

2024 Interim Results

for the 6 months ended 30 June 2024

6 August 2024

see money differently

NEDBANK GROUP



Agenda

- Overview
- Operating environment
- Strategic progress
- Financial overview
- Outlook & guidance

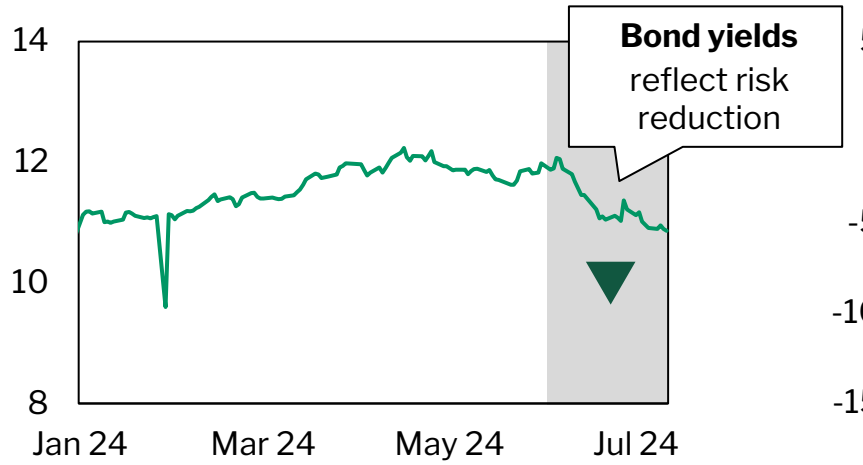
Jason Quinn
Chief Executive

Overview

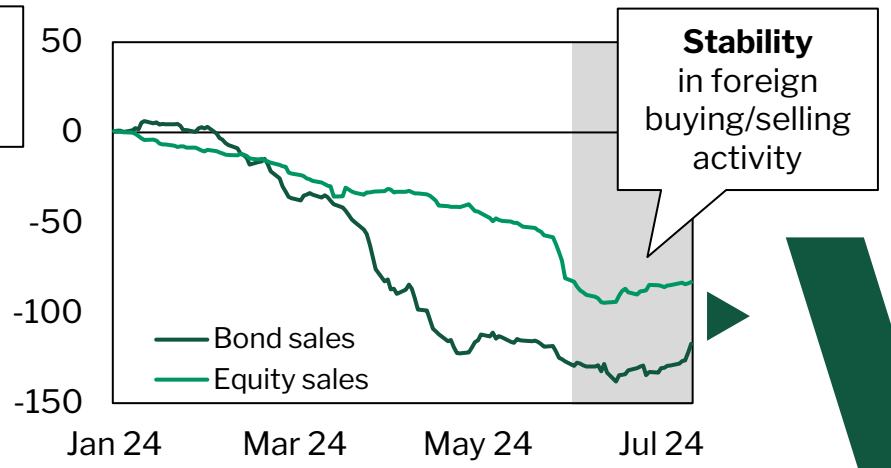
Environment	**Difficult operating environment** – challenging H1 2024 as corporates remained cautious ahead of the SA national elections & consumer finances strained, given ongoing high interest rates & inflation. Cautious optimism emerged post elections on the back of market-friendly outcomes.
Strategy	**Strategic delivery continues to show results** – good outcomes across our various strategic value unlocks, with a renewed focus on enhanced execution in support of ongoing value creation.
Financial	**Strong financial performance** – DHEPS +12% & ROE up to 15% yoy driven by lower impairments, good NIR growth & targeted expense management, underpinned by a very strong balance sheet, with the interim dividend per share +11,5%.
CE transition	**Seamless transition** – excellent working relationship with the board & leadership team, and strong alignment with the group's culture. Key focus on meeting the group's medium-term goals & building on the strategy in the normal course of business off strong foundations.

Operating environment – a difficult start to the year ahead of the SA elections, but cautious optimism on the back of GNU outcomes

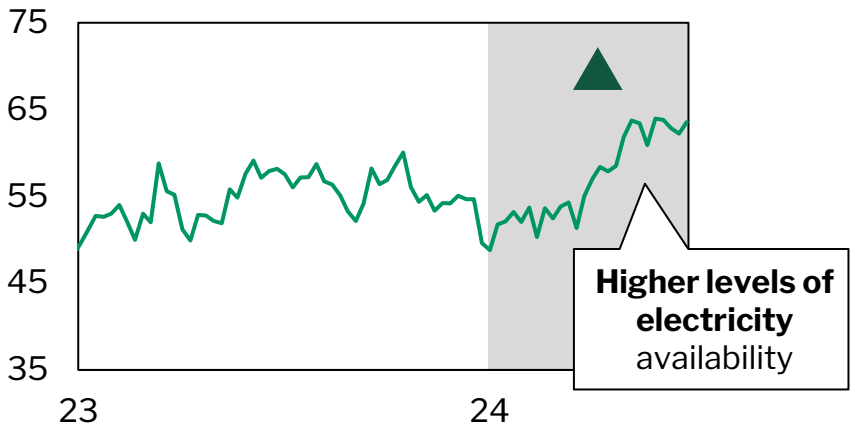
SA Government bond yields (%)



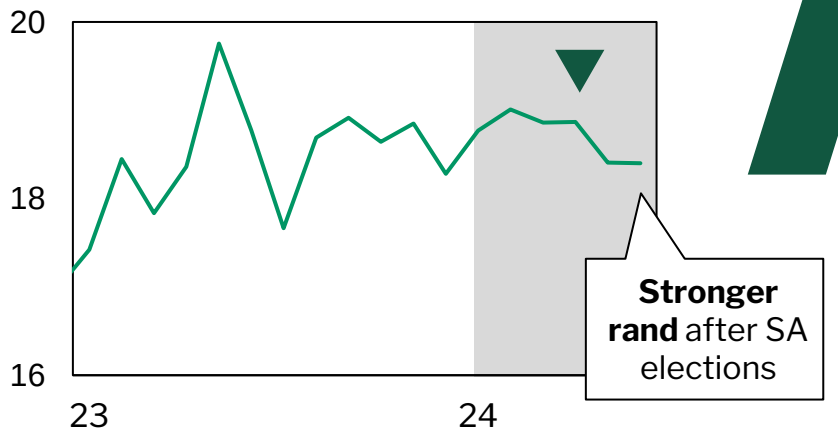
SA foreign bond & equity sales[1] (Rbn)



Eskom EAF[2](%)



Rand vs US$



Pre-elections

- **Corporates remained cautious** (slow growth in advances, except for pockets such as renewable energy)

Post-elections

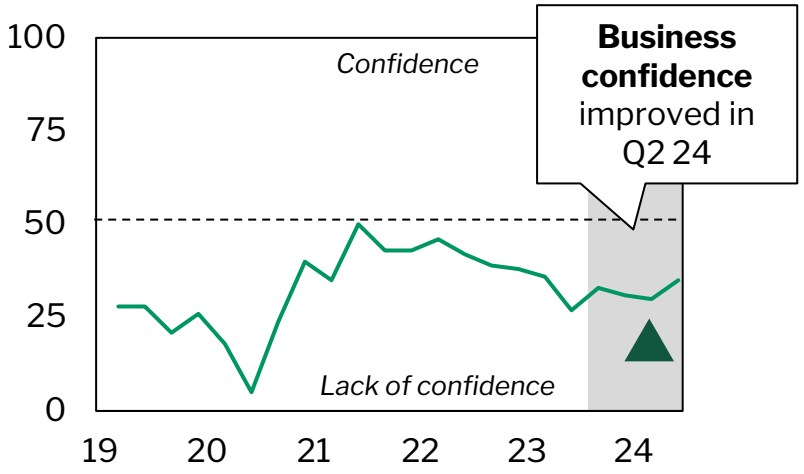
- Positive **market sentiment**
- **Positive trading conditions**
- **Lower bond yields** (driving lower COE)
- **CDS spreads** trending towards levels of when SA's sovereign credit was investment grade

[1] Cumulative sales from 2019 SA Bureau of Economic Research. | [2] Eskom electricity availability factor.

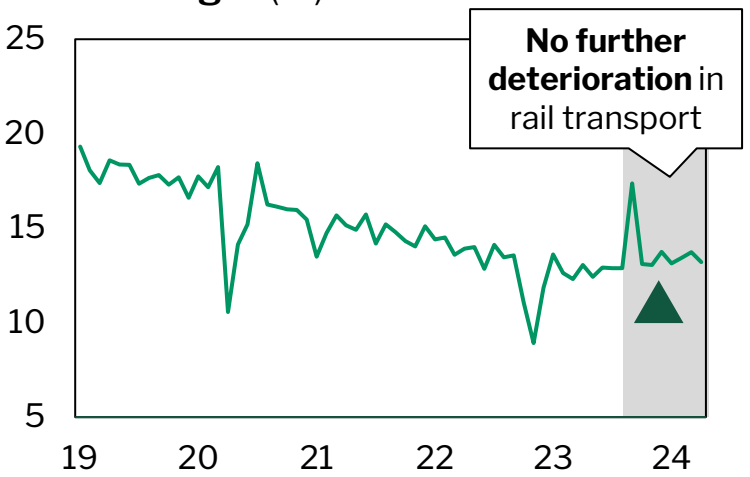
Additional info

Operating environment – a difficult start to the year ahead of the SA elections, but cautious optimism on the back of GNU outcomes

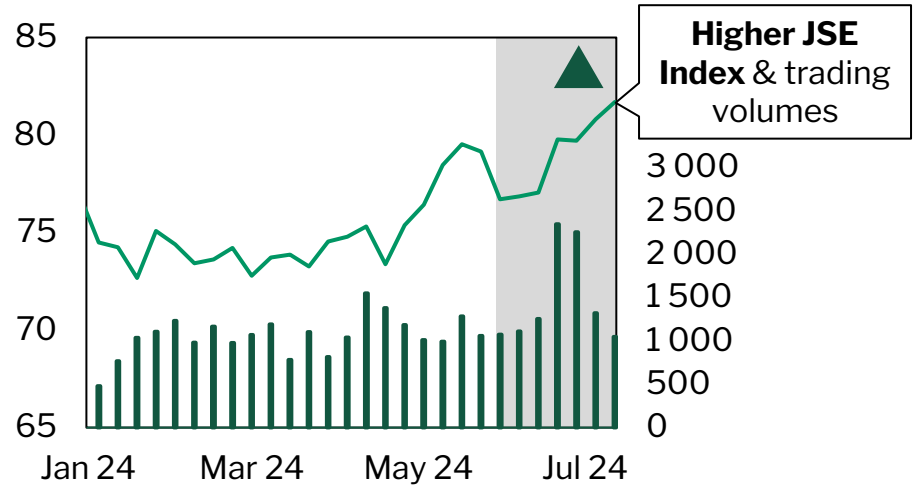
Business confidence index



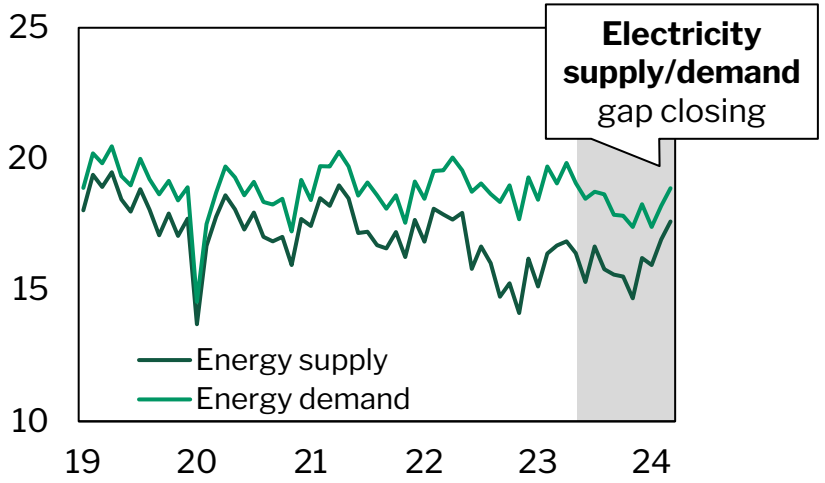
SA rail freight (kt)



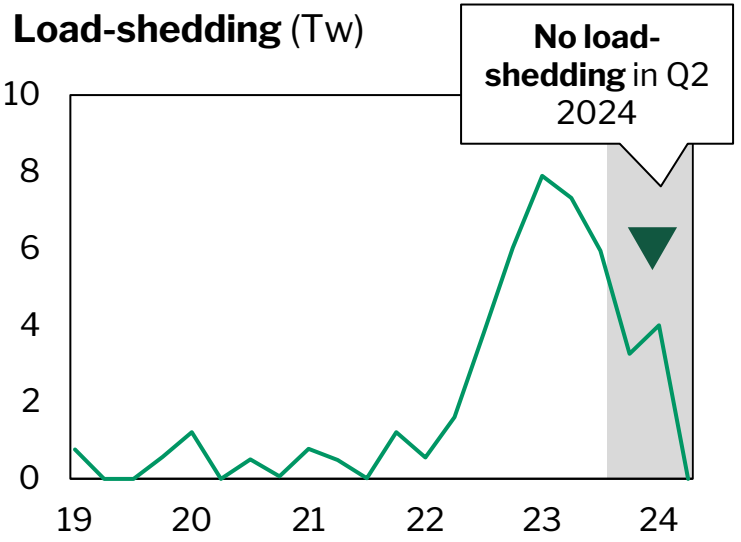
JSE Index (000, LHS) & volumes (#m)



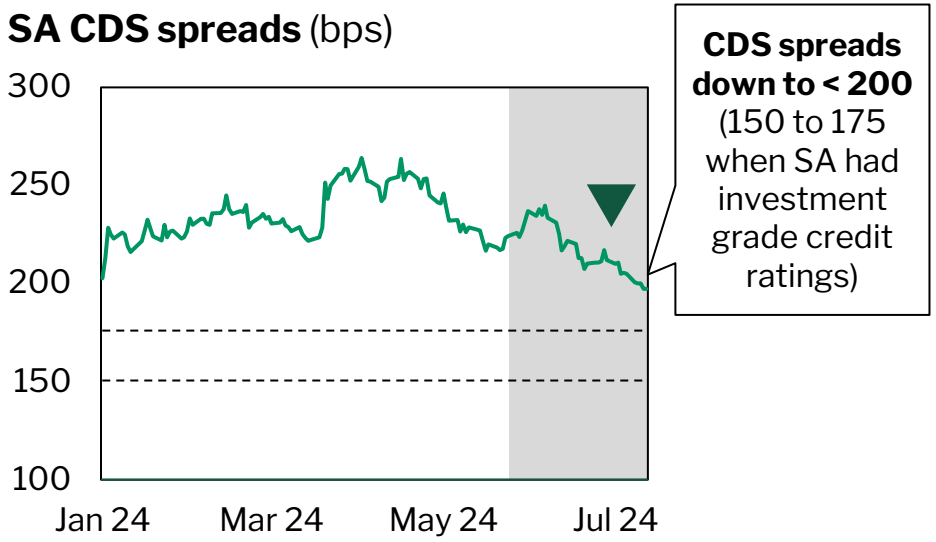
Electricity supply/demand (Tw)



Load-shedding (Tw)

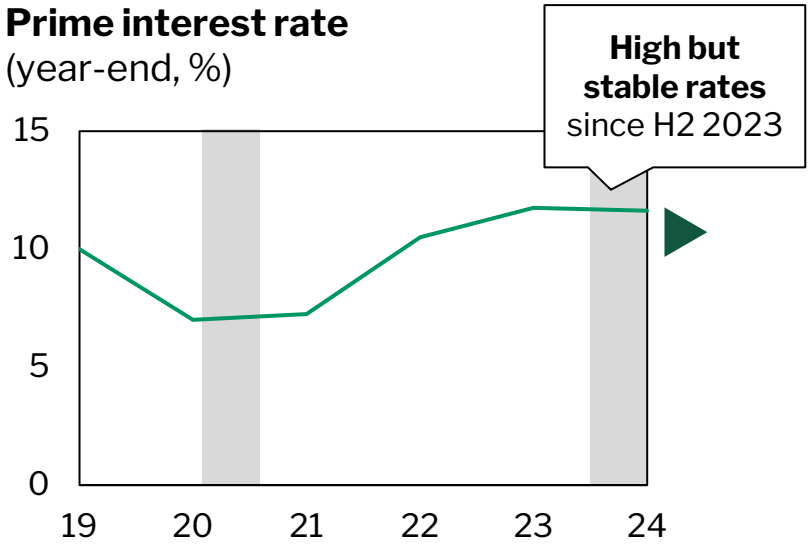


SA CDS spreads (bps)

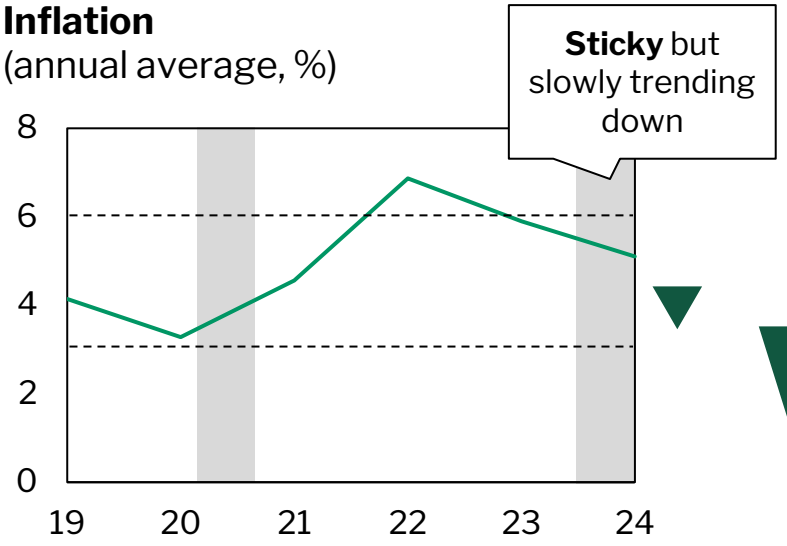


Operating environment – consumers remain under pressure, but the environment is expected to improve from here

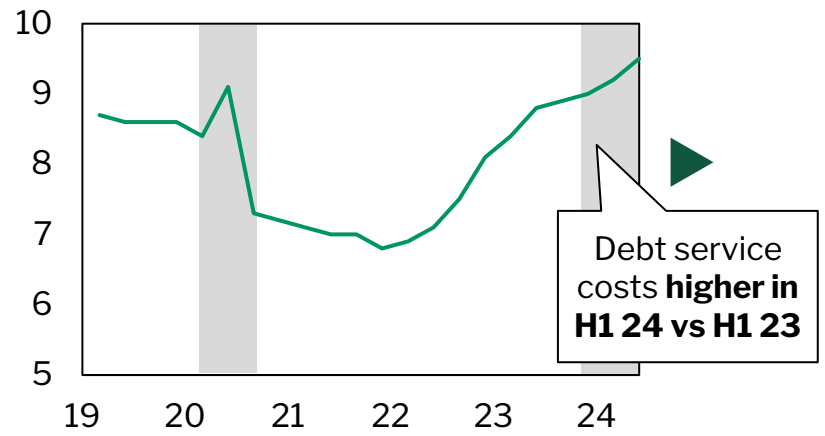
Prime interest rate
(year-end, %)



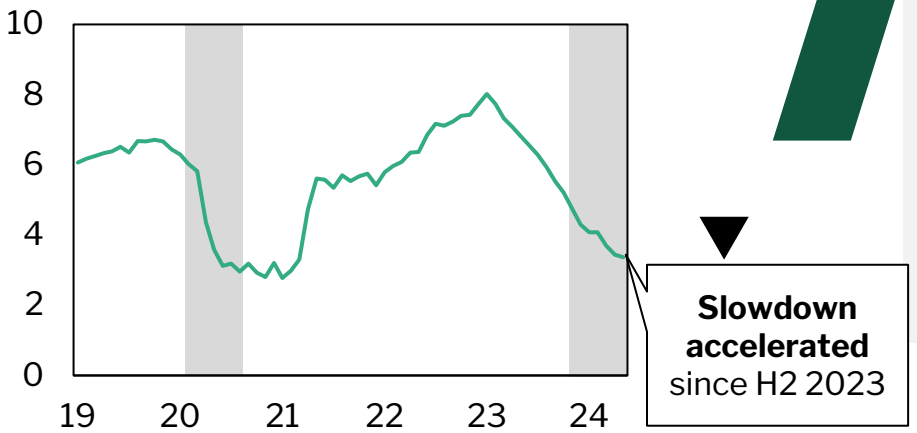
Inflation
(annual average, %)



Household debt service costs
(quarterly, % of PDI)



Household credit growth
(annual, % yoy)



- **Consumers remain under pressure**, given high interest rates (+475 bps increase from 2021 lows) & sticky inflation at 5,1%)
- **Real household incomes contracting** – declined in Q1 2024 (by 0,6% yoy)
- **Job prospects remain muted** – unemployment rate increased slightly to 32,9% in Q1 2024 (Q4 2023: 32,1%)
- Household **credit & transactional revenue growth slowed**

Nedbank Group strategy – well-positioned for refresh, building on strong foundations

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

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)

Steady execution across the board with further opportunities to improve

Strategic value drivers

Growth	Productivity	Risk & Capital Management
✗ Gross banking advances: +**4%** yoy	✓ **Good collection** outcomes in RBB & resolution of stage 3 loans in CIB	**Strong balance sheet**
✓ Retail main-banked clients: **+7%** yoy to 3,6m	✓ **TOM 2.0** cumulative benefits of **R2,6bn** achieved (target: R2,5bn)	✓ CET1 ratio: **13,3%** (11% to 12% target range)
✓ NAR clients: **+9%** yoy to 379k	✓ Focus on unlocking **incremental revenue & costs benefits** through TOM 2.1	✓ LCR: **127%** (100% reg min)
✓ App volumes: **+13%** yoy	✗ Cost-to-income ratio: **55,3%** (MT target: 52%)	✓ NSFR: **114%** (100% reg min)
✓ AUM: **+5%** yoy to **R463bn**		**Credit**
✓ Trading NIR: **+18%** yoy		✓ CLR down to **104 bps**, almost within target range (60 bps to 100 bps TTC)
✓ **Eqstra** acquisition in June '24		✓ ECL coverage strong: **3,51%** (2019: 2,31%)

Strategic overview



Mfundo Nkuhlu
Chief Operating Officer

Nedbank Group strategy

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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

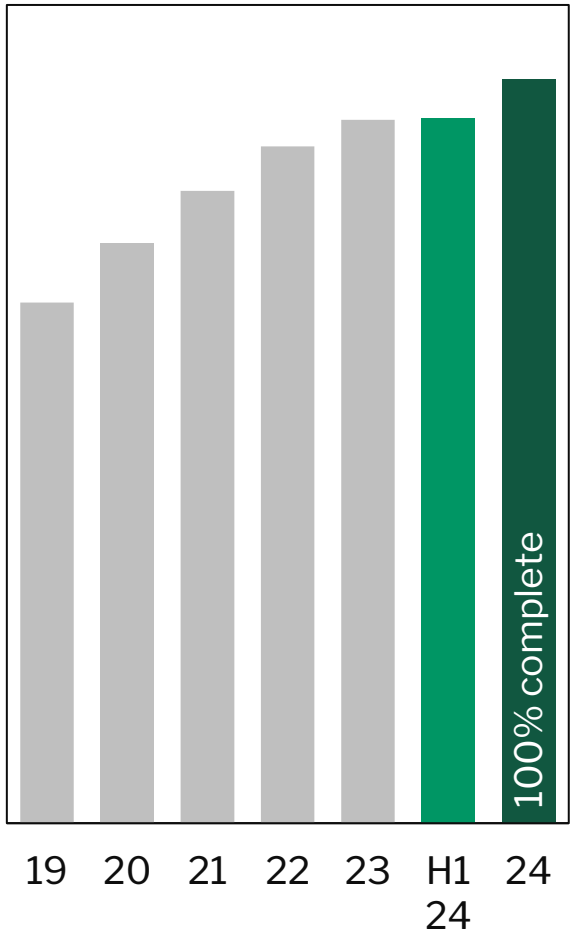
Digital leadership (DX)	Market-leading client experiences (CX)	Focusing on areas that create value (SPT)	Efficient execution (TOM)	Creating positive impacts (Purpose delivery)

World-class technology platform

Our employees & differentiated corporate culture (EX)

Our world-class technology platform – Managed Evolution (ME) IT build materially on time, on scope, on budget

ME completion – 95%



Key focus areas

ME completion

- **Core banking modules** (increased focus & more resources allocated)
- **Home loans & VAF** digital onboarding & sales (8/10 client journeys have already been completed)

Rationalisation

Targeted product reduction[1]:

- Transactional **60%**
- Investment **80%**
- Lending TBD

>2,2m MiGoals Accounts (including migrations)

Data commercialisation

- Established a **dedicated data & analytics team**
- **>50 AI use cases** across credit scoring, cross- & up-sell, fraud analytics, digital marketing, etc (revenue, cost & impairment benefits through TOM 2.1)

Harmonisation

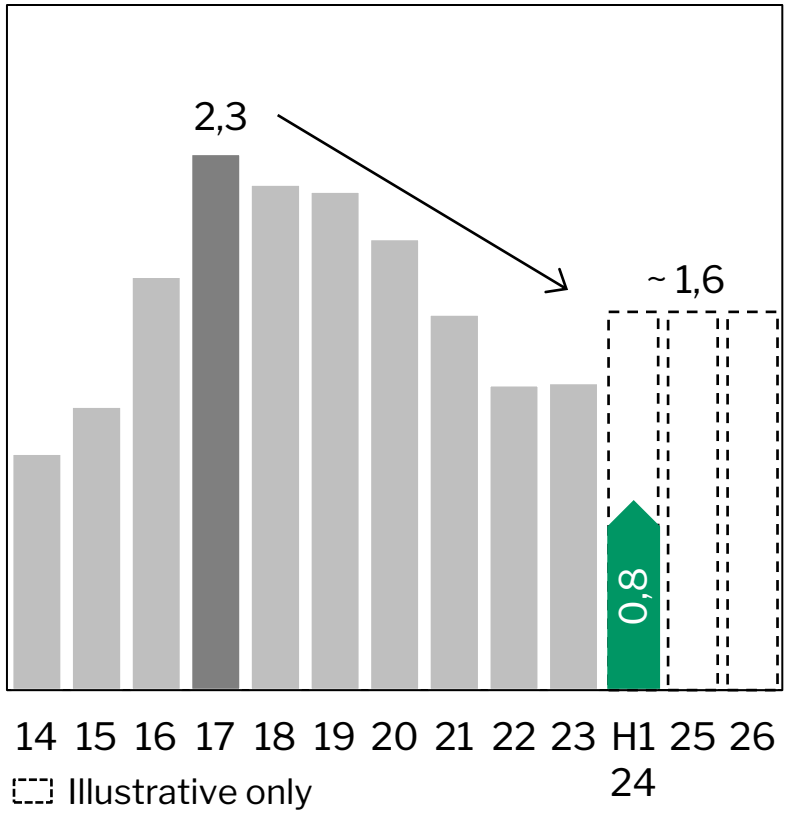
- **NAR** system convergence started (target completion by end 2026)
- **Mobile app** convergence under consideration

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

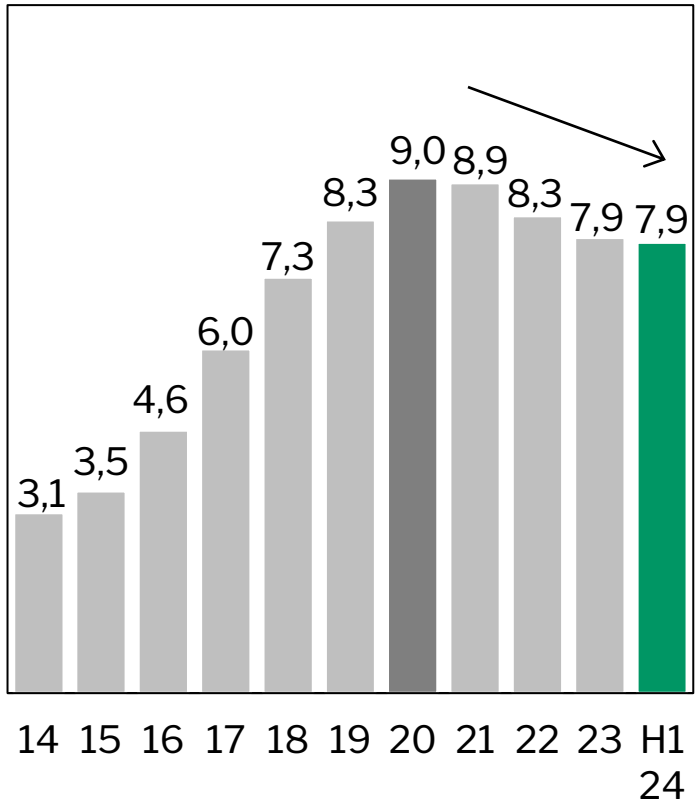
Managed Evolution IT build programme – cash flow spend peaked in 2017 at R2,3bn & intangible software assets peaked in 2020 at R9bn, while benefits are being realised according to plan

Additional info

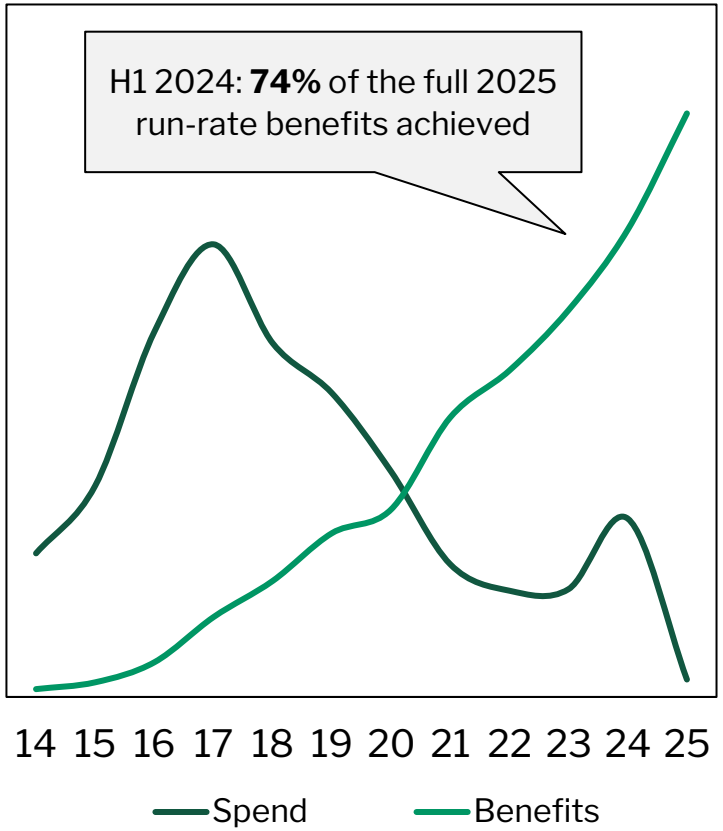
IT software development spend (Rbn annual cash flow)



Intangible software assets on the balance sheet (Rbn)



Investment vs benefit realisation to date (%)



Benefits from our world-class technology platform & enhanced digital innovation continue to differentiate Nedbank

Strategic value unlocks

Benefits for our **clients**

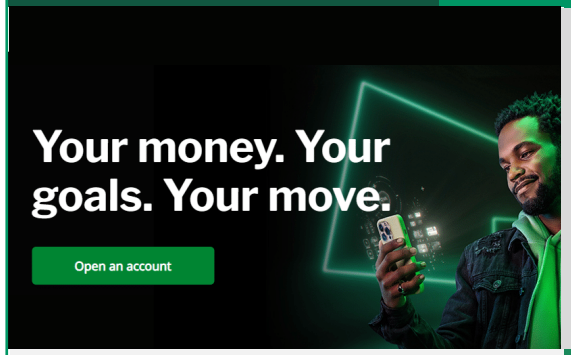
Digital onboarding

Seamless FICA-compliant onboarding of individual & juristic clients

Digital servicing

> 200
Individual services on Eclipse & Money app

> 400
Juristic services on Nedbank Business Hub

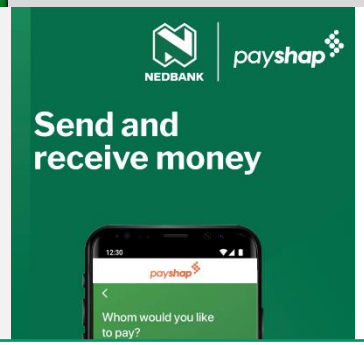


Digital product sales

% of new sales
▲ 64%
(2020: 28%)
LT target: >75%

Great client experiences

NPS
▲ #1 bank
(2020: #3)
LT target: #1



Payshap

23%
market share

Benefits for **Nedbank**

Revenue uplift

Retail cross-sell
▲ 2,00
(2020: 1,78)

Main-banked clients
▲ 3,6m
(+7% yoy)

Beyond Banking

Avo clients
▲ 2,7m
(+19% yoy)

VAS revenue
▲ 28%

TOM savings

cumulatively
>R4,5bn
(since 2020)



Operational efficiencies

Floor space
▼ 38%

Headcount
▼ 9%
(since 2020)

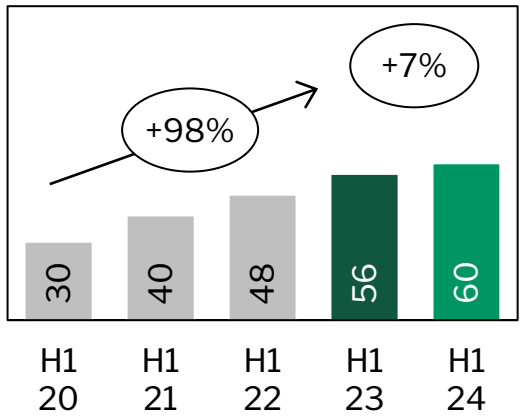
Cloud computing | storage

▲ 63% | 36%
Dec 2022: 23% | 23%
Dec 2023: 57% | 33%

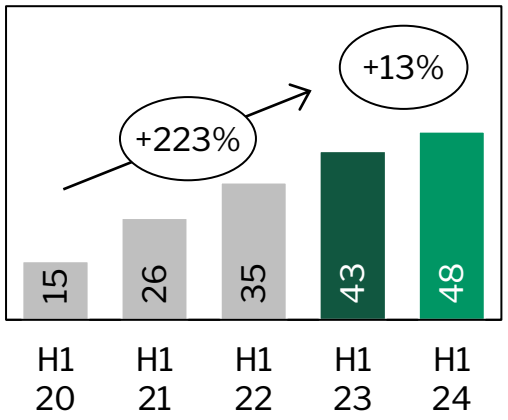
Digital uptake & usage continue to grow strongly – independent benchmarking ranks Nedbank's digital capabilities highly

Strategic value unlocks

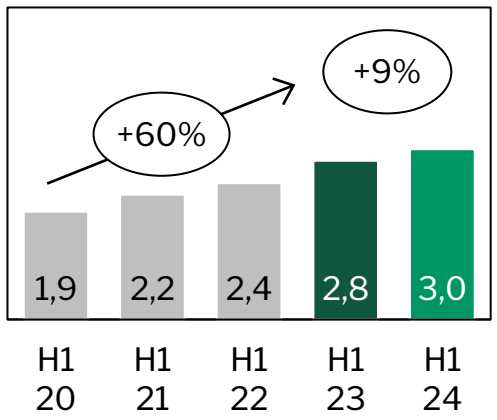
Digital transaction volumes
(# m)



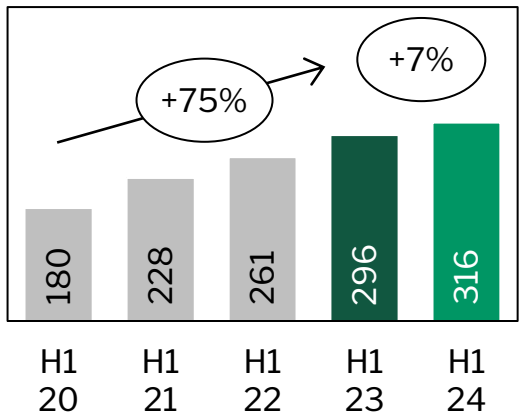
App transaction volumes
(# m)



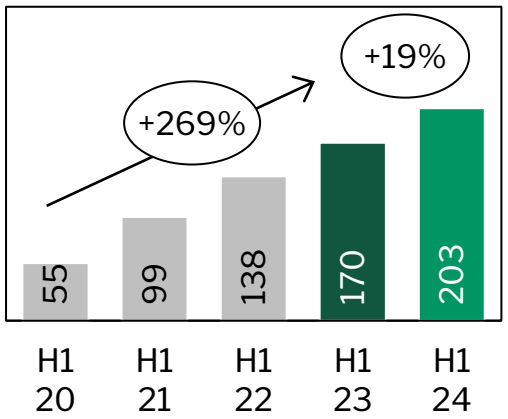
Digitally active clients
(# m)



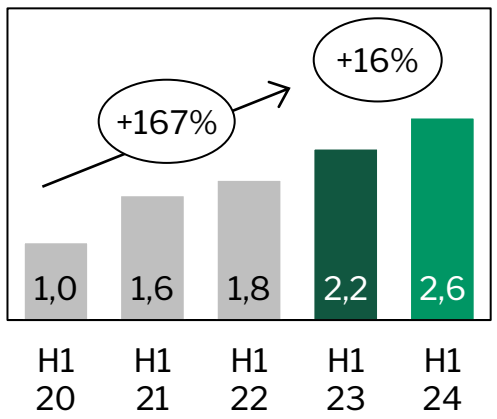
Digital transaction values
(Rbn)



App transaction values
(Rbn)



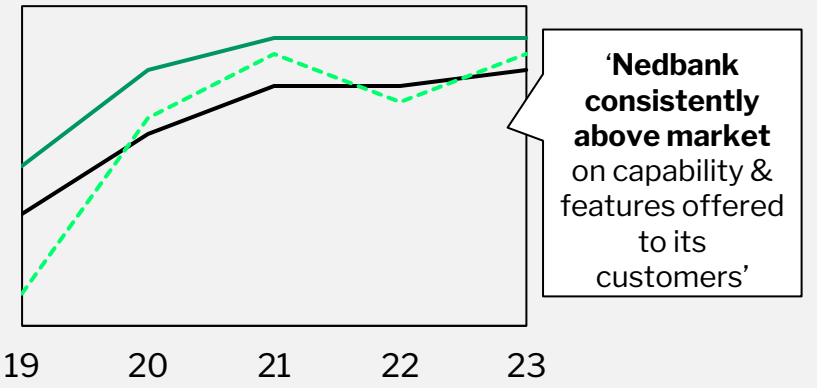
Money app active users
(# m)



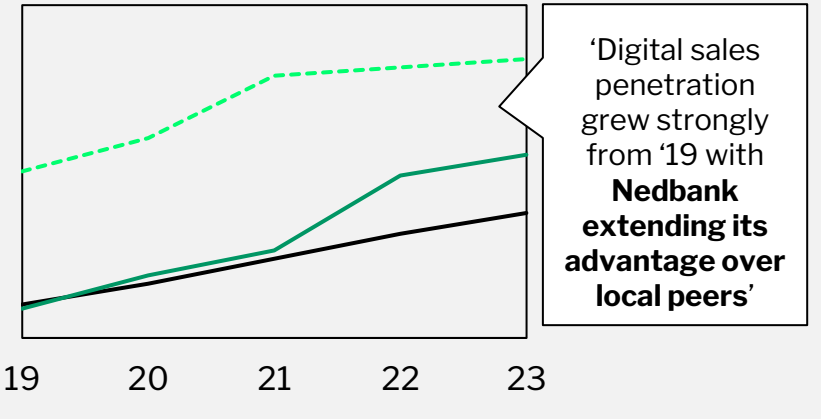
Change since 2020 2023 vs 2024

Additional info

Capability
Servicing features offered (%)



Digital sales contribution
(%)



Source: 2023 Finalta Survey (McKinsey & Company).

Main-banked growth is evident & sustained across most segments

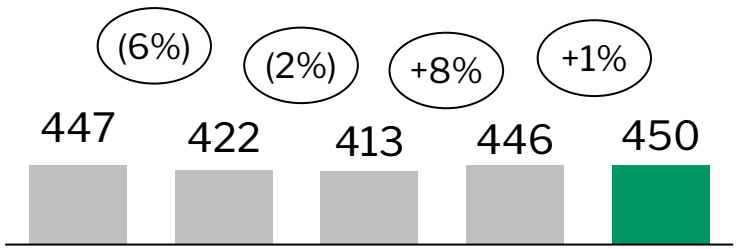
Strategic value unlocks

Additional info

Main-banked clients[1], # 000

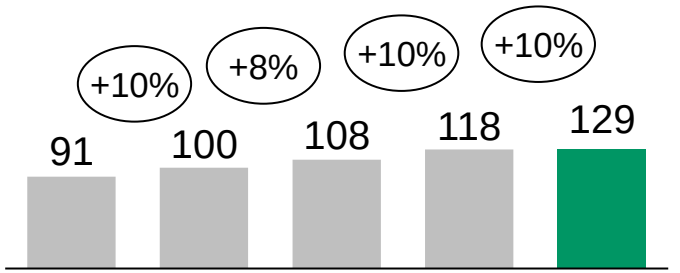
Kids & youth



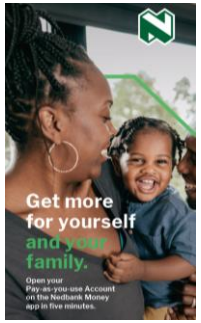


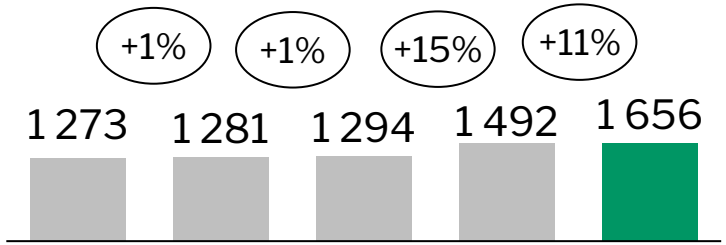
Private Clients





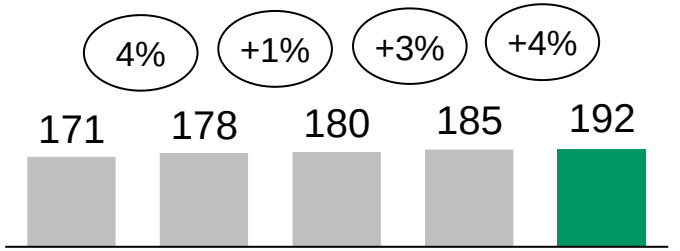
Entry level



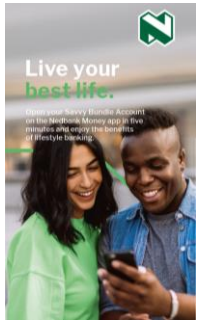


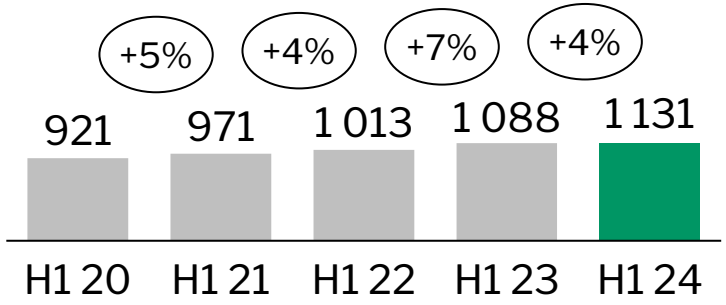
Small Business Services





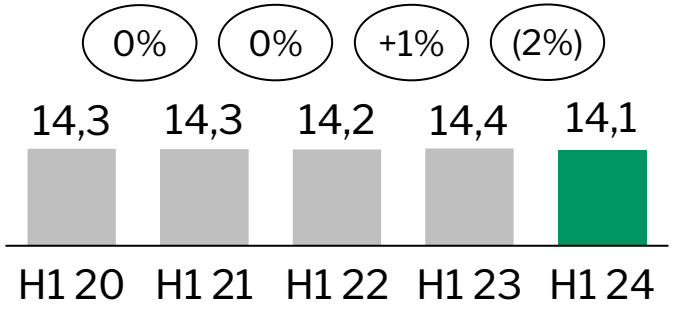
Middle





Commercial Banking[2]





[1] Definition of main-banked: Clients who achieved a minimum deposit or a number of quality transactions on average per month over 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.

Profitable market share gains in areas that create most value
(Strategic Portfolio Tilt)

Strategic value unlocks

BA900 market share (%)	**May 23**	**May 24**	Yoy change
Total core loans	18,8	18,5	▼
Wholesale term loans	17,1	16,2	▼
Commercial mortgages	36,8	35,4	▼
Home loans	14,2	14,5	▲
Retail vehicle finance	35,3	35,8	▲
Retail overdraft	12,9	15,5	▲
Personal loans	11,2	10,6	▼
Retail deposits	16,4	16,7	▲
Commercial deposits	16,5	15,3	▼

- **Yoy market share gains** in retail home loans, retail vehicle finance, retail overdrafts & retail deposits
- **Growth opportunities** – infrastructure & SDG-related financing, particularly in wholesale term lending (underpinned by strong renewable energy pipelines)
- **Selective credit origination** in commercial mortgages where we have a strong market position
- **Prudent credit granting** in unsecured lending in a difficult macroeconomic environment
- **Deposits** – retail deposits growth above industry levels (market share gains in CASA & demand deposits, with a slight loss in term deposits)

Total core loans include retail & corporate loans, excluding foreign currency loans, resale agreements, interbank & preference shares. | Retail deposits, a common lens used in the industry, is the sum of BA900 lines 26, 27, 28 & 35.

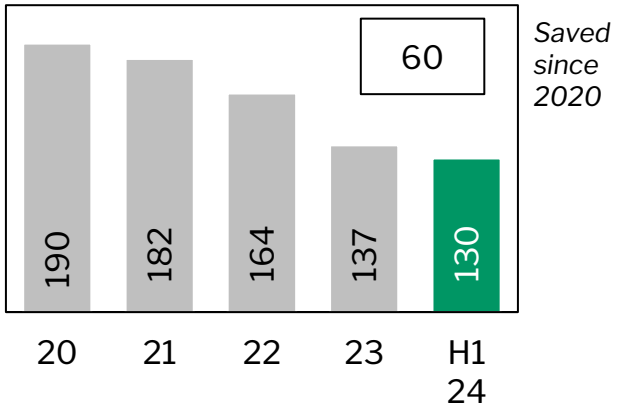
Efficient execution – ongoing operating model changes to support a lower cost-to-income ratio over the medium term

Strategic value unlocks

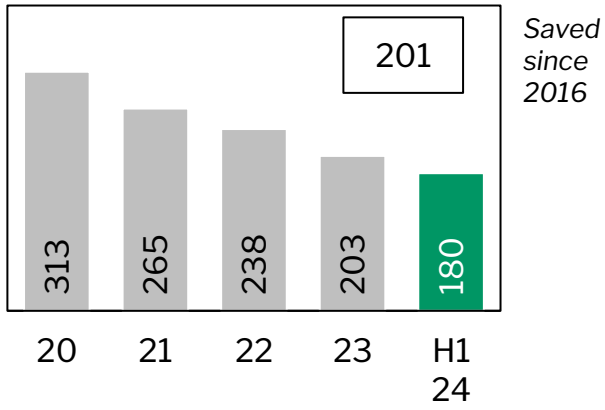
Target operating model (TOM)

- **TOM 2.0** – cumulative benefits of R2,6bn achieved (target: R2,5bn) ✓
- **TOM 2.1** – targeted benefits to be communicated at FY 2024 to allow for appropriate governance & incorporate into business planning
  - **Further benefits from TOM 2.0** floorspace, back-office optimisation, etc
  - **Data & analytics commercialisation**
  - **Payment modernisation**
  - **Intelligent hyper-automation** (process optimisation)

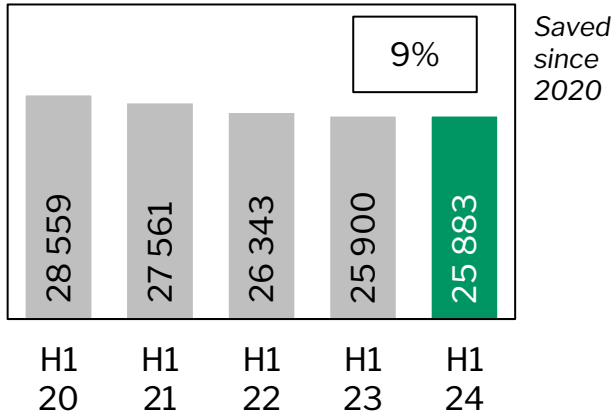
Branch floor space[1] ('000 m²)



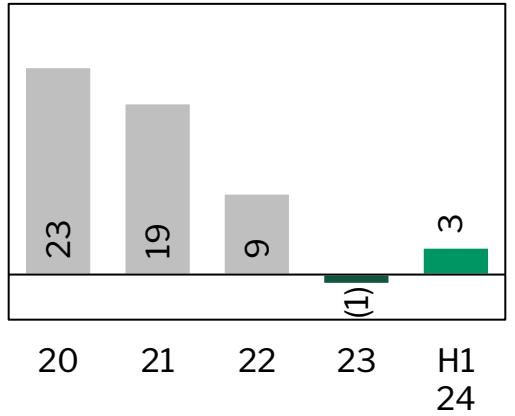
Corporate real estate floor space ('000 m²)



Permanent employees[2] (#)



Annual IT amortisation charge (% growth)



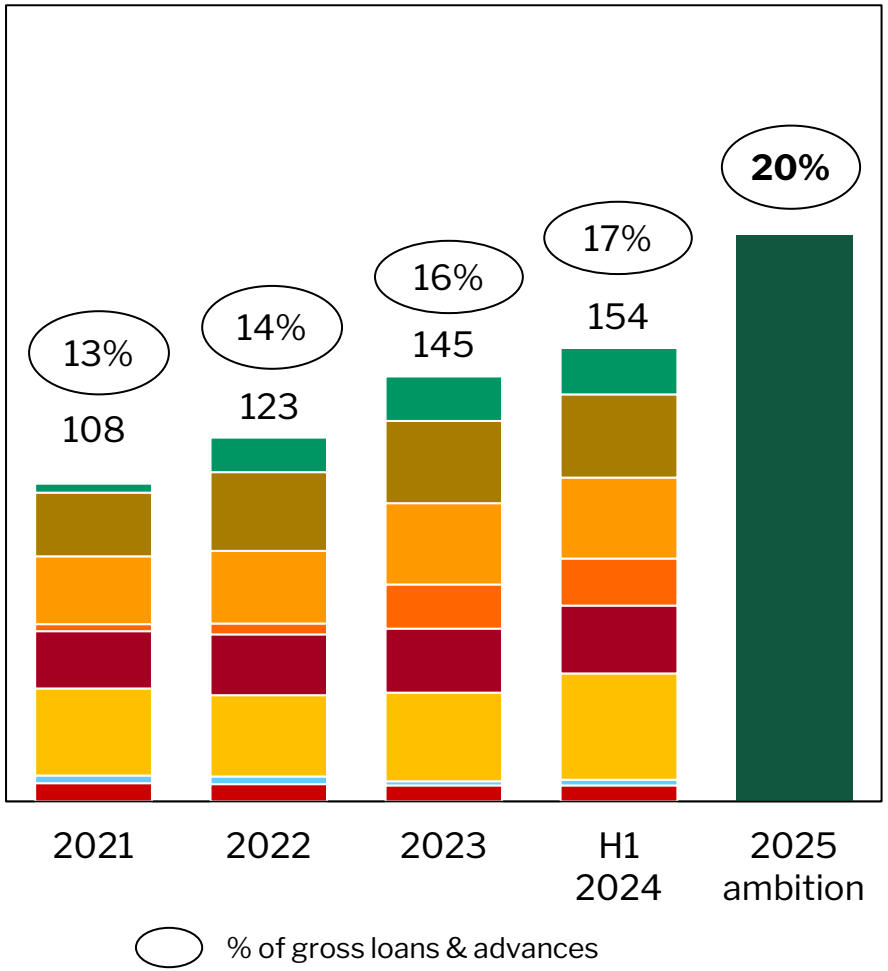
[1] *Total branch floor space (largely due to Imagine) saved since 2020 equates to a 32% reduction.*
[2] *Permanent employees down by 17 yoy (excl Eqstra down 293 yoy), largely due to natural attrition.*

Creating positive impacts – more than R150bn support for sustainable development financing (SDF)

Strategic value unlocks

Sustainable development finance[1]

(Rbn)



8 DECENT WORK AND ECONOMIC GROWTH

R23bn lending exposure to small businesses & their owners

simplybiz®
Registered business users
+180% to >74 000
(H1 23: 27 000)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

R28bn
support for farmers & the agriculture sector

R16bn
sustainable finance across multiple SDGs (CIB clients)

6 CLEAN WATER AND SANITATION

R2bn financing for clean water & sanitation

Concluded a 15-year **R4,5bn** term loan facility to support 75 million m³/pa Limpopo water supply

7 AFFORDABLE AND CLEAN ENERGY

R36bn total renewable energy exposures (R58bn limits)

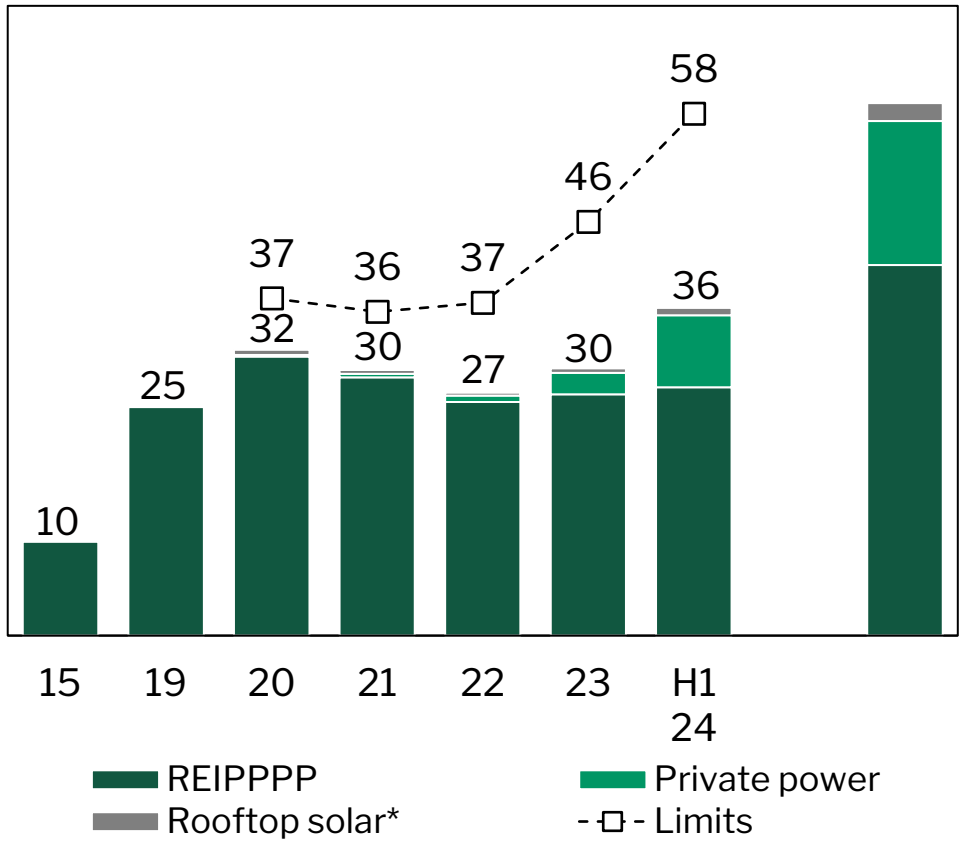
Renewable energy	
Exposures	**+20%** ytd
Limits	**+27%** ytd
Pipeline (H2 24)	**R11bn**

[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).*

Creating positive impacts – building on our leadership in renewable energy: exposures +20% & limits +27% since December 2023

Strategic value unlocks

Renewable energy financing
(drawn exposures, limits, Rbn)



Nedbank has supported 4,3 GW REIPPPP & private power projects to date

Renewable energy financing opportunities to date

RBB renewable finance
- Solid growth in Commercial Banking & Retail

CIB mandated on 1 GW
of new commercial private generation
- 6 projects closed in H1 24 (0,9 GW)
- 7 projects anticipated to close in H2 24 (0,7 GW)

CIB mandated on 0,5 GW of Government projects
- 3 projects expected to close in '24 (0,2 GW)
- Round 7 (5GW expected market size) delayed to '25 given grid-access deliberations

Nedbank's approved pipelines support a further >1,6 GW of new renewable energy

R16bn CIB book growth expected for 2024 (H1 '24: R5bn)

** Rooftop solar understated given use of access bonds*

Creating positive impacts – ESG highlights

Strategic value unlocks

Nedbank ESG ratings

MSCI	AAA	**Top 5%** of global banks[1]
S&P Global	60	**Top 9%** of global banks
SUSTAINALYTICS	15,0	**Top 10%** of diversified banks
ISS ESG	C	**Top 10%** of all global banks
FTSE Russell FTSE4Good	4,0	**Top 28%** of global banks

2030 financed emissions targets set for thermal-coal, oil & gas, and power generation (1st SA bank)

Nature position statement published (1st SA bank)



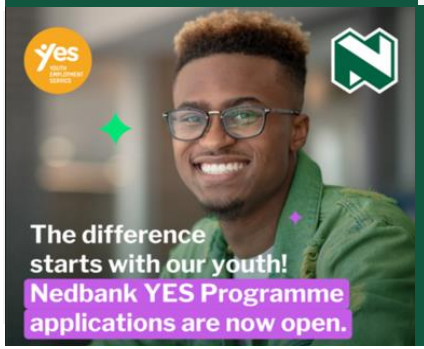
Zero exposure to fossil-fuel-related activities by **2045**

83% AIC representation (from 78% in 2019)

Level 1 BBBEE status for the past 6 years

Deposit insurance implemented (>R100bn covered deposits)





>3 600 unemployed youth (YES) recruited for our 2024 intake (> 13 500 since 2019)

2024 Euromoney Awards – The **World's Best Bank for Diversity & Inclusion**

Cash taxation payments[2] of **R8,8bn** up by 21% yoy

[1] *Top 5% among global banks (in the MSCI index) & top 10% among the broader banking universe.*
[2] *Tax payments relate to direct, indirect & employee taxes, as well as other taxation.*

Nedbank's climate change journey – our commitment to net zero

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

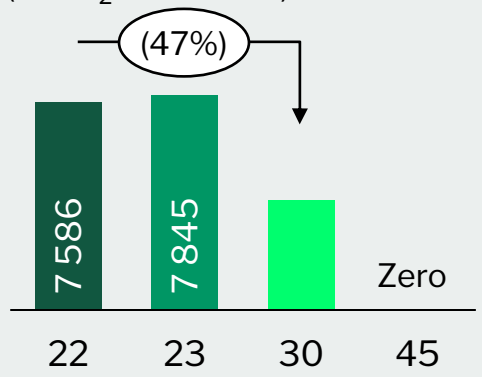
No financing for new utility-scale or embedded gas-fired power generation[1]

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

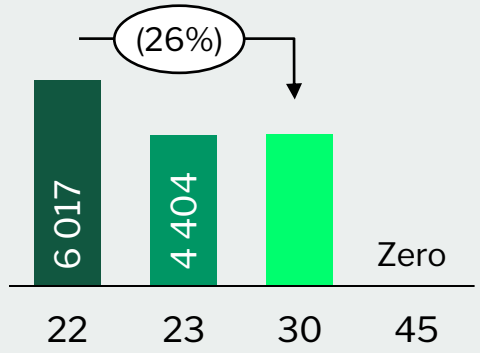
Thermal-coal glidepaths ($ktCO_2e$ financed)



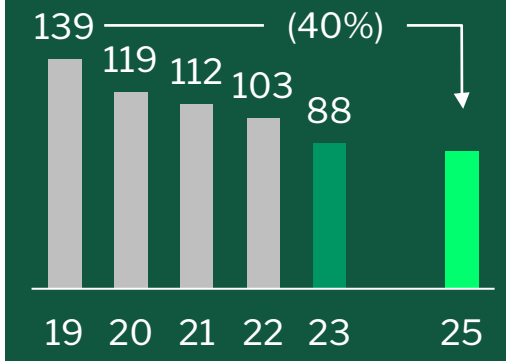
Power generation

Adopted a **cap** aligning to the IEA's Net Zero Emissions scenario of **165 gCO_2e/kWh**

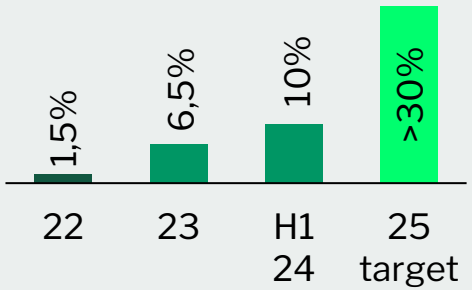
Oil & gas glidepaths ($ktCO_2e$ financed)



Own operational GHG emissions ($ktCO_2e$)



Own operational renewable energy sourced (% of total electricity)



Financed emissions

	Emissions Intensity	% of book
Mortgage loans[1]	11,7%	83,1%
Vehicle finance[2]	13,2%	98,6%

Absolute emissions:
[1] 1 664 $ktCO_2e$
[2] 1 747 $ktCO_2e$

[1]from 1 January 2030, with exceptions as noted in our energy policy.

External recognition received in H1 2024 – across business excellence, technology & innovation and purpose & ESG

Additional info

2024 Global Banking & Finance Review
Best Investment Bank (South Africa)
(winner)

2024 Global Banking & Finance Review
Best SME Bank (South Africa)
(winner)

2024 City of London Wealth Management Awards
Best Private Bank in the UK
(winner)

2024 Morningstar Awards
Best Flexible Fund
(winner)

2024 Global Finance Magazine Awards
Most Innovative Bank Mozambique
(winner)

2024 Global Banking & Finance Review
Best Bank for Sustainable Development (South Africa)
(winner)

2024 Global Banking & Finance Review
Best Sub-Custodian Bank (South Africa)
(winner)

2024 Global Banking & Finance Review
Best Retail Bank (South Africa)
(winner)

2024 Kruthum Top Private Banks and Wealth Managers Survey
People's Choice - Private Bank Top Private Bank
(2nd place)

2024 EuroMoney Awards
Best Digital Bank Africa
(winner)

2024 Global Brands Magazine Awards
Best Mobile Banking Application Lesotho
(winner)

2024 Global Finance Magazine Awards
Best Bank for Sustainable Finance (South Africa)
(winner)

2024 Bonds, Loans and ESG Capital Markets Africa Awards
Corporate Bond Deal of the Year
(joint winner)

2024 The Digital Banker Awards
Best Bank for Transaction Banking Services (Africa & SA)
(winner)

2024 Kruthum Top Private Banks and Wealth Managers Survey
Entrepreneur Executive
(2nd place)

2024 EuroMoney Awards
Best Digital Bank South Africa
(winner)

2024 Black Business Awards
Transformation Champion Award
(winner)

2024 Euromoney Awards
Best Bank For Diversity and Inclusion South Africa Africa
(winner)

2024 Bonds, Loans and ESG Capital Markets Africa Awards
Power Finance Deal of the Year
(joint winner)

2024 Forrester Awards
Customer Obsessed Enterprise Award (EMEA)
(winner)

2024 Kruthum Top Private Banks and Wealth Managers Survey
Young Professional Retiree
(3rd place)

2024 Global Banking & Finance Review
Best Digital Bank Mozambique
(winner)

2024 Global Finance Magazine Awards
Best Bank for Green Bonds (Africa)
(winner)

2024 Euromoney Awards
The World's Best Bank For Diversity and Inclusion
(winner)

Business-impact- & expertise-related

Technology- & innovation-related

Purpose- & ESG-related

Financial overview



Mike Davis
Chief Financial Officer

Key drivers – the impact of a difficult operating environment in H1 2024 was offset by good strategic delivery

Operating environment

- Geopolitical uncertainty ✗
- SA political & social risk ✗
- Weak economic activity ✗
- Elevated levels of inflation ✗
- Pressure on household finances ✗
- Corporates remained cautious ✗
- Competition ✗
- High interest rates ✗ ✓
- Reduced levels of load-shedding ✓
- Positive market reaction after SA elections (eg bonds, equity markets, currency) should position SA for a better H2 2024 & future ✓
- Regulation –

Strategic delivery

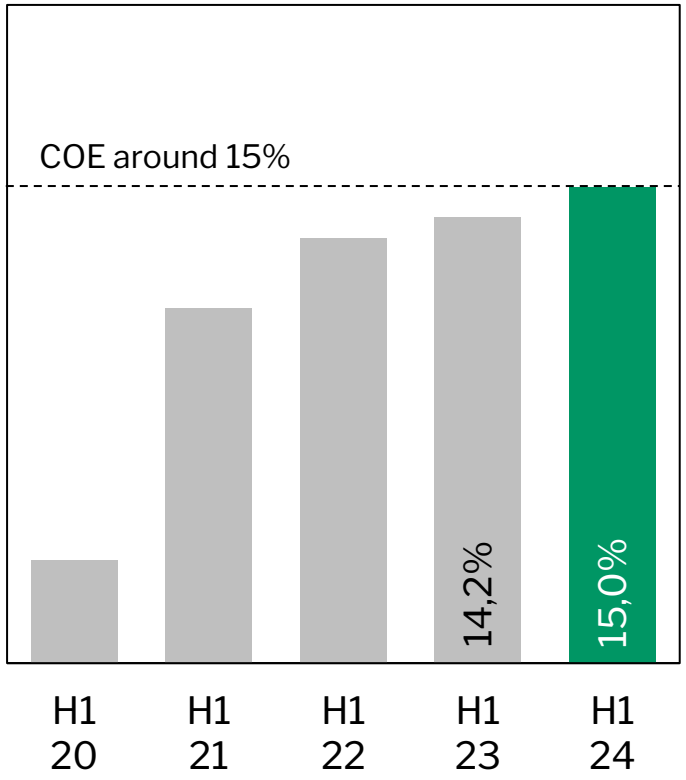
- Technology/Digital ✓
- Cross-sell & main-banked client gains ✓
- Market share gains ✗ ✓
- Efficient execution ✓
- Creating positive impacts ✓

Profitability metrics improved & a strong balance sheet maintained

+8% R7,9bn Headline earnings	**15,0%** (H1 23: 14,2%) ROE	**+4%** R913bn Gross banking advances	**13,3%** (H1 23: 13,3%) CET1 ratio	**127%** (Q2 23: 143%) LCR
+12% 1 650 cents DHEPS	**104 bps** (H1 23: 121 bps) CLR	**+3%** R1 120bn Deposits	**+11,5%** 971 cents Dividend per share	**114%** (Q2 23: 119%) NSFR

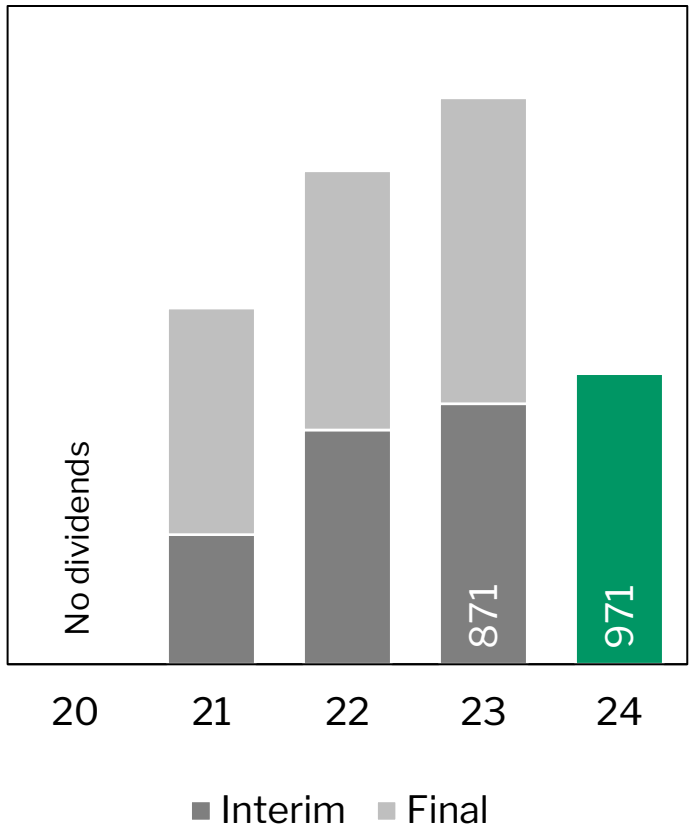
Shareholder value creation – seasonally lower interim ROE, but higher yoy & now equal to COE, with interim dividend declared at the top of our payout ratio

ROE & cost of equity (%)



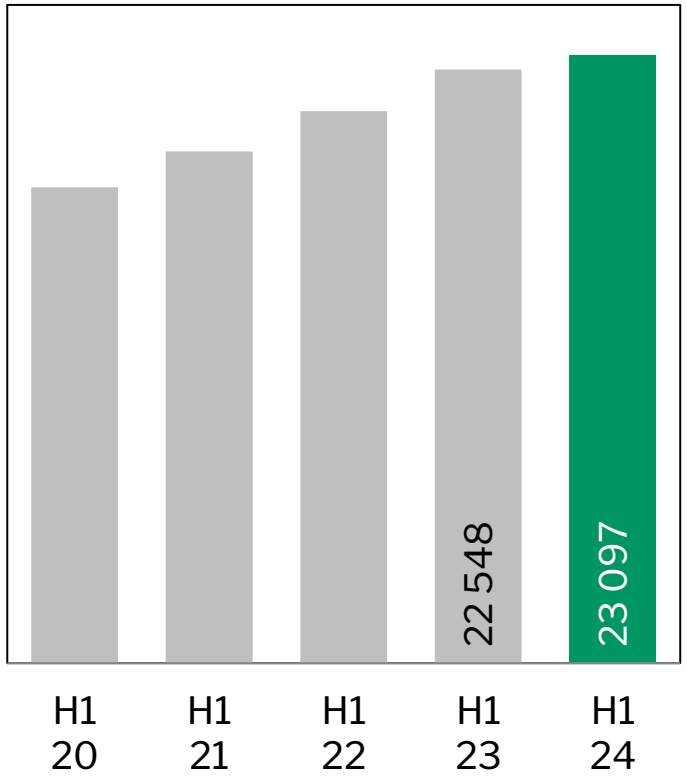
ROE = COE

Dividend per share (cents)



Dividend at 57% payout ratio

NAV per share (cents)[1]

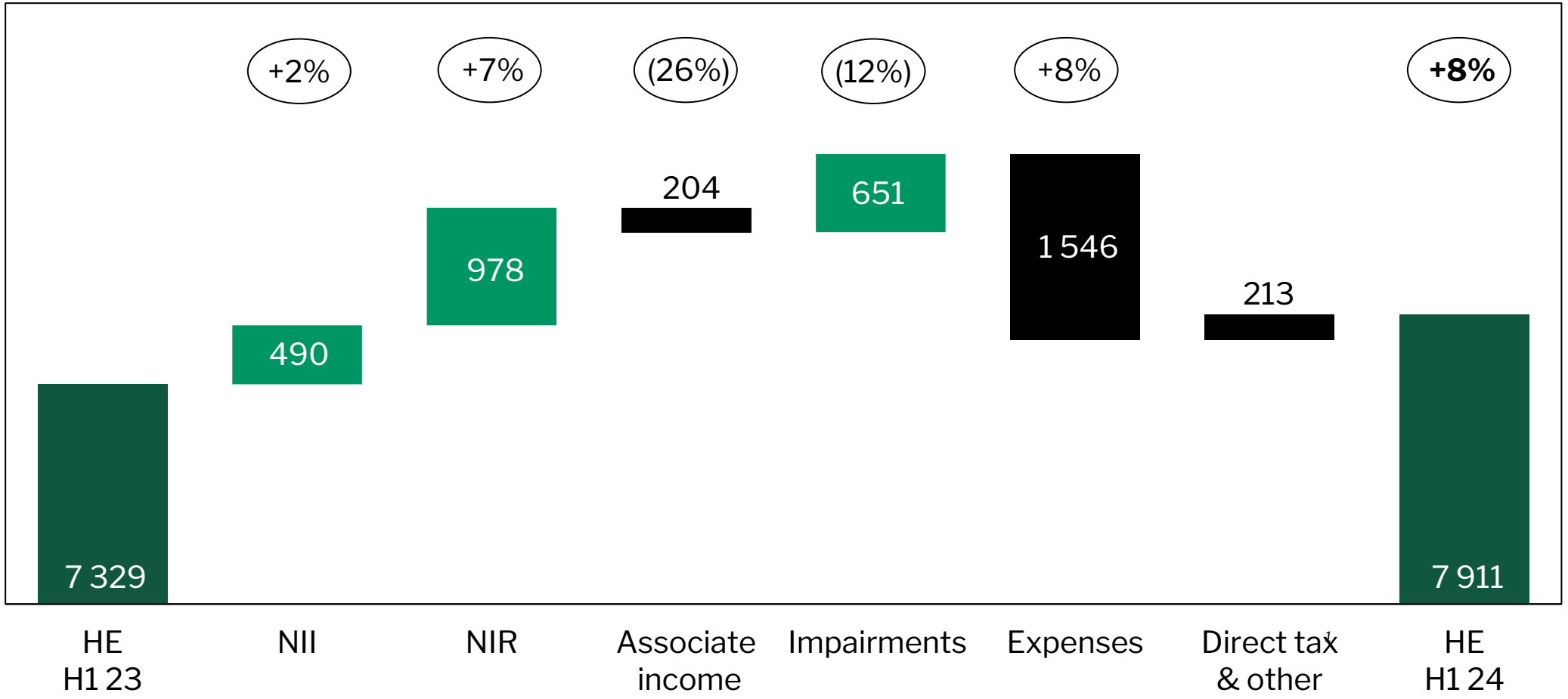


NAV/share +2% yoy

[1] *NAV per share in H1 2024 impacted by R1,6bn of FCTR debits (our non-SA operations & our share of ETI).*

Headline earnings up by 8% – driven by good NIR growth, lower impairments & tight cost control

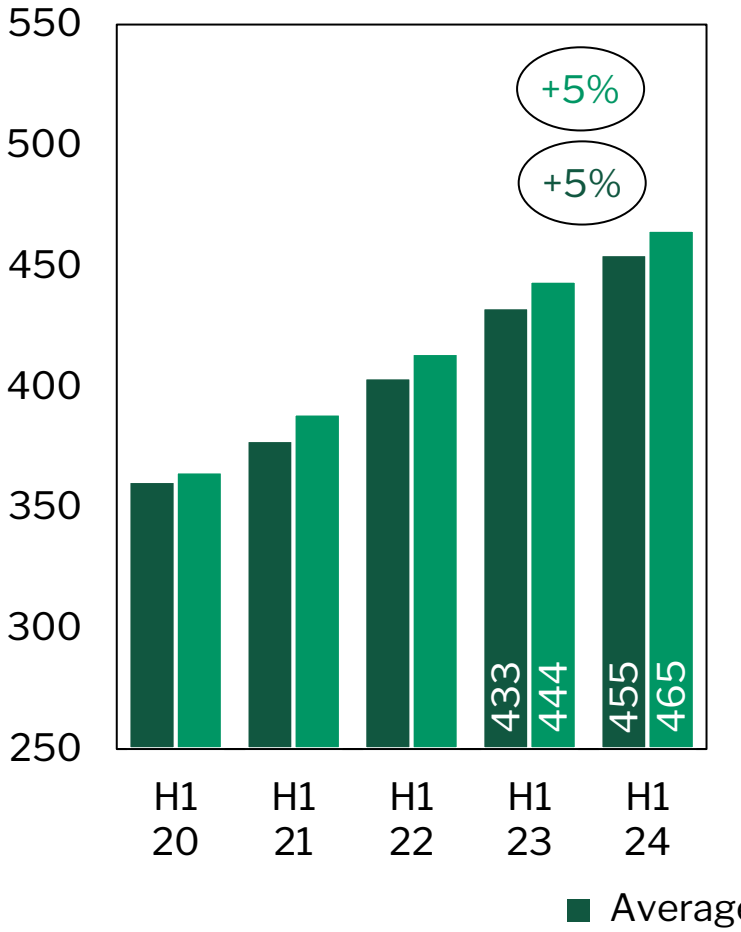
Headline earnings (Rm)



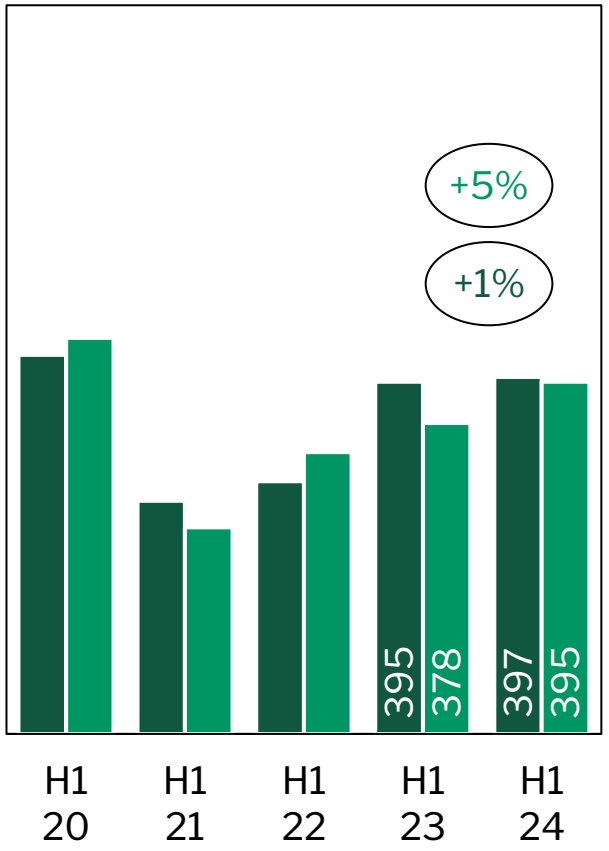
[1]*Other' includes indirect tax and minority & preference shareholders.*

Banking advances up by 4% yoy – slowed momentum with consumers under pressure & corporates cautious ahead of the SA elections

RBB gross actual & average banking advances (Rbn)



CIB gross actual & average banking advances (Rbn)



Average Actual

- **RBB**
  - Solid growth in RRB with more muted growth in NCB
  - Gradual HL market share gains, but weak demand
  - Leveraging our strong position in MFC, with market share gains
  - Deliberately more cautious in unsecured lending given elevated risk, losing market share
- **CIB**
  - Term lending businesses grew by 5%
  - Pipelines strong for H2 2024

Gross banking advances up by 4%

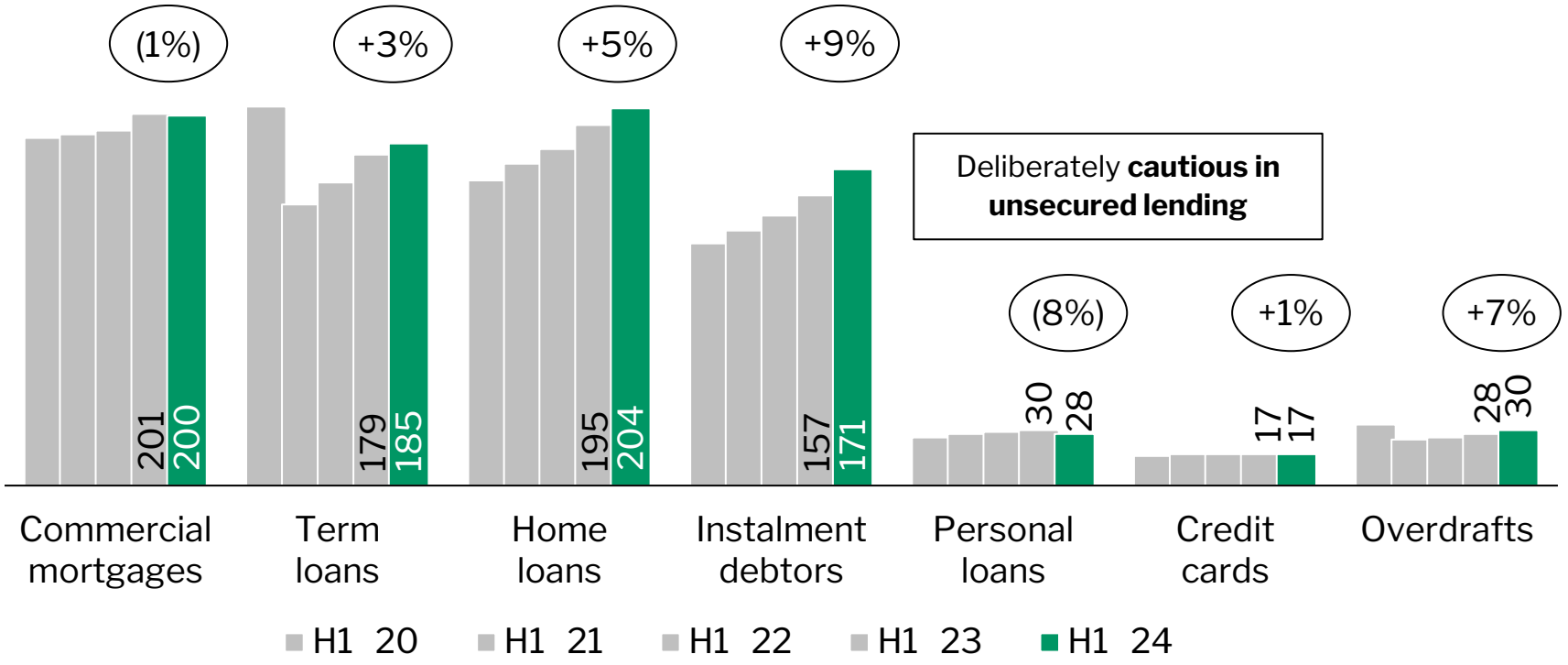
Additional info

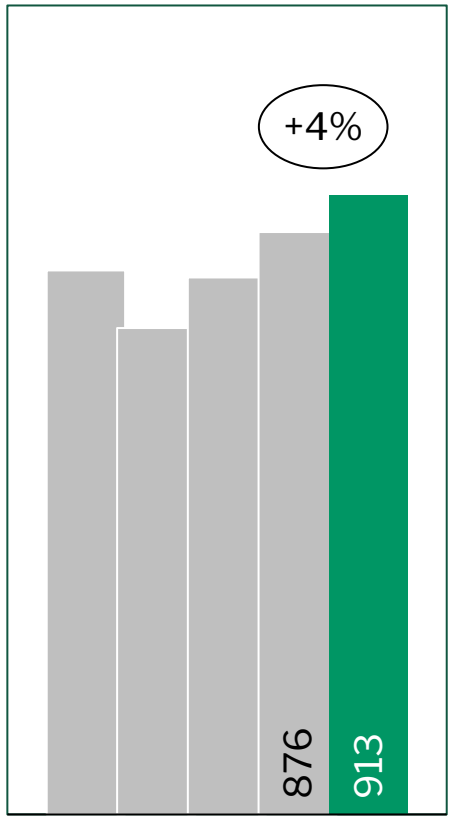
Commercial mortgages flat given election uncertainty & high-interest rate environment

Term loan growth in selective sectors, but corporates remained cautious ahead of elections

Good HL growth with market share gains, but slight decline in residential property market activity

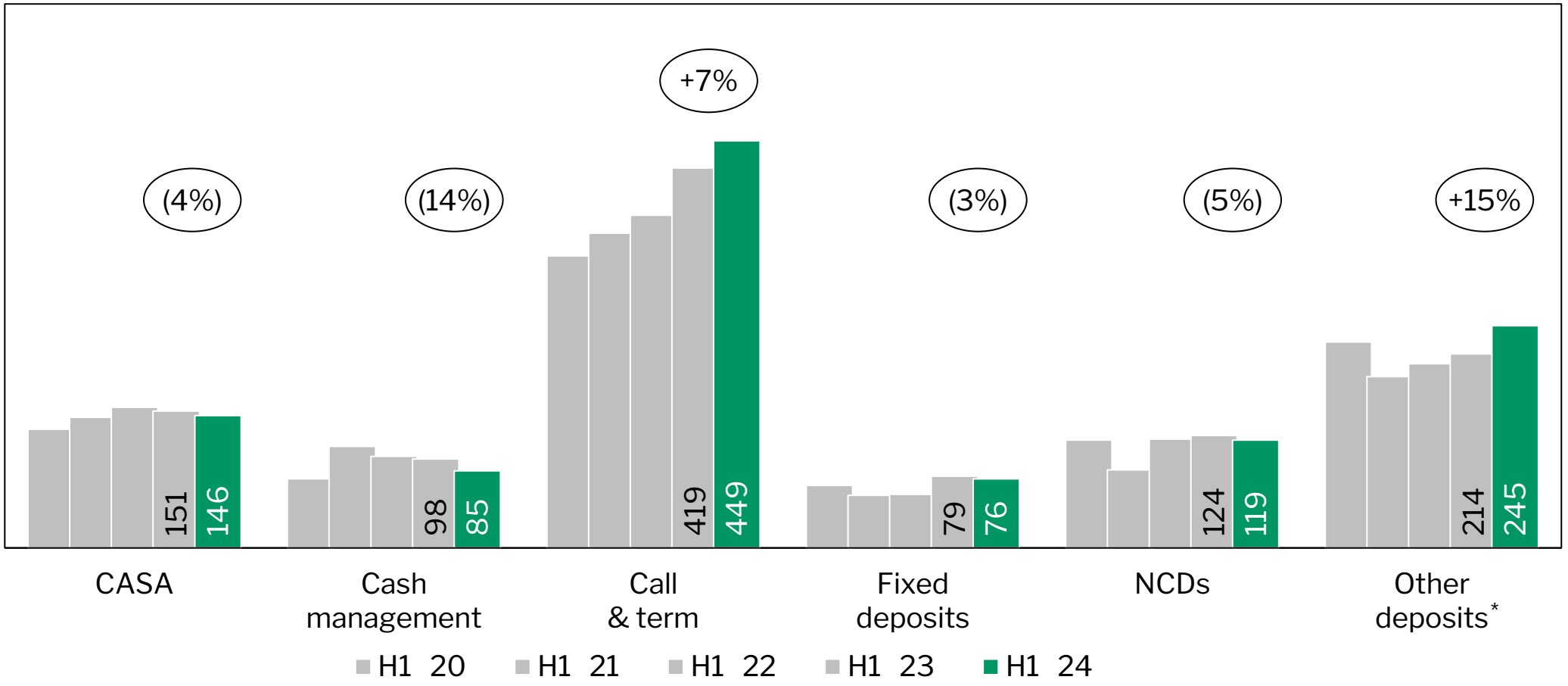
Strong MFC growth, leveraging our market-leading position, strong alliance relationships & an optimised digital platform





Deposits up by 3% – clients continued to shift to longer-term & other duration products, given the higher-interest-rate environment & the expectation that rates have peaked

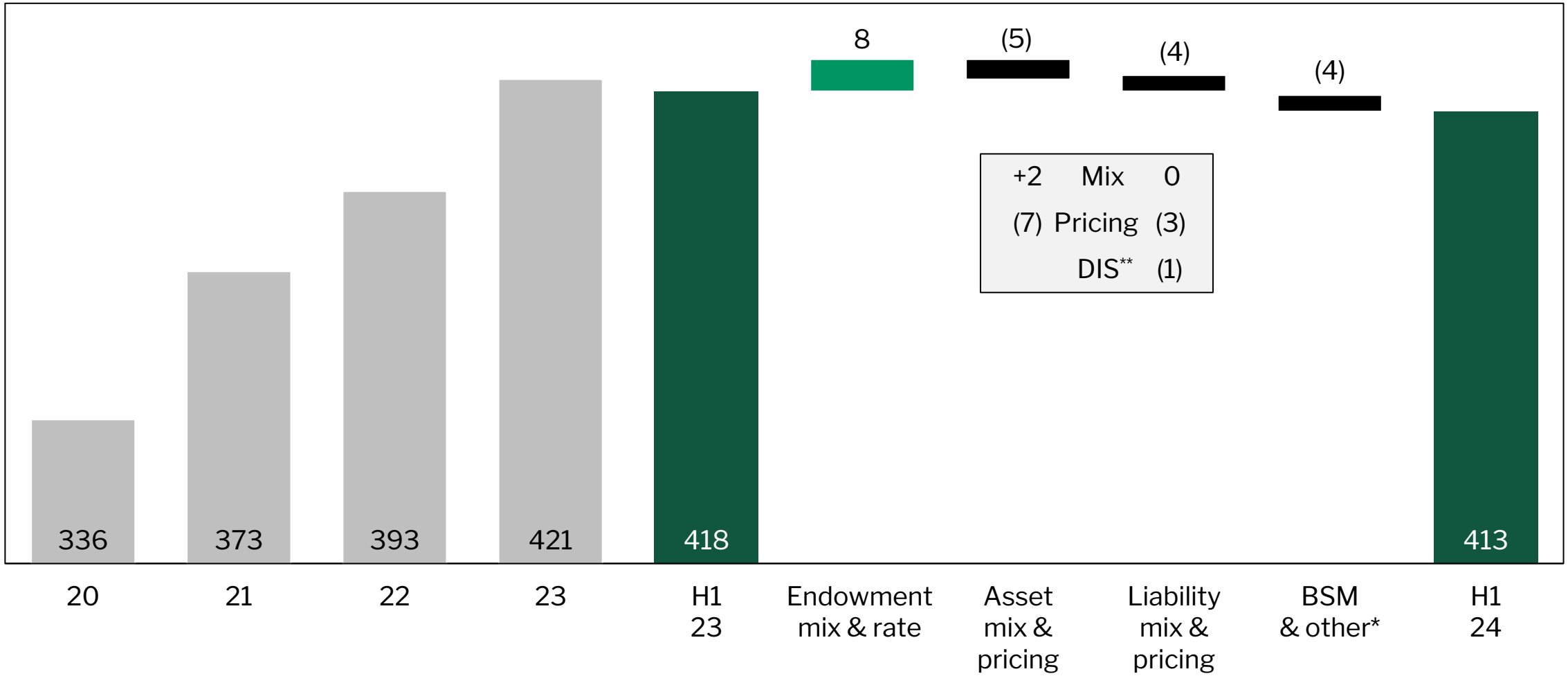
Deposits (Rbn)



*Other deposits growth was driven by an increase in structured products due to client demand for bespoke yield-driven products.

NII up by 2% – driven by AIEBA growth of 3% & NIM compression of 5 bps, primarily from asset & liability pricing pressure, partly offset by ongoing positive endowment benefit

Net interest margin (bps)

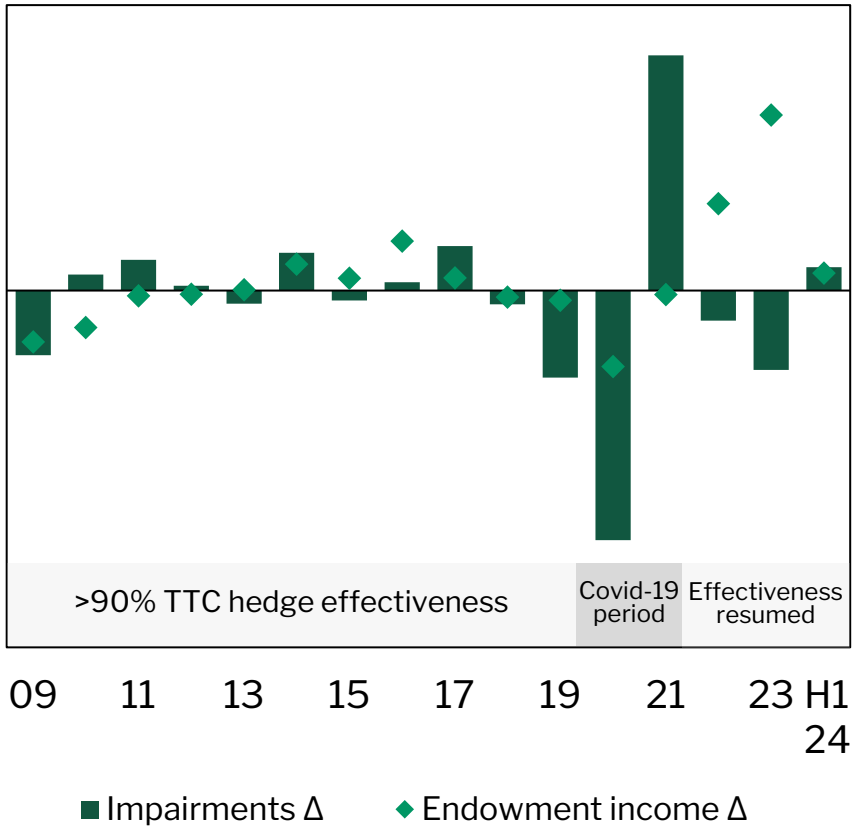


*BSM (Balance sheet management) & other includes a negative HQLA mix impact (-5 bps) & negative basis risk impact (-3 bps).
**The impact of the Deposit Insurance Scheme (DIS) premium & levy is included in liability mix & pricing.

Endowment income – interest rate risk management, net of impairments is a focus, while new strategies are being evaluated

Additional info

Change in endowment income vs impairments (Rbn)



Directional drivers

	H1 23	H2 23	H1 24	H2 24	2025
Average SA interest rates	**11,07%**	**11,75%**	**11,75%**	**11,54%**	**10,78%**
	11,41%		**11,65%**		
Endowment (yoy change)	▲	▲	▲	▼	▼
CLR (yoy change)	▲	▼	▼	▼	▼
	121 bps	104 bps		CLR within 60 to 100 bps range	

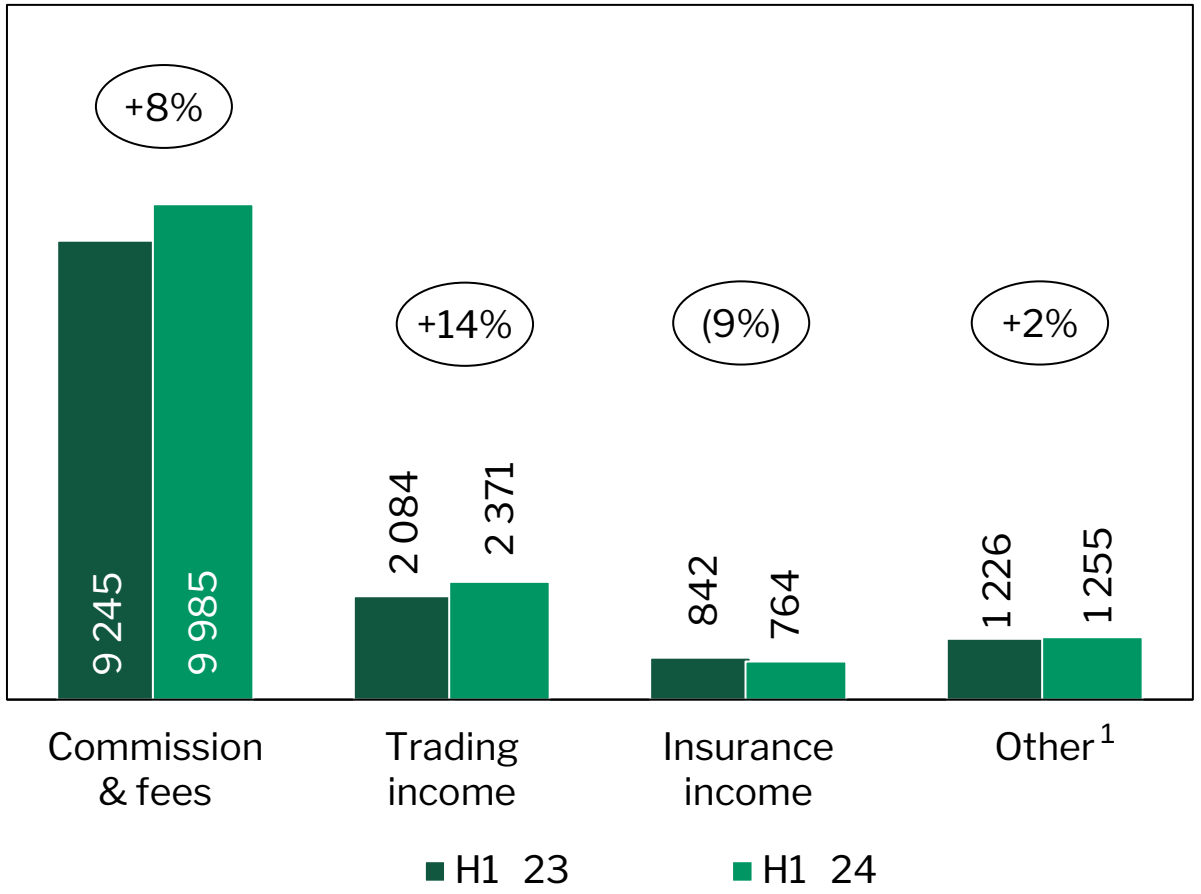
10 bps CLR = **R0,9bn** pre-tax

10 bps NIM = **R1,0bn** pre-tax

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

NIR up by 7% – supported by solid growth in commission & fees and strong trading income performance. NIR, excluding the Zimbabwe FX base impact & Eqstra acquisition, was +9,5%

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



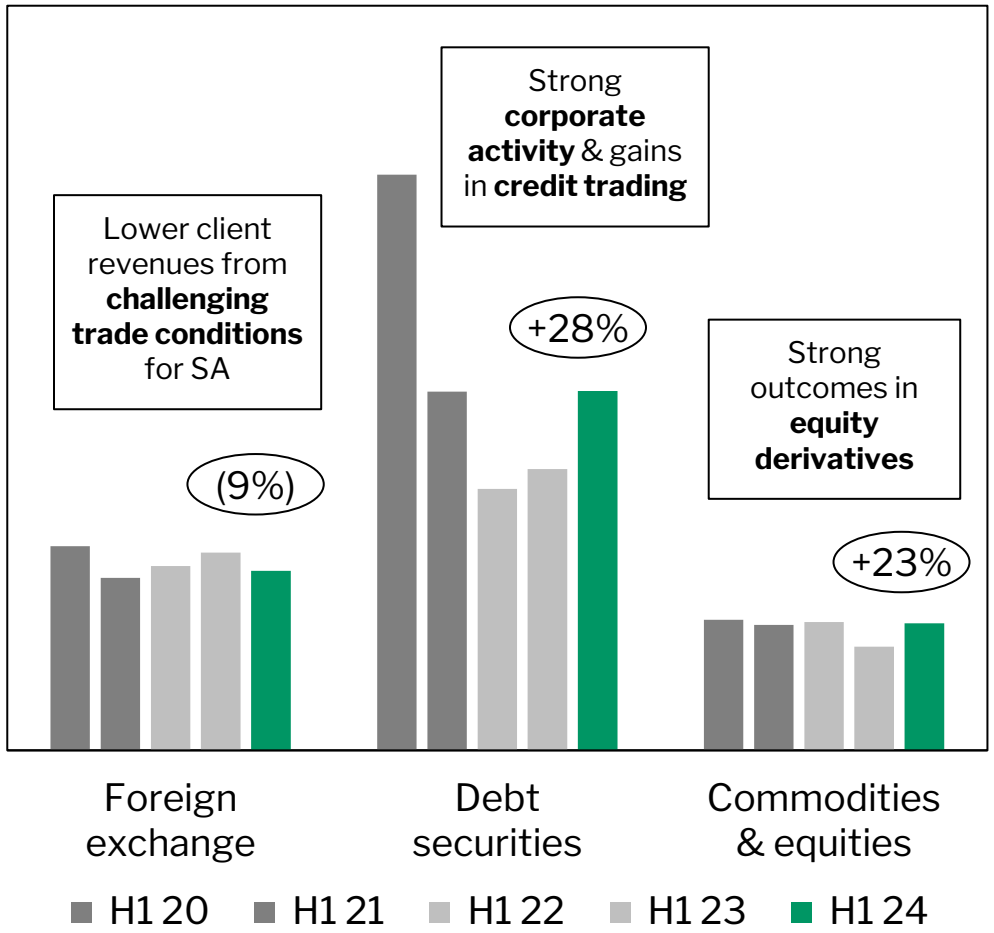
- **Commission & fees** – growth driven by deal closures in CIB, as well as strong VAS & card growth in RBB
- **Trading** – good client flows, with strong risk management performance
- **Insurance** – lower traditional bancassurance volumes, significant investment in product & channel initiatives, & lower shareholder returns
- **Other**
  - Equity investment income of R317m (H1 23: R278m)
  - Fair-value gains of R424m (H1 23: R239m)
  - Change in Zimbabwe function currency (FX gains net of NML of R399m in H1 23 base did not repeat)

[1] Represents Fair value adjustments, equity investment income, sundry income & investment income. | Eqstra acquisition (June 2024) added R135m to NIR growth.

Trading income up by 14% – positive results in debt securities & equities markets

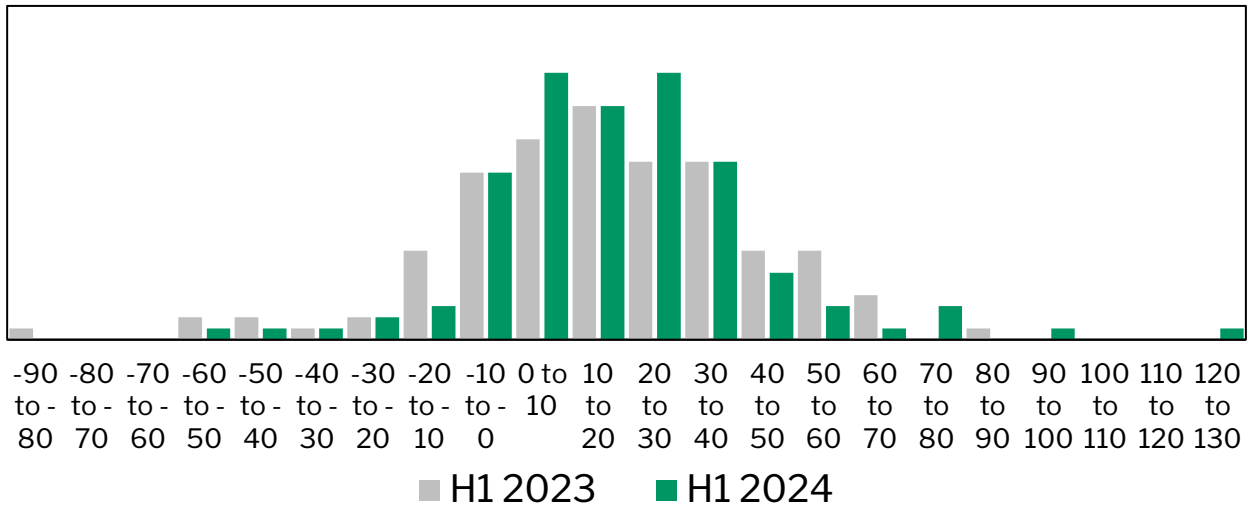
Additional info

Trading income breakdown (Rm)



- **Asset class diversification** buffers against changing market dynamics
- **Strong growth despite:**
  - challenging macroeconomic conditions;
  - weaker global trade;
  - low foreign participation in fixed income markets;
  - declining equity market volumes; &
  - ZAR liquidity surpluses suppressing margins

Daily trading income distribution (Rm)



**H1 20 & H1 21 impacted by covid-19 tailwinds (severe market dislocation & volatility).*

Insurance – strong growth in the MyCover suite & digitally active client base

Additional info

49% growth
in gross written premiums
from the MyCover suite

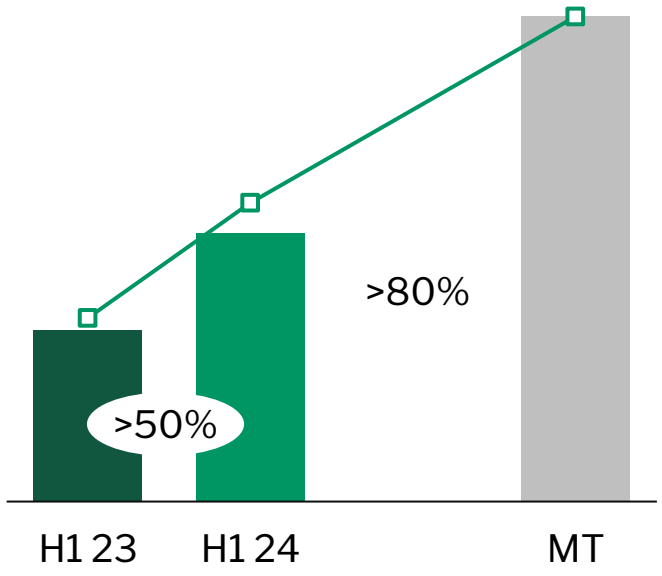
Credit Life cover integrated in the digital Retail journeys increasing digital sales volumes

21 digitally active product offerings across **7** digital channels

Significant **investment** in product & channel

Significant increase in MyCover Personal Lines portfolio, negatively impacted by **claims** experience

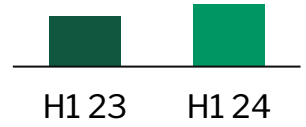
Digital growth



MyCover Funeral



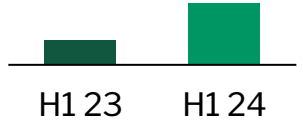
24%
Gross written premium



MyCover Personal Lines



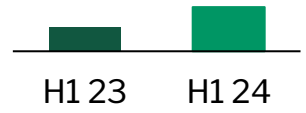
146%
Gross written premium



MyCover Life



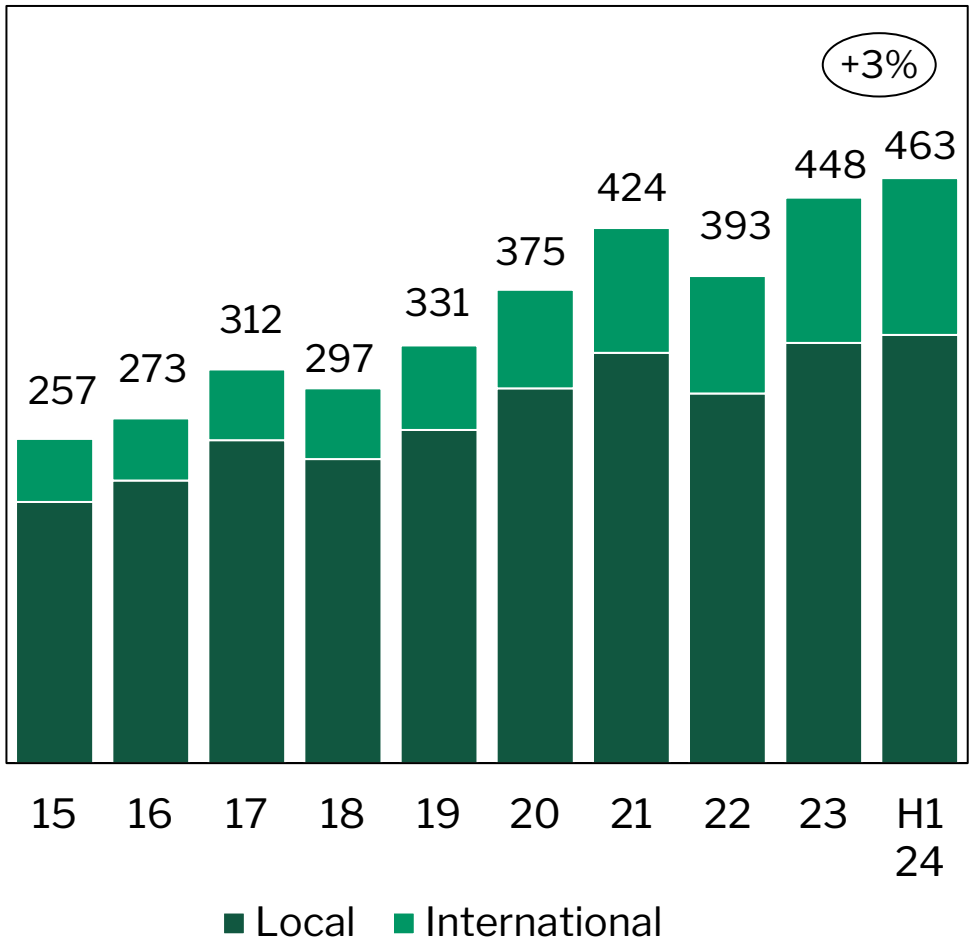
87%
Gross written premium



Asset Management – good growth in NIR, driven by increased AUM on the back of net inflows and positive market movements

Additional info

Assets under management (Rbn)



Launch of **Global Strategic Bond Fund** ($77m in AUM)



ASISA stats ranking

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

R4bn in net inflows driven by **Cash** & **low-cost Core** ranges

Outstanding industry recognition

MORNINGSTAR ★★★★★

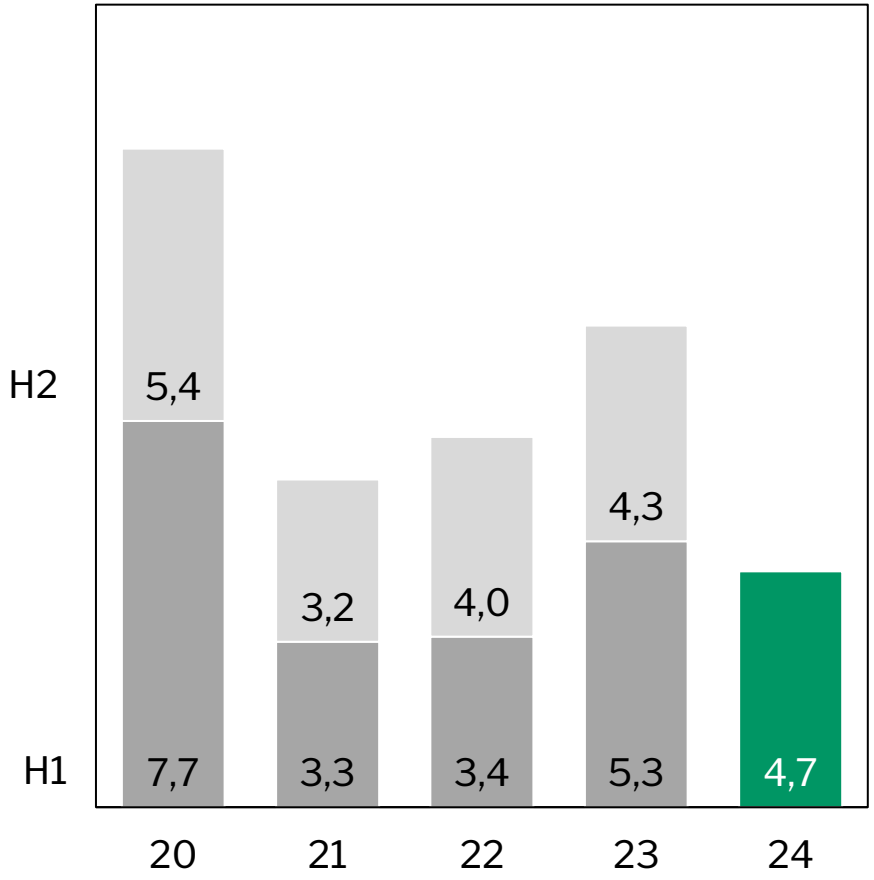
LIPPER FUND AWARD FROM REFINITIV

INN8 INVEST DIAMOND AWARDS 2024

Introduction of **OECD Pillar 2** global tax rate

Impairment charge down by 12% yoy to R4,7bn – driven by a decline in RBB impairments

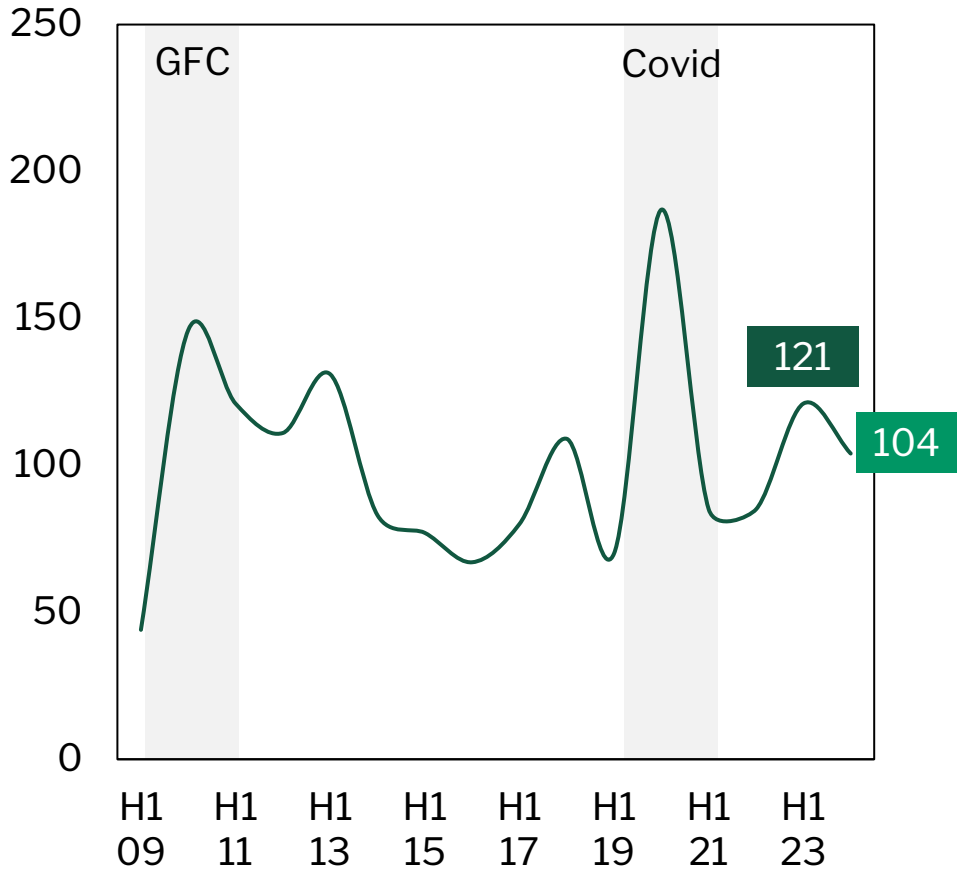
Impairment charge (Rbn)



- **RBB impairments down by 15% yoy**
  - Consumer pressure remained elevated given the high SA prime rate & sticky inflation, but the environment has been more stable since H2 2023
  - Stage 3 loan inflows have slowed
  - Management interventions delivering benefits, including better collections, loan origination & policy tightening in some products
- **Impairments in CIB, Wealth & NAR well-managed**
- **Central provision** retained at R150m & total overlays increased to R1,6bn (Dec 2023: R1,1bn) in anticipation of model regrounds in RBB

Group CLR 104 bps – further improvement to almost back within target range

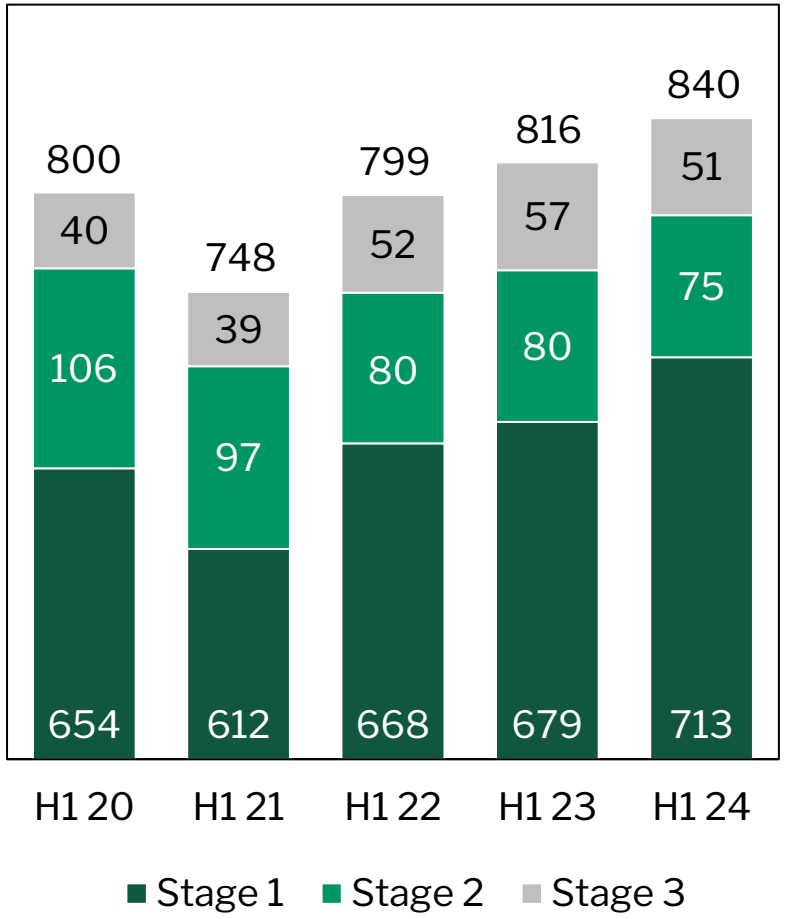
Credit loss ratios (bps)



	H1 24	H1 23	H1 22	H1 21	H1 20	TTC
CIB	**19**	**16**	**20**	**38**	**118**	**15–45**
CIB excl CPF	19	9	26	31	156	
CPF	20	26	13	46	63	
RBB	**183**	**226**	**152**	**122**	**269**	**120–175**
NCB	26	75	12	9	150	50–70
Retail	222	266	188	151	302	160–240
HL	73	98	19	4	89	
VAF	238	203	167	114	284	
PL	808	1 106	909	835	1 096	
Card	516	794	629	568	997	
Wealth	**17**	**3**	**(37)**	**(13)**	**50**	**20–40**
NAR	**91**	**113**	**110**	**84**	**210**	**85–120**
Group	**104**	**121**	**85**	**85**	**187**	**60–100**

GLAA stage movements & coverage – significant reduction of CIB stage 3 loans

GLAA (Rbn)



Coverage (%)[1]

	H1 22	H1 23	H1 24
	3,37	3,67	3,51
	34,3	34,5	38,2
	7,3	7,4	6,8
Performing coverage (stage 1 & 2)			
	0,94	1,26	1,25
	0,64	0,63	0,67

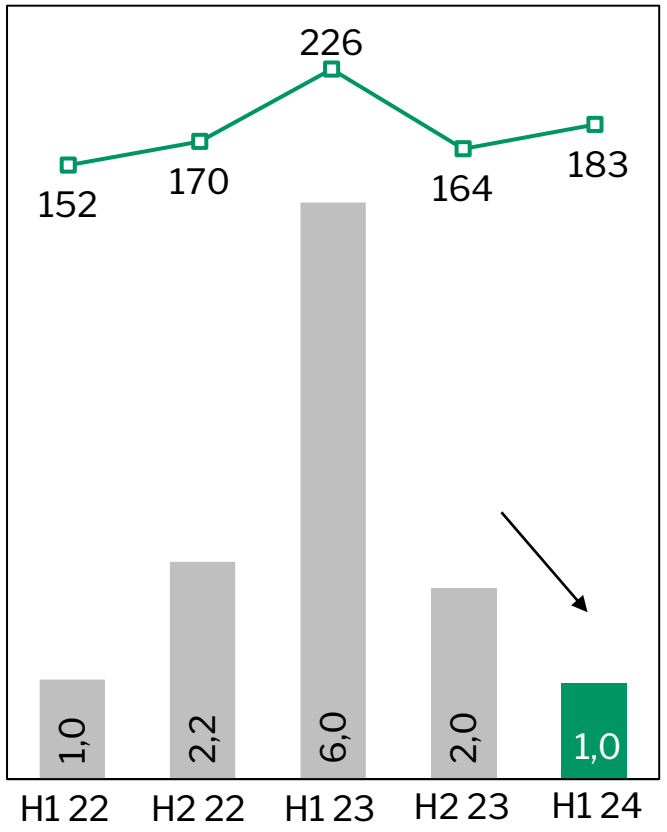
- **Stage 1 loans**
  - Increase driven by book growth & CIB loan migrations from stage 2 & 3
- **Stage 2 loans**
  - Decrease due to stage migrations
- **Stage 3 loans**
  - Stage 3 loans declined by R8bn[2] in CIB, resulting in a stage 3 ratio of 2,55%
  - RBB stage 3 loans increased by R1bn[2] (inflows continue to slow)
  - Coverage reflects our highly collateralised book

[1] Total balance sheet ECL includes FVOCI & off-balance sheet ECL, whereas ECL coverage excludes FVOCI & off-balance sheet ECL. | [2] Since December 2023.

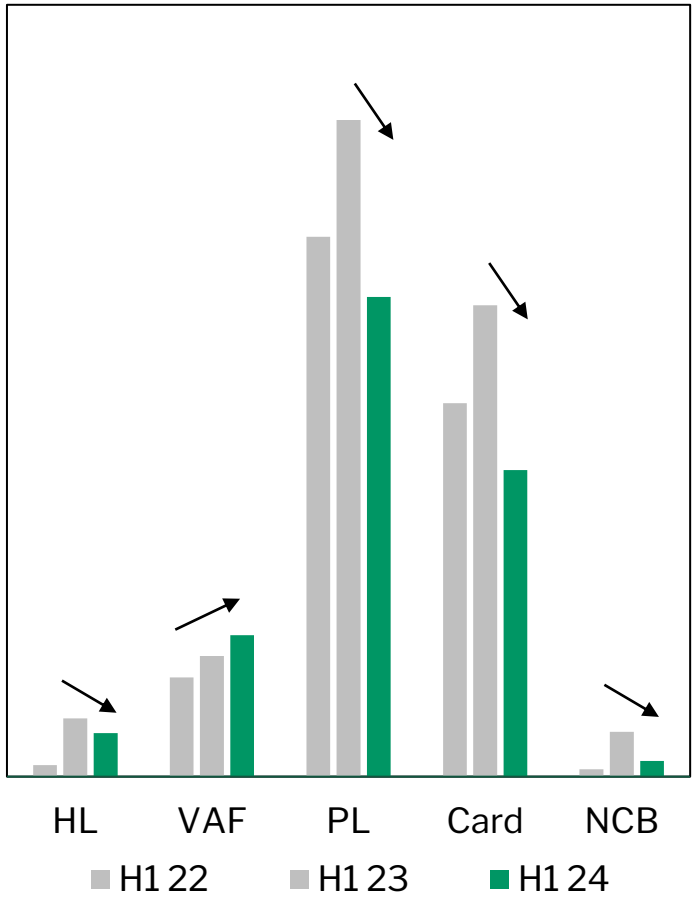
RBB impairments – focus on collections, loan origination & credit policy tightening, leading to an ongoing improvement in CLRs & material slowdown in NPL formation

Additional info

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



Business & product level CLRs
(%)



Drivers of key trends

- A **more stable macroeconomic environment** but normal seasonal impact in H1
- **Credit policy tightening**, particularly in Unsecured Lending
- **Assisting our clients** via tailored rehabilitation & support
- **Enhanced collections** strategies
- **Client-specific interventions** supporting clients in Commercial Banking; improvements in some larger counters
- Some **strain in VAF** driven primarily by taxi exposures (but small book) & lower recoveries at auctions

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

Additional info

High-quality, well-diversified & highly collateralised portfolio

Portfolio LTVs low at 51%
Adequate collateral – significantly reduces the risk of potential losses

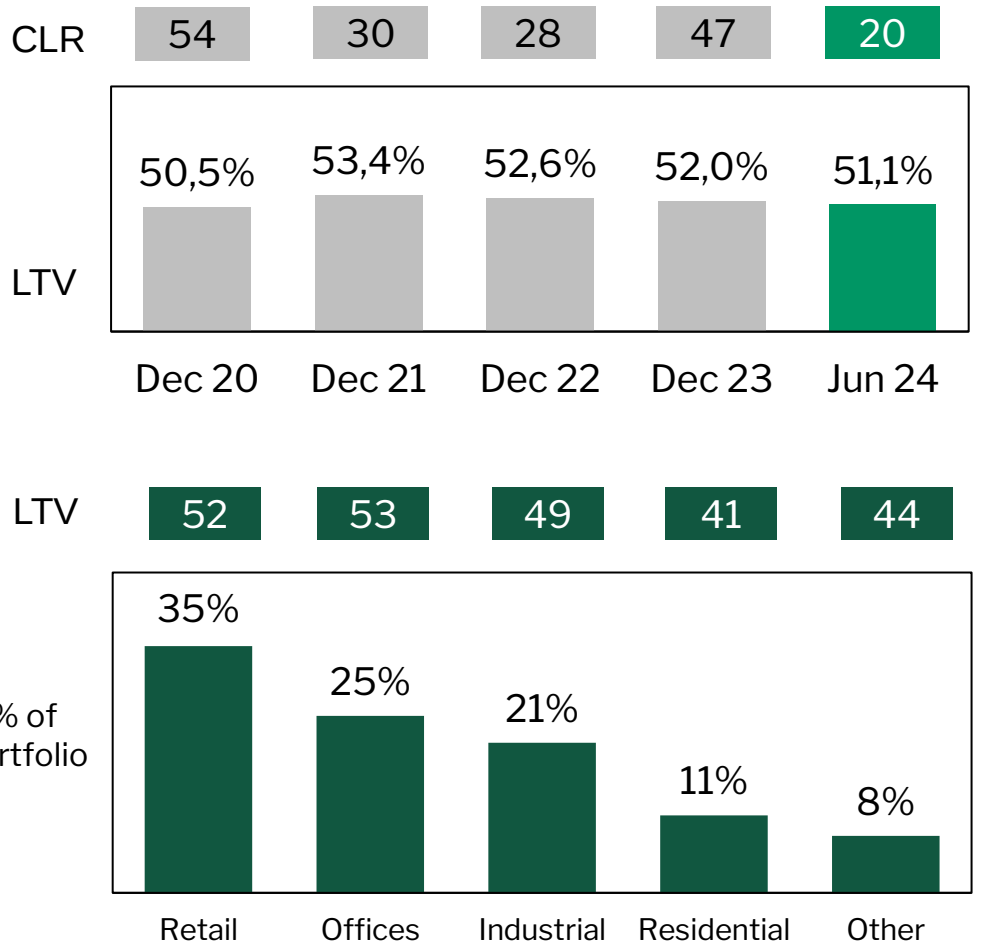
CLR: 20 bps
Client resilience despite interest rates staying higher for longer

Reduction in stage 3 loans
down R7bn ytd to R3,4bn

Low levels of arrears on the performing book
0 to 90 days: **R81m**



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



Commercial Property Finance – sector trends

Office vacancies [1]

- Office vacancies maintain downward trajectory:
  - Q2 2022: 16,7% (peak)
  - Q4 2023: 15,2% ▼
  - Q2 2024: 14,2% ▼
- 100 bps better than Q4 2023 & 50bps better than Q1 2024
- Asking rentals 0,8% up – positive territory which is a change in trend

Retail vacancies[1]

- Retail vacancies trending downward:
  - Q1 2021: 7,1% (peak)
  - Q3 2023: 5,1% ▼
  - Q1 2024: 4,4% ▼

Sector trends

- Valuations appear to have ▲ stabilised:
  - Valuations in the listed sector up by ~1-2%
  - Property Finance valuations up by 1,6% for properties valued in H1 2024
- Activity in the lending environment slower in H1 2024 than in Q4 2023 as a result of: ▼
  - election uncertainty for a large part of the first half; &
  - interest rates remaining higher for longer.

Listed sector

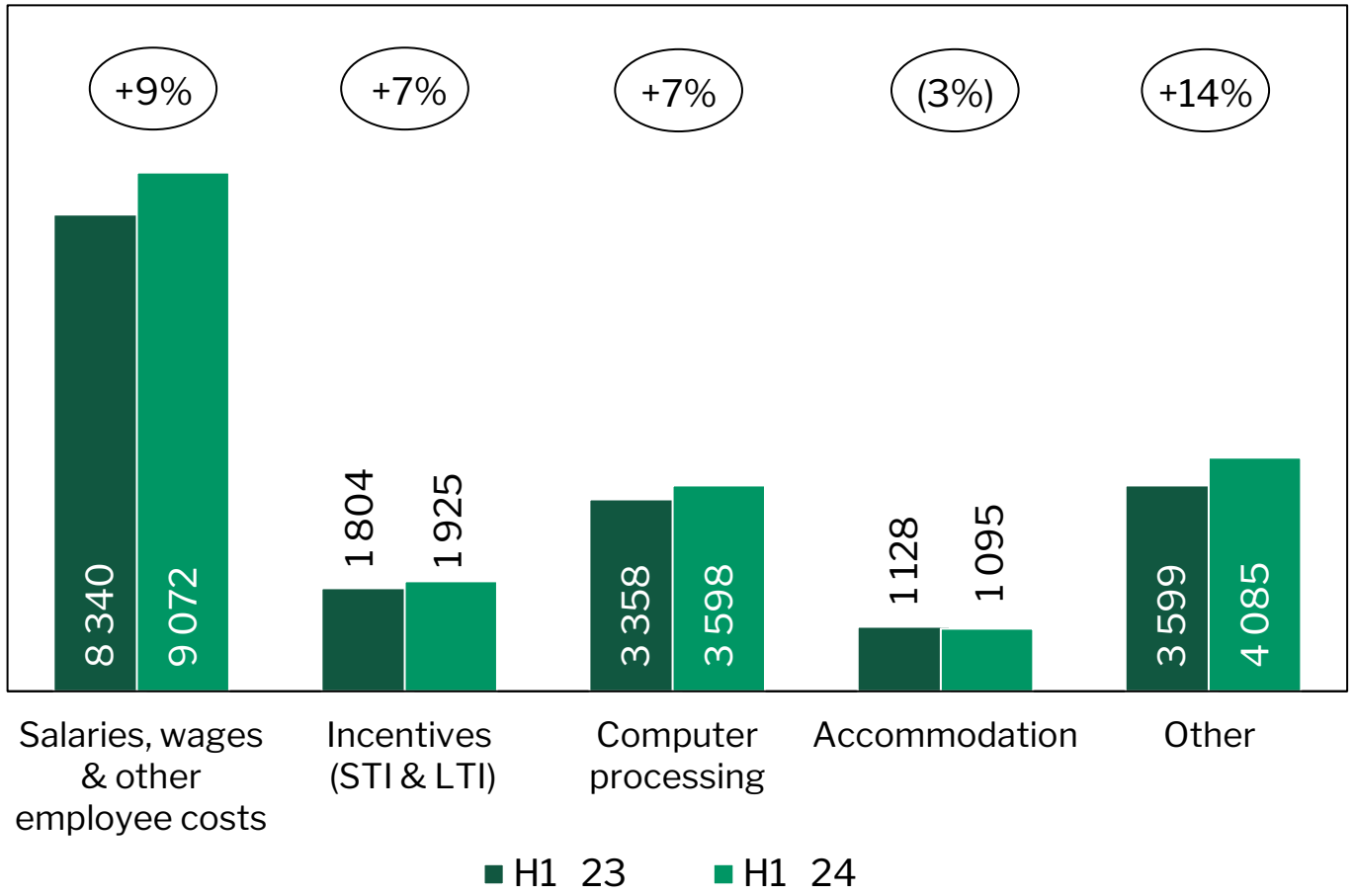
- Listed property sector continues to outperform (up 6% ytd vs All Share up 3%) ▲

  Driven by:
  - Fed signalling end of rate hiking cycle towards the end of 2023;
  - PIC buying property stocks; &
  - formation of GNU.
- Average LTV for the listed sector stabilised at 36% (well below typical covenant level of 50%)
- Average listed sector ICR well above typical covenant levels of 2x
- Sustainability remains a key theme for the sector – particularly for listed funds

[1] *SAPOA reports*

Expenses up by 8,5% – reflecting good expense management. Excluding Eqstra acquisition, expense growth was 7,9%

Expenses (Rm)

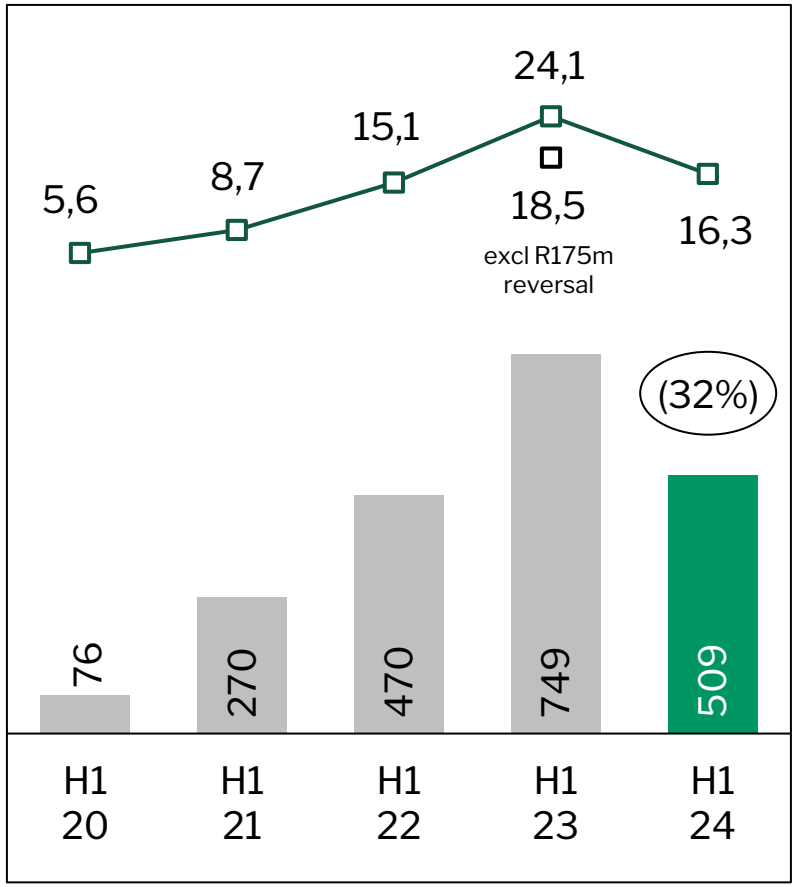


- **Employee-related costs**
  - Salaries & wages – driven by annual average salary increase (+6%), use of additional contractors to complete ME & additional costs to retain talent & scarce skills
  - Variable-pay incentives aligned with profitability metrics & vesting probabilities
- **Computer processing** – driven by FX devaluation, continued investment in IT & higher digital volumes, partially offset by low growth in the amortisation of intangible assets
- **Accommodation** – continued real-estate optimisation & lower costs relating to load-shedding (H1 24: R27m vs H1 23: R62m)
- **Other** – communication & travel +17%, fees & insurances +9% & other costs driven by +28% increase in YES participants in 2024

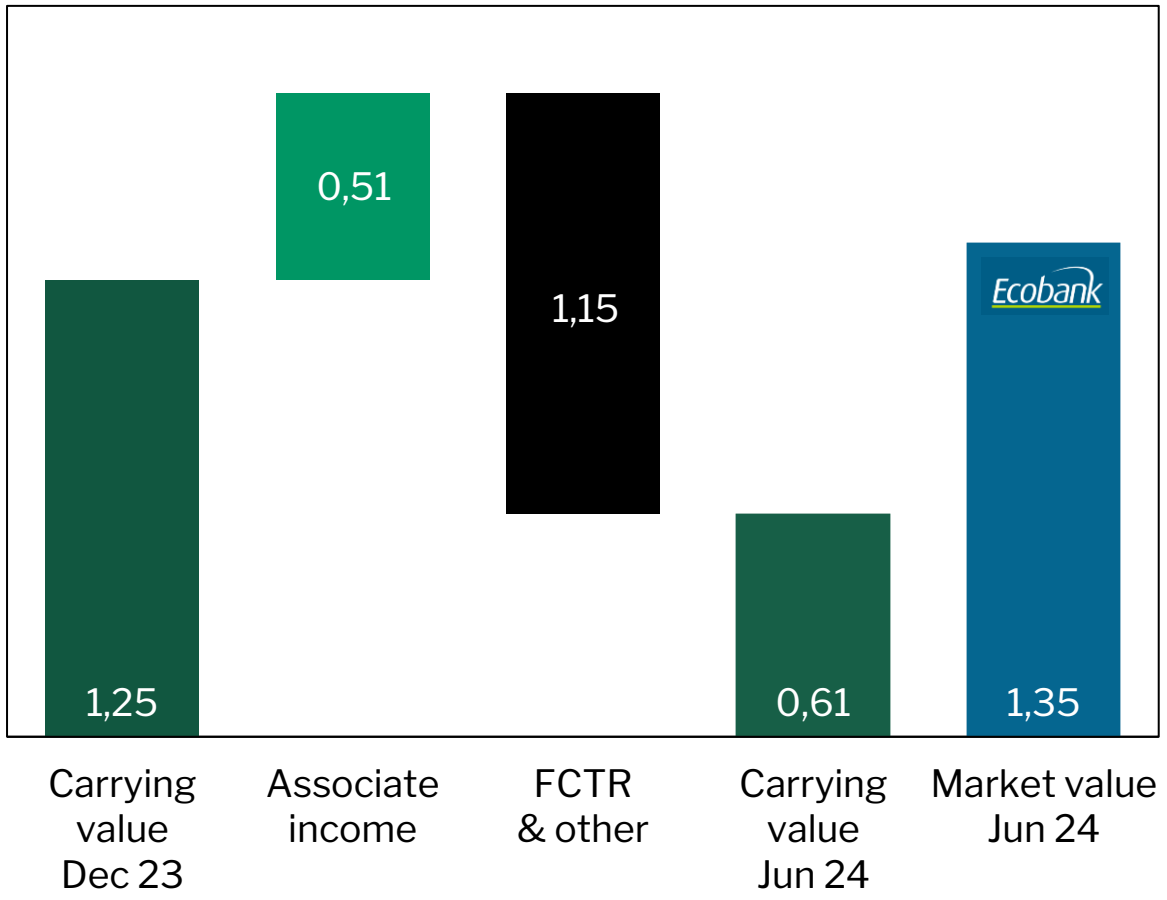
**Eqstra acquisition (June 2024) added R109m to expense growth.*

ETI associate investment – carrying value insignificant in the group context & well below market value

Associate income[1]
(Rm)



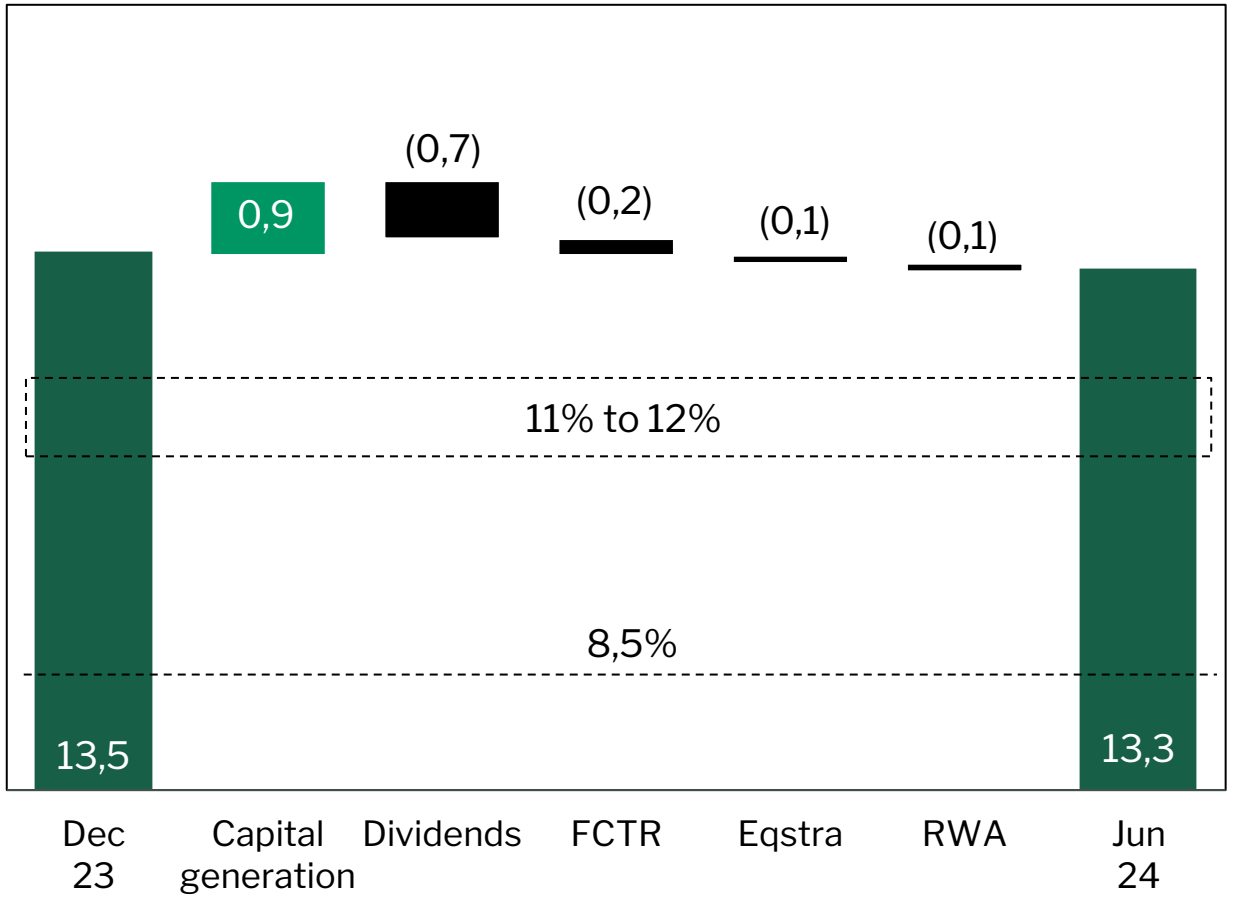
ETI carrying value vs market value
(Rbn)



Note: ETI accounted for a quarter in arrears. | [1]Associate income includes the reversal of the R175m estimated impact of the Ghanaian sovereign domestic debt restructure release accounted for in the prior year. | [2]Return on original investment of R6,3bn (based on associate income).

Capital – CET1 ratio at 13,3% well above target range, positioning us well for growth, sustainable dividend payments & active capital management opportunities

CET1 ratio (%)



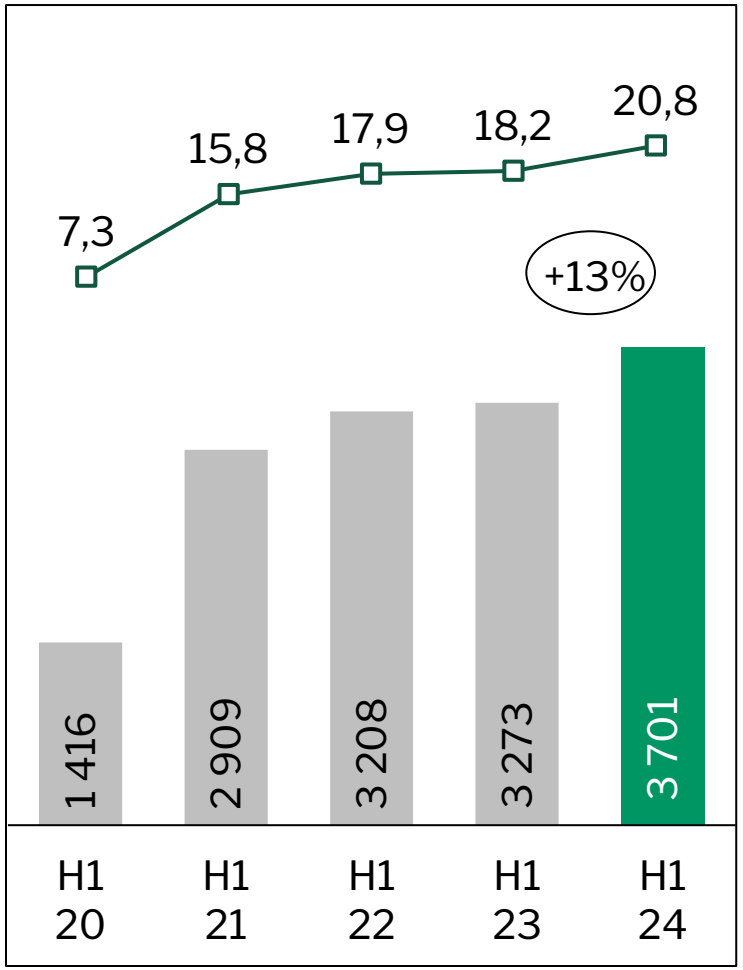
Active capital management

- **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 (eg Eqstra)
- **Pay dividends at top-end of payout ratio**, subject to board approval
- **Approved further buy-back of shares*** at appropriate share price levels
- Possible **Basel III PCN counter-cyclical buffer** in 2026

**Shareholder, board & regulatory approvals in place.*

CIB financial performance – strong performance in a challenging macroeconomic environment

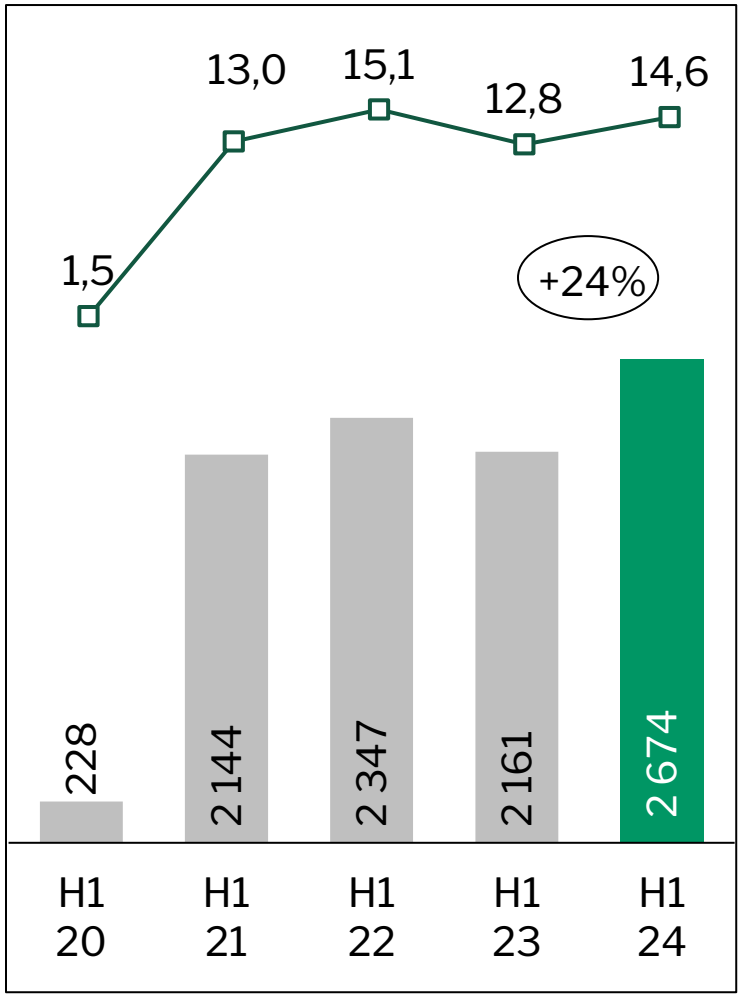
Financial performance



- **NII flat**
  - Actual advances +5% & average +1% due to lower Q1 demand
  - Economic growth sectors optimised, ie Energy (+16%) and Leveraged & Diversified Finance (+11%)
  - NIM flat, endowment benefit offset by DIS (-2 bps) & margin compression & composition
- **NIR up by 18%**
  - Commission & fees +16% by leveraging growth sectors
  - Markets NIR +18% with positive contribution from equities & debt securities markets
  - Equity investment income +11%
- **CLR at 19 bps** (lower end of the TTC target range of 15 — 45 bps)
- **Expense growth of 11%**
  - Variable employee cost matches H1 HE growth – excluding variable costs, growth is 7%
- **Medium- & -long-term outlook remains**
  - Cost-to-income ratio <44% & ROE >19%

RBB financial performance – HE growth shows good recovery, driven by an improved impairment performance

Financial performance



- **NII up by 3%**
  - Average advances growth momentum continued at +5%
  - Endowment benefit from higher interest rates
- **NIR up by 6%** (excluding Eqstra +4%)
  - Higher maintenance fees (+15%) & higher activity in value-added services volumes (+19%)
- **Impairments decreased by 15%**
  - CLR improved from 226 bps to 183 bps due to the stabilisation of the macro environment & improved origination & collection strategies. CLR marginally above the upper end of the TTC target range of 120-175 bps
- **Expense growth of 6,5%** (excluding Eqstra +5,5%)
  - Ongoing cost optimisation & digitisation benefits
- **Medium- & -long-term outlook**
  - Cost-to-income ratio <57% & ROE >20%

RBB financial performance – Eqstra acquisition effective from 1 June 2024

Additional info

Strategic purpose

Eqstra enhances & complements Nedbank's fleet management business offerings

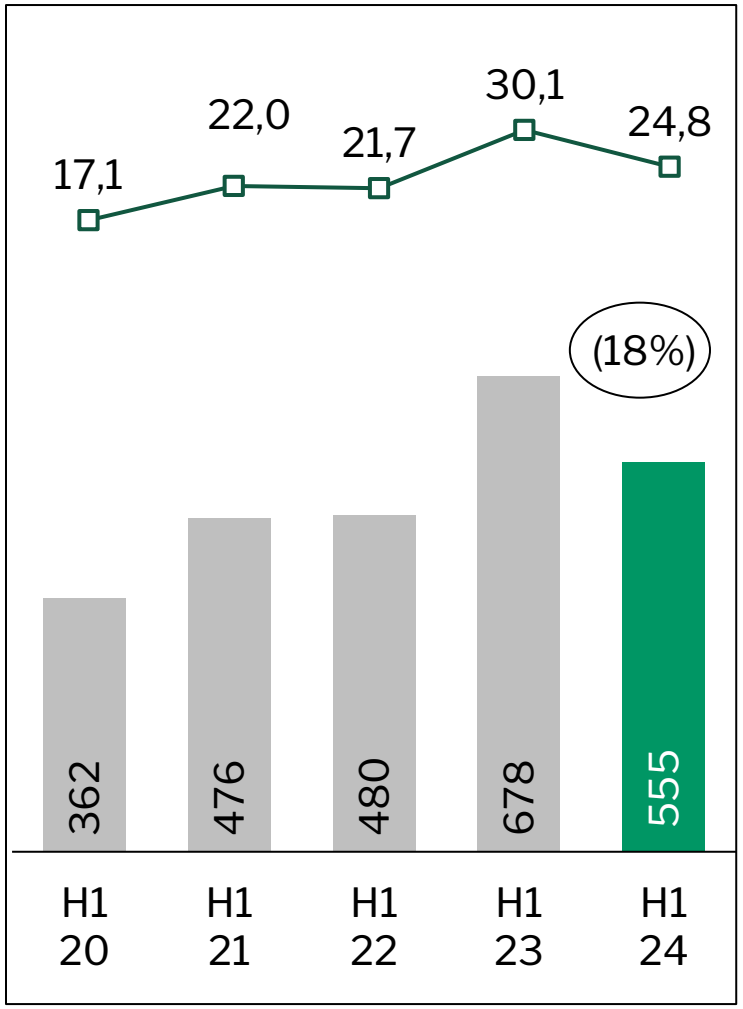
- Integrated world-class internet-based fleet management system
- Integrated approach to fleet management, aimed at providing better quality, cost & scale to all clients & enhances Nedbank's competitiveness in the market
- Gives Nedbank scale benefits in fleet management
- Expands Nedbank's product & services offering outside of SA

Salient features

Income statement	**June 2024**
NIR	R135m
Expenses	R109m
HE	Immaterial
Balance sheet	
Assets	R3,5bn
Liabilities	R2,3bn
Cash acquisition cost paid	R1,1bn
Employees	276

Wealth financial performance – modest performance driven by lower bancassurance volumes, introduction of OECD Pillar 2 tax, investments in future growth initiatives, offset by growth in AUM

Financial performance

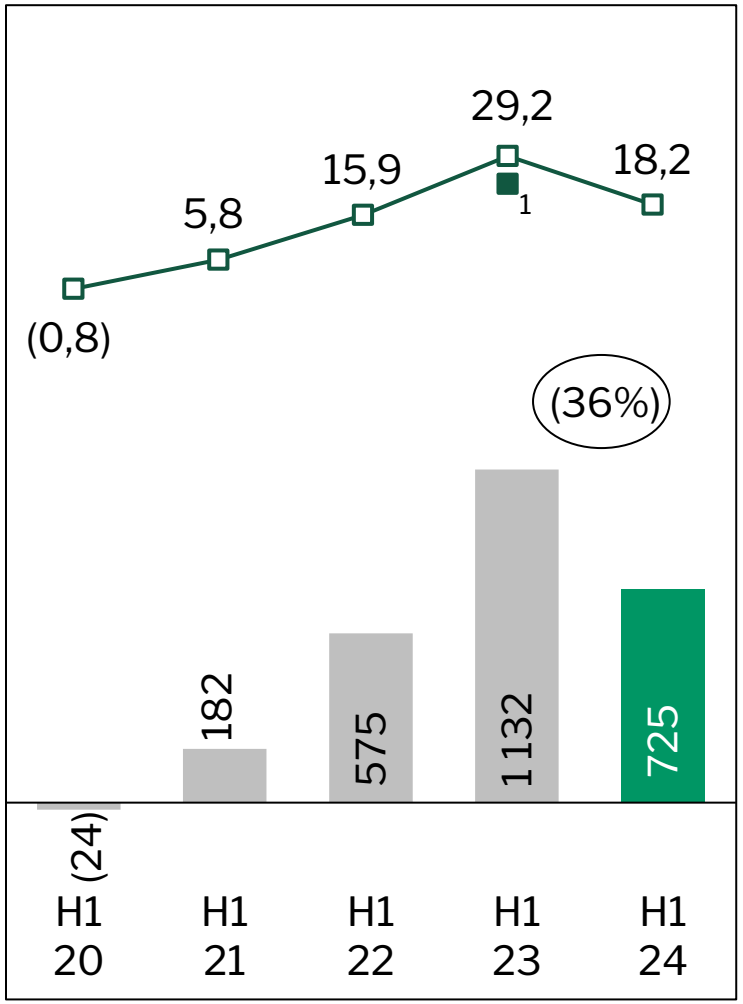


- **NII up by 3%**
  - NIM expansion due to higher local & international interest rates, strong growth in average deposit balances in NPW (SA), offset by the exit of the corporate e-gaming sector
- **NIR down by 2%**
  - Lower traditional bancassurance volumes, investment in new insurance initiatives, lower FX, advice & investment fees
  - Higher AUM fees due to growth in AUM balances
- **Impairments up off a low base**
  - Lower client-specific overlay releases vs 2023 & increase in credit impairment charges in NPW (SA)
- **Expense growth of 5%**
  - Investment in people, brand awareness, data & digital initiatives, higher inflation rates internationally & exchange rate impacts
- **Tax** – higher international tax due to the 15% OECD Pillar 2 tax rate
- **Medium- & -long-term outlook**
  - Cost-to-income ratio <65% & ROE >10% above group's COE[1]

[1] *>25% at current levels.*

NAR financial performance – ROE maintained above COE

Financial performance



- **SADC operations** – HE of R271m, down by 41% & ROE of 7,3%
  - Excluding base effect of Zimbabwe FX gains, HE up by 65%
  - NII up by 8%, driven by improved margins
  - NIR down by 13%, impacted by base effect of Zimbabwe FX gains (+42% excl. base effect)
  - Impairments down by 24% & the CLR of 91 bps within the cluster TTC target range of 85 bps to 120 bps
- **ETI associate investment** – HE of R454m, down by 32%
  - Associate income down by 32% to R509m, including accounting for the non-repeat of the prior year reversal
  - ETI's core regions continue to show a strong performance, with ROEs of above 25% | Ecobank Nigeria remains a focus to improve performance (ROE 4,2%)
- **Medium- & -long-term outlook**
  - SADC operations cost-to-income ratio <60% & ROE consistently >COE

[1] ROE of 24,7% in H1 2023 excluding the R175m reversal of the Ghanaian sovereign domestic debt restructure provision (equivalent HE of R957m).

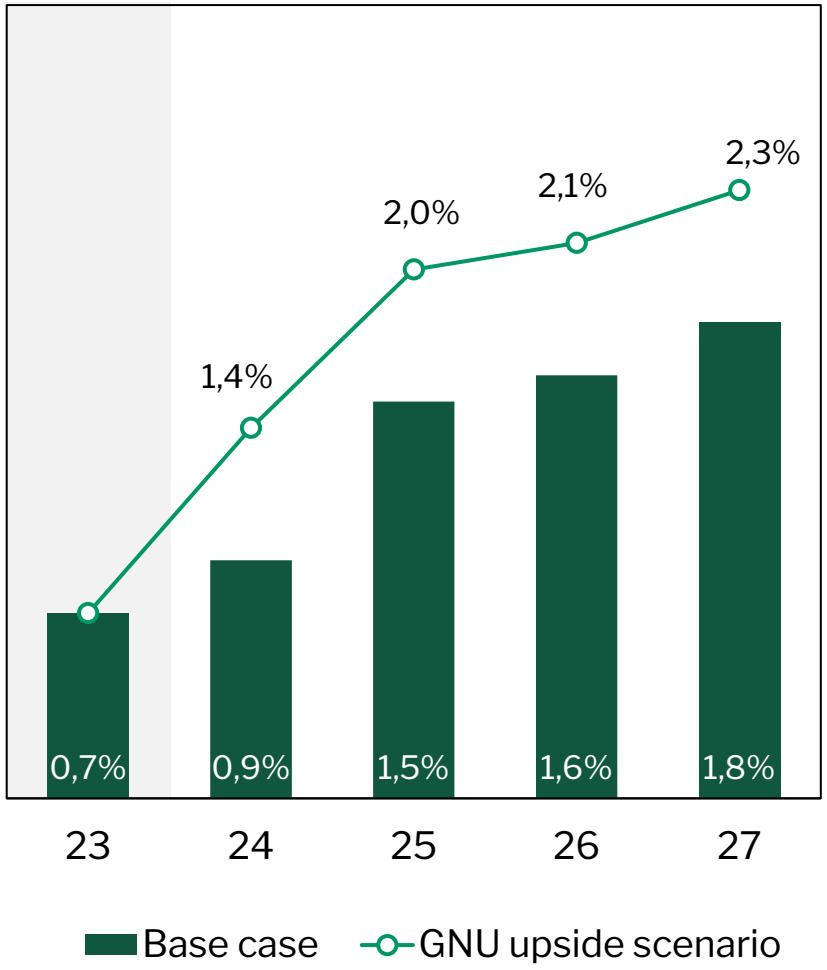


Outlook

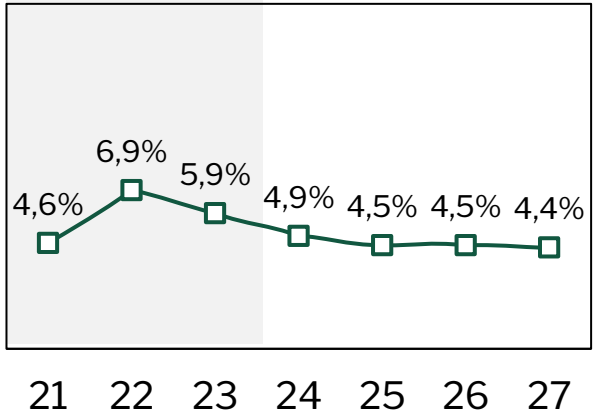
Jason Quinn
Chief Executive

Operating environment – our forecasts point to some improvement in key macro-economic indicators, with the possibility of a more optimistic scenario emerging slowly

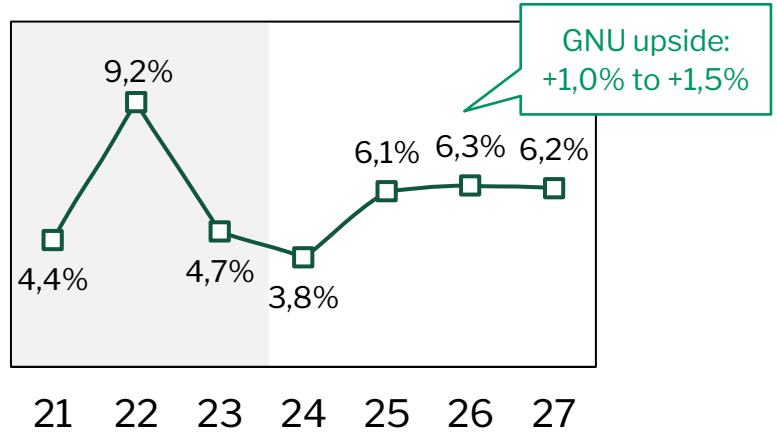
SA GDP growth (%)



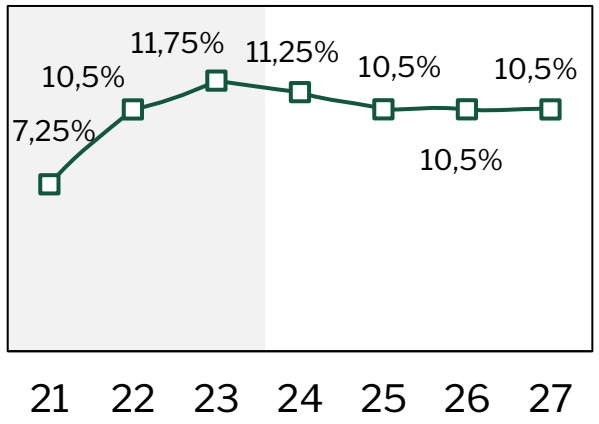
Inflation (average, %)



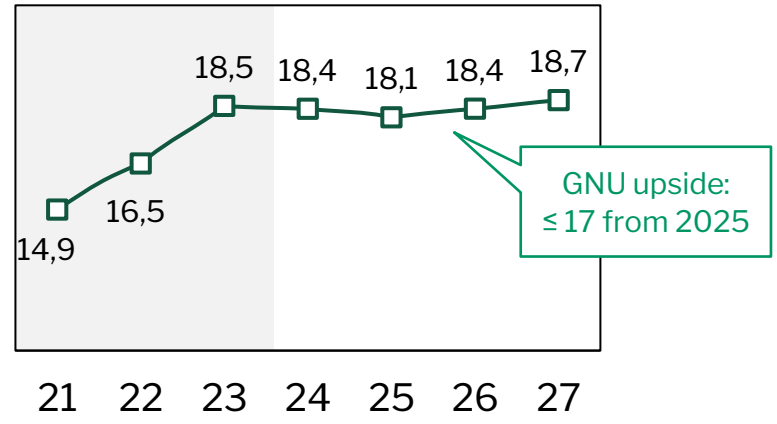
Industry credit growth (ye, %)



Prime interest rate (ye, %)



Rand/US$ (average)



Source: Nedbank Group Economic Unit. The group's favourable economic scenario reflect the GNU upside scenario.

Short-term guidance (2024) – slower NII offset by good performance across other income statement lines

	H1 2024 performance	2024 guidance[1] (March 2024)	Updated 2024 guidance[1] (August 2024)
NII growth	+2%	Above mid-single digits	Below mid-single digits ▼
CLR	104 bps	Back within the top half of the 60 bps to 100 bps TTC range	Back within the top half of the 60 bps to 100 bps TTC range
NIR growth	+7%	Above mid-single digits	Upper-single digits[2] ▲
Expense growth	+8%	Mid-to-upper single digits	Upper-single digits[2] ▲
Associate income	(26%)	Slightly lower than 2023's	Slightly lower than 2023's
CET1 ratio	13,3%	Above TTC target range (11% to 12%)	Above TTC target range (11% to 12%)
Dividend per share	57% payout	Top end of payout ratio	Top end of payout ratio

[1]This guidance is not a profit forecast, has not been reviewed or reported on by the group's joint auditors & is based on the group's economic forecasts at the time.
[2]Includes impact of the Eqstra acquisition in June 2024.

Government of National Unity (GNU) – the environment for banks & our clients could become more positive should the GNU be effective & enable an environment that delivers higher levels of GDP growth

SA elections ✓

- **Fair & peaceful** elections
- **Continuity** in key government positions, with suitable changes in others
- Creation of a multi-party GNU: **market friendly**
- Enhanced **governance** & greater **accountability**

GNU outcomes

… may result in **higher GDP growth**

- Further **policy reform**
- Ongoing **fiscal consolidation**
- **Accelerate progress on structural reforms** such as electricity, road & rail, water infrastructure & ports
- **Unwind SA risk premium,** eg stronger rand, improve credit ratings
- **Address social challenges,** eg education, unemployment, inequality, crime & corruption

Potential upside for Nedbank

- Benefit given Nedbank's relatively **larger exposure to SA**
- Stronger **credit growth** – initially be driven by delivery of infrastructure projects
- **Transactional volume** benefits as economic activity picks up
- **Reduced strain** on consumers/ clients as inflation & interest rates decline
- Strong capital position to support growth or be returned to shareholders

Medium-term & long-term targets – path towards ROE of >17%

Additional info

Stronger NII growth → CLR to around 80 bps → Strong NIR & associate income growth → Manage expense growth for + Jaws → Active capital management

Advances growth

- Deliver on SPT targets
- Unlock large infrastructure & SDF opportu-nities

NIM

- Slight NIM contraction (endowment, mix, pricing pressure)
- Prime rate remains ≥10,5%

Impairments

- CLR to the mid-point of our 60 to 100 bps TTC target
- CLR below peers (given Nedbank's wholesale vs retail mix)

NIR & associate income

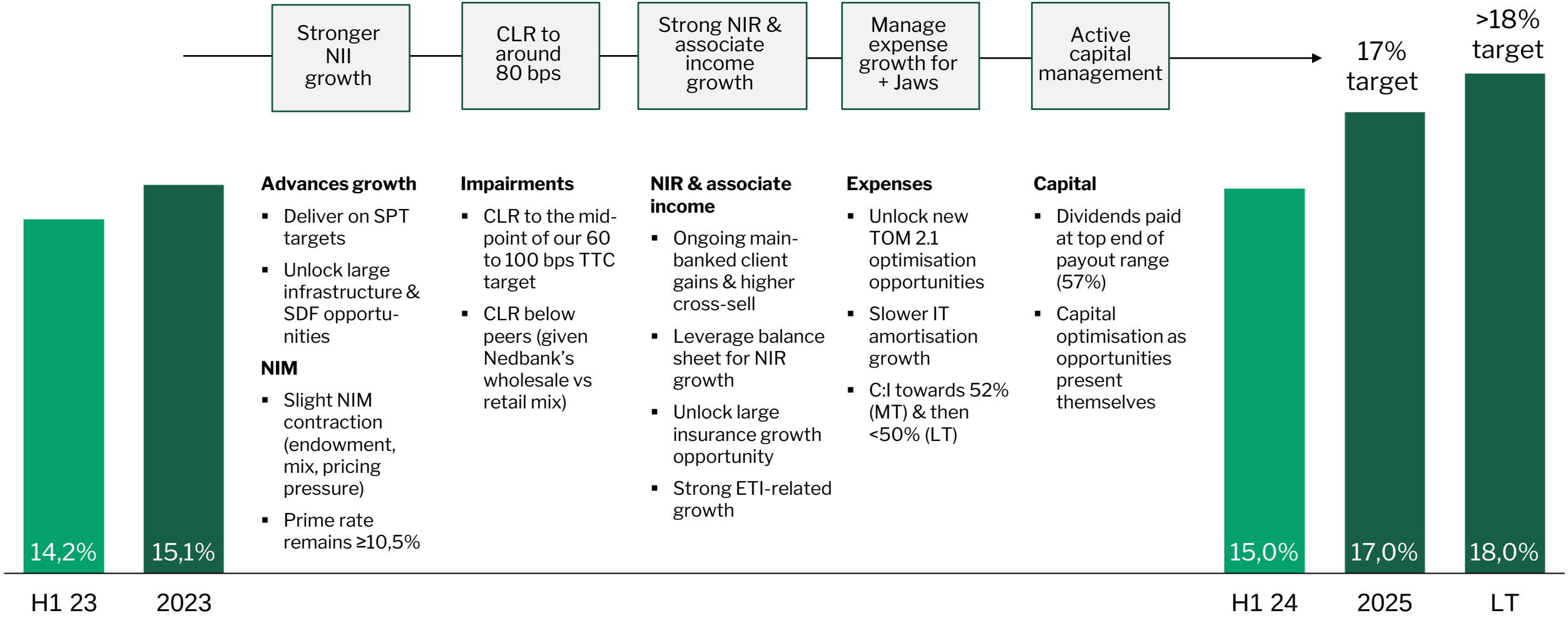
- Ongoing main-banked client gains & higher cross-sell
- Leverage balance sheet for NIR growth
- Unlock large insurance growth opportunity
- Strong ETI-related growth

Expenses

- Unlock new TOM 2.1 optimisation opportunities
- Slower IT amortisation growth
- C:I towards 52% (MT) & then <50% (LT)

Capital

- Dividends paid at top end of payout range (57%)
- Capital optimisation as opportunities present themselves



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

	Diluted headline earnings per share	ROE	Cost-to-income ratio	Net promoter score
Medium term	By end 2025			
	> CPI + GDP + 5% (CAGR to end-2025)	17% (around COE + 2%)	52% (delayed beyond 2025 given macro impact on revenue growth)	#1 bank
Long term	Not dated			
	> CPI + GDP + 5% (CAGR through the cycle)	> 18% (around COE + 3%)	< 50%	#1 bank


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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