

2022 Annual Financial Results

For the year ended 31 December 2022

March 2023 roadshow

NEDBANK GROUP

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

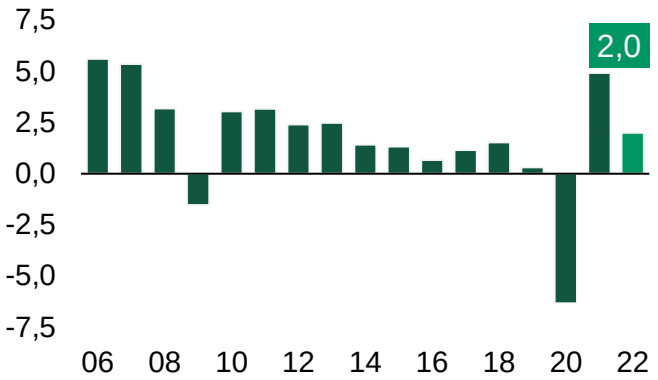
Operating environment – global economic pressures & domestic challenges impacted the local market, with the SA economy demonstrating high levels of resilience

Global environment

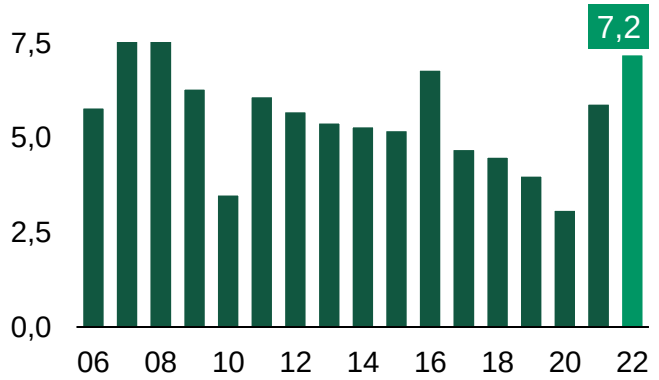
- Ongoing impact of **Russian war in Ukraine**
- **Supply chain/Covid-19 constraints** from China lockdowns, but easing
- **Inflationary pressures** particularly energy & food
- **Monetary policy tightening** ahead of expectations
- **Increased risk of recession** in key developed markets

SA economy relatively resilient

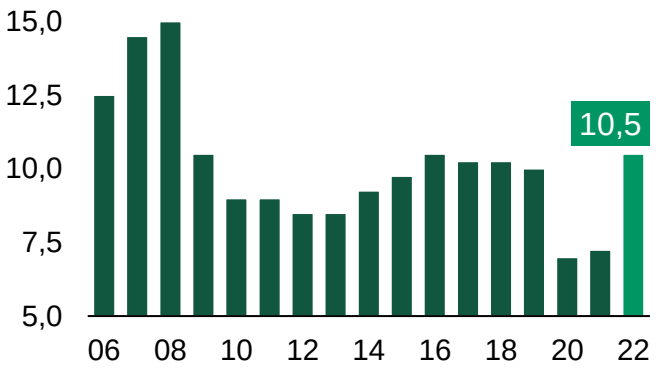
Annual SA GDP growth (%)



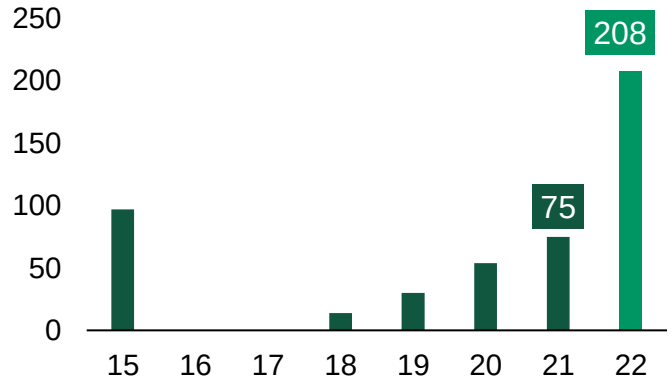
Annual average SA inflation (%, ye)



SA prime interest rate (bps)



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



[1] *Source: The Outlier, EskomSePush*

Operating environment – 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

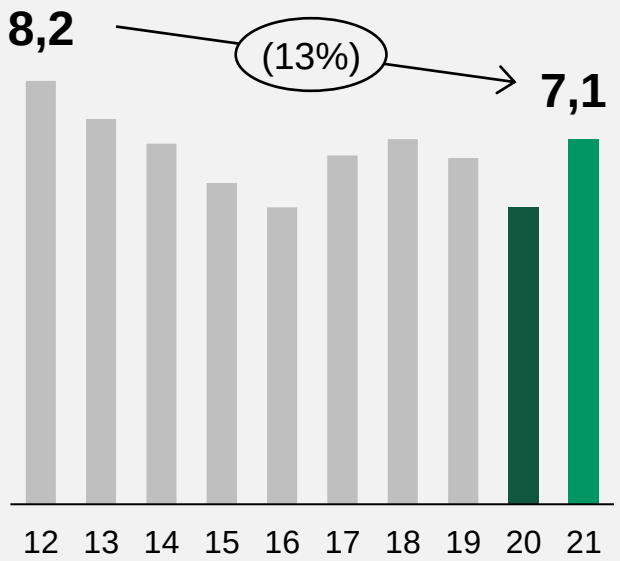
WEF 2023 top 5 SA risks

- 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

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**

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

'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

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

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

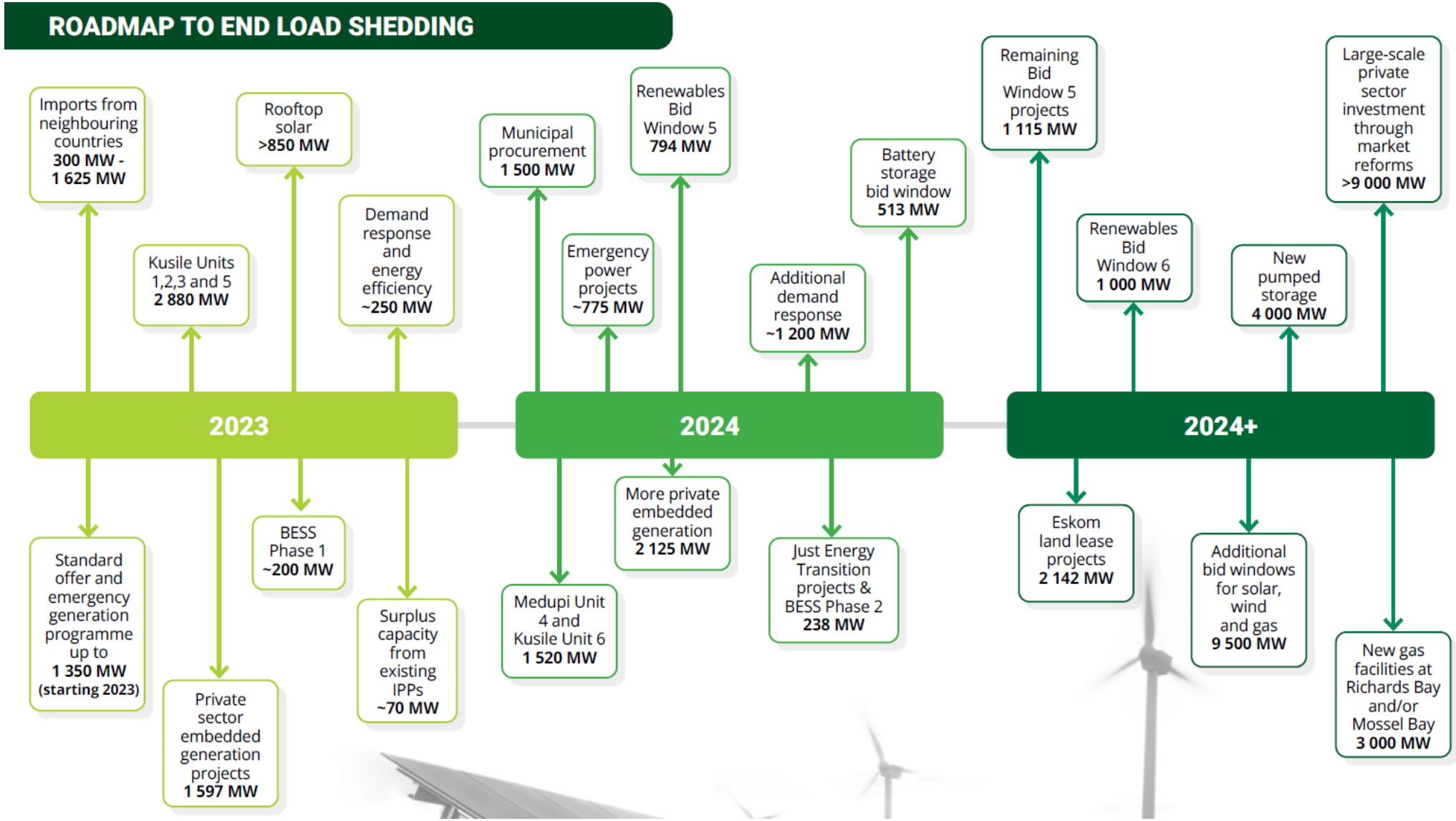
2 890 km of new high-voltage lines & 60 transformers planned by 2027 (cost of R72bn)

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.

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



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 0,1%, constrained by lack of reliable electricity supply

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

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

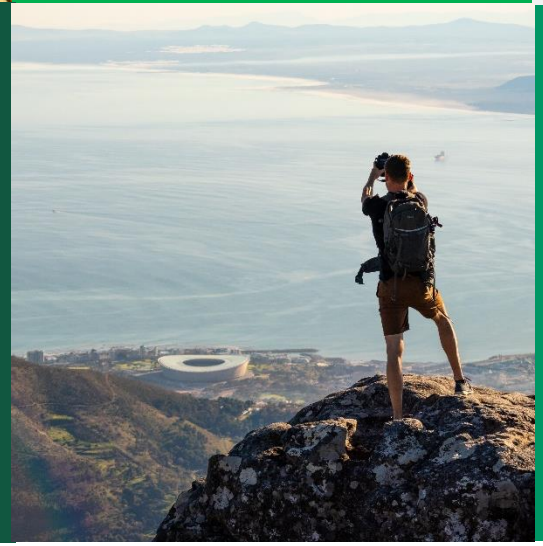
Highly regarded & credible management teams, strong balance sheets & low debt burdens

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

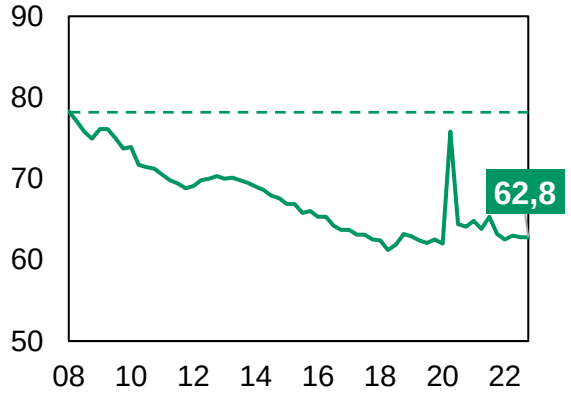


Gateway to Africa

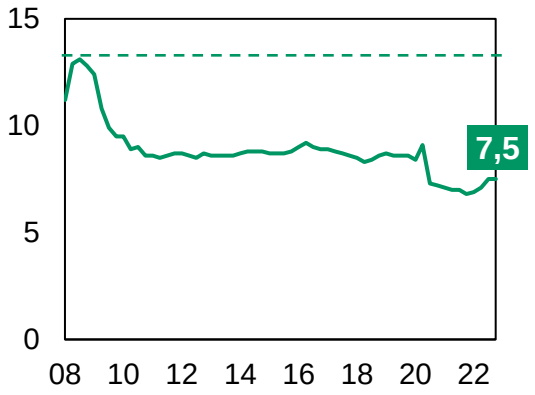
Economic connections to the rest of the continent & SA's 2nd largest export destination

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

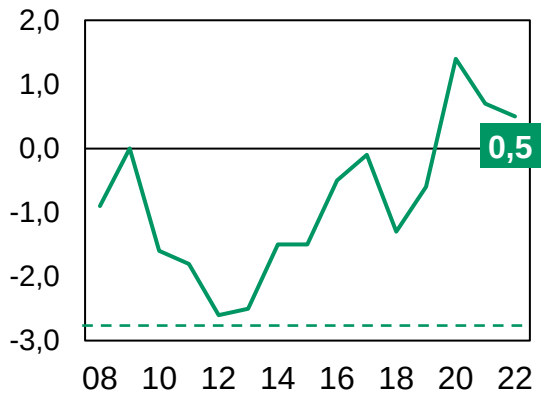
Household debt ratios (% of PDI)



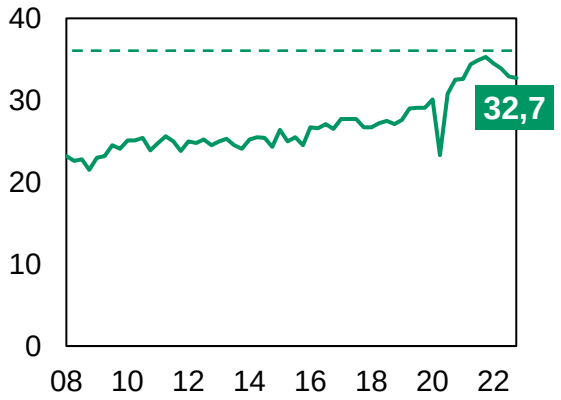
Household debt service costs (% of PDI)



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.



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

Strategic overview

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

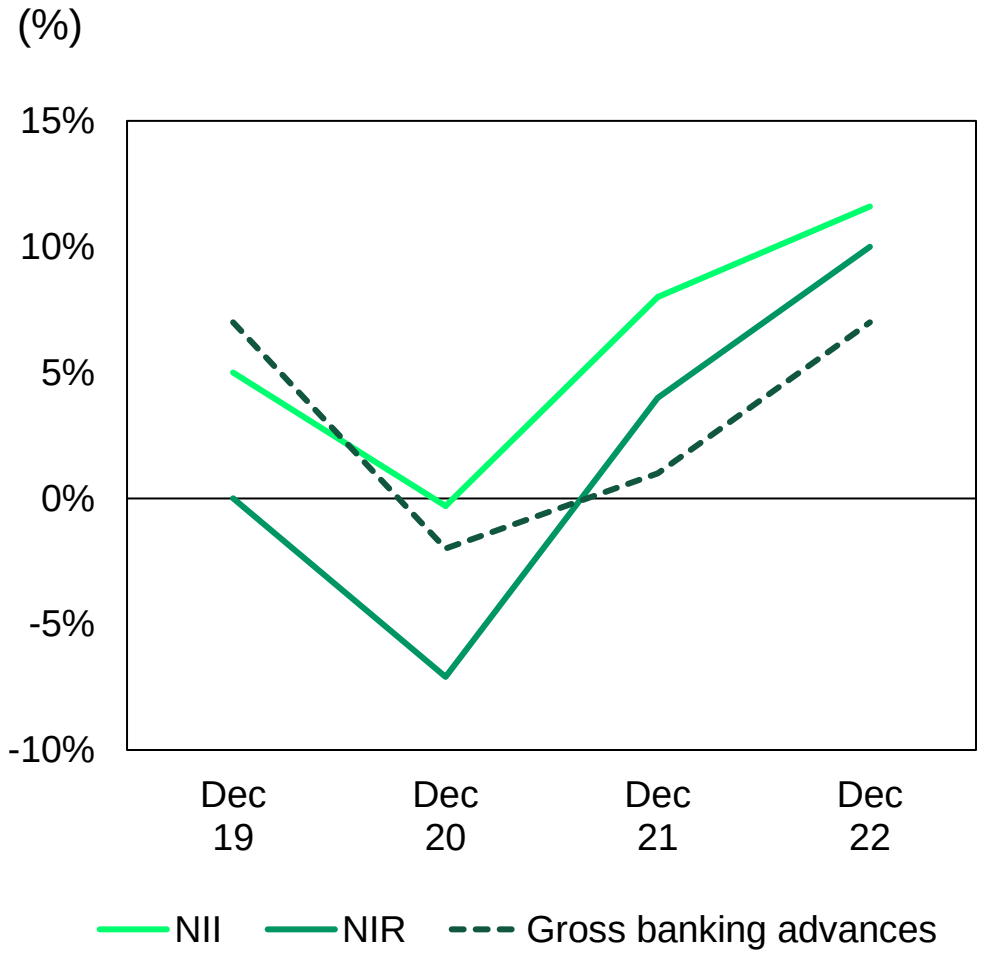
Strategic value unlocks

				
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

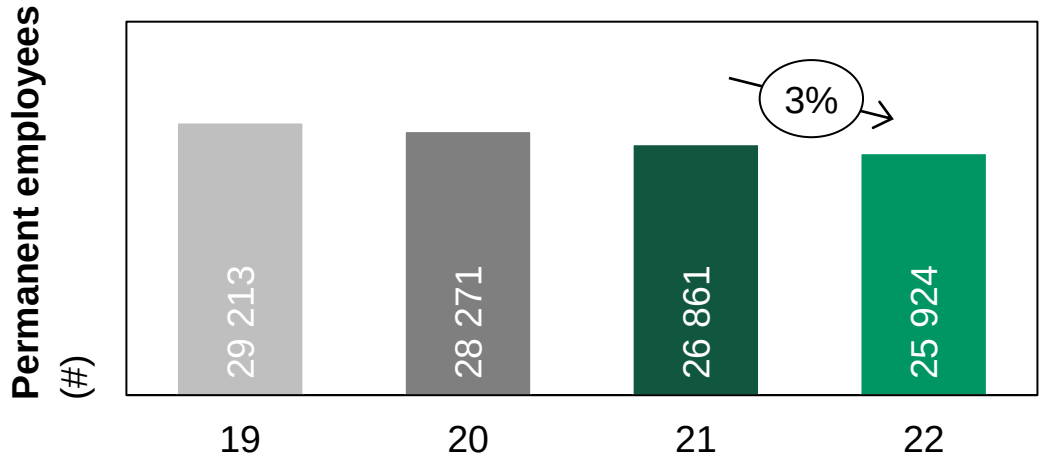
- New primary client wins in CIB: **25**
- Retail main-banked clients: **+6%** to 3,2m
- NAR client gains: **+7%** to 360k
- App volumes **+34%** yoy & **+253%** since 2019
- Insurance income **+18%** yoy

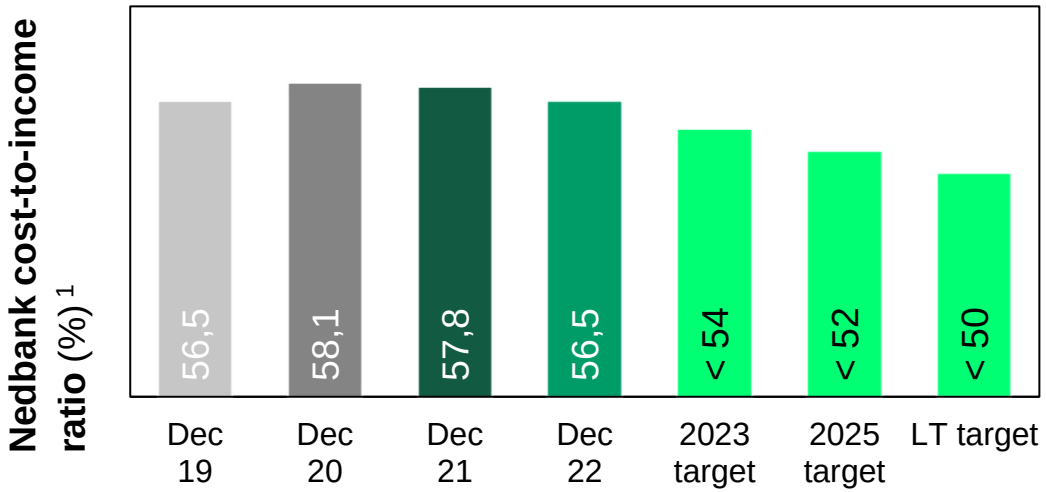
Negative impact from weak financial markets

- 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

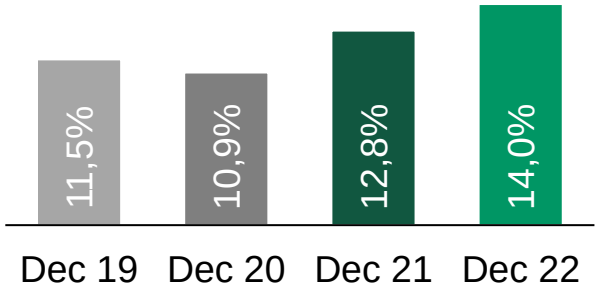
[1] *2021 NIR restated to take into account net monetary loss reclassification, impacting the cost-to-income ratio. 2019 & 2020 impact is immaterial therefore NIR not restated.*

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

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

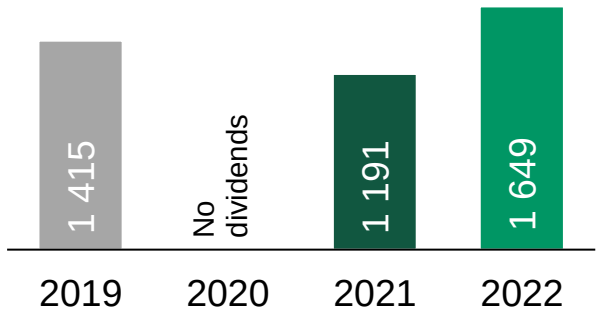
Capital

CET1 ratio (%)



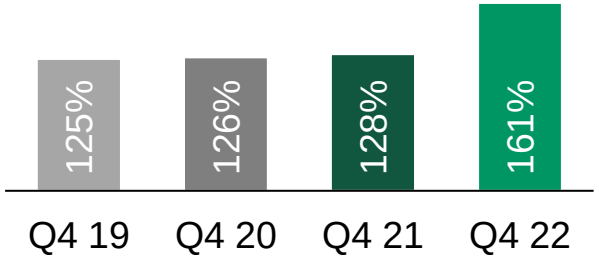
Dividends

Dividends declared (cents/share)

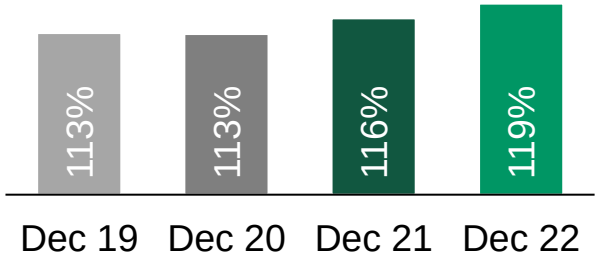


Liquidity

LCR (%)

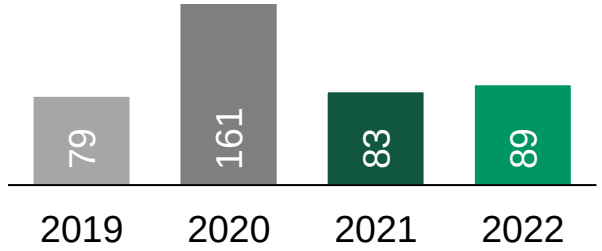


NSFR (%)

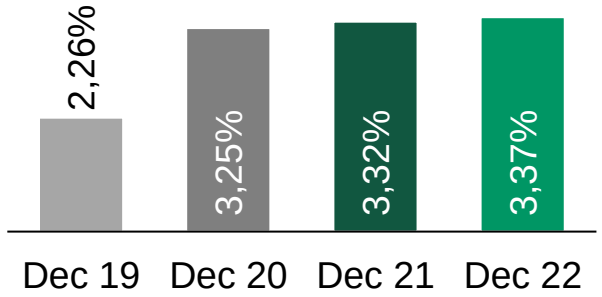


Credit

CLR (%)



Total ECL coverage (%)

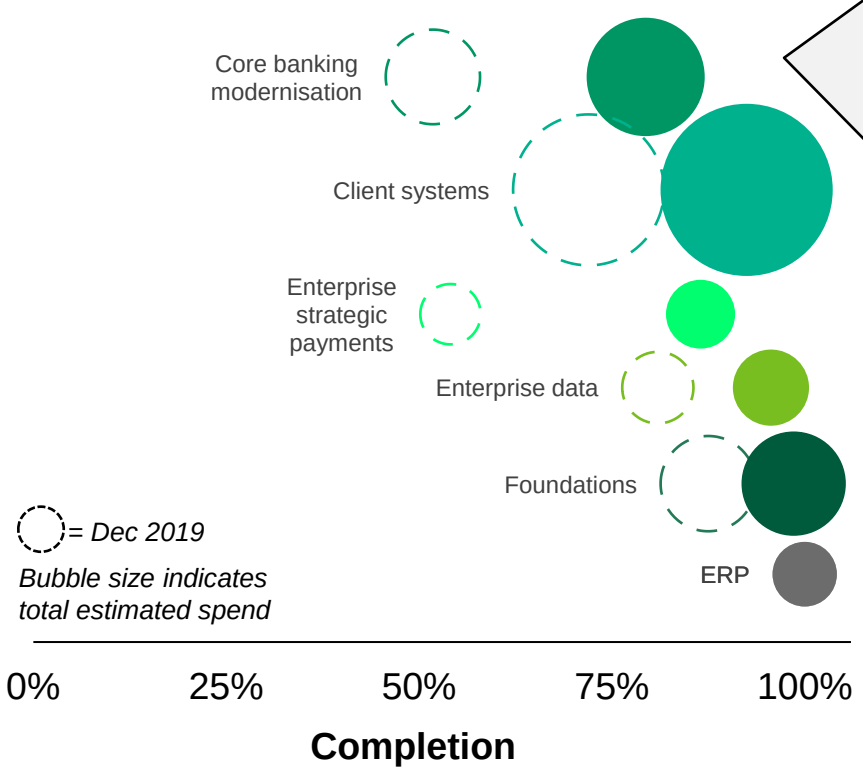


Managed Evolution technology programme: building a world-class technology platform – 91% complete & delivering benefits as per plan

Strategic value unlocks

Managed Evolution programme

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



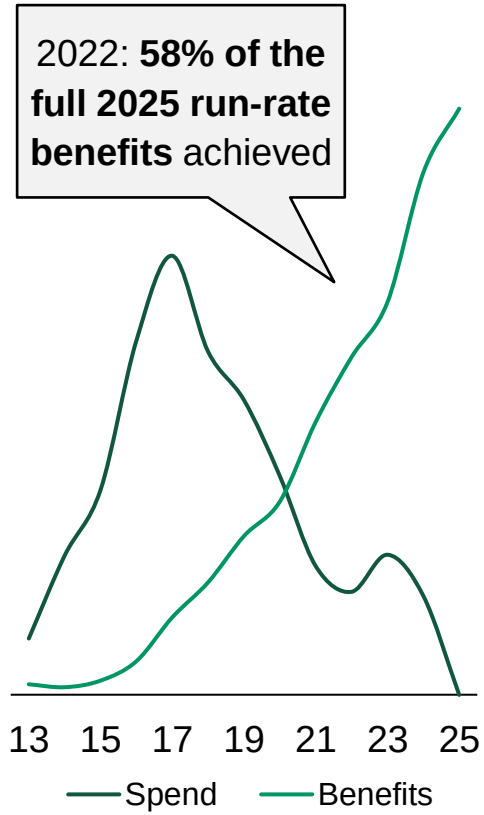
Key IT build components to completion

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)

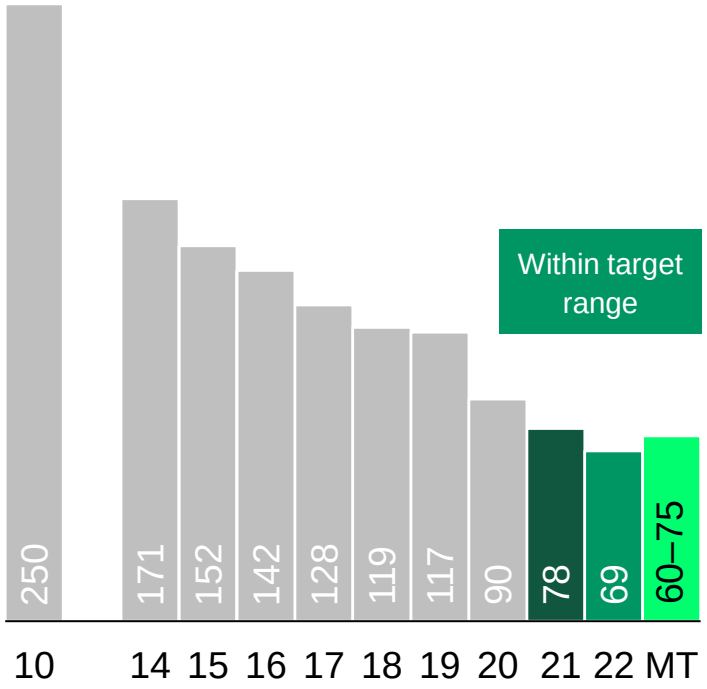
Investment vs benefit realisation to date (%)



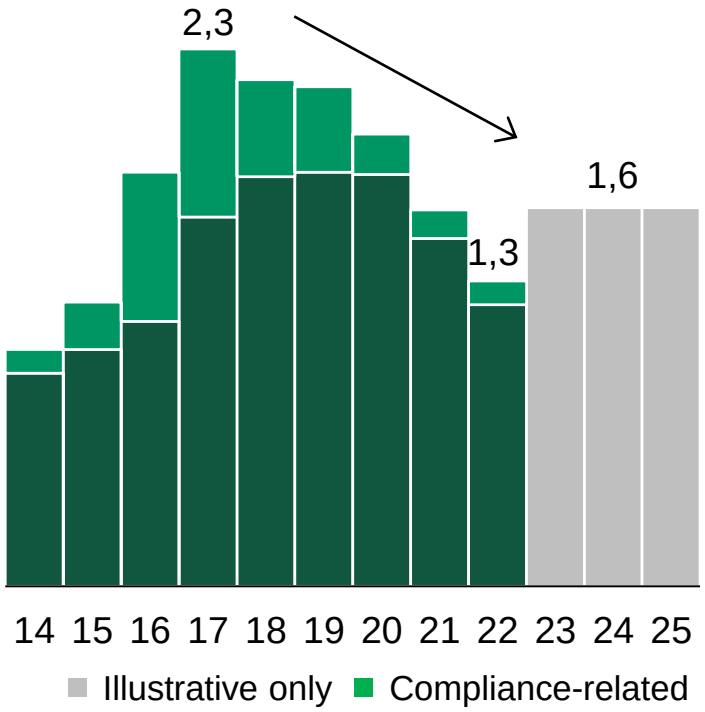
Managed Evolution technology programme – IT cash flow spend peaked in 2017 & intangible software assets peaked in 2021 at R9bn

Strategic value unlocks

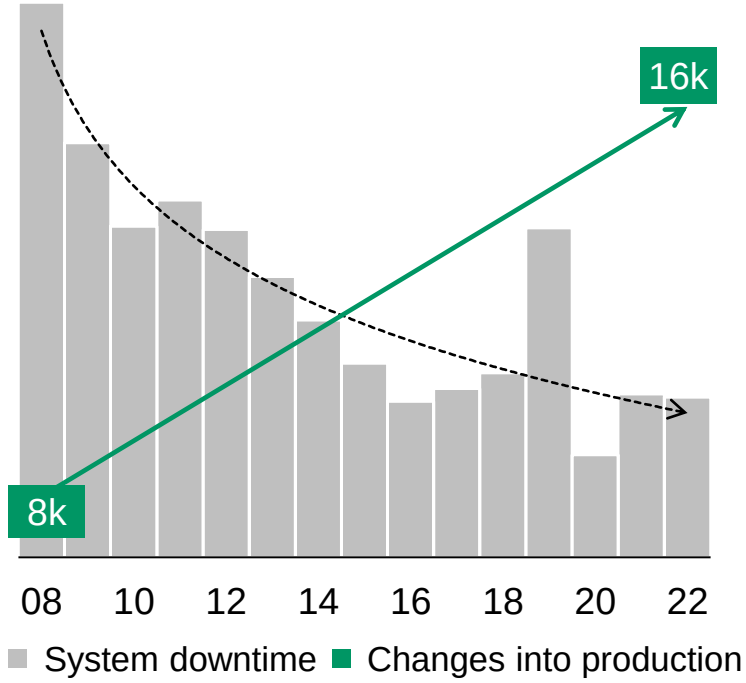
Core systems (#)
Rationalise, standardise & simplify



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%**

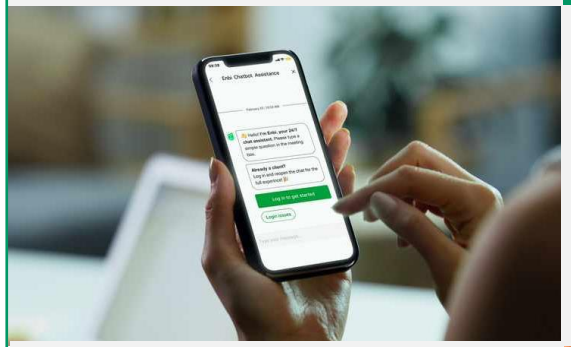
([1]Individual & juristic FICA-compliant onboarding via Eclipse. % of juristics using NBH[2])

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)

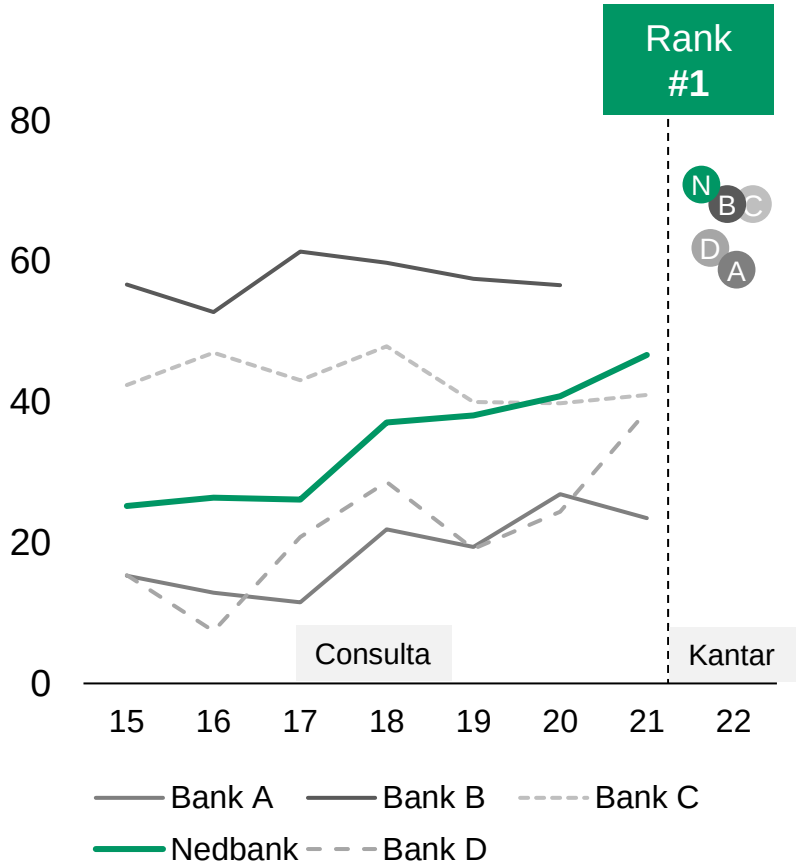
VAS revenue ▲**129%**

(vs 2019)

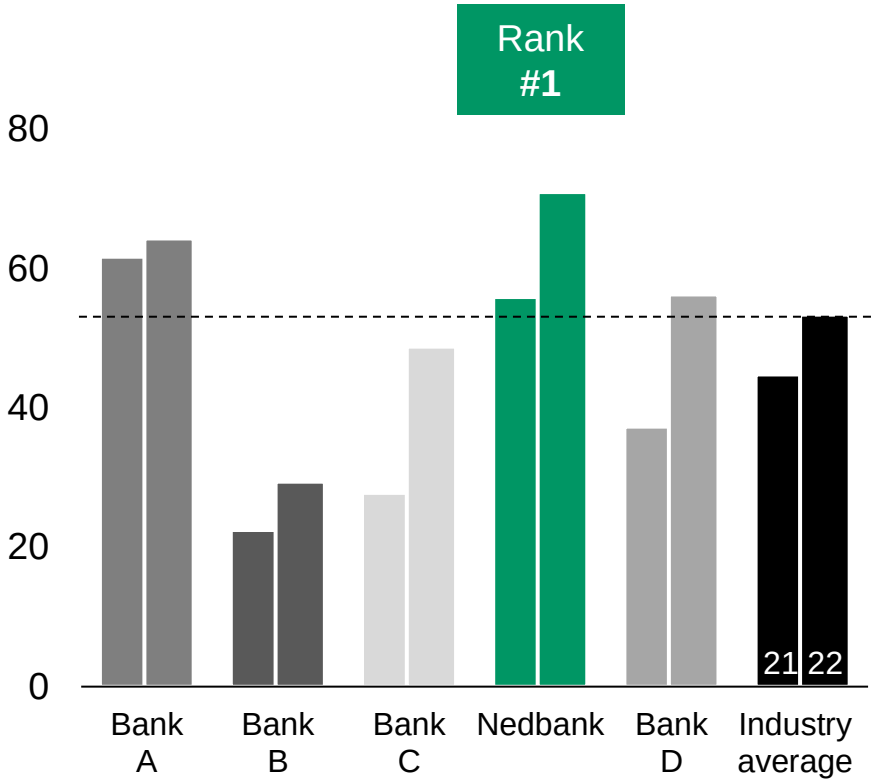
Client satisfaction metrics positively differentiates Nedbank – now SA's #1 ranked bank on NPS

Strategic value unlocks

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]

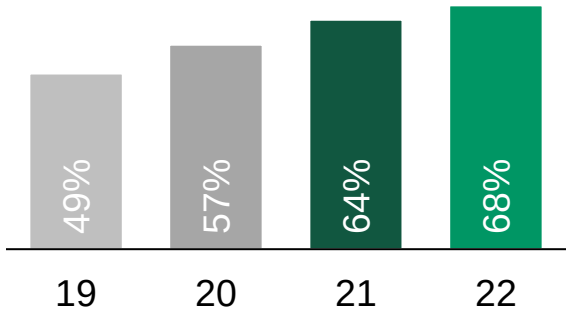
Nedbank **digital NPS[3] >70** in 2022

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

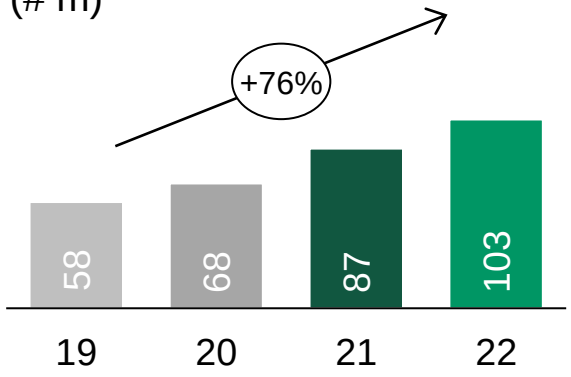
[1] Annual Consulta survey 2015 to 2021 (no survey was done in 2022). As a result, Kantar was contracted by Nedbank to conduct an independent NPS survey in 2022 using the same methodology (it is likely that a greater response rate from face-to-face interviews drove up absolute NPS scores across all banks). | [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.

Digital uptake & usage continues to accelerate

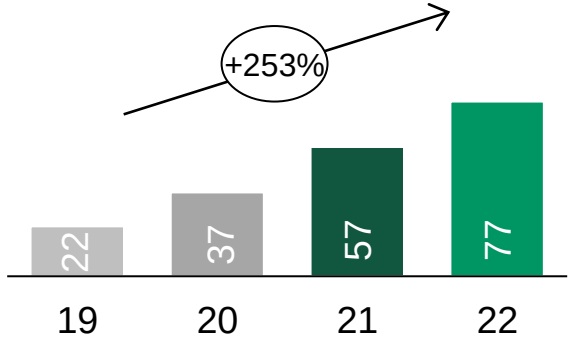
Digitally active main-banked clients (%)



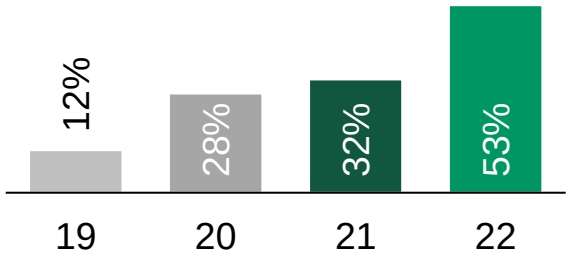
Digital transaction volumes
(# m)



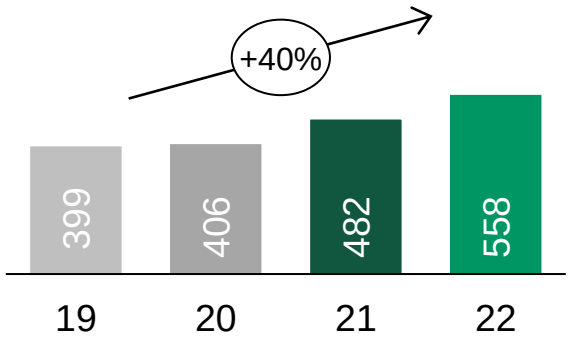
App transaction volumes
(# m)



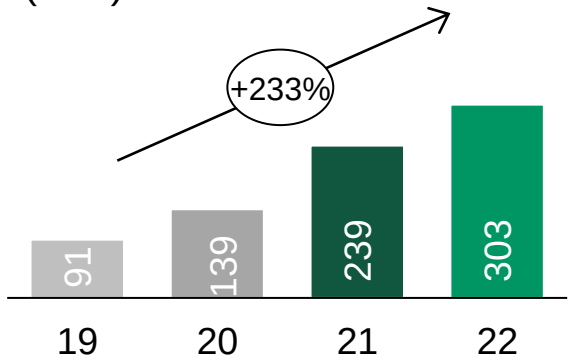
Digital sales
(% of new sales)



Digital transaction values
(Rbn)



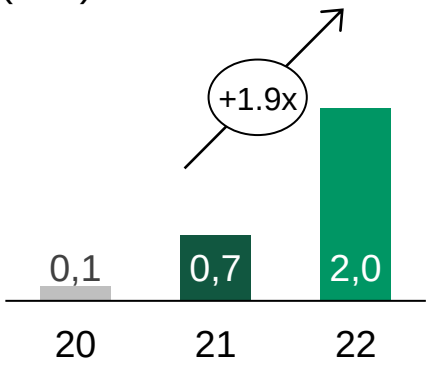
App transaction values
(Rbn)



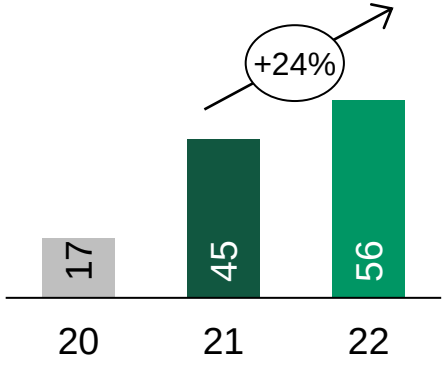
Change since 2019

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

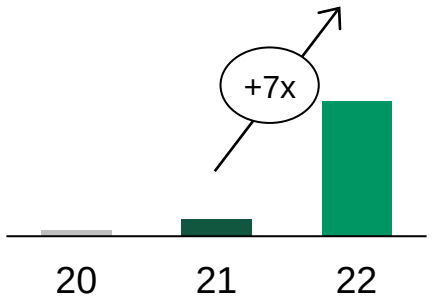
Registered Avo clients (# m)



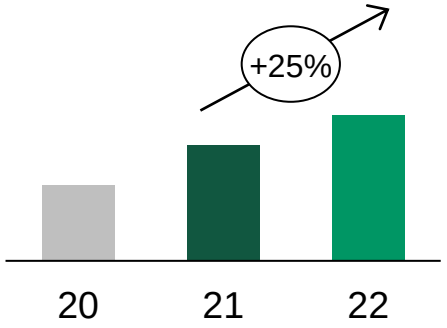
API activity (# of active 3rd parties)



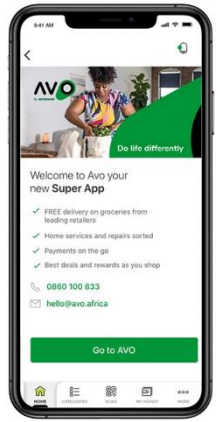
Avo gross merchandise value (Rm)[1]



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**

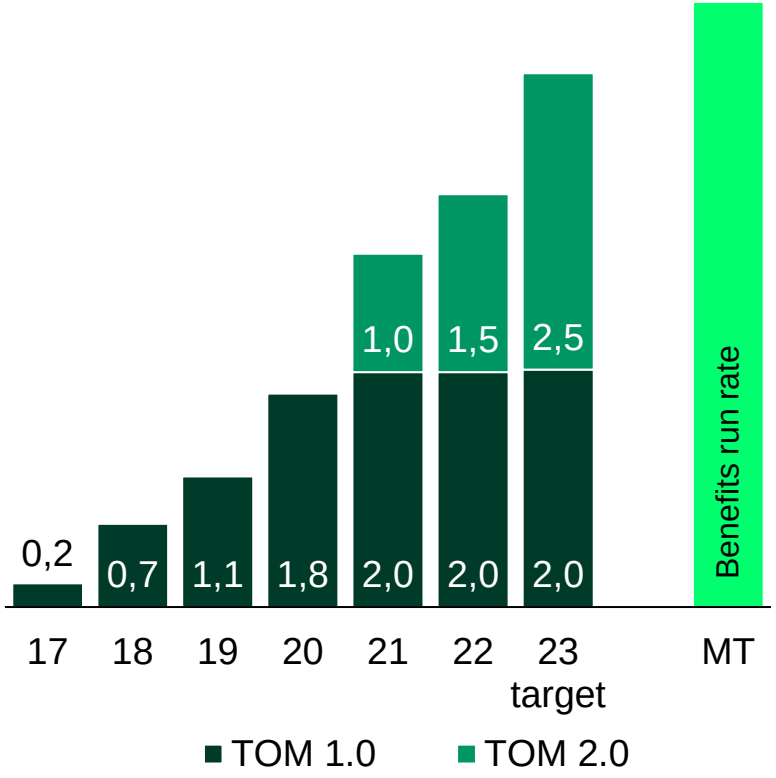
Avo launch in NAR subsidiaries in H1 2023

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

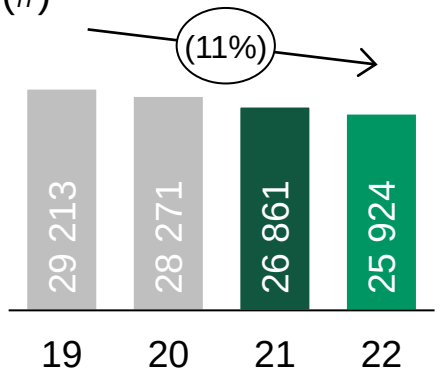
[1] *Excluding internal spend, 2022 vs 2021 is +5x.*

Operating model changes & efficient execution are enabling lower expense growth

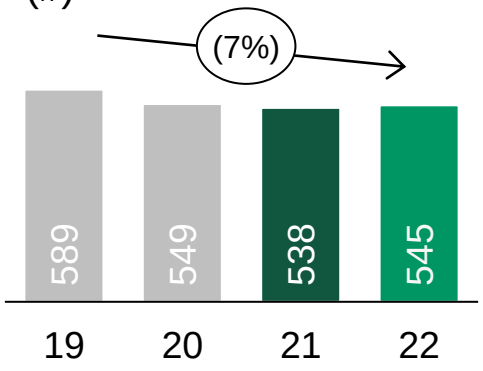
Cumulative target operating model benefits (Rbn)



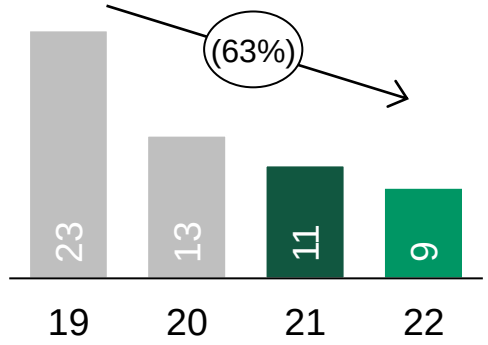
Permanent employees (#)



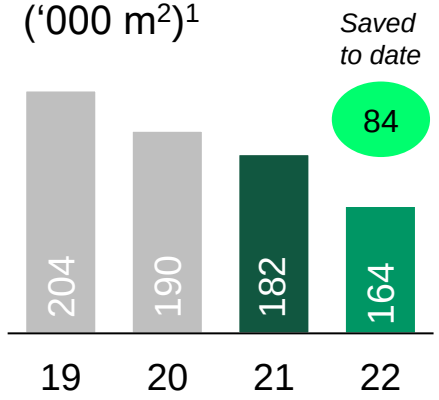
SA outlets/branches (#)



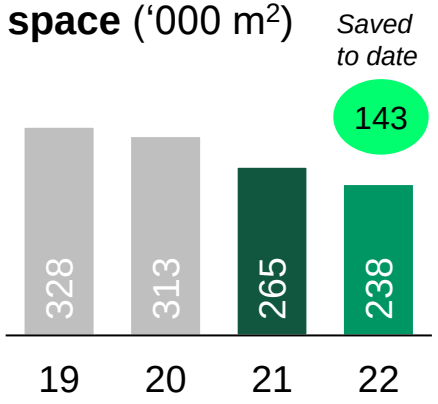
Teller activity (# m)[2]



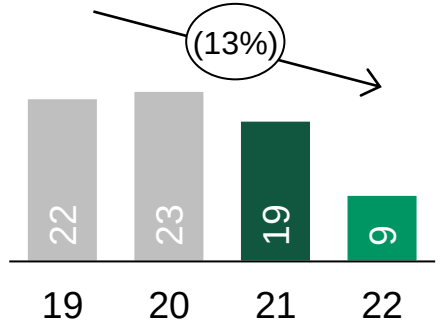
Branch floor space ('000 m²)[1]



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)

Strategic value unlocks

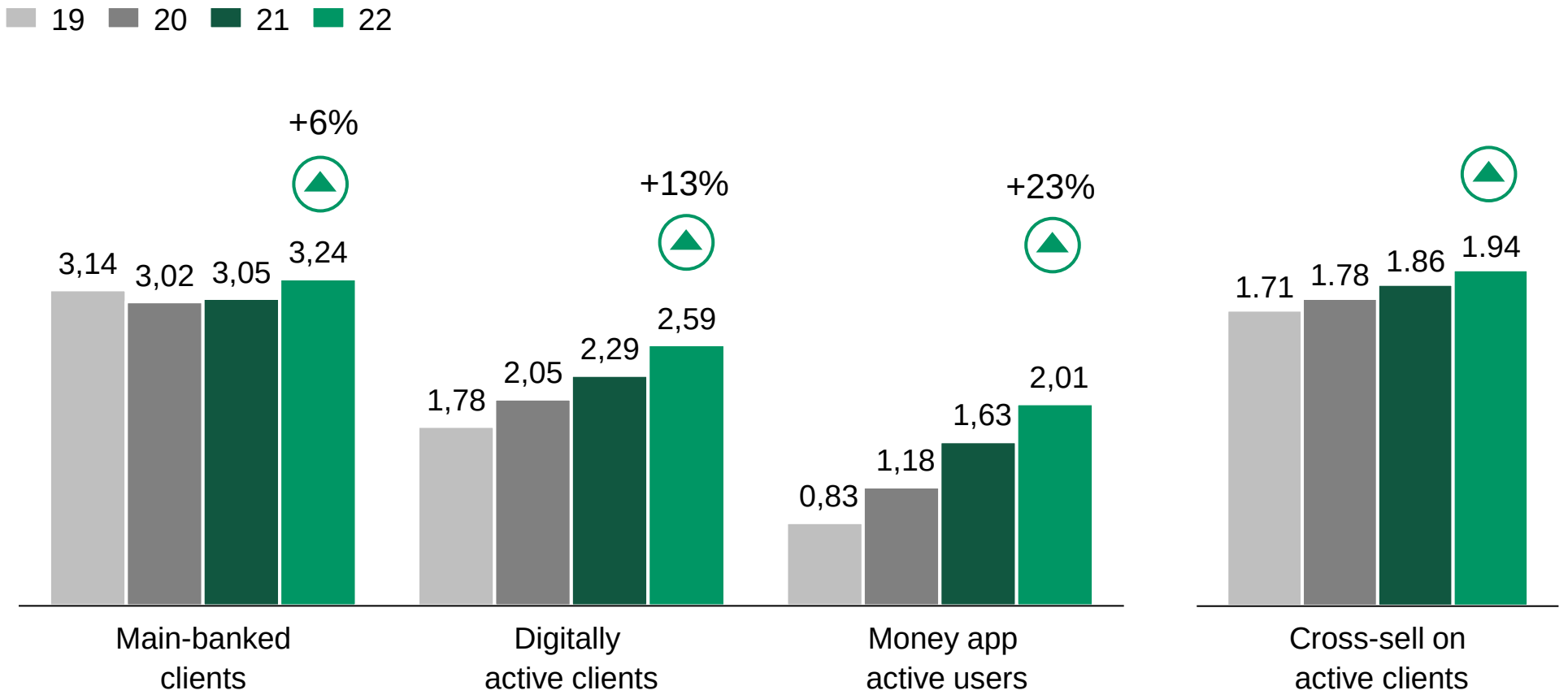
BA900 market share (%)	Dec 19	Dec 20	Dec 21	Jun 22	Dec 22	MT tilt
Core corporate loans[1]	21,2	20,9	19,8	**19,1**	**18,5**	▲
CPF	38,7	38,5	37,2	**37,6**	**36,8**	►
Home loans	14,4	14,4	14,2	**14,0**	**14,1**	▲
Vehicle finance	36,4	36,5	36,3	**35,9**	**35,4**	►
Personal loans	10,2	11,2	12,2	**11,9**	**11,6**	▲
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	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%).*

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

Retail client base breakdown (# m)



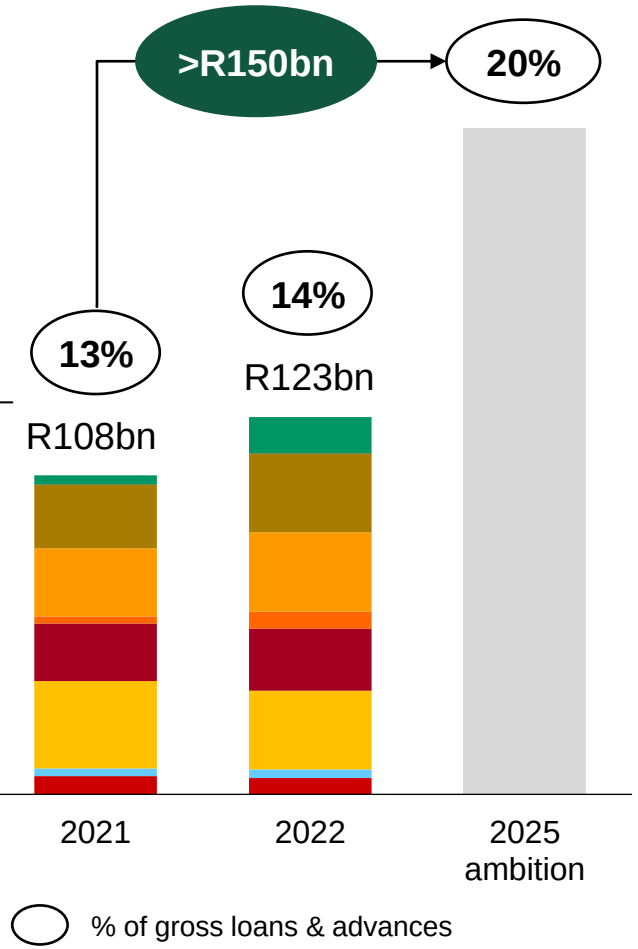
Cross-sell ratio

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

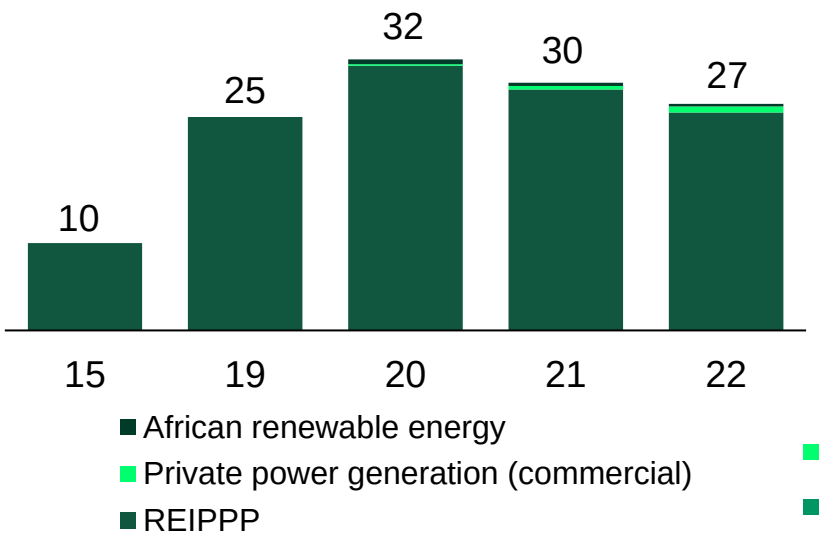
43 000 student beds since 2015

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

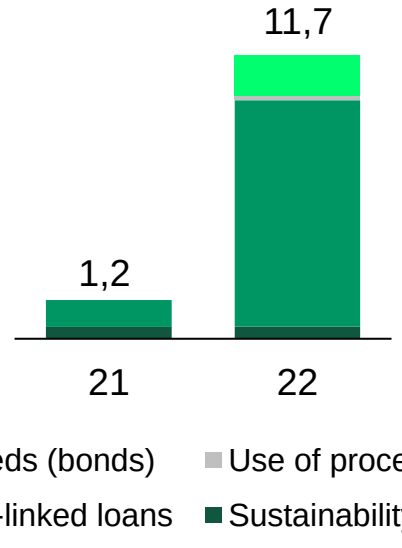
Creating positive impacts – expanding our leadership in sustainable finance & renewable-energy financing

Strategic value unlocks

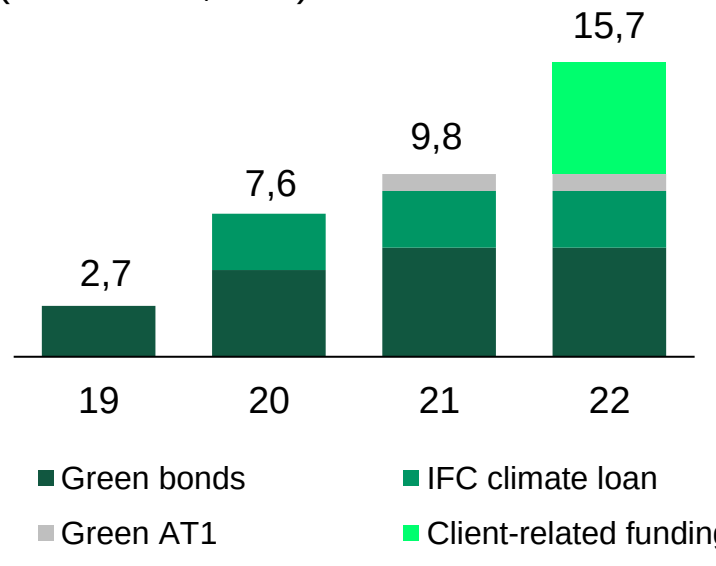
Renewable-energy financing
(drawn exposures, Rbn)

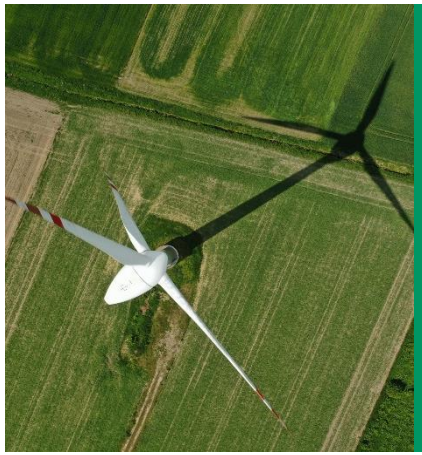


Sustainable-finance facilities
(exposures, Rbn)



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

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

Strategic value unlocks

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

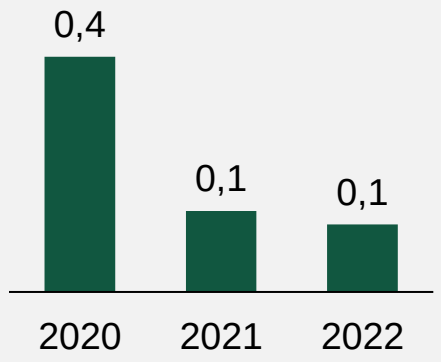
2035
No new finance for oil production

2045
Zero exposure to fossil-fuel-related activities

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

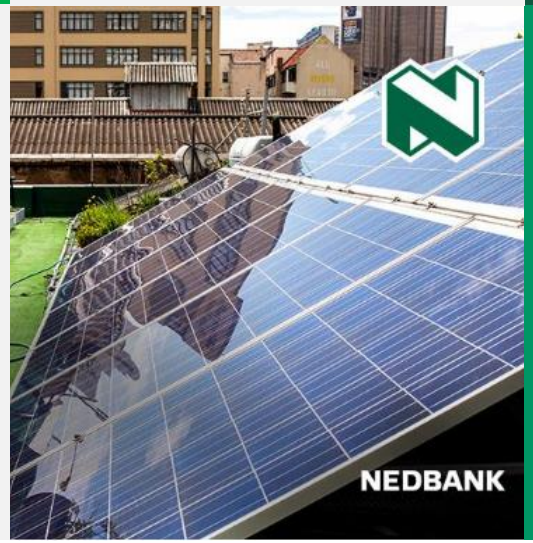
Nedbank intends to disclose its **fossil-fuel & energy generation pathways** in 2024

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**

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

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)

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.



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

Financial overview

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

Operating environment

SA GDP growth	✗	Global & local markets	✗
SA inflation	✗	Currency impacts	✗
SA prime interest rate	✓ ✗	Regulation	–
Business confidence	✗	Competition	✗
Electricity constraints	✗		

Strategic delivery

Technology/ Digital	✓
Efficient execution	✓
Market share gains	–
Cross-sell & main-banked client gains	✓
Creating positive impacts	✓

Financial outcomes

Revenues
▲ **11%**

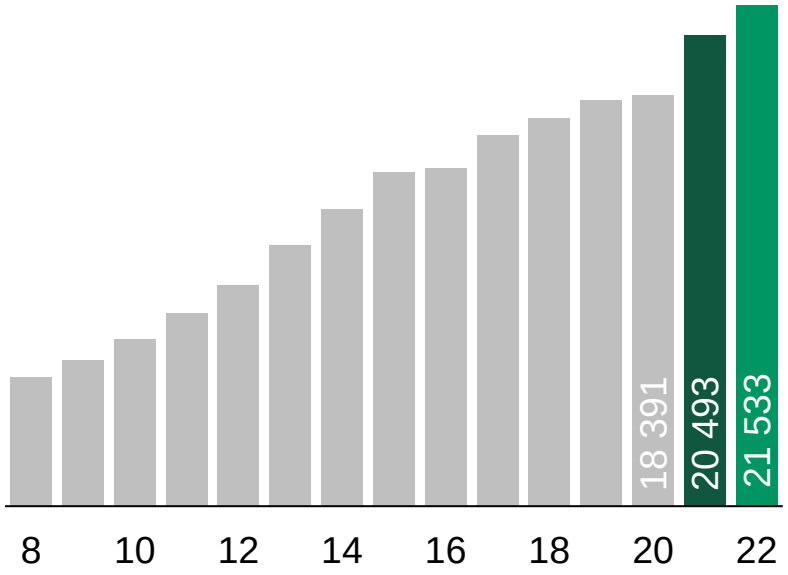
Headline earnings
▲ **20%**

Dividend per share
▲ **38%**

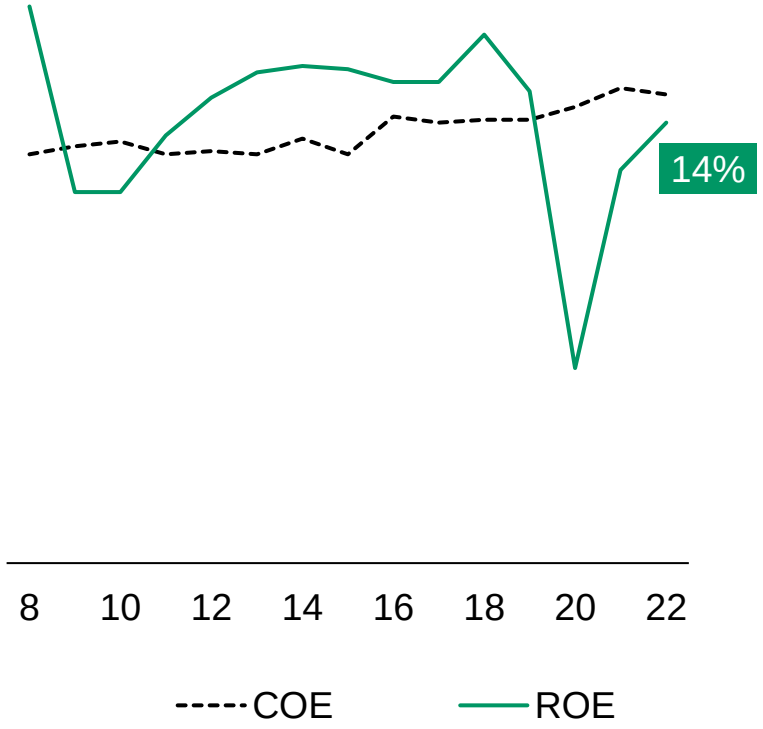
CET1 ratio
✓ **14%**

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

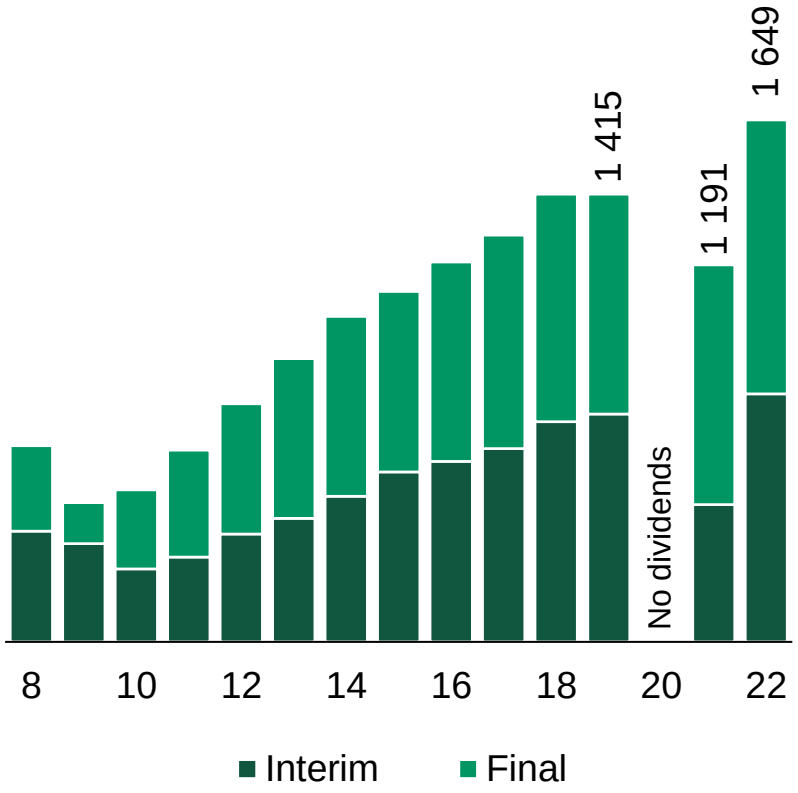
NAV per share (cents)



ROE & cost of equity (%)



Dividend per share (cents)



NAV growth +5% yoy

ROE increasing towards COE & then > COE

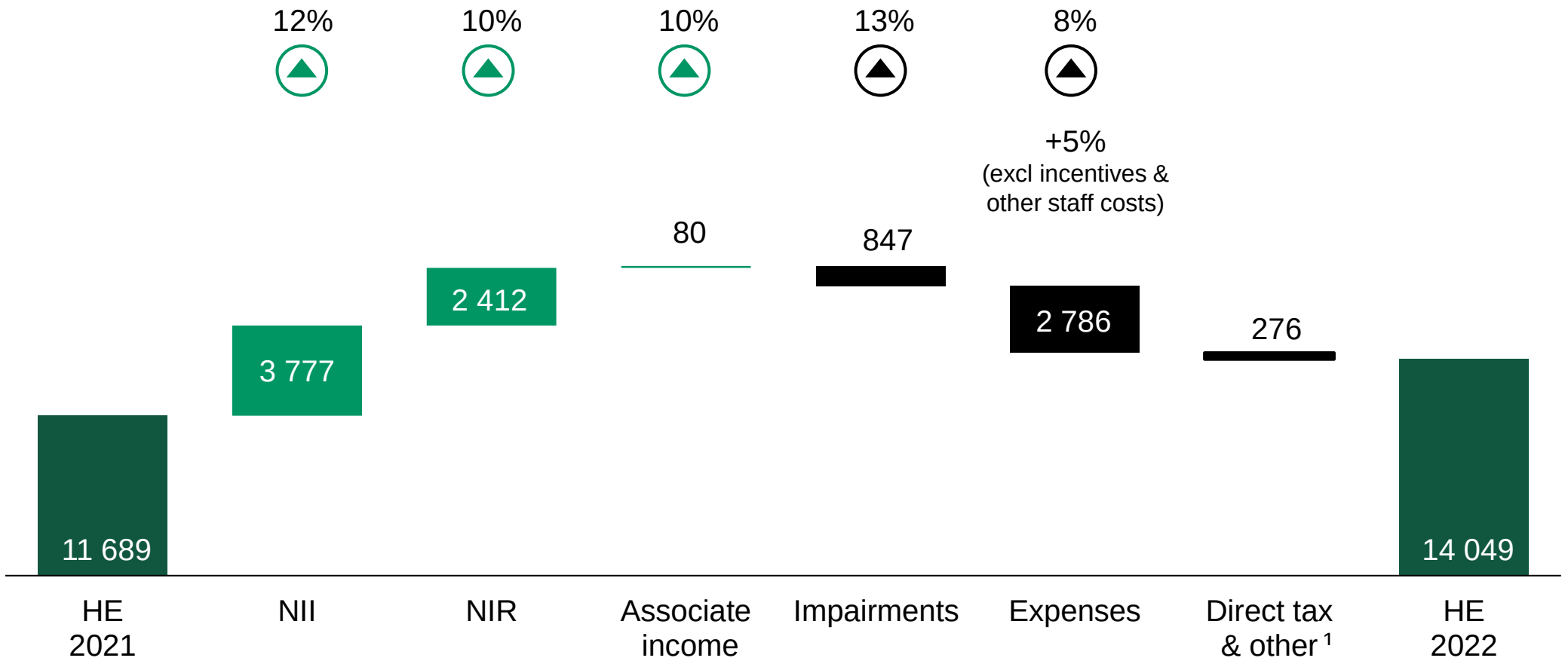
Dividend cover at 1,75x

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

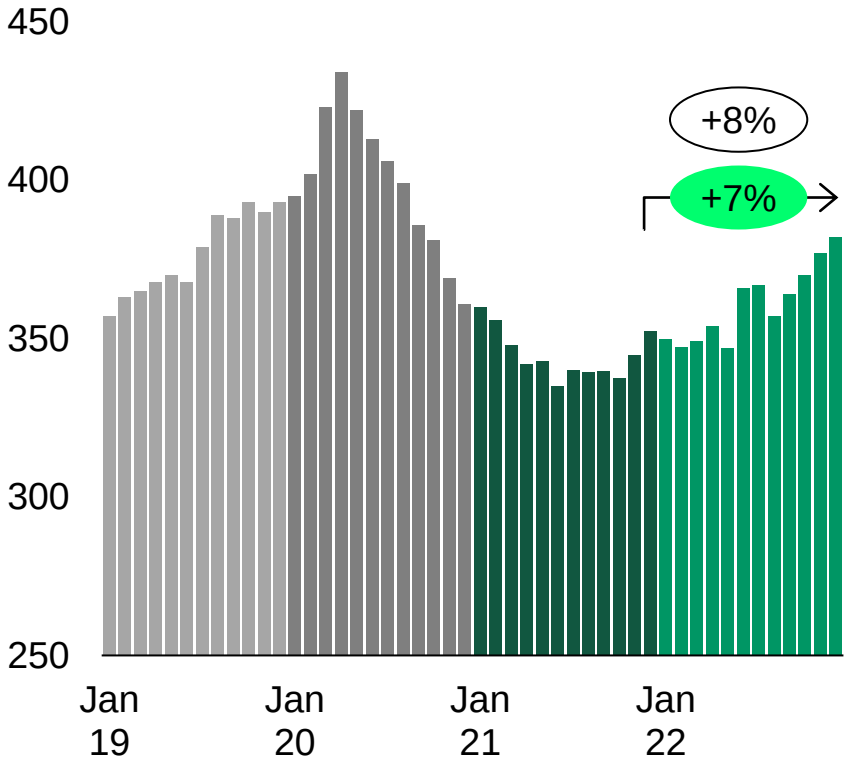
Headline earnings (Rm)



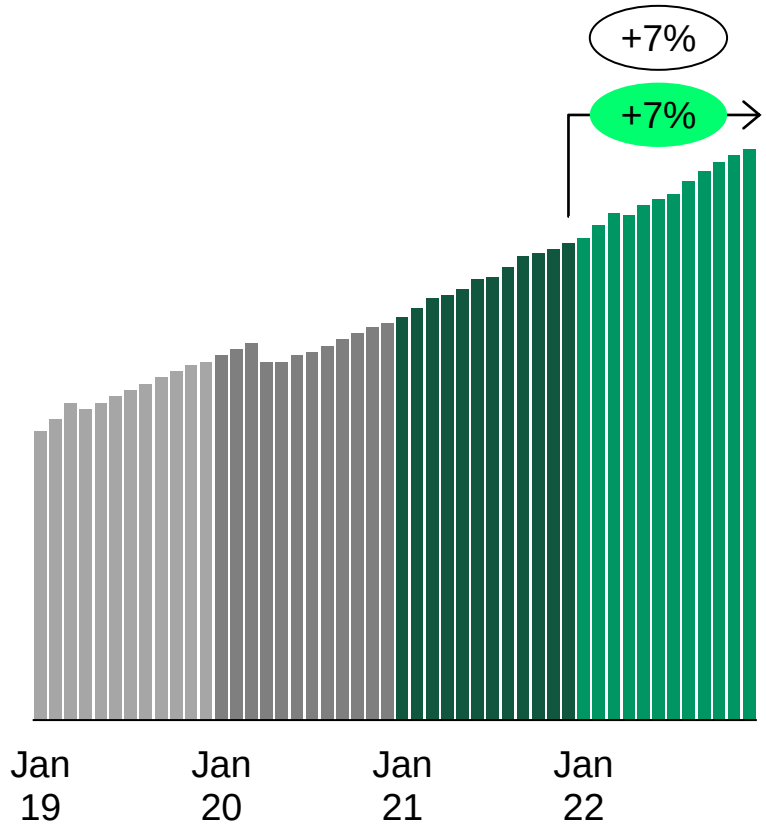
[1] Other includes indirect tax and minority & preference shareholders.

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

Gross banking advances up 7%

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

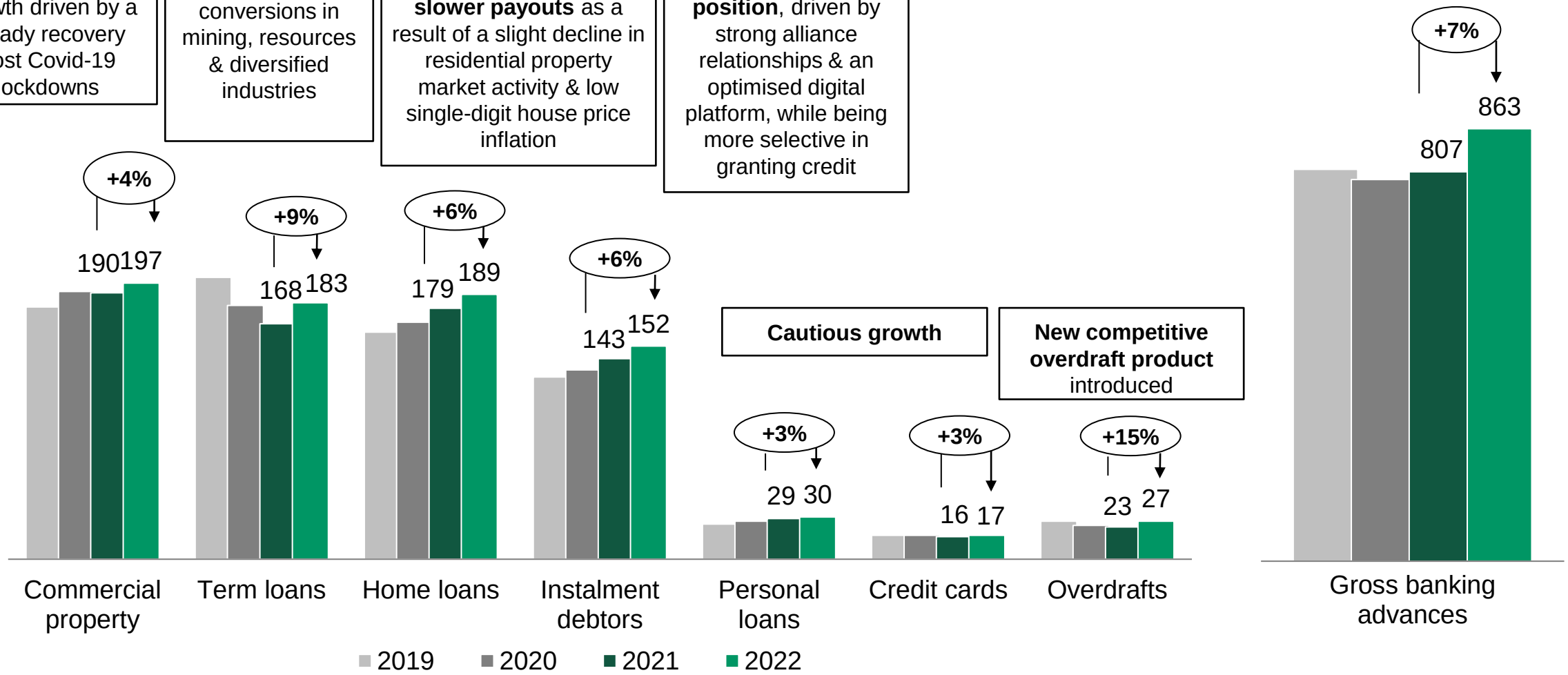
Strong H2 growth Pipeline conversions in mining, resources & diversified industries

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

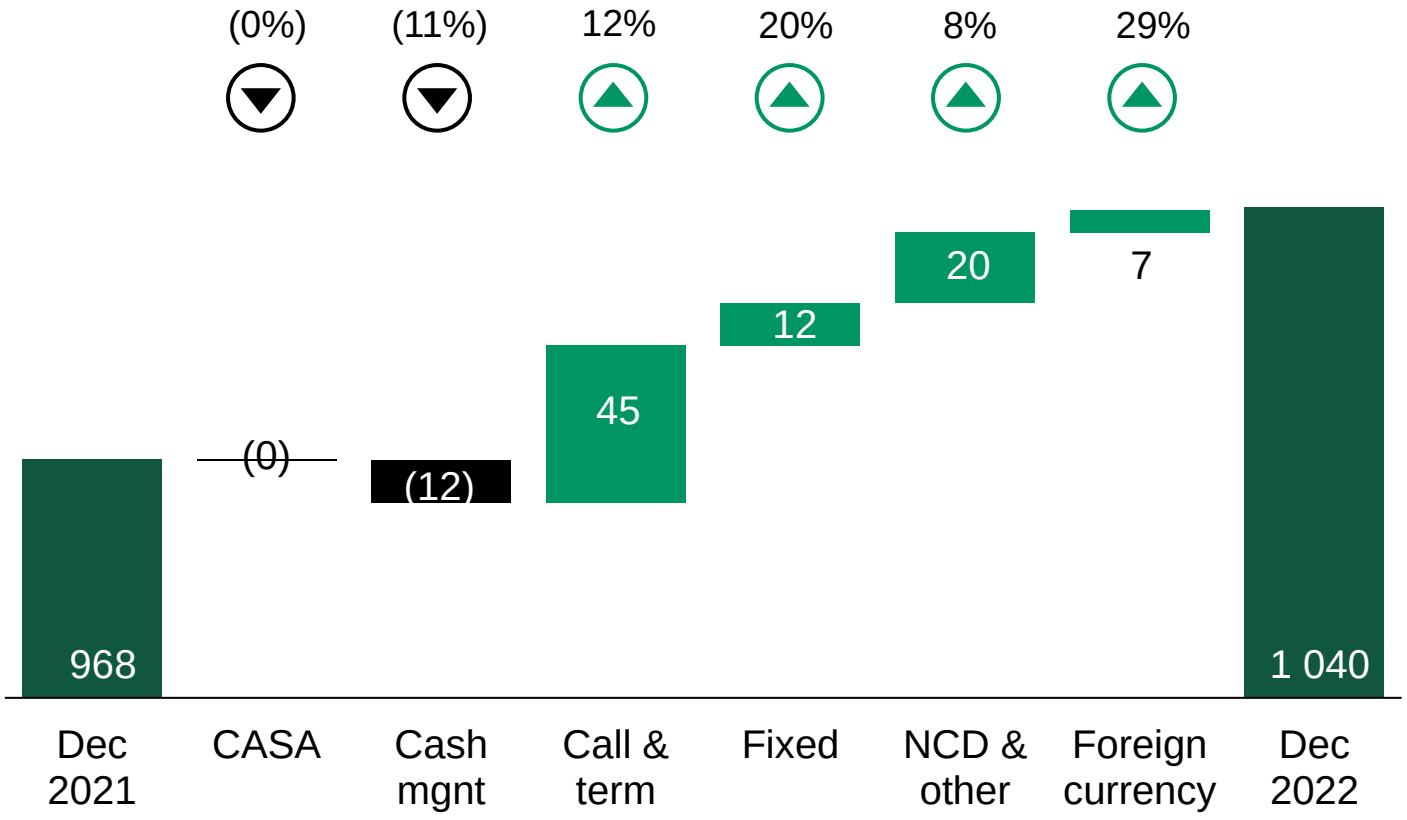
Cautious growth

New competitive overdraft product introduced

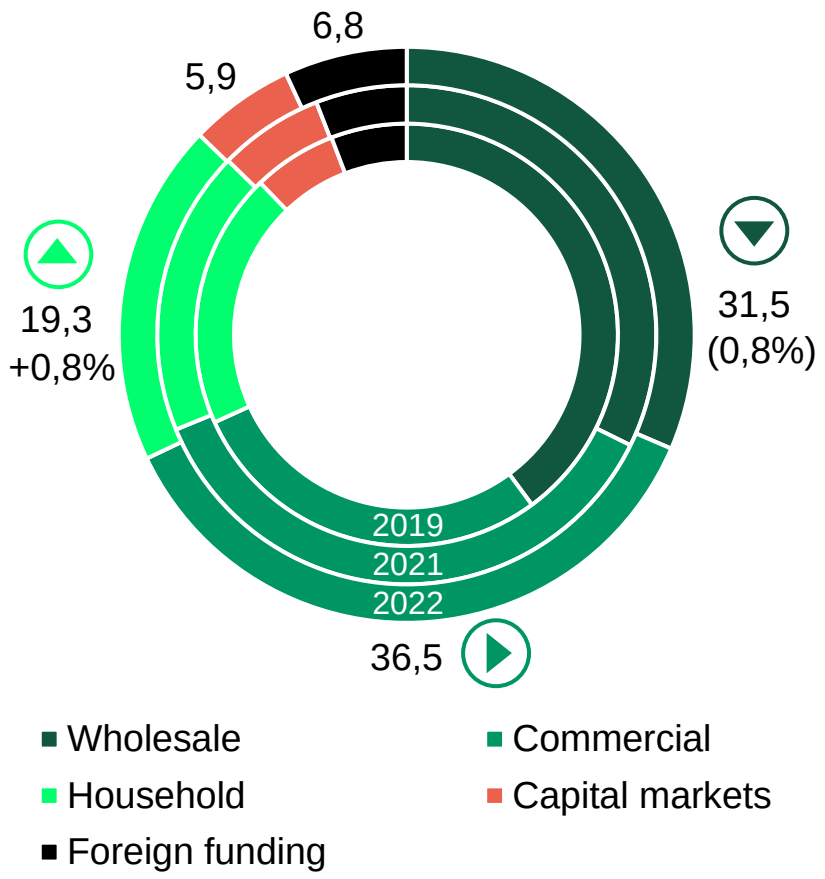


Deposits up 7% – exceeding R1 trillion for the first time; behavioural shift to longer tenure in a rising-interest-rate environment

Deposits (Rbn, % change yoy)



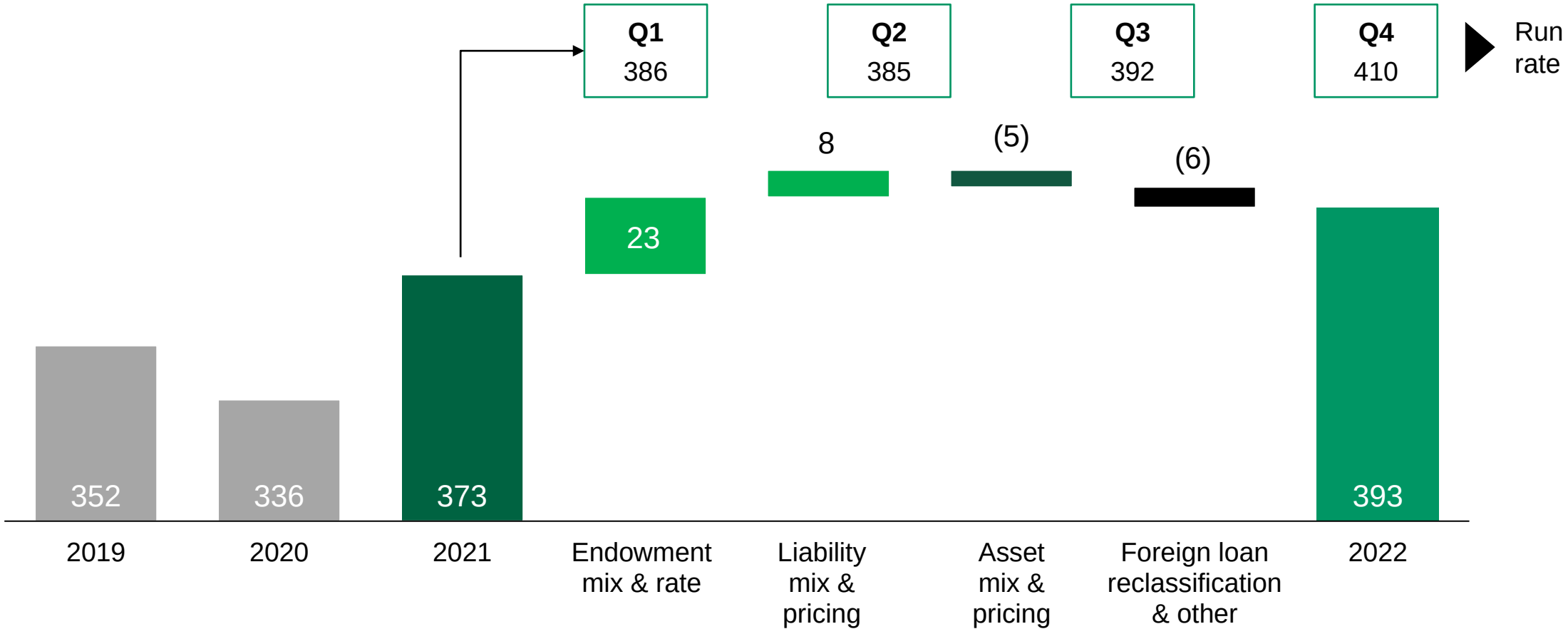
Funding mix (% contribution)[1]



[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

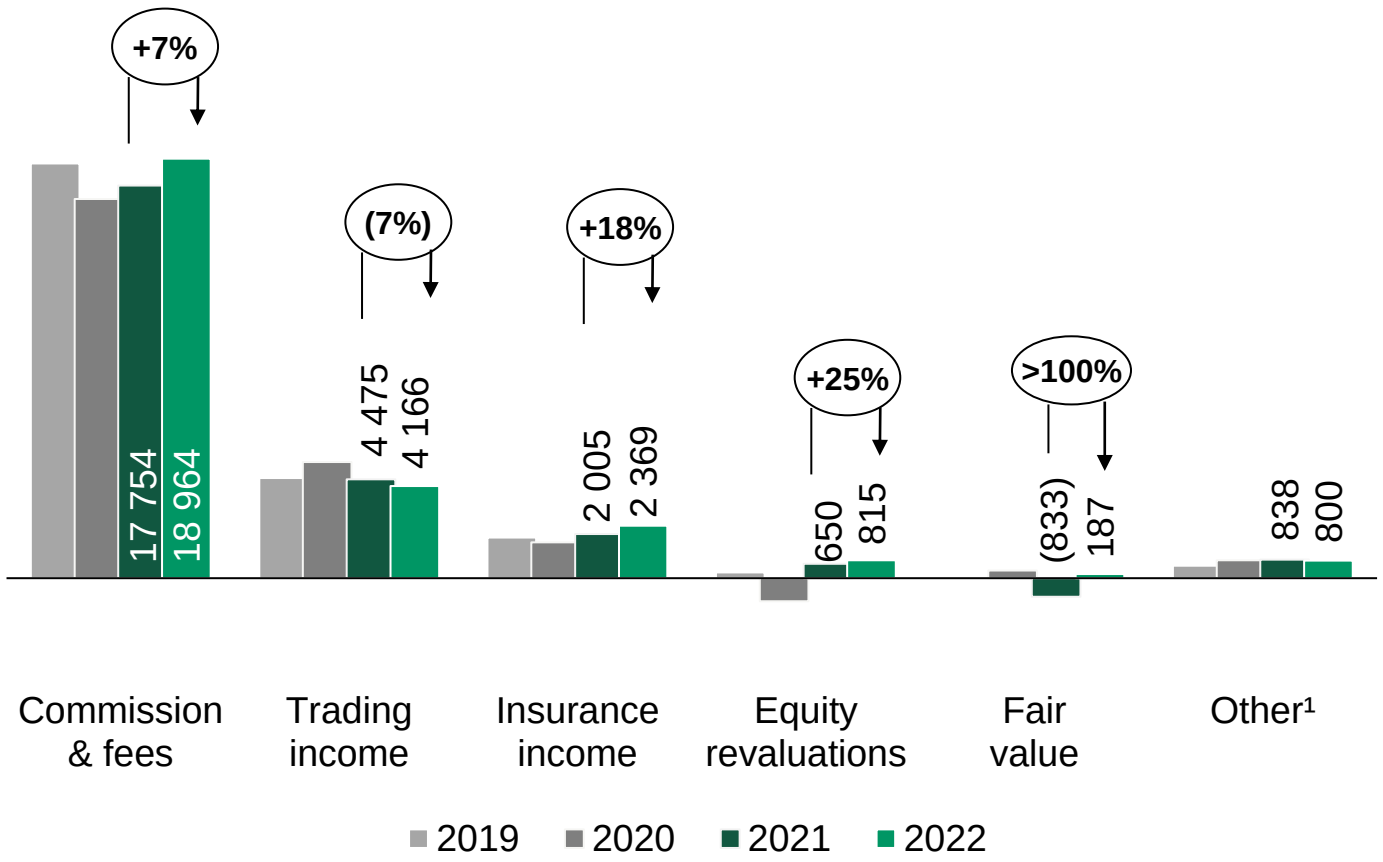
Net interest margin (bps)



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

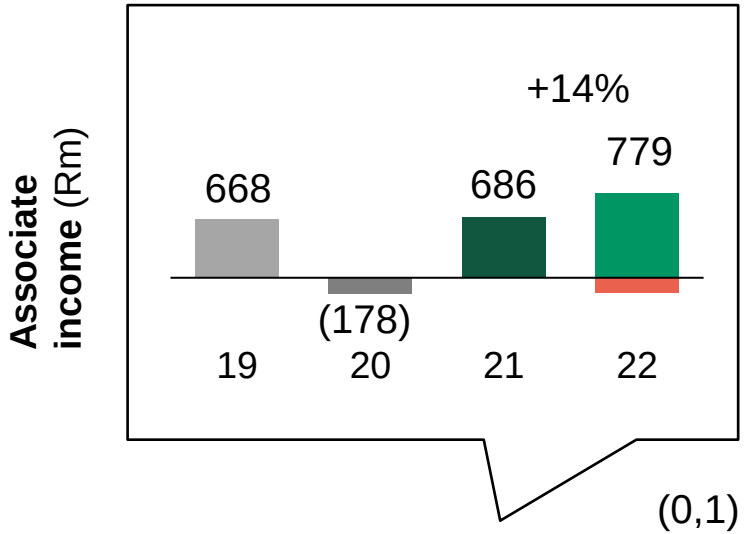
NIR (Rm)

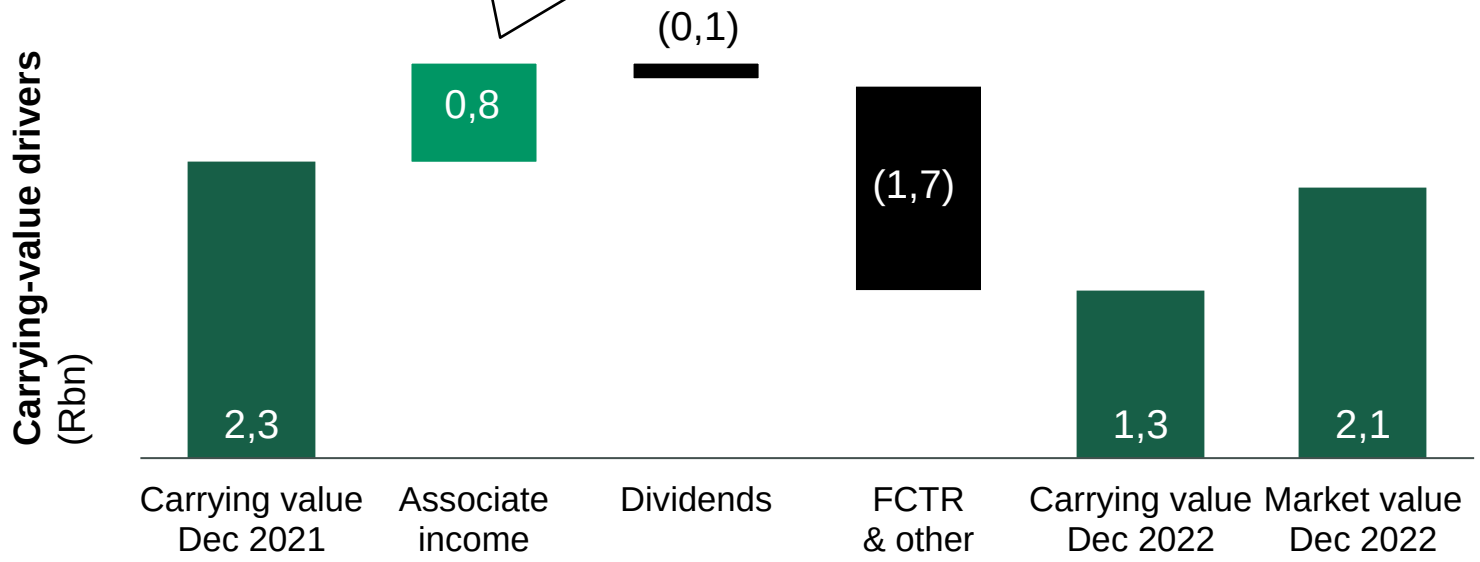


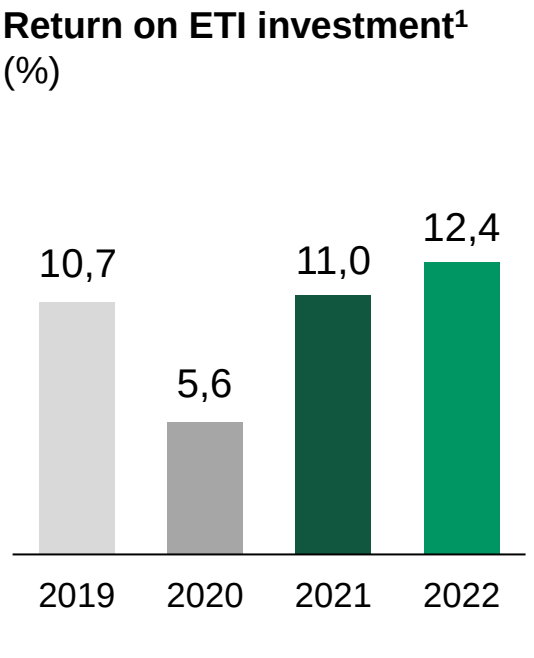
- **Commission & fees** – solid growth driven by ongoing recovery in client transactional activity incl card interchange revenue, cross-sell & main-banked client gains (SPT 2.0)
- **Trading** – unfavourable conditions negatively impacted debt & interest rate markets
- **Insurance** – lower claims in 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.*

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



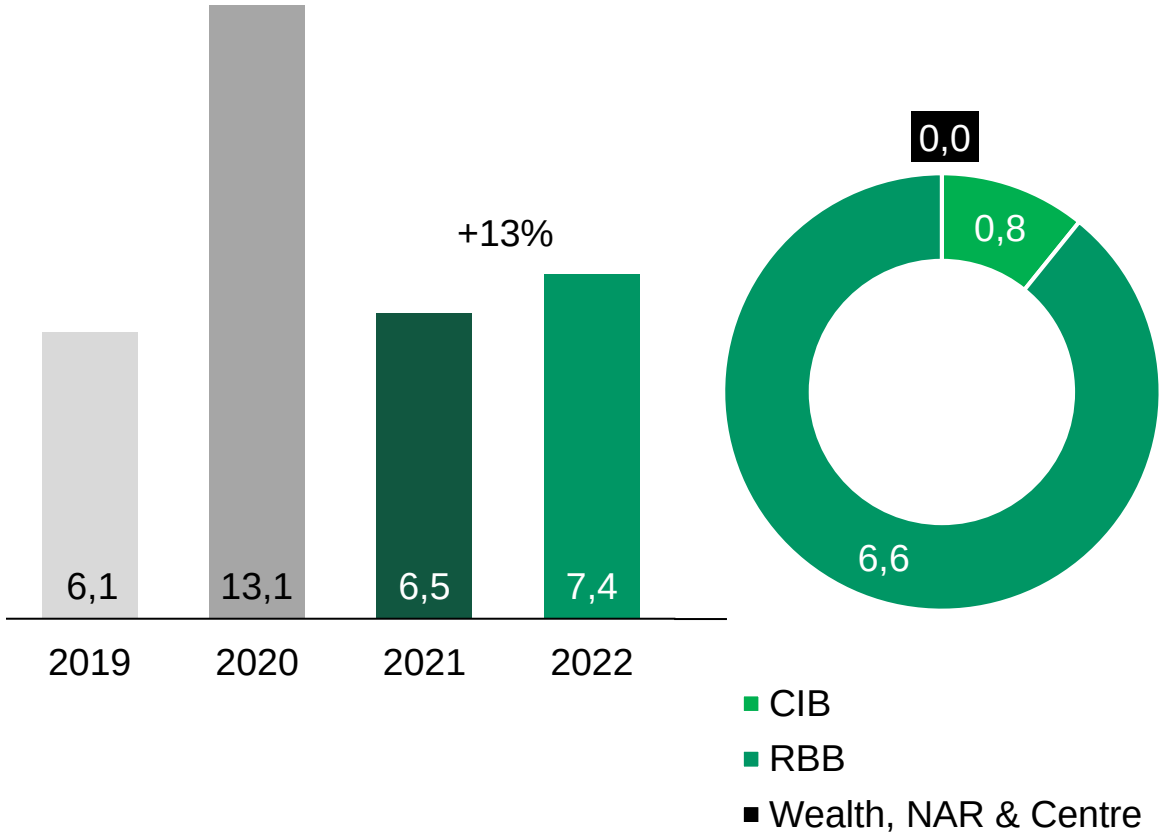




Note: ETI accounted for 1 quarter in arrear. | Associate income includes R175m estimated impact of Ghanaian sovereign debt restructure. | [1] Return on original investment of R6,3bn (based on associate income).

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

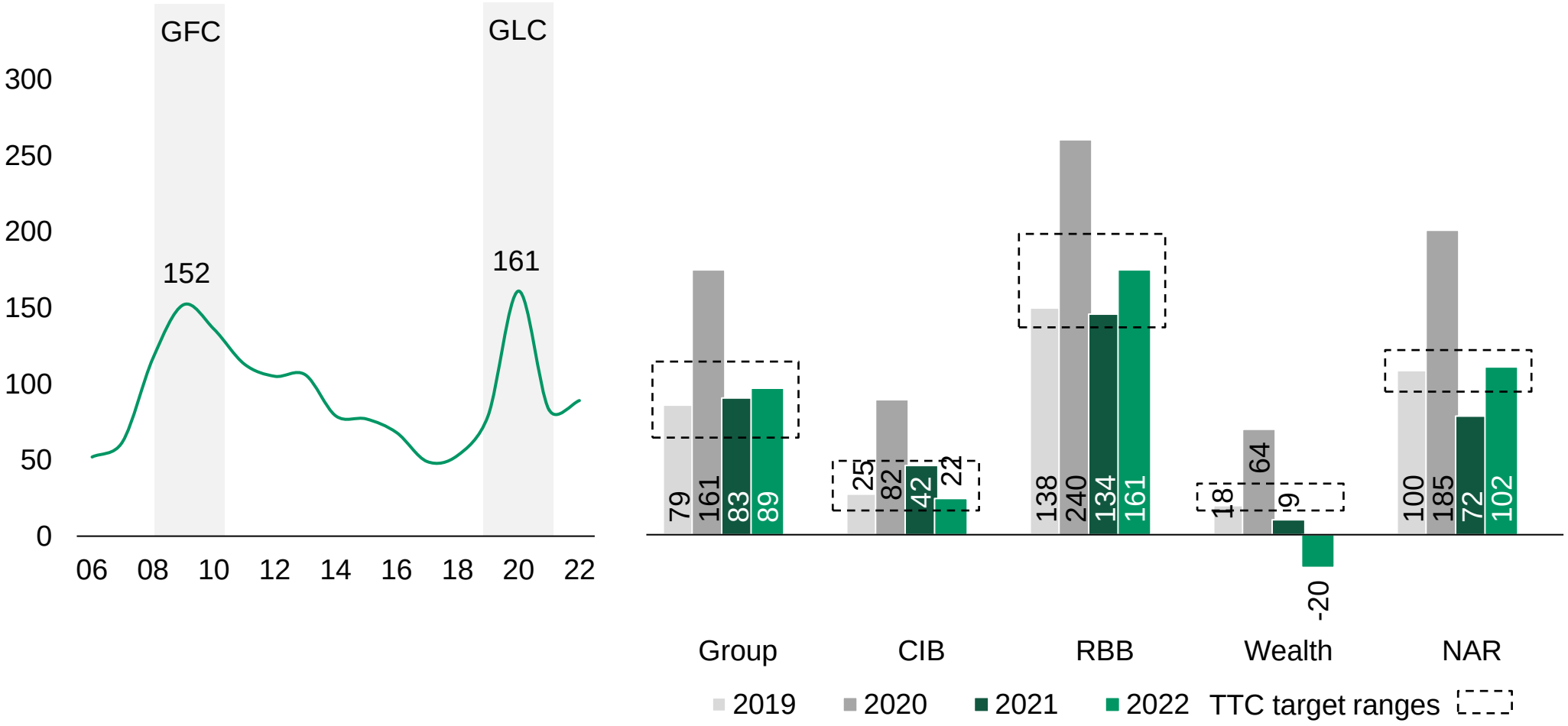
Partially offset by:

- **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

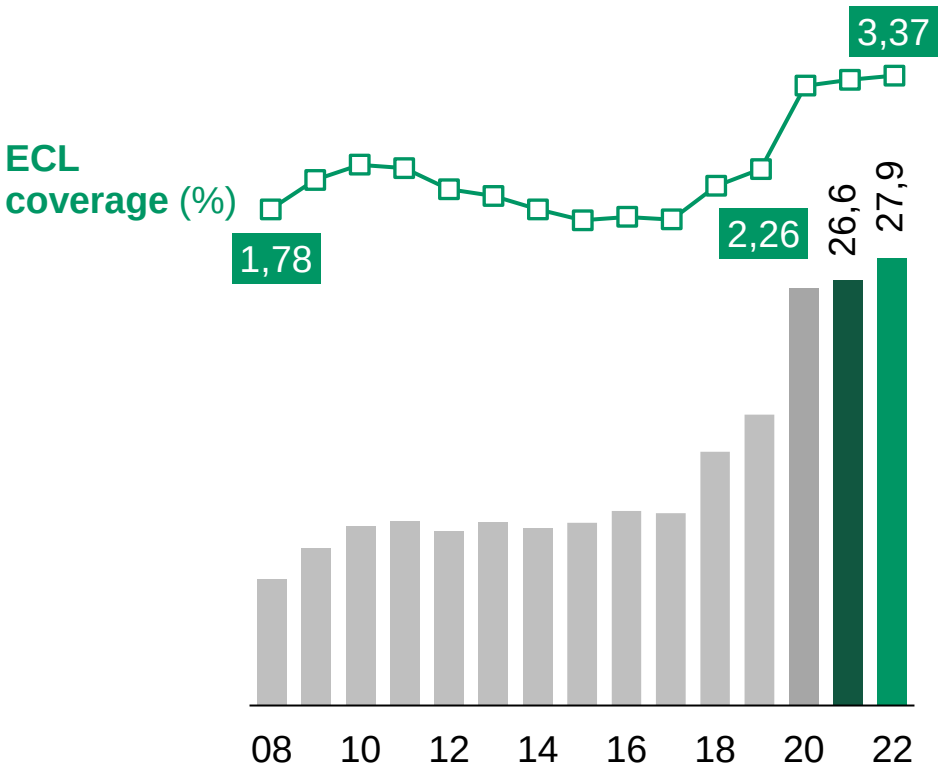
Group credit loss ratio at 89 bps – CIB, RBB & NAR within their TTC target ranges & Wealth below

Credit loss ratios (bps)

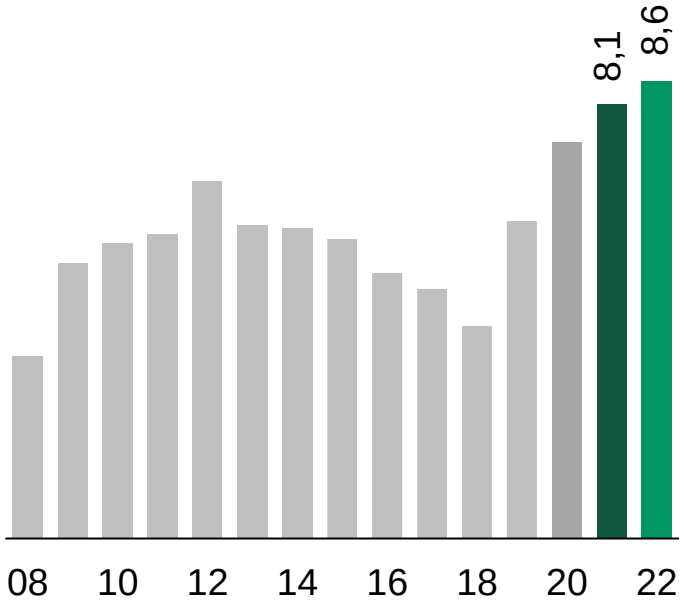


Total balance sheet ECL up 5% to R27,9bn – driven by the R7,4bn impairment charge, as well as higher levels of recoveries & write-offs

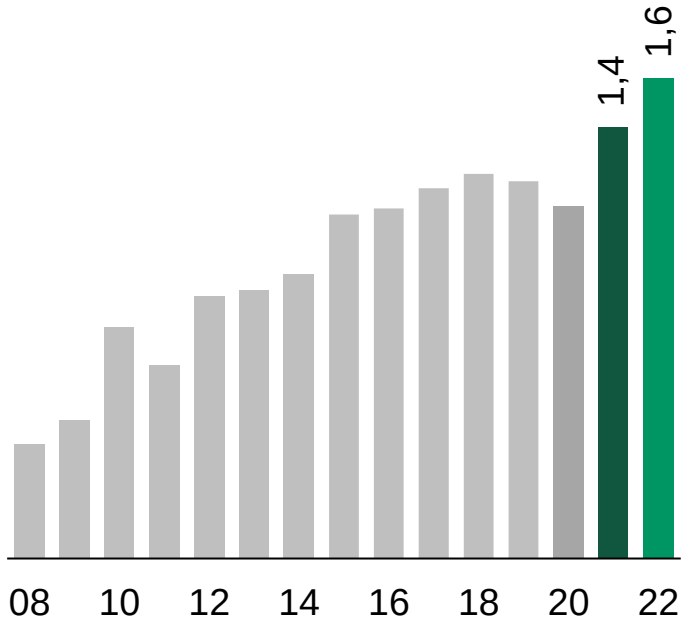
Total balance sheet ECL
(Rbn)



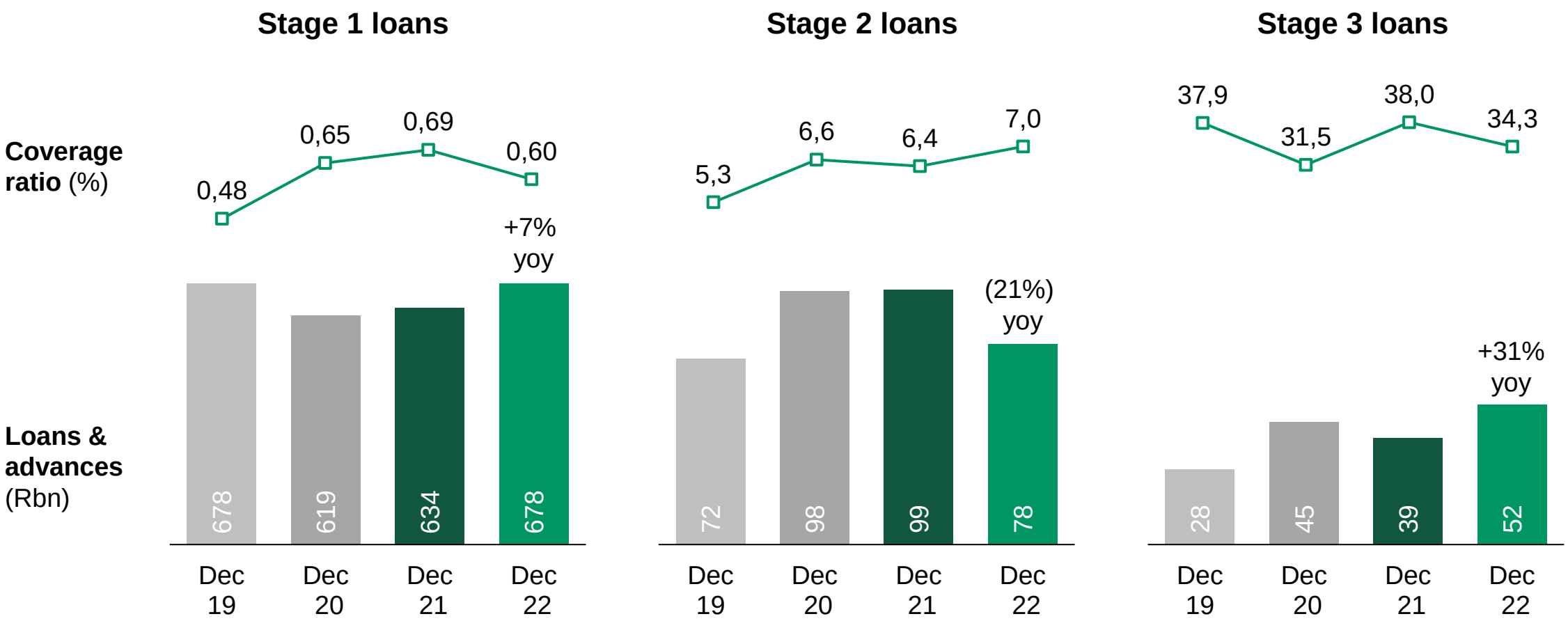
Write-offs
(Rbn)



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%.

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

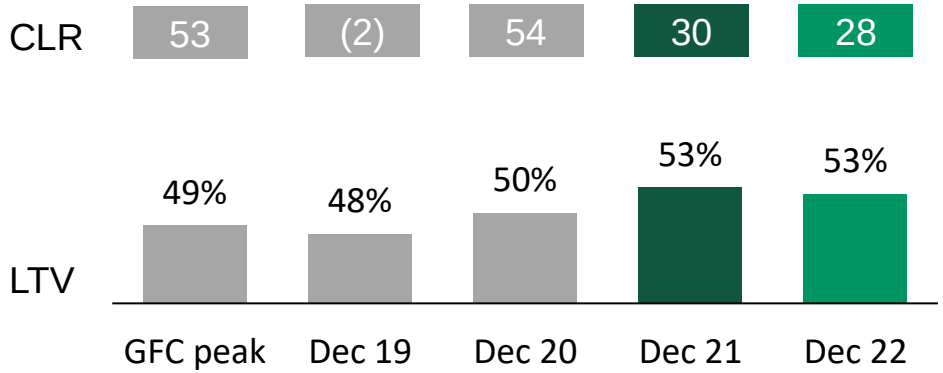
CLR at 28 bps
(Dec 21: 30 bps)
– driven by large single-name exposures, rather than general portfolio stress

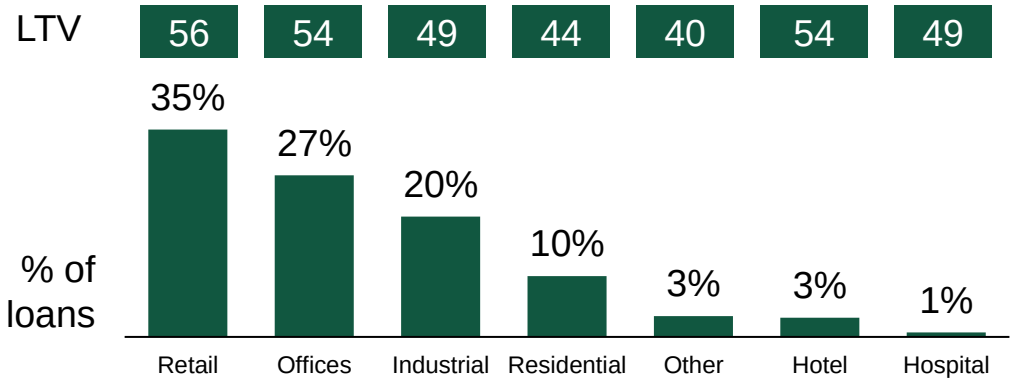
Portfolio LTVs remain low at 53%
Adequate collateral – significantly reduces the risk of potential losses

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

Office vacancies below market – Nedbank 7%
Market 16%

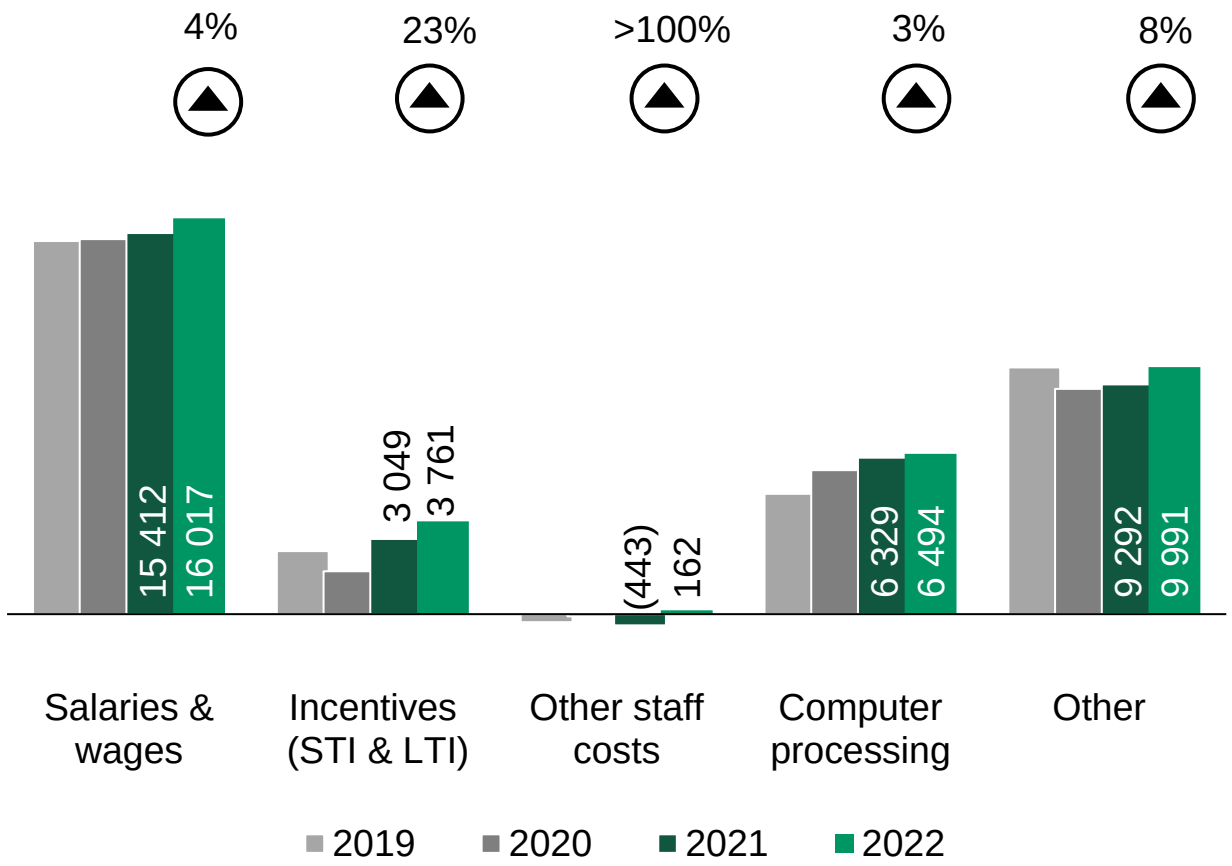
Credit loss ratio (bps) & **loan-to-value ratio** (%)





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

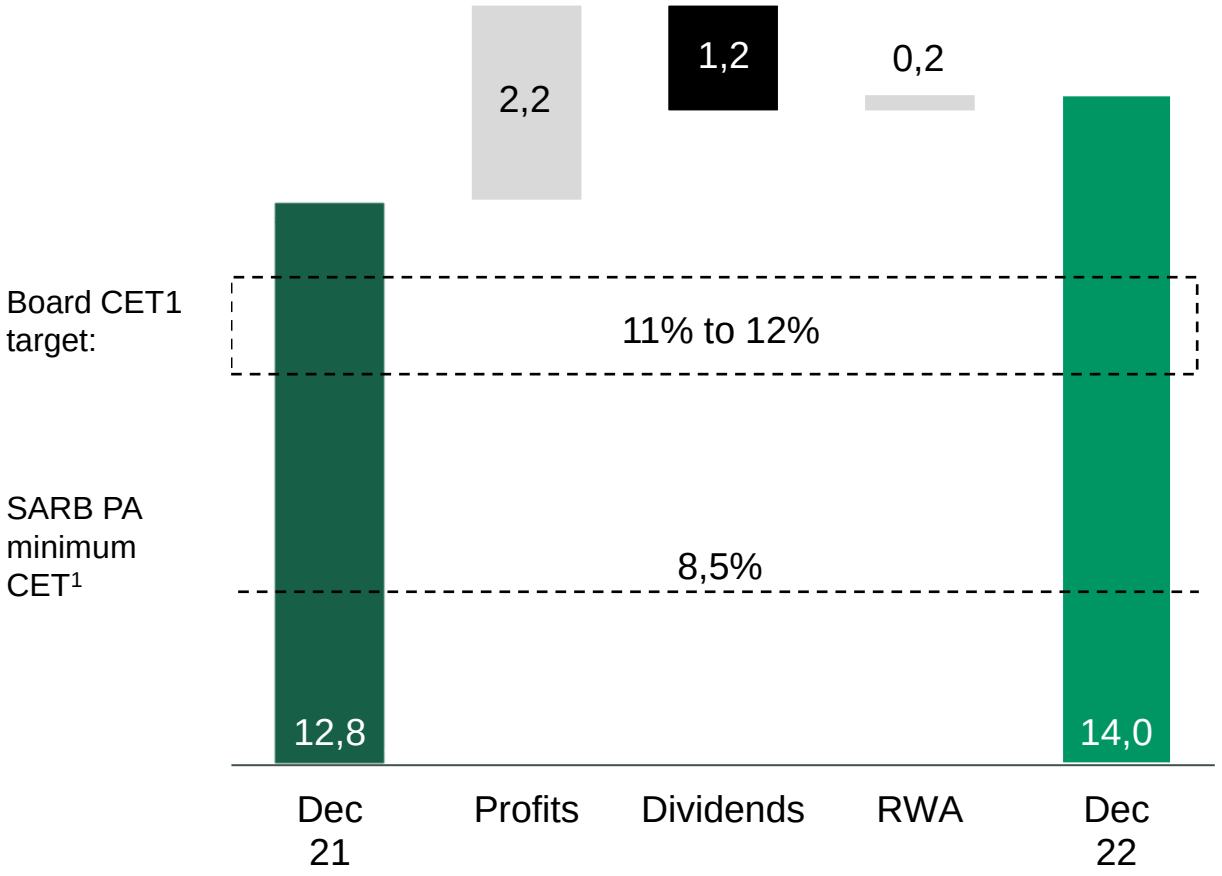
Expenses (Rm)



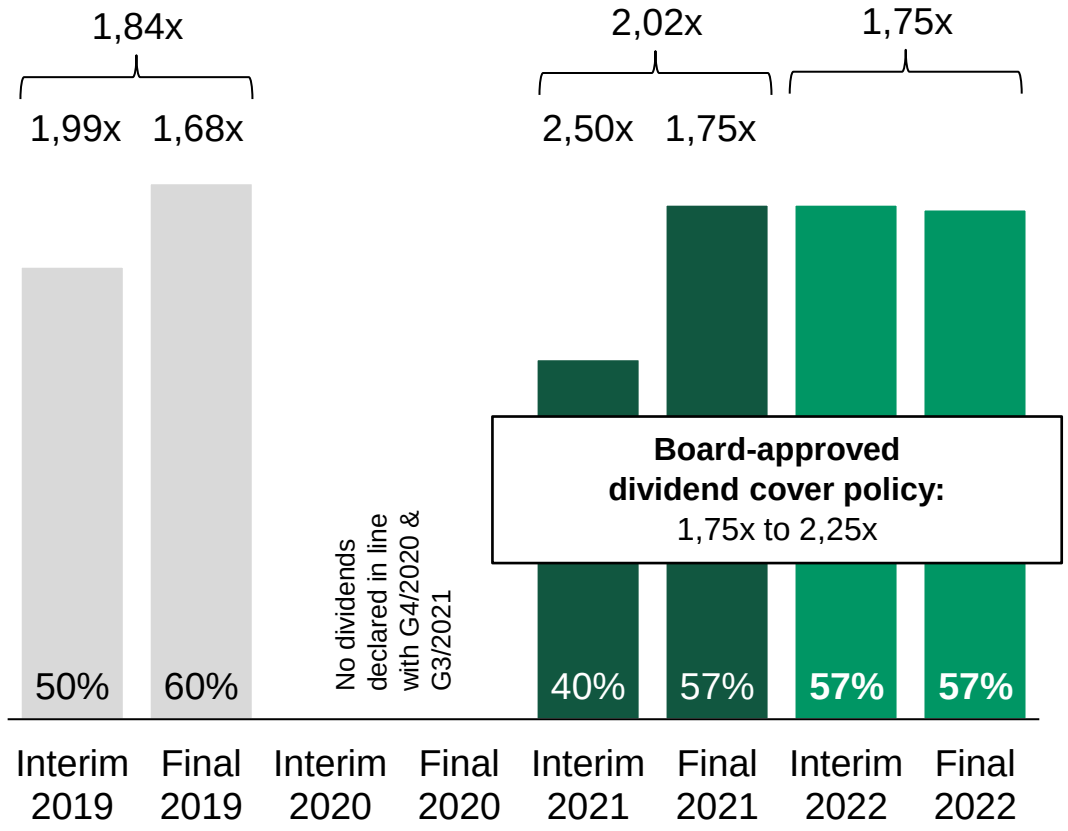
- **Staff-related costs**
  - Salaries & wages +4%
    - Average ASR increases: +4,6% (BU +5,2%)
    - 3% decline in permanent headcount (mainly through natural attrition - 63 retrenchments)
  - Variable-pay incentives aligned with improved profitability metrics +23% (STI +19%, LTI +38%)
  - Other staff 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 (%)



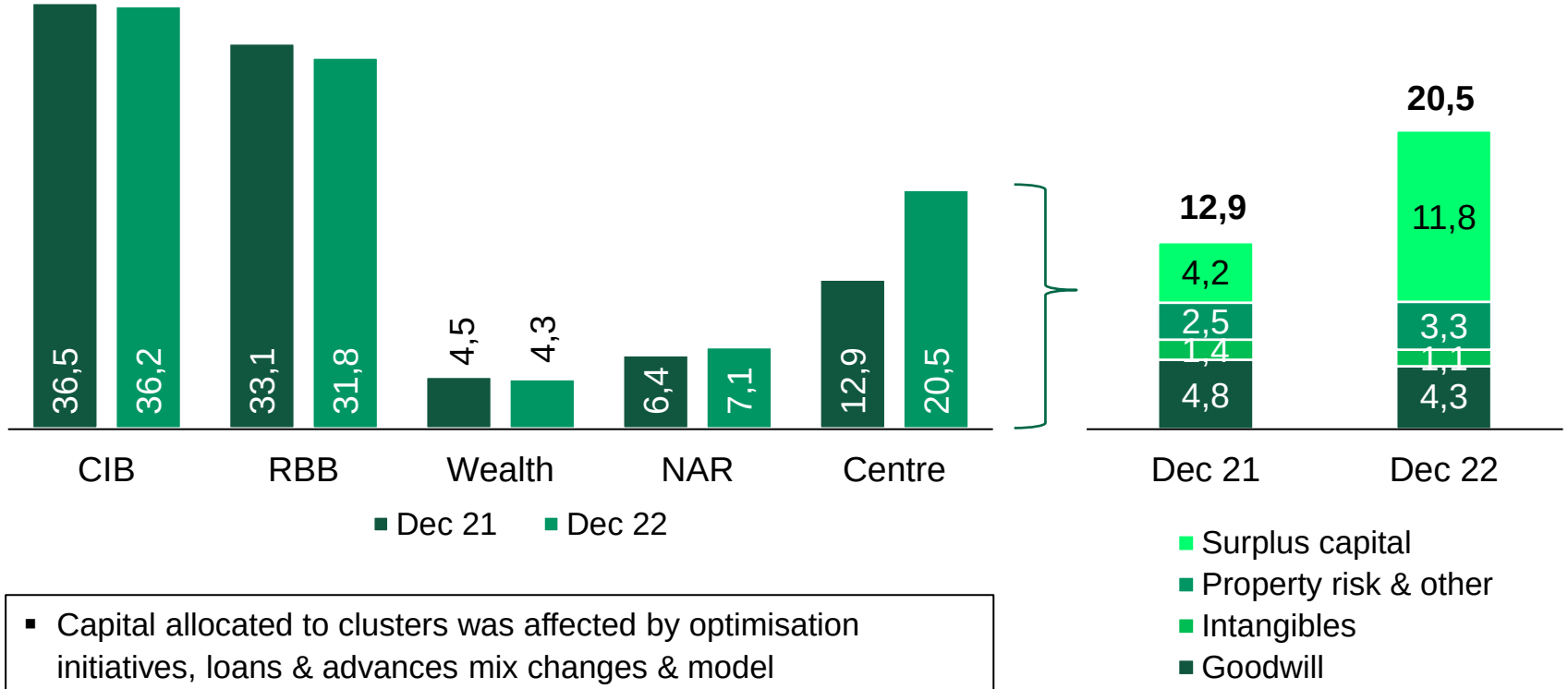
Dividend payout ratio
(payout ratio %, times cover)



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

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]

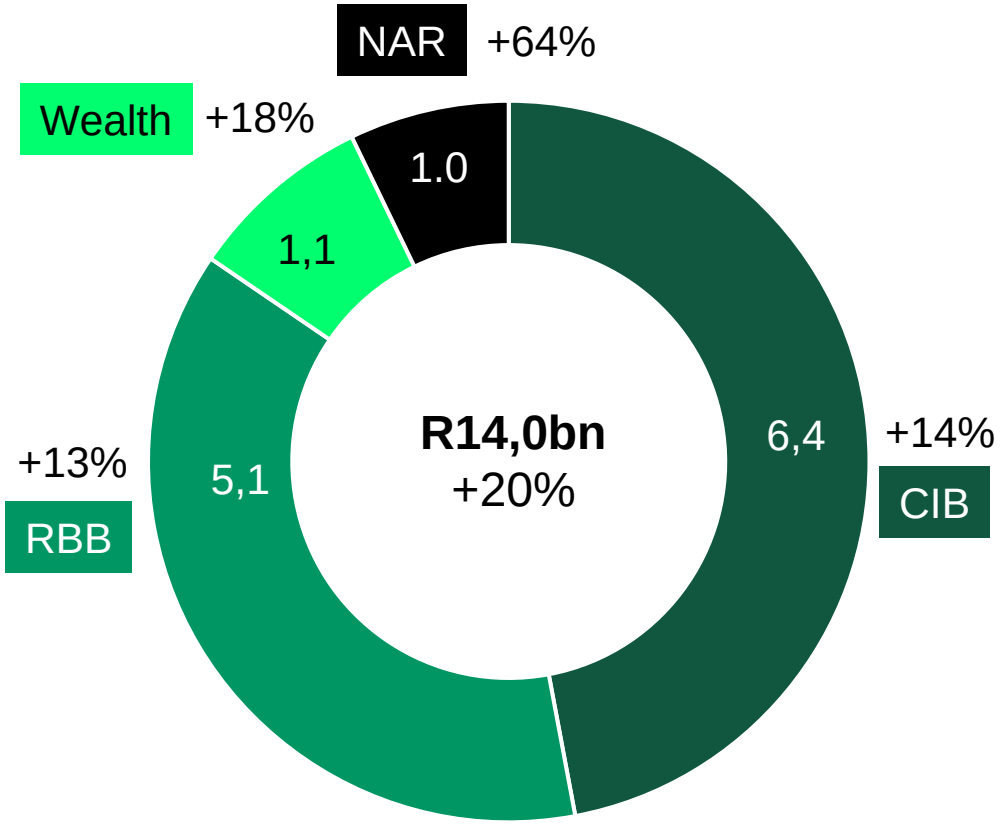
- up to **R5bn**
- executed over the **next 12 months**
- subject to all legal & regulatory approvals & requirements being met

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

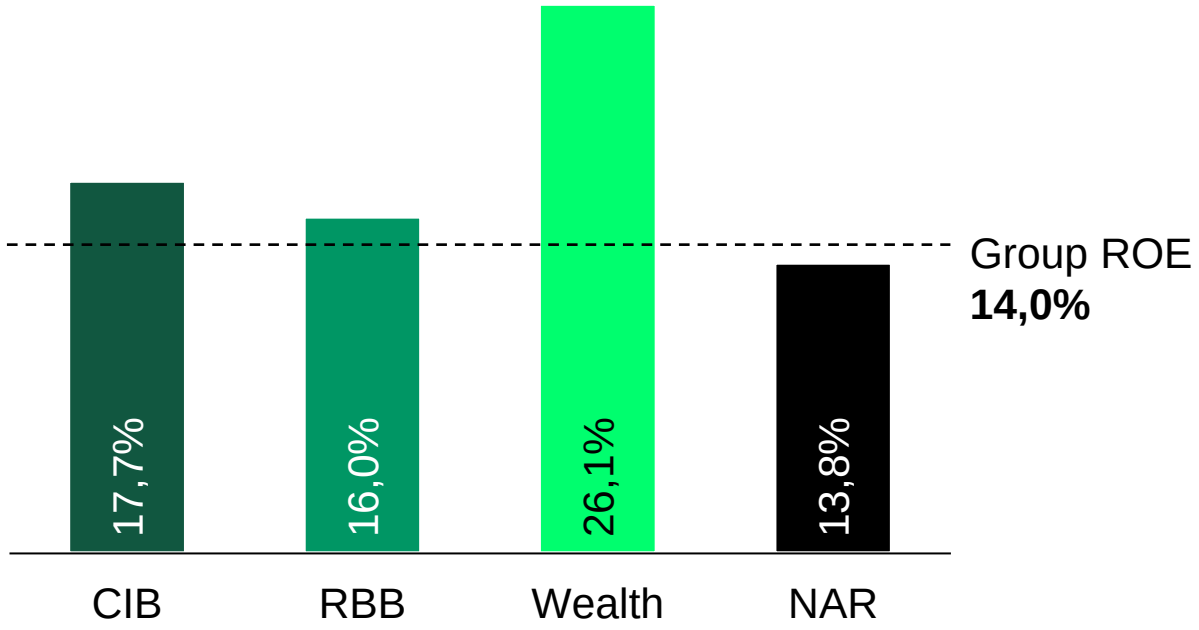
[1] *The share repurchase programme is likely to include an odd-lot offer, being an offer by Nedbank Group to repurchase shares from shareholders holding less than 100 Nedbank Group ordinary shares.*

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

Headline earnings
(Rbn, growth %)



Return on equity
(%)





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

Outlook

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

	Forecast: February 2022						Forecast: February 2023				March 2023		
	19	20	21A	22	23	24	22A	23	24	25	23	24	25
SA GDP growth	0,1%	(6,4%)	4,9%	1,7%	1,8%	1,0%	2,0%	0,7%	1,5%	1,6%	0,1%	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%	10,75%	10,0%	10,0%
Inflation (average CPI)	4,1%	3,3%	4,6%	4,9%	4,2%	4,3%	6,9%	5,5%	4,8%	4,8%	5,5%	4,8%	4,6%
Industry credit growth	5,3%	1,2%	4,4%	4,5%	4,3%	4,7%	9,2%	5,0%	5,9%	6,4%	5,1%	5,5%	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	17,9	17,2	16,7
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%)	(4,2%)	(4,0%)	(3,2%)
SA govt debt % of GDP[1]	52%	56%	71%	67%	70%	71%	71%	72%	73%	74%	72%	73%	74%

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

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 & a 25 bps increase 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

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

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

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.

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