

2023 Interim Results

Investor presentation

Aug/Sept 2023

see money differently

NEDBANK GROUP

Overview

Environment	Strategy	Operations	Financial
Difficult operating environment	**Good progress on strategic delivery**	**Excellent operational performance**	**Strong revenue growth, partially offset by higher impairments. Strong balance sheet maintained**
▪ **Weak SA GDP** growth ▪ Severe **electricity shortages** ▪ **350 bps interest rate** increases yoy ▪ **Inflation high,** but trending down ▪ **Volatile markets**	▪ **Strong digital** growth ▪ Maintained market-leading **client experiences** ▪ **Market share gains** in key areas ▪ Ongoing **productivity** improvements ▪ **ESG leadership**	▪ PPOP: **+22%** ▪ JAWS: **+7%** ▪ Cost-to-income: **52,9%**	▪ HE: **+10%** ▪ Revenue: **+14%** ▪ Impairments: **+57%** ▪ ROE: **14,2%** ▪ CET1: **13,3%** ▪ LCR: **143%** ▪ NSFR: **119%** ▪ ECL coverage: **3,67%** ▪ Interim DPS: **+11%**

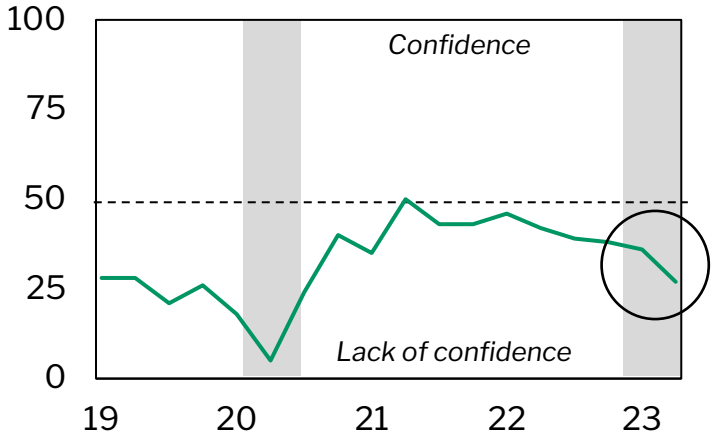
2023 targets: DHEPS ✔ | NPS ✔ | Good progress towards 15% ROE & 54% cost-to-income targets

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

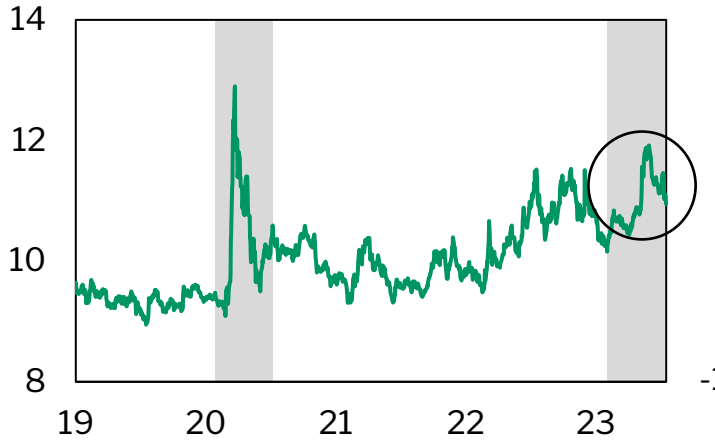
Worse than expected macro economic environment makes targets harder to achieve

Operating environment – outcomes were weak in H1 2023 & more work is required on key SA reforms to boost inclusive economic growth

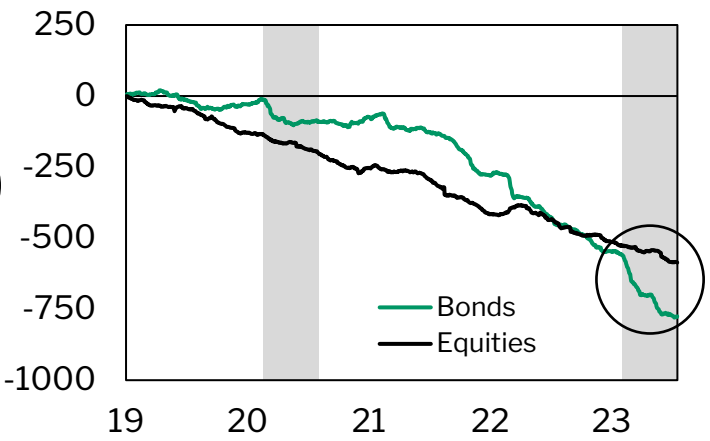
Business confidence index[1]



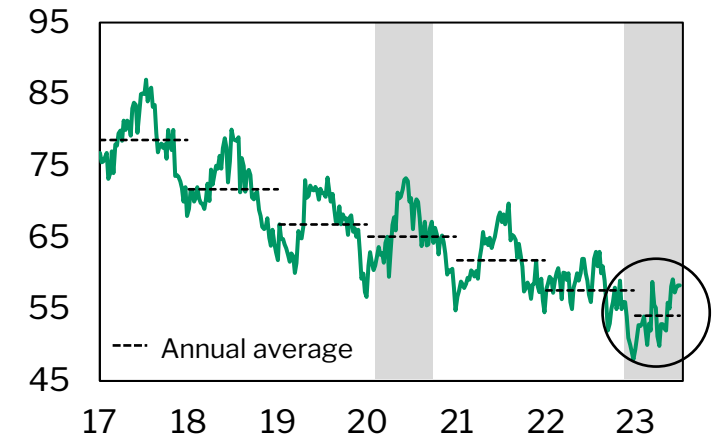
SA Government bond yield (%)



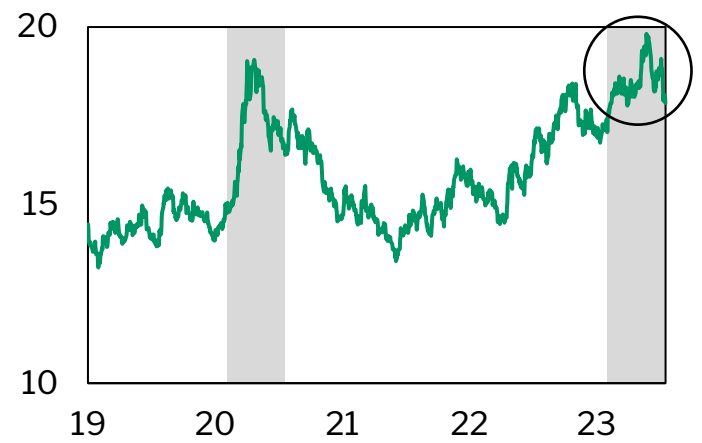
Foreign bond & equity sales[3] (Rbn)



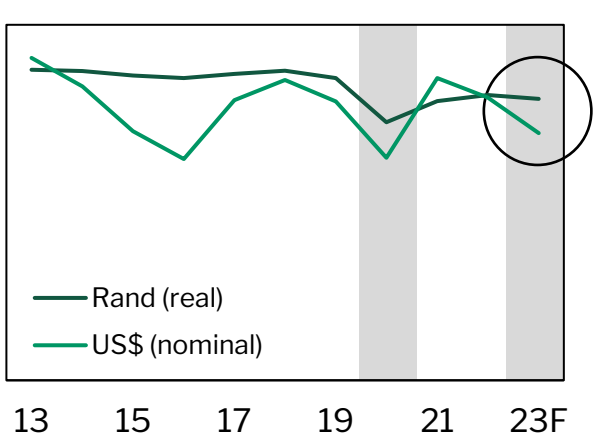
Eskom electricity availability factor[2]



Rand vs US$



SA GDP per capita ('000)



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

Operating environment – slow progress continues to be made on the key impediments to higher levels of inclusive economic growth being energy/ electricity supply, logistics/transport & crime/corruption

Energy/electricity	Logistics/transport	Crime/corruption
▪ **Slow progress on fixing Eskom** – EAF[1] lower than prior years, but a slight improvement in Q2 23 vs Q1 23 (2022: 58% EAF[1] | Q1 23: 53% | Q2 23: 55%) ▪ **Installed rooftop solar**[2] +350% since March 2022 to 4,4 GW ▪ **Registered private renewable energy generation**[3] +150% yoy to a cumulative 4,5 GW	▪ **Durban port** – PPP partnership between TNPA & ICTSI[5] to increase container capacity from 3m to estimated 11m TEUs by 2032 ▪ **Richards Bay port** – RFP released to increase container capacity from 50k to 200k TEUs	▪ Department of Justice & Correctional Services is working on **new laws to protect whistle-blowers** ▪ **R11bn coal supply agreements & construction contracts cancelled** by Eskom & initiated prosecutions & further investigations
But ▪ Delays in the closure of some[4] **IPPPP rounds** (~4,4 GW) ▪ **Load-shedding** (GW) up +610% in H1 23 vs H1 22 & +59% vs H2 22	But ▪ **Rail passengers** transported down by 97% since 2012 ▪ **Goods moved** by rail down by 30% since 2012	But ▪ **FATF grey-listing** & limited prosecutions post the **Zondo report** ▪ **Serious crimes** a key issue – murders up 54% & robbery up 16% since 2012

Business & Government working together through the B4SA platform to accelerate progress on these issues

[1] Energy Availability Factor as per Eskom. | [2] Source: Eskom estimates. | [3] NERSA registrations. | [4] Delays in the closure of some projects in REIPPPP & RMIPPPP. | [5] Transnet National Ports Authority (TNPA) & International Container Terminal Services Incorporated (ICTSI).

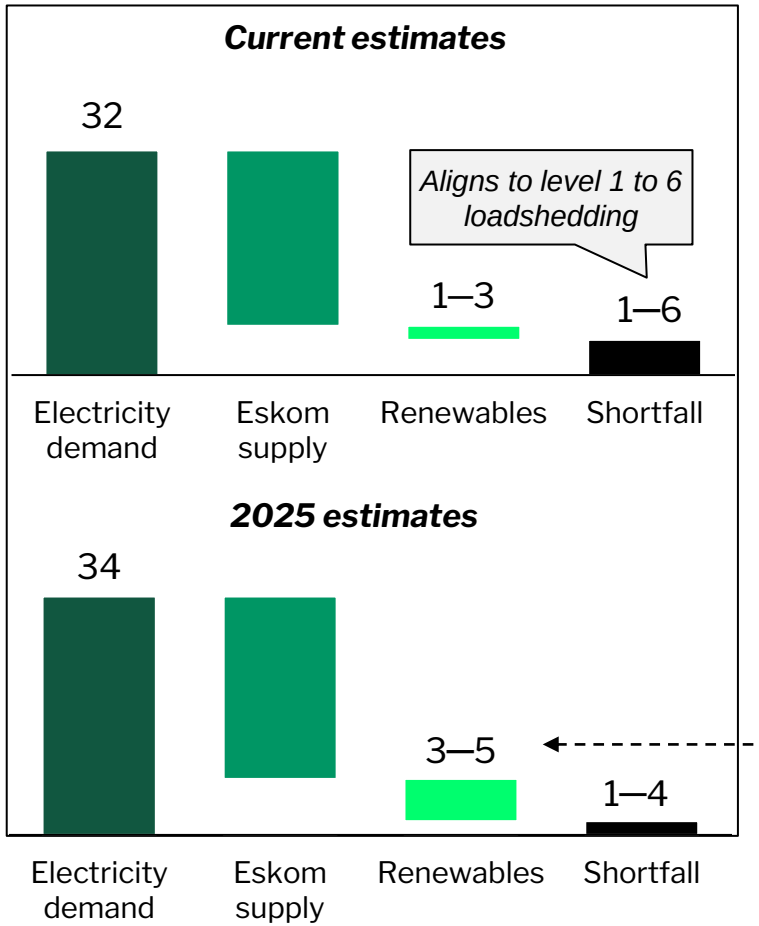
Operating environment – loadshedding can be reduced by the end of 2025 if Eskom production does not deteriorate materially, grid constraints are addressed, new IPPP capacity is built & connected to the grid within planned timelines & private power generation continues to accelerate in support of a Just Energy Transition

Economic impact of load-shedding (Rm per stage)

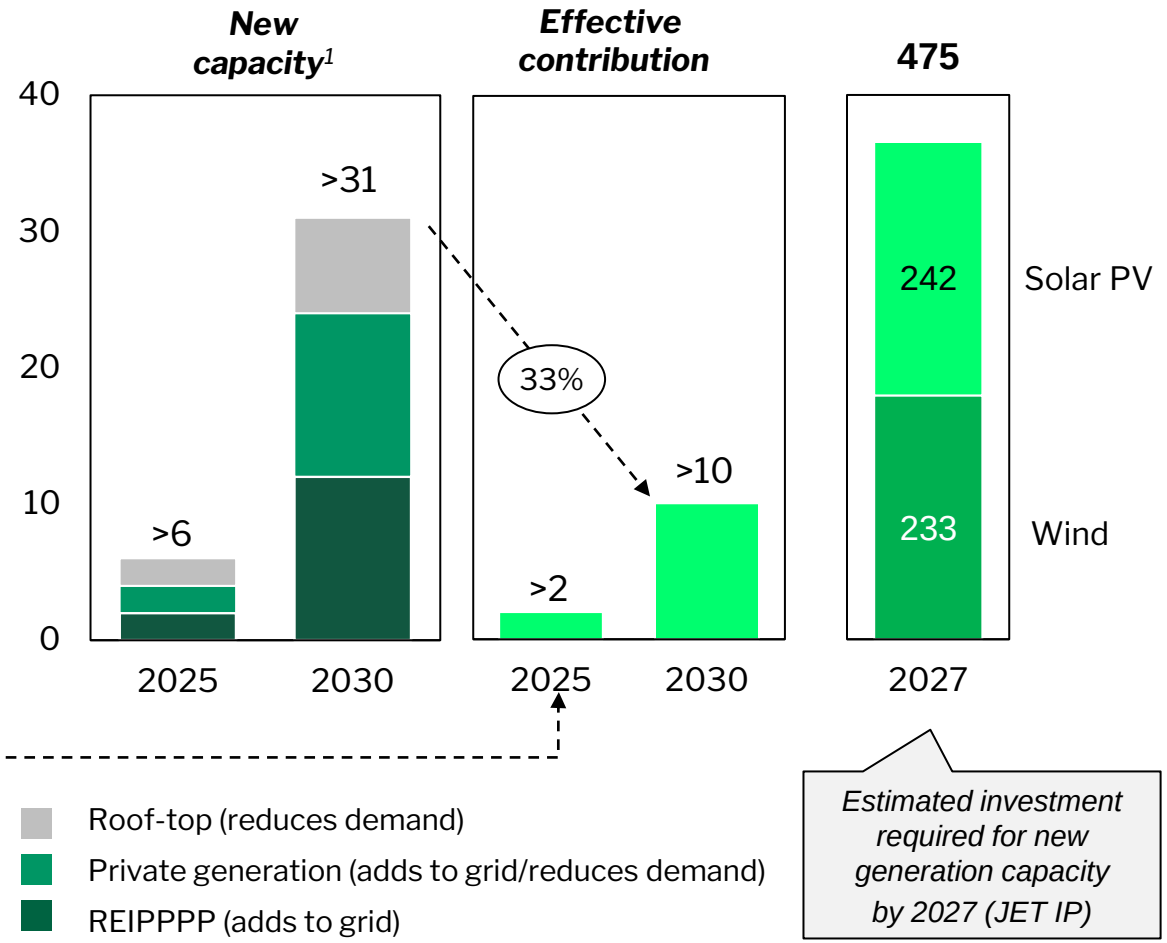
Load-shedding stage	Nominal GVA lost (Rm per day)
1–2	R0m–R1m
3	R204m
4	R408m
5	R725m
6	R899m

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

Electricity supply & demand (GW)



Potential renewable energy (indicative) (GW)



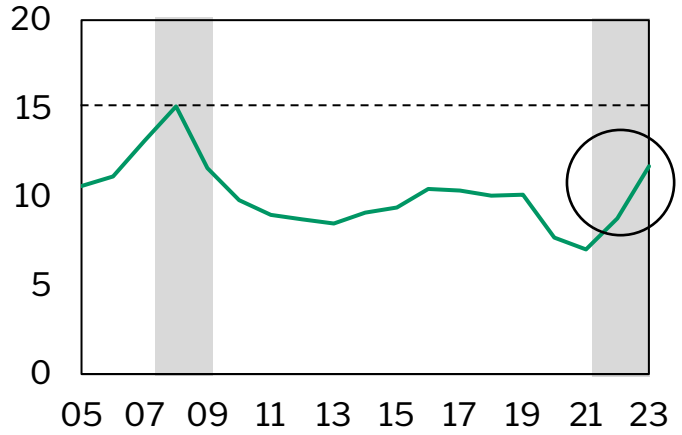
Finance opportunity (Rbn)

Estimated investment required for new generation capacity by 2027 (JET IP)

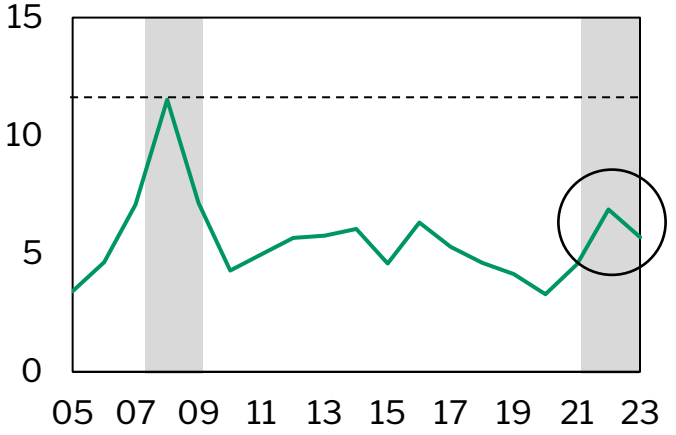
[1] *REIPPPP as per NECOM plan of 18 GW by 2030 & our view of potential progress to 2025. Rooftop solar: continued growth off the 4,4 GW baseline. Private generation based on pubic announcements of 9 GW to 12 GW & further growth over time.*

Operating environment – consumers have been under increasing pressure from the impacts of higher interest rates & persistent high levels of inflation

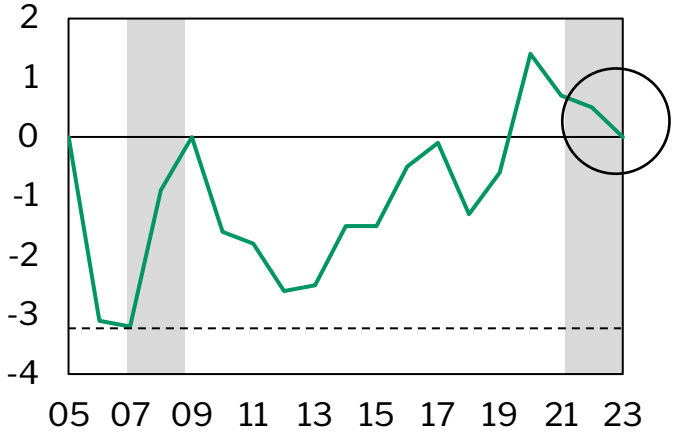
Prime interest rate
(annual average, %)



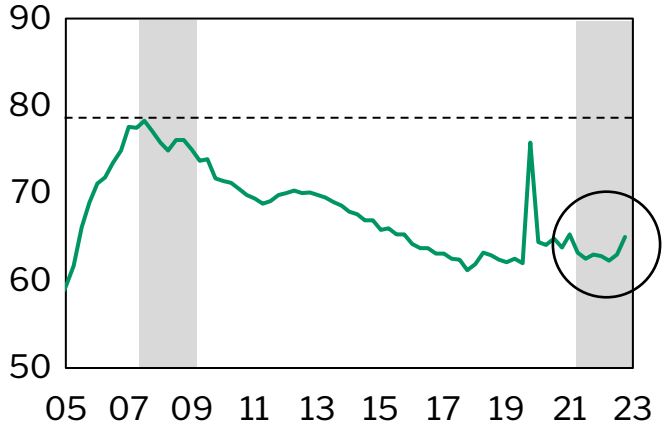
Inflation
(annual average, %)



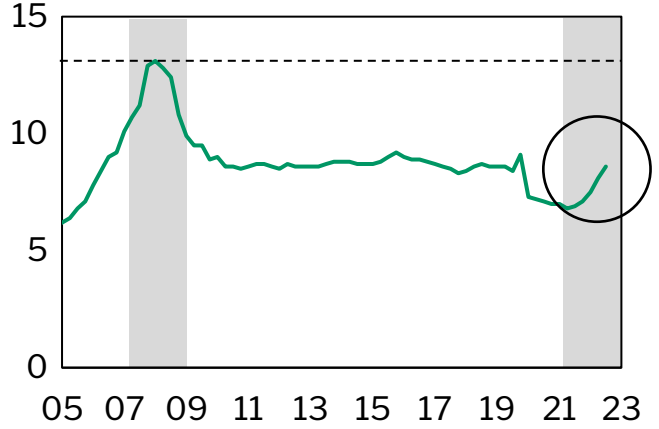
Household savings rate
(annual, % of PDI)



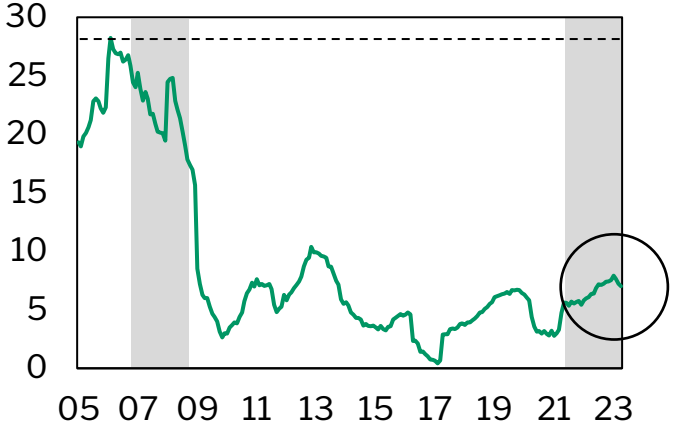
Household debt ratios
(quarterly, % of PDI)



Household debt service costs
(quarterly, % of PDI)

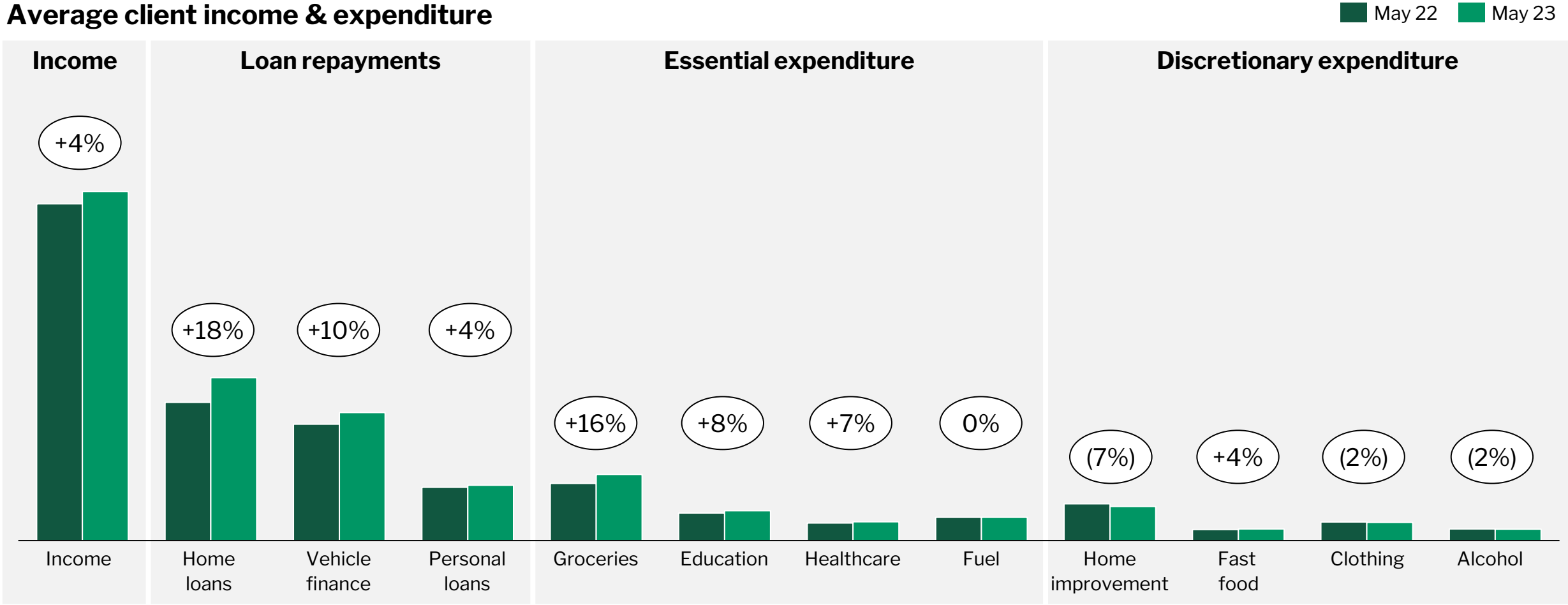


Household credit growth
(annual, % yoy)



Operating environment – consumer disposable income under pressure

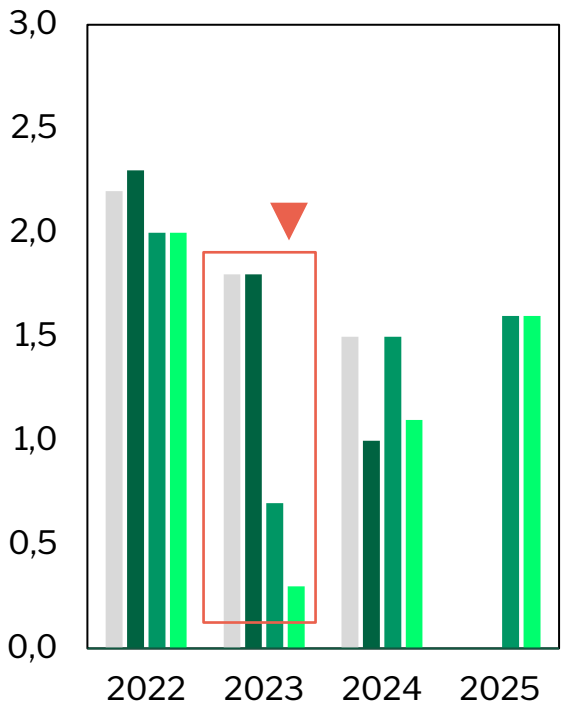
Average client income & expenditure



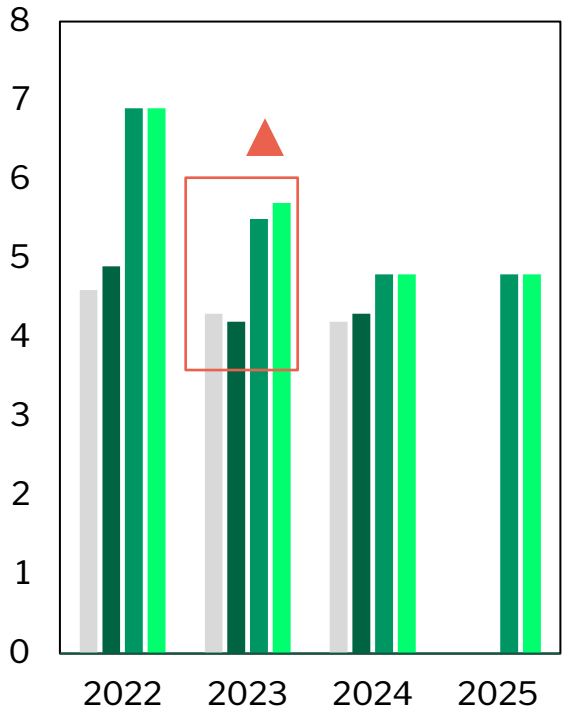
This analysis is based on the monthly average income per client & the monthly average spend per client for Nedbank main-banked clients. The yoy comparison is Jan-May 2023 compared to Jan-May 2022. Income growth reflect the average effect of some clients receiving increases above inflation, some clients below inflation as their employers could not afford higher increases & some clients that may have lost or reduced their income.

Operating environment – GDP growth, interest rates & inflation have all been worse than previously expected

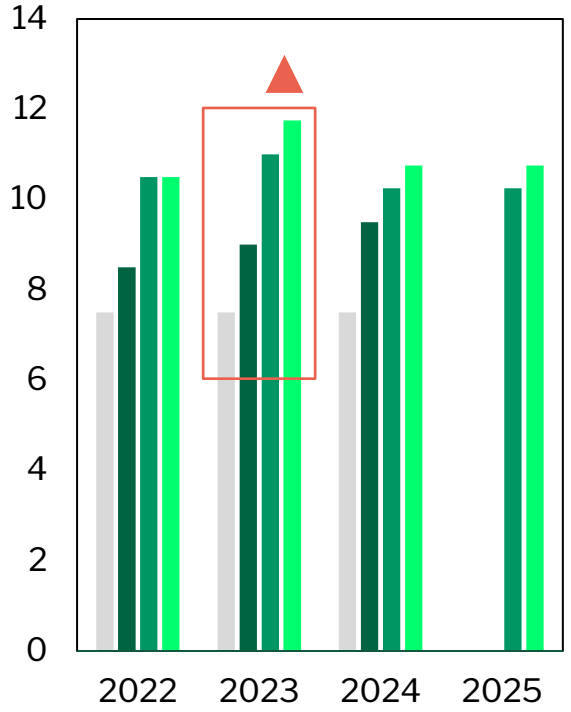
SA GDP growth
(%)



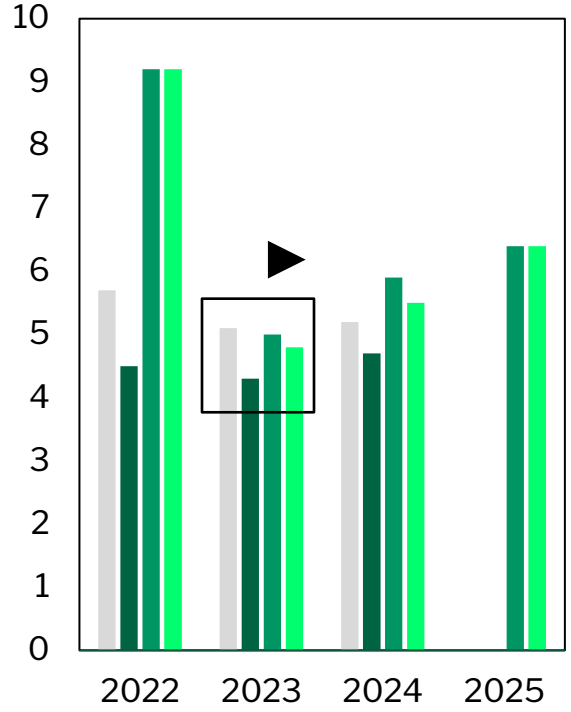
CPI (inflation)
(average, %)



Prime interest rate
(year end, %)



Industry credit growth
(%)



Forecast date: Feb 2021 Feb 2022 Feb 2023 Jul 2023

Operating environment – Nedbank economic forecasts highlight a deterioration in outlook since the beginning of the year

	Actual				Forecast: February 2023			Forecast: July 2023			
	19	20	21	22	23	24	25	23	24	25	
SA GDP growth	0,1%	(6,4%)	4,7%	1,9%	0,7%	1,5%	1,6%	0,3%	1,0%	1,5%	▼
Prime interest rate (year-end)	10,0%	7,0%	7,25%	10,5%	11,0%	10,25%	10,25%	11,75%	10,75%	10,75%	▲
Inflation (average CPI)	4,1%	3,3%	4,6%	6,9%	5,5%	4,8%	4,8%	5,7%	4,6%	4,6%	▶
Industry credit growth	5,3%	1,2%	4,4%	9,2%	5,0%	5,9%	6,4%	4,8%	5,6%	6,7%	▶
Rand/US$ (year-end)	14,0	14,6	15,9	17,0	16,8	16,7	17,3	17,6	17,3	17,8	▲
SA fiscal deficit % of GDP[1]	(3,6%)	(5,1%)	(9,9%)	(4,6%)	(4,2%)	(4,0%)	(3,2%)	(4,4%)	(4,3%)	(3,9%)	▶
SA govt debt % of GDP[1]	52%	56%	70%	69%	72%	73%	74%	71%	72%	72%	▶

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



Strategy

Nedbank Group strategy

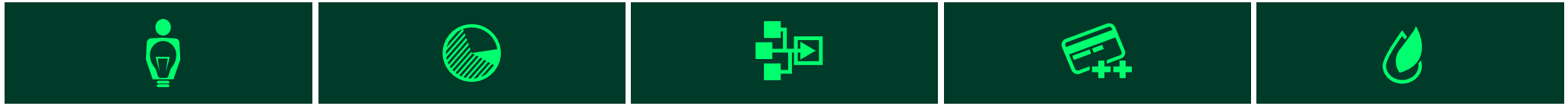
Our purpose

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

Strategic value drivers

Growth	Productivity	Risk & capital management

Strategic value unlocks

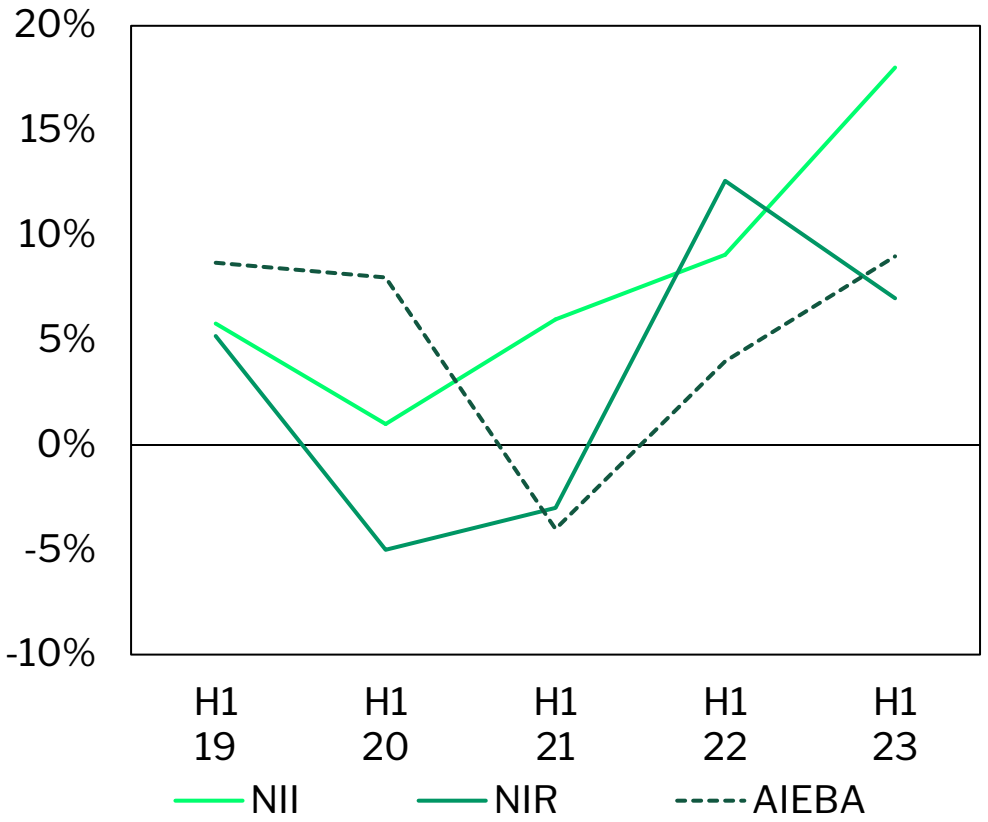


Delivering market-leading client solutions	Ongoing disruptive market activities	Driving efficient execution (TOM 2.0)	Focusing on areas that create value (SPT 2.0)	Creating positive impacts

Enabled by our **Managed Evolution** technology strategy

Growth – very strong revenue growth trends

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



Structural benefit from higher interest rates – R1,8bn (pre-tax) for every 1% increase, partially offset by lower growth/higher impairments/active deposit management (average prime rate: H1 21: 7,0%, H1 22: 7,7%, H1 23: 11,1%)

Strong client-driven growth

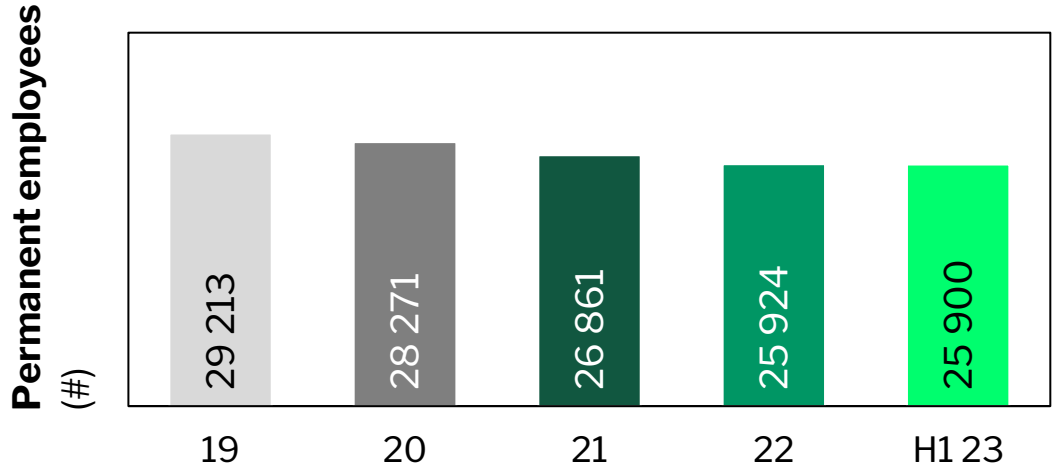
- New primary client wins in CIB: **10** in H1 2023
- Retail main-banked clients: **+11%** yoy to 3,4m
- NAR client gains: **+5%** yoy to 370k
- App volumes **+22%** yoy & **+378%** since 2019
- Cross-sell ratio: **1,95** in H1 2023

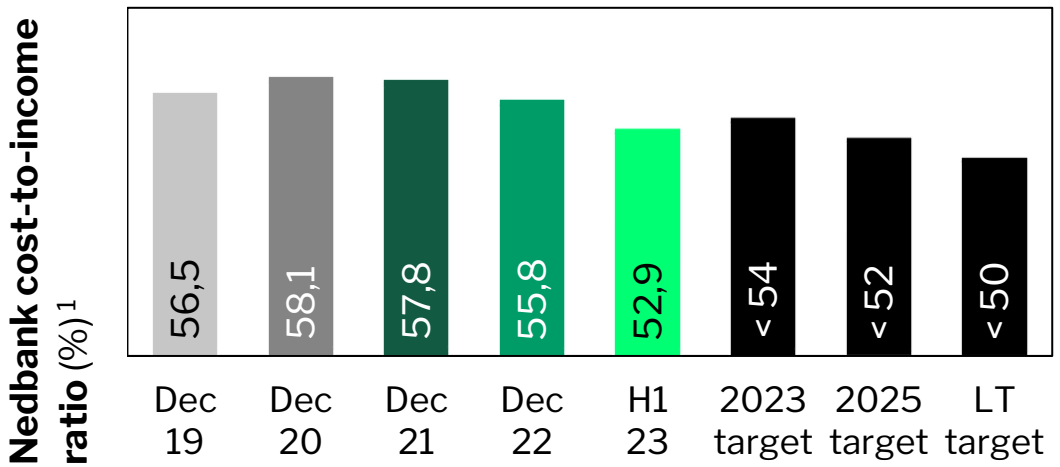
Impact of volatile financial markets

- AUM **+12%** ytd to **R441bn**
- Trading income **+2%** yoy

[1] 2021 & 2022 NIR restated to take into account net monetary loss reclassification. 2019 & 2020 impact is immaterial, therefore NIR not restated. 2022 NIR restated for IFRS 17 & card-processing costs.

Productivity – optimisation benefits more evident & along with endowment benefits, support meeting the group's cost-to-income ratio targets





Structural cost optimisation benefits

- Managed Evolution IT build **93%** complete, enabling TOM 2.0 savings of **R1,7bn** to date
- Intangible software assets peaked at **R9bn** in 2020 & IT cash flow spend peaked in 2017 at **R2,3bn**
- Significantly increased levels of **digital usage**
- Headcount down **2%** yoy & down **11%** since 2019, largely through natural attrition
- Flexible work practices & real-estate optimisation enabling ongoing cost savings

PPOP growth +22% to R14,9bn

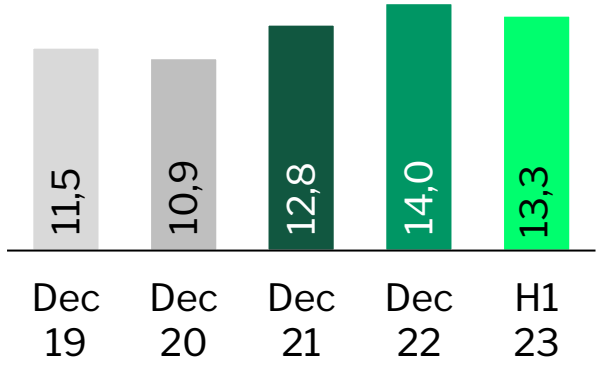
[1] *2022 restated for net monetary loss reclassification, card processing costs & IFRS 17. Prior years have not been restated.*

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

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

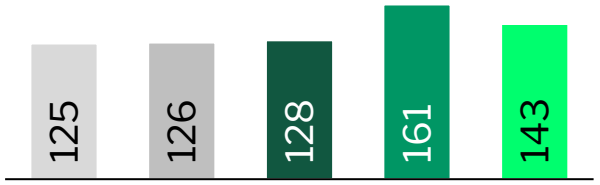
Capital

CET1 ratio (%)

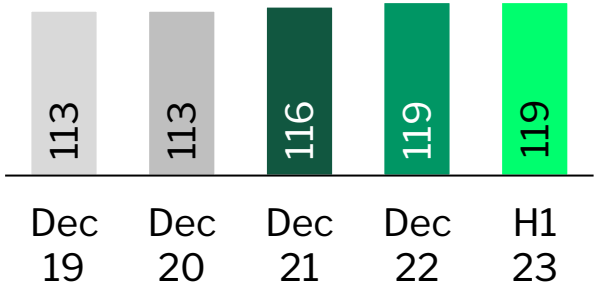


Liquidity

LCR (%)

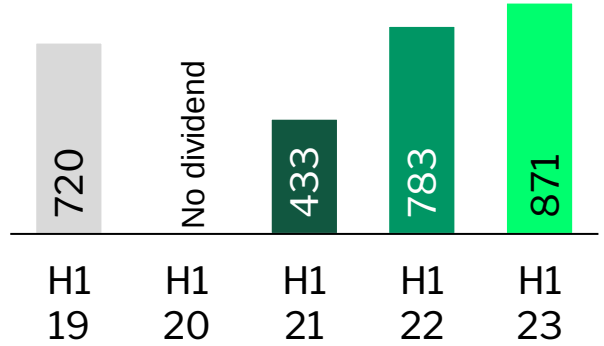


NSFR (%)



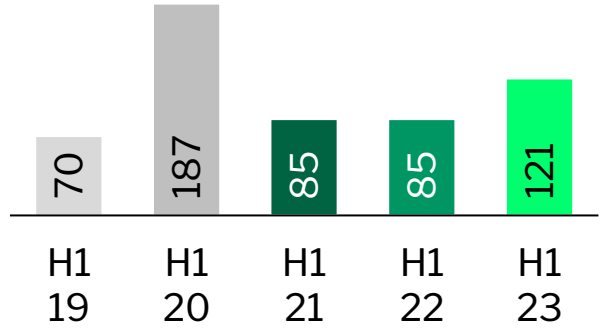
Dividends

Dividends declared (cents/share)

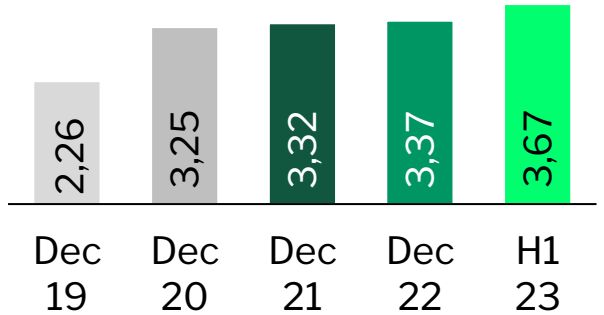


Credit

CLR (bps)

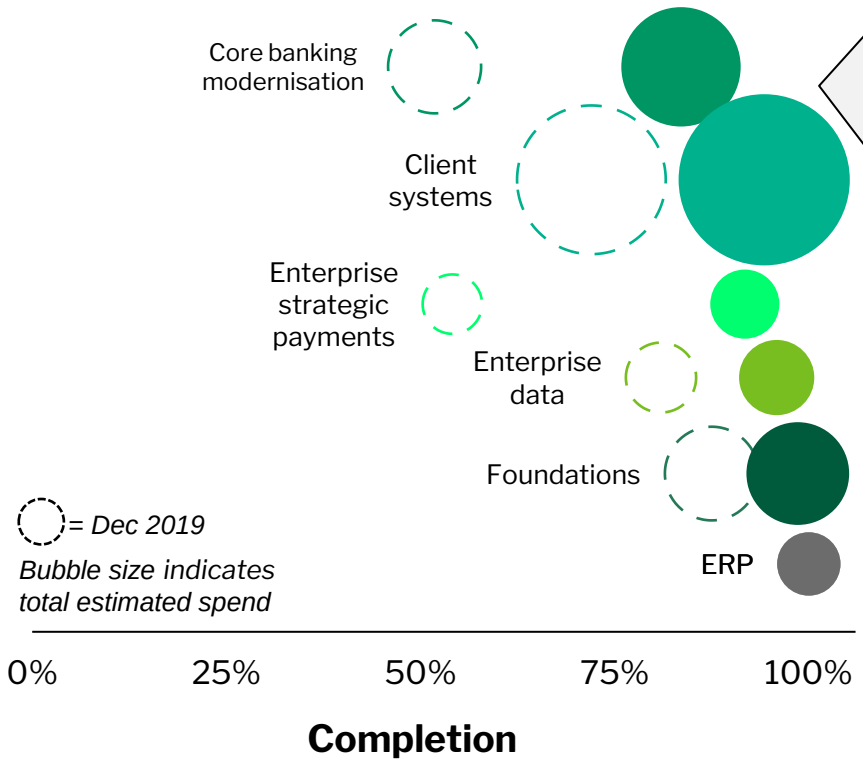


Total ECL coverage (%)



Managed Evolution technology programme: building a world-class technology platform for ongoing competitive advantage – 93% complete

Managed Evolution programme
Invested R10,5bn to 30 June 2023



Key IT build components to completion

Core banking modernisation
(84% complete, R0,4bn remaining)
Generic deposit & loan products, product lifecycle management

Onboarding & servicing
(94% complete, R0,3bn remaining)
Secured lending (home loans & vehicle asset finance)

Complete **payments** modernisation
(92% complete, R66m remaining)

As we move towards the close-out of the ME programme, the focus now shifts to:

- leveraging our new technology stack to **simplify our product range**, making banking easier & more affordable for our clients
- **migrating existing accounts** onto the new products
- **converging for scale** – across all segments, all channels & all geographies (including NAR harmonisation) on a central set of digital properties that are modular & agile for the frontline business needs & their clients
- **process optimisation**
- leveraging **data & generative AI** for commercial advantage

Leveraging our new Managed Evolution technology stack & modernising our core banking systems to simplify our product range, make banking easier & more affordable for our clients & unlock further benefits for Nedbank

Core banking systems

84% complete

Product lifecycle management

- Pricing & billing
- Product catalogues

Core product systems

Deposit products

- **Transactional**
- **Investment**

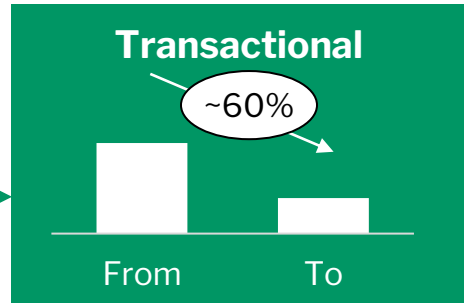
- **Lending** products

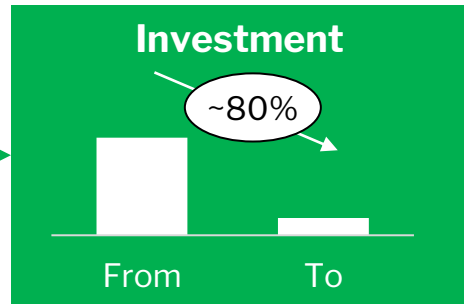
Foundational components

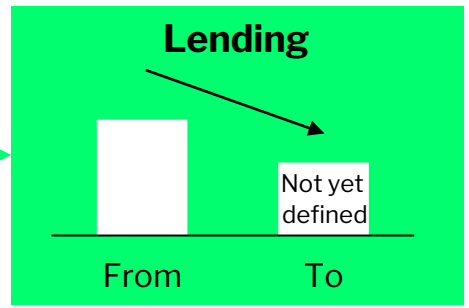
99% complete

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

# of products[1]







Benefits

- **Rationalise group-wide product set** with configurable generic products & flexible pricing (nine core product systems to two)
- Increased levels of **real-time transaction processing**
- Modular components (no hard coding) provide **product configurability**
- Become **more efficient** (cost savings)
- **Agile & quicker** launch of new innovations to market
- More **client-centred**
- Enables easier **integration of AI technologies**

[1] *Current estimated product rationalisation. Target state lending products & juristic deposit product definitions remain work in progress.*

Initiating our product optimisation journey with MiGoals – 3 new consumer products launched in May 2023

From

46 transactional products

36 current accounts

10 savings products

To

18 transactional products[1]

3 consumer

3 private clients

2 NPW

7 business[2]

3 savings

3 new consumer products in market since launch

> 100 000 new MiGoals accounts opened since May 2023

Clients will be **seamlessly migrated**

Simplified pricing structure

MiGoals



A day-to-day pay-as-you-use transactional account for clients who want a cost-effective account

MiGoals Plus



A transactional account with a monthly fee, Greenbacks rewards & more

MiGoals Premium



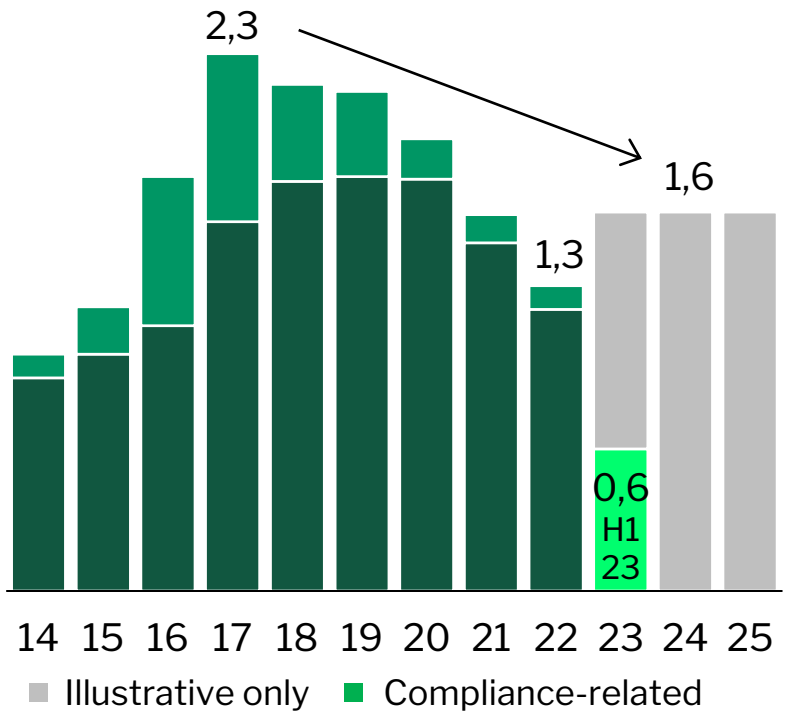
A transactional account which includes a credit card, overdraft facility & Greenbacks rewards

Replacing Nedbank PAYU, Savvy Plus, Savvy Bundle & 20 other products

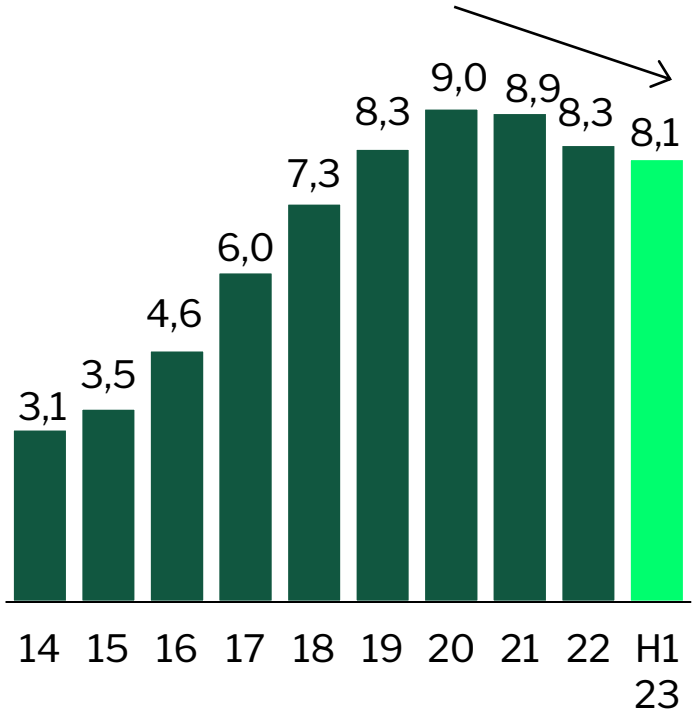
[1] *Current estimated product rationalisation. Target state juristic deposit product definitions remain work in progress.*
[2] *Small Business, Commercial and Corporate Banking.*

Managed Evolution technology programme – IT cash flow spend peaked in 2017 & intangible software assets peaked in 2020 at R9bn, while benefits are being realised as per plan

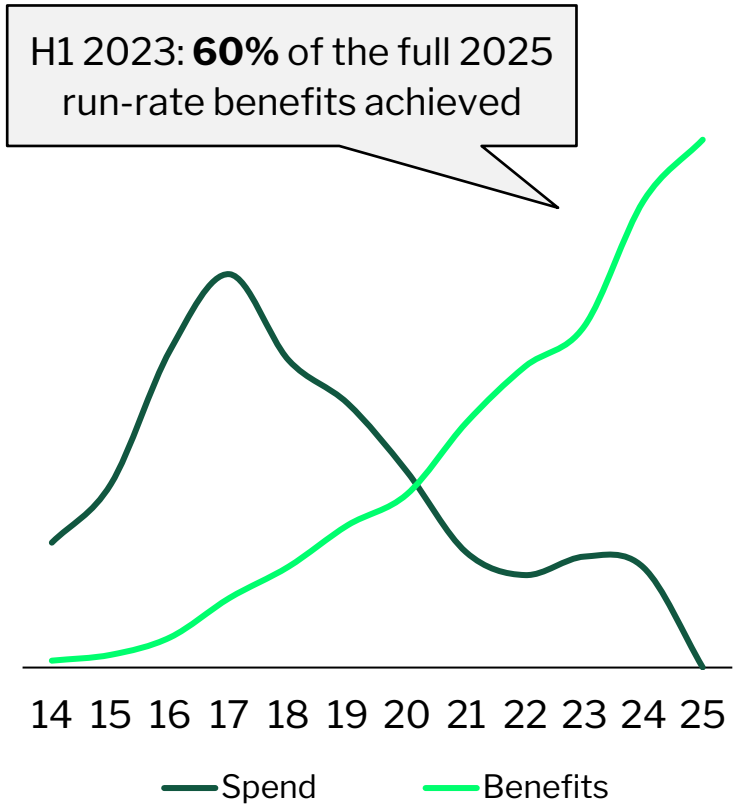
IT software development spend (Rbn annual cash flow)



Intangible software on the balance sheet (Rbn)



Investment vs benefit realisation to date (%)



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

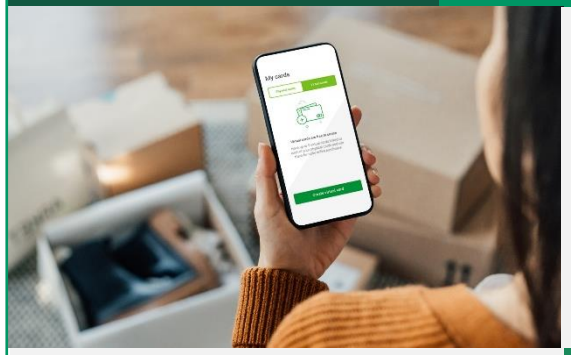
Strategic value unlocks

Benefits for our **clients**

Client onboarding
99%
(FICA-compliant onboarding of individual & juristic clients via Eclipse)

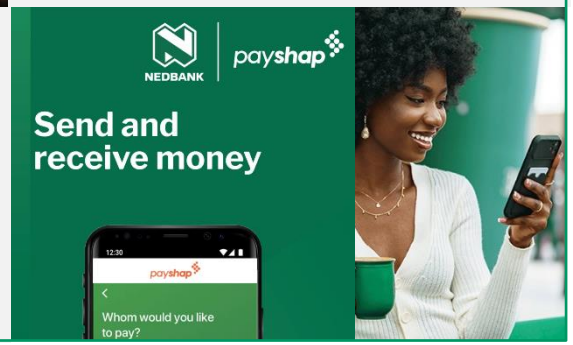
Individual servicing
> 210
Services on Eclipse & Money App
(**98%** STP)

Juristic servicing
> 435
Services on Nedbank Business Hub
(**34%** STP)



Digital product sales
% of new sales
▲ 56%
(2019: 12%)

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



Benefits for **Nedbank**

Cost of innovation
Development cost per function point
▼ 39%
(less than CPI, 2019 base)

Systems uptime
99,2%

Operational efficiencies
Floor space **▼30%**
Headcount **▼11%**
(since 2019)



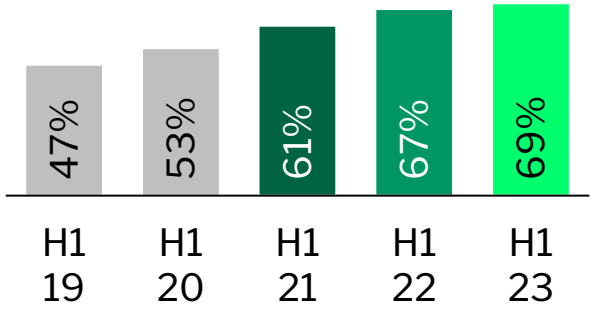
Target operating model benefits
R3,7bn
(cumulative 1.0 & 2.0 to date)

Revenue growth
Retail cross-sell **▲1,95**
(H1 2019: 1,72)
VAS revenue **▲198%**
(vs H1 2019)

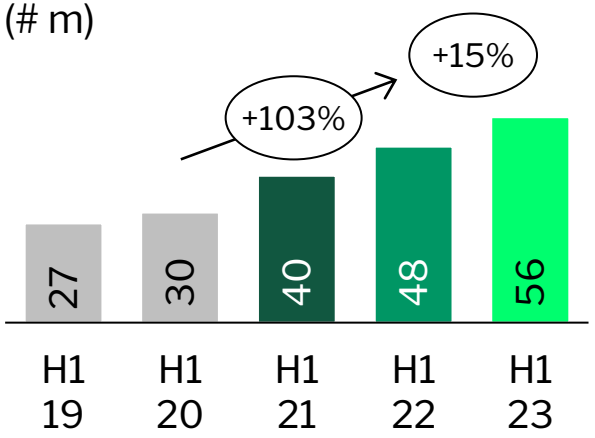
STP – Straight-through processing

Digital uptake & usage continues to grow strongly

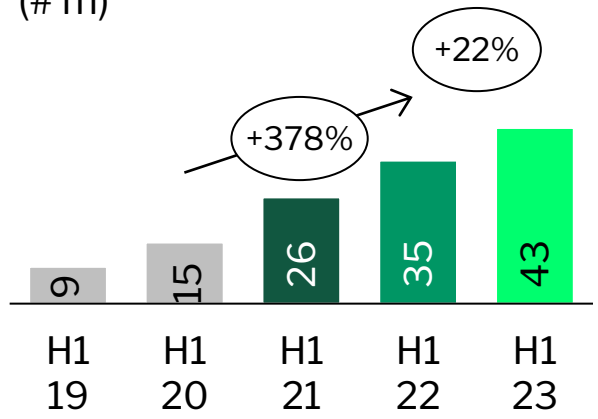
Digitally active main-banked clients (%)



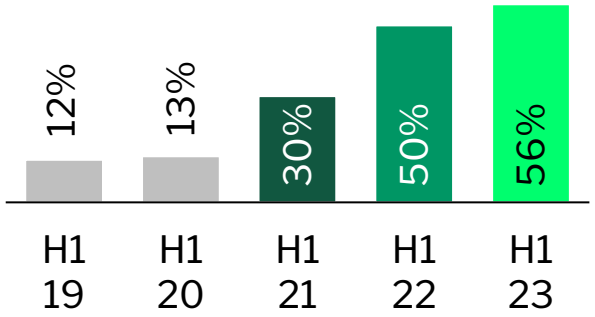
Digital transaction volumes (# m)



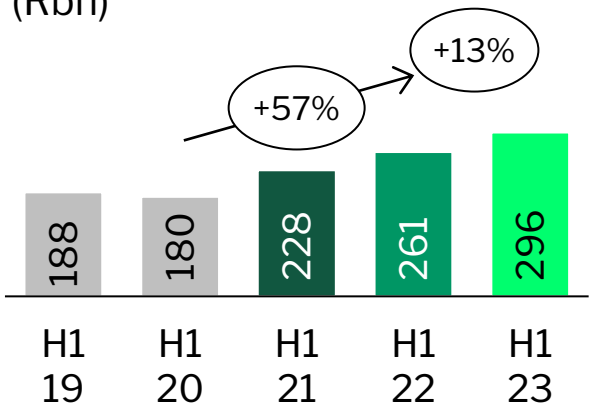
App transaction volumes (# m)



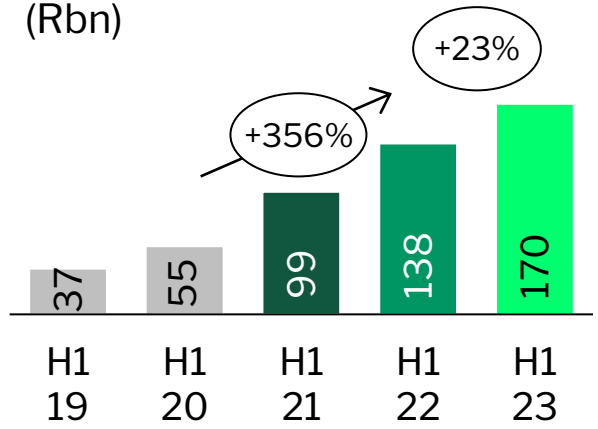
Digital sales (% of new sales)



Digital transaction values (Rbn)



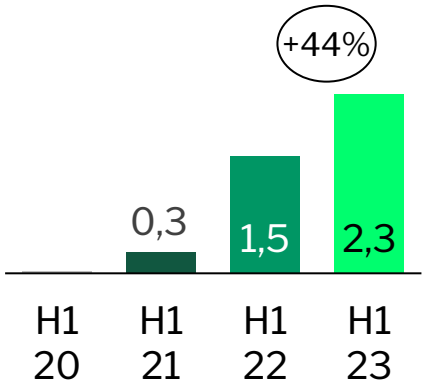
App transaction values (Rbn)



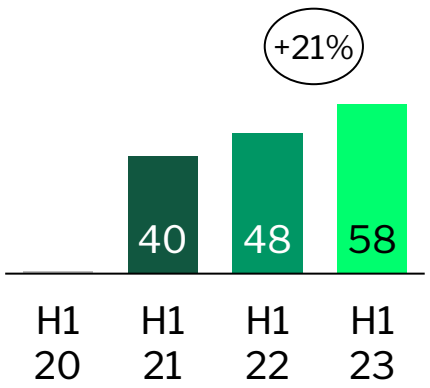
Change since H1 2019 H1 2022 vs H1 2023

Our world-class technology platform is also enabling us to unlock new revenue streams, while investing in data & AI capabilities

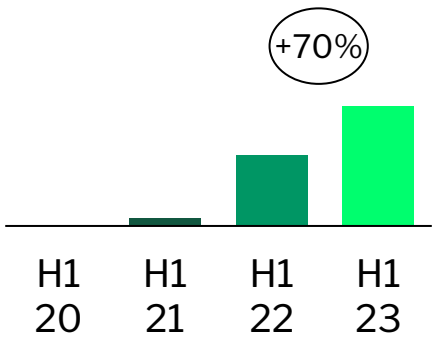
Registered Avo clients (# m)



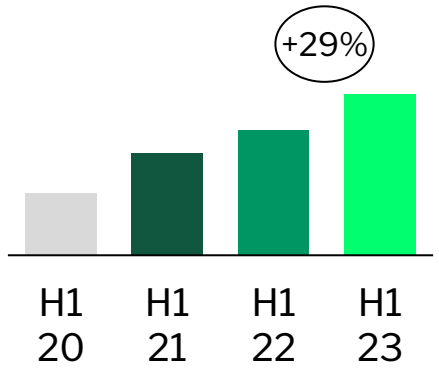
API activity (# of active 3rd parties)



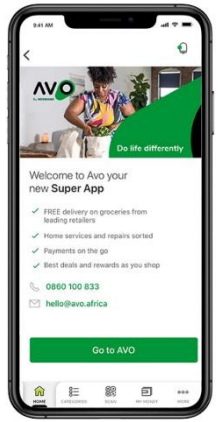
Avo gross merchandise value (Rm)



Value-added services revenue (Rm)



Avo Auto hosts **> 500** MFC-accredited dealers & lists **18 000** vehicles



Working with Microsoft to test & refine **Copilot, a new generative AI tool** for Microsoft 365 productivity apps

> 40 AI use cases delivered in recent years & **exploring > 40 new data & analytics use cases**

Avo is now a certified reseller for both **Apple** & **Samsung**

Avo launch in NAR subsidiaries in H2 2023

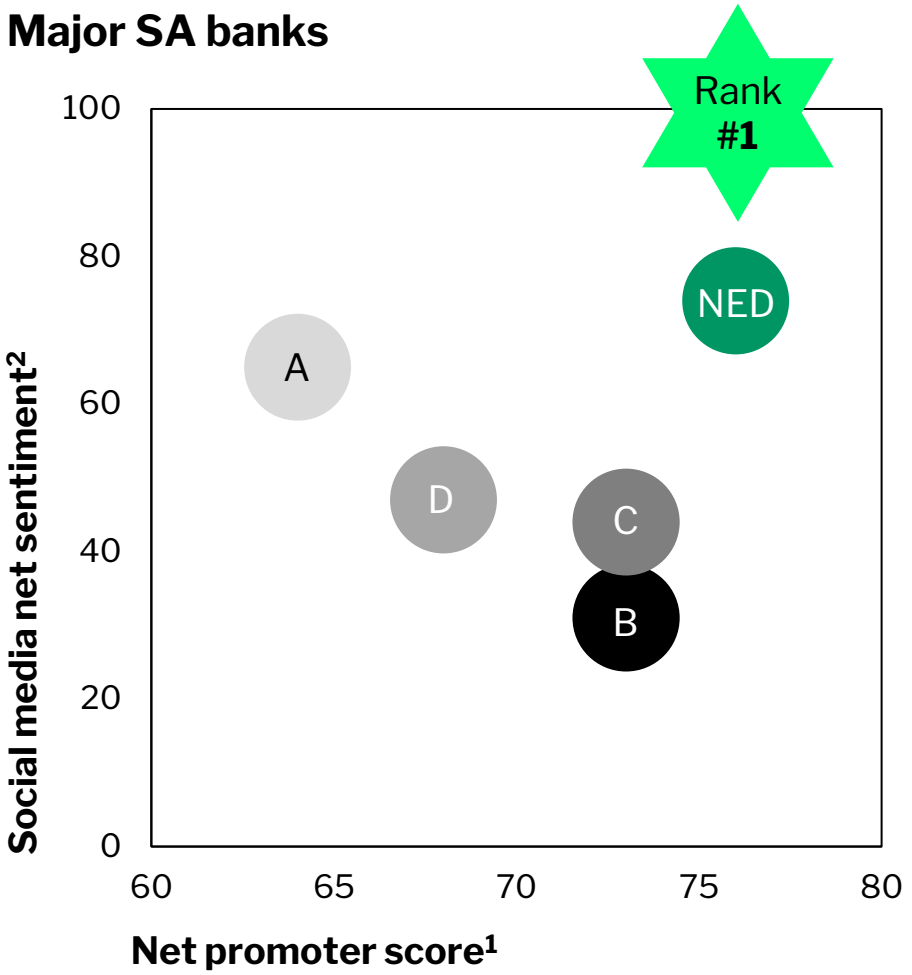
Exploring Microsoft's AI technology to strengthen our productivity, enhance processes, reduce risk, & boost creativity

In the process of **securing 300 Microsoft AI licences** to experiment with AI

More than **23 000 Avo merchants & partners**

Leveraging our strong **Microsoft partnership**

Client satisfaction is positively differentiating Nedbank – SA's #1 ranked bank on NPS & social media sentiment, supported by external awards



SA's 8th most valuable brand[3]
– improving from #9, with 2023 brand value of R17,3bn, up 15% yoy

Top SA Private Bank
– Intellidex awards (2023), including seven top 3 awards

Investment Bank of the Year for Africa
– Global Banking and Finance Awards (2023)

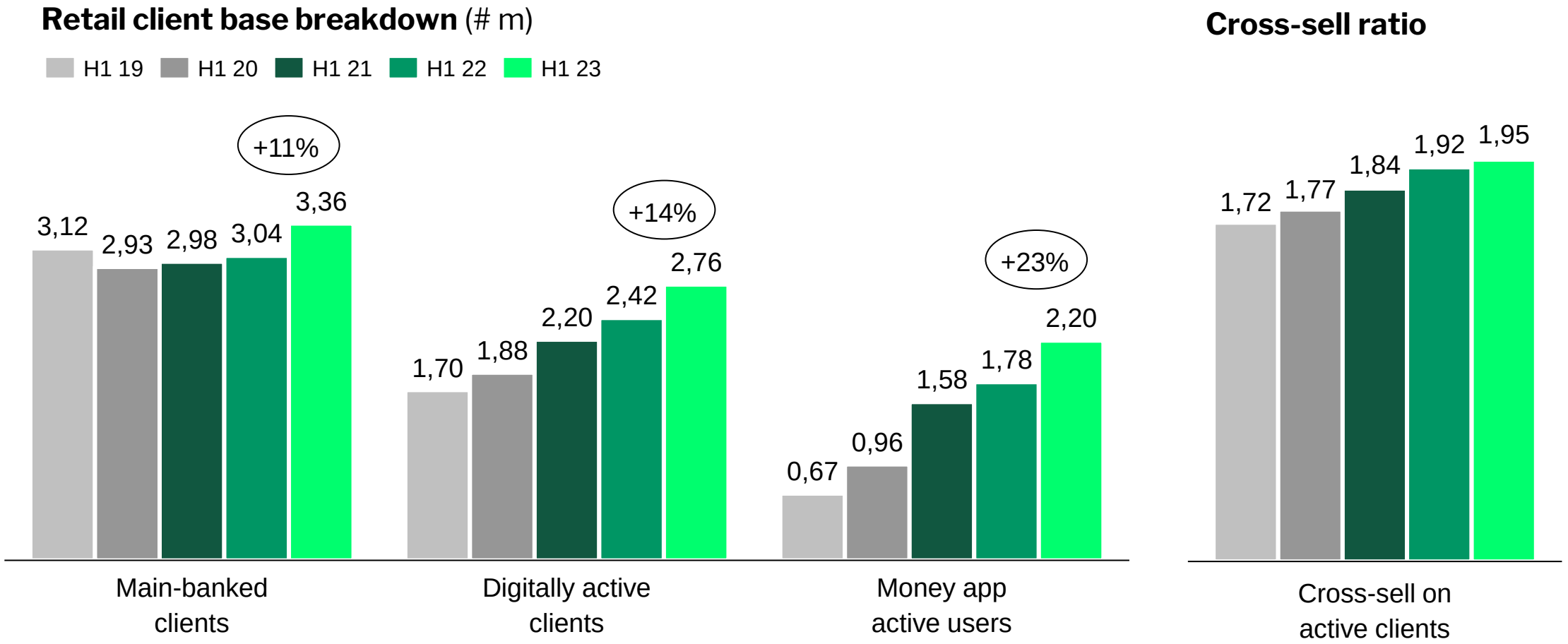
Best Retail Bank in SA
– Global Banking and Finance Awards (2023)

Best Digital Bank in Africa
– EuroMoney (2023)

Sustainable Bank of the Year
– African Banker (2023)

[1] Kantar NPS survey (2022). | [2] Salesforce Social Studio (H1 2023). | [3] Brand Finance (2023).

Nedbank's #1 ranking in client satisfaction & digital leadership continues to drive strong client growth & improve levels of cross-sell

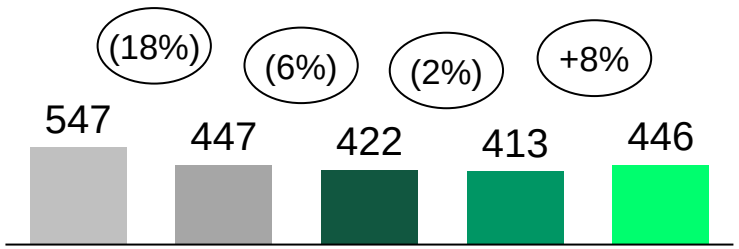


Our client-centred strategy is driving growth across all segments

Main-banked clients[1], # 000

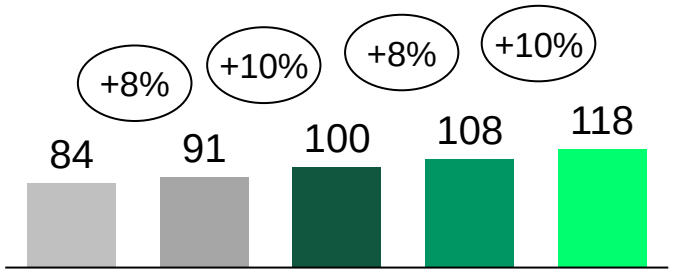
Kids & youth



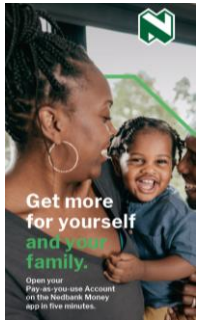


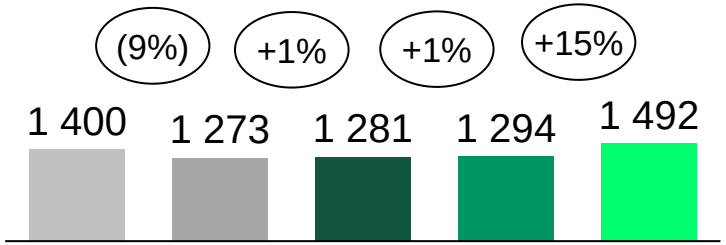
Private Clients





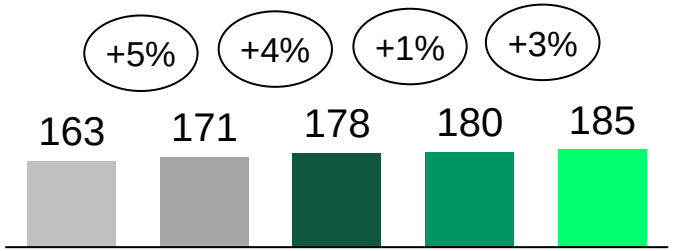
Entry level



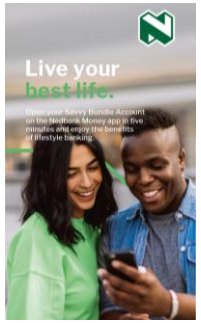


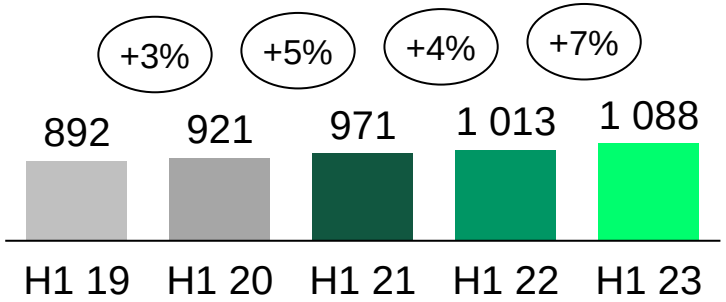
Small Business Services



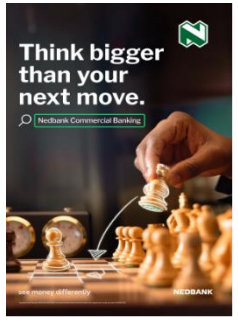


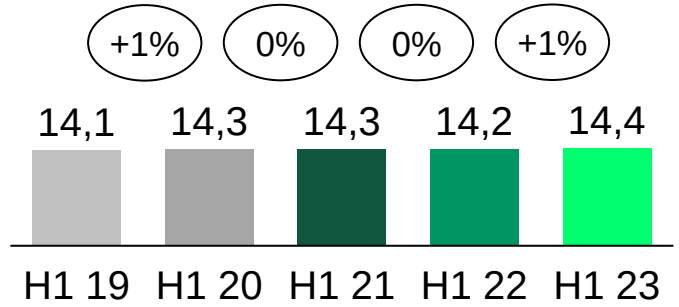
Middle





Commercial Banking[2]





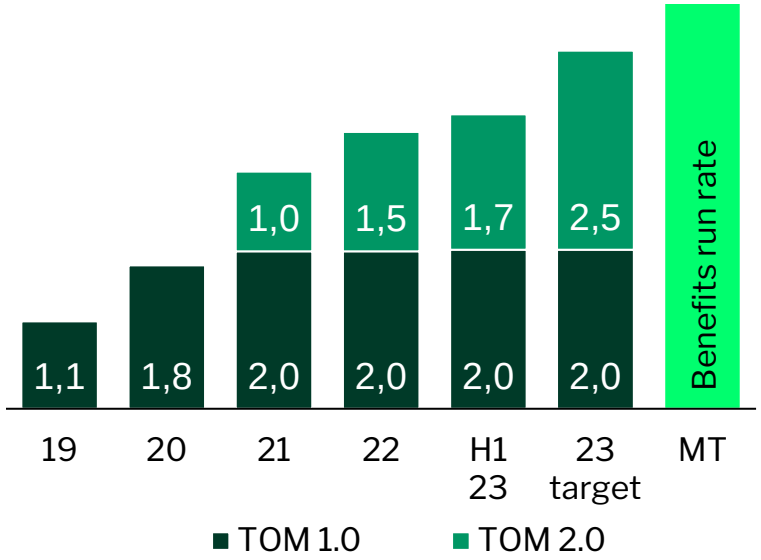
[1] Definition of main-banked: Clients who achieved a minimum deposit or a number of quality transactions on average per month over three months. Consumer: Non-individuals, RRB: Non-residents & Embassy Banking not shown. | [2] Client groups with gross operating income contributions in excess of R500 pm.

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

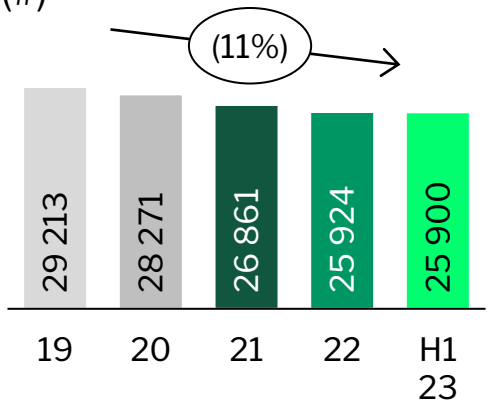
Strategic value unlocks

Cumulative target operating model benefits (Rbn)

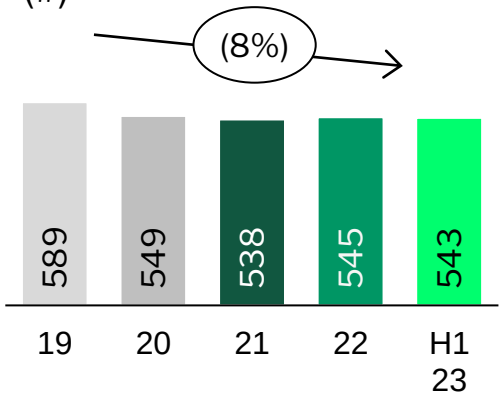
- **R2,5bn target remains in place for now but will only likely be achieved in 2024** given:
  - a deliberate decision to delay or reconsider some initiatives impacting revenues
  - a delay in some cost initiatives
- **Exploring opportunities beyond the R2,5bn** in data & process optimisation



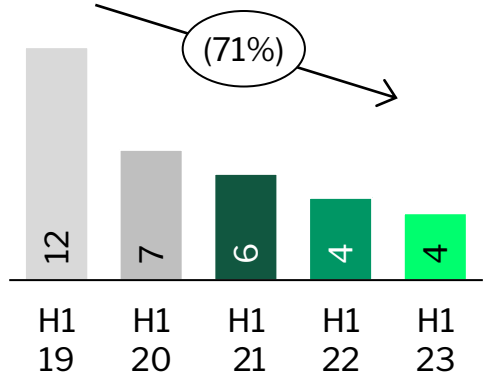
Permanent employees (#)



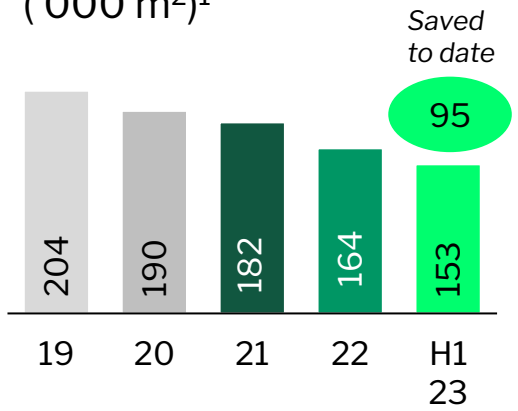
SA outlets/branches (#)



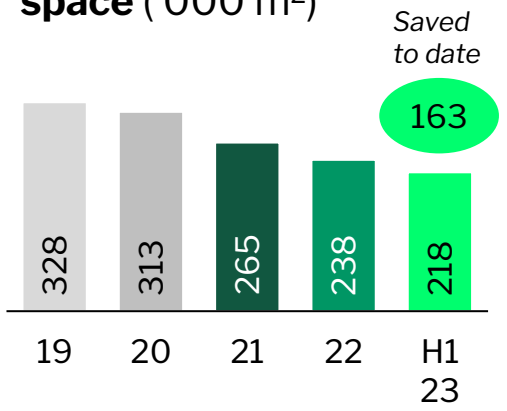
Teller activity (# million)[2]



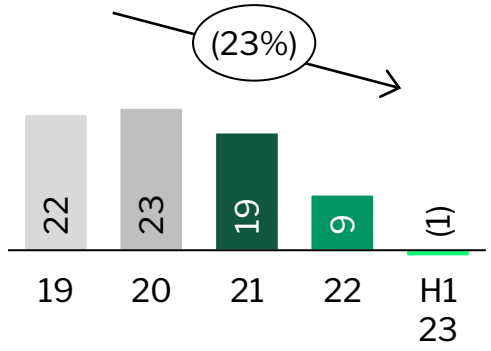
Branch floor space ('000 m²)[1]



Corporate real-estate floor space ('000 m²)



Annual IT amortisation charge (% growth)



[1] Total branch floor space saved since 2014 equates to 95k sqm, 41% of the 2014 floor space & total branch floor space saved since 2018 at 29% of the 2018 branch floor space. | [2] Refers to the volume of interactions with tellers.

Change since 2019

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

BA900 market share (%)	Jun 21	Jun 22	May 23	Yoy change
Wholesale term loans	16,6	16,0	**17,1**	▲
CPF	37,9	37,6	**36,8**	✓
Home loans	14,3	14,0	**14,2**	▲
Vehicle finance	36,7	35,9	**35,3**	✓
Personal loans	11,8	11,8	**11,2**	▼
Card	12,5	11,5	**10,9**	▼
Retail overdrafts	8,9	11,1	**12,9**	▲
Total household deposits	15,1	14,5	**14,8**	▲
Household trans deposits	14,4	13,7	**13,6**	▶
Household non-trans deposits	16,6	16,3	**17,5**	▲
Total commercial deposits*	17,5	17,2	**17,5**	▲
Commercial transactional*	12,5	12,7	**11,6**	▼
Commercial non-trans dep*	18,5	18,3	**19,3**	▲

**Excluding tax & loans & wholesale FX.*

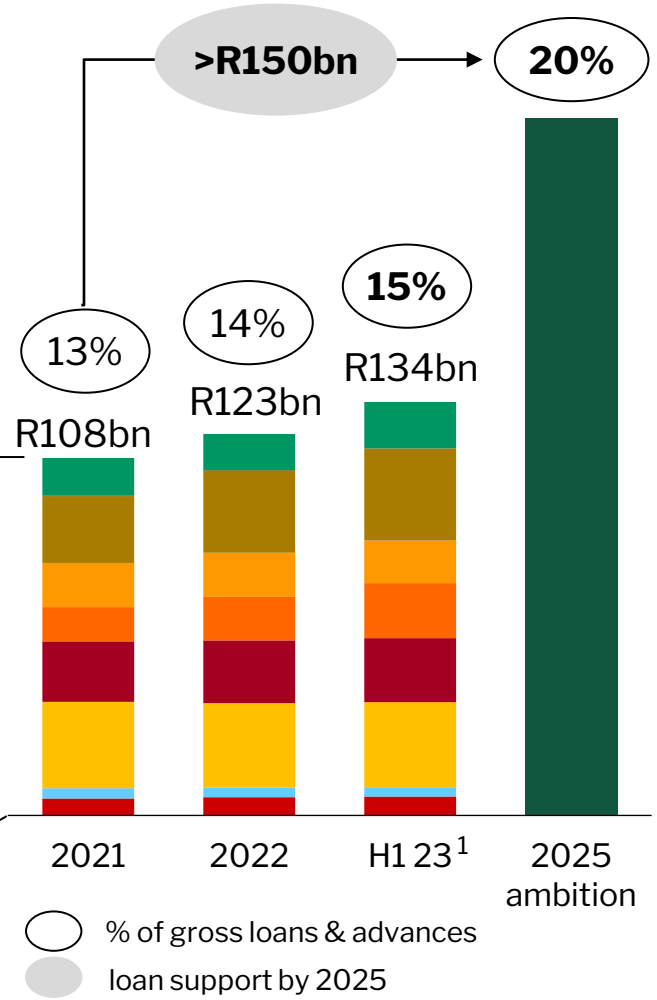
- **Unlocking growth opportunities** – infrastructure & SDG-related financing, particularly in wholesale lending
- **Selective credit origination** in areas where we have strong market positions – commercial property & vehicle finance
- **Prudent credit granting** in a more difficult macroeconomic environment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

Creating positive impacts – R134bn of exposures at the end of June 2023 that support sustainable-development financing (SDF). We set an ambition for this to be around 20% of gross loans & advances by 2025, through > R150bn in support of new SDF

Strategic value unlocks

Sustainable finance (multiple SDGs)

Sustainable-development finance (Rbn)



R191m funding for clean water & sanitation in H1 2023

R21bn lending exposure to small business & their owners

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

R1.6bn for new affordable home loans in H1 2023, equating to

> 2 600 homes

R706m towards the financing of affordable housing in H1 2023

R28bn total renewable-energy exposures

Strong pipelines across rooftop solar PV, private generation & REIPPPP of almost **R24bn**

Started procuring renewable green energy from IPPs to reduce our own operational carbon emissions. Target:

>30% by 2025

R30bn support for farmers

R140m for student loans & accommodation

Financing of ...

> 7000 student loans since 2015

43 000 student beds since 2015

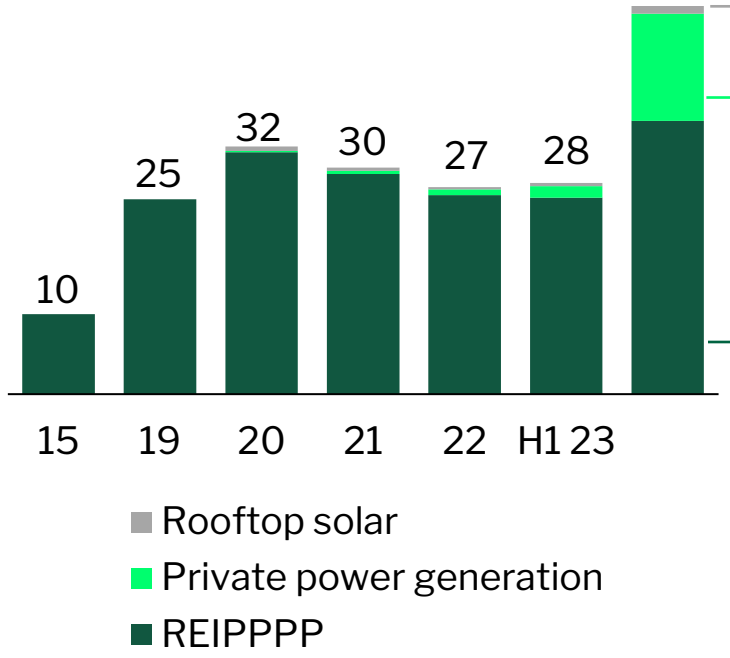
Sustainable finance across multiple SDGs for clients in CIB of **R15bn**, ▲ 28%

[1] *R11bn for the financing of buildings that include green interventions such as green energy, water & waste efficiencies has not yet been included as we consider its eligibility.*

Creating positive impacts – expanding our leadership in renewable-energy & sustainable finance

Strategic value unlocks

Renewable energy financing
(drawn exposures, Rbn)



Nedbank supported 3,5 GW
of REIPPPP rounds 1 to 4
(out of a total 6,3 GW added)

Renewable energy financing opportunities to date

RBB rooftop solar finance

- Number of solar PV solutions up by > 300% hoh
- HL solar readvance solution to be complemented with a HL solar CVP in Q3 2023

>R750m

CIB mandated on 1,9 GW
of new commercial private generation (with the opportunity to double)

- < 1 GW at 31 Dec 2022

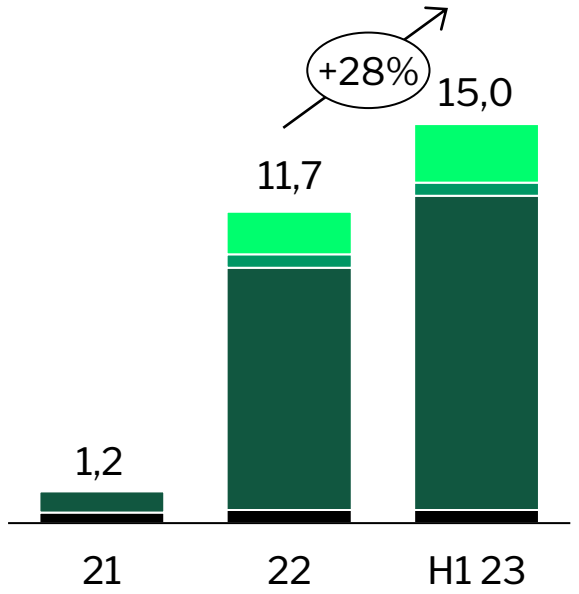
R13bn

CIB the lead arranger on 1,15 GW of IPP projects

- 4 RMIPPPP projects
- 4 REIPPPP round 5
- 2 REIPPPP round 6

R10bn[1]

Sustainable finance
(exposures, Rbn)



[1] *Includes financing for 0,5 GW of other government procurement projects where Nedbank is not the lead arranger.*

Creating positive impacts – our ESG credentials & commitments

Nedbank's ESG ratings

MSCI	AAA	**Top 5%** of global banks
FTSE Russell FTSE4Good	3,9	**Top 26%** of global banks
SUSTAINALYTICS	17,4	**Top 9%** of diversified banks
ISS ESG	C	**Top 10%** of all global banks
S&P Global	67	**Top-tier** SA bank

Commitments & achievements

Carbon-neutral operations (since 2009)

Net-zero operational water use (since 2018)



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

81% AIC representation (78% in 2019)

Level 1 BBBEE status for the past 5 years

Legends of Empowerment Award (22nd Top Empowerment Awards)





>2 800 unemployed youth (YES) recruited (almost 10 000 since 2019)

86% of employees feel proud to work at Nedbank (employee survey)

Concluded **Odd-lot offer at R234/share** (5% above 10-day VWAP on 19 June 2023)

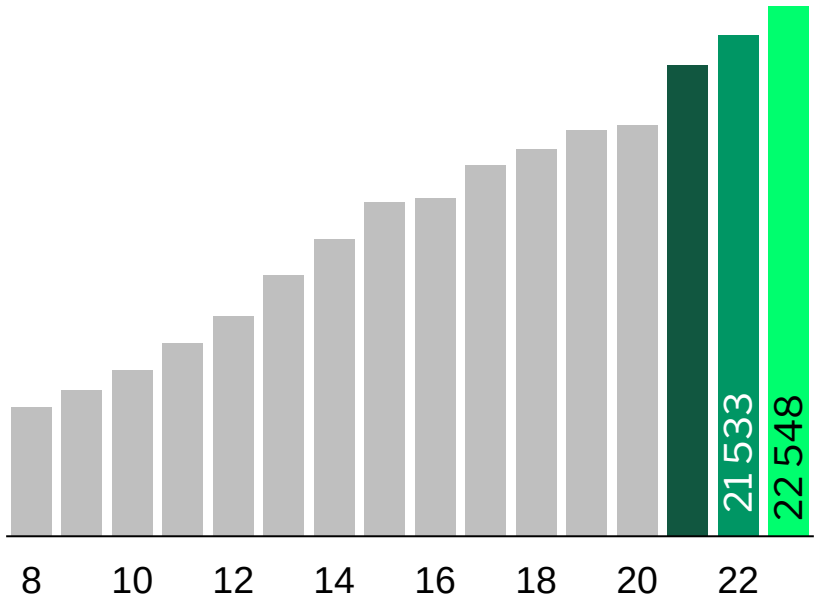


‘**Headline earnings up 10%,** driven by strong revenue growth, partially offset by higher impairments’

Financial overview

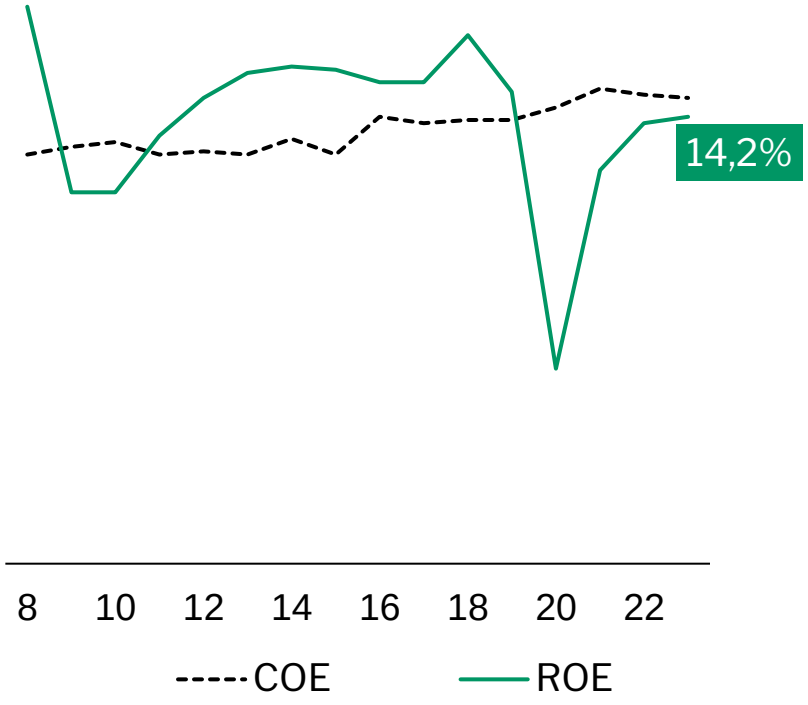
Key drivers of shareholder value creation – solid NAV growth, ongoing ROE improvement & strong capital generation

NAV per share (cents)



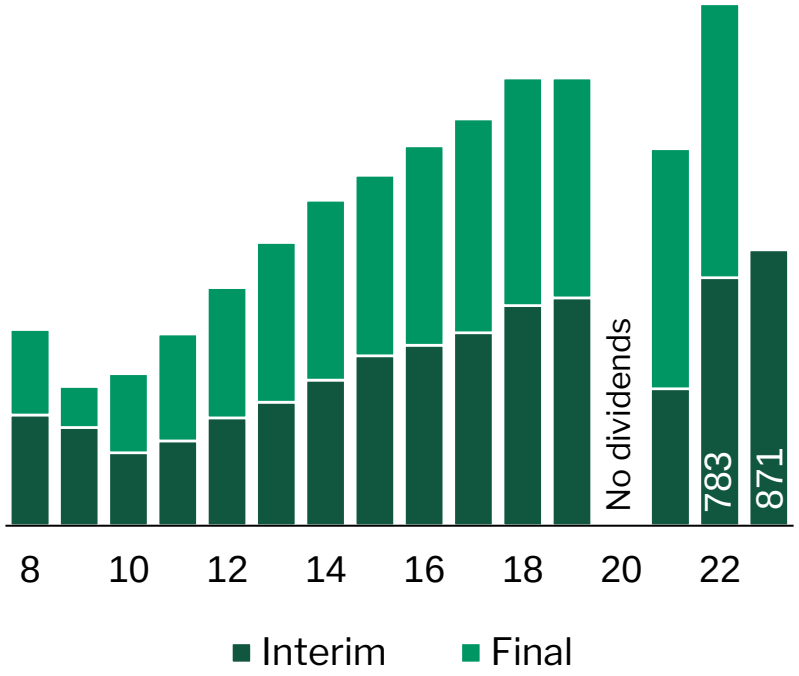
NAV growth +8% yoy

ROE & cost of equity (%)



ROE increasing towards COE & then > COE

Dividend per share (cents)



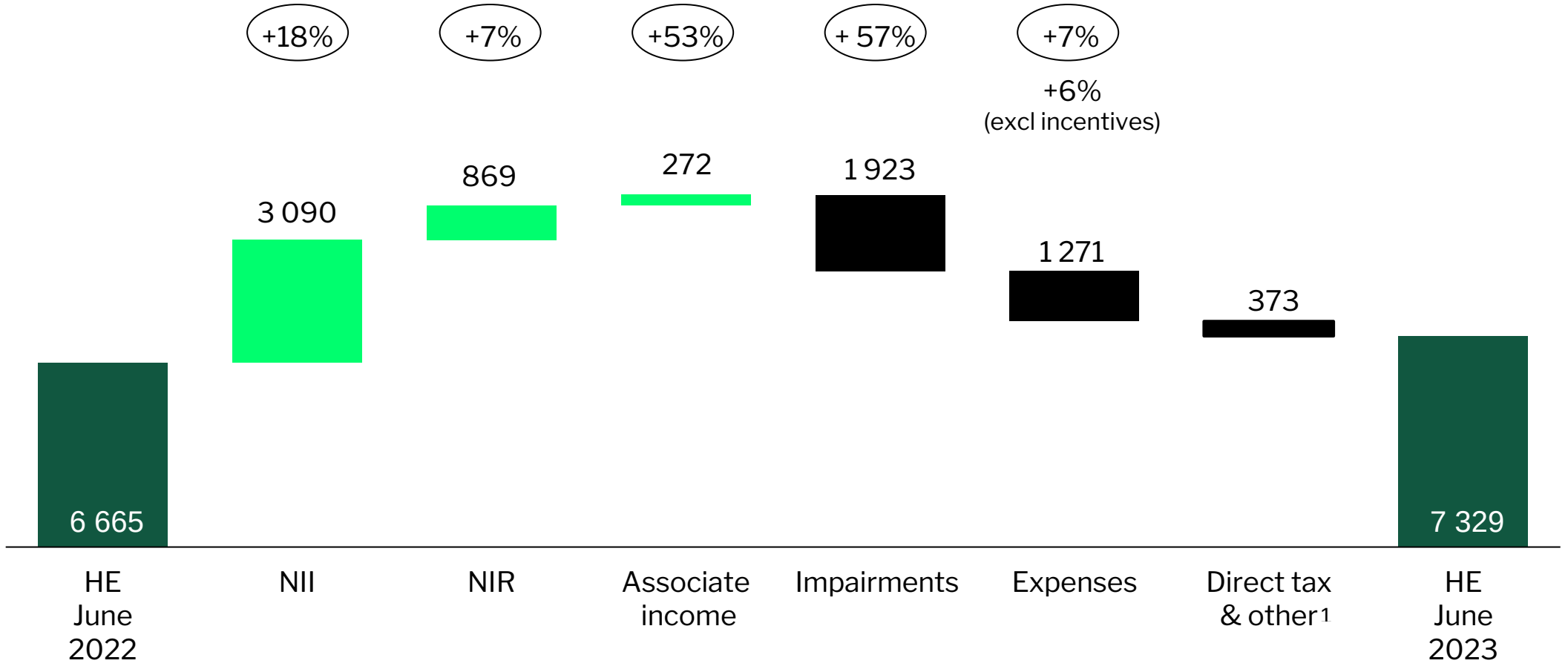
Dividend cover at 1,75x

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

		yoy	H1 2023	H1 2022	H1 2021	H1 2020	H1 2019
Profitability	Headline earnings (Rm)	+10%	**7 329**	6 665	5 251	2 114	6 870
	Pre-provision operating profit (Rm)	+22%	**14 896**	12 231	10 456	10 717	11 635
	DHEPS (cents)	+11%	**1 477**	1 335	1 067	434	1 411
	Basic EPS (cents)	+8%	**1 524**	1 412	1 081	270	1 419
	ROE (%)		**14,2**	13,6	11,7	4,8	16,8
Advances & deposits	Gross banking advances (Rbn)	+5%	**876**	831	781	838	753
	Deposits (Rbn)	+8%	**1 086**	1 005	936	944	866
	NIM (%)		**4,18**	3,85	3,68	3,33	3,57
Asset quality	Credit loss ratio (bps)		**121**	85	85	187	70
	Total coverage (%)		**3,67**	3,31	3,41	2,85	2,21
Liquidity	Liquidity coverage ratio (%)		**143**	144	131	115	115
	NSFR (%)		**119**	120	114	114	110
Capital	CET1 (%)		**13,3**	13,5	12,2	10,6	11,3
	Risk-weighted assets (Rbn)	+5%	**680**	647	647	678	619

Headline earnings up by 10% – driven by strong revenue growth, partially offset by higher impairments

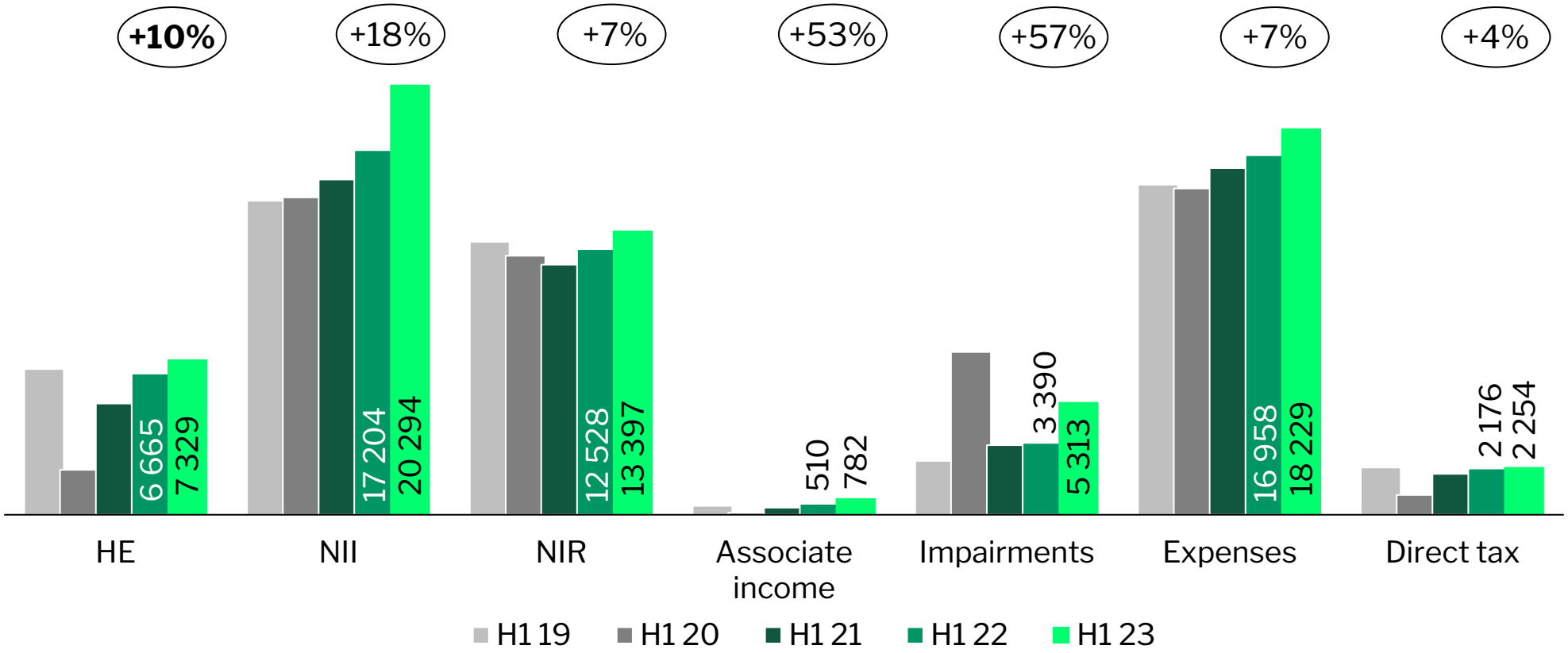
Headline earnings (Rm)



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

Headline earnings up by 10% – driven by strong revenue growth, partially offset by higher impairments

Key earnings drivers (pre-tax, Rm)



Note: H1 22 restated for net monetary loss reclassification, card-processing costs & IFRS 17. Prior years have not been restated.

Pre-provisioning operating profit up by 22% – driven by strong revenue growth & good expense management, enabling a lower cost-to-income ratio

PPOP (Rm)	yoy	**H1 2023**	H1 2022	H1 2021	H1 2020	H1 2019
CIB	1%	**4 614**	4 564	4 423	4 363	4 598
RBB	24%	**7 829**	6 315	5 291	5 136	5 793
Wealth	51%	**824**	548	600	531	576
NAR	104%	**1 307**	643	280	241	413
Centre		**322**	161	(138)	446	255
Group	22%	**14 896**	12 231	10 456	10 717	11 635

Cost to income (%)	**H1 2023**	H1 2022	H1 2021	H1 2020	H1 2019
CIB	**45,1**	43,3	42,9	41,0	40,9
RBB	**58,3**	62,0	65,5	65,0	62,3
Wealth	**64,1**	70,5	71,7	76,7	71,6
NAR	**47,8**	62,5	74,9	74,8	70,0
Centre					
Group	**52,9**	56,1	58,5	56,4	55,4

- **CIB** resilient in a difficult operating environment
- **RBB** continues to unlock strong revenue growth, while realising benefits from cost optimisation

- **Wealth** benefiting from higher local & international interest rates & good growth in insurance & Asset Management
- **NAR** supported by ongoing turnaround & growth from ETI & FX gains & improved scale in the SADC operations

Note: H1 22 restated for net monetary loss reclassification, RBB Visa/Mastercard costs & IFRS 17. Prior years have not been restated.

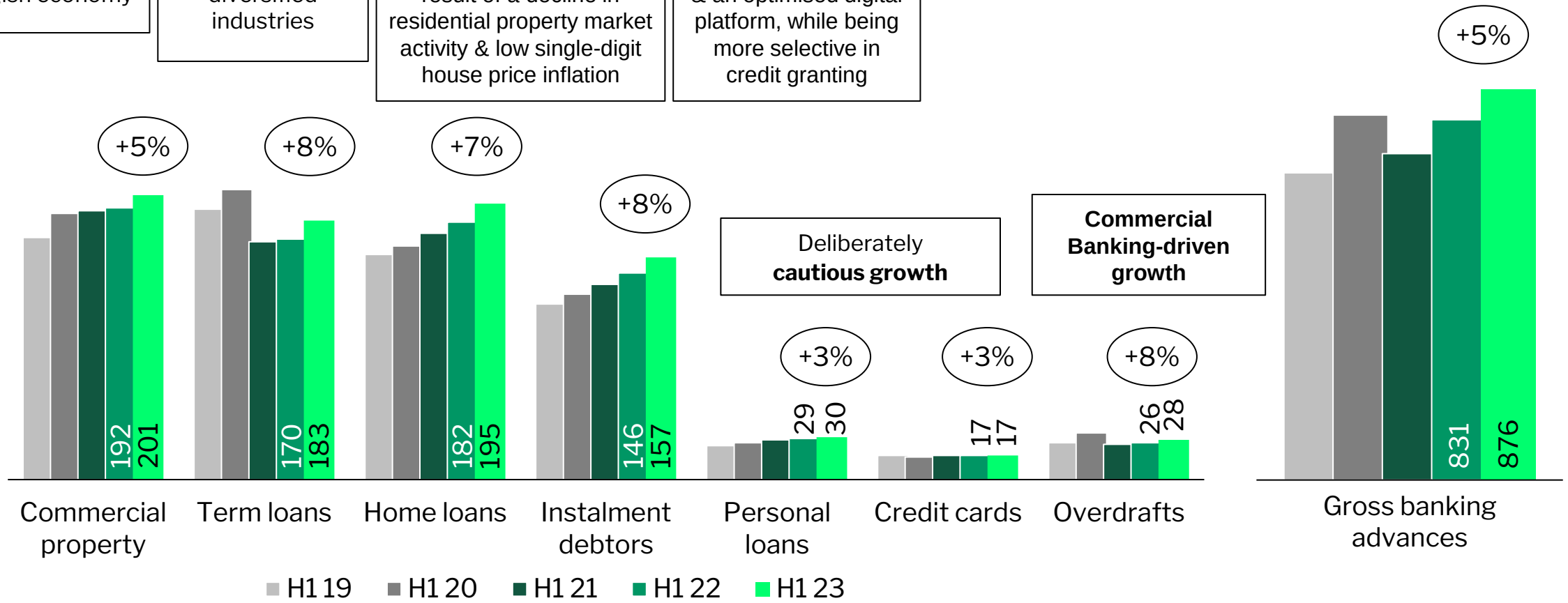
Actual gross banking advances up by 5% yoy – good growth in secured lending categories & wholesale term loans

Slow growth in CPF on the back of selective origination & a sluggish economy

Strong term loan growth from pipeline conversions in diversified industries

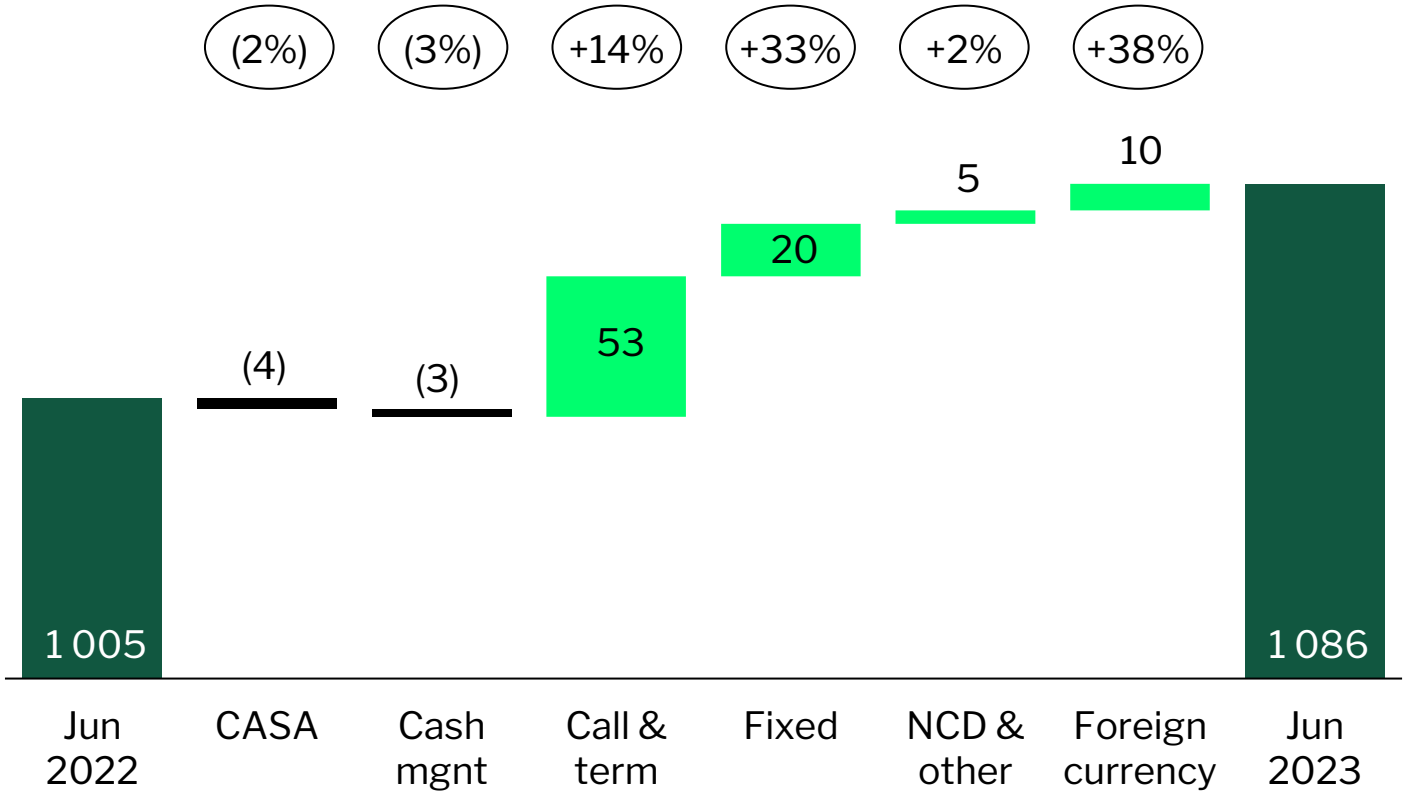
HL growth driven by slower payments, partially offset by slower new loan payouts as a result of a decline in residential property market activity & low single-digit house price inflation

Leveraging **MFC's market-leading position**, strong alliance relationships & an optimised digital platform, while being more selective in credit granting

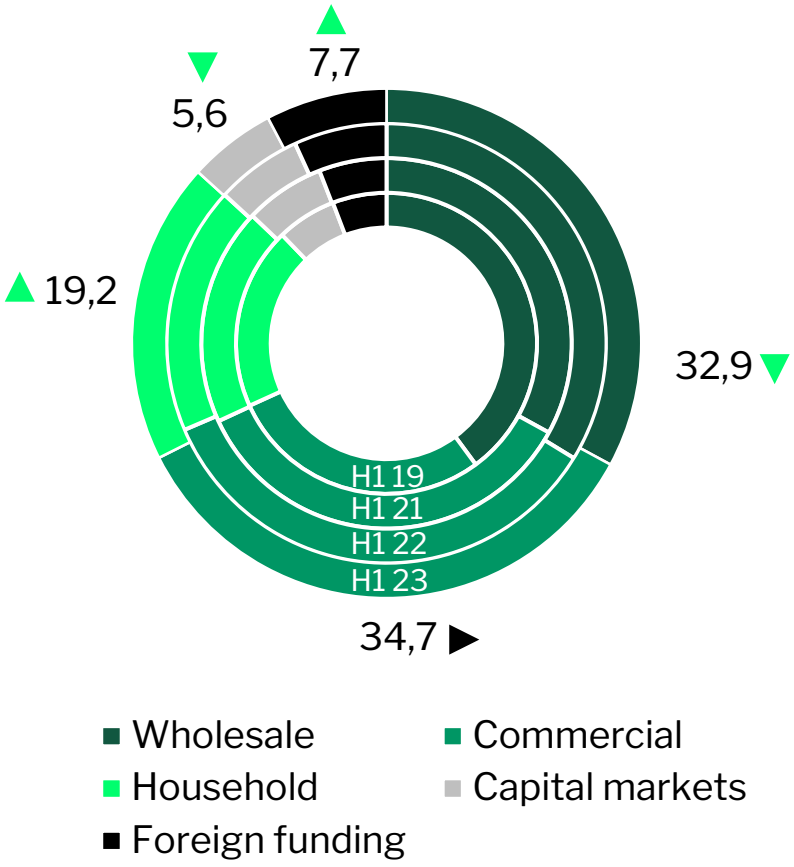


Deposits up by 8% yoy – clients shifting to longer tenure in a rising-interest-rate environment

Deposits (Rb)



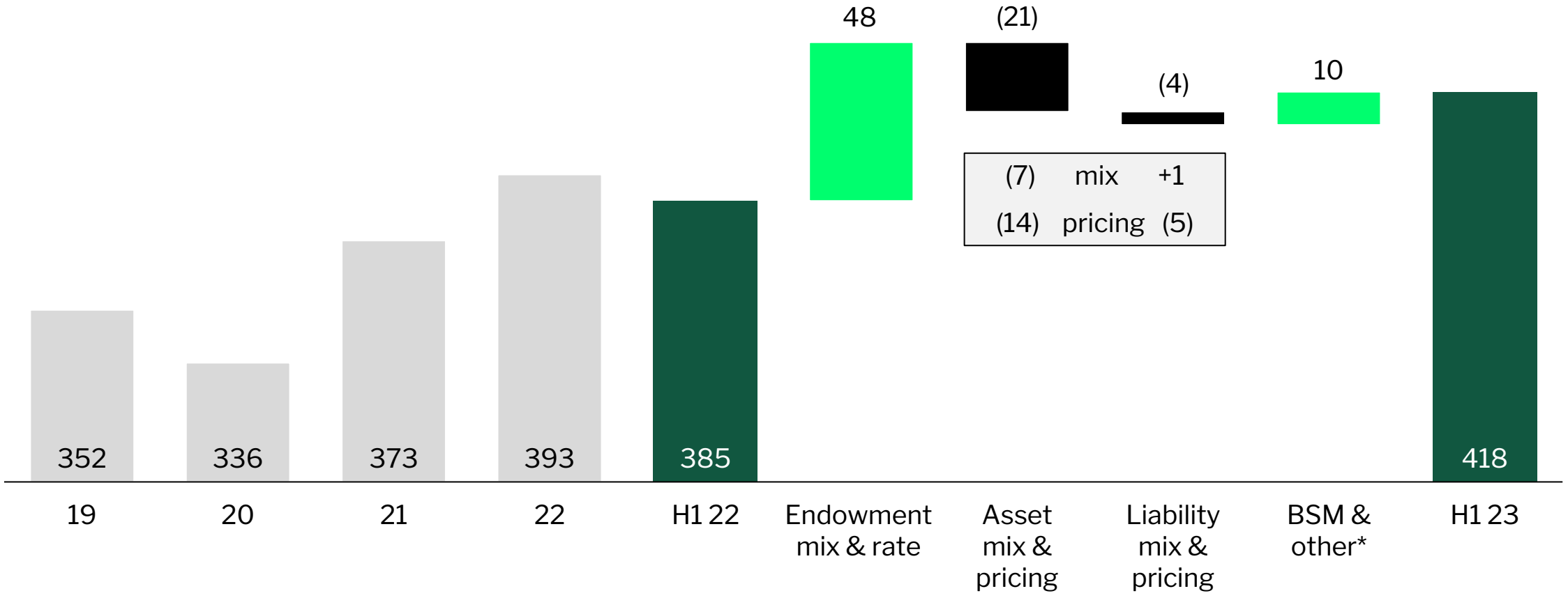
Funding mix (% contribution)[1]



[1] *Nedbank Group foreign funding at 3%.*

NII up by 18% – NIM expansion driven primarily by endowment income (higher interest rates)

Net interest margin (bps)

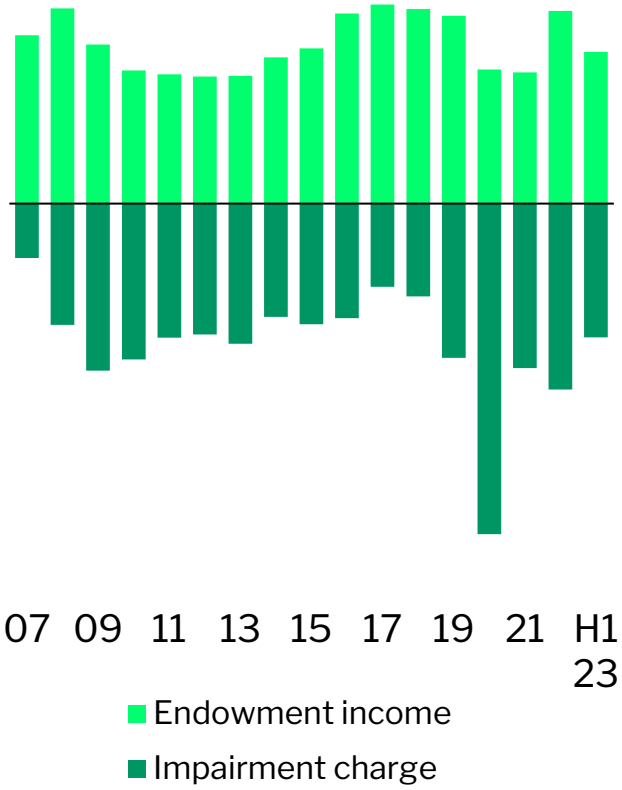


Positively positioned in a rising-rate cycle – NII sensitivity for 1% change in interest rates: R1,8bn

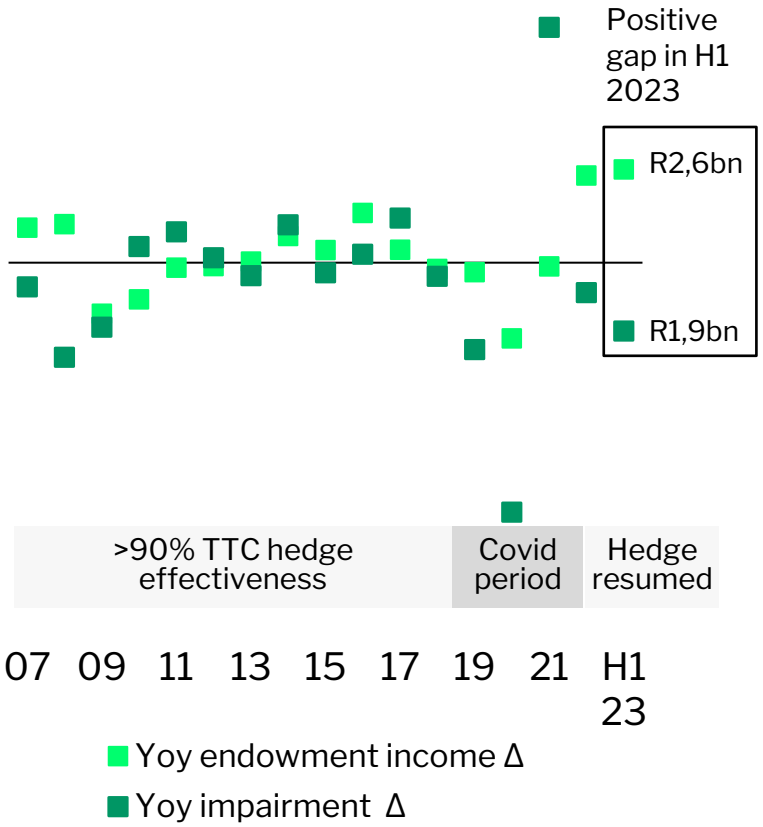
**Balance sheet management & other includes positive HQLA rate & mix impact, positive basis risk impact & higher yields in NAR.*

Nedbank benefiting from endowment income as a natural hedge against rising impairments when interest rates rise

Endowment income vs impairment charge (Rbn)



Change in endowment income vs impairments (Rbn)

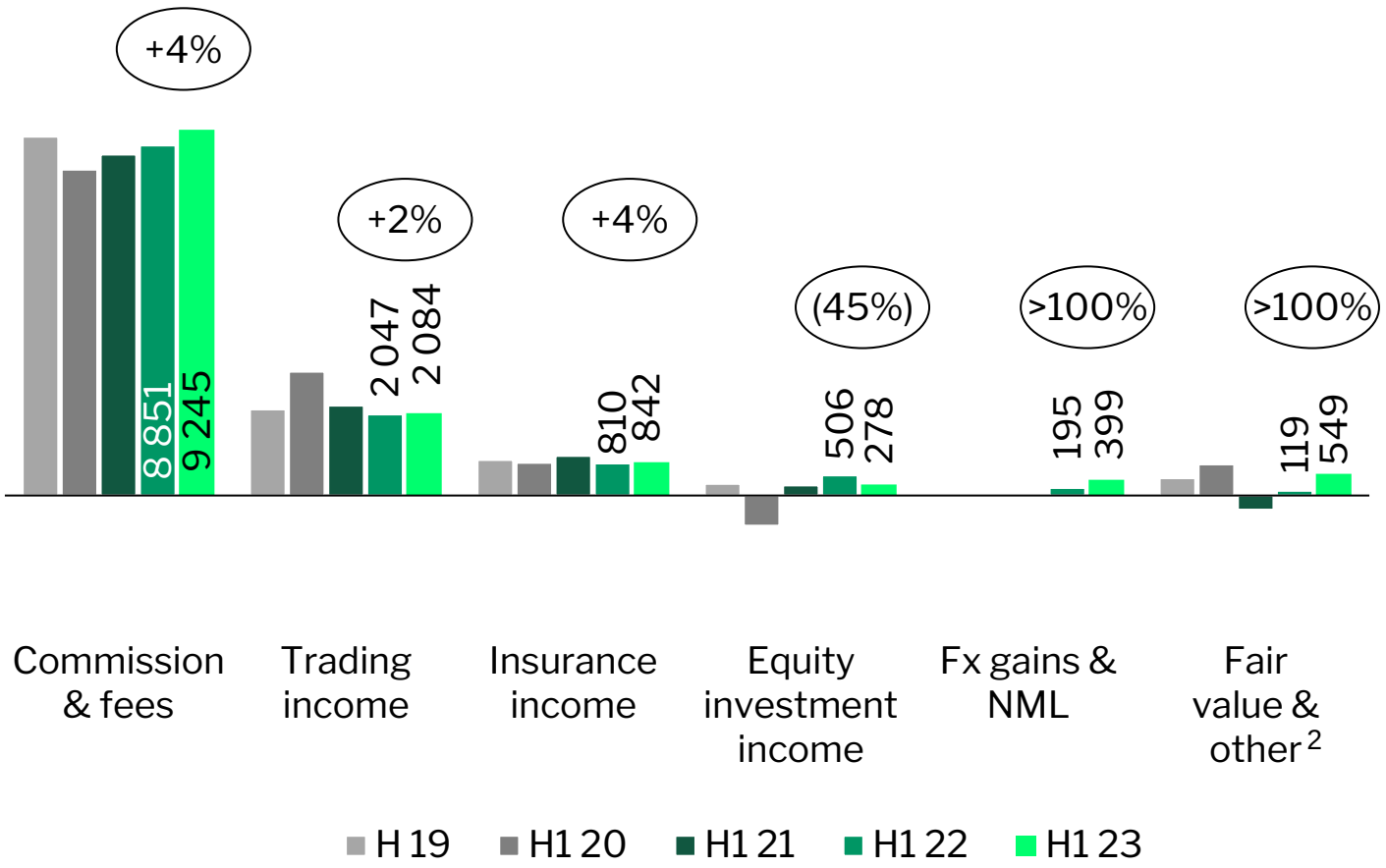


Directional earnings drivers

	H1 23	H2 23	H1 24	H2 24	2025
Average SA interest rates	**11,1%**	**11,75%**	**11,4%**	**11,0%**	**10,75%**
Endowment	▲	▲	▼	▼	▼
CLR	▲	▼	▶	▼	▶
	CLR > 100 bps		CLR within 60 to 100 bps range		
Real SA GDP growth	**+0,3%**		**+1,0%**		**+1,5%**
Industry credit growth less nominal GDP growth	▼ (1,2%)		▶ 0,0		▲ +0,6%
Transactional activity & other NIR benefits	▶		▲		▲

NIR up by 7% – supported by growth in commission & fees & insurance growth, as well as FX & fair-value gains

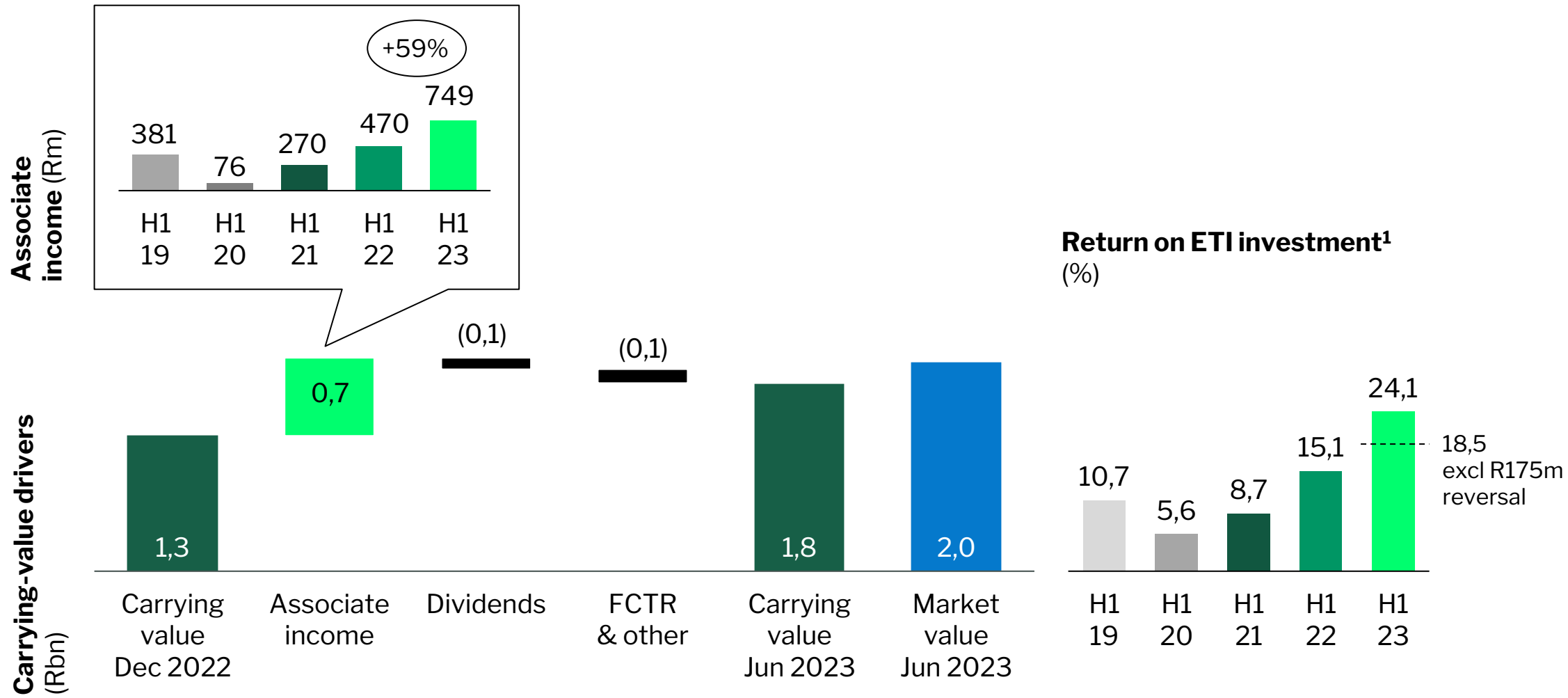
Non-interest revenue & income[1] (Rm)



- **Commission & fees** – solid growth driven by client transactional activity, cross-sell & main-banked client gains
- **Trading** – positive outcomes in FX & debt securities offset by lower equities & the introduction of MPIF
- **Insurance** – higher funeral policy sales & lower relative non-life claims due to the base effect of the KZN floods in 2022, partially offset by lower reserve releases
- **Equity investment income** – normalised performance off a high H1 2022 base
- **FX & NML** – positive benefit from exchange rate fluctuations on US$ assets in Zimbabwe, partially offset by a higher net monetary loss
- **Other** – Fair-value gains of R239m in H1 2023

[1] H1 22 restatements relate to IFRS 17, card-selling costs & net monetary loss from the face of the IS to NIR. Prior years not restated. | [2] Represents sundry income & investment income.

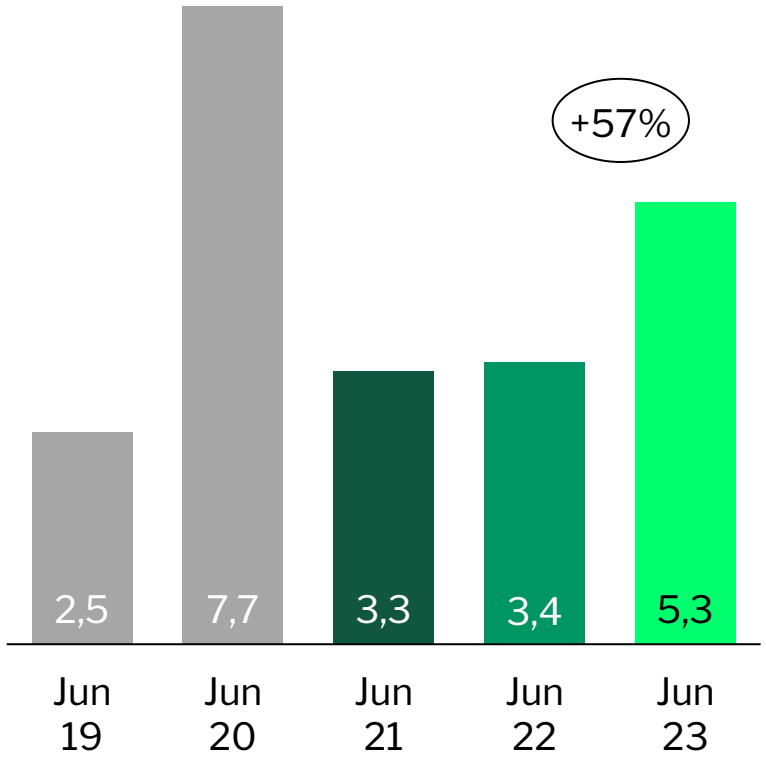
ETI associate investment – positive momentum in financial performance & release of the R175m Ghana sovereign bond provision that Nedbank took in 2022



Note: ETI accounted for a quarter in arrear. | Associate income includes the reversal of the R175m estimated impact of the Ghana sovereign domestic bond provision accounted for in the prior financial year. | [1] Return on original investment of R6,3bn (based on associate income). ROI excluding the R175m reversal was 18,5%.

Impairment charge up by 57% – driven by higher impairments in interest-rate-sensitive products across our retail portfolios

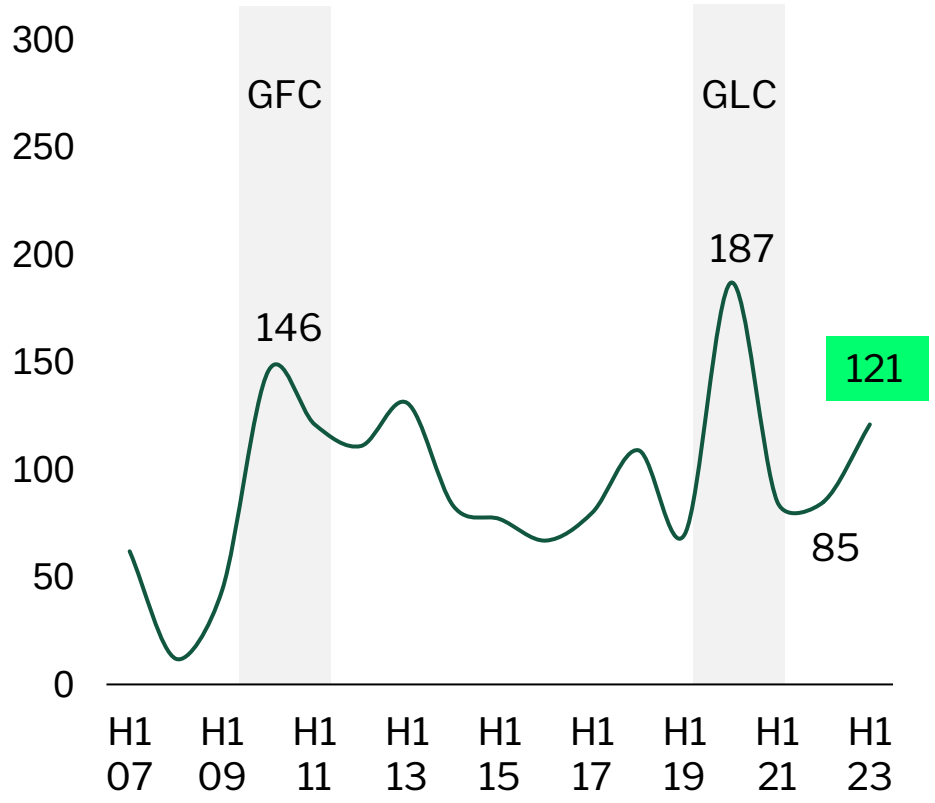
Impairment charge (Rbn)

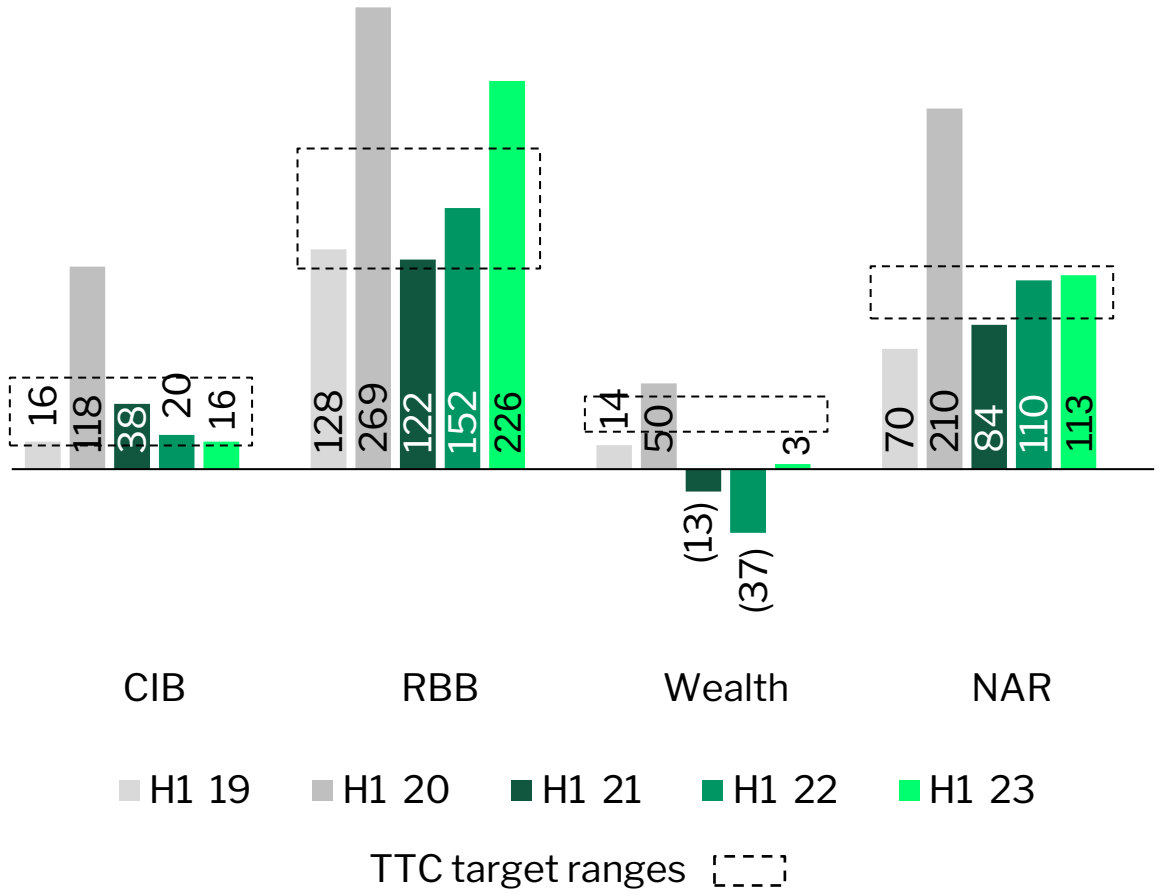


- **Higher RBB impairment charge** (+60%) reflects consumer pressure
  - **Higher SA prime rates** adversely impacting interest-rate-sensitive products (home loans & vehicle finance)
  - **Higher levels of inflation**
  - **Impact of load-shedding & higher input costs** evident in agri-related portfolios
  - Updating **macroeconomic assumptions** & higher provisions ahead of the annual model regrounds
- **Good outcomes in CIB, Wealth & NAR**
  - Stage 3 loan workouts in CIB progressing, but with risks
- **Central provision unchanged** at R300m

Group credit loss ratio at 121 bps – increase from 85 bps in H1 2022 driven by the RBB CLR moving outside its TTC range

Credit loss ratios (bps)



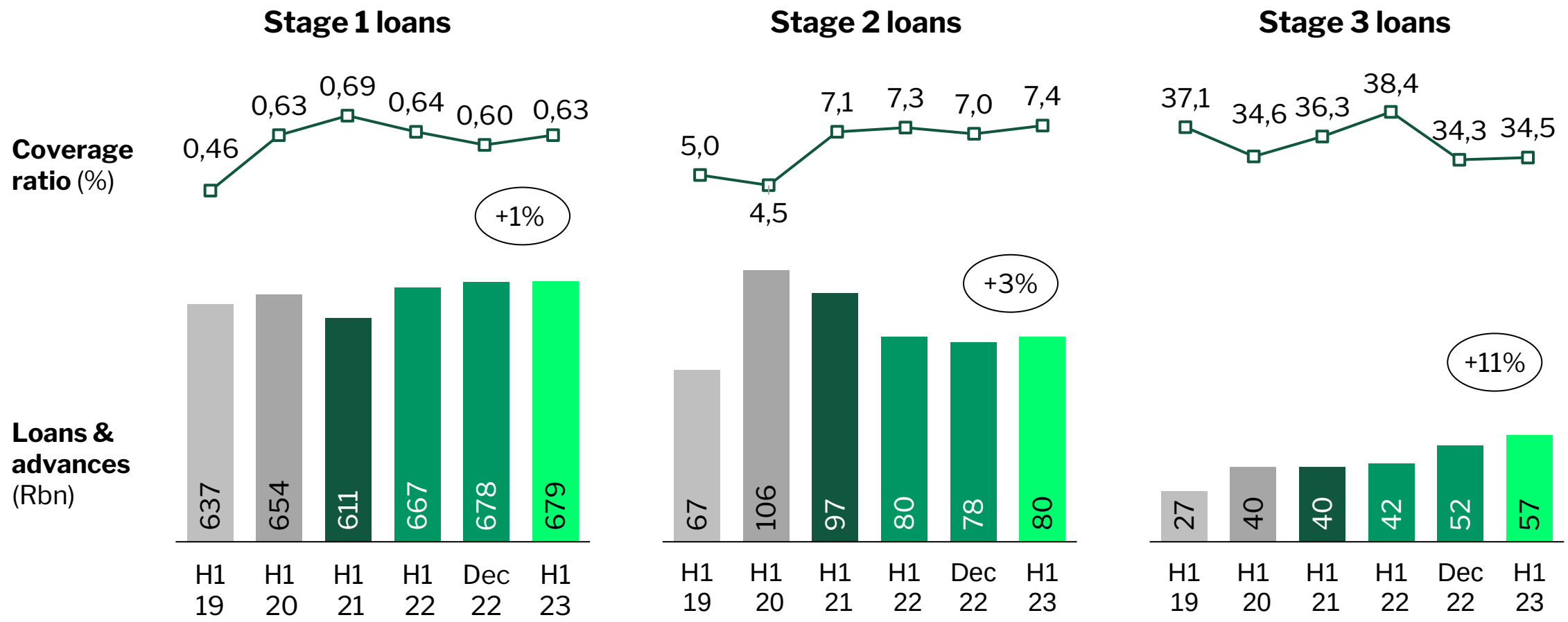


RBB credit quality – impacted by higher interest rates, higher inflation & lower levels of disposable income

	Home loans	Vehicle finance	Personal loans	Credit card
Key risk drivers	▪ Interest rates & inflation ▪ H2 '20 & '21 vintages initially most impacted; but elevated trends across other vintages ▪ Entry- level & higher-end (lesser extent) clients impacted	▪ Interest rates & inflation ▪ Strain across most vintages & segments ▪ Impact not as severe as on home loans on a relative basis	▪ Inflation & unemployment ▪ Strain across most vintages & segments ▪ Clients with other variable-rate exposures experiencing bigger relative strain vs expectations	▪ Discretionary spend & unemployment ▪ Strain across most vintages & segments ▪ Clients with other variable rate exposures experiencing bigger relative strain vs expectations
Credit loss ratio (bps)	33, 98	192, 203	918, 1106	490, 794
Approval & take-up rates	Approval rates Take-up rates	Approval rates Take-up rates	Approval rates Take-up rates	Approval rates Take-up rates
BA900 market share (%)[1]	14,1; 14,2	35,4; 35,3	11,6; 11,2	11,2; 10,9
	19 20 21 22 H1 23	19 20 21 22 H1 23	19 20 21 22 H1 23	19 20 21 22 H1 23

[1] *Vehicle finance share for households.*

Total ECL coverage of 3,67% (2022: 3,37%, 2019: 2,26%) – driven by a larger contribution from stage 3 loans



Broadly aligned to the +2% ytd growth in gross banking loans & advances

Driven by RBB migrations from stage 1 into stage 2

Driven by an inflow of RBB loans (MFC & HL with low coverage given collateral) into stage 3 & movement of some CIB clients out of stage 3

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

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

High-quality, well-diversified & highly collateralised portfolio



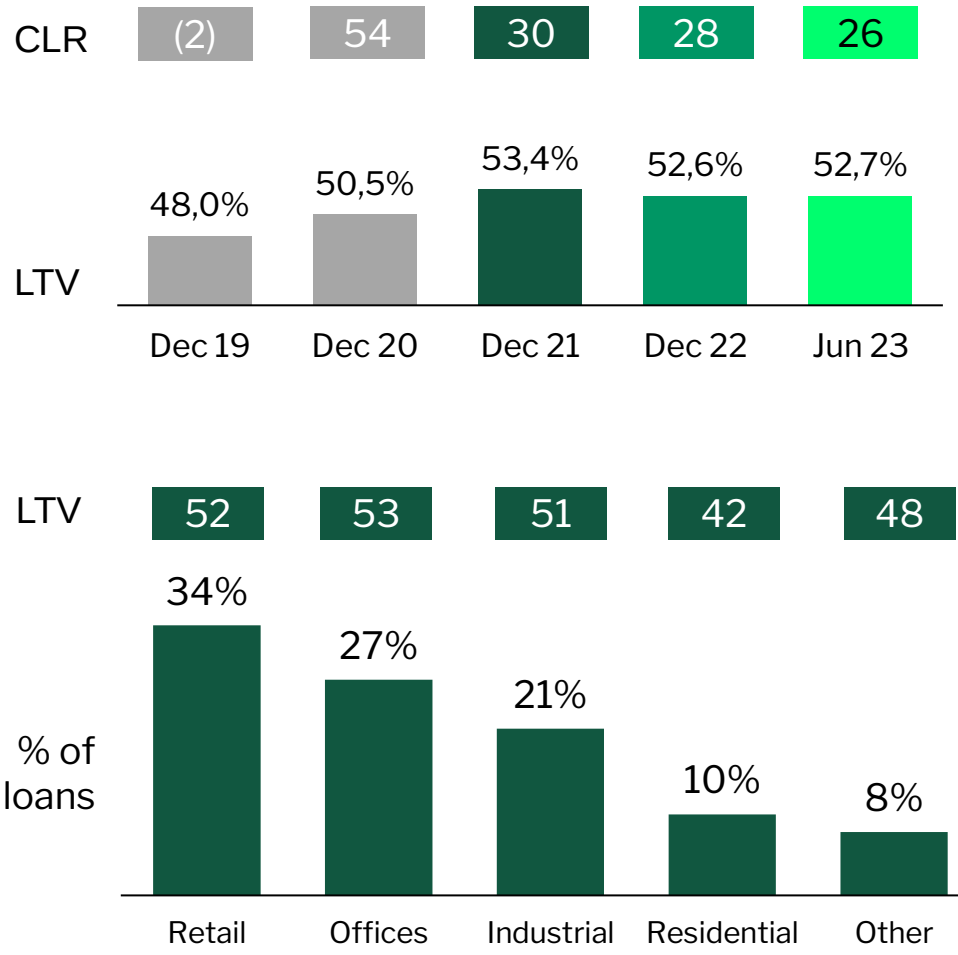
CLR at 26 bps
(June 22: 13 bps) – driven by large single-name exposures, rather than general portfolio stress

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

Low levels of arrears on performing book
0 to 90 days: R42m (June 22: R37m)

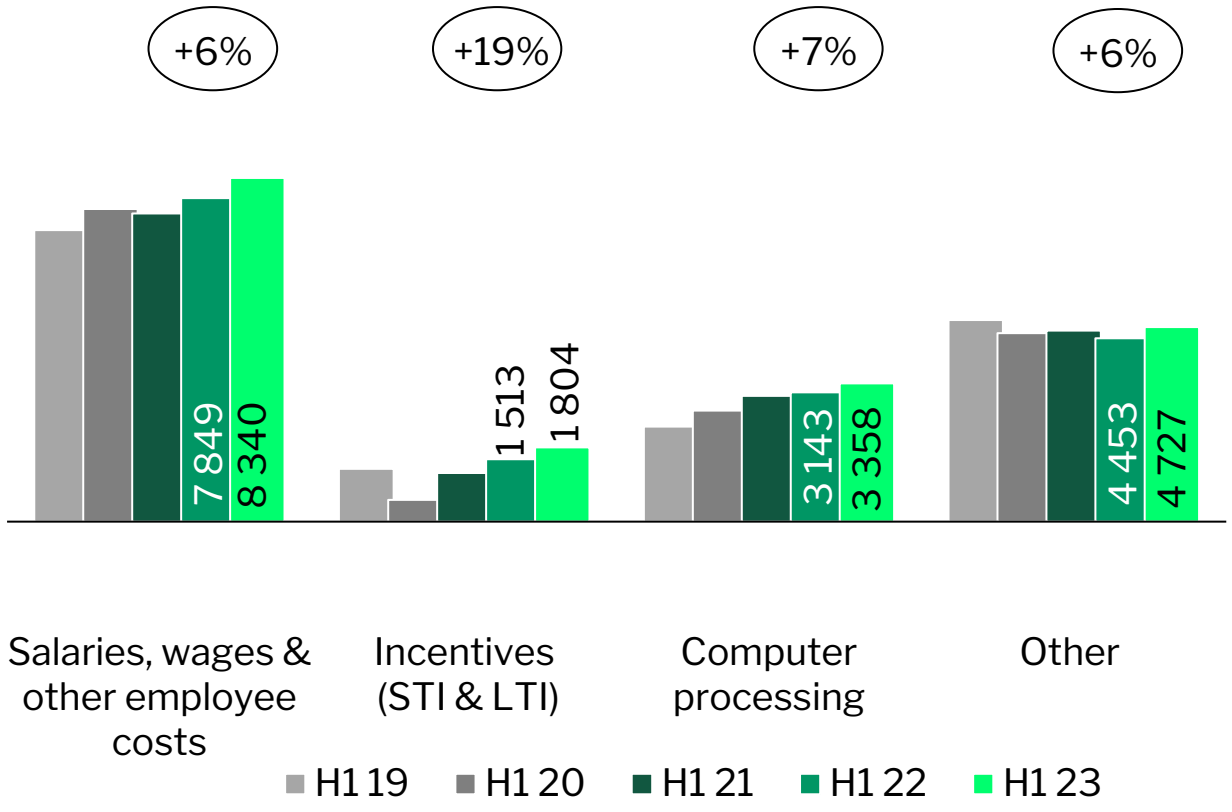
Office exposures
- Stage 1 loans constant over the past 3 years
- Stage 2 & 3 loans – migration of a single large exposure from stage 2 to 3 in 2022

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



Expenses up by 7% – reflecting good expense management, with focus on efficiencies & benefits from digitisation

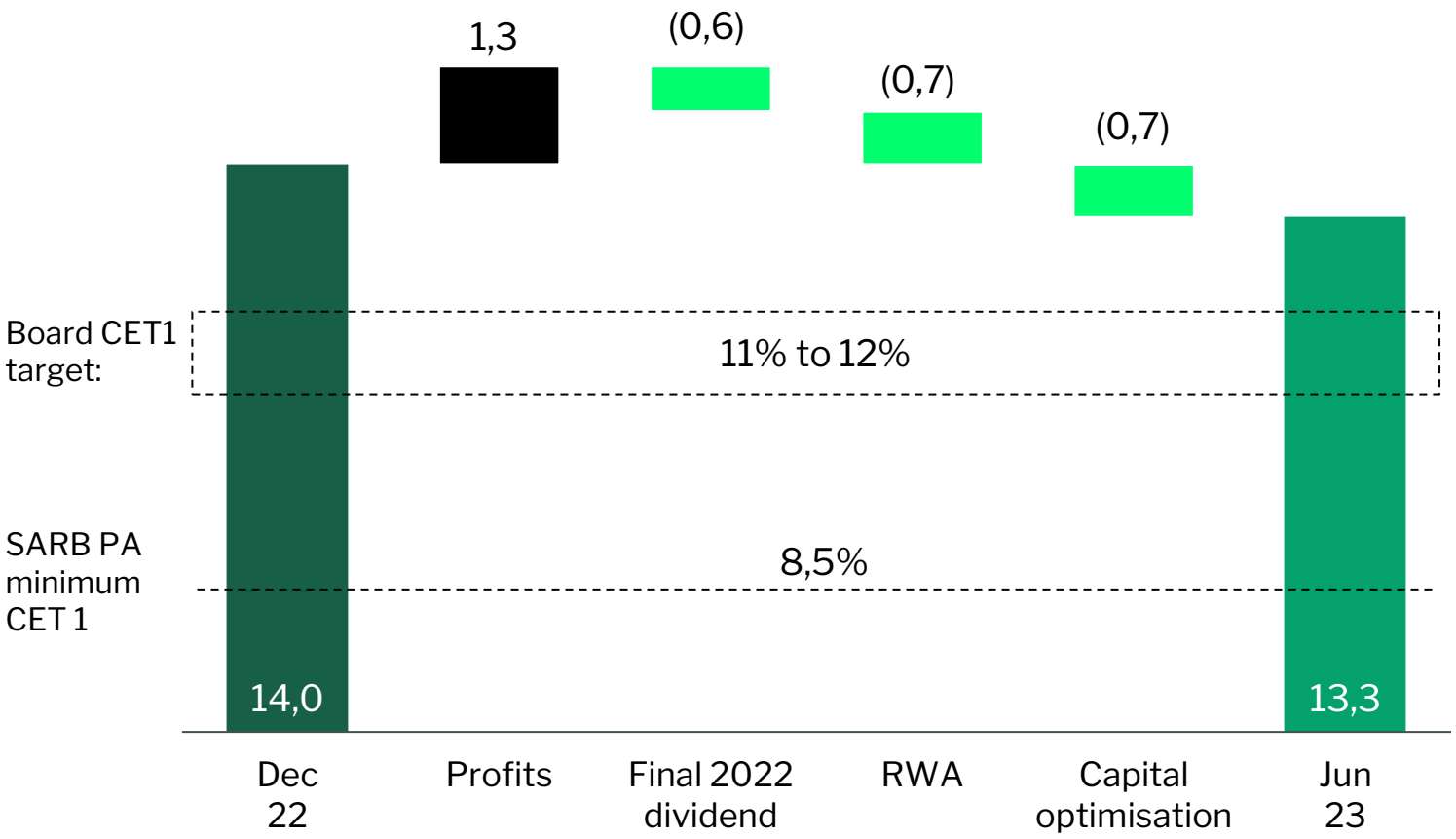
Expenses (Rm)



- **Employee-related costs**
  - Salaries & wages: higher annual salary increases (+6,3%) partially offset by 2% yoy decline in permanent headcount
  - Variable-pay incentives aligned with profitability metrics & higher vesting probabilities (STI +10%, LTI +45%)
- **Computer processing** – benefits from transitioning to cloud services (lower depreciation charge), decline in maintenance costs & amortisation growth rate slowing as our digital transformation journey matures
- **Other costs**
  - Discretionary spend reaching more normalised levels, including marketing (+6%) & travel (+9%)
  - Fees & insurances +16% as a result of higher card-issuing & acceptance costs
  - Costs associated with increased levels of loadshedding up >800% yoy to R71m

Capital – CET1 ratio at 13,3% remains very strong post the material completion of the R5bn capital optimisation initiative

CET1 ratio (%)



R5bn capital optimisation initiative

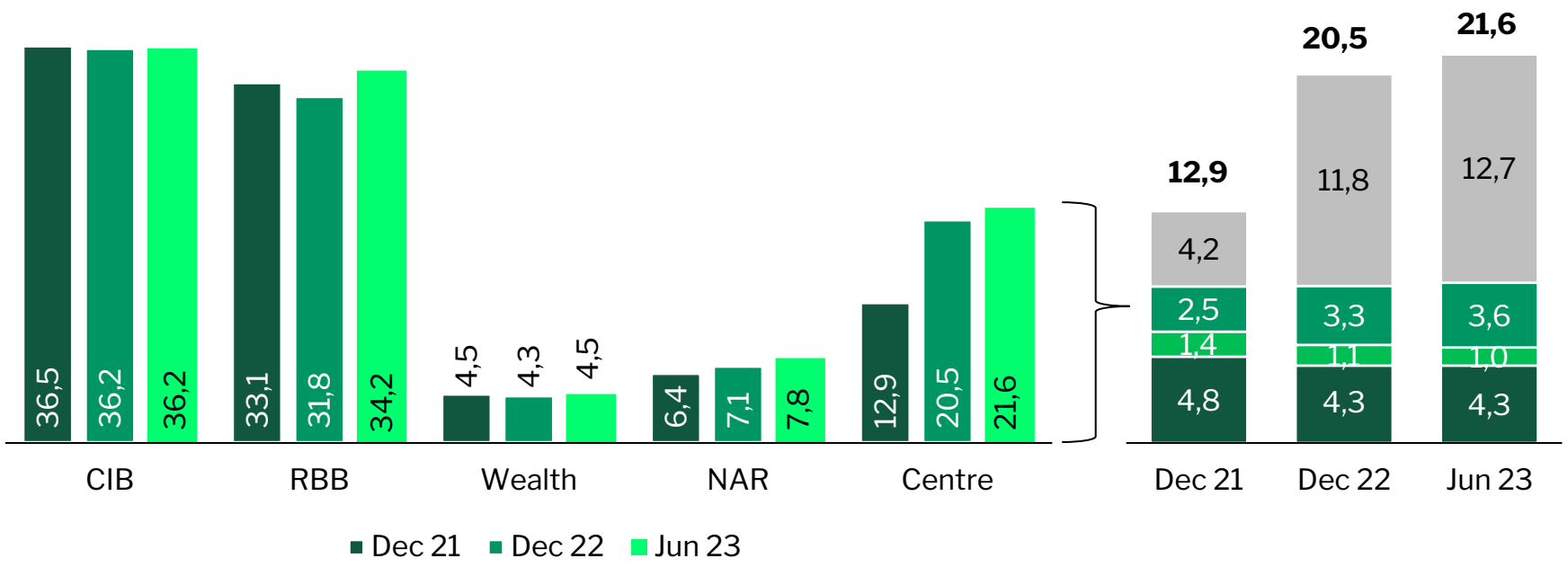
- **20,2m shares repurchased** for R4,25bn at an average of R210,6/share (below Dec 2022 NAV/share of R215,33)
- **Odd-lot offer concluded** at 5% premium to 10-day VWAP: R234,07/share for R638m (401k reduction in number of shareholders & 2,7m reduction in shares)
- Repurchased **shares were cancelled & delisted** resulting in the total issued ordinary shares on 30 June 2023: 491,3m
- Average **total purchase price of R213,37**

Outcomes (full year basis)

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

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

Capital allocation (Rbn)



At 30 June 2023 the average surplus capital position increased by R0,9bn, driven largely by strong organic growth offsetting the R5bn capital optimisation initiative.

Capital considerations

- **CET1 ratio above the 11-12% board-approved range** – considered appropriate in a difficult & volatile environment
- **Retain capital for growth** (Infrastructure opportunities & SPT 2.0 growth objectives)
- Consider capital for **complementary bolt-on M&A** should they arise
- **Pay dividends at the low end of 1,75x – 2,25x** dividend cover range (high end of payout ratio), subject to board approval



Outlook

Medium- & long-term targets that support shareholder value creation

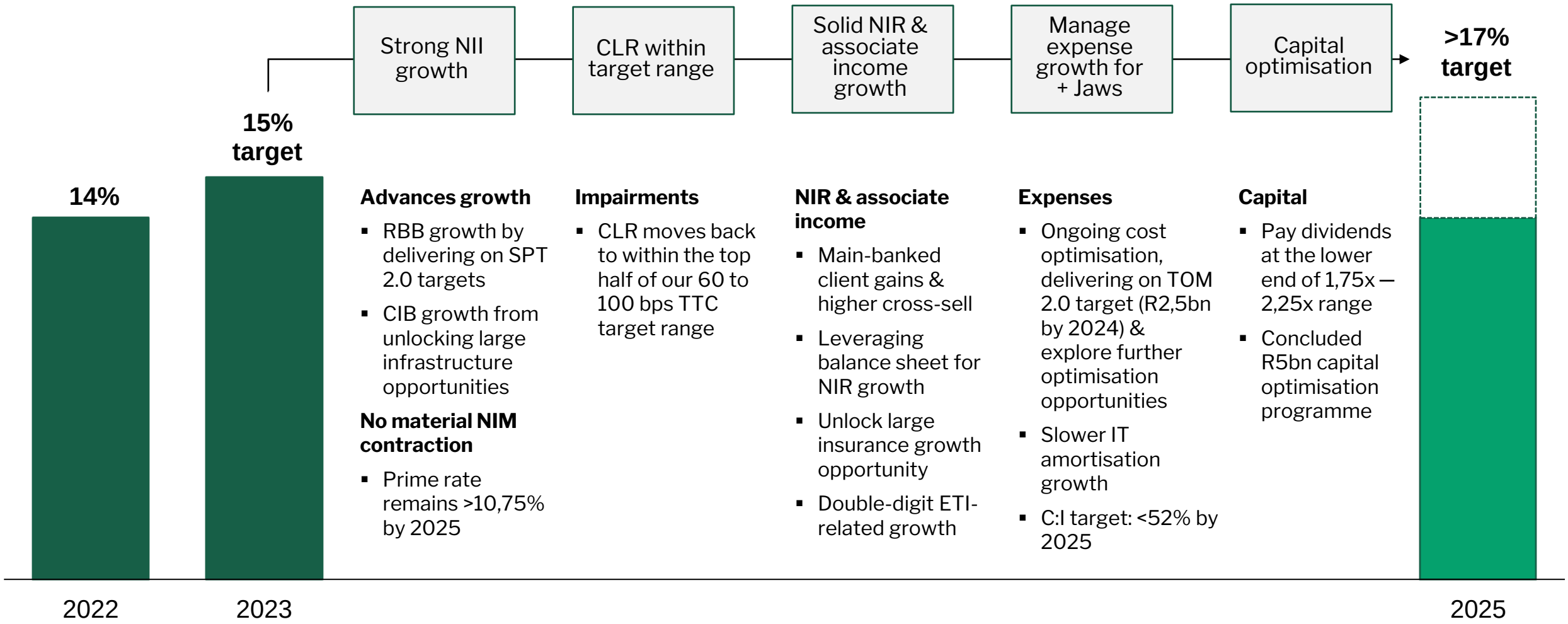
	Targets to 2023			
Short term	DHEPS **> 2 565** cents (2019 levels)	ROE **> 15%** (2019 levels)	Cost-to-income ratio **< 54%**	Net Promoter Score **#1 bank** (from #3 in 2019)
	Targets to 2025			
Medium term	**> CPI + GDP + 5%** (CAGR to end-2025)	**> 17%** (COE + ~2%) by end-2025	**< 52%** by end-2025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

Short-term guidance (2023) – path to ROE of 15% & cost-to-income ratio of 54%, good progress in H1 23, but made more difficult to achieve in a deteriorating economic environment

	H1 2023 performance	Feb 2023 guidance[1]	Updated 2023 guidance[1]		
NII growth	+18%	Around mid-teens	Slightly above mid-teens	▶	▪ Average advances growth more muted in H2 2023 ▪ NIM to remain stable
CLR	121 bps	Within the top half of our 60 to 100 bps TTC range	Above our 60 to 100 bps TTC range	▲	▪ CLR in H2 2023 to improve from the H1 2023 levels, but remain above the top end of the range & upside risks remain (mainly in consumer collections in RBB & in NPL workouts in CIB)
NIR growth	+7%	Mid-single digits	Mid-single digits	▶	▪ Ongoing solid performance in commission & fees ▪ Base effects: Fair value (high H1 23), Zimbabwe FX gains (high H1 23) & Equity investment income (high 2022)
Expense growth	+7%	Mid-to-upper single digits	Mid-to-upper single digits	▶	▪ Maintain focus on good expense management
Minorities & non-controlling interests	>50%	High growth	High growth	▶	▪ Impact of higher 3-month Jibar rate & new AT1 issuances
Capital (CET1 ratio)	13,3%	Above TTC target range (11% to 12%)	Above TTC target range (11% to 12%)	▶	▪ Completed R5bn share repurchase & odd-lot offer ▪ Remain conservative in a difficult environment
Dividend	1,75x cover	At the lower end of target range (1,75x to 2,25x)	At the lower end of target range (1,75x to 2,25x)	▶	▪ Strong capital position enables dividends to be declared at the lower end of target range (~57% pay-out ratio)

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

Medium-term targets – path to ROE of >17% & cost-to-income ratio <52% by end of 2025 remains, but made more difficult to achieve in a deteriorating economic environment



Advances growth

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

No material NIM contraction

- Prime rate remains >10,75% by 2025

Impairments

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

NIR & associate income

- Main-banked client gains & higher cross-sell
- Leveraging balance sheet for NIR growth
- Unlock large insurance growth opportunity
- Double-digit ETI-related growth

Expenses

- Ongoing cost optimisation, delivering on TOM 2.0 target (R2,5bn by 2024) & explore further optimisation opportunities
- Slower IT amortisation growth
- C:I target: <52% by 2025

Capital

- Pay dividends at the lower end of 1,75x — 2,25x range
- Concluded R5bn capital optimisation programme



Thank you

Celebrating Nedbank's 135th birthday

Disclaimer

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

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

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