



NEDBANK GROUP

Be the difference **that impacts our world**



see money differently



2021 Annual Financial Results

For the year ended 31 December 2021

9 March 2022



Overview

Mike Brown

Chief Executive

Agenda

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

Overview

A more supportive environment

- **GDP growth recovery** off a low base
- **Corporates** cautious
- **Low interest rates** supporting retail clients
- **Less negative economic impact** from Covid-19-related lockdowns in Q4

Strong financial performance

- HE: + **115%**
- ETI assoc: **> 100%**
- CET1: **12,8%**
- LCR: **128%**
- NSFR: **116%**
- Coverage: **3,32%**
- Final DPS: **758 cps**

Strong operational performance

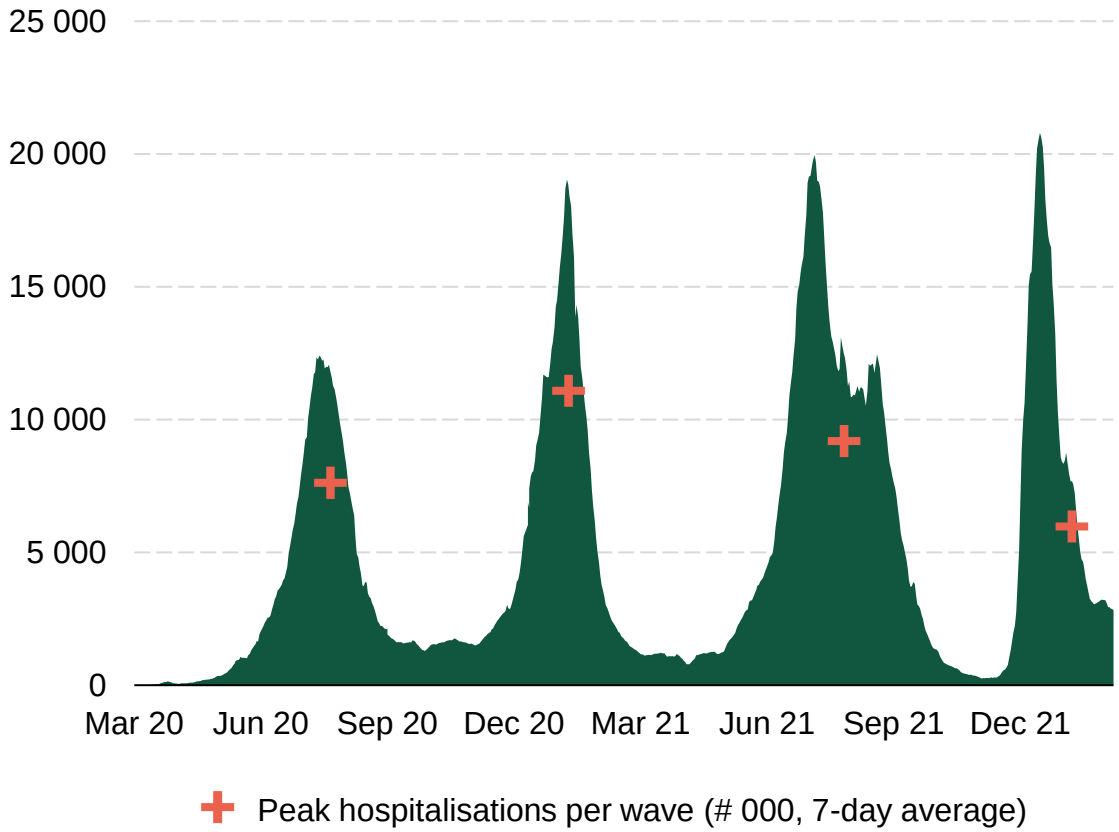
- PPOP: **+9%**
- JAWS: **+0,8%**

Good strategic delivery

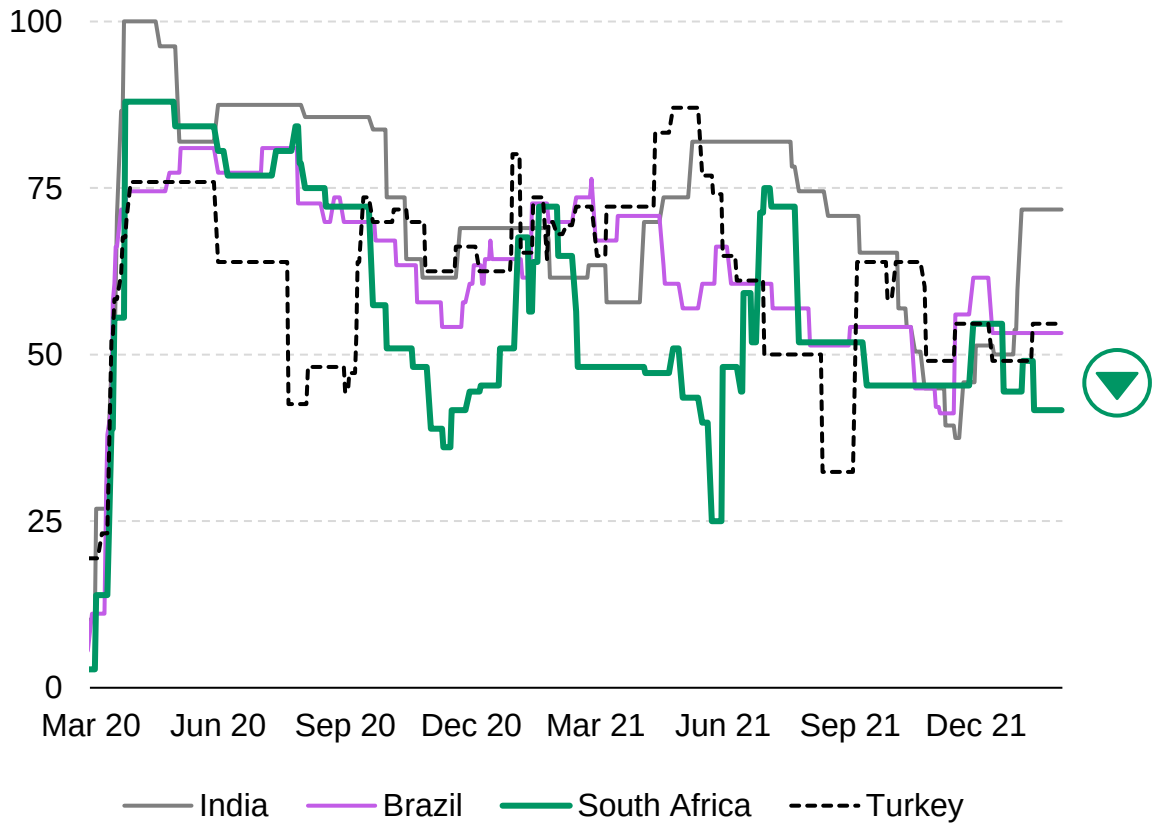
- **Digital** leadership
- Market-leading **client experiences**
- **Market share gains** in key areas
- **Productivity** improvements
- **ESG leadership** maintained

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

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



Stringency index[2]

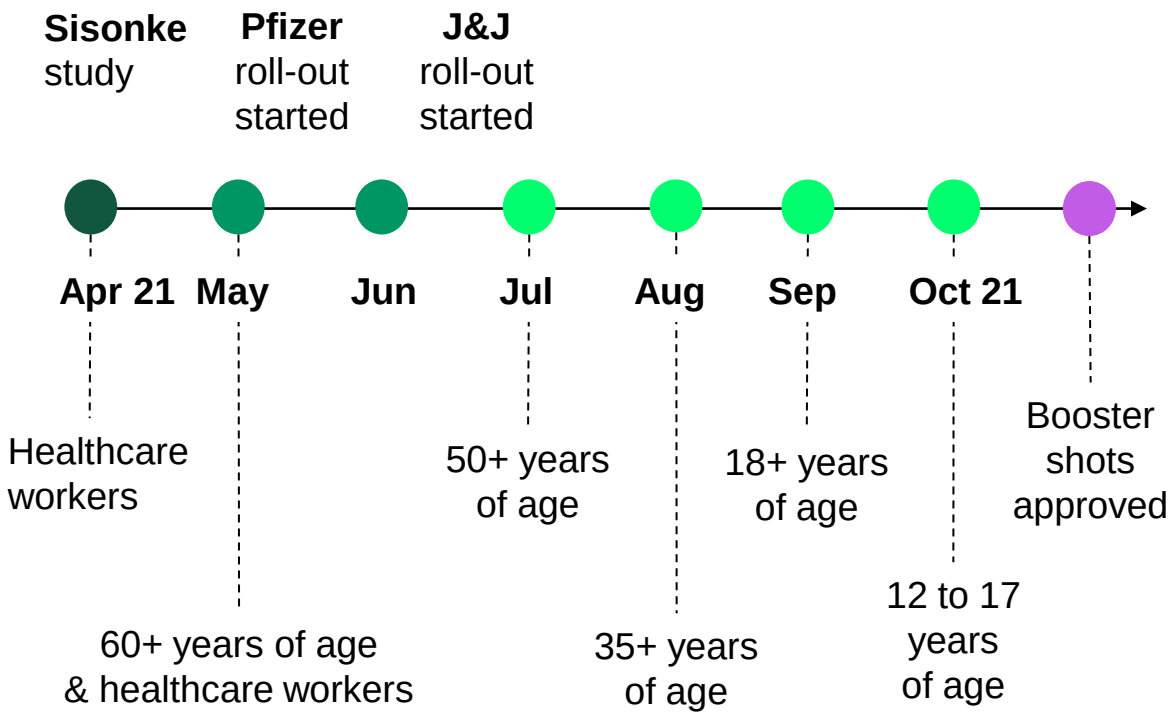


[1] National Institute for Communicable Diseases: Peak average daily hospital admissions > 2 500 during the second wave & lowest during the fourth wave at ~1 400. | [2] Oxford University.

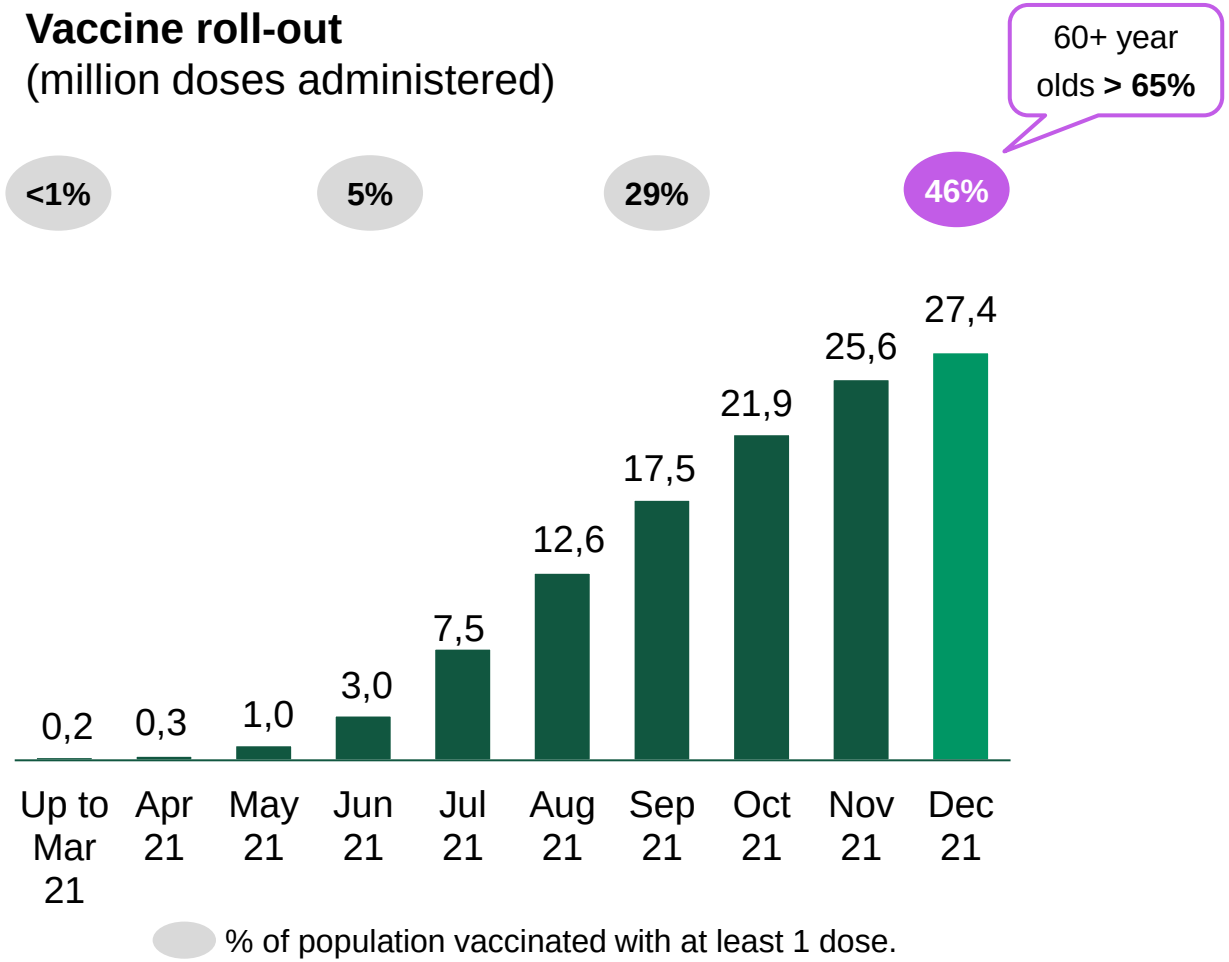
Operating environment – vaccine roll-out has been slow, but closing in on 50% level

BOOKLET SLIDE

SA vaccination roll-out stages

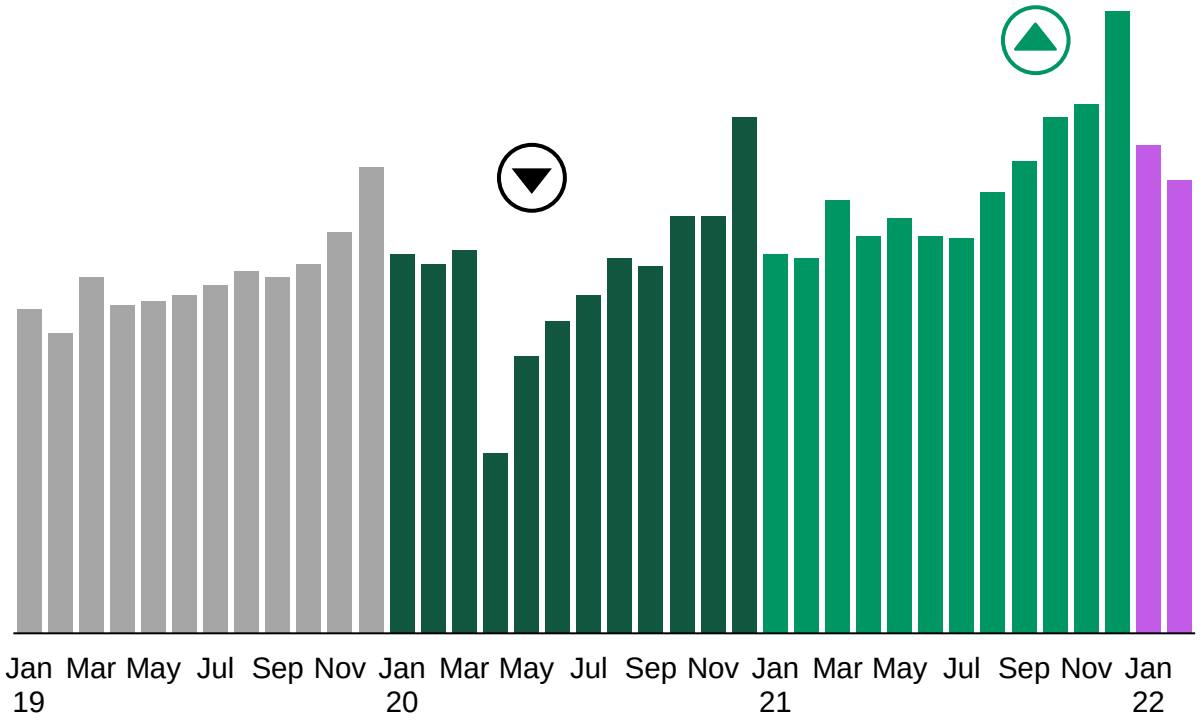


Vaccine roll-out
(million doses administered)

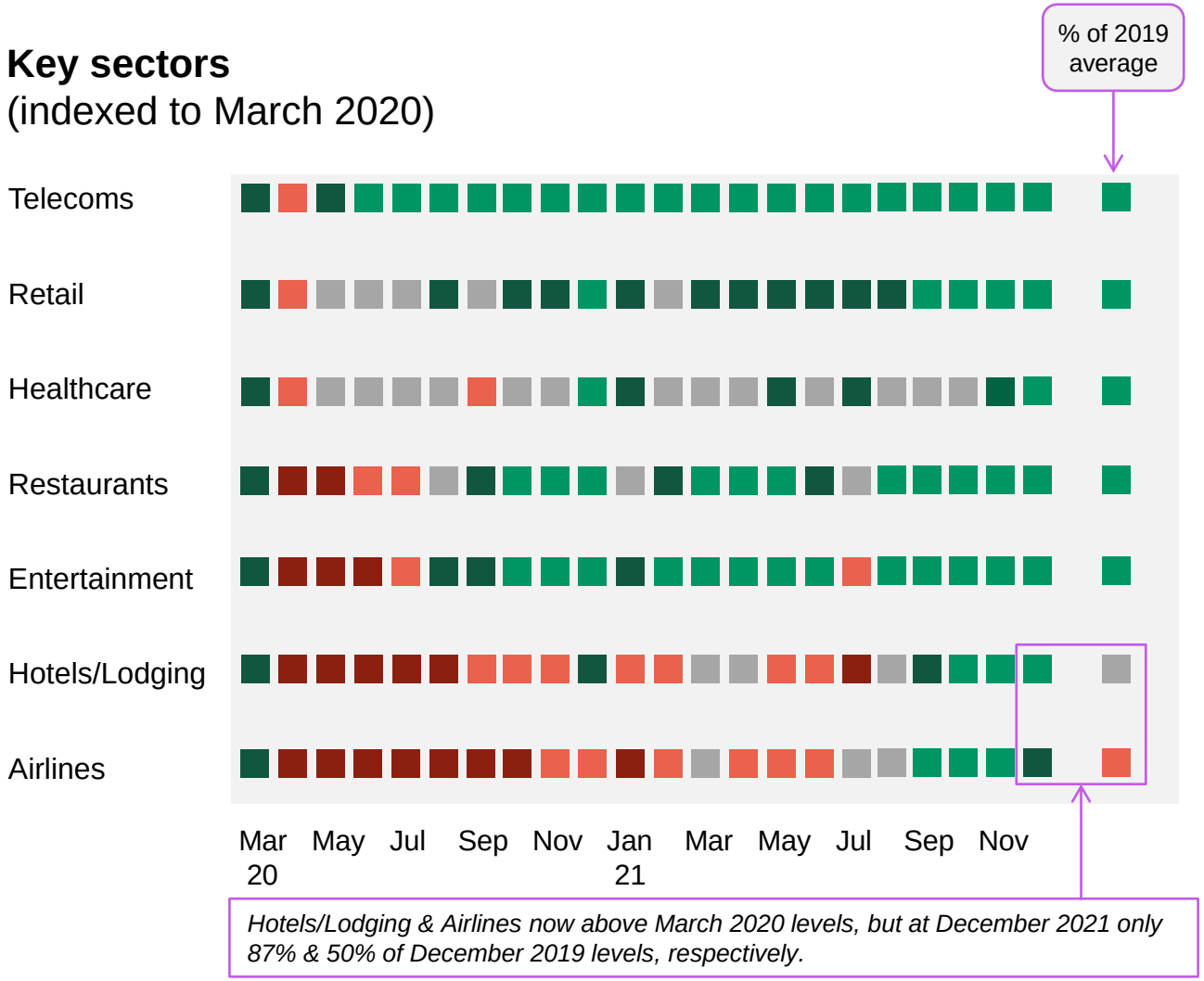


Operating environment – high-frequency data from our client transactional turnover[1] shows a continued improvement in operating conditions

Total monthly industry POS turnover
(Rbn)



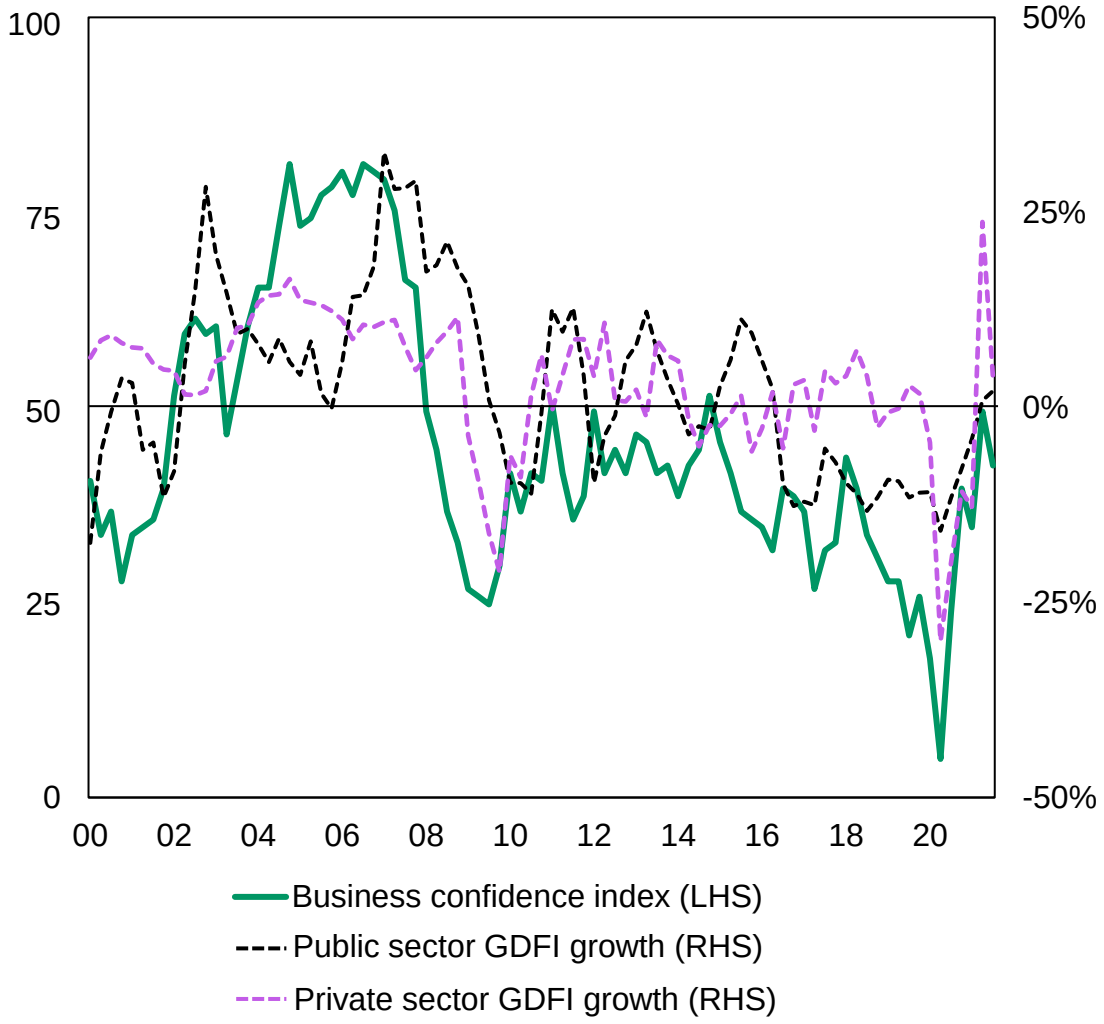
Key sectors
(indexed to March 2020)



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

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

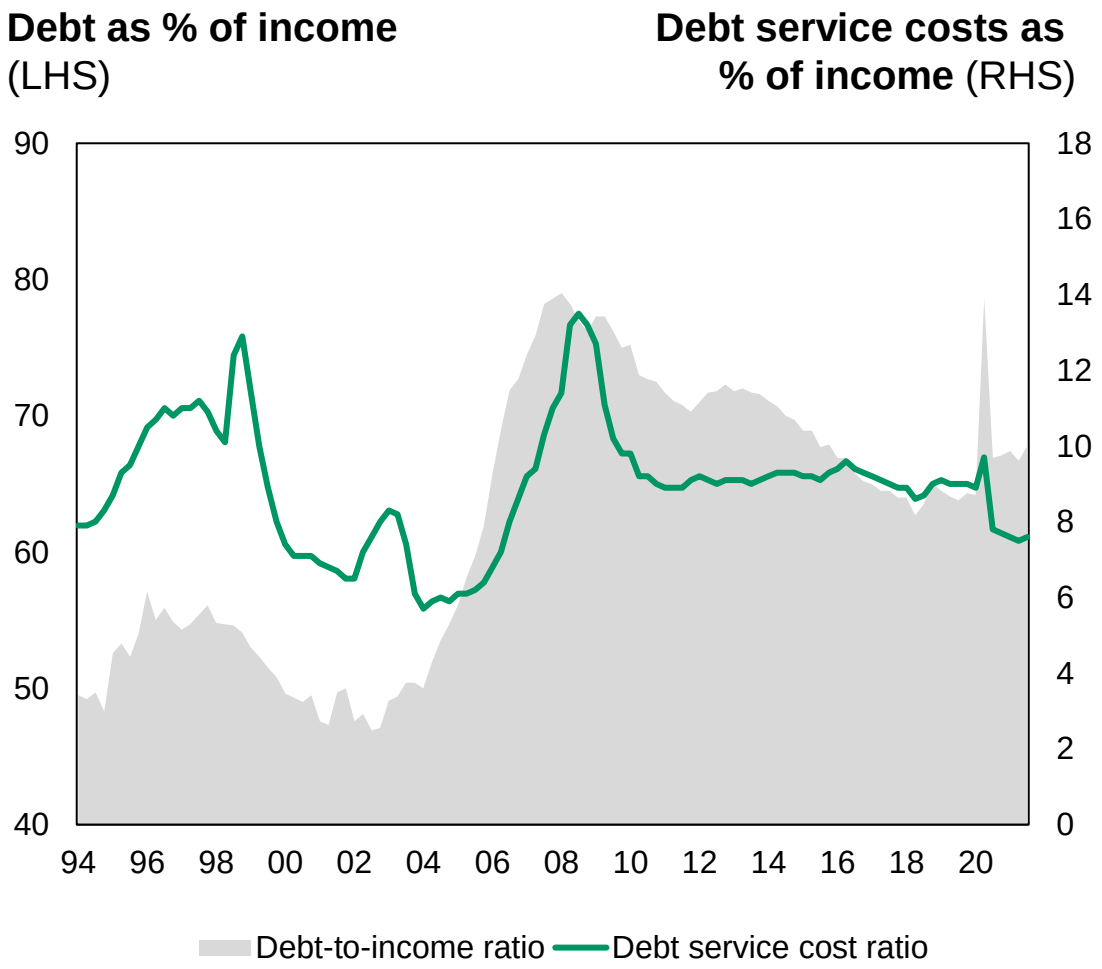
Business confidence[1] vs fixed investment



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

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

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



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

Nedbank Group strategy

Targets to 2023[1]

DHEPS	ROE	Cost-to-income ratio	Net Promoter Score
> 2 565 cents (2019 levels)	**> 15%** (2019 levels)	**< 54%**	**#1 bank** (from #2 in 2021)

Strategic value drivers

Growth | **Productivity** | **Risk & capital management**

Strategic value unlocks

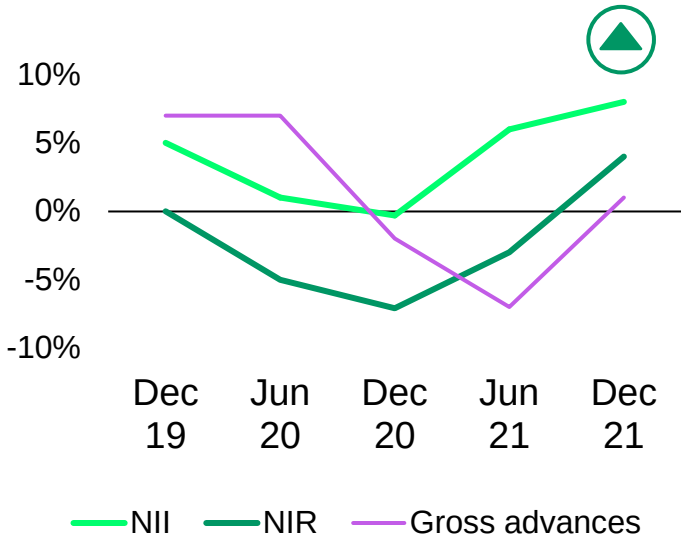
Delivering market-leading client solutions	Ongoing disruptive market activities	Driving efficient execution (TOM 2.0)	Focusing on areas that create value (SPT 2.0)	Creating positive impacts

[1] *Set in March 2020.*

Growth & productivity – trends improving, revenue drivers up & cost-to-income down

Growth

Revenue & advances growth (%)



Client gains & AUM

CIB new primary clients **+35**

Retail main-banked clients **+1%**

NAR clients[1] **+1%**

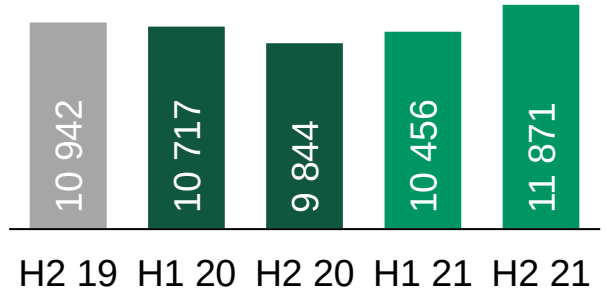
AUM growth **+13%** to R424bn

Productivity

PPOP (Rm)

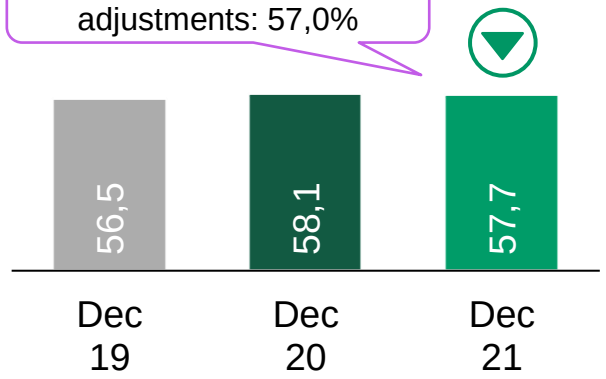
Excl MFVHA adjustments: +16% yoy

H2 on H2 +21% yoy



Cost-to-income ratio (%)

Excl MFVHA adjustments: 57,0%

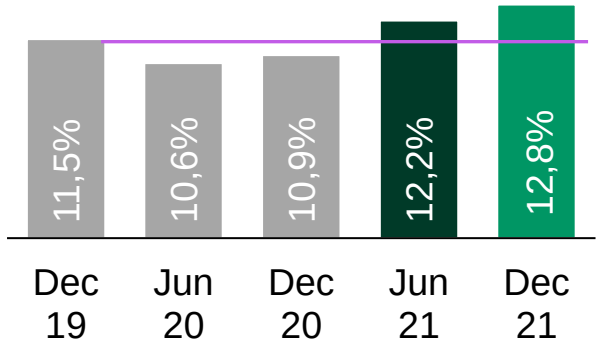


[1] *Excl dormant-account closures growth was 14%.*

Risk & capital management – balance sheet metrics strong & above 2019 levels

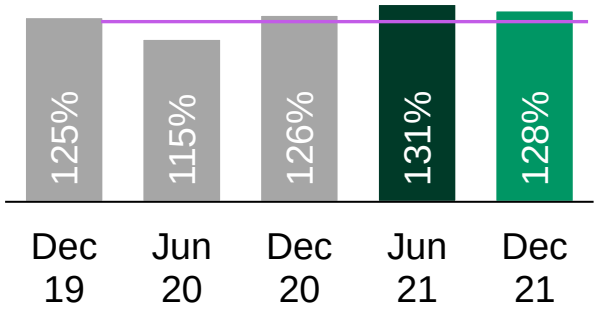
Capital

CET1 ratio (%)

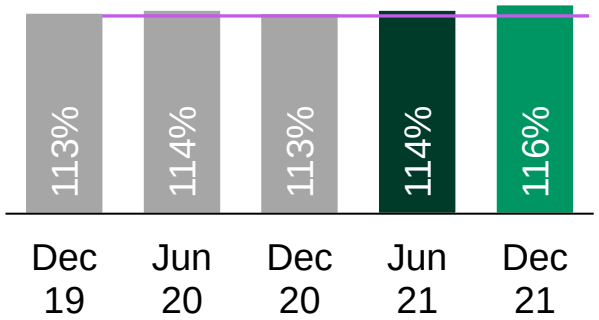


Liquidity

LCR (%)

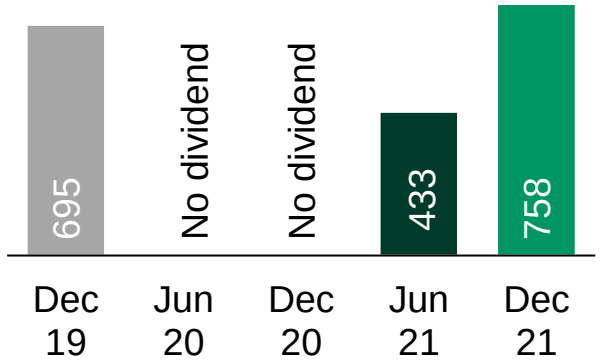


NSFR (%)



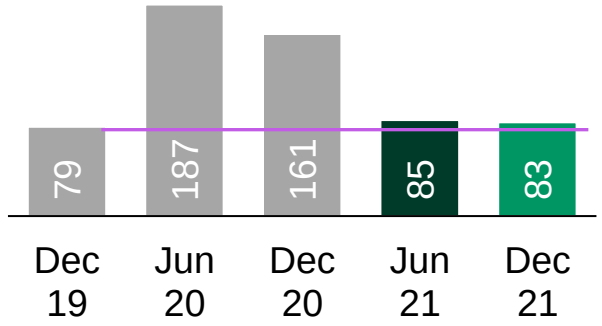
Dividends

Dividends/share (cents)

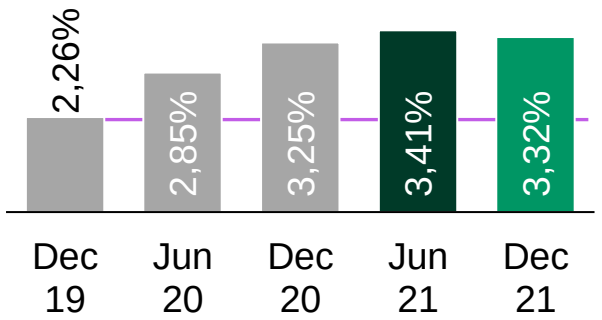


Credit

CLR (%)



Total coverage (%)



Nedbank Group strategy

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DHEPS	ROE	Cost-to-income ratio	Net Promoter Score
> 2 565 cents (2019 levels)	> 15% (2019 levels)	< 54%	#1 bank (from #2 in 2021)

Strategic value drivers

Growth | **Productivity** | **Risk & capital management**

Strategic value unlocks

Enabled by **Managed Evolution** technology strategy

1	2	3	4	5
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

Managed Evolution – good progress on our technology strategy

Managed Evolution
85% complete
(2020: 78%)

Digital leadership
externally
acknowledged



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

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

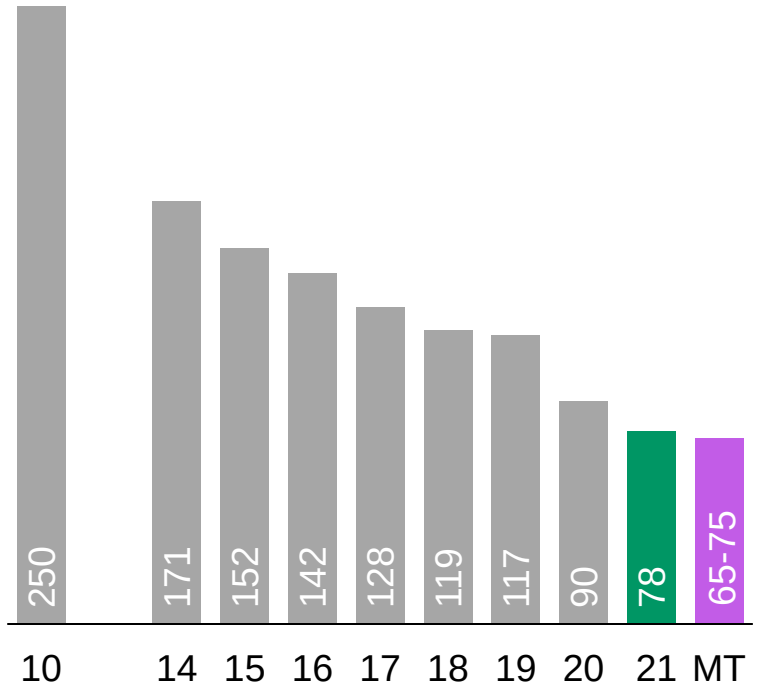


Source: [1] WorldEco. [2] Global Banking & Finance Awards. [3] Global Business Outlook. [4] International Business Magazine. [5] International Banker.

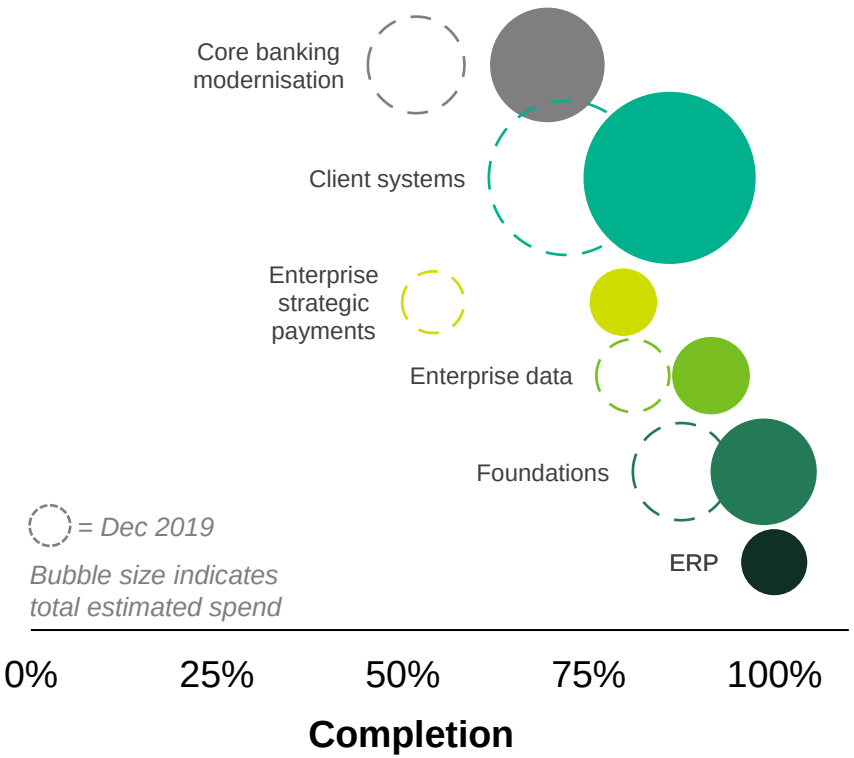
Managed Evolution – materially complete & delivering benefits as per plan

BOOKLET SLIDE

Core systems (#)
Rationalise, standardise & simplify

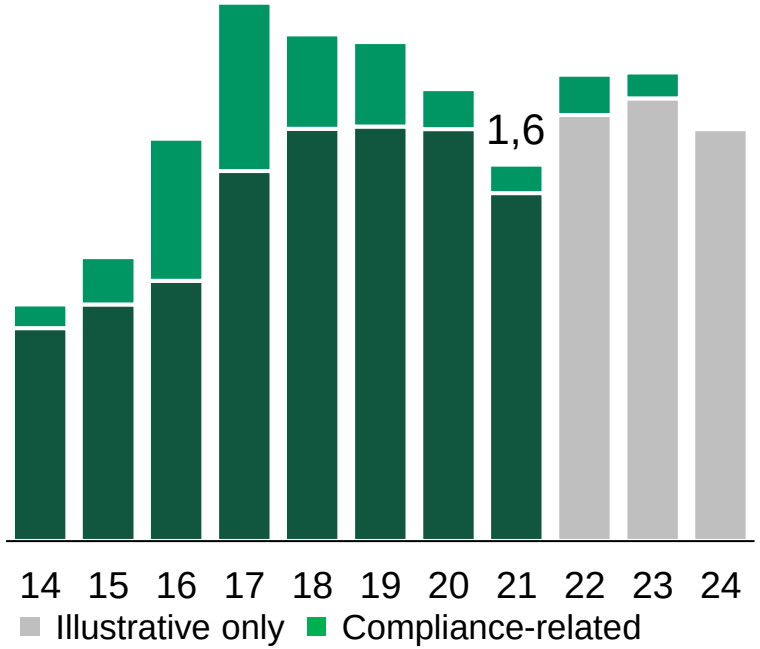


Managed Evolution programme
~85% complete, R9,8bn by Dec 2021
(R13bn including new technologies)



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

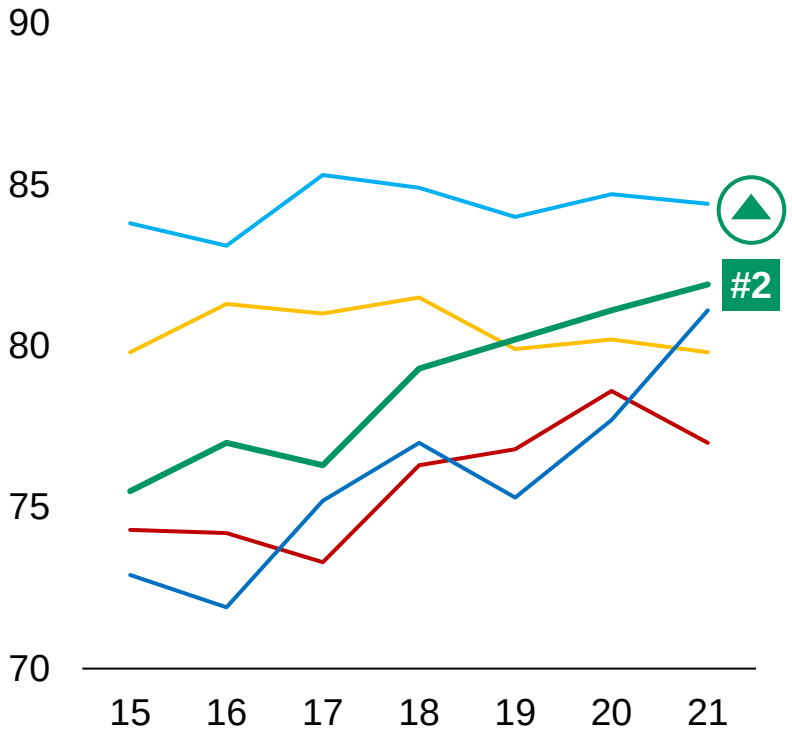
The group's **intangible software assets are expected to have peaked in 2021 at R9bn,** in line with reducing cash flow spend.



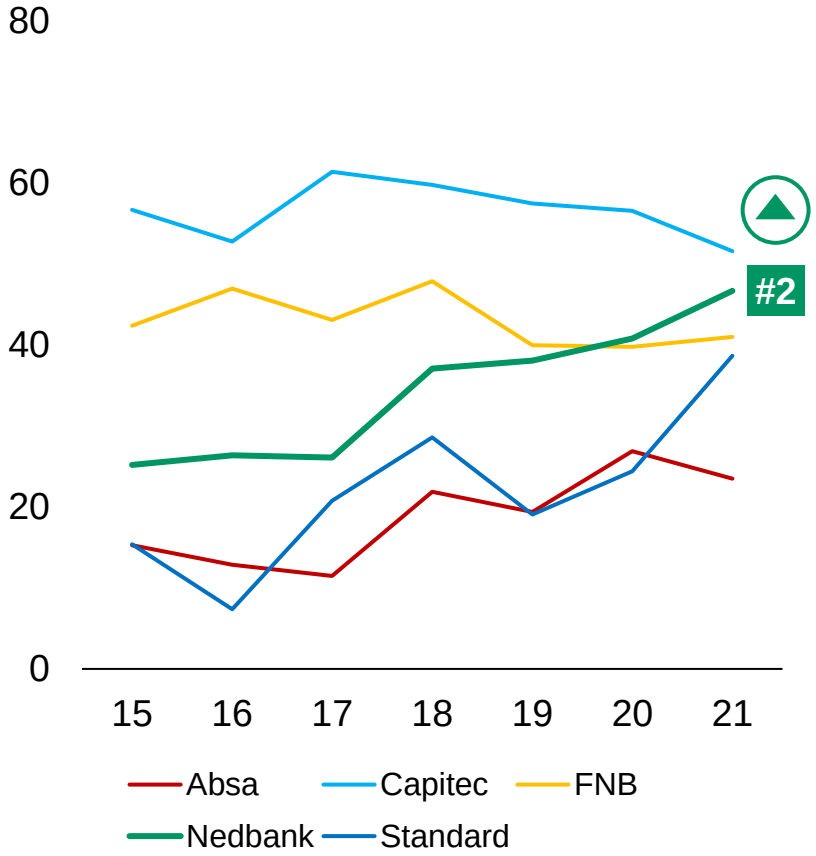
[1] *Project cash flow in 2021 was lower yoy as some large programmes came to an end. The expectation is to increase in 2022 as we aim to complete last few components of ME.*

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

SA Client Satisfaction Index[1]



Net Promoter Score[1]



Other metrics

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

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

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

BOOKLET SLIDE

The Banker
Bank of the Year (South Africa)
2021
Nedbank Group

The Banker
2021 Deal of the Year Africa: Infrastructure & Project Finance: Mozambique LNG 1 $15,4bn financing

GLOBAL FINANCE
2021 Global Finance Investment Bank Awards:
Best Debt Bank: Africa

GLOBAL FINANCE
2021 Global Finance Investment Bank Awards:
Best Investment Bank: South Africa

WorldEco
Most Innovative Digital Bank:
2021
Nedbank

WorldEco
Best bank for API initiatives:
2021
Nedbank

WorldEco
Best Technology Transformation:
2021
Nedbank

Global Business Outlook
Best Digital Bank in South Africa:
2021
Nedbank

Finance GLOBAL BANKING & review
Best Corporate Bank
South Africa | 2021
Nedbank CIB

Finance GLOBAL BANKING & review
Best Investment Bank
South Africa | 2021
Nedbank CIB

API
Top Real Estate Bank of the Year
Africa | 2021
Nedbank CIB

Bloomberg
DCM rankings
South Africa | 2021
#2 by volume & value

Finance GLOBAL BANKING & review
Best Digital Bank
| South Africa | 2021
Nedbank

Finance GLOBAL BANKING & review
Best Open Banking APIs
South Africa | 2021:
Nedbank

INTERNATIONAL BUSINESS MAGAZINE
Best Mobile Banking
Best Internet Banking
South Africa | 2021
Nedbank RBB

INTERNATIONAL BUSINESS MAGAZINE
Best Mobile Banking
Best Internet Banking
South Africa | 2021
Nedbank NAR

AFRICAN BANKER AWARDS 2021
2021 winner:
Infrastructure Deal of the Year

INTERNATIONAL BANKER
Best Innovation in Retail Banking
2021
Nedbank RBB

GLOBAL BUSINESS Review Magazine
Best Retail Bank & **Best CSR Bank**
South Africa 2021

WEALTHBRIEFING MIDDLE EAST & NORTH AFRICA AWARDS
Best Boutique Private Bank | 2021
Nedbank Private Wealth International
(third year in a row)

Finance GLOBAL BANKING & review
Best Bank for Sustainable Development
South Africa | 2021
Nedbank

EUROMONEY
Best Bank for Sustainable Finance
Africa | 2021
Nedbank

Environmental Finance **IMPACT Awards 2021 Winner**
2021 winner:
Investment Bank of the year (global award)
Nedbank CIB

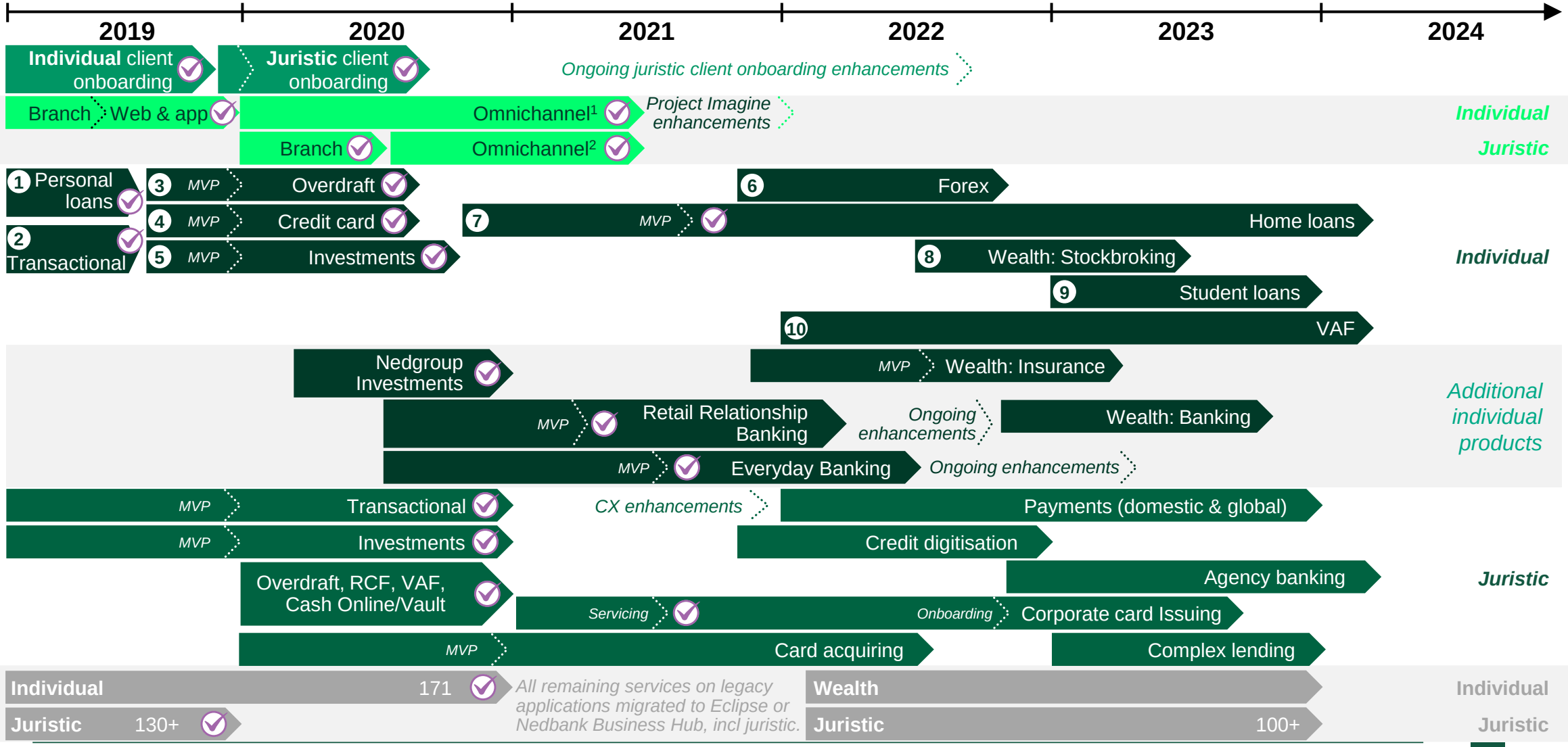
OLIVER TOP EMPOWERMENT AWARDS
Top Empowered Business of the Year
2021
Nedbank

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

Delivering market-leading client solutions – our digital journeys are enabled by Eclipse & Nedbank Business Hub

BOOKLET SLIDE

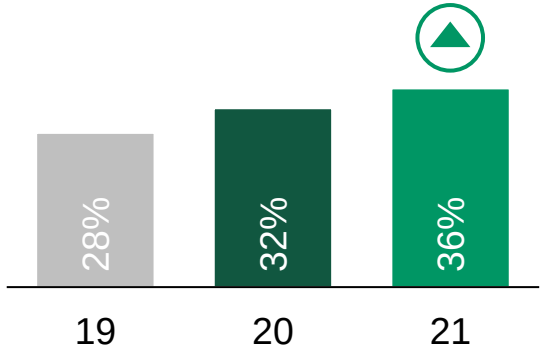
End-to-end digital client onboarding & digitising our products



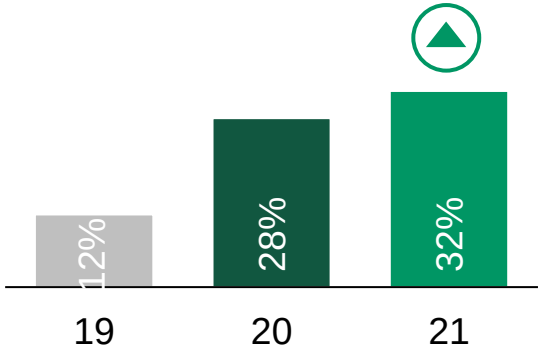
[1] Branch, web, app, ATM, self-service kiosk, call centre. | [2] Branch, web, app, self-service devices.

Delivering market-leading client solutions – digital uptake & usage accelerated, driven by world-class delivery, enablement & innovation, as well as client behavioural shifts during Covid-19

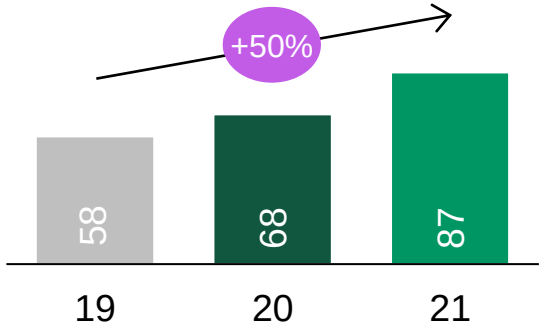
Digitally active clients
(% of total active clients)



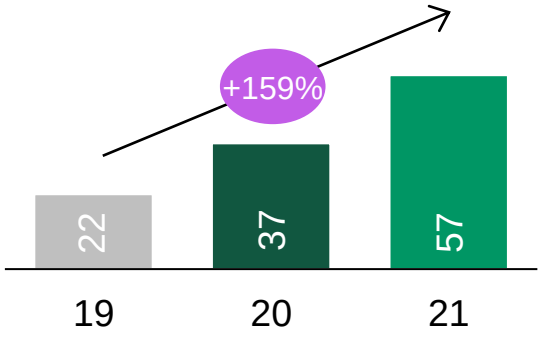
Digital sales
(% of new sales[1])



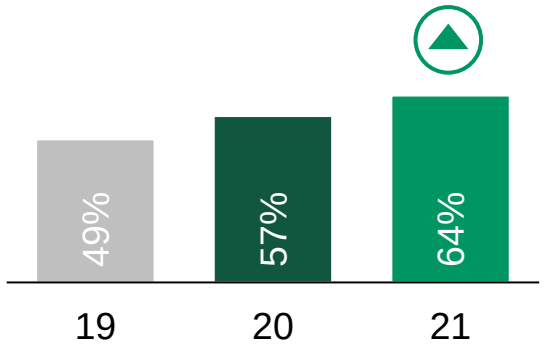
Digital transaction volumes
(# m)



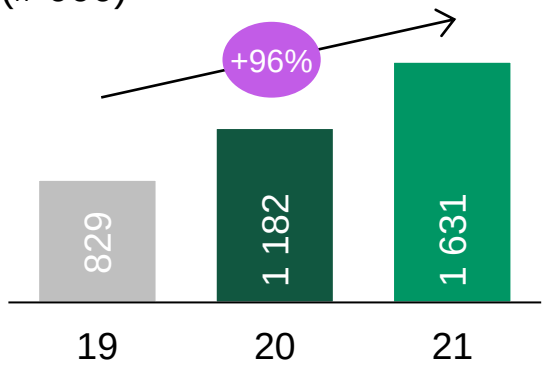
App transaction volumes
(# m)



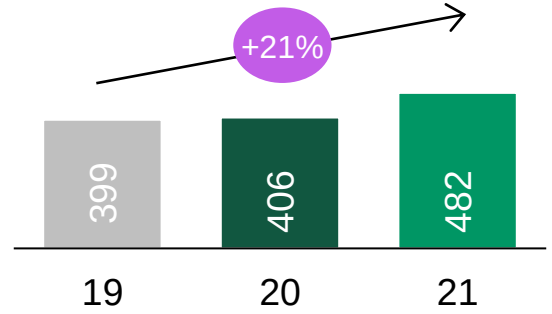
Digitally active main-banked clients



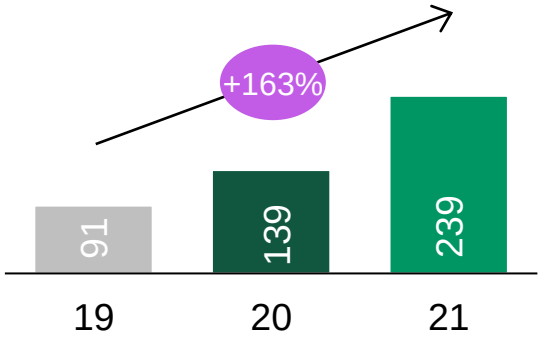
Money app active users
(# 000)



Digital transaction values
(Rbn)



App transaction values
(Rbn)

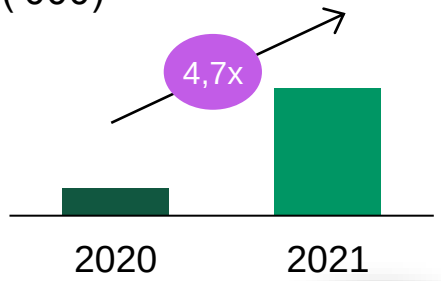


[1] *2019 based on applications, excl. MobiMoney. 2020 onwards measured on new funded sales – excl MobiMoney.*
Digitally active clients & Money app users have been restated to align to the new client active definition ie Client has either a non-zero balance asset product or a non-zero balance investment product; or a positive funded balance Transactional Product (TP), or a negative TP balance with a transaction done within the last 12 months.

Change since 2019

Ongoing disruptive market activities – Nedbank is connecting individuals & businesses via marketplaces & APIs, now > 1 million clients[1]

Registered clients ('000)



B2C

>675 000 clients

We **connect** individuals & businesses to marketplaces

1

We **catalyse** for growth through collaboration & partnerships

2

We **conquer** African challenges together

3

AVO BUSINESS · karri POWERED BY NEDBANK · Scan to Pay · NEDBANK MONEY MESSAGE · MYHOMELIFE by NEDBANK

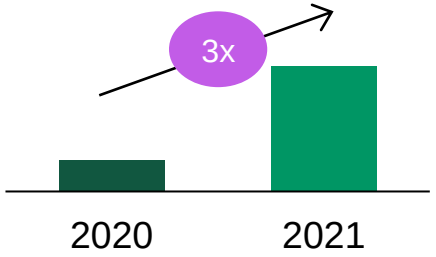
>1/4 million products & services

B2B

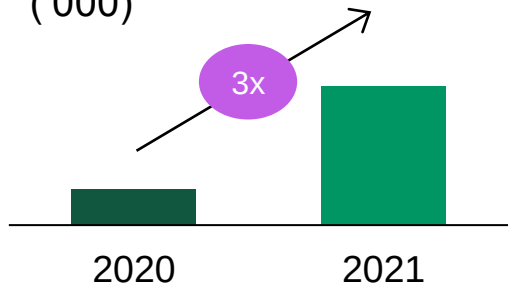
>20 250 businesses

11 verticals

Gross merchandise value (Rm)



Merchants & partners ('000)

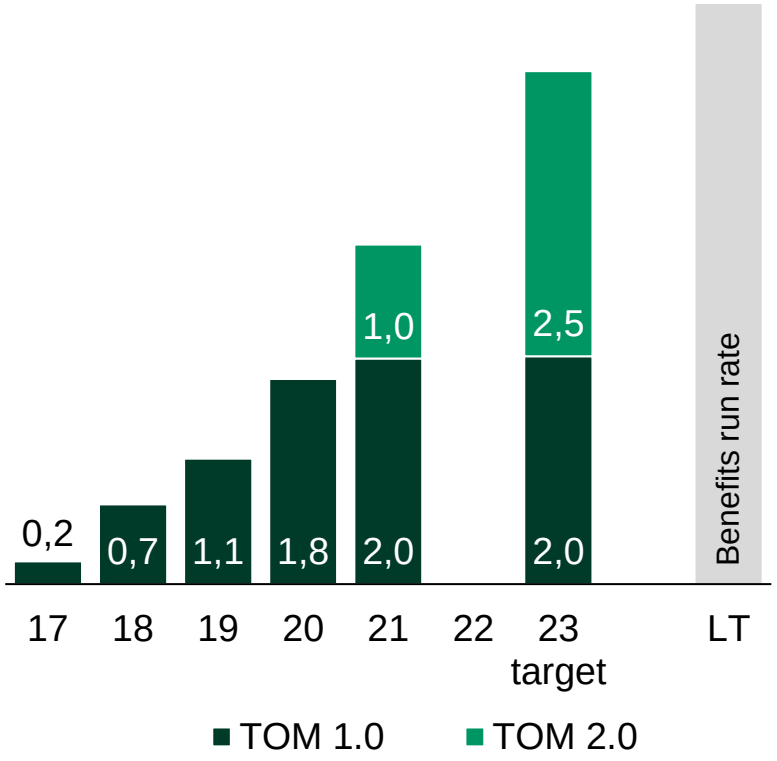


[1] *At the beginning of March 2022.*

Driving efficient execution – the benefits from our Managed Evolution technology investments & digitisation are being unlocked through TOM 1.0 & TOM 2.0

Cumulative TOM 1.0 & TOM 2.0 benefits

(Rbn)



TOM 2.0

Optimising the shape of our infrastructure in a more digital world, embedding a more client-centred RBB structure (incl back-office optimisation) & optimise groupwide shared services

TOM 1.0

Modernised technology platform (ME), optimised digital innovation capabilities (DFL) & implementation of end-to-end digital client onboarding, & digital products & services

Shift to digital payments – **optimise own physical channels** (Imagine)

Hybrid working practices – **shrink own property**

Client-centred model – **leaner RBB structure** (Phoenix)

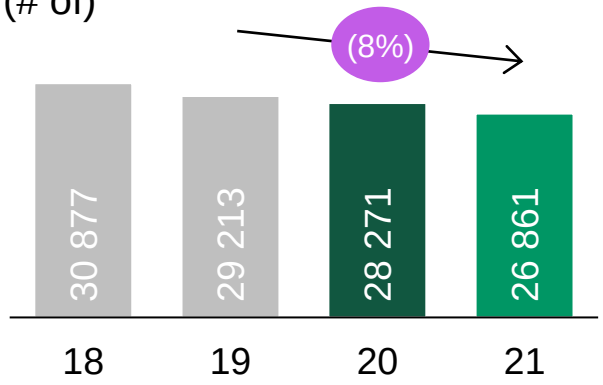
Benefits from **technology transformation**

Efficient & effective central functions

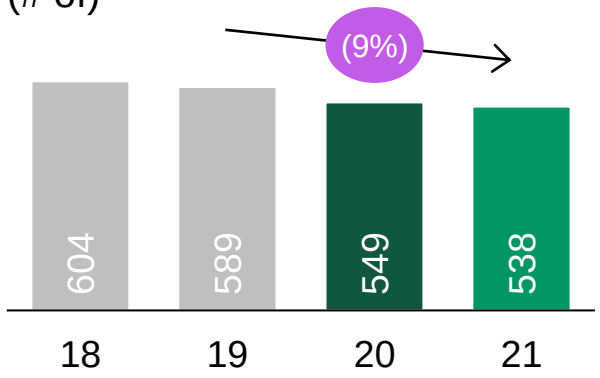
Reset third-party spend – **smarter supply chain & procurement**

Driving efficient execution – benefits evident in optimisation of operations to enable lower expense growth over time & meet our 2023 cost-to-income ratio target of 54%

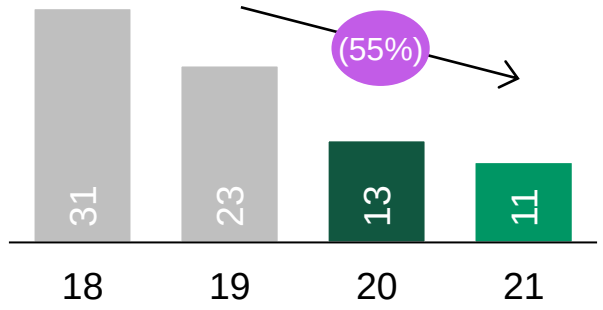
Permanent employees
(# of)



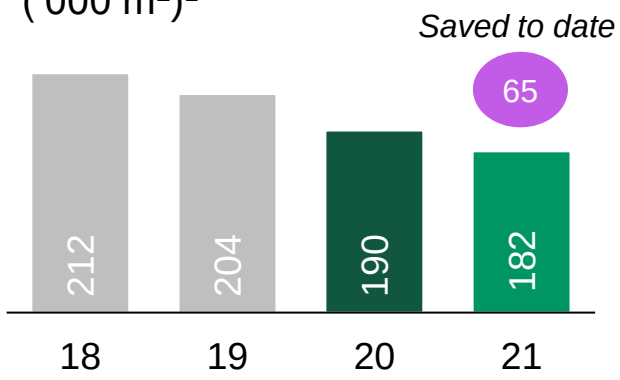
SA outlets/branches
(# of)



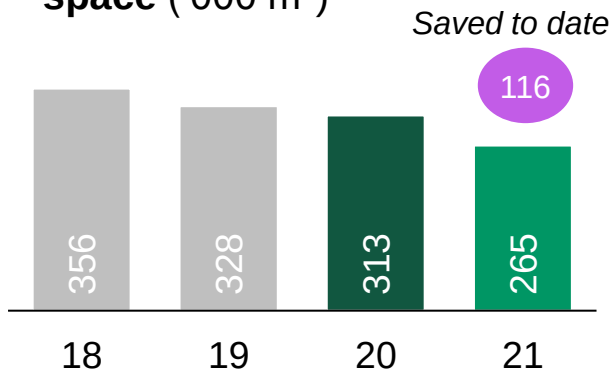
Teller activity
(# m)[2]



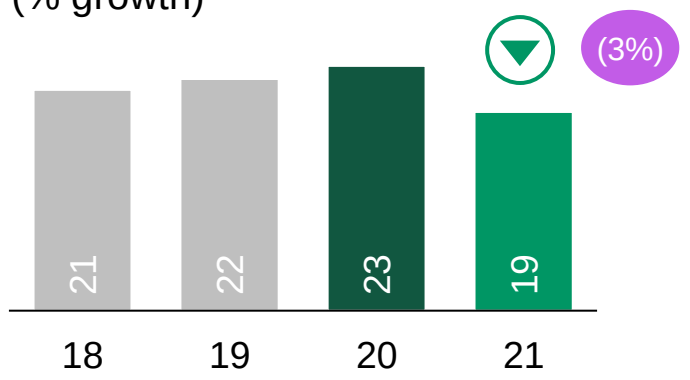
Branch floor space
('000 m^2)[1]



Corporate real-estate floor space ('000 m^2)



Annual amortisation charge
(% growth)

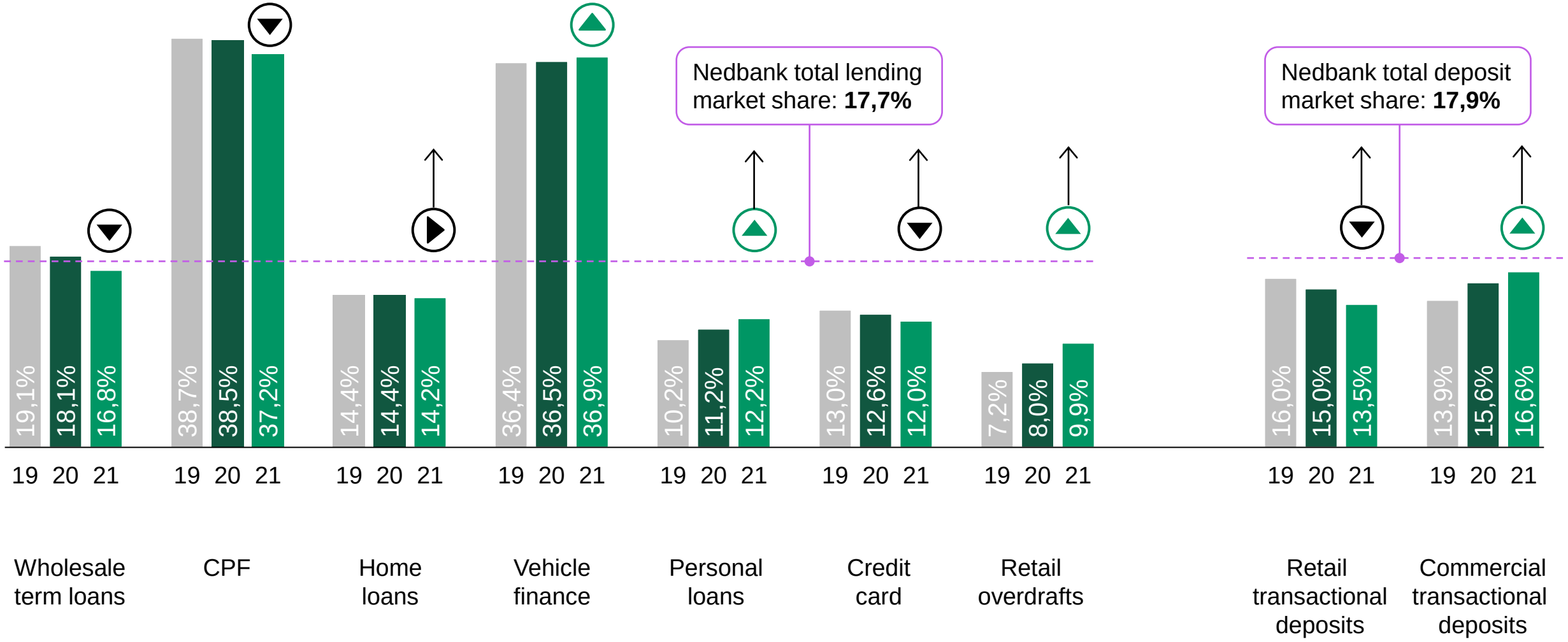


Change since 2019

[1] Represents the total branch floor space we saved since 2018, equating to approximately 14% of our branch floor space since 2018 – floor space saved since 2014 equates to 65k sqm – equivalent of 28% of the 2014 floor space. | [2] Refers to the volume of interactions with tellers.

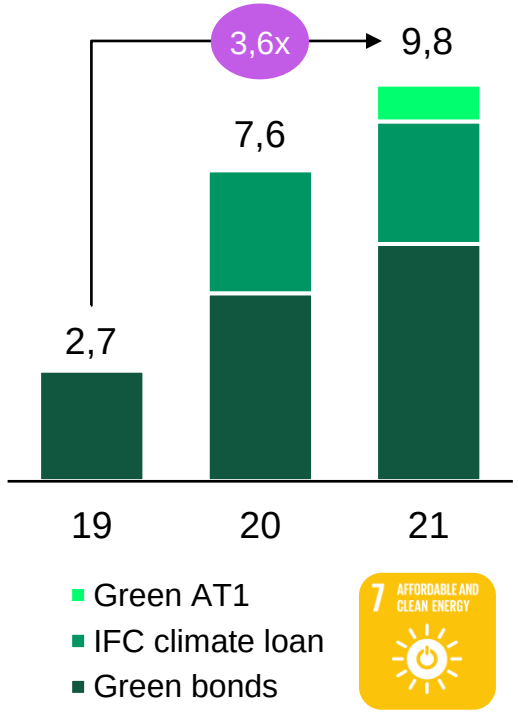
Strategic portfolio tilt 2.0 – target growth where we are underweight & be selective in areas of strength, while growing the transactional banking franchise (main-banked client gains & higher cross-sell)

BA 900 market share (%)

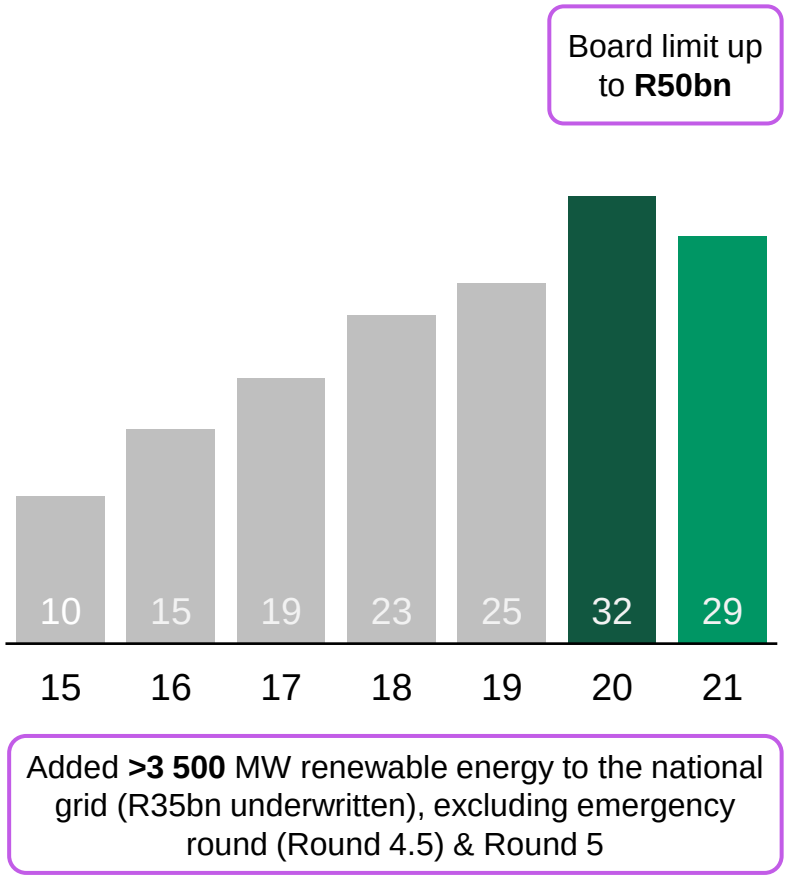


Creating positive impacts – anchoring our position as an impact financier

Sustainable funding (Rbn)



Renewable energy (REIPPPP) financing (exposures, Rbn)



Journey to zero exposure to fossil-fuel-related activities by 2045

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

2021 Adopted & disclosed our market-leading **energy policy** & inaugural **TCFD report**

2025 **No provision** of project financing for **new thermal-coal mines**

2030 **Thermal-coal funding** to be < 0,5% of gross loans & advances

2035 **No new finance** for oil production

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

2050 **100% of lending & investing** supporting a net-zero carbon economy

Creating positive impacts – social/societal

> R360m
study loans to **students**[3]

> R5bn
loans for **student accommodation**[3]

R121m
CSI spend in 2021, with **47%** allocated **to education**

R57bn
loans to **SMEs, entrepreneurs, professionals**[2]

> 1 900
job opportunities supported for unemployed youth (YES)

87%
of Nedbank-owned **buildings Green Star-rated**

Carbon-neutral operations (since 2009)

R5bn
loans for **affordable housing**[3]

R25bn
loans for **green buildings**[3]

Level 1 BBBEE
status
(for past 4 years)
Black staff[1]:
> 79%

106
tons of food & supplies to employees, families & communities impacted by the July 2021 riots

R800m
lending towards **water projects** in 2021

Own operational total **water consumption down by**
18% yoy
(39% since 2019)





[1] African, Coloured & Indian population. | [2] Represents RRB loans & advances. | [3] Over past 5 years.

Creating positive impacts – governance

Nedbank Board

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

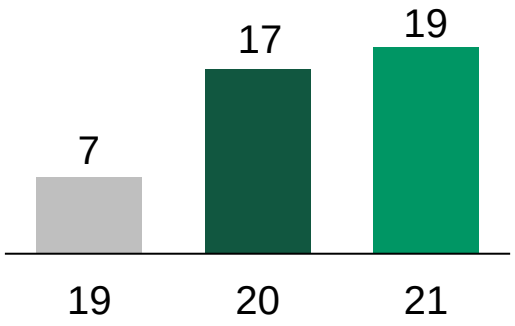
Black (ACI[1]) directors
up to **62%** (2020: 60%)

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

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

A supporting culture

Great place to work NPS:



Attrition:

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

ESG incorporated in performance scorecards & remuneration

ESG ratings

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

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

Group-level corporate transactions completed in 2021

OM unbundling of its shareholding in Nedbank Group

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

Repurchased 100% of Nedbank Limited preference shares

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



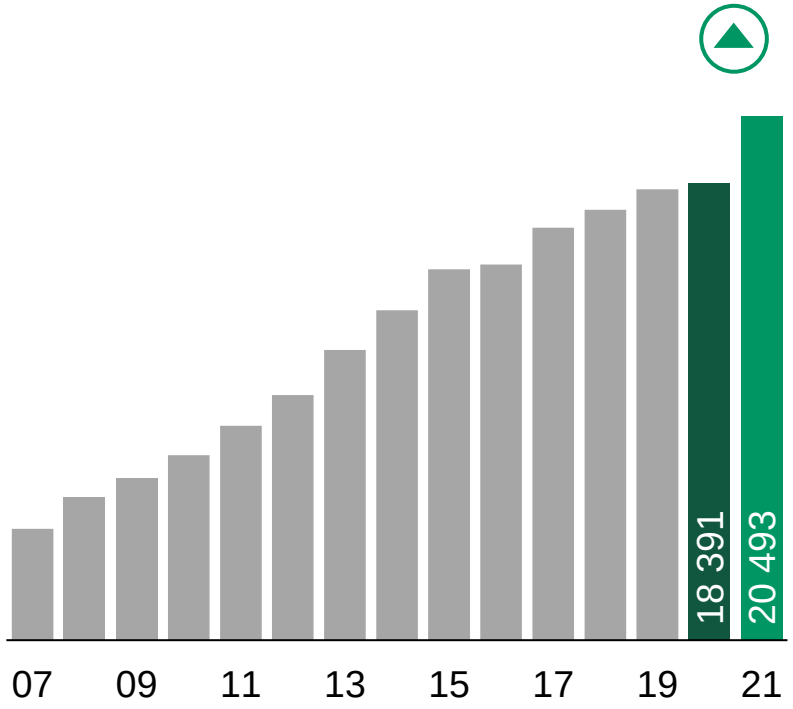
Financial overview

Mike Davis
Chief Financial Officer

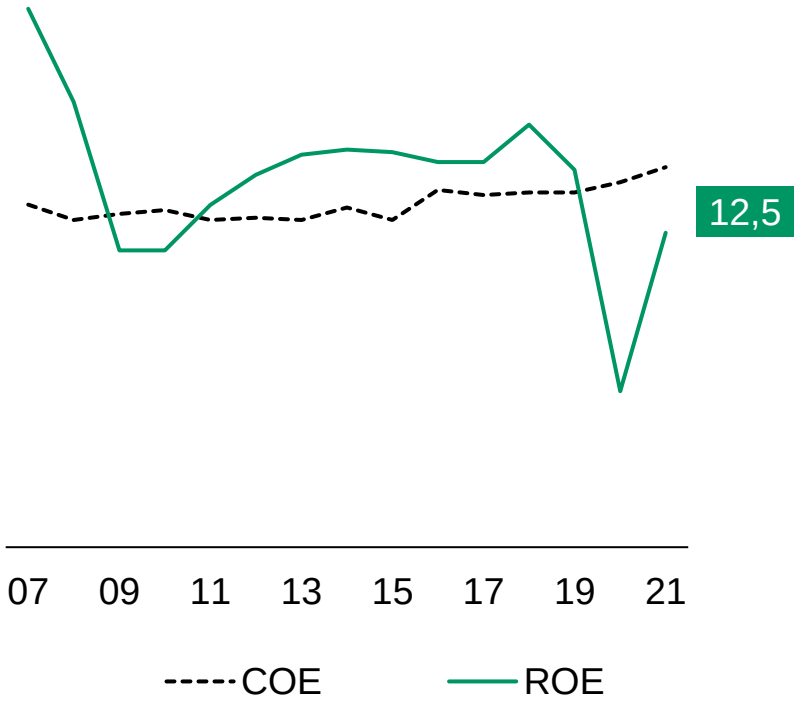
‘Strong HE recovery ahead of expectations & ROE up to 12,5%’

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

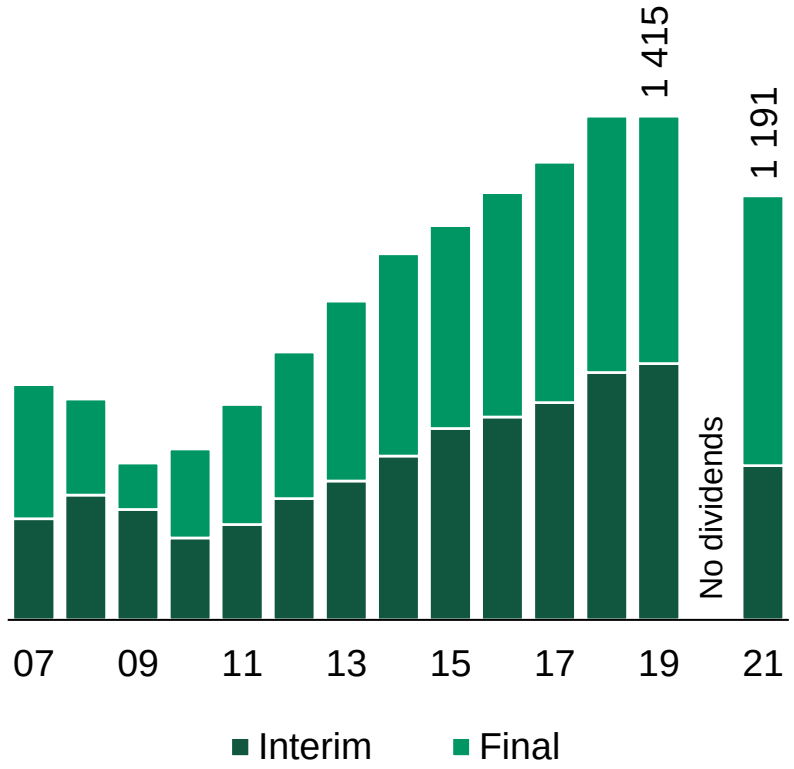
NAV per share (cents)



ROE & cost of equity (%)



Dividend per share (cents)



Strong NAV recovery +11% yoy

ROE improved to double digits

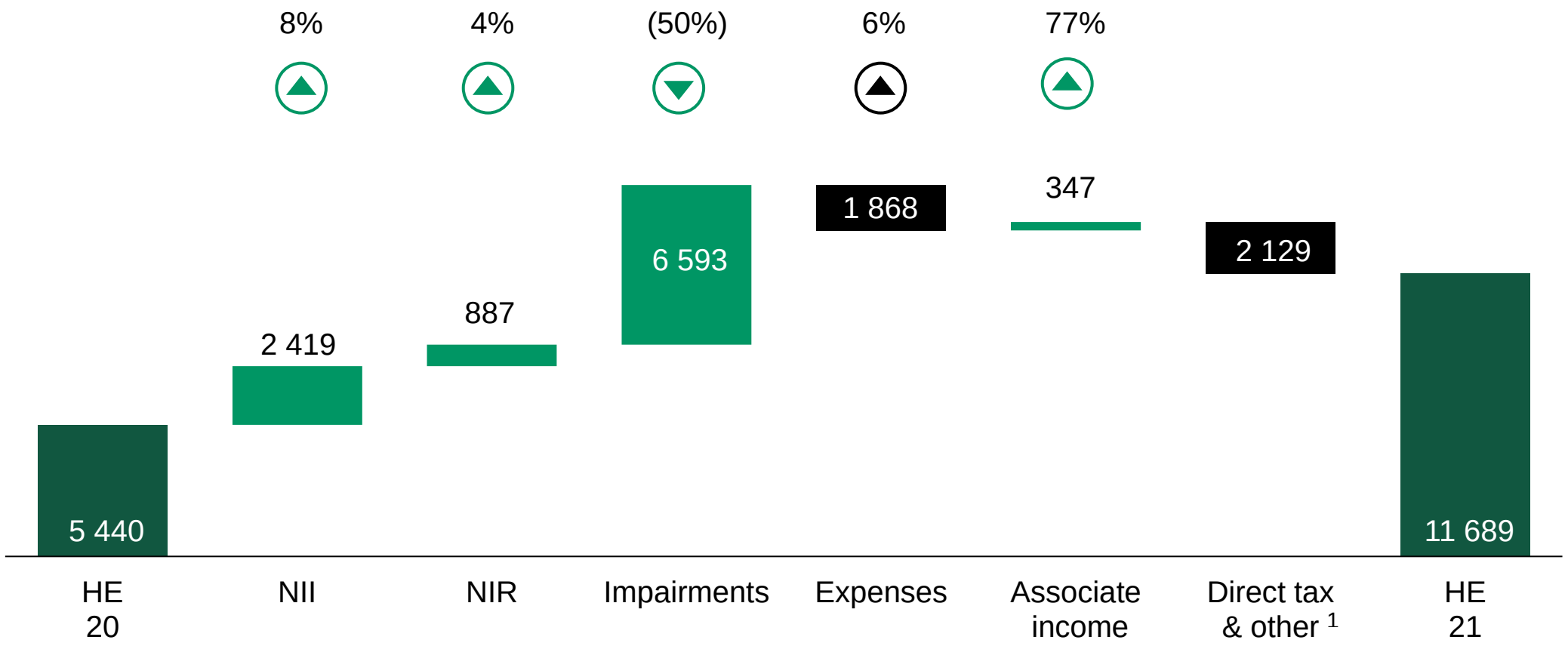
Final dividend at 1,75x cover

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

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

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

Headline earnings (Rm)

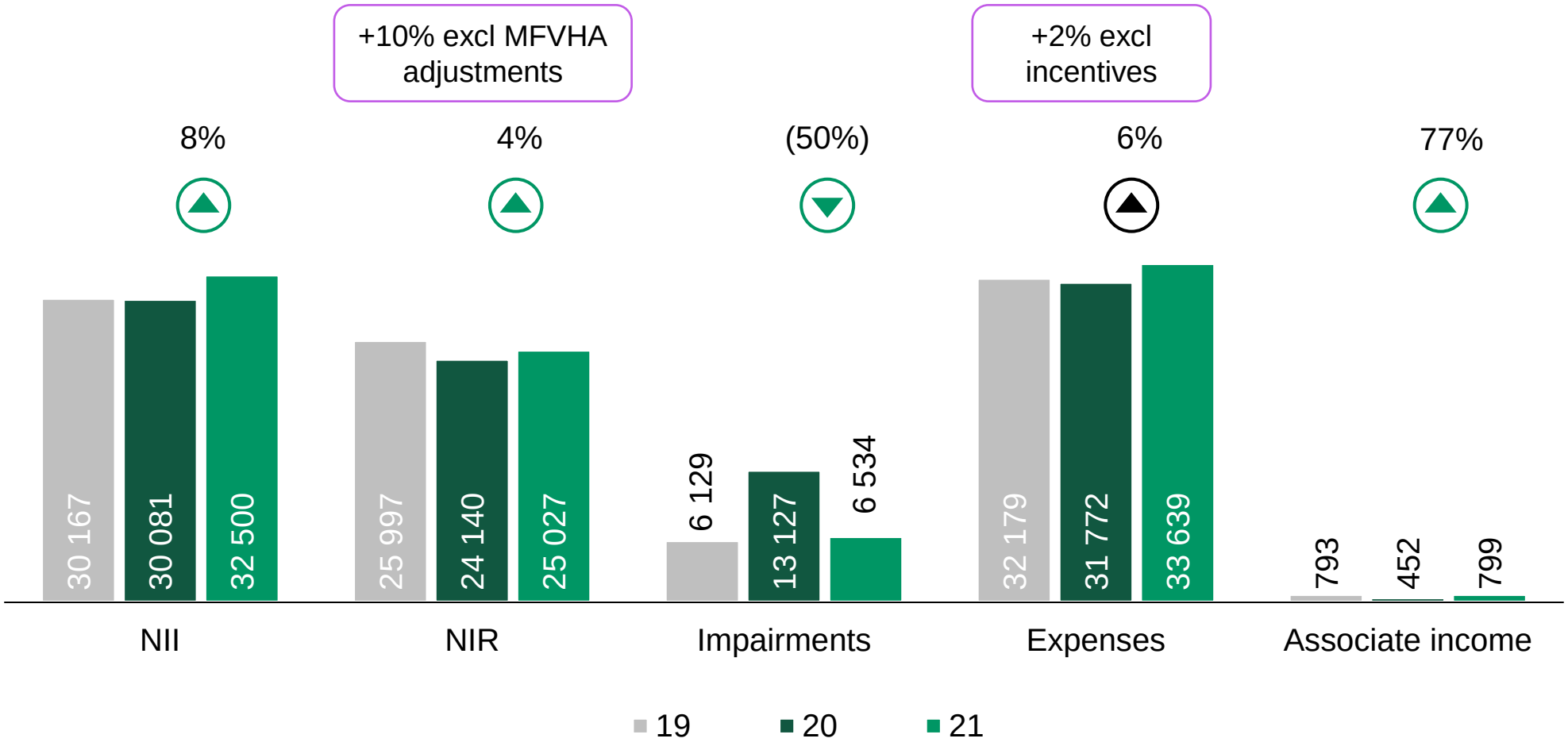


[1] Other includes Indirect tax, net monetary loss, and minority & preference shareholders.

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

BOOKLET SLIDE

Key earnings drivers (pre-tax, Rm)

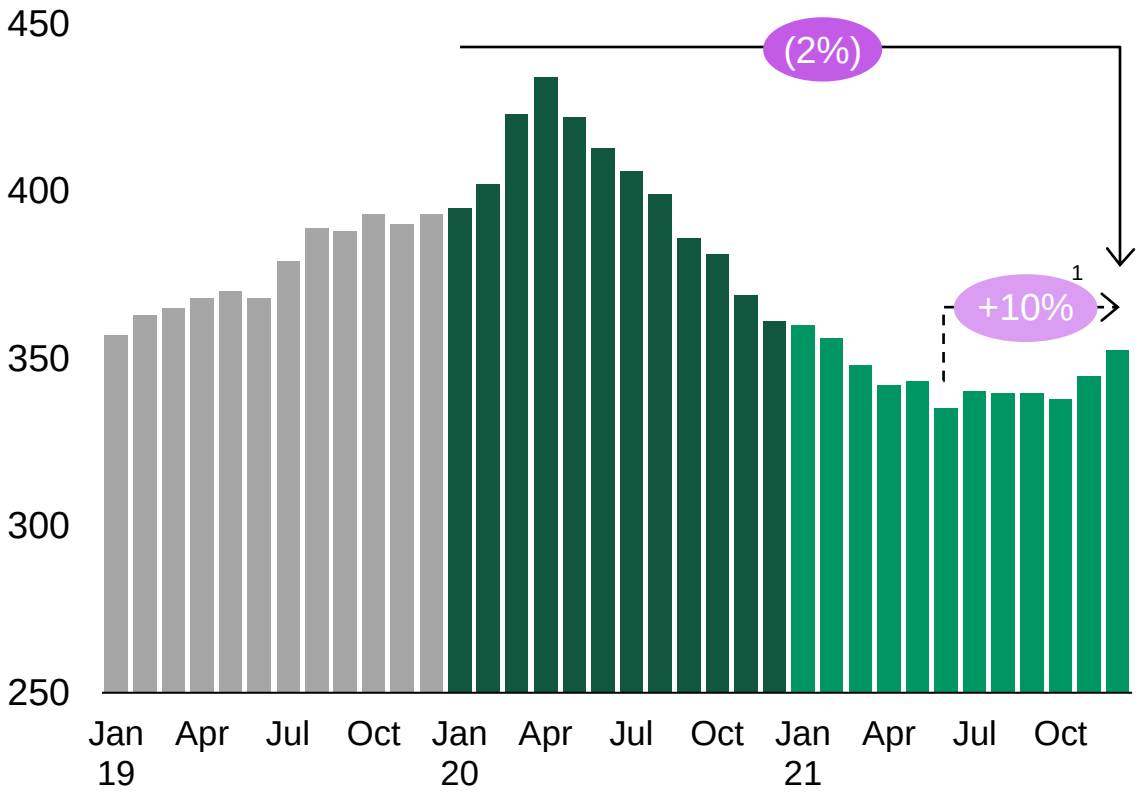


Strong PPOP growth across all our clusters

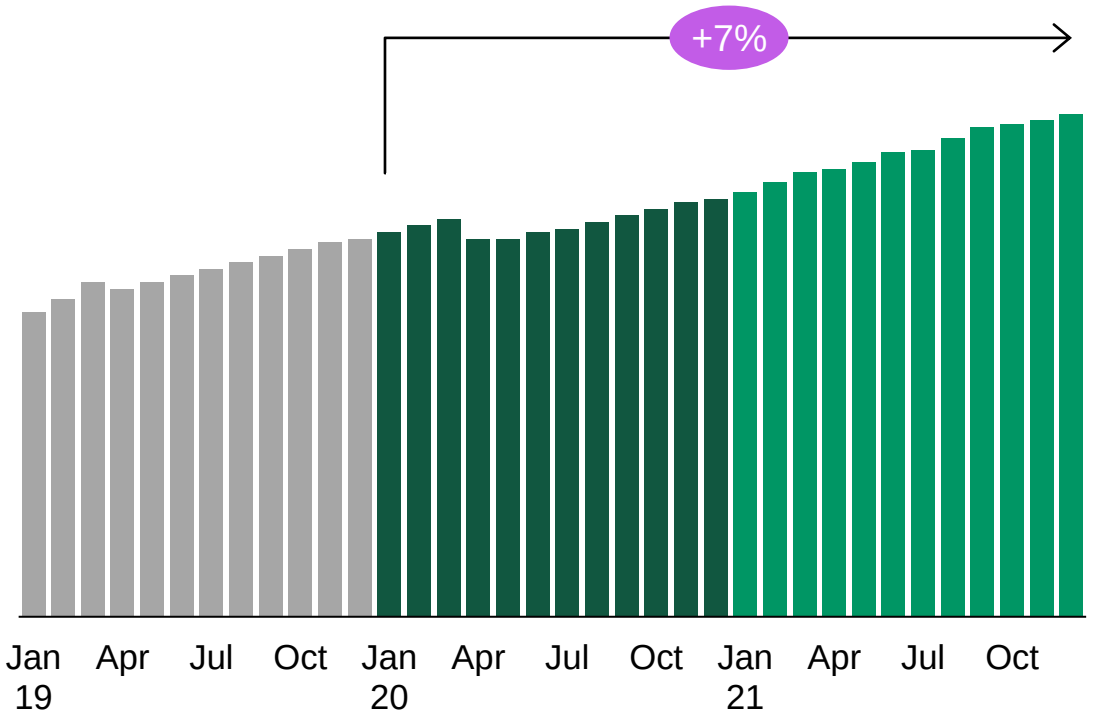
PPOP (Rm)	yoy	2021	2020	2019	yoy	H1 2021	H1 2020	yoy	H2 2021	H2 2020
CIB	8%	**8 734**	8 092	8 920	1%	**4 423**	4 363	16%	**4 311**	3 729
RBB	5%	**11 432**	10 931	12 175	3%	**5 291**	5 136	6%	**6 141**	5 795
Wealth	22%	**1 275**	1 048	1 358	13%	**600**	531	31%	**675**	517
NAR	76%	**736**	419	626	16%	**279**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

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

CIB gross banking advances (Rbn)



RBB gross banking advances (Rbn)

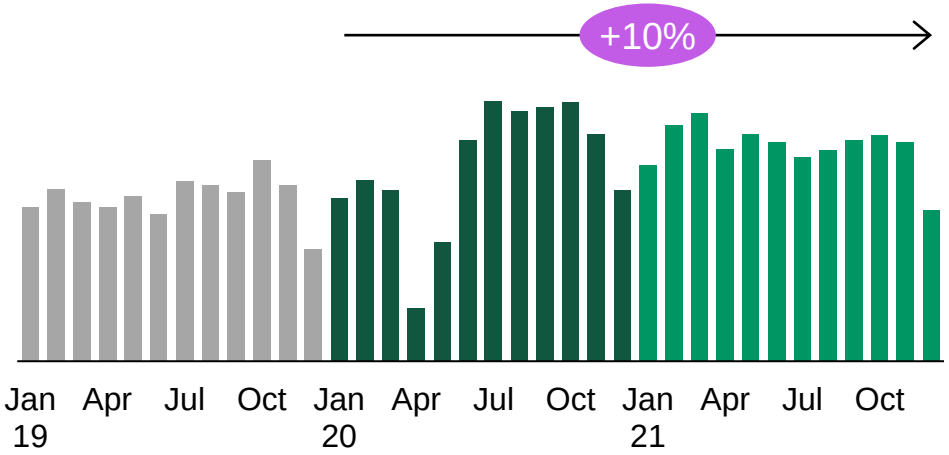


[1] *Annualised.*

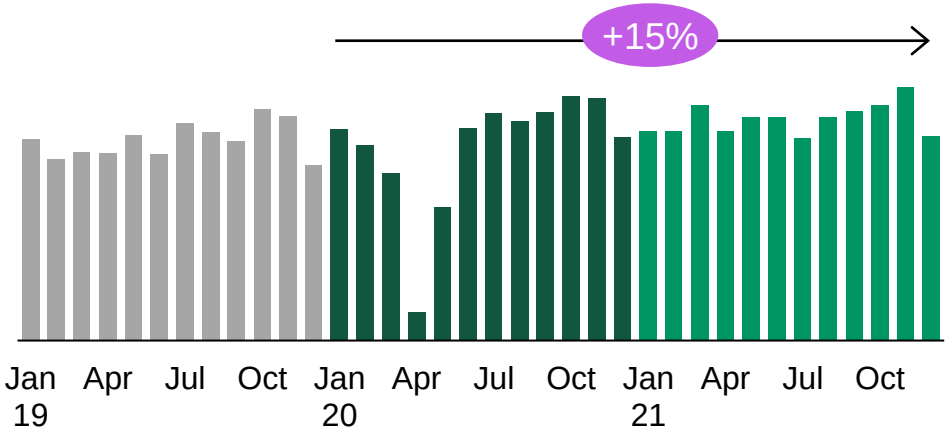
Retail loan application volumes – initial impact of strict lockdowns in 2020 but strong recovery on the back of lower interest rates & benefits from our enhanced digital channels

BOOKLET SLIDE

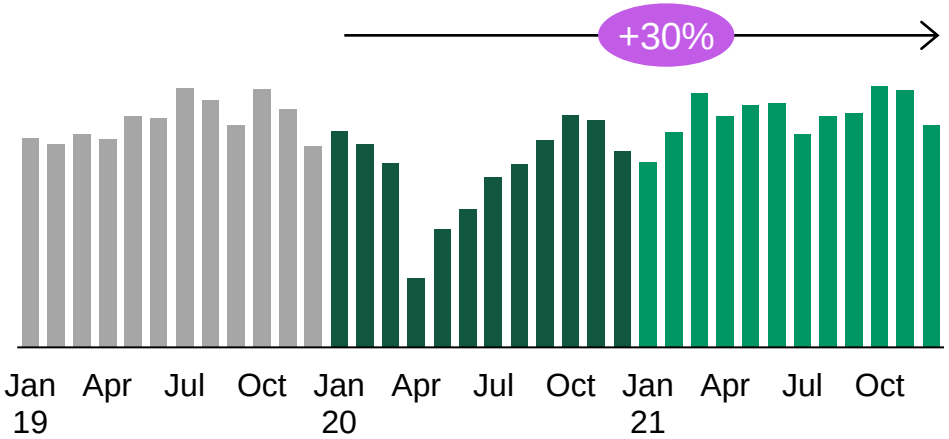
Home loan applications



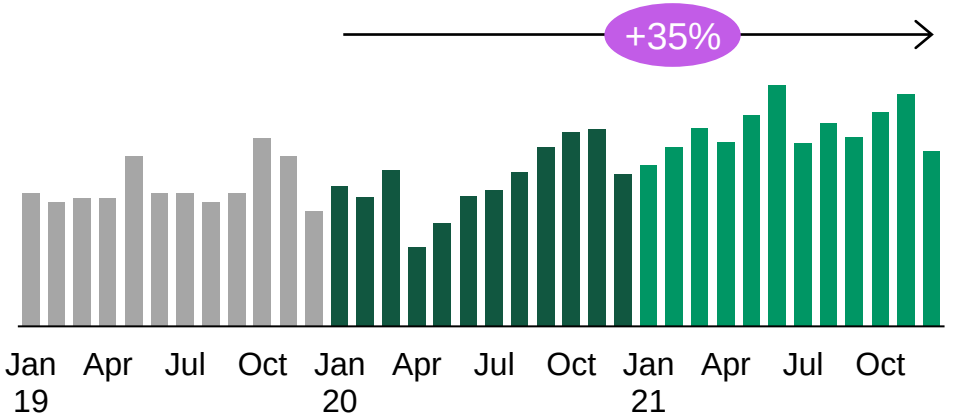
Vehicle finance applications



Personal-loan applications



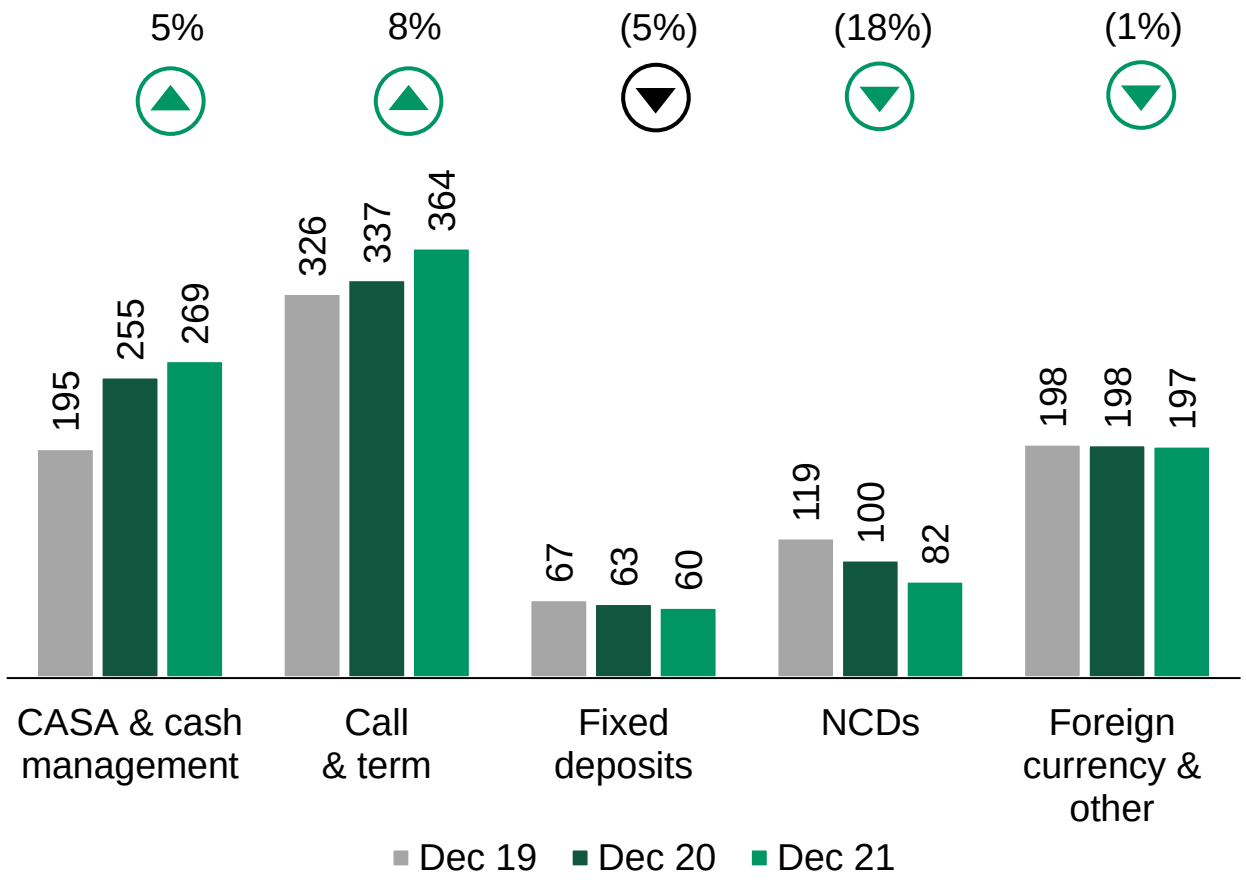
Card applications



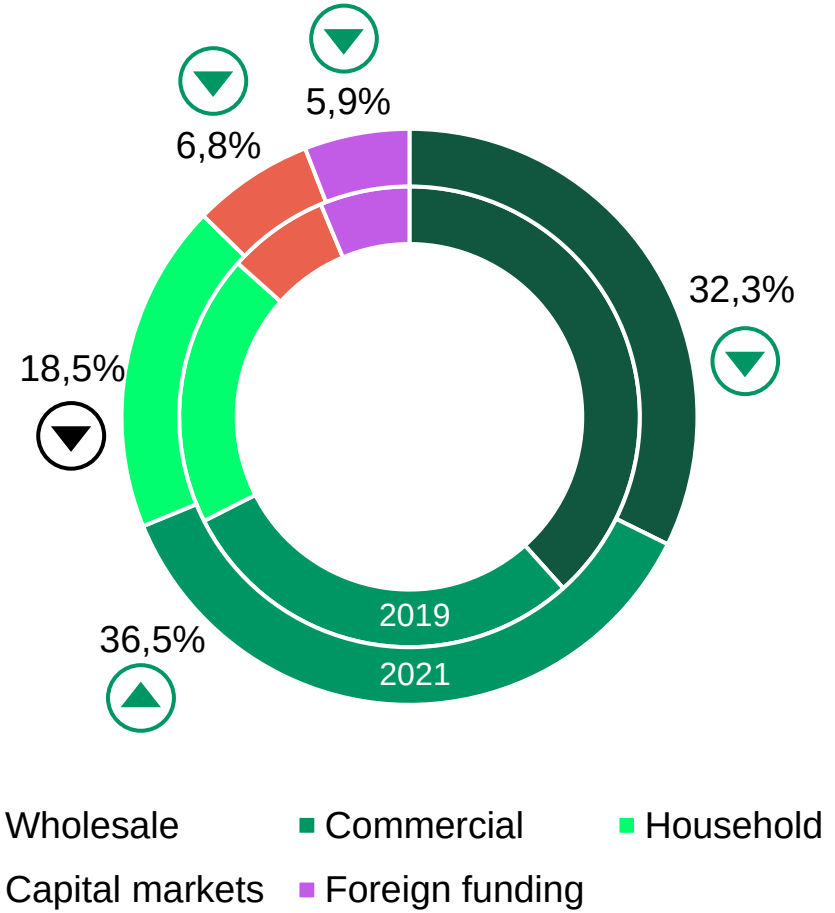
2019 2020 2021 Total 12-month yoy change

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

Deposits (Rbn, % change yoy)

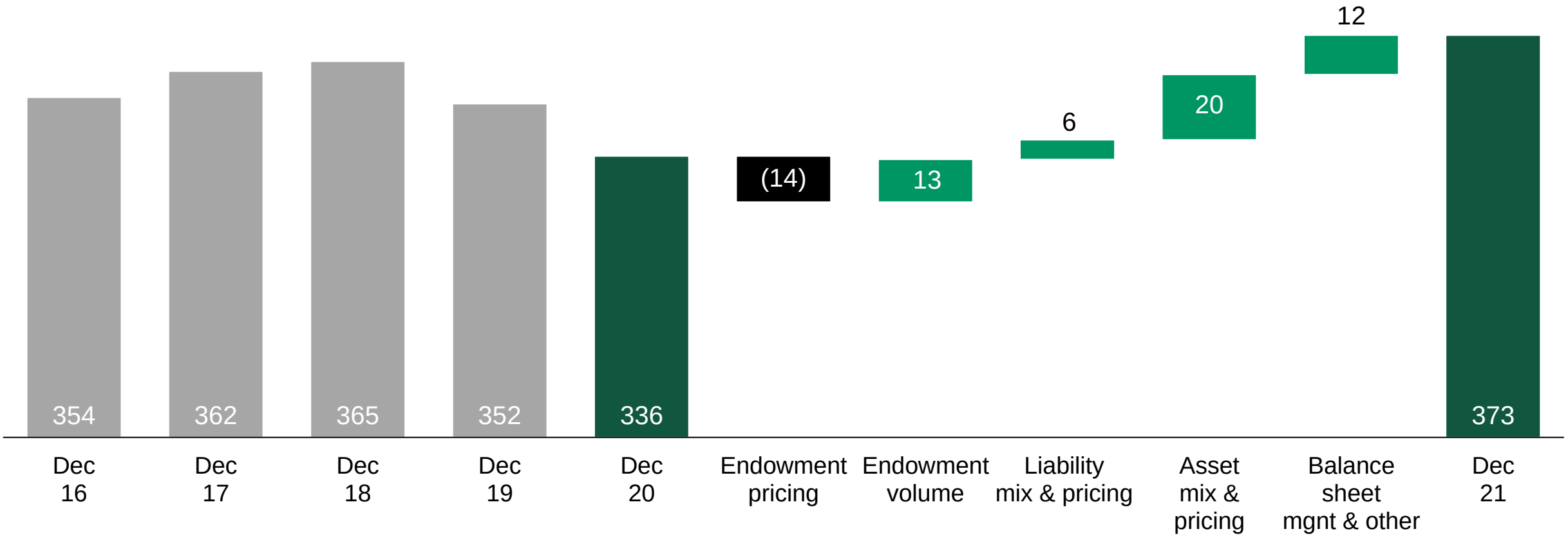


Funding mix (% contribution 2021 vs 2019)



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

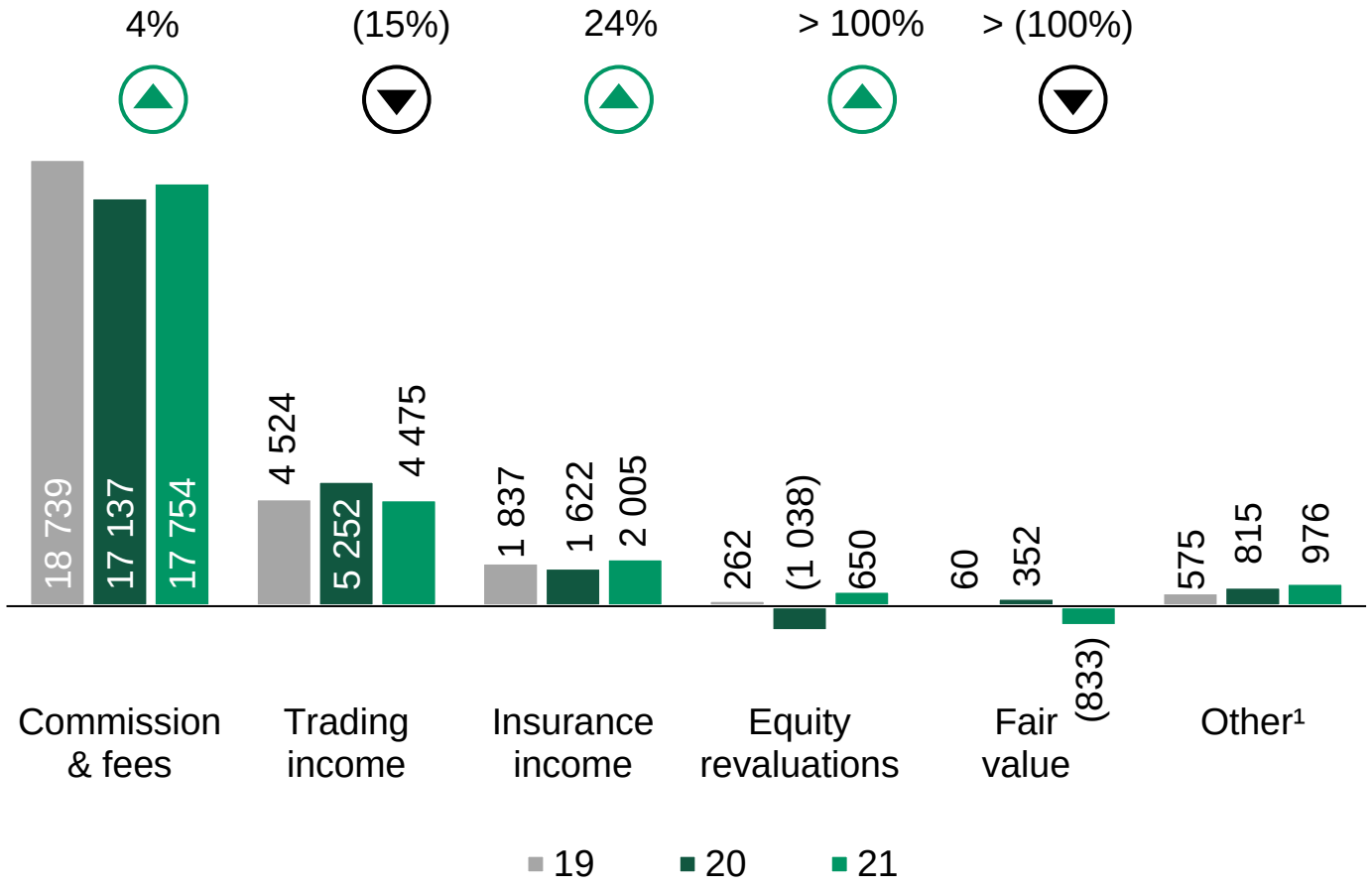
Net interest margin (bps)



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

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

NIR (Rm)



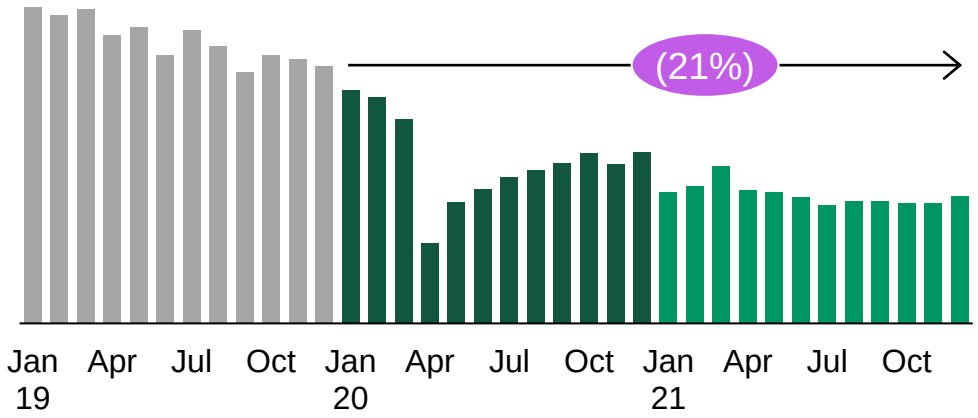
- **Commission & fees** – recovery evident in increasing client transactional activity, main-banked client gains & cross-sell
- **Trading** – solid performance but growth impacted by high 2020 base
- **Insurance** – enhanced ALM strategy & improved investment performance, partially offset by an increase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

[1] Represents sundry income & investment income.

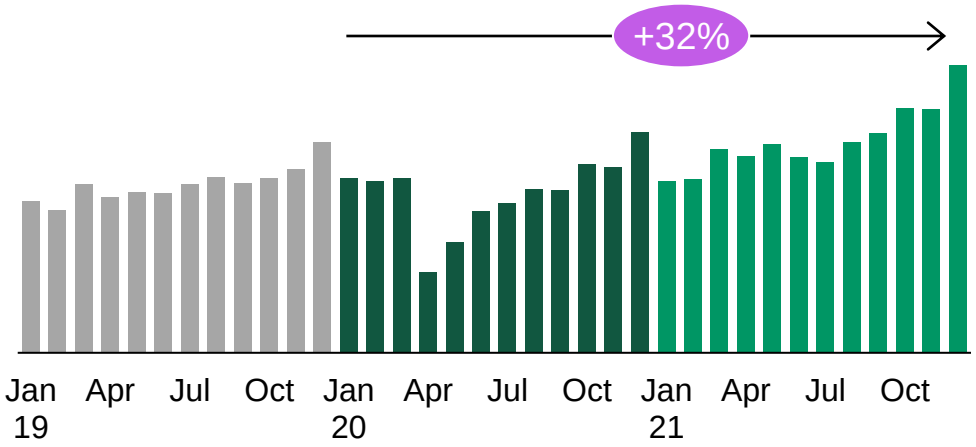
NIR – our technology strategy, along with shifts in RBB client transactional behaviours are driving NIR growth & cost optimisation opportunities

BOOKLET SLIDE

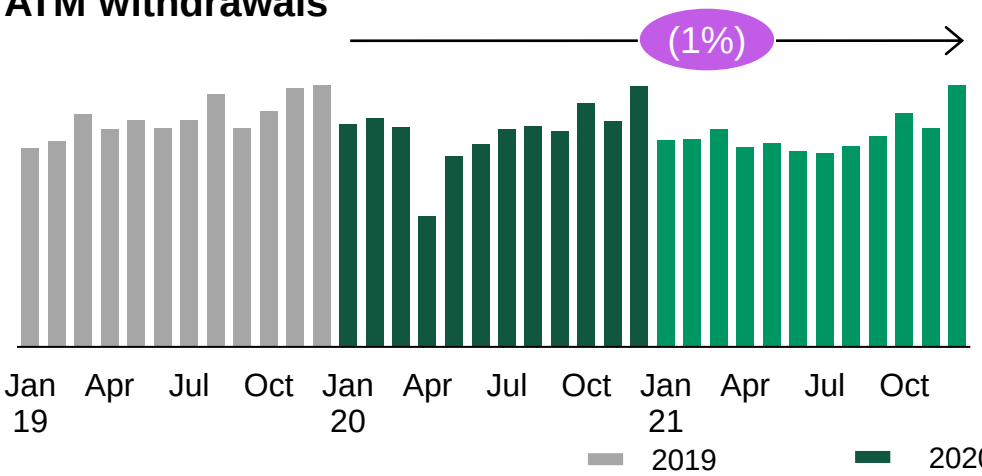
Branch teller transactions[1]



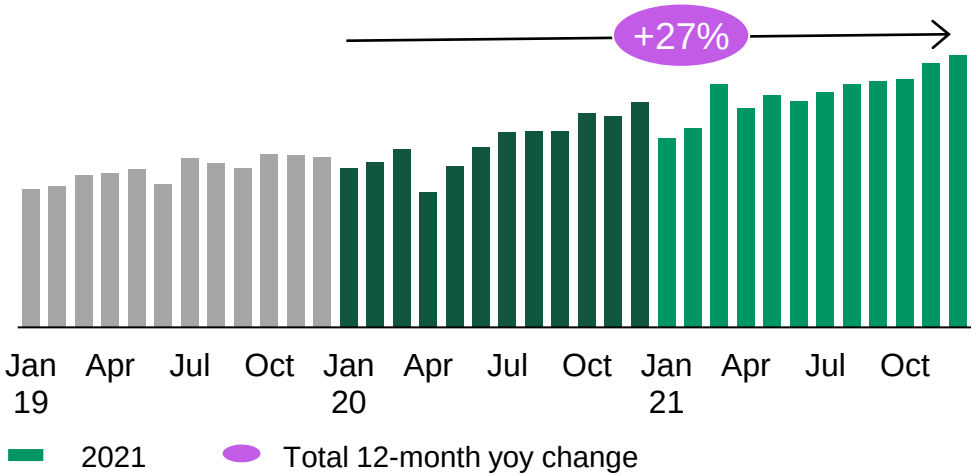
POS volumes



ATM withdrawals



Digital payment & transfers[2]

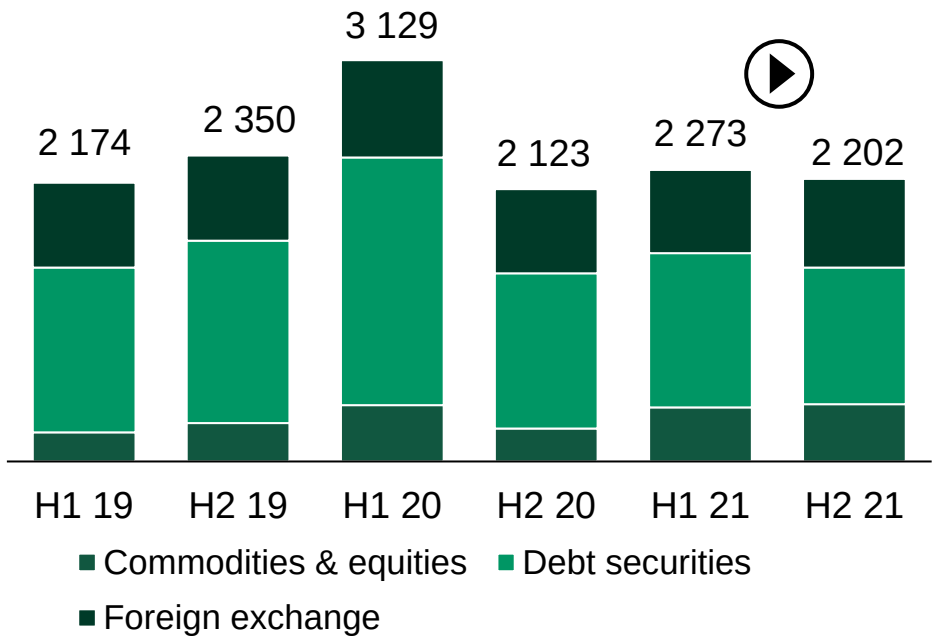


[1] Teller transactions include any cash-related transactions performed over the counter (eg deposits, withdrawals & transfers etc). | [2] App & web payment volumes combined.

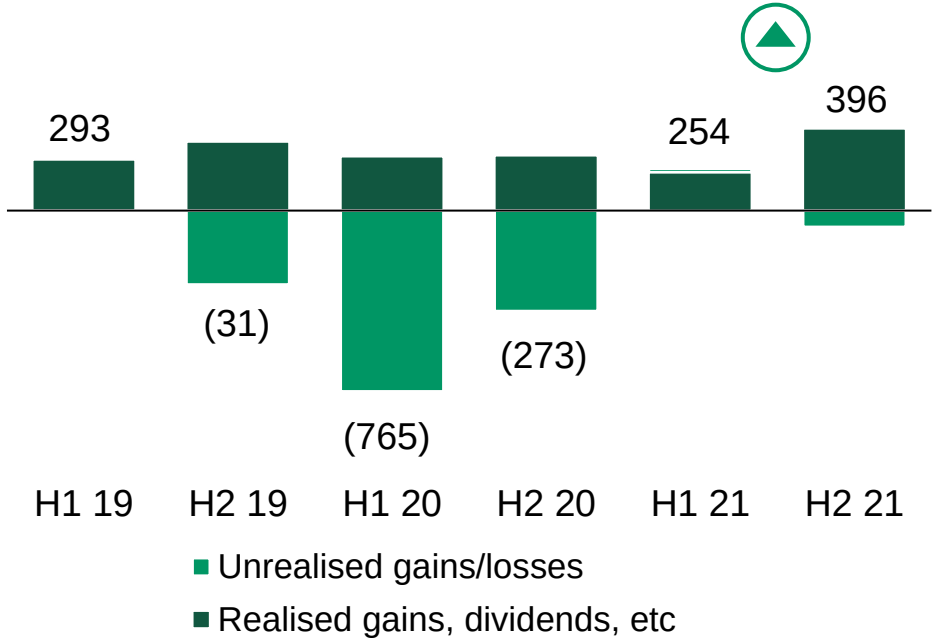
Trading income & equity revaluations – growth impact of 2020 trading base effects, normalising to 2019 levels

BOOKLET SLIDE

Trading income (Rm)



Equity revaluations (Rm)

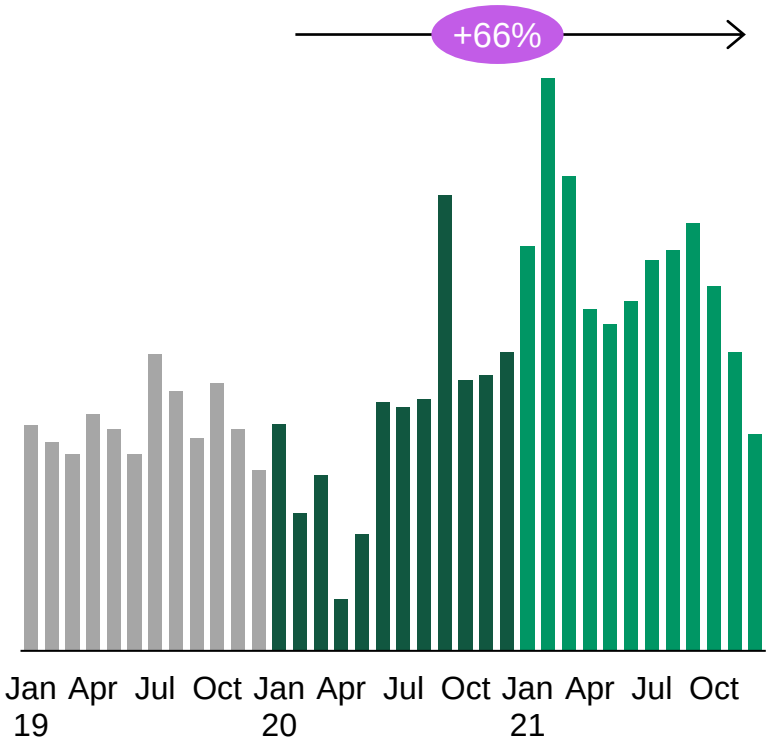


- **Equities** – non-linear derivatives book well positioned in volatile equity markets
- **Debt securities & FX** – lower due to high base & once-off income earned in H1 2020. Global macro environment creating high volatility levels, low liquidity & subdued client flows

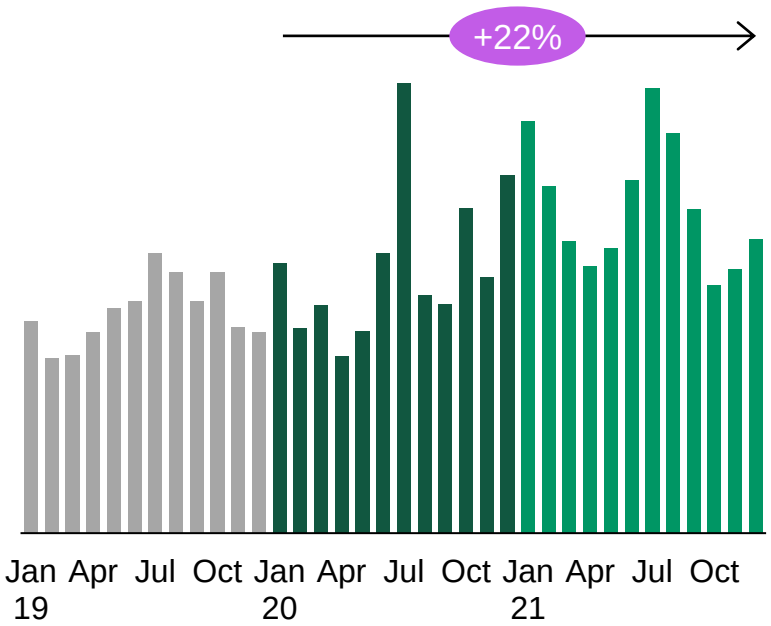
- **IB** – normalisation of equity revaluations driven by improved underlying investee company profitability resulting in increased valuations
- **CPF** – lower negative revaluations than the prior year

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

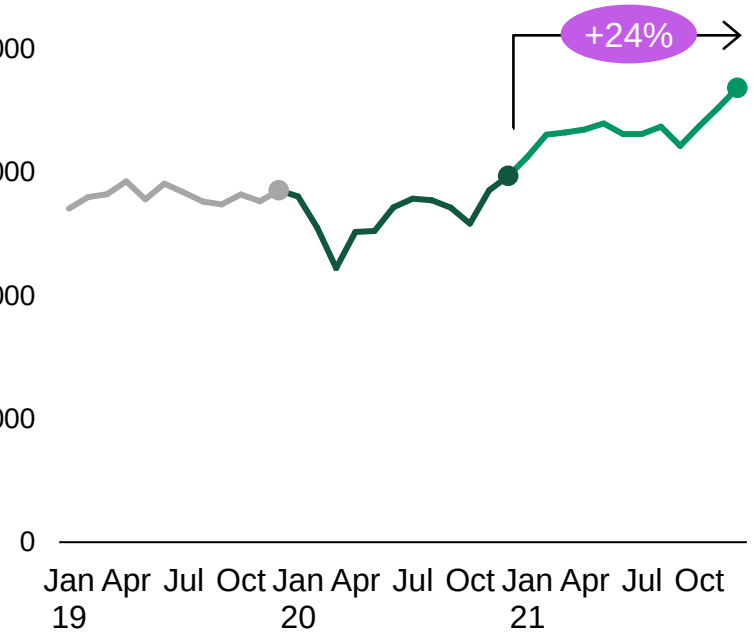
Death claims
(volumes)



Funeral claims
(volumes)



JSE all share index[1]
(points)

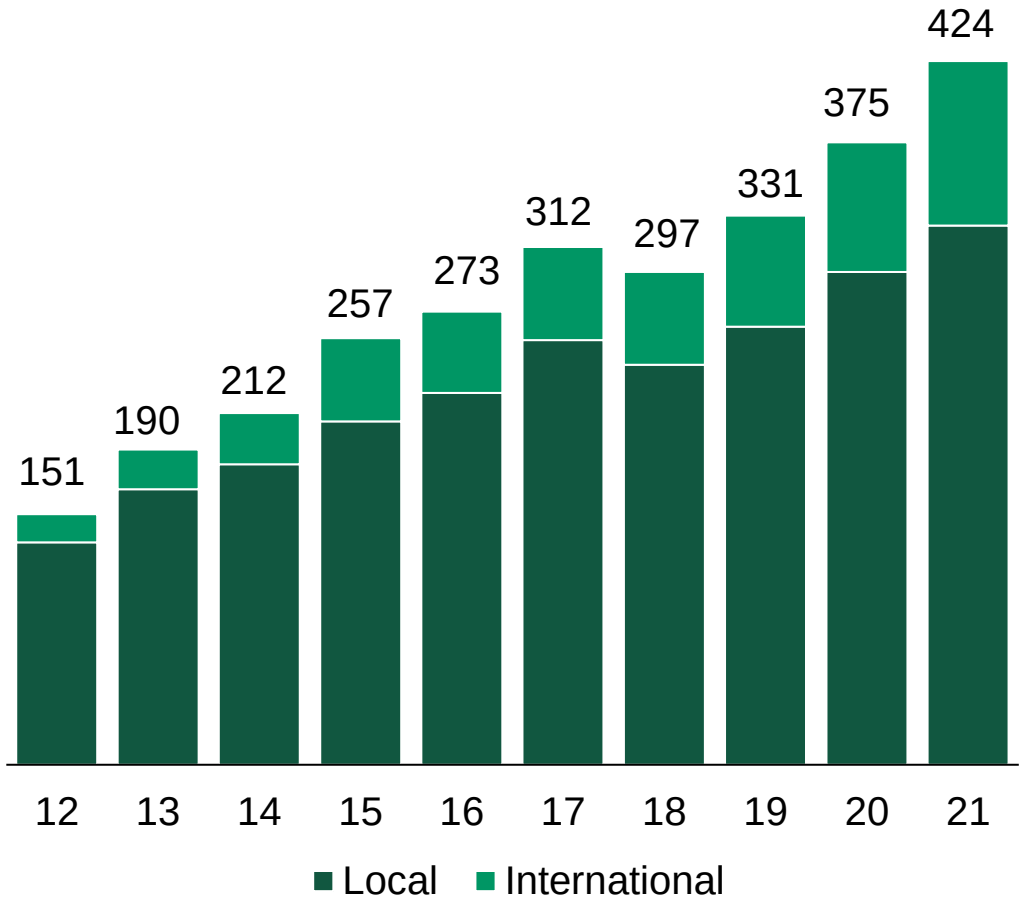


2019 2020 2021 Total 12-month yoy change

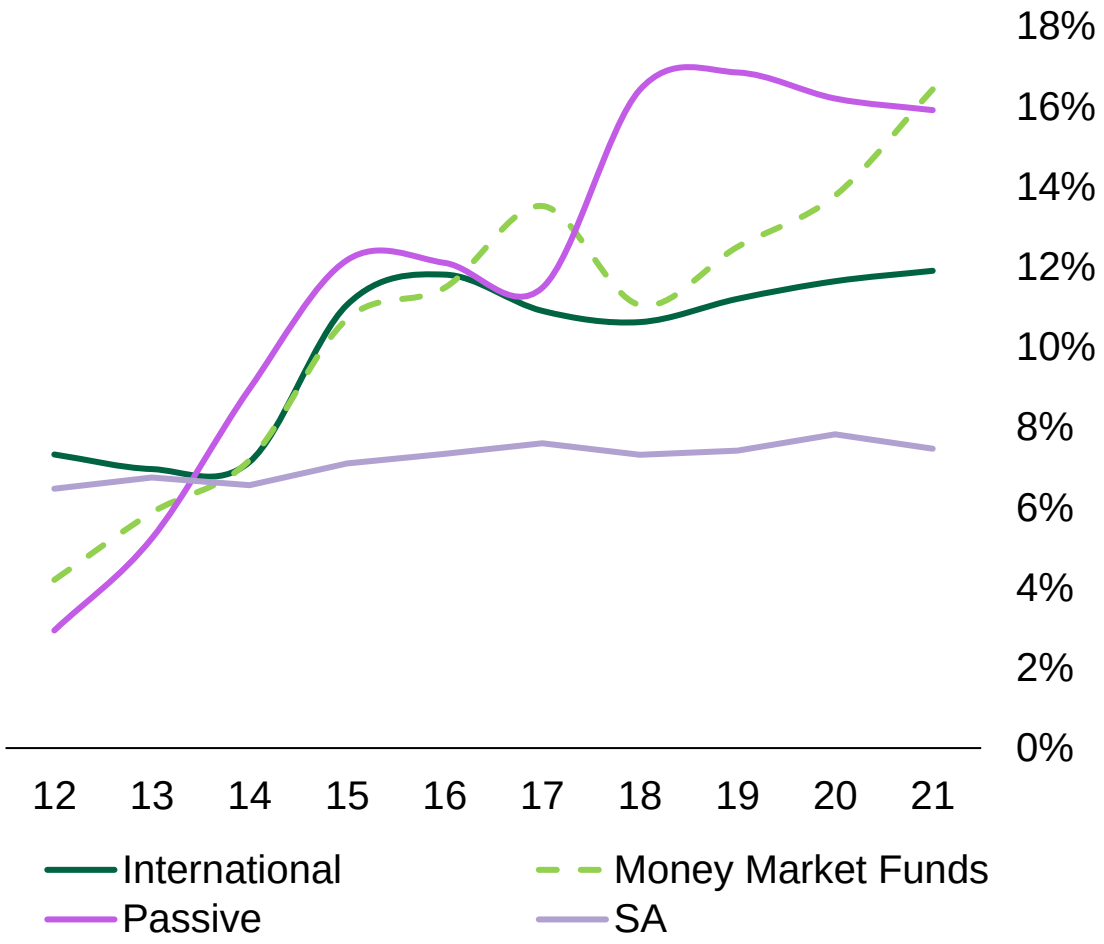
[1] *Measured end of December 20 to end of December 21.*

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

Assets under management (Rbn)

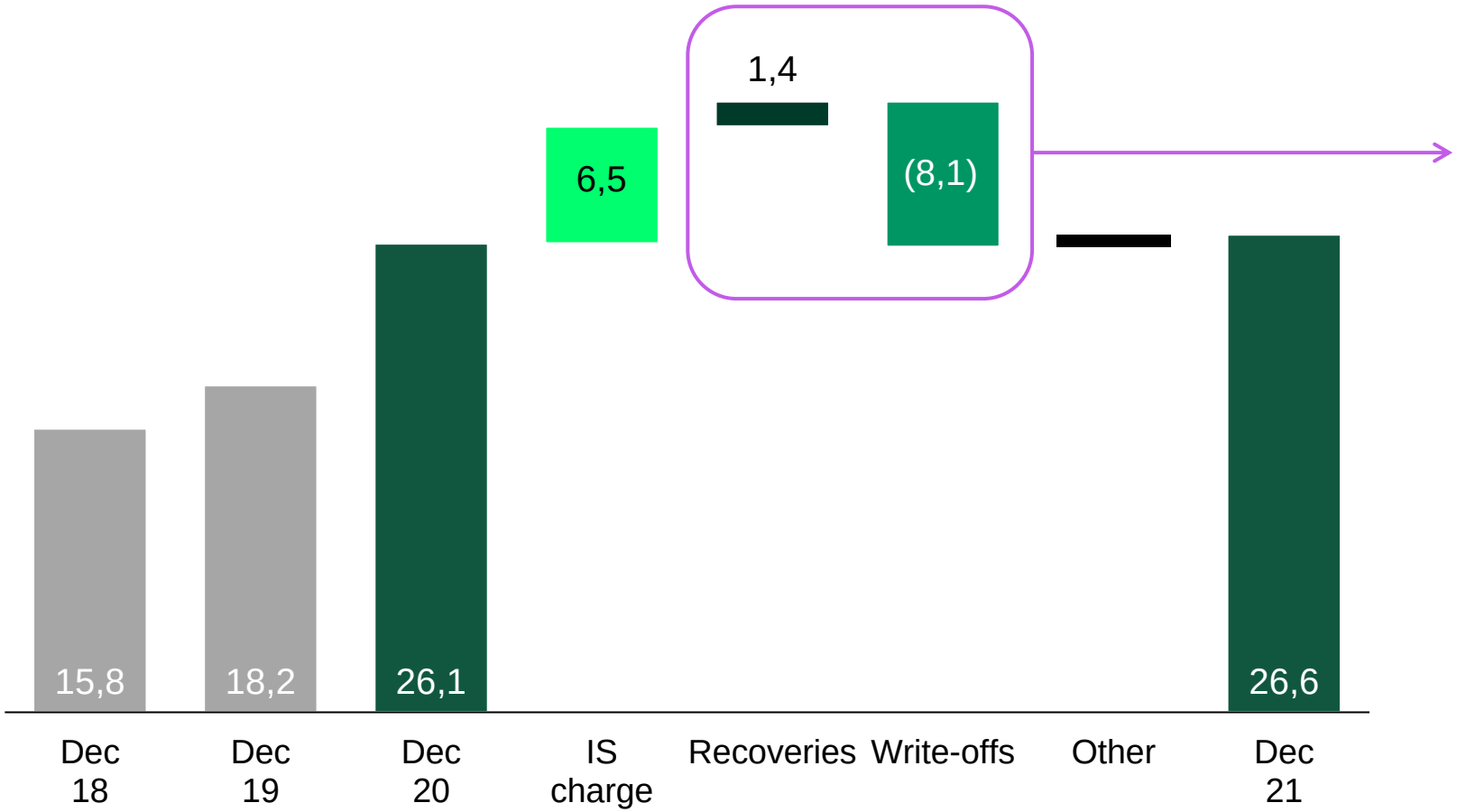


Market share (%)

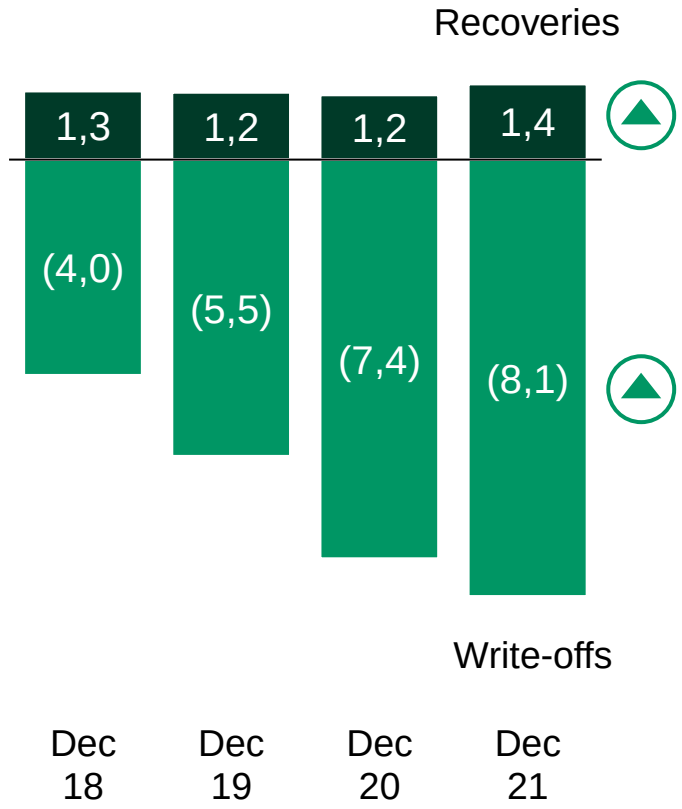


Balance sheet ECL strong at R26,6bn – R6,5bn income statement charge, while recoveries & write-offs increased (conservatism)

Balance sheet ECL (Rbn)

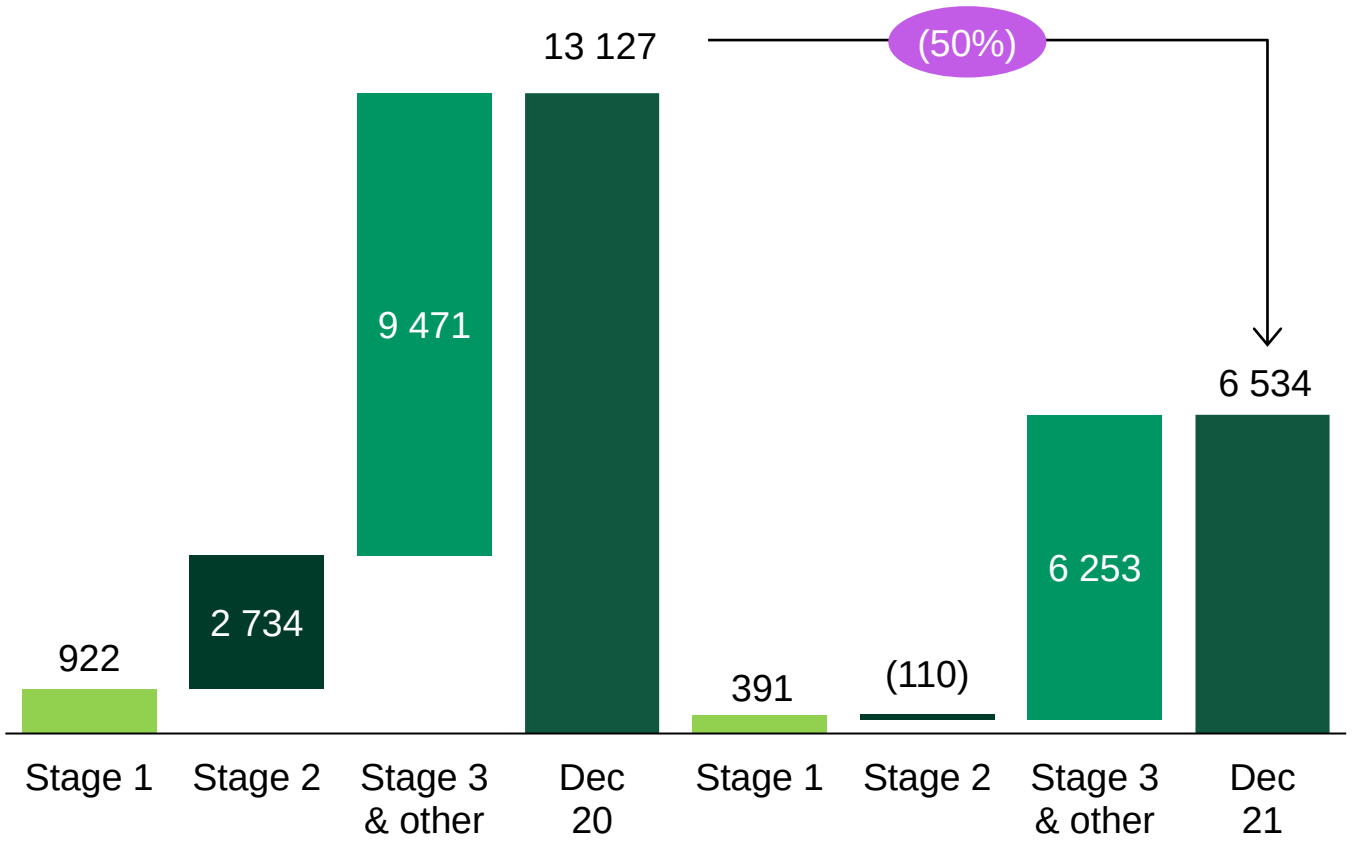


Write-offs & post-write-off recoveries (Rbn)



Impairment charge down by 50%

Impairment charge (Rm)



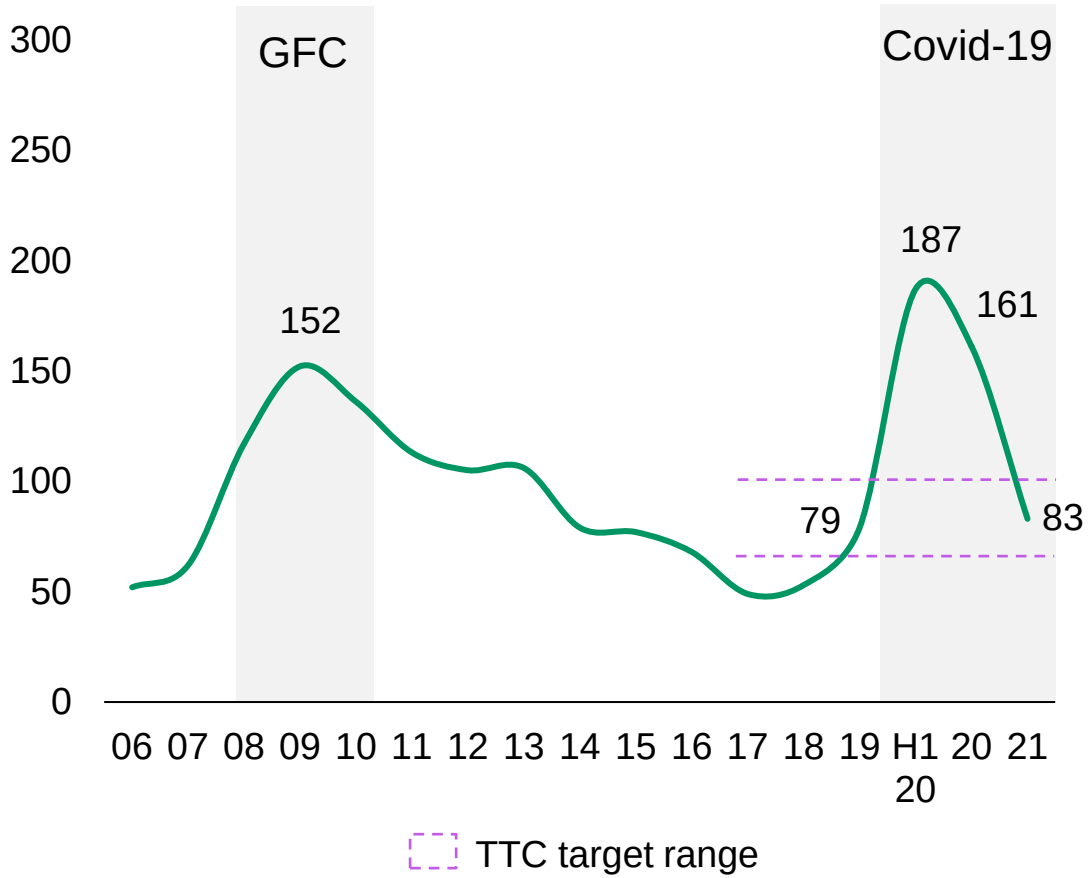
Key drivers

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

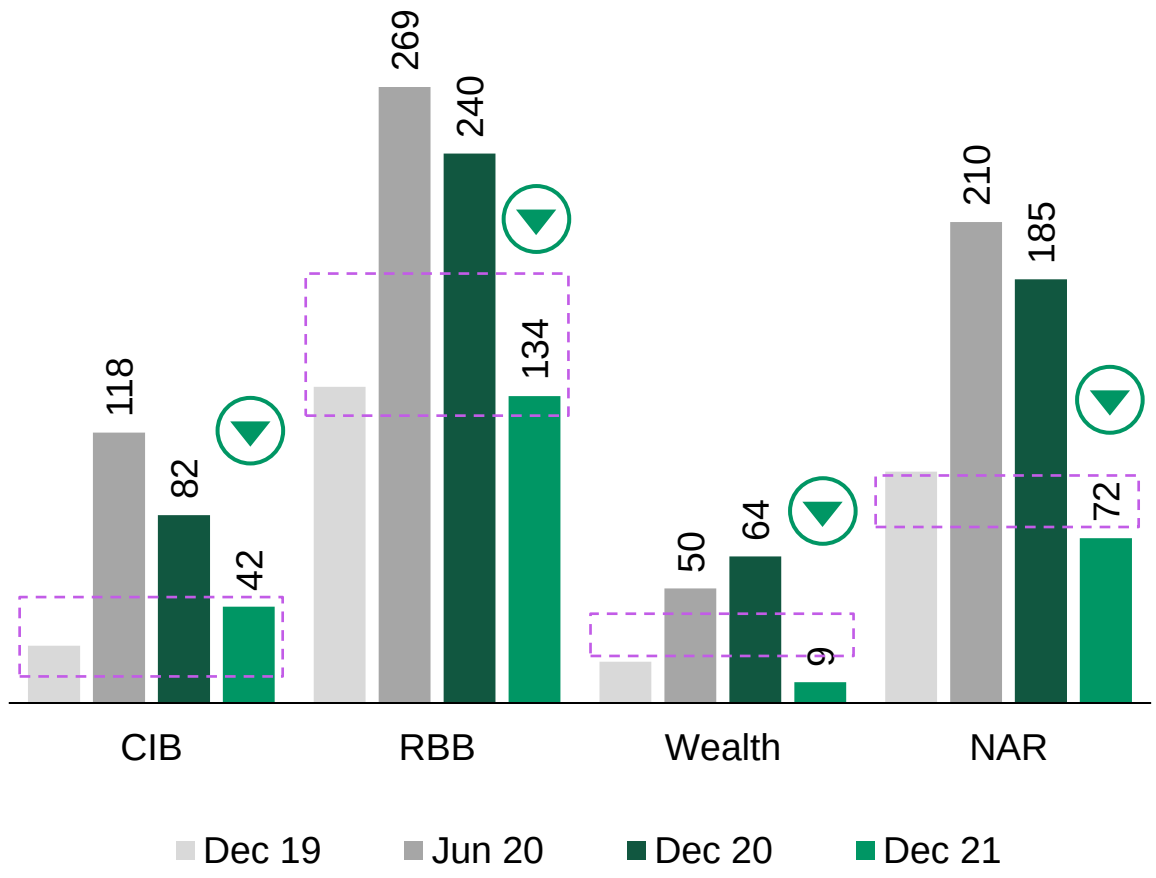
[1] D3 loans: Covid-related relief loans provided under PA D3/2020. | [2] D7 loans: Distressed restructured loans provided under PA D7/2015.

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

Group CLR (bps)



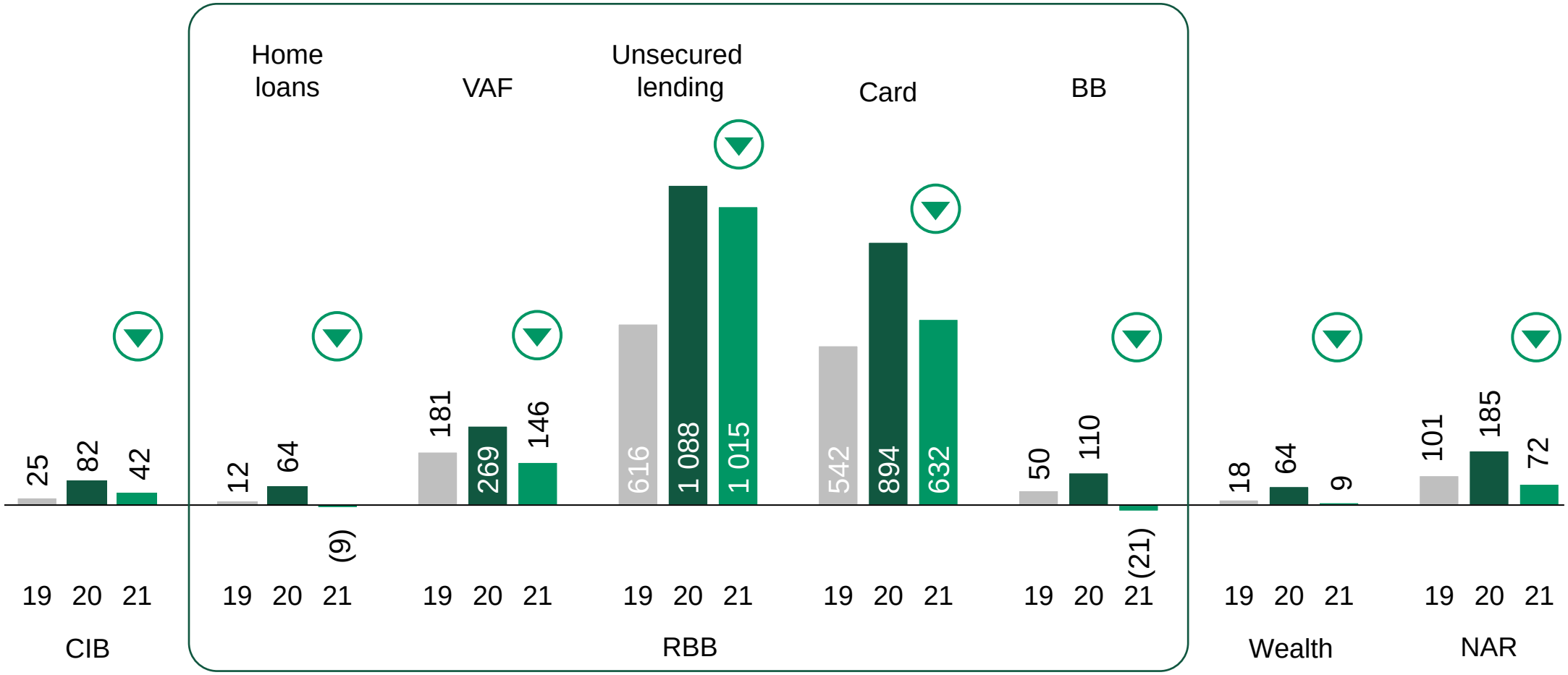
Cluster CLR (bps)



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

BOOKLET SLIDE

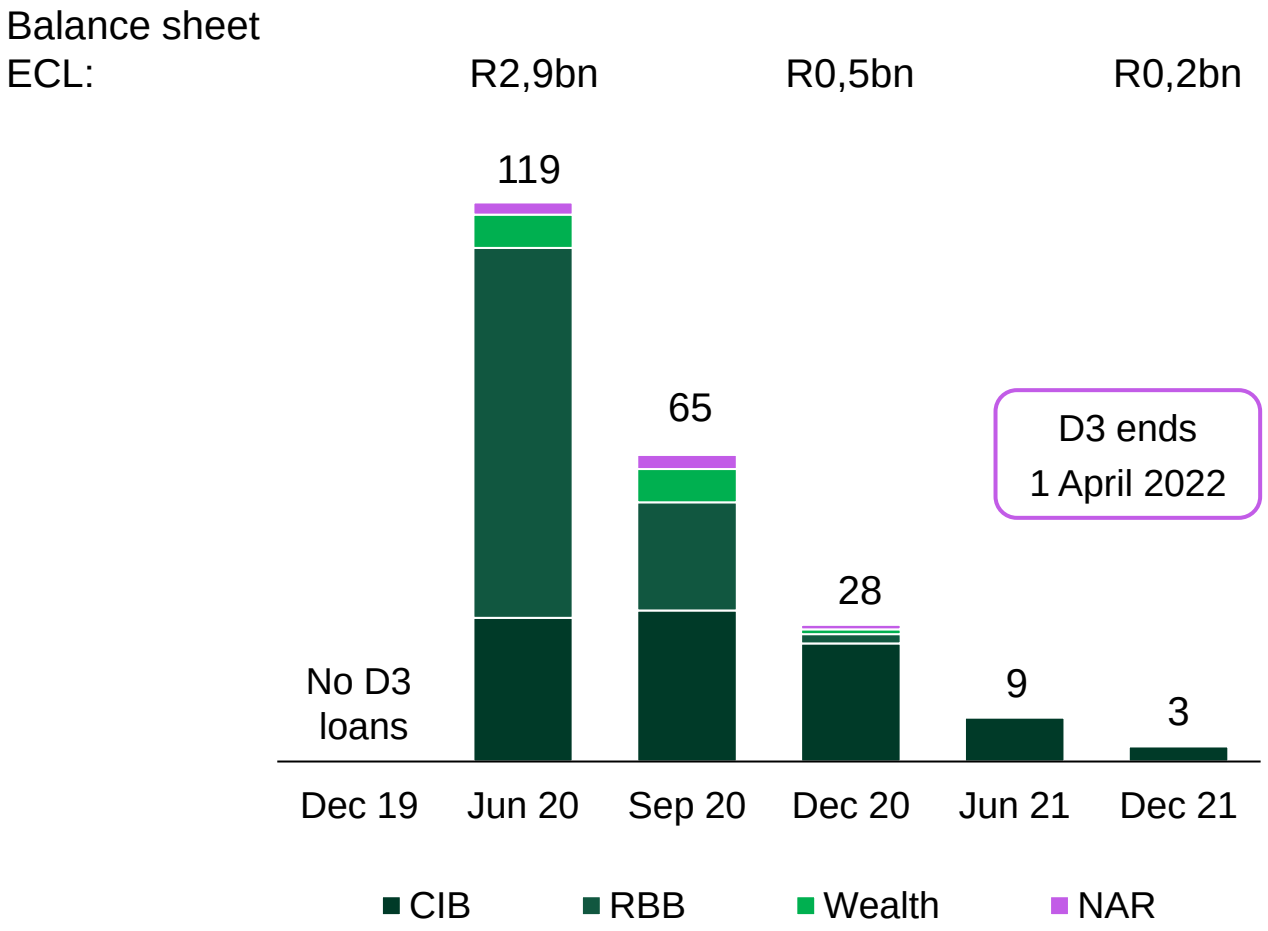
Credit loss ratio (bps)



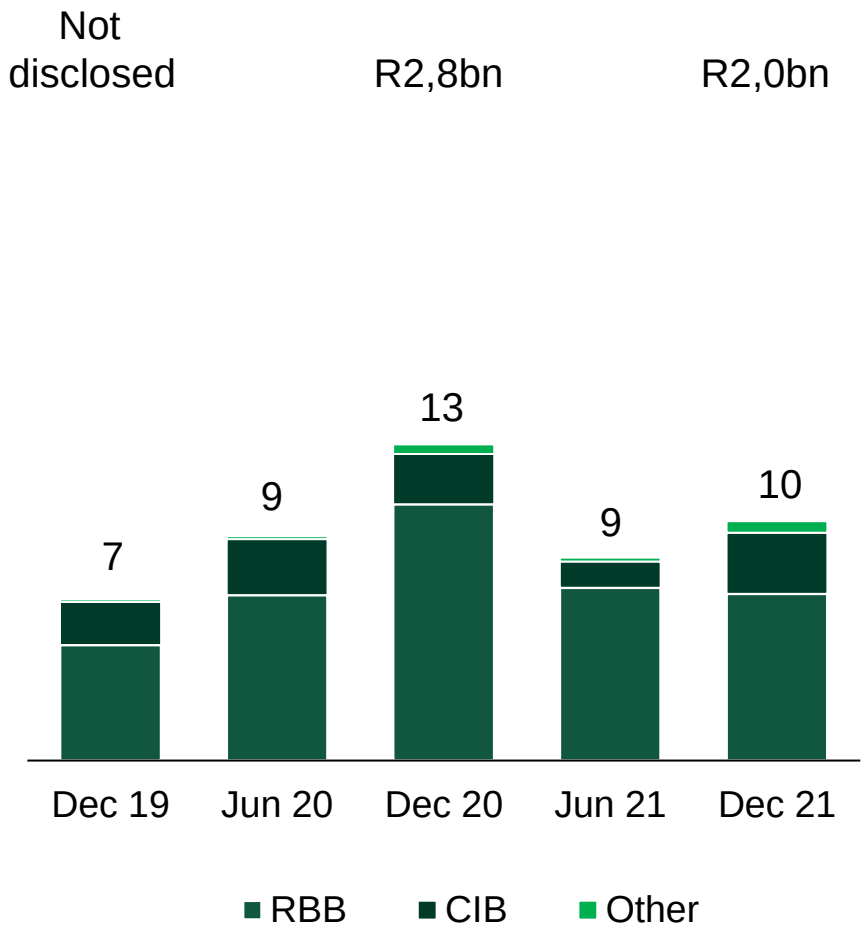
Credit risk – D3 (payment relief) loans & D7 (restructured) loans reduced significantly from Dec 2020

BOOKLET SLIDE

D3/2020 relief provided (Rbn)



D7/2015 restructured loans (Rbn)

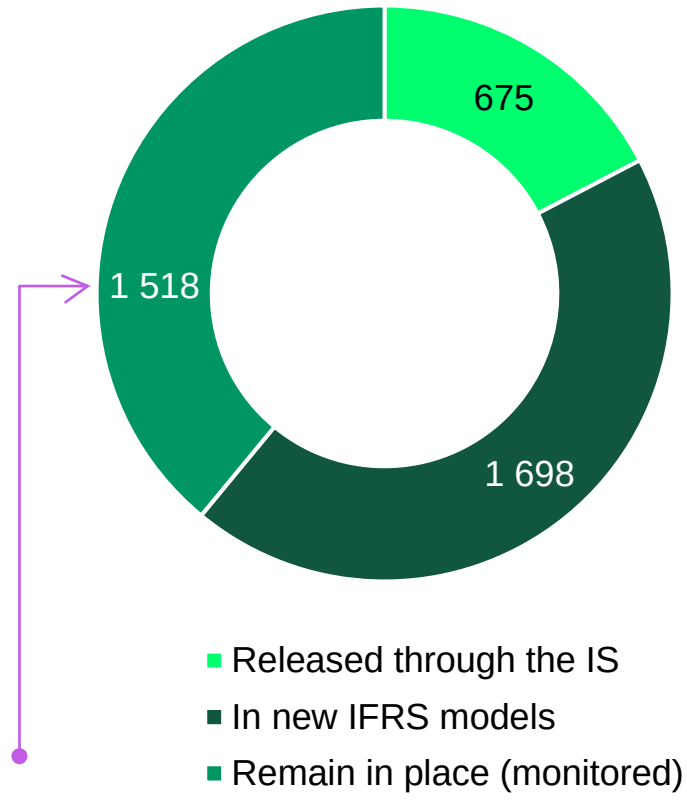


Covid-19 & macro-related adjustments/overlays – risks either emerged via our new IFRS models, did not emerge or still remain in place

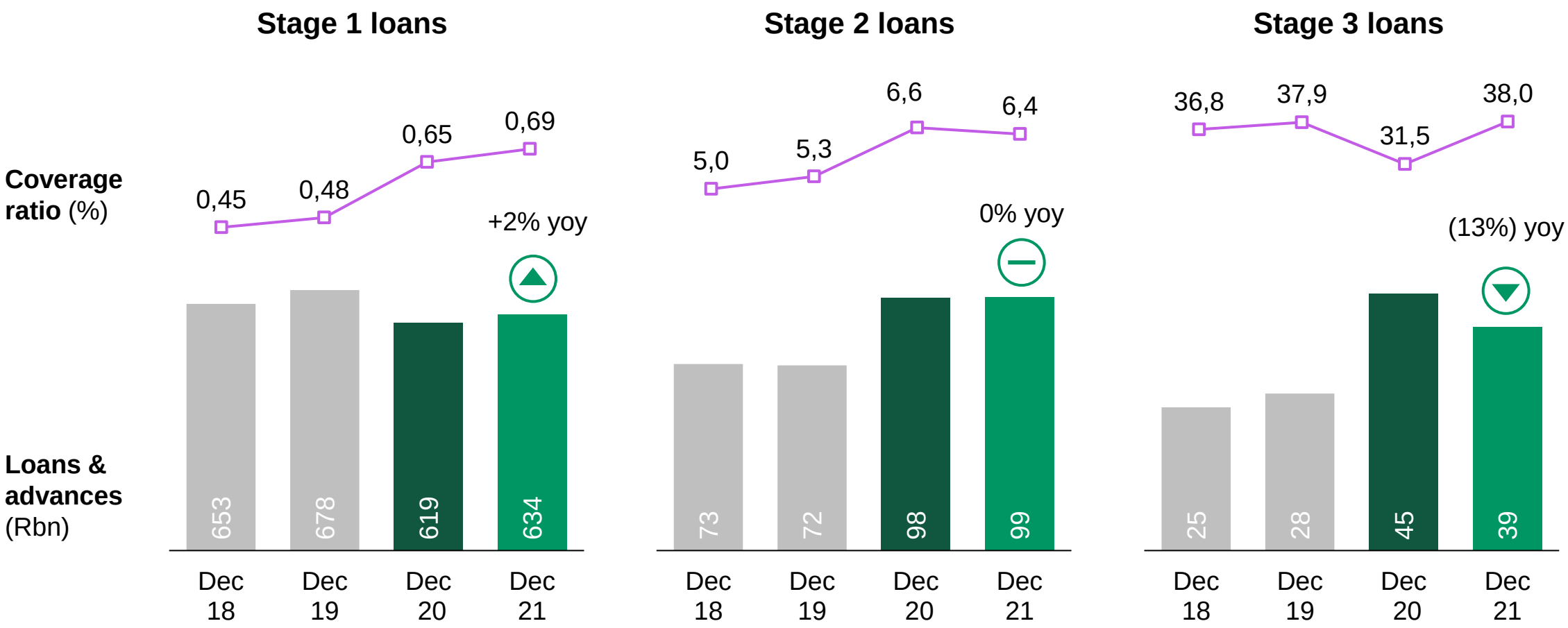
Covid-19 & macro-related adjustments/overlays	Dec 2020	Dec 2021
Other		
▪ **Central provision** (emerging risk not yet in models/data/macroeconomic forecasts)	R750m	R500m
▪ **NAR & Nedbank Wealth** overlays	R168m	R75m
CIB		
▪ **IB & TS overlays** – D3/D7 migration risk	R386m	R76m
▪ **CPF overlays**	R440m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

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

Changes 2020 to 2021
(Rm)



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



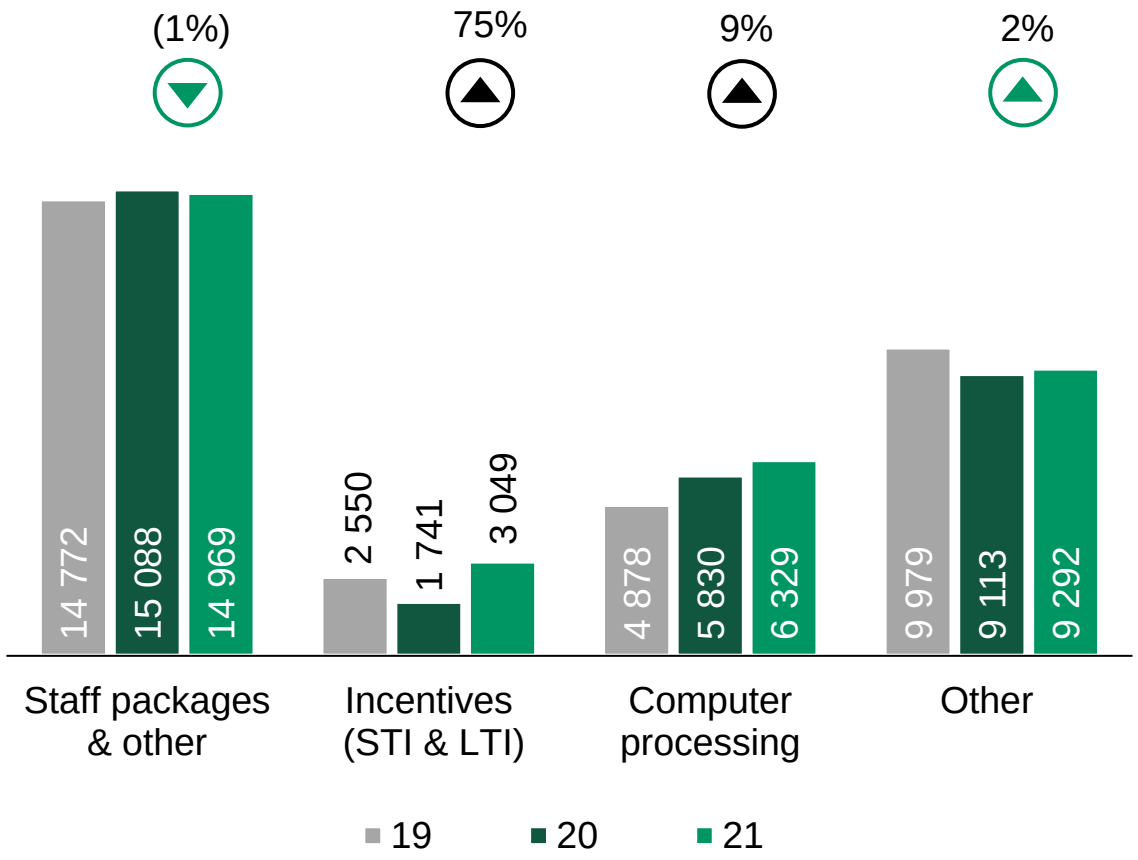
Stage 1 coverage – marginal increase driven by mix changes (RBB vs CIB growth)

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

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

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

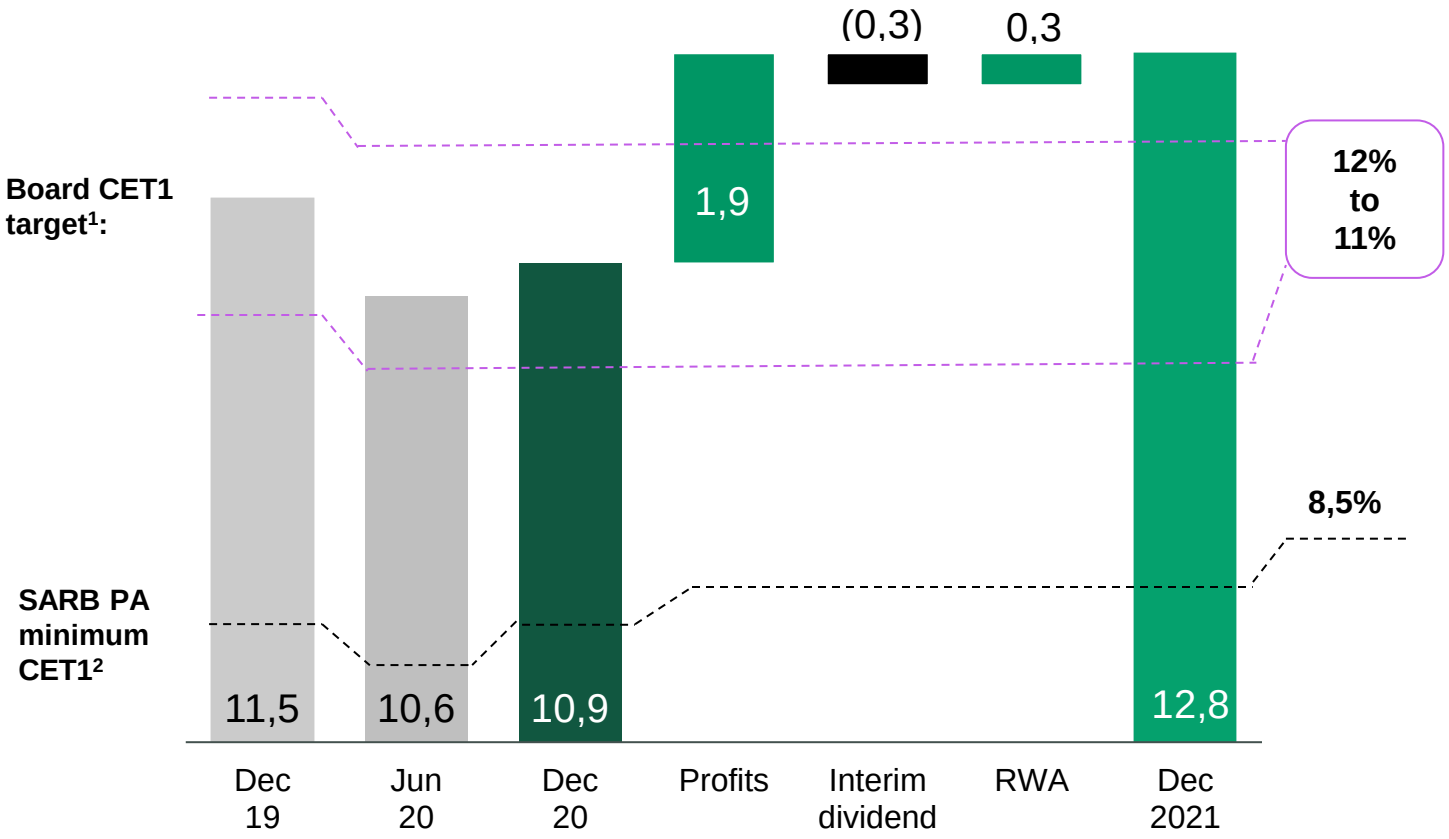
Expenses (Rm)



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

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

CET1 ratio (%)



Active capital management

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

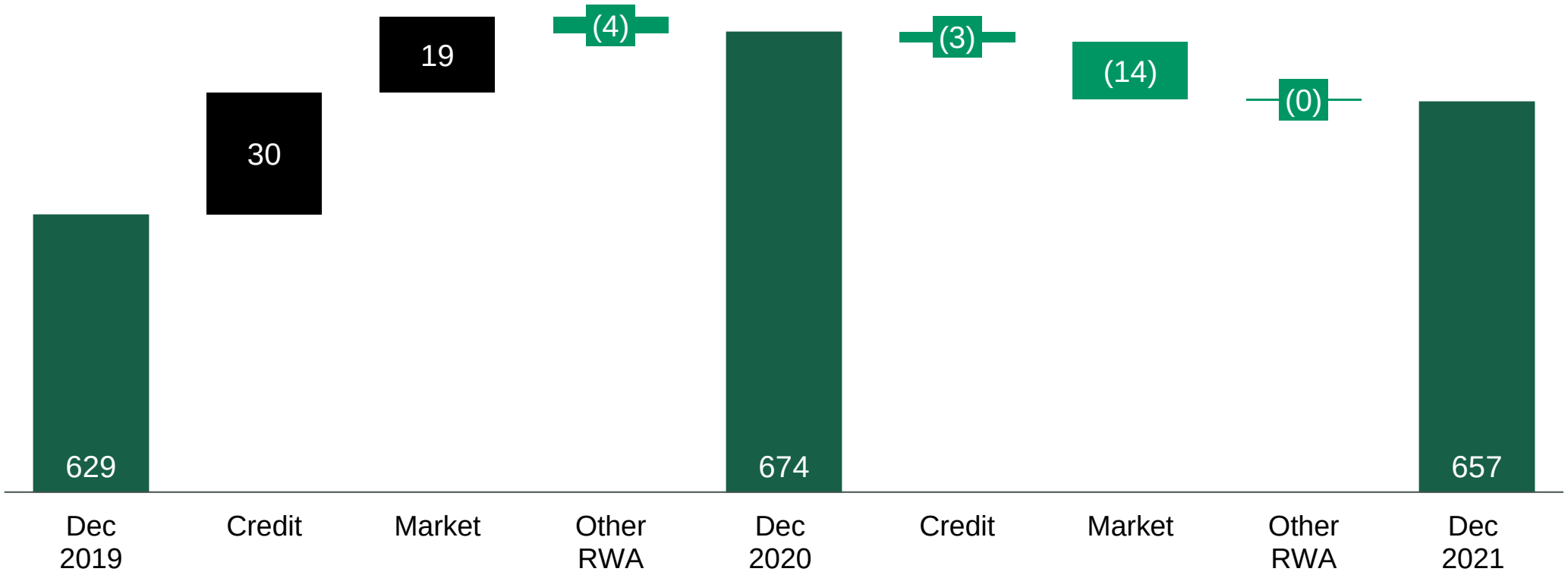
~R6bn surplus capital above the top end of target range (12%) & **~R28bn** surplus capital above regulatory minimum (8,5%)

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

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

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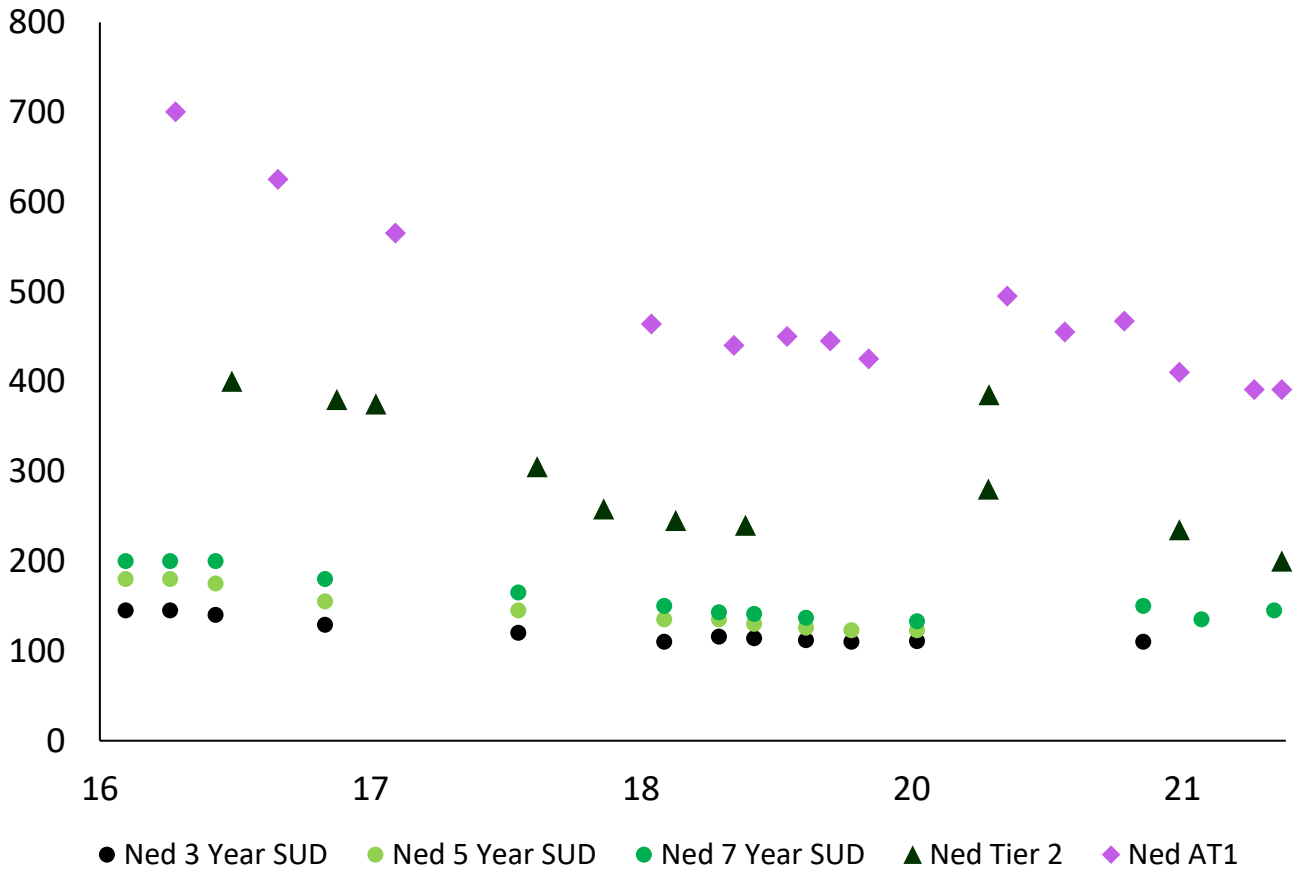
Risk-weighted assets (Rbn)



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

BOOKLET SLIDE

Nedbank pricing vs SA banking peers (bps above JIBAR)

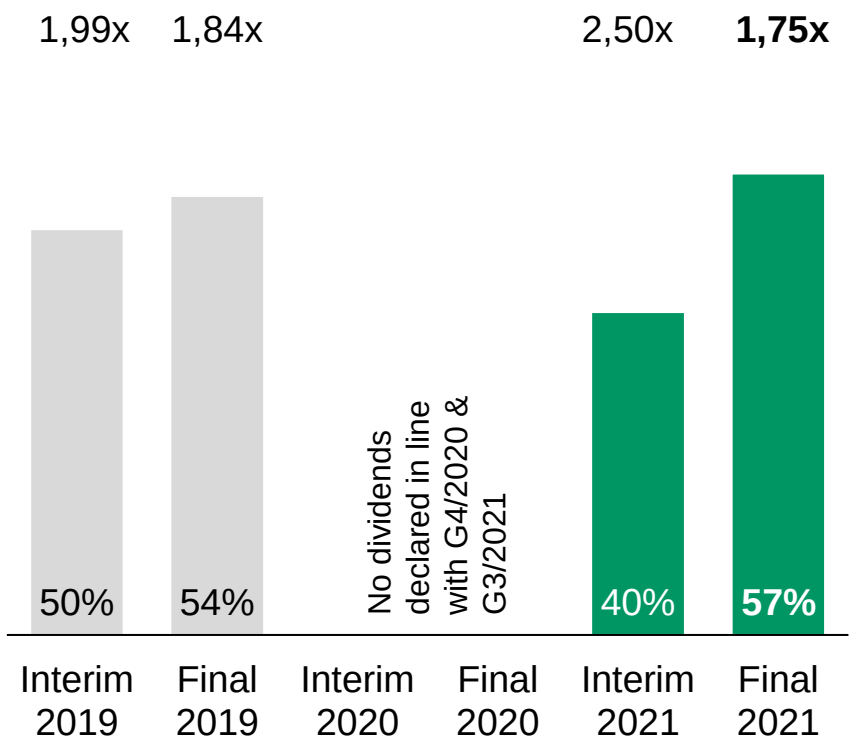


SA banks pricing during 2021

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

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

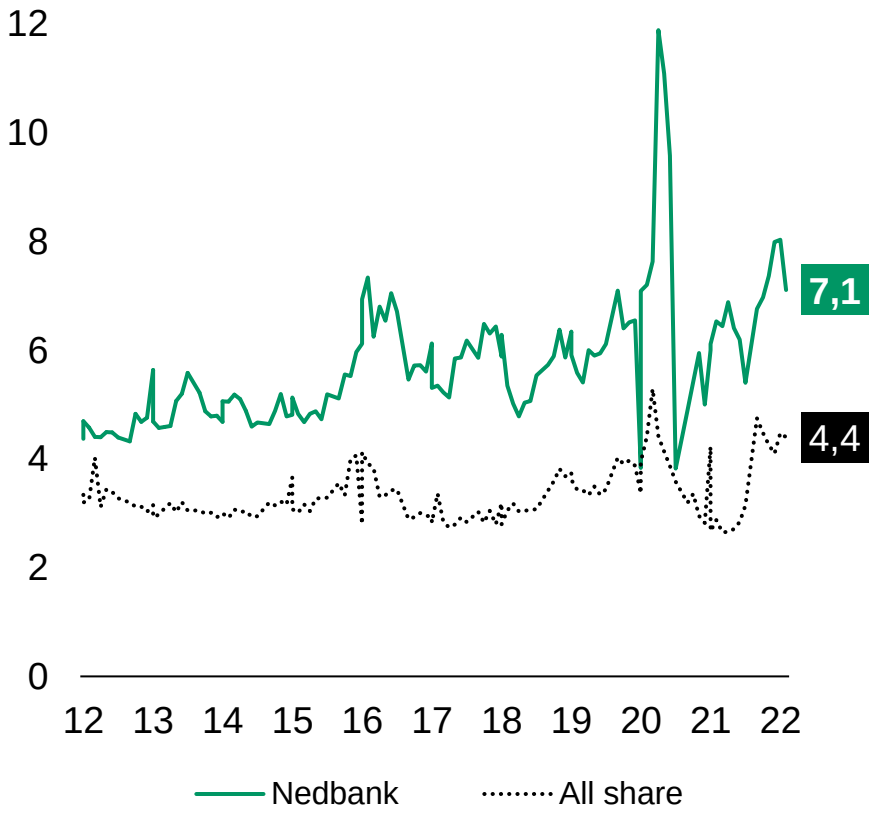
Dividend payout ratio
(payout ratio %, times cover x)



Board-approved dividend policy:

Dividend coverage range 1,75x to 2,25x

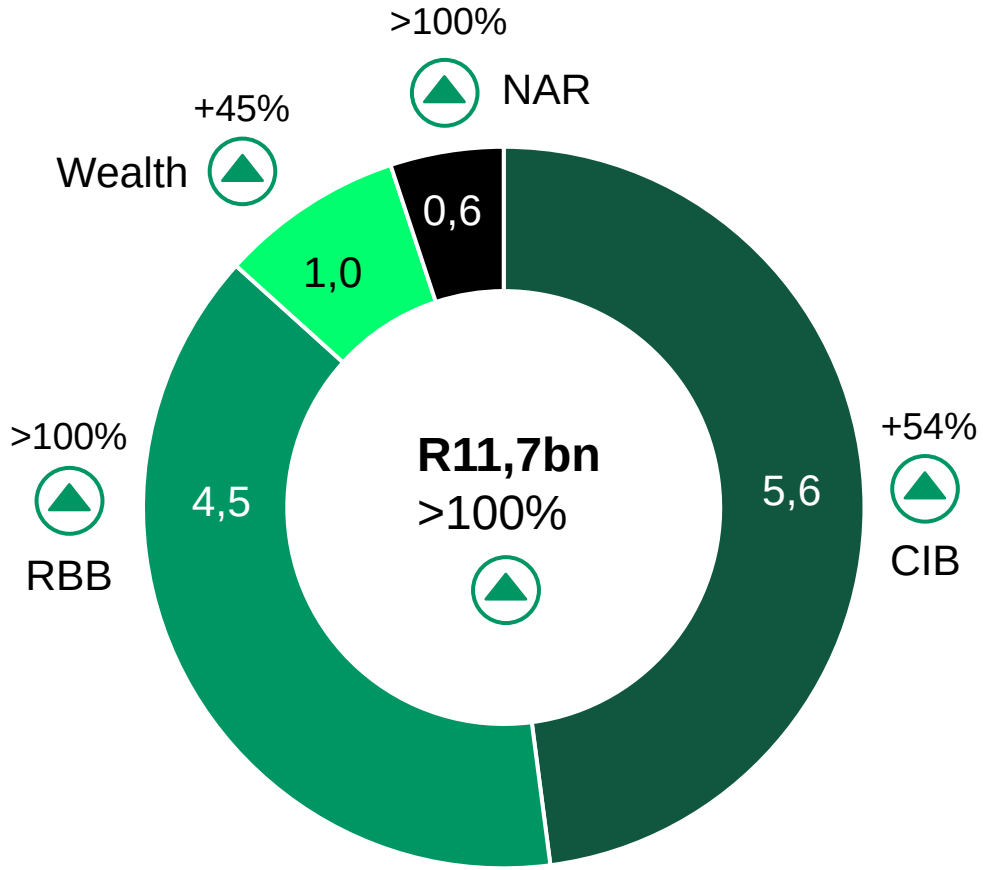
Forward dividend yield[1]
(%)



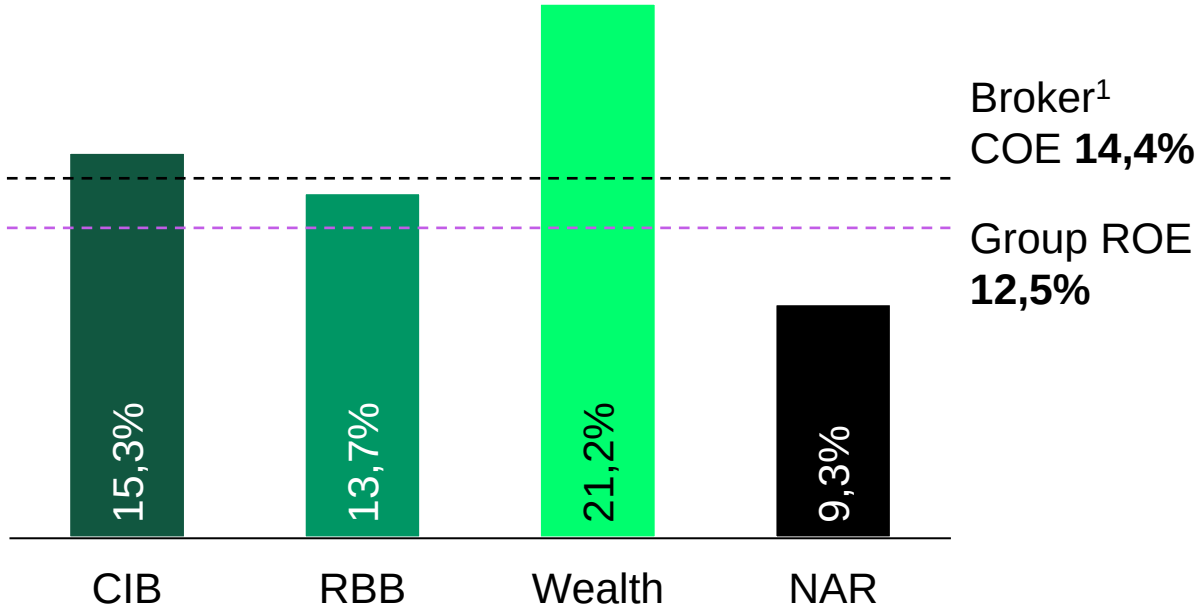
[1] *Refinitiv (at 9 February 2022 based on consensus broker forecasts).*

Cluster financial overview

Headline earnings
(Rbn, growth %)



Return on equity
(%)



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



Nedbank CIB

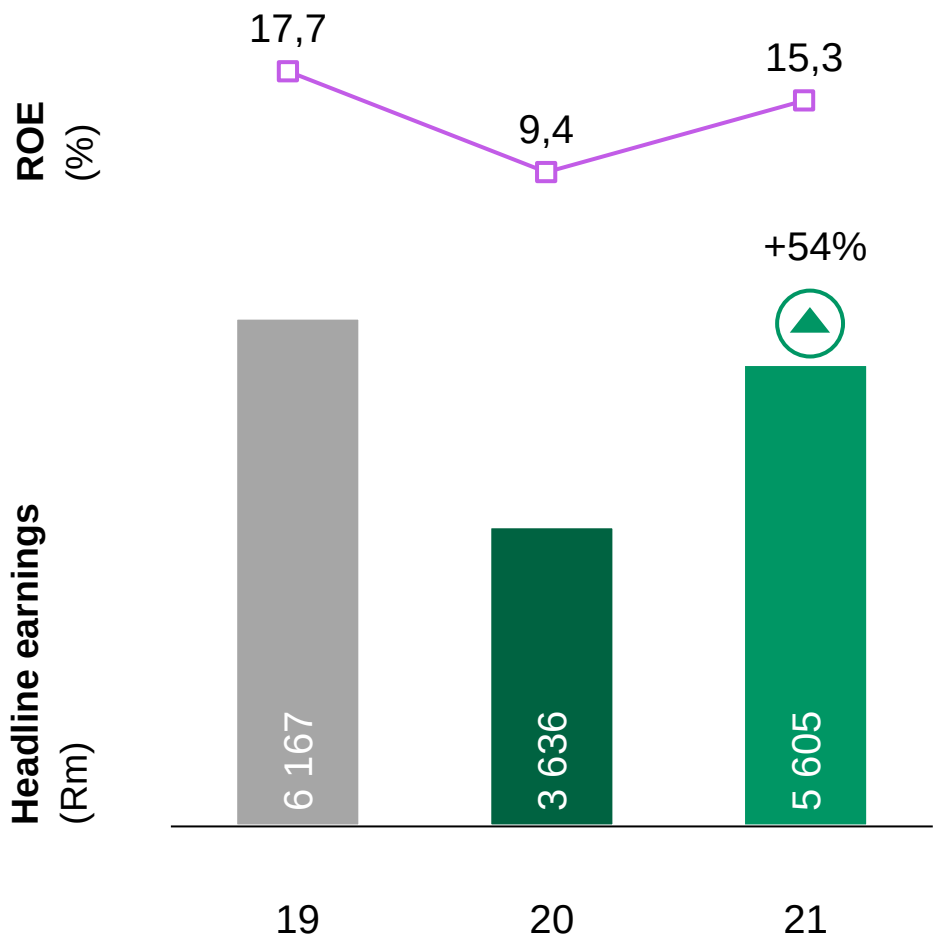
Anél Bosman

Group Managing Executive

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

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

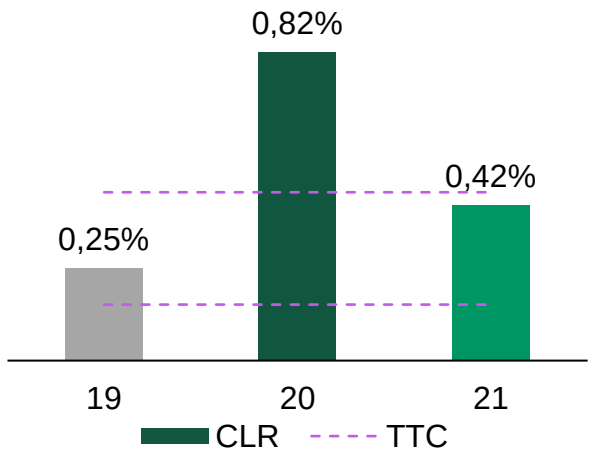
Financial performance



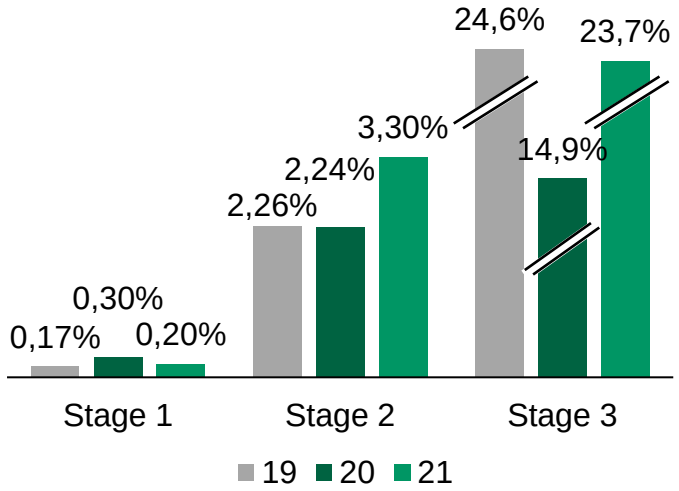
- **NII up 9%**
  - NIM increased by 48 bps benefitting from strategic optimisation of the portfolio
  - Lower banking loans & advances (down 2% yoy)
- **Impairments declined by 56%**
  - CLR at 42 bps within TTC target range
  - Improvement in macro-economic factors
- **NIR grew 9%**
  - Excellent performance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

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

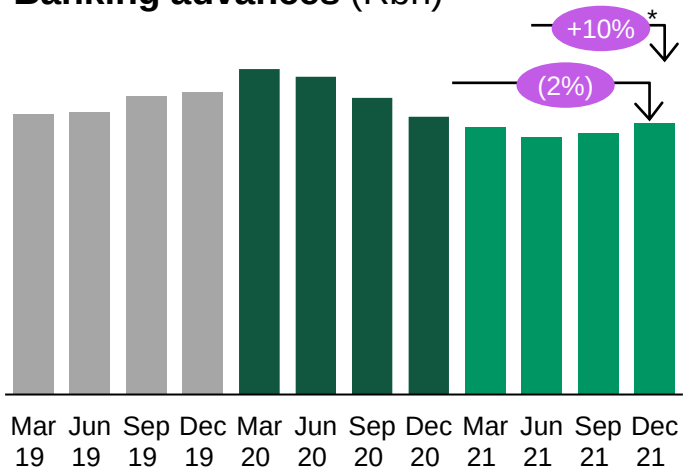
Credit loss ratio (%)



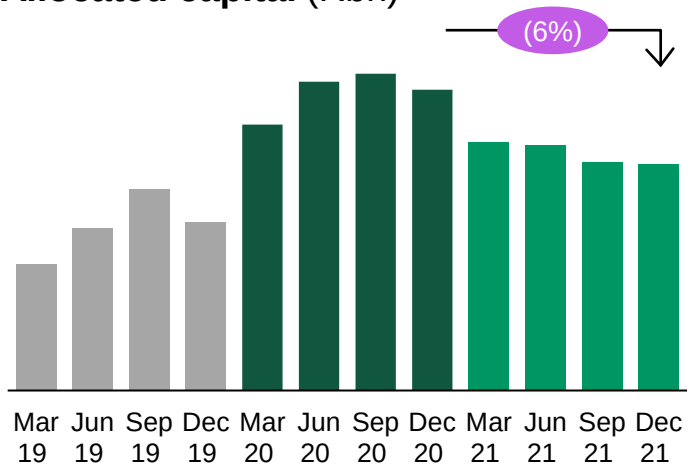
Coverage ratios (%)



Banking advances (Rbn)



Allocated capital (Rbn)



** H2 growth annualised.*

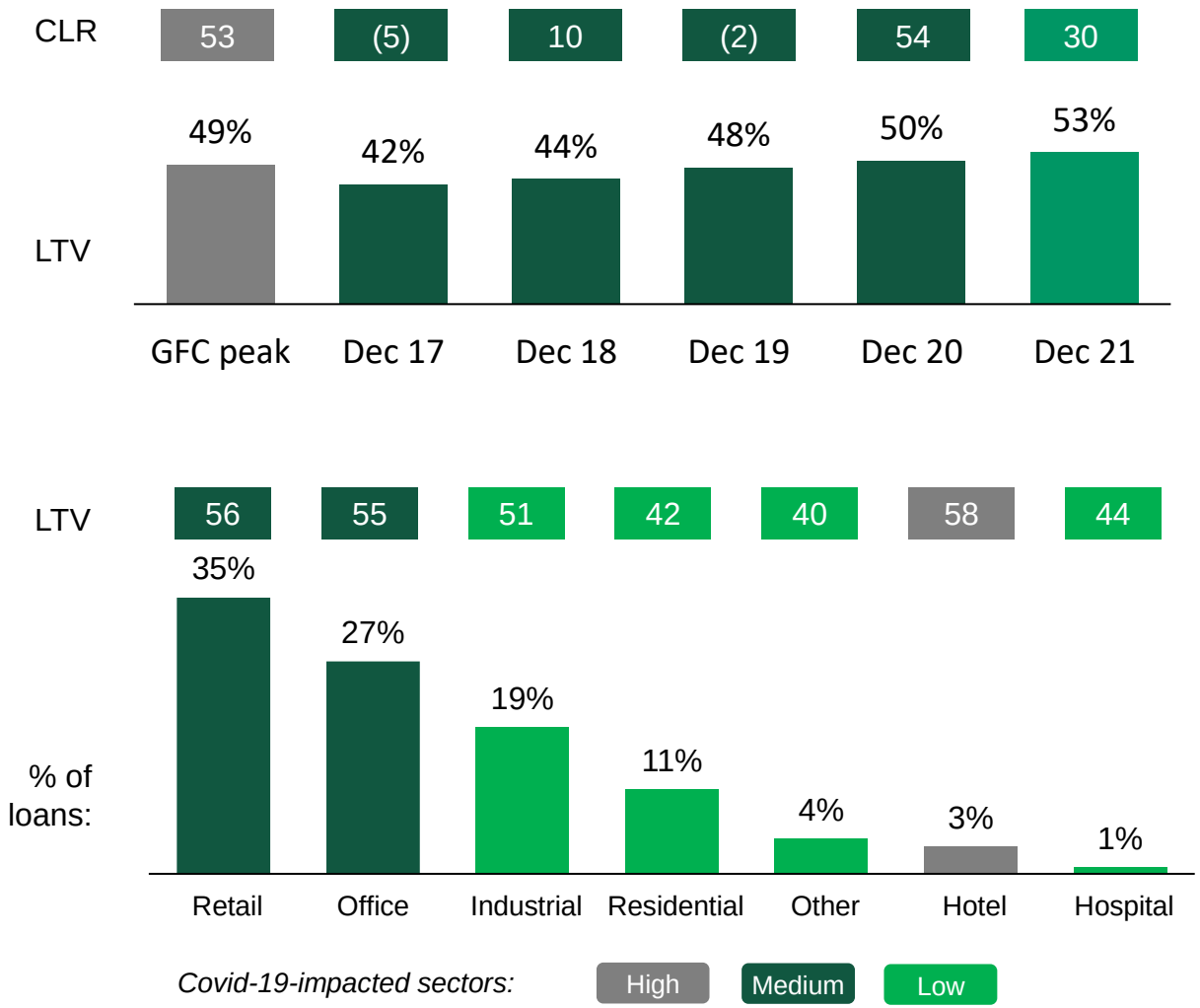
- **Impairments declined by 56%**
  - Proactive risk management
  - Below initial expectations
- **Coverage ratios**
  - Adequate impairments raised
- **Sector focus**
  - Aviation & hospitality impacted by Covid-19
  - Construction & SOEs continued focus
  - Property portfolio adequately covered
- **Banking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

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

What gives us comfort?

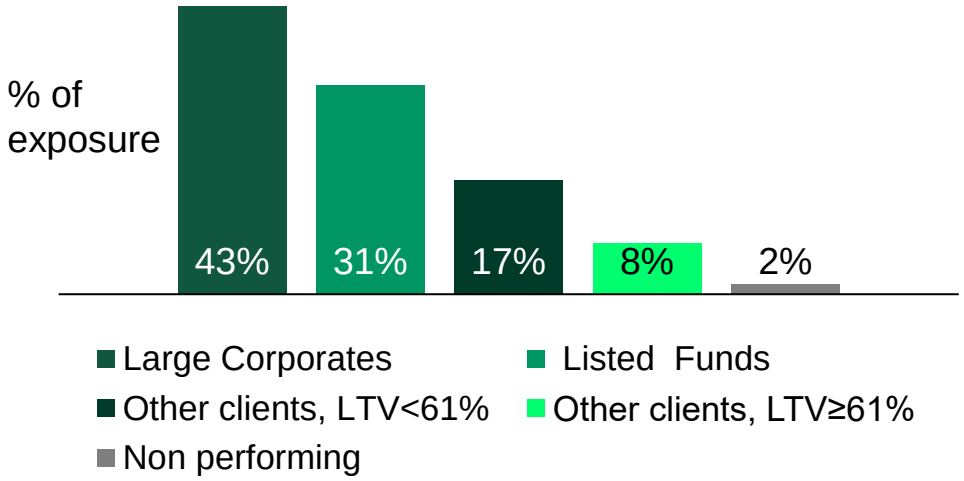
- **High-quality, well-diversified & collateralised portfolio**
- **Portfolio LTVs remain low**
  - Average LTV increased to 53% – due to downward revaluations of collateral
  - LTVs remain low, with adequate collateralisation – significantly reduces the risk of potential losses
- **Covid-19-related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

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

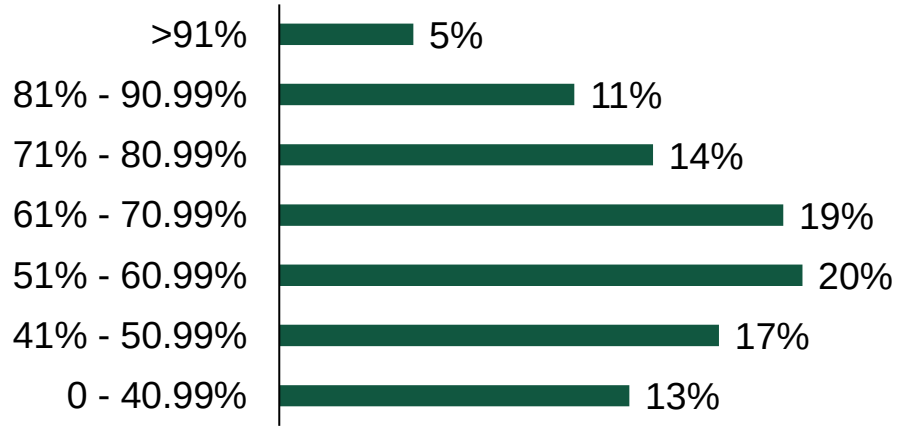


Nedbank commercial property finance – office portfolio

Office exposure by client type (%)



Loan-to-value (%)



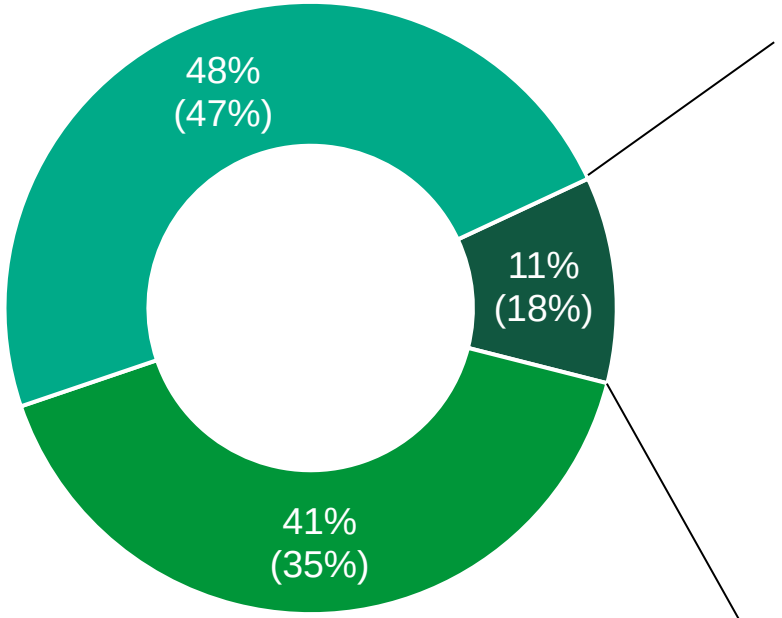
Vacancies (%)	Nedbank	Market*
Commercial vacancies	8%	16%

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

** Based on SAPOA Q4 2021.*

Credit risk – CIB Covid-19 high-risk exposures

CIB high-risk sectors



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

** Construction includes Steel & Cement. | (%) denotes exposure at 31 December 2020.*

Strategic growth levers – optimising our growth

Portfolio optimisation

Active management of the balance sheet to drive enhanced returns

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

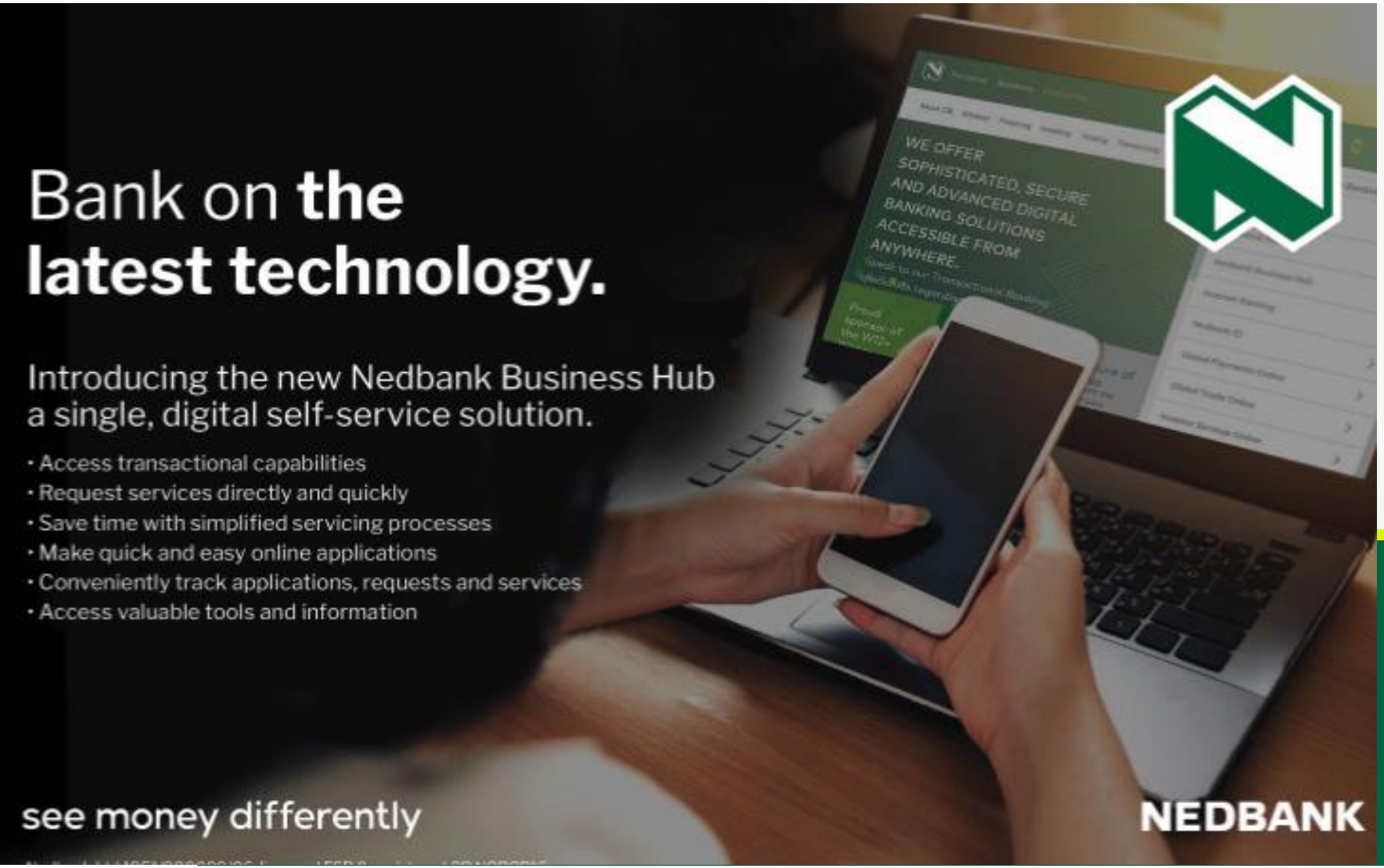
People

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

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



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



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

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

Unlocking transactional business growth:

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

Sustainably investing in South Africa

Being the difference **that impacts our world**

Sustainable finance expertise externally acknowledged

Driving the transition to renewable energy

Environmental Finance IMPACT Awards 2021 Winner Investment bank of the year

EUROMONEY AWARDS FOR EXCELLENCE 2021 AFRICA BEST BANK FOR SUSTAINABLE FINANCE

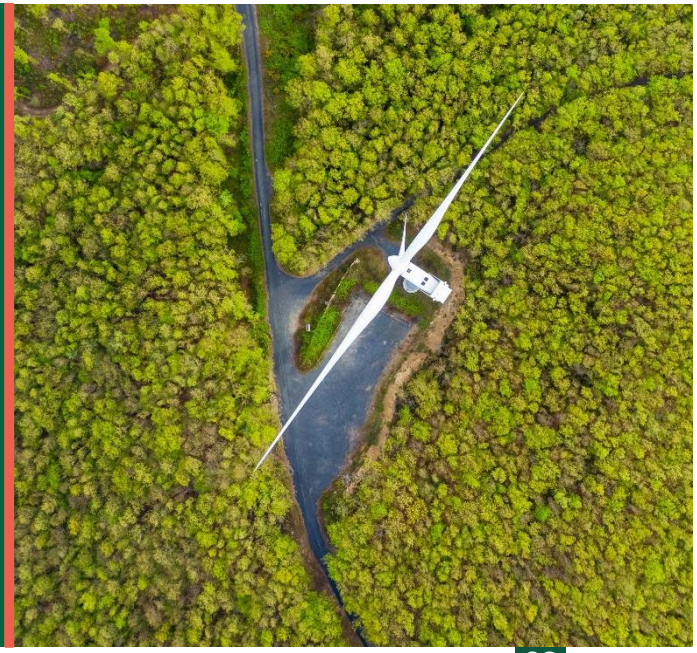
Global Banking & Finance review **2021 Winner:** Best Bank for Sustainable Development | SA

Bonds & Loans AFRICA AWARDS 9th March 2022 | Mount Nelson, Cape Town **Local Markets ESG and Sustainable Finance** Adviser of the Year 2021

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

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

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



Nedbank Corporate & Investment Banking – outlook

2022 outlook

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

Long-term outlook

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



Nedbank RBB

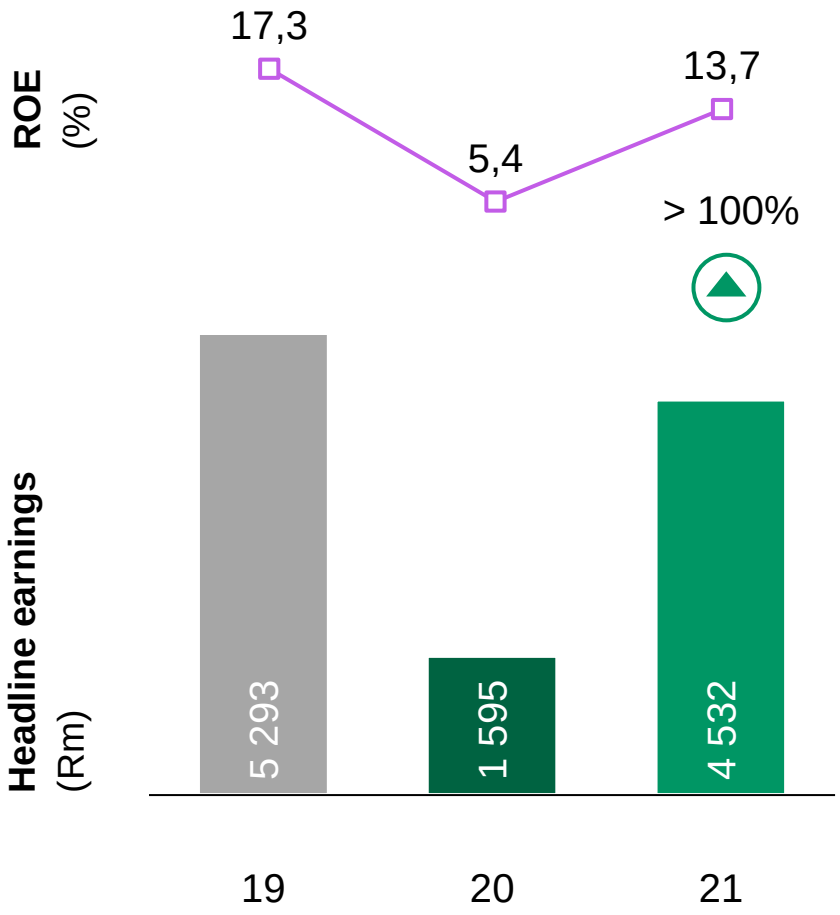
Ciko Thomas

Group Managing Executive

‘Improved performance in 2021, after a difficult 2020’

RBB financial performance – solid progress in building the franchise

Financial performance

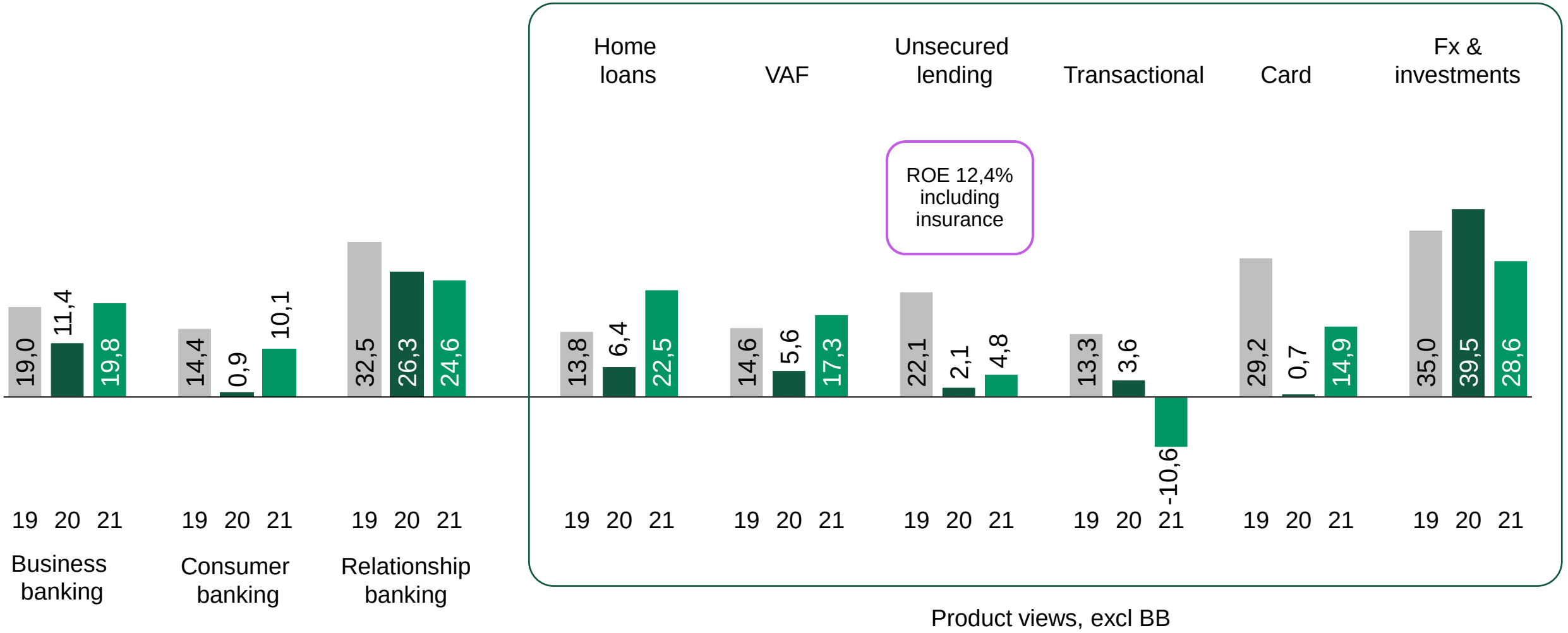


- **NII up by 5%**
  - Advances growth momentum across all products
- **Impairments down by 41%**
  - CLR at 134bps due to lower consumer stress & strengthening macro environment
  - Includes R713m of once off net benefits relating to curing of accounts, re-grounding updates & release of Covid-19-related overlays
  - Normalised CLR of 153bps falls into the middle of the TTC target range
- **NIR up by 8%**
  - Strong recovery seen in client transaction activity
  - Full recovery remains impacted by Covid-19 restrictions
- **Expense growth of 6%**
  - Higher incentive costs, offset by ongoing cost optimisation

RBB clients segment & product returns

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Return on equity (%)

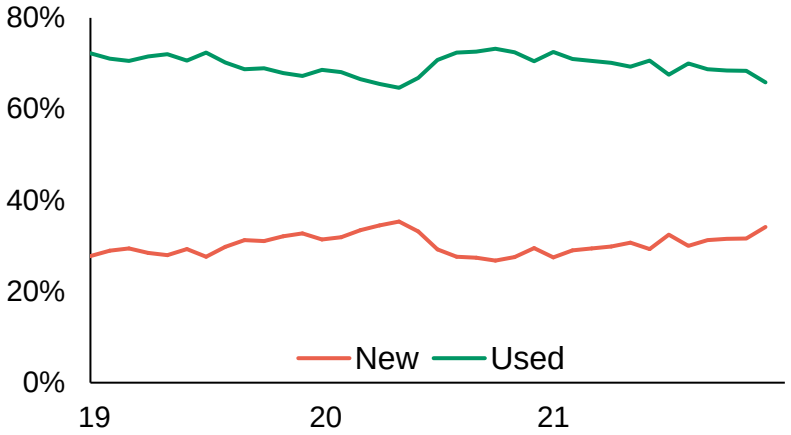


RBB metrics highlight the good quality of the book

BOOKLET SLIDE

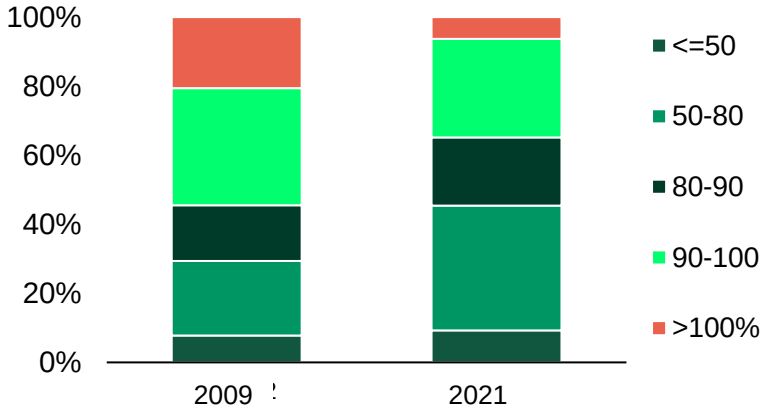
Vehicle finance

New- vs used-vehicle distribution (%)



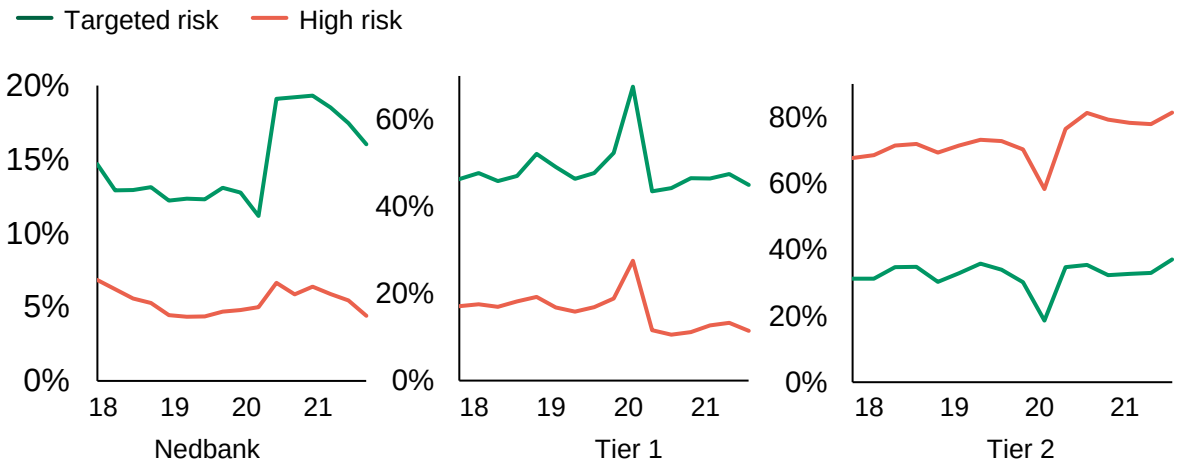
Home loans

LTV distribution 2009 vs 2021

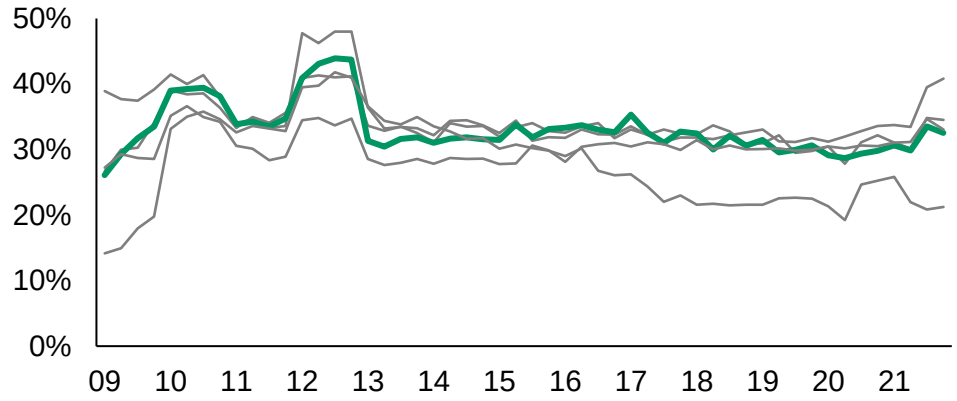


Personal loans

Market share of disbursed business (%)[1]



HL new business – Low-risk clients proportion[1]



[1] Source: Experian. Tier 1 refers to traditional 4 banks excluding Nedbank, while Tier 2 refers to remaining material providers of unsecured personal loans. | [2] Source: Lightstone.

RBB strategic focus areas

Delivering delightful client experiences through digital transformation

RBB strategic focus areas



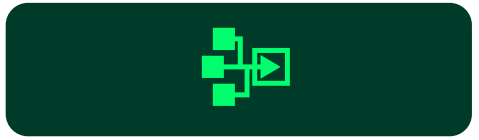
Leading **client experiences**

Net Promoter Score
#1 bank
(from #2 in 2021)



Digital First, First in Digital

Digital sales[2]
> 75%
(2021: 32% excl MobiMoney)



Efficient operating model (TOM 2.0)

Cost-to-income ratio[1]
< 57%



New growth vectors (SPT 2.0)

Main-banked clients
(2021: 3,1m)

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

Leading client experiences – RBB innovations

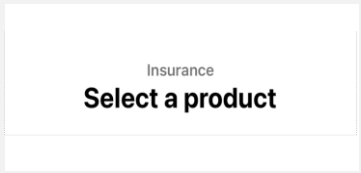
Insurance



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



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



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

Avo super app



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

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

Nedbank Business Hub



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

Solar energy finance

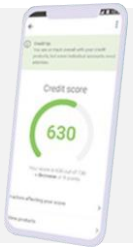


Solar Energy Finance offering through a home loan product

Consumer health



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

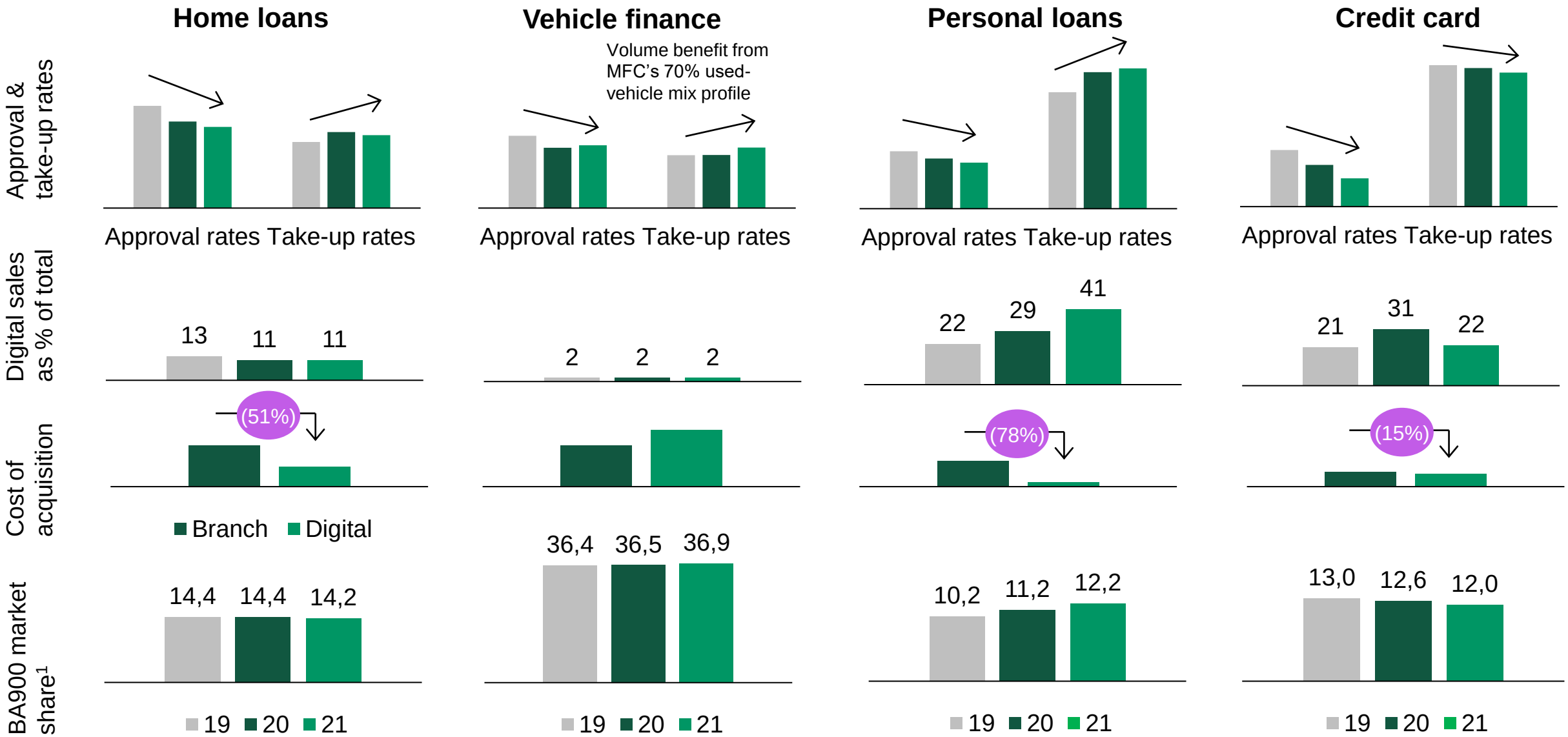


Credit Health gives clients unlimited access to their credit profile & provides credit-scoring tips

Money Message is a secure platform enabling payments through WhatsApp

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

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



[1] *Vehicle finance share for households.*

Digital First, First in Digital

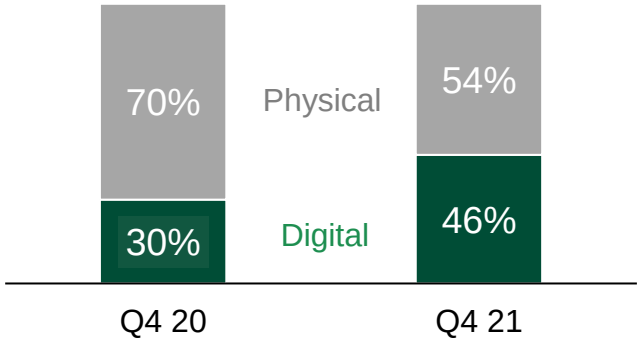
Personal Loans – our first fully digitised client journey/product now delivering tangible benefits

Channels

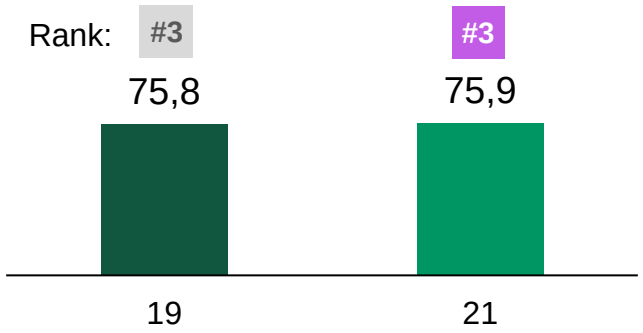
takealot.com
Cashbuild
SwitchPay
Nedbank API
AVO By NEDBANK

Digital sales

Channels (% of total)

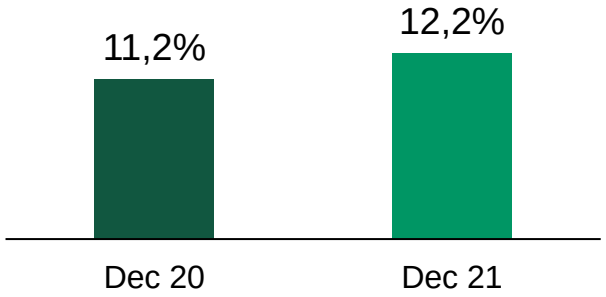


Client satisfaction score (SA-csi)

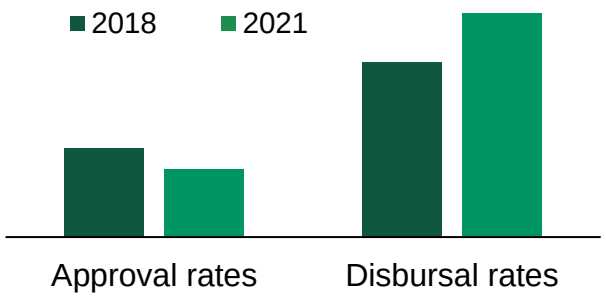


Credit

Personal loans market share (%)



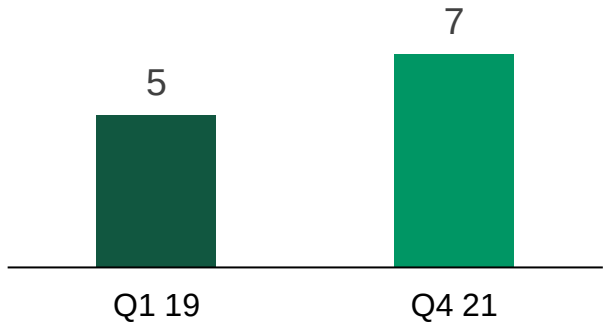
Loan approval & disbursal rates (%)



Cross-sell

PL paid into a Nedbank Tx account

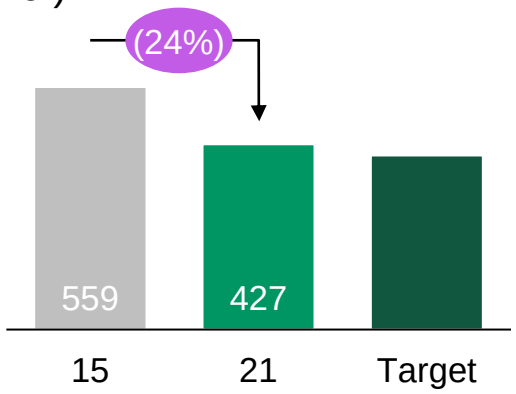
Existing Nedbank clients (out of 10)



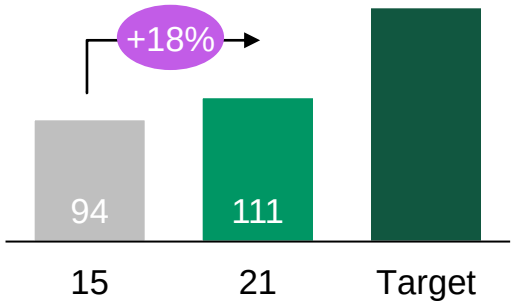
Efficient operating model (TOM 2.0) – RBB restructure to become more client-centred & distribution footprint changes as we shift to smaller formats & enable self-service

BOOKLET SLIDE

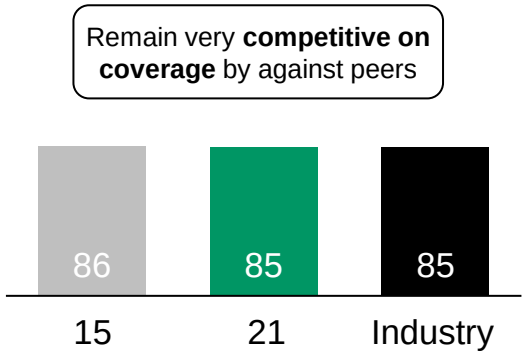
Nedbank branches
(# of)



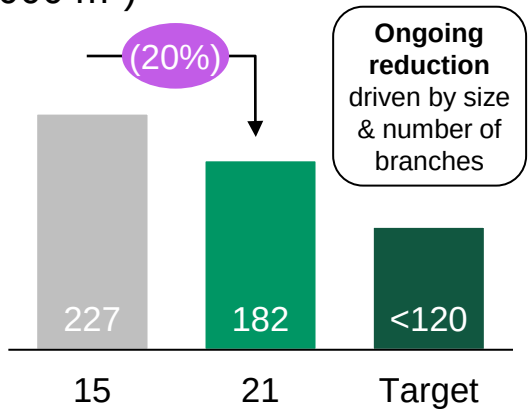
Nedbank in retailers
(# of)



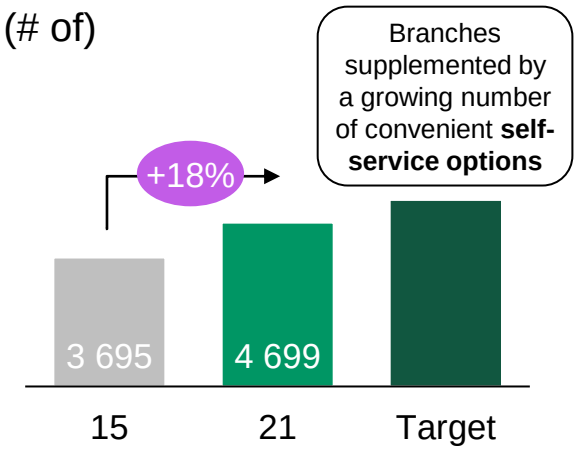
Coverage
(% coverage within 30 km)



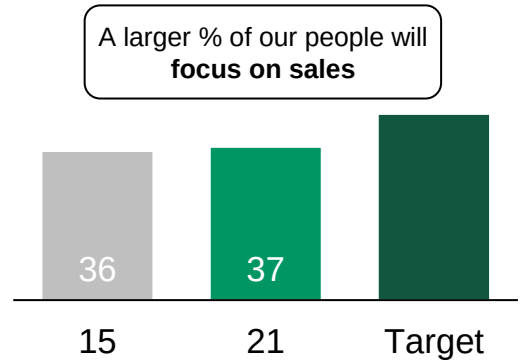
Branch square meterage
('000 m²)



ATMs, IDs & SSKs[1]
(# of)



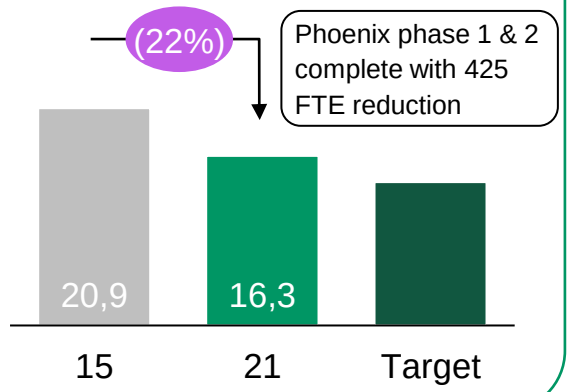
Sales staff ratio[2]
(% of staff)



TOM 2.0 includes:

- Optimising the shape of our branch infrastructure
- Shifting our RBB structure so that it is more client-centred
- Optimising our shared-services functions

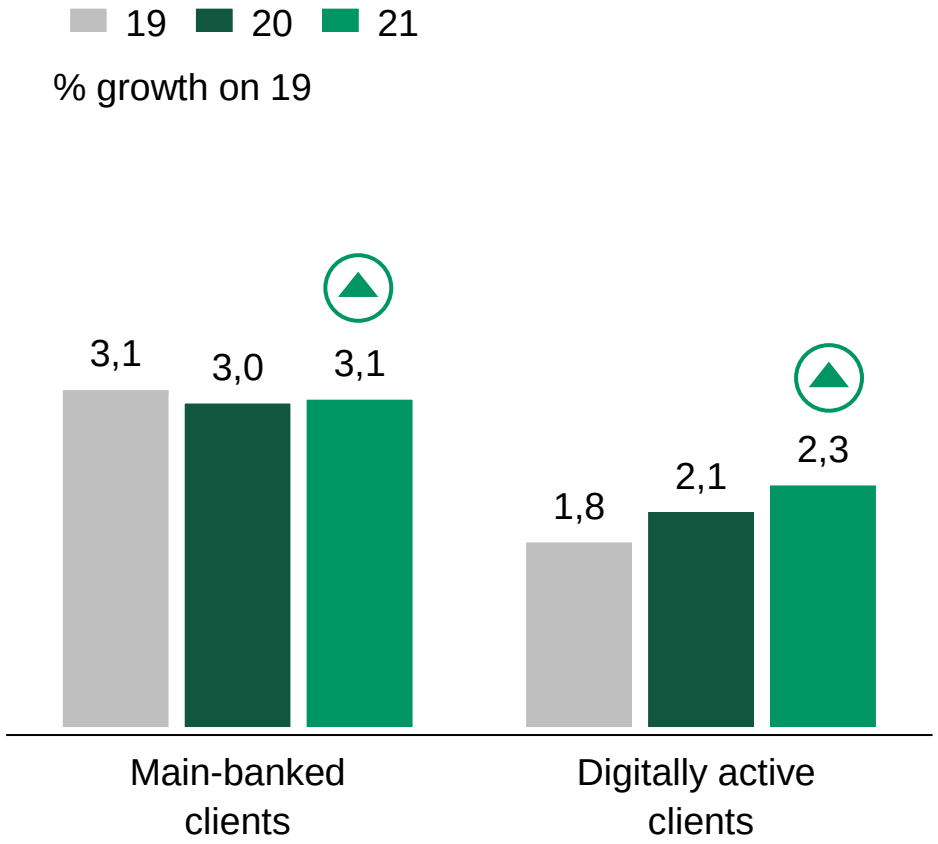
RBB employees
(# of)



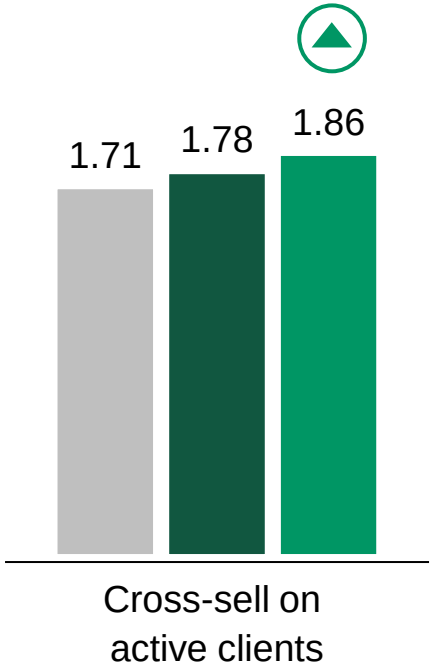
[1] Automated teller machines, Intelligent Depositors & self-service kiosks. | [2] Consumer, which includes Boxer & BDO. | All targets set in January 2022 – target tor 2024.

New growth vectors (SPT 2.0) – growth in main-banked clients & improving levels of cross-sell on new sales

Retail client base breakdown (# million)



Cross-sell ratio[1]



Consulta[2] **main-banked market share**

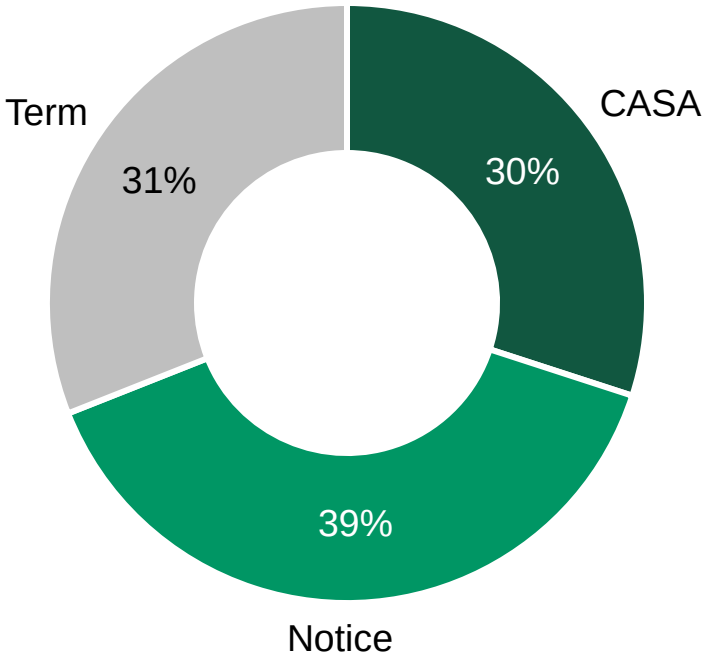
	2020	2021	Share	
Nedbank	+0,0%	+1,1%	12,4%	▲
Capitec	+4,0%	+0,9%	40,1%	▲
Other banks	+0,0%	+0,6%	1,8%	▲
SBSA	(0,6%)	(0,4%)	13,6%	▼
FNB	(2,1%)	(0,6%)	18,5%	▼
Absa	(1,3%)	(1,6%)	13,6%	▼

[1] Based on new definition of active clients: Client has either a non-zero-balance asset product or a non-zero-balance investment product; or a positive-funded-balance transactional product (TP), or a negative TP balance with a transaction done within the past 12 months. | [2] Consulta surveys: 2020 & 2021 (released November 2021).

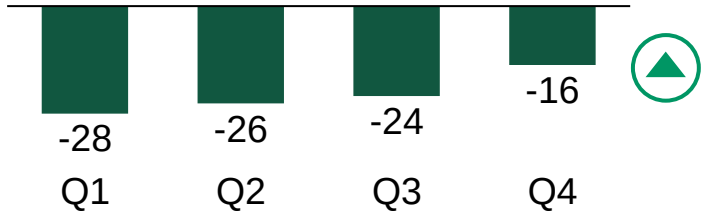
New growth vectors (SPT 2.0) – focus on arresting household deposit market share losses

CONSUMER

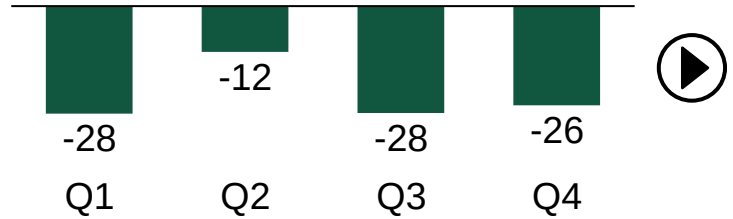
Total household deposit market contribution



Total household market share,
Qoq change in 2021, bps

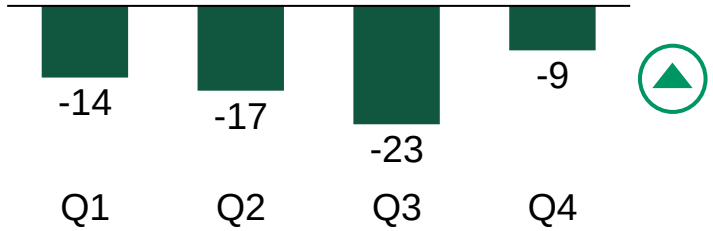


Household notice market share,
Qoq change in 2021, bps



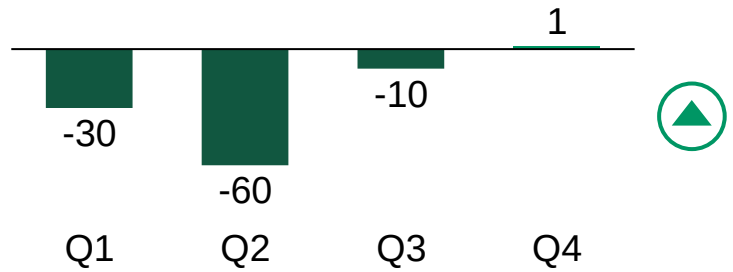
Pricing driven

Household CASA market share,
Qoq change in 2021, bps



Franchise driven

Household term market share,
Qoq change in 2021, bps



Q4 2021 was our best quarter of 2021 in arresting household deposit market share losses – driven by pricing strategy on term deposits & CASA improvement driven by main-banked-client gains

Note: HH deposit categories have been adjusted for known differences in classification among the banks.

Nedbank Retail & Business Banking – outlook

2022 outlook

- **Advances growth** – momentum continues
- **CLR** – normalisation to around the midpoint of our TTC target range (130–180 bps)
- **NIR** – diversify revenue base & scale key growth vector strategies
- **Expenses** – optimisation continues
- **Execution of key strategic initiatives**

Long-term outlook

- Ongoing focus to reduce cost-to-income ratio & increase ROE



Nedbank Wealth

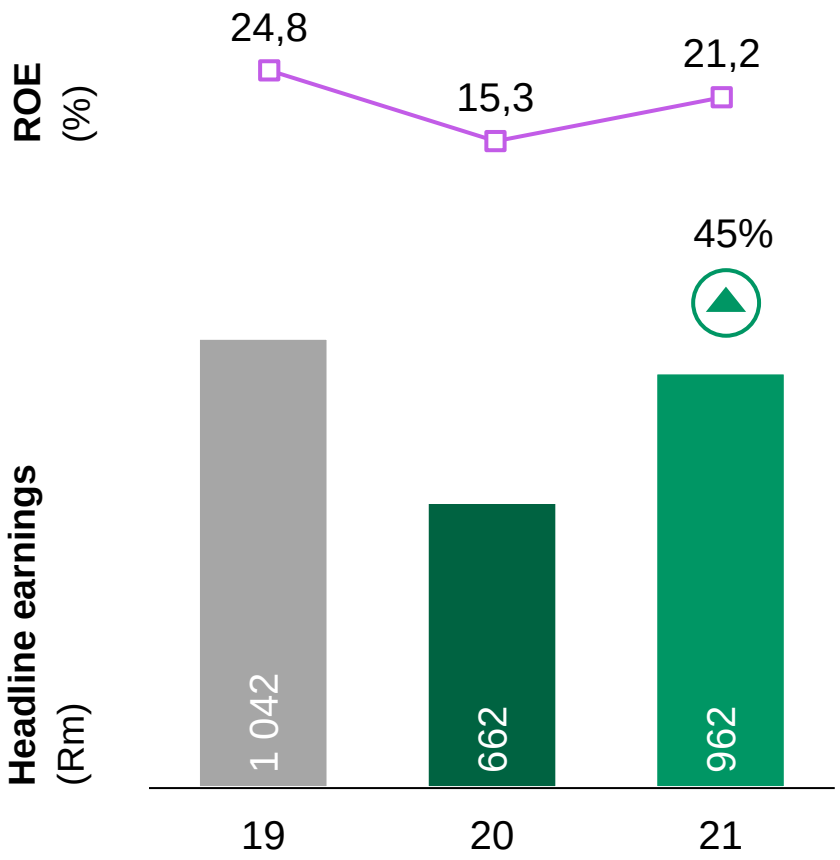
Iolanda Ruggiero

Group Managing Executive

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

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

Financial performance

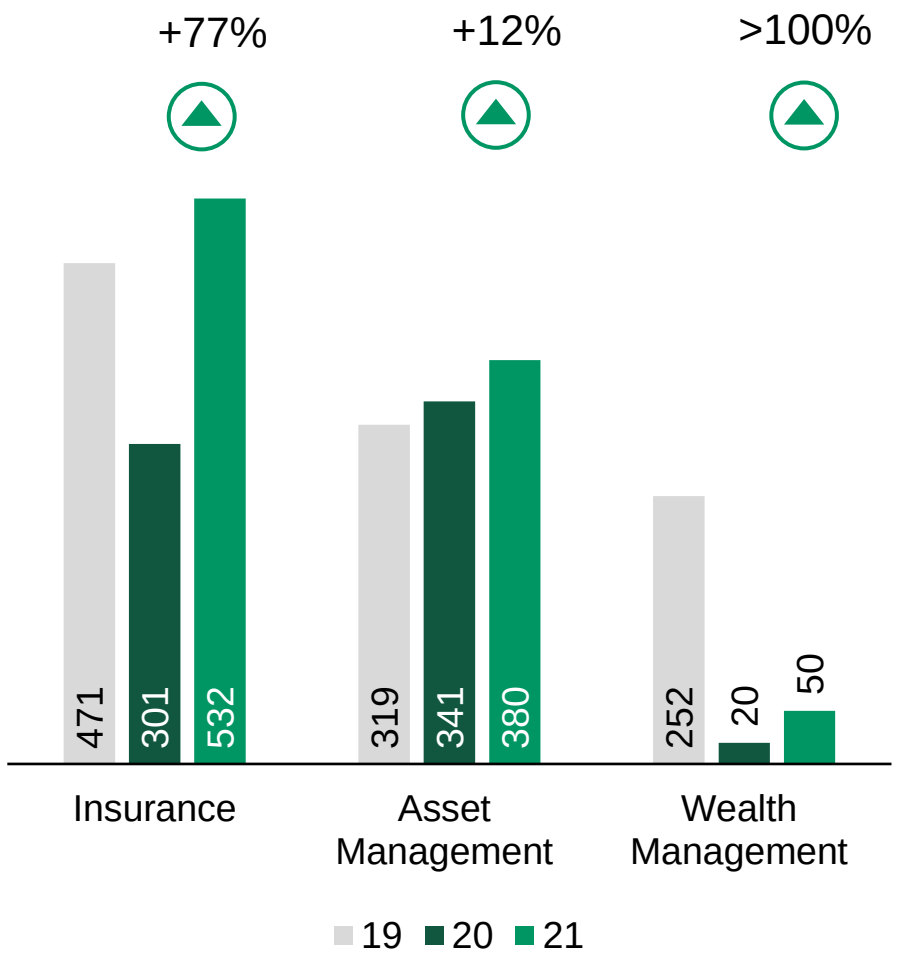


- **Strong ROE above the group's cost of equity**
- **Insurance HE up 77%**
  - Due to the implementation of enhanced ALM strategy & an improved investment performance, offset by an increase in death and funeral claims
- **Asset Management HE up 12%**
  - Strong market rebound & positive net flows of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

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

BOOKLET SLIDE

Headline earnings per division (Rm)



Insurance

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

Asset Management

- Strong market rebound
- Positive net flows

Wealth Management

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

Wealth strategic focus areas

Building a sustainable business for the future

Enhance **client experiences**



Build **data & digital** capability



Drive long-term performance **for clients**



Leverage and collaborate within the cluster & across Nedbank



Invest in **people & culture**



Insurance growth vectors – 20% growth in new business volumes

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







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

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

Maintain steady growth in the **Best of Breed range**

Leverage access to **group distribution & digital integration**

Grow institutional offering both locally & internationally

Continue on the journey to become one of the **leaders in responsible investing**

ASISA

Q4 2021

NEDGROUP INVESTMENTS

Nedgroup Investments ranked

- **SA** – fifth largest in total AUM (7% market share)
- **International** – third largest in total AUM (12% market share)



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

South Africa

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

EUROMONEY PRIVATE BANKING 2022



International

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

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



Nedbank Wealth – outlook

2022 outlook

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

Long-term outlook

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



Nedbank Africa Regions

Terence G Sibiya

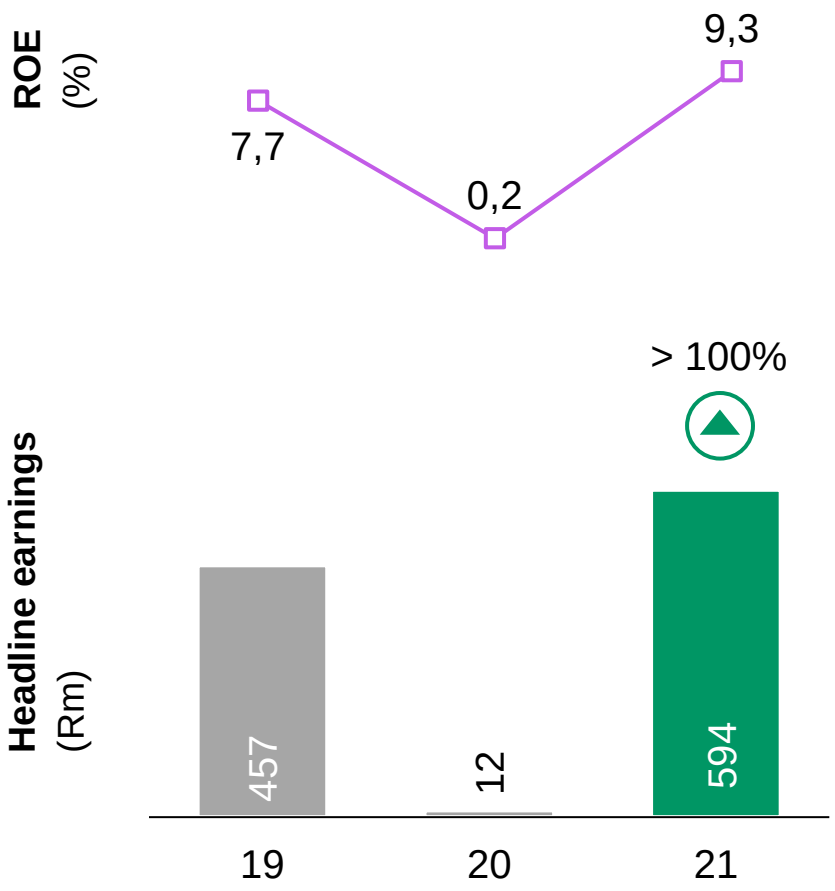
Group Managing Executive

‘**SADC operations** – growth in NII & lower impairments

ETI associate investment – strong performance accompanied by balance sheet improvement’

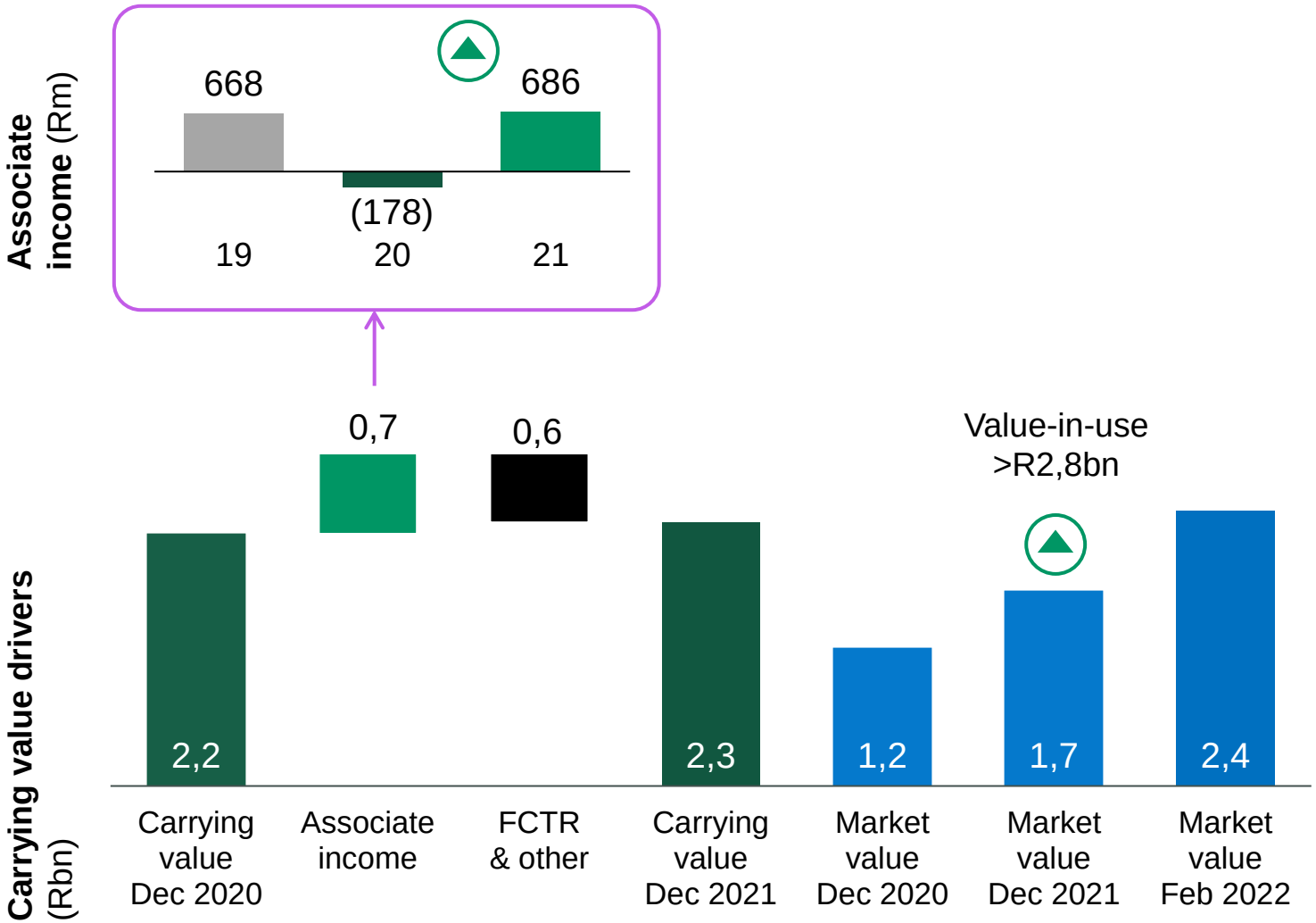
NAR financial performance – strong performance largely driven by ETI

Financial performance



- **SADC operations HE up >100%**
  - HE of R71m up by >100% (R141m loss in 2020)
  - Main drivers of performance: impairments declined by 62% & NII increased by +9%
  - Slight decrease in NIR by 2%, although > 2019 levels
- **ETI associate investment HE up > 100%**
  - HE of R523m (R153m in 2020), driven by strong recovery across three core regions (UEMOA, AWA & CESA)
  - Improved capital & liquidity – total CAR up to 14,5% (2020: 12,3%), with an improved ROTE of 18,8%
  - Dividend payment to resume, subject to AGM approval
  - Although profitable, Ecobank Nigeria's performance remains suboptimal & continues to be a focus for shareholders

ETI associate investment financial performance – strong turnaround in financial performance accompanied by a material improvement in the balance sheet



ETI Associate Investment

- **Leading West & Central Africa franchise:** top 3 in 13 of 16 countries
- **Improvement in NPLs & liquidity,** with three core regions reporting lower NPLs & higher coverage ratios
- **Strong performance from three core regions**, with regional ROEs all greater than 21%[1]
- **Signs of improvement in Ecobank Nigeria** – with increased profitability & strengthened capital position

[1] *ROEs of UEMOA:21,4%, AWA:24,9% & CESA:22,2%.*

Note: ETI accounted for 1 quarter in arrear. | Associate income includes goodwill impairment.

SADC operations strategic growth drivers

Doing more with what we have

- Focus on growth opportunities in Mozambique by leveraging enterprise capabilities
- Accelerate digital growth strategy
- Continue to deliver great client experiences & grow market share

Transform NAR

- Reconfigure the size and shape of the business in line with TOM 2.0
- Leverage the group's technology ecosystem to achieve increased efficiencies & product consistency





#1 in NPS in Namibia & Mozambique

Top 2 in sentiment scores across four markets

#1 in loyalty scores across three markets











Nedbank Africa Regions – outlook

2022 outlook

SADC operations

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

ETI associate investment

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

Long-term outlook

- Increase ROE to > COE



Outlook

Mike Brown

Chief Executive

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

Nedbank economic forecasts – 2022 & beyond

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

Source: Nedbank Group Economic Unit.

[1] Year ending March.

2022 full-year financial guidance based on current economic forecasts

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

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

Meeting our medium-term targets supports shareholder value creation

Targets to 2023

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

Long-term targets

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

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

Resilience – completed

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

Reimagine strategy – continue to execute well

Continue to lead in **digital innovation** & complete final phases of **Managed Evolution**

Client satisfaction metrics – #1 ranking by 2023

Scale **Avo** beyond the 1 million clients (2022 target) already achieved

SPT 2.0 – leverage our balance sheet to grow clients, cross-sell, grow transactional income & grow deposits

Unlock R2,5bn in benefits via **TOM 2.0** by 2023

Creating positive impacts – using our financial expertise to do good. Continue to lead in SDG financing, ESG practices & ratings

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


Thank you
see money differently
NEDBANK

Disclaimer

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

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

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

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

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

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