



2023 Annual Results

For the year ended 31 December 2023

5 March 2024

see money differently

NEDBANK
GROUP



Agenda

Overview

Operating environment

Strategic progress

Financial overview

Cluster overview

Outlook & guidance

Mike Brown

Chief Executive



Overview

All 2023 targets met: DHEPS ✓ | Cost-to-income ✓ | ROE ✓ | NPS ✓

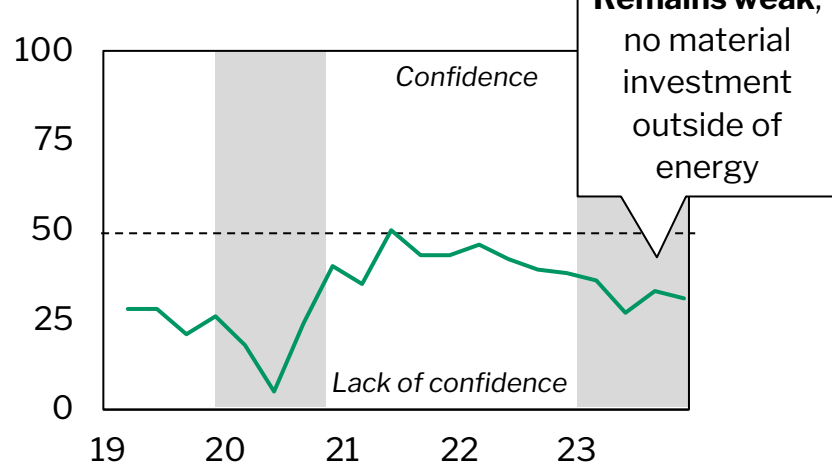
Strong foundations in place for **delivery of medium- & long-term targets** with a focus on continued ROE improvement

Environment	Strategy	Operations	Financial
Volatile & difficult operating environment	Strategic delivery showing results	Good operational performance	Strong revenue growth & prudent expense management, partially offset by higher impairments
▪ Weak 2023 SA GDP growth at ~0,5% ▪ Record electricity shortages, improved in H2 ▪ 125 bps yoy interest rate increases, flat in H2 ▪ Inflation high, but trending down ▪ Volatile markets – geopolitical & social risks	▪ Strong digital growth ▪ #1 in NPS ▪ Market share gains in HL, term-loans & retail deposits ▪ R2,2bn TOM 2.0 benefits ▪ ESG leadership in general & renewable energy in particular	▪ PPOP +15% ▪ JAWS +4% ▪ Cost-to-income 53,9%	▪ Headline earnings +11% ▪ DHEPS +14% ▪ Revenue +12% ▪ Impairments +30% H1: +57% yoy H2: +8% yoy ▪ ROE 15,1% ▪ CET1 13,5% ▪ NAV per share +8% ▪ ECL coverage 3,62% ▪ Full-year DPS +15%

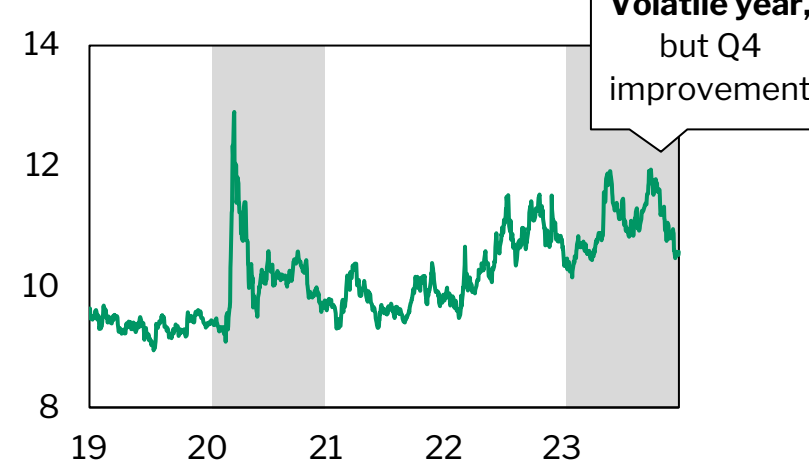


Operating environment – volatile & difficult environment

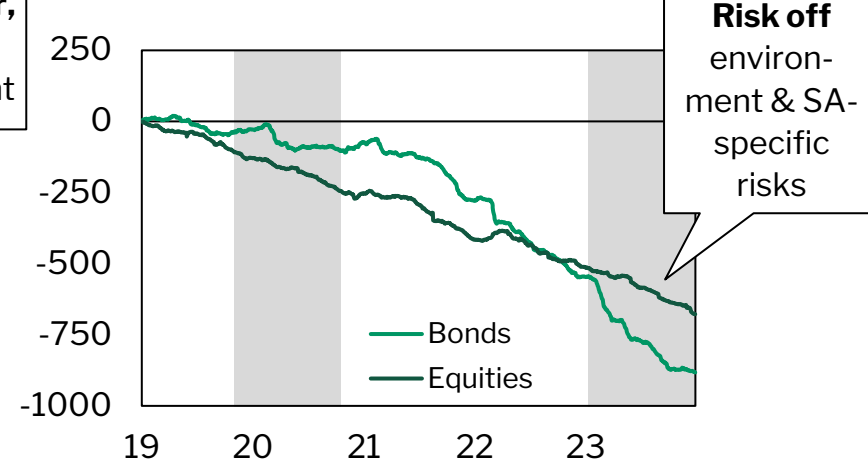
Business confidence index¹



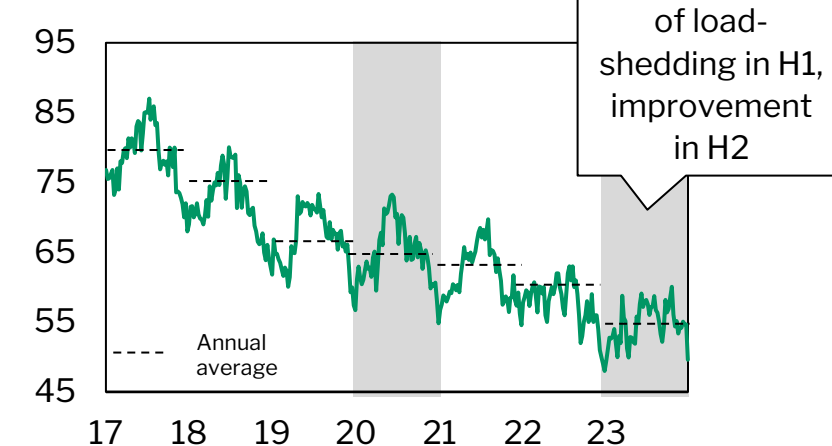
SA Government bond yields (%)



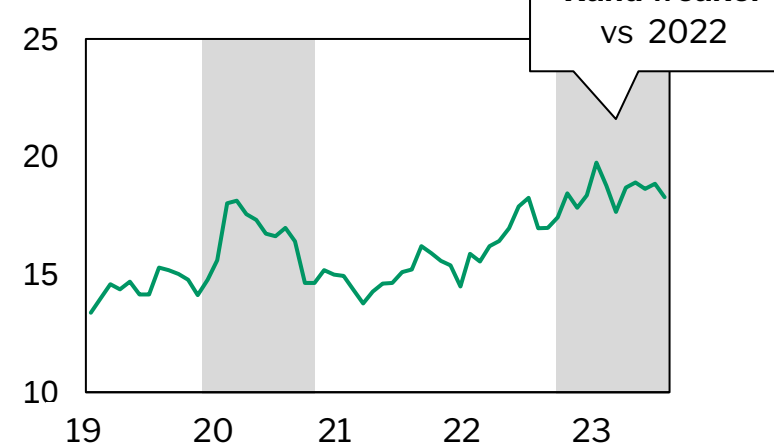
Foreign bond & equity sales³ (Rbn)



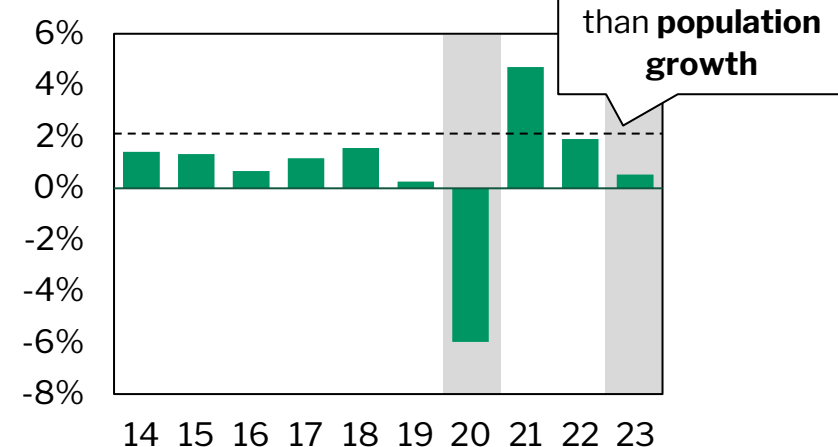
Eskom EAF² (%)



Rand vs US\$



SA GDP growth (Rtn)

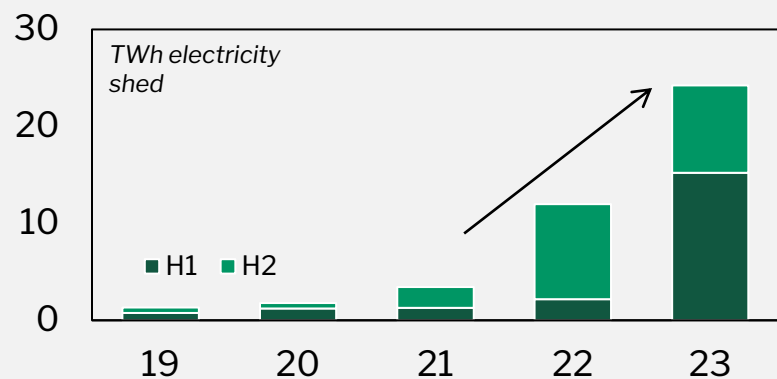


¹ SA Bureau of Economic Research. | ² Eskom electricity availability factor. | ³ Cumulative sales from 2019. | F: Forecast.



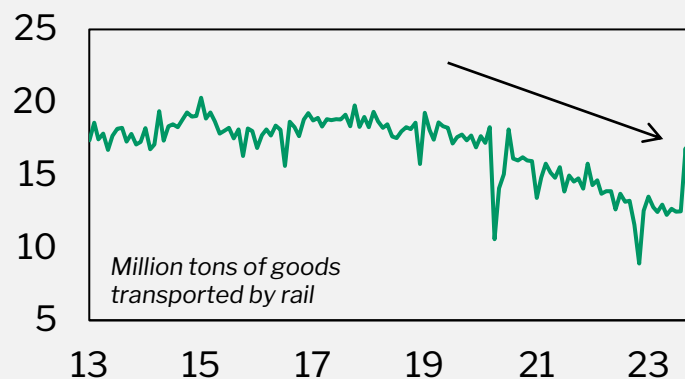
Operating environment – structural challenges to economic growth around energy supply, logistics & crime being addressed through Government-Business partnership

Energy/Electricity¹



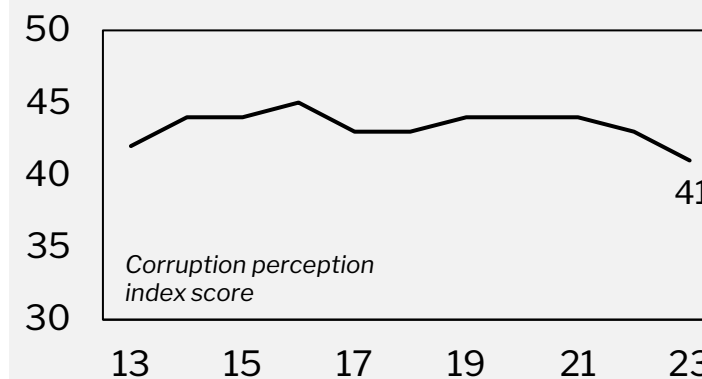
Estimated GDP loss³ of 1% to 3%

Logistics/Transport²



Estimated GDP loss⁴ of up to 5%

Crime/Corruption⁶



- **Private sector investments⁵** – more than 6 GW registered & under construction over the past 2 years
- **REIPPP** – mixed progress
- **Loadshedding possible to reduce⁷** to largely level 1 & 2 in the medium-term

- **National Logistics Crisis Committee** established
- **Freight Logistics Roadmap** published
- **Preferred operator for Durban port** announced
- Progress in clearing **port backlogs**

- **FATF greylisting** – some progress made, with key challenges in investigation & prosecution capability
- Limited success with **state-capture-related prosecutions**

Business & Government working together through the B4SA platform to accelerate progress on these issues to increase levels of economic growth

¹Source: Eskom se Push & Nedbank GEU. | ²Source: Statistics SA. | ³Source: SARB (June 2023). | ⁴Source: SA National Treasury (November 2023). | ⁵Source: NERSA registrations. | ⁶Source: Transparency International. Best in class: Denmark with a 90 score; worst: Somalia with a score of 11. | ⁷NECOM.



Additional info

Operating environment – large renewable energy opportunity to reduce impact of load-shedding & ensure a Just Transition

Renewable energy market potential up to 2030¹ (GW)

	Private power generation	Government procurement projects
Solar	12,4 GW	4,0 GW
Wind	4,7 GW	9,6 GW
BESS	-	1,2 GW
Total	17,1 GW	14,8 GW

Financing

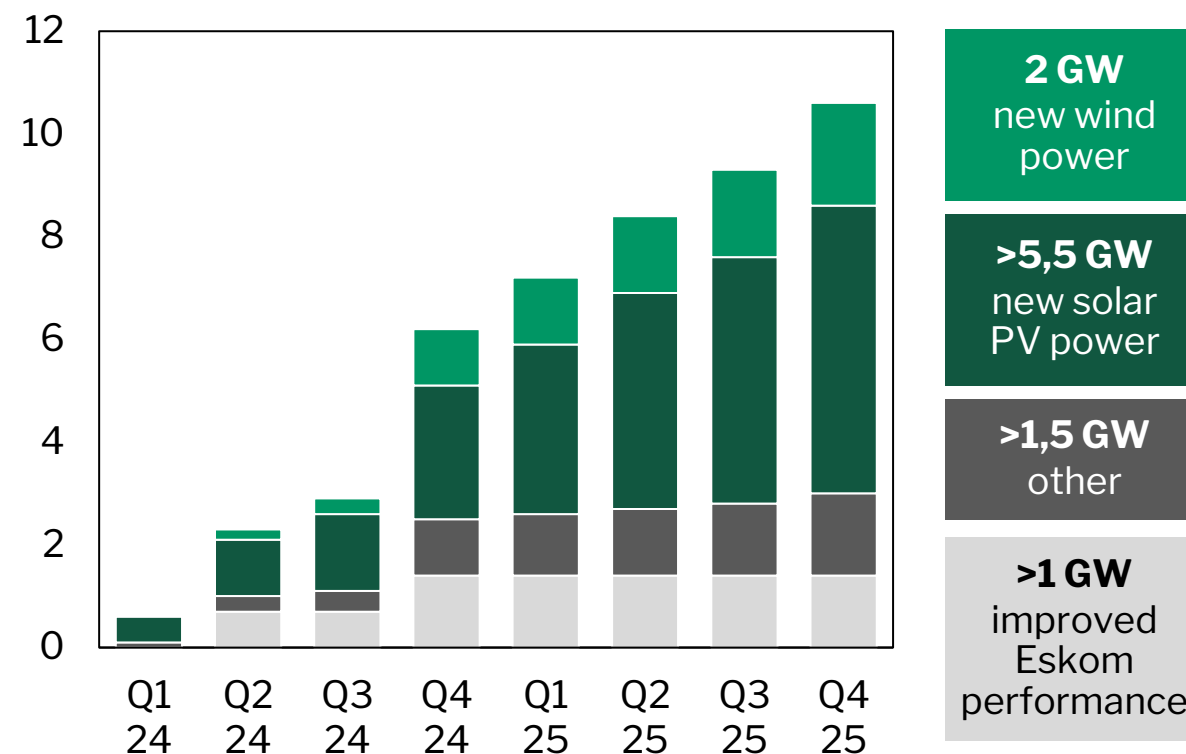
Nedbank CIB estimates by 2030
> R650bn²

JET IP estimates by 2027
R475bn³

Renewable investments to be supported by:

- **Grid expansion** accelerated through **build-own-operate-and-transfer** models
- More **energy storage** capacity than currently in pipeline
- **Gas-to-power** for peaking purposes

NECOM estimates to reduce load-shedding⁴ (targeted additional power to be added to the grid, GW)



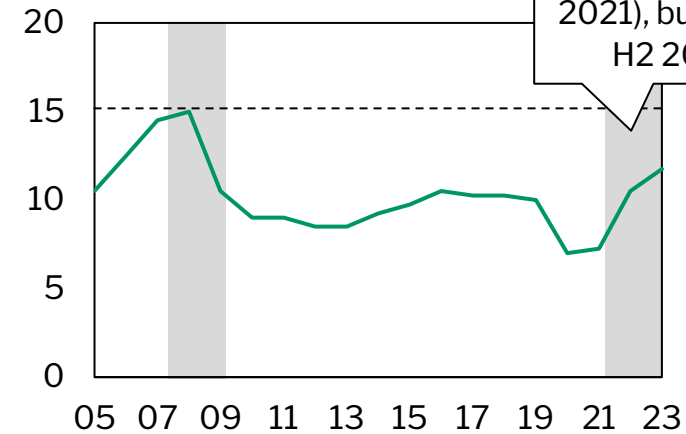
¹Based on assessment of Eskom Renewable Energy Grid Survey projects likelihood of reaching closure by 2030. BESS = Battery energy storage system. | ²Source: Nedbank CIB energy team estimates of new cumulative financing opportunities for the total SA market by 2030. | ³Source: SA Just Energy Transition Investment Plan. | ⁴Source: Nekom.



Operating environment – consumers have been under increasing pressure

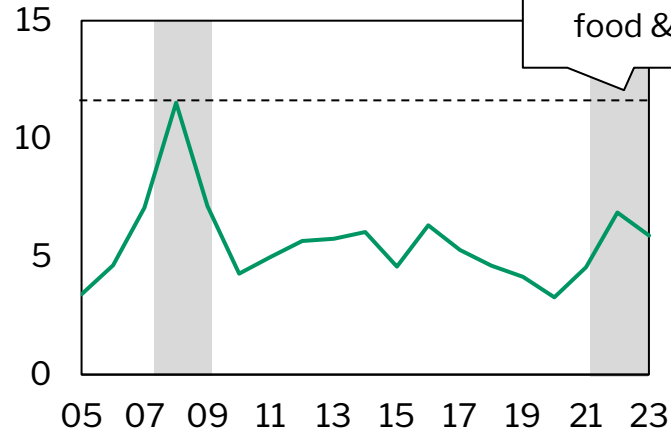
Prime interest rate
(year-end, %)

Steep increase
of +4,75% (since
2021), but flat in
H2 2023



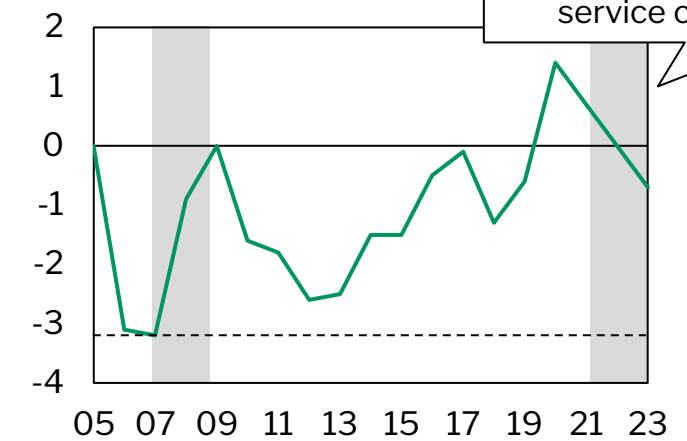
Inflation
(annual average, %)

**Trending
down, including
food & fuel**



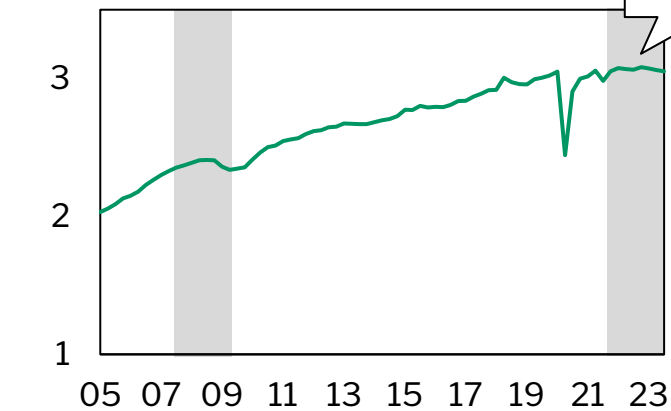
Household savings rate
(annual, % of PDI)

HH savings reduced
to support debt
service costs



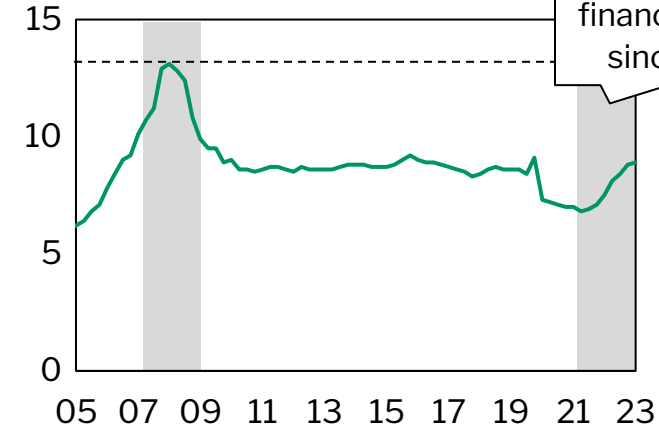
Personal disposable income
(quarterly, Rtn)

No growth
since 2021



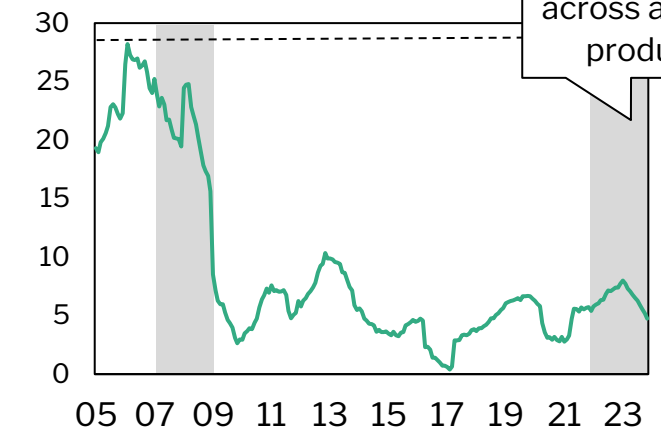
Household debt service costs
(quarterly, % of PDI)

**~35% more
expensive to
finance a home
since 2020**



Household credit growth
(annual, % yoy)

**Slowdown in
H2 2023
across all retail
products**





Nedbank Group strategy

Our purpose

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

Strategic value drivers

Growth

Productivity

Risk and
Capital Management

Strategic value unlocks



Digital
leadership
(DX)



Market-leading
client experiences
(CX)



Focusing on areas
that create value
(SPT)



Efficient
execution
(TOM)



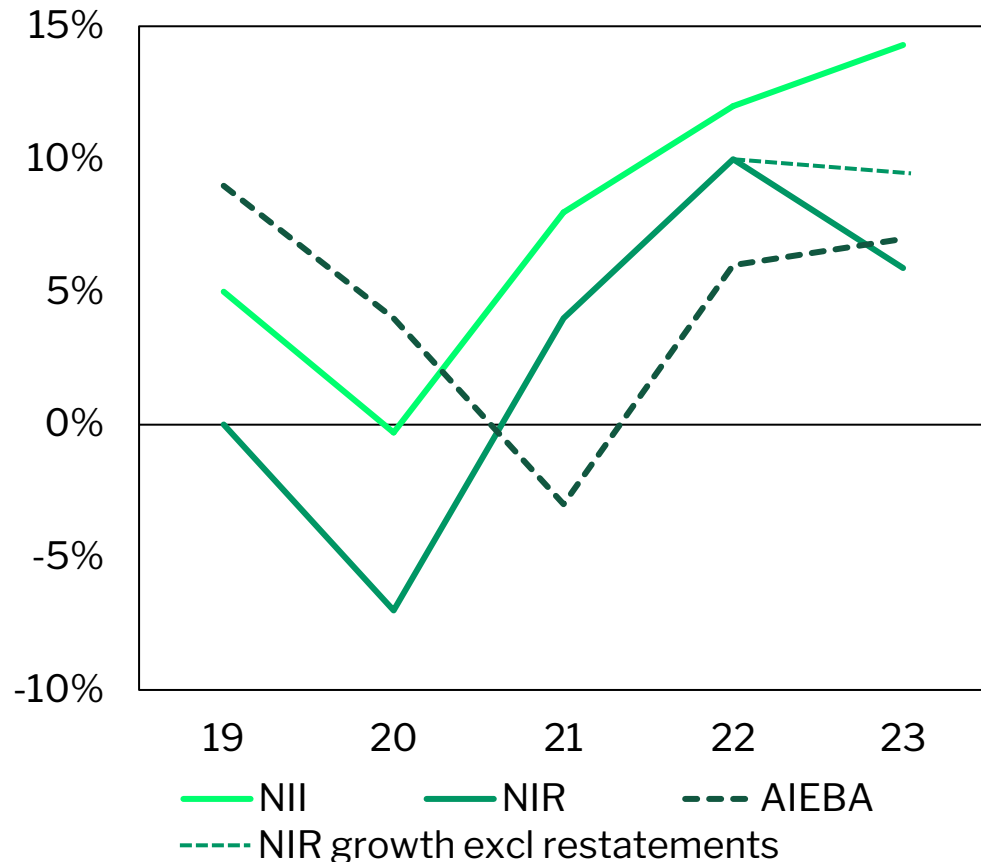
Creating
positive impacts
(Purpose delivery)

World-class technology platform

Our employees & differentiated corporate culture (EX)

Growth – strong revenue & client growth

Nedbank revenue¹ & average interest-earning banking asset growth (%)



¹2022 NIR restated for IFRS 17 & card-processing costs. F= forecast.

Strong client-driven growth

- New CIB primary client wins: **20**
- Retail main-banked clients: **+9%** to 3,5m
- NAR clients: **+4%** to 349k
- App volumes: **+18%** yoy & **> 300%** since 2019
- Retail cross-sell ratio: up to **1,96** (2019: 1,71)

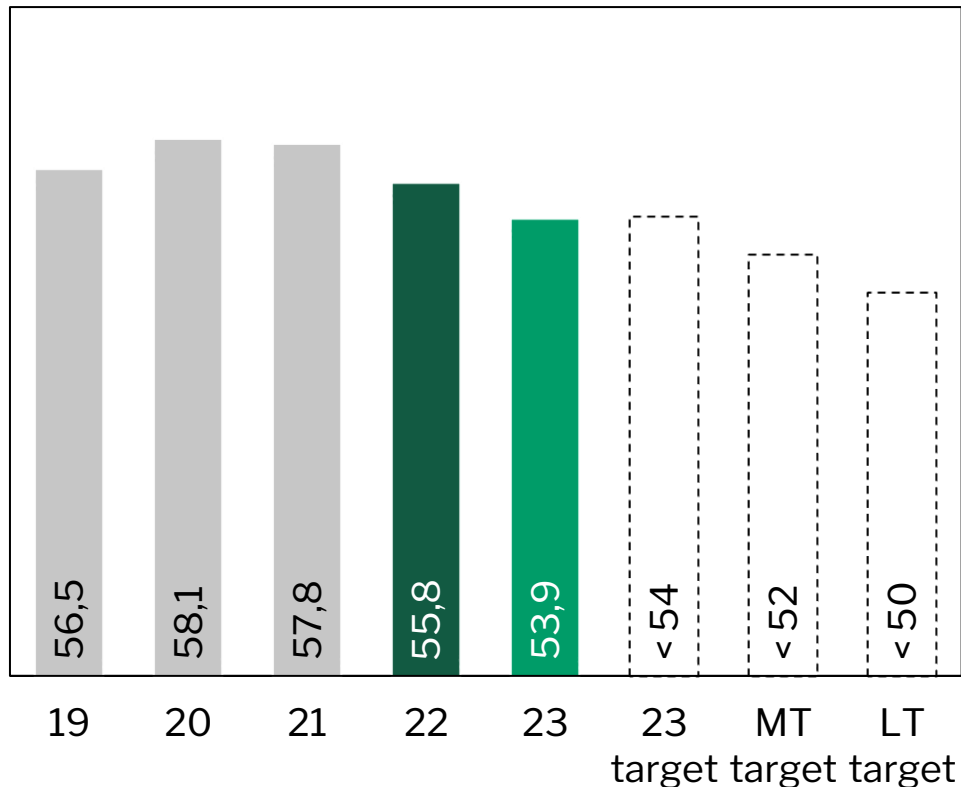
Impact of financial markets

- AUM: **+14%** to **R448bn**
- Markets revenue: **+7%**

Active interest rate risk management – positioning an appropriately sized residual endowment position as an offset against anticipated changes in impairments over the cycle. R1,4bn (pre-tax) sensitivity for every 1% change. (Average prime: 21: 7,0%, 22: 8,8%, 23: 11,4%, 24F: 11,5%)

Productivity – structural cost optimisation initiatives support a reduction in the group's cost-to-income ratio

Nedbank cost-to-income ratio¹ (%)



Structural cost optimisation benefits

- Managed Evolution IT build **95%** complete, having delivered a world-class IT platform & leading client experience outcomes, enabling TOM 2.0 savings of **R2,2bn** to date
- Intangible software assets peaked at R9bn in 2020 with 2023 at **R7,9bn** & IT cash flow spend peaked in 2017 at R2,3bn with 2023 at **R1,3bn**
- Significantly increased levels of **digital usage**, eg **digital volumes +12%** yoy (with lower acquisition & operating costs)
- Headcount down by **2%** yoy & down by **13%** since 2019, largely through natural attrition
- Flexible work practices & real estate optimisation (branch & CRE) enabling ongoing cost savings

PPOP growth +15% to R30bn

¹2022 restated for net monetary loss reclassification, card-processing costs & IFRS 17. Prior years have not been restated.

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

Strategic value drivers

Growth

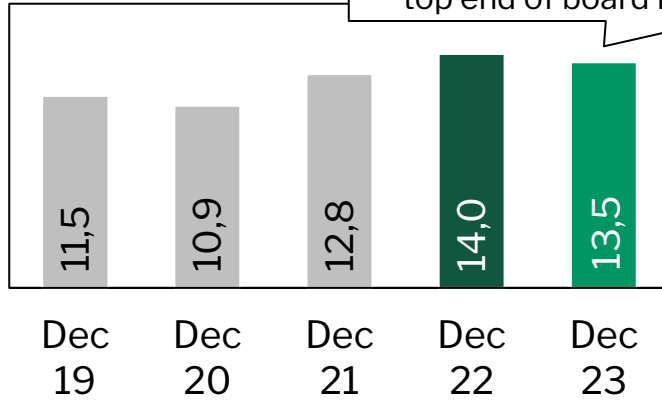
Productivity

Risk & capital management

Capital

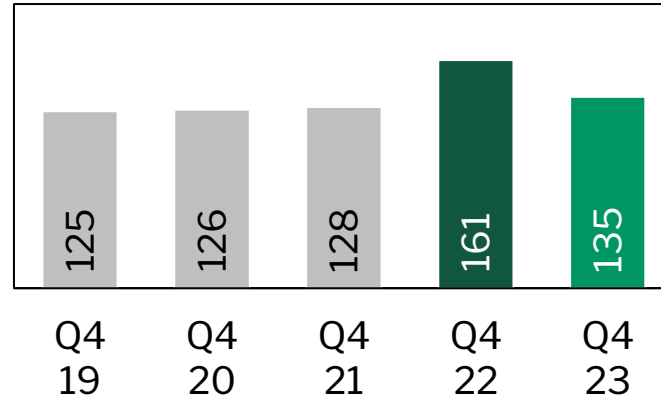
CET1 ratio (%)

R12bn average surplus capital & CET1 well-above top end of board range



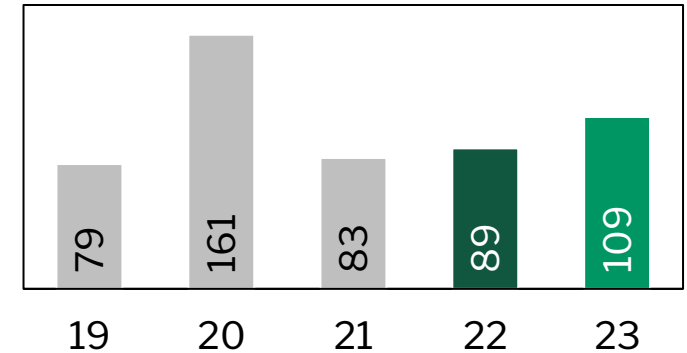
Liquidity

LCR (%)

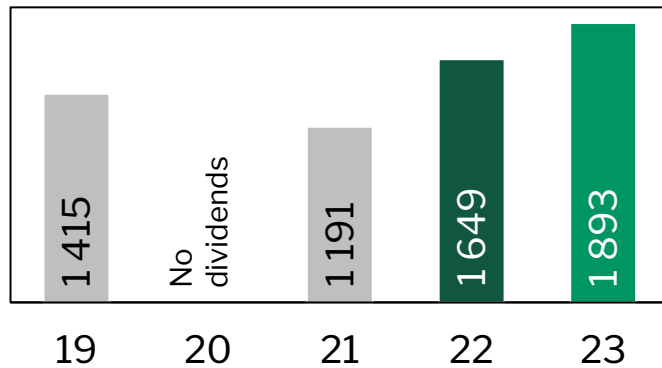


Credit

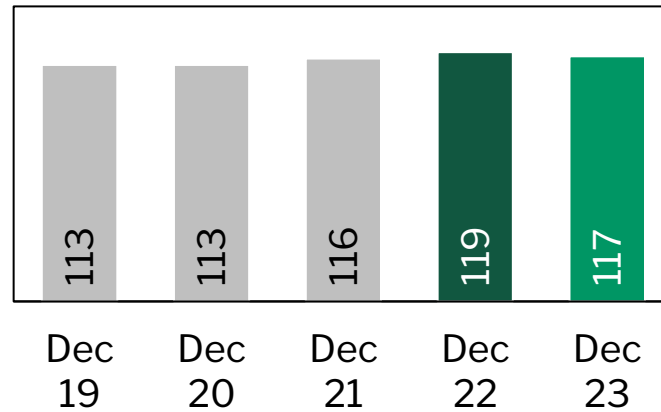
CLR (bps)



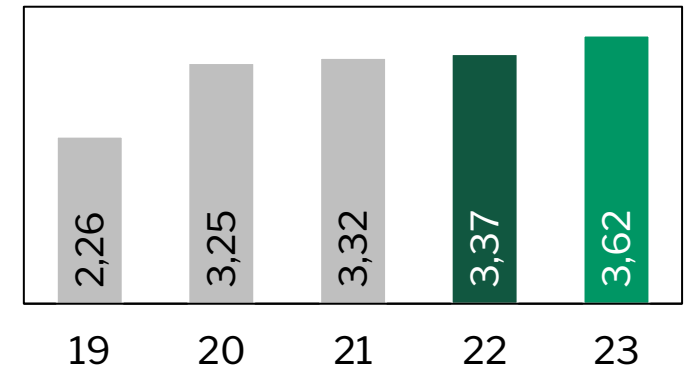
Dividends (cents/share)



NSFR (%)



Total ECL coverage (%)





Strategic overview

‘Our world-class
technology platform
& good **strategic**
execution are
delivering results’

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 and
Capital Management

Strategic value unlocks



Digital
leadership
(DX)



Market-leading
client experiences
(CX)



Focusing on areas
that create value
(SPT)



Efficient
execution
(TOM)



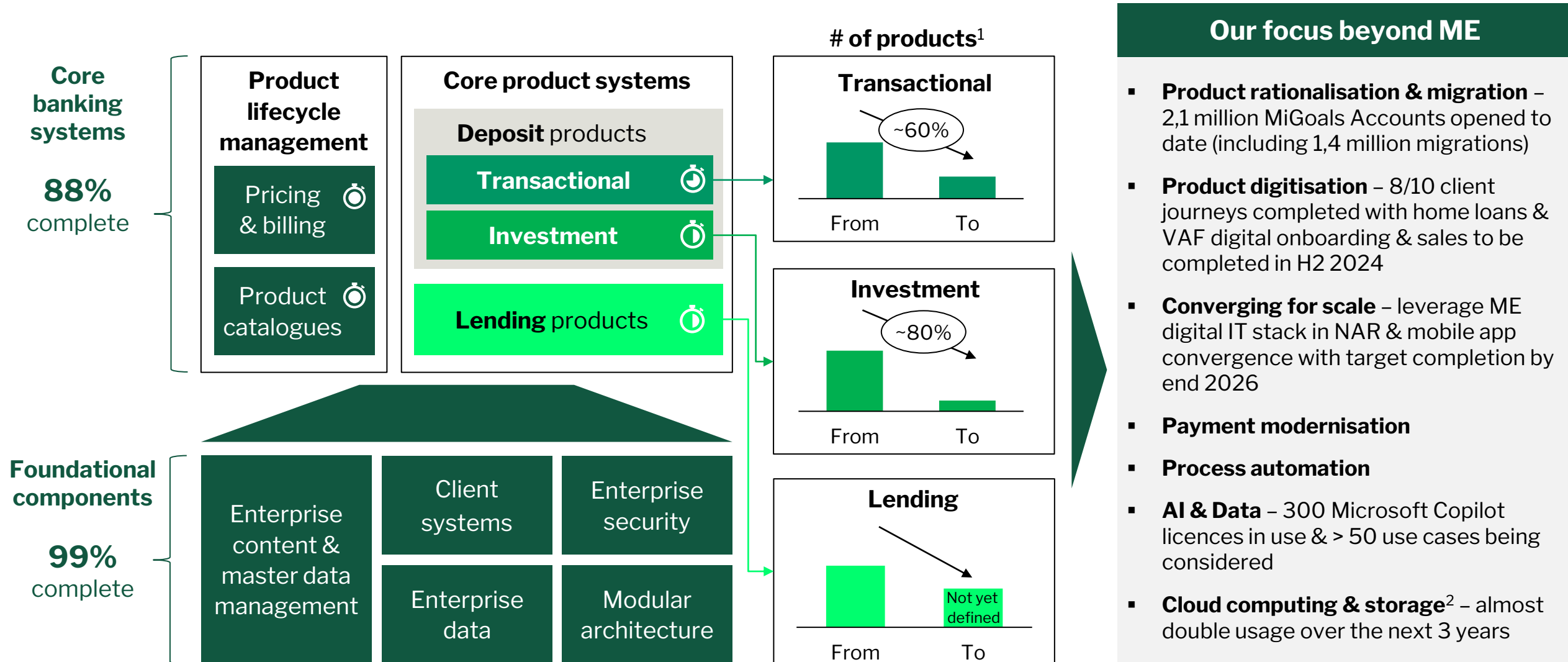
Creating
positive impacts
(Purpose delivery)

World-class technology platform

Our employees & differentiated corporate culture (EX)



A world-class technology platform for ongoing competitive advantage – Managed Evolution (ME) IT build 95% complete – on time, on scope, on budget



¹Current estimated product rationalisation. Target state lending products & juristic deposit product definitions remain work in progress. | ² 2022: ~24% & 2023: ~45%.

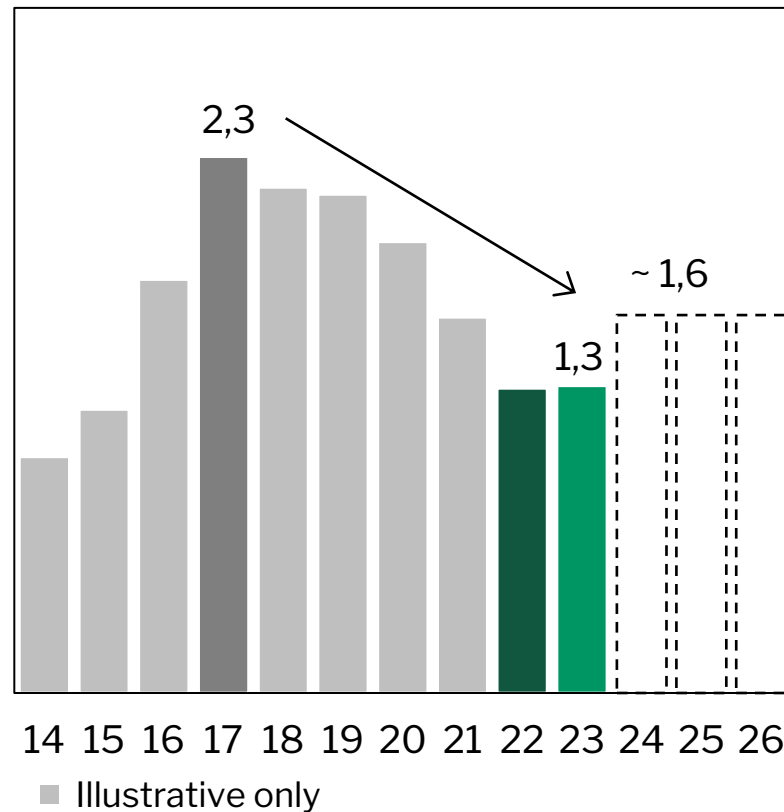




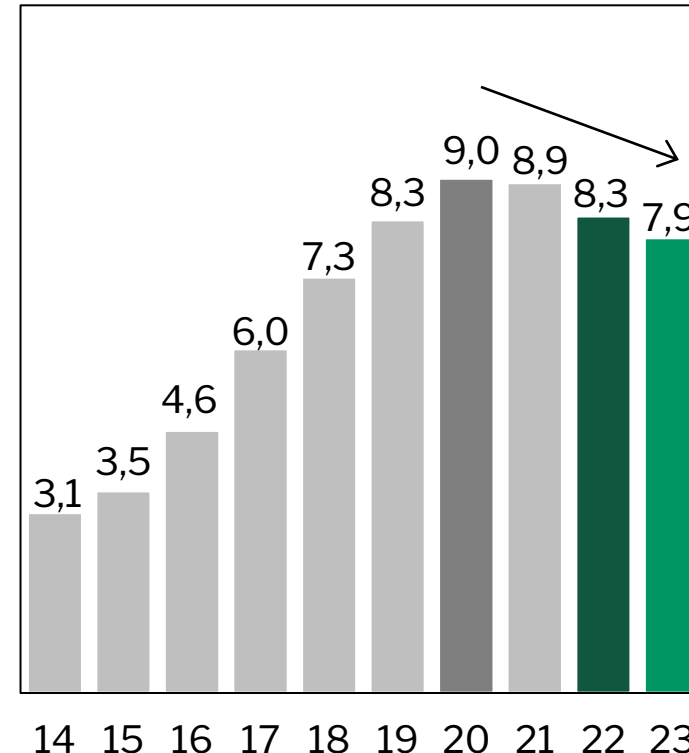
Additional info

Managed Evolution IT build programme – cash flow spend peaked in 2017 & intangible software assets peaked in 2020 at R9bn, while increasing benefits are being realised according to plan

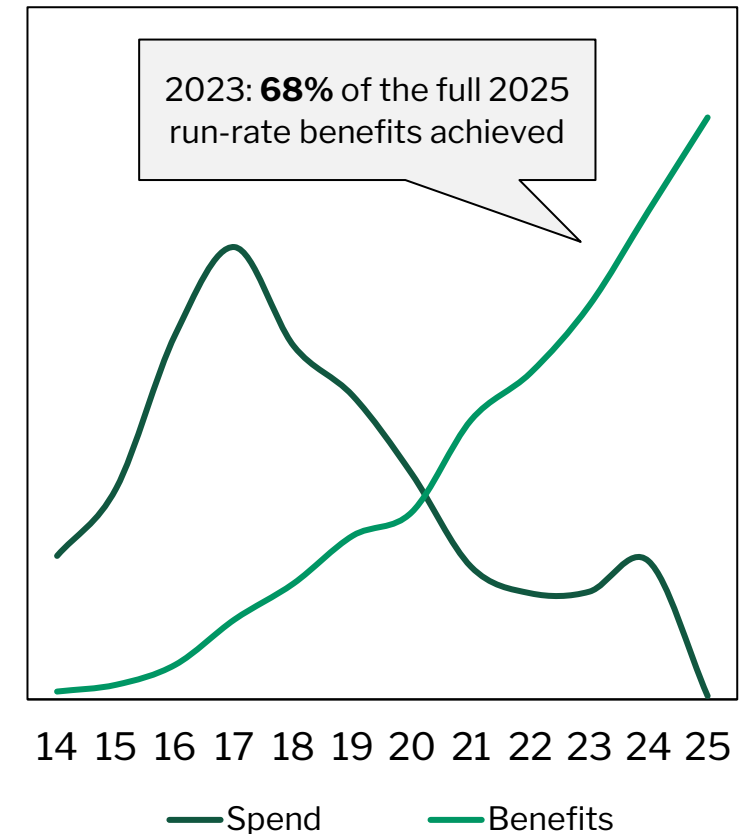
IT software development spend (Rbn annual cash flow)



Intangible software assets on the balance sheet (Rbn)



Investment vs benefit realisation to date (%)



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

Strategic value unlocks



Benefits for our **clients**

Digital onboarding

Seamless FICA-compliant onboarding of individual & juristic clients

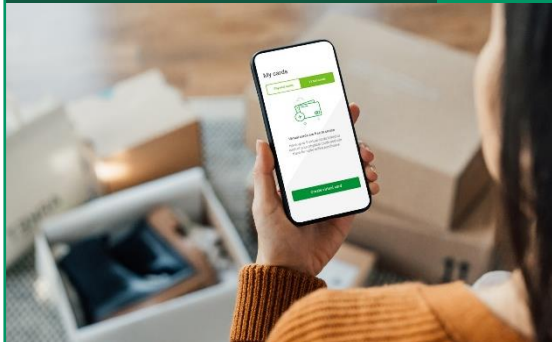
Digital servicing

> **200**

Individual services on Eclipse & Money App

> **400**

Juristic services on Nedbank Business Hub



Digital product sales

% of new sales
▲ **55%**
(2019: 12%)

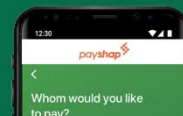
Great client experiences

NPS

▲ **#1 bank**
(2019: #3)



Send and receive money



Benefits for **Nedbank**

Revenue growth

Retail cross-sell
▲ **1,96**
(2019: 1,71)

VAS revenue
▲ **197%**
(vs 2019)

Beyond Banking

Avo clients
▲ **2,5m**
(up by 26% yoy)

APIs
▲ **64**
(up by 14% yoy)

Operational efficiencies

Floor space
▼ **33%**

Headcount
▼ **13%**
(since 2019)



Target operating model benefits

R4,2bn
(cumulative 1.0 & 2.0 to date)

Nedbank brand value

up by 15% to

▲ **R17bn**
(rank from #9 to #8 in SA)

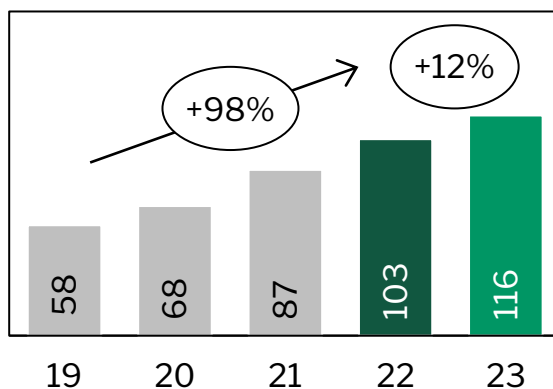
Digital uptake & usage continues to grow strongly – independent benchmarking ranks Nedbank’s digital capabilities highly

Strategic value unlocks

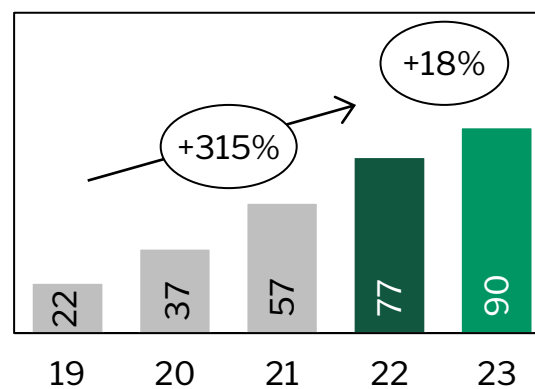


Additional info

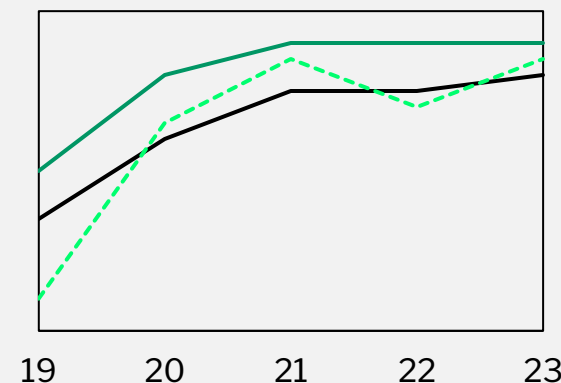
Digital transaction volumes (# m)



App transaction volumes (# m)

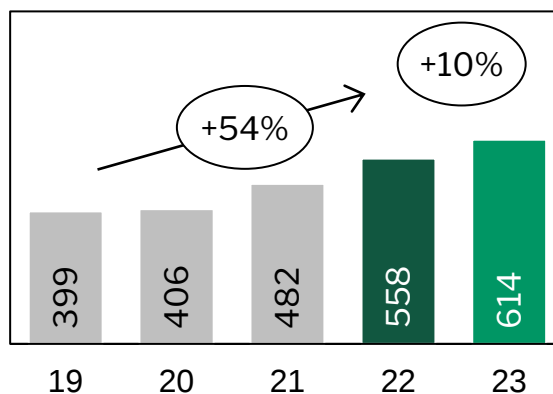


Capability Servicing features offered (%)

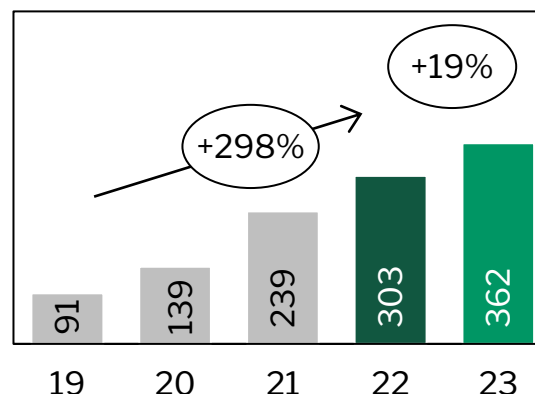


‘Nedbank consistently above market on capability & features offered to its customers in mobile’

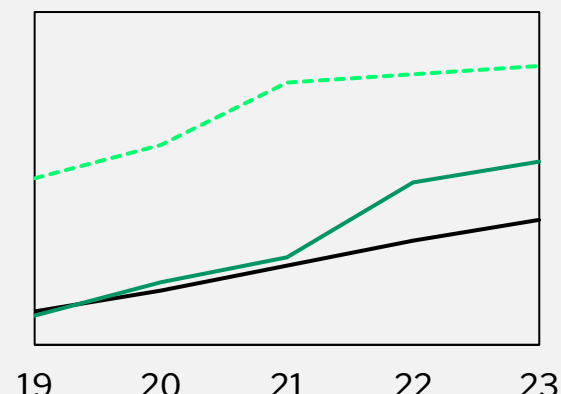
Digital transaction values (Rbn)



App transaction values (Rbn)



Digital sales contribution (%)



‘Digital sales penetration grew strongly from 2019 with Nedbank extending its advantage over local peers’

Change since 2019 2022 vs 2023

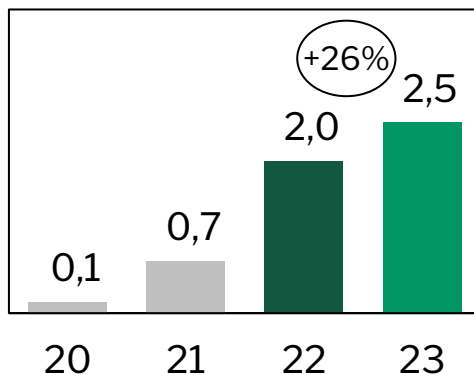
Our world-class technology platform is also enabling us to unlock new revenue streams

Strategic value unlocks

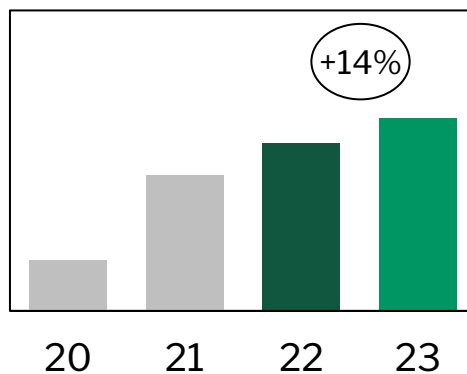


Additional info

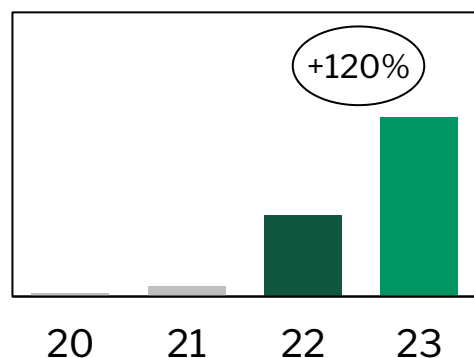
Registered Avo clients
(# m)



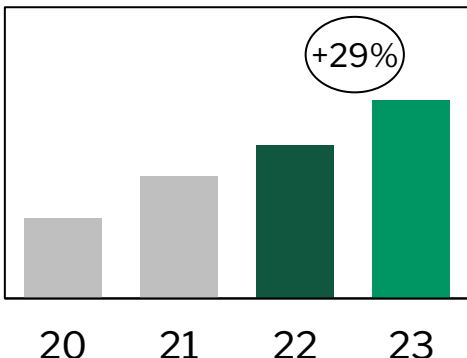
API activity (# of active 3rd parties)



Avo gross merchandise value¹ (Rm)



Value-added services revenue (Rm)



Avo Auto

Hosts > **800** MFC-accredited dealers and lists ~**25 000** vehicles



Avo Solar

Launched in Aug '23 with over 100 residential installations, **70%** being financed by Nedbank

Avo B2B

+R100m Avo B2B stock financing applications assessed, majority being **Non-Nedbank** businesses

Avo Home

One of the top marketplaces for best value on Apple products

Avo launched in NAR with Apple as the top merchant

Driving acquisition, cross-sell & retention

¹ GMV growth excluding internal spend +149% yoy

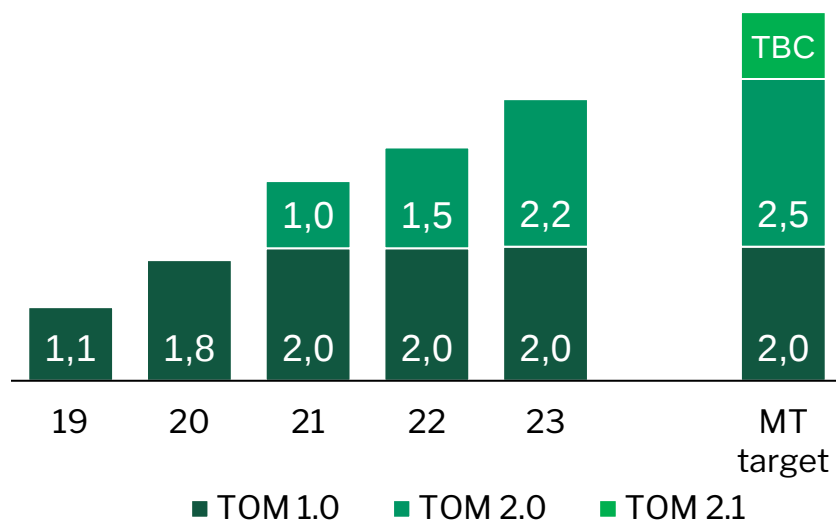
Operating model changes & efficient execution – supporting a lower cost-to-income ratio

Strategic value unlocks

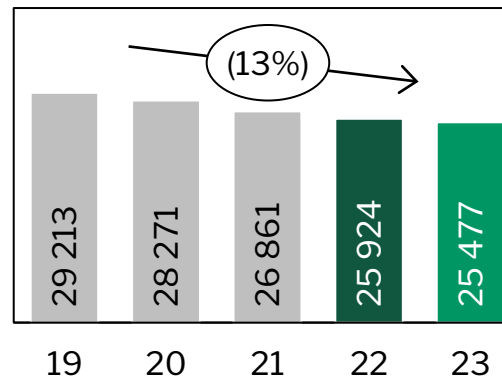


Cumulative target operating model benefits (Rbn)

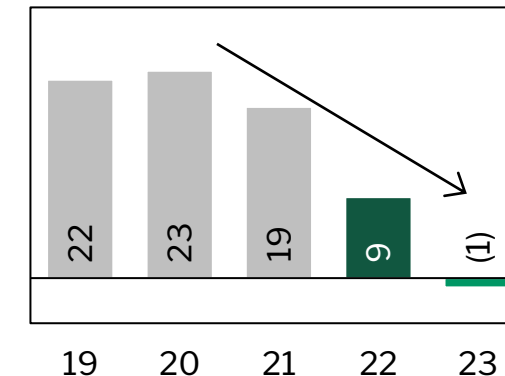
- **TOM 2.0 target of R2,5bn to be achieved in 2024** (initially 2023) given:
 - delayed or reconsidered some initiatives impacting revenues
 - a delay in some cost initiatives
- **TOM 2.1 opportunities** across data, Gen AI, payments & process optimisation. Benefits to be disclosed during H1 2024 results



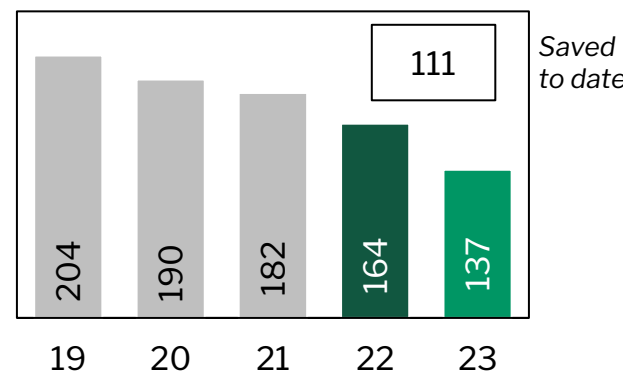
Permanent employees (#)



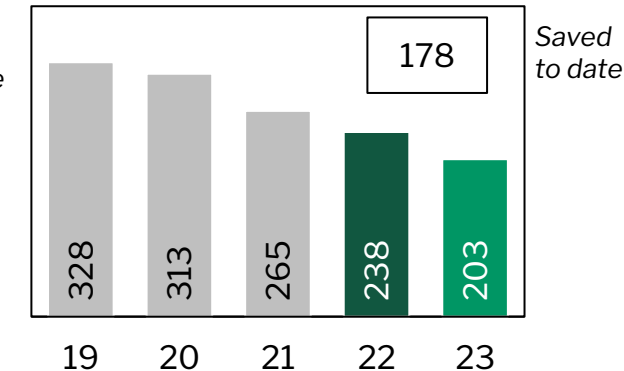
Annual IT amortisation charge (% growth)



Branch floor space ('000 m²)¹



Corporate real estate floor space ('000 m²)



¹ Total branch floor space saved since 2014 equates to 111k sqm, 48% of the 2014 floor space.

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

Strategic value unlocks



BA900 market share (%)	Dec 22	Dec 23	Yoy change
Total core loans	17,9	17,9	►
Wholesale term loans	15,5	16,4	▲
Home loans	14,1	14,4	▲
Commercial property	36,8	36,0	—
Vehicle finance	35,4	35,5	—
Personal loans	11,9	11,0	▼
Retail deposits	16,0	16,4	▲
Commercial deposits	17,6	17,1	▼

- **Yoy market share gains** in term loans, retail home loans, retail overdrafts & key deposits categories as management actions start yielding results
- **Unlocking growth opportunities** – infrastructure & SDG-related financing, particularly in wholesale term 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 – unsecured lending
- **Deposits** – retail deposits growth above industry levels & market share gains in notice deposits

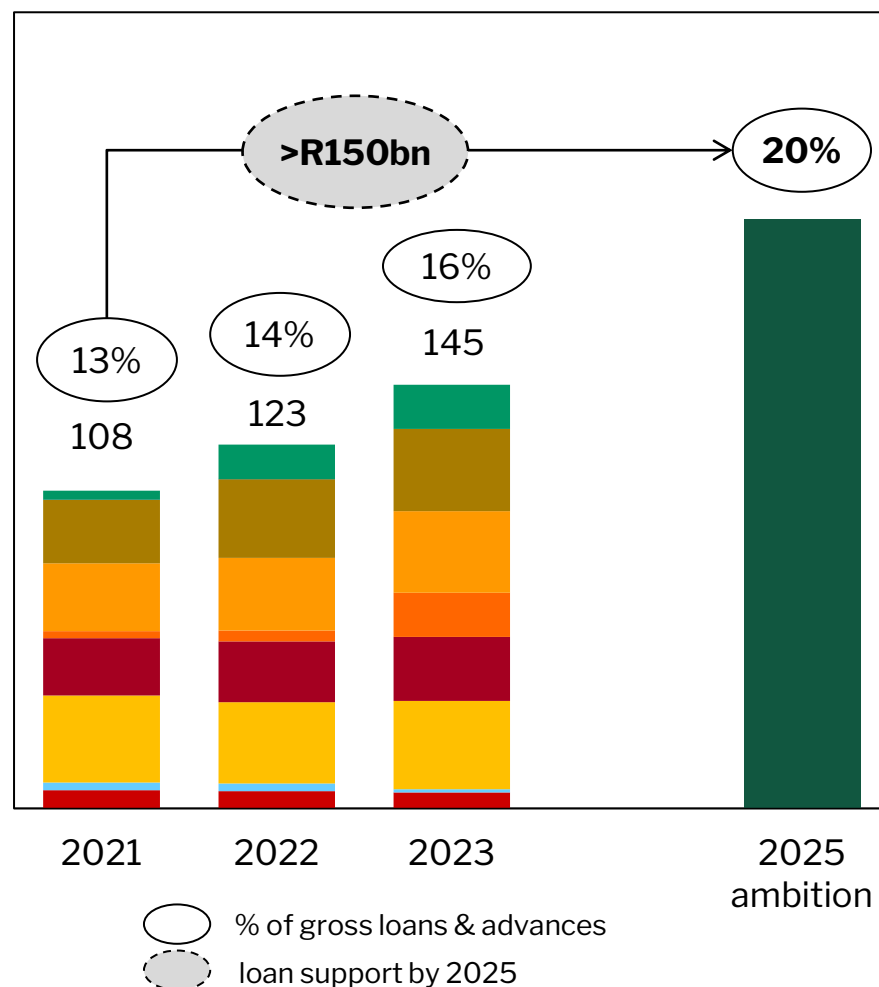
Total core loans include retail & corporate loans, excluding loans to SA, foreign currency loans, resale agreements & preference shares. | Retail deposits, a common lens used in the industry, is the sum of BA900 lines 26, 27, 28 & 35. Nedbank's household deposit (line 27) decreased to 14,6% (December 2022: 14,8%), while Nedbank's household non-transactional deposit (line 27) increased to 17,3% (December 2022: 17,1%).

Creating positive impacts – R145bn of exposures at the end of December 2023 that support sustainable development financing (SDF)

Strategic value unlocks



Sustainable development finance^{1,2} (Rbn)



	R15bn sustainable finance across multiple SDGs for CIB clients (R27bn limits)
	R28bn support for farmers & the agriculture sector
	R3bn for affordable home loans, supporting >5 000 home purchases
	R22bn lending exposure to small businesses & their owners
	R30bn total renewable energy exposures (R46bn limits), supporting new generation capacity of almost 4GW
	R1,2bn financing for clean water & sanitation
	>11 000 student loans & >43 000 student beds financed since 2015

¹ By the end of 2025, it is our ambition to have increased our SDF exposures to around 20% of the group's total gross loans & advances, achieved by support for more than R150bn in new SDF that is aligned with the SDGs (from our 2021 base). ² R15bn for the financing of buildings that include green interventions such as green energy, water & waste efficiencies has not yet been included as we consider its eligibility.

Creating positive impacts – building on our leadership in renewable energy

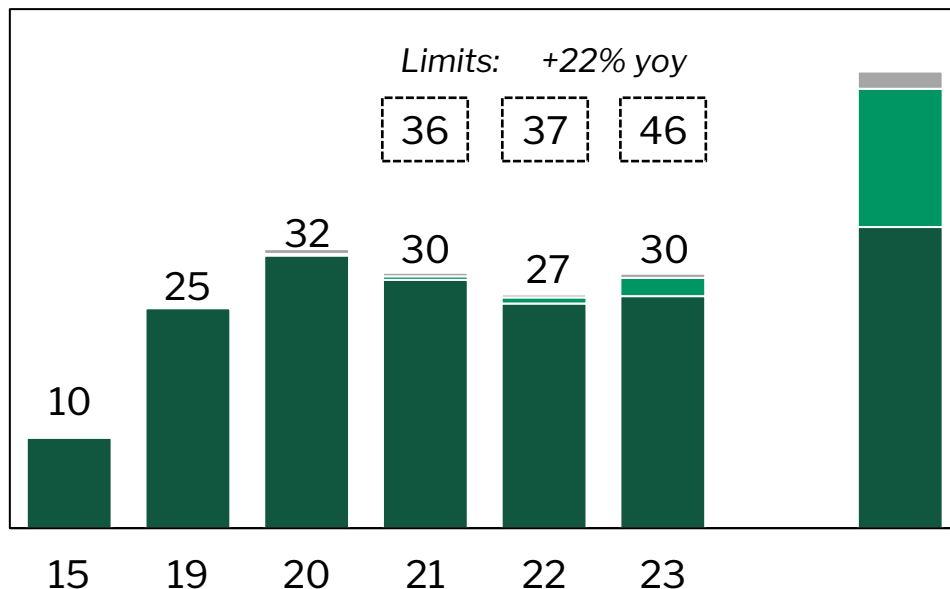
Strategic value unlocks



Additional info

Renewable energy financing

(■ drawn exposures, □ limits, Rbn)



- REIPPPP
- Private power generation
- Rooftop solar

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

Additional **0,5 GW**
supported in 2023
(projects closed)

Renewable energy financing opportunities to date

RBB renewable finance

- Strong growth in Commercial Banking & Retail. MFC solar finance in place with HL solar CVP & Avo Solar launched in H2 2023

>R2bn

CIB mandated on 1,9 GW

of new commercial private generation
(from < 1 GW at 31 Dec 2022)

- 3 projects closed in 2023 (168 MW)
- 15 projects anticipated to close in 2024 (1,9 GW)

R16bn

CIB mandated 0,8 GW of Government projects¹

- 6 projects closed in 2023 (0,3 GW)
- 5 projects expected to close in 2024 (0,5 GW)

R7bn

Nedbank's pipelines beyond 2024 support a further >2,5 GW
of new renewable energy

Creating positive impacts – ESG highlights

Strategic value unlocks



Nedbank ESG ratings

MSCI 	AAA	Top 5% of global banks
S&P Global	60	Top 9% of all global banks
 SUSTAINALYTICS	17,1	Top 10% of diversified banks
ISS ESG 	C	Top 10% of all global banks
 FTSE4Good	3,9	Top 26% of global banks

Commitments & achievements

2030 financed emission targets for thermal-coal, oil & gas, and power generation (1st SA bank)	Net-zero operational water use (since 2018)		Zero exposure to fossil-fuel-related activities by 2045
82% AIC representation (from 78% in 2019)	Level 1 BBEE status for the past 6 years	Cash taxation payments¹ of R13,2bn up by 15% yoy	
	2 835 unemployed youth (YES) recruited (almost 10 000 since 2019)	Employee experience (EX) NPS 2nd highest since inception (employee survey)	World-class reporting #1 integrated report (EY & CGISA Top 40) #1 tax report (PWC)

¹ Tax payments relating to direct, indirect & employee taxes, as well as other taxation.

Creating positive impacts – progress on our journey to net zero

Strategic value unlocks



Additional info

Our journey to net zero

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 >40%** (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

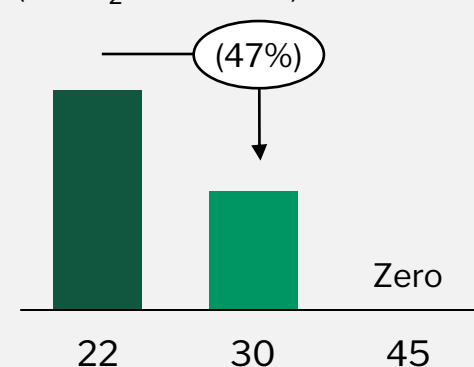
2045

Zero exposure to fossil-fuel-related activities

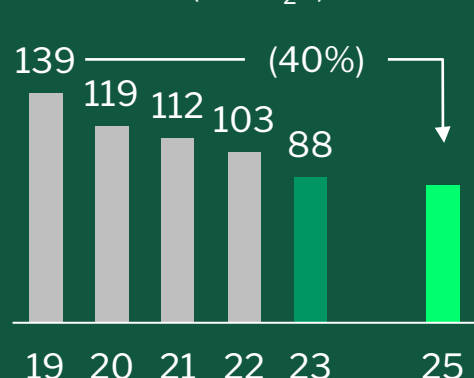
2050

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

Thermal-coal glidepaths
(ktCO₂e financed)



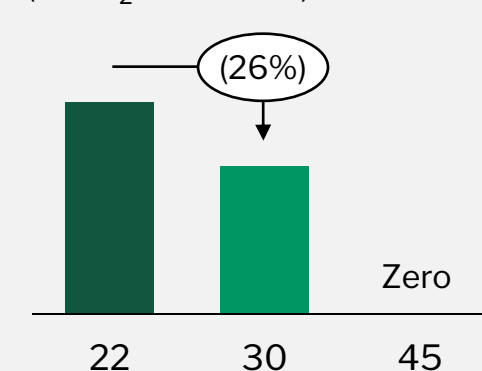
Own operational GHG emissions (ktCO₂e)



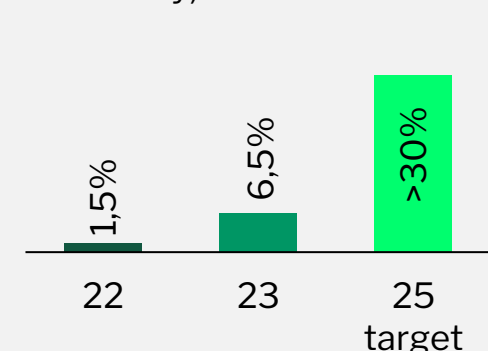
Power generation

Adopted a **cap** aligning to NZE target of **188 gCO₂e/kWh**

Oil & gas glidepaths
(ktCO₂e financed)



Own operational renewable energy sourced (% of total electricity)



External recognition received in 2023 – across business excellence, digital innovation & purpose/ESG-related

Strategic value unlocks



Additional info



■ Business-impact- & expertise-related

■ Technology- & innovation-related

■ Purpose- & ESG-related



Financial overview

‘Headline earnings up by 11%, driven by strong revenue growth, partially offset by higher impairments. DHEPS up by 14%, benefiting from the R5bn capital optimisation initiative’

Mike Davis

Chief Financial Officer



Key drivers – the impact of a difficult operating environment in 2023 was offset by good strategic delivery

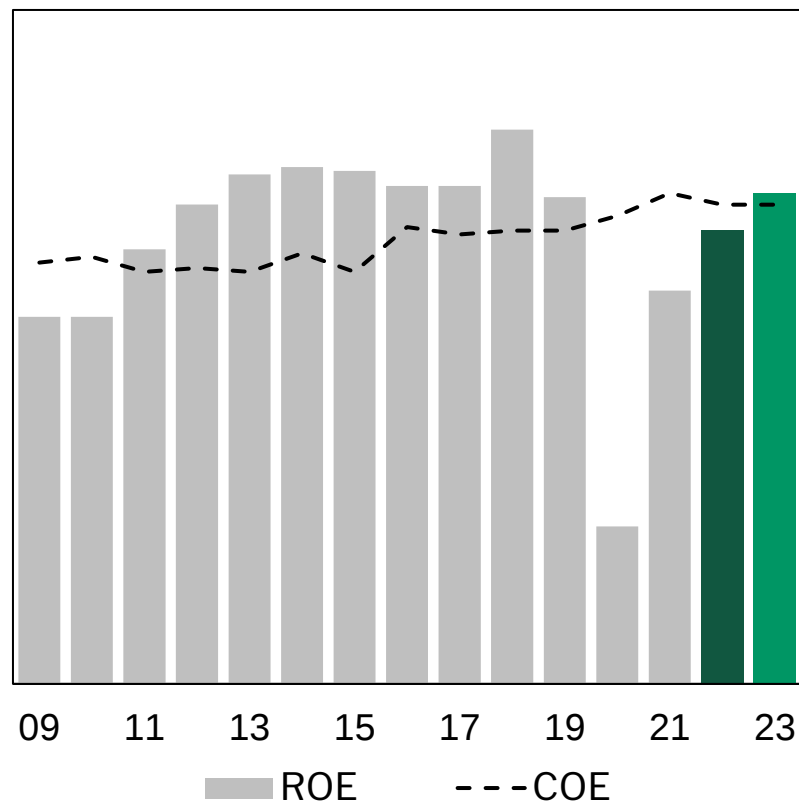
Operating environment				Strategic delivery		Financial outcomes	
SA GDP growth	×	Global conflicts	×	Technology/ Digital	✓	Revenues +12% ▲	ROE 15,1% ✓
SA inflation	×✓	Global & local markets	×	Efficient execution	✓	Headline earnings +11% ▲	Diluted HEPS +14% ▲
SA prime interest rate	✓×	Currency impacts	×	Market share gains	—	Dividends per share +15% ▲	CET1 ratio 13,5% ✓
Business confidence	×	Regulation	—	Cross-sell & main-banked client gains	✓		
Electricity constraints	×	Competition	×	Creating positive impacts	✓		





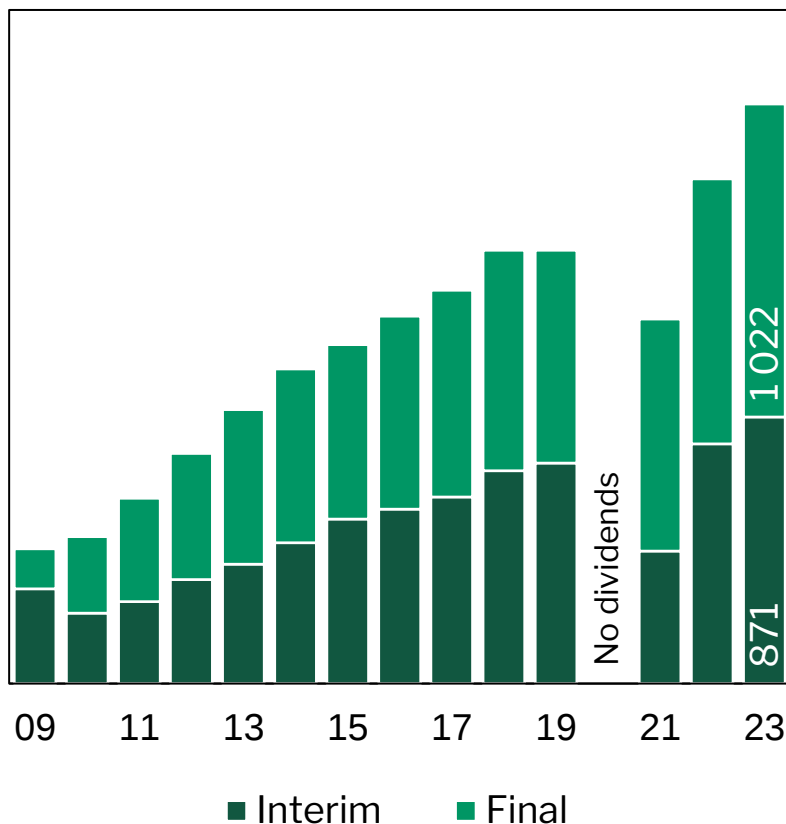
Shareholder value creation – ROE improvement to above COE & dividends declared at the top of our payout ratio, while maintaining good NAV growth, even after the R5bn capital optimisation initiative

ROE & cost of equity (%)



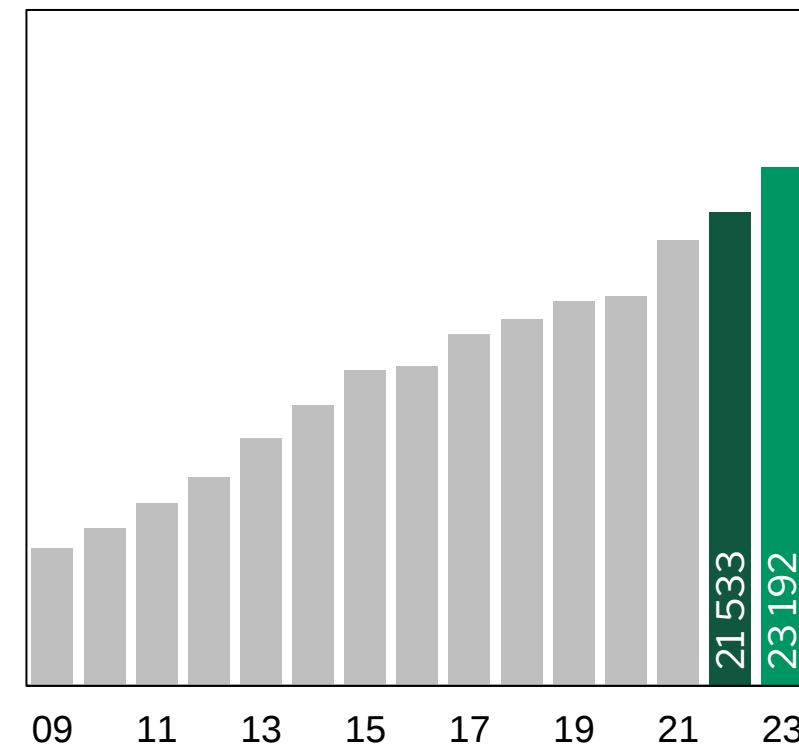
ROE above COE

Dividend per share (cents)



Dividend at 57% payout ratio

NAV per share (cents)



NAV/share +8% yoy

Profitability metrics improved yoy, underpinned by robust capital, liquidity & provisioning

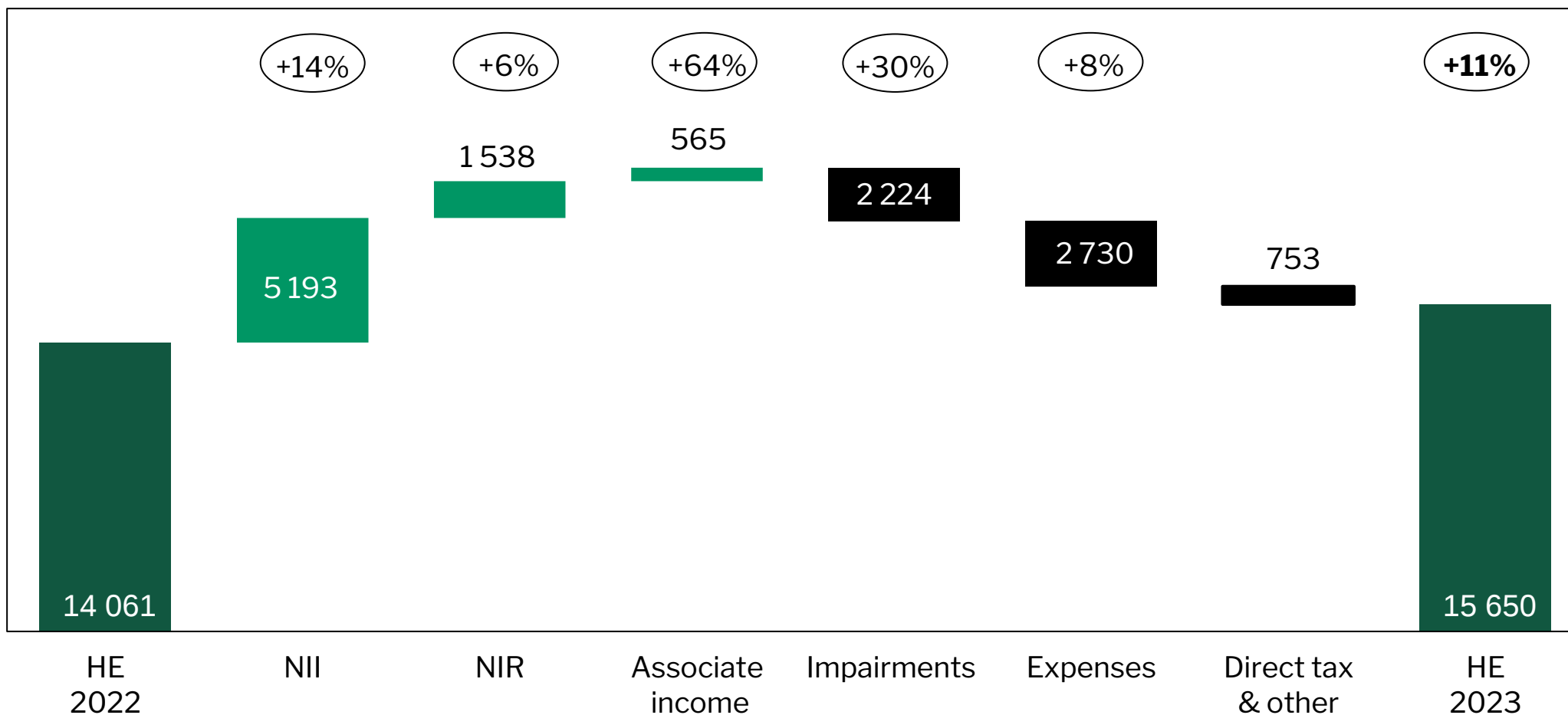


		yoy	2023	2022	2021	2020	2019
Profitability	Headline earnings (Rbn)	+11%	15,7	14,1			
	Preprovisioning operating profit (Rbn)	+15%	29,7	25,8			
	Total comprehensive income (Rbn)	+30%	17,3	13,4			
	DHEPS (cents)	+14%	3 199	2 809	2 362	1 113	2 565
	Basic EPS (cents)	+10%	3 239	2 934			
Advances & deposits	ROE (%)		15,1	14,1	12,5	6,2	15,0
	Gross banking advances (Rbn)	+3%	885	863			
	Deposits (Rbn)	+5%	1 088	1 040			
Asset quality	NIM (%)		421	393	373	336	352
	Credit loss ratio (bps)		109	89	83	161	79
	Total coverage (%)		3,62	3,37	3,32	3,25	2,26
Liquidity	Liquidity coverage ratio (%)		135	161			
	NSFR (%)		117	119			
Capital	CET1 (%)		13,5	14,0	12,8	10,9	11,5
	Risk-weighted assets (Rbn)	+7%	695	648			



Headline earnings up by 11% – driven by strong revenue growth & prudent expense management, partially offset by higher impairments

Headline earnings (Rm)

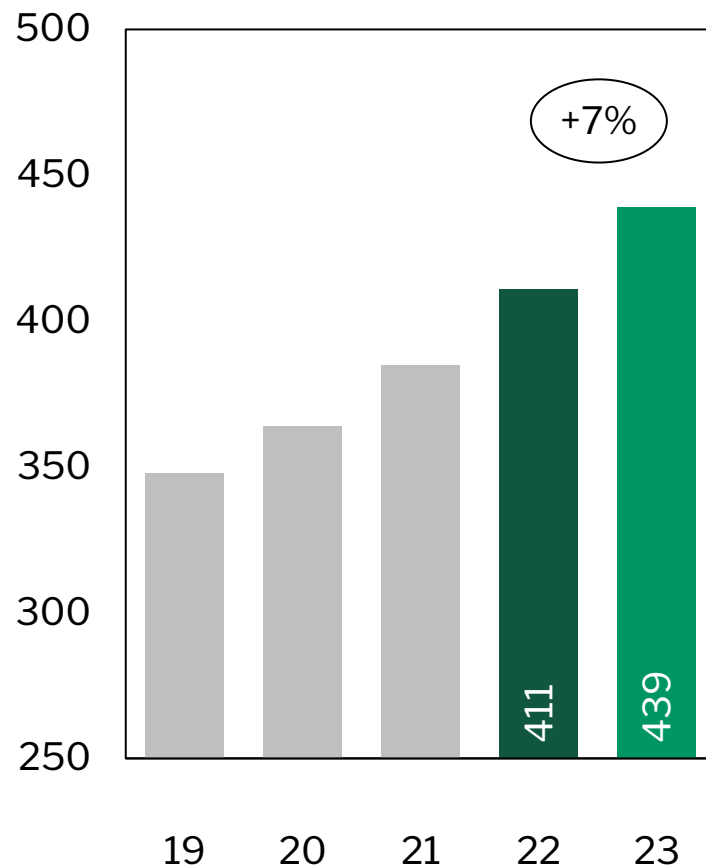


¹Other' includes indirect tax and minority & preference shareholders.

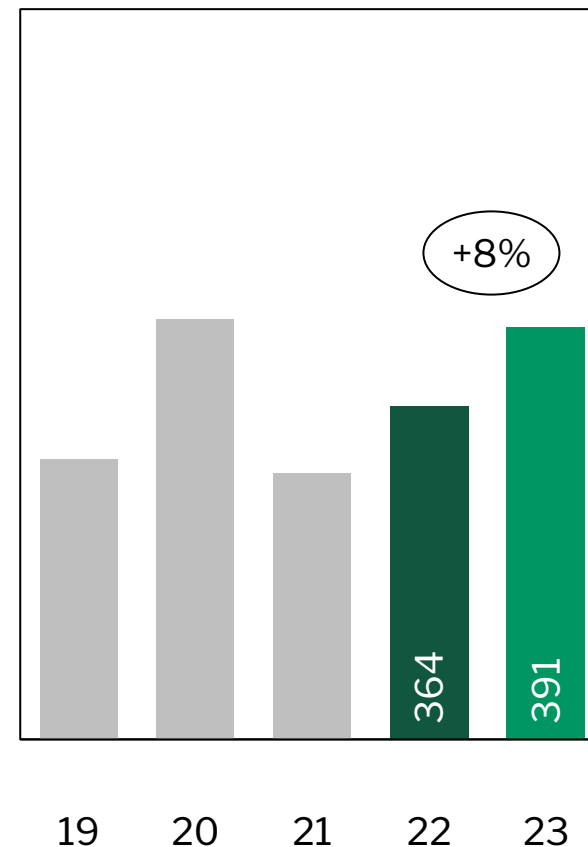


Average gross banking advances up by 7% – solid growth in RBB & CIB

RBB average banking advances
(Rbn)



CIB average banking advances
(Rbn)



▪ **RBB**

- Solid growth in our relationship businesses
- Gradual HL market share gains, but slowing demand
- Selective growth by leveraging our strong position in MFC
- More cautious in unsecured lending given elevated risk

▪ **CIB**

- Term lending businesses grew 4%
- Growth across multiple sectors, with continued momentum into 2024
- Moderate growth in commercial property, supported by increased corporate activity



Additional info

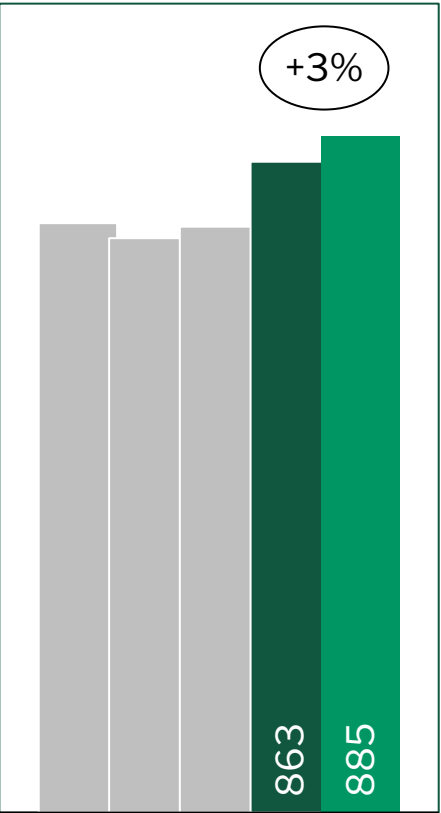
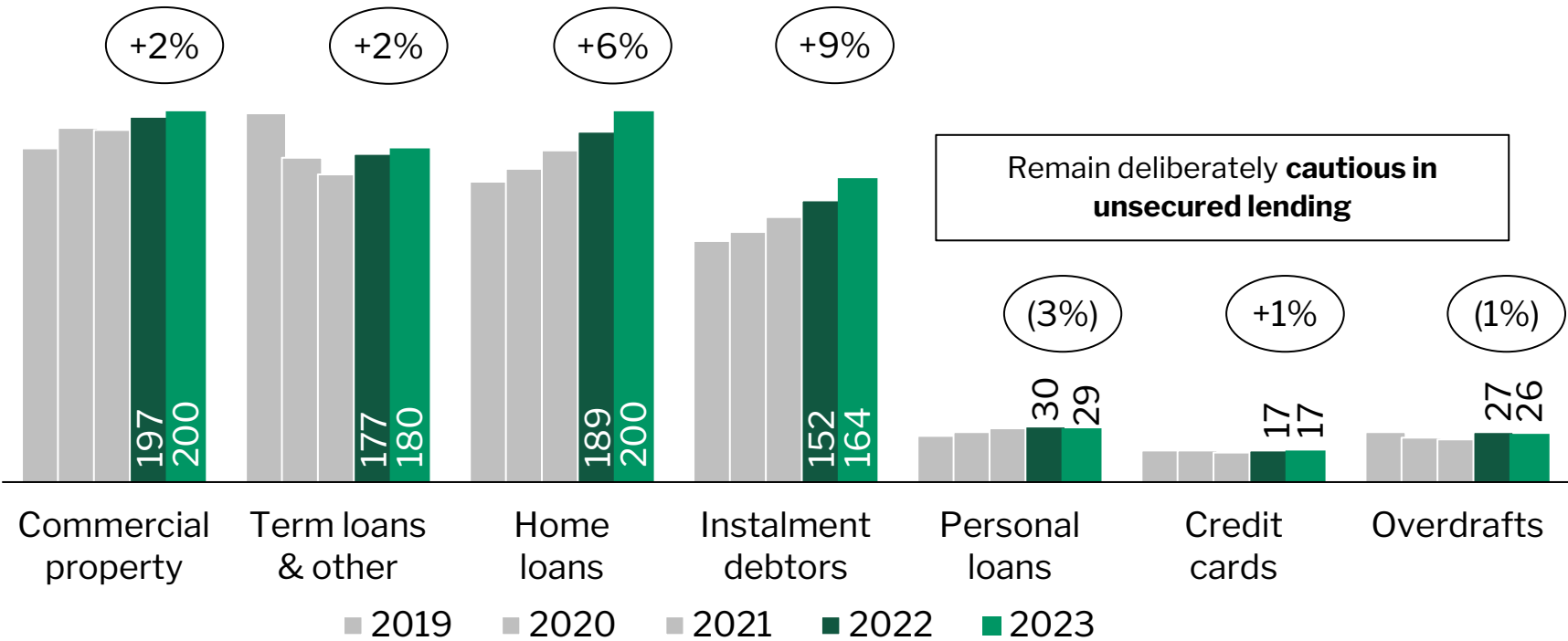
Actual gross banking advances up by 3%

Moderate CPF growth in pockets & from corporate activity

Term loans growth from selective sectors, but corporates remain cautious

Good HL growth from market share gains, albeit slight decline in residential property market activity

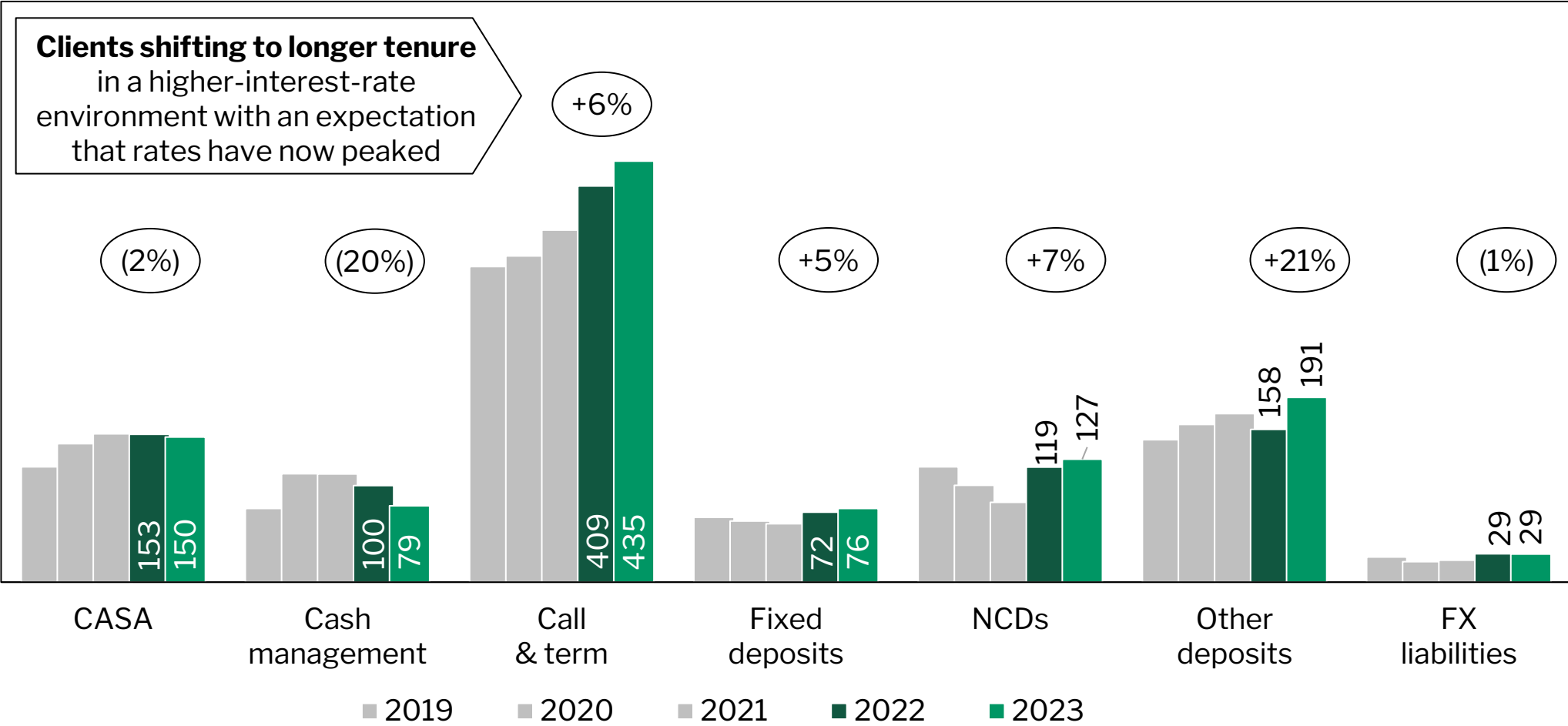
Leveraging **MFC's market-leading position**, strong alliance relationships & an optimised digital platform, but more selective credit granting





Deposits up by 5% – with improving loan-to-deposit ratio to 82% (2022: 85%)

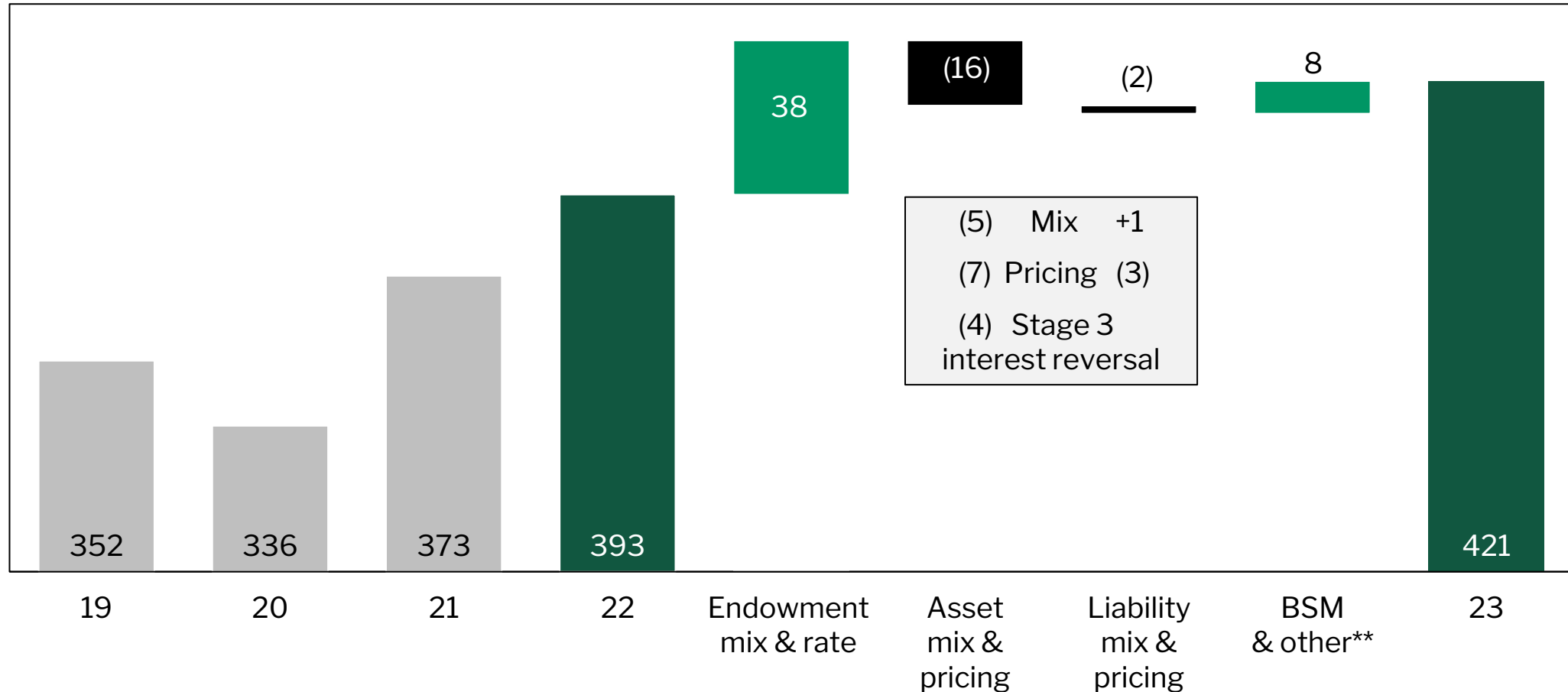
Deposits (Rbn)





NII up by 14% – driven by AIEBA growth of 7% & NIM expansion of 28 bps, primarily from endowment (higher interest rates)

Net interest margin* (bps)



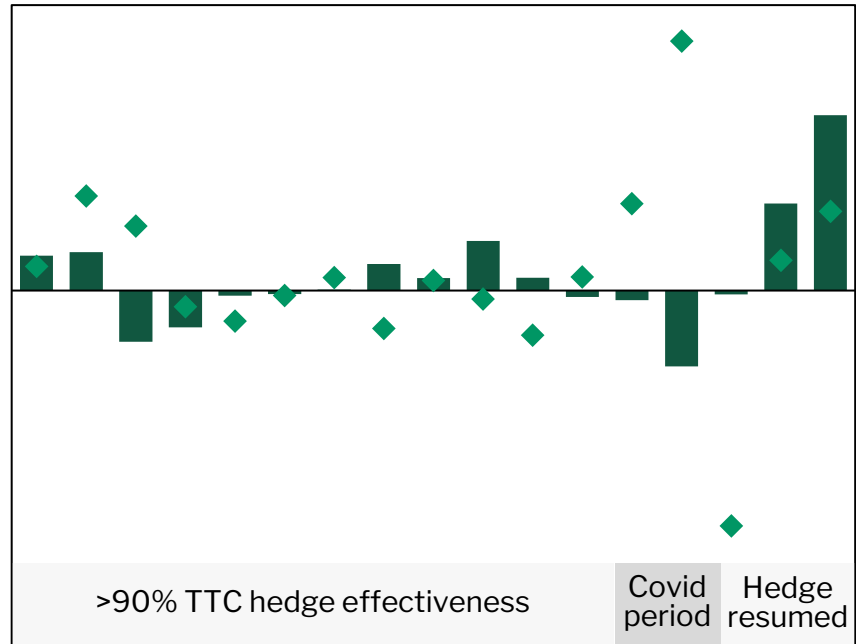
*Surplus cash in the SARB quota account, on which Nedbank earns repo, reclassified as AIEBA (R8,2bn reclassified, impacting NIM negatively by -3 bps).

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



Endowment income – active interest rate risk management, positioning an appropriately sized residual endowment position as an offset against anticipated changes in impairments over time

Change in endowment income vs impairments (Rbn)



07 09 11 13 15 17 19 21 23

■ YoY endowment income Δ ◆ YoY impairment Δ

Directional drivers

	H1 23	H2 23	H1 24	H2 24	2025
Average SA interest rates	11,1%	11,75%	11,75%	11,3%	10,6%
	11,4%		11,5%		

Endowment (yoy change)



CLR (yoy change)



121 bps

96 bps

CLR within 60 to 100 bps range

10 bps CLR
=
R0,9bn pre-tax

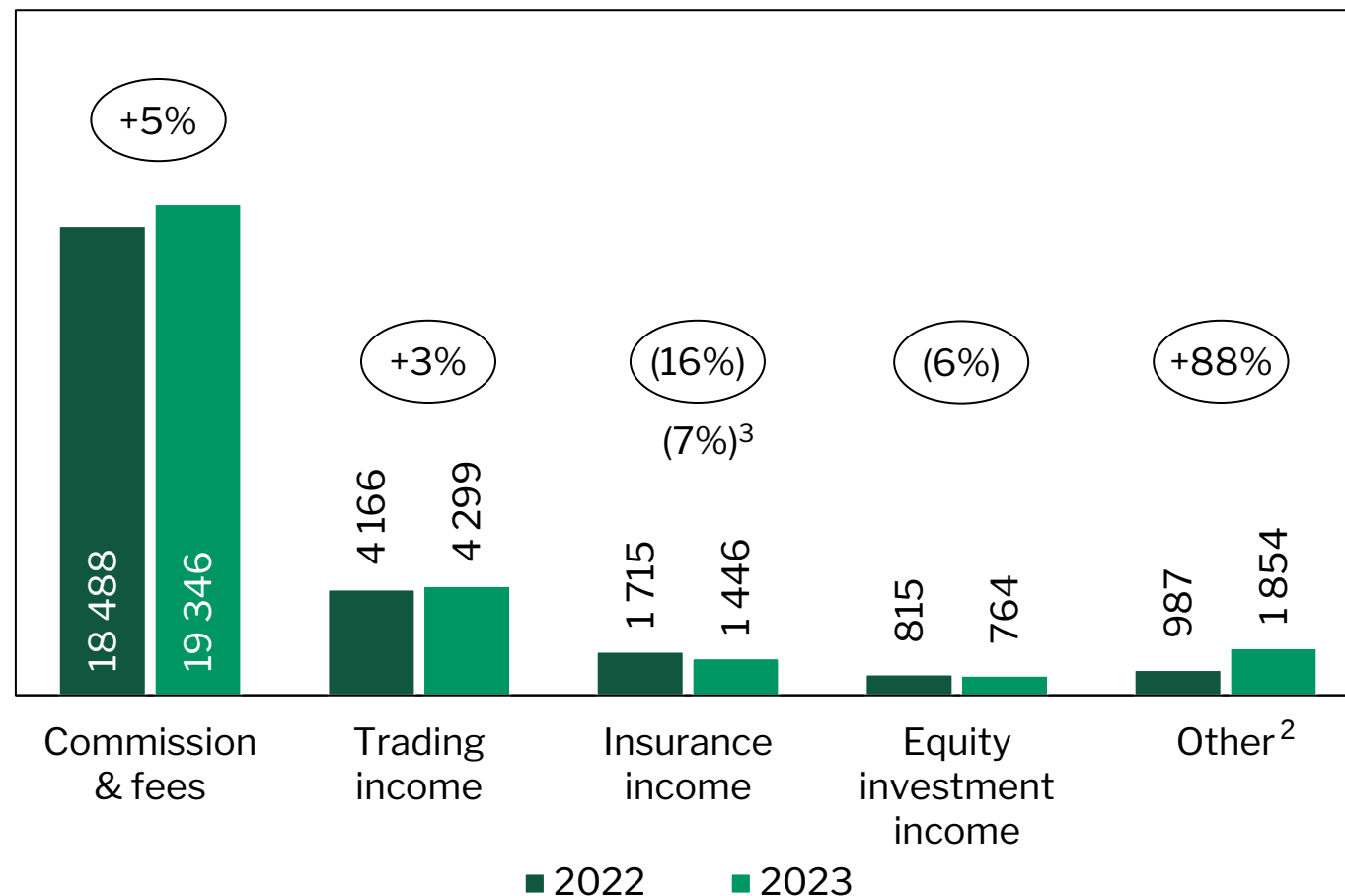
10 bps NIM
=
R1,0bn pre tax

NII sensitivity for 1% change in interest rates: R1,4bn



NIR up by 6% – supported by solid growth in commission & fees, as well as FX devaluation. Excluding restatements, NIR growth was up by 9%

Non-interest revenue & income¹ (Rm)



- **Commission & fees** – solid growth driven by cross-sell, main-banked client gains & value-added services
- **Trading** – positive outcomes in debt securities & commodities
- **Insurance** – impacted by lower traditional bancassurance volumes, new business strain & non-repeat of reserve releases, offset by improved non-life claims experience & positive shareholder returns
- **Equity investment income** – closely matched a high 2022 base
- **Other** – benefit from FX devaluation of ZWL & ZAR vs US\$ given hard currency US\$ exposure in Zimbabwe, partially offset by a higher net monetary loss

¹ 2022 restatements relate to net monetary loss from the face of the IS to NIR, card-selling costs & IFRS 17. Prior years not restated. | ² Represents fair-value adjustments, sundry income & investment income. | ³ Excluding reclassifications, insurance declined by 7%.

Income statement restatements – net monetary loss, card-related costs & IFRS 17 (immaterial impact on headline earnings)



Additional info

Summary of restatements/ reclassification impact (Rm)	2023 As reported	2022 Restated	growth %
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Non-interest revenue	27 709	26 171	6%
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Reclassification on a like-for-like basis

Net monetary loss	1 059	419	
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RBB Visa/Mastercard costs	634	477	
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IFRS 17	758	653	
---------	-----	-----	--

NIR (excl all reclassifications)	30 160	27 720	9%
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Summary of restatements/reclassification impact (Rm)	2023 As reported	2022 Restated	growth %
--	---------------------	------------------	----------

Expenses	38 059	35 329	8%
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Reclassifications on a like-for-like basis

RBB Visa/Mastercard costs	634	477	
---------------------------	-----	-----	--

IFRS 17	713	619	
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Expenses (excl all reclassifications)	39 406	36 425	8%
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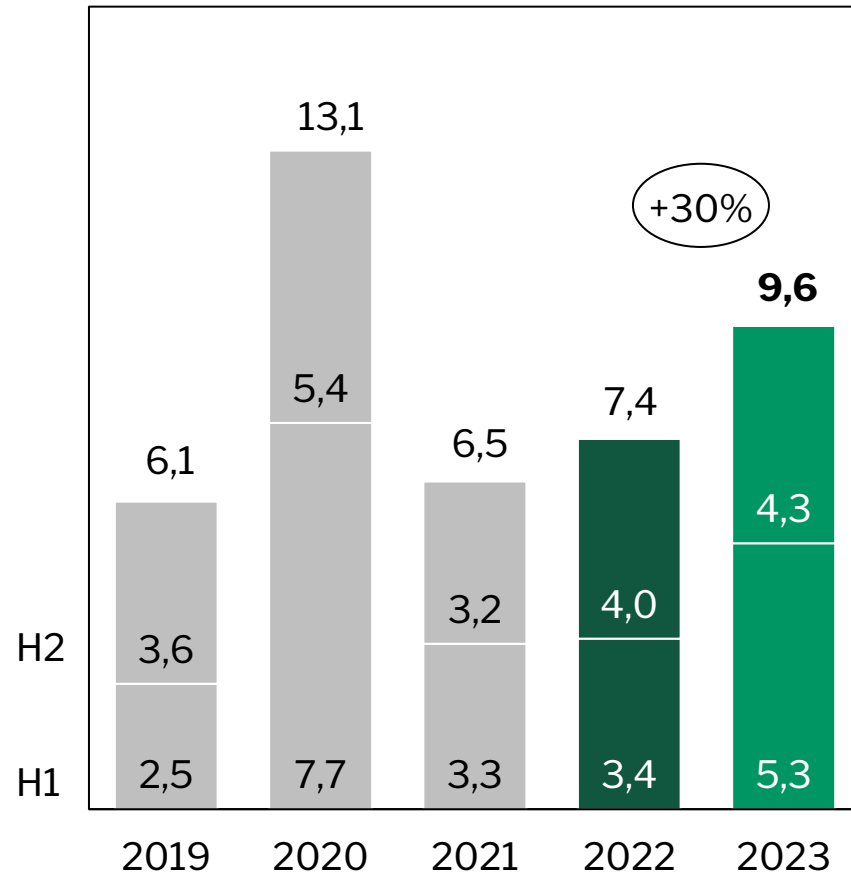
- **Net monetary loss:** reclassified from the face of the income statement to NIR (*similar to what we reported in FY 2022*)
- **IFRS 17** (New standard effective FY 2023): Expenses of R713m (2022: R619m) & associated indirect tax of R45m (2022: R50m) related to the insurance products have been reclassified from expenses to NIR of R758m (2022: R653m)
- **RBB Visa & Mastercard costs** (New item in 2023): 2023: R634m & 2022: R477m have become material and therefore reclassified from expenses to NIR in accordance with IFRS 15 & to align with industry
- **Commission & fees:** +4,6% growth reported (excluding reclassification: +5,4%)
- **Insurance income:** 16% decline reported (excluding reclassification: 7% decline)

Note: IFRS requires that costs directly attributable to revenue generation are included on the revenue line (ie NIR).



Impairment charge up by 30% – primarily driven by the macroeconomic pressures on consumers, but pleasingly H2 2023 materially down on H1 2023 as a result of management intervention

Impairment charge (Rbn)



- **RBB impairments +29% yoy**

- Consumer pressure from steep increases in SA prime rate, high levels of inflation & load-shedding, albeit easing in H2 2023. H1 2023 impairments up by 60% vs H2 2023 up by 3%
- Management interventions delivering benefits, including better collections & loan origination, with impairments down in H2 2023 across all RBB products/segments

- **CIB impairments +17% yoy** – higher H2 2023 reflecting the conclusion of material stage 3 loans

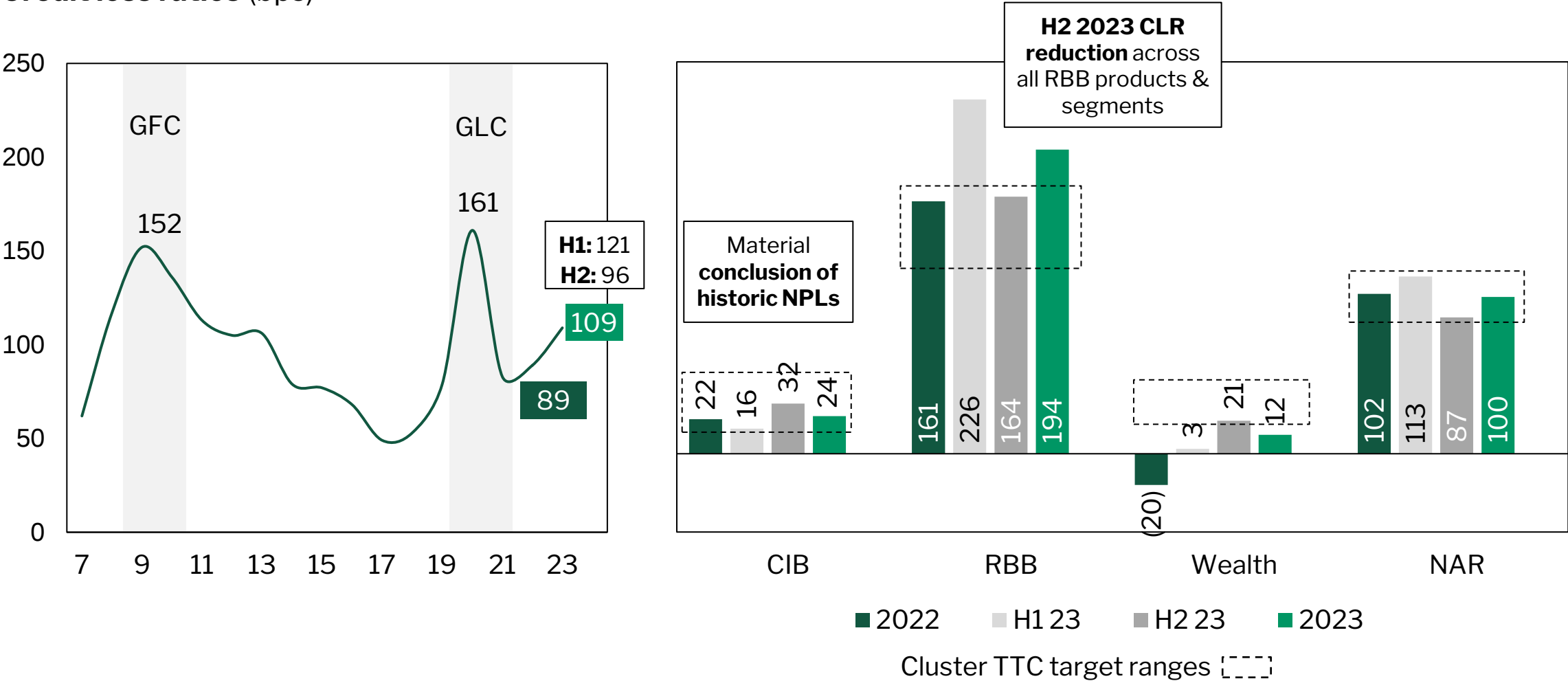
- **Good outcomes in Wealth & NAR**

- **Central provision** reduced to R150m (2022: R300m) & total overlays reduced to R1,1bn (2022: R1,4bn) as risks were incorporated in IFRS models



Group credit loss ratio at 109 bps – increase from 89 bps in 2022, but down from the 121 bps reported in H1 2023

Credit loss ratios (bps)



Clusters within or below their TTC target ranges, with the exception of RBB, but CLRs improving from H1 2023 across all segments/products



Additional info

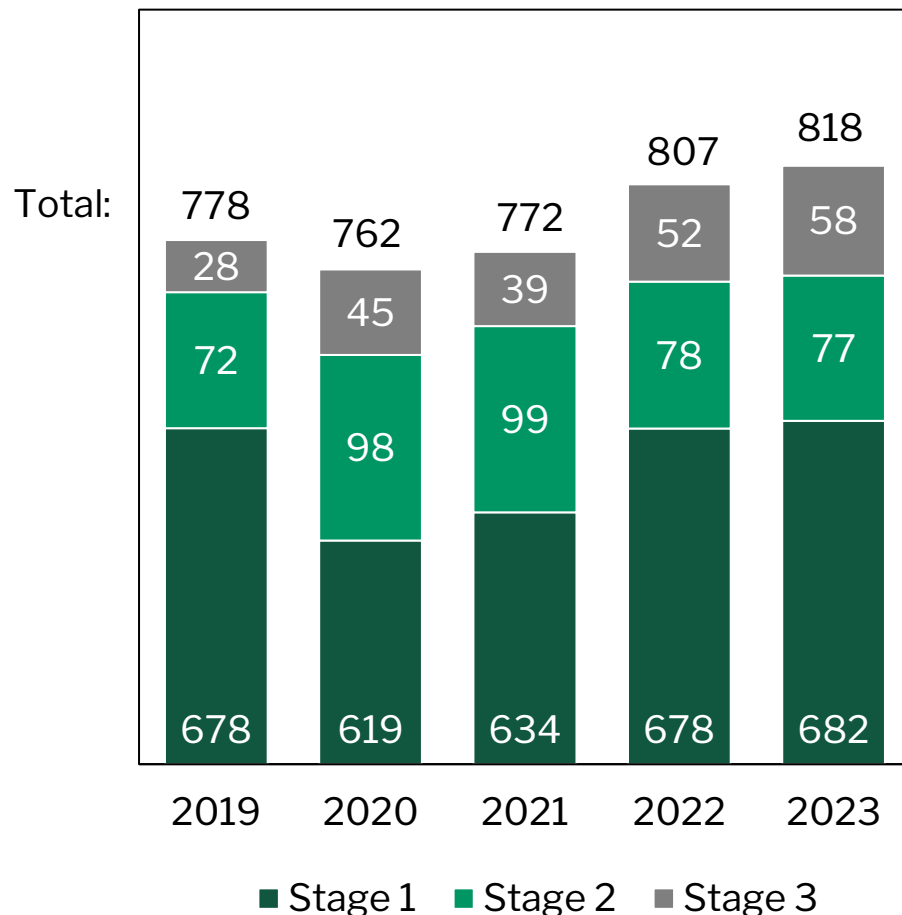
	Credit loss ratio (bps)								ECL coverage (%)				
	23	H2 23	H1 23	22	21	20	19	TTC	23	22	21	20	19
CIB	24	32	16	22	42	82	25	15–45	1,14	1,29	1,35	1,07	0,61
CIB excl CPF	6	3	9	17	53	103	45		1,56	1,41	1,56	1,23	0,75
CPF	47	66	26	28	30	54	(2)		0,81	1,19	1,14	0,91	0,44
RBB	194	164	226	161	134	240	138	120–175	5,35	4,92	4,83	5,09	3,87
CB	67	61	75	11	(21)	110	50	50–70	2,28	1,83	2,05	2,61	1,68
Retail	227	191	266	200	175	275	163	160–240	6,13	5,73	5,54	5,73	4,48
HL	80	62	98	33	(9)	64	14		2,29	1,72	1,64	2,02	1,47
VAF	183	163	203	192	146	269	182		5,16	5,11	4,82	5,29	4,09
PL	1025	943	1106	918	982	1062	639		27,1	24,1	22,8	20,0	16,8
Card	566	341	794	490	633	897	542		16,3	15,9	16,8	17,6	13,2
Wealth	12	21	3	(20)	9	64	18	20–40	1,29	1,33	1,56	1,42	0,74
NAR	100	87	113	102	72	185	101	85–120	5,71	5,19	4,85	3,94	3,34
Group	109	96	121	89	83	161	79	60–100	3,62	3,37	3,32	3,25	2,26



GLAA stage movements & coverage – overall coverage at multi-year highs given an increase in stage 3 loans, although set to reduce in coming reporting periods

GLAA (Rbn)

Coverage (%)



	2019	2022	2023
	2,26	3,37	3,62
	37,9	34,3	34,2
	5,3	7,0	6,8
Performing coverage (stage 1 & 2)			
	0,94	1,26	1,28
	0,48	0,60	0,66

Stage 1 loans

- Coverage well above pre-Covid levels

Stage 2 loans

- Levels more stable, with coverage still well above pre-Covid levels

Stage 3 loans

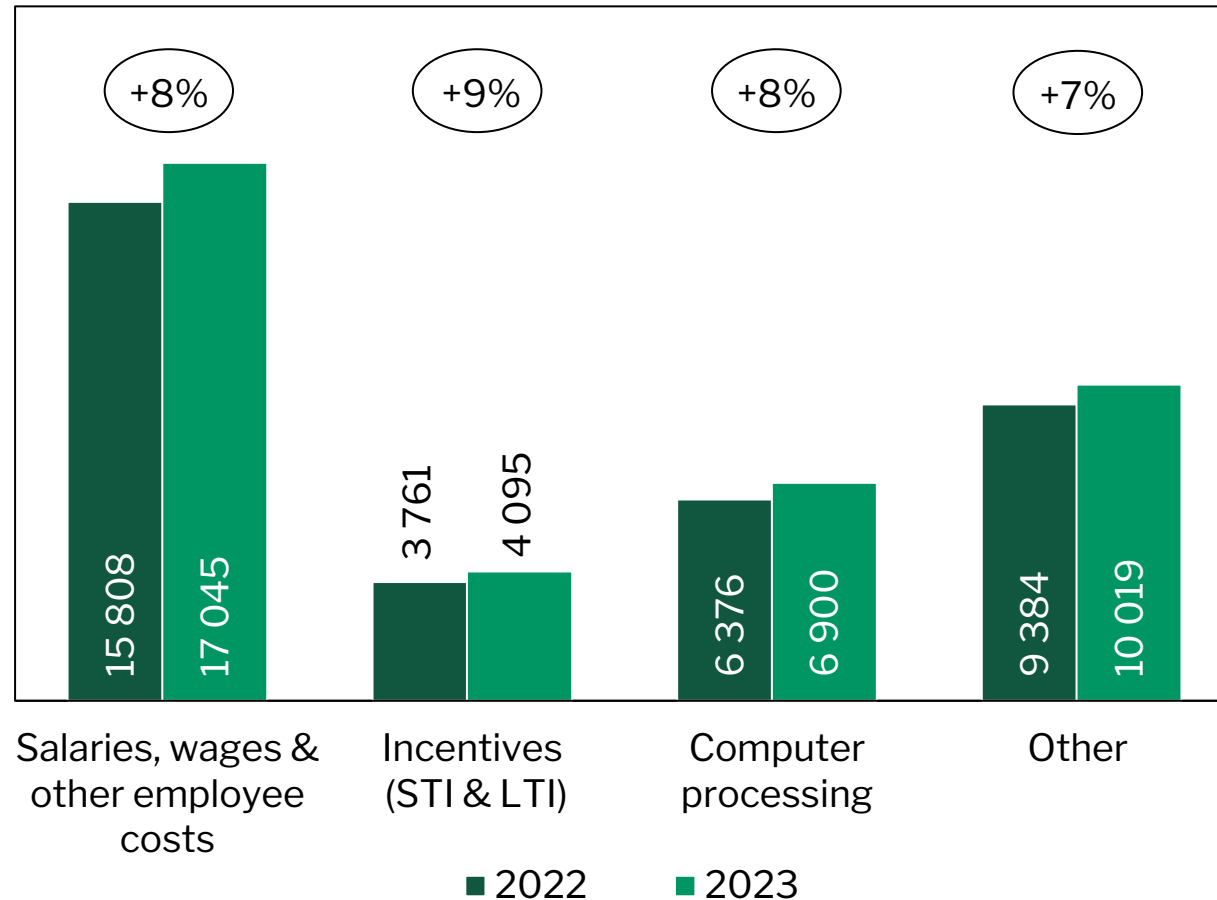
- Expected stage 3 loan decline in 2024, resulting in NPL ratio below 2,5%
- RBB stage 3 loans: VAF & Card peaked, PL to reduce in 2024 & HL to remain elevated
- Coverage reflects Nedbank's highly collateralised book

¹ Total balance sheet ECL includes FVOCI & off-balance sheet ECL, whereas ECL coverage excludes FVOCI & off-balance sheet ECL.



Expenses up by 8% – reflecting good expense management

Expenses (Rm)



■ Employee-related costs

- Salaries & wages: higher annual average salary increases (+6,3%), additional costs to retain talent, partially offset by 2% yoy decline in permanent headcount
- Variable-pay incentives aligned with profitability metrics & vesting probabilities (STI +5%, LTI +23%)

- **Computer processing** – driven by FX devaluation & higher digital volumes, partially offset by a decline in amortisation of intangible assets

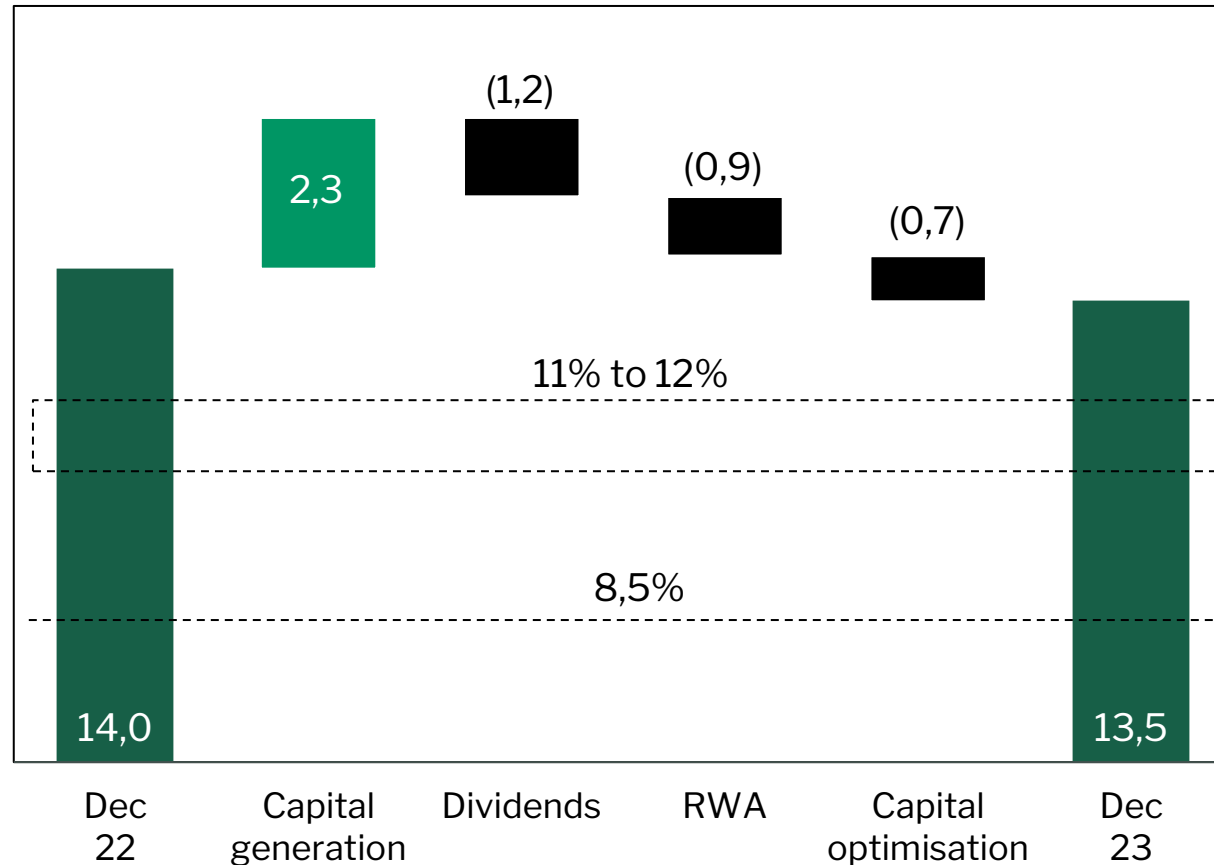
■ Other costs

- Discretionary spend at more normalised levels, incl marketing (+3%) & travel (+7%)
- Accommodation +8% driven by higher generator running-costs relating to load-shedding (up >100% to R107m)
- Fees & insurances +15% from card-issuing & acceptance costs, linked to strong revenue growth

Capital – CET1 ratio at 13,5% remains very strong, positioning us well for growth & sustainable dividend payments, while protecting against unexpected downside risk



CET1 ratio (%)



Completed R5bn capital optimisation initiative, with the following outcomes (full-year basis):

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

Maintain CET1 ratio above our 11%-12% target range – considered appropriate in a difficult & volatile environment

Retain capital for growth – infrastructure opportunities & SPT 2.0 growth objectives

Complementary bolt-on M&A, should they arise

Pay dividends at top-end of payout ratio, subject to board approval

Further capital optimisation, if appropriate

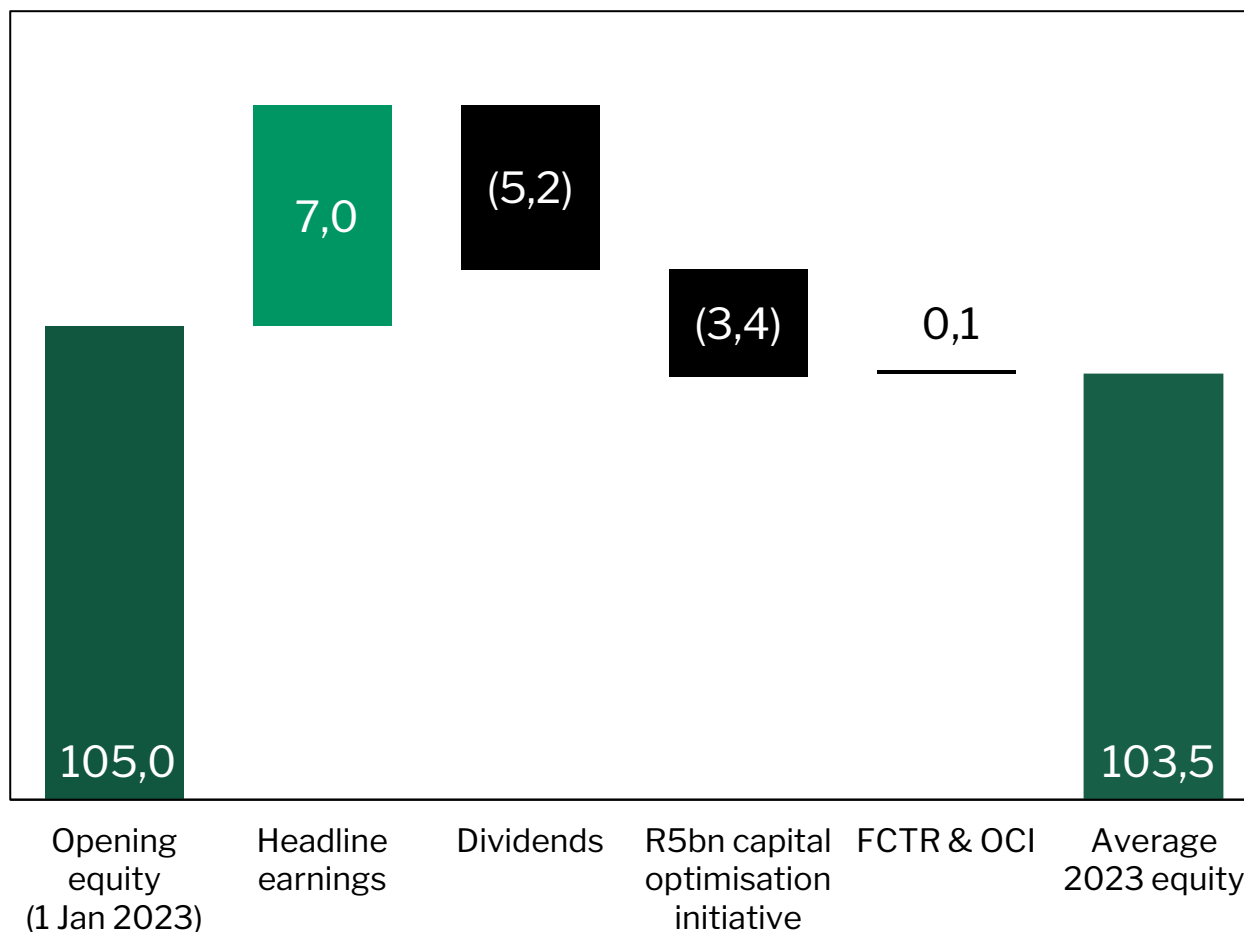
Possible **Basel III PCN counter-cyclical buffer** in 2026



Additional info

Average equity drivers – strong growth in earnings, partially offset by R5bn capital optimisation, dividends paid at the top end of payout ratio

Equity movements (Rbn)



- **Average HE of R7,0bn** – R15,7bn actual throughout FY 2023, with H2 > H1
- **Average dividends paid of R5,2bn** – R4,4bn (accrued in March 2023) & R4,2bn (accrued in August 2023)
- **Average capital optimisation of R3,4bn** – R5bn capital optimisation initiative executed, mostly in the April to June 2023 period
- **Average FCTR, OCI & other reserves of R0,1bn** – R0,6bn actual impacts from FX etc

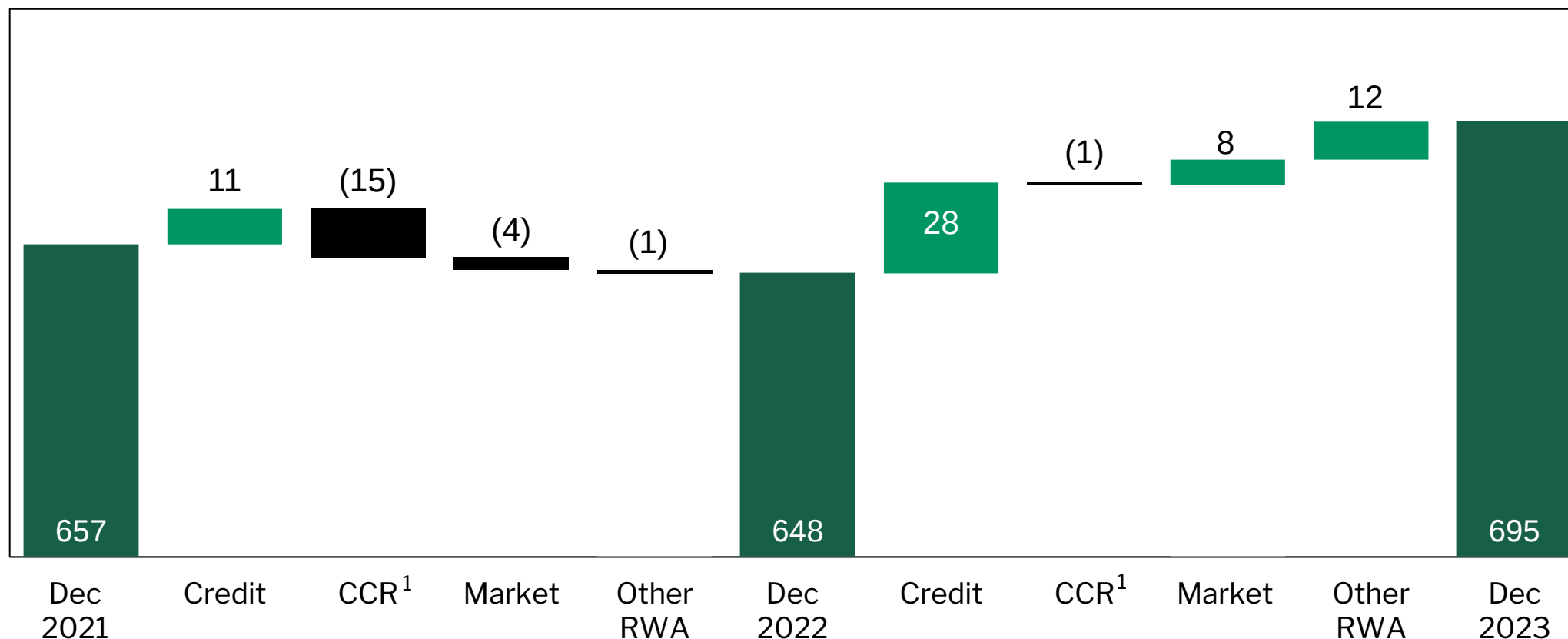
Average



Additional info

RWA progression – RWA growth in 2023 driven by credit RWA aligned to overall loan growth & credit risk migration

Risk-weighted assets (Rbn)



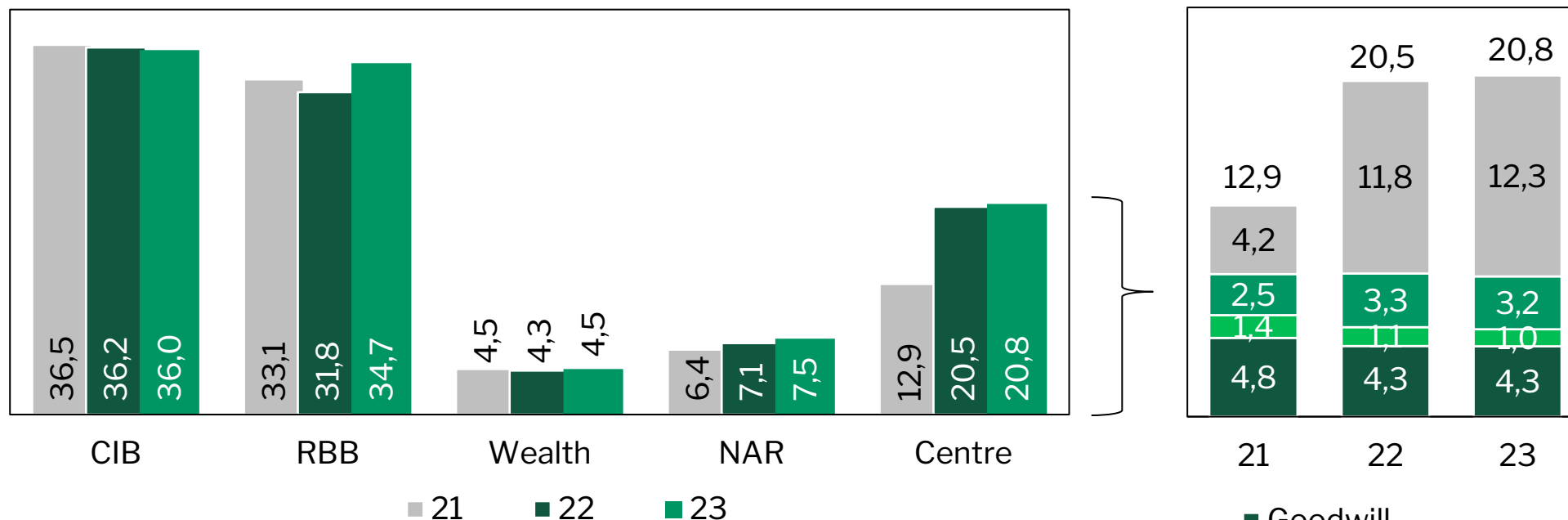
¹Counterparty credit risk.

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



Additional info

Average capital allocation (Rbn)

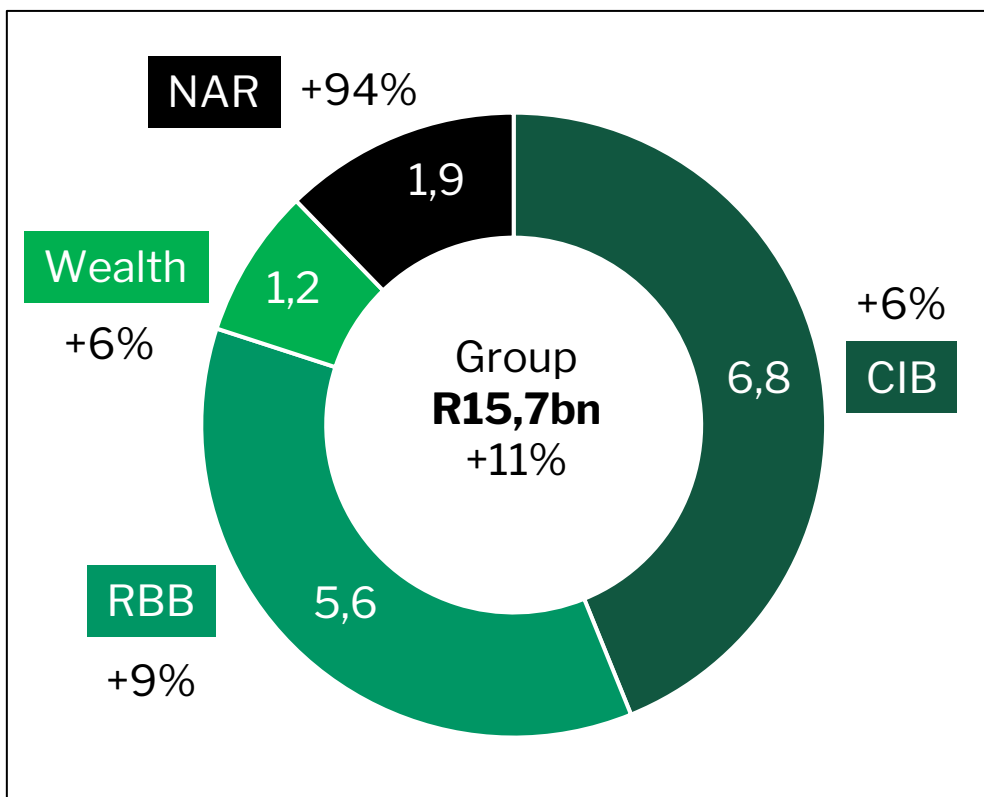


At 31 December 2023 the average surplus capital position increased by R0,5bn to R12,3bn, driven largely by strong organic capital generation offsetting the R5bn capital optimisation initiative.

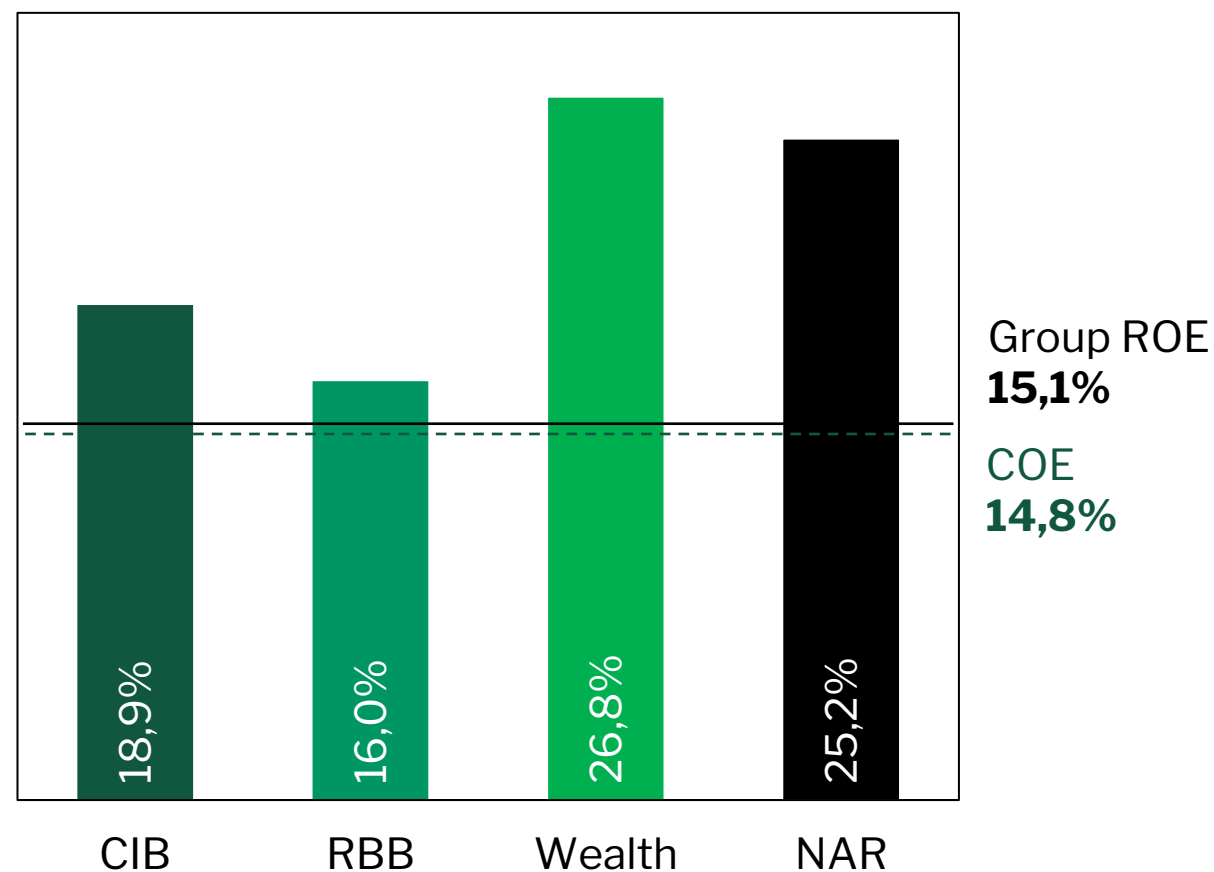
Cluster financial overview – all business clusters reported positive HE growth & all ROEs were above the group's COE



Headline earnings (Rbn, growth %)



Return on equity (%)





CIB overview

‘Good revenue
growth & capital
optimisation leading
to higher returns’

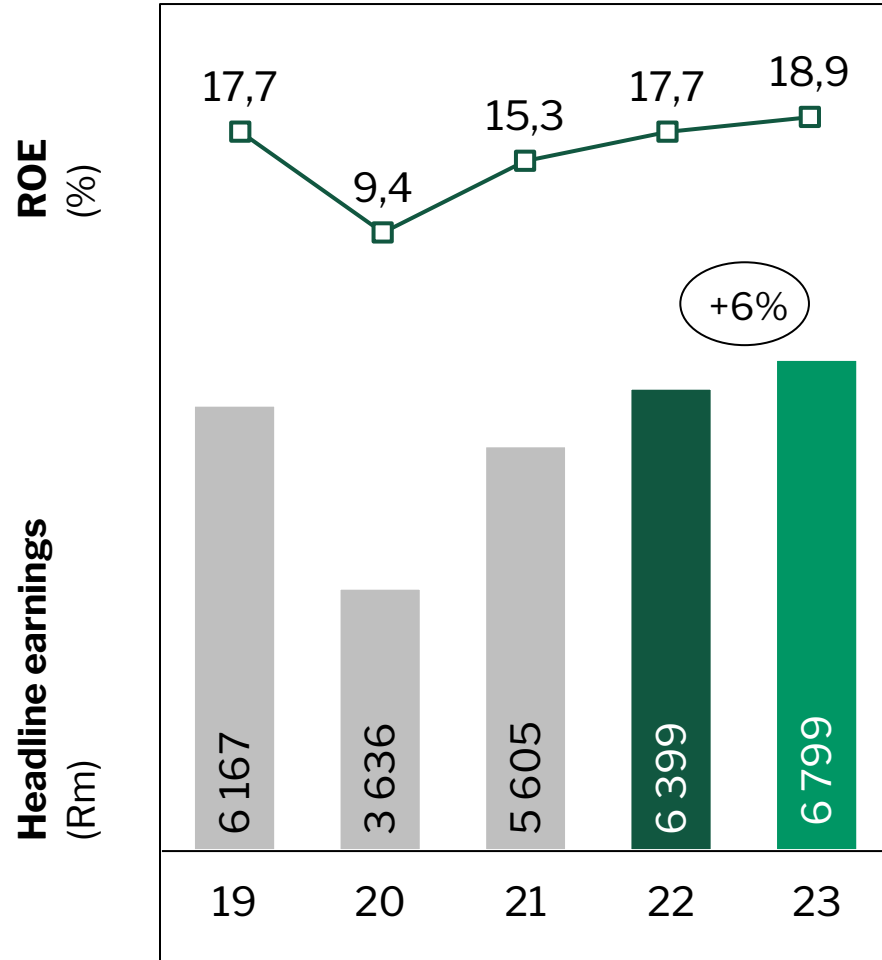
Anél Bosman

Group Managing Executive



CIB financial performance – CIB achieved a solid set of results in a difficult operating environment, with HE growing at 6% & ROE increasing to 18,9%

Financial performance



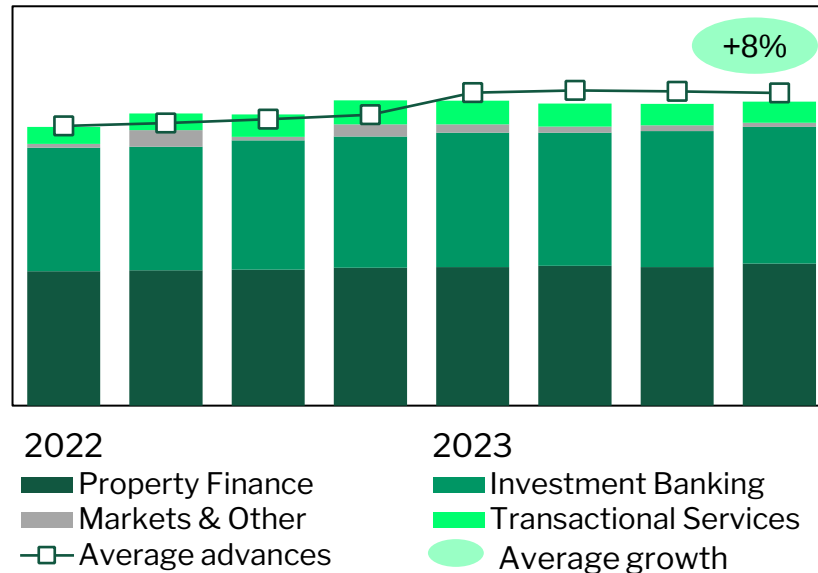
- **NII up by 7%**
 - Average interest-earning banking assets +7%
 - NIM maintained at 2,42% – endowment benefit, offset by lower margins, improved risk ratings & suspended interest on stage 3 assets
- **NIR up by 5%**
 - Commission & fees up by 3% as deal closure & transactional activity levels increased
 - Equity investment income¹ matched a high 2022 base
 - Markets NIR by 7%
- **CLR below mid point of the TTC target range of 15-45 bps**
 - CLR at 24 bps includes adequate provisioning for stressed counters; single-name exposures in business rescue
- **Expense growth of 7%**
 - Expenses controlled, increasing by 7% due to inflationary pressures & market-driven employee costs

¹Equity portfolios defined as private equity & not equity trading.

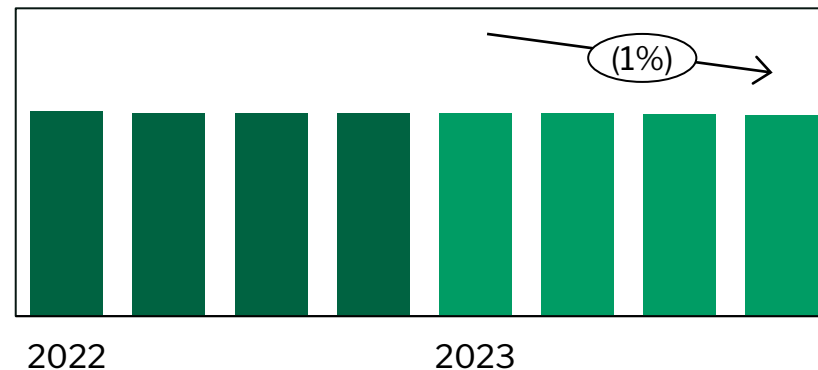


Banking advances – strong performance in H2 2022 leading to higher average advances in 2023

Actual & average banking advances (Rbn)



Total allocated capital (Rbn)

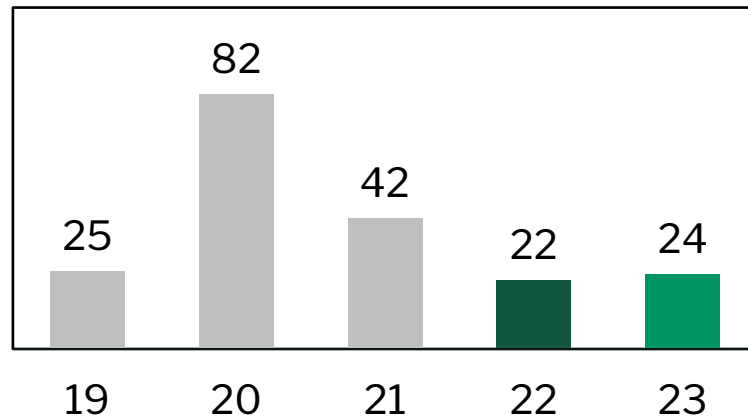


- Average banking advances up by 8%
 - Solid growth across multiple sectors, with continued momentum into 2024
- Actual banking advances flat
 - Term lending businesses grew by 4%
 - Liquidity management impacts banking advances
 - Short-term transactional facility repayments
- Total allocated capital down by 1%
 - Continued focus on capital efficiency & optimisation of returns

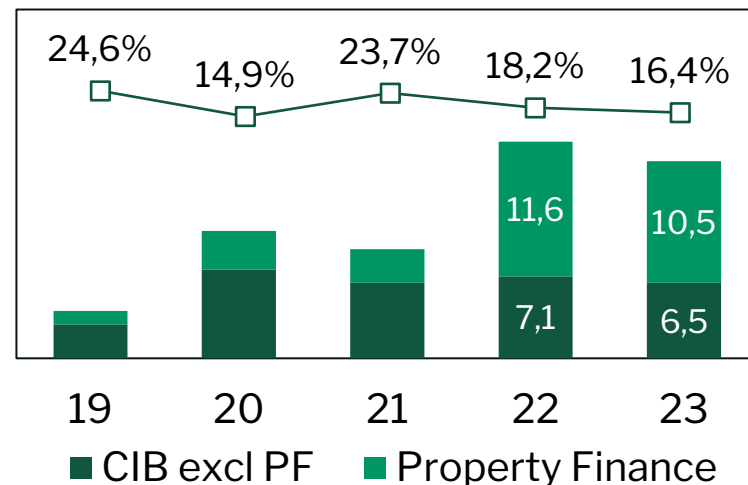


CLR below the mid-point of the CIB TTC target range

Credit loss ratio (bps)



Stage 3 loans (Rbn) & coverage ratio (%)



- 24 bps CLR includes **adequate provisioning for stressed counters**, below the expected mid-point of our TTC target range
- **Material conclusion of stage 3 loans in business rescue** (commercial property, aviation & agriculture)
 - Expected stage 3 loan decline in 2024 resulting in NPL ratio below 2,5%
- Focus on **stressed sectors/counters**
- **Stage 2 exposures** continue to reduce with **increased coverage ratio**
- **African deals** – well structured & secured

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



High-quality, well-diversified & highly collateralised portfolio

Portfolio LTVs remain low at < 52%

Adequate collateral – significantly reduces the risk of potential losses

CLR at 47 bps

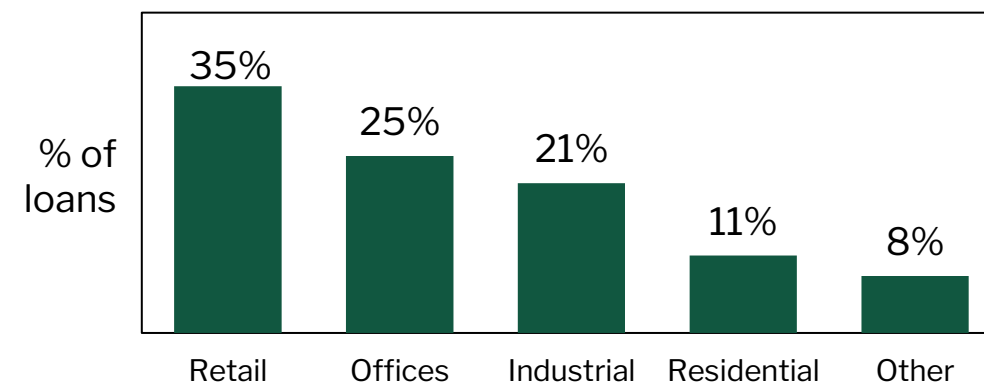
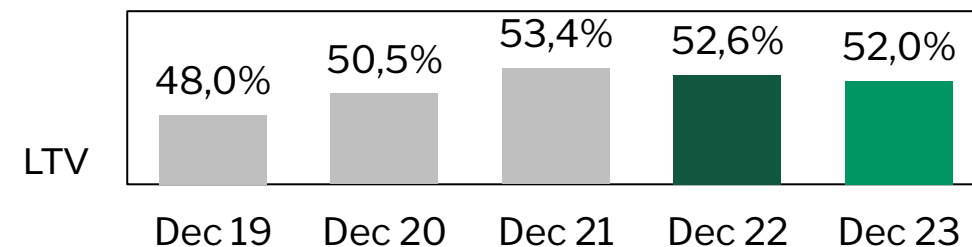
(Dec 22: 28 bps) driven by large single-name exposure rather than general portfolio stress

Large stage 3 exposure in business rescue largely resolved

Low levels of arrears on performing book
0 to 90 days: R8m
(Dec 22: R6m)



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





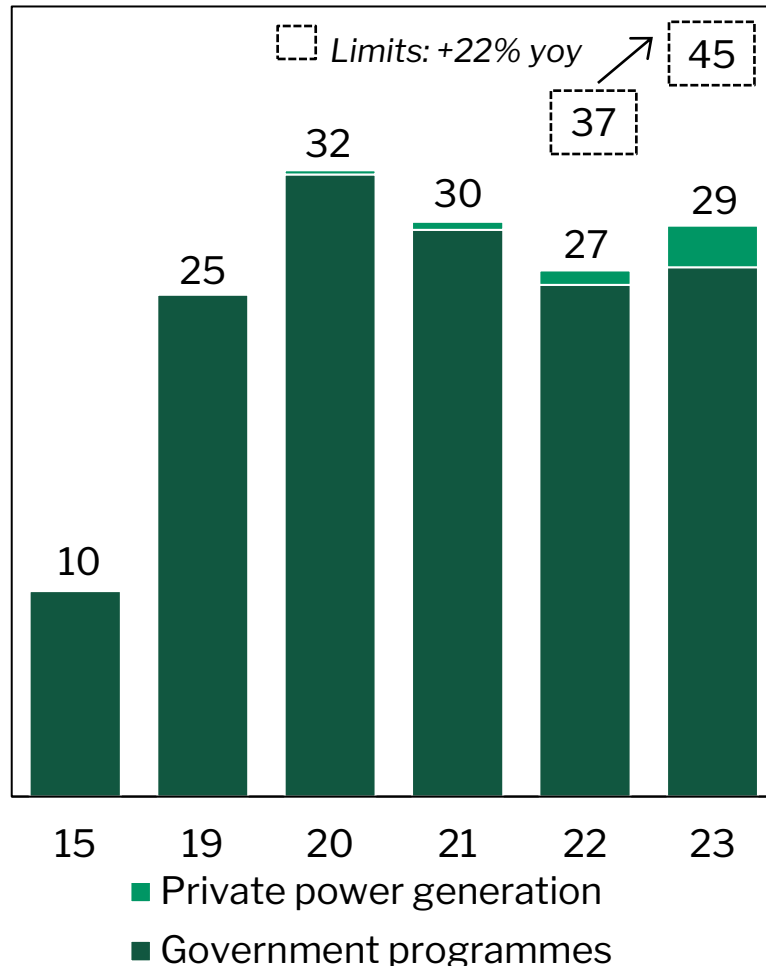
Commercial Property Finance – sector trends

Office vacancies ¹	Sector trends	Listed sector
- Office vacancies maintain downward trajectory: - Q2 2022: 16,7% (peak) - Q4 2022: 16,1% - Q4 2023: 15,2% - Continue to see negative rental reversions to protect vacancies	- Valuations appear to have stabilised: - Valuations in the listed sector up by ~1% - Property Finance valuations up by ~2% across the portfolio - Trading of assets: - Improved sentiment & confidence returning to the sector - Assets trading at book values - Increase in corporate action – reflects more positive sentiment & opportunities being seen in the sector. This is expected to continue in 2024.	- Listed property sector the best-performing asset class in 2023: up by 10,7% - Average LTV for the listed sector at 36%: well below typical covenant level of 50% - Average listed sector ICR at 2,9x: well above typical covenant level of 2x - Sustainability remains a key theme for the sector – particularly for listed funds
Retail vacancies ¹		
- Retail vacancies have largely remained flat: - Q1 2021: 7,1% (peak) - Q4 2022: 5,0% - Q3 2023: 5,1%		



Creating positive impacts – expanding our leadership in renewable energy through pipeline conversion

Renewable energy exposures (Rbn)



Strong activity in Q4 2023 will support book growth in 2024

3 C&I projects closed in 2023

- 168 MW
- R3,7bn in facility limits

6 government projects closed in 2023

- 330 MW
- R8,2bn in facility limits

Good pipeline of deals anticipated to close in 2024

Pipeline/Mandates on C&I projects

- 1,9GW
- R16bn in facility limits
- 15 projects anticipated to close in 2024

Pipeline/Mandates on government projects

- 0,5GW
- R7bn in facility limits
- 5 projects anticipated to close in 2024

Book growth of R18bn expected for 2024

Progress on government projects	Awarded	Closed in 2023	Closing in 2024	Terminated
RMIPPPP	4 (0,5GW)	2 (0,15GW)	1 (0,15GW)	1 (0,2GW)
REIPPPP R5	4 (0,3GW)	2 (0,15GW)	-	2 (0,15GW)
REIPPPP R6	2 (0,3GW)	-	2 (0,3GW)	-



Creating positive impacts – using glidepaths to shift the financing of our energy mix

Reduction to achieve
net zero by 2050

**Science-based
scenarios**

**Attribution factors
for share of GHG
emissions/attributed
emissions of the
financed clients**



Adopted IEA Net Zero (NZE) 2050 pathway as a basis for our first targeted commitment date of 2030 (31 December 2029)		
Upstream fossil fuel emissions		Power generation emissions
Thermal coal ▼ 47% reduction	Oil & gas ▼ 26% reduction	Adopted a cap aligning to NZE target of 188 gCO₂e/kWh
▪ Utilisation of Scope 1, 2 & 3 CO₂e emissions ▪ Absolute measurement metric & target ▪ Use of limits instead of drawn amounts in the attribution factor ▪ Zero exposure to fossil fuels by 2045		▪ Utilisation of Scope 1 CO₂e emissions ▪ An intensity metric of CO₂e/kWh



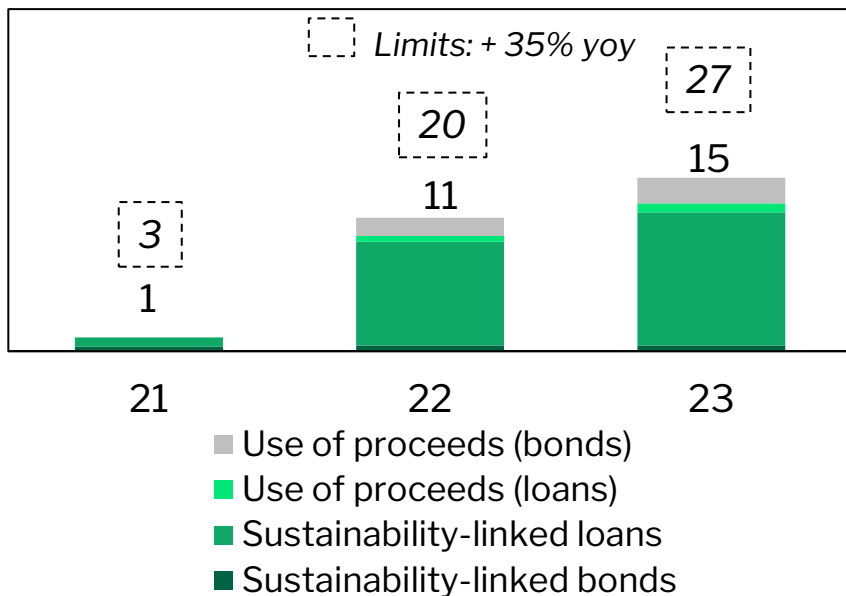
Additional info

Creating positive impacts – supporting clients to achieve environmental & socioeconomic objectives

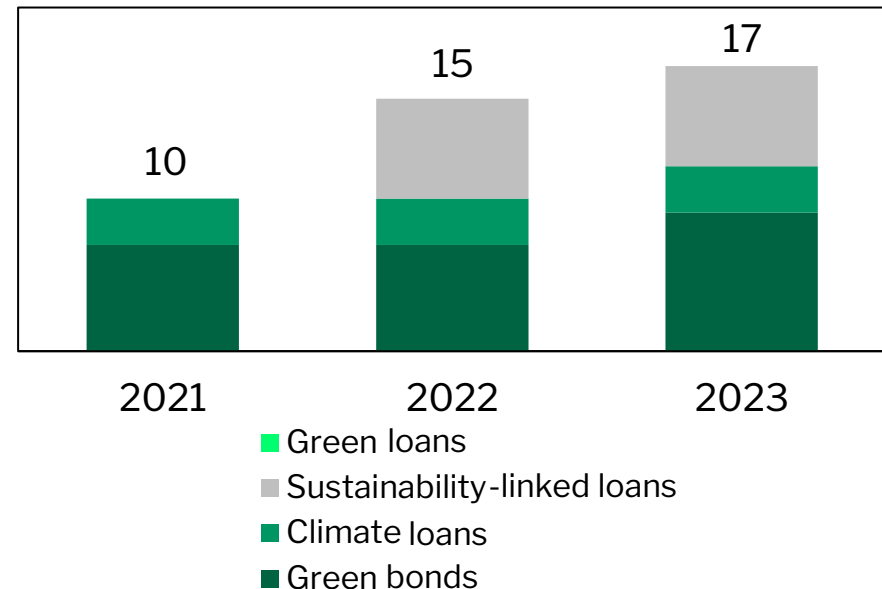
Growing our exposures
by refining our solutions –
supporting our clients to
achieve their strategic
objectives

35% increase in facilities
36% increase in utilisation

Sustainable finance (exposures, Rbn)



Sustainable fundraising in issue (Rbn)



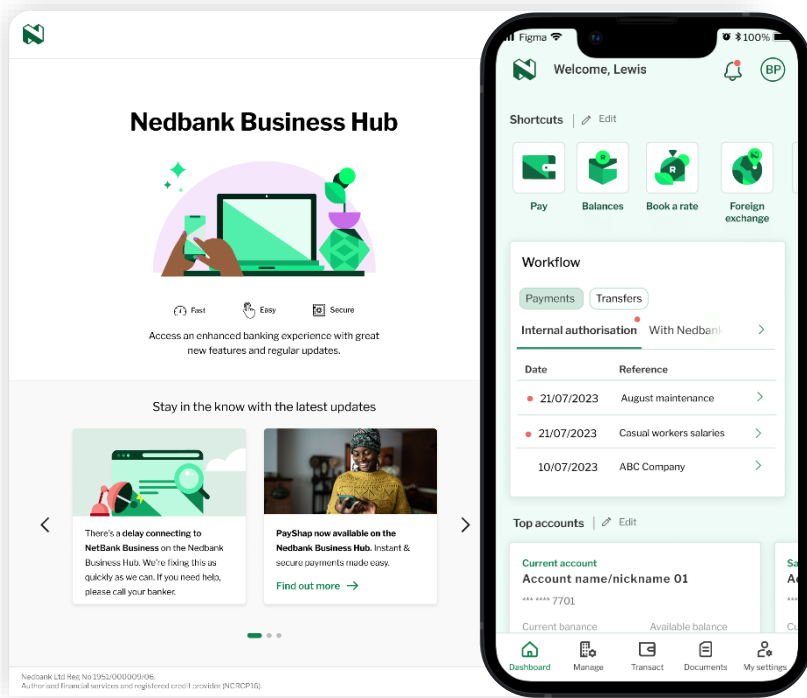
Positive impacts created for our clients through funding green technologies & embedding KPIs* focused on emissions reductions, renewable energy & water efficiency

Market recognition & thought leadership





Digital – delivering capabilities to be the go-to transactional bank for SA businesses



83% client satisfaction survey score

>95% of clients migrated onto FX & international payments channel

Completed TOM 2.0 organisational restructure

- Focus on digital, channel, client delivery & payments
- Embedding digital culture & leadership
- Innovation for efficiency & optimisation
- Delivering our Transactional Services & other capabilities to market

Empowering clients through our warm digital capabilities

- Driving channel and client experience excellence
- Digital adoption through feature-rich Nedbank Business Hub platform
- Leverage client data insights & experience to inform design



Additional info

Our strategic growth levers to drive franchise value

- **Accelerate growth** mindset across our business
- Deliver **client value** through our sectorised approach
- **Actively manage** the balance sheet to enhance returns
- Grow our **Transactional Services** business
- Empower our clients through our **warm digital capabilities**
- Increase **investment in our people**
- Create **positive impacts** by embedding purpose in everything we do





Nedbank Corporate & Investment Banking – outlook

2024 outlook

- **NII**
 - **Banking advances** – momentum built in H2 2023 continues into 2024
- **NIR**
 - Diverse revenue stream through transactional banking, trading & advisory
 - Commission & fees to benefit from balance sheet activity & liquidity instruments
 - Continued momentum in trading activities
 - Targeted opportunities in Africa
- **CLR** – below mid point of the TTC target range
- **Strategic execution** – maintain focus under challenging conditions
- **Capital** – improve returns & optimise resources further

Medium- & long-term outlook

- Reduce cost-to-income ratio to <44% & maintain ROE >19%



RBB overview

‘Headline earnings
up by 9% after a
good recovery in H2
2023’

Ciko Thomas

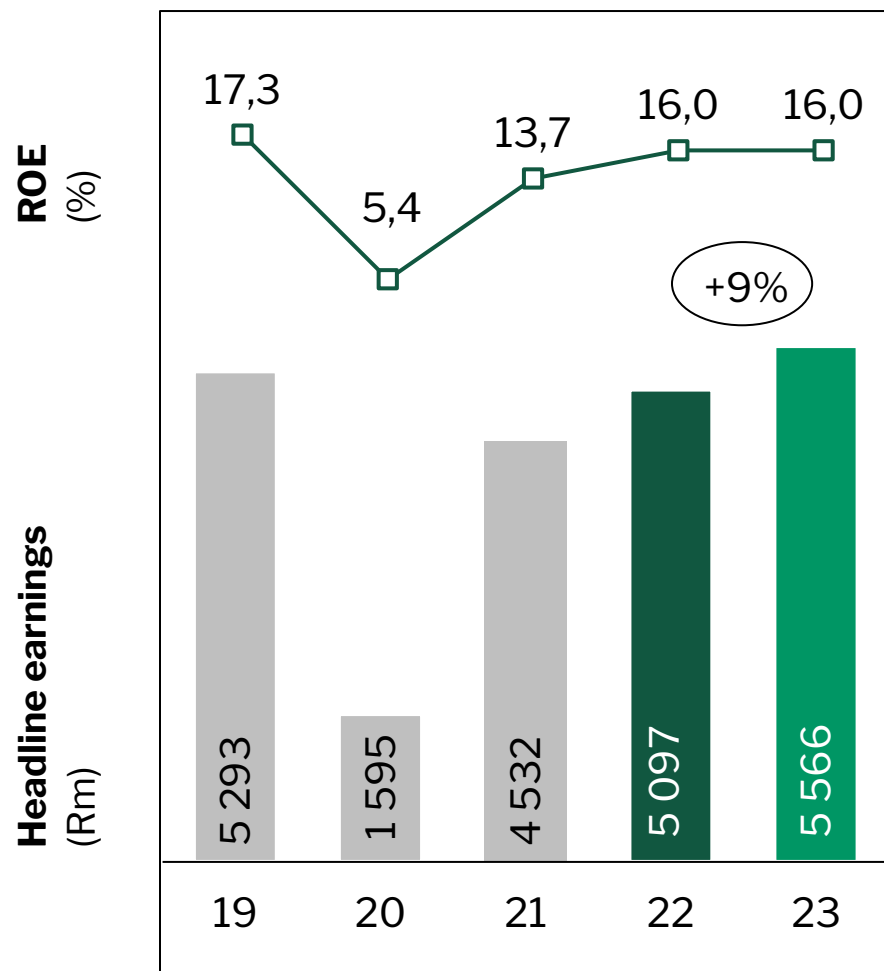
Group Managing Executive





RBB financial performance – HE growth improved from a decline of 8% in H1 2023 to an increase of 24% in H2 2023, following lower impairments

Financial performance



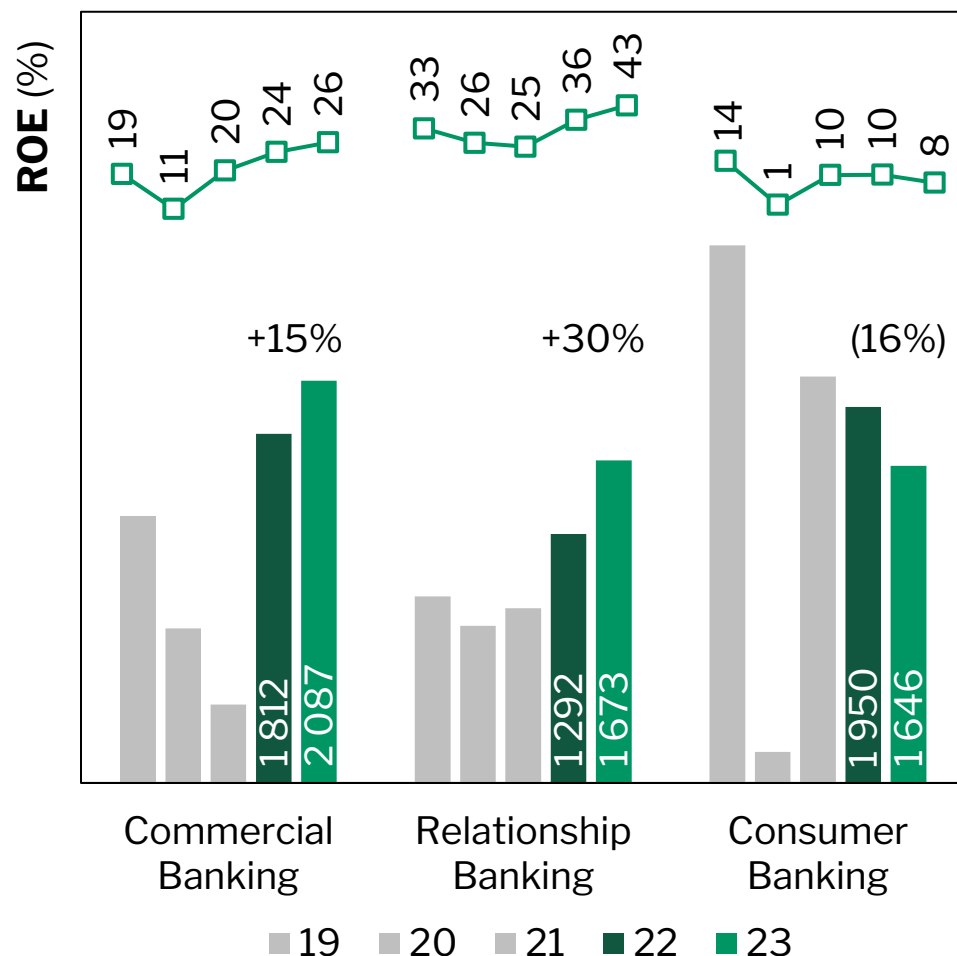
- **NII up by 14%**
 - Average advances growth momentum continued at +7%
 - Endowment benefit from higher interest rates
- **NIR up by 7%**
 - Driven by main-banked client gains & improved cross-sell
 - Higher card interchange volumes (+12%) & higher activity in value-added services (+27%)
- **Impairments up by 29%**
 - CLR improved from 226 bps in H1 to 164 bps in H2 due to improved origination & collections
 - CLR within TTC target range in H2 2023
- **Expense growth of 7%**
 - Ongoing cost optimisation & digitisation benefits

RBB financial performance – strong HE growth & attractive ROEs in NCB & RRB. Consumer Banking impacted by higher H1 2023 impairments, which improved in H2 2023 along with a lower cost-to-income ratio



Additional info

Headline earnings per division (Rm)



Nedbank Commercial Banking

- Strong revenue growth of 17% driven by good advances & strong deposit growth, positive endowment & moderate NIR growth
- CLR at 67 bps (2022: 11 bps) at the top end of the TTC target range

Retail Relationship Banking

- Strong revenue growth of 20% driven by good advances & strong deposit growth, positive endowment & well-managed expense base
- CLR up to 79 bps (2022: 41 bps), slightly above the TTC target range

Consumer Banking

- >9% growth in main-banked clients & transactional NIR, supported by being #1 in client experience among the big 5 retail banks
- Digital & sales productivity enabling efficiencies, with the cost-to-income ratio declining to 58,5% (2022: 59,5%)
- Improved credit outcomes in H2 23 with CLR down to 217 bps (H2 22: 250 bps) while FY 23 CLR up to 262 bps (2022: 237 bps)

Nedbank Commercial Banking & Retail Relationship Banking – strong growing & differentiated franchises, delivering great client experiences & leveraging digital



Nedbank Commercial Banking

Well-positioned & distinctive value propositions incorporating unique lending solutions

- **Market share increase** to 23% owing to high CX attributes
- **Positive momentum on digital journey**, achieving critical scale on Nedbank Business Hub
- **Leveraging well-positioned industry CVPs** resulting in competitive market share positions in manufacturing (26%), retail services sectors (28%) & growing brand presence in agriculture – secondary production (27%)
- **Promotion of NCB sustainability proposition** leveraging increased financing activity levels across key sustainability development goals
- **Public sector activity focus** – Impressive gains in transactional banking and financing across the sector
- **The NCB Leveraged Finance Team** acknowledged as one of the most innovative & forward-thinking teams

Retail Relationship Banking

Loyal established client base and a CVP focused on growing young professionals and start ups

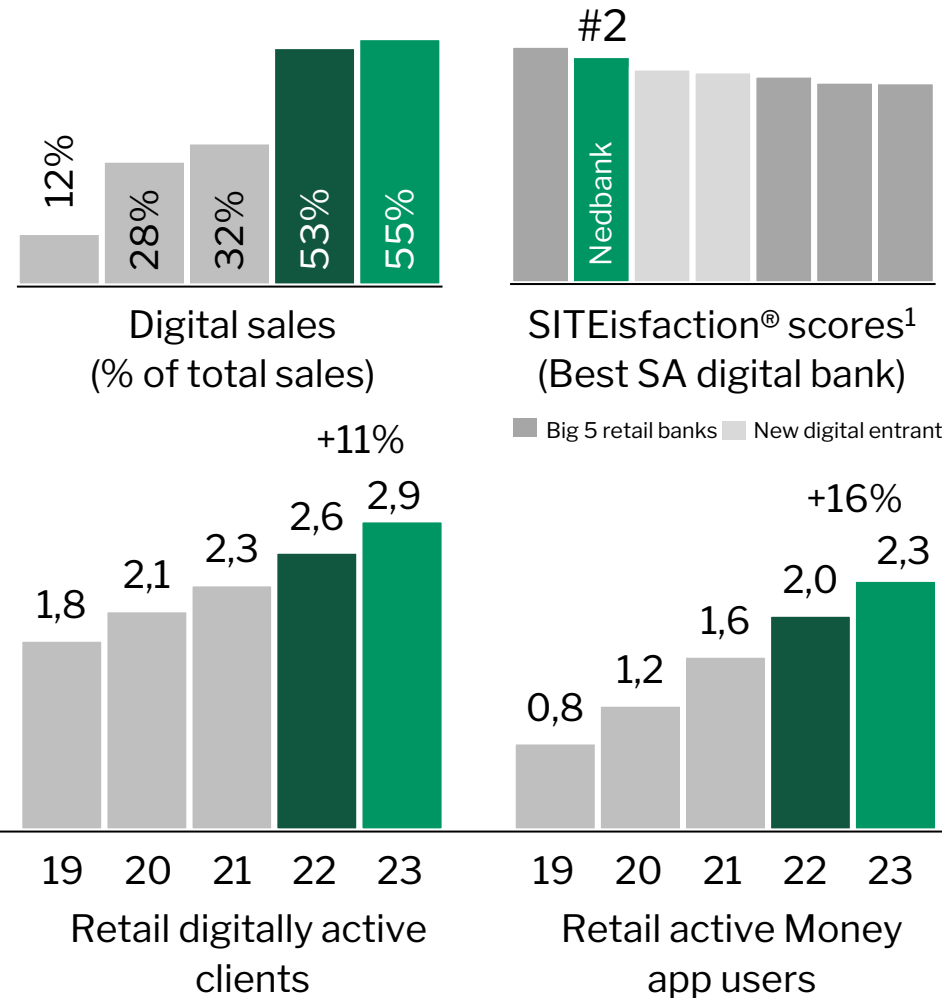
- **Client satisfaction at all-time high**; improving cross-sell & entrenchment metrics
- **High levels of digital adoption** (98% digitally enabled) driving a lower cost-to income ratio
- **Best value and most accessible Private Clients** proposition in market; market share in mid-teens
- **Small business offering strengthened** with easy-to-access credit solutions, 6-month free banking; market share in early twenties (urban)
- **Market-leading ‘beyond’ offering** with 47k SimplyBiz users providing coaching, tools and other business support
- **Opportunity to further grow client base** in franchising, more focused merchant acquisition as well as leveraging our expansion of relationship services into underrepresented markets



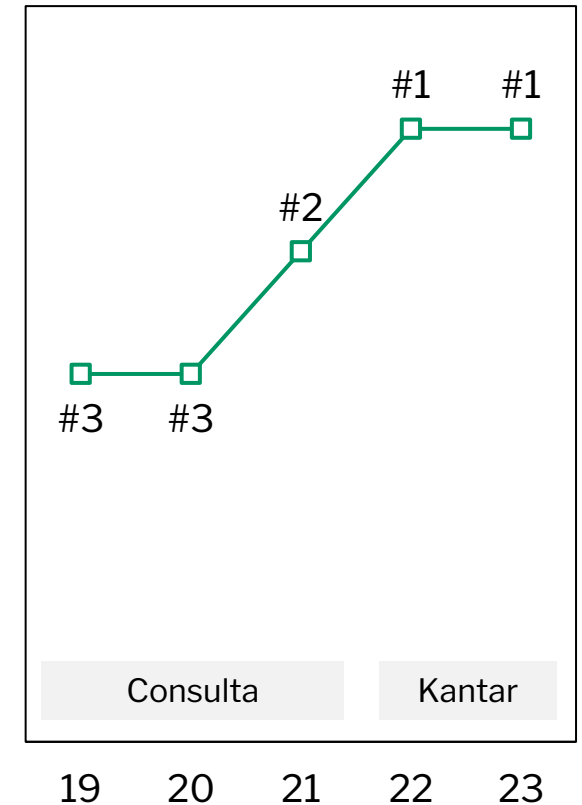
Consumer Banking – our digital transformation is enabling enhanced CVPs, strong growth & outcomes in digital metrics & market-leading client experiences

Improved CVPs

- ✓ **Digital onboarding & servicing**
- ✓ **MiGoals** – R99 account incl GB
- ✓ **Greenbacks 2.0** – relaunch in Q1 2024
- ✓ **#2 ranking in mobile banking** (SITEisfaction®)
- ✓ **386 Imagine branches** (71% converted)



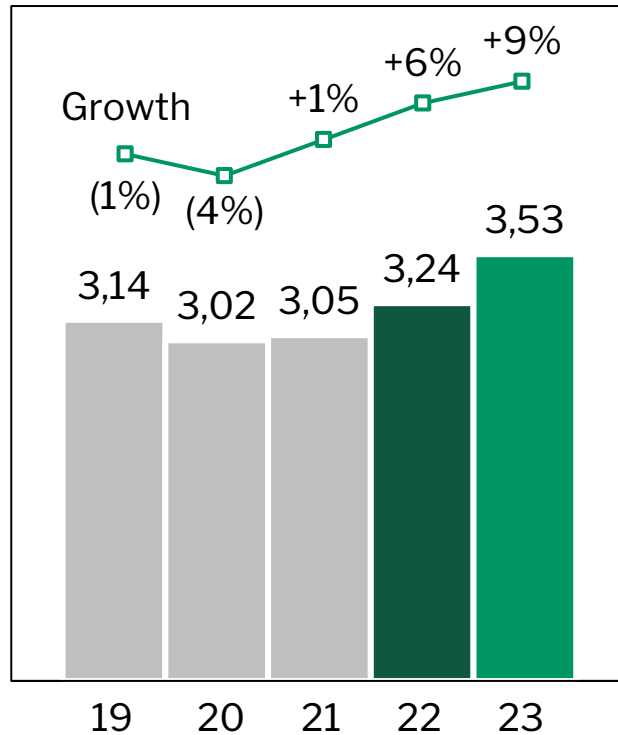
NPS – client satisfaction (ranking out of top SA 5 banks)



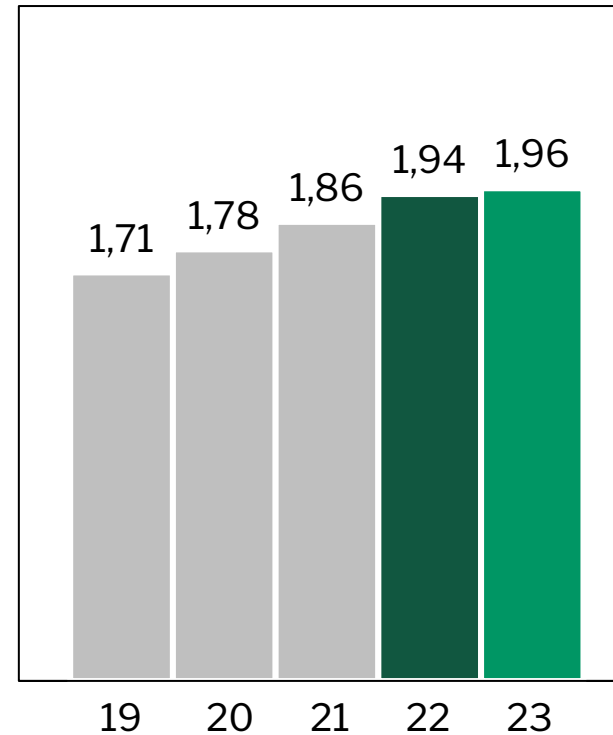


Consumer banking – strong main-banked client gains & higher cross-sell, driving NIR growth, but deposits market share lagging

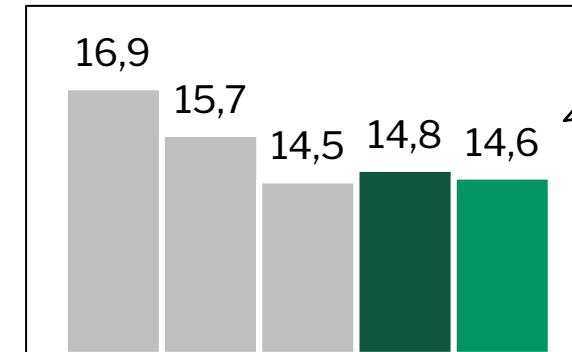
Main-banked clients
(million & growth %)



Cross-sell ratio (number of products/clients)

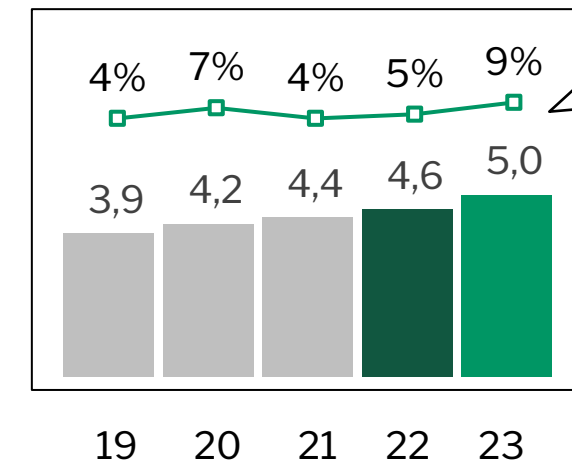


Household deposits
(BA900 market share, Dec %)



Stabilised historic decline; focus now on growth

Consumer transactional NIR
(Rbn & growth %)



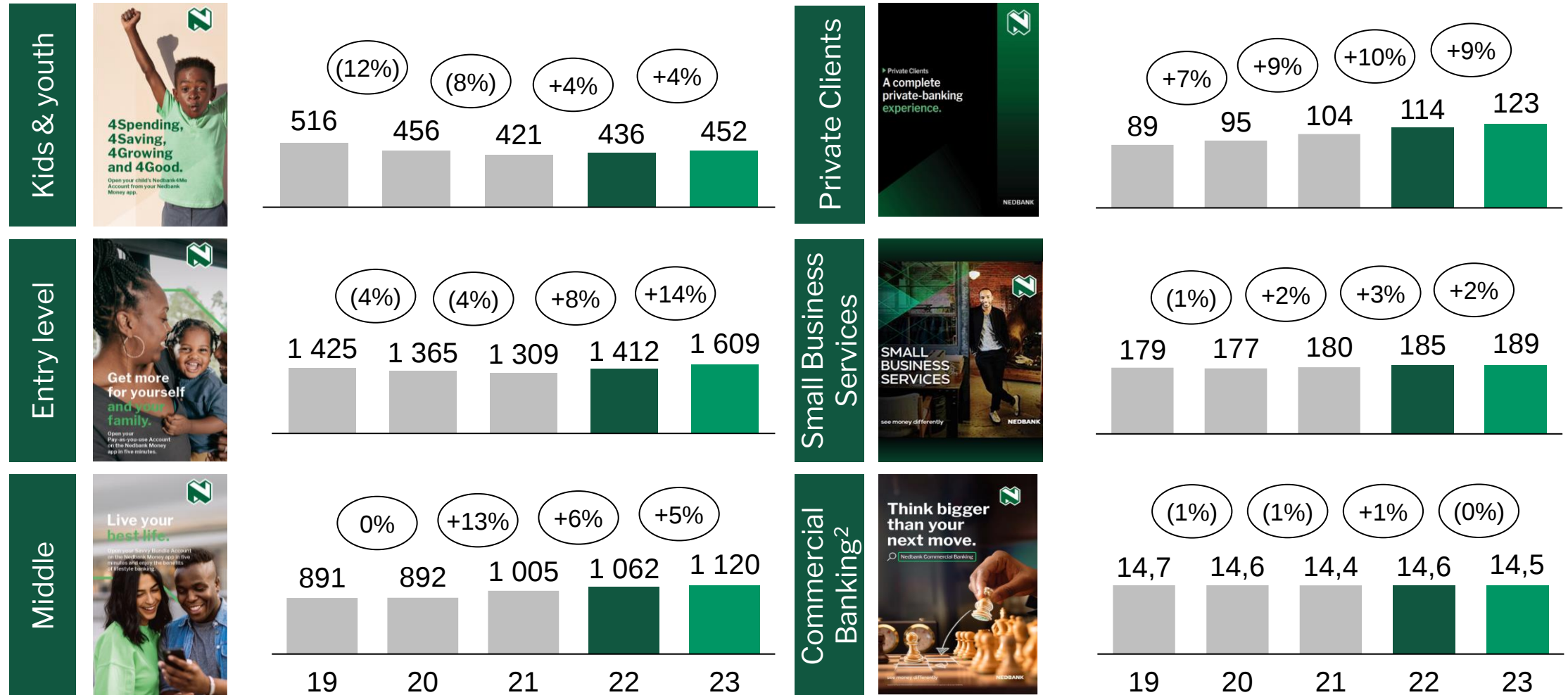
Correlation with main-banked client growth in 2023



Additional info

Main-banked growth is evident across most segments

Main-banked clients¹, # 000



¹ Definition of main-banked: Clients who achieved a minimum deposit or a number of quality transactions on average per month over 3 months. Consumer: Non-individuals; RRB: Non-residents & Embassy Banking not shown. | ² Client groups with gross operating income contributions in excess of R500 pm.



Consumer Banking – unlocking productivity gains through Project Imagine, supporting a lower cost-to-income ratio

2022 Finalta survey¹

(yoy change)

Sales per 1k active clients ▲ **30%**

Branch sales per branch FTE ▲ **27%**

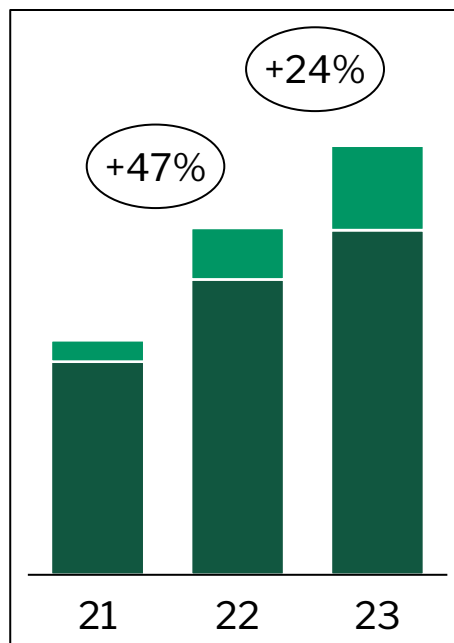
Branches per active 10k clients ▼ **5%**

Branch FTE per 10k active clients ▼ **13%**

¹ Global survey conducted by McKinsey – 2022 v 2021.

Branch staff sales

(Sales/role/day)

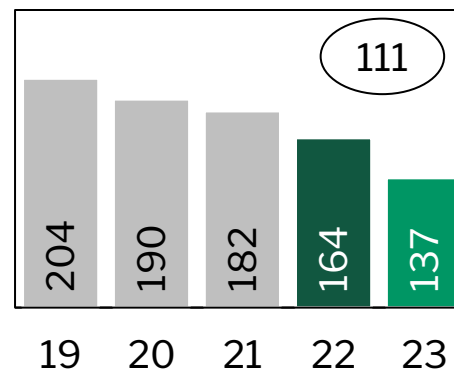


■ Servicing staff
■ Sales staff

Branch floor space

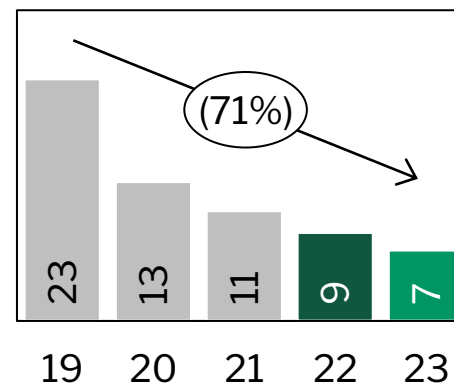
(sqm metres)

Saved 2014 to date

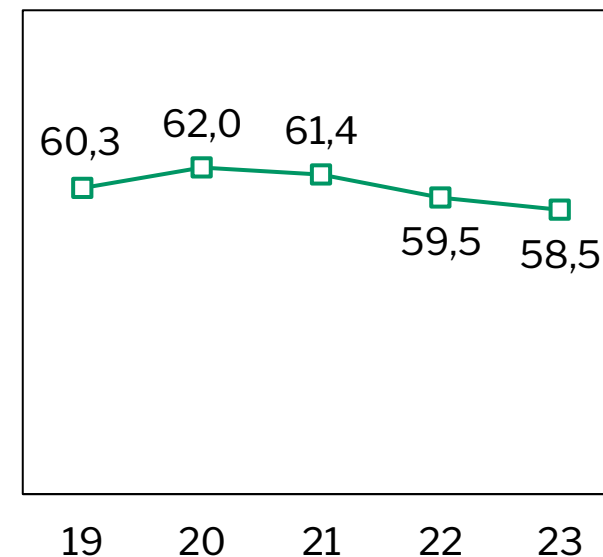


Teller activity

(# million)



Retail Consumer cost-to-income ratio (%)

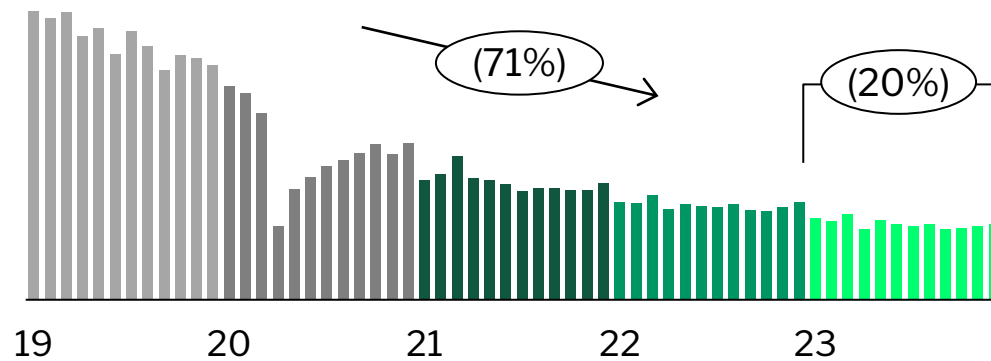


Our technology strategy, along with shifts in client transactional behaviours, is driving NIR growth & cost optimisation opportunities

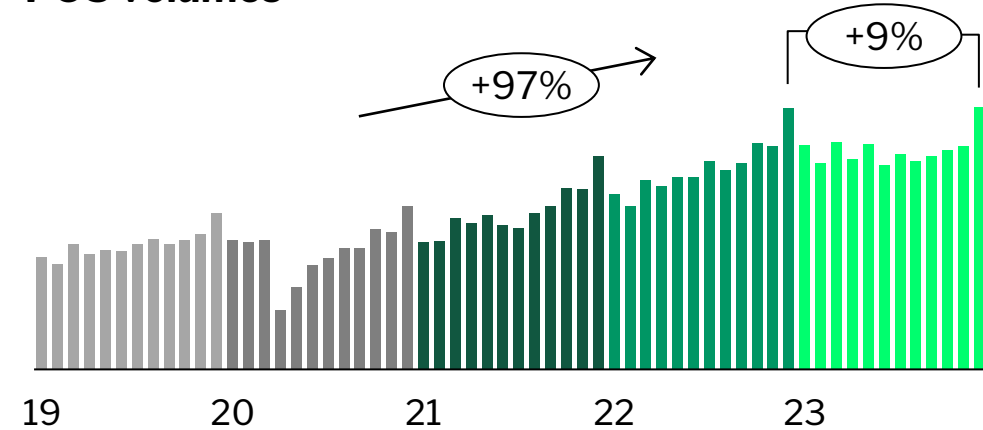


Additional info

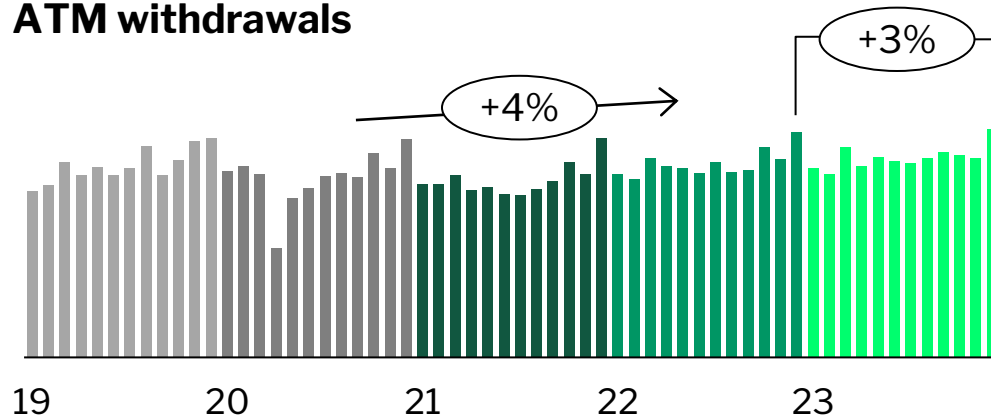
Branch teller transactions¹



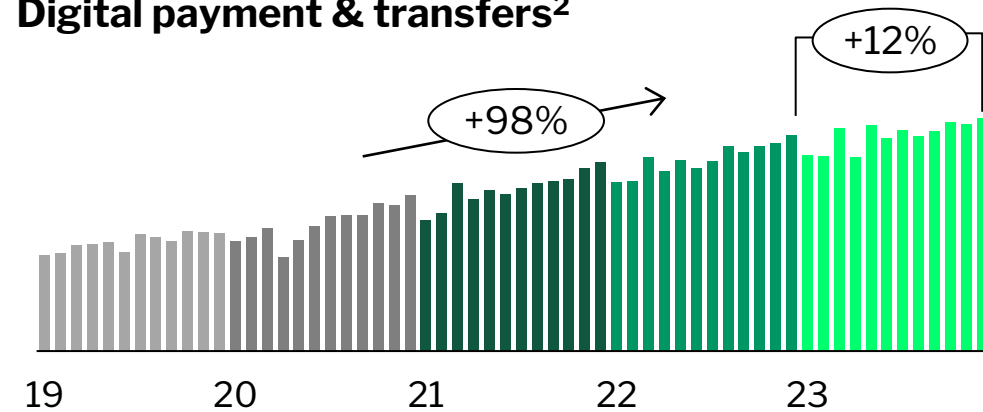
POS volumes



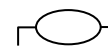
ATM withdrawals



Digital payment & transfers²



2019 vs 2023



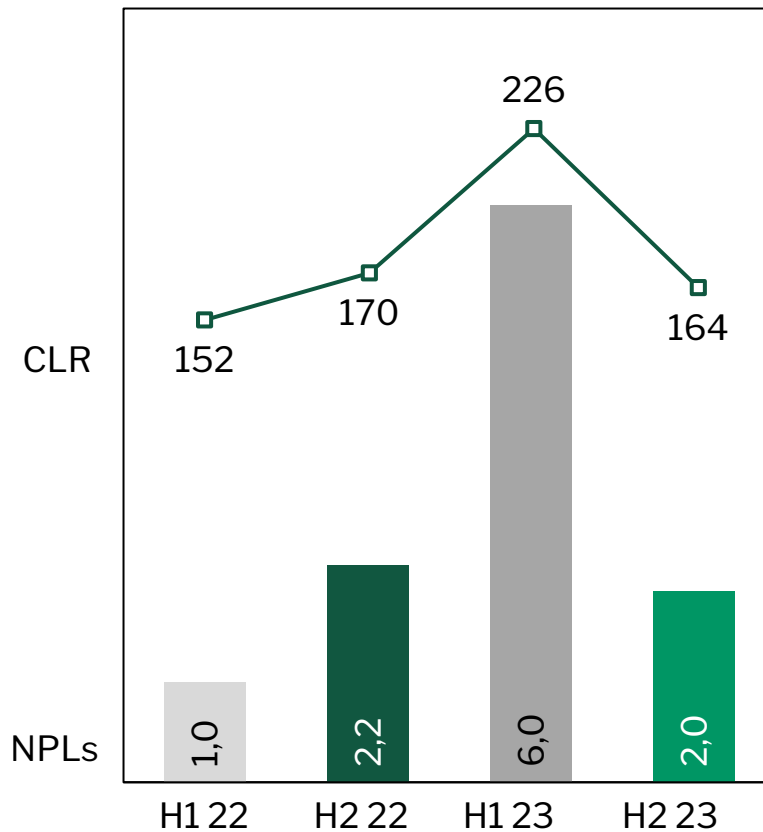
2022 vs 2023

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

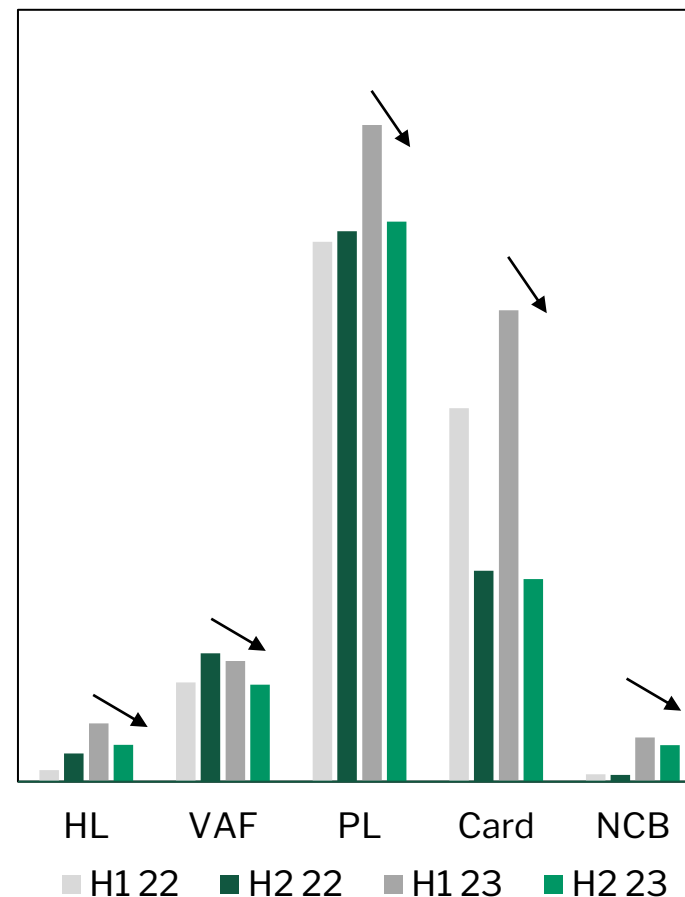


RBB impairments – focus on collections, loan origination & credit policy tightening, leading to an ongoing improvement in CLRs & material slowdown in NPL formation

RBB stage 3 loans (hoh growth, Rbn)
RBB CLR (%)



Business & product level CLRs
(%)



Drivers of improving trends

- **A more stable macroeconomic environment** in H2 2023
- **Credit policy tightening**, particularly in Unsecured Lending
- **Assisting our clients** via tailored rehabilitation & support
- **Payment strategies & DebiCheck** mandate increases, particularly on MFC & Card
- **Enhanced collections** strategies
- **Client-specific interventions** supporting clients in Commercial Banking



RBB credit quality – impacted by higher interest rates, higher inflation & lower levels of disposable income, but improved in H2

Home loans

- Interest rates & inflation
- More recent vintages initially most impacted; elevated trends across all vintages
- Entry-level & higher-end (lesser extent) clients impacted

Vehicle finance

- Interest rates & inflation
- Strain across most vintages & segments
- Impact not as severe as on home loans on a relative basis

Personal loans

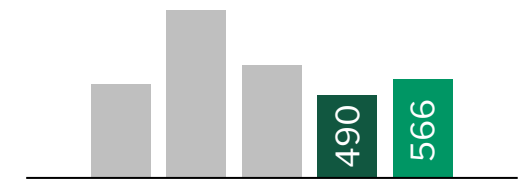
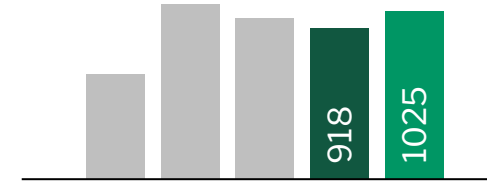
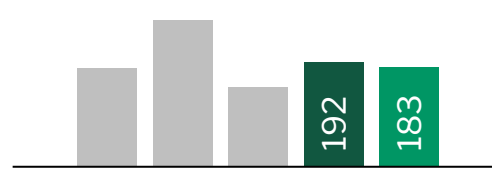
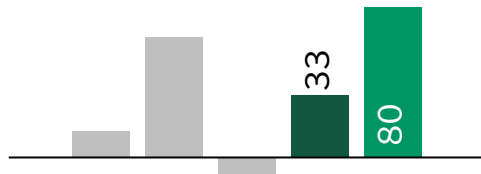
- Inflation & unemployment
- Strain across most vintages & segments. Improvement in H2
- Clients with other variable-rate exposures experiencing bigger relative strain vs expectations

Credit card

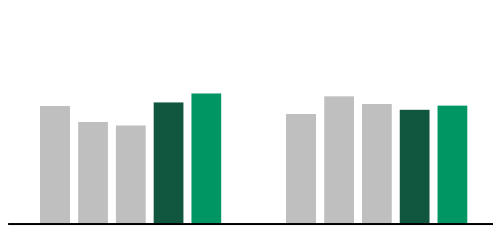
- Discretionary spend & unemployment
- Strain across most vintages & segments. Improvement in H2
- Clients with other variable-rate exposures experiencing bigger relative strain vs expectations

Key risk drivers

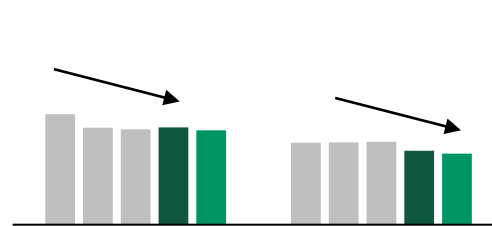
Credit loss ratio (bps)



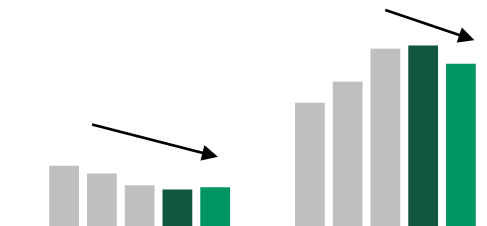
Approval & take-up rates



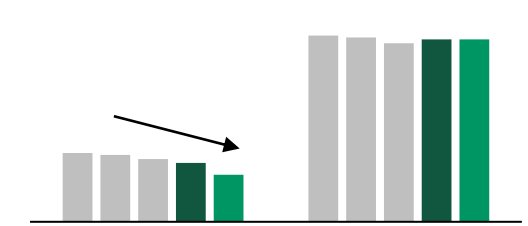
Approval rates Take-up rates



Approval rates Take-up rates



Approval rates Take-up rates



Approval rates Take-up rates

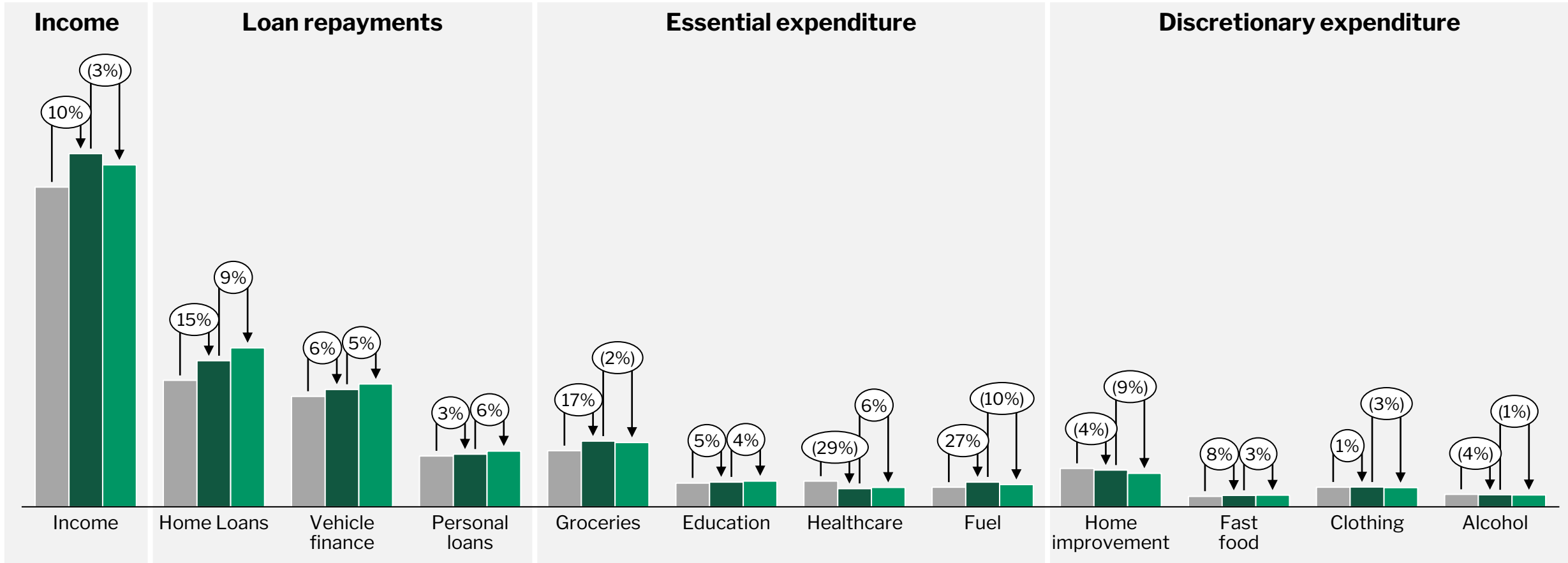
■ 19 ■ 20 ■ 21 ■ 22 ■ 23



Client income & expenditure – consumer disposable income under pressure

Average client income & expenditure

2021 2022 2023

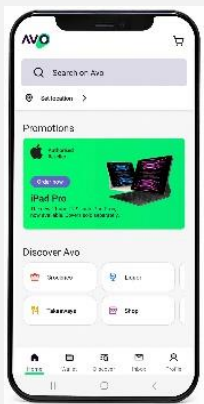


Sample comprises Nedbank main-banked clients that have received income or transacted during the period reported (~1,5m clients). The yoy comparison is Jul-Dec for 2023, 2022 and 2021. Income growth reflects the average effect of some clients receiving increases above inflation, some clients below inflation as their employers could not afford higher increases & some clients that may have lost or seen a reduction in their income.



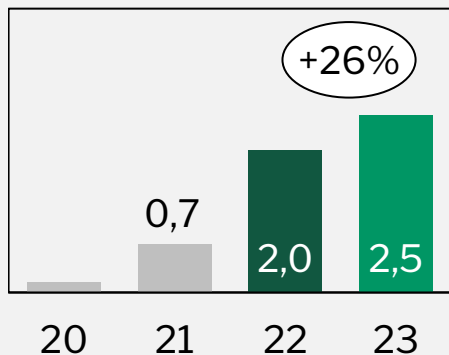
RBB strategic progress – good progress on growth vectors

Avo



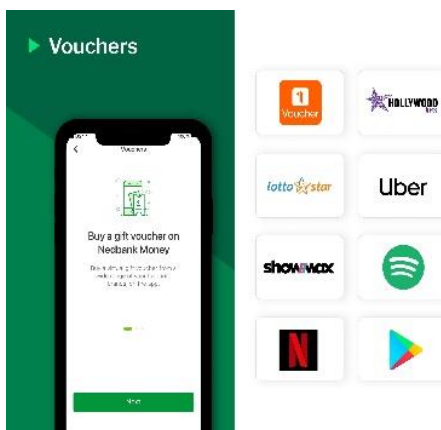
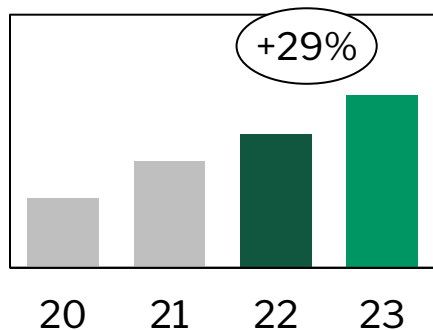
- Avo **Marketplace**
- Avo **Auto**
- Avo **Home**
- Avo **B2B**
- Avo **Solar**

Registered Avo clients (# m)



Value-added services

Value-added services revenue (Rm)

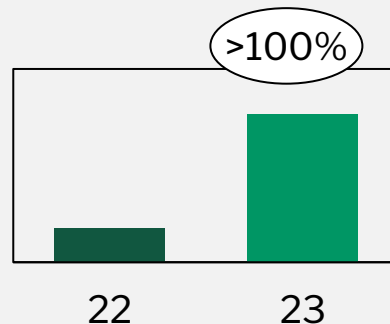


Solar offerings



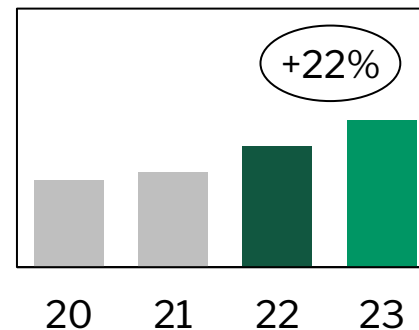
- **101 deals** approved & **> R400m** deals financed for commercial clients
- **> 450 households** financed with **MFC solar**

MFC deals approved



Funeral insurance

Clients with funeral policies (#)



Township economy

Specialised Main Markets Team formed led by GM: Main Market

Transactional **>45%**

Investments **>90%**

VAS **>450%**

Funeral Insurance (Funeral policies) **>55%**

PayShap

28% share of market transactions





Nedbank Retail & Business Banking – outlook

2024 outlook

- **NII**
 - Advances & deposits growth – momentum continues
 - NIM is expected to decline as a result of ongoing product mix changes & margin squeeze in client spreads
- **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
- **Strategic execution** – Phoenix, Imagine & collection strategies

Medium- & long-term outlook

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

▶ Wealth overview

‘Resilient HE & ROE,
driven by higher
interest rates &
positive market
movements’

Iolanda Ruggiero

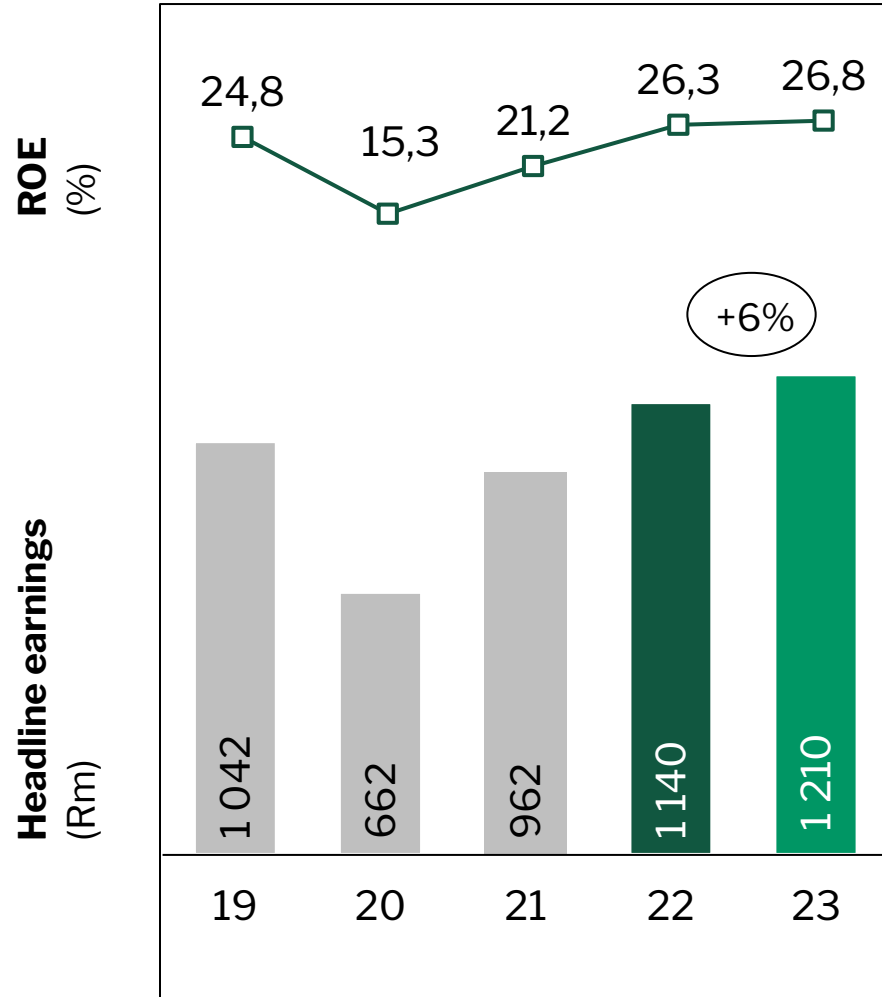
Group Managing Executive





Wealth financial performance – resilient HE & ROE, driven by higher local & international interest rates & growth in AUM

Financial performance



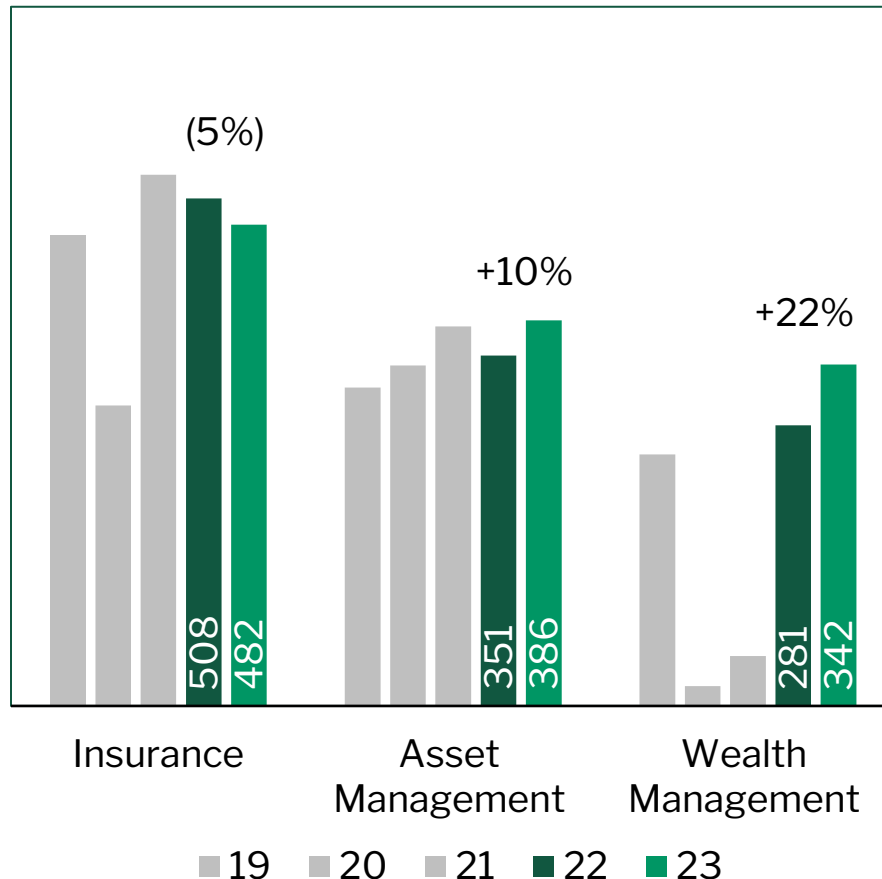
- **NII up by 42%**
 - NIM expansion due to higher local & international interest rates
 - Significant growth in average deposit balances in WMSA
- **NIR down by 4%**
 - Lower traditional bancassurance volumes
 - New business strain from new MyCover solutions
 - Lower advice & investment fees
 - Increase in shareholder returns in Insurance
 - Growth in AUM fees
- **Impairments up by > 100%**
 - Lower client-specific overlay releases than in prior year & an increase in credit impairment charges in WMSA
- **Expense growth of 10%**
 - Investment in people, brand awareness, data & digital initiatives
 - Higher inflation rates internationally & exchange rate impacts



Additional info

Wealth financial performance – resilient HE growth positively impacted by higher interest rates & market performance locally & internationally, offset by lower NIR in Insurance

Headline earnings per division (Rm)



Insurance

- Increased sales in MyCover suite
- Higher shareholder returns
- Lower traditional bancassurance volumes
- New business strain from new MyCover solutions

Asset Management

- Positive local & international market performance
- Significant growth in inflows & positive FX impact

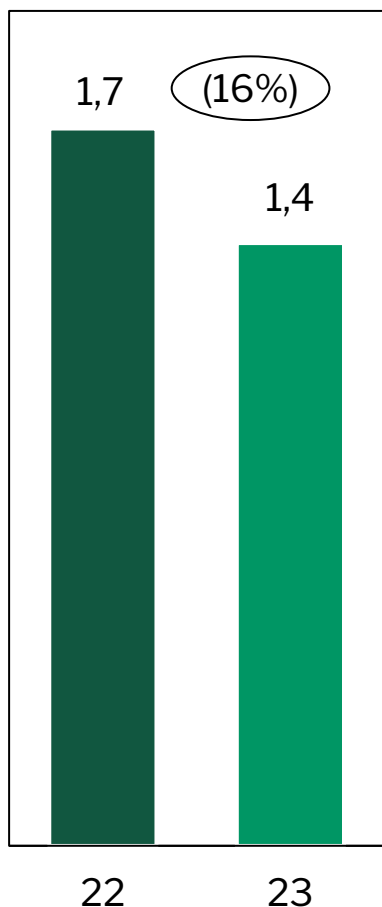
Wealth Management

- Higher local & international interest rates
- Significant growth in average deposit balances in WMSA
- Lower client-specific overlay releases in WMSA



Insurance – lower traditional bancassurance volumes and new business strain, offset by positive shareholder returns

Total group insurance income (Rbn)



IFRS 17 implemented with 2022 restated results

Stable non-life claims ratio
(improved HOC & unfavourable MyCover Personal Lines)

41% growth in GWP
from the MyCover suite

Negative reserve impact in 2023 vs reserve releases in 2022

Credit Life volumes negatively impacted by more prudent credit granting

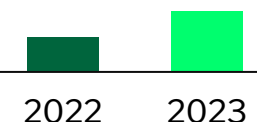
MyCover Funeral

Get extra with MyCover Funeral



16%

Gross premium earned



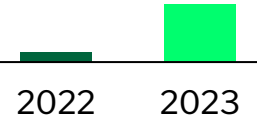
MyCover Personal Lines

Get extra with MyCover



487%

Gross premium earned



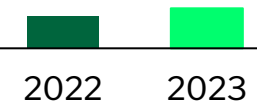
MyCover Life

Get extra with MyCover



25%

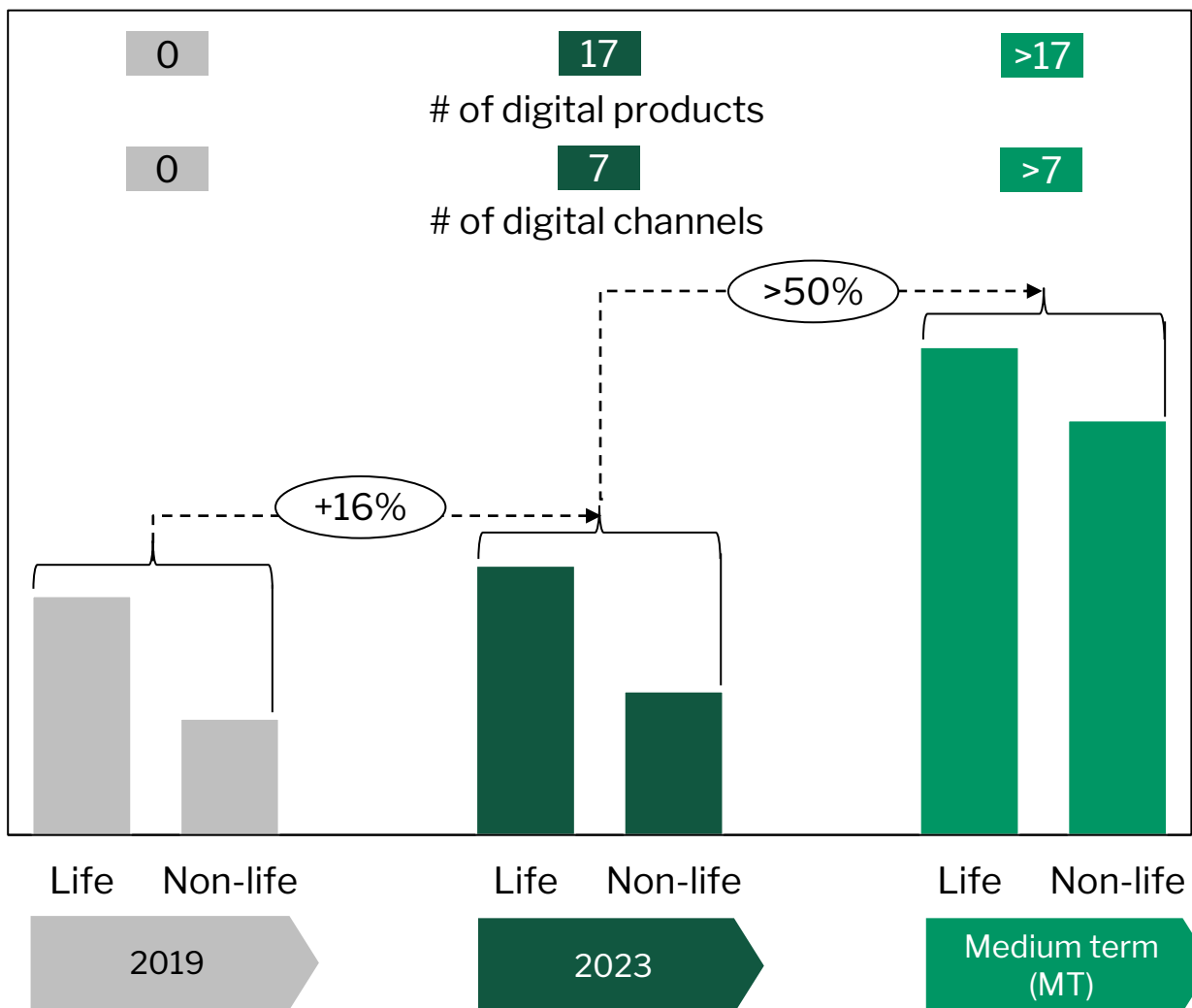
Gross premium earned



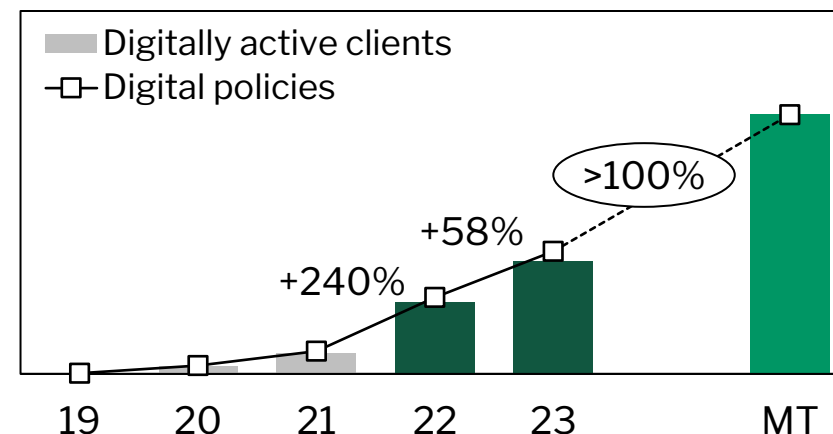


Insurance – large growth opportunity driven by channel & product expansion as well as digital enhancements

Gross written premium (Rm)



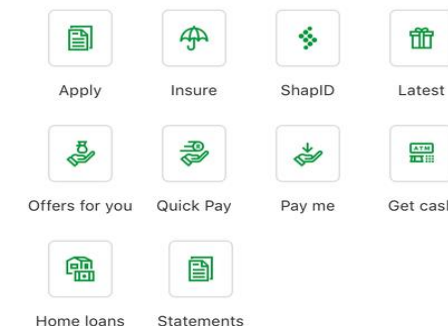
Digital growth



Launched the **Insurance widget & Offers for you** on Money app, driving increased traffic & sales

Redesigned the **insurance flow entry screen** for enhanced client accessibility, resulting in improved user experience

My widgets

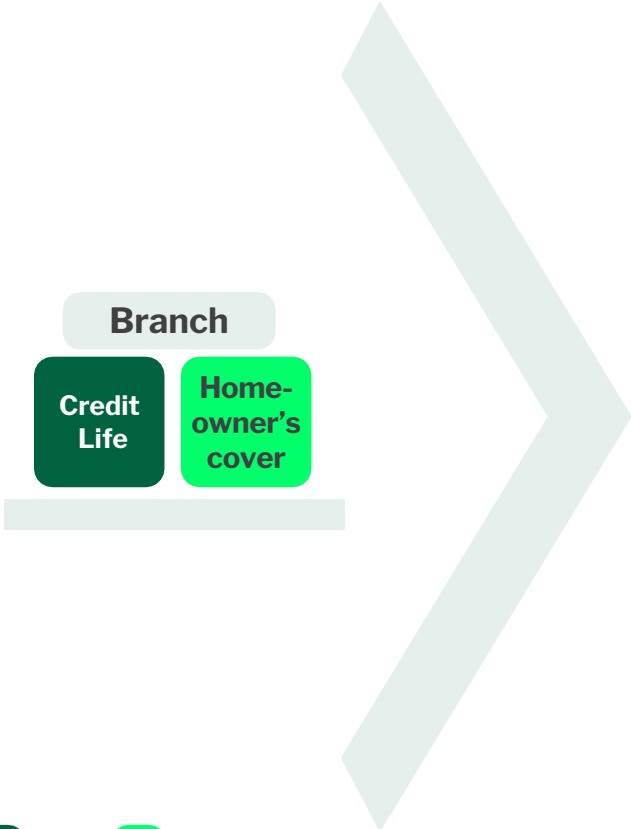




Insurance – significant progress made on product and channel diversification

Pre-2010

Current



Branch | Bank insertion points

MyCover Funeral

MyCover Life

Credit Life

Home-owner's cover

MyCover Personal Lines

VVAPs

Accident and health

Call Centre

Banker

MyCover Funeral

MyCover Life

Credit Life

Home-owner's cover

MyCover Personal Lines

VVAPs

MyCover Personal Lines

Digital channels

Dotcoza

Online Banking

*120*001#

USSD

Kiosks

MoneyApp

Platform

MyCover Funeral

MyCover Life

Personal Accident

MyCover Personal Lines

VVAPs

MyCover Funeral

MyCover Vehicle

AVO By NEDBANK hippo.co.za

Financial advisor

Risk consultants

MyCover Funeral

Savings & investments

Home-owner's cover

MyCover Personal lines

MyCover Funeral

MyCover Life

MyCover Personal lines

Home-owner's cover

Life

Non-life

Eclipse

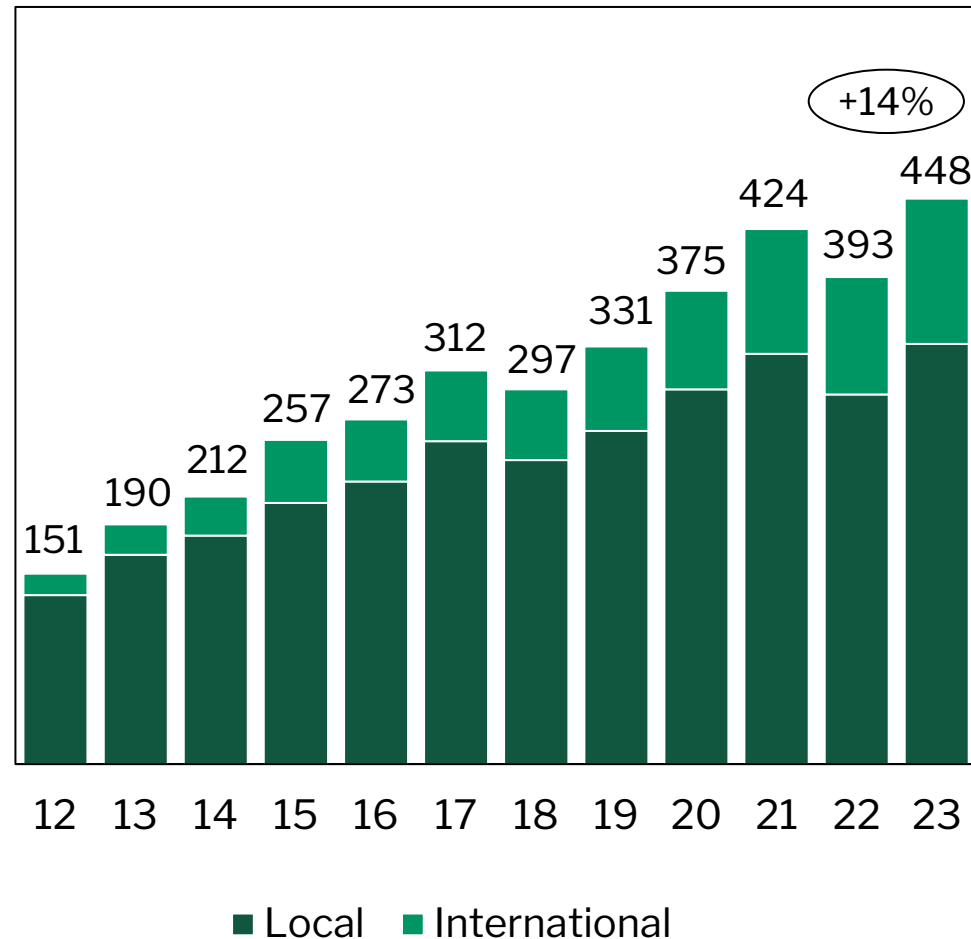
In development

Delivered from 2021



Asset Management – good growth in NIR, driven by 14% increase in AUM

Assets under management (Rbn)



20 years of
Best of Breed™

Good inflows into
cash & low-cost
core range

Multi-Manager Insights:

**Responsible Investing:
The next horizon**

David Levinson
Nedgroup Investments

Delphine Govender
Perpetua Investment Managers

**Outstanding
industry
recognition**



CITYWIRE
SOUTH AFRICA



**LIPPER FUND AWARD:
FROM REFINITIV**

Asisa stats ranking

- **SA** – 6th largest in total AUM (7% market share)
- **International** – 3rd largest in total AUM (9% market share)

Multi-Manager Insights:

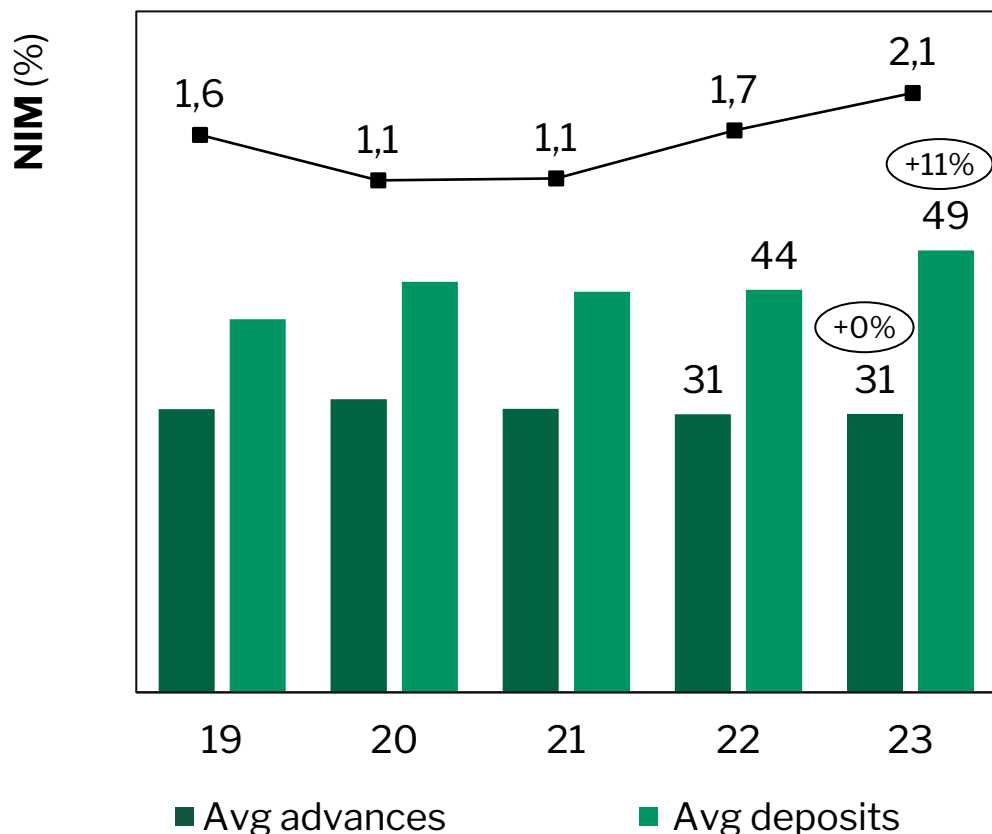
**Have we hit the
sweet spot for
global bonds?**

David Roberts
Nedgroup Investments



Wealth Management – HE growth of 22%, driven mainly by an increase in NII, offset by increased impairment charges locally

Wealth Management average advances, average deposits & NIM



20% increase in average **deposit book** in WMSA

Group **collaboration** driving increase in advice **penetration**

Replacement of international wealth management **platform** on track



From investment expertise to complex lending advice.

Our advisers connect your wealth to the different sides of you.



Top Private Bank in SA
(Intellidex)

Best Private Bank – Africa
(Global Private Banking Innovation awards)

WealthBriefing MENA Awards

Best Boutique Private Bank and **Best Private Bank** – Overall Client Service



Nedbank Wealth – outlook

2024 outlook

- **NII** – NIM expected to decrease as international interest rates forecast to decline
- **NIR**
 - Growth in Nedbank Insurance MyCover suite
 - Increase in high-net-worth market share
 - Higher AUM through attracting net inflows
- **CLR** – To remain within the lower end of the TTC target range
- **Expenses**
 - Continued investment in strategic growth initiatives & key enablers (people & brand)

Medium- & long-term outlook

- Reduce cost-to-income ratio to < 65% & maintain strong ROE > 10% above the group's COE



NAR overview

‘Improved SADC
performance &
continued ETI
turnaround’

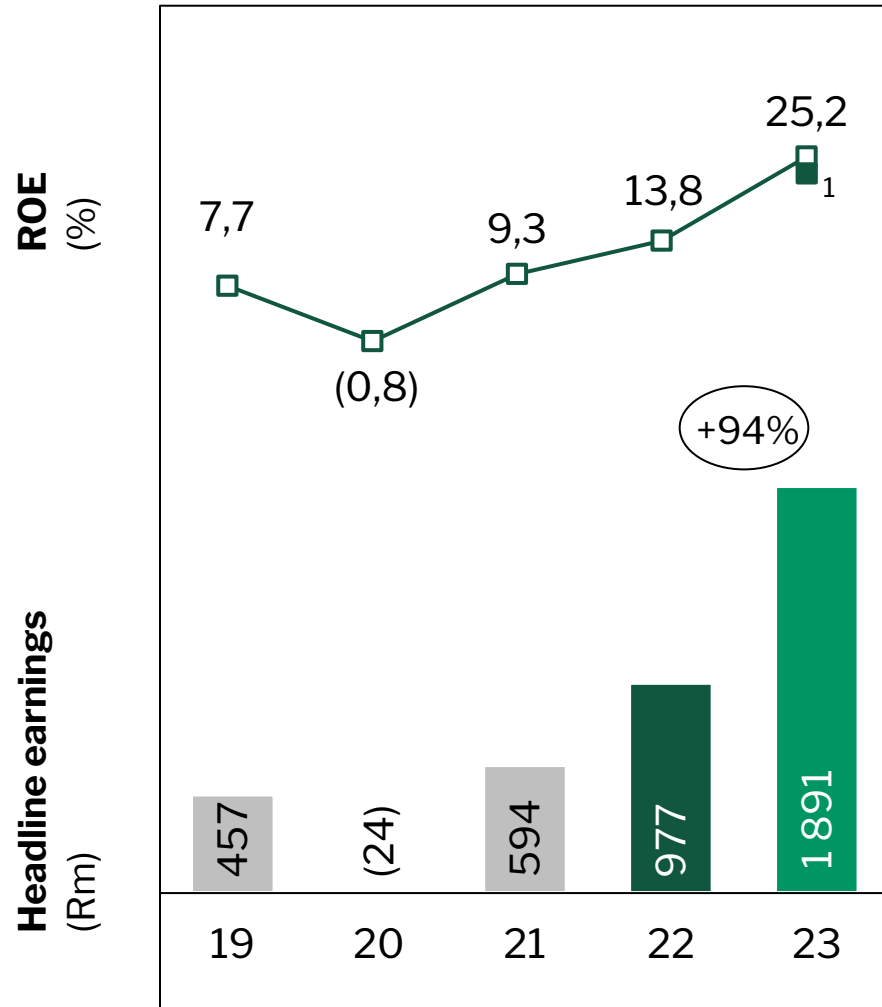
Dr Terence G Sibiya

Group Managing Executive



NAR financial performance – improved performance from our SADC operations & continued turnaround from ETI

Financial performance



- **SADC operations** – HE of R662m, up by 80%
 - NII up by 25%, driven by improved margins
 - NIR up by 17%, driven by FX gains & increased revenue from digital channels
 - Expenses up by 7% as a result of proactive cost management
 - Impairments up by 15% & CLR of 100 bps remains within the cluster TTC target range of 85 bps to 120 bps
 - ROE of 9,9% (2022: 5,9%)
- **ETI associate investment** – HE of R1,2bn; up by >100%
 - Associate income up by 77% to R1 380m, including the reversal of the R175m Ghana sovereign bond provision raised by Nedbank in 2022
 - Dividends declared in the last 2 cycles
 - ROI of 22,0% (2022: 12,4%)
 - Ecobank Nigeria remains a focus to improve performance

¹ ROE of 22,9% excluding the R175m reversal of the Ghana sovereign bond provision (equivalent HE of R1 716m). HE up by 76% on a similar basis.



Additional info

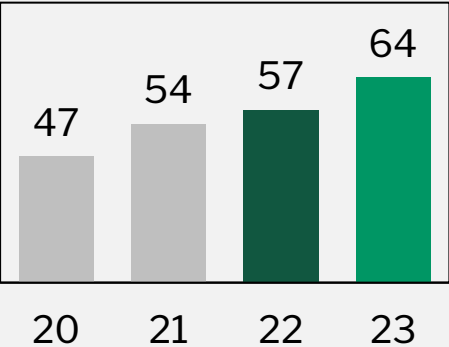
SADC progress – good momentum underpinned by a strong foundation

Client & digital progress

Net Promoter Score
#1
bank in 2 countries

Avo SuperShop in Namibia
a first in the market
with potential to expand
to other regions

Digitally active clients (%)

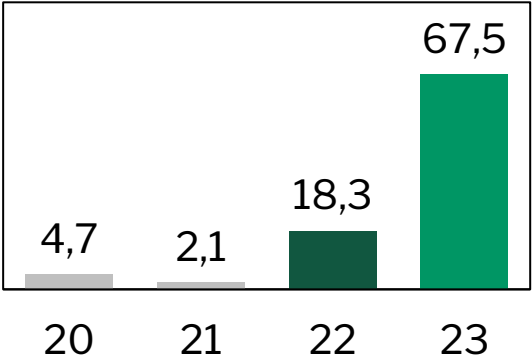


Commenced technology convergence
enabling a consistent
Nedbank experience
across the regions

Key subsidiary developments

- Higher reserve requirements impact in Mozambique
- Ongoing changes in inflation measurement method in Zimbabwe
- Pricing directive continuing to impact revenue-earning potential in Lesotho
- Competition commission enquiry on banks in Namibia

Zimbabwe advances (US\$m loan book)

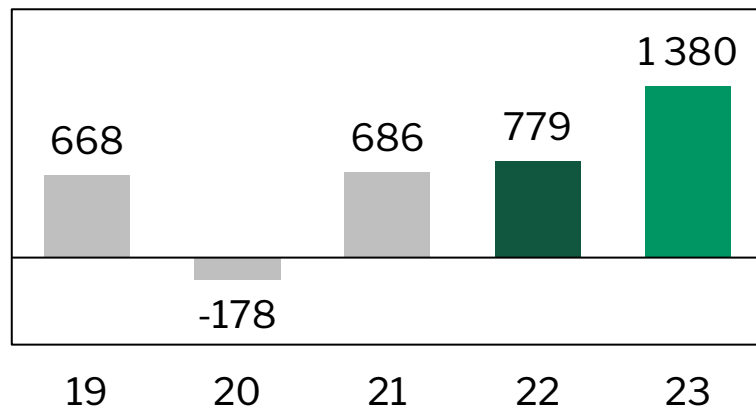


% contribution to SADC	% of total clients	% of total revenue	% of total assets
Namibia	32,7	31,3	48,4
Mozambique	12,3	21,4	18,8
Zimbabwe	20,7	25,3	6,7
Eswatini	18,7	13,4	18,0
Lesotho	15,6	8,6	8,1

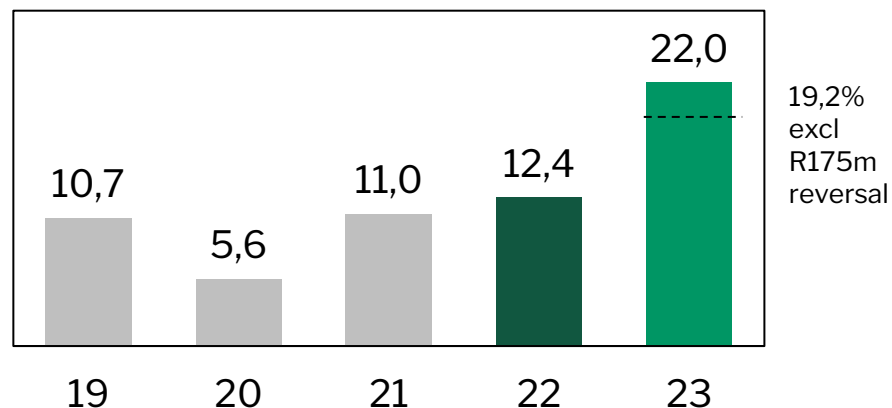


ETI associate investment – positive momentum in financial performance & release of the R175m Ghana sovereign bond provision that Nedbank recognised in 2022

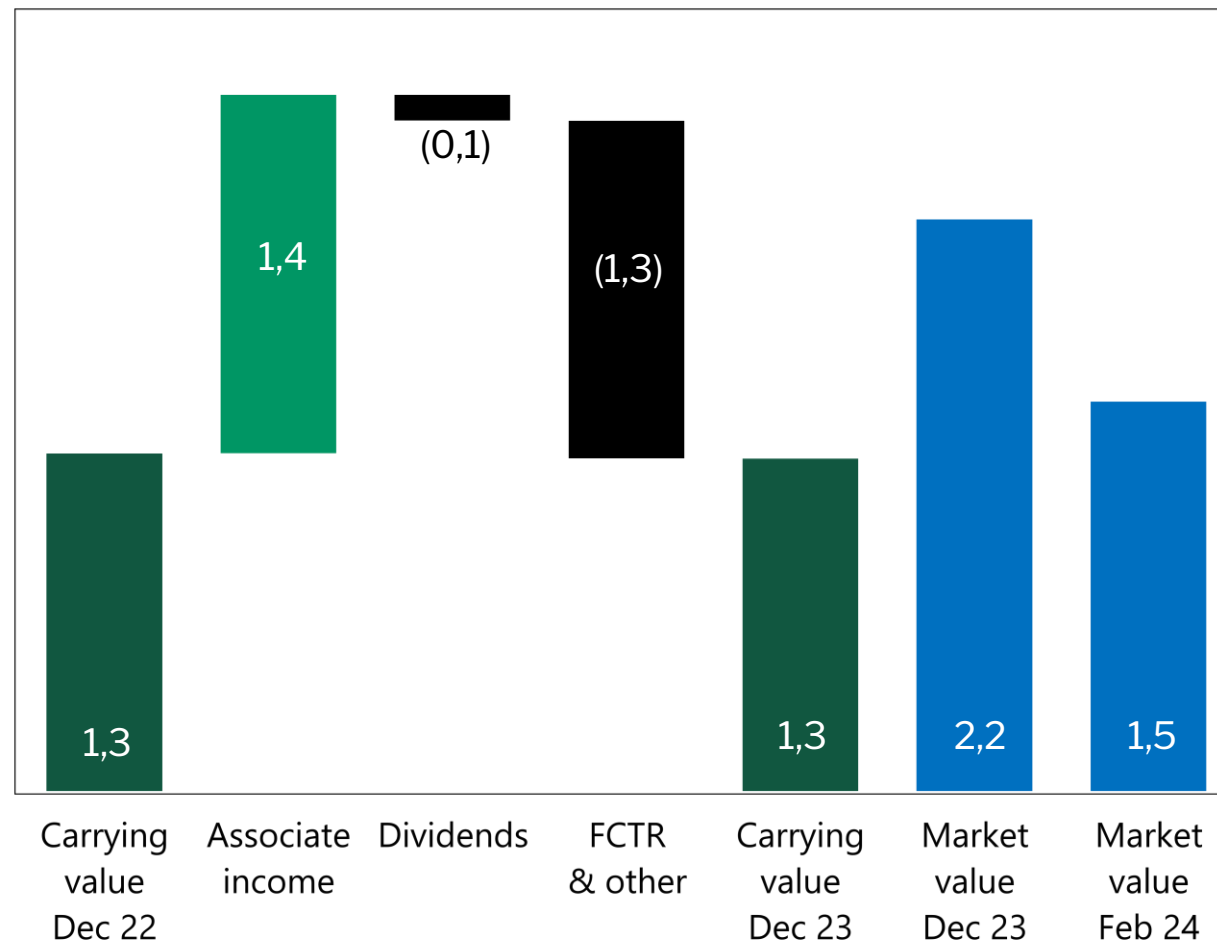
Associate income¹
(Rm)



Return on ETI investment²
(%)



ETI carrying value vs market value
(Rbn)



Note: ETI accounted for a quarter in arrears. | ¹Associate income includes the reversal of the R175m estimated impact of the Ghana sovereign domestic bond provision accounted for in the prior financial year. | ²Return on original investment of R6,3bn (based on associate income). For 2020, ROI was calculated using IFRS associate income, which excludes goodwill impairment by ETI. | Market value at February 2024 reflects the impact of naira devaluation since December 2023.



Additional info

20,9⁴

Sept 2023
price-to-
book ratio:
0,3x

ETI associate investment – resilient financial performance supported by encouraging progress on the value unlock agenda

Ecobank top 3 in 15 African countries
& #1 in 6 countries

ROTE up to 25,6%
from 21,0% in the prior year¹

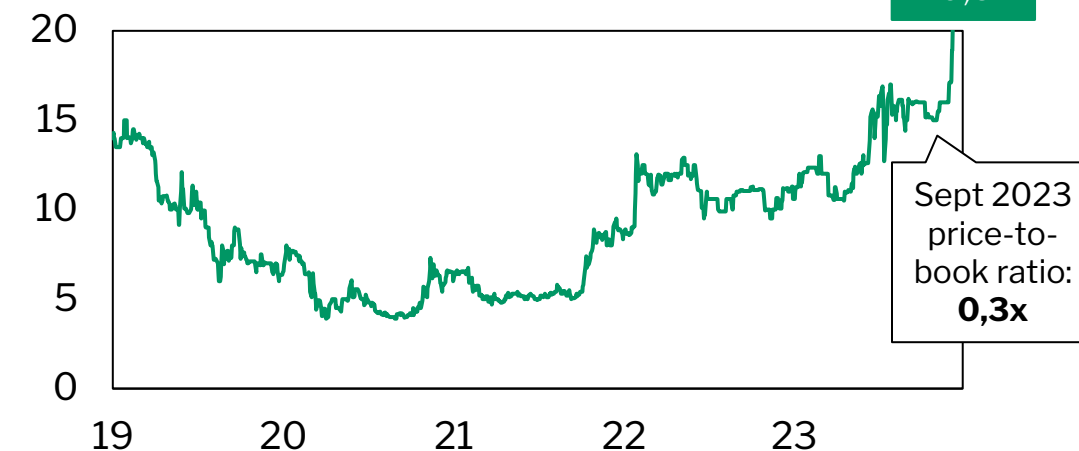
Continued benefits of a diversified business model
with 3 of the core regions achieving ROEs >28%²

Growth, Transformation and Returns (GTR) strategy completed, with true client orientation at the core

Total CAR of 13,9%³ showing resilience, despite macro environment shocks



ETI share price (NGN)



ETI share price performance (% change end 2020 to end 2023)

Naira (NGN)	+248%
Rand (ZAR)	+92%
US dollar (US\$)	+52%

¹ Based on ETI's 9M results.

² ROEs of UEMOA: 28,8%, AWA: 28,5%, CESA: 34,4% & Nigeria: 5,5%.

³ At 30 September 2023.

⁴ Increase in ETI share price +97% to NGN20,9 at December 2023 yoy, offset by the naira devaluation of ~44% against the US dollar.



Nedbank Africa Regions – outlook

2024 outlook

SADC operations

- **Execute** on our technology convergence journey
- **Transform** the business & operating model to leverage group centres of excellence
- **Continue** our pan-African digital growth strategy
- **Unlock** further value in Mozambique

ETI associate investment

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

Medium- & long-term outlook

- Reduce SADC operations cost-to-income ratio to < 60% & increase ROE consistently >COE
- Target ETI ROI consistently >20% & price-to-book of ~1x



Economic forecasts

Short-term guidance &
medium-/long-term targets

CE succession

Conclusion

Outlook

Mike Brown

Chief Executive





Operating environment – forecasts highlight an improvement in key macroeconomic indicators at a time when geopolitical risk has increased

	Actual				Forecast: Feb 2023			Forecast: Feb 2024			
	19	20	21	22	23	24	25	23	24	25	26
SA GDP growth	0,1%	(6,4%)	4,7%	1,9%	0,7%	1,5%	1,6%	0,5%	1,0%	1,5%	1,6%
Prime interest rate (year-end)	10,0%	7,0%	7,25%	10,5%	11,0%	10,25%	10,25%	11,75%	11,0%	10,5%	10,5%
Inflation (average CPI)	4,1%	3,3%	4,6%	6,9%	5,5%	4,8%	4,8%	5,9%	5,0%	4,6%	4,5%
Industry credit growth	5,3%	1,2%	4,4%	9,2%	5,0%	5,9%	6,4%	4,7%	5,2%	5,7%	6,2%
Rand/US\$ (year-end)	14,0	14,6	15,9	17,0	16,8	16,7	17,3	18,3	18,2	18,3	18,4
SA fiscal deficit % of GDP ¹	(3,6%)	(5,1%)	(9,9%)	(4,6%)	(4,2%)	(4,0%)	(3,2%)	(4,9%)	(4,8%)	(4,4%)	(4,2%)
SA govt debt % of GDP ¹	52%	56%	70%	69%	72%	73%	74%	75%	76%	77%	77%

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

Short-term guidance (2024) – progress towards our medium-term targets in a macroeconomic environment that remains difficult & volatile



	2023 performance	2024 guidance ¹	Key drivers/risks in 2024
NII growth	+14%	Above mid-single digits	- Advances growth from renewables & SPT 2.0 gains, with H1 growth slow, before picking up in H2 - NIM peaked in 2023, but endowment benefit remains elevated given average interest rates
CLR	109 bps	Back within the top half of the 60 bps to 100 bps TTC range	- Ongoing reduction in RBB's CLR & resolution of material risk relating to CIB NPLs completed in 2023 - Seasonality likely resulting in H1 CLR > H2 CLR
NIR growth	+6%	Above mid-single digits	- Main-banked client gains, cross-sell & deal closures - Trading & insurance income off a lower 2023 base (outcomes market-dependent), but high base in fair-value & Zimbabwe FX gains
Expense growth	+8%	Mid-to-upper single digits	- Average annual salary increases of around 6% - Ongoing cost optimisation focus – TOM 2.0 & 2.1 - DIS (~R230m), Twin Peaks run rate, YES ramp up
Associate income	+64%	Slightly lower than 2023	Ongoing associate income growth, but base impact from Nedbank's R175m Ghana sovereign bond provision reversal in 2023
Capital (CET1 ratio)	13,5%	Above TTC target range (11% to 12%)	Remains above the top end of board target range
Dividend	57% payout	Top end of payout ratio	Dividend cover range 1,75x to 2,25x or payout ratio of 57% to 44%

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



Our medium- & long-term targets support shareholder value creation

Diluted headline
earnings per share

ROE

Cost-to-income
ratio

Net Promoter
Score

Short
term

By end 2023

> 2 565 cents
(2019 levels)

15%
(2019 levels)

< 54%

#1 bank
(from #3 in 2019)

3 199 cents ✓

15,1% ✓

53,9% ✓

#1 bank ✓

Medium
term

By end 2025

> CPI + GDP + 5%
(CAGR to end-2025)

17%
(around COE + 2%)

< 52%

#1 bank

Long
term

Not dated

> CPI + GDP + 5%
(CAGR through the cycle)

> 18%
(around COE + 3%)

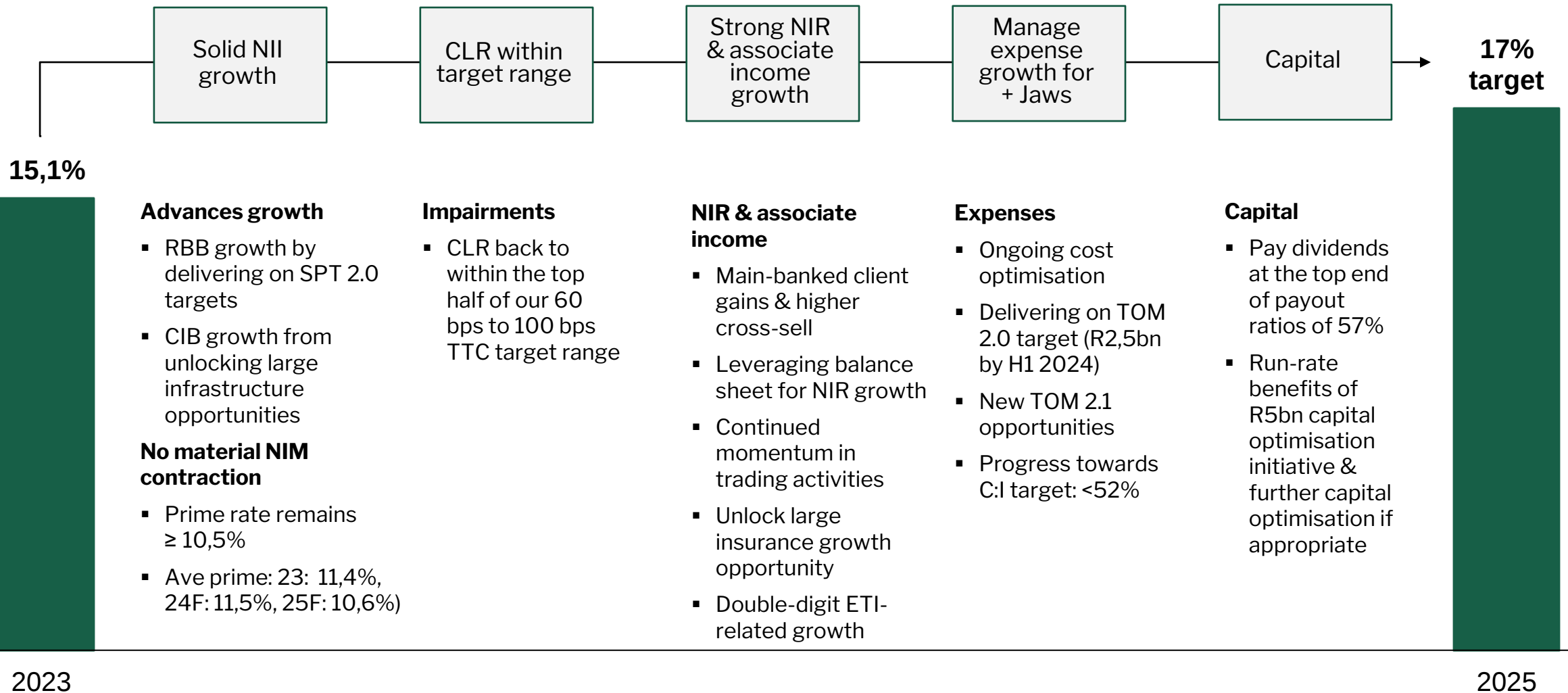
< 50%

#1 bank



Additional info

Medium-term targets – path towards ROE of 17%





Additional info

Medium-term targets – path towards ROE of 17%

CIB

ROE at >19% (2023: 18,9%)

Cost-to-income ratio reduces to < 44% (2023: 45,2%)

- Using deep sector expertise to unlock further balance sheet growth, particularly SDF & renewable energy
- CLR below the mid-point of the CIB TTC target range
- Leverage balance sheet for NIR growth
- Ongoing focus on capital efficiency & ROE optimisation

RBB

ROE increases to between 20% & 23% (2023: 16,0%)

Cost-to-income ratio reduces to < 57% (2023: 58,1%)

- SPT 2.0 targets – grow advances ahead of market, except for PL & maintain VAF. Grow deposit market share
- CLR towards the mid-point of the RBB TTC target range
- Main-banked client gains to >4 million
- Cross-sell increase to >2,0
- Continued cost optimisation, driven by TOM 2.0 initiatives

Wealth

ROE maintained >25% (2023: 26,8%)

Cost-to-income ratio reduces to < 65% (2023: 66,6%)

- Insurance – grow MyCover suite
- Asset Management – expand international distribution & offering
- WMSA – increase high-net-worth market share
- WMI – bolster wealth offering through new core platform

NAR

SADC ROE increases to > COE (2023: 9,9%)

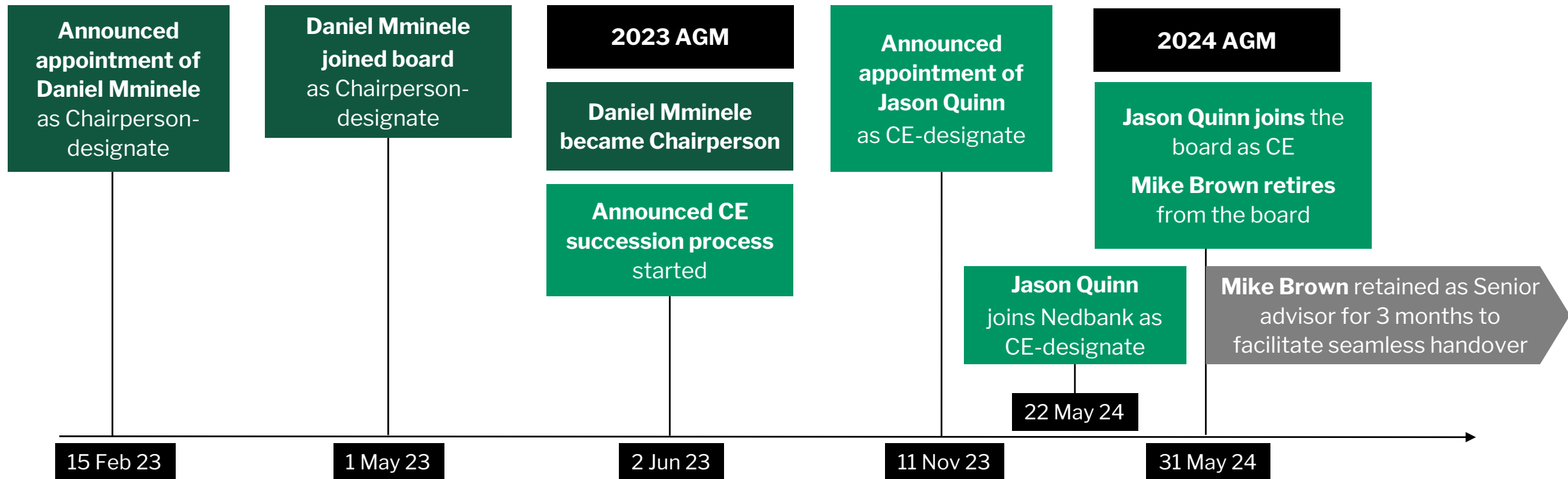
SADC cost-to-income ratio reduces to < 60% (2023: 68,3%)

ETI ROI consistently above >20% (2023: 22,0%)

- Leverage group IT technology & centres of excellence
- Digital growth strategy increasing NIR from digital channels
- Growth opportunities in Mozambique
- Continue focus on value unlock agenda in ETI



Chief Executive succession – a seamless, well-managed process



Conclusion – slightly improving macroeconomic environment, strong foundations & underlying business momentum position Nedbank well to deliver on 2025 targets & create shareholder value



Macroeconomic environment improving

- Key SA economic indicators are forecast to improve in 2024
- Initiatives around energy supply to **reduce load-shedding to levels 1 or 2** by 2025
- But **geopolitical & sociopolitical risks** remain (eg global conflict, international & local elections)

Strong foundations in place

- **Experienced board & leadership** team
- **Strategy** that is unlocking growth & enhancing productivity
- **Track record** of delivery
- **World-class technology platform** & leading digital capabilities
- **Fortress balance sheet** & excess levels of capital
- **Great people** & culture
- **Purpose-driven bank** – leading in sustainability & ESG matters

Momentum in the business

- Attractive **lending pipelines**
- **Digital growth** trends continuing
- **Main-banked client gains** & higher levels of cross-sell
- **Market share gains** in key product areas
- Ongoing **cost optimisation**
- **Impairments trending down** (CLR peaked in H1 2023, RBB management actions & ~R11bn of stage 3 reductions in CIB expected in 2024)

Medium- & long-term targets aligned to shareholder value creation

- **Achieved all our 2023 targets** in a more difficult environment
DHEPS ✓
Cost-to-income ✓
ROE ✓
NPS ✓
- But we **aspire to increase our ROE further** to improve our price-to-book ratio from 0,9x

DHEPS growth: CAGR GDP + CPI + 5%
Cost-to-income: <52%
ROE: >17%
NPS: #1 bank



Thank you

*Celebrating 135 years of
making a difference*





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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