum in 2023, up from R190 000 in 2022, and remains significantly higher than the minimum wage in SA.

Short-term incentive outcomes in respect of 2023

The total STI pool approved by Group Remco in respect of the 2023 financial year was R3 032m, compared with R2 900m for 2022.

Pay fairness

‘Pay fairness’ arguably starts with ensuring a decent living wage at the lower levels. Nedbank’s minimum annual GP is R225 000, effective from April 2024 (2023: R210 000; 7.1% increase). This minimum GP is significantly above the legislated minimum wage in SA of R27.58 per hour, which translates to just below R60 000 per annum. This was supplemented by an STI of 8% of the guaranteed remuneration bill of qualifying employees in the bargaining unit (2023: 9%).

Executive GP increases are set by reference to, among other things, the increases of the broader workforce, which is represented by Sasbo, the finance union in SA. In 2024, employees at Group Exco level and non-bargaining-unit (NBU) employees will receive increases in their total GP averaging 5.3%, compared with 7% for the bargaining unit.

Employees have a right to freedom of association and unions representing their interests. There are also collective-bargaining arrangements in our subsidiaries in Lesotho, Namibia, Eswatini and Zimbabwe. Care is taken to ensure that salary increase settlements are appropriate within the context of local market and economic conditions. We continue to remunerate our employees in the bargaining unit appropriately relative to the industry.

As shown in the graph at the top right, indexed at 100 from 2013 to April 2024, the GPs at bargaining unit level have, on average, more than doubled (122%), while at non-bargaining and exco level the average GPs have increased by 77% and 68% respectively. This is a result of a deliberate long-term approach to narrow vertical pay gaps and reduce income inequality, and has the added effect of increasing the STI awards of the bargaining-unit members as variable pay is determined as a percentage of GP.

Group Remco is satisfied that there is negligible evidence of ‘pay bias’, that differences in race and gender compa ratios are negligible and that overall, pay differentials are supported by admissible and justifiable factors.

Long-term incentive outcomes

LTI plan share usage

A limit of 24 905 446 shares for purposes of the LTI plan, representing 5% of the issued ordinary share capital on 1 January 2018, was approved by shareholders at the 10 May 2018 AGM. To date, 18 318 126 shares have been used against this limit.

From 2023, shares were purchased in the open market for the annual LTI issuance, averting further utilisation against this limit and shareholder dilution.

LTI vesting outcomes

As stated in last year’s Remuneration Report, we estimated that 133% of the 2021 Group Exco awards would vest in March 2024, based on business plans at the time and before any Remco discretion on the vesting outcome. Group Remco exercised its discretion and increased the DHEPS target on the 2021 LTI awards. This reduced the DHEPS vesting outcome for Group Exco from 200% to 190%, after taking into account management’s approach to managing endowment, and as a result reduced the overall vesting for Group Exco to 124.8%.

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## Rewarding for value creation continued

### Remuneration aligned to business performance and strategic outcomes

<table>
<thead>
<tr>
<th>Board approved target</th>
<th>Included in the GCCs</th>
<th>Drives STI pool build-up</th>
<th>Drives LTI vesting outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HE and economic profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• HE and EP performance against 2023 business plan and budget drives the STI pool</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td><strong>DHEPS growth</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Short-term target (2023): &gt; 2 565 cents</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Medium-term target (2025): &gt; GDP + CPI + 5% (CAGR to end-2025)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Long-term target: &gt; GDP + CPI + 5% (CAGR through the cycle)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Return on equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Short-term target (2023): 15%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Medium-term target (2025): 17%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>• Long-term target: &gt; 18%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost-to-income ratio</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Short-term target (2023): &lt; 54%</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>• Medium-term target (2025): &lt; 52%</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>• Long-term target: &lt; 50%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Environmental, social and strategic</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Environmental: Active progress on the Energy Policy commitments and sustainable-development financing ambitions</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Social: Maintain positive employee NPS, strong client NPS, and competitive BBBEE status</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>• SPT 2.0: Achieve selected market share gains</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Achieve improved coverage and returns in NAR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Unlock value from digital transformation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Achievement of board-approved targets drives remuneration outcomes**

Board-approved targets cascade into goal commitment contracts (GCCs)

Group performance against the short- and medium-targets, drives the STI pool buildup and LTI vesting outcomes

Individual STI awards are informed by individual GCC performance

Individual LTI awards are informed by eligibility criteria and retention risk
Rewarding for value creation continued

2024 awards: Performance conditions and weightings

Vesting of Group Exco and cluster exco awards remains 100% business-performance based - the same as the 2023 awards. Vesting below cluster exco level is 50% CPT-based and 50% subject to an individual performance underpin – the same as 2023 issuance.

<table>
<thead>
<tr>
<th></th>
<th>Group and cluster exco %</th>
<th>All other %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>30</td>
<td>15</td>
</tr>
<tr>
<td>DHEPS growth</td>
<td>30</td>
<td>15</td>
</tr>
<tr>
<td>Cost-to-income ratio</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Environmental and social</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Strategic</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>50</td>
</tr>
</tbody>
</table>

% of award linked to group business performance and continued employment 100 50%
% of award linked to individual performance and continued employment 0 50%

2024 awards: Vesting ratios and targets

<table>
<thead>
<tr>
<th></th>
<th>Minimum vesting</th>
<th>Target vesting 100%</th>
<th>Maximum vesting 200%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE 20261</td>
<td>ROE ≤ 15.25%</td>
<td>ROE = 17.25%</td>
<td>ROE ≥ 18.75%</td>
</tr>
<tr>
<td>DHEPS CAGR growth2</td>
<td>≤ CPI + GDP + 1%</td>
<td>= CPI + GDP + 5%</td>
<td>≥ CPI + GDP + 10%</td>
</tr>
<tr>
<td>Cost-to-income ratio 20263</td>
<td>54%</td>
<td>52%</td>
<td>50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Minimum vesting 0%</th>
<th>Target vesting 60%</th>
<th>Maximum vesting 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental and social4</td>
<td>Rating = 0</td>
<td>Rating = 3</td>
<td>Rating = 5</td>
</tr>
<tr>
<td>Strategic4</td>
<td>Rating = 0</td>
<td>Rating = 3</td>
<td>Rating = 5</td>
</tr>
</tbody>
</table>

Straight-line vesting applies between the points in the above table

1 Vesting of this portion is subject to a minimum acceptable individual performance standard and ongoing employment over the vesting period.
2 DHEPS growth is measured as the CAGR over the 3 year vesting period, 2024 to 2026 (2023 as base year). CPI and GDP are for SA only and will be reviewed and adjusted where appropriate in the event of material merger and acquisition activity in a manner that does not prejudice shareholders and is in the best interests of the group.
3 Cost-to-income ratio, including associate income, is measured on the 2026 results.
4 E&S and the strategic CPT are measured as a qualitative evaluation by Remco of ‘substantial progress made’ on the board-approved metrics supporting these initiatives with input from relevant board committees, on a scale of 0 to 5 (with 3 at 60% vesting).

2024 awards: Environmental and social commitments

Achieve appropriate progress on our Energy Policy commitments; Renewable-energy finance (SDG 7) and Energy Policy-related timelines and targets, including fossil-fuel related glidepaths will be communicated in 2024 with further sizing of next portfolio carbon intensities, with associated glidepaths.

Our own carbon footprint is to decline by 40% by the end of 2025 and renewable green energy for our own operations is to contribute more than 30% of energy sourced by 2025 and both to be progressed further by 2026.

Meet sustainable development financing (SDF) ambitions: By the end of 2025 it is our ambition to have increased SDF exposures to around 20% of the group’s total gross loans and advances (2023: 16%), supported by more than R150bn in new SDF finance (from the 2021 base) that is aligned to the SDGs. Our plans currently suggest we get to 19% by 2025.

2024 awards: Strategic commitments

Achieve improved coverage and returns.
Unlock value from AI and GenAI while strengthening capabilities in data and analytics (scaling commercial value from analytics, GenAI, Digital 2.0 and transforming Digital Customer engagement).
Achieve selected market share gains in retail secured and unsecured lending, within appropriate risk appetite.
Achieve market share gains in retail and commercial transactional deposits.
Achieve gains in main-banked clients.
Rewarding for value creation continued

Board oversight – ensuring and protecting value
Group Remuneration Committee (Group Remco)

‘Following a fit-for-purpose review, Group Remco is satisfied that Nedbank’s remuneration strategy is well aligned to support the group’s human capital and business strategy.’

Hubert Brody, Chairperson

Ensuring and protecting value in 2023

• Completed a fit-for-purpose remuneration review. Our remuneration structure and quantum appropriately support our Human Capital and Business Strategies.
  » LTI awards from 2023 are 100% performance-based.
  » Shares required for 2024 LTI issuance will be acquired in the market, continuing with the approach adopted in 2023.
• Agreed terms for the incoming CE and outgoing CE.
• Achieved growth in single-figure remuneration outcomes due to strong share price performance and higher vesting outcomes reflective of underlying business performance.
• Group Remco exercised its discretion and increased the DHEPS target on the 2021 LTI awards. This reduced the DHEPS vesting outcome for Group Exco from 200% to 190%, after taking into account management’s approach to managing endowment, and as a result reduced the overall vesting for Group Exco to 124.8%.
• Continued to ensure that LTI awards are more targeted to the appropriate talent and STI awards more targeted to high-value contributors, with the LTI scheme having the desired retention effect.

Focus for 2024 and beyond

• Maintaining continued dialogue with shareholders to ensure the relevance and appropriateness of the Remuneration Policy.
• Ensuring remuneration outcomes that are fair and responsible.
• Ensuring that the Remuneration Policy and outcomes support our strategic objectives and that these are appropriate to the changing environment.
• Staying abreast of remuneration best practices.
• Updating disclosures in line with the amended Companies Act requirements on remuneration, once it has been enacted.
• Reviewing the competitiveness of the group’s LTI pool, the LTI CPTs, weightings and vesting ranges.

Mike Brown  Chief Executive

Financial performance

• HE growth of 11% to R15,7bn, DHEPS growth of 14% and increase in ROE to 15.1%, back above COE.
• Achieved all 2023 targets in respect of ROE, DHEPS, cost-to-income ratio and NPS.
• Maintained a fortress balance sheet, evident in strong capital, liquidity, and balance sheet provisioning metrics.
• Declared a total 2023 dividend that increased by 15%.
• Successfully concluded a R5bn capital optimisation programme that was value enhancing for shareholders.
• Saw a 30% increase in impairments.

Strategy

• Delivered great client satisfaction rating outcomes (#1 SA bank on NPS for the 2nd year).
• Increased retail main-banked clients by 9% to 3.5 million, and won 20 primary transactional accounts in CIB.
• Achieved ongoing strong digital uptake, including 2.3 million retail active Money app users.
• Mixed SPT 2.0 performance – market share gains in retail deposits, home loans and wholesale term loans.
• Realised R2.2bn of TOM 2.0 benefits and initiated TOM 2.1 to unlock further benefits.
• Achieved 95% completion of our Managed Evolution IT build, enabling enhanced client satisfaction, and new revenue and cost optimisation opportunities.
• Made good ongoing strategic and financial progress on the ETI turnaround.

ESG delivery

• Provided 1st-time job opportunities to 1 835 youth through the YES Programme.
• Continued to drive Nedbank’s overall leadership in climate-change-related matters, including being the market leader in renewable energy finance and becoming the SA 1st bank to release glidepaths for fossil-fuel-related reduction targets by 2030.
• MSCI ESG rating for Nedbank maintained at AAA (top 5% of global banks).
• ‘Great place to work’ employee NPS at 20.
• Achieved female employees as percentage of total employees at 62% and ACI employees at 82%.
• Maintained level 1 BBBEE for 6 years in a row.
• Worked with government, the banking industry, business and labour through participation and leadership in key industry bodies.
• Ensured sound cybersecurity.
• Good management of ongoing reputational issues.
• Ensured seamless succession planning in key roles.
• Incurred R27,0m in fines and administrative sanctions, down from R24,9m in 2022.

Stakeholders

Top 10 risks

A comprehensive Group Remco Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.
### Financial performance

- **HE growth of 11% to R15.7bn, DHEPS growth of 14% and increase in ROE to 15.1%, back above COE.**
- **Achieved all 2023 targets in respect of ROE, DHEPS, cost-to-income ratio and NPS score.**
- **Managed expenses well across all shared-services clusters.**
- **Delivered a strong performance with associate income from ETI of R1.2bn, up by 77% and HE of R1,2bn, with associate income from ETI of R000 (2022: R000).**
- **Continued strong capital position, with CET1 ratio at 13.5% and declared record dividends, up 15%.**
- **Maintained a high ‘Great place to work’ employee NPS – the 2nd highest level since inception of the survey.**
- **Improved employee (Me@Work) and visitor (Visitor@Work) experience with a newly launched digital desk.**
- **Water and electricity consumption, and recycling volumes tracked ahead of target.**
- **Maintained strong relationships with key stakeholders.**
- **Achieved top-tier investor relations rankings and maintained strong relationships and communication with the investment community.**
- **Ensured good cost savings to support the group’s cost-to-income ratio targets through heightened focus on automation, creating efficiencies, and headcount and office space optimisation.**

### ESG delivery

- **Outperformed peers in Net Brand Sentiment, achieving a year-to-date score of 61%.**
- **Provided first 1st-time job opportunities to 2.835 youth through the YES Programme.**
- **Maintained level 1 BBBEE for 6 years in a row.**
- **Continued support of Nedbank’s efforts to accelerate purpose fulfilment effectively.**
- **Introduced Nedbank’s culture principles (The Nedbank Way) which assists to streamline, focus, and accelerate culture transformation efforts for employees.**
- **Maintained a high ‘Great place to work’ employee NPS – the 2nd highest level since inception of the survey.**
- **Stakeholder obligations adequately met.**

<table>
<thead>
<tr>
<th>Guaranteed remuneration (R000)</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,339</td>
<td>6,585</td>
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<table>
<thead>
<tr>
<th>Total STI (R000)</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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<tbody>
<tr>
<td>9,250</td>
<td>11,500</td>
<td>12,500</td>
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<thead>
<tr>
<th>Total LTI at face value (R000)</th>
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<tr>
<td>12,500</td>
<td>12,000</td>
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</table>

### Financial performance

- **Made good ongoing strategic and financial progress on the ETI turnaround.**
- **Managed taxation risk well and resolved key outstanding tax matters.**
- **Continued to drive an optimal capital structure through the raising of AT1 and tier 2 at competitive pricing.**

### ESG delivery

- **Water and electricity consumption, and recycling volumes tracked ahead of target.**
- **Improved employee (Me@Work) and visitor (Visitor@Work) experience with a newly launched digital desk.**
- **MSCI ESG rating for Nedbank maintained at AAA (top 5% of global banks).**
- **Recognised for leadership in renewable energy finance.**
- **Received multiple prestigious industry awards in recognition of Nedbank’s high standards of financial and taxation reporting.**
- **Maintained robust and efficient tax compliance and incurred no penalties or interest charges.**
- **Maintained level 1 BBBEE for 6 years in a row.**
- **Obtained good AGM outcomes.**
- **Maintained strong relationships with key stakeholders through regular and proactive engagements.**

<table>
<thead>
<tr>
<th>Guaranteed remuneration (R000)</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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<tbody>
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<td>5,420</td>
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<td>8,750</td>
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<td>10,000</td>
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</table>
## Financial performance
- Increased HE in CIB by 6% and delivered an ROE of 18.9% above the group’s COE.
- Achieved higher average banking advances growth of 8%.
- Impairments increased by 17%, with credit risk well-managed as CLR at 24 bps was within the CIB TTC range of 15–45 bps.

## ESG delivery
- Published our fossil fuels and power generation glidepath methodology and disclosed fossil fuel carbon accounting.
- Continued progress in SDF exposure, with R29bn renewable energy financing, R15bn sustainable finance solutions, and R12bn in clean water and sanitation funding provided at the end of 2023.

## Strategy
- Gained 20 primary clients and increased large transactions.
- Managed reputational and credit risk well with a focus on clients filing for business rescue in the property and agricultural sectors.
- Continued momentum in portfolio optimisation resulted in capital efficiency and improved ROE.
- Delivered strong performance against regulatory compliance, risk management and internal audit requirements.
- Maintained market leading position in property finance in SA.
- Implementation of CIB TOM 2.0 completed.

### Guaranteed remuneration (R000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Guaranteed Remuneration</th>
<th>% Change</th>
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<tbody>
<tr>
<td>2021</td>
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<th>Year</th>
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<tr>
<td>2021</td>
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<td>2023</td>
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<td>2021</td>
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<td>2022</td>
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<td>2023</td>
<td>9,500</td>
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### Financial performance
- Increased HE by 9% and ROE maintained at 16.0%, above group’s COE.
- Strong revenue growth of 11% and well-managed expenses growth, resulting in a reduction in cost-to-income ratio.
- Impairments up by 29% and CLR at 134 bps, above the TTC target range of 120–175 bps.

### ESG delivery
- Rated #1 SA bank by Kantar on NPS for the 2nd year in a row.
- Increased retail main-banked clients by 9% to 3.5 million and the cross-sell ratio to 1.96.
- Digital growth – Money app clients up by 16% to 2.3m, digitally active retail clients up 11% to 2.9 million, resulting in higher transaction volumes and values, up by 12% and 10% respectively.
- Increased growth momentum with the Avo super app, now with 2.5 million users, up 26%.
- Realised market share gains in retail deposits and selected retail advances categories such as overdrafts and home loans.
- Contributed significantly to the group’s R22bn of cumulative TOM 2.0 benefits through strategic initiatives such as Project Imagine and Project Phoenix, resulting in improved efficiencies and operational metrics.

### Strategy
- Increased support to more than 300 000 SMEs with loan exposures of R22bn.
- Positively impacted more than 23 000 township SMMEs, sponsored more than 300 township exhibitors with Nedbank POS machines, and created supplier procurement opportunities for more than 170 black-youth-owned service providers.
- Increased support to employees through various financial education awareness programmes and financial support initiatives.
- Trained 1,200 employees, supported by the success of our online offering.
- Rehabilitated 936 000 clients, assisted 53 600 clients to keep their cars and homes, and assisted 15 500 clients to sell their assets through our assisted-sales programmes.

### Guaranteed remuneration (R000)

<table>
<thead>
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<th>Year</th>
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<td>2023</td>
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Iolanda Ruggiero  Group Managing Executive: Nedbank Wealth

Financial performance

- Increased HE by 6% and improved ROE to 26.8%, well above the group’s COE.
- Increased revenue by 9% and managed risk well with CLR at 12 bps below the cluster’s TTC target range of 20–40 bps.
- Assets under management up 14% yoy to R448bn due to good market performance and strong net inflows.

Strategy

- Extended Nedbank Insurance quoting, fulfilment, and claims functionality on digital channels to 17 product offerings (2022: 10) across 7 channels.
- Achieved good sales growth in the MyCover product range due to digital enablement, channel expansion and increased awareness.
- Launched the 1st fixed-income boutique and fund with positive market response.
- Strong client engagement producing good activity levels with target clients and good assets-under-management (AUM) flows in Wealth Management (International).
- Delivered enhanced client experience with the NPW app, which continues to be highly rated by our clients and has resulted in consistently high digital adoption rates.

Guaranteed remuneration ($000)

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<th>2021</th>
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<td>Total LTI at face value (R000)</td>
<td>4 269</td>
<td>4 450</td>
<td>4 637</td>
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Dr Terence Sibiya  Group Managing Executive: Nedbank African Regions

Financial performance

- Increased NAR HE by 94% and improved ROE to 25.2%, above the group’s COE.
- Excellent performance from SADC operations with HE up 80% to R662m.
- Reported strong HE from ETI, up more than 100% with return on initial investment at 22%.

ESG delivery

- Completed various embedded energy generation deals in Namibia, Eswatini and Lesotho.
- Continued to support housing development projects in Namibia and received a 6-star Green Star rating for the Nedbank Namibia head office.
- Provided funding to support Zimbabwean farmers with the installation of solar PV facilities to enable sustainable farming activities.
- Participated in key water deals in Lesotho.
- Provided financing for infrastructure projects such as mass transit, roads, and rail in Namibia and through partnerships in Côte d’Ivoire.
- Launched 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 in Namibia.
- Maintained a good relationship with all internal and external stakeholders.
- Ensured effectiveness in risk, governance, and compliance, although still some improvement required in the overall control environment.

Guaranteed remuneration ($000)

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<th>2021</th>
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<td>8 800</td>
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Supplementary information

Independent assurance, abbreviations and acronyms, reporting criteria and company details.
Independent assurance practitioners’ Limited Assurance Report on selected key performance indicators

To the Directors of Nedbank Group Limited

Environmental key performance indicators

- Number of Equator Principle Deals that had their first drawdown within the financial year
- All CIB credit risk reviews and new applications included the screening of high risk clients and EP relevant deals via the Social and Environmental Management System (SEMS)

Total Carbon Footprint (tCO₂e)

Scope 1: Nedbank Limited (South African operations) and all campus buildings
Scope 2: Campus buildings; non-Campus buildings and non-South African bank offices and/or outlets
Scope 3: Nedbank Ltd (South African operations) limited to paper, travel claims, staff commuting, car hire and flights.

Thermal coal funding – Limit
Thermal coal funding – Drawn Exposure
Upstream oil funding – Limit
Upstream oil funding – Drawn Exposure
Upstream gas funding – Limit
Upstream gas funding – Drawn Exposure
Non-renewable power funding – Limit
Non-renewable power funding – Drawn Exposure
Renewable energy funding – Limit
Renewable energy funding – Drawn Exposure
Total water consumed
Waste sent to landfill
Waste recycled

Economic: Clients and Banking Key Performance Indicators

- Net promoter score (NPS)
- Number of main banked clients
- Primary client wins
- Percentage of digitally active retail clients
- Digital sales (% of total sales)
- Nedbank Africa Regions number of clients
- Banking Ombudsman cases in favour of Nedbank

IT key performance indicators

System availability uptime score

Human resources key performance indicators

Staff attrition rate

Subject matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected KPIs, marked with an LA1 on the relevant pages in the Report. The selected KPIs described alongside have been prepared in accordance with Nedbank’s criteria for reporting and the Global Reporting Initiative (GRI) Standards (“reporting criteria”). The reporting criteria is disclosed on page 105 of the Report.
Directors’ responsibilities
The Directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with Nedbank’s reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Inherent limitations
The Greenhouse Gas (GHG) emission quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our independence and quality control
We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards).

Deloitte applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance practitioner’s responsibility
Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information and, in respect of greenhouse gas emissions, in accordance with the International Standard on Assurance Engagements (ISAE) 3410. Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. These require that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of Nedbank’s use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary under the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures performed were based on our professional judgement and included inquiries, observations of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:
• Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
• Inspected documentation to corroborate the statements of management and senior executives in our interviews;
• Tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs;
• Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
• Evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Nedbank.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Nedbank’s selected KPIs have been prepared, in all material respects, in accordance with the reporting criteria.

Limited assurance conclusion
Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected KPIs as set out in the Subject Matter paragraph above for the year ended 31 December 2023 are not prepared, in all material respects, in accordance with the reporting criteria.

Other matters
The maintenance and integrity of Nedbank’s website is the responsibility of Nedbank’s management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Nedbank’s website.

Restriction of liability
Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Directors of Nedbank in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Nedbank, for our work, for this report, or for the conclusion we have reached.

Deloitte & Touche
Registered Auditors
Per Jyoti Vallabh
Chartered Accountant (SA)
Registered Auditor
Partner
17 April 2024
5 Magwa Crescent
Waterfall City, Waterfall
Private Bag X6, Gallo Manor, 2052
South Africa
## Abbreviations and acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACI ACI African, Coloured and Indian</td>
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<tr>
<td>AGM AGM annual general meeting</td>
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<tr>
<td>AI AI artificial intelligence</td>
<td></td>
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<tr>
<td>AIEBA AIEBA average interest-earning banking assets</td>
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<tr>
<td>AIRB AIRB Advanced Internal Ratings-based</td>
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<tr>
<td>AML AML anti-money-laundering</td>
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<tr>
<td>API API application programme interface</td>
<td></td>
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<tr>
<td>AUM AUM assets under management</td>
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<tr>
<td>BBBEE BBBEE broad-based black economic empowerment</td>
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<tr>
<td>BEE BEE black economic empowerment</td>
<td></td>
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<tr>
<td>bn bn billion</td>
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<tr>
<td>bps bps basis point(s)</td>
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<tr>
<td>CAGR CAGR compound annual growth rate</td>
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<tr>
<td>CET1 CET1 common equity tier 1</td>
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<td>CIB CIB Corporate and Investment Banking</td>
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<tr>
<td>CLR CLR credit loss ratio</td>
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<tr>
<td>COE COE cost of equity</td>
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<tr>
<td>CPI CPI consumer price index</td>
<td></td>
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<tr>
<td>CPT CPT corporate performance targets</td>
<td></td>
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<tr>
<td>CRMF CRMF Climate Risk Management Framework</td>
<td></td>
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<tr>
<td>CSI CSI corporate social investment</td>
<td></td>
</tr>
<tr>
<td>CVP CVP client value proposition</td>
<td></td>
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<tr>
<td>DHEPS DHEPS diluted headline earnings per share</td>
<td></td>
</tr>
<tr>
<td>ED ED executive director</td>
<td></td>
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<tr>
<td>EE EE employment equity</td>
<td></td>
</tr>
<tr>
<td>ELB ELB entry-level banking</td>
<td></td>
</tr>
<tr>
<td>ESG ESG environmental, social and governance</td>
<td></td>
</tr>
<tr>
<td>ETI ETI Ecobank Transnational Incorporated</td>
<td></td>
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<tr>
<td>FATF FATF Financial Action Task Force</td>
<td></td>
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<tr>
<td>FIC FIC Financial Intelligence Centre</td>
<td></td>
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<tr>
<td>FSC FSC Financial Sector Code</td>
<td></td>
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<tr>
<td>FSAC FSCA Financial Sector Conduct Authority</td>
<td></td>
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<tr>
<td>FVOCI FVOCI Fair value through other comprehensive income</td>
<td></td>
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<tr>
<td>FVTPL FVTPL Fair value through profit or loss</td>
<td></td>
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<tr>
<td>GDP GDP gross domestic product</td>
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<tr>
<td>GLAA GLAA gross loans and advances</td>
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<tr>
<td>group group Nedbank Group Limited</td>
<td></td>
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<tr>
<td>GVA GVA gross value added</td>
<td></td>
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<tr>
<td>HE HE headline earnings</td>
<td></td>
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<tr>
<td>HEPS HEPS headline earnings per share</td>
<td></td>
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<tr>
<td>HQLA HQLA high-quality liquid asset(s)</td>
<td></td>
</tr>
<tr>
<td>IAS IAS International Accounting Standard(s)</td>
<td></td>
</tr>
<tr>
<td>ICAAP ICAAP Internal Capital Adequacy Assessment Process</td>
<td></td>
</tr>
<tr>
<td>ICT ICT information and communication technology</td>
<td></td>
</tr>
<tr>
<td>IFRS IFRS International Financial Reporting Standard(s)</td>
<td></td>
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<tr>
<td>ILAAP ILAAP Internal Liquidity Adequacy Assessment Process</td>
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<tr>
<td>JSE JSE Limited</td>
<td></td>
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<tr>
<td>LCR LCR liquidity coverage ratio</td>
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<tr>
<td>LTJ LTJ long-term incentive</td>
<td></td>
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<tr>
<td>m m million</td>
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<tr>
<td>MAFR MAFR mandatory audit firm rotation</td>
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<tr>
<td>ME ME Managed Evolution</td>
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<tr>
<td>MFC MFC Motor Finance Corporation (vehicle finance lending division of Nedbank)</td>
<td></td>
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<tr>
<td>MW MW megawatt</td>
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<tr>
<td>NAR NAR Nedbank Africa Regions</td>
<td></td>
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<tr>
<td>NII NII net interest income</td>
<td></td>
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<tr>
<td>NIM NIM net interest margin</td>
<td></td>
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<tr>
<td>NIR NIR non-interest revenue</td>
<td></td>
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<tr>
<td>NPS NPS Net Promoter Score</td>
<td></td>
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<tr>
<td>NSFR NSFR net stable funding ratio</td>
<td></td>
</tr>
<tr>
<td>PA PA Prudential Authority</td>
<td></td>
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<tr>
<td>PAYU PAYU Pay-as-you-use</td>
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<tr>
<td>PO PO prescribed officer</td>
<td></td>
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<tr>
<td>R R rand</td>
<td></td>
</tr>
<tr>
<td>RBB RBB Retail and Business Banking</td>
<td></td>
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<tr>
<td>Rbn Rbn South African rands expressed in billions</td>
<td></td>
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<tr>
<td>REIPPPP REIPPPP Renewable Energy Independent Power Producer Procurement Programme</td>
<td></td>
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<tr>
<td>Rm Rm South African rands expressed in millions</td>
<td></td>
</tr>
<tr>
<td>RMIPPPP RMIPPPP The Risk Mitigation Independent Power Producer Procurement Programme</td>
<td></td>
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<tr>
<td>ROA ROA return on total assets</td>
<td></td>
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<tr>
<td>ROE ROE return on equity</td>
<td></td>
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<tr>
<td>RRB RRB Retail and Relationship Banking</td>
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<tr>
<td>RWA RWA risk-weighted assets</td>
<td></td>
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<tr>
<td>SA SA South Africa</td>
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<tr>
<td>SA-csi SA-csi The South African Customer Satisfaction Index</td>
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<tr>
<td>SADC SADC Southern African Development Community</td>
<td></td>
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<tr>
<td>SAICA SAICA South African Institute of Chartered Accountants</td>
<td></td>
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<tr>
<td>SARB SARB South African Reserve Bank</td>
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<tr>
<td>SDF SDF sustainable development finance</td>
<td></td>
</tr>
<tr>
<td>SDGs SDGs Sustainable Development Goals</td>
<td></td>
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<tr>
<td>SEMS SEMS Social and Environmental Management System</td>
<td></td>
</tr>
<tr>
<td>SME SME small and medium enterprises</td>
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<tr>
<td>SMME SMME small, medium and macroenterprises</td>
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<tr>
<td>SPT SPT strategic portfolio tilt</td>
<td></td>
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<tr>
<td>SSA SSA sub-Saharan Africa</td>
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<tr>
<td>STI STI short-term incentive</td>
<td></td>
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<tr>
<td>TCFD TCFD Task Force on Climate-related Financial Disclosures</td>
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<tr>
<td>TOM TOM Target Operating Model</td>
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<tr>
<td>TTC TTC through the cycle</td>
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<tr>
<td>UK UK United Kingdom</td>
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<td>US US United States</td>
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<tr>
<td>YES YES Youth Employment Service</td>
<td></td>
</tr>
<tr>
<td>yoy yoy year on year</td>
<td></td>
</tr>
<tr>
<td>ZAR ZAR South African rand (currency code)</td>
<td></td>
</tr>
</tbody>
</table>
Reporting criteria

Banking Ombudsman cases in favour of Nedbank
The number of cases found in favour of Nedbank compared to the total number of cases submitted to the Banking Ombudsman, which were assessed as being within the Banking Ombudsman’s jurisdiction.

Digital sales (% of total sales)
Sales concluded through digital channels expressed as a percentage of new sales.

Employee attrition rate
The number of permanent employees leaving the employment of Nedbank compared to the total number of permanent employees.

Finance assessed under the Equator Principles
Number of Equator Principle deals within Nedbank CIB’s Investment Banking and Coverage business units that had their 1st drawdown within the financial year.

Gross loans and advances (GLAA)
The carrying value of banking book loans and advances before impairment allowance. GLAA excludes trading book loans and advances.

Nedbank Africa Regions number of clients
The total number of clients within the subsidiaries forming part of the NAR Cluster.

Net Promoter Score (NPS)
The percentage of promoters less the percentage of detractors.

Non-renewable power funding
The ratio of non-renewable power funding, as defined in our Energy Policy, compared to Nedbank Group’s total gross loans and advances.

Number of main-banked clients
Number of clients who achieved a minimum deposit or a number of quality transactions on average per month over 3 months.

Oil and gas funding
The ratio of oil and gas funding, as defined in our Energy Policy, compared to Nedbank Group’s total gross loans and advances.

Percentage of digitally active retail clients
The number of retail clients who has used a digital channel over the past 90 days compared to the number of total retail clients.

Primary client wins
Clients within the CIB Cluster who moved their primary banking to Nedbank during the year under review.

Renewable energy funding
The ratio of renewable energy funding, as defined in our Energy Policy, compared to Nedbank Group’s total gross loans and advances.

SEMS deals reviewed
All Nedbank CIB’s Investment Banking and Coverage business units credit risk reviews and applications included the screening of high-risk clients and Equator Principles-relevant deals via the SEMS.

System availability uptime score
Total number of hours that systems could have been available.

Thermal-coal funding
The ratio of thermal-coal funding, as defined in our Energy Policy, compared to Nedbank Group’s total gross loans and advances.

Total carbon footprint (own operations excluding scope 3 emissions from our supply chain) (tCO2e)
Total of the scope 1, 2 and 3 emissions:
Scope 1 emissions arising from campus buildings and Nedbank Limited’s South African operations.
Scope 2 emissions arising from campus buildings, non-campus buildings and non-South African bank offices and outlets.
Scope 3 emissions arising from Nedbank Limited’s South African operations limited to paper, travel claims, staff commuting, car hire and flights. This excludes the scope 3 emissions from our supply chain.

Total water consumed
The total water consumed, measured in kilolitres, at Nedbank campus buildings, excluding water consumed by 3rd-party tenants at our campus sites.

Waste recycled
The total waste, measured in tonnes, from Nedbank campus buildings sent for recycling.

Waste sent to landfill
The total waste, measured in tonnes, from Nedbank campus buildings sent to landfill.

Additional climate-related disclosures

<table>
<thead>
<tr>
<th>Rm</th>
<th>December 2023</th>
<th>December 2022</th>
<th>ytd change</th>
<th>December 2023</th>
<th>December 2022</th>
<th>% of GLAA</th>
</tr>
</thead>
</table>
| Thermal coal
  Limit | 2 296 | 2 324 | (28) | 0.3 | 0.3 | LA1 |
  Drawn exposure | 1 233 | 1 002 | 231 | 0.1 | 0.1 | LA1 |
| Upstream oil
  Limit | 18 902 | 19 592 | (690) | 2.1 | 2.2 | LA1 |
  Drawn exposure | 12 479 | 11 081 | 1 398 | 1.4 | 1.2 | LA1 |
| Upstream gas
  Limit | 4 632 | 1 698 | 2 934 | 0.5 | 0.2 | LA1 |
  Drawn exposure | 1 525 | 1 380 | 145 | 0.2 | 0.2 | LA1 |
| Non-renewable power generation exposures
  Limit | 8 093 | 9 664 | (1 871) | 0.9 | 1.1 | LA1 |
  Drawn exposure | 4 049 | 5 375 | (1 326) | 0.5 | 0.6 | LA1 |
| Total renewable energy
  Limit | 45 557 | 37 198 | 8 359 | 5.1 | 4.1 | LA1 |
  Drawn exposure | 29 853 | 27 268 | 2 585 | 3.4 | 3.0 | LA1 |

LA1 External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner’s Limited Assurance Report on selected key performance indicators.
Nedbank Group Limited
Incorporated in the Republic of SA
Registration number 1966/010630/06
Registered office
Nedbank Group Limited, Nedbank 135 Rivonia Campus,
135 Rivonia Road, Sandown, Sandton, 2196
PO Box 1144, Johannesburg, 2000

Transfer secretaries in SA
JSE Investor Services Proprietary Limited,
1 Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196
(from 13 March 2023)
PO Box 4844, Marshalltown, 2000, SA

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

Instrument codes
Nedbank Group ordinary shares
JSE share code: NED
NSX share code: NBK
A2X share code: NED
ISIN: ZAE000004875
JSE alpha code: NEDI
ADR code: NDBKY
ADR CUSIP: 63975K104

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Company Secretary: J Katzin
Sponsors in SA:
Merrill Lynch SA Proprietary Limited t/a
BofA Securities
Nedbank Corporate and Investment
Banking, a division of Nedbank Limited

Sponsor in Namibia
Old Mutual Investment Services (Namibia) (Proprietary) Limited

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

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

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

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

The risks and uncertainties inherent in the forward-looking statements contained in this document include 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 on these statements, including loss of earnings, profits, or consequential loss or damage.