

2022 Annual Financial Results

For the year ended 31 December 2022

7 March 2023

NEDBANK GROUP



Agenda

Operating environment

Strategic progress

Financial overview

Cluster overview

Outlook & guidance

Overview

Mike Brown

Chief Executive

Overview

Environment	Strategic	Operational	Financial
A challenging operating environment	**Strategic delivery on track**	**Good operational performance**	**Strong earnings growth & fortress balance sheet**
▪ **2,3% SA GDP** growth ▪ Severe **electricity shortages** ▪ **325 bps interest rate** increases ▪ **6,9% average inflation** ▪ **Muted markets** – JSE down 1% – SA 10-year bond yield: +1,0% yoy to 10,8%	▪ **Strong digital** growth ▪ Leading **client experiences** ▪ **Market share gains** in key areas ▪ **Productivity** improvements ▪ **ESG leadership**	▪ PPOP: **+15%** ▪ JAWS: **+2,5%** ▪ Cost-to-income: **56,5%**	▪ HE: **+20%** ▪ Revenue: **+11%** ▪ ROE **14,0%** ▪ CET1: **14,0%** ▪ LCR: **161%** ▪ NSFR: **119%** ▪ Coverage: **3,37%** ▪ Full-year DPS: **+38%**

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

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

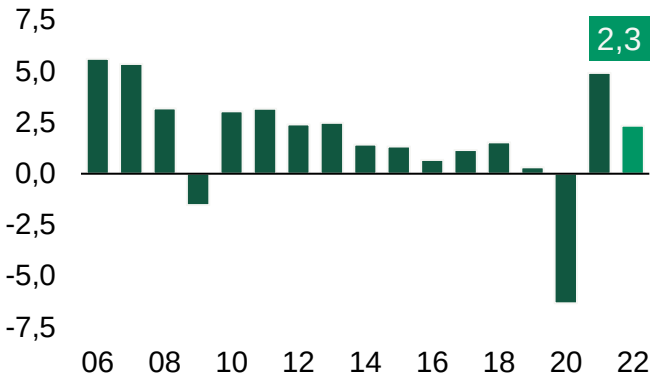
Operating environment – global economic pressures & domestic challenges impacted the local market, with the SA economy demonstrating high levels of resilience

Global environment

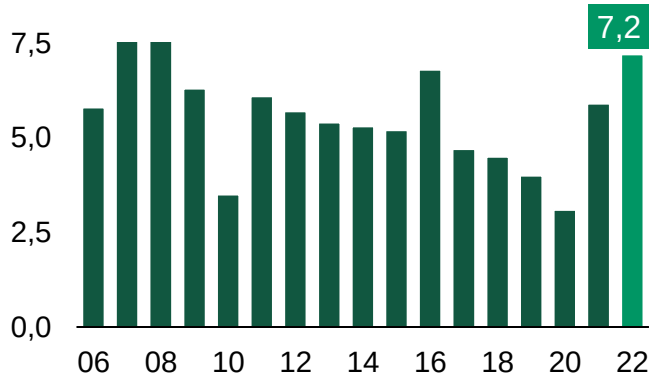
- Ongoing impact of **Russian war in Ukraine**
- **Supply chain/Covid-19 constraints** from China lockdowns, but easing
- **Inflationary pressures** particularly energy & food
- **Monetary policy tightening** ahead of expectations
- **Increased risk of recession** in key developed markets

SA economy relatively resilient

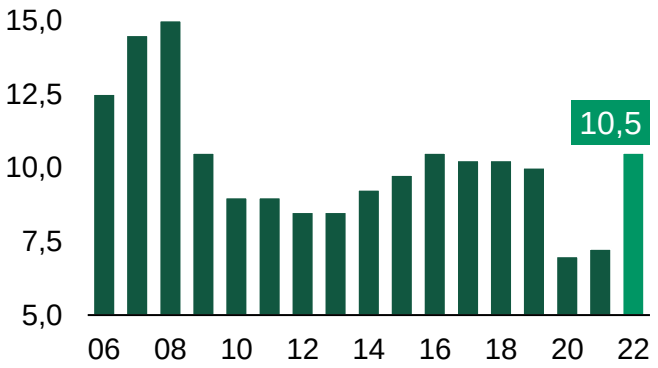
Annual SA GDP growth (%)



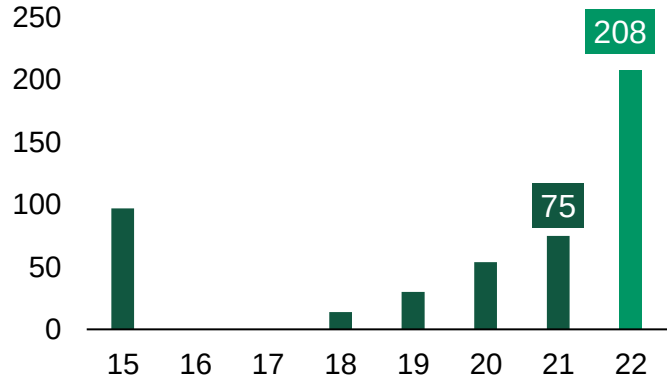
Annual average SA inflation (%, ye)



SA prime interest rate (bps)



Electricity load-shedding[1] (# of days)



[1] *Source: The Outlier, EskomSePush*

Operating environment

SA's potential | SA's challenges

SA's economic potential remains compelling

but

failing state-owned monopolies, in particular:

- Energy/Eskom
- Logistics/Transnet
- Water

… and high levels of crime & corruption are collectively binding constraints to higher levels of investment, economic growth & job creation

requiring

urgent & decisive action by government, labour, civil society & business

Operating environment – but the reality of failures of many state-owned monopolies & poor service delivery in key network industries has led to very disappointing outcomes, particularly in energy, logistics, water & crime

SA's potential | **SA's challenges**

Electricity production

▼ **16%**

(since 2012)

Stats SA

Rail passengers transported

▼ **97%**

(since 2012)

PRASA annual reports 11/12 & 21/22

SA on FATF greylist

Need for further & sustained progress in 8 areas of strategic deficiency

FATF

Unemployment rate

33%

(up from 25% in 2012)

Stats SA

Goods moved by rail

▼ **30%**

(since 2012)

Stats SA

Serious crimes

▲ **54%** murder ▲ **16%** robbery

(since 2012)

SAPS official crime statistics

37% of total **municipal water supply lost** due to poor infrastructure

Business Live

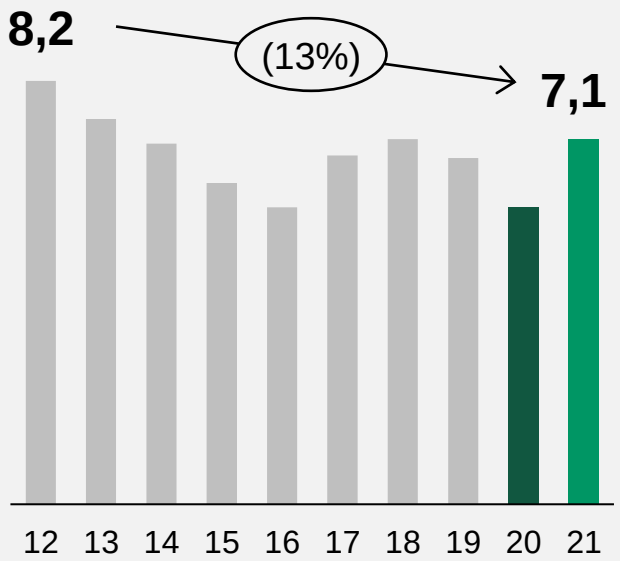
WEF 2023 top 5 SA risks

- State collapse
- Debt crisis
- Collapse of services & public infrastructure
- Cost-of-living crisis
- Employment & livelihood crisis

WEF

As a result, on average, South Africans are becoming poorer

SA GDP per capita
('000, US$)



The World Bank

Booklet slide

Operating environment – SA placed on FATF's greylist ('jurisdiction under increased monitoring')

The **Financial Action Task Force (FATF) Mutual Evaluation Report** identified significant weaknesses in parts of SA's AML, CFT & CPF systems. In February 2023, SA was placed on the FATF greylist, with the following key findings:

'FATF … recognised the significant & positive progress made by the country in addressing the 67 recommended actions or deficiencies…' **– National Treasury**

Need for further & sustained progress in **eight areas of strategic deficiency** by no later than the end of **January 2025**

'No items on the action plan that relate directly to the preventive measures in respect of the financial sector. This reflects the significant progress in the application of a risk-based approach to the supervision of banks & insurers. Treasury therefore expects that the increased monitoring will have limited impact on financial stability & costs of doing business with South Africa.' **– SA National Treasury**

Nedbank has adequate AML/CFT & sanctions measures in place & is well prepared to deal with any potential higher levels of due diligence

1. Sustained increase in **outbound MLA requests** that help facilitate ML/TF investigations & confiscations of assets
2. **Improve risk-based supervision of DNFBPs** & demonstrating AML/CFT supervisors apply effective, proportionate, & effective **sanctions for non-compliance**
3. Competent authorities have timely access to accurate & up-to-date **beneficial ownership information**
4. Sustained increase in **law enforcement** agencies' requests for financial intelligence from the FIC for its **ML/TF investigations**
5. Increased **investigations & prosecutions** of serious & complex money laundering & the full range of TF activities
6. Enhanced **identification, seizure & confiscation of proceeds & instrumentalities** of a wider range of predicate crimes
7. TF risk assessment to inform the implementation of a **comprehensive national counter financing of terrorism** strategy
8. Effective implementation of **targeted financial sanctions** & effective mechanisms to identify individuals & entities that meet the criteria for domestic designation

ML: Money laundering. | TF: Terrorist financing | MLA: Mutual Legal Assistance | DNFBP: Designated non-financial businesses & professions.

Operating environment – Eskom, electricity security & the impact of load-shedding

Eskom & electricity security

- **SA's path to net zero** is a path to energy security
  - Requires 7 GW renewable energy per annum to 2030
- **NECOM plan** by 2030[1] – optimistic in scale & timeline
  - Improve existing Eskom generation: **10,4 GW**
  - Procurement of new capacity (wind, solar & battery storage): **>18 GW**
    - RMIPPP & REIPPP round 5: (financial close in H1 2023) 2,6 GW
  - Private investment in generation: **>12,7 GW**
  - Business & household rooftop solar: **>0,8 GW**
- **Grid allocation & capacity constraints** – to be addressed immediately (limiting ability to support new REIPPP & private generation connections)

More detail provided in the booklet slide. [1]Numbers may be double-counted.

Impact of load-shedding

- **2023 GDP forecast reduced to 0,7%**, with downside risk (assuming at least stage 4 load-shedding)
- **Nedbank diesel costs up >100%** to R59m
- **Operations** – no material impact on operational activity, ATMs, branches, POS devices, etc
- **Credit growth** – significant opportunity in renewable-energy finance for private power generation
- **Credit quality** – stress becoming more evident in SME segment, while corporates, in general, are better positioned to manage through it
- **Risks** – risks increase with higher stages & as load-shedding prolongs

More detail provided in the booklet slide.

Operating environment – SA government/NECOM plan to end load-shedding

Minister of Electricity to be appointed to oversee electricity crisis response



R254bn debt relief package announced to strengthen Eskom's balance sheet

As outlined in the **JET IP**, over R200bn worth of Eskom's project pipeline to be completed between 2023 & 2030

2 890 km of new high-voltage lines & 60 transformers planned by 2027 (cost of R72bn)

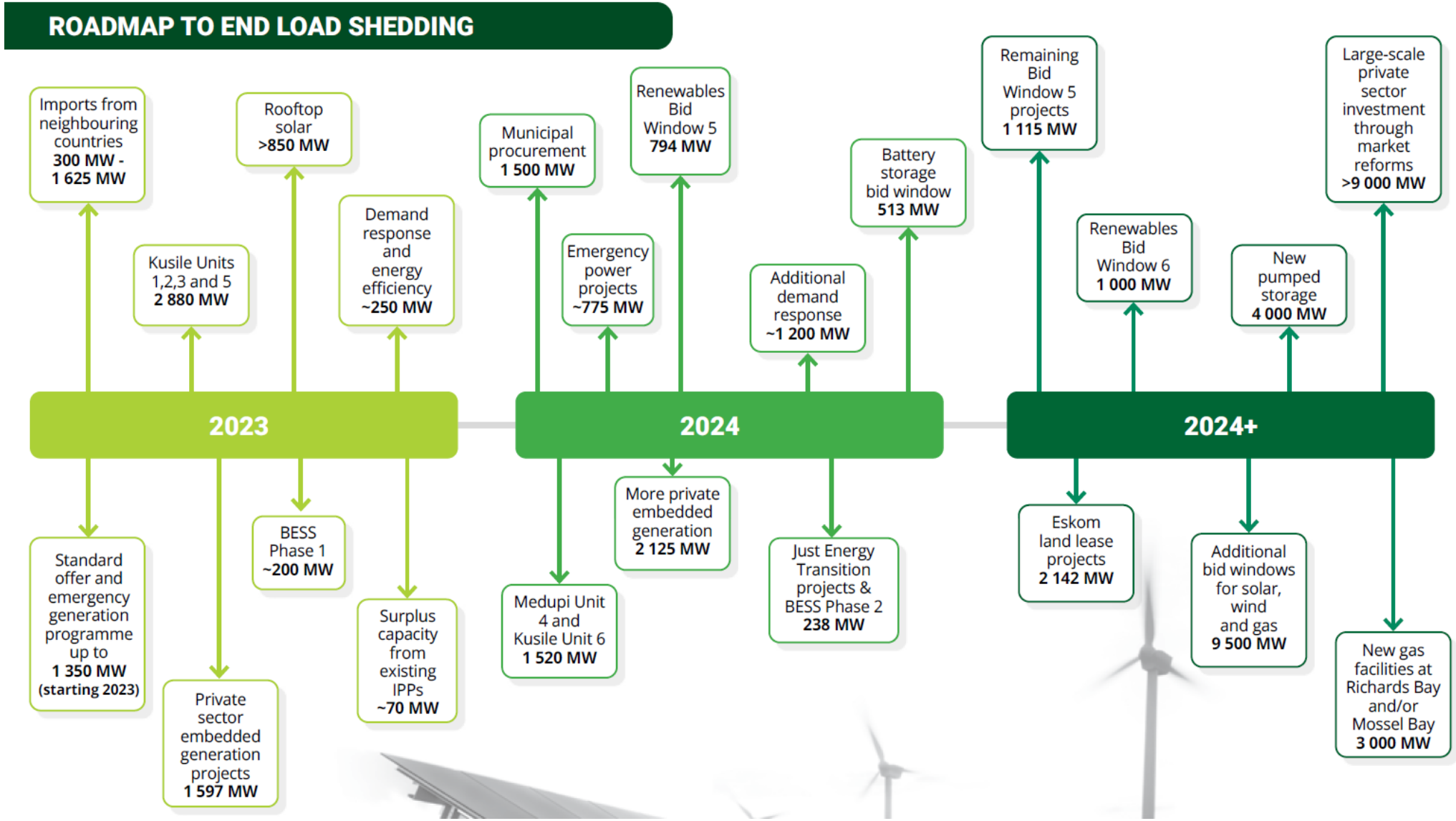
More than **100 private generation projects** expected to deliver over 9 GW

- **South Africa's Just Energy Transition requirements**
  - More renewable energy required every year to 2030 than the total constructed over the past 10 years
    - 7 GW per annum *(difficult but achievable)*
    - 6,3 GW built in REIPPP rounds 1 to 4
- **NECOM plan**[3] *(optimistic in scale & timeline)*
  - Improve existing Eskom generation: 10,4 GW
  - Private investment in generation: >12,7 GW
  - Procurement of new capacity (wind, solar & battery storage): >18 GW
    - REIPPP
      - Emergency (RMIPP) 0,8 GW (H1 2023[1])
      - Bid window 5 1,8 GW (H1 2023[1])
      - Bid window 6 1,0 GW (of 4,2 GW)
      - Battery storage 0,5 GW (H1 2023[2])
      - Future potential >9,5 GW
  - Business & household rooftop solar: >850 MW
- **Address transmission grid capacity constraints**
  - Significant investment in power lines & substations to match the change in the geographical location of generation facilities, particularly renewable energy

[1] Financial close. | [2] Opening submissions. | [3]Numbers may be double-counted.

Booklet slide

Operating environment – SA government/NECOM plan to end load-shedding



Booklet slide

Operating environment – negative impact of higher levels of load-shedding on our clients, but some opportunities do arise

SA economy

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.

2023 GDP growth forecast of 0,7%, constrained by lack of reliable electricity supply[1]

Our own operations

- **Higher costs** – diesel generation costs up >100% to R59m, generator usage up >200%
- **No material impact on ATMs, branches & POS devices** – leveraging our wide coverage of sustainable backup power solutions. While our physical points of presence remain largely unaffected, call centre & digital channels have seen an increase in utilisation
- **Flexibility in operations**
  - No material impact on operational processing (working around load-shedding schedules)
  - Employees WFH go to the office as a contingency, when needed

Our clients

Credit growth

- Load-shedding increasingly a catalyst for **renewable private power generation** (to support SA's Just Energy Transition & for individuals/companies to reduce their exposure to Eskom) – a strong runway for bank advances growth
- **No immediate signs of delayed capex spend** by corporates, but negative sentiment & negative impact of a weaker economy in 2023 & beyond
- **Decreasing attractiveness of going into business** (SMEs)

Credit quality

- **Impact on Nedbank not yet material**, but a growing concern
- **SME & business clients:** Agriculture, manufacturing, restaurants, food services, retail (supply chain) & tourism industries more exposed – will incur some losses & higher operational costs (eg generators)
- **Corporate clients:** Strong balance sheets after deleveraging post Covid-19
- **Banks well provided** with high levels of coverage

[1] *Assuming at least level 4 load-shedding on average, with downside risk.*

Operating environment – SA's potential remains compelling, but …

SA's potential | SA's challenges

Abundant natural resources

SA a top 10 global producer of platinum, palladium, chrome ore, manganese ore, vanadium, iron ore, diamonds & gold + 2nd largest global citrus & 6th largest grape exporter



Strong, profitable & well-regulated banking sector

Capital & liquidity metrics remain exceptionally healthy, while SARB is highly respected for its independence, competence & transparency

Resilient corporate sector

Highly regarded & credible management teams, strong balance sheets & low debt burdens

Attractive tourist destination

Contributed 9% to GDP at its peak in 2006. Tourist arrivals continue to improve post Covid-19, with a strong acceleration seen in Dec 22

Sophisticated & liquid financial market

A well-regulated, deep & liquid market, with the rand one of the top 20 most traded currencies in the world



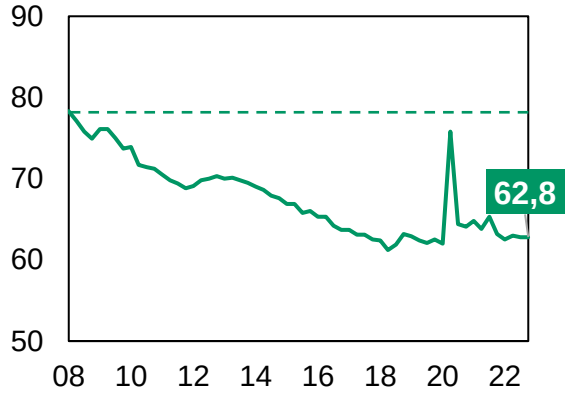
Gateway to Africa

Economic connections to the rest of the continent & SA's 2nd largest export destination

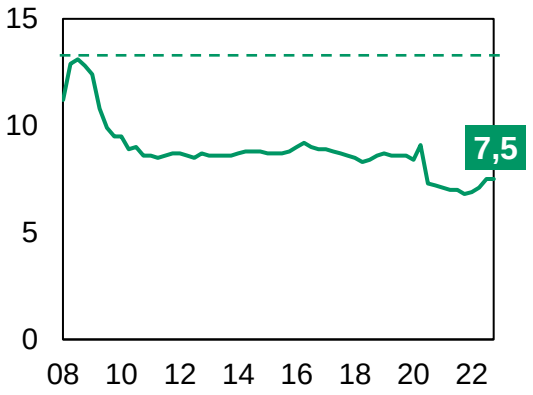
Booklet slide

Operating environment – households generally resilient, but early signs of stress emerging as a result of higher interest rates & inflation

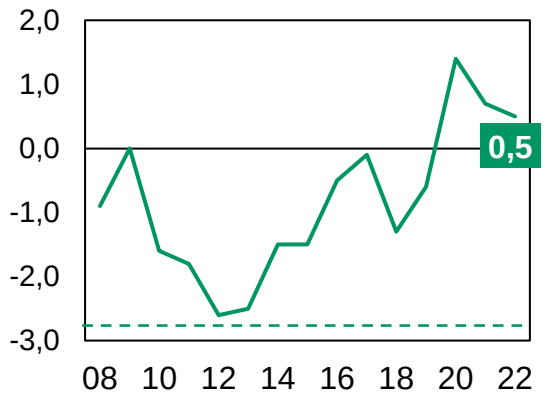
Household debt ratios (% of PDI)



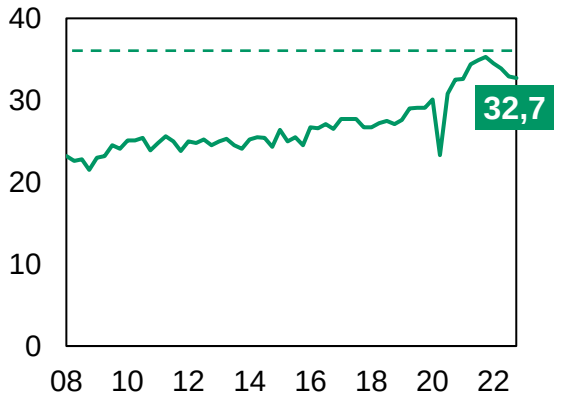
Household debt service costs (% of PDI)



Household savings rate (% of PDI)



Unemployment rate (%)



Households have delevered since the GFC



Rising pressure on consumers, but not likely to be as severe as during the GFC

Households have accumulated savings, providing some buffer against rising interest rates

Inflation impact more pronounced on lower-income segments

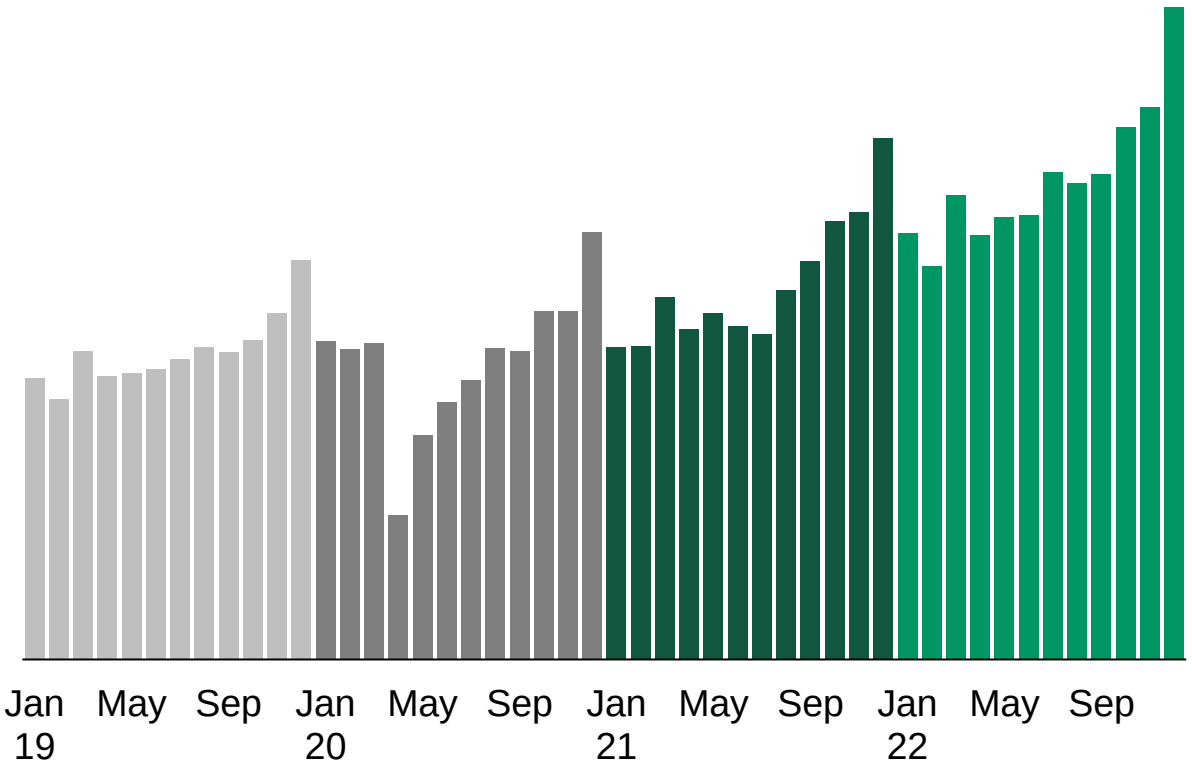
Prime interest rate at 10,75% in January 2023, 75 bps above pre-Covid-19 levels

PDI = Personal disposable income.

Booklet slide

Operating environment – our high-frequency card & POS data show a continued SA recovery in 2022

Total monthly industry POS turnover[1]
(Rbn)



All underlying **industries now above 2019 levels**

Amex volumes above 2019 levels since April 2022

Corporate spend[2] up 65%

E-commerce spend up >100%



Foreign cardholder spend[3] up >200%

[1] Based on Nedbank POS & card-related digital payment data (client turnover).| [2] Total FY 2022 versus 2021. | [3] Monthly volumes in December 2022 vs December 2021.

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

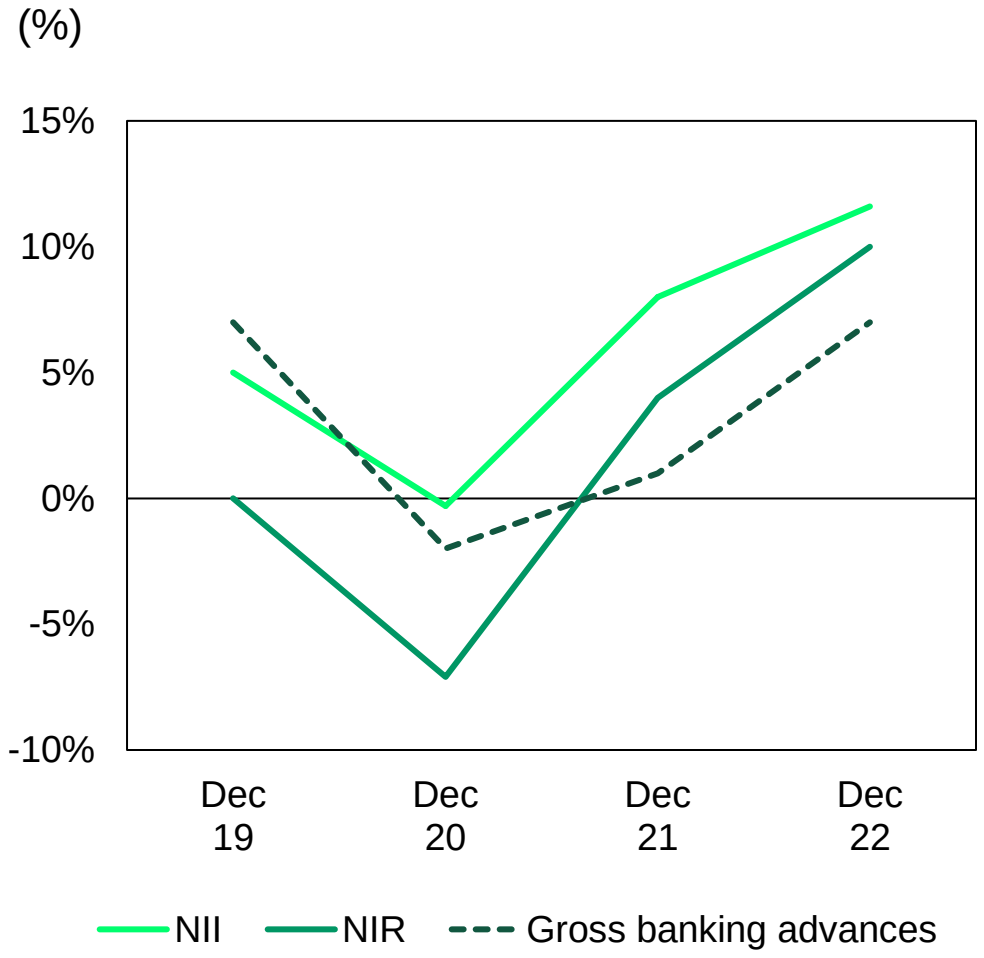
Strategic value unlocks

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 – revenue growth trends improving

Nedbank revenue[1] & gross advances growth



Structural benefit from higher interest rates – R1,6bn (pre-tax) for every 1% increase, partially offset by lower growth/higher impairments/active deposit management (average prime rate: 21: 7,0%, 22: 8,8%, 23[2]: 11,0%)

Strong client-driven growth

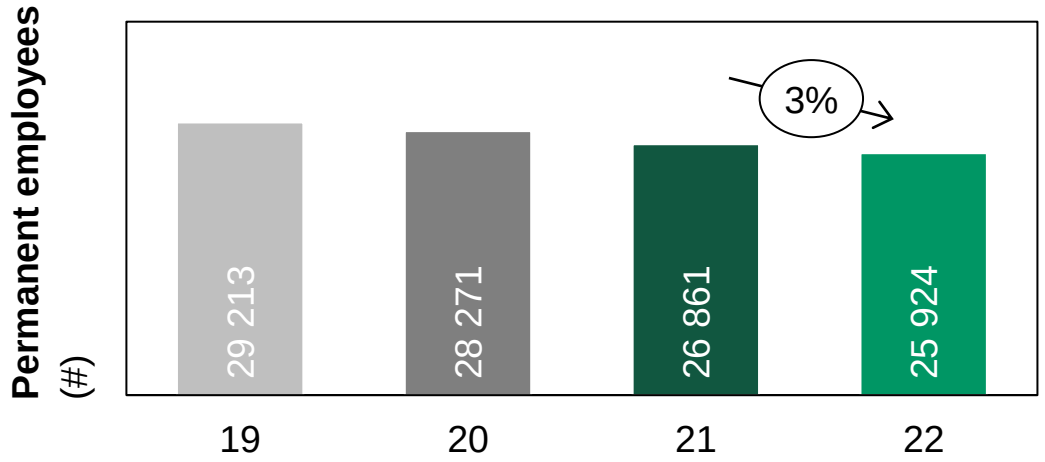
- New primary client wins in CIB: **25**
- Retail main-banked clients: **+6%** to 3,2m
- NAR client gains: **+7%** to 360k
- App volumes **+34%** yoy & **+253%** since 2019
- Insurance income **+18%** yoy

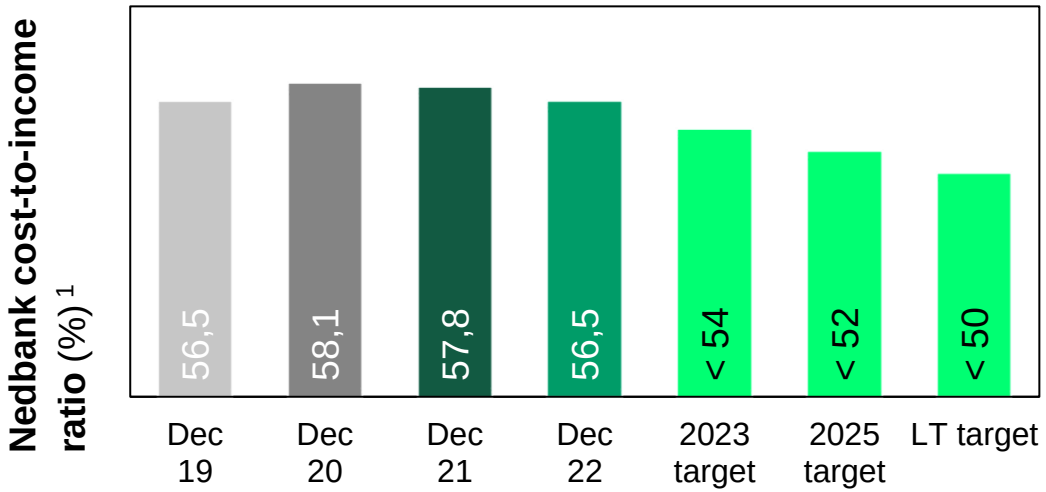
Negative impact from weak financial markets

- AUM **down 7%** to R393bn (H1 22: -9% ytd)
- Trading income **down 7%** (H1 22: -10% yoy)

[1] 2021 NIR restated to take into account net monetary loss reclassification. 2019 & 2020 impact is immaterial therefore NIR not restated. | [2] Nedbank Group Economic Unit forecast.

Productivity – optimisation benefits becoming more evident but inflation pressures rising





Structural cost optimisation benefits

- Managed Evolution IT build **91%** complete, enabling TOM 2.0 savings of **R1,5bn** to date (R2,5bn by 2023 & higher run rate thereafter)
- Significantly increased levels of **digital usage**
- Headcount down **3% yoy** & down **11%** since 2019
- Intangible software assets peaked at **R9bn** in 2021 & IT cash flow spend peaked in 2017 at **R2,3bn**
- Flexible work practices & real-estate optimisation enabling ongoing cost savings

PPOP growth +15% to R26bn

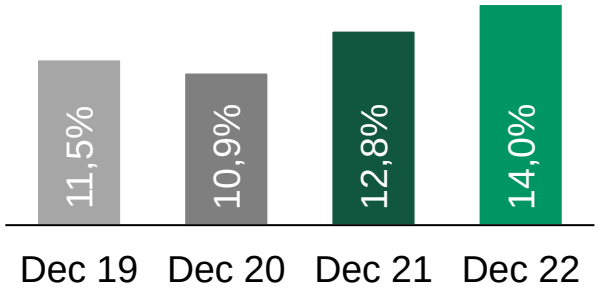
[1] *2021 NIR restated to take into account net monetary loss reclassification, impacting the cost-to-income ratio. 2019 & 2020 impact is immaterial therefore NIR not restated.*

Risk & capital management – fortress balance sheet & record-high coverage, capital, liquidity metrics and dividend declaration

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

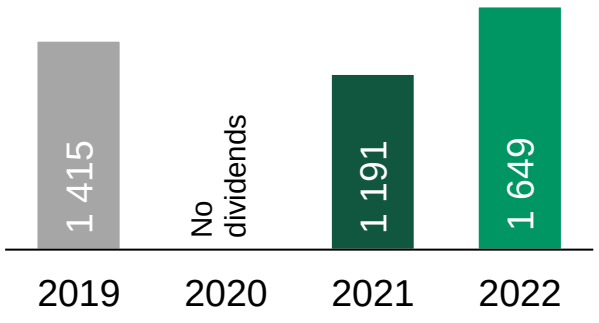
Capital

CET1 ratio (%)



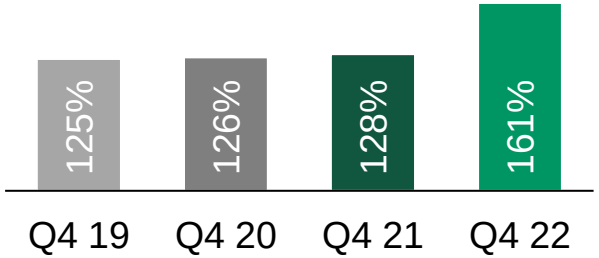
Dividends

Dividends declared (cents/share)

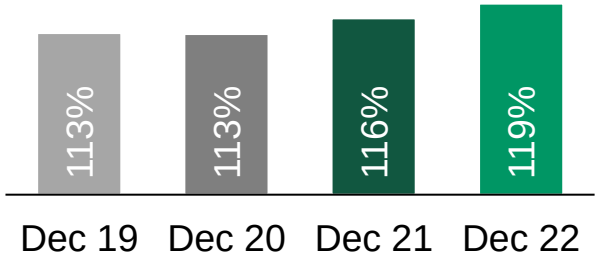


Liquidity

LCR (%)

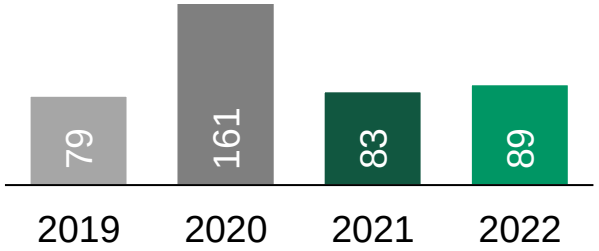


NSFR (%)

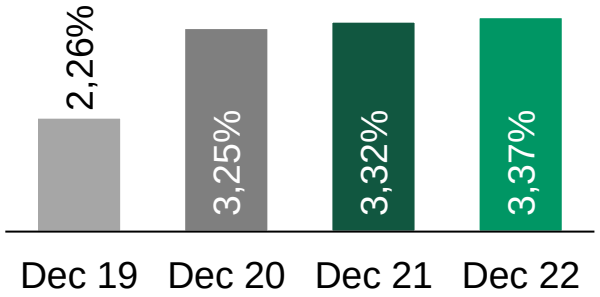


Credit

CLR (%)



Total ECL coverage (%)



Board & Group Exco changes – experienced leadership & seamless succession

Board chairperson

Daniel Mminele



Effective 1 May 2023, chairperson from 2 June 2023



Mpho Makwana
to 2 June 2023

Daniel has significant banking & financial services experience, including as Chairperson of Alexander Forbes Group, CE of Absa, two 5-year terms as Deputy Governor of SARB, as well as various other global & local banking roles. In 2022 he served as Head of the Presidential Climate Finance Task Team.

Chief Risk Officer

Dave Crewe-Brown



Effective 1 April 2023



Trevor Adams
to 31 March 2023

Dave is a CA(SA) & has completed an AMP at Duke University. He is currently the Chief Finance & Operating Officer for RBB. He has significant industrywide experience in finance, operations, credit, capital management and regulatory reporting, having worked in financial services for over 28 years.

Chief Information Officer

Ray Naicker



Effective 1 July 2023



Fred Swanepoel
to 30 June 2023

Ray holds various degrees including BSc Chem Eng, BEng (Hons) Tech Mgnt & MEng Eng Mgnt & completed, among others, the Global Executive Development Programme at GIBS & AMP at Harvard. He is currently the group's Chief Digital Officer & has >20 years' banking experience.



‘**Strategic delivery on track**, underpinned by our world-class technology platform’

Strategic overview

Mfundo Nkuhlu

Chief Operating Officer

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

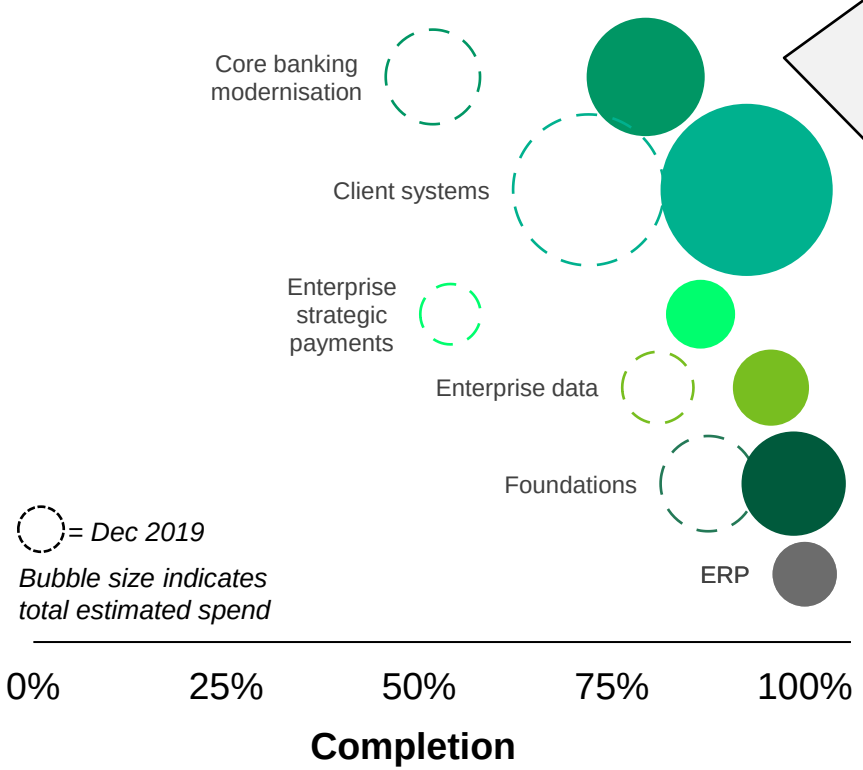
Enabled by our **Managed Evolution** technology strategy

Managed Evolution technology programme: building a world-class technology platform – 91% complete & delivering benefits as per plan

Strategic value unlocks

Managed Evolution programme

Invested R10,2bn to 31 Dec 2022, 91% of planned investment



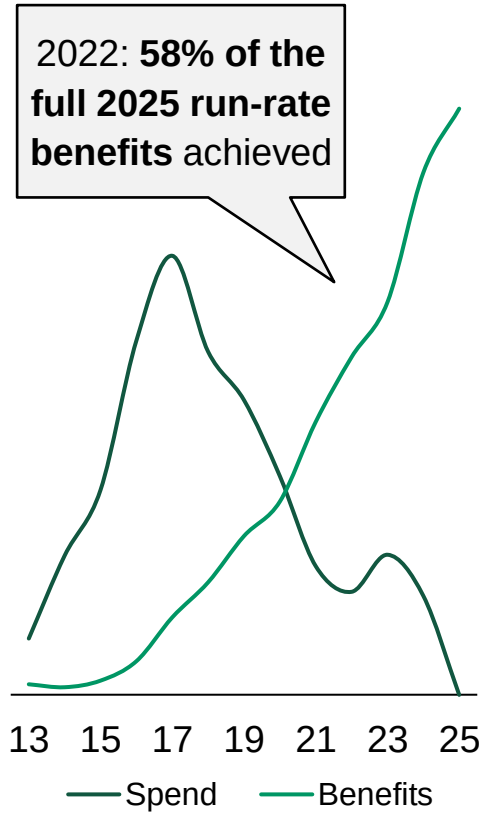
Key IT build components to completion

Core banking modernisation
(79% complete, R0,4bn remaining)
Generic deposit, loan & transaction products, product lifecycle management

Onboarding & servicing
(92% complete, R0,3bn remaining)
Foreign currency account, home loans & vehicle asset finance

Complete **payments** modernisation
(86% complete, R0,1bn remaining)

Investment vs benefit realisation to date (%)

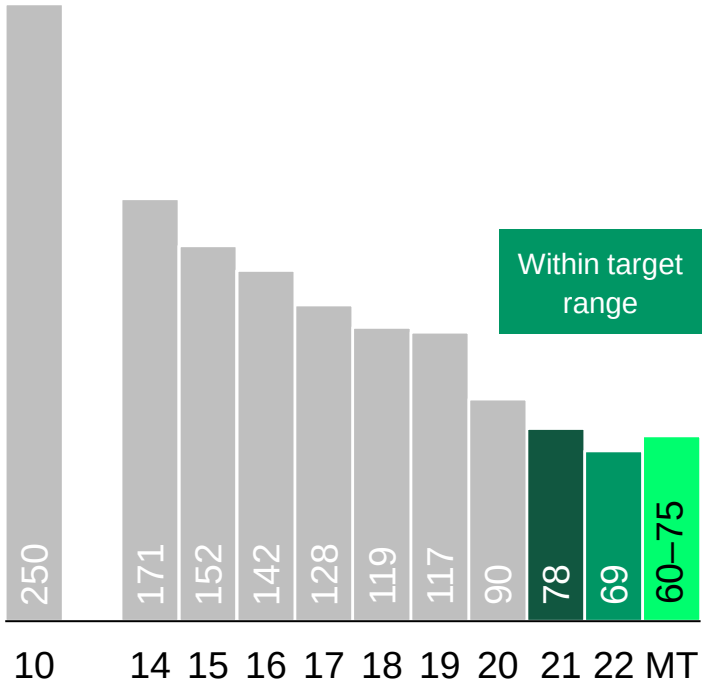


Managed Evolution technology programme – IT cash flow spend peaked in 2017 & intangible software assets peaked in 2021 at R9bn

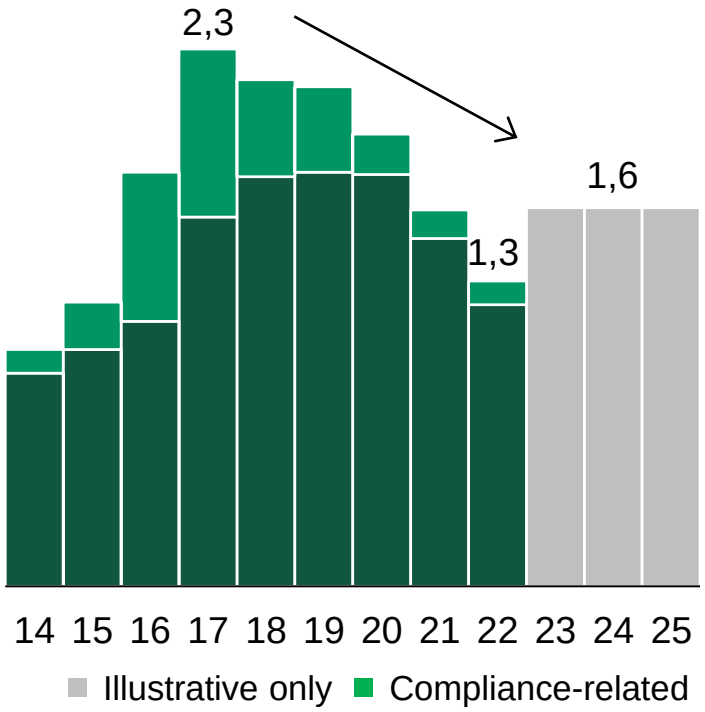
Strategic value unlocks

Booklet slide

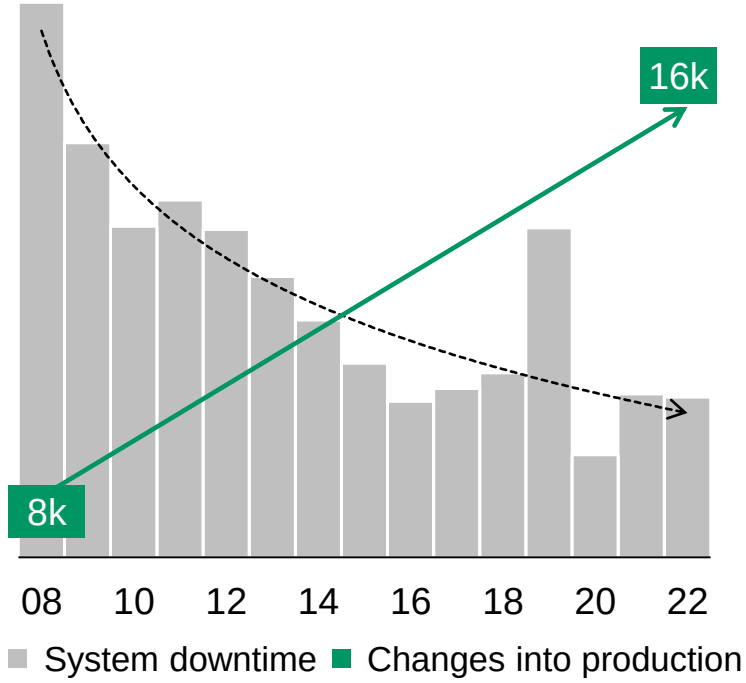
Core systems (#)
Rationalise, standardise & simplify



IT software development spend (Rbn)
Annual cash flow normalising



System downtime & IT changes (h, #)
Industry-leading stability despite significant increase in IT changes



42% of the incidents resulting in downtime in 2019 were attributable to external factors beyond the control of Nedbank.

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

Strategic value unlocks

Benefits for our **clients**

Client onboarding

Eclipse[1] **99%**

NBH[2] **>75%**

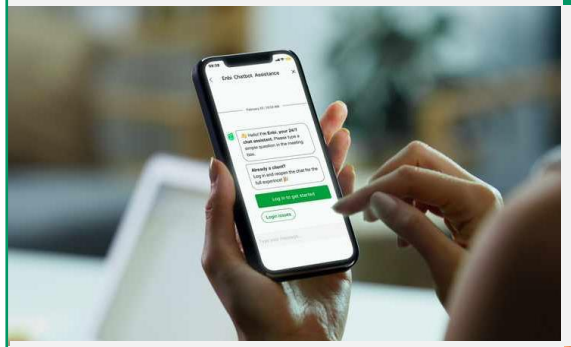
([1]Individual & juristic FICA-compliant onboarding via Eclipse. % of juristics using NBH[2])

Digital services

Retail **>170**

Juristic **>280**

(Client self-service)



Digital product sales

% of new sales

▲ **53%**

(2019: 12%)

Great client experiences

NPS

▲ **#1 bank**

(2019: #3)



Benefits for **Nedbank**

Speed of innovation

IT changes into production per annum

▲ **63%**

(vs 2014)

Systems uptime

99,3%

(IT systems downtime ▼75% vs 2007, ▼52% vs 2019)

Operational efficiencies

Floor space ▼**24%**

Headcount ▼**11%**

(since 2019)



Target operating model benefits

R3,5bn

(cumulative 1.0 & 2.0 to date)

Revenue growth

Retail cross-sell ▲**1,94**

(2019: 1,71)

VAS revenue ▲**129%**

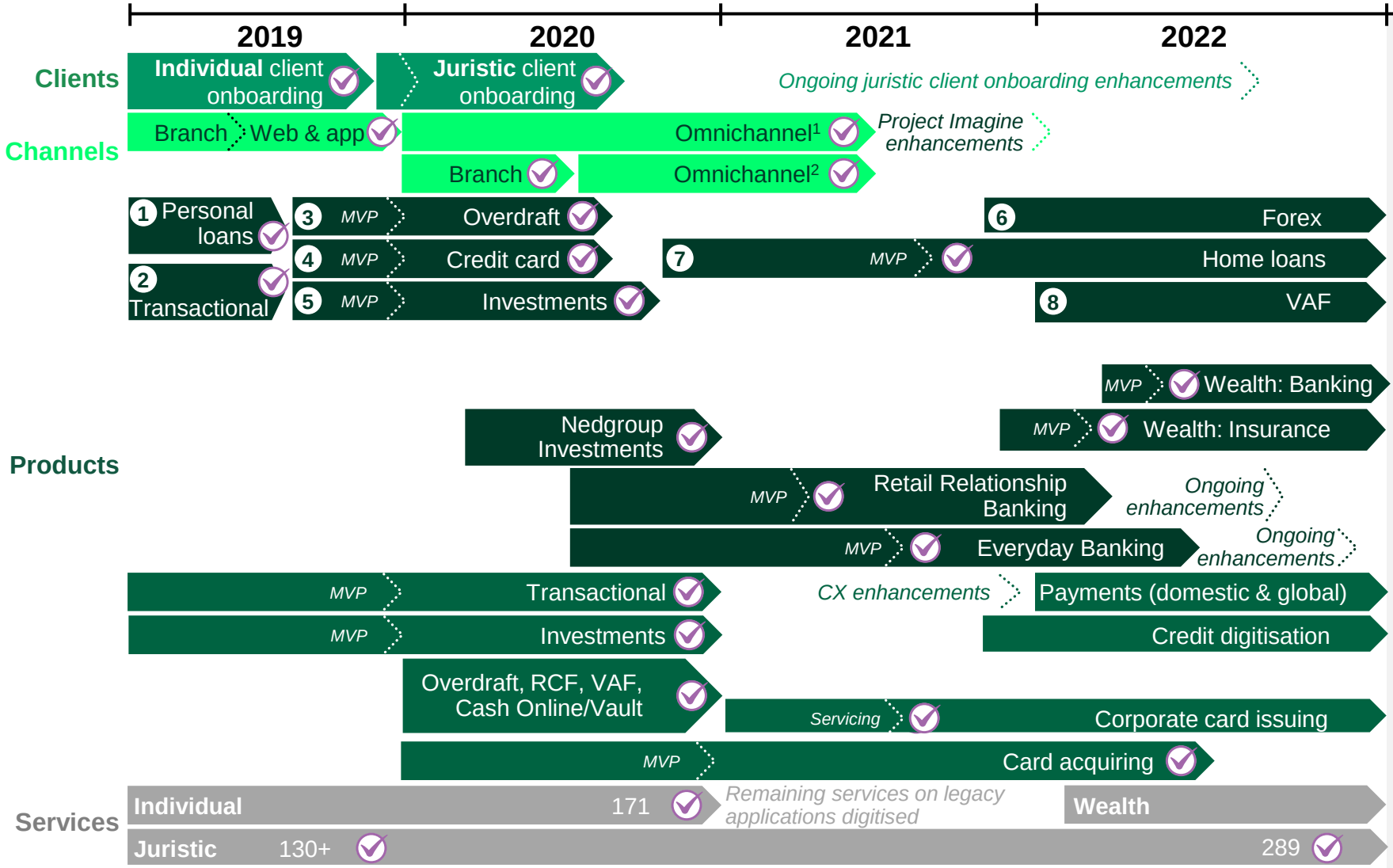
(vs 2019)

Our digital journeys are enabled by client onboarding and servicing via Eclipse & Nedbank Business Hub

Strategic value unlocks

Booklet slide

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

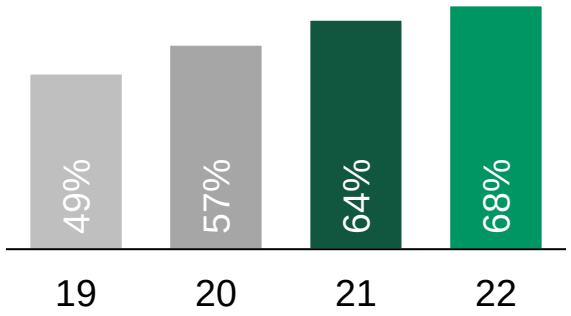


- **Top 10 products on Eclipse** – finalise secured lending (home loans & vehicle asset finance), stockbroking & student loans
- **Juristic products** – finalise domestic & global payments, agency banking, complex lending, credit digitisation, corporate card issuing (onboarding) & Nedfleet
- Complete the core **banking modernisation**
- **NAR harmonisation** – moving our NAR subsidiaries onto the modernised SA technology stack to enable them with the latest innovations & digital servicing

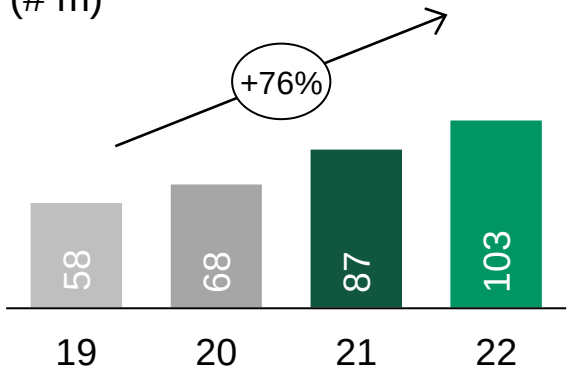
[1] Branch, web, app, ATM, self-service kiosk, call centre. | [2] Branch, web, app, self-service devices.

Digital uptake & usage continues to accelerate

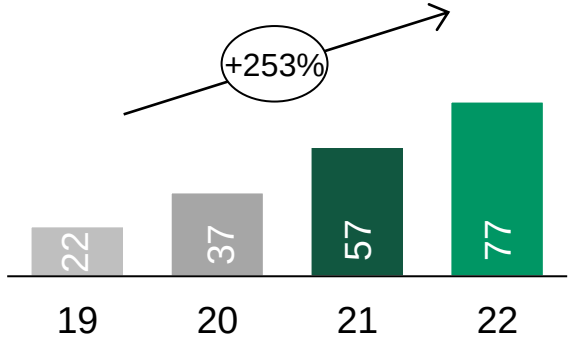
Digitally active main-banked clients (%)



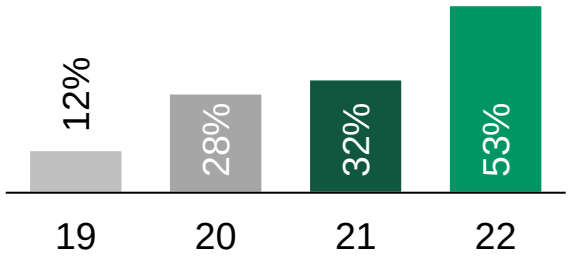
Digital transaction volumes
(# m)



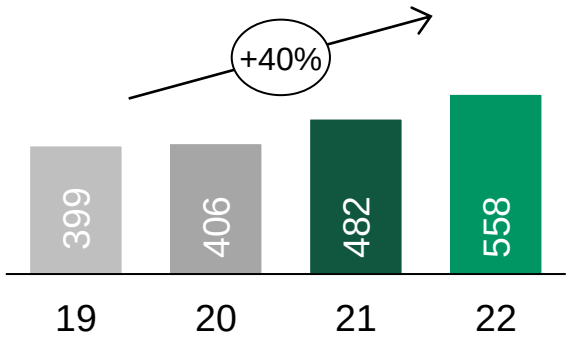
App transaction volumes
(# m)



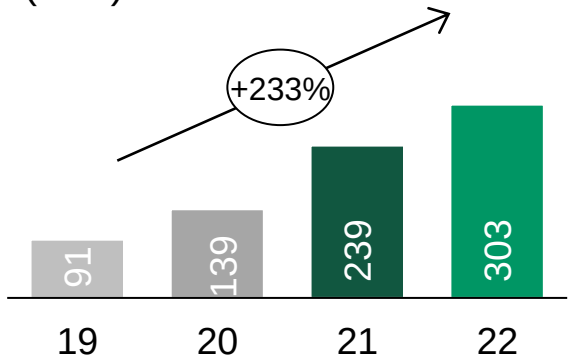
Digital sales
(% of new sales)



Digital transaction values
(Rbn)



App transaction values
(Rbn)



Change since 2019

Booklet slide

External recognition received in 2022 – business excellence & digital innovation

2022 Asian Banker Excellence in Retail Financial Services Awards
Best Retail Bank in Africa and South Africa (winner)

2022 Intellidex/ Investors Monthly
Archetype Award for Internationally Wealthy Family (winner)

2022 International Activeops Awards
Excellence in Running Insurance Operations (winner)

The Banker Investment Banking Awards 2022
Investment Bank of the year for Africa (winner)

2022 Global Banking & Finance Review
Excellence in Innovation Banking App – South Africa (Nedbank Avo) (winner)

2023 Global Finance Magazine
Best Bank for Client-Facing Technology (winner)

2022 Asian Banker Excellence in Retail Financial Services Awards
Best SME Bank in South Africa (winner)

2022 City of London Wealth Management Awards
Best Private Bank in the UK (winner)

2022 Global Finance Investment Bank Awards
Best Investment Bank: SA (winner)

2022 Euromoney Awards for Excellence
Africa's Best Bank (winner)

2022 Finnovex Southern Africa Awards
Excellence in Mobile Banking (winner)

2022 Euromoney Awards for Excellence
Africa's Best Digital Bank (winner)

9th Africa Bank 4.0 Awards – Bill World
Outstanding Contribution in Commercial Payments Products award for the SADC region (winner)

2022 Private Asset Managers Awards
Total Wealth Planning – High Net Worth (winner)

2022 Global Finance Investment Bank Awards
Best M&A Bank: Africa (winner)

2022 Euromoney Awards for Excellence
Africa's Best Bank For SMEs (winner)

2022 Finnovex Southern Africa Awards
Excellence in Mobile Banking – Nedbank Money (Africa) App (winner)

2022 The Asian Banker Financial Technology Innovation Awards
Best API and Open Banking Implementation (winner)

2022 Wealth Briefing MENA Awards for Excellence
Best Boutique Private Bank (winner)

2022 Wealth Briefing MENA Awards for Excellence
Best Private Bank – Overall Client Service (winner)

The Banker Deals of the Year 2022
Deal of the Year – Africa Loans (Tanzania) (winner)

Finance Derivative
Best Banking Technology Implementation South Africa (winner)

2022 Digital Banker Middle East and Africa Innovation Awards
Outstanding Digital Transformation (winner)

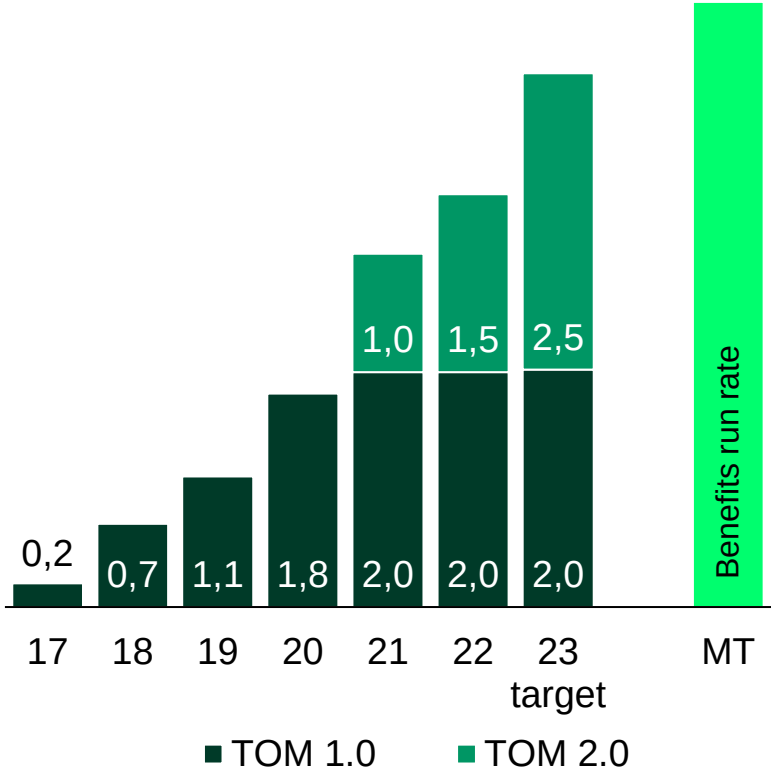
2022 Professional Wealth Management Awards
Best Private Bank for Digital Customer Service in Africa (winner)

■ Business-impact- & expertise-related

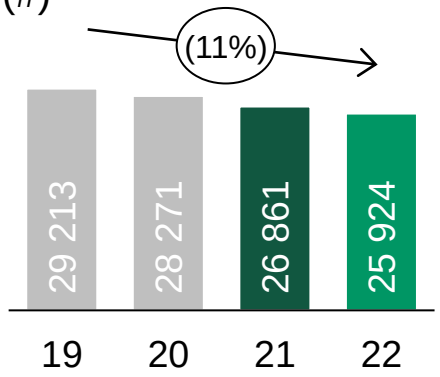
■ Technology- & innovation-related

Operating model changes & efficient execution are enabling lower expense growth

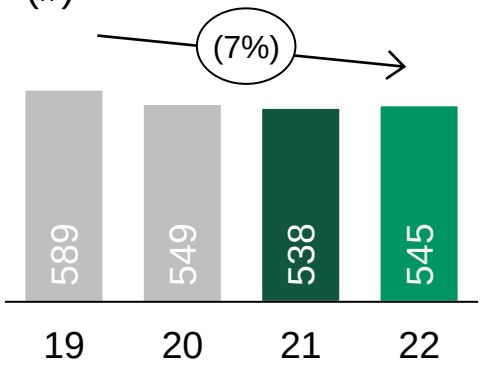
Cumulative target operating model benefits (Rbn)



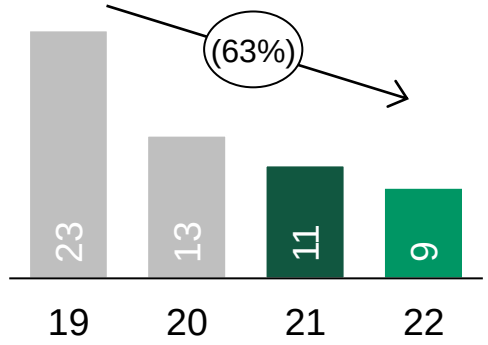
Permanent employees (#)



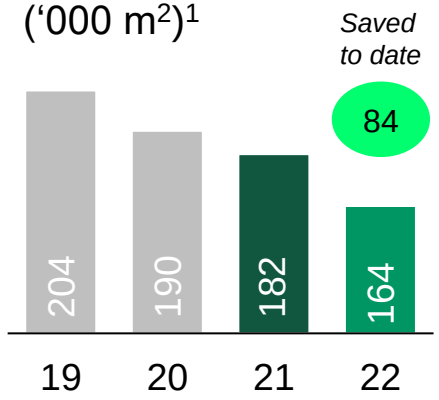
SA outlets/branches (#)



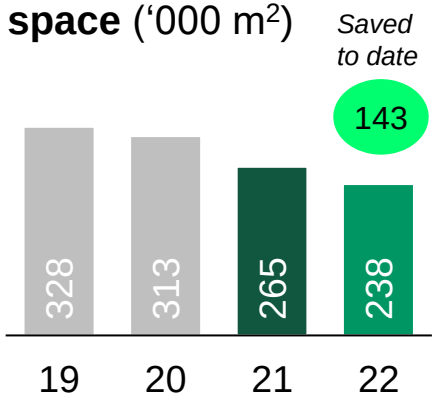
Teller activity (# m)[2]



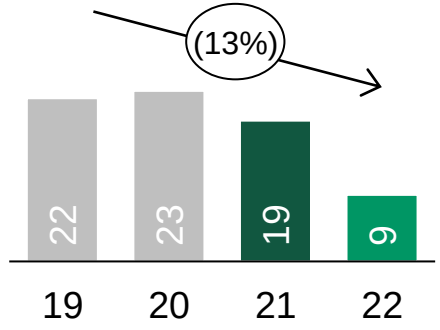
Branch floor space ('000 m²)[1]



Corporate real-estate floor space ('000 m²)



Annual IT amortisation charge (% growth)



[1] Total branch floor space saved since 2014 equates to 84k sqm, 36% of the 2014 floor space & total branch floor space saved since 2018 at 24% of the 2018 branch floor space. | [2] Refers to the volume of interactions with tellers.

Change since 2019

Mixed outcome on market share gains as we remained prudent in a difficult economic environment (Strategic Portfolio Tilt 2.0)

BA900 market share (%)	Dec 19	Dec 20	Dec 21	Jun 22	Dec 22
Core corporate loans[1]	21,2	20,9	19,8	**19,1**	**18,5**
CPF	38,7	38,5	37,2	**37,6**	**36,8**
Home loans	14,4	14,4	14,2	**14,0**	**14,1**
Vehicle finance	36,4	36,5	36,3	**35,9**	**35,4**
Personal loans	10,2	11,2	12,2	**11,9**	**11,6**
Card	13,0	12,6	11,9	**11,5**	**11,2**
Retail overdrafts	7,2	8,0	9,9	**11,1**	**12,9**
Retail transactional deposits	16,0	15,0	13,5	**13,7**	**13,9**
Retail non-transactional deposits	18,8	17,3	16,8	**16,3**	**17,2**
Commercial transactional deposits, excl tax & loans & wholesale Fx	12,8	12,8	12,8	**12,1**	**12,0**

- **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
- **Grow transactional deposits** – solid household deposits turnaround
- **H2 2022 market share gains** in retail overdrafts, home loans & household transactional & non-transactional deposits as management actions start yielding results

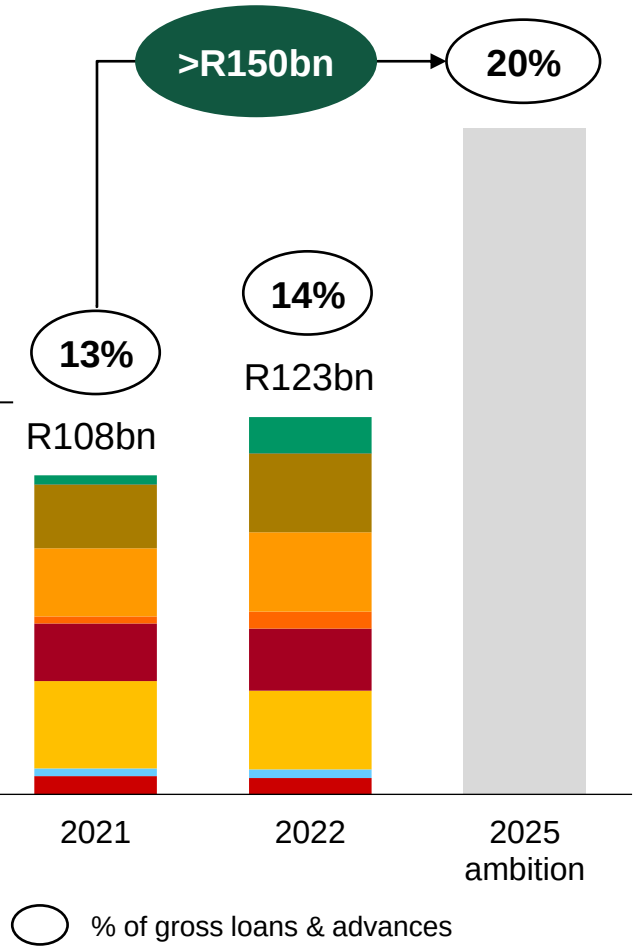
[1] *CIB preference shares reported in Nedbank Group, not Nedbank Limited & therefore not included in the BA900 returns as the industry does, resulting in an understatement of our core corporate loans market share (including preference shares: Dec 22: 18,9%, Jun 22: 19,7%).*

Creating positive impacts – R123bn of exposures at the end of 2022 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 financing (Rbn)



R500m funding for clean water & sanitation in 2022

R21bn lending exposure to small business & their owners

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

R3,5bn for new affordable home loans in 2022, equating to **> 5 500** homes

R952m towards the financing of affordable housing, equating to **~5 000** units

R27bn total renewable-energy exposures

>3 500 MW added to the national electricity grid

Commencing with wheeling of green power from IPPs to reduce our own operational carbon emissions

Own green energy usage at **1,5%** in 2022, targeting **>30%** by 2025

R26bn support for farmers

R238m student loan & accommodation financing in 2022

Financing of …

> 3 600 student loans over the past 5 years

43 000 student beds since 2015

R12bn in sustainable finance, up > 290% across multiple SDGs for clients in CIB

Creating positive impacts – using our financial expertise to do good

MSCI ESG rating AAA (ranked in top 5% of global banks) from AA in 2021

Level 1 BBBEE status for the past 5 years

Employee 'Best place to work'
NPS up to 22 (up 3 yoy)



Ranked #1 in the JSE Satrix Inclusion & Diversity Index

Mandatory Audit Firm Rotation – KPMG to replace Deloitte in 2024



1 835 first-time job opportunities for unemployed youth (YES) & >7 000 since 2019

Diversity & inclusion

81% AIC employees (2021: 80%)

62% female employees (2021: 61%)

Ranked #2 'Best ESG' financials company in Institutional Investor's 2022 emerging EMEA survey



Listed on A2X in 2022, offering investors choice – Nedbank regularly a top 10 traded stock

Booklet slide

Creating positive impacts – our ESG credentials & awards

Nedbank's ESG ratings

MSCI AAA	Top 5% of global banks
FTSE Russell FTSE4Good 3,9	Top 26% of global banks
SUSTAINALYTICS 17,2	Top 8% of diversified banks
ISS ESG C	Top 10% of all global banks
S&P Global 67	Top-tier SA bank

Credentials & awards

Carbon-neutral operations (since 2009)

Net-zero operational water use (since 2018)

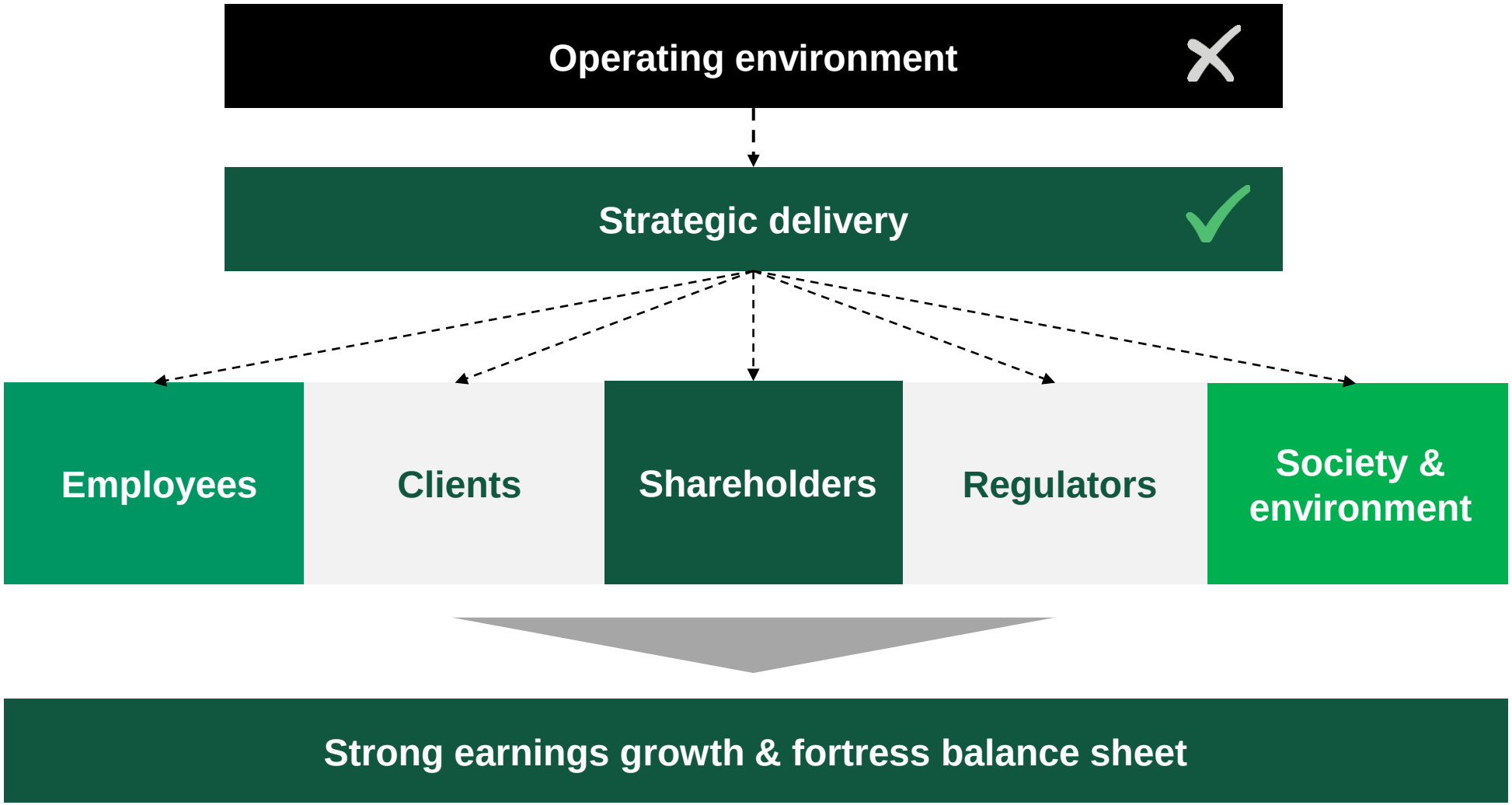
Climate Action Alliance (became a member in 2022)

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

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

- 2022 Global Finance The Innovators Awards – **Outstanding Innovation in ESG (Green Res Dev Bond)** (winner)
- 2022 Global Banking & Finance Awards – **Best Corporate ESG Strategy South Africa** (winner)
- 2022 Top Empowerment Awards – **Top Empowered: Youth Employment Service YES Initiative** (winner)
- 2022 Global Finance Sustainable Finance Awards – **Outstanding leadership in sustainability-linked bonds** (winner)
- 2022 Environmental Finance Impact Awards – **Lender of the Year** (winner)
- 2022 Global Finance Sustainable Finance Awards – **Outstanding leadership in green bonds** (winner)
- 2022 Top Empowerment Awards – **Top Empowered Company: Enterprise & Supplier Development** (winner)
- 2022 Bonds, Loans & ESG Capital Markets Africa Awards – **Local Currency ESG & Sustainable Finance Deal of the Year** (winner)

Delivering value for all our stakeholders in a challenging operating environment





‘Strong revenue growth supported HE of **R14bn**, up 20%; higher ROE at **14%** & strong CET1 ratio at **14%**’

Financial overview

Mike Davis

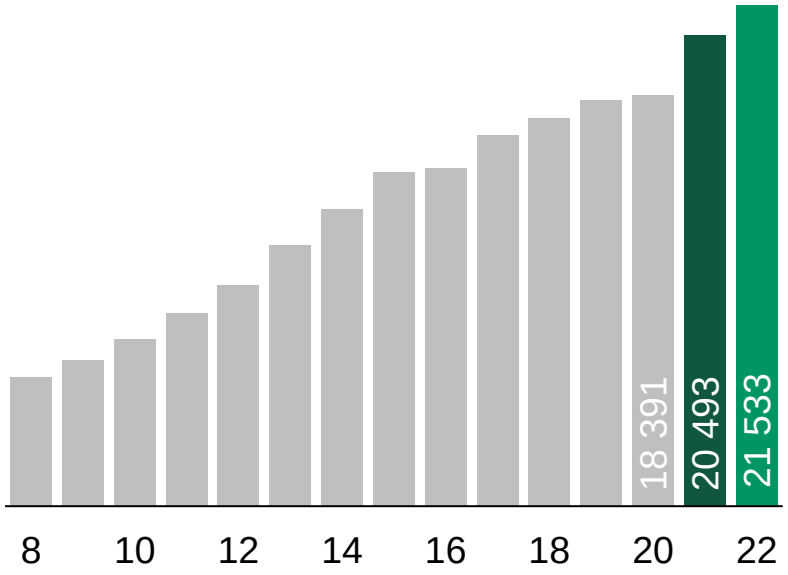
Chief Financial Officer

Key environmental & strategic drivers – mixed impact on the group's 2022 financial performance

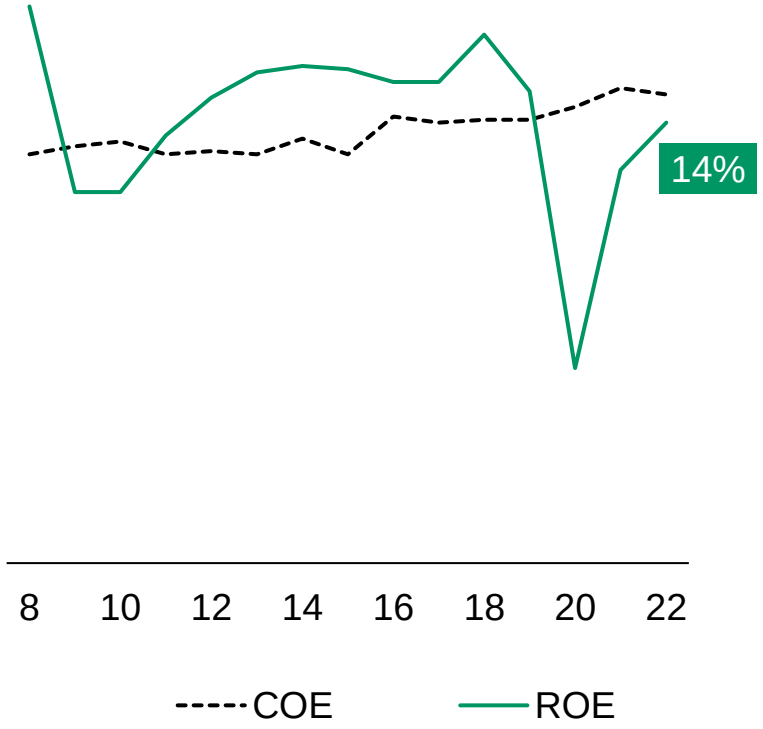
Operating environment				Strategic delivery		Financial outcomes
SA GDP growth	✗	Global & local markets	✗	Technology/ Digital	✓	Revenues ▲ **11%**
SA inflation	✗	Currency impacts	✗	Efficient execution	✓	Headline earnings ▲ **20%**
SA prime interest rate	✓ ✗	Regulation	–	Market share gains	–	Dividend per share ▲ **38%**
Business confidence	✗	Competition	✗	Cross-sell & main-banked client gains	✓	
Electricity constraints	✗			Creating positive impacts	✓	CET1 ratio ✓ **14%**

Key drivers of shareholder value creation – solid NAV growth, ongoing ROE improvement & strong capital generation enabling a record-high 2022 dividend

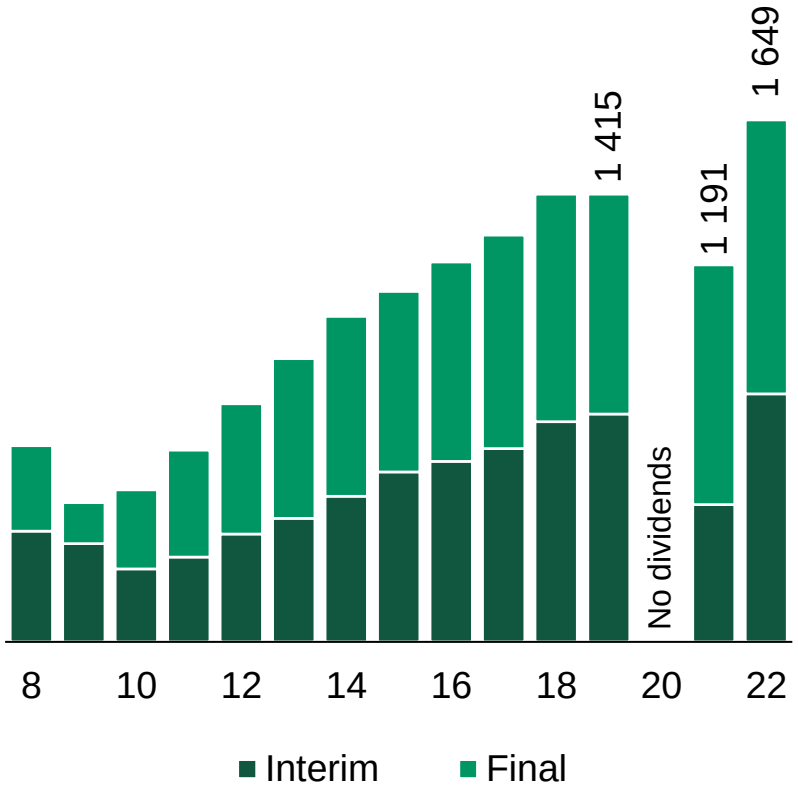
NAV per share (cents)



ROE & cost of equity (%)



Dividend per share (cents)



NAV growth +5% yoy

ROE increasing towards COE & then > COE

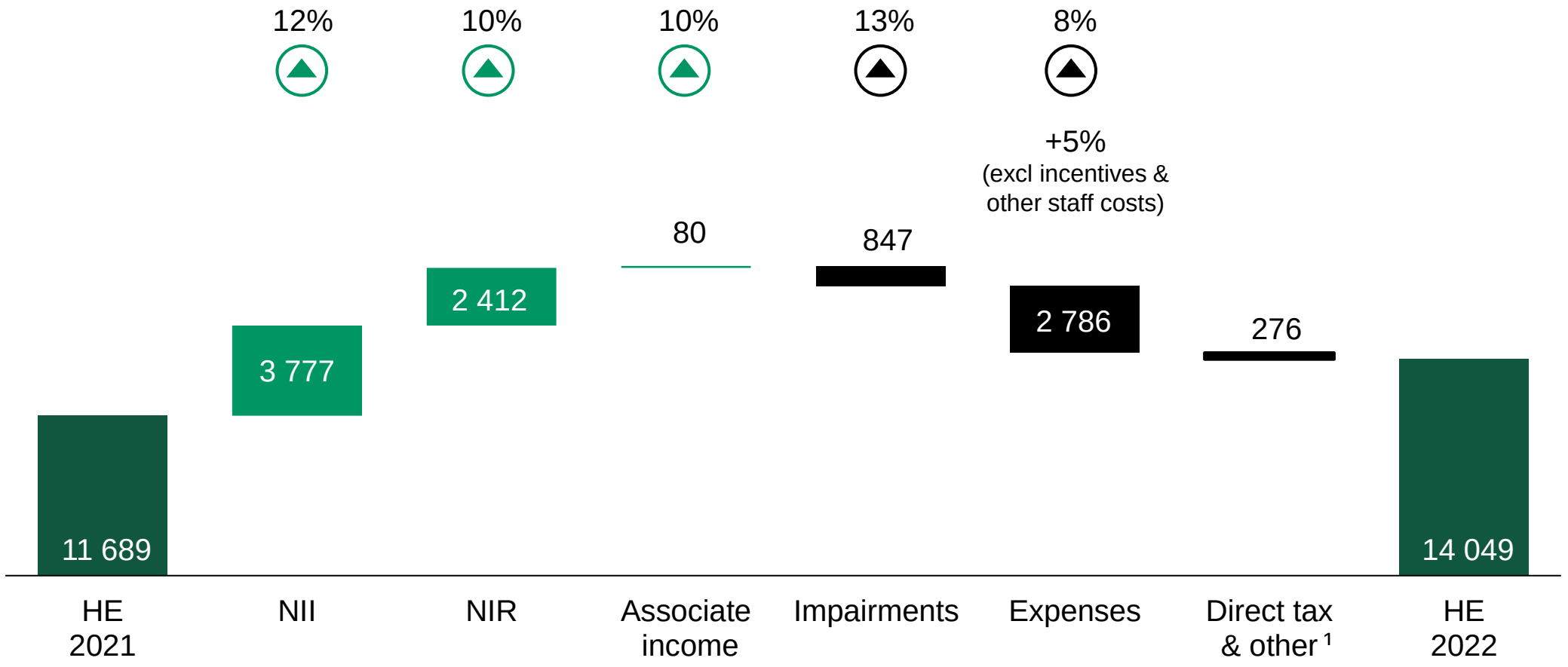
Dividend cover at 1,75x

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

		yoy	2022	2021	2020	2019
Profitability	Headline earnings (Rm)	20%	**14 049**	11 689	5 440	12 506
	DHEPS (cents)	19%	**2 806**	2 362	1 113	2 565
	Basic EPS (cents)	27%	**2 932**	2 317	717	2 500
	ROE (%)		**14,0**	12,5	6,2	15,0
Advances & deposits	Gross banking advances (Rbn)	7%	**863**	807	797	810
	Deposits (Rbn)	7%	**1 040**	968	954	904
	NIM (bps)		**393**	373	336	352
Asset quality	Credit loss ratio (bps)		**89**	83	161	79
	Total coverage (%)		**3,37**	3,32	3,25	2,26
Liquidity	Liquidity coverage ratio (%)		**161**	128	126	125
	NSFR (%)		**119**	116	113	113
Capital	CET1 (%)		**14,0**	12,8	10,9	11,5
	Risk-weighted assets (Rbn)	(1%)	**648**	657	674	629

Headline earnings up by 20% – driven by strong revenue growth

Headline earnings (Rm)

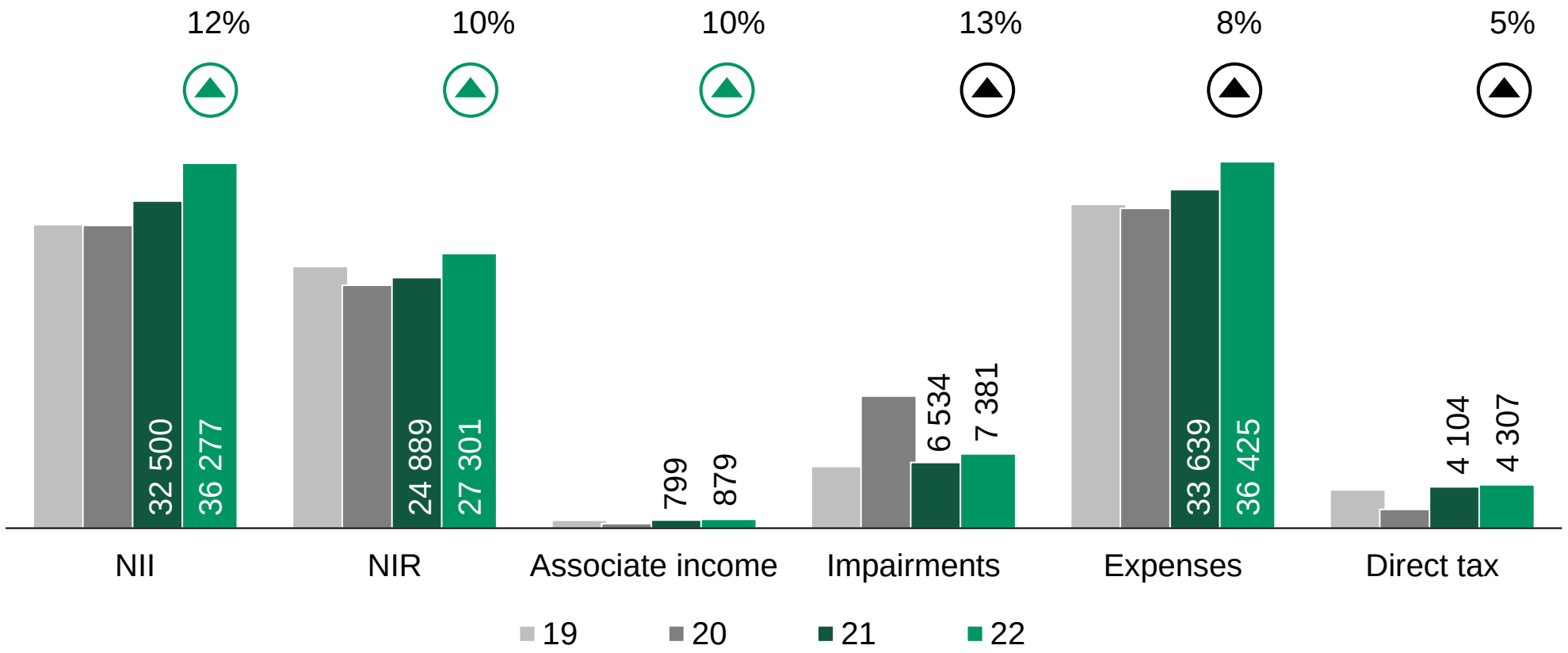


[1] Other includes indirect tax and minority & preference shareholders.

Booklet slide

Headline earnings up by 20% – driven by strong revenue growth

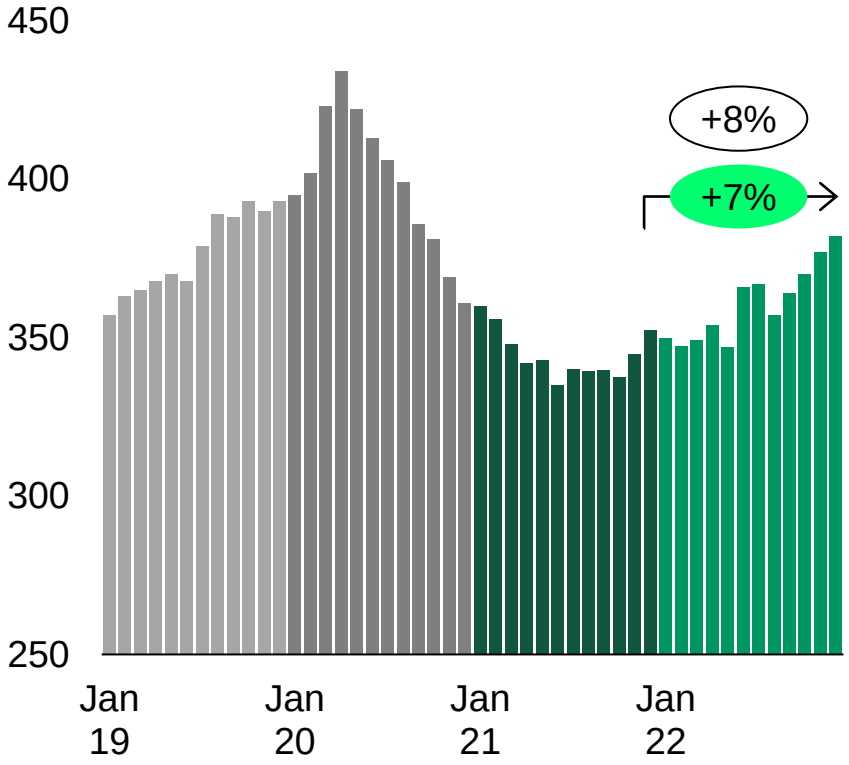
Key earnings drivers (pre-tax, Rm)



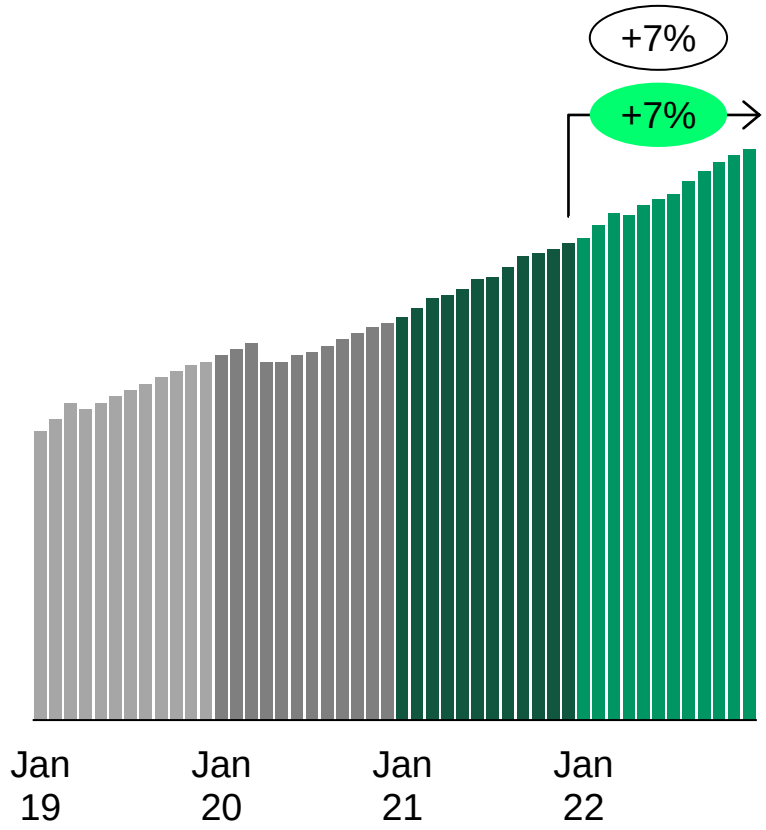
Note: 2021 NIR restated to take into account net monetary loss reclassification. 2019 & 2020 impact is immaterial therefore NIR not restated.

Gross banking advances up 7% – driven by ongoing momentum in RBB & recovery in CIB

CIB gross banking advances (Rbn)



RBB gross banking advances (Rbn)



Average yoy growth (12M 2022 on 12M 2021)

Actual yoy growth (Dec 2022 on Dec 2021)

- **CIB: activity picked up in H2**
  - Uptick in H2 credit demand & execution of pipeline in mining & resources, and diversified & industrials (run-rate benefit in 2023)
- **RBB: momentum continued**
  - Strong growth in SME & commercial client segments
  - Small market share gain in HL in H2 2022
  - Selective growth by leveraging our strong position in MFC (second-hand & lower-value vehicles)
  - More cautious in unsecured lending given elevated risk in the macroeconomic environment

Booklet slide

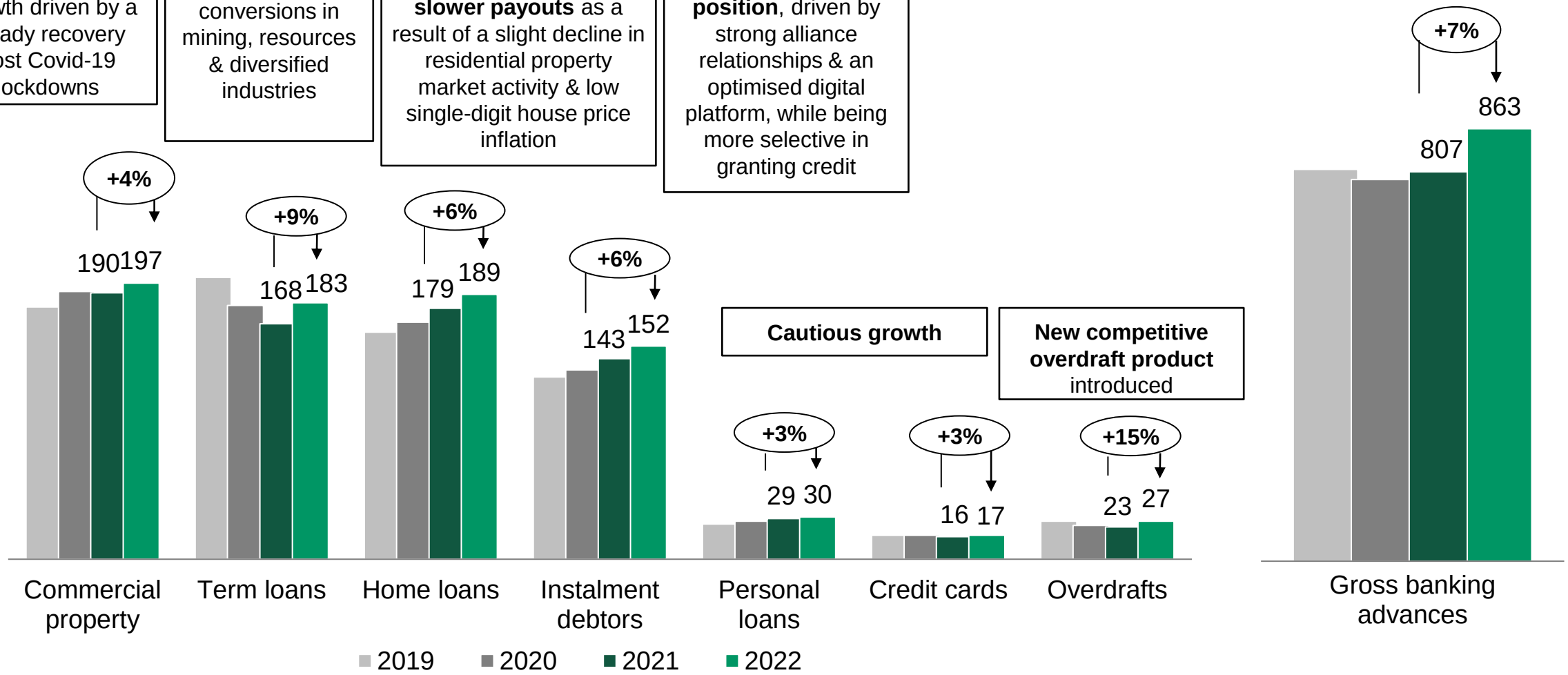
Gross banking advances up 7%

Muted CPF opportunities, but growth driven by a steady recovery post Covid-19 lockdowns

Strong H2 growth Pipeline conversions in mining, resources & diversified industries

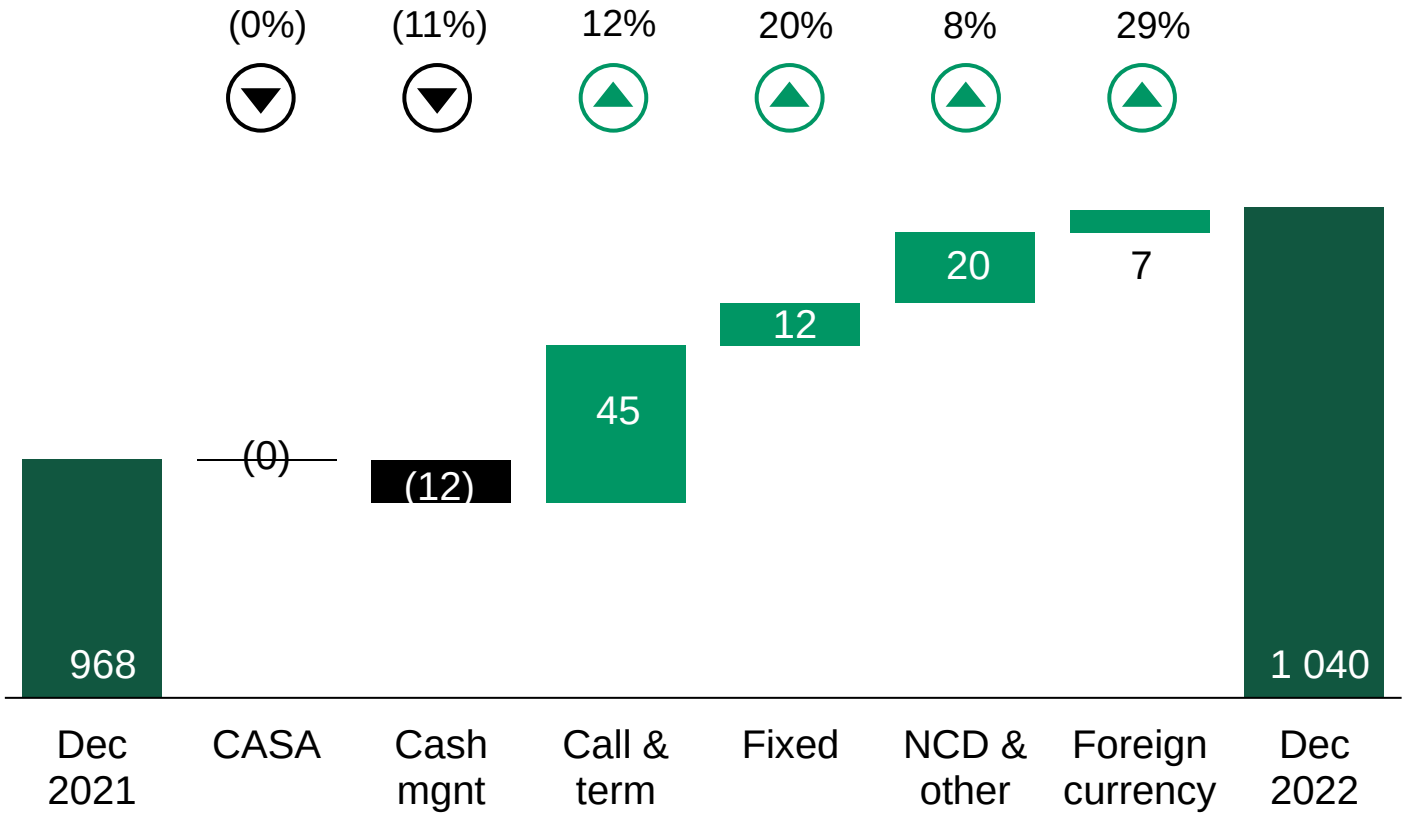
HL growth driven by lower attrition but slower payouts as a result of a slight decline in residential property market activity & low single-digit house price inflation

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

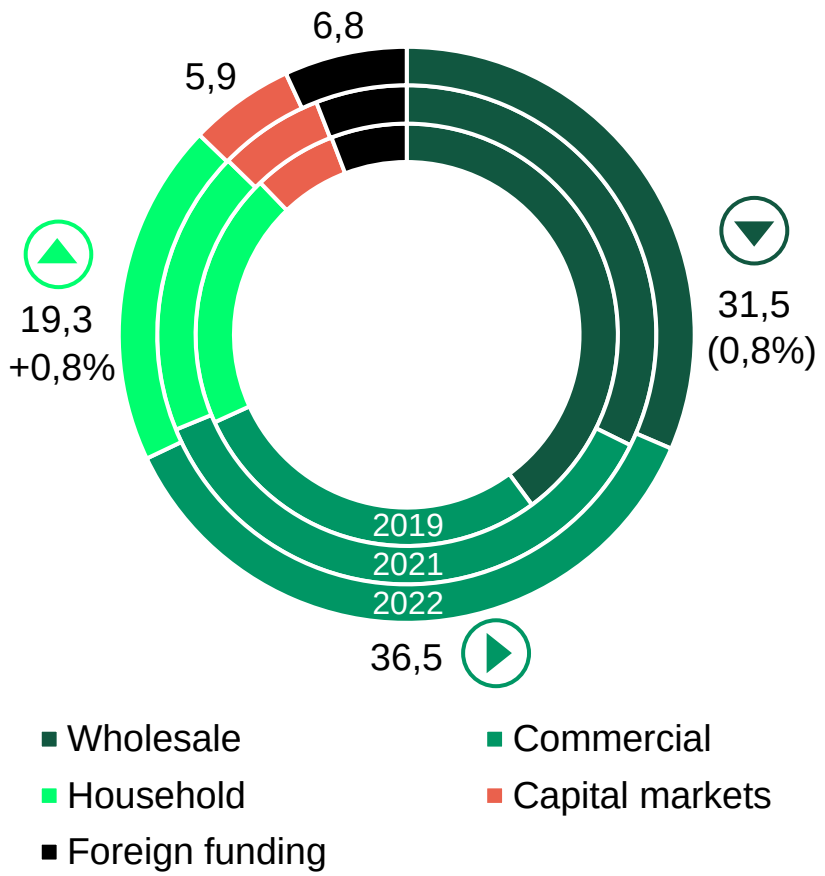


Deposits up 7% – exceeding R1 trillion for the first time; behavioural shift to longer tenure in a rising-interest-rate environment

Deposits (Rbn, % change yoy)



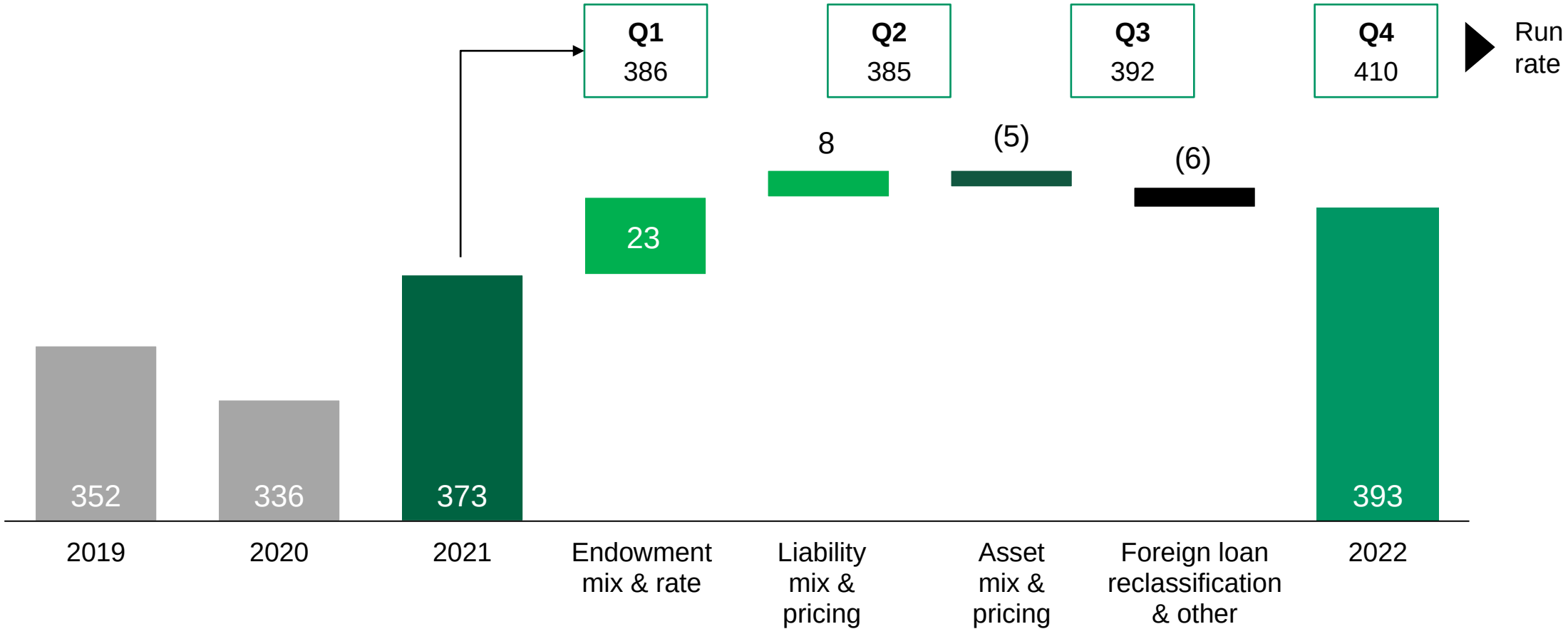
Funding mix (% contribution)[1]



[1] *Funding mix based on BA900 returns. Nedbank Group foreign funding at 3%.*

NII up by 12% – NIM expansion driven by endowment income (higher interest rates) & liability mix/pricing benefits

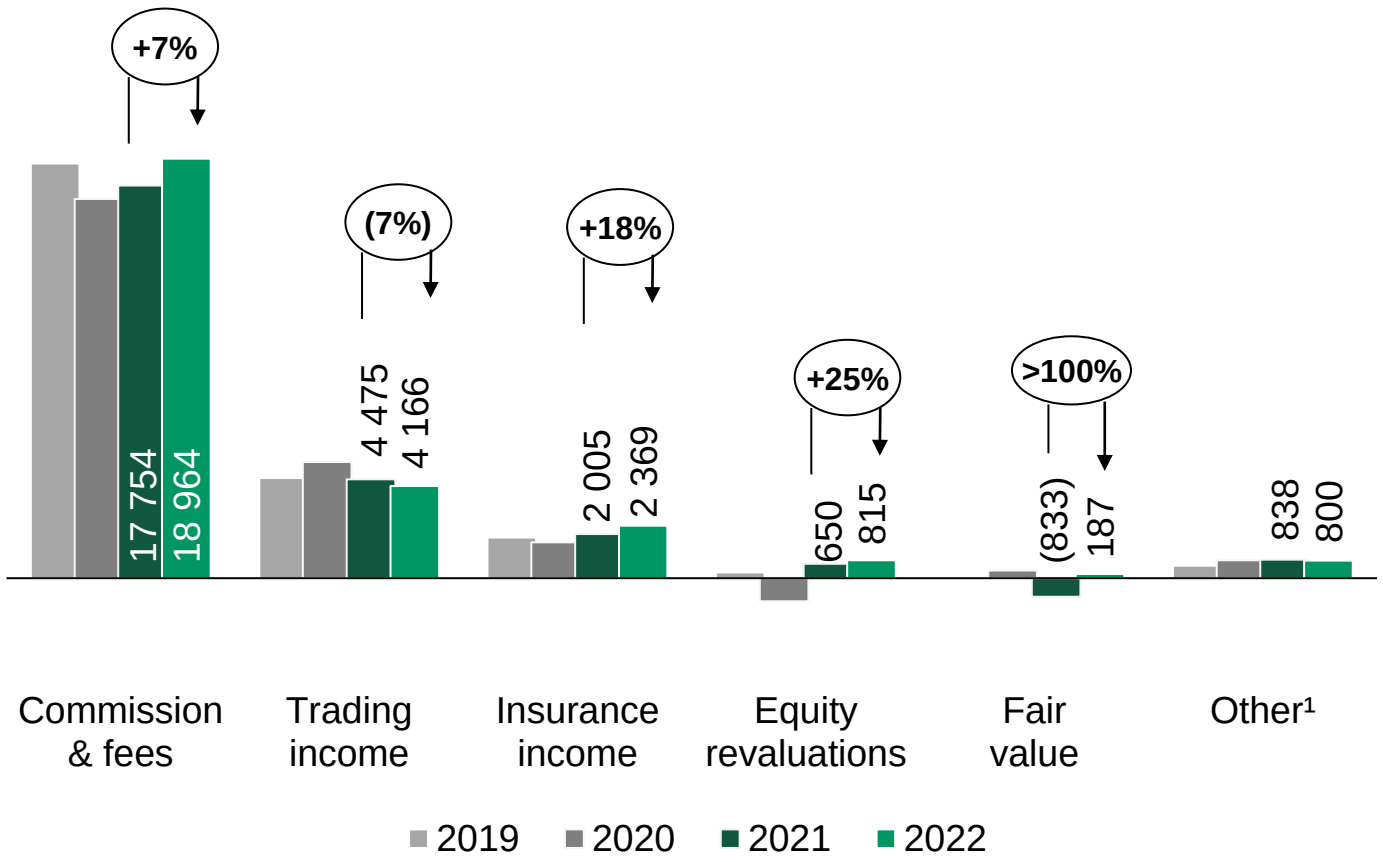
Net interest margin (bps)



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

NIR up by 10% – solid commission & fees growth, good insurance income & equity performance & prior-year MVFHA loss did not recur

NIR (Rm)

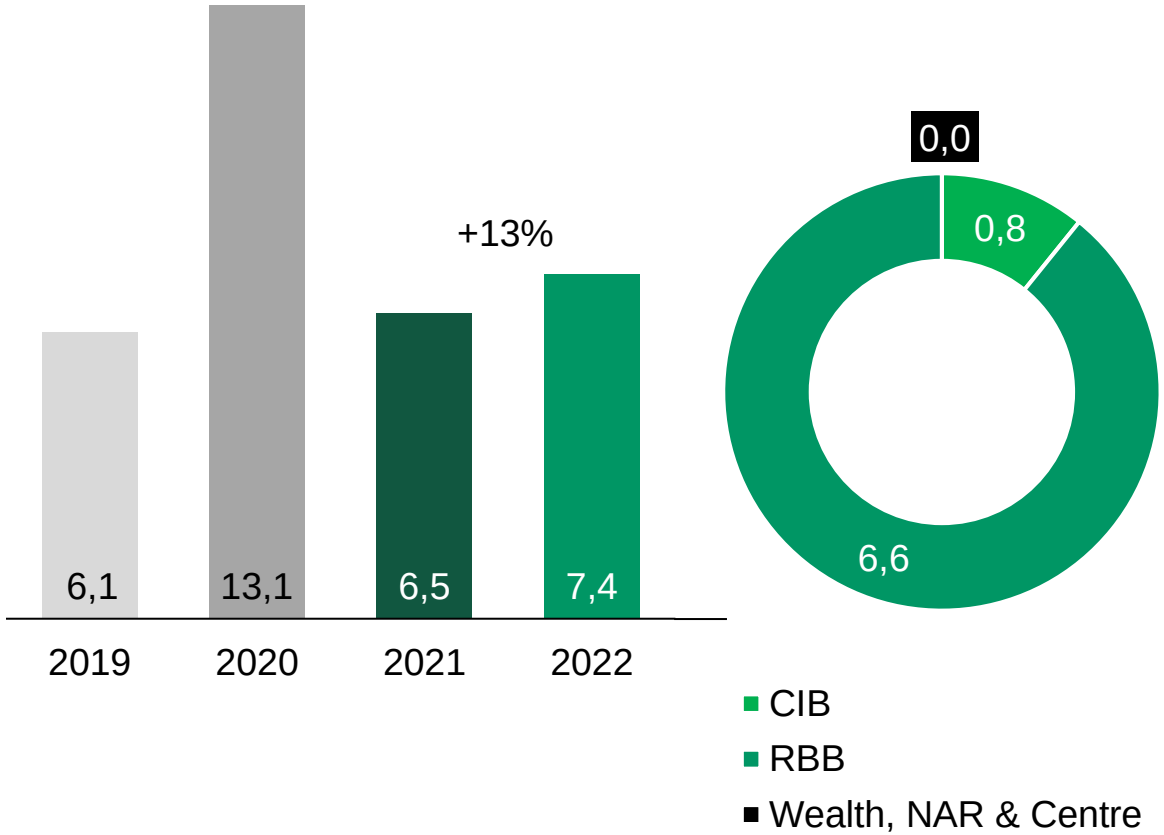


- **Commission & fees** – solid growth driven by ongoing recovery in client transactional activity incl card interchange revenue, cross-sell & main-banked client gains (SPT 2.0)
- **Trading** – unfavourable conditions negatively impacted debt & interest rate markets
- **Insurance** – lower claims in the life portfolio, partially offset by 3% increase in non-life claims ratio & the impact of the KZN CAT event
- **Equity** – driven by higher revaluations in CPF
- **Fair value** – 2021 fair-value losses did not recur
- **Other** – driven by Fx gains of R442m in Zimbabwe due to hyperinflationary conditions, largely offset by the reclassification of R419m net monetary loss into NIR

[1] *Represents sundry income & investment income.*

Impairment charge up 13% – driven by higher impairments in interest-rate-sensitive products across our retail portfolios

Impairment charge (Rbn)



Key impairment growth drivers in 2022:

- **7% growth** in gross banking loans & advances
- higher impairments in **interest-rate-sensitive products** in RBB (home loans & vehicle finance)
- a **few corporate clients migrated** to stage 3

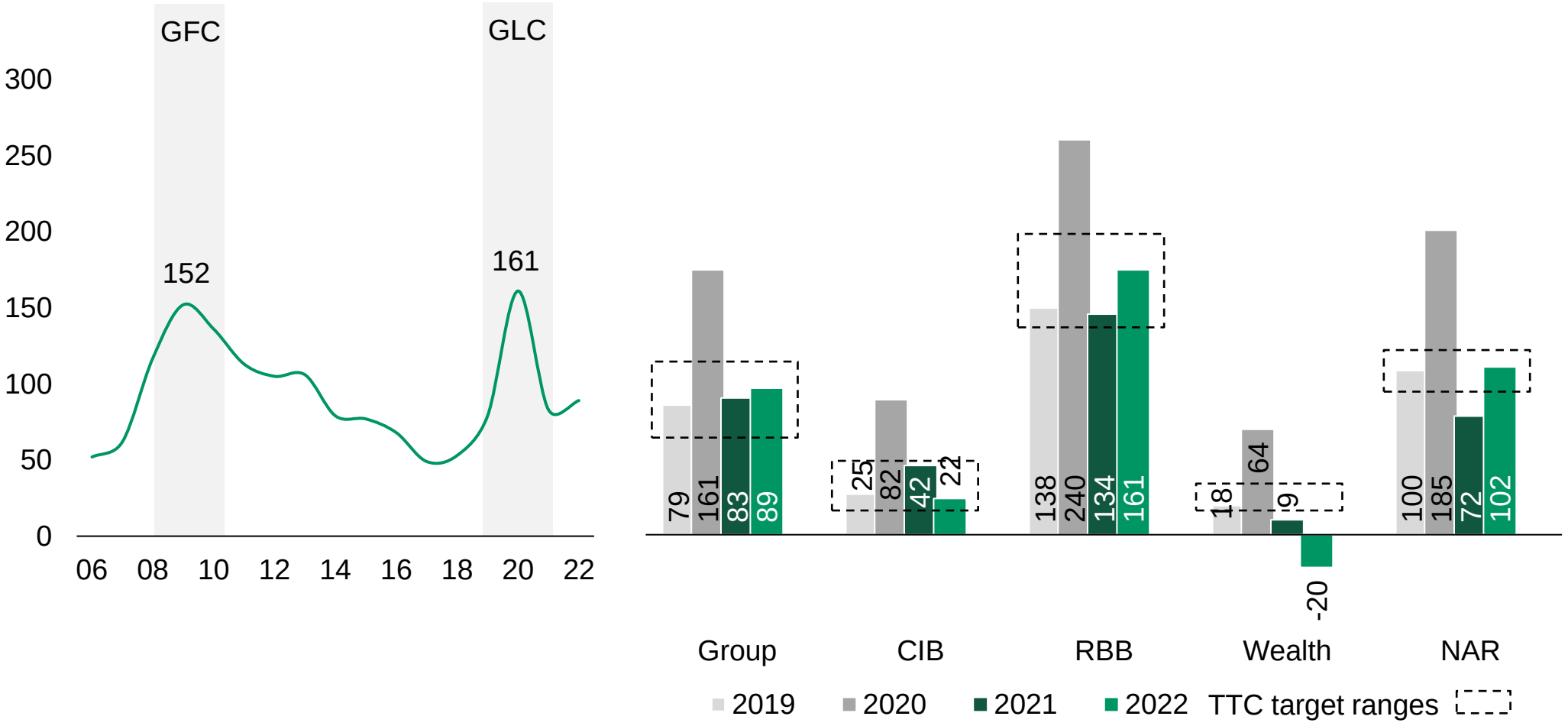
Partially offset by:

- **overlay releases** previously held for anticipated defaults. Total overlays decreased to R1,4bn (2021: R3,0bn), with zero Covid-19-related overlays remaining at the end of 2022

Overlays released via IS	- R0,90bn
New overlays raised via IS	+ R1,25bn
Overlays catered for in-model	- R1,95bn

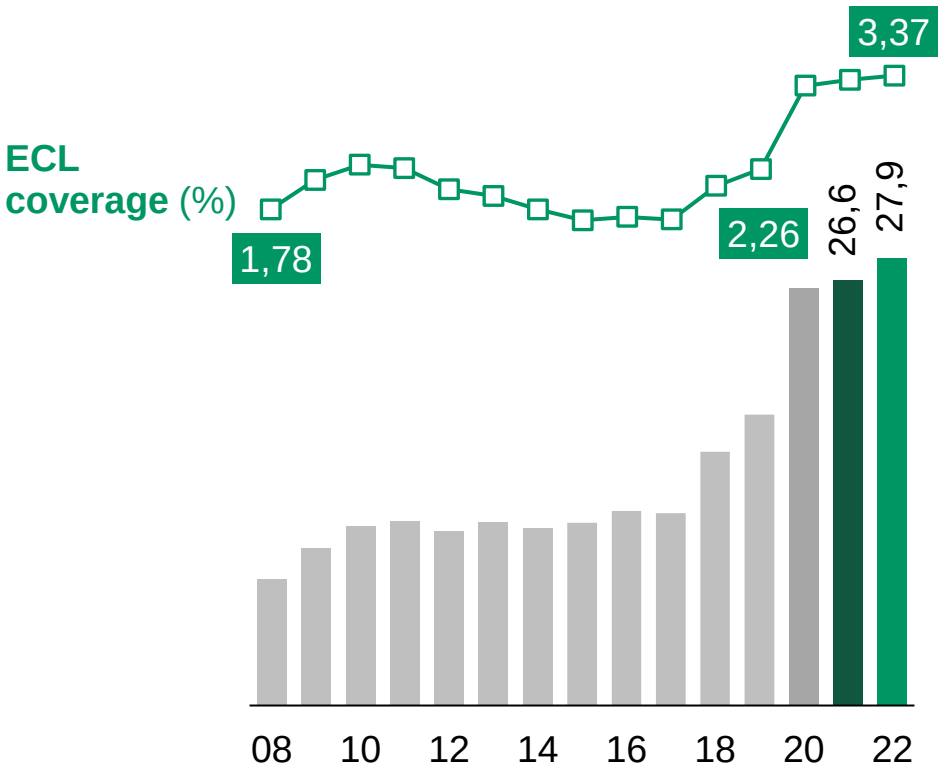
Group credit loss ratio at 89 bps – CIB, RBB & NAR within their TTC target ranges & Wealth below

Credit loss ratios (bps)

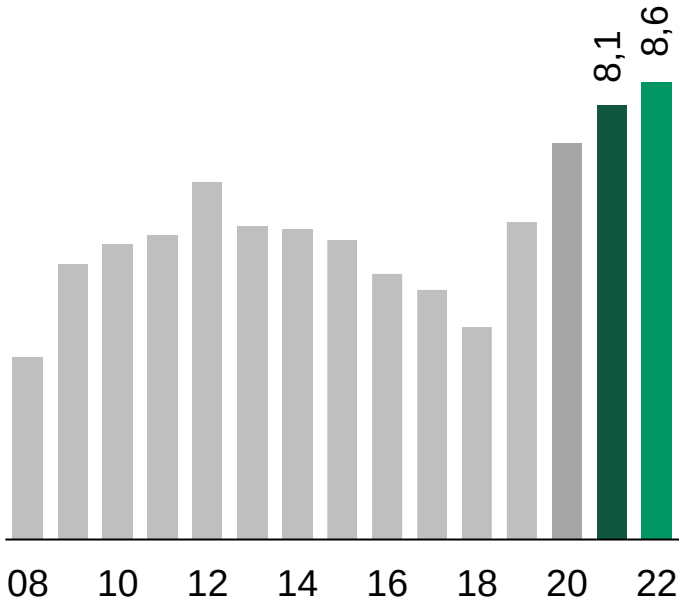


Total balance sheet ECL up 5% to R27,9bn – driven by the R7,4bn impairment charge, as well as higher levels of recoveries & write-offs

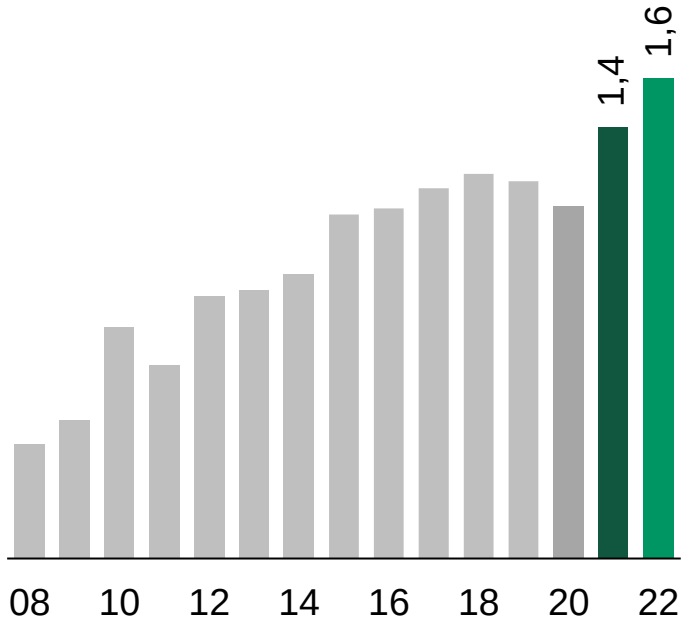
Total balance sheet ECL
(Rbn)



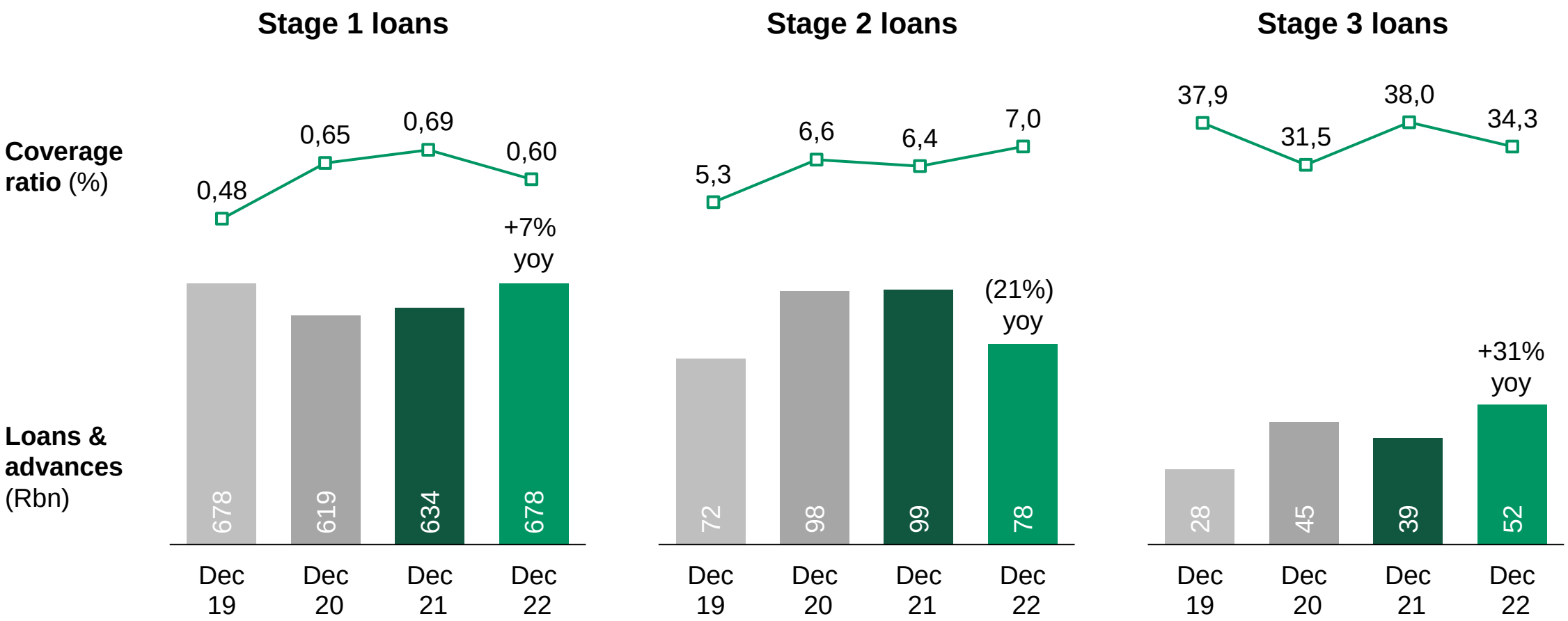
Write-offs
(Rbn)



Post-write-off recoveries
(Rbn)



Higher total ECL coverage of 3,37% (2021: 3,32%, 2019: 2,26%) – driven by a larger contribution from stage 3 loans



Driven by +7% gross loans & advances growth

Driven by migrations out of stage 2 loans (into stage 1 & stage 3) & the release of overlays

Driven by a few large highly collateralised CIB clients that moved from stage 2 into stage 3

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

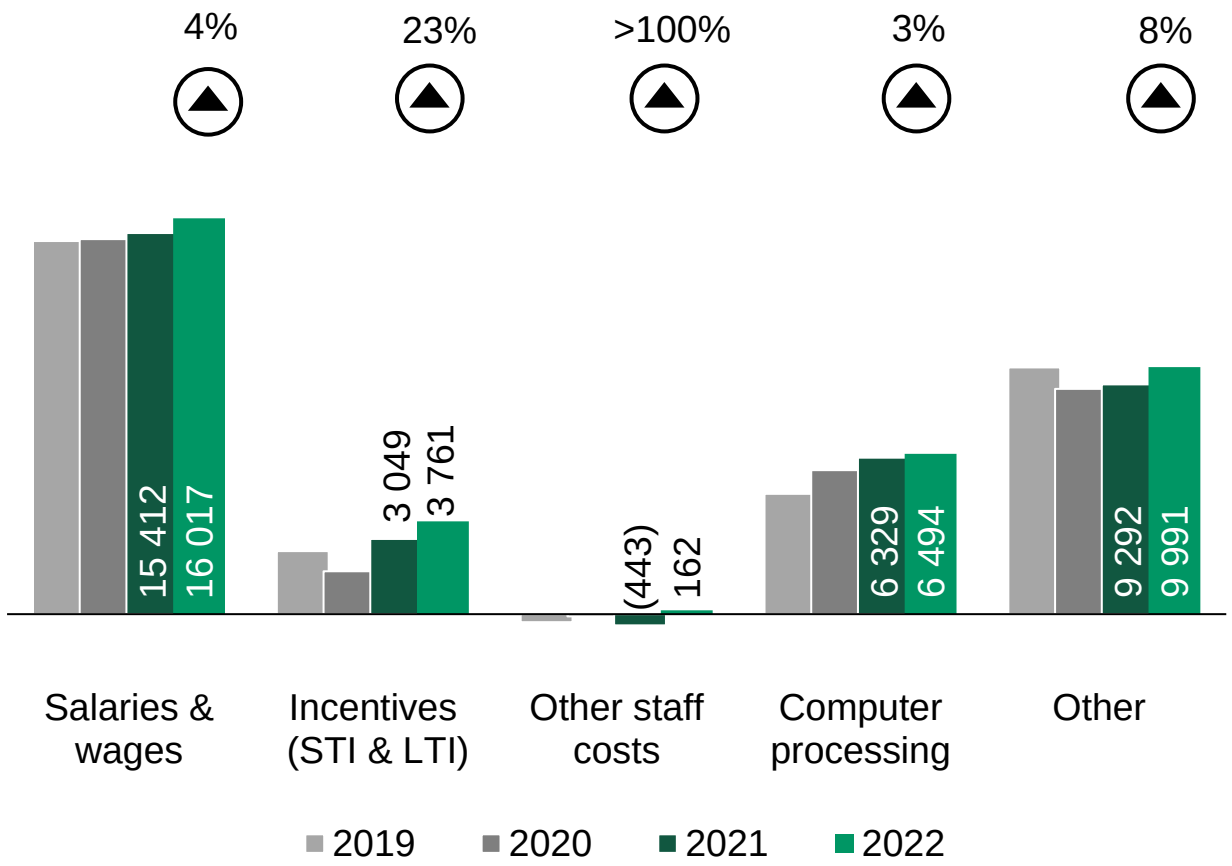
Booklet slide

All clusters within or below their target ranges & coverage ratios well above 2019 levels

	Credit loss ratio (bps)					**ECL coverage** (%)			
	22	21	20	19	TTC	**22**	21	20	19
CIB	**22**	**42**	**82**	**25**	**15–45**	**1,29**	**1,35**	**1,07**	**0,61**
CIB excl CPF	17	53	103	45		1,41	1,56	1,23	0,75
CPF	28	30	54	(2)		1,19	1,14	0,91	0,44
RBB	**161**	**134**	**240**	**138**	**120–175**	**4,92**	**4,83**	**5,09**	**3,87**
CB	11	(21)	110	50	50–70	1,83	2,05	2,61	1,68
Retail	200	175	275	163	160–240	5,73	5,54	5,73	4,48
HL	33	(9)	64	14		1,72	1,64	2,02	1,47
VAF	192	146	269	182		5,11	4,82	5,29	4,09
PL	918	982	1062	639		24,08	22,75	20,04	16,83
Card	490	633	897	542		15,95	16,81	17,57	13,18
Wealth	**(20)**	**9**	**64**	**18**	**20–40**	**1,33**	**1,56**	**1,42**	**0,74**
NAR	**102**	**72**	**185**	**101**	**85–120**	**5,19**	**4,85**	**3,94**	**3,34**
Group	**89**	**83**	**161**	**79**	**60–100**	**3,37**	**3,32**	**3,25**	**2,26**

Expenses up 8% – or 5% excluding incentives & other staff costs, reflecting good expense management, with focus on efficiencies & benefits from digitisation

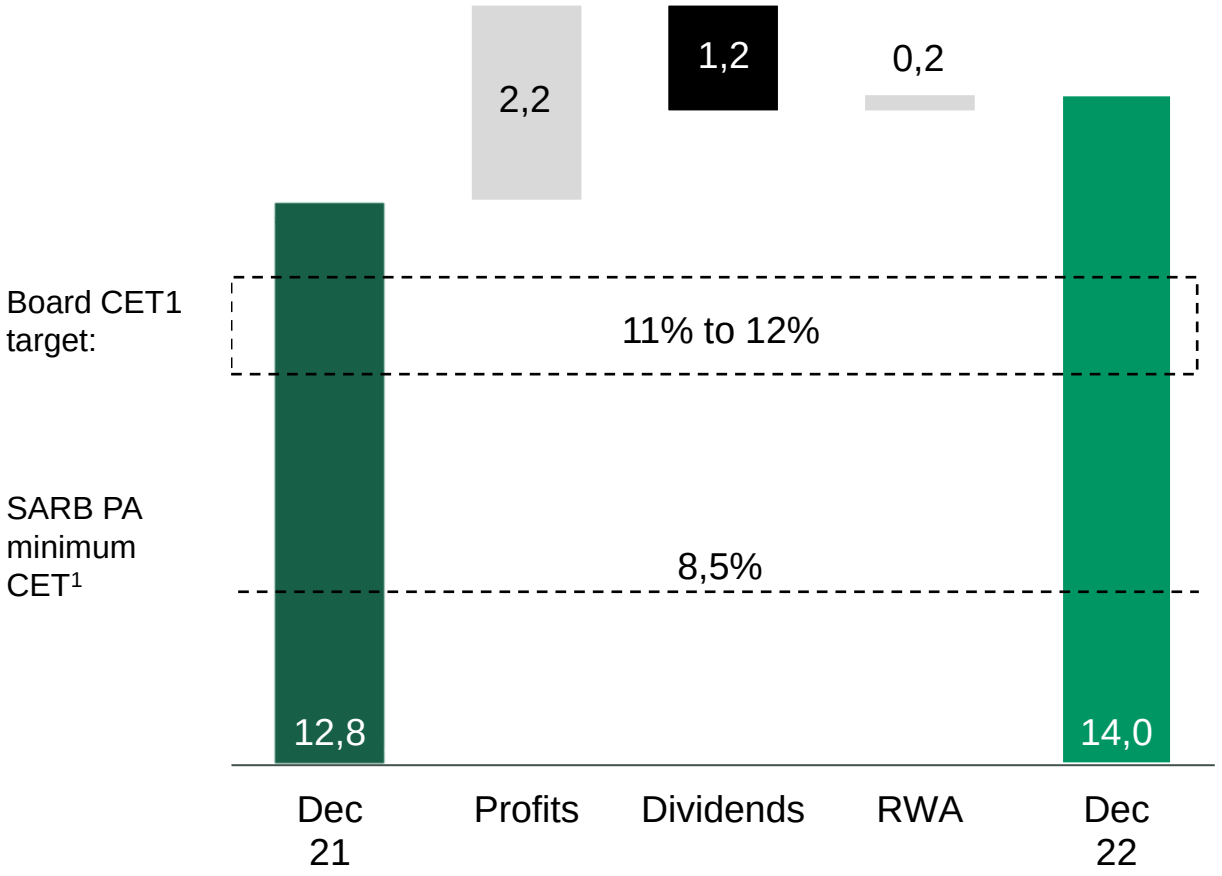
Expenses (Rm)



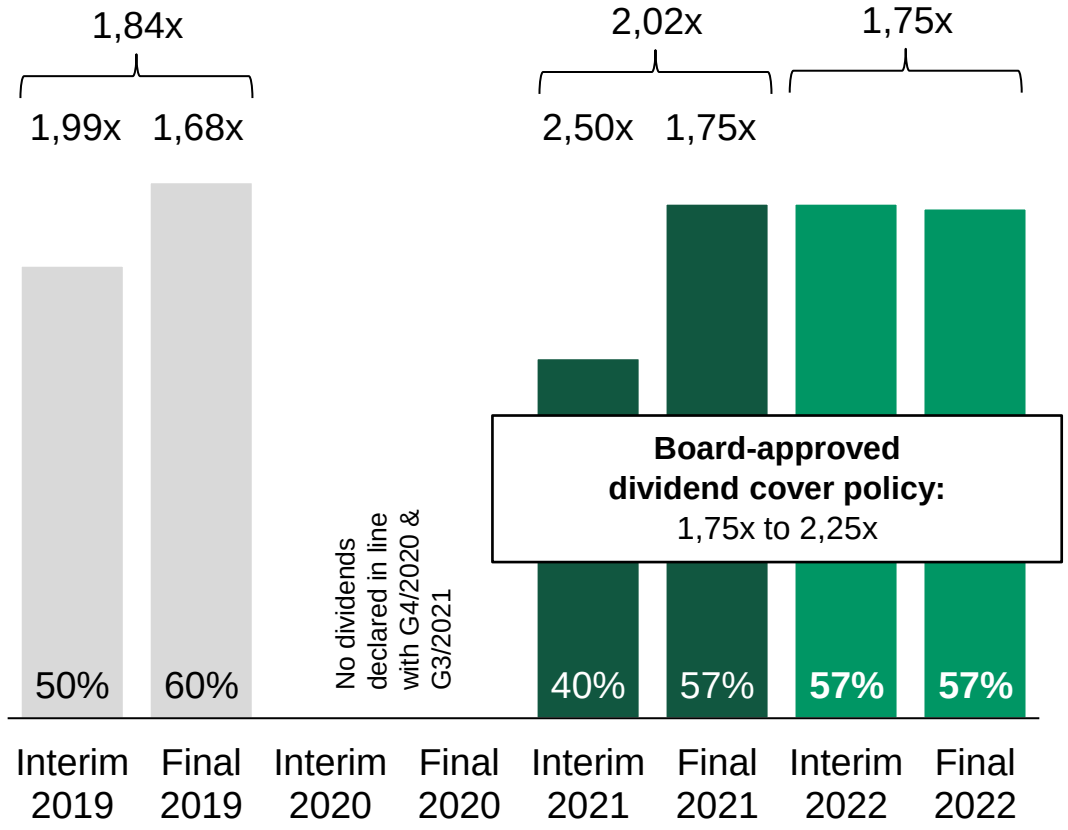
- **Staff-related costs**
  - Salaries & wages +4%
    - Average ASR increases: +4,6% (BU +5,2%)
    - 3% decline in permanent headcount (mainly through natural attrition - 63 retrenchments)
  - Variable-pay incentives aligned with improved profitability metrics +23% (STI +19%, LTI +38%)
  - Other staff costs: lower returns from employee benefit assets & more IT staff development costs expensed (not capitalised)
- **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 (22: +9%, 21: +19%)
- **Other costs**
  - Normalisation of discretionary spend, including marketing (+17%) & travel (+22%)
  - Offset by savings from lower accommodation-related costs (-4%)

Capital – CET1 ratio well above the top-end of our board-approved target range of 11% to 12%, supporting dividend declarations at 1,75x

CET1 ratio (%)



Dividend payout ratio
(payout ratio %, times cover)

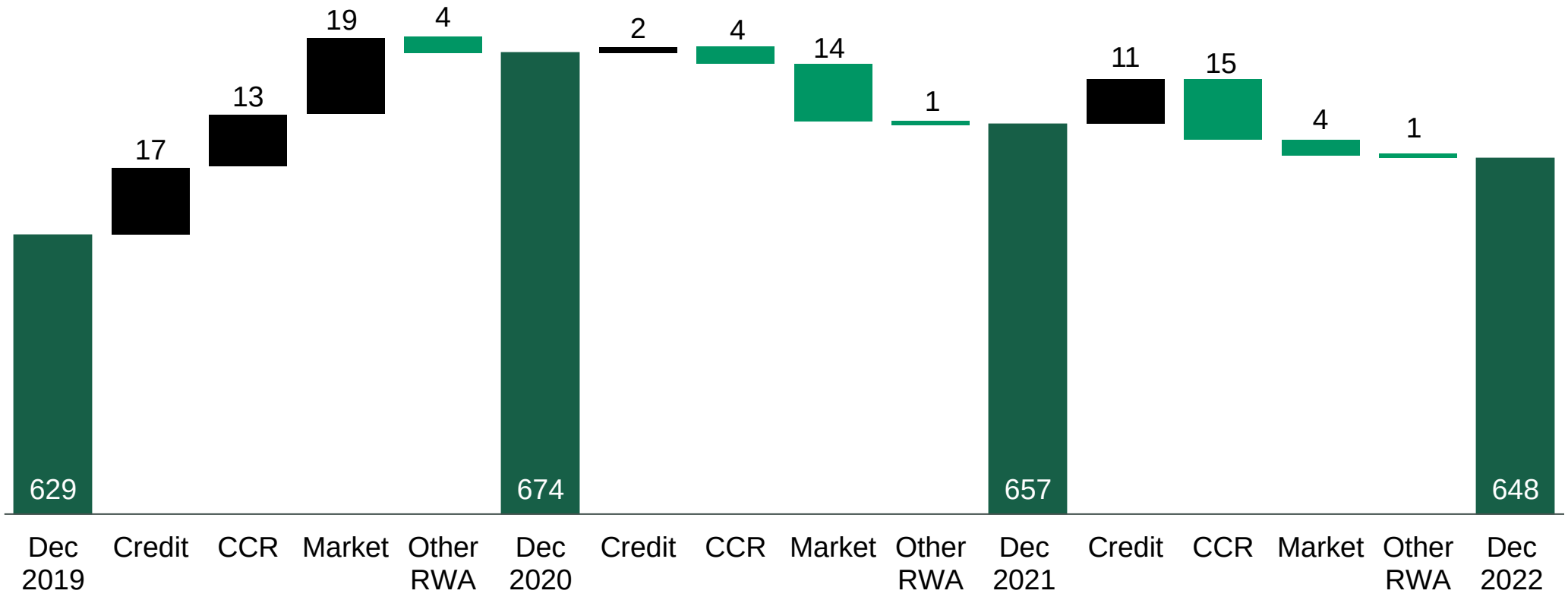


[1] *Excluding idiosyncratic buffers & including the D-SIB capital requirement of 100 bps, in line with PA Directive 5/2021 (from 8% in 2021).*

Booklet slide

RWA progression – lower overall RWA in 2022 as growth in credit RWA was offset by reductions in market & counterparty credit risk

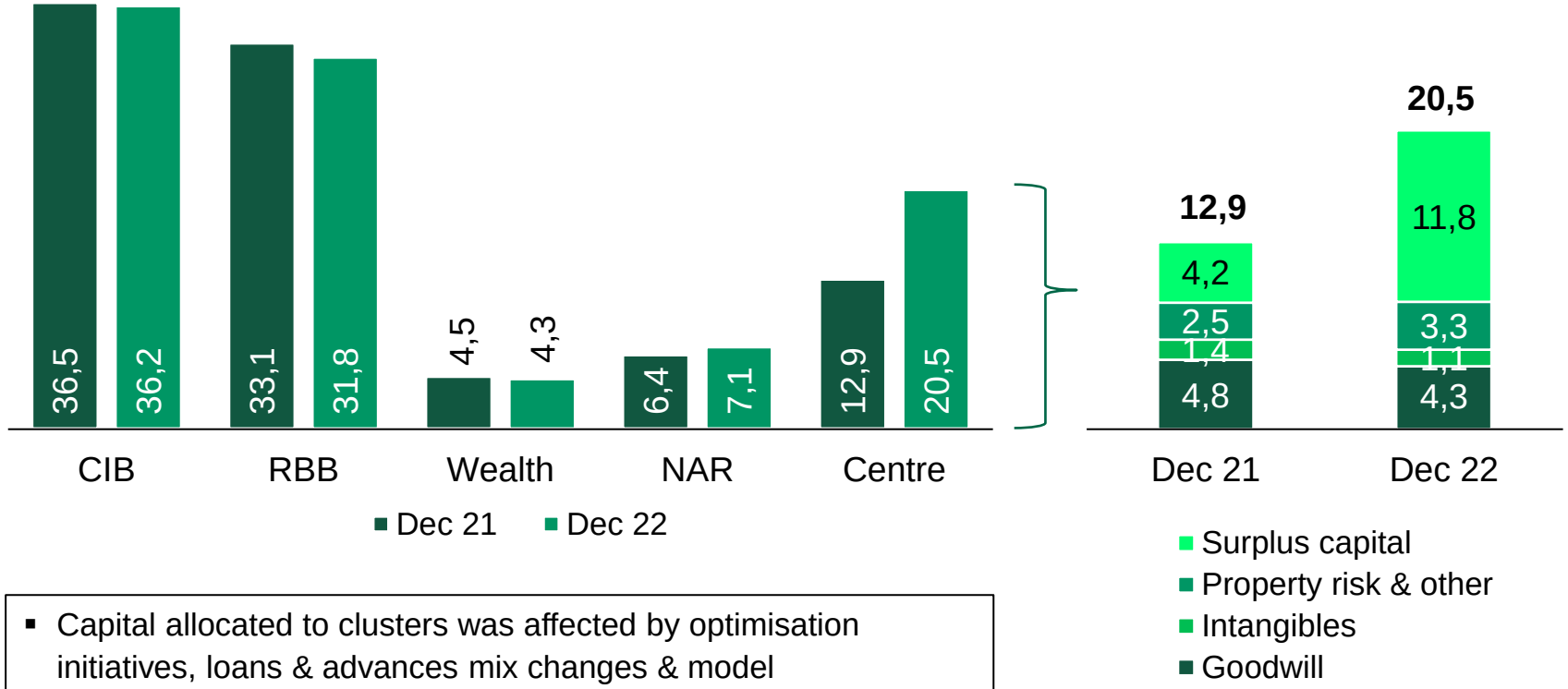
Risk-weighted assets (Rbn)



Note: The reduction in RWA was mainly due to lower counterparty credit risk as a result of a decrease in credit valuation adjustments due to a methodology refinement & market movements & lower market risk as a result of general risk reduction across the trading portfolio, partially offset by an increase in credit risk in line with balance sheet growth.

Capital allocation – surplus capital held at the Centre enabled a R5bn share repurchase programme

Capital allocation (Rbn)



- Capital allocated to clusters was affected by optimisation initiatives, loans & advances mix changes & model enhancements
- In 2022, average surplus capital increased by R7,6bn, largely driven by the group's improved profitability & lower RWA

Average surplus capital of **R11,8bn** reflected in a strong CET1 ratio of 14%

Share repurchase programme[1]

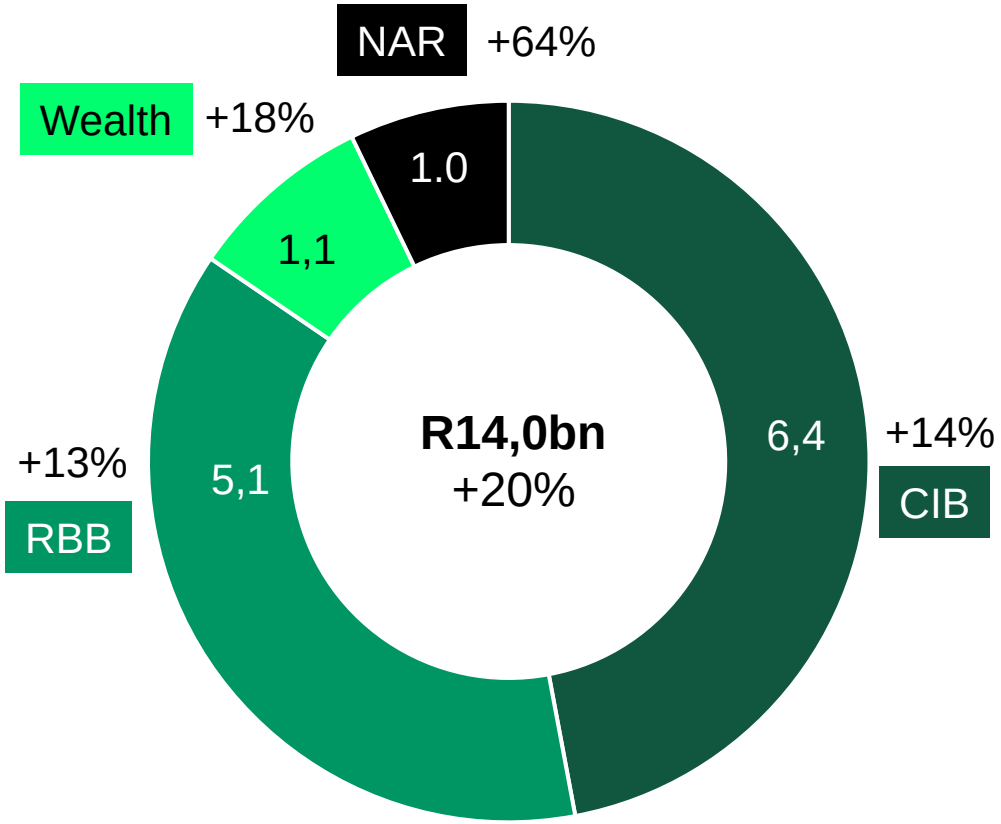
- up to **R5bn**
- executed over the **next 12 months**
- subject to all legal & regulatory approvals & requirements being met

The proposed share repurchase programme is expected to be **accretive to DHEPS, optimise capital levels & associated returns on equity** & in so doing deliver value to shareholders

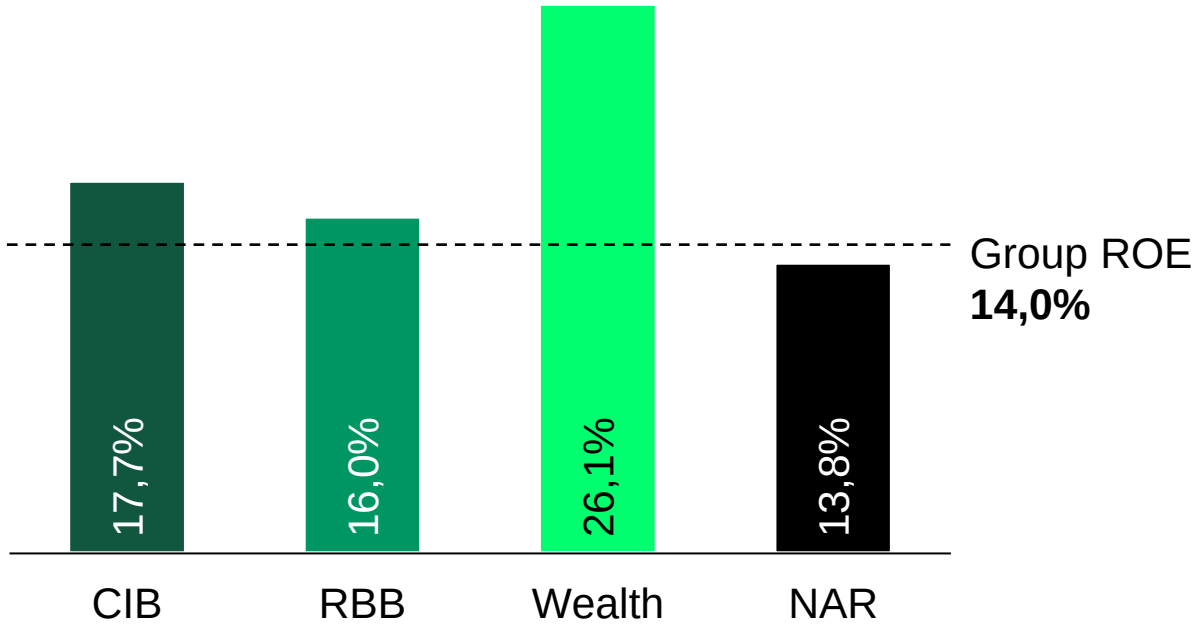
[1] *The share repurchase programme is likely to include an odd-lot offer, being an offer by Nedbank Group to repurchase shares from shareholders holding less than 100 Nedbank Group ordinary shares.*

Cluster financial overview – all our business clusters reported solid HE growth & higher ROEs

Headline earnings
(Rbn, growth %)



Return on equity
(%)





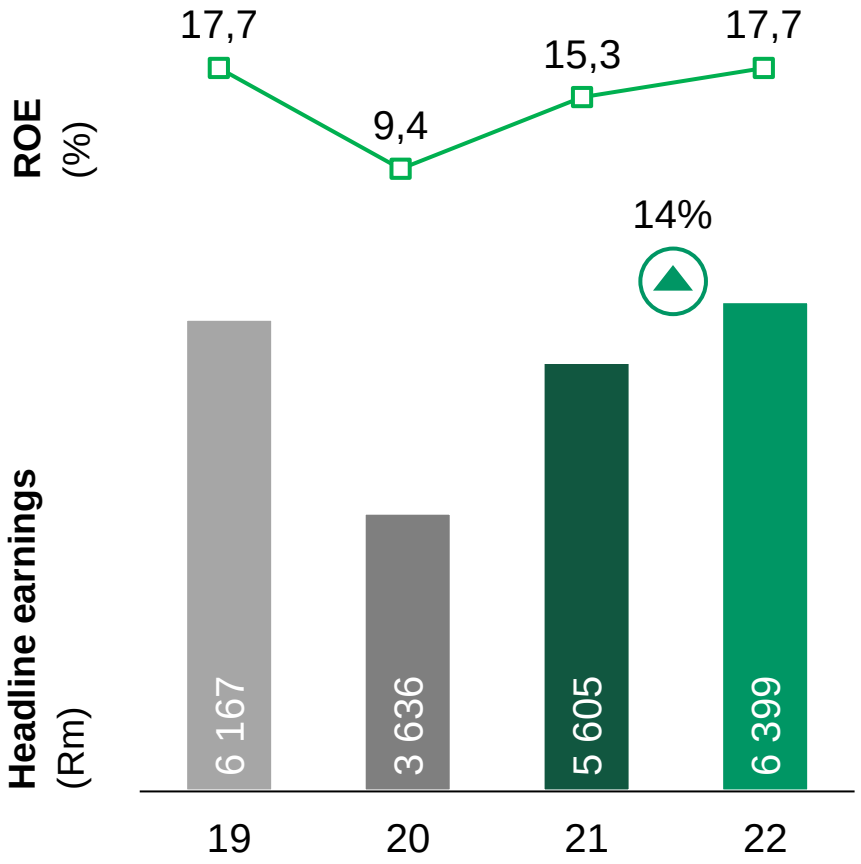
‘**Higher HE & ROE** enabled by solid revenue growth & prudent risk management’

CIB overview

Anél Bosman
Group Managing Executive

CIB financial performance – Higher HE & ROE enabled by solid revenue growth & prudent risk management

Financial performance

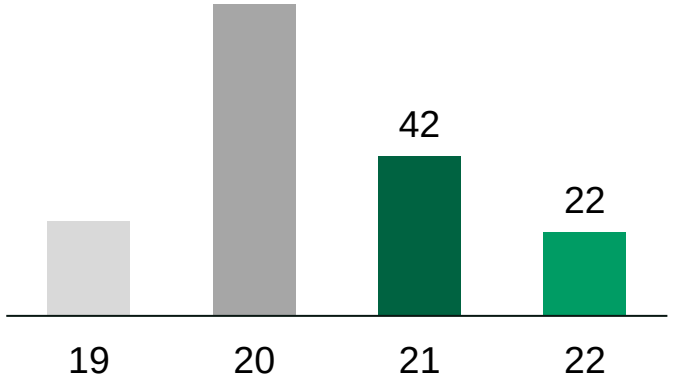


- **NII up by 10%**
  - NIM improved by 7 bps owing to increased deposit margins
  - Good advances growth of 8%
- **NIR up by 5%**
  - Strong performance in the equity portfolios[1]
  - Commission & fees up 13%
  - Trading income down 9% due to unfavourable debt & interest rate markets
- **Market-leading efficiency ratio**

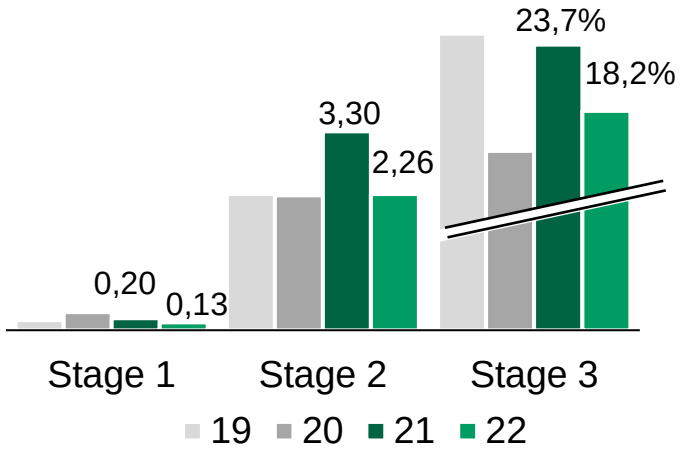
[1] *Equity portfolios defined as private equity & not equity trading.*

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

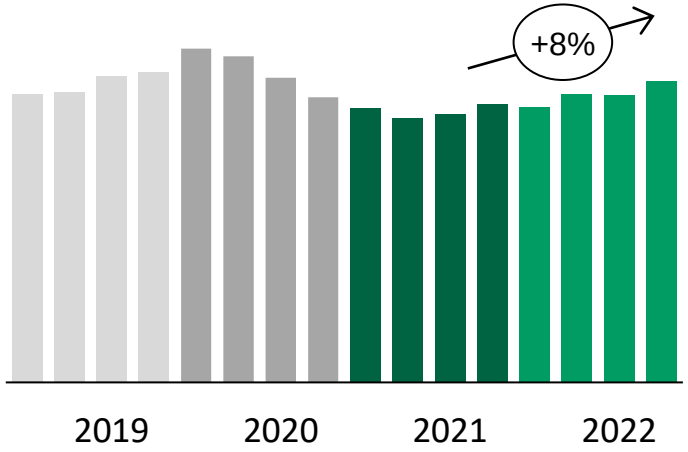
Credit loss ratio (bps)



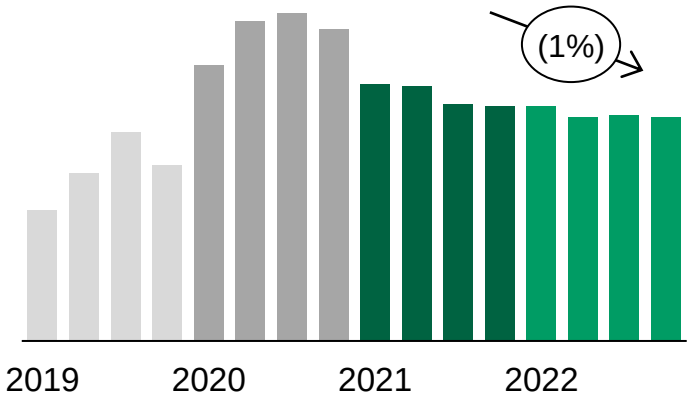
Coverage ratios (%)



Banking advances (Rbn)



Allocated capital (Rbn)



- **Impairments declined by 43%**
  - In line with management expectations
  - Including for stressed counters
- **Coverage ratios declined marginally**
  - Reduced to 1,29% from 1,35%
  - Adequate provisions & security in place
- **Focus on stressed sectors**
  - Aviation, construction & SOEs
  - Property portfolio **–** adequate provisions
- **Banking advances up by 8%**
  - Strong performance in H2 2022, particularly in Investment Banking & Transactional Services
- **Allocated capital declined by 1%**
  - 7% decline in RWA
  - Counterparty Credit Risk (CCR) capital decreased

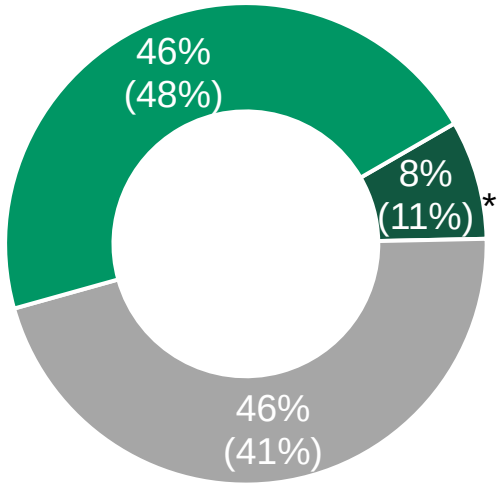
Credit risk – CIB high-risk exposures

High-risk sectors reduced as lockdown restrictions eased

Rest of CIB watchlist exposures reducing & risk ratings have stabilised

CPF continues to perform well – CLR impacted by large single-name rather than portfolio stress

CIB holds sovereign exposure but not in Ghana



CIB high-risk sectors

	% of CIB exposure	D7 & NPL% of sector exposure
▪ **SOEs/Municipalities** Defaulted-exposures reducing, with 15% government-guaranteed	5,0% (6,4%)	4,2% (4,5%)
▪ **Construction**[1] Pre-Covid-19 stressed sector with reduction in defaulted exposure since 2020	2,3% (2,4%)	15,0% (16,5%)
▪ **Aviation** Exposure secured at 88% average LTV	0,8% (1,1%)	68,6% (62,0%)
▪ **Hospitality** No longer considered high risk		

[1] *Construction includes steel & cement. | (%) denotes exposure at 31 December 2021.*

** Hospitality included in 2021, not included in 2022 as no longer high risk.*

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

High-quality, well-diversified & collateralised portfolio

Overlays at R0m
(Dec 21: R590m)
Overlays incorporated in models as risk emerged & portfolio rerated

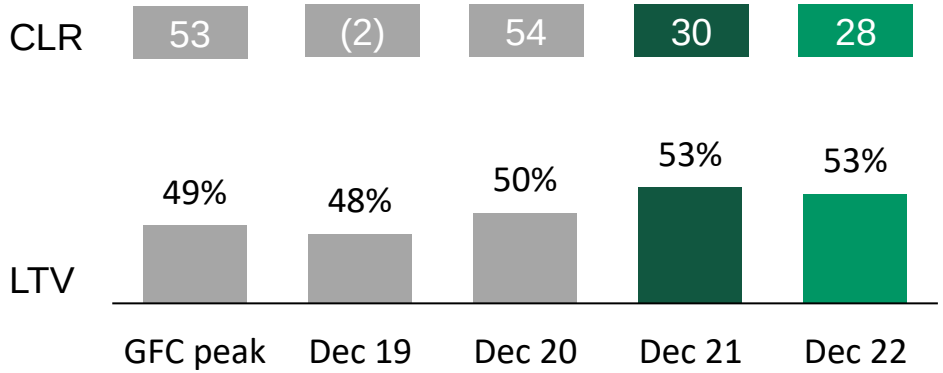
CLR at 28 bps
(Dec 21: 30 bps)
– driven by large single-name exposures, rather than general portfolio stress

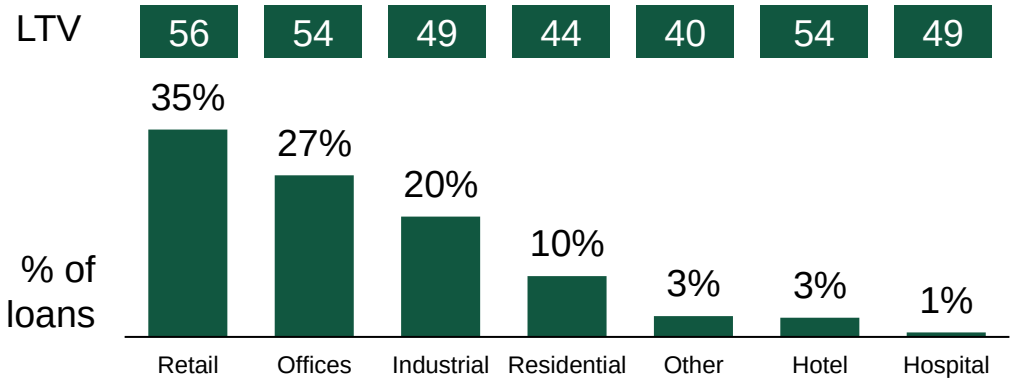
Portfolio LTVs remain low at 53%
Adequate collateral – significantly reduces the risk of potential losses

Low levels of arrears on performing book
0 to 90 days: R6m
(Dec 21: R5m)

Office vacancies below market – Nedbank 7%
Market 16%

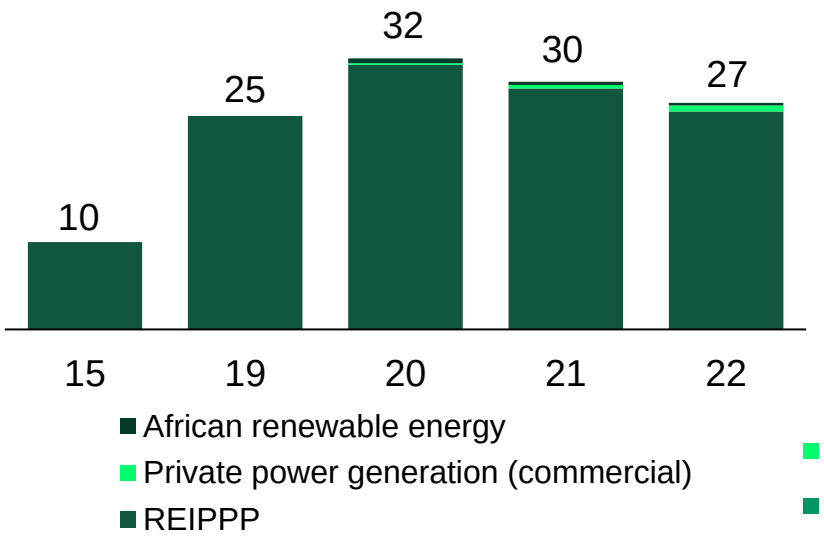
Credit loss ratio (bps) & **loan-to-value ratio** (%)



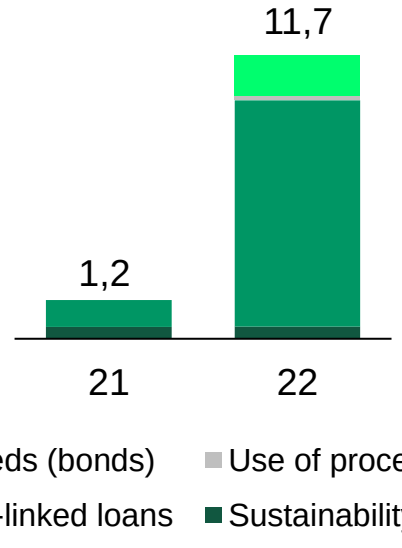


CIB creating positive impacts – expanding our leadership in sustainable finance & renewable-energy financing

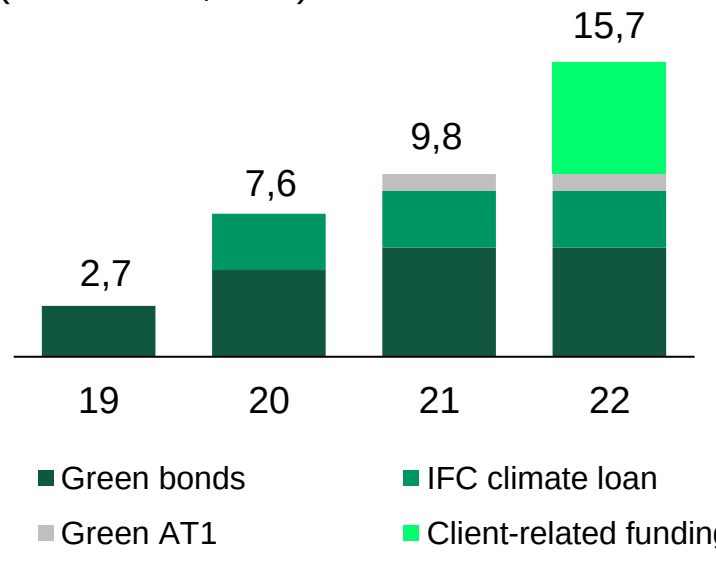
Renewable-energy financing
(drawn exposures, Rbn)

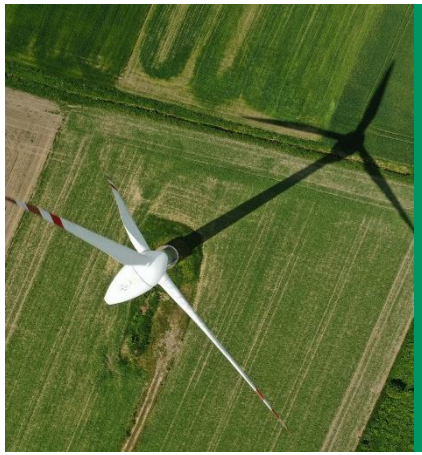


Sustainable-finance facilities
(exposures, Rbn)



Sustainable funding raised
(cumulative, Rbn)





Private power generation to support our clients' energy needs

Mandated on projects of just under **1 GW** of new capacity



Lead arranger on IPP projects:

4 RMIPPP projects

4 REIPPP round 5

2 REIPPP round 6

Innovative **sustainable-finance** solutions

CIB creating positive impacts – tilting our portfolio away from carbon-intensive assets

Our 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**

2024
Disclose net-zero aligned **glidepath for upstream fossil fuels & power generation**

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

Reduce Nedbank's **own operations' carbon emissions by >35**% (from 2019 levels)

Generate >30% of Nedbank's own energy needs from renewable sources

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

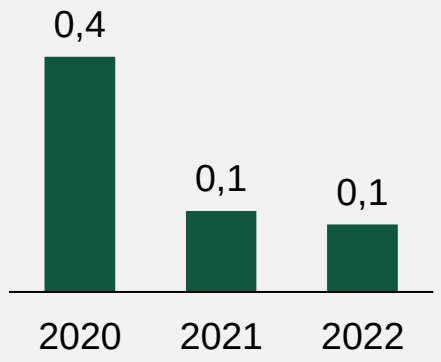
2035
No new finance for oil production

2045
Zero exposure to fossil-fuel-related activities

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

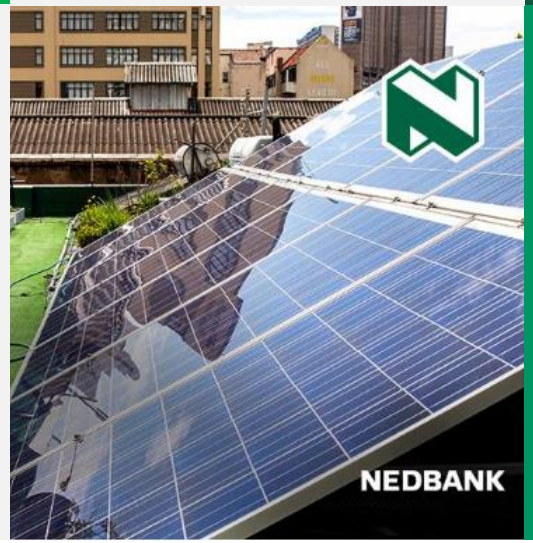
Nedbank intends to disclose its **fossil-fuel & energy generation pathways** in 2024

Thermal-coal exposures
(% of gross advances)



Power generation glidepath will use **scope 1 emissions** & a physical **intensity metric** ($Co2_e$/MWh)

Upstream fossil-fuel glidepath will include **scope 1, 2 & 3 emissions** & will be **absolute**

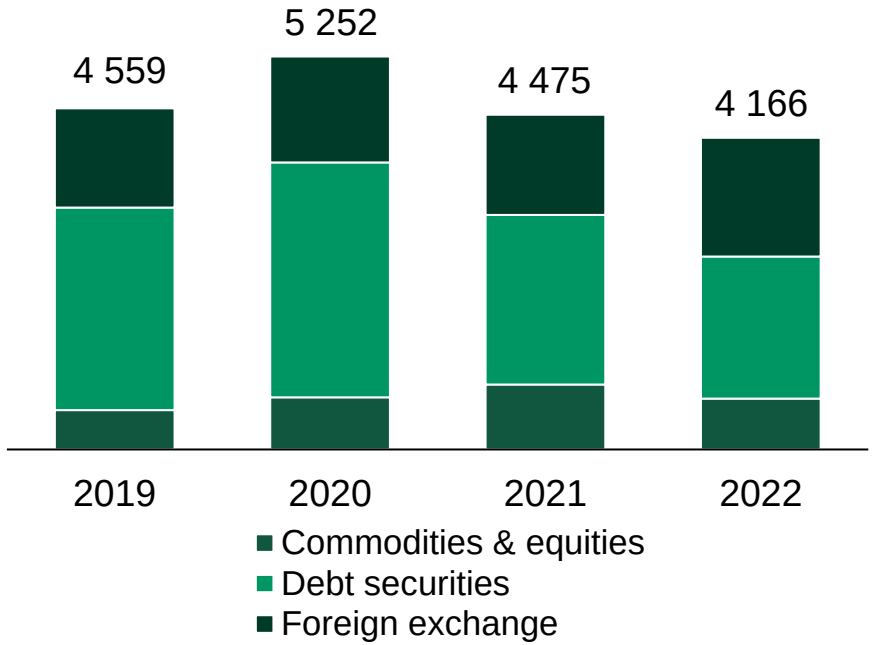


Carbon-accounting disclosures for **upstream fossil-fuel lending**

Booklet slide

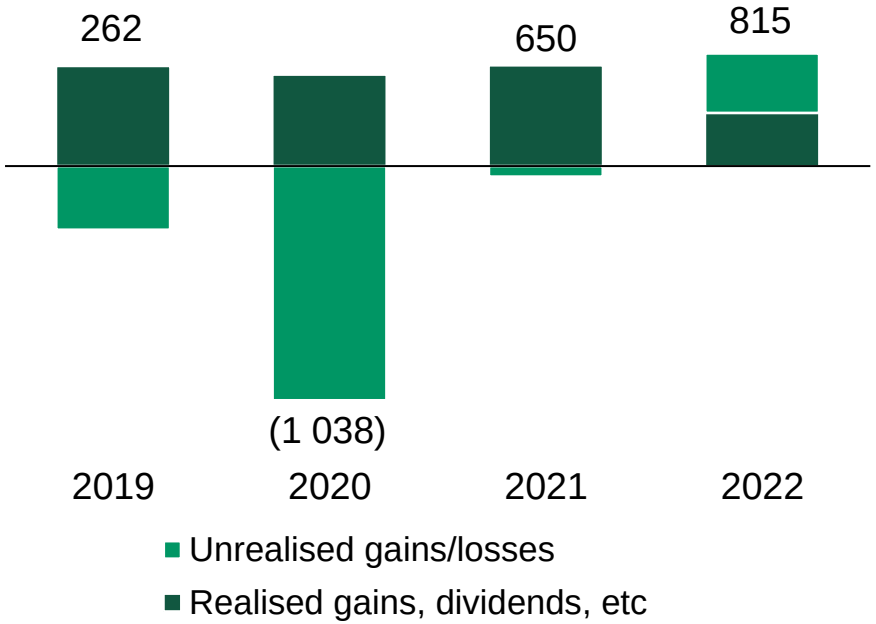
Trading income & equity revaluations – low levels of market liquidity impacted trading, while the equity portfolio has seen higher yoy unrealised gains & dividends

Group trading income (Rm)



- **Commodities & equities** – muted volumes coupled with non-repeatable items in 2021
- **Debt securities** – difficult SA macro backdrop coupled with impact of SARB MPIF[1], but improvement seen in H2 2022
- **Foreign exchange** – increase in client activity resulted in 19% growth

Group equity revaluations (Rm)



- **CPF** – favourable revaluations on certain assets relative to the prior year
- **Investment Banking** – lower realised gains & dividends off a high base

[1] *South African Reserve Bank Monetary Policy Implementation Framework.*

Our strategic growth levers



Deliver **client value** through our sectorised approach

Invest in our **people**

Leverage a **diverse, equitable** & **inclusive** culture

Accelerated growth



Empower our clients through our **warm digital** capabilities

Grow our **transactional** business by delivering a better client experience



Continue to focus on **optimisation** of our portfolio



Create **positive impacts** by enabling our clients' ESG journeys

Nedbank Corporate & Investment Banking – outlook

2023 outlook

- **NII** – grow balance sheet while maintaining NIM levels
- **NIR**
  - Expect a recovery in debt trading & increased client-hedging activity
  - Fees & commissions to benefit from balance sheet activity
  - Private equity to continue focus on new investments & realising value on existing investments
- **CLR** – maintain in the TTC target range with continued focus on stressed counters to reduce stage 3 loans
- **Banking advances growth** – execution of robust pipeline
- **Strategic execution** – maintain strategic focus under challenging conditions
- **Capital** – improve returns & optimise resources
- **Sustainable-development finance** – maintain leadership position in energy finance while continuing to focus on water and infrastructure projects in order to unlock & enable growth in SA

Medium- & long-term outlook

- ROE ≥18% & reduce cost-to-income ratio to <44%



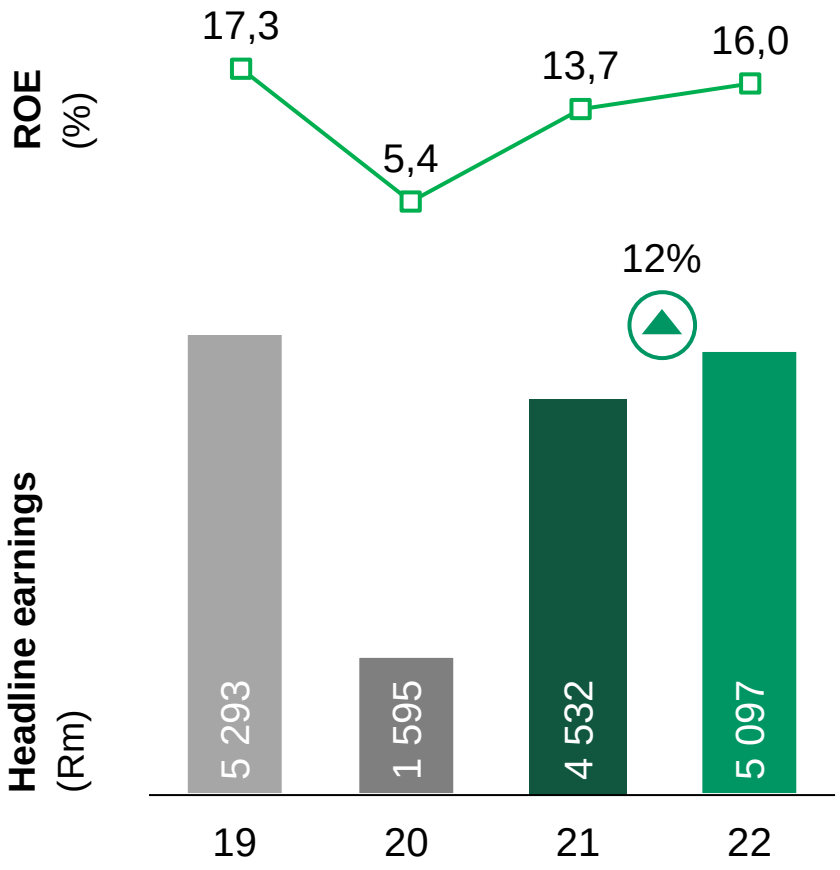
‘Strong revenue growth & expense discipline drove HE increase of 12%’

RBB overview

Ciko Thomas
Group Managing Executive

RBB financial performance – ROE improved to above COE with strong revenue growth & good cost optimisation, partially offset by a normalisation of impairments

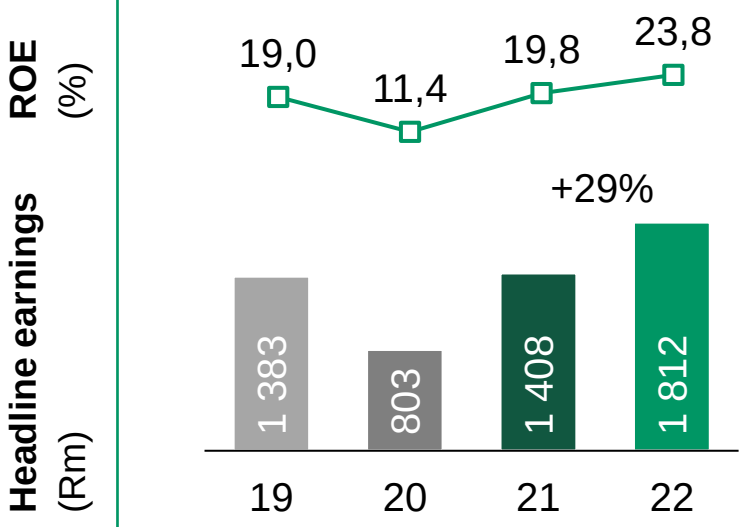
Financial performance



- **NII up by 12%**
  - Advances growth momentum continued & endowment benefit of higher interest rates
- **NIR up by 8%**
  - Strong recovery seen in client transactional activity
  - Higher card interchange volumes & higher activity in VAS
- **Impairments up by 28%**
  - CLR increased to 161 bps driven by once-off benefits in 2021 (R713m), higher interest rates & deteriorating macroeconomic outlook
  - CLR within the upper half of the TTC target range
- **Expense growth of 5%**
  - Enabled by ongoing cost optimisation & digitisation impacts offset by card-interchange-related cost growth

CB, RRB & Consumer – strong franchises

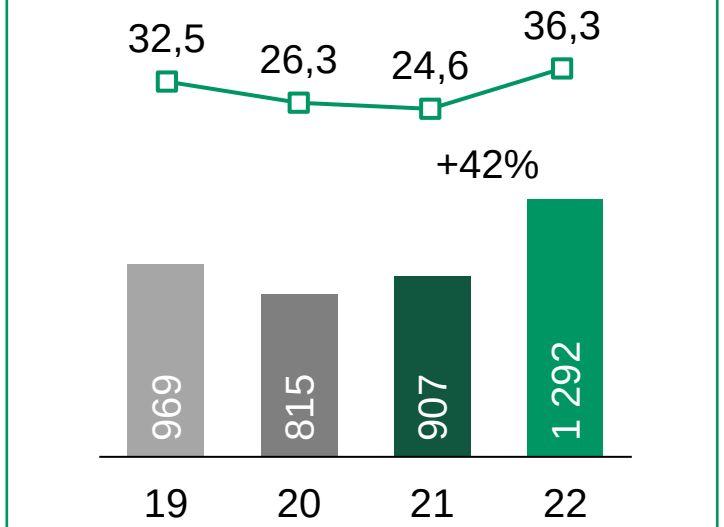
Commercial Banking



Well-positioned & distinctive value propositions incorporating unique lending solutions

- Market share increase of 24% in the mid-corporate segment
- Robust risk management containing impairments at below the TTC target range
- Positive momentum on digital journey, achieving critical scale on Nedbank Business Hub

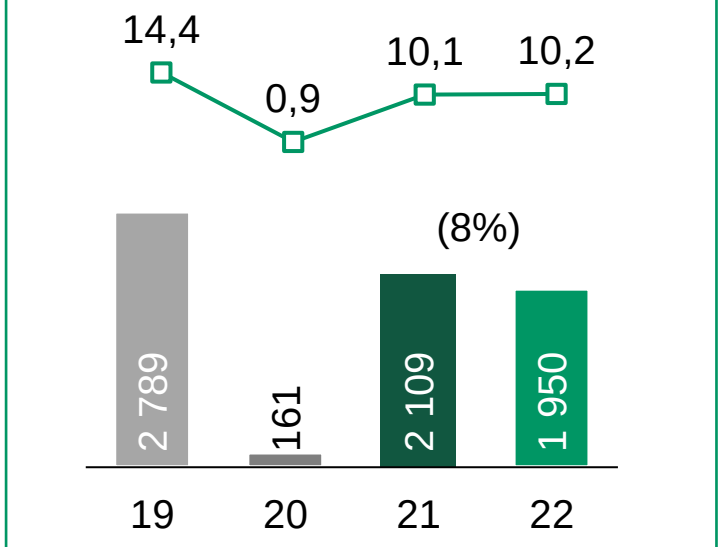
Retail Relationship Banking



Highly competitive relationship banking offering for our affluent & small-business clients

- Good growth in client numbers, especially in affluent segment
- Maintained market share across both affluent & SME segments
- Robust risk management contained impairments at the lower end of the TTC target range

Consumer Banking



Differentiated & disruptive CVPs across our different client segments

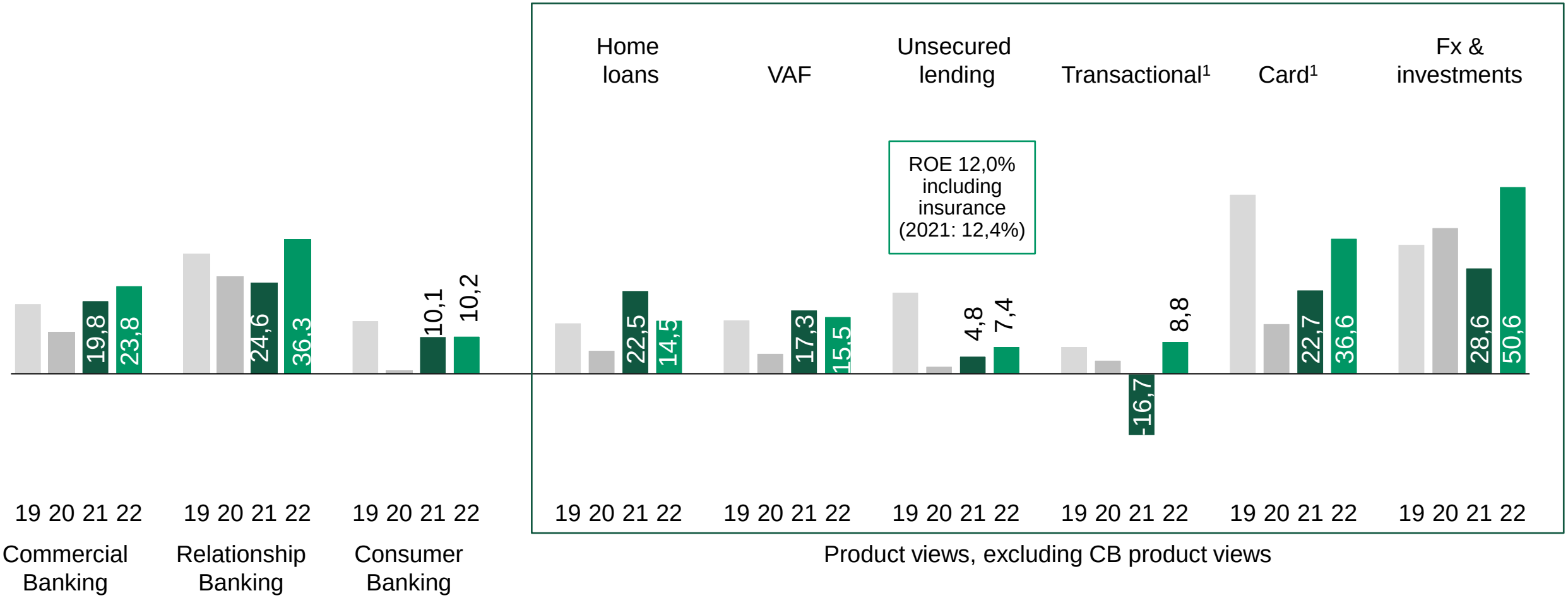
- Strong PPOP growth of 11% in 2022 underpinned by strong NIR growth of 8% & active cost management initiatives
- HE impacted by a 22% increase in impairments, mainly from the secured lending products, largely sensitive to increasing interest rates

Note: Total HE for RBB also includes 'Other' relating to Channel, Card Acquiring, Central & Shared Services.

Booklet slide

Diversified portfolio & strong franchises – CB, RRB, Consumer

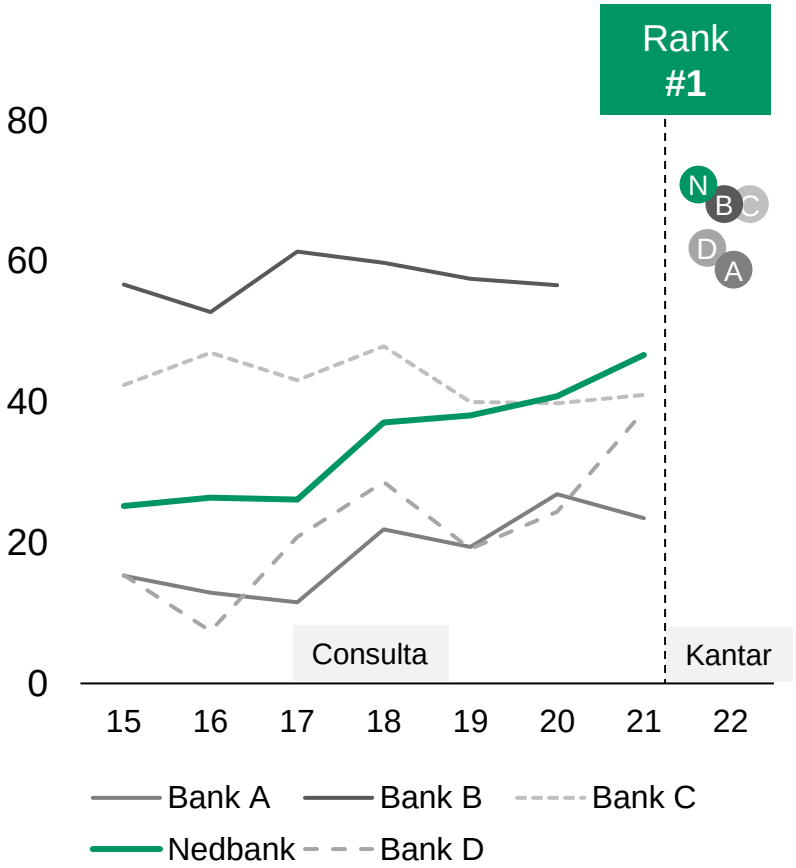
Return on equity (%)



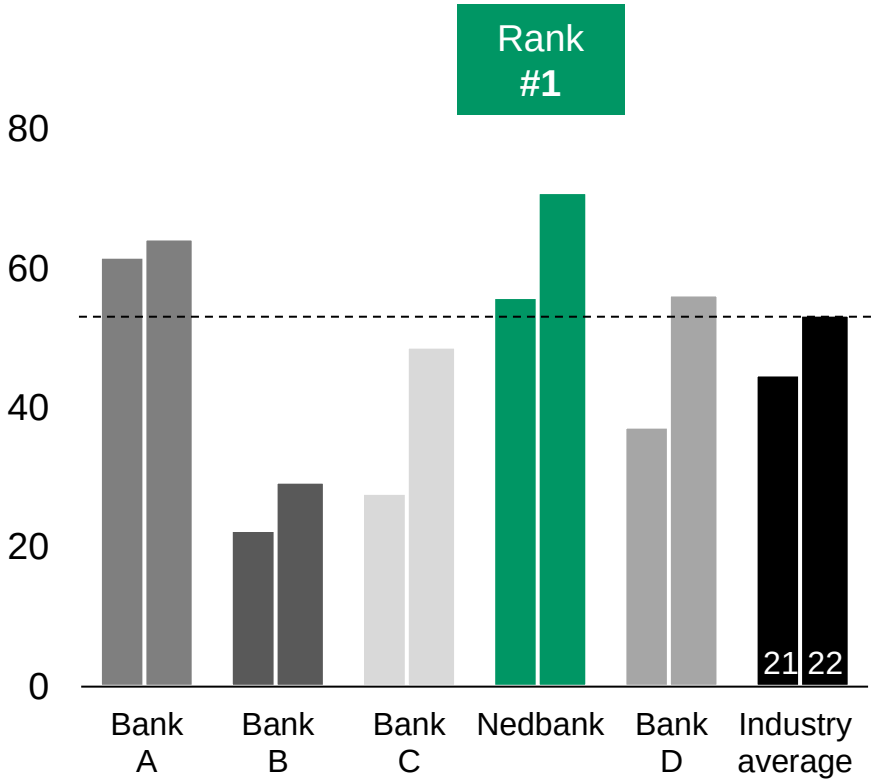
[1] *Debit and cheque interchange and related costs have historically been reported under the Card and Payments product. This has been restructured in the current period and is now reported under the Transactional product to more closely reflect the true economics of the transactional product and align with the industry. The comparative history has been restated.*

Client satisfaction metrics positively differentiates Nedbank – now SA's #1 ranked bank on NPS

2015 to 2022 Net Promoter Score[1]



Social-media net sentiment[2]



Ranked #1 bank on brand sentiment: 71% (2021: 55%)

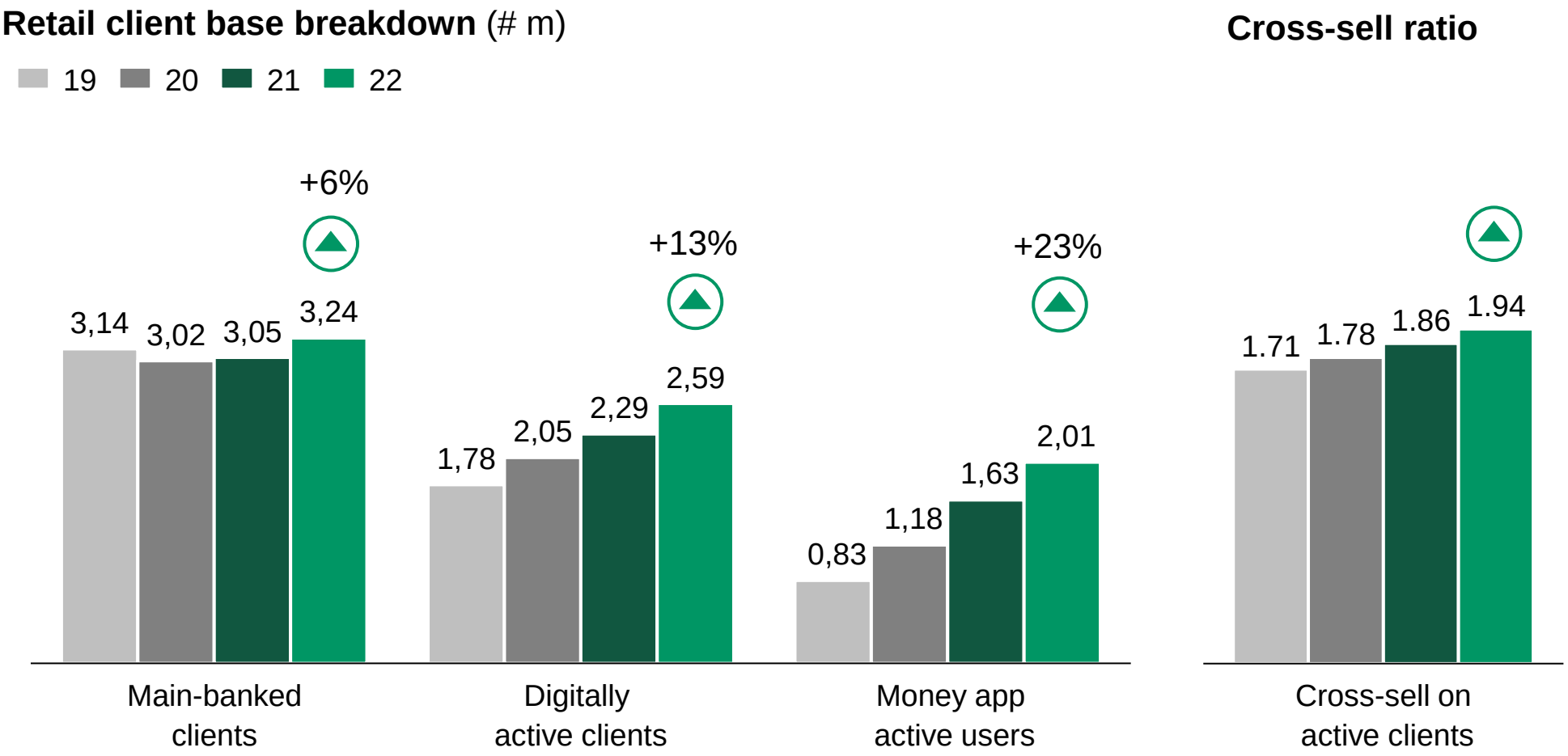
#1 large universal bank in the 2022 Ask Africa Orange Index[4]

Nedbank **digital NPS[3] >70** in 2022

New 'Imagine' **branch NPS 61** versus previous Consulta NPS at 47

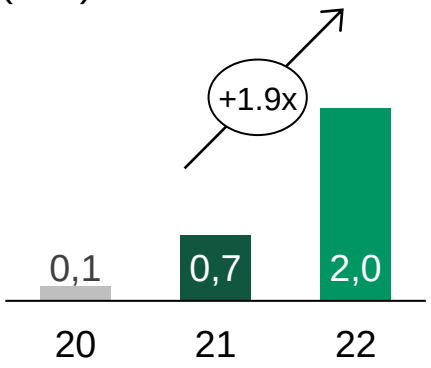
[1] Annual Consulta survey 2015 to 2021 (no survey was done in 2022). As a result, Kantar was contracted by Nedbank to conduct an independent NPS survey in 2022 using the same methodology (it is likely that a greater response rate from face-to-face interviews drove up absolute NPS scores across all banks). | [2] Salesforce Social Studio (2021 & 2022). | [3] Internal measurement of average CX across our digital channels. | [4] Nedbank ranked #3 overall among SA banks with index score of 60,9, up from #8 in 2021. The total banking index declined to 59.

Nedbank's #1 ranking in client satisfaction (NPS) & digital leadership is driving strong growth in main-banked clients & improving levels of cross-sell

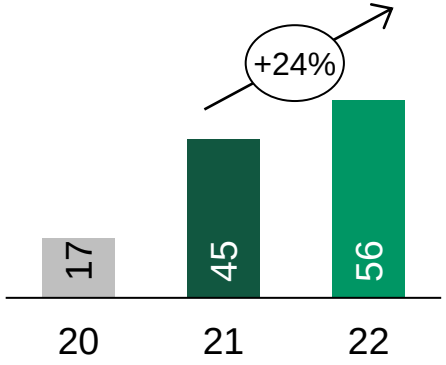


Nedbank is connecting individuals & businesses via marketplaces & APIs, while creating new revenue streams

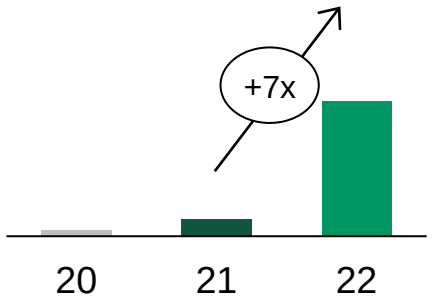
Registered Avo clients (# m)



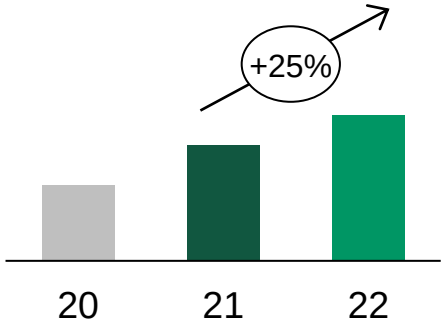
API activity (# of active 3rd parties)



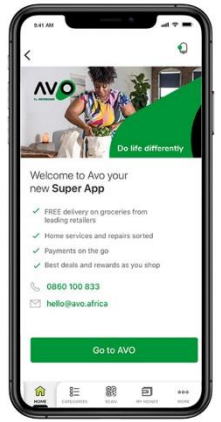
Avo gross merchandise value (Rm)[1]



Value-added services revenue (Rm)



Launched **Avo B2B Marketplace** in 2022



Avo Auto hosts **>200** MFC-accredited dealers & lists **>8 000** vehicles

More than **12 000 drivers** in our SA delivery fleet

New partners include **Apple, Dell & Uber Direct**

Avo launch in NAR subsidiaries in H1 2023

More than **20 000 merchants & partners**, up 15% yoy

[1] *Excluding internal spend, 2022 vs 2021 is +5x.*

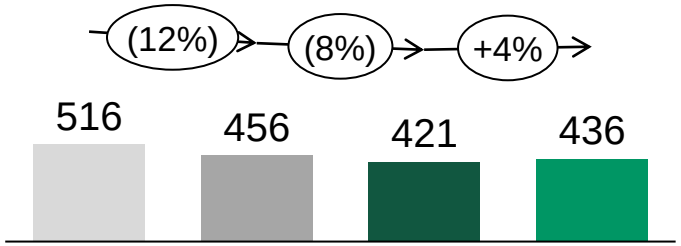
Booklet slide

Client-centred strategy intact

Main-banked[1], # 000

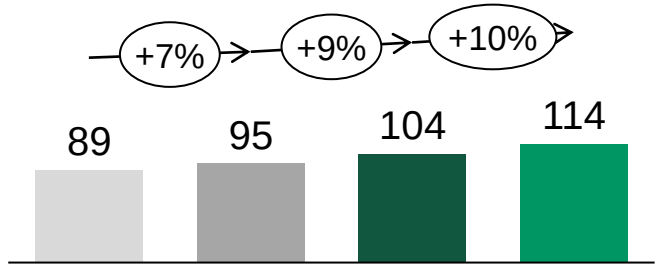
Kids & youth



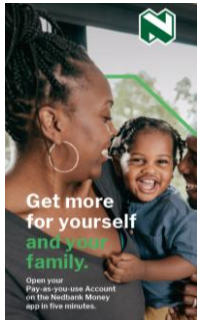


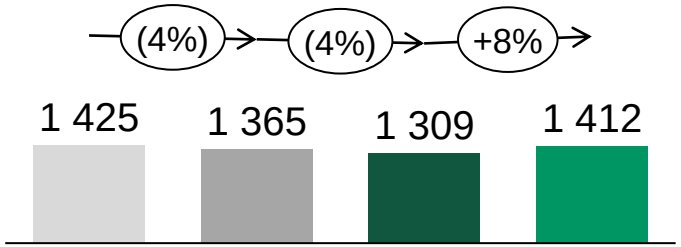
Private Clients





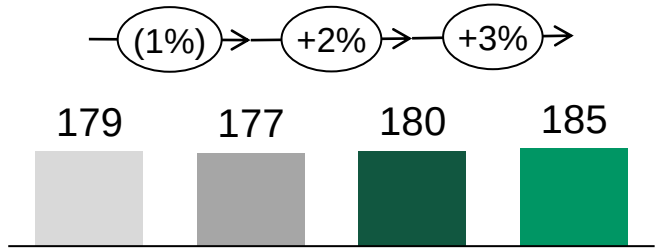
Entry level



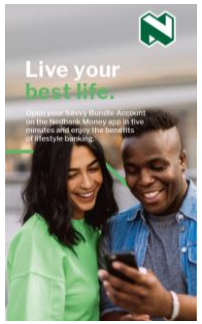


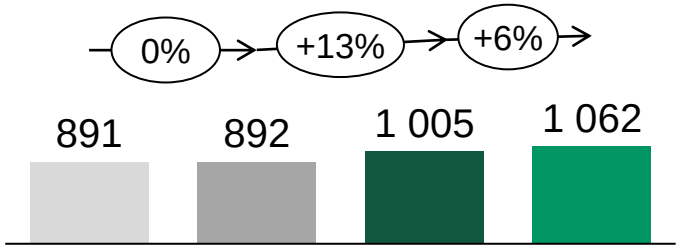
Small Business Services





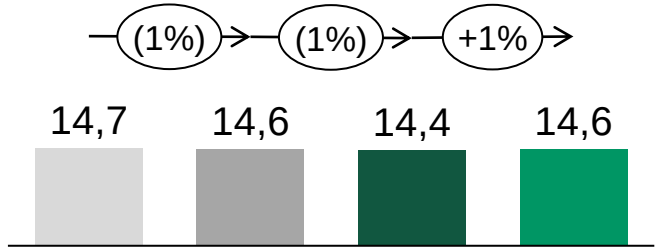
Middle





Commercial Banking[2]





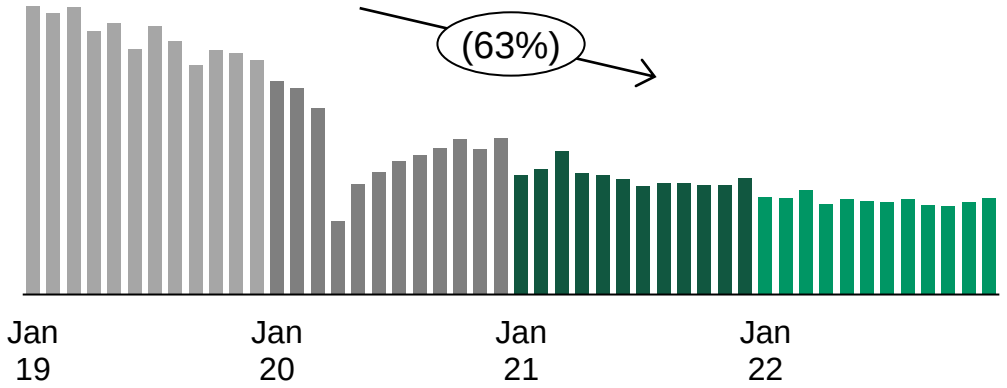
19 20 21 22

[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.

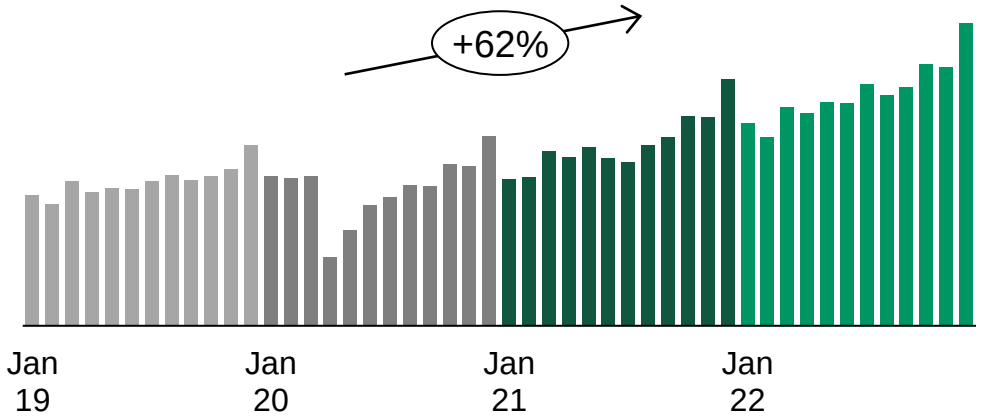
Booklet slide

Our technology strategy, along with shifts in client transactional behaviours, is driving NIR growth & cost optimisation opportunities

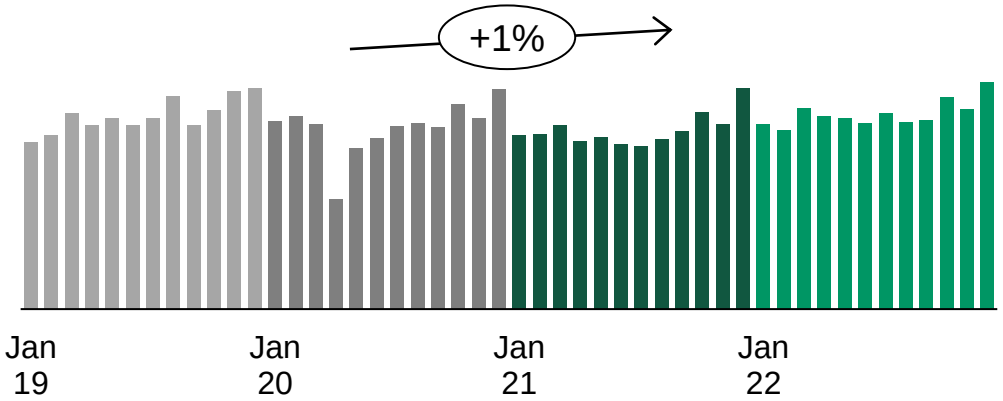
Branch teller transactions[1]



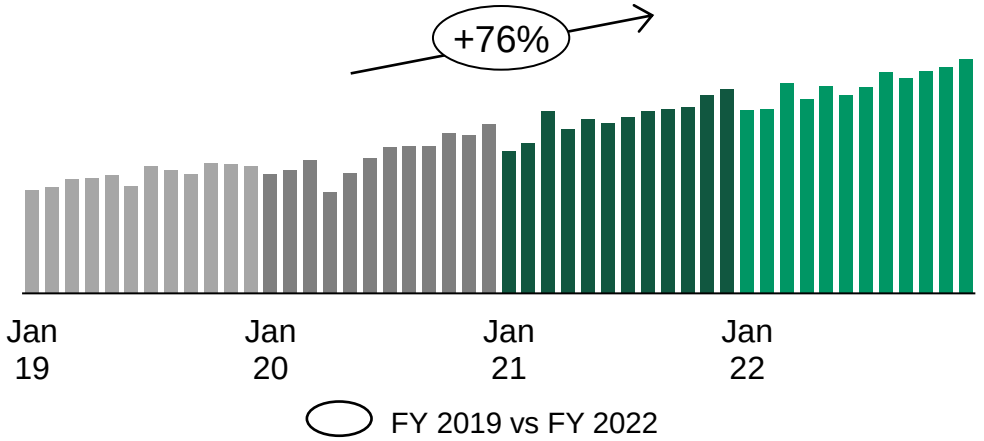
POS volumes



ATM withdrawals



Digital payment & transfers[2]



[1] Teller transactions include any cash-related transaction performed over the counter (eg deposits, withdrawals & transfers). | [2] Total volumes across all digital channels.

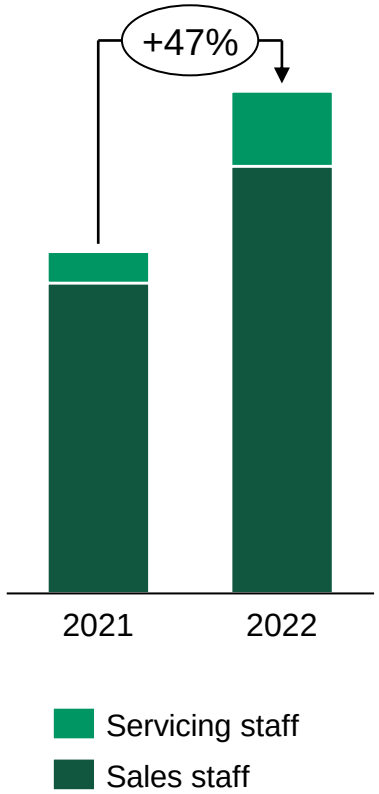
Project Phoenix & Project Imagine – Shifting our RBB organisational structure to be more client-centred. Delivering great client experiences, strong product sales (revenue) uplift & productivity enhancements though improvements in-branch & from our digital channels.

More **client-centred organisational structure**

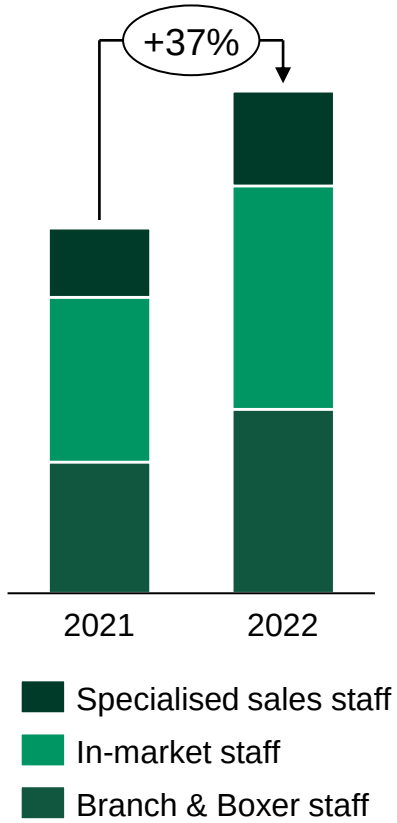


200th Imagine branch opened (a further 184 conversions planned for 2023)

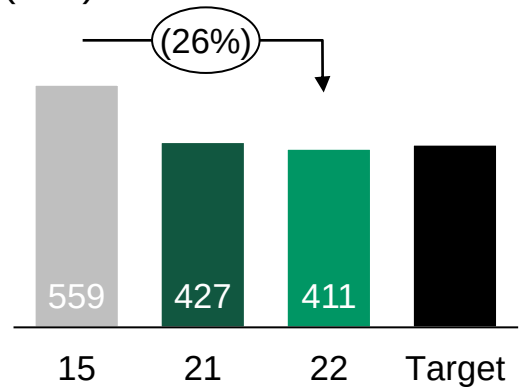
Branch staff sales
(Sales/role/day)



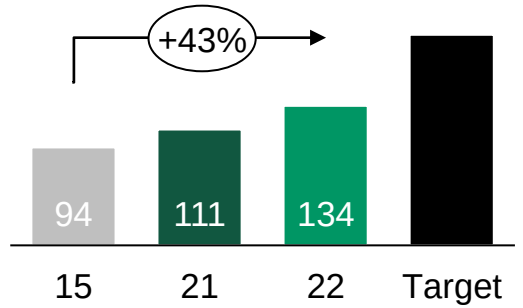
Dedicated branch sales
(Sales/banker/day)



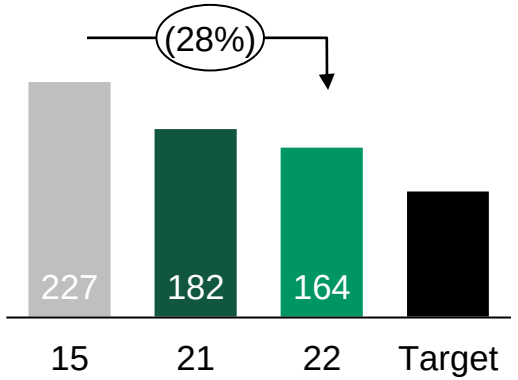
Nedbank branches
(# of)



Nedbank in retailers
(# of)

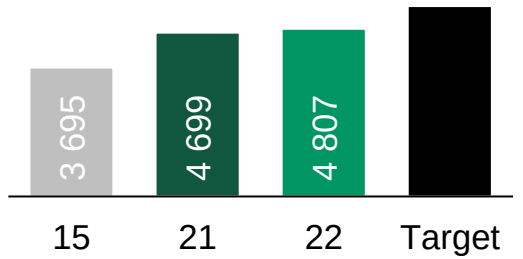


Branch square meterage
('000 m^2)



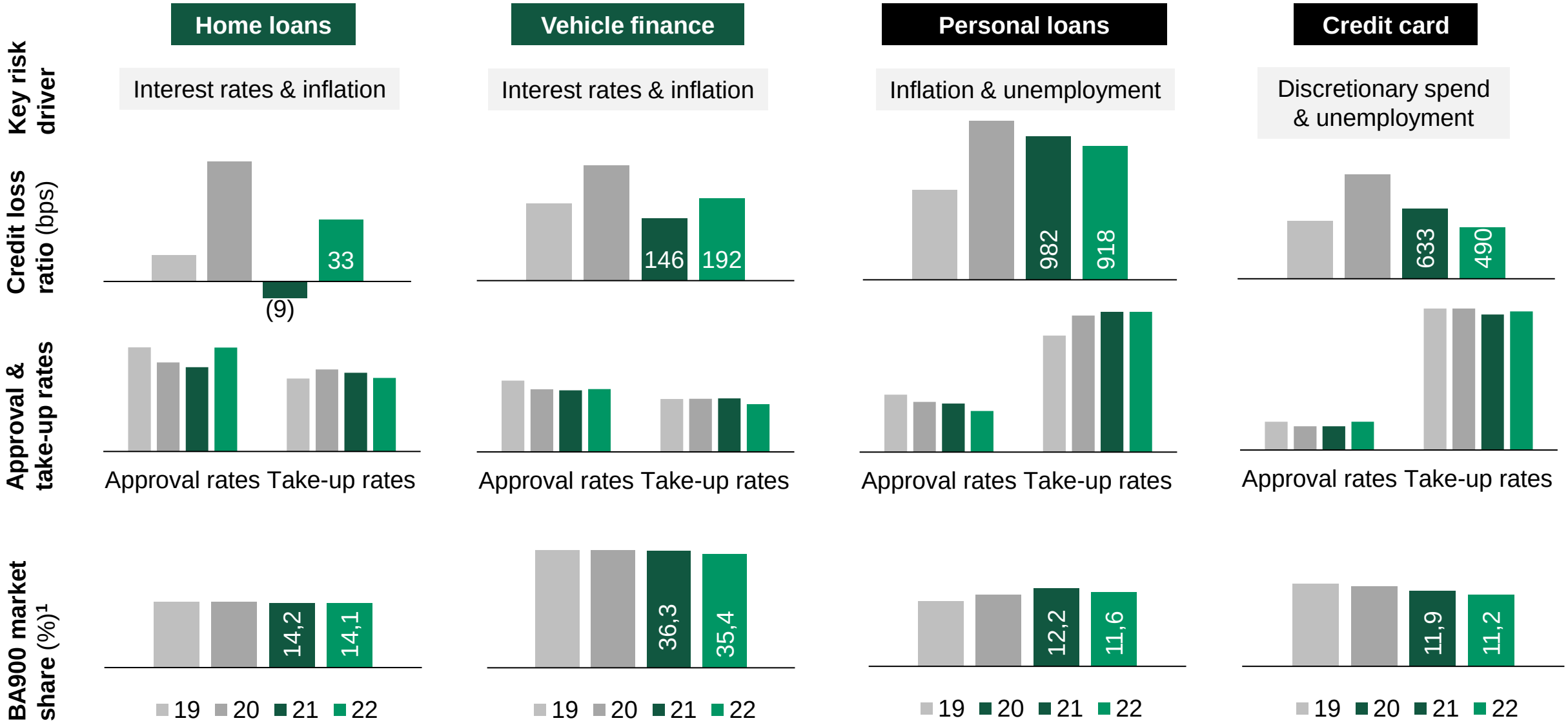
ATMs, IDs & SSKs[1]
(#)

Branches supplemented by a growing number of convenient **self-service options**



[1] Automated teller machines, Intelligent Depositors & self-service kiosks. | [2] Consumer, which includes Boxer & BDO. | All targets set in January 2023 – target tor 2025.

Credit quality – rate-sensitive products impacted by higher interest rates, while policy tightening has started to benefit unsecured lending

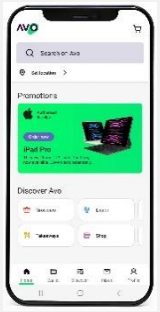


[1] *Vehicle finance share for households.*

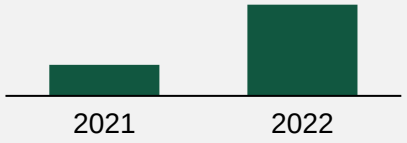
RBB strategic progress – good progress on growth vectors

Avo Marketplace

192%



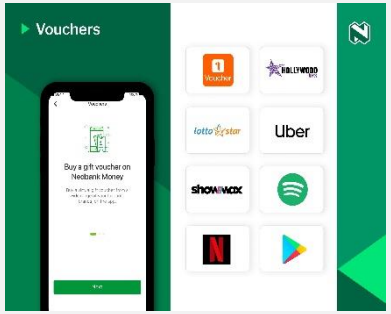
Number of Avo subscribers



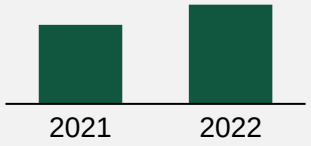
- Introduced Auto Marketplace
- Scaled merchants available incl Apple products
- Seller-issued credit facilities

Value-added services

25%



Revenues



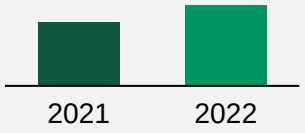
- Digitally enabled DAILY LOTTO
- [1] OTT vouchers & OTT merchant fulfilment
- Cardless cash-out & money transfer on app

Funeral insurance

28%



Number of clients with funeral accounts



- Simplified insurance products for MyCover personal lines, Life & Funeral
- Enhanced distribution

Manufacturing CVP

19%



Revenues



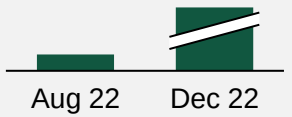
- New manufacturing CVP aimed at improving clients' administrative efficiencies through e-commerce & digitally based self-service solutions

Solar offerings

356%



Number of deals approved



- Readvance/Further loan on home loans or ABF
- Less than 2 days from application receipt & approval to supplier payment
- Link clients to accredited service providers

Township economy

12



Townships touched since July 2022

- Kasi business workshops to ~7k entrepreneurs
- Supplier procurement opportunities for >40 black youth-owned service providers
- 140 exhibitors sponsored with Nedbank POS devices

[1] *Over-the-counter (OTT) vouchers can be used to play, pay and get paid online. Once a voucher has been purchased it can be redeemed only at an approved OTT voucher partner and is valid for three years from date of purchase.*

Nedbank Retail & Business Banking – outlook

2023 outlook

- **NII**
  - Advances growth – momentum continues
  - NIM continues to benefit from higher interest rates
- **NIR** – diversify revenue base & scale key growth vector strategies
- **CLR**
  - CLR within the top-half of our TTC target range (120 bps to 175 bps)
  - Economic risk is on the downside, putting pressure on clients
- **Expenses** – optimisation continues
- **Execution of key strategic initiatives** – Phoenix, Imagine & collection strategies

Medium- & long-term outlook

- Ongoing focus to reduce the cost-to-income ratio to between 54% & 57% & increase ROE to between 20% & 23%



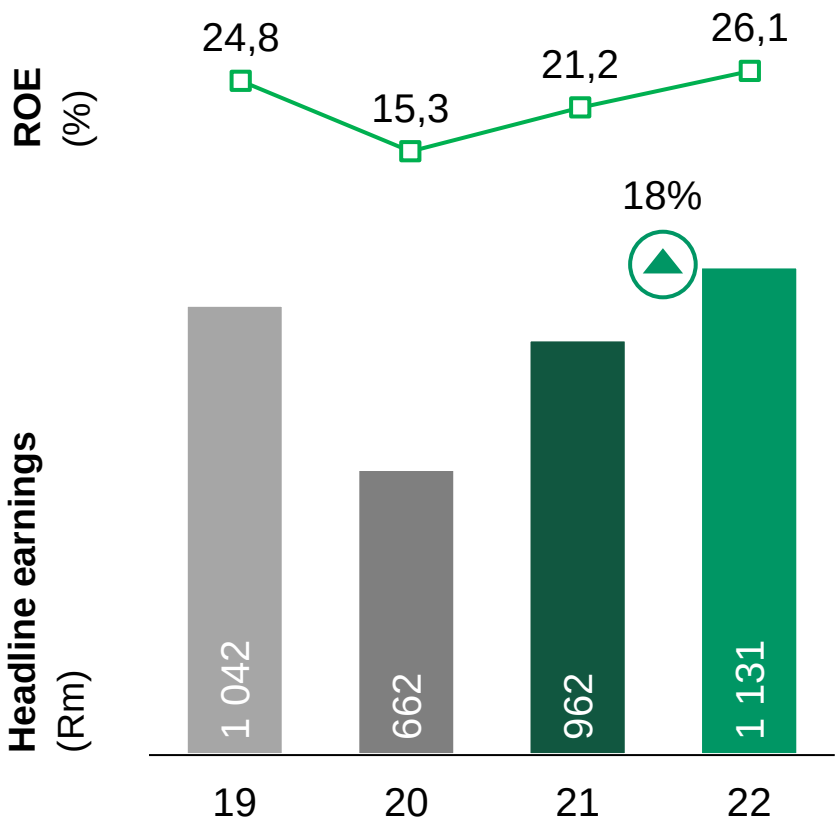
‘Strong HE & ROE recovery, driven by increased revenue & net credit impairment releases’

Wealth overview

Iolanda Ruggiero
Group Managing Executive

Wealth financial performance – strong HE & ROE recovery, driven by increased revenue & net credit impairment releases

Financial performance

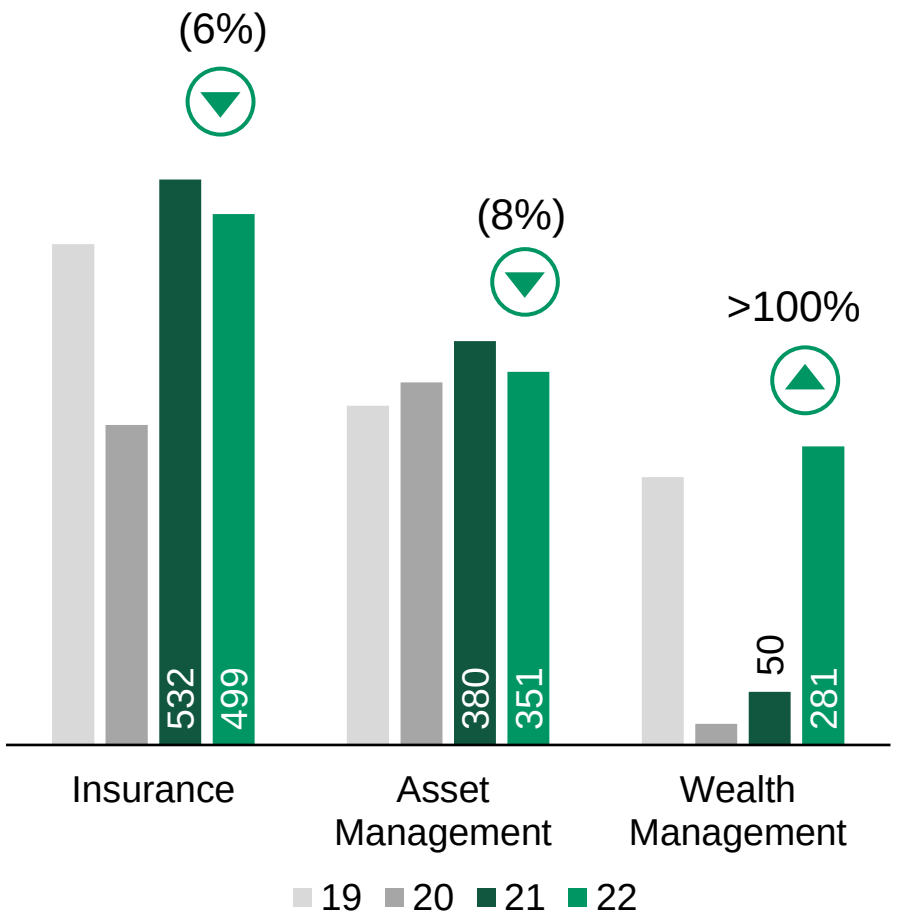


- **NII up 43%**
  - NIM expansion due to higher local and international base interest rates
- **NIR down 3%**
  - Sale of the international Nedgroup Trust business (profit of R177m, excluded from HE)
  - Higher non-life claims due to the KZN floods
  - Negative local and international market performance
  - Lower claims in the Life portfolio
- **Impairments down >100%**
  - Client-specific overlay releases in Wealth Management (South Africa) due to better-than-expected recoveries
- **Expense growth of 5%**
  - Investment in people, digital and data enhancements
  - Sale of the international Nedgroup Trust business

Booklet slide

Wealth financial performance – strong HE growth positively impacted by favourable interest rate environment, offset by challenging local & international markets & higher non-life claims

Headline earnings per division (Rm)



Insurance

- Higher non-life claims due to KZN floods
- Profits from enhanced asset & liability matching strategy in the base
- Lower investment returns due to challenging markets
- Reduced death claims in the life portfolio

Asset Management

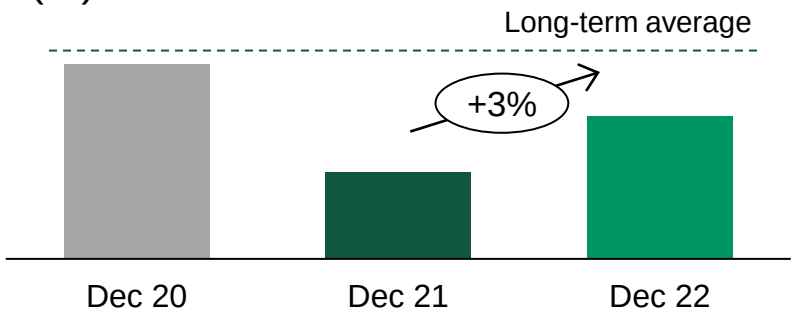
- Negative local & international market performance
- Net outflows

Wealth Management

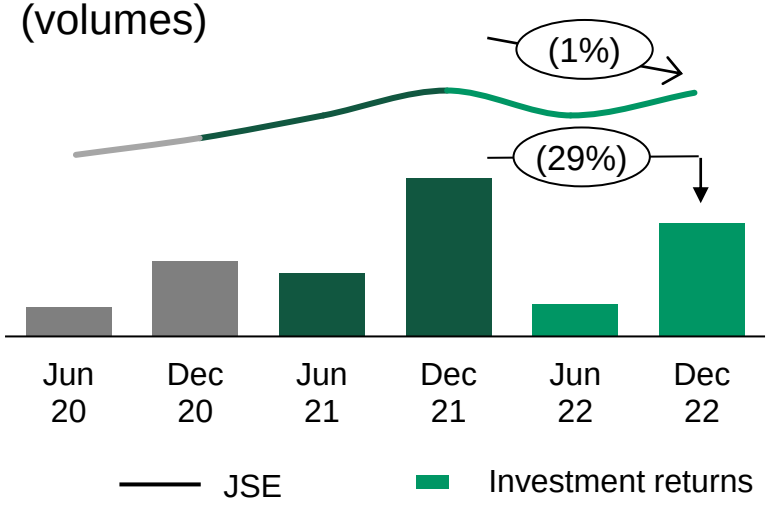
- Higher local & international interest rates
- Client-specific overlay releases from better-than-expected recoveries
- Sale of the International Trust business

Insurance – resilient financial performance despite lower investment returns and an increase in non-life claims

Non-life claims ratio
(%)



JSE All-share index & investment returns
(volumes)



Life claims volumes at pre-Covid-19 levels

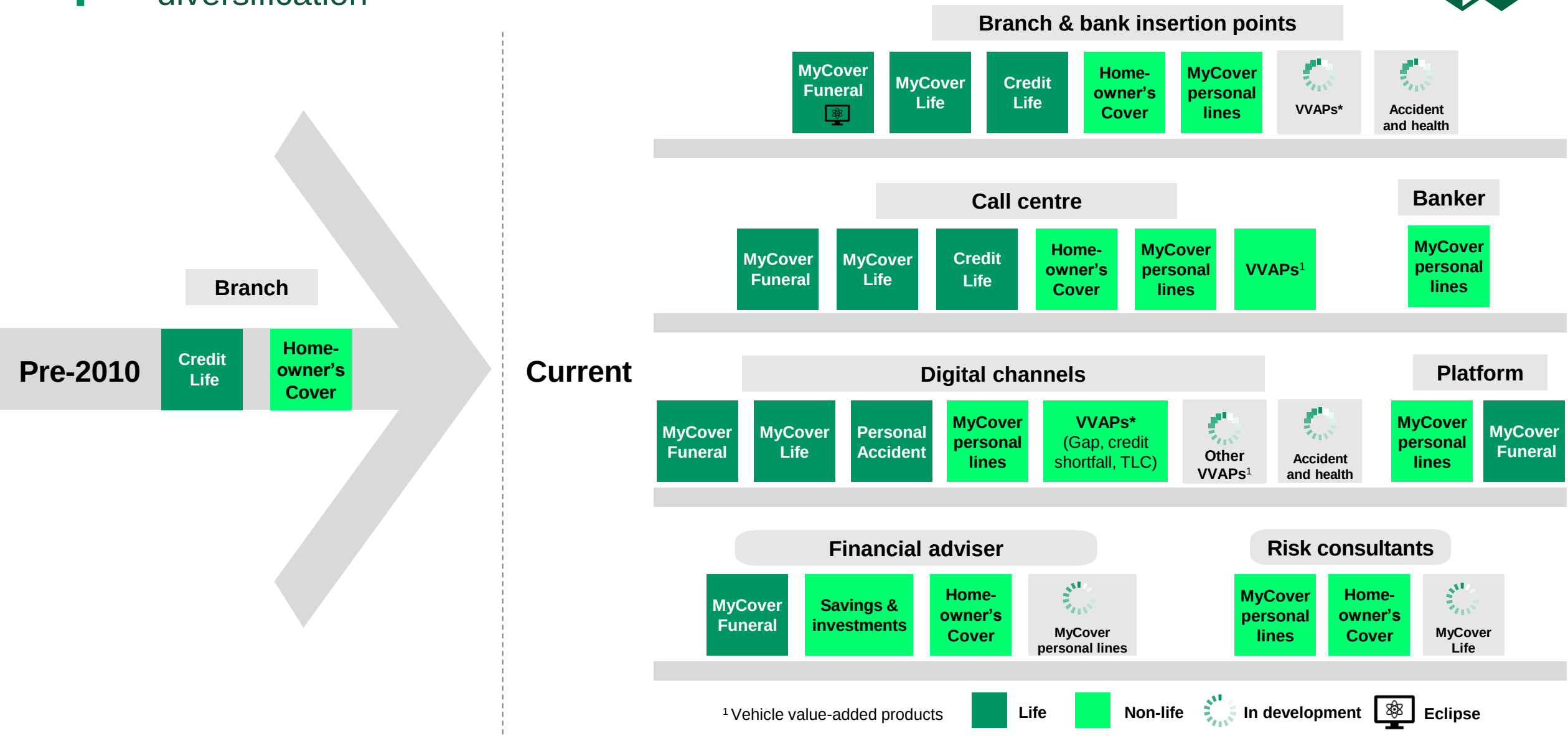
10 product offerings available on 6 **digital channels**

#1 at the International ActiveOps Awards – **Excellence in Running Operations**



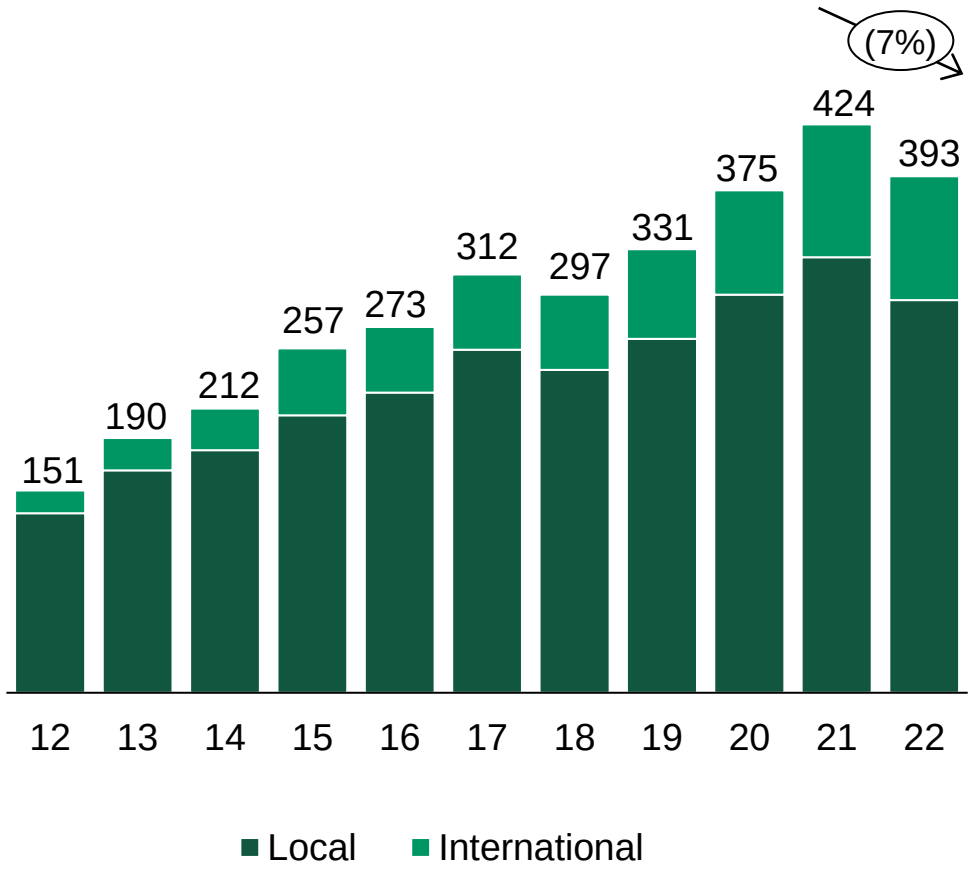
Booklet slide

Nedbank Insurance – significant progress made on product & channel diversification



Asset Management – 7% decline in AUM driven by negative market performance & net outflows, particularly in the cash portfolio

Assets under management (Rbn)



Maintained steady growth in the **Best of Breed™ range**



Asisa stats ranking

- **SA** – 6th largest in total AUM (7% market share)
- **International** – 3rd largest in total AUM (12% market share)

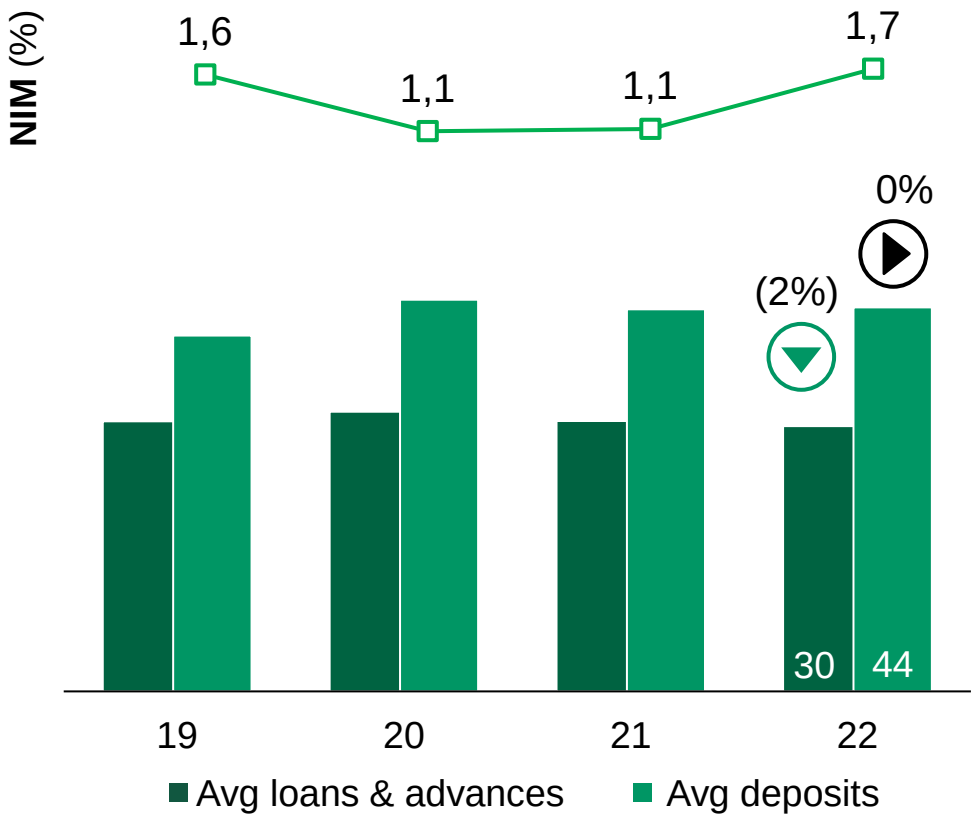
Good inflows into the low-cost **Core & Global funds**

Sustainable investment model portfolios for Nedbank Private Wealth (International)



Wealth Management – HE improved by >100% to R281m, driven mainly by an increase in NII & net credit impairment releases

Wealth Management average loans & advances, average deposits & NIM



Optimised SA **operating model**

Enhanced onboarding experience for SA clients

Intellidex Awards **#1 in the Wealthy Family Archetype** category

Sale of the **International Nedgroup Trust** business



Wealth Briefing MENA Awards **Best Boutique Private Bank** – Overall Client Service

Nedbank Wealth – outlook

2023 outlook

- **NII** – Continued expansion of NIM due to local and international interest rate increases
- **NIR**
  - Growth in the Nedbank Insurance MyCover portfolio
  - Normalised life & non-life claims trends
  - Increased cross-sell opportunities due to greater penetration within the group
  - AUM growth through attracting netflows
- **CLR** – Expected to increase post net recoveries in 2022, however still to remain below the TTC target range
- **Expenses**
  - Investment in strategic growth initiatives
  - Optimisation continues through automation
- **IFRS 17**
  - Transition is not expected to have a material impact on reserves (Group and Insurance entities)
  - Improvement in cost-to-income ratio (expenses related to insurance products being recognised in NIR)

Medium- & long-term outlook

- Maintain strong ROE, ≥10% above the group's cost of equity & reduce cost-to-income ratio to ≤67%



‘**Improved performance** in SADC operations & **continuing recovery** from ETI driving HE growth’

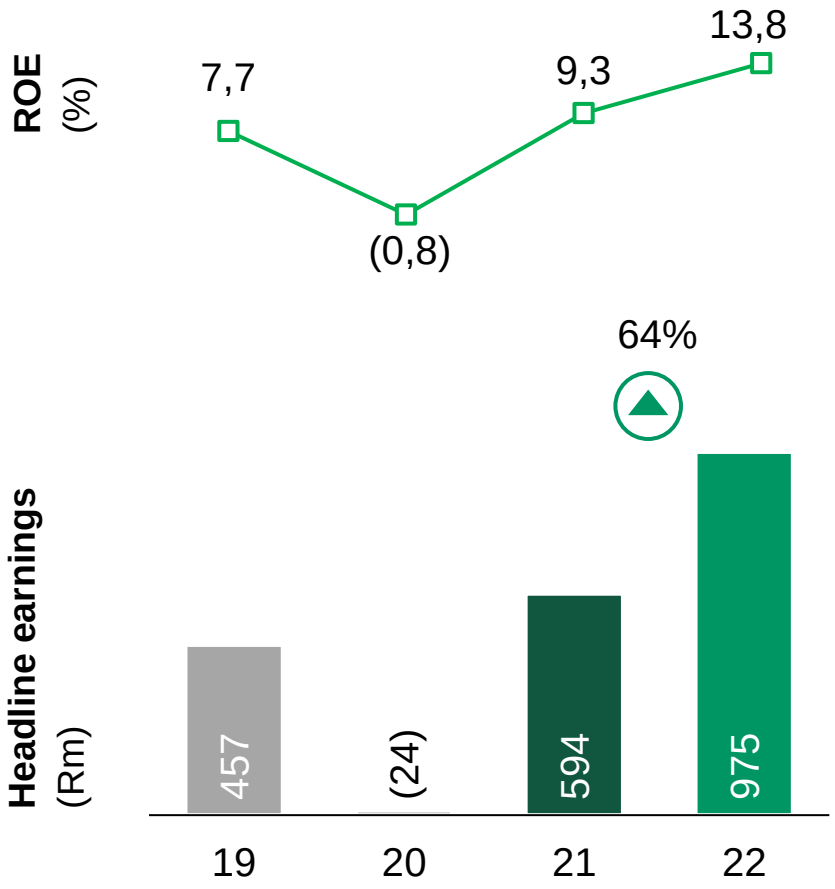
NAR overview

Dr Terence G Sibiya

Group Managing Executive

NAR financial performance – strong uplift in ROE with improved performance from SADC operations & strong earnings from ETI

Financial performance



- **SADC operations**
  - HE of R365m, up >100% & ROE of 5,9% (2021: 1,3%)
  - NII up 15%, driven by improved margins
  - NIR up 23%, driven by unrealised forex gains in Zimbabwe & increased transactional volumes, offset by net monetary loss
  - Impairments up 31% & CLR up 30 bps to 102 bps, off a low base
- **ETI associate investment[1]**
  - HE of R610m, up 17%
  - Associate income up 14% to R779m
  - Ghanaian Sovereign debt restructure impact estimated at R175m (excluding this, associate income was up 39%)
  - Improved performance from Ecobank Nigeria

[1] Includes accounting for our share of ETI's Q4 2021 & 9M 2022 earnings & any significant transactions or events that occurred between 1 October 2022 & 31 December 2022.

SADC operations – leveraging digital to achieve scale across the regions

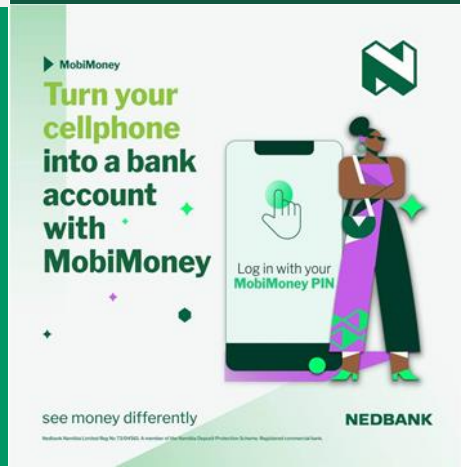
Migrate the NAR subsidiaries onto the group's **modernised SA technology stack**

Positive growth in digitally active clients up to 57%, ahead of aspirations

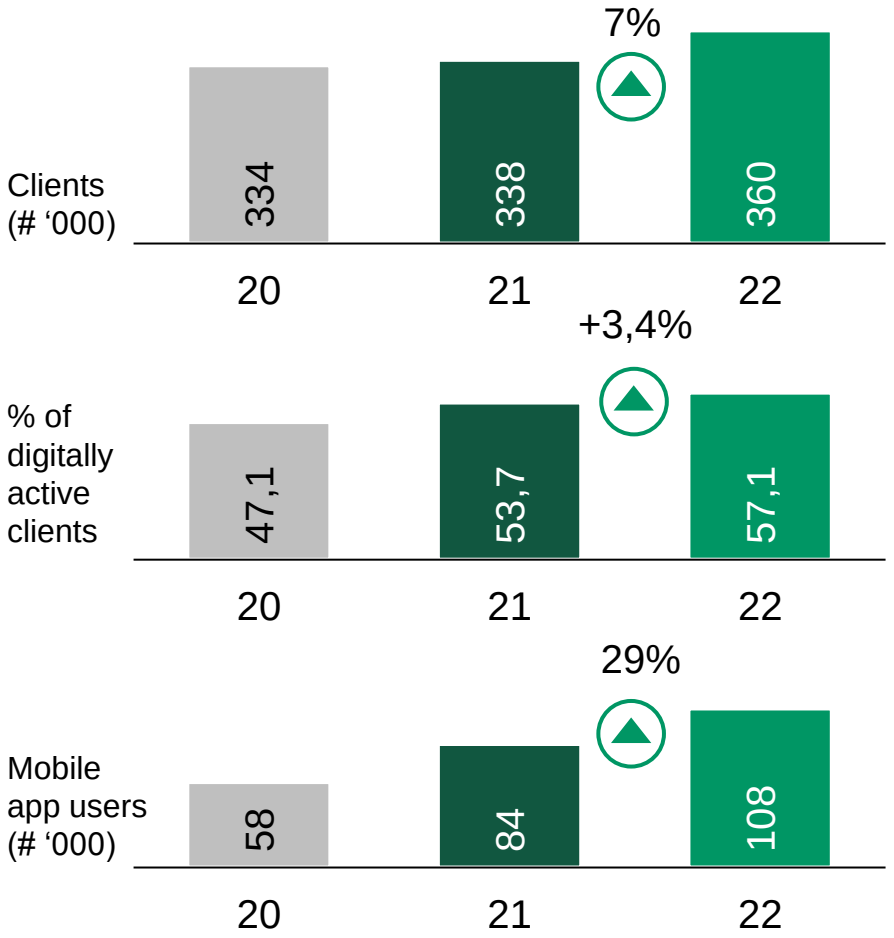
Digital enablement, Zipit smart clients in Zimbabwe for direct payments from mobile app & loan applications via digital channels in Mozambique

Payment APIs implemented in Lesotho & Eswatini as part of our API marketplace journey

Insurance offerings available for clients to take up via digital channels



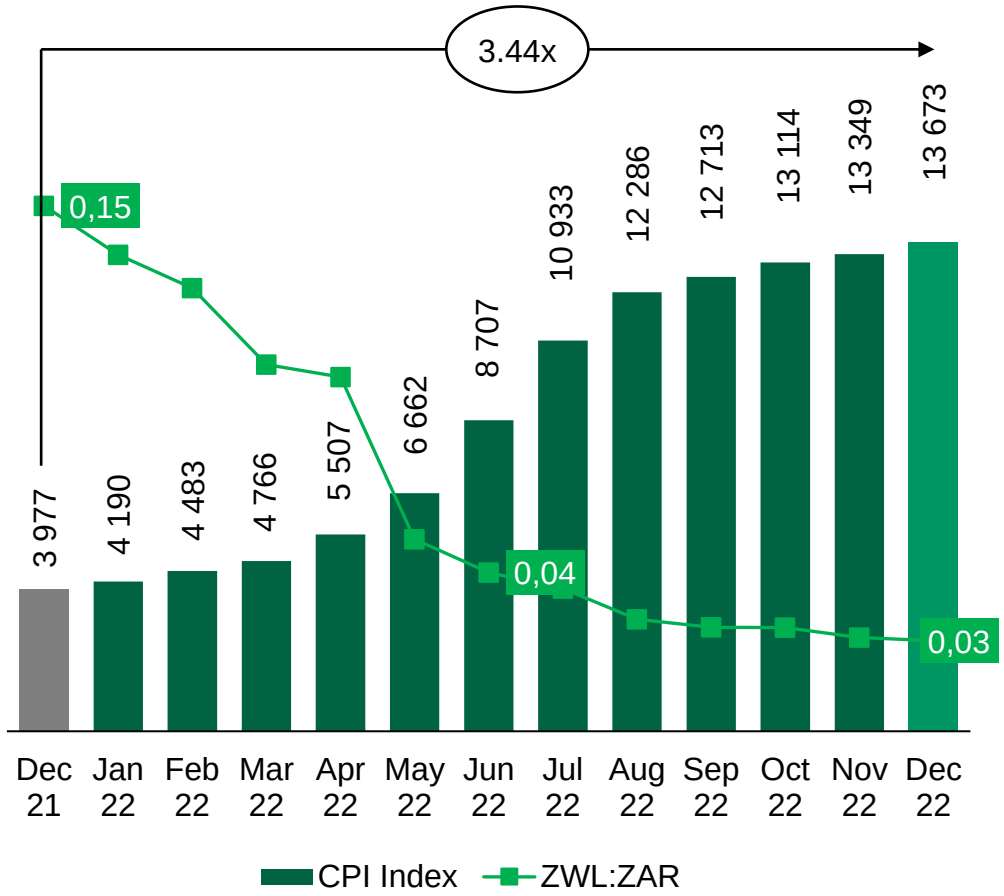
Client & digital growth metrics



Booklet slide

Hyperinflation – financial impact of hyperinflation on the Nedbank Group income statement & balance sheet

Zimbabwe inflation & exchange rate



(Rm)	Income statement impact gain/(loss)			Balance sheet impact increase/decrease	
	Total	Non-control interests	Ord share-holders	Assets	Equity
Rebase Dec 21 equity	(254)	(65)	(189)		189
Net monetary gain on non-monetary assets & liabilities	86	22	64	64	
I/S indexing	(251)	(64)	(187)		
Net monetary loss	**(419)**	**(107)**	**(311)**		
Excl I/S indexing reported on indiv I/S lines			187		
HE impact			**(125)**		**(125)**
Total B/S impact				**64**	**64**

Note: The net monetary loss of R419m is reported in NIR and the total HE impact to the Group (ie excluding non-controlling interests) is R125m. Within NIR the net monetary loss is offset by Fx gains of R442m.

Booklet slide

ETI associate investment – ongoing strong financial performance supporting our investment, while strategic progress is encouraging

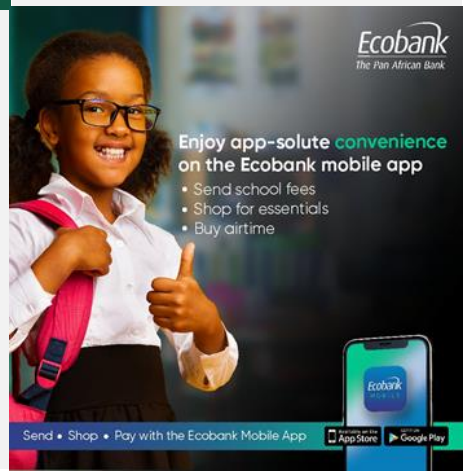
Ecobank top 3 in 14 African countries
& #1 in 7 countries

ROTE up to 21,0%
from 17,9% in the prior year[1]

Ghana's sovereign debt restructure
may slow momentum of ETI's financial performance: impact on Ecobank Ghana being closely monitored

Improved performance from ENG
PBT up +55% & NPL down to 8,7% (from 16,5%)[1]

Strong performance from three core regions
with ROEs > 23%[2]



ETI share price (NGN)



2022 Awards

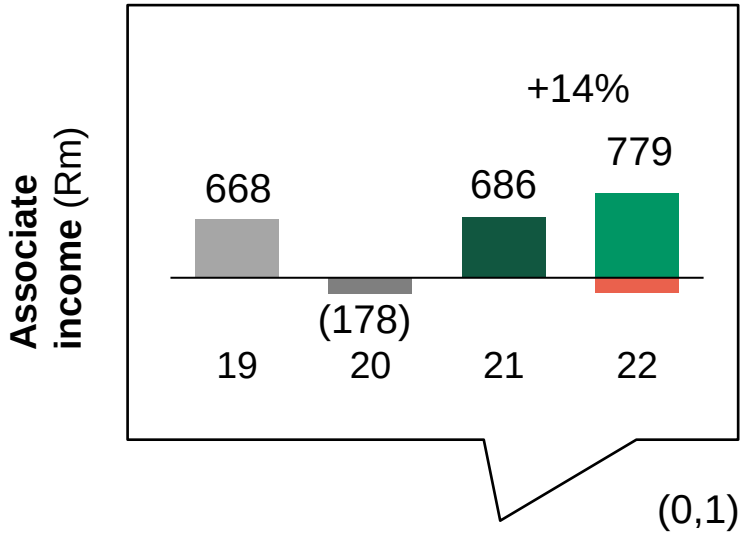
2022 Euromoney Awards for Excellence
Africa's Best Bank

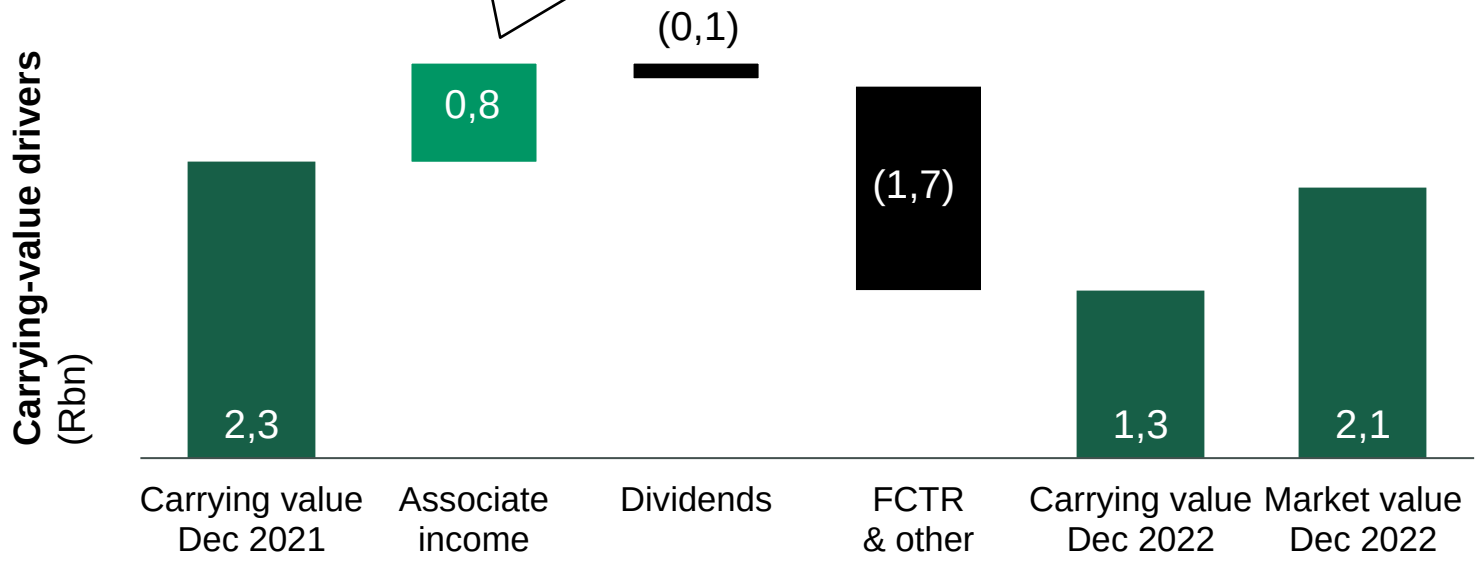
2022 Euromoney Awards for Excellence
Africa's Best Bank for SMEs

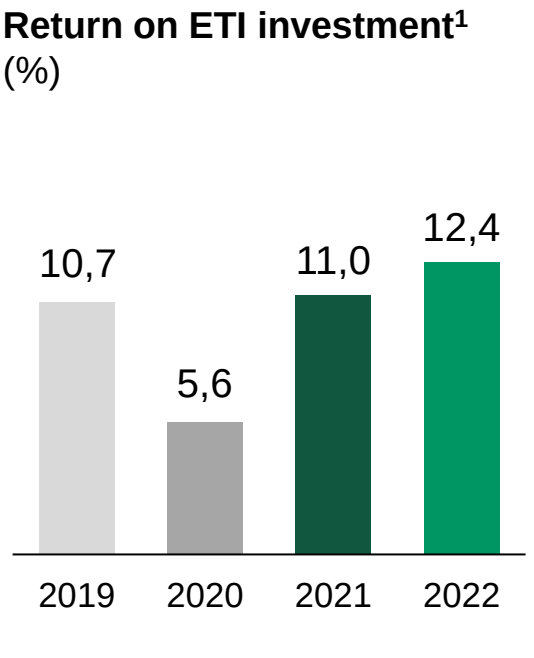
2022 Euromoney Awards for Excellence
Africa's Best Digital Bank

[1] *Year-on-year, based on ETI's 9M 2022 results.*
[2] *ROEs of UEMOA:23,6%, AWA:31,1%, CESA:24,5% & Nigeria:4,6%.*

ETI associate investment – sustained turnaround in financial performance, offset by Ghana bonds exposure & FCTR adjustments







Note: ETI accounted for 1 quarter in arrear. | Associate income includes R175m estimated impact of Ghanaian sovereign debt restructure. | [1] Return on original investment of R6,3bn (based on associate income).

Nedbank Africa Regions – outlook

2023 outlook

SADC operations

- **Transform** the business & operating model
- **Accelerate** the pan-African digital growth strategy
- **Unlock** further value in Mozambique
- **Amplify** focus on quality of earnings

ETI associate investment

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

Medium- & long-term outlook

- Focus on getting SADC operations ROE consistently >COE & reduce cost-to-income ratio to <60%
- Target ETI ROI >20%



‘Good progress towards our 2023 targets, with new medium- & long-term targets to drive shareholder value creation’

Macroeconomic forecasts

Strategy

Targets

Conclusion

Outlook

Mike Brown

Chief Executive

Nedbank economic forecasts – medium-term GDP growth constrained by lack of reliable electricity supply

	Forecast: February 2022						Forecast: February 2023			
	19	20	21A	22	23	24	22A	23	24	25
SA GDP growth	0,1%	(6,4%)	4,9%	1,7%	1,8%	1,0%	2,3%	0,7%	1,5%	1,6%
Prime interest rate (year-end)	10,0%	7,0%	7,25%	8,5%	9,0%	9,5%	10,5%	11,0%	10,25%	10,25%
Inflation (average CPI)	4,1%	3,3%	4,6%	4,9%	4,2%	4,3%	6,9%	5,5%	4,8%	4,8%
Industry credit growth	5,3%	1,2%	4,4%	4,5%	4,3%	4,7%	9,2%	5,0%	5,9%	6,4%
Rand/US$ (year-end)	14,0	14,6	15,9	15,9	15,6	16,3	17,0	16,8	16,7	17,3
SA fiscal deficit % of GDP[1]	(3,6%)	(5,1%)	(9,9%)	(6,5%)	(5,7%)	(4,5%)	(4,6%)	(4,2%)	(4,0%)	(3,2%)
SA govt debt % of GDP[1]	52%	56%	71%	67%	70%	71%	71%	72%	73%	74%

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

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

Supports delivery of our short-, medium- & long-term targets

Short-term (2023 full-year) financial guidance based on current economic forecasts

	2022 performance	2023 guidance[1]	Key drivers/risks in 2023	
NII growth	+12%	Around mid-teens	▪ Advances growth broadly similar to 2022 ▪ Ongoing NIM expansion – run-rate impact of 325 bps interest rate increases from 2022 & 50 bps increases in 2023, partially offset by asset mix changes & pricing pressures	
CLR	89 bps	Within the top half of our 60 to 100 bps TTC range	▪ Impact of higher levels of load-shedding & interest rates ▪ Inflation high but trending down ▪ High forecast risk in a difficult environment	
NIR growth	+10%	Mid-single digits	▪ Ongoing main-banked client gains & cross-sell, as well as the expected closure of some renewable deals in H1 2023 ▪ Muted trading environment & generally a higher 2022 base to grow off in other areas (eg private equity, MVFHA)	IFRS 17 changes
Expense growth	+8%	Mid-to-upper single digits	▪ Average annual salary increase of around 6% ▪ Ongoing cost optimisation focus ▪ New regulatory costs (eg Twin Peaks) & impact of higher levels of inflation & Fx (on IT costs)	
Minorities & non-controlling interests	(1%)	Higher growth	▪ Impact from higher JIBAR rates & additional new AT1 issuances	
Capital (CET1 ratio)	14,0%	Above TTC target range (11% to 12%)	▪ Remains above the top-end of board target range	
Dividend	1,75x cover	At the lower end of target range (1,75x to 2,25x)	▪ Supported by strong capital ratios & capital optimisation that are subject to all legal & regulatory approvals, & requirements being met	

[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 current economic forecasts.

New medium- & long-term targets that support shareholder value creation

Short term

Targets to 2023

DHEPS	ROE	Cost-to-income ratio	Net Promoter Score
> 2 565 cents (2019 levels)	**> 15%** (2019 levels)	**< 54%**	**#1 bank** (from #3 in 2019)

Medium term

Targets to 2025

> 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**

Conclusion – the group's strong 2022 financial performance & good strategic delivery position Nedbank well for the achievement of our 2023 targets & demonstrate ongoing progress towards our medium- & long-term targets

Strong balance sheet

CET1: 14,0%

LCR: 161%

NSFR: 119%

ECL coverage: 3,37%

R5bn capital optimisation programme

Tangible proof of strategic delivery

ME IT build nearing completion

Strong digital growth

Client satisfaction up

Cost optimisation

Cross-sell, main-banked & market share growth

Purpose/ESG delivery

Active capital management

Good momentum towards 2023 targets

DHEPS 2 565 cents ✓

ROE > 15%

Cost-to-income < 54%

#1 in NPS ✓

Delivering on targets that create shareholder value

- Short term – 2023
- Medium term – 2025
- Long term – not dated


Thank you
see money differently

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.