Using our financial expertise **to do good**

Unaudited interim results

for the six months ended 30 June 2023

see money differently

NEDBANK GROUP

Headline earnings increase of 10% driven by strong revenue growth partially offset by increases in retail impairments

In the first half of 2023 the operating environment in South Africa (SA) was much more challenging than we had initially forecast. In addition to a weak global economy and lower commodity prices, domestic economic activity continued to be negatively impacted by very high levels of load-shedding, logistical constraints, higher-than-expected levels of inflation and as a result higher-than-expected rises in interest rates. The slow progress made in improving outcomes on key issues of energy security, transport and logistics, and crime and corruption, coupled with the potentially severe economic consequences of the United States reaction to South Africa's alleged compromising of its non-aligned stance in relation to the Russia–Ukraine conflict, has added further to SA's country risk premium, increasing bond yields and resulting in a deterioration in the value of the rand against foreign currencies.

In this difficult external context, Nedbank Group produced a solid financial performance in the first half of 2023, as headline earnings (HE) grew by 10% to R7,3bn and return on equity (ROE) increased to 14,2% (H1 2022: 13,6%), reflecting the diversification benefits of our portfolio of businesses, with higher levels of growth in the Nedbank Africa Regions (NAR) and Nedbank Wealth. The increase in HE was underpinned by strong revenue growth, including associate income, of 14% and good expense management, enabling preprovisioning operating profit (PPOP) growth of 22%. This was partially offset by a 57% increase in the impairment charge as a result of the impact of higher interest rates, higher levels of inflation and record levels of load-shedding on our clients, particularly in the retail Consumer Banking segment.

The group's balance sheet metrics all remained very strong, enabling the declaration of an interim dividend of 871 cents per share, up by 11%, at a payout ratio of 57%. The R5bn capital optimisation initiative announced in March 2023 was materially completed, with the share repurchase programme and odd-lot offer, executed at attractive levels, enhancing both ROE and growth on a per-share basis.

We continued to make good progress on our strategic value drivers of growth, productivity and risk and capital management. Growth trends across average interest-earning banking assets (AIEBA) (+9%), net interest income (NII) (+18%), non-interest revenue (NIR) (+7% or +10% on a like-for-like basis) and associate income (+53%) remained robust. Levels of productivity improved, evident in our cost-to-income ratio declining to 52,9% from 56,1% in the first half of 2022. Capital and liquidity ratios remained high, with a common equity tier 1 (CET1) ratio of 13,3%, an average second-quarter liquidity coverage ratio (LCR) of 143% and a net stable funding ratio (NSFR) of 119%, all well above board targets and regulatory minimums. The group's total expected credit loss (ECL) coverage increased to an all-time high of 3,67% (Dec 2022: 3,37%) as we remain conservatively provided in a difficult macroeconomic environment.

Our build-out of a modern, modular and agile technology platform (Managed Evolution or ME) has reached 93% completion, supporting the launch of three new transactional products off our new core banking system, continued double-digit growth in all digital-related metrics, client satisfaction scores remaining at the top-end of the South African banking peer group, higher levels of cross-sell, main-banked client gains across all segments, market share gains in key product categories as well as improved efficiencies. We also continued to create positive impacts through R134bn of exposures that support sustainable-development finance (SDF) as aligned with the United Nations Sustainable Development Goals (UN SDGs); maintained high levels of employee engagement and satisfaction, supported clients during difficult times; retained our top-tier rankings on environmental, social and governance (ESG) scores; and maintained our level 1 broad-based black economic empowerment (BBBEE) status under the Amended FSC for the fifth year in a row. In July we signed a pledge along with 115 of SA's leading corporations to work with government to play our part in helping to address the economic challenges facing South Africa with the aim of achieving higher levels of sustainable and inclusive economic growth.

Looking forward, we currently expect the economic environment in SA to remain very challenging, particularly given the high levels of electricity shortages and increased levels of pressure on consumers' disposable income. The Nedbank Group Economic Unit currently forecasts SA's gross domestic product (GDP) to increase by only 0,3% in 2023 and interest rates to remain at elevated levels, with the repo rate at 8,25% and the prime lending rate at 11,75% for the remainder of the year.

The solid financial performance in H1 2023 supports our ambition to achieve our published 2023 targets* of an ROE greater than the 2019 ROE level of 15% and a cost-to-income ratio of below 54%, but the deteriorating macroeconomic environment has made these and our medium-term targets* to 2025 more difficult to achieve. Pleasingly, in 2022 we had already achieved our 2023 target of exceeding the group's 2019 diluted headline earnings per share (DHEPS) of 2 565 and we aim to maintain our current #1 ranking on Net Promoter Score (NPS) among South African banks.

Thank you to our dedicated employees for their passion, commitment and discipline in the difficult environment – I appreciate the value they strive to deliver to our clients at every touchpoint and their hard work in executing our strategy. I believe that we have the right strategy, leadership and people to navigate these difficult economic conditions and to identify and capitalise on the opportunities that may arise.

I thank our more than seven million retail and wholesale clients for choosing to bank with Nedbank, and we appreciate the ongoing support of the investment community, regulators and our other stakeholders. As Nedbank, we will continue to play a constructive and positive role in society as we fulfil our purpose of using our financial expertise to do good for the benefit of all our stakeholders.

Mike Brown
Chief Executive

Headline earnings
▲ 10%

H1 2023	7 329
2022	14 061
H1 2022	6 665
2021	11 689
H1 2021	5 251

CLR
121 bps

H1 2023	121
2022	89
H1 2022	85
2021	83
H1 2021	85

ROE
14,2%

H1 2023	14,2
2022[1]	14,1
H1 2022	13,6
2021	12,5
H1 2021	11,7

CET1 RATIO
13,3%

H1 2023	13,3
2022	14,0
H1 2022	13,5
2021	12,8
H1 2021	12,2

[1] *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*
* *These targets are not profit forecasts and have not been reviewed or reported on by the group's joint auditors.*

Notes:

Overview

Environment	Strategy	Operations	Financial
Difficult operating environment	**Good progress on strategic delivery**	**Excellent operational performance**	**Strong revenue growth, partially offset by higher impairments. Strong balance sheet maintained**
▪ **Weak SA GDP** growth ▪ Severe **electricity shortages** ▪ **350 bps interest rate** increases yoy ▪ **Inflation high,** but trending down ▪ **Volatile markets**	▪ **Strong digital** growth ▪ Maintained market-leading **client experiences** ▪ **Market share gains** in key areas ▪ Ongoing **productivity** improvements ▪ **ESG leadership**	▪ PPOP: **+22%** ▪ JAWS: **+7%** ▪ Cost-to-income: **52,9%**	▪ HE: **+10%** ▪ Revenue: **+14%** ▪ Impairments: **+57%** ▪ ROE: **14,2%** ▪ CET1: **13,3%** ▪ LCR: **143%** ▪ NSFR: **119%** ▪ ECL coverage: **3,67%** ▪ Interim DPS: **+11%**

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

Worse than expected macro economic environment makes targets harder to achieve

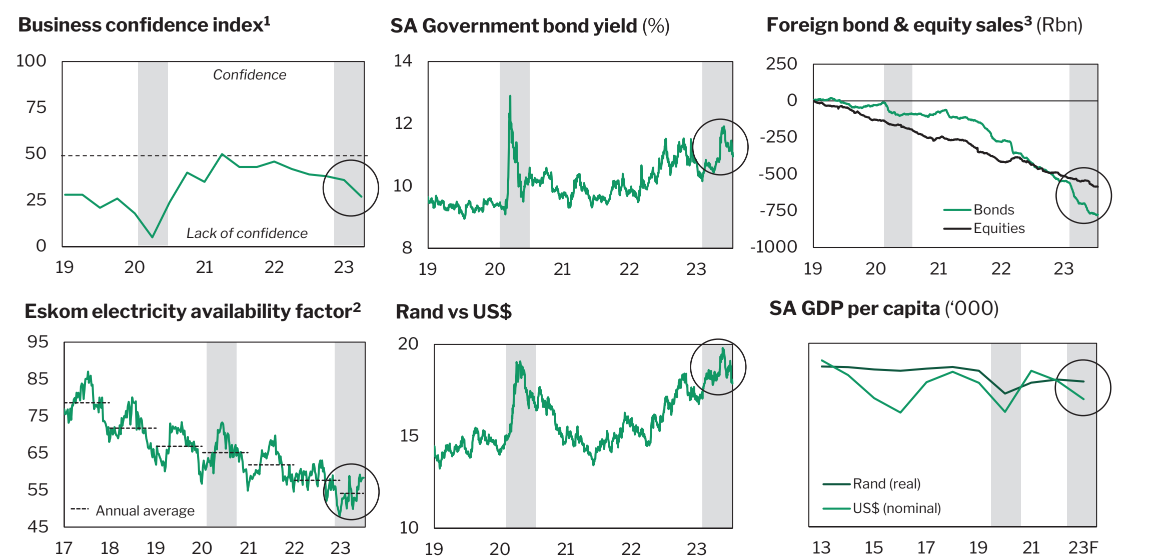
Medium- & long-term targets: Focus to achieve higher ROEs & lower cost-to-income ratios

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 3

Notes:

Notes:

Operating environment – outcomes were weak in H1 2023 & more work is required on key SA reforms to boost inclusive economic growth



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

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 4

Notes:

Operating environment – slow progress continues to be made on the key impediments to higher levels of inclusive economic growth being energy/electricity supply, logistics/transport & crime/corruption

Energy/electricity

- **Slow progress on fixing Eskom** – EAF[1] lower than prior years, but a slight improvement in Q2 23 vs Q1 23 (2022: 58% EAF[1] | Q1 23: 53% | Q2 23: 55%)
- **Installed rooftop solar**[2] +350% since March 2022 to 4,4 GW
- **Registered private renewable energy generation**[3] +150% yoy to a cumulative 4,5 GW

But

- Delays in the closure of some[4] **IPPPP rounds** (~4,4 GW)
- **Load-shedding** (GW) up +610% in H1 23 vs H1 22 & +59% vs H2 22

Logistics/transport

- **Durban port** – PPP partnership between TNPA & ICTSI[5] to increase container capacity from 3m to estimated 11m TEUs by 2032
- **Richards Bay port** – RFP released to increase container capacity from 50k to 200k TEUs

But

- **Rail passengers** transported down by 97% since 2012
- **Goods moved** by rail down by 30% since 2012

Crime/corruption

- Department of Justice & Correctional Services is working on **new laws to protect whistle-blowers**
- **R11bn coal supply agreements & construction contracts cancelled** by Eskom & initiated prosecutions & further investigations

But

- **FATF grey-listing** & limited prosecutions post the **Zondo report**
- **Serious crimes** a key issue – murders up 54% & robbery up 16% since 2012

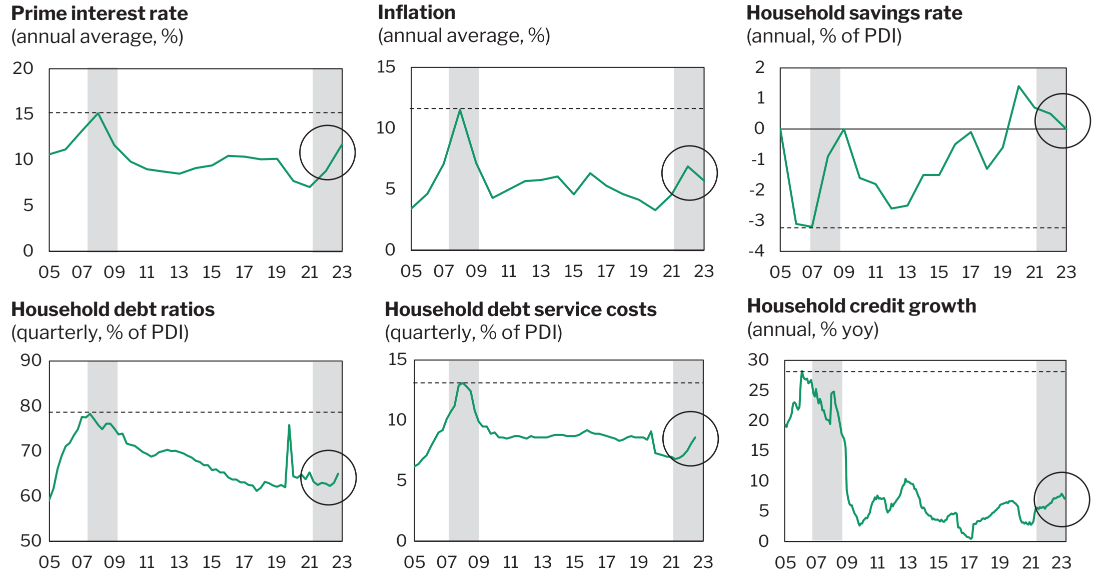
Business & Government working together through the B4SA platform to accelerate progress on these issues

[1] Energy Availability Factor as per Eskom. | [2] Source: Eskom estimates. | [3] NERSA registrations. | [4] Delays in the closure of some projects in REIPPPP & RMIPPPP. | [5] Transnet National Ports Authority (TNPA) & International Container Terminal Services Incorporated (ICTSI).

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 5

Notes:

Operating environment – consumers have been under increasing pressure from the impacts of higher interest rates & persistent high levels of inflation



NEDBANK GROUP LIMITED – 2023 Interim Financial Results 7

Notes:

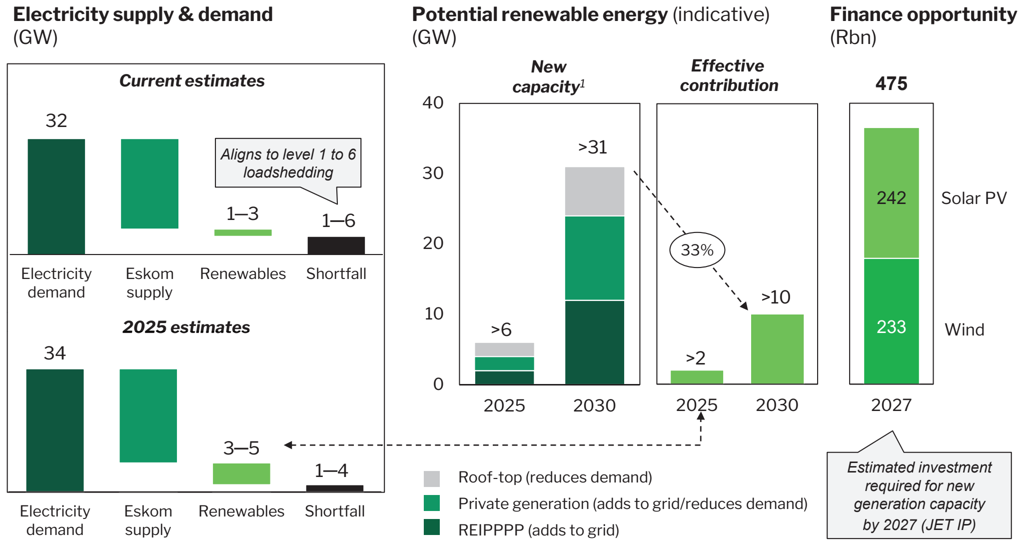
Operating environment – loadshedding can be reduced by the end of 2025 if Eskom production does not deteriorate materially, grid constraints are addressed, new IPPP capacity is built & connected to the grid within planned timelines & private power generation continues to accelerate in support of a Just Energy Transition

Additional info

Economic impact of load-shedding (Rm per stage)

Load-shedding stage	Nominal GVA lost (Rm per day)
1–2	R0m–R1m
3	R204m
4	R408m
5	R725m
6	R899m

Source: SARB. Impact of load-shedding on weekdays, with weekends & holidays lower. GVA = gross value added, similar to GDP.



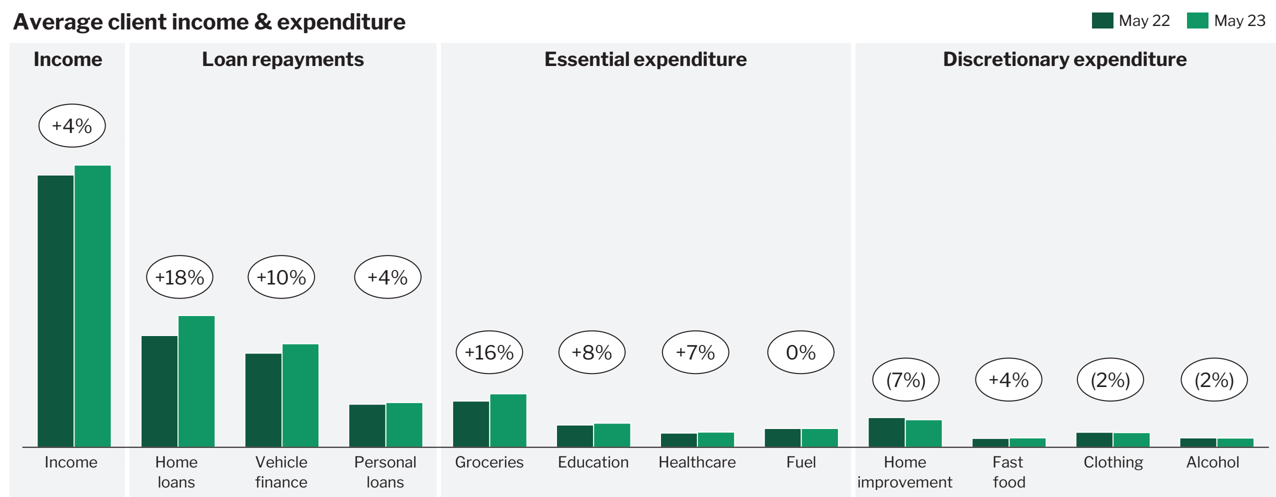
NEDBANK GROUP LIMITED – 2023 Interim Financial Results

[1] REIPPPP as per NECOM plan of 18 GW by 2030 & our view of potential progress to 2025. Rooftop solar: continued growth off the 4,4 GW baseline. Private generation based on pubic announcements of 9 GW to 12 GW & further growth over time.

6

Notes:

Operating environment – consumer disposable income under pressure

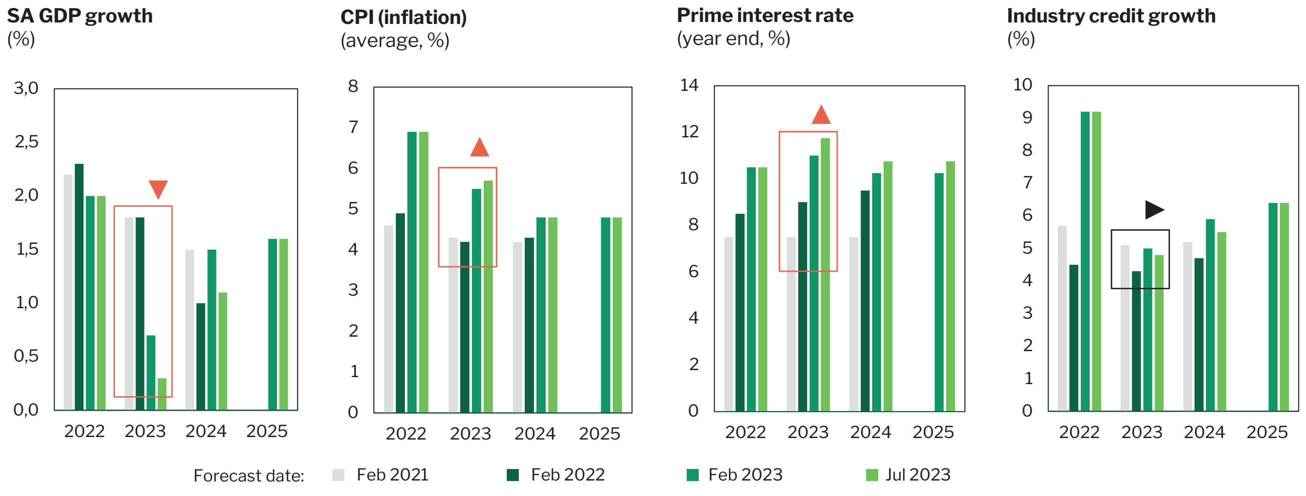


This analysis is based on the monthly average income per client & the monthly average spend per client for Nedbank main-banked clients. The yoy comparison is Jan-May 2023 compared to Jan-May 2022. Income growth reflect the average effect of some clients receiving increases above inflation, some clients below inflation as their employers could not afford higher increases & some clients that may have lost or reduced their income.

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 8

Notes:

Operating environment – GDP growth, interest rates & inflation have all been worse than previously expected



NEDBANK GROUP LIMITED – 2023 Interim Financial Results

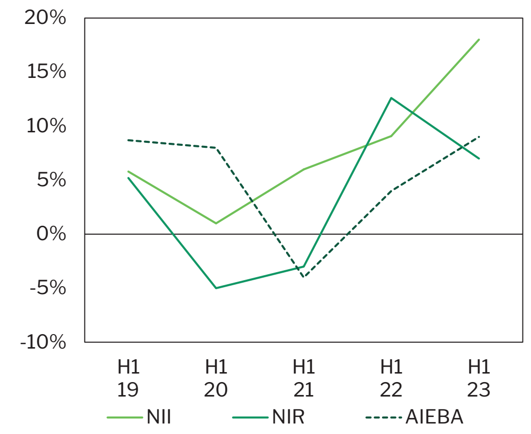
9

Notes:

Growth – very strong revenue growth trends

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

Nedbank revenue[1] & average interest-earning banking asset growth (%)



Structural benefit from higher interest rates – R1,8bn (pre-tax) for every 1% increase, partially offset by lower growth/higher impairments/active deposit management (average prime rate: H1 21: 7,0%, H1 22: 7,7%, H1 23: 11,1%)

Strong client-driven growth

- New primary client wins in CIB: **10** in H1 2023
- Retail main-banked clients: **+11%** yoy to 3,4m
- NAR client gains: **+5%** yoy to 370k
- App volumes **+22%** yoy & **+378%** since 2019
- Cross-sell ratio: **1,95** in H1 2023

Impact of volatile financial markets

- AUM **+12%** ytd to **R441bn**
- Trading income **+2%** yoy

[1] 2021 & 2022 NIR restated to take into account net monetary loss reclassification. 2019 & 2020 impact is immaterial, therefore NIR not restated. 2022 NIR restated for IFRS 17 & card-processing costs.

NEDBANK GROUP LIMITED – 2023 Interim Financial Results

11

Notes:

Nedbank Group strategy

Our purpose

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

Strategic value drivers

Growth	Productivity	Risk & capital management

Strategic value unlocks

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

Enabled by our **Managed Evolution** technology strategy

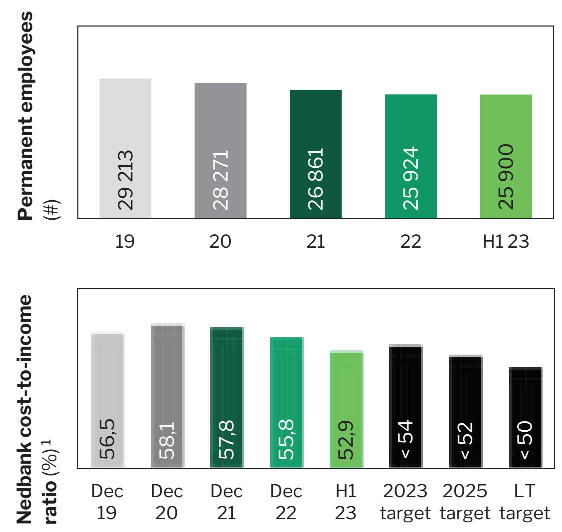
NEDBANK GROUP LIMITED – 2023 Interim Financial Results

10

Notes:

Productivity – optimisation benefits more evident & along with endowment benefits, support meeting the group's cost-to-income ratio targets

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



Structural cost optimisation benefits

- Managed Evolution IT build **93%** complete, enabling TOM 2.0 savings of **R1,7bn** to date
- Intangible software assets peaked at **R9bn** in 2020 & IT cash flow spend peaked in 2017 at **R2,3bn**
- Significantly increased levels of **digital usage**
- Headcount down **2%** yoy & down **11%** since 2019, largely through natural attrition
- Flexible work practices & real-estate optimisation enabling ongoing cost savings

PPOP growth +22% to R14,9bn

[1] 2022 restated for net monetary loss reclassification, card processing costs & IFRS 17. Prior years have not been restated.

NEDBANK GROUP LIMITED – 2023 Interim Financial Results

12

Notes:

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 (%)	Dec 19	Dec 20	Dec 21	Dec 22	H1 23
	11,5	10,9	12,8	14,0	13,3

Dividends

Dividends declared (cents/share)	H1 19	H1 20	H1 21	H1 22	H1 23
	720	No dividend	433	783	871

Liquidity

LCR (%)	Q4 19	Q4 20	Q4 21	Q4 22	Q2 23
	125	126	128	161	143

NSFR (%)	Dec 19	Dec 20	Dec 21	Dec 22	H1 23
	113	113	116	119	119

Credit

CLR (bps)	H1 19	H1 20	H1 21	H1 22	H1 23
	70	187	85	85	121

Total ECL coverage (%)	Dec 19	Dec 20	Dec 21	Dec 22	H1 23
	2,26	3,25	3,32	3,37	3,67

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 13

Notes:

Nedbank Group strategy

Our purpose

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

Strategic value drivers

Growth | Productivity | Risk & capital management

Strategic value unlocks

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

Enabled by our **Managed Evolution** technology strategy

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 15

Notes:

‘Good progress on **strategic delivery**, underpinned by our world-class technology platform’

Strategic overview

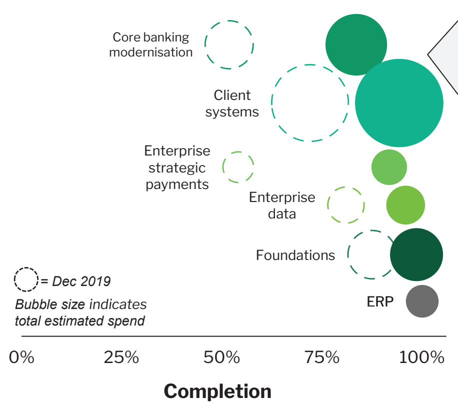
Mfundo Nkuhlu

Chief Operating Officer

Notes:

Managed Evolution technology programme: building a world-class technology platform for ongoing competitive advantage – 93% complete

Managed Evolution programme
Invested R10,5bn to 30 June 2023



Key IT build components to completion

Core banking modernisation
(84% complete, R0,4bn remaining)
Generic deposit & loan products, product lifecycle management

Onboarding & servicing
(94% complete, R0,3bn remaining)
Secured lending (home loans & vehicle asset finance)

Complete **payments** modernisation
(92% complete, R66m remaining)

As we move towards the close-out of the ME programme, the focus now shifts to:

- leveraging our new technology stack to **simplify our product range**, making banking easier & more affordable for our clients
- **migrating existing accounts** onto the new products
- **converging for scale** – across all segments, all channels & all geographies (including NAR harmonisation) on a central set of digital properties that are modular & agile for the frontline business needs & their clients
- **process optimisation**
- leveraging **data & generative AI** for commercial advantage

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 16

Notes:

Leveraging our new Managed Evolution technology stack & modernising our core banking systems to simplify our product range, make banking easier & more affordable for our clients & unlock further benefits for Nedbank

Core banking systems
84% complete

Product lifecycle management
- Pricing & billing
- Product catalogues

Core product systems
- **Deposit** products
  - Transactional
  - Investment
- **Lending** products

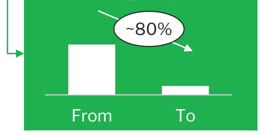
Foundational components
99% complete

- Enterprise content & master data management
- Client systems
- Enterprise security
- Enterprise data
- Modular architecture

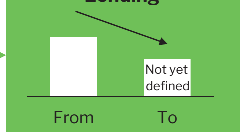
# of products[1]

Transactional

Investment



Lending



Benefits
- **Rationalise group-wide product set** with configurable generic products & flexible pricing (nine core product systems to two)
- Increased levels of **real-time transaction processing**
- Modular components (no hard coding) provide **product configurability**
- Become **more efficient** (cost savings)
- **Agile & quicker** launch of new innovations to market
- More **client-centred**
- Enables easier **integration of AI technologies**

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

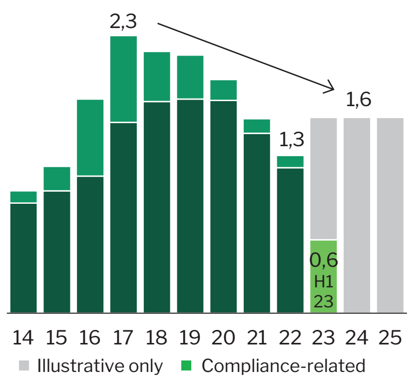
NEDBANK GROUP LIMITED – 2023 Interim Financial Results | Project initiated | In progress | Completed | 17

Notes:

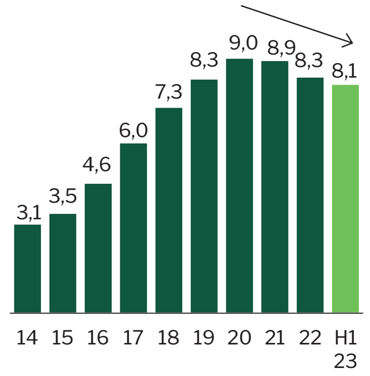
Managed Evolution technology programme – IT cash flow spend peaked in 2017 & intangible software assets peaked in 2020 at R9bn, while benefits are being realised as per plan

Additional info

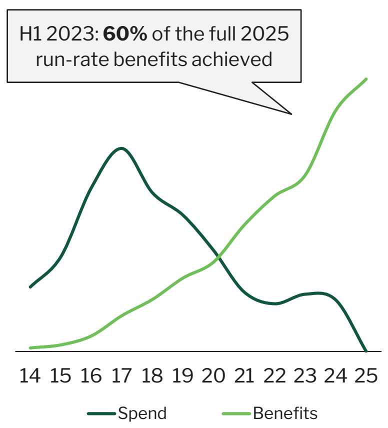
IT software development spend (Rbn annual cash flow)



Intangible software on the balance sheet (Rbn)



Investment vs benefit realisation to date (%)



NEDBANK GROUP LIMITED – 2023 Interim Financial Results | 19

Notes:

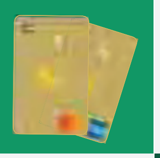
Initiating our product optimisation journey with MiGoals – 3 new consumer products launched in May 2023

From

46 transactional products
36 current accounts
10 savings products

To

18 transactional products[1]
- **3** consumer
- **3** private clients
- **2** NPW
- **7** business[2]
- **3** savings

3 new consumer products in market since launch	**> 100 000 new MiGoals accounts** opened since May 2023	Clients will be **seamlessly migrated**	**Simplified** pricing structure
MiGoals  A day-to-day pay-as-you-use transactional account for clients who want a cost-effective account	**MiGoals Plus**  A transactional account with a monthly fee, Greenbacks rewards & more	**MiGoals Premium**  A transactional account which includes a credit card, overdraft facility & Greenbacks rewards	**Replacing** Nedbank PAYU, Savvy Plus, Savvy Bundle & 20 other products

[1] *Current estimated product rationalisation. Target state juristic deposit product definitions remain work in progress.*
[2] *Small Business, Commercial and Corporate Banking.*

NEDBANK GROUP LIMITED – 2023 Interim Financial Results | Not started | Project initiated | In progress | Completed | 18

Notes:

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

Strategic value unlocks

Benefits for our **clients**

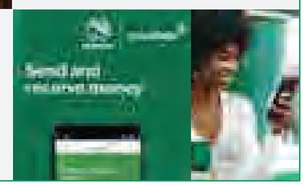
Client onboarding
99%
(FICA-compliant onboarding of individual & juristic clients via Eclipse)

Individual servicing
> 210
Services on Eclipse & Money App (**98%** STP)

Juristic servicing
> 435
Services on Nedbank Business Hub (**34%** STP)

Digital product sales
% of new sales
▲ **56%**
(2019: 12%)

Great client experiences
NPS
▲ **#1 bank**
(2019: #3)

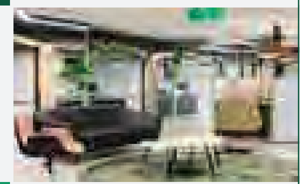


Benefits for **Nedbank**

Cost of innovation
Development cost per function point
▼ **39%**
(less than CPI, 2019 base)

Systems uptime
99,2%

Operational efficiencies
Floor space ▼ **30%**
Headcount ▼ **11%**
(since 2019)

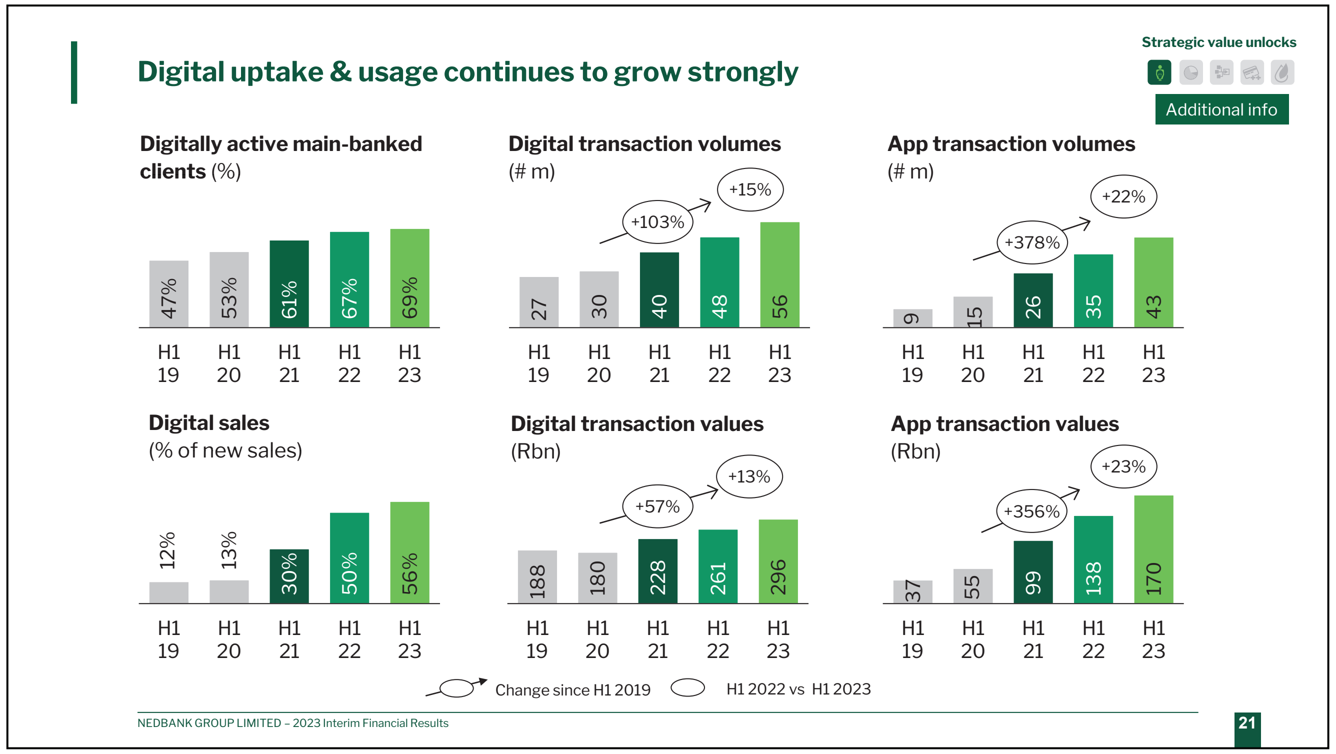


Target operating model benefits
R3,7bn
(cumulative 1.0 & 2.0 to date)

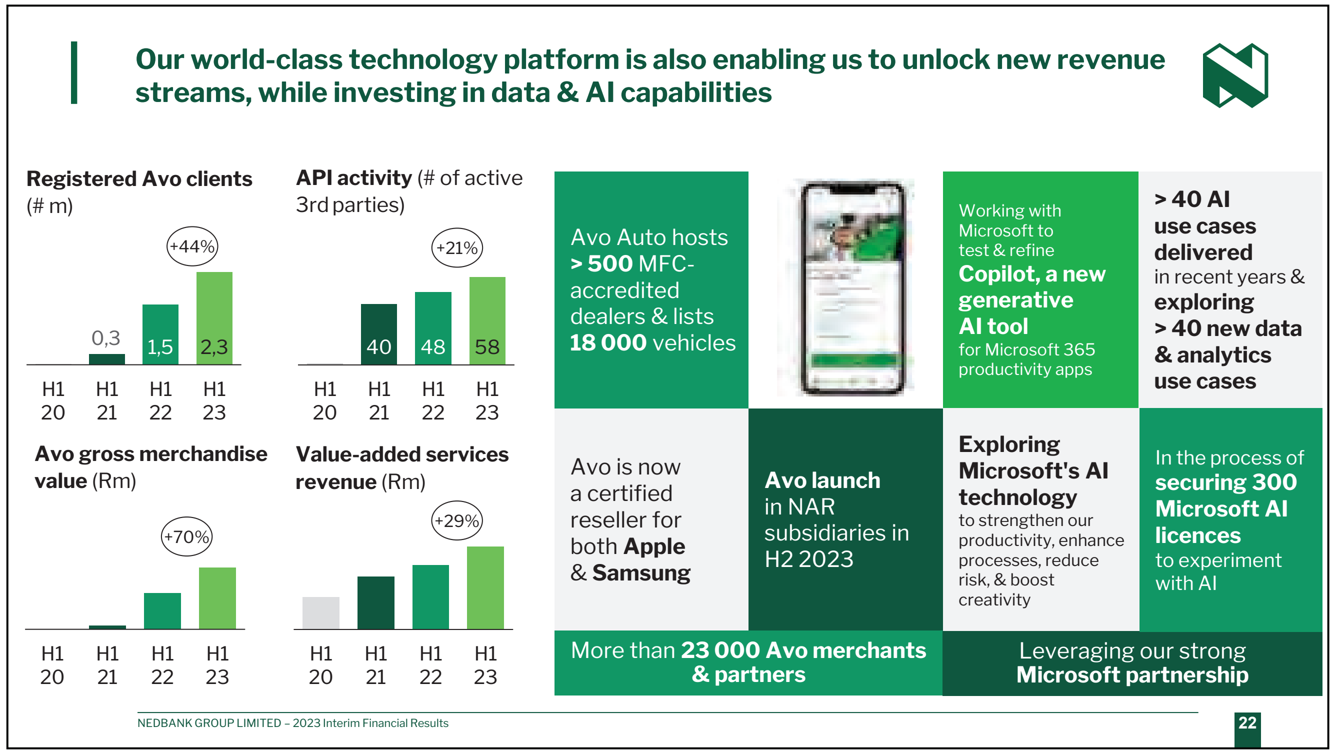
Revenue growth
Retail cross-sell ▲ **1,95** (H1 2019: 1,72)
VAS revenue ▲ **198%** (vs H1 2019)

NEDBANK GROUP LIMITED – 2023 Interim Financial Results | *STP – Straight-through processing* | 20

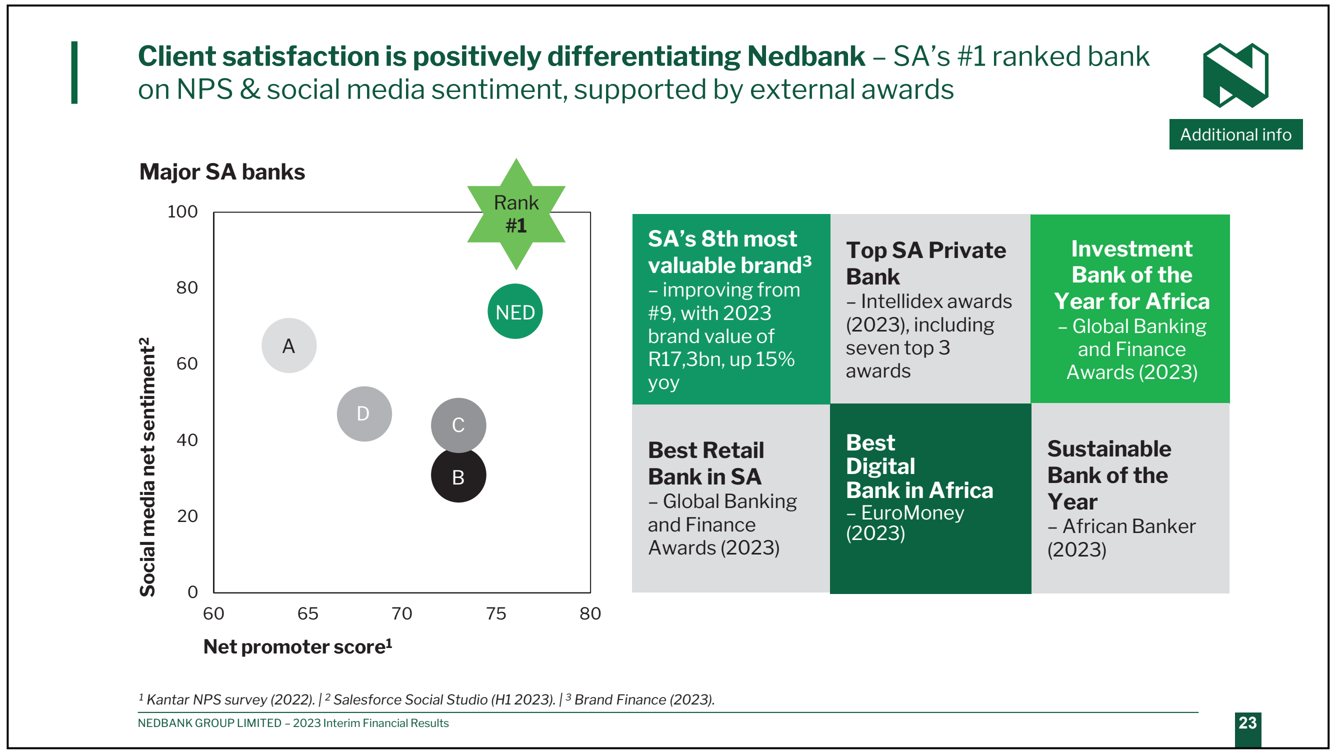
Notes:



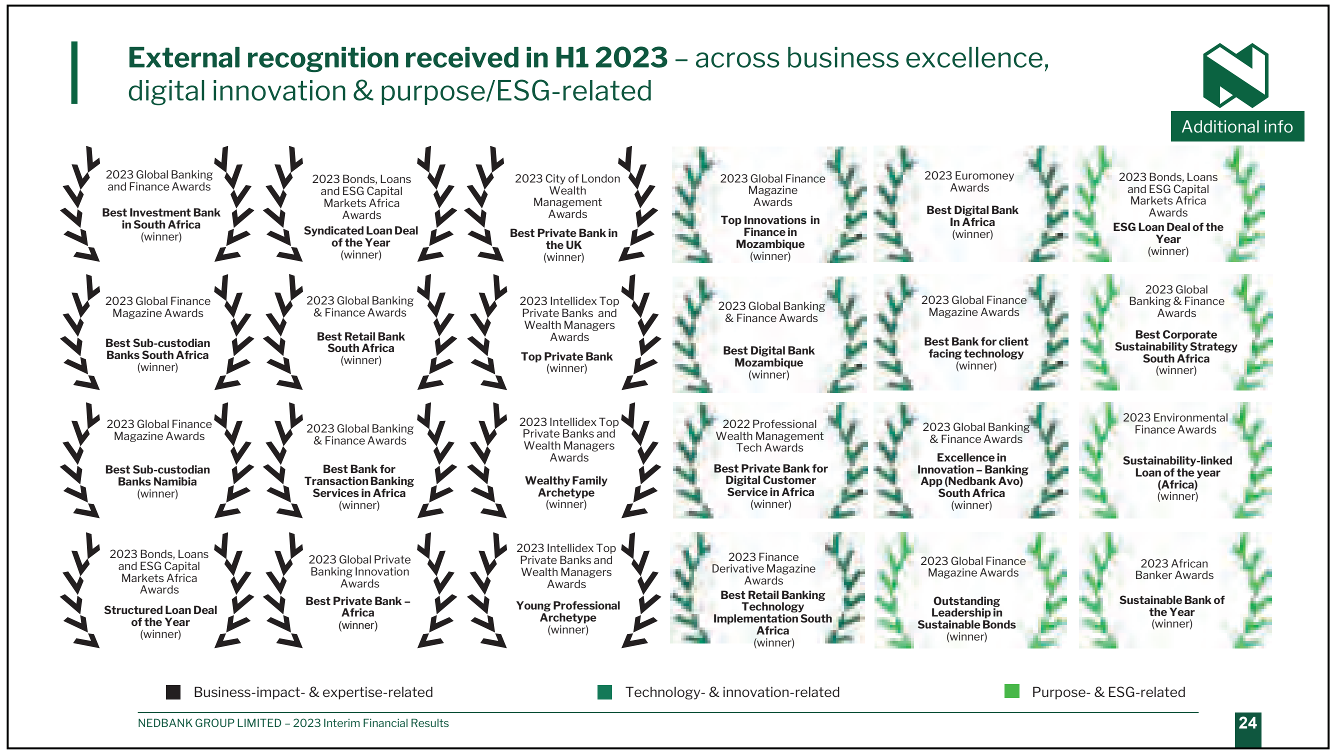
Notes:



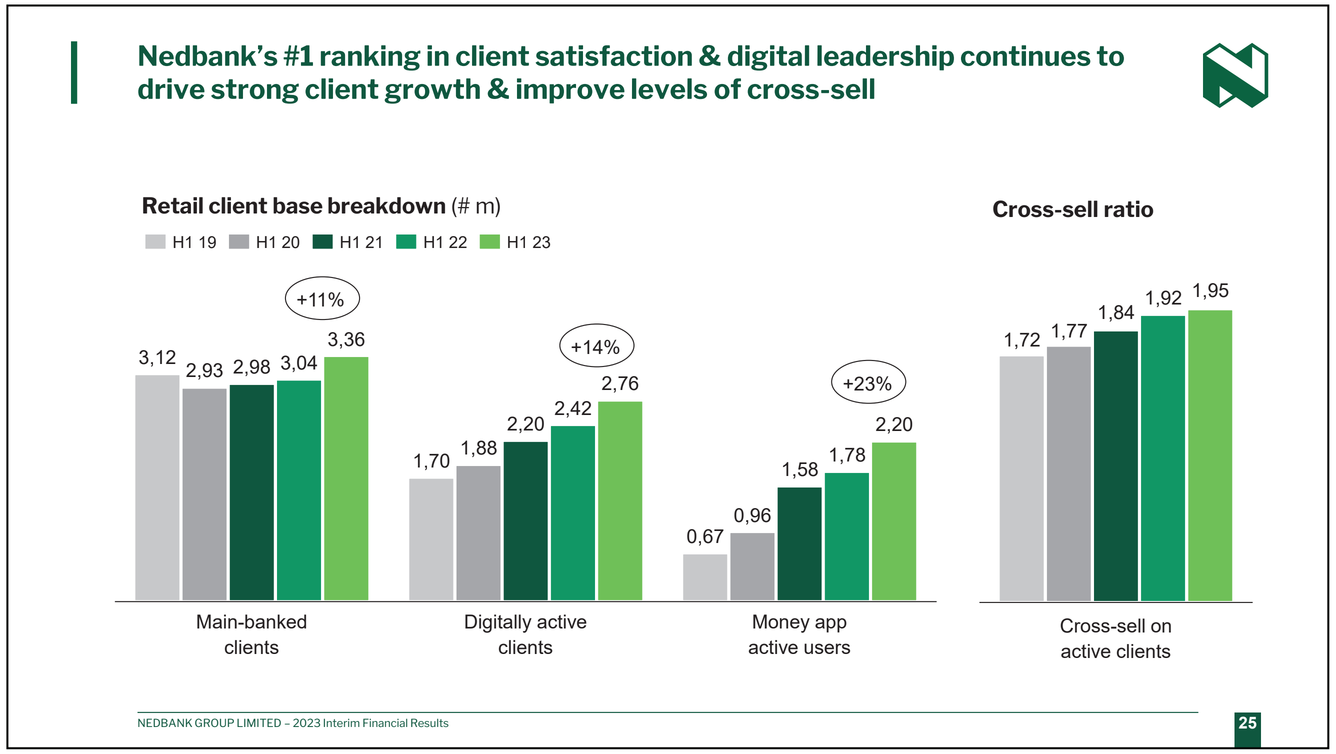
Notes:



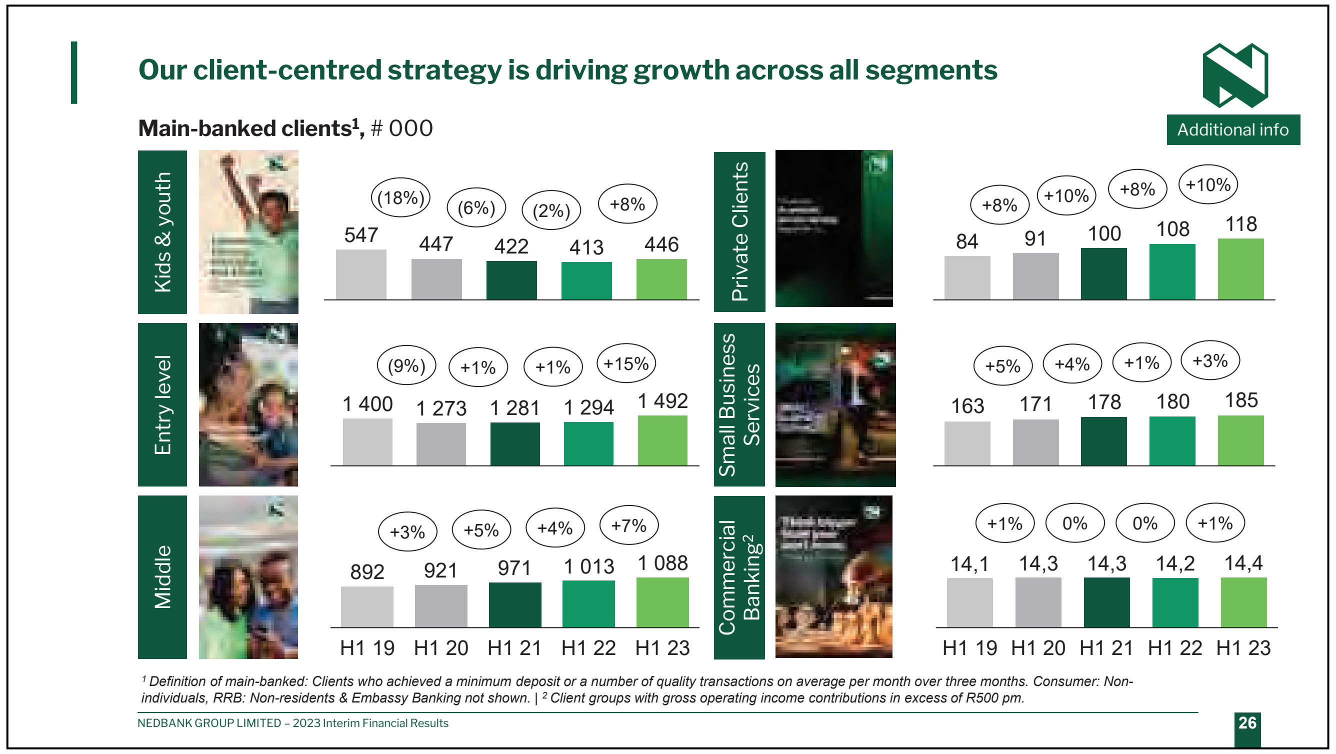
Notes:



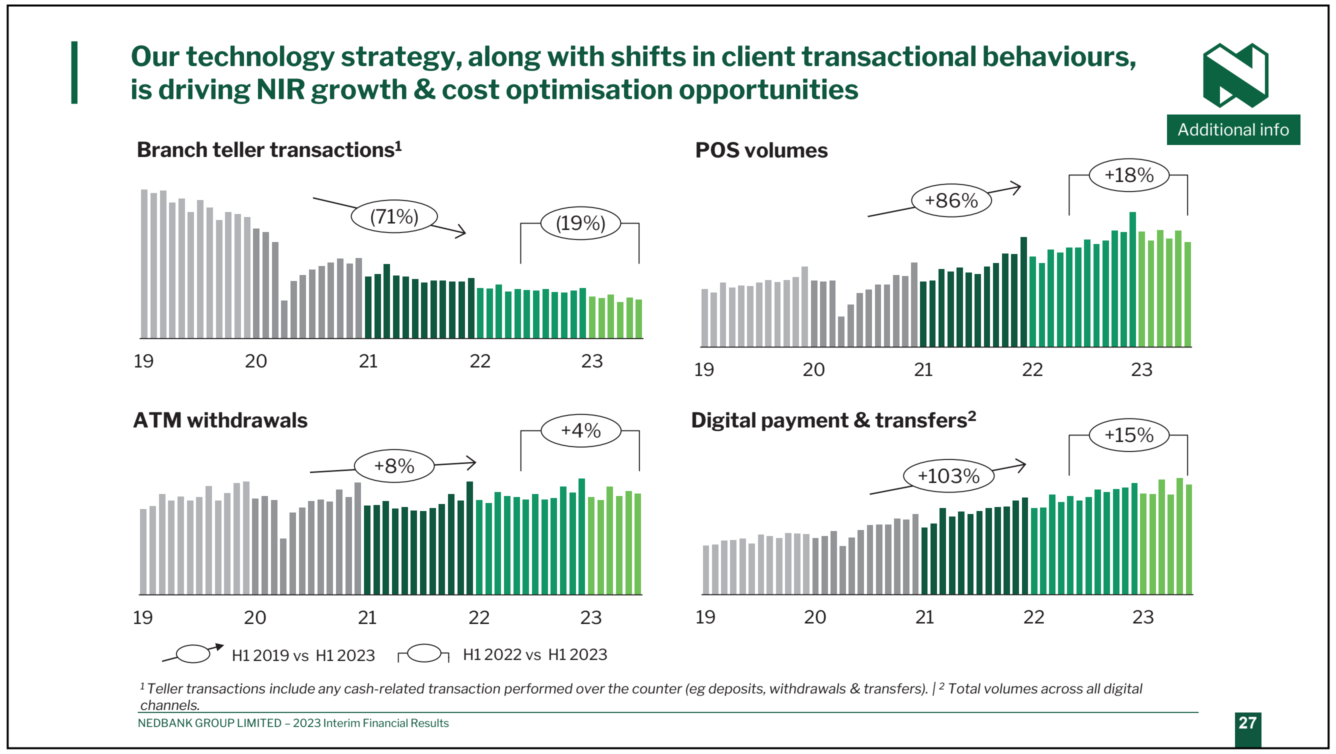
Notes:



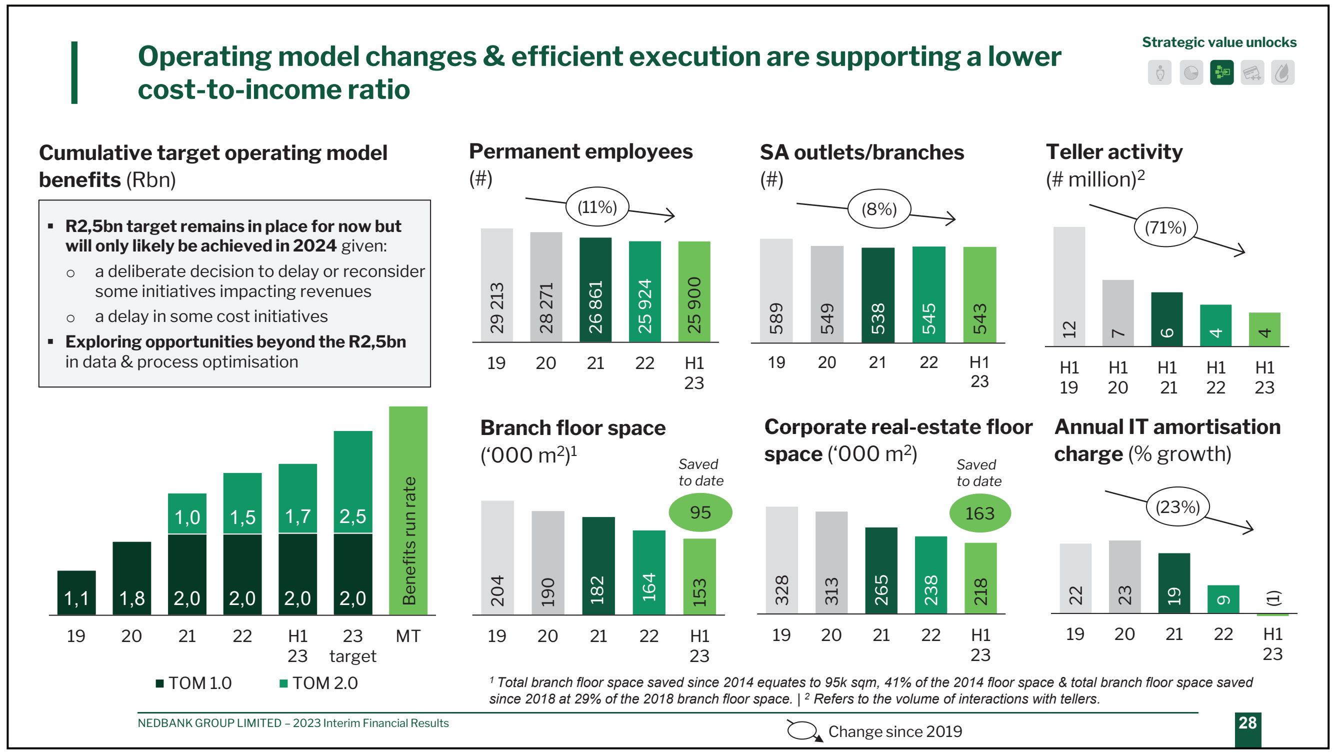
Notes:



Notes:



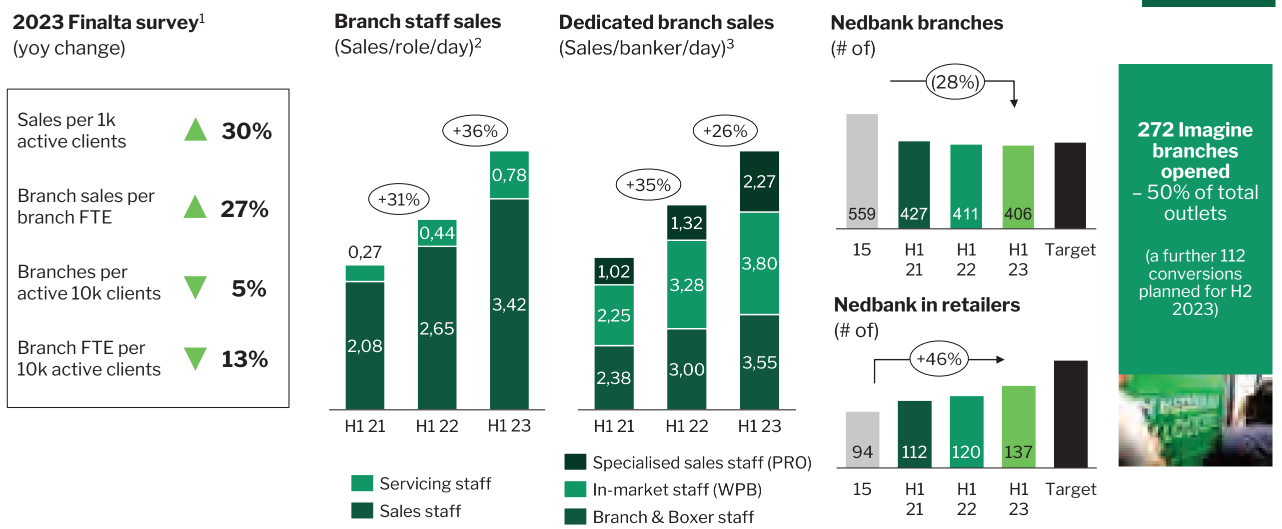
Notes:



Notes:

Shifting our RBB organisational structure to be more client-centred, delivering great client experiences, enabling strong product sales & unlocking productivity enhancements (Project Phoenix & Project Imagine)

Additional info



[1] Global survey conducted by McKinsey. | [2] Consumer, which includes Boxer & BDO. | [3] Specialised Sales (PRO) have transition into bankers role from May 2023 as per the business strategy and will be reported going forward in H2 as part of branch performance. | WPB = Workplace banking.

Notes:

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 (%)	Jun 21	Jun 22	May 23	Yoy change
Wholesale term loans	16,6	16,0	17,1	▲
CPF	37,9	37,6	36,8	✓
Home loans	14,3	14,0	14,2	▲
Vehicle finance	36,7	35,9	35,3	✓
Personal loans	11,8	11,8	11,2	▼
Card	12,5	11,5	10,9	▼
Retail overdrafts	8,9	11,1	12,9	▲
Total household deposits	15,1	14,5	14,8	▲
Household trans deposits	14,4	13,7	13,6	▶
Household non-trans deposits	16,6	16,3	17,5	▲
Total commercial deposits*	17,5	17,2	17,5	▲
Commercial transactional*	12,5	12,7	11,6	▼
Commercial non-trans dep*	18,5	18,3	19,3	▲

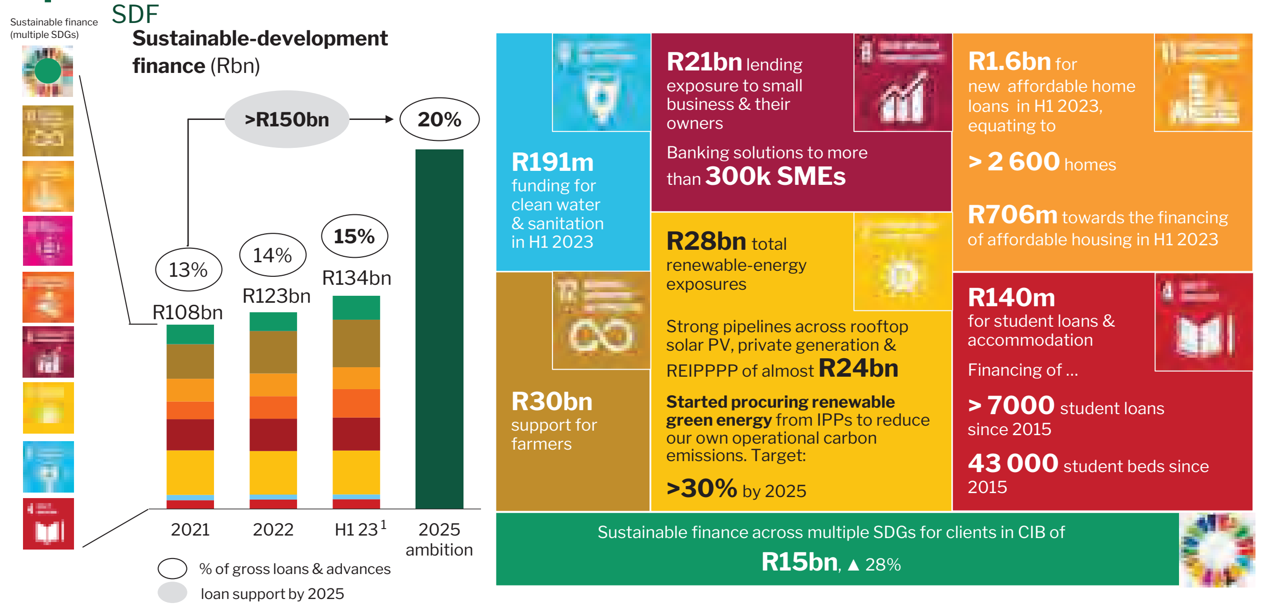
- **Unlocking growth opportunities** – infrastructure & SDG-related financing, particularly in wholesale lending
- **Selective credit origination** in areas where we have strong market positions – commercial property & vehicle finance
- **Prudent credit granting** in a more difficult macroeconomic environment – personal loans & card
- **Household deposits** – solid household deposits turnaround
- **Yoy market share gains** in term loans, retail home loans, retail overdrafts & key deposits categories as management actions start yielding results

*Excluding tax & loans & wholesale FX.

Notes:

Creating positive impacts – R134bn of exposures at the end of June 2023 that support sustainable-development financing (SDF). We set an ambition for this to be around 20% of gross loans & advances by 2025, through > R150bn in support of new SDF

Strategic value unlocks



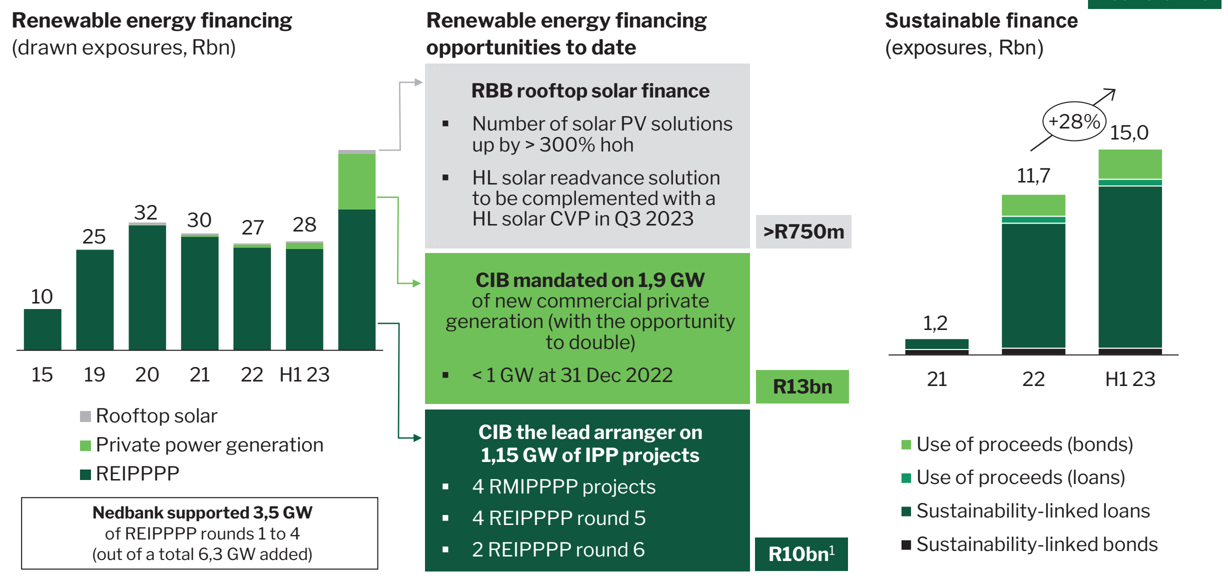
[1] R11bn for the financing of buildings that include green interventions such as green energy, water & waste efficiencies has not yet been included as we consider its eligibility.

Notes:

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

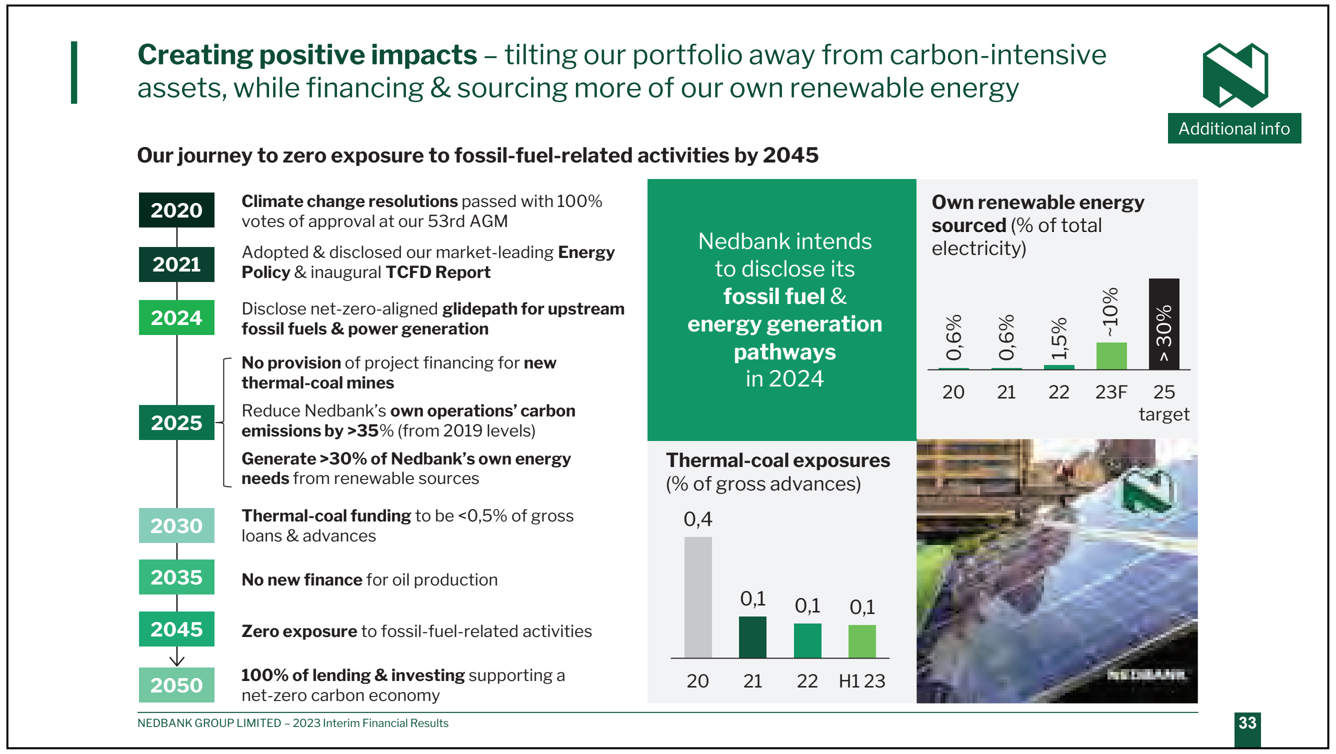
Strategic value unlocks

Additional info



[1] Includes financing for 0,5 GW of other government procurement projects where Nedbank is not the lead arranger.

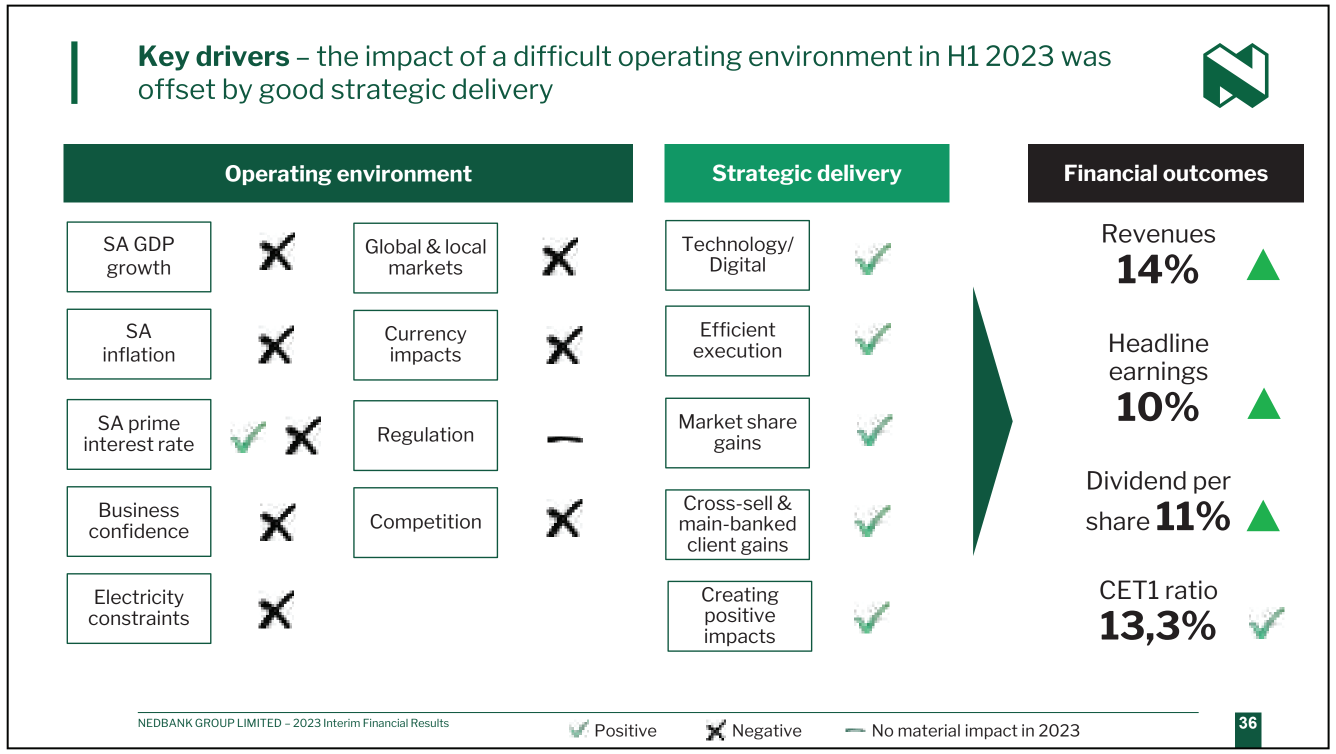
Notes:



Notes:

Notes:

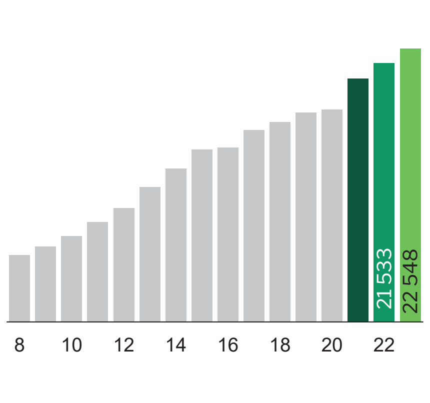
Notes:



Notes:

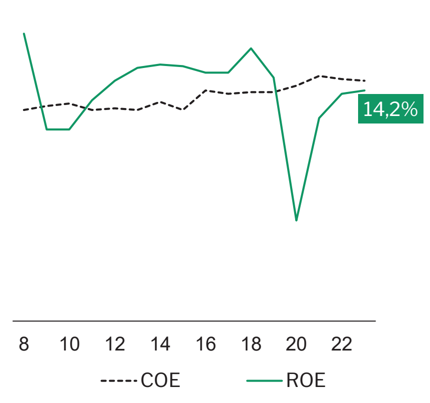
Key drivers of shareholder value creation – solid NAV growth, ongoing ROE improvement & strong capital generation

NAV per share (cents)



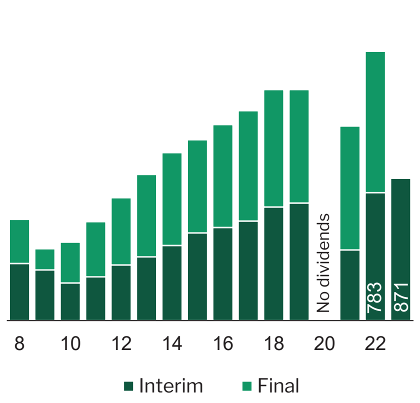
NAV growth +8% yoy

ROE & cost of equity (%)



ROE increasing towards COE & then > COE

Dividend per share (cents)

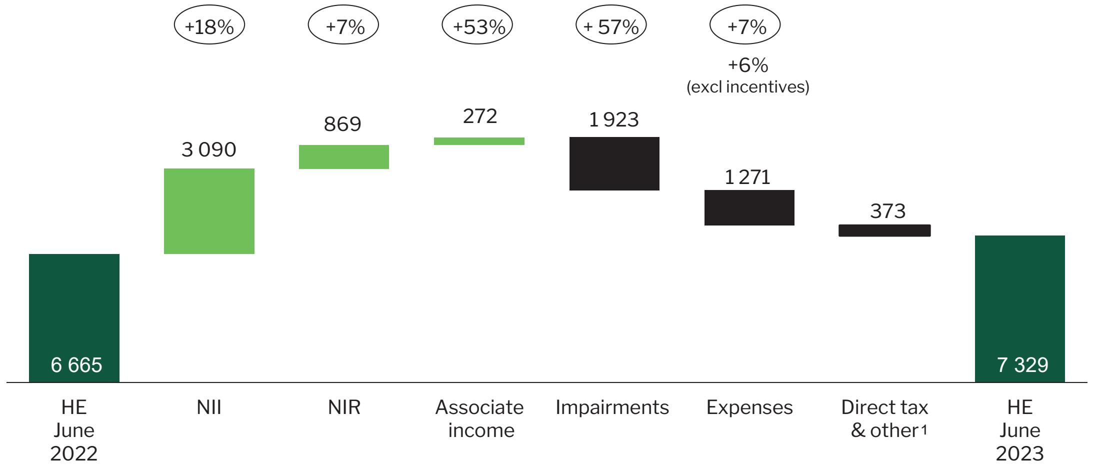


Dividend cover at 1,75x

Notes:

Headline earnings up by 10% – driven by strong revenue growth, partially offset by higher impairments

Headline earnings (Rm)



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

Notes:

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

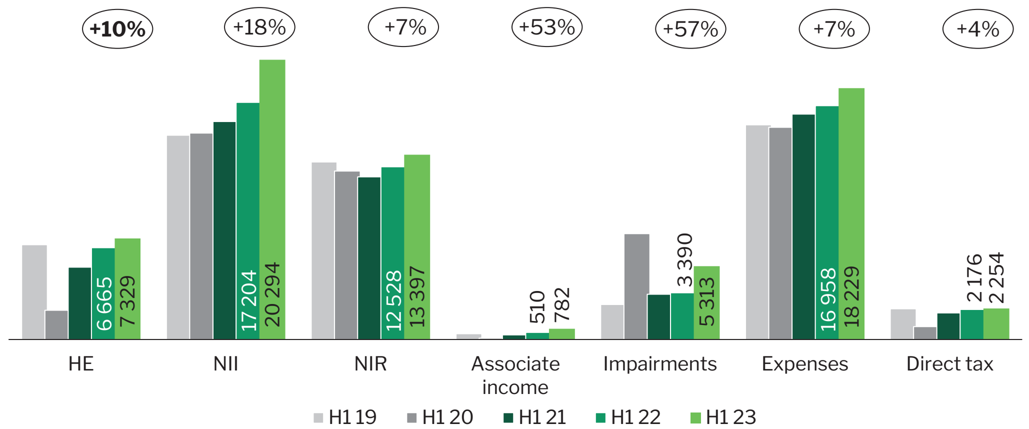
		yoy	H1 2023	H1 2022	H1 2021	H1 2020	H1 2019
Profitability	Headline earnings (Rm)	+10%	**7 329**	6 665	5 251	2 114	6 870
	Pre-provision operating profit (Rm)	+22%	**14 896**	12 231	10 456	10 717	11 635
	DHEPS (cents)	+11%	**1 477**	1 335	1 067	434	1 411
	Basic EPS (cents)	+8%	**1 524**	1 412	1 081	270	1 419
	ROE (%)		**14,2**	13,6	11,7	4,8	16,8
Advances & deposits	Gross banking advances (Rbn)	+5%	**876**	831	781	838	753
	Deposits (Rbn)	+8%	**1 086**	1 005	936	944	866
	NIM (%)		**4,18**	3,85	3,68	3,33	3,57
Asset quality	Credit loss ratio (bps)		**121**	85	85	187	70
	Total coverage (%)		**3,67**	3,31	3,41	2,85	2,21
Liquidity	Liquidity coverage ratio (%)		**143**	144	131	115	115
	NSFR (%)		**119**	120	114	114	110
Capital	CET1 (%)		**13,3**	13,5	12,2	10,6	11,3
	Risk-weighted assets (Rbn)	+5%	**680**	647	647	678	619

Notes:

Headline earnings up by 10% – driven by strong revenue growth, partially offset by higher impairments

Additional info

Key earnings drivers (pre-tax, Rm)



Note: H1 22 restated for net monetary loss reclassification, card-processing costs & IFRS 17. Prior years have not been restated.

Notes:

Pre-provisioning operating profit up by 22% – driven by strong revenue growth & good expense management, enabling a lower cost-to-income ratio

Additional info

PPOP (Rm)	yoy	H1 2023	H1 2022	H1 2021	H1 2020	H1 2019
CIB	1%	**4 614**	4 564	4 423	4 363	4 598
RBB	24%	**7 829**	6 315	5 291	5 136	5 793
Wealth	51%	**824**	548	600	531	576
NAR	104%	**1 307**	643	280	241	413
Centre		**322**	161	(138)	446	255
Group	22%	**14 896**	12 231	10 456	10 717	11 635

Cost to income (%)	H1 2023	H1 2022	H1 2021	H1 2020	H1 2019
CIB	**45,1**	43,3	42,9	41,0	40,9
RBB	**58,3**	62,0	65,5	65,0	62,3
Wealth	**64,1**	70,5	71,7	76,7	71,6
NAR	**47,8**	62,5	74,9	74,8	70,0
Centre					
Group	**52,9**	56,1	58,5	56,4	55,4

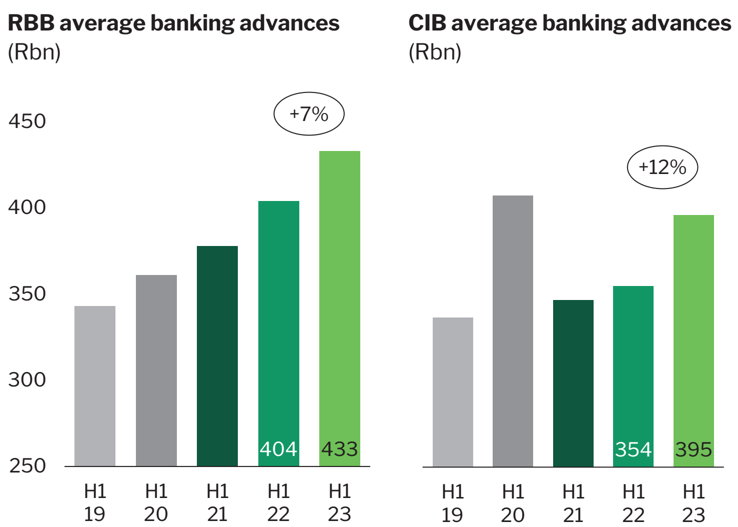
- **CIB** resilient in a difficult operating environment
- **RBB** continues to unlock strong revenue growth, while realising benefits from cost optimisation
- **Wealth** benefiting from higher local & international interest rates & good growth in insurance & Asset Management
- **NAR** supported by ongoing turnaround & growth from ETI & FX gains & improved scale in the SADC operations

Note: H1 22 restated for net monetary loss reclassification, RBB Visa/Mastercard costs & IFRS 17. Prior years have not been restated.

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 41

Notes:

Average gross banking advances up by 9% yoy – driven by good momentum in both CIB & RBB



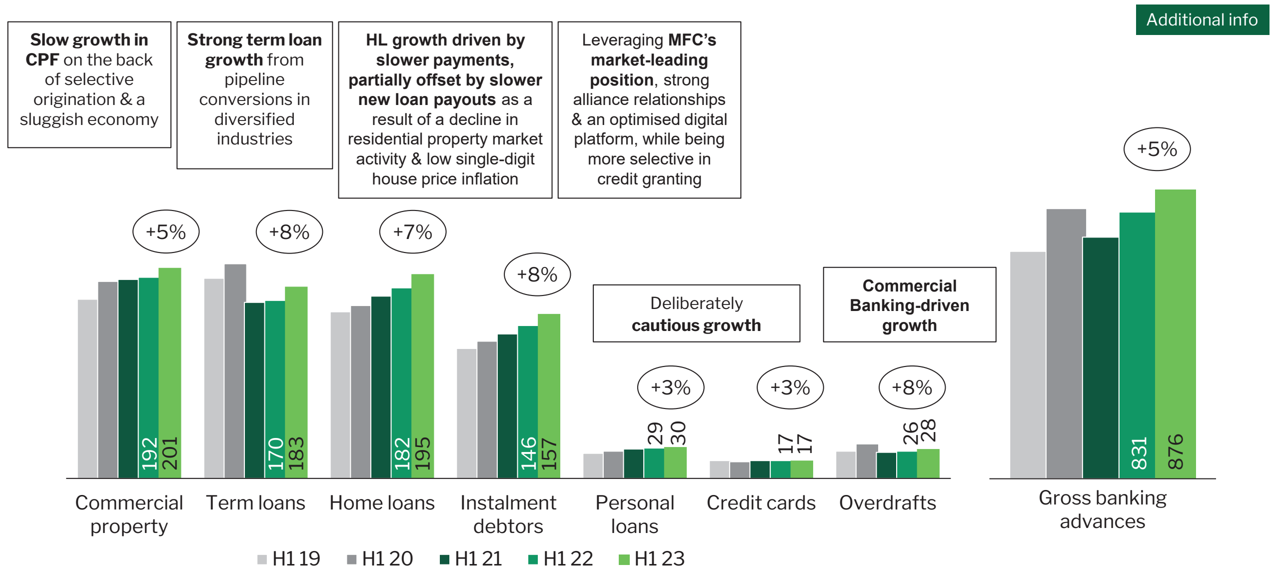
- **RBB**
  - Strong growth in SME & commercial client segments
  - Further gradual HL market share gains in H1 2023
  - Selective growth by leveraging our strong position in MFC (second-hand & lower-value vehicles)
  - More cautious in unsecured lending given elevated risk in the macroeconomic environment
- **CIB**
  - Strong growth in Leverage & Diversified Finance
  - Delays in closing REIPPPP rounds
  - Repayments

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 42

Notes:

Actual gross banking advances up by 5% yoy – good growth in secured lending categories & wholesale term loans

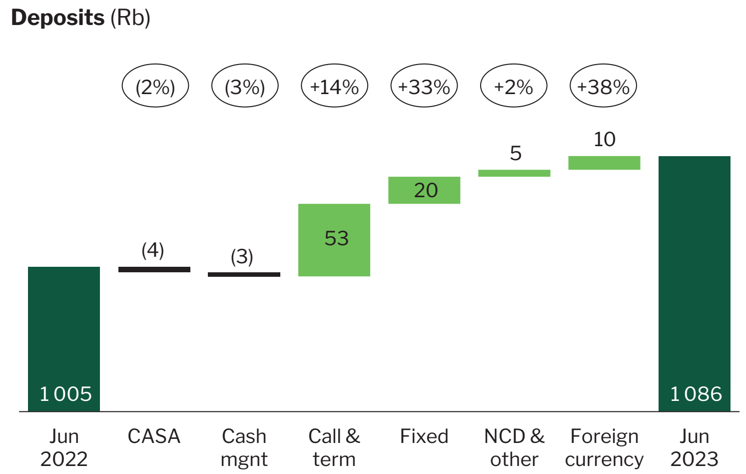
Additional info

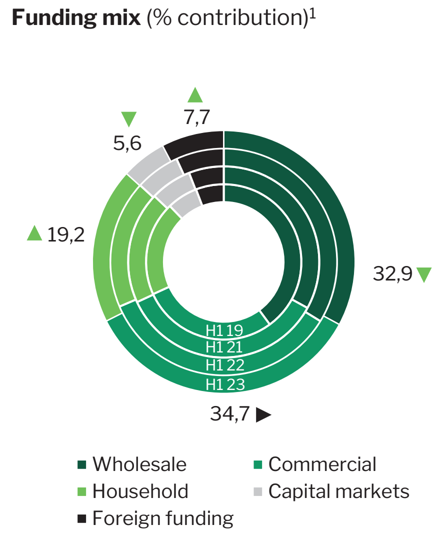


NEDBANK GROUP LIMITED – 2023 Interim Financial Results 43

Notes:

Deposits up by 8% yoy – clients shifting to longer tenure in a rising-interest-rate environment





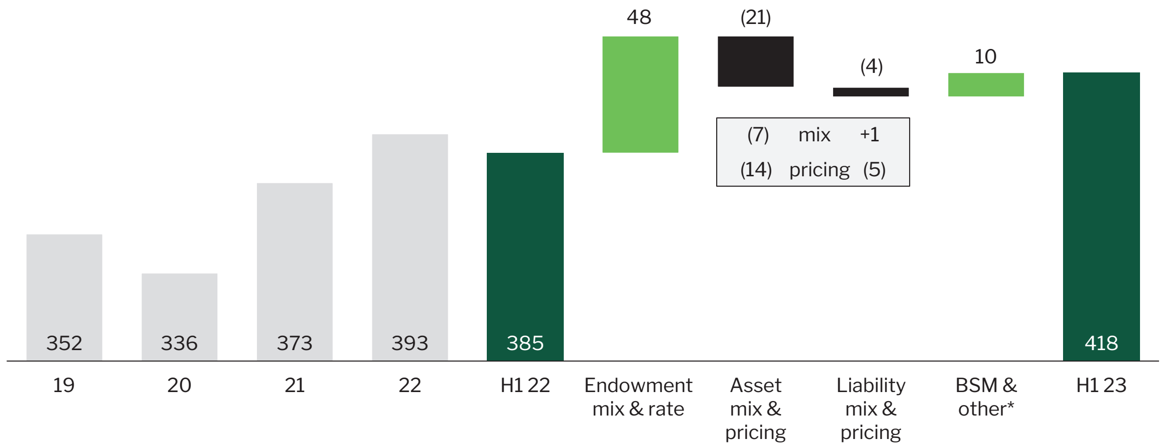
¹ *Nedbank Group foreign funding at 3%.*

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 44

Notes:

NII up by 18% – NIM expansion driven primarily by endowment income (higher interest rates)

Net interest margin (bps)



Positively positioned in a rising-rate cycle – NII sensitivity for 1% change in interest rates: R1,8bn

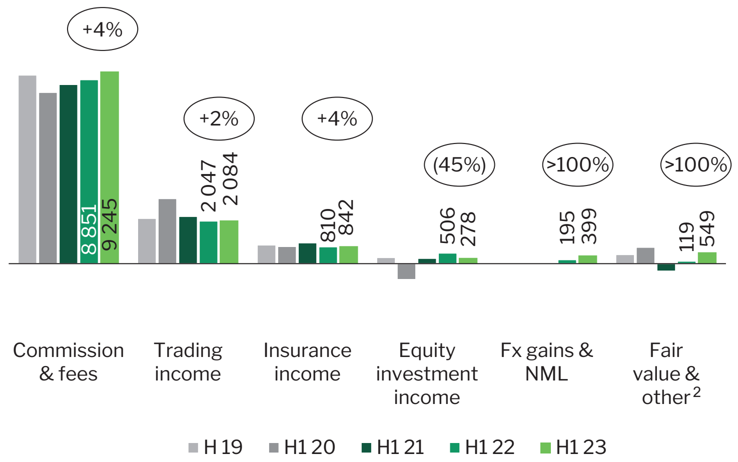
*Balance sheet management & other includes positive HQLA rate & mix impact, positive basis risk impact & higher yields in NAR.

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 45

Notes:

NIR up by 7% – supported by growth in commission & fees & insurance growth, as well as FX & fair-value gains

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



- **Commission & fees** – solid growth driven by client transactional activity, cross-sell & main-banked client gains
- **Trading** – positive outcomes in FX & debt securities offset by lower equities & the introduction of MPIF
- **Insurance** – higher funeral policy sales & lower relative non-life claims due to the base effect of the KZN floods in 2022, partially offset by lower reserve releases
- **Equity investment income** – normalised performance off a high H1 2022 base
- **FX & NML** – positive benefit from exchange rate fluctuations on US$ assets in Zimbabwe, partially offset by a higher net monetary loss
- **Other** – Fair-value gains of R239m in H1 2023

[1] *H1 22 restatements relate to IFRS 17, card-selling costs & net monetary loss from the face of the IS to NIR. Prior years not restated.* | [2] *Represents sundry income & investment income.*

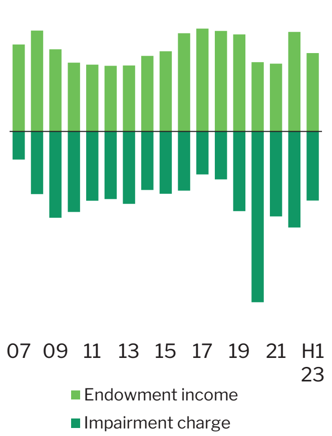
NEDBANK GROUP LIMITED – 2023 Interim Financial Results 47

Notes:

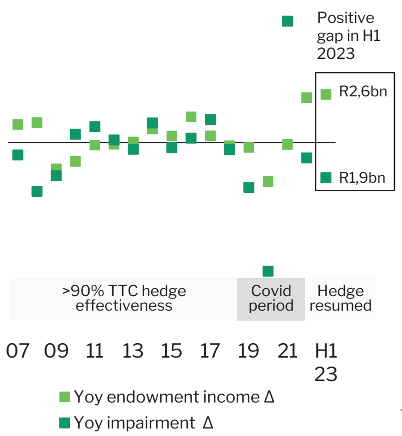
Nedbank benefiting from endowment income as a natural hedge against rising impairments when interest rates rise

Additional info

Endowment income vs impairment charge (Rbn)



Change in endowment income vs impairments (Rbn)



Directional earnings drivers

	H1 23	H2 23	H1 24	H2 24	2025
Average SA interest rates	**11,1%**	**11,75%**	**11,4%**	**11,0%**	**10,75%**
Endowment	▲	▲	▼	▼	▼
CLR	▲	▼	▶	▼	▶
	CLR > 100 bps		CLR within 60 to 100 bps range		
Real SA GDP growth	**+0,3%**		**+1,0%**		**+1,5%**
Industry credit growth less nominal GDP growth	▼ (1,2%)		▶ 0,0		▲ +0,6%
Transactional activity & other NIR benefits	▶		▲		▲

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 46

Notes:

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

Additional info

Summary of restatements impact (Rm)	**H1 2023** As reported	**H1 2022** Restated	**growth %**
Non-interest revenue	13 397	12 528	+7%
Restatements on like-for-like basis			
Net monetary loss	630	277	
RBB Visa/Mastercard costs	307	200	
IFRS 17	352	316	
NIR (excl all restatements)	14 686	13 321	+10%

Summary of restatements impact (Rm)	**H1 2023** As reported	**H1 2022** Restated	**growth %**
Expenses	(18 229)	(16 958)	+7%
Restatements on like-for-like basis			
RBB Visa/Mastercard costs	(307)	(200)	
IFRS 17	(323)	(293)	
Expenses (excl all restatements)	(18 859)	(17 451)	+8%

- **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 R323m (H1 2022: R293m) & associated indirect tax of R30m (H1 2022: R26m) related to the insurance products have been reclassified from expenses to NIR of R352m (H1 2022: R316m)
- **RBB Visa & Mastercard costs** (*New item in 2023*): H1 2023: R307m & June 2022: R200m have become material and therefore reclassified from opex to NIR in accordance with IFRS 15 & to align with industry
- **Commission & fees:** +4,4% growth reported & +5,5% growth excluding restatements
- **Insurance income:** +4,0% growth reported & +6,0% growth excluding restatements

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

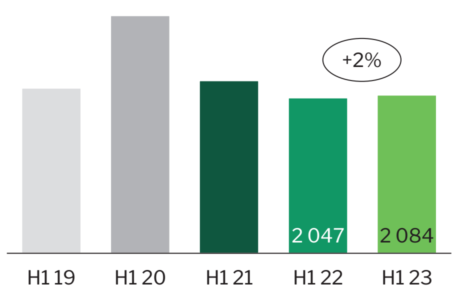
NEDBANK GROUP LIMITED – 2023 Interim Financial Results 48

Notes:

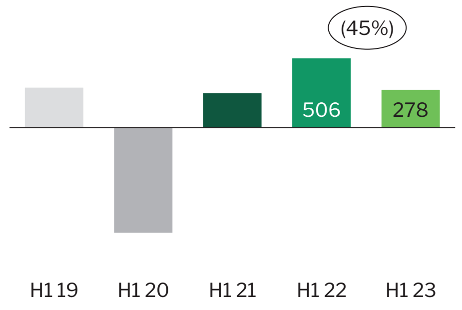
Trading income & equity investment income – low growth in trading income, while the private equity portfolio normalised against a high H1 2022 base

Additional info

Group trading income (Rm)



Equity investment income (Rm)



- **Equities** – muted client activity given gloomy outlook & recessionary fears
- **Debt securities** – strong performance in the credit trading portfolio
- **Foreign exchange** – higher income earned on collateral balances

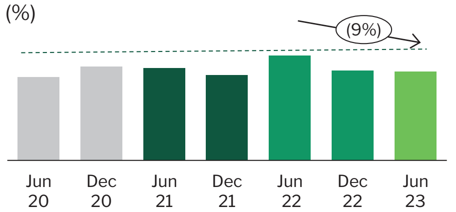
- **Commercial Property Finance** – lower positive revaluations in the current year compared to prior period
- **Investment Banking** – normalised performance from a high base in the prior year

Notes:

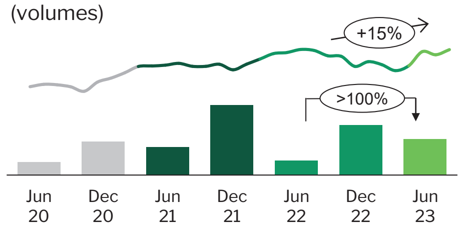
Insurance – strong financial performance driven by lower non-life claims, higher investment returns & significant growth in MyCover Funeral

Additional info

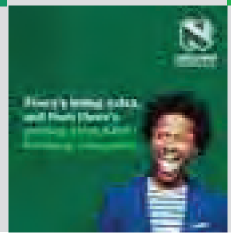
Non-life claims ratio (%)



JSE All-share Index & investment returns (volumes)



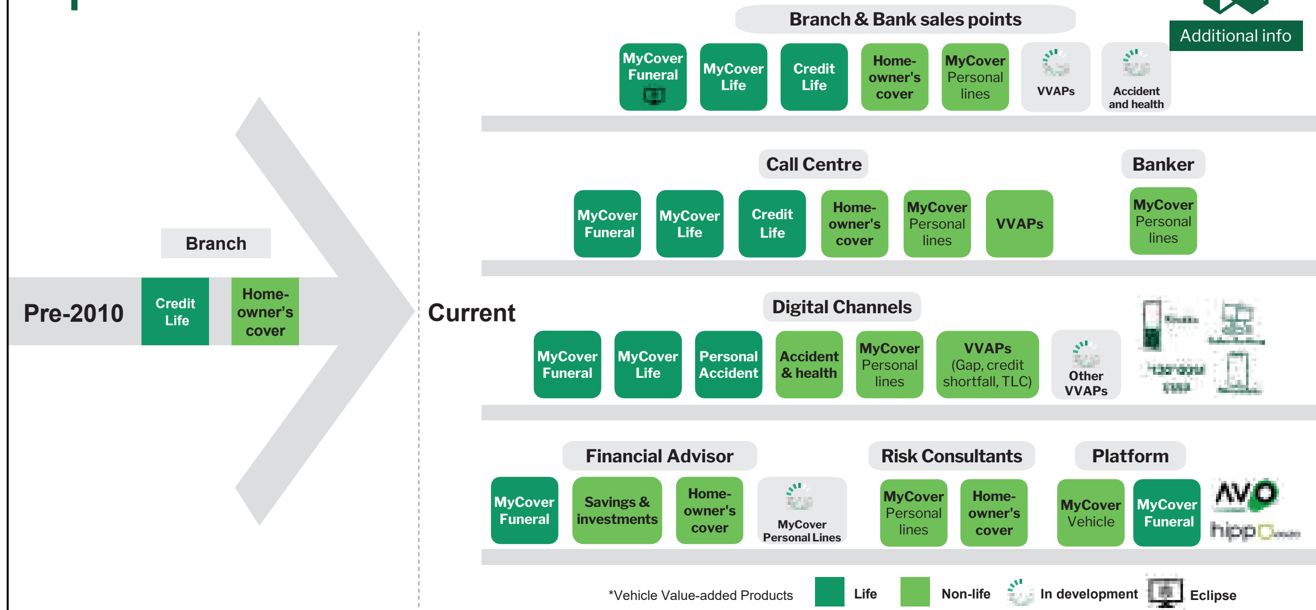
JSE Investment returns

Lower non-life claims volumes due to base effect of KZN floods in prior year	Quoting, fulfilment, & claims functionality expanded to **15 product offerings**	>100% growth in underwriting result & value of new business (VNB) for **MyCover Funeral**
Embedded value **R4,7bn** +33% yoy		Life Insurance VNB **R238m** +63% yoy

Notes:

Insurance – significant progress made on product & channel diversification

Additional info

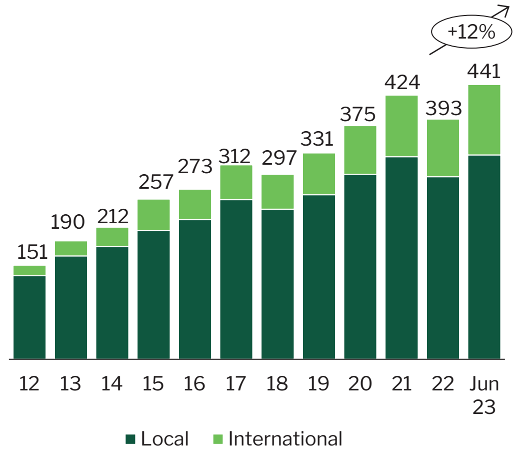


Notes:

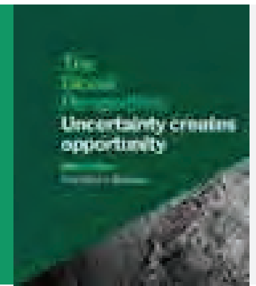
Asset Management – good growth in NIR, driven by a 12% ytd increase in AUM due to positive market performance & net inflows

Additional info

Assets under management (Rbn)



Release of the **2022 Responsible Investment** Report

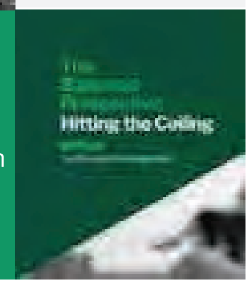


Asisa ranking

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

Good inflows into **low-cost core** range

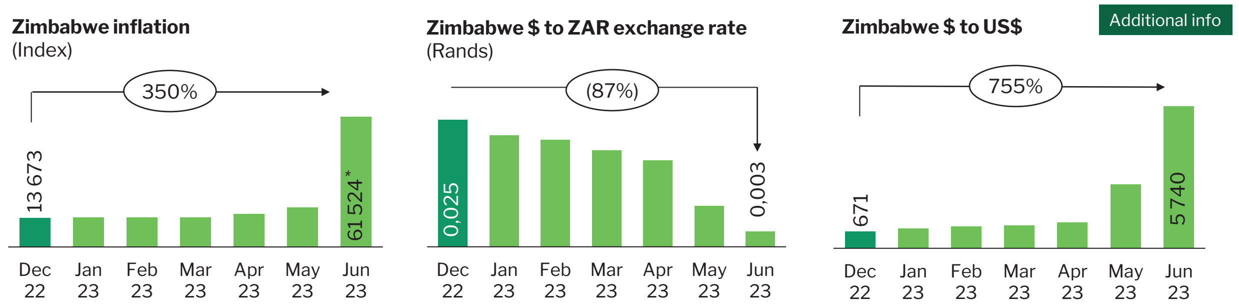
Introduced **in-house multi-boutique model** in UK & Europe



Notes:

Hyperinflation – financial impact of hyperinflation & FX gains

Additional info



Nedbank Zimbabwe's balance sheet is to some extent hedged against hyperinflation & currency devaluation through a US$-denominated open position, resulting in FX gains offset by a net monetary loss (NML). A weaker Zim$ to ZAR less than the weaker Zim$ to US$ led to a negative OCI adjustment in reserves. Nedbank Zimbabwe hyperinflation & FX movements have not had a material impact on Nedbank Group NAV in H1 2023 due to offsetting effects.

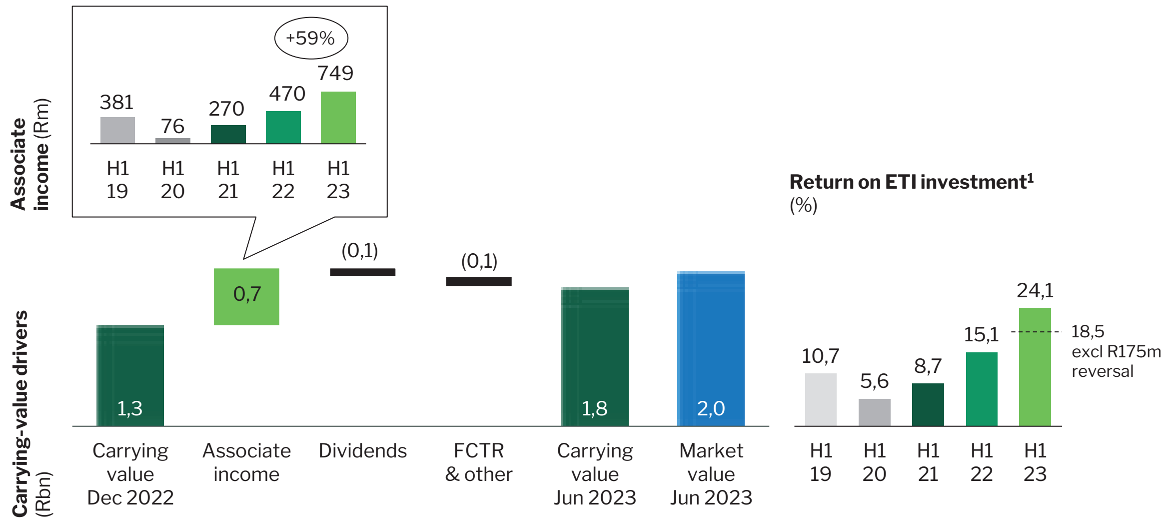
I/S view (Rm)	**Incl in NIR**	**HE impact****	**Drivers**
FX gains	1 029	502	A weaker Zim$ to US$, a weaker ZAR to US$ (R106m FX gain), a net US$ capital position & hyperinflation accounting led to higher unrealised FX gains.
NML	(630)	(217)	Hyperinflation in Zimbabwe led to higher net monetary loss
Net	**399**	**285**	

*June month based on constructed CPI index using available economic data. ** Excluding effects of Income Statement indexing & post minorities.

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 53

Notes:

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



Note: ETI accounted for a quarter in arrear. | Associate income includes the reversal of the R175m estimated impact of the Ghana sovereign domestic bond provision accounted for in the prior financial year. | [1] Return on original investment of R6,3bn (based on associate income). ROI excluding the R175m reversal was 18,5%.

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 54

Notes:

ETI associate investment – resilient financial performance supported by encouraging progress on the strategic change agenda

Additional info

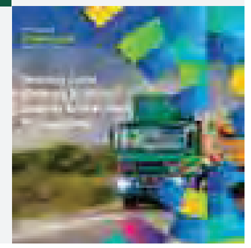
Ecobank top 3 in 14 African countries & #1 in 7 countries

ROTE up to 19,5% from 18,4% in the prior year[1]

Continued benefits of a diversified business model with two of the core regions achieving ROEs >25%[2]

Ecobank Ghana & Ecobank Nigeria – potential impact of ongoing developments to be monitored

Total CAR of 14,2%[3] showing resilience despite macro-environment shocks



2023 Awards

2023 Euromoney Awards for Excellence – Africa's Best Bank for SMEs

4 of Ecobank's affiliates won the 'Best Trade Finance Provider 2023: Global Finance Magazine's World's Best Trade Finance and Supply Chain Finance 2023 Awards

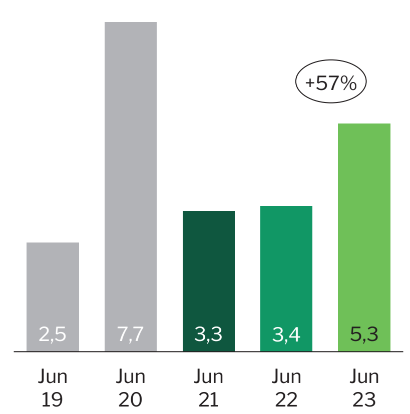
[1] Based on ETI's Q1 2023 results.
[2] ROEs of UEMOA: 25,5%, AWA: 14,7%, CESA: 30,5% & Nigeria: 3,8%.
[3] As at 31 December 2022.
[4] Increase in ETI share price +43% to June 2023 ytd, offset by the Naira devaluation of ~63% immediately post liberalisation of the FX regime in Nigeria.

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 55

Notes:

Impairment charge up by 57% – driven by higher impairments in interest-rate-sensitive products across our retail portfolios

Impairment charge (Rbn)



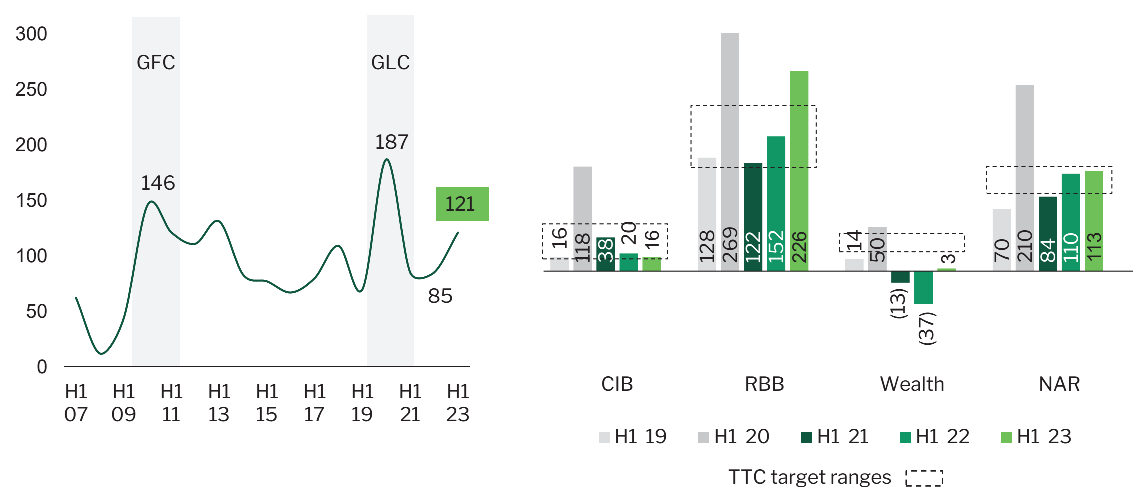
- **Higher RBB impairment charge** (+60%) reflects consumer pressure
  - **Higher SA prime rates** adversely impacting interest-rate-sensitive products (home loans & vehicle finance)
  - **Higher levels of inflation**
  - **Impact of load-shedding & higher input costs** evident in agri-related portfolios
  - Updating **macroeconomic assumptions** & higher provisions ahead of the annual model regrounds
- **Good outcomes in CIB, Wealth & NAR**
  - Stage 3 loan workouts in CIB progressing, but with risks
- **Central provision unchanged** at R300m

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 56

Notes:

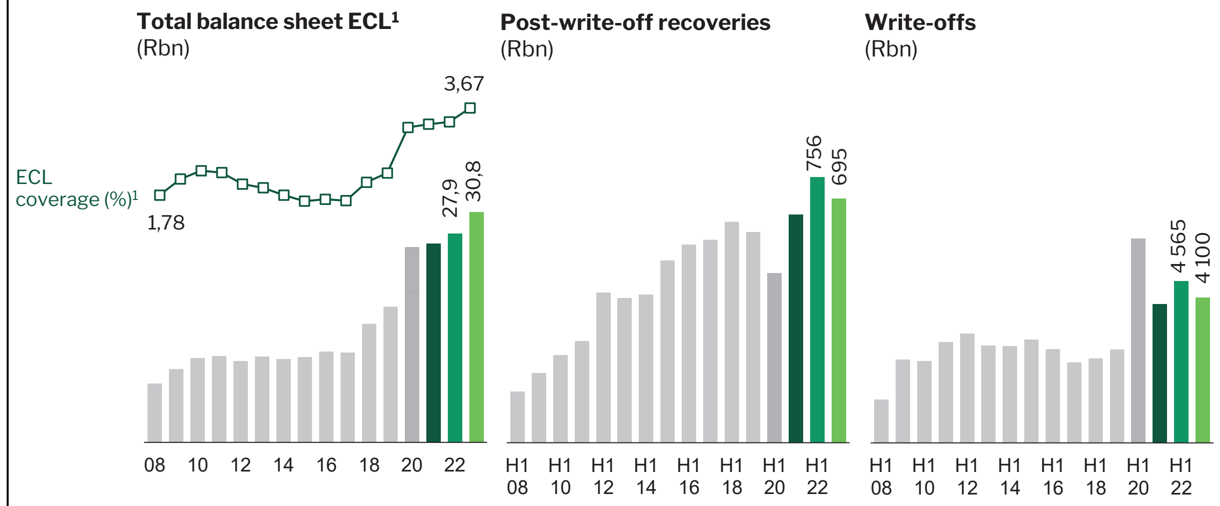
Group credit loss ratio at 121 bps – increase from 85 bps in H1 2022 driven by the RBB CLR moving outside its TTC range

Credit loss ratios (bps)



Notes:

Total balance sheet ECL up 10% ytd to R31bn – driven by the R5,3bn impairment charge (including recoveries) & high levels of write-offs



[1] Total balance sheet ECL includes FVOCI and off-balance, whereas ECL coverage excludes FVOCI and off-balance.

Notes:

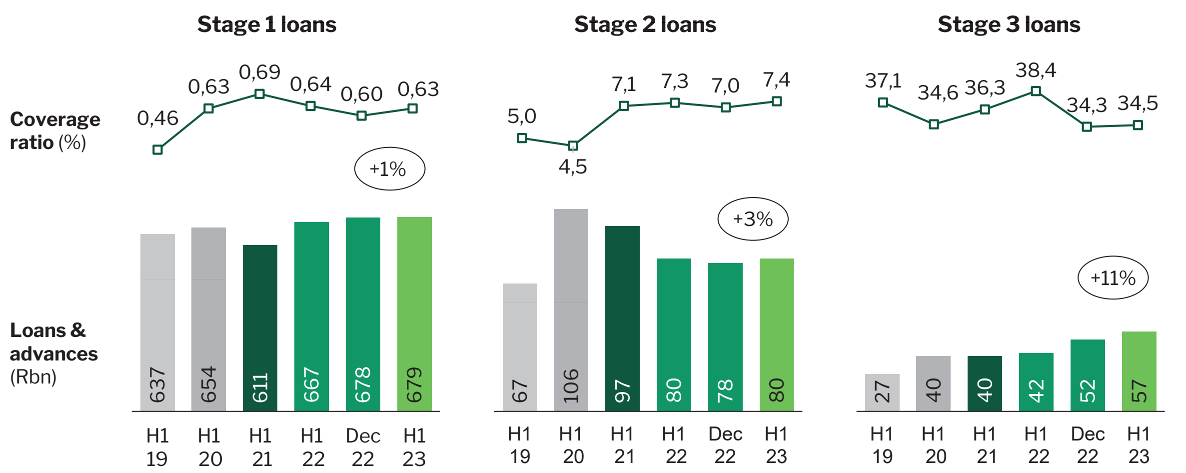
All clusters, with the exception of RBB, within or below TTC target ranges & coverage ratios strengthened

Additional info

	Credit loss ratio (bps)						**ECL coverage** (%)				
	H1 23	H1 22	H1 21	H1 20	H1 19	TTC	H1 23	H1 22	H1 21	H1 20	H1 19
CIB	**16**	**20**	**38**	**118**	**16**	**15–45**	**1,46**	**1,29**	**1,28**	**1,05**	**0,57**
CIB excl CPF	9	26	31	156	33		1,61	1,40	1,38	1,21	0,65
CPF	26	13	46	63	(8)		1,34	1,19	1,19	0,81	0,47
RBB	**226**	**152**	**122**	**269**	**128**	**120–175**	**5,26**	**4,82**	**4,92**	**4,69**	**3,77**
CB	75	12	9	150	38	50–70	2,07	1,95	2,48	2,35	1,51
Retail	266	188	151	302	155	160–240	6,11	5,59	5,56	5,34	4,45
HL	98	19	4	89	9		2,13	1,62	1,91	1,96	1,50
VAF	203	167	114	284	168		5,29	4,86	4,92	4,79	3,89
PL	1 106	909	835	1 096	562		25,8	23,5	20,8	19,2	16,2
Card	794	629	568	997	605		16,5	16,4	12,0	16,3	14,1
Wealth	**3**	**(37)**	**(13)**	**50**	**14**	**20–40**	**1,23**	**1,31**	**1,35**	**0,99**	**0,63**
NAR	**113**	**110**	**84**	**210**	**108**	**85–120**	**5,65**	**5,09**	**4,53**	**4,00**	**3,33**
Group	**121**	**85**	**85**	**187**	**70**	**60–100**	**3,67**	**3,31**	**3,41**	**2,85**	**2,21**

Notes:

Total ECL coverage of 3,67% (2022: 3,37%, 2019: 2,26%) – driven by a larger contribution from stage 3 loans



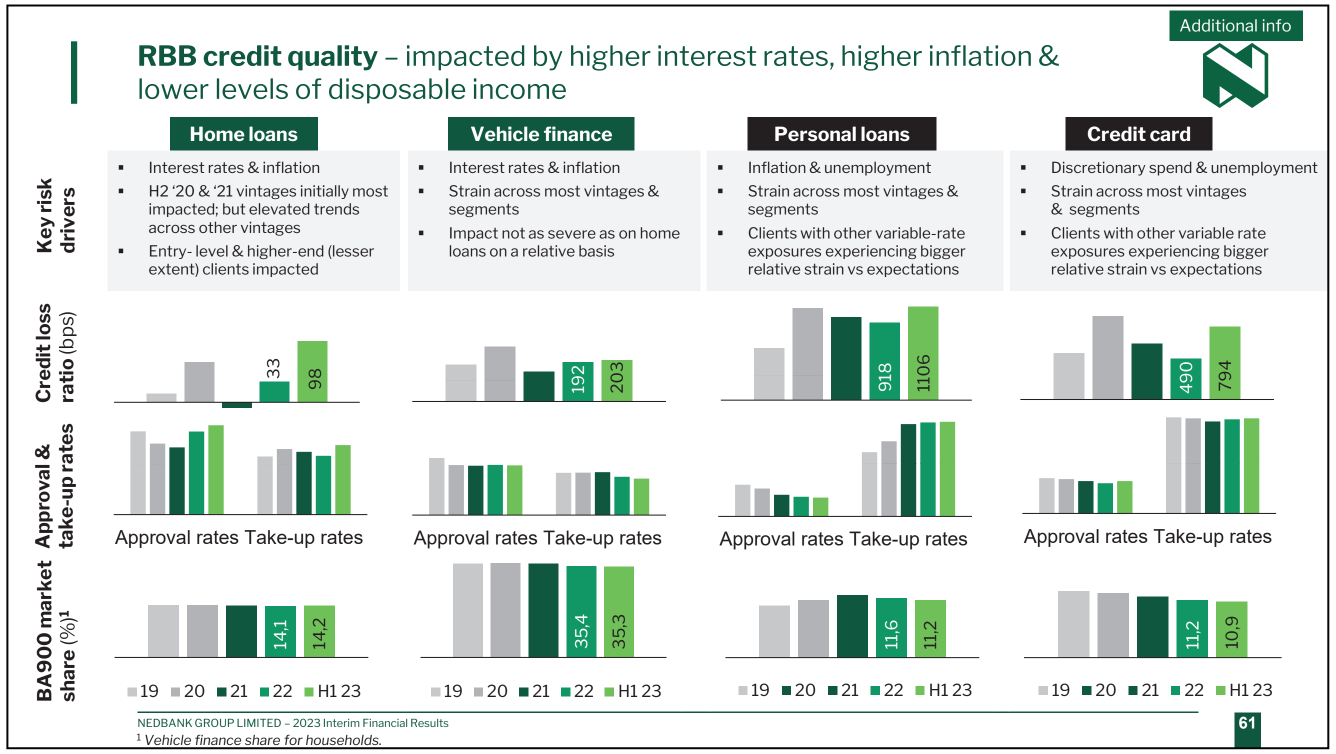
Broadly aligned to the +2% ytd growth in gross banking loans & advances

Driven by RBB migrations from stage 1 into stage 2

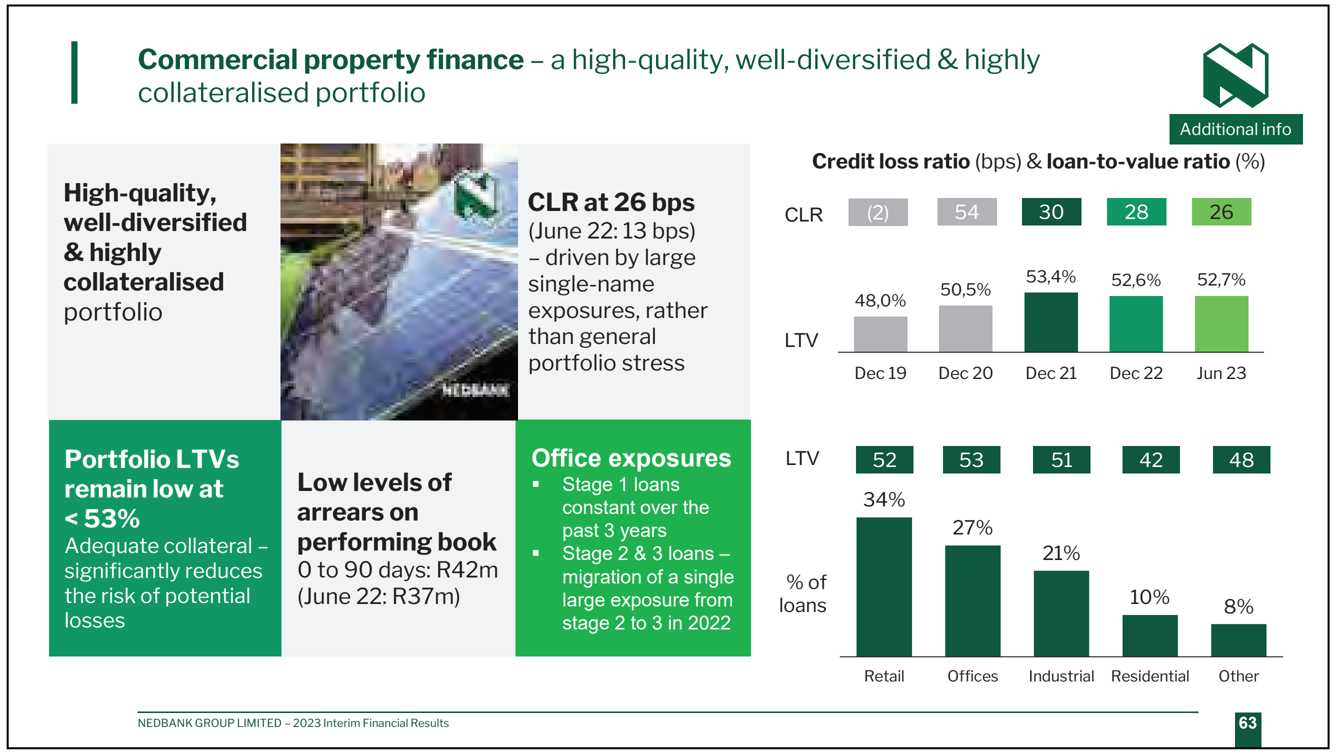
Driven by an inflow of RBB loans (MFC & HL with low coverage given collateral) into stage 3 & movement of some CIB clients out of stage 3

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

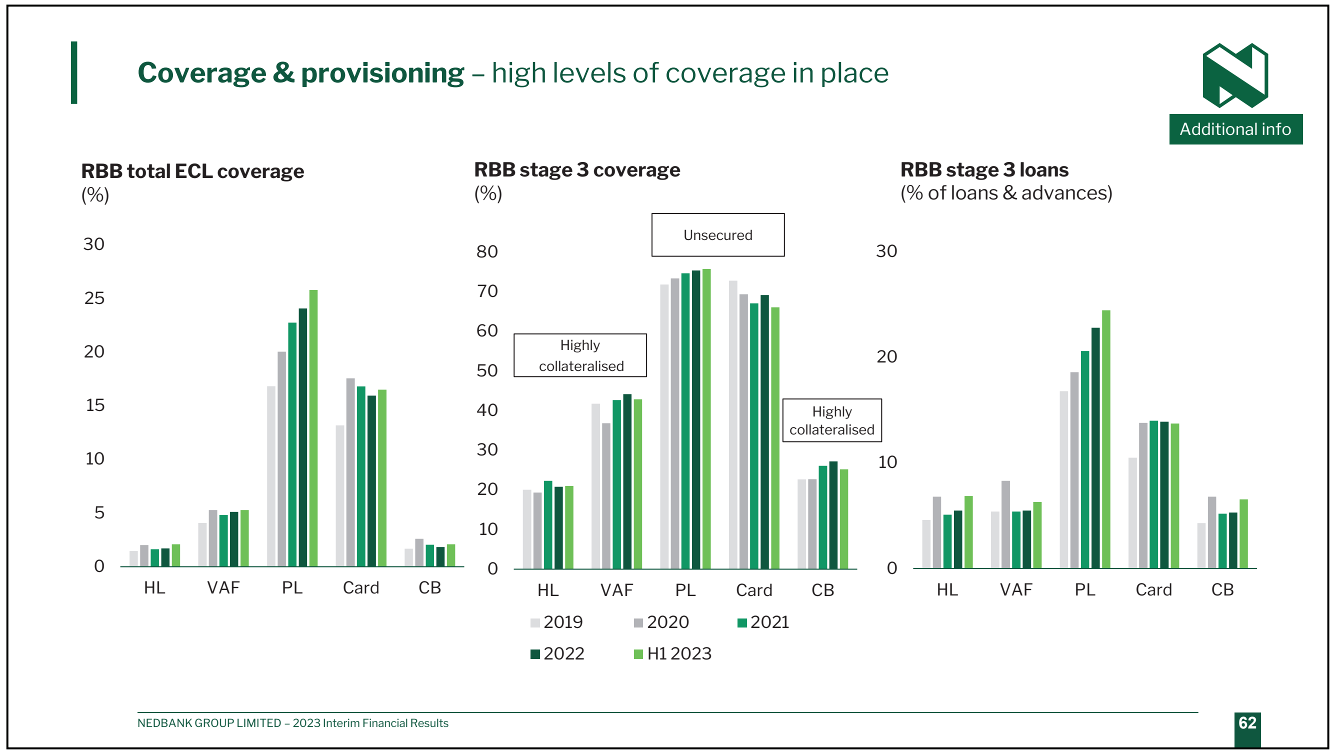
Notes:



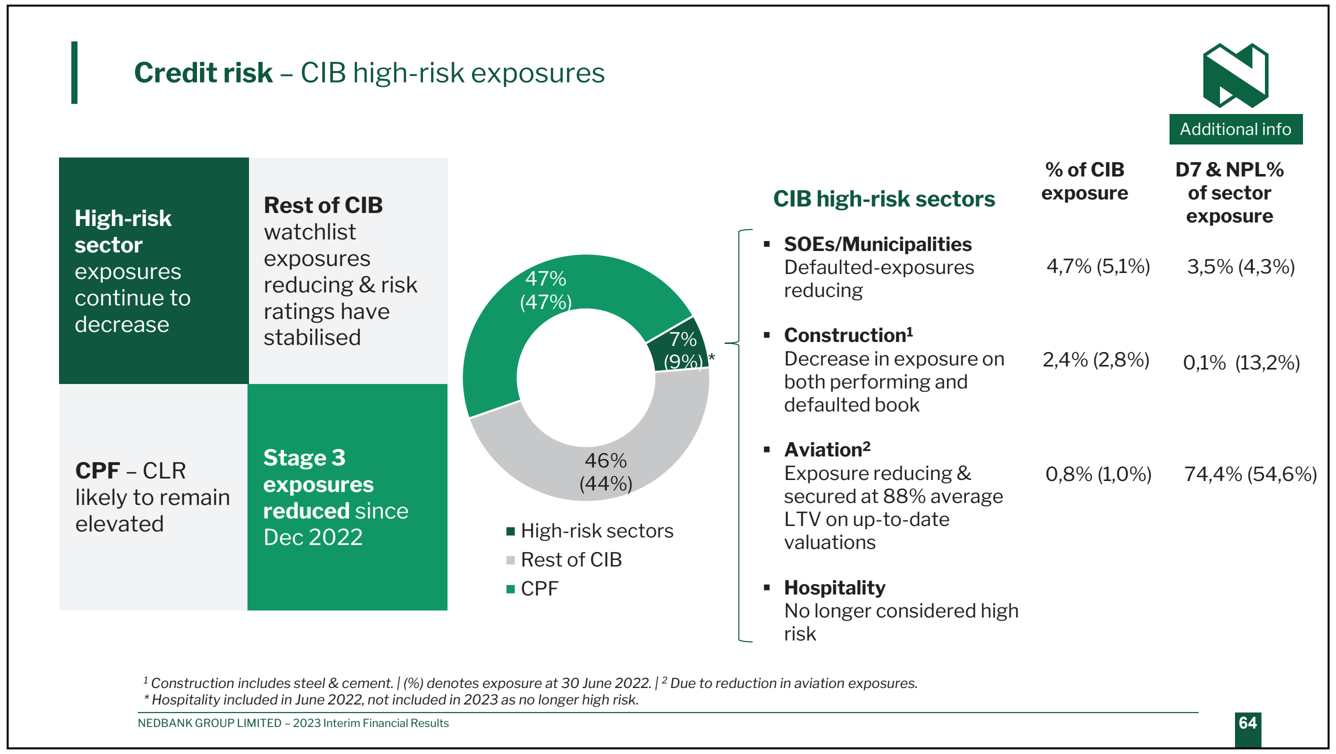
Notes:



Notes:



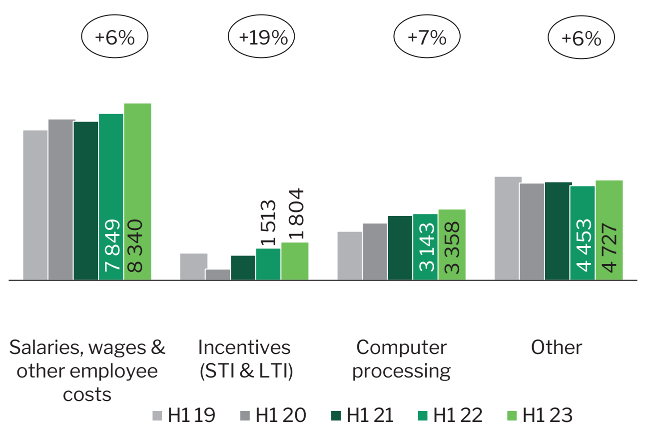
Notes:



Notes:

Expenses up by 7% – reflecting good expense management, with focus on efficiencies & benefits from digitisation

Expenses (Rm)



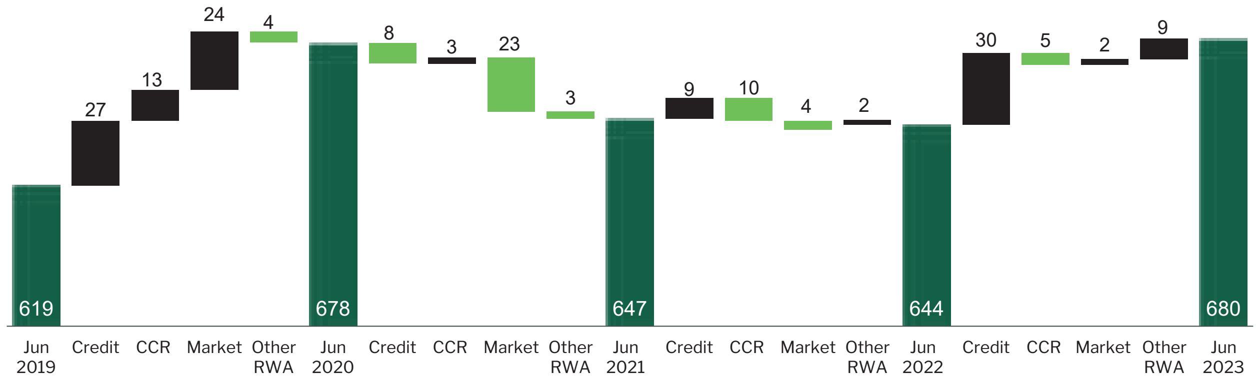
- **Employee-related costs**
  - Salaries & wages: higher annual salary increases (+6,3%) partially offset by 2% yoy decline in permanent headcount
  - Variable-pay incentives aligned with profitability metrics & higher vesting probabilities (STI +10%, LTI +45%)
- **Computer processing** – benefits from transitioning to cloud services (lower depreciation charge), decline in maintenance costs & amortisation growth rate slowing as our digital transformation journey matures
- **Other costs**
  - Discretionary spend reaching more normalised levels, including marketing (+6%) & travel (+9%)
  - Fees & insurances +16% as a result of higher card-issuing & acceptance costs
  - Costs associated with increased levels of loadshedding up >800% yoy to R71m

Notes:

RWA progression – RWA growth in H1 2023 driven by credit RWA aligned to loan growth across the portfolio and credit risk migration in RBB

Additional info

Risk-weighted assets (Rbn)

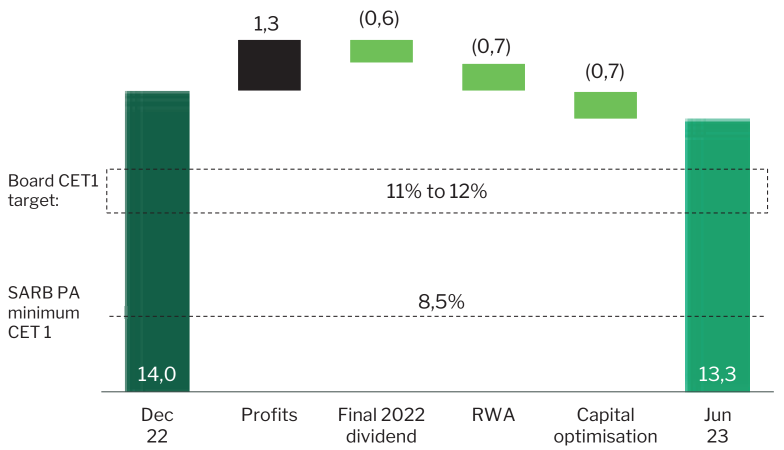


Note: the increase in RWA is mainly driven by growth in credit risk RWA due to an increase in gross loans & advances, as well as credit migration in RBB.

Notes:

Capital – CET1 ratio at 13,3% remains very strong post the material completion of the R5bn capital optimisation initiative

CET1 ratio (%)



R5bn capital optimisation initiative

- **20,2m shares repurchased** for R4,25bn at an average of R210,6/share (below Dec 2022 NAV/share of R215,33)
- **Odd-lot offer concluded** at 5% premium to 10-day VWAP: R234,07/share for R638m (401k reduction in number of shareholders & 2,7m reduction in shares)
- Repurchased **shares were cancelled & delisted** resulting in the total issued ordinary shares on 30 June 2023: 491,3m
- Average **total purchase price of R213,37**

Outcomes (full year basis)

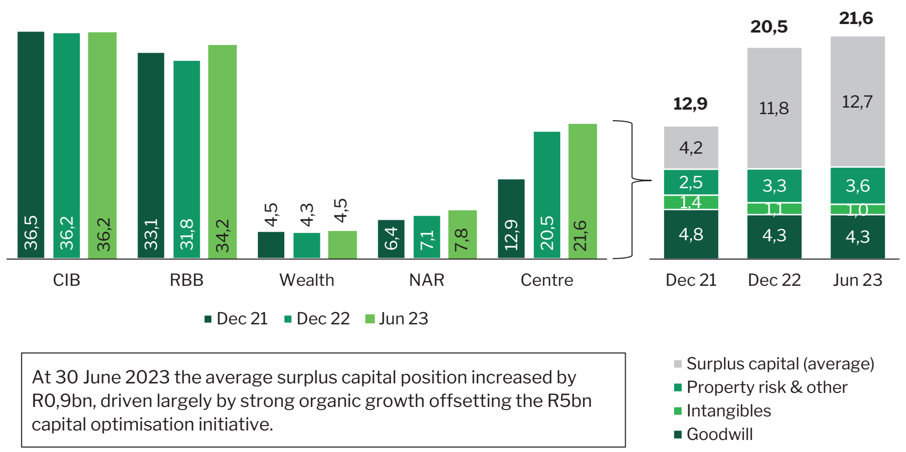
- CET1 reduction: 0,7%
- ROE accretion: ~0,5%
- HEPS growth accretion: ~4%

Notes:

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

Additional info

Capital allocation (Rbn)



At 30 June 2023 the average surplus capital position increased by R0,9bn, driven largely by strong organic growth offsetting the R5bn capital optimisation initiative.

Capital considerations

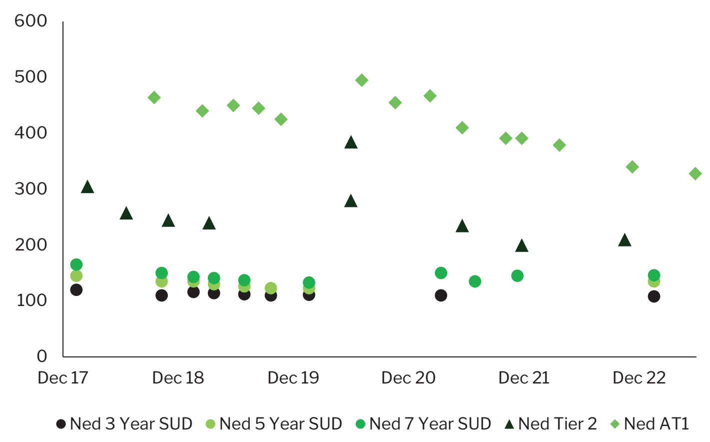
- **CET1 ratio above the 11-12% board-approved range** – considered appropriate in a difficult & volatile environment
- **Retain capital for growth** (Infrastructure opportunities & SPT 2.0 growth objectives)
- Consider capital for **complementary bolt-on M&A** should they arise
- **Pay dividends at the low end of 1,75x – 2,25x** dividend cover range (high end of payout ratio), subject to board approval

Notes:

Capital management – pricing of regulatory capital & debt instruments continues to reflect market dynamics & the strength of the Nedbank franchise

Additional info

Nedbank AT1, Tier 2 & senior unsecured debt pricing
(bps spread above JIBAR)



Key developments

Flac instruments

- SARB designated as Resolution Authority (RA) with effect from 1 June 2023
- The RA has indicated its intention to publish updated draft Flac standards during Q4 2023, which will include an update to the calibration of the minimum Flac requirements for SIFIs

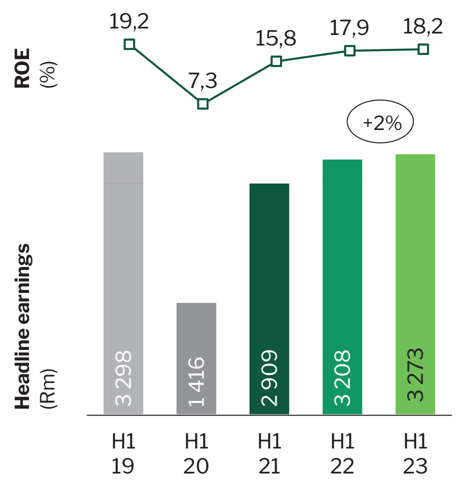
Preference shares

- At the recent Nedbank Group AGM the shareholders approved the creation of a class of non-redeemable, non-cumulative, non-participating, perpetual preference shares in Nedbank Group, where these instruments will qualify as Additional Tier 1 capital in terms of Basel III regulatory capital requirements

Notes:

CIB financial performance – resilient performance in a challenging business environment

Financial performance



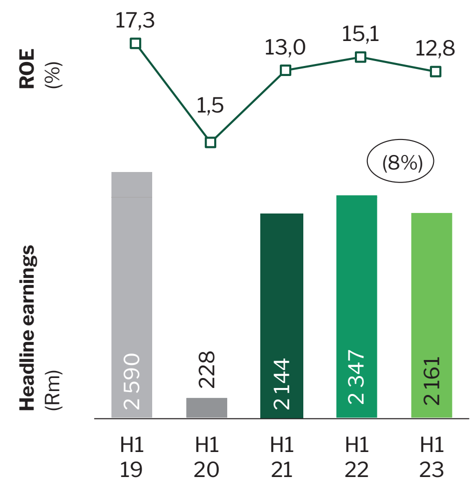
- **NII up by 7%**
  - Average interest-bearing assets +12%
  - Endowment benefit of higher interest rates, offset by competitive pricing pressures
- **NIR up by 2%**
  - Good performance in commissions & fees arising from increased activity & deal closure
  - Equity investment income[1] normalised from a high H1 2022 base
  - Robust performance in forex, debt securities & commodities, offset by muted equities trading
- **Impairments down by 8%**
  - CLR at 16 bps (lower end of TTC target range) & expect FY 2023 CLR to remain in the target range
- **Expense growth of 9%**
  - Higher costs associated with the retention & attraction of talent

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

Notes:

RBB financial performance – very strong PPOP growth of 24%, offset by higher impairments, particularly in the consumer business

Financial performance

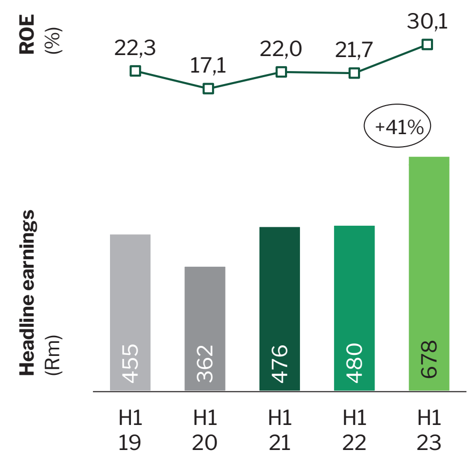


- **NII up by 16%**
  - Average advances growth momentum continued at +7%
  - Endowment benefit from higher interest rates
- **NIR up by 7%**
  - Strong client transactional activity off the back of main-banked client gains & improved cross-sell
  - Higher card interchange volumes (+17%) & higher activity in value-added services (+30%)
- **Impairments up by 60%**
  - CLR increased to 226 bps due to higher interest rates, higher inflation & a deteriorating macroeconomic environment
  - CLR above TTC target range
- **Expense growth of 6%**
  - Ongoing cost optimisation & digitisation benefits

Notes:

Wealth financial performance – strong HE & ROE growth, driven by higher local & international interest rates, lower non-life claims & growth in AUM

Financial performance

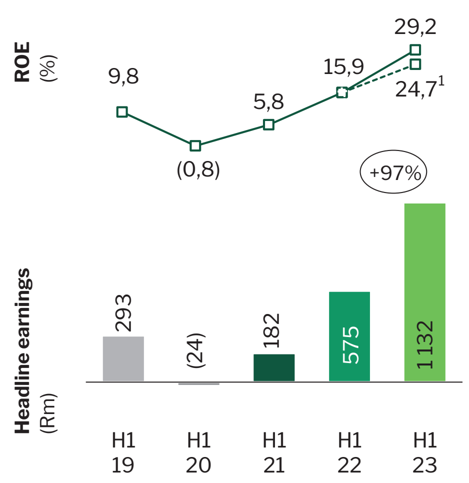


- **NII up by 68%**
  - NIM expansion due to higher local & international interest rates
- **NIR up by 8%**
  - Higher shareholder returns in insurance
  - Impact of the base effect of the KZN floods
  - Increase in AUM fees
  - Lower advice & investment fees
- **Impairments up off a low base**
  - Lower client-specific overlay releases than in the prior year, combined with an increase in local credit impairment charges
- **Expense growth of 12%**
  - Investment in people, brand awareness and digital & data initiatives
  - Higher inflation & exchange rate impacts

Notes:

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

Financial performance



- **SADC operations**
  - HE of R461m, up >100% & ROE of 13,5% (H1 22: 6,1%)
  - NII up by 33%, driven by improved margins
  - NIR up by 30%, driven by unrealised forex gains in Zimbabwe, partially offset by slower business activity & higher net monetary loss
  - Impairments up by 20% & CLR of 113 bps remains within cluster TTC target range of 85 to 120 bps
- **ETI associate investment**
  - HE of R671m, up by 75%
  - Associate income up by 59% to R749m, including the reversal of the R175m Ghana sovereign bond provision raised by Nedbank in 2022
  - Dividends declared in the last two cycles
  - Continue to monitor potential impact from Ecobank Ghana & Ecobank Nigeria
  - The new Group Chief Executive, Jeremy Awori, assumed full executive responsibility effective 1 March 2023

[1] ROE excluding the R175m reversal (equivalent HE of R957m). HE up by 66% on a similar basis.

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 73

Notes:

Operating environment – Nedbank economic forecasts highlight a deterioration in outlook since the beginning of the year

	Actual				Forecast: February 2023			Forecast: July 2023		
	19	20	21	22	23	24	25	23	24	25
SA GDP growth	0,1%	(6,4%)	4,7%	1,9%	0,7%	1,5%	1,6%	0,3%	1,0%	1,5%
Prime interest rate (year-end)	10,0%	7,0%	7,25%	10,5%	11,0%	10,25%	10,25%	11,75%	10,75%	10,75%
Inflation (average CPI)	4,1%	3,3%	4,6%	6,9%	5,5%	4,8%	4,8%	5,7%	4,6%	4,6%
Industry credit growth	5,3%	1,2%	4,4%	9,2%	5,0%	5,9%	6,4%	4,8%	5,6%	6,7%
Rand/US$ (year-end)	14,0	14,6	15,9	17,0	16,8	16,7	17,3	17,6	17,3	17,8
SA fiscal deficit % of GDP[1]	(3,6%)	(5,1%)	(9,9%)	(4,6%)	(4,2%)	(4,0%)	(3,2%)	(4,4%)	(4,3%)	(3,9%)
SA govt debt % of GDP[1]	52%	56%	70%	69%	72%	73%	74%	71%	72%	72%

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

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 75

Notes:

Macroeconomic forecasts

Targets

Conclusion

Outlook

Mike Brown
Chief Executive

Notes:

Medium- & long-term targets that support shareholder value creation

Additional info

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

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 76

Notes:

Short-term guidance (2023) – path to ROE of 15% & cost-to-income ratio of 54%, good progress in H1 23, but made more difficult to achieve in a deteriorating economic environment

	H1 2023 performance	Feb 2023 guidance[1]	Updated 2023 guidance[1]	
NII growth	+18%	Around mid-teens	Slightly above mid-teens	▪ Average advances growth more muted in H2 2023 ▪ NIM to remain stable
CLR	121 bps	Within the top half of our 60 to 100 bps TTC range	Above our 60 to 100 bps TTC range	▪ CLR in H2 2023 to improve from the H1 2023 levels, but remain above the top end of the range & upside risks remain (mainly in consumer collections in RBB & in NPL workouts in CIB)
NIR growth	+7%	Mid-single digits	Mid-single digits	▪ Ongoing solid performance in commission & fees ▪ Base effects: Fair value (high H1 23), Zimbabwe FX gains (high H1 23) & Equity investment income (high 2022)
Expense growth	+7%	Mid-to-upper single digits	Mid-to-upper single digits	▪ Maintain focus on good expense management
Minorities & non-controlling interests	>50%	High growth	High growth	▪ Impact of higher 3-month Jibar rate & new AT1 issuances
Capital (CET1 ratio)	13,3%	Above TTC target range (11% to 12%)	Above TTC target range (11% to 12%)	▪ Completed R5bn share repurchase & odd-lot offer ▪ Remain conservative in a difficult environment
Dividend	1,75x cover	At the lower end of target range (1,75x to 2,25x)	At the lower end of target range (1,75x to 2,25x)	▪ Strong capital position enables dividends to be declared at the lower end of target range (~57% pay-out 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.

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 77

Notes:

Medium-term targets – path to ROE of >17% & cost-to-income ratio <52% by end of 2025 remains, but made more difficult to achieve in a deteriorating economic environment

Additional info

14% (2022) | 15% target (2023) | >17% target (2025)

Strong NII growth → CLR within target range → Solid NIR & associate income growth → Manage expense growth for + Jaws → Capital optimisation

Advances growth
- RBB growth by delivering on SPT 2.0 targets
- CIB growth from unlocking large infrastructure opportunities

No material NIM contraction
- Prime rate remains >10,75% by 2025

Impairments
- CLR moves back to within the top half of our 60 to 100 bps TTC target range

NIR & associate income
- Main-banked client gains & higher cross-sell
- Leveraging balance sheet for NIR growth
- Unlock large insurance growth opportunity
- Double-digit ETI-related growth

Expenses
- Ongoing cost optimisation, delivering on TOM 2.0 target (R2,5bn by 2024) & explore further optimisation opportunities
- Slower IT amortisation growth
- C:I target: <52% by 2025

Capital
- Pay dividends at the lower end of 1,75x – 2,25x range
- Concluded R5bn capital optimisation programme

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 78

Notes:

Conclusion – the group's solid H1 2023 performance & good strategic delivery, position Nedbank well for the achievement of our 2023 targets & demonstrate ongoing progress towards our medium- & long-term targets, albeit in a more difficult economic environment

Strong balance sheet
- CET1: 13,3%
- LCR: 143%
- NSFR: 119%
- ECL coverage: 3,67%
- R5bn capital optimisation programme completed

Tangible proof of strategic delivery
- ME delivering sustainable competitive advantage
- Strong digital growth
- Client satisfaction up
- Cost optimisation
- Cross-sell, main-banked & market share growth
- Purpose/ESG delivery

Good progress towards 2023 targets
- DHEPS > 2 565 cents ✓
- ROE > 15%
- Cost to income < 54%
- #1 in NPS ✓

Targets aligned to ongoing shareholder value creation
- Short term – 2023
- Medium term – 2025
- Long term – not dated

Work underway for a **seamless transition of the Chief Executive role**

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 79

Notes:

Notes:

Disclaimer

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

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

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

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

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

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

NEDBANK GROUP LIMITED – 2023 Interim Financial Results 81

Notes:

Notes

2023 interim results **commentary**

2023 interim results commentary

Economic and banking environment in the first half of 2023

Global economic activity held up better than expected in the first half of the year. Although growth slowed in most advanced countries, only the Eurozone entered technical recession. Robust growth in services, still recovering from the disruptions caused by the pandemic, provided much of the momentum. In sharp contrast, the downturn in both manufacturing and global trade worsened. The lifting of Covid-19 restrictions enabled China's economy to recover off 2022's low base. Although China's reopening provided some support to developing economies, the boost fell short of market expectations, undermined by the persistent drag stemming from the ongoing slump in the country's property market and fading export demand.

Global financial conditions tightened significantly in the first half of 2023. The US and most other major central banks raised their respective policy rates even further in response to sticky inflation and tight labour markets. The most aggressive monetary policy tightening in over four decades has triggered pockets of financial stress across the globe and contributed to unexpected regional bank failures in the US and to a lesser extent some banking challenges in Europe, both of which were fortunately contained by the swift and comprehensive actions of regulators and central banks. Interest rate increases also continue to weigh on emerging and developing economies, reducing access to capital, and raising the cost of borrowing. African countries with high exposure to dollar-denominated debt have been hardest hit, not only by the steep rise in US interest rates, but also by the dollar's appreciation. As a result, the number of African sovereign debt defaults increased.

The South African economy struggled to grow in the face of persistent domestic challenges. In the first quarter, the economy grew by a subdued 0,4% qoq, after having contracted by 1,1% in the final quarter of last year. The Q1 2023 increase reflected mainly the impact of the previous quarter's low base, rather than any underlying upward traction. Operating conditions remained unfavourable throughout the second quarter. While the country's electricity supply improved marginally, the length and frequency of power outages remained restrictive. Load-shedding continued to disrupt production, complicate operations and inflate input costs, eroding the profitability of the private sector. Apart from regular power disruptions, other logistical constraints, softer global demand and falling international commodity prices also weighed on producers and exporters. Elevated inflation and rising interest rates forced consumers to contain spending growth. Overall, GDP growth likely weakened over the second quarter.

Household finances deteriorated significantly in the first half of the year. Growth in real personal disposable income slowed further, constrained by modest job creation and hurt by persistently high inflation. Double-digit increases in the prices of essentials and sharply higher interest rates significantly reduced income available for discretionary spending. Although household debt burdens rose only moderately, edging up to 62,1% of disposable income in the first quarter, the cumulative 475 basis point increase in interest rates since 2021 pushed debt service costs to 8,4% of disposable income from a 16-year low of 6,7% in the final quarter of 2021. As a result, households increasingly relied on savings to sustain living standards, depleting the buffers built up during the pandemic. The personal savings rate stood at -0,2% in the first quarter from a peak of 1,5% in the third quarter of 2020. Against this background, household demand for credit weakened and commercial banks tightened lending criteria. Growth in household loans and advances slowed to 6,7% yoy in May 2023, after having accelerated throughout last year to reach a high of 7,9% in January 2023. Growth in mortgages, vehicle finance and personal loans softened, while demand for transactional credit remained relatively firm.

Fixed investment activity held up better than expected in the first quarter of this year, expanding by 1,4% qoq, only marginally softer than the 1,5% in the final quarter of last year. The improvement was driven mainly by increased outlays by general government and public corporations. Capital expenditure by the private sector lost momentum over the first quarter after having rebounded towards the end of last year. While renewable- and embedded-energy generation projects continued to dominate private investment spending, the slower growth rate suggests that the difficult operating environment is starting to deter other capital expenditure, possibly convincing more companies to postpone non-energy-related investment plans. Nedbank's Capital Expenditure Project Listing suggests that the appetite to undertake expansionary fixed investment is waning, with the value of new capital projects announced in the first half of the year dropping to an annualised R173bn from R249bn in 2022. Corporate credit demand also moderated off a higher base in the first half of the year. Company loan growth eased to 8,3% in June 2023, after having increased to a recent high of 13,8% in September 2022. The most significant slowdown occurred in overdrafts, general loans and commercial mortgages. In contrast, instalment sales and leasing finance remained robust.

Inflation mostly surprised on the upside in the first half of the year, hurt by surging food inflation, which increased to a peak of 14,4% in March 2023 as load-shedding and a weaker rand drove up production costs. Encouragingly, headline inflation started to decelerate more meaningfully over the second quarter, moderating to 5,4% in June from 7,1% in March. The downward pressure came mainly from lower fuel prices, but food inflation also softened. With inflation dipping into the South African Reserve Bank (SARB) target range, the Monetary Policy Committee left interest rates unchanged in July 2023, pausing after 10 consecutive rate hikes since October 2021, which cumulatively lifted the repo rate by 4,75% to 8,25% and the prime lending rate to 11,75%.

Financial markets were mixed. Global risk sentiment remained volatile, hurt by the turmoil in the US and Swiss banking sectors, persistent uncertainties over the outlook for US interest rates and speculation over the likely severity of the unfolding global economic downturn. While global risk appetites were less supportive, adverse domestic developments inflicted significant damage on the economy in the first half of the year. SA's poor growth prospects amid a worsening electricity crisis, the country's greylisting by the Financial Action Task Force, and the spike in diplomatic tensions between SA and the US over the exact nature of the South African government's relationship with Russia raised the country's risk premium, resulting in significant capital outflows and a bout of severe rand weakness, with the currency hitting record lows against the US dollar in May 2023 before recovering. While geopolitical tensions have since eased somewhat, SA's relations with Russia could still have potentially negative economic consequences, particularly if the US decides to remove or reduce SA's preferential trade access through the Africa Growth and Opportunity Act (AGOA).

Strategic progress

Our strategy gives us a clear framework of where we want to focus as a purpose-led organisation and what we need to do to meet our short-term, medium-term and long-term targets.

In H1 2023 we continued to make good progress towards our 2023 year-end financial targets of a return on equity (ROE) greater than the 2019 level of 15,0% and a cost-to-income ratio lower than 54% (2019: 56,5%). Our DHEPS target of 2 565 cents was already achieved in 2022 and we remain focused on maintaining our current #1 ranking in NPS (2019: #3). Our medium-term (2025) and long-term targets that we communicated to the market as part of our 2022 results announcement aim to unlock shareholder value by delivering sustainable DHEPS growth, increasing our ROE beyond our 2023 target and decreasing our cost-to-income ratio further. We aim to grow DHEPS above nominal GDP plus 5% compound annual growth rate (CAGR) through cycles, increase our ROE to above 17% by 2025 and above 18% in the longer term, and decrease our cost-to-income ratio to below 52% by 2025 and below 50% in the longer term.

Meeting both our 2023 and medium-term targets, and in so doing creating value for all our stakeholders, requires diligent execution of our strategy by growing revenues faster than expenses, increasing levels of productivity – both strongly enabled by technology – and maintaining world-class risk and capital management metrics. We are focusing on gaining profitable market share in key lending categories, increasing our share of transactional main-banked clients and related deposits, and ensuring we deliver market-leading client experiences that will help us attract new clients and deepen our share of wallet among existing clients. To boost productivity and improve operational efficiency, we are building on and accelerating efforts in optimising our operating model in a more digital world by leveraging the technology platforms we have put in place. Our world-class risk management capabilities will ensure that we balance risk and reward trade-offs appropriately.

Our strategy, which is enabled by our Managed Evolution (ME) technology programme, is delivered through five strategic value unlocks: delivering innovative, market-leading client solutions; engaging in ongoing disruptive market activities (underpinned by digital leadership and leveraging data and artificial intelligence); focusing on areas that create value (known as strategic portfolio tilt); driving efficient execution (including target operating model enhancements); and creating positive impacts, including delivering on our purpose of using our financial expertise to do good, while maintaining our leadership in environmental, social and governance (ESG) matters.

The group's technology strategy and ME transformation programme focus on building a modern, modular and digital information technology (IT) stack. At the end of June 2023 we reached 93% build completion and the programme is aiming for full completion by the end of 2024, with the refactoring and modernisation of our core banking systems among the final components. The group's intangible software assets on the balance sheet ended June 2023 at R8,1bn, down from R8,3bn at the end of 2022 and having peaked in 2020 at R9,0bn, in line with decreasing levels of IT cash flow spend, which peaked in 2017 at around R2,3bn and are expected to remain around the R1,6bn level going forward (H1 2023: R0,6bn and 2022: R1,3bn). The benefits of ME are evident in the digital progress we have made, as well as the realisation of benefits through our target operating model and expense optimisation programmes. As we close out the ME programme, our focus now shifts to leveraging our new technology stack to simplify our product range, making banking easier and more affordable for our clients by migrating existing accounts onto the new products where appropriate, converging for scale – across all segments, all channels and all geographies (including harmonisation of NAR IT systems), optimising processes end to end, and leveraging data and generative artificial intelligence (AI) for commercial advantage.

The following are some highlights of the strategic progress made in H1 2023:

- **Delivering innovative, market-leading client solutions**
  - **Simplified sets of products off our new core banking platform:** Three new MiGoals transactional products for our retail consumer banking clients were launched in May 2023 and are the first transactional products released off our new core banking systems. The launch of the MiGoals products is part of the optimisation process of our transactional product range from 46 (36 current accounts and 10 savings products) to 18. MiGoals will be followed by the release of similar transactional products for Private Clients, high-net-worth clients and businesses, as well as a relaunch of an optimised set of investment and lending products. This next phase of benefits realisation linked to our ME technology platform will see a rationalisation of the groupwide product set, which will be configurable and generic and have flexible pricing. These improvements will enable increased levels of real-time transaction processing, leveraging of components (no hard coding), more efficiency (cost savings) and agility, and the quicker launch of new innovations to market, while the product set becomes even more client-centred.
  - **Apps**: Nedbank Money app active clients reached 2,2 million in H1 2023, up by 23% yoy. Transaction volumes on the Money app increased by 22% yoy (up by 378% since 2019) and transaction values increased by 23% (up by 356% since 2019). Revenue from value-added services grew by 29% yoy (up by almost 200% since H1 2019) across prepaid data, voucher and electricity purchases, as well as LOTTO and the sending of money to cellphones. The Nedbank Private Wealth app, which offers integrated local and international banking capabilities, recorded a 25% increase in transaction volumes yoy, while the Nedbank Money App (Africa) – which offers greater convenience, a wide range of functionality and great user experiences for our NAR clients – reported a 7% yoy increase in app users.
  - **Digital outcomes**: Our digital initiatives helped us to increase the number of digitally active retail clients in SA by 14% yoy to 2,8 million, representing 69% of retail main-banked clients (H1 2022: 67% and H1 2019: 47%). Retail digital transaction volumes in SA increased by 15% (and by 103% since H1 2019) and transaction values were up by 13% (up by 57% since H1 2019). Digitally active clients across the NAR business grew yoy from 57% to 60% of its total active client base. Nedbank Insurance has extended its quoting, fulfilment, and claims functionality on digital channels to 15 product offerings (H1 2022: 10) across six channels.
  - **Great client experiences**: The success of our digital innovations was evident in higher levels of client satisfaction, as illustrated in Nedbank being rated #1 in Net Promoter Score (NPS) among South African banks in 2022 (Kantar survey). In H1 2023 we experienced a continuation of high sentiment rankings, with Nedbank ranked as the #1 bank on social-media brand sentiment as measured by Salesforce Social Studio for the second year in a row. In addition, Nedbank was ranked the eighth most valuable brand among South African companies, up from the #9 position in the prior year, with the group's brand value having increased by 15% to R17,3bn. In recognition of our market-leading digital positioning, Nedbank was recently recognised as the Best Digital Bank in Africa in 2023 at the Euromoney Awards and the best bank for client-facing technology at the 2023 Global Banking & Finance Awards.
- **Ongoing disruptive market activities**
  - **Avo super app**: Since its launch in 2020, the Avo super app (now SuperShop) has signed up 2,3 million customers (up by 44% yoy), with over 23 000 businesses registered to offer their products and services on this e-commerce platform. Avo continues to grow exponentially, with a 70% yoy increase in gross merchandise value (GMV) as all three Avo ecosystems gain momentum. Avo Auto, a virtual vehicle mall launched in 2021, now hosts over 500 MFC-accredited dealers (up four times yoy) with close to 18 000 vehicles on the platform (up three times) and grew GMV 9x yoy. Avo B2B launched to market in 2022 and offers a stock financing or working capital solution to businesses through a secure facility and is well on its way to contributing to significant GMV growth in 2023. Avo Home continues to increase its number of partners to drive scale, with GMV growth of 70% yoy, and Avo now a reseller for both Apple and Samsung, highlighting its increasing appeal as a destination marketplace to assist global brands and manufacturers in realising their growth aspirations. The launch of Avo in our first NAR subsidiary is being planned for H2 2023. In recognition of the progress we have made, Nedbank won the Excellence in Innovation Banking App South Africa (Nedbank Avo) Award at the Global Banking & Finance Awards 2023.
  - **Application programme interfaces (APIs)**: After having been the first bank in Africa to launch an API platform (API_Marketplace), we made ongoing progress in scaling the platform and driving our open-banking strategy. The number of third parties active on API_Marketplace continued to grow and increased to 58 (H1 2022: 48; H1 2021: 40). In H1 2023 we extended our API product offering to Common Monetary Area (CMA) countries (Namibia, Lesotho and eSwatini), having enabled EFT Payments and Wallet APIs.
  - **Data and generative artificial intelligence (AI)**: We have invested significantly in our data capabilities, leveraging big data and AI through strong analytics teams. While it is early days, the progress we have made on our technology journey is foundational for seamless integration and fast adoption of AI capabilities. We have already delivered numerous AI solutions that have generated benefits by using machine learning and data science techniques to make intelligent decisions based on data, including next-best-action strategies to drive higher levels of cross-sell. Going forward we will be accelerating our AI capabilities with a further 40 data and AI analytics use cases being explored, and we are working with Microsoft to test and refine Copilot, a new generative AI tool for Microsoft 365 productivity apps. We are exploring Microsoft's AI technology to strengthen our productivity, enhance processes, reduce risk, and boost creativity.
  - **Payments:** The modernisation of Nedbank's payments domain is progressing well. Our participation in the industry modernisation initiatives and our own payments efforts are enabling Nedbank to create a fully interoperable enterprise payment service hub that will optimise the cost to serve, increase innovation cadence, respond to open-finance opportunities, and unlock competitive advantages by enabling contextual and embedded payments. We participated in the industry rapid payments programme, PayShap – a low-cost, immediate, interoperable digital payments solution, that was successfully launched in March 2023. Since launch we remain the bank that offers its clients the widest range of options of transactional channels, with more than 100 000 ShapIDs having been registered, culminating in over 220 000 transactions. Nedbank has been acknowledged by the media for its market-leading pricing, which allows even greater financial inclusivity.
- **Focusing on areas that create value**
  - We continue to focus on areas that create value, particularly through our Strategic Portfolio Tilt 2.0 (SPT 2.0) initiative, which is a groupwide strategy focused on growing profitable market share in selected areas through integrated client-led asset and liability client value propositions (CVPs), leveraging the point of origination to increase the levels of cross-sell with a keen focus on growing the transactional-banking relationship and main-banked market share. In H1 2023, main-banked clients in retail grew by 11% to 3,36 million and cross-sell increased to 1,95 (compared with 1,92 in H1 2022 and 1,72 in H1 2019). CIB gained 10 new primary clients in the period. In NAR total clients increased by 5% to over 370 000, of which around 163 000 are main-banked clients. A significant opportunity exists to cross-sell insurance products across the group, through collaboration between Nedbank Insurance and Retail and Business Banking (RBB). This is already proving to be successful, with more than 100% growth of our MyCover Funeral product achieved, and collaboration will be extended to the remaining products in the MyCover suite.
  - As reported in the May 2023 SARB BA900 returns, we increased market share yoy in home loans (14,0% to 14,2%), retail overdrafts (from 11,1% to 12,9%), total household deposits (14,5% to 14,8%) and commercial term loans (16,0% to 17,1%). In areas where we have strong market share positions, we have been more selective in credit origination in the current economic environment, including for vehicle finance (from 35,9% to 35,3%) and commercial mortgages (from 37,6% to 36,8%). Given increasing risks in the environment, we have deliberately slowed growth in some product areas and as a result we reported market share declines in personal loans (from 11,8% to 11,2%) and credit card (11,5% to 10,9%).
- **Driving efficient execution**
  - **Unlocking benefits through technology**: Our Target Operating Model 2.0 (TOM 2.0) programme, which was launched in 2021, is aimed at optimising the shape of our infrastructure (branches and corporate real estate), shifting our RBB organisational structure so that it is more client-centred and optimising our shared-services functions across the group as a direct result of the digital benefits from ME. At the end of June 2023 the cumulative cost benefits realised have increased to R1,7bn. While our target of achieving R2,5bn of benefits remains in place, conscious decisions to reconsider the timing of the implementation of some initiatives that are linked to revenue uplift and a delay in some cost initiatives mean that we will likely end 2023 slightly short of this target but will meet it during 2024. Towards the end of 2022 we expanded the scope of TOM 2.0 to also optimise our operating model across the group in areas such as risk management, data and payments, commercialising and enhancing delivery on our purpose as well as additional benefits from process optimisation.
  - **Branch optimisation**: The digitisation of services in RBB and changing client behaviours have enabled us to reduce branch teller volumes by 71% since 2019. To date, as we optimise the shape of our infrastructure through Project Imagine (our new digitally focused outlets), branch floor space has decreased by 11 000 m^2 in H1 2023 (cumulatively by 95 000 m^2 from 2014 levels) to 153 000 m^2.
  - **Corporate real estate optimisation**: Through our strategy of consolidating and standardising our own buildings, the number of campus sites (offices) has decreased from 31 to 24 over the past four years. Since 2016 we have saved more than 163 000 m^2 in floor space, including around 20 000 m^2 in H1 2023. Over the next few years we will continue to optimise the portfolio by enhancing workstation use through flexible office constructs to support more dynamic ways of work, as well as leveraging successful work-from-home experiences where appropriate.

- **RBB reorganisation**: In 2020 we started the implementation of Project Phoenix, which was aimed at shifting our RBB organisational structure from being 'product-led, supported by client and channel views' to being 'client-segment-led, supported by product and channel views'. To date we moved from product-focused expert knowledge to centres of excellence with product insights present across the value chain, restructured the cluster and divisional executive roles and the next tiers in line with the competencies required to deliver on the outcomes of the value chain accountabilities, and made progress on driving increased levels of process standardisation and consolidation, combined with digitisation through automation (straight-through processing or robotic process automation). These investments have assisted us in consolidating middle and back offices within the cluster, unlocking efficiencies.
- **Groupwide shared-services optimisation**: We have increased our focus on ensuring efficient and effective central group functions including marketing, risk, human resources, finance and technology. Savings in technology include efficiencies in network costs, reduction of printing costs, implementation of agile methodologies and new ways of working with overall reductions in headcount, rigorous licence and service vendor management and the implementation of our cloud migration plans, with reductions in on-premise costs. In addition, we are in the process of further optimising smarter supply chain and procurement capabilities. At the end of June 2023 our total group permanent headcount declined by 443 or 2% yoy (and 3 313 or 11% since 2019), largely through natural attrition.

- **Creating positive impacts**
  - Fulfilling our purpose of using our financial expertise to do good is best demonstrated through our ongoing delivery against the UN Sustainable Development Goals (SDGs), our continued focus on leading in ESG matters, and our sustainable-development finance (SDF) commitments as we tilt our portfolio to areas that create positive impacts. In H1 2023 we made new SDF-related payouts of around R10bn and at 30 June 2023 had exposures of R134bn (December 2022: R123bn) that support SDF, representing 15% of the group's gross loans and advances. R11bn of financing in support of SDG 11 that relates to the financing of green buildings has not yet been included as we assess its eligibility. 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 and advances, achieved by support for more than R150bn in new SDF that is aligned with the SDGs (from our starting base in 2021).
  - Building on our history of climate and environmental leadership, including the commitment to have zero fossil fuel exposure by 2045 (which is in line with science-based targets), we are in the process of developing key sectoral glidepaths that will inform the timelines or rate of exit from the coal, oil and gas sectors in line with the ongoing changing context. We will be utilising these glidepaths internally during 2023 with public disclosure as part of our 2023 year-end reporting as well as the roll-out plan for disclosing further glidepaths in climate-sensitive sectors.
  - We retained our top-tier ESG ratings with the following scores and rankings: MSCI – AAA (upgraded from AA and now within the top 5% of global banks); Sustainalytics – low-risk score of 17,4 (top 9% of 380 diversified banks); ISS – C rating (within the top 10% of global banks); FTSE Russell – 3,9 rating out of five (top 26% of global banks and a FTSE4Good Index constituent); and S&P Global – score of 67 out of 100 (a top-tier South African bank).
  - Our efforts in sustainability and ESG matters were externally recognised, including through our winning the Best Corporate Sustainability Strategy South Africa Award at the prestigious Global Banking & Finance Awards 2023, the Sustainability-linked Loan of the Year (Africa) Award at the Environmental Finance Awards 2023, and the Sustainable Bank of the Year Award at the African Banker Awards 2023.

Overview of H1 2023 results

Nedbank Group delivered a solid financial performance for the six months to 30 June 2023 when compared with the six months to 30 June 2022 (prior period). Headline earnings (HE) increased by 10% to R7 329m, enabled by a strong operational performance as preprovisioning operating profit (PPOP) increased by 22%, underpinned by 14% revenue growth, including associate income, and good expense management, partially offset by a 57% higher impairment charge. The increase in HE was ahead of management expectations of more muted H1 2023 growth as communicated as part of the group's pre-close announcement released on SENS on 26 June 2023.

HEPS and DHEPS both increased by 11% to 1 525 cents and to 1 477 cents respectively. The growth in per-share metrics slightly ahead of HE growth was driven by the initial benefits of the odd-lot offer as well as the share repurchase programme that was executed mostly in Q2 2023 and the resultant cancellation of almost 23m shares. Basic EPS increased by 8% to 1 524 cents, slightly lower than HEPS growth as a result of the base effect of R206m gains in H1 2022, being mainly profits from the sale of Nedgroup Trust.

Return on equity (ROE) for the period increased to 14,2%, above the prior period of 13,6%, assisted by an improvement in return on assets that increased from 1,11% to 1,14% and slightly higher gearing. The group's ROE remained below our estimated cost of equity (COE) of 14,8%. As ROE is computed on daily average equity, the R5bn share optimisation initiative would have had only a relatively small initial benefit to the group's ROE in H1 2023 that will run-rate into H2 2023. Net asset value (NAV) per share of 22 548 cents increased by 8%, compared with 20 964 cents in H1 2022, while tangible NAV of 19 880 cents increased by 9%, compared with the 18 312 in the prior period.

The group's balance sheet remained very strong. CET1 and tier 1 capital ratios of 13,3% and 14,9% remained well above board-approved target ranges and SARB minimum requirements. The average LCR for the second quarter of 143% and an NSFR of 119% were well above the 100% regulatory minimums and board-approved targets. On the back of solid earnings growth and strong capital and liquidity positions, the group declared an interim dividend of 871 cents per share, up by 11% (June 2022: 783 cents per share). The dividend was declared at a payout ratio of 57% at the bottom end of the group's board-approved dividend target range of 1,75 to 2,25 times.

Cluster financial performance

The group's HE increase of 10% to R7 329m was driven by strong HE growth in the Wealth and NAR businesses. Corporate and Investment Banking (CIB) saw a muted performance and Retail and Business Banking (RBB) a decline in HE as a result of a higher impairment charge. With the exception of RBB, all clusters increased their ROEs.

		HE (Rm)			ROE (%)		
	Change (%)	Jun 2023	Jun 2022	Dec 2022	Jun 2023	Jun 2022	Dec 2022
CIB	2	**3 273**	3 208	6 399	**18,2**	17,9	17,7
RBB	(8)	**2 161**	2 347	5 097	**12,8**	15,1	16,0
Wealth	41	**678**	480	1 140	**30,1**	21,7	26,3
NAR	97	**1 132**	575	977	**29,2**	15,9	13,8
Centre	55	**85**	55	448			
Group	10	**7 329**	6 665	14 061	**14,2**	13,6	14,1

HE in CIB increased by 2% to R3,3bn, and the cluster delivered an ROE of 18,2%. HE growth was driven primarily by solid revenue growth of 5% and an 8% decrease in impairments, evident in its credit loss ratio (CLR) declining to 16 bps (H1 2022: 20 bps), towards the bottom end of the cluster through-the-cycle (TTC) target range of 15 bps to 45 bps. NII increased by 7%, supported by average banking loans and advances growth of 12% to R390bn, offset by a lower net interest margin (NIM) as a result of higher funding costs and increased competition for high-quality assets. NIR increased by 2%, supported by an 8% increase in net commission and fees arising from higher levels of activity and deal closures and 2% growth in trading revenue, partially offset by a 41% decline in equity investment income off a high H1 2022 base as well as the delay in the closing of renewable-energy rounds to H2 2023. Expenses increased by 9%, driven mainly by higher costs associated with the retention and attraction of talent, resulting in a cost-to-income ratio of 45,1%.

In RBB HE decreased by 8% to R2,2bn, delivering an ROE of 12,8%. Very strong PPOP growth of 24%, driven by revenue growth of 13% and expense increases below inflation, was offset by impairments that increased by 60% as a result of the impacts of the more difficult macroeconomic environment, higher interest rates, load-shedding and high levels of inflation on clients' ability to repay their loans. As a result, the RBB CLR increased to 226 bps, above the cluster's TTC target range of 120 bps to 175 bps. NII grew by 16%, driven by a 7% increase in average banking loans and advances and a widening of NIM that benefited from positive endowment (higher interest rates). NIR on a restated basis increased by 7% and by 8% before the restatement of the card-processing fees, underpinned by higher levels of client transactional activity, higher levels of cross-sell and strong main-banked client gains, as well as good growth in card interchange and value-added services revenue. Expenses were very well managed, growing by 6% (pre-restatement of card-processing fees by 7%), enabling the cluster cost-to-income ratio to decrease to 58,3% from 62,0% in H1 2022.

Nedbank Wealth's HE increased by 41% to R678m, resulting in an increase in ROE to 30,1%. The cluster's financial performance was driven by the benefit of higher local and international interest rates on NII, improved shareholder returns in insurance, growth in assets-under-management (AUM) fees locally and internationally and the base effect of higher non-life claims due to the KZN floods in the previous period.

HE in NAR increased by 97% to R1 132m and its ROE improved to 29,2%. The performance of the Southern African Development Community (SADC) operations improved strongly as HE was up by over 100% to R461m (H1 2022: R191m) and the ROE increased to 13,5%, while our associate investment Ecobank Transnational Incorporated (ETI) continued its ongoing recovery with an HE increase to Nedbank of 75% to R671m (H1 2022: R384m), benefiting from operational performance improvements and the reversal of the R175m provision that Nedbank raised in 2022 for the estimated impact on associate income from ETI from the Ghana sovereign domestic debt restructure. The stronger performance of the SADC operations was driven mainly by increases in NII (up by 33%) and NIR (up by 30%), befitting from foreign exchange gains on US dollar capital in Zimbabwe, partially offset by an increased net monetary loss.

The performance in the Centre reflects primarily the endowment benefit from higher interest rates on the average R12,7bn surplus capital held in the Centre.

Financial performance

Net interest income

NII increased by 18% to R20 294m, in line with the guidance provided during the group's pre-close announcement on 26 June 2023 of growth above mid-teens. This growth was supported by 9% growth in average interest earning banking assets (AIEBA) to R978bn and an increase in the group's NIM. The increase in AIEBA was driven by 12% growth in average CIB banking loans and advances and 7% growth in average RBB banking loans and advances.

NIM increased by 33 bps to 4,18% from the 3,85% reported in H1 2022. This increase was driven primarily by a positive endowment impact of 48 bps due to higher interest rates and positive basis risk impacts (5 bps). The increase was partially offset by a negative asset mix impact of 7 bps due to slower growth in high-yielding assets such as unsecured loans and faster growth in lower-yielding assets such as term loans, home loans and vehicle finance, as well as negative liability (5 bps) and asset (14 bps) pricing impacts due largely to increased levels of competition. Nedbank remains positively positioned for a rise in interest rates, gaining an additional R1,8bn NII (pre-tax) for each 100 bps increase in interest rates over 12 months, with the benefit of interest rate increases in H1 2023 expected to continue to run-rate into H2 2023. At this point in the cycle, the incremental accounting benefit of higher interest rates on endowment income continues to exceed the incremental increase in impairments.

Impairments charge on loans and advances

The group's impairment charge increased by 57% to R5 313m largely as a result of the impact of a more difficult macroeconomic environment on consumers. The group's CLR increased to 121 bps (H1 2022: 85 bps), aligned with the guidance provided as part of the group's pre-close call on 26 June 2023 of being above the group's TTC target range of 60 bps to 100 bps. The increase in CLR reflects the impacts of higher-than-expected interest rates, higher levels of inflation, mainly in food and energy, and higher levels of load-shedding, all of which are having an adverse impact on our clients, particularly in the consumer segment in RBB.

CLR (%)	Average banking advances (%)	Jun 2023	Jun 2022	Dec 2022	TTC target ranges
CIB	44	**0,16**	0,20	0,22	0,15–0,45
RBB	50	**2,26**	1,52	1,61	1,20–1,75
Wealth	3	**0,03**	(0,37)	(0,20)	0,20–0,40
NAR	3	**1,13**	1,10	1,02	0,85–1,20
Group	100	**1,21**	0,85	0,89	0,60–1,00

Impairments in CIB decreased by 8% to R321m and its CLR, at 16 bps, was just above the bottom end of its TTC target range of 15 bps to 45 bps and was below the 20 bps reported in H1 2022. The decline was driven by a reduction, including recoveries, in stage 3 advances since December 2022. The commercial-property portfolio reported a CLR of 26 bps, reflecting the benefits of a high-quality, well-diversified and well-collateralised portfolio. Developments in the commercial-property office portfolio continue to be monitored closely, with stage 1 exposures remaining constant over the past three years. The levels of arrears across the whole commercial property portfolio remain low.

In RBB impairments increased by 60% to R4 843m, driven by the negative economic impacts mentioned earlier that resulted in increased client migration into stages 2 and 3, as well as the impact of updating our macroeconomic assumptions and raising provisions ahead of the annual model regrounds. The RBB CLR, at 226 bps, was above its TTC target range of 120 bps to 175 bps. Higher impairments in the secured-lending portfolios (home loans and vehicle finance, with mostly variable interest rates) reflects primarily the impact of higher interest rates on clients' ability to repay their debts. The increase in impairments in Personal Loans (mostly a fixed-rate product) and Card was driven mostly by the impact of higher levels of food and transport price inflation on disposable income, notwithstanding our credit policy tightening since 2021 in Personal Loans. The increase in impairments in Commercial Banking was the result of the impacts of load-shedding and higher input costs primarily on certain sectors in the agriculture portfolio. The latter is a consequence of market volatility and uncertainty along with systemic factors such as disrupted supply chains, increased input costs (heightened by load-shedding) and an oversupply of certain produce.

Nedbank Wealth reported a CLR of 3 bps, below its TTC target range of 20 bps to 40 bps, driven by the release of client-specific overlays as a result of better-than-expected recoveries, while NAR reported a CLR of 113 bps, within its TTC target range of 85 bps to 120 bps.

Total overlays decreased slightly to R1,3bn (December 2022: R1,4bn). The group's central provision has remained at R300m since December 2022 to account for risks that have emerged but are not yet showing in the data and resultant impairment models.

The group's balance sheet expected credit loss (ECL) increased from R27,9bn (December 2022) to R30,8bn, reflecting prudent provisioning in the current economic environment. The increase was driven by the R5,3bn impairment charge, which includes post-write-off recoveries of R0,7bn (H1 2022: R0,8bn) and write-offs at R4,1bn (H1 2022: R4,6bn). The overall ECL coverage ratio increased to a multi-year high of 3,67% (December 2022: 3,37%). The group's stage 1 coverage ratio increased slightly to 0,63% (December 2022: 0,60%) and remained higher than the pre-Covid-19 level of 0,46% (June 2019). The stage 2 coverage ratio increased to 7,4% (December 2022: 7,0%), primarily as a result of RBB clients' migrating into stage 2, and remained well above the pre-Covid-19 levels of 5,0% (June 2019). The stage 3 coverage ratio remained steady around 34,5% (December 2022: 34,3%) as RBB loans, with higher coverage, migrated from stage 2 into stage 3 (RBB stage 3 loans up by 20% ytd) and as stage 3 loans in CIB, with lower coverage, decreased by 3% ytd as some counters cured. The decrease in RBB stage 3 coverage ratio was due to secured loans (MFC and Home Loans), which have lower coverage due to their secured nature, contributing a higher percentage to stage 3 banking loans and advances.

Non-interest revenue and income

NIR increased by 7% to R13 397m, underpinned by solid growth in both commission and fees, and insurance income, as well as the benefits of fair-value gains relating to the group's hedge-accounting solution and foreign currency gains in Zimbabwe on US dollar capital. The performance was negatively impacted by lower equity investment income and the delay in closure of renewable-energy deals and related NIR to H2 2023. NIR includes restatements relating to IFRS 17, card-processing costs and the reclassification of net monetary loss in H1 2022 into NIR.

- Net commission and fees income increased by 4% to R9 245m, supported by good growth across CIB, RBB and Wealth. CIB benefited from increased levels of new and existing transactions, deal closures and ongoing primary-client wins, including 10 in the first half of 2023. RBB recorded increased levels of client spend, cash withdrawals and purchases of value-added services, main-banked client growth of 11% to 3,36m, and improved levels of cross-sell. H1 2022 numbers have been restated, as card-processing costs of R200m were reclassified from operational expenses to NIR, to align with the industry and IFRS 15 where costs that are directly attributable to NIR should be offset in NIR. Excluding this adjustment, net commission and fees increased by 5,5%.
- Insurance income increased by 4% to R842m, driven by the impact of the base effect of higher non-life claims relating to the KwaZulu-Natal floods in H1 2022 partially offset by lower reserve releases compared to the prior period. The H1 2022 financials have been restated to account for IFRS 17, as expenses and associated indirect tax (R316m) related to insurance products are now recognised in NIR.
- Trading income increased by 2% to R2 084m, reflecting good performances in debt securities, foreign exchange and commodities. The performance of equities deteriorated and trading was also negatively impacted by the introduction of the SARB's new monetary policy implementation framework (MPIF).
- Equity investment income declined by 45% to R278m (H1 2022: R506m), returning to more normalised levels as compared with a high H1 2022 base, driven by revaluations, realisations, dividends and operational revenues with limited disposals.
- Fair-value adjustments of R239m (H1 2022: R55m loss) include R169m of fair value gains including gains on structured loans within the banking book and gains of R70m relating to the group's hedge-accounted portfolios following the successful macro fair-value hedge-accounting methodology enhancements in prior years.
- Foreign currency gains in Zimbabwe on US dollar capital as a result of currency devaluation were partially offset by a higher net monetary loss, resulting in a net gain in NIR of R399m. NIR in H1 2022 has been restated to reflect the reclassification of the net monetary loss (H1 2022: R277 loss) from the face of the income statement to NIR as was done as part of the group's 2022 annual results announcement.

Excluding the restatements of card-processing costs, growth in NIR of 8% was in line with the guidance provided during the group's pre-close update on 26 June 2023 of mid- to high single digits.

Expenses

The increase in expenses of 7% to R18 229m (on a restated 2022 base given IFRS 15- and IFRS 17-related reclassifications and 8% excluding restatements) reflects the impacts of higher non-salary-related staff costs and ongoing investment in technology and digital solutions. Excluding variable-pay incentive costs, expenses increased by 6%, highlighting diligent cost management in an environment of rising inflation and weaker exchange rates.

- Staff-related costs increased by 8% to R10 144m following:
  - a 6% increase in salary, wages and other staff costs, reflecting the impacts of an average 2023 annual salary increase of 6,3% (bargaining-unit increase of 7,3%) and the use of additional temporary employees and contractors, partially offset by a 2% reduction in permanent employee numbers since June 2022, largely through natural attrition; and
  - a 10% increase in short-term incentives (STIs) as a result of the group's improved financial performance and a 45% increase in long-term incentives (LTIs), driven by higher anticipated vesting outcomes.
- Computer-processing costs increased by 7% to R3 358m, reflecting the impact of continuous investment in digital solutions and cloud, increased IT volumes and the impact of the rand's devaluation related to foreign currency IT contracts. As our ME technology IT build reaches material completion, the growth rate in the related amortisation charge continues to slow, along with benefits from lower depreciation as we increasingly leverage cloud-based solutions.
- Marketing costs increased by 6% to R791m and communication and travel costs increased by 9% after having normalised post-Covid-19. Fees and insurances-related costs increased by 16% largely as a result of increases in card-issuing and acceptance costs.
- While the group continues to benefit from its real estate optimisation initiatives, the more than 800% growth in generator-related costs to R71m as a result of increased use during load-shedding has resulted in occupation and accommodation costs increasing by 9%.

The group's increase in expenses of 7% was lower than the 14% increase in revenue, including associate income, resulting in a positive JAWS ratio of 7% and the cost-to-income ratio decreasing to 52,9% (H1 2022: including restatements at 56,1%).

Earnings from associates

Associate income increased by 53% to R782m and includes associate income of R749m, relating to the group's 21% shareholding in Ecobank Transnational Incorporated (ETI) for the period (up by 59% when compared with R470m in H1 2022). This includes accounting for our share of ETI's Q4 2022 and Q1 2023 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear) and the reversal of the R175m estimate provided by Nedbank for our share of the impact of the Ghanaian sovereign domestic debt restructure programme on associate income in our 2022 results. The total effect of ETI on the group's HE was a profit of R671m (H1 2022: R384m), including the R107m impact of funding costs. The gross return on the original ETI investment increased to 24,1% (H1 2022: 15,1%) or 18,5% excluding the R175m reversal.

Statement of financial position

Banking loans and advances

Gross banking loans and advances increased by 5% to R876bn, driven by ongoing growth momentum in RBB gross loans and advances and a recovery in CIB banking loans and advances growth. Actual banking loans and advances growth was lower than the 9% growth in average banking loans and advances primarily as a result of the benefit of strong growth in CIB in H2 2022 (benefiting average growth) while actual growth was negatively impacted towards the end of H1 2023 by higher levels of client repayments as well as reduced placements with foreign correspondent banks in CIB.

Gross banking loans and advances growth by cluster was as follows:

Rm	Change (%)	Jun 2023	Jun 2022	Dec 2022
CIB	3	**378 014**	365 918	382 250
RBB	7	**444 456**	414 284	429 564
Wealth	8	**32 686**	30 271	29 395
NAR	(1)	**22 162**	22 372	22 902
Centre[1]	(4)	**(1 544)**	(1 609)	(1 342)
Group	5	**875 774**	831 236	862 769

[1] *Includes macro fair-value hedge-accounted portfolios and disclosure reallocations.*

CIB gross banking loans and advances increased by 3% to R378bn, supported by growth in our leverage and diversified finance businesses, as well as our SDF activities, offset by higher levels of repayments in mining and resources. Growth in commercial-property loans and advances remained muted at 3%, in line with slow industry growth.

RBB gross loans and advances increased by 7% to R444bn, driven by strong growth in our commercial-banking and small-business segments, as well as solid growth in the secured-lending portfolios. Commercial Banking gross loans and advances grew by 8% as client utilisation of existing facilities increased. Home loans grew by 9%, while MFC (vehicle finance) loans increased by 6%. Unsecured-lending disbursal growth remained subdued as we deliberately remain cautious in the current environment, with personal loans up by 2% and credit card up by 3%. Overall new-loan payouts in RBB increased by 6% to R60bn in H1 2023.

Deposits

Deposits increased by 8% to R1,1tn and the group's loan-to-deposit ratio decreased to 84% (June 2022: 85%).

Within our business clusters, CIB grew deposits by 6%, RBB by 11%, Wealth by 16% and NAR by 6%, with the Centre growing by 3%.

Many clients termed out short-term deposits into longer-term deposits due to the favourable interest rate environment. As a result, current accounts and savings accounts (CASA), along with cash management deposits, decreased by 2%. In contrast, call and term deposits increased by 14% and fixed deposits by 33%. Negotiable certificates of deposit (NCDs) increased by 3% as our requirement for wholesale funding decreased. Foreign funding, although small in relative terms for Nedbank at 3% of total funding, increased by 38% due to foreign lending requirements and exchange rate movements.

Funding and liquidity

The group achieved a quarterly average long-term funding ratio of 29,2%, which is above the industry average of around 23,3%, as a result of the proactive management of Nedbank's long-term funding profile.

The group's June 2023 quarter average LCR of 143% (Dec 2022: 161%), measured with HQLA at fair value, exceeded the minimum regulatory requirement of 100%, with the group maintaining appropriate operational buffers to absorb seasonal, cyclical and systemic volatility. Liquidity metrics remained strong, with no implications evident from the recent adverse global banking and other developments.

	Jun 2023	Jun 2022	Dec 2022
HQLA (Rm)	**236 950**	208 207	224 963
Net cash outflows (Rm)	**165 344**	145 120	140 138
Liquidity coverage ratio (%)[2]	**143,3**	143,5	160,5
LCR regulatory minimum (%)	**100,0**	100,0	100,0
NSFR (%)	**118,9**	120,3	119,1
NSFR regulatory minimum (%)	**100,0**	100,0	100,0

[2] *Average for the quarter.*

Nedbank's proactive management of its high-quality liquid asset (HQLA) buffers resulted in the bank operating well within its risk tolerance levels. Nedbank Group has significant sources of quick liquidity, which include HQLA of R237bn, representing 23% of total assets.

Nedbank exceeded the minimum regulatory NSFR requirement of 100% with the June 2023 ratio of 119%. The structural liquidity position of the group continued to be strong as a result of the effective management of balance sheet growth.

Capital

The group remains strongly capitalised, with capital ratios well above the minimum regulatory requirements and board-approved target ranges, shown in a CET1 ratio of 13,3% (Dec 2022: 14,0%) and a tier 1 ratio of 14,9% (Dec 2022: 15,5%). The change in the CET1 ratio was driven by the impact of the share repurchase programme, the 2022 final dividend paid in H1 2023, and an increase in risk-weighted assets (RWA) offset by organic earnings generation. The increase in RWA was due mainly to movements in credit risk.

The group continues to focus on maintaining an optimal capital structure through the use of a full range of capital instruments. During H1 2023, under the approved R5bn capital optimisation initiative, the group acquired 22,9 million shares for a total value of R4,9bn including an odd-lot offer of 2,7 million shares at a total value of R638m. The average price per share across the capital optimisation initiative was R 213,37. The group enhanced its tier 1 ratio by issuing additional tier 1 instruments amounting to R1,0bn. The total capital adequacy ratio was further impacted by the redemption of R2,0bn of tier 2 instruments, in line with the group's capital plan.

Basel III capital ratios (%)	Jun 2023	Jun 2022	Dec 2022	Internal target range	Regulatory minimum
CET1	**13,3**	13,5	14,0	11,0–12,0	8,5
Tier 1	**14,9**	15,1	15,5	> 12,0	10,3
Total CAR	**17,1**	17,7	18,1	> 14,5	12,5

Note: Ratios include unappropriated profits.

Using our financial expertise to do good

We remain committed to fulfilling our purpose of using our financial expertise to do good and to contribute to the well-being and growth of the societies in which we operate by delivering value to our employees, clients, shareholders, regulators and society.

Employees

- We maintained our focus on the physical, mental and financial well-being of our employees by continuing to provide well-being solutions and interventions to all of them. Our 2023 Workforce Insights Pulse employee survey indicates that employees are confident that Nedbank cares about their well-being, with a favourable score of 70% (similar to the March 2022 survey result). In light of a more difficult environment, Nedbank is increasing its support to employees through various financial education awareness programmes.
- Employee engagement levels remained high, with our 2023 Workforce Insights Pulse Survey employees' participation rate at 77%, the highest response rate since inception of the survey.
- Our employee attrition rate has remained stable in H1 2023 at 10,1% (2022: 10,6%) in line with pre-Covid-19 attrition levels.
- During the year, our Agility Centre successfully redeployed 146 employees into alternative roles within Nedbank, while six employees have regrettably been retrenched as a result of necessary operational changes. A key focus has been on timeous reskilling and upskilling to enable employees to transition to future internal roles. Employees are also supported with 'outskilling' support to empower them with relevant market-related skills should outplacement or external redeployment be necessary.
- We paid our 26 464 permanent and temporary employees' salaries and benefits of R10,1bn and concluded annual salary increases of 7,3% for our bargaining-unit employees, with non-bargaining-unit employees receiving increases of 5–6%. The blended average employee salary increase was 6,3% in 2023.
- Training spend for the six months was R450m, and employees were encouraged to use the Flow Time Wednesday afternoons for upskilling and online learning towards increasing the learning culture within the organisation.
- In H1 2023 our hybrid work model saw 66% of our employees working in some hybrid fashion. This promotes flexibility and allows employees to return to the workplace in an integrated and natural manner.
- To ensure that Nedbank remains relevant in a transforming society, we continued to focus on transformation as a key imperative. We remain strongly representative of a diverse talent complement, with 81% of total employees being black African, Coloured or Indian (ACI), this improving from the 80% in H1 2022, while we continue to record improvements in ACI employee representation at senior- and middle-management levels. ACI representation at board level was 62% (H1 2022: 64%) and at executive level was 46% (H1 2022: 39%). Following retirements, female representation at board level declined to 23% (H1 2022: 29%) and this is a focus of our board continuity program, while at executive level it remained at 46%. Total female employee representation remained at 62%.
- Nedbank was recognised by the Youth Employment Service (YES) Office for being the second leading participator in the programme and committed to contribute R2,4m to Nedbank for future skills training and other initiatives. The majority of the funds will be used to technically upskill YES youth to enter and make meaningful contributions in the green economy.
- Nedbank won the LinkedIn Talent Insights Pioneer (South Africa) award in recognition of teams around the world who are innovating and leading the future of work. The performance, results and impact of Nedbank's utilisation of LinkedIn Talent Solutions was the highest in Africa.

Clients

- Building on our #1 ranking in NPS among the South African banks (Kantar survey), we also achieved a #1 bank ranking on social-media net sentiment (average ranking over the past six months), as measured by Salesforce Social Studio.
- We safeguarded R1,1tn in deposits at competitive rates.
- We supported clients by advancing R155bn (H1 2022: R149bn) in new loans to enable them to finance their homes, vehicles and education, as well as grow their businesses, increasingly in support of the UN SDGs.
- Our clients' access to banking products and services improved as clients continue their shift to digital channel usage. Digitally active retail users increased by 14% to 2,76 million (up by 62% since H1 2019). Our end-to-end digital onboarding, sales and servicing capabilities, as part of our ME technology journey, supported the increase in digital sales as a percentage of total sales in RBB to 56% (from 12% in H1 2019). During the year we also increased the number of Imagine branches, which are more digitally and sales-focused, to 272, with a further 112 conversions planned for H2 2023.
- To support our clients during challenging times, we offer tailored payment plans to help address their temporary financial distress and gradually normalise their payment obligations over time. For clients who have temporarily fallen behind on their loans, whilst being mindful of all regulatory requirements, we strive to keep them in their homes or vehicles by providing restructures that reduce their monthly debt payments, assisting them in getting back on track. Additionally, we encourage clients to consolidate their existing debts, thereby lowering their monthly debt payments or we provide assistance to clients in selling their property or vehicle to help settle their loan to achieve the best possible price for their assets.
- In recognition of the value-add to our clients and our leadership position in key industries, segments and products, Nedbank won various awards, including the Best Investment Bank in South Africa Award at the 2023 Global Banking & Finance Review Awards and Best Retail Bank South Africa Award at the 2023 Global Banking & Finance Awards, Best Private Bank Africa Award at the Global Private Banking Awards 2023, and Top Private Bank of the Year Award at the Intellidex Top Private Banks and Wealth Managers Awards 2023.

Shareholders

- The group's solid financial performance, operational delivery and good strategic progress supported an 8% increase in the Nedbank share price in the first six months of 2023, outperforming the South African Banks Index, which remained flat, and the JSE All-share Index, which declined by 4%.
- A very strong capital and liquidity position at 30 June 2023 supported the declaration of an interim dividend for 2023 of 871 cents per share, an increase of 11% on H1 2022.
- We successfully hosted our 56th annual general meeting (AGM), although votes in support of our remuneration implementation report, at 74,8%, were slightly below the required 75%. Given the high level of our ongoing shareholder engagements, we received no shareholder meeting requests in response to reaching out to shareholders that may have voted against remuneration and we continue to engage constructively with all shareholders on these matters. From engagement with shareholders, we understand that some of the votes against the group's remuneration implementation report were because of a vote against the prior year's remuneration policy by the same shareholders. Pleasingly our remuneration policy received 90,4% votes of support in the current year.
- Eligible shareholders who participated in the odd-lot offer received a 5% premium on the 10-day volume-weighted average price (VWAP) of the Nedbank Group ordinary share at the close of business on Friday, 30 June 2023, without incurring any transaction costs or brokerage fees.
- Our foreign equity shareholding levels increased to 36,1% (Dec 2022: 33,2%).
- Nedbank was rated #2 among all JSE companies in the Intellidex Top Investor Relations 2023 survey for the second year in a row. We also ranked #1 company for best market communications, #1 company for best integrated report, #2 company for best disclosure of ESG metrics and #7 company for most accessible management among SA listed companies.
- We remained at the top end of various ESG ratings when compared with local and international peers.

Regulators

We continued to work closely with the government, regulators and the Banking Association South Africa (BASA) to ensure the safety and soundness of the South African banking system.

Key regulatory developments in H1 2023 included the following:

- Basel III reforms: In July 2023 the Prudential Authority (PA) issued Guidance Note (GN) 3/2023 which proposes to replace GN 4/2022 and GN 8/2022. The proposal is based on, *inter alia*, industry comments, quantitative impact studies, progress by member jurisdictions of the Basel Committee on Banking Supervision in implementing the reforms, regulatory responses to mitigate the impact of Covid-19, and other matters related to implementation complexity, and therefore the PA proposes a revision to the implementation dates of the outstanding Basel III-related regulatory reforms in South Africa from January 2024 to July 2025.
- The Financial Sector Laws Amendment Bill (FSLAB) was promulgated in January 2022, giving rise to the Financial Sector Laws Amendment Act (FLSAA), 23 of 2021, and established the following:
  - SARB as the resolution authority (RA). In March 2023, the Minister of Finance published the FSLAA commencement schedule, which stipulated that the Resolution Framework became effective in June 2023.
  - The Corporation for Deposit Insurance (CODI), which was established as a legal entity in terms of the Financial Sector Regulation Act (FSR Act), 9 of 2017. Banks automatically became members of CODI, and it is noted that CODI will become fully operational only from 1 April 2024. The group's initial impact assessments suggest, once secondary legislation has been promulgated, an annual CODI cost of approximately R220m for a covered deposit balance of approximately R100bn and a liquidity tier of approximately R3bn. The covered deposit balance is the amount covered by CODI for a unique depositor which is currently proposed at a maximum of R100 000.
- In the first half of the year S&P Global (S&P) and Moody's affirmed their ratings of Nedbank. S&P revised their outlook from 'positive' to 'stable', similar to Moody's, following S&P's decision to revise its outlook on the SA sovereign from 'positive' to 'stable'.
- We hold investments of over R169bn in government and public sector bonds as part of our HQLA requirements.
- We made cash taxation payments relating to direct, indirect and employee taxes, as well as other taxation, of R7,3bn across the group, up by 12% yoy.

Society

Banks play a central role in driving sustainable socioeconomic development for the benefit of all stakeholders and helping create a better future by providing capital for investment in the real economy. Our purpose, of using our financial expertise to do good, guides our strategy, behaviours and actions towards the delivery of long-term system value for us and our stakeholders.

We have adopted the UN SDGs as a framework for measuring delivery on our purpose and prioritised nine of the 17 SDGs where we believe we have the greatest ability to deliver meaningful impact through our core business. Our focus on SDF sees us supporting clients to deliberately deliver positive social and environmental outcomes across a wide range of sectors. Key highlights for H1 2023 include the following:

- **Quality education (SDG 4)**: We provided R139m of combined financing towards student loans and student accommodation in H1 2023, supporting 644 student loans (over 7 000 since 2015) and for 883 student beds (around 43 000 since 2015). Our Karri app, an integrated message-based payment, collection, and reconciliation solution for solving a niche problem experienced by schools, is used by over 1 100 schools, with a database of parents and children in excess of 1,6 million. In H1 2023 active monthly users were up by 27%, payment value was up by 60% and the number of payments was up by 36% yoy.
- **Clean water and sanitation (SDG 6)**: We provided R192m (H1 2022: R227m) in financing towards clean-water provision relating to public sector reticulation and sanitation projects, the agricultural sector and commercial and industrial businesses. Nedbank was successfully awarded the three mandates by Rand Water for primary banking, debt sponsor, and a multibank general banking facility. In our own operations we have been a net-zero operational water user since 2018 through our support of the WWF-SA Water Balance Programme, which removes invasive alien trees in key water-scarce areas.

- **Affordable and clean energy (SDG 7)**: On the back of our leadership position in the first four rounds of the SA Renewable Energy Independent Power Producers Procurement Programme (REIPPPP), where we supported 3,5 GW of renewable energy, we are the lead arranger on four projects in the emergency round Risk Mitigation IPPPP, four projects in round 5 of the REIPPPP and two projects in round 6 of the REIPPPP (expected to close from H2 2023). Our participation in these three additional rounds will contribute a further 1,15 GW of renewable energy to the national grid. Our pipeline in private power generation (CIB) increased to 1,9 GW (from approximately 1 GW at 31 December 2022) and we anticipate clients to start to draw down on some of their facilities in H2 2023 and into 2024. The number of solar PV solutions financed in RBB increased by more than 300% half on half off a low base (H1 2023: 237 units). At 30 June 2023 the group's total renewable-energy exposures across REIPPPP and private power generation in CIB, RBB and NAR was around R28bn. In our own operations, to supplement our own solar-photovoltaic-produced electricity towards greener and self-generated renewable energy, we commenced wheeling green power from IPPs to reduce our own carbon emissions and we aim to increase this from around 1% in 2022 to more than 30% of energy consumption by the end of 2025.
- **Decent work and economic growth (SDG 8):** We increased our support for small businesses and their owners, evident in loan exposures of R21bn, and provided banking solutions to more than 300 000 small-and-medium-enterprise (SME) clients. In H1 2023 we welcomed our fourth intake of morethan 2 800 Youth Employment Service (YES) participants as we continue to make an impact on South African youth and their families and communities. With this intake included, close to 10 000 previously unemployed youth have been provided the opportunity of employment through participating in Nedbank's YES programme, and to date 1 140 of them have been permanently employed (within Nedbank and our YES programme partners) after having participated in the programme.
- **Industry, innovation and infrastructure (SDG 9):** In H1 2023 Nedbank partnered with New GX to incorporate Green Climate Ventures, a vehicle focused on digital infrastructure, energy, water and related sectors, to help create a more sustainable South Africa.
- **Reduced inequalities (SDG 10):** We maintained our level 1 BBBEE status and were acknowledged at the 22nd Top Empowerment Awards by being awarded the Legends of Empowerment Award. To support the cash flow needs of small businesses, we ensured, as part of our commitment to the #PayIn30 Campaign, that 93% of SMEs were paid within 30 days of our receiving their invoices.
- **Sustainable cities and communities (SDG 11):** The value of affordable home loans paid out for lower-income households was R1,6bn, equating to over 2 600 homes in H1 2023. We also provided finance of R706m towards the development of 1 336 affordable-housing units. We provided R25bn worth of funding to date for the construction of buildings that conform to green building standards and of buildings with green aspects.
- **CEO's pledge:** In July 2023 CEOs from 115 of SA's leading corporations, including Nedbank, signed a pledge underpinning their collective belief in South Africa and their determination to assist in realising its potential. Business is committed to working with government to play its part in helping to address the economic challenges facing South Africa, with the aim of achieving higher levels of sustainable and inclusive economic growth.

The impact of higher levels of load-shedding

Record levels of electricity outages (load-shedding) in H1 2023 had a limited impact on Nedbank's own operations, but had a negative impact on the operations of many of our clients, while at the same time forcing clients to invest in renewable-energy and private power generation solutions, providing a large financing opportunity for Nedbank.

Nedbank's own operations

Generator runtime in our own operations, including offices and branches, increased by over 450% yoy (14 506 hours vs 2 570 hours) and diesel- and generator-related expenses were up over 800% to R71m in H1 2023. Load-shedding had no material impact on our ATMs, branches and point-of-sale (POS) devices as we leveraged our wide coverage of sustainable backup power solutions. While our physical points of presence remained largely unaffected, call centre and digital channels have seen an increase in utilisation. We also experienced little impact in our processing operations as our businesses have been working around load-shedding schedules, and employees who work from home have been going to the office as a contingency, when needed.

Impact on our clients

Load-shedding has increasingly become a catalyst for renewable- and embedded-energy investments to support both SA's Just Energy Transition and for individuals and companies to reduce costs and reduce their dependency on electricity supply from Eskom. This is creating a strong runway for bank advances growth in this sector. However, electricity outages adversely impact business and consumer confidence, as well as increase inflation, and, as a result, limit GDP growth. From an SME perspective, load-shedding is making it increasingly difficult to start a business.

From a credit quality perspective, the negative impact of load-shedding has been more evident in our small-business and commercial-business segments, and clients in the following industries have been impacted to various degrees: agriculture, manufacturing, restaurants, food services, retail (supply chain) and tourism. Some have incurred operational losses (such as the impact of products perishing and stoppages in production lines) while at the same time absorbing increasing levels of operational costs (such as for the use of generators). Corporate clients, in general, are more resilient given their strong balance sheets after having deleveraged post-Covid-19, but we continue to monitor the impact on clients who may be more impacted. Solar finance solutions are being offered through our MFC channel to assist clients with their energy needs.

Economic outlook

The downturn in global demand is likely to intensify as the impact of sticky inflation and sharply higher interest rates gradually filters through advanced and emerging economies. The International Monetary Fund (IMF) expects growth in advanced countries to slow from 2,7% in 2022 to 1,5% in 2023 and 1,4% in 2024. The US economy is still expected to expand by a reasonably sound 1,8%, but the performances of the Eurozone and the United Kingdom are anticipated to weaken significantly, slowing to 0,9% and 0,4%, respectively. Emerging and developing countries should fare better, although the boost from China's reopening is expected to fade as the year progresses. The IMF expects emerging and developing countries to grow at around the same pace as last year, being around 4% in 2023 and a slightly firmer 4,1% in 2024. China and India are forecast to do the heavy lifting, while growth in most other developing countries is likely to slow to low single-digits. The IMF expects sub-Saharan Africa to grow by a softer 3,5% in 2023, down from 3,9% in 2022, before accelerating to expand by about 4,1% in 2024. With considerable uncertainty surrounding the outlook for world growth, inflation and interest rates, global risk appetites and markets are likely to remain volatile, highly sensitive to any signs of weaker-than-expected growth outcomes, sticky underlying inflation and therefore the threat that US interest rates could rise further or stay high for longer than most currently anticipate.

SA's economy will remain constrained by electricity shortages. Load-shedding is likely to continue at elevated levels during the remainder of this year and in 2024. Slower global demand and softer commodity prices will impact negatively on domestic production and exports, resulting in a wider current account deficit in 2023. Furthermore, sticky inflation and sharply higher interest rates will continue to weigh on household incomes, containing consumer spending. While fixed investment will be supported by renewable-energy projects, the upside will be limited by regular power outages, weaker domestic and global growth prospects, and ongoing but slow progress with structural reforms. All these challenges, coupled with the possibility of SA's expulsion from or reduced benefits from AGOA and the threat of follow-on actions from the European Union, are likely to undermine business confidence, resulting in softer fixed investment activity. Given that the economy managed to hold on to growth in the first half of the year, the Nedbank Group Economic Unit revised its real GDP growth forecast for 2023 up slightly to 0,3% from 0,1% previously, although still down on the 0,7% forecast in February 2023. A modest recovery is likely to unfold from 2024 onwards as inflation retreats and monetary policy eases.

SA inflation is forecast to ease further in the second half of the year, assisted by 2022's high base, weaker domestic demand and lower global oil, food, and other commodity prices. Inflation is forecast to average around 5,7% in 2023. Thereafter, inflation is expected to gradually return to the 4,5% midpoint of SARB's target range by 2025. Although inflationary pressures are forecast to fade, the risks to the outlook remain on the upside. Food price prospects are particularly uncertain given a vulnerable rand, the end of Russia–Ukraine grain exporting deal, and the emergence of the El Niño weather pattern. The MPC is therefore likely to remain relatively hawkish. The Nedbank Group Economic Unit expects the prime lending rate to remain flat at 11,75% for the rest of the year, before starting a slow decline in 2024. As a result, the SA prime interest rate is 75 bps higher than the 11,0% peak expected at the start of the year, with upside risk to this forecast given ongoing rand weakness.

Conditions in the banking industry are likely to remain challenging. Credit extension is forecast to slow to just short of 5% by the end of 2023, contained by the rise in interest rates and the anticipated slowdown in economic growth. Concerns about job security and earnings prospects will affect household demand for credit, while corporate credit growth in anything other than energy-related projects will also slow on fragile business confidence and the difficult operating environment. Heightened uncertainty about the country's growth prospects amid ongoing structural constraints will probably discourage large new capital projects and subdue demand for general loans. However, renewable-energy projects should provide some foundation for growth in corporate loans. The risk of bad debts is expected to increase as higher interest rates take effect, partially offset by the usual seasonality in retail.

Share repurchase programme and odd-lot offer

At 31 December 2022 Nedbank Group's capital position reflected strong capital adequacy ratios, well above the board-approved target ranges and significantly above the minimum regulatory requirements, translating into a structural surplus capital position. A R5bn capital optimisation initiative, incorporating a general share repurchase programme and odd-lot offer, was announced as part of the group's 2022 results announcement released on 7 March 2023.

At the end of June 2023, the group has substantially completed its general share repurchase programme. A total of approximately 20,2 million shares to the value of R4,25bn have been repurchased, at an average price of R210,58 per share (at levels below the group's book value per share at 31 December 2022 of R215,33).

The odd-lot offer, which comprised the balance of the R5bn capital optimisation initiative, was approved by shareholders at the group's general meeting on 2 June 2023 and closed on 30 June 2023 (the record date of the odd-lot offer). The price of the odd-lot offer was set at R234,07 per share, based on a 5% premium to the 10-day VWAP at the close of business on 19 June 2023 and provided eligible holders with the ability to dispose of their shares on an efficient basis, and provided liquidity for those shareholders who elected to sell their holdings or as the default option for those who made no election. For Nedbank Group the odd-lot offer reduces the complexity and ongoing administration costs associated with a large shareholder base, including a sizeable number of odd-lot holders. In terms of the odd-lot offer, Nedbank Group repurchased a total of 2,7 million shares from just over 400 000 shareholders, representing 0,55% of the total issued ordinary share capital of Nedbank Group for a total consideration of R637,6m.

In aggregate, a total of approximately 22,9 million shares have been repurchased through the general share repurchase programme and the odd-lot offer, at an average price of R213,37 per share (representing a discount to the group's book values per share on 31 December 2022 of R215,33 and R225,48 on 30 June 2023 respectively). As a result, the capital optimisation initiative will be accretive to DHEPS and ROE, and in so doing deliver value to shareholders. The small residual balance of the R5bn capital optimisation initiative is envisaged to be executed during H2 2023.

The repurchased ordinary shares were cancelled and delisted, and accordingly the total issued ordinary shares decreased from 511 500 790 shares (on 31 December 2022) to 491 317 982 shares (on 30 June 2023) and then to 488 594 065 shares (on 7 July 2023).

Prospects

Our current guidance on financial performance for the full year 2023, in a difficult macroeconomic environment with high forecast risk and uncertainty, is as follows:

- **NII** growth to be slightly higher than the mid-teens. The group's NIM is expected to remain similar to the H1 2023 level of 4,18%, while average loan growth will likely slow.
- **CLR** to remain above the group's TTC target range of 60 bps to 100 bps but improve from the 121 bps reported at H1 2023, with upside risks remaining, mainly in consumer collections in RBB and in the stage 3 loan workouts in CIB.
- **NIR** growth to be around mid-single digits, supported by solid transactional activity and strategic initiatives, including higher levels of cross-sell, main-banked client gains and new revenue streams, and the expected finalisation of the renewable-energy deals that were postponed to H2 2023. Equity investment income, fair-value gains and foreign exchange gains in Zimbabwe are more volatile and create high base effects.
- **Expense** growth to be around the mid-to-upper single digits as we continue to focus on managing costs in a more difficult environment.
- **Minorities and non-controlling interest** growth to accelerate in 2023, reflecting the impacts from additional AT1 issuances and higher JIBAR rates.
- **CET1** capital ratio to remain above the top end of the board-approved target range of 11% to 12%.
- **Dividend payments**, subject to board approval, to be at the lower end of the group's target range of 1,75 times to 2,25 times.

HE growth in the second half of the year is expected to benefit from ongoing endowment benefit, a slightly lower CLR in RBB and the closure of renewable-energy rounds (NIR) in CIB but is expected to be partially offset by slower advances growth when compared to H1 2023 and base effects in NIR. As a result of the cancellation of shares relating to the group's capital optimisation programme, HEPS growth is expected to be ahead of HE growth.

The targets that we set for end-2023 relating to DHEPS being above 2 565 cents (achieved in 2022), ROE above 15% and a cost-to-income ratio below 54% remain unchanged. Following good momentum and a solid H1 2023 financial performance we remain focused on delivering the remainder of these 2023 targets, although they have become more difficult to achieve in a deteriorating macroeconomic environment.

Our medium-term targets to 2025, and long-term (undated) targets support our focus on ongoing value creation for shareholders and have also become more difficult to achieve in the deteriorating macroeconomic environment. By the end of 2025 we aim to have grown DHEPS by more than a CAGR of GDP growth + CPI + 5% from the 2022 base, achieve an ROE of more than 17% (around COE plus 2%) and a cost-to-income ratio below 52%. These targets were based on the group's macroeconomic assumptions set in February 2023 and ongoing delivery on our strategic initiatives as key enablers, and we will provide the market with an update of our expectations of these at the 2023 financial year end results.

In the long term we aim to increase our ROE further to 18% or more (around COE plus 3%) and decrease our cost-to-income ratio to below 50%.

Metric	H1 2023 performance[6]	Full-year 2023 outlook	Medium-term target (2025)	Long-term target
ROE	**14,2%**	> 15% (target)	> 17% (around COE + 2%)	> 18% (around COE + 3%)
Growth in DHEPS	**11%**	Solid growth	≥ consumer price index + GDP growth + 5% CAGR	
CLR	**121 bps**	Above the top end (100 bps) of the group's TTC target range	Between 60 bps and 100 bps of average banking advances	
Cost-to-income ratio (including associate income)	**52,9%**	< 54% (target)	< 52%	< 50%
CET1 capital adequacy ratio	**13,3%**	Above the top end of target range	11,0–12,0%	
Dividend cover	**1,75 times**	At the lower end of our target range of 1,75–2,25 times	1,75–2,25 times	

[6] *COE is currently forecast to be just below 15% in 2023 to 2025.*

Shareholders are advised that all guidance is based on organic earnings and our latest macroeconomic outlook. This guidance has not been reviewed or reported on by the group's joint auditors.

Board and leadership changes during the period

In accordance with the group's ongoing board continuity planning, Daniel Mminele was appointed as an independent non-executive director and Chairperson-designate with effect from 1 May 2023. He replaced the former Chairperson, Mpho Makwana, when he retired as planned at the AGM on 2 June 2023. Professor Tshilidzi Marwala resigned as an independent non-executive director of Nedbank Group with effect from 28 February 2023 to take up the role of Rector of the United Nations University, headquartered in Tokyo. Dr Mantsika Matooane retired as an independent non-executive director with effect from the close of the AGM on 2 June 2023. Brian Dames was due to retire from the Nedbank Group Board on 2 June 2023, and the board resolved to extend his tenure while the search for additional directors with climate risk expertise is underway. Having served on the board for more than nine years, Brian is now a non-independent non-executive director.

In terms of executive leadership changes, Trevor Adams, then Group Chief Risk Officer, and Fred Swanepoel, then Group Chief Information Officer, reached the group's mandatory retirement age of 60 during H1 2023. In accordance with Nedbank Group's executive succession plan, Dave Crewe-Brown was appointed to succeed Trevor as the Group Chief Risk Officer with effect from 1 April 2023. Ray Naicker was appointed to succeed Fred as Chief Information Officer with effect from 1 July 2023. Both Dave and Ray have accordingly been appointed members of the Group Executive Committee with effect from 1 April and 1 July 2023 respectively.

Following the successful completion of the group's Chairperson succession process and the subsequent appointment of Daniel Mminele as the Chairperson, it was announced at the group's AGM on 2 June 2023 that the Nedbank Group Board, supported by a global search firm with strong domestic presence, had commenced a process to choose a successor to Mike Brown, who joined Nedbank Group 30 years ago and has been the Chief Executive (CE) since 2010 and an executive director since 2004. Nedbank has a strong track record of effective leadership succession, and this process will consider both internal and external candidates. Mike, who is 57 years of age, continues to enjoy the total confidence of shareholders and the board. He will continue in his current CE role until a successor has been chosen and will retire after an appointment has been made and a suitable handover process has been completed.

Forward-looking statements

This announcement is the responsibility of the directors and contains certain forward-looking statements with respect to the financial condition and results of operations of Nedbank Group and its group companies that, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include global, national and regional health; political and economic conditions; sovereign credit ratings; levels of securities markets; interest rates; credit or other risks of lending and investment activities; as well as competitive, regulatory and legal factors. By consequence, the financial information on which all forward-looking statements is based has not been reviewed or reported on by the group's joint auditors.

The Group, in the ordinary course of business, enters into transactions that expose it to taxation, legal and business risks. The Group does not expect the ultimate resolution of any of these other matters to have a material adverse effect on the group's consolidated financial position.

Interim dividend declaration

Notice is hereby given that an interim dividend of 871 cents per ordinary share has been declared, payable to shareholders for the six months ended 30 June 2023. The dividend has been declared out of income reserves.

The dividend will be subject to a dividend withholding tax rate of 20% (applicable in SA) or 174,2 cents per ordinary share, resulting in a net dividend of 696,8 cents per ordinary share, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of an applicable double taxation agreement.

Nedbank Group's tax reference number is 9375/082/71/7 and the number of ordinary shares in issue at the date of declaration is 488 594 065.

In accordance with the provisions of Strate, the electronic settlement and custody system used by the JSE Limited, the relevant dates for the dividend are as follows:

Event	Date
Last day to trade (cum dividend)	Tuesday, 5 September 2023
Shares commence trading (ex dividend)	Wednesday, 6 September 2023
Record date (date shareholders recorded in books)	Friday, 8 September 2023
Payment date	Monday, 11 September 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 September 2023, and Friday, 8 September 2023, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. The acceptance and collection of cheques have ceased, effective from 31 December 2022. In the absence of specific mandates, the dividend will be withheld until shareholders provide their banking information. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 11 September 2023.

For and on behalf of the board

Daniel Mminele
Chairperson

Mike Brown
Chief Executive

Directors

D Mminele (Chairperson), MWT Brown** (Chief Executive), HR Brody*, BA Dames, MH Davis** (Chief Financial Officer), NP Dongwana, EM Kruger, P Langeni, RAG Leith, L Makalima, MC Nkuhlu** (Chief Operating Officer), M Nyati, S Subramoney.

** Lead Independent Director ** Executive*

Financial results

Financial highlights

for the period ended

		Yoy % change	Jun 2023	Jun 2022 (restated)[1,2,3,4,5]	Dec 2022 (restated)[1,5]
Statistics					
Number of shares listed	m	(4)	**491,3**	511,5	511,5
Number of shares in issue, excluding shares held by group entities	m	(5)	**465,0**	487,3	487,3
Weighted-average number of shares	m	(1)	**480,5**	486,5	486,9
Diluted weighted-average number of shares	m	(1)	**496,0**	499,2	500,7
Headline earnings[1]	Rm	10	**7 329**	6 665	14 061
Profit attributable to ordinary shareholders[1]	Rm	7	**7 321**	6 871	14 287
Total comprehensive income[1]	Rm	48	**9 585**	6 476	13 354
Preprovisioning operating profit[1]	Rm	22	**14 896**	12 231	25 753
Economic loss[1]	Rm	98	**(10)**	(401)	(222)
Headline earnings per share[1]	cents	11	**1 525**	1 370	2 888
Diluted headline earnings per share[1]	cents	11	**1 477**	1 335	2 809
Basic earnings per share[1]	cents	8	**1 524**	1 412	2 934
Diluted basic earnings per share[1]	cents	7	**1 476**	1 377	2 854
Ordinary dividends declared per share	cents	11	**871**	783	1 649
Interim		11	**871**	783	783
Final					866
Ordinary dividends paid per share	cents		**866**	758	1 541
Dividend cover	times		**1,75**	1,75	1,75
Total assets administered by the group[1,2,3]	Rm	7	**1 747 820**	1 638 669	1 645 968
Total assets[1,2,3]	Rm	4	**1 306 747**	1 253 203	1 252 904
Assets under management	Rm	14	**441 073**	385 466	393 064
Life insurance embedded value	Rm	33	**4 745**	3 575	4 461
Life insurance value of new business	Rm	63	**238**	146	595
Net asset value per share	cents	8	**22 548**	20 964	21 533
Tangible net asset value per share	cents	9	**19 880**	18 312	18 937
Closing share price	cents	10	**22 858**	20 726	21 258
Price/earnings ratio	historical		**7,4**	7,5	7,4
Price-to-book ratio	historical		**1,0**	1,0	1,0
Market capitalisation	Rbn	6	**112,3**	106,0	108,7
Number of employees (permanent)		(2)	**25 900**	26 343	25 924
Number of employees (permanent and temporary)		(1)	**26 464**	26 791	26 480
Key ratios (%)					
ROE[1]			**14,2**	13,6	14,1
Return on tangible equity			**16,2**	15,7	16,2
ROA			**1,14**	1,11	1,14
Return on RWA			**2,20**	2,08	2,18
NII to average interest-earning banking assets			**4,18**	3,85	3,93
NIR to total income[1,4,5]			**39,8**	42,1	41,9
NIR to total operating expenses[1,4,5]			**73,5**	73,9	74,1
CLR – banking advances			**1,21**	0,85	0,89
Cost-to-income ratio[1,4,5]			**52,9**	56,1	55,8
Gross operating income growth less expense growth rate (JAWS ratio)[1,4,5]			**6,5**	4,7	3,8
Effective taxation rate			**21,7**	23,2	22,1
Group capital adequacy ratios (including unappropriated profits):					
– CET1			**13,3**	13,5	14,0
– Tier 1			**14,9**	15,1	15,5
– Total			**17,1**	17,7	18,1

[1] *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*
[2] *June 2022 restated, refer to note 12: Amounts owed to depositors.*
[3] *June 2022 restated, refer to 'Operational segmental reporting' on pages 76 and 77.*
[4] *June 2022 restated, refer to note 3: Non-interest revenue and income.*
[5] *June 2022 and December 2022 restated, refer to note 3: Non-interest revenue and income and note 4: Expenses.*

Consolidated statement of comprehensive income

for the period ended

Rm	Note	Yoy % change	Jun 2023	Jun 2022 restated[1,2,3]	Dec 2022 restated[1,2]
Interest and similar income		56	**55 876**	35 726	82 104
Interest expense and similar charges		92	**35 582**	18 522	45 827
Net interest income	1	18	**20 294**	17 204	36 277
Non-interest revenue and income[1,2,3]	3	7	**13 397**	12 528	26 171
Net commission and fee income[1,2]			**9 245**	8 851	18 488
Commission and fee revenue[1]			**12 218**	10 929	24 197
Commission and fee expense[2]			**(2 973)**	(2 078)	(5 709)
Net insurance income[1]			**842**	810	1 715
Fair-value adjustments			**239**	(55)	187
Net trading income			**2 084**	2 047	4 166
Equity investment income			**278**	506	815
Investment income			**69**	74	96
Net sundry income[3]			**640**	295	704
Share of gains of associate companies	10	53	**782**	510	879
Total income[1,2,3]		14	**34 473**	30 242	63 327
Impairments charge on financial instruments	2	57	**5 313**	3 390	7 381
Net income[1,2,3]		9	**29 160**	26 852	55 946
Total operating expenses[1,2]	4	7	**18 229**	16 958	35 329
Indirect taxation[1]		9	**566**	518	1 102
Impairments charge on non-financial instruments and other (gains)/losses	5	>100	**10**	(218)	(245)
Profit before direct taxation[1]		8	**10 355**	9 594	19 760
Total direct taxation[1]		3	**2 252**	2 188	4 330
Direct taxation[1]	6		**2 254**	2 176	4 311
Impairments charge on non-financial instruments and other gains and losses			**(2)**	12	19
Profit for the period[1]		9	**8 103**	7 406	15 430
Other comprehensive income/(losses) (OCI) net of taxation		>100	**1 482**	(930)	(2 076)
Items that may subsequently be reclassified to profit or loss					
Exchange differences on translating foreign operations			**1 424**	(402)	(2)
Share of OCI of investments accounted for using the equity method			**(231)**	(261)	(1 821)
Debt investments at FVOCI – net change in fair value			**130**	(30)	146
Cash flow hedge losses			**(125)**		
Items that may not subsequently be reclassified to profit or loss					
Share of OCI of investments accounted for using the equity method			**25**	21	(1)
Remeasurements on long-term employee benefit assets			**220**	(191)	(245)
Property revaluations			**60**	(15)	(106)
Equity instruments at FVOCI – net change in fair value			**(21)**	(52)	(47)
Total comprehensive income for the period[1]		48	**9 585**	6 476	13 354

Rm	Note	Yoy % change	Jun 2023	Jun 2022 restated[1,2,3]	Dec 2022 restated[1,2]
Profit attributable to:					
– Ordinary shareholders[1]		7	**7 321**	6 871	14 287
– Non-controlling interest – ordinary shareholders		65	**142**	86	164
– Holders of participating preference shares	7	9	**60**	55	106
– Holders of additional tier 1 capital instruments		47	**580**	394	873
Profit for the period[1]		9	**8 103**	7 406	15 430
Total comprehensive income attributable to:					
– Ordinary shareholders[1]		49	**8 866**	5 956	12 239
– Non-controlling interest – ordinary shareholders		11	**79**	71	136
– Holders of participating preference shares	7	9	**60**	55	106
– Holders of additional tier 1 capital instruments		47	**580**	394	873
Total comprehensive income for the period[1]		48	**9 585**	6 476	13 354
Headline earnings reconciliation					
Profit attributable to equity holders of the parent[1]		7	**7 321**	6 871	14 287
Non-headline earnings items		>(100)	**(8)**	206	226
Impairments charge on non-financial instruments and other gains and losses			**(10)**	218	245
Taxation on impairments charge on non-financial instruments and other gains and losses			**2**	(12)	(19)
Headline earnings[1]	5	10	**7 329**	6 665	14 061

[1] *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*

[2] *During 2023 management reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group.*

[3] *As disclosed at 31 December 2022 management elected to change the presentation of the 'net monetary loss' line item (30 June 2022: R277m) that was previously disclosed separately on the face of the SOCI and disclose it as part of non-interest revenue and income (NIR) under the 'Net sundry income' line item on the face of the SOCI. The change allows the impact of the foreign exchange currency gains or losses on the nostro net cash balances relating to Nedbank Zimbabwe, which are translated to the Zimbabwean dollar, and the 'net monetary loss' line item to be presented together within NIR. This change is a reclassification in terms of IAS 1: Presentation of Financial Statements, as it changes the presentation of the SOCI. To provide comparability, the 30 June 2022 balances have been restated accordingly. The reclassification had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows.*

Consolidated statement of financial position

at

Rm	Note	Yoy % change	Jun 2023	Jun 2022 restated[1,2,3]	Dec 2022 restated[1]
Assets					
Cash and cash equivalents		1	**44 640**	44 394	45 618
Other short-term securities		12	**82 995**	74 400	70 661
Derivative financial instruments		(66)	**14 952**	44 183	9 101
Government securities		8	**149 494**	138 402	158 661
Other dated securities		>100	**2 634**	1 119	1 834
Banking loans and advances	8	5	**845 814**	805 128	835 560
Trading loans and advances	8	31	**67 486**	51 686	46 605
Other assets[1,2]		11	**39 784**	35 736	27 827
Current taxation assets		>100	**542**	253	147
Insurance contract assets[1]		24	**241**	194	156
Investment securities	9	4	**26 232**	25 177	25 465
Non-current assets held for sale		(30)	**206**	294	244
Investments in associate companies	10	(16)	**3 016**	3 606	2 496
Deferred taxation assets[1]		4	**592**	569	683
Investment property		>100	**217**	31	26
Property and equipment		(1)	**10 863**	10 962	11 064
Long-term employee benefit assets[3]		12	**4 631**	4 146	4 107
Intangible assets	11	(4)	**12 408**	12 923	12 649
Total assets		4	**1 306 747**	1 253 203	1 252 904
Equity and liabilities					
Ordinary share capital		(5)	**465**	487	487
Ordinary share premium		(25)	**14 441**	19 220	19 208
Reserves[1]		9	**89 944**	82 487	85 281
Total equity attributable to equity holders of the parent		3	**104 850**	102 194	104 976
Non-controlling interest attributable to ordinary shareholders		17	**742**	634	698
Holders of participating preference shares		9	**60**	55	51
Holders of additional tier 1 capital instruments		9	**11 219**	10 319	10 219
Total equity		3	**116 871**	113 202	115 944
Derivative financial instruments		(65)	**14 749**	42 204	9 738
Amounts owed to depositors[2]	12	8	**1 086 241**	1 005 173	1 039 622
Provisions and other liabilities[1]			**19 962**	19 903	16 722
Current taxation liabilities		>100	**259**	109	322
Deferred taxation liabilities[1]		17	**535**	459	533
Long-term employee benefit liabilities[3]		(93)	**10**	141	6
Investment contract liabilities[1]		(2)	**16 885**	17 252	16 832
Insurance contract liabilities[1]		(14)	**1 365**	1 594	1 282
Long-term debt instruments		(6)	**49 870**	53 166	51 903
Total liabilities		4	**1 189 876**	1 140 001	1 136 960
Total equity and liabilities		4	**1 306 747**	1 253 203	1 252 904

1 *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*

2 *As disclosed at 31 December 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being included incorrectly under cash management deposits (liability) and debtors (asset), and the affected line items were therefore overstated. The sweep eliminates the cash management deposit account and the debtor funding account. As a result, the comparative assets and liabilities for June 2022 have been restated by R2 848m.*

3 *As disclosed at 31 December 2022 the group reviewed its presentation of long-term employee benefits (LTEB) in the statement of financial position (SOFP) during 2022. As a result of the review, it was identified that the LTEB qualifying insurance policies were incorrectly presented on a gross basis in the SOFP. In terms of IAS 19 qualifying insurance policies were required to be accounted for as plan assets (on a net basis). As a result, the comparative LTEB assets and liabilities for June 2022 have decreased by R2 236m.*

Notes

Consolidated statement of changes in equity

	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve	Property reserve revaluation	Share-based payment reserve	Other non-distributable reserves[1]	FVOCI reserve	Other distri-butable reserves[2] restated[3]	Total equity attributable to equity holders of the parent restated[3]	Holders of participating preference shares	Holders of additional tier 1 capital instruments	Non-controlling interest attributable to ordinary shareholders	Total equity restated[3]
Balance at 31 December 2021	485 601 547	486	18 768	(1 508)	1 764	1 205	273	769	77 756	99 513	59	9 319	620	109 511
Impact of adopting IFRS 17, net of taxation[3]									36	36				36
Balance at 1 January 2022[3]	485 601 547	486	18 768	(1 508)	1 764	1 205	273	769	77 792	99 549	59	9 319	620	109 547
Share movements in terms of long-term incentive and BEE scheme	1 715 696	1	452			(372)			(81)	–				–
Additional tier 1 capital instruments issued										–		1 000		1 000
Preference share dividend paid										–	(59)			(59)
Additional tier 1 capital instruments interest paid												(394)		(394)
Dividends paid to shareholders									(3 831)	(3 831)			(37)	(3 868)
Total comprehensive (losses)/income for the period[3]				(666)	(9)	–	–	(70)	6 701	5 956	55	394	71	6 476
Profit attributable to ordinary shareholders and non-controlling interest[3]									6 871	6 871	55	394	86	7 406
Exchange differences on translating foreign operations				(395)						(395)			(7)	(402)
Movement in fair-value reserve								(80)		(80)			(2)	(82)
Property revaluations					(9)					(9)			(6)	(15)
Remeasurements on long-term employee benefit assets									(191)	(191)				(191)
Share of OCI of investments accounted for using the equity method				(271)				10	21	(240)				(240)
Transfer (from)/to reserves					(25)	(70)	(19)		114	–				–
Value of employee services (net of deferred tax)						504				504				504
Transactions with non-controlling interest				(17)	2				35	20			(20)	–
Other movements									(4)	(4)				(4)
Restated balance at 30 June 2022[3]	487 317 243	487	19 220	(2 191)	1 732	1 267	254	699	80 726	102 194	55	10 319	634	113 202
Share movements in terms of long-term incentive and BEE scheme	(65 528)		(12)			(12)			(1)	(25)				(25)
Additional tier 1 capital instruments issued										–		500		500
Additional tier 1 capital instruments redeemed										–		(600)		(600)
Preference share dividend paid										–	(55)			(55)
Additional tier 1 capital instruments interest paid										–		(479)		(479)
Dividends paid to shareholders									(3 957)	(3 957)			(1)	(3 958)
Total comprehensive (losses)/income for the period[3]				(725)	(88)	–	–	(247)	7 343	6 283	51	479	65	6 878
Profit attributable to ordinary shareholders and non-controlling interest[3]									7 416	7 416	51	479	78	8 024
Exchange differences on translating foreign operations				406						406			(6)	400
Movement in fair-value reserve								182		182			(1)	181
Property revaluations					(88)					(88)			(3)	(91)
Remeasurements on long-term employee benefit assets									(51)	(51)			(3)	(54)
Share of OCI of investments accounted for using the equity method				(1 131)				(429)	(22)	(1 582)				(1 582)
Transfer (from)/to reserves					(33)		22		11	–				–
Value of employee services (net of deferred tax)						475				475				475
Transactions with non-controlling interest										–				–
Other movements									6	6				6

Consolidated statement of changes in equity (continued)

	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve	Property reserve revaluation	Share-based payment reserve	Other non-distributable reserves[1]	FVOCI reserve	Other distributable reserves[2] restated[3]	Total equity attributable to equity holders of the parent restated[3]	Holders of participating preference shares	Holders of additional tier 1 capital instruments	Non-controlling interest attributable to ordinary shareholders	Total equity restated[3]
Restated balance at 31 December 2022[3]	487 251 715	487	19 208	(2 916)	1 611	1 730	276	452	84 128	104 976	51	10 219	698	115 944
Share movements in terms of long-term incentive and BEE scheme	694 140	1	139			(407)			(154)	(421)				(421)
Share buy back	(22 906 725)	(23)	(4 906)							(4 929)				(4 929)
Additional tier 1 capital instruments issued										–		1 000		1 000
Preference share dividend paid										–	(51)			(51)
Additional tier 1 capital instruments interest paid										–		(580)		(580)
Dividends paid to shareholders									(4 352)	(4 352)			(35)	(4 387)
Total comprehensive income for the period				1 156	45	–	–	224	7 441	8 866	60	580	79	9 585
Profit attributable to ordinary shareholders and non-controlling interest[4]									7 321	7 321	60	580	142	8 103
Exchange differences on translating foreign operations[5]				1 504						1 504			(80)	1 424
Cash flow hedge losses									(125)	(125)				(125)
Movement in fair-value reserve								107		107			2	109
Property revaluations					45					45			15	60
Remeasurements on long-term employee benefit assets									220	220				220
Share of OCI of investments accounted for using the equity method[5]				(348)				117	25	(206)				(206)
Transfer (from)/to reserves					(22)	177	42	(13)	(184)	–				–
Value of employee services (net of deferred tax)						717				717				717
Other movements									(7)	(7)				(7)
Balance at 30 June 2023	465 039 130	465	14 441	(1 760)	1 634	2 217	318	663	86 872	104 850	60	11 219	742	116 871

[1] *Represents other non-distributable revaluation surpluses on capital items and non-distributable reserves transferred from other distributable reserves, to comply with various banking regulations.*
[2] *Represents the accumulated profits after distributions to shareholders and appropriations of retained earnings to other non-distributable reserves.*
[3] *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*
[4] *The R60m gains attributable to holders of participating preference shares relate to economic gains allocated to participating preference shareholders in accordance with an operating-profit-share preference share agreement.*
[5] *Exchange differences of R1 504m credit (June 2022: R395m debit; December 2022: R11m credit) in the foreign currency transaction reserve include a credit of R75m (June 2022: R79m; December 2022: R190m) for the conversion of our investment in ETI from USD to ZAR and a credit of R1 429m (June 2022: R474m debit; December 2022: R179m debit) for the translation of the other foreign subsidiaries. The R348m debit (June 2022: R271m debit; December 2022: R1 402m debit) relates to our share of ETI's other comprehensive income on foreign exchange gains and losses.*

Return-on-equity drivers
for the period ended

Rm	Jun 2023	Jun 2022 restated[1,2,3]	Dec 2022 restated[1,3]
NII	**20 294**	17 204	36 277
Impairments charge on financial instruments	**(5 313)**	(3 390)	(7 381)
NIR[1,2,3]	**13 397**	12 528	26 171
Income from normal operations[1,2,3]	**28 378**	26 342	55 067
Total operating expenses[1,3]	**(18 229)**	(16 958)	(35 329)
Share of gains of associate companies	**782**	510	879
Net profit before taxation[1]	**10 931**	9 894	20 617
Indirect taxation[1]	**(566)**	(518)	(1 102)
Direct taxation[1]	**(2 254)**	(2 176)	(4 311)
Net profit after taxation[1]	**8 111**	7 200	15 204
Non-controlling interest	**(782)**	(535)	(1 143)
Headline earnings[1]	**7 329**	6 665	14 061
Daily average interest-earning banking assets	**978 287**	900 845	922 197
Daily average total assets	**1 293 474**	1 214 742	1 233 772
Daily average shareholders' funds	**104 305**	99 017	99 996

[1] *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*
[2] *As disclosed at 31 December 2022 management elected to change the presentation of the 'net monetary loss' line item (30 June 2022: R277m) that was previously disclosed separately on the face of the SOCI and disclose it as part of non-interest revenue and income (NIR) under the 'Net sundry income' line item on the face of the SOCI. The change allows the impact of the foreign exchange currency gains or losses on the nostro net cash balances relating to Nedbank Zimbabwe, which are translated to the Zimbabwean dollar, and the 'net monetary loss' line item to be presented together within NIR. This change is a reclassification in terms of IAS 1: Presentation of Financial Statements, as it changes the presentation of the SOCI. To provide comparability, the 30 June 2022 balances have been restated accordingly. The reclassification had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows.*
[3] *During 2023 management reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group.*

Note: Averages calculated on a 365-day basis.

	Jun 2023	Jun 2022[1,2,3]	Dec 2022[1,3]
NII/average interest-earning banking assets	**4,18%**	3,85%	3,93%
	less	less	less
Impairments/average interest-earning banking assets	**1,09%**	0,76%	0,80%
	add	add	add
NIR/average interest-earning banking assets[1,2,3]	**2,76%**	2,80%	2,84%
	5,85%	5,90%	5,97%
	less	less	less
Total expenses/average interest-earning banking assets[1,2,3]	**3,76%**	3,80%	3,83%
	add	add	add
Associate income/average interest-earning banking assets	**0,16%**	0,11%	0,10%
	2,25%	2,21%	2,24%
	multiply	multiply	multiply
100% – effective direct and indirect taxation rate	**0,74**	0,73	0,74
	multiply	multiply	multiply
100% – income attributable to minorities	**0,90**	0,93	0,92
Headline earnings/average interest-earning banking assets[1]	**1,51%**	1,49%	1,52%
	multiply	multiply	multiply
Interest-earning banking assets/daily average total assets[1]	**75,6%**	74,2%	74,7%
	=	=	=
Return on total assets	**1,14%**	1,11%	1,14%
	multiply	multiply	multiply
Leverage	**12,40**	12,27	12,34
	=	=	=
ROE[1]	**14,2%**	13,6%	14,1%

[1] *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*
[2] *As disclosed at 31 December 2022 management elected to change the presentation of the 'net monetary loss' line item (30 June 2022: R277m) that was previously disclosed separately on the face of the SOCI and disclose it as part of non-interest revenue and income (NIR) under the 'Net sundry income' line item on the face of the SOCI. The change allows the impact of the foreign exchange currency gains or losses on the nostro net cash balances relating to Nedbank Zimbabwe, which are translated to the Zimbabwean dollar, and the 'net monetary loss' line item to be presented together within NIR. This change is a reclassification in terms of IAS 1: Presentation of Financial Statements, as it changes the presentation of the SOCI. To provide comparability, the 30 June 2022 balances have been restated accordingly. The reclassification had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows.*
[3] *During 2023 management reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group.*

Implementation of IFRS 17

Change in accounting policies – IFRS 17: Insurance Contracts

IFRS 17: Insurance Contracts (IFRS 17) replaces IFRS 4: Insurance Contracts (IFRS 4) and its related interpretations for reporting periods beginning on or after 1 January 2023.

Transitional impact

On transition (1 January 2022), the group recognised insurance contract assets of R209m (including reinsurance assets of R208m) and insurance contract liabilities of R968m (including reinsurance liabilities of R3m), as well as accompanying deferred tax assets and deferred tax liabilities of R2m and R28m respectively. The equity impact (net of tax) was an increase of R36 million.

The group has elected to apply IFRS 17 retrospectively, using the full retrospective approach up to 2016. For contracts entered into prior to 2016, the fair-value transition approach was applied due to it being impracticable to apply the full retrospective approach. In terms of the full retrospective approach, comparative balances under the previously effective accounting requirements of IFRS 4 have been restated. Corresponding transitional adjustments have been made through opening retained earnings. In accordance with IFRS 17, the comparative period (2022) has been restated to be presented in accordance with IFRS 17. In addition expenses and indirect taxes that are directly attributable to insurance contracts were reclassified from operating expenses and indirect taxes to insurance income, presented within non-interest revenue and income. The impact of the adoption of IFRS 17 on the statement of financial position, the statement of comprehensive income and the associated ratios is presented below.

Impact on the condensed consolidated statement of financial position

at 1 January 2022

Rm	Balance at 31 December 2021	IFRS 17 transitional adjustments	Adjusted balance at 1 January 2022
Other assets	30 011	(275)	29 736
Insurance contract assets		209	209
Deferred taxation assets	889	2	891
Total assets	**30 900**	**(64)**	**30 836**
Reserves	80 259	36	80 295
Total equity	**80 259**	**36**	**80 295**
Provisions and other liabilities	23 451	(1 391)	22 060
Deferred taxation liabilities	458	28	486
Investment contract liabilities	17 959	295	18 254
Insurance contract liabilities	842	968	1 810
Total liabilities	**42 710**	**(100)**	**42 610**
Total equity and liabilities	**122 969**	**(64)**	**122 905**

Impact on the condensed consolidated statement of comprehensive income

for the period ended 30 June 2022

Rm	June 2022 restated[1,2]	IFRS 17 transitional adjustments	Adjusted June 2022
Non-interest revenue and income[1,2]	12 844	(316)	12 528
Total operating expenses[1]	(17 251)	293	(16 958)
Indirect taxation	(544)	26	(518)
Total direct taxation	(2 175)	(1)	(2 176)
Headline earnings	6 663	2	6 665

Impact on the condensed consolidated statement of comprehensive income

for the year ended 31 December 2022

Rm	December 2022 restated[1]	IFRS 17 transitional adjustments	Adjusted December 2022
Non-interest revenue and income[1]	26 824	(653)	26 171
Total operating expenses[1]	(35 948)	619	(35 329)
Indirect taxation	(1 152)	50	(1 102)
Total direct taxation	(4 307)	(4)	(4 311)
Headline earnings	14 049	12	14 061

Impact on selected ratios

for the period ended 30 June 2022

%	June 2022 restated[1,2]	IFRS 17 transitional adjustments	Adjusted June 2022
ROE	13,6		13,6
NIR to total income[1,2]	42,7	(0,6)	42,1
NIR to total operating expenses[1,2]	74,5	(0,6)	73,9
Cost-to-income ratio[1,2]	56,5	(0,4)	56,1

Impact on selected ratios

for the year ended 31 December 2022

%	December 2022 restated[1]	IFRS 17 transitional adjustments	Adjusted December 2022
ROE	14,0	0,1	14,1
NIR to total income[1]	42,5	(0,6)	41,9
NIR to total operating expenses[1]	74,6	(0,5)	74,1
Cost-to-income ratio[1]	56,2	(0,4)	55,8

[1] *During 2023 management reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group.*

[2] *As disclosed at 31 December 2022 management elected to change the presentation of the 'net monetary loss' line item (30 June 2022: R277m) that was previously disclosed separately on the face of the SOCI and disclose it as part of non-interest revenue and income (NIR) under the 'Net sundry income' line item on the face of the SOCI. The change allows the impact of the foreign exchange currency gains or losses on the nostro net cash balances relating to Nedbank Zimbabwe, which are translated to the Zimbabwean dollar, and the 'net monetary loss' line item to be presented together within NIR. This change is a reclassification in terms of IAS 1: Presentation of Financial Statements, as it changes the presentation of the SOCI. To provide comparability, the 30 June 2022 balances have been restated accordingly. The reclassification had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows.*

Segmental analysis

Our organisational structure, products and services

We deliver our products and services through four main business clusters.

Cluster	Areas of strength and differentiation	Products and services	Contribution to group

Nedbank Corporate and Investment Banking

Areas of strength and differentiation

- Market leader with strong expertise in commercial-property, corporate advances and renewable-energy financing.
- Market-leading South African trading franchise with excellent trading capabilities across all asset classes.
- Leading expertise across various sectors such as mining, telecoms and public sectors.

Products and services

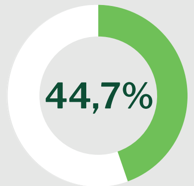
> 600 large corporate clients

- Full suite of wholesale banking solutions, including investment banking and corporate lending, global markets and treasury, commercial-property finance, transactional banking and deposit-taking.

NEDBANK CIB

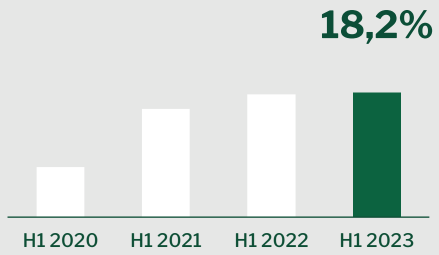
Contribution to group

HE contribution

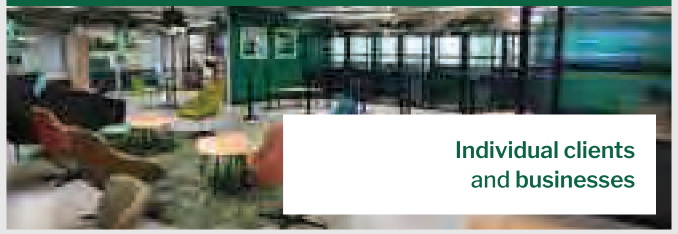


R3 273m
H1 2022: R3 208m
H1 2021: R2 909m
H1 2020: R1 416m

ROE



Nedbank Retail and Business Banking



Areas of strength and differentiation

- Leading digital capabilities enabling clients to join and engage with the bank through multiple channels.
- #1 bank in client satisfaction metrics.
- Differentiated and disruptive client value propositions (CVPs) across different client segments.
- Highly competitive relationship banking offering for our affluent and small-business clients.
- In Commercial Banking, well-positioned and distinctive value propositions.
- Digitally enabled, reimagined distribution network.

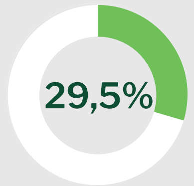
Products and services

Approximately 3,4 million retail main-banked clients and 6,8 million retail active clients

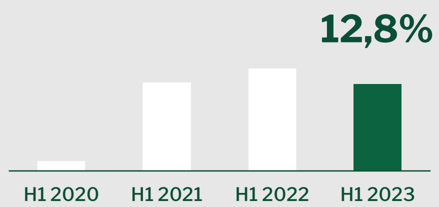
- Offering a full range of Banking and Beyond services including transactional banking, card and payment solutions, lending solutions, deposit-taking services, risk management, investment products, card-acquiring services for businesses, ecosystems and platforms-based solutions.
- > About 300 000 business clients are served through our Small Business Services offering (tailored to businesses with annual turnover of less than R30m and the business owner).
- > 14 378 commercial-banking client groups catering to mid-size and large commercial entities.

MFC A division of NEDBANK | NEDBANK

Contribution to group



R2 161m
H1 2022: R2 347m
H1 2021: R2 144m
H1 2020: R228m



Nedbank Wealth

Areas of strength and differentiation

Insurance

- Leverages existing distribution channels and platforms to sell short-term, credit life and other insurance products to Nedbank's seven million clients.

Asset Management

- Top fund managers are contracted through Nedgroup Investments' Best of Breed investment approach.
- Nedgroup Investments is committed to responsible investing through continuous engagement with partner fund managers to assess progress on agreed ESG focus areas.

Wealth Management

- An award-winning, integrated and holistic advice-led, high-net-worth offering for local and international clients.

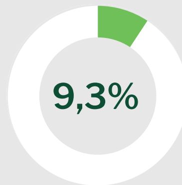
Products and services

High-net-worth clients (South Africa and UK, Jersey, Isle of Man and UAE)

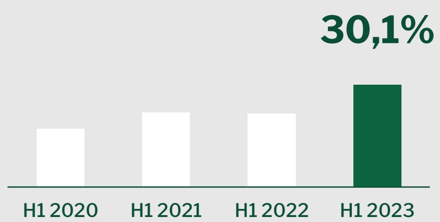
- The cluster provides insurance, asset management and wealth management solutions to a wide spectrum of clients.

NEDBANK PRIVATE WEALTH SINCE 1834 | NEDGROUP INVESTMENTS | NEDBANK INSURANCE

Contribution to group



R678m
H1 2022: R480m
H1 2021: R476m
H1 2020: R362m



Nedbank Africa Regions

Areas of strength and differentiation

SADC (own, manage and control banks)

- Presence and positioned for growth in five SADC countries with ongoing technology investments to enhance CVPs and achieve scale.

Central and West Africa (ETI alliance – 21,2% shareholding)

- Access to the largest banking network in Africa through our ETI strategic alliance.

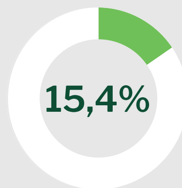
Products and services

> 370 300 retail and corporate clients

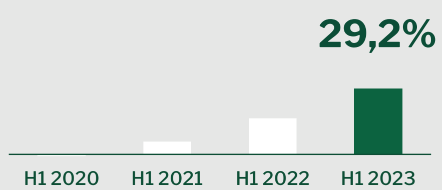
- Full range of banking services, including transactional, lending, deposit-taking services and card products, as well as selected wealth management offerings.
- Bancassurance offering in selected markets.

NEDBANK | Ecobank

Contribution to group



R1 132m
H1 2022: R575m
H1 2021: R182m
H1 2020: (R24m)

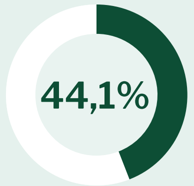


The group's frontline business clusters are supported by various shared-services functions, including compliance, finance, human resources, marketing and corporate affairs, risk, technology and strategy, including sustainability.

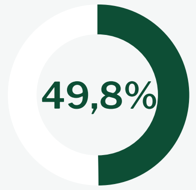
Operational segmental reporting

for the period ended

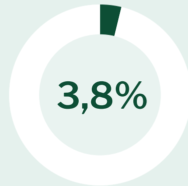
Banking advances to the group



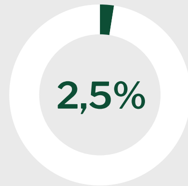
R373bn
H1 2022: R362bn
H1 2021: R331bn
H1 2020: R409bn



R421bn
H1 2022: R394bn
H1 2021: R370bn
H1 2020: R348bn



R32bn
H1 2022: R30bn
H1 2021: R31bn
H1 2020: R32bn



R21bn
H1 2022: R21bn
H1 2021: R22bn
H1 2020: R23bn

	Nedbank Group			Corporate and Investment Banking			Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre		
	Jun 2023	Jun 2022 restated[1,2,3]	Dec 2022 restated[1]	Jun 2023	Jun 2022	Dec 2022	Jun 2023	Jun 2022 restated[2]	Dec 2022	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]	Jun 2023	Jun 2022 restated[3]	Dec 2022
Summary of consolidated statement of financial position (Rm)																		
Assets																		
Cash and cash equivalents	**44 640**	44 394	45 618	**338**	5 171	814	**4 243**	6 505	5 629	**1 761**	2 897	1 723	**8 590**	6 301	7 048	**29 708**	23 520	30 404
Other short-term securities	**82 995**	74 400	70 661	**49 401**	45 034	38 245				**29 596**	25 224	28 511	**4 949**	4 838	4 787	**(951)**	(696)	(882)
Derivative financial instruments	**14 952**	44 183	9 101	**14 918**	44 136	9 019				**4**	17	39	**14**	16	23	**16**	14	20
Government and other securities	**152 128**	139 521	160 495	**72 352**	59 125	79 524				**209**	253	255	**2 359**	1 843	2 095	**77 208**	78 300	78 621
Banking loans and advances	**845 814**	805 128	835 560	**373 353**	361 749	378 037	**421 098**	394 317	408 430	**32 308**	29 892	29 025	**20 912**	21 233	21 714	**(1 857)**	(2 063)	(1 646)
Trading loans and advances	**67 486**	51 686	46 605	**67 486**	51 686	46 605												
Other assets[1,2,3]	**98 732**	93 891	84 864	**43 423**	38 771	31 983	**9 426**	8 880	9 281	**21 829**	21 779	21 018	**3 950**	4 567	3 438	**20 104**	19 894	19 144
Intergroup assets	**–**	–	–				**28 619**	9 085	17 669				**3 497**	2 873	3 748	**(32 116)**	(11 958)	(21 417)
Total assets	**1 306 747**	1 253 203	1 252 904	**621 271**	605 672	584 227	**463 386**	418 787	441 009	**85 707**	80 062	80 571	**44 271**	41 671	42 853	**92 112**	107 011	104 244
Equity and liabilities																		
Total equity[1,4]	**116 871**	113 202	115 944	**36 186**	36 232	36 249	**34 153**	31 256	31 843	**4 542**	4 526	4 418	**7 814**	7 250	7 023	**34 176**	33 938	36 411
Total equity attributable to ordinary shareholders[1]	**104 850**	102 194	104 976	**36 186**	36 232	36 249	**34 153**	31 256	31 843	**4 542**	4 526	4 418	**7 814**	7 250	7 023	**22 155**	22 930	25 443
Non-controlling interest attributable to ordinary shareholders	**742**	634	698													**742**	634	698
Holders of participating preference shares	**60**	55	51													**60**	55	51
Holders of additional tier 1 capital instruments	**11 219**	10 319	10 219													**11 219**	10 319	10 219
Derivative financial instruments	**14 749**	42 204	9 738	**14 725**	42 183	9 708				**1**	5	16	**23**	16	14			
Banking amounts owed to depositors[2]	**1 029 726**	937 377	983 582	**401 666**	363 840	385 846	**422 026**	380 154	402 114	**50 875**	43 962	46 191	**34 855**	33 002	34 327	**120 304**	116 419	115 104
Trading amounts owed to depositors	**56 515**	67 796	56 040	**56 515**	67 796	56 040												
Provisions and other liabilities[1,3]	**39 016**	39 458	35 697	**5 159**	7 398	2 803	**5 965**	5 834	5 811	**20 513**	21 086	19 719	**1 151**	976	1 061	**6 228**	4 164	6 303
Long-term debt instruments	**49 870**	53 166	51 903				**1 242**	1 543	1 241				**428**	427	428	**48 200**	51 196	50 234
Intergroup liabilities	**–**	–	–	**107 020**	88 223	93 581				**9 776**	10 483	10 227				**(116 796)**	(98 706)	(103 808)
Total equity and liabilities	**1 306 747**	1 253 203	1 252 904	**621 271**	605 672	584 227	**463 386**	418 787	441 009	**85 707**	80 062	80 571	**44 271**	41 671	42 853	**92 112**	107 011	104 244

[1] Refer to 'Implementation of IFRS 17' on pages 70 to 72.

[2] As disclosed at 31 December 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being included incorrectly under cash management deposits (liability) and debtors (asset), and the affected line items were therefore overstated. The sweep eliminates the cash management deposit account and the debtor funding account. As a result, the comparative assets and liabilities for June 2022 have been restated by R2 848m.

[3] As disclosed at 31 December 2022 the group reviewed its presentation of LTEB in the SOFP during 2022. As a result of the review, it was identified that the LTEB qualifying insurance policies were incorrectly presented on a gross basis in the SOFP. In terms of IAS 19 qualifying insurance policies were required to be accounted for as plan assets (on a net basis). As a result, the comparative LTEB assets and liabilities for June 2022 have decreased by R2 236m.

[4] Total equity includes non-controlling interests in the Centre. Total equity of the client-facing clusters is based on average allocated capital whereas the group's equity is based on actual equity. The difference between average allocated capital and actual equity resides in the Centre.

Operational segmental reporting (continued)

for the period ended

	Nedbank Group			Corporate and Investment Banking			Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre		
	Jun 2023	Jun 2022 restated[1,2]	Dec 2022 restated[1]	Jun 2023	Jun 2022	Dec 2022	Jun 2023	Jun 2022 restated[3]	Dec 2022 restated[3]	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]	Jun 2023	Jun 2022 restated[1,2]	Dec 2022 (restated)[1]	Jun 2023	Jun 2022	Dec 2022 (restated)[1]
Summary of consolidated statement of comprehensive income (Rm)																		
NII	**20 294**	17 204	36 277	**4 593**	4 286	8 755	**12 838**	11 047	23 203	**857**	510	1 233	**1 084**	774	1 720	**922**	587	1 366
NIR[1,2,3]	**13 397**	12 528	26 171	**3 994**	3 907	8 241	**6 883**	6 449	13 372	**1 556**	1 447	3 047	**1 029**	793	1 581	**(65)**	(68)	(70)
Share of income of associate companies	**782**	510	879	**33**	40	100							**749**	470	779			
Total income[1,2,3]	**34 473**	30 242	63 327	**8 620**	8 233	17 096	**19 721**	17 496	36 575	**2 413**	1 957	4 280	**2 862**	2 037	4 080	**857**	519	1 296
Impairments charge on financial instruments	**5 313**	3 390	7 381	**321**	349	805	**4 843**	3 033	6 613	**5**	(56)	(63)	**136**	113	220	**8**	(49)	(194)
Net income[1,2,3]	**29 160**	26 852	55 946	**8 299**	7 884	16 291	**14 878**	14 463	29 962	**2 408**	2 013	4 343	**2 726**	1 924	3 860	**849**	568	1 490
Total operating expenses[1,3]	**18 229**	16 958	35 329	**3 885**	3 567	7 628	**11 503**	10 843	22 138	**1 547**	1 379	2 838	**1 367**	1 273	2 743	**(73)**	(104)	(18)
Indirect taxation[1]	**566**	518	1 102	**122**	102	215	**329**	283	587	**42**	30	59	**46**	36	75	**27**	67	166
Profit before direct taxation[1]	**10 365**	9 376	19 515	**4 292**	4 215	8 448	**3 046**	3 337	7 237	**819**	604	1 446	**1 313**	615	1 042	**895**	605	1 342
Direct taxation[1]	**2 254**	2 176	4 311	**1 020**	1 007	2 049	**825**	935	2 034	**141**	124	306	**39**	(45)	(95)	**229**	155	17
Profit after taxation[1]	**8 111**	7 200	15 204	**3 272**	3 208	6 399	**2 221**	2 402	5 203	**678**	480	1 140	**1 274**	660	1 137	**666**	450	1 325
Profit attributable to:																		
– Non-controlling interest – ordinary shareholders[1]	**142**	86	164	**(1)**									**142**	85	160	**1**	1	4
– Holders of preference shares	**60**	55	106				**60**	55	106									
– Holders of additional tier 1 capital instruments	**580**	394	873													**580**	394	873
Headline earnings[1]	**7 329**	6 665	14 061	**3 273**	3 208	6 399	**2 161**	2 347	5 097	**678**	480	1 140	**1 132**	575	977	**85**	55	448
Selected ratios																		
Average interest-earning banking assets (Rm)	**978 287**	900 845	922 197	**392 336**	351 274	361 987	**432 726**	394 958	405 760	**62 677**	58 002	59 017	**36 750**	33 858	34 759	**53 798**	62 753	60 674
Average risk-weighted assets (Rbn)	**670 883**	647 277	645 499	**292 661**	297 067	289 929	**253 955**	234 353	240 061	**35 315**	31 980	32 013	**49 758**	46 254	46 039	**39 194**	37 623	37 457
ROA (%)[1]	**1,14**	1,11	1,14	**1,08**	1,13	1,10	**0,96**	1,15	1,20	**1,63**	1,22	1,43	**5,03**	2,78	2,31			
RORWA (%)	**2,20**	2,08	2,18	**2,26**	2,18	2,21	**1,72**	2,02	2,12	**3,87**	3,02	3,53	**4,59**	2,50	2,12			
ROE (%)[1]	**14,2**	13,6	14,1	**18,2**	17,9	17,7	**12,8**	15,1	16,0	**30,1**	21,7	26,3	**29,2**	15,9	13,8			
Interest margin (%)[3]	**4,18**	3,85	3,93	**2,36**	2,46	2,42	**5,98**	5,64	5,72	**2,76**	1,77	2,09	**5,95**	4,60	4,94			
NIR to total income (%)[1,2,3]	**39,8**	42,1	41,9	**46,5**	47,7	48,5	**34,9**	36,9	36,6	**64,5**	73,9	71,2	**48,7**	50,6	47,9			
NIR to total operating expenses (%)[1,2,3]	**73,5**	73,9	74,1	**102,8**	109,5	108,0	**59,8**	59,5	60,4	**100,6**	104,9	107,4	**75,3**	62,3	57,6			
CLR – banking advances (%)	**1,21**	0,85	0,89	**0,16**	0,20	0,22	**2,26**	1,52	1,61	**0,03**	(0,37)	(0,20)	**1,13**	1,10	1,02			
Cost-to-income ratio (%)[1,2,3]	**52,9**	56,1	55,8	**45,1**	43,3	44,6	**58,3**	62,0	60,5	**64,1**	70,5	66,3	**47,8**	62,5	67,2			
Effective taxation rate (%)[1]	**21,7**	23,2	22,1	**23,8**	23,9	24,3	**27,1**	28,0	28,1	**17,2**	20,5	21,2	**3,0**	(7,3)	(9,1)			
Contribution to group economic (loss)/profit (Rm)[1]	**(10)**	(401)	(222)	**617**	513	989	**(346)**	22	345	**345**	148	493	**559**	31	(76)	**(1 185)**	(1 115)	(1 973)
Number of employees (permanent)	**25 900**	26 343	25 924	**2 368**	2 371	2 347	**15 525**	15 891	15 671	**1 849**	1 877	1 826	**2 195**	2 284	2 191	**3 963**	3 920	3 889

[1] *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*

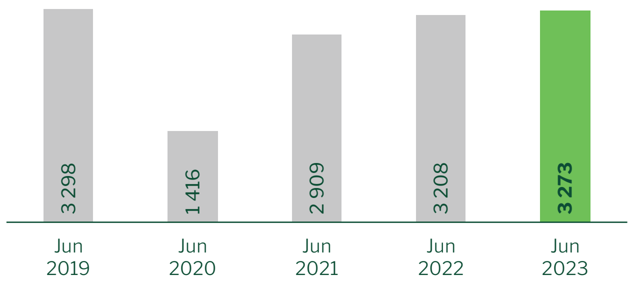
[2] *As disclosed at 31 December 2022 management elected to change the presentation of the 'net monetary loss' line item (30 June 2022: R277m) that was previously disclosed separately on the face of the SOCI and disclose it as part of non-interest revenue and income (NIR) under the 'Net sundry income' line item on the face of the SOCI. The change allows the impact of the foreign exchange currency gains or losses on the nostro net cash balances relating to Nedbank Zimbabwe, which are translated to the Zimbabwean dollar, and the 'net monetary loss' line item to be presented together within NIR. This change is a reclassification in terms of IAS 1: Presentation of Financial Statements, as it changes the presentation of the SOCI. To provide comparability, the 30 June 2022 balances have been restated accordingly. The reclassification had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows.*

[3] *During 2023 management reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group.*

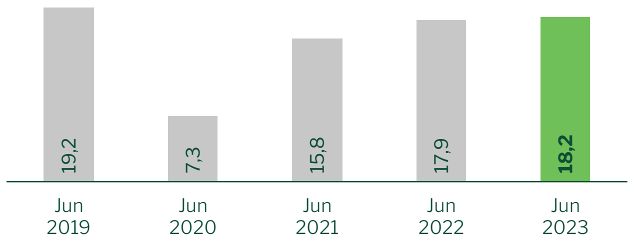
[4] *Cluster margins include internal assets.*

Nedbank Corporate and Investment Banking

Headline earnings
(Rm)



Return on equity
(%)



Financial performance

CIB started the year with good momentum but experienced a slowdown in growth in April and May due to the challenging environment. Despite this, a strong close in June meant CIB ended the first half of the year with a resilient outcome. Our strategic plan enables us to adapt to a challenging and changing business environment. By focusing on our purpose and partnering with our clients in key verticals we increased headline earnings (HE) by 2% to R3,3bn, this was driven by revenue growth of 5% and an 8% decrease in impairments. As a result, the cluster's return on equity (ROE) increased to 18,2% from 17,9% in 2022.

Net interest income (NII) increased by 7% to R4,6bn, benefiting from average banking advances growth of 12% to R390bn. Net interest margin (NIM) decreased by 10 bps to 2,36% despite the endowment impact, as margins were impacted by increased competition for high-quality assets, increased cost of term funding and low-yielding excess liquidity brought about by the Monetary Policy Implementation Framework (MPIF). Long-term asset growth was more robust in the Investment Banking (IB) business, growing at 12%, but remains challenging in the property sector.

Financial highlights

		Corporate and Investment Banking			Property Finance			Corporate and Investment Banking, excluding Property Finance		
	Yoy % change	Jun 2023	Jun 2022	Dec 2022	Jun 2023	Jun 2022	Dec 2022	Jun 2023	Jun 2022	Dec 2022
Headline earnings (Rm)	2	3 273	3 208	6 399	603	826	1 410	2 670	2 382	4 989
NII (Rm)	7	4 593	4 286	8 755	1 336	1 391	2 692	3 257	2 895	6 063
Impairments charge (Rm)	(8)	321	349	805	224	106	462	97	243	343
NIR (Rm)	2	3 994	3 907	8 241	412	485	1 060	3 582	3 422	7 181
Gross operating income (Rm)	5	8 620	8 233	17 096	1 748	1 876	3 753	6 872	6 357	13 343
Operating expenses (Rm)	9	3 885	3 567	7 628	687	628	1 356	3 198	2 939	6 272
ROE (%)		18,2	17,9	17,7	13,5	18,2	15,7			
ROA (%)		1,08	1,13	1,10	0,62	0,86	0,72			
CLR – banking advances (%)		0,16	0,20	0,22	0,26	0,13	0,28			
NIR to total operating expenses		102,8	109,5	108,0	60,1	77,1	78,2			
Cost-to-income ratio (%)		45,1	43,3	44,6	39,3	33,5	36,1			
Interest margin (%)		2,36	2,46	2,42	1,41	1,48	1,42			
Total assets (Rm)	3	621 271	605 672	584 227	178 475	172 764	175 962	442 796	432 908	408 265
Average total assets (Rm)	6	609 680	574 068	581 580	175 528	169 849	170 968	434 152	404 219	410 612
Total advances (Rm)	7	440 839	413 435	424 642	172 870	167 418	170 513	267 969	246 017	254 129
Average banking advances (Rm)	12	390 195	349 228	405 855	170 045	164 464	165 618	220 150	184 764	240 237
Total deposits (Rm)	6	458 181	431 636	441 886	215	258	286	457 966	431 378	441 600
Average total deposits (Rm)	5	454 353	430 833	429 663	229	273	283	454 124	430 560	429 380
Average allocated capital (Rm)		36 186	36 232	36 249	9 021	9 161	8 975	27 165	27 071	27 274

Impairments decreased by 8% to R321m, with the credit loss ratio (CLR) of 16 bps better than management expectations and at the lower end of the through-the-cycle (TTC) target range of 15 bps to 45 bps. Continued prudent risk management contributed to a positive impairment outcome against a challenging backdrop. Stage 3 exposures have decreased since December 2022, with some legacy exposures in the Investment Banking (IB) and Transactional Services businesses migrating to the performing book resulting in some recoveries.

The commercial property portfolio reported a CLR of 26 bps, reflecting the benefits of a high-quality and well-collateralised portfolio. This portfolio's development is monitored closely, with stage 1 exposure remaining constant over the past three years. The levels of arrears remain low, although smaller distressed restructures have increased.

The total coverage ratio increased to 1,46% from 1,29% (December 2022) as certain exposures migrated to stage 2, while some recoveries reduced stage 3 expected credit losses in H1 2023. Stage 1 coverage is expected to remain at these levels for the remainder of the year, with a slight drop expected in stage 2 as we implement various restructures and refinances. The coverage ratio reflects the current value of the collateral that is in place for stressed counters.

Non-interest income (NIR) grew by 2% to R4,0bn, driven by commission and fees growth of 8% as activity levels and deal closure increased in IB. Although under pressure due to challenges in equity trading and the impacts of MPIF, which were not in the H1 base, trading income increased by 2% with good performances in debt, forex and commodity markets. This was partially offset by a decline in equity investment income off a high base in the prior year. Equity investment income returned to more normalised levels, driven primarily by revaluations, dividends and operational revenues with limited disposals.

Total expenses increased by 9% as the intensifying challenge to attract and retain talent led to higher employee costs. Employee-related costs account for 69% of CIB's direct operational cost base. Although CIB continues to lead the market from an efficiency point of view, the pressure on staff costs, ongoing digital investment and the depreciation of the rand against major currencies negatively impacted the cluster's JAWS ratio. As a result, the cost-to-income ratio increased to 45,1% from 43,3% in H1 2022.

Return on capital and efficiency remain a focus area for CIB. Risk-weighted assets (RWA) utilisation over the period remains comparable to 2022. ROE of 18,2% and a capitalisation rate of 3,7% have improved since June 2022. Optimisation of portfolio returns, and the forthcoming regulatory capital changes remain top of mind.

Looking forward

Despite the challenging macroeconomic outlook, we see significant opportunities in working with our clients to meet their energy and infrastructure needs in the second half of the year. Delays in renewable energy projects have deferred business flows and revenue into H2 2023. CIB maintains a leading position in renewable energy and infrastructure finance through thought leadership, innovative product development and engagement with clients and government on strategic projects to collaboratively address challenges and unlock economic growth.

The growth in primary banked wins, steady improvement in the cross-sell ratio and client satisfaction with our NBH digital channel are expected to grow our share of wallet, showcasing our transactional, digital and client service delivery capabilities. Continued efforts to deliver on the full potential of our business offering will strengthen our coverage of clients and position us as a go-to transactional bank.

Our clients remain at our core, and CIB is a trusted, long-term strategic partner to our clients. We continue to optimise levels of returns and growth through our sector-led portfolio approach, which targets an increase in our share of wallet, a data-driven approach to origination and client management, and the origination of significant transactions. These initiatives are critical to achieving our medium-to-long-term ROE targets.

Healthy pipelines in our term lending book indicate opportunities to maintain loans and advances growth, continuing the trend observed in H1 2023. The curing and resolution of stressed credit have continued since December 2022, focusing on reducing stage 3 loans. We expect the overall CIB CLR to remain within the TTC target range, despite the challenging environment and depressed realisation values.

As a purpose-driven, people-focused, and technology-enabled business, CIB recognises the importance of our people in achieving business objectives. The establishment of a culture of diversity, equity, and inclusion is central to our strategy. CIB is first and foremost a talent business, and we will continue to invest in our people by building a proposition underpinned by our DEI journey to attract, retain and develop top talent.

Strategic progress

We continue to execute our strategic growth levers and partner with our clients to contribute to building a strong, equitable and inclusive South Africa. Clients remain at the centre of our strategy. Our client focus is evidenced by ongoing progress made in primary bank wins and the origination of significant transactions across multiple sectors, which shows our deep sector expertise.

Our sector strategies and client plans underpin our approach to originating business that creates value for our clients and the franchise. To deliver sustainable returns, we continue to test and refine these strategies and plans in line with the operating context. To this end, the 2023 Global Banking & Finance awards recognised Nedbank as the Best Investment Bank in South Africa.

Our focus on client returns and portfolio optimisation across the cluster is now firmly embedded in our processes and will enhance sector and client profitability and allow for the optimal allocation of capital and balance sheet.

We have made good progress with the digitalisation of our client journeys to provide our clients with superior experiences. We continue to deliver on our 'warm digital' theme by building on our digital capabilities with the consideration of feedback from our clients. We have been recognised by Global Finance as the Best Bank for client-facing technology in 2023, and our award-winning Nedbank Business Hub (NBH) is a key enabler in simplifying our client journeys. Building on our success of migrating more than 96% of CIB clients in the past year, we migrated more than 70% of global juristic clients to NBH for global payments, and our self-service uptake is growing in line with continually improving client experiences.

Our Target Operating Model 2.0 (TOM 2.0) efforts position our transactional, digital and client services value chain for success in an ever-evolving client environment. TOM 2.0 will also improve efficiency and overall quality of service, enabling us to accommodate clients' sophistication and needs along the value chain. Furthermore, the new operating structure embeds our sector-focused approach within Transactional Services, enhances business flows across different product areas and increases our share of wallet.

As a talent-led business, we remain committed to investing in developing our employees and embedding a culture of diversity, equity, and inclusion (DEI). Our vision, strategy and implementation progress inform our employee value proposition in positioning Nedbank CIB as an employer of choice and nurturing the right talent to deliver on our client value proposition.

We support accelerating renewable energy solutions that drive the transition to a low-carbon-emissions economy, ensuring our clients remain globally competitive. Our Sustainable Finance Team demonstrates thought leadership by providing innovative solutions and products to our clients. Our leadership in this space continues to be recognised externally with multiple awards, including Sustainable Bank of the Year from the 2023 African Banker, Best Sustainability-linked Loan of the Year by Environmental Finance and 2023 Outstanding Leadership in Green Bonds by Global Finance. The business continues to deliver profitable, positive impacts to all our stakeholders and advance the achievement of multiple sustainable development goals.

Segmental performance

Property Finance

Property Finance (PF) provides development and term finance solutions to clients and partners with its clients through equity investment and mezzanine structures. In the first half of 2023 growth in the property sector has remained slow on the back of a sluggish economy. The faster-than-expected interest rate increases have impacted the sector, with landlords unable to pass on these higher costs in the short term through increased rentals. As a result, we see increased pressure on our clients' cash flows. The significant focus remains on a high-risk counter and the outcome of the business rescue process, and we anticipate resolution in the second half of 2023. We continue to focus on partnering with our clients, originating high-quality transactions, and managing the risk across our portfolio.

Gross operating income (GOI) decreased by 7%. An increase in interest in suspense negatively impacted NII due to the increase in stage 3 exposures when compared year on year and due to higher interest rates. The CLR increased in the first half of the year to end at 26 bps (June 2022: 13 bps) and was impacted by specific exposures and interest rate increases, which impacted the methodology used to value stage 3 collateral. The CLR is expected to exceed the top of the TTC range of 15 bps to 35 bps by year-end due to potential impairments on a specific stage 3 exposure. The reduction in NIR of 15% was driven by lower revaluations in the property equity portfolio relative to the comparable period in the prior year.

Good-quality, well-diversified assets secure our portfolio, which is also underpinned by a strong client base with whom we have deep relationships.

Investment Banking

IB is responsible for the advisory, debt and equity capital markets, private equity, long-term debt finance, sustainable finance and syndication businesses. It has leading industry expertise in the mining and resources, energy, infrastructure, telecoms and diversified finance sectors. Our sector expertise, thought leadership and purpose-driven approach to delivering solutions to our clients have received ongoing recognition, and we have won multiple awards in the period under review, as evidenced by the 2023 African Banker Awards: 2023 Syndicated Loan Deal of the Year and Debt Deal of the Year

IB GOI increased by 5%. NII increased by 15%, as average banking advances grew by 10% through increased momentum in the first half of the year. Impairments increased by 2% and CLR for the period was 18 bps. NIR decreased by 8%, driven by an exceptional equity investment income performance in the first half of the prior year. Commission and fees, which increased by 4%, was reasonable when considering the economic environment, reflecting improved underlying client activity. The portfolio optimisation initiatives within our target sectors and client base remain a key focus.

Financial highlights

	Property Finance			Investment Banking			Markets			Working capital and Transactional Services		
	Jun 2023	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022
Gross operating income (Rm)	**1 748**	1 876	3 753	**2 255**	2 166	4 472	**2 642**	2 403	5 035	**1 975**	1 788	3 836
Average banking advances (Rm)	**170 045**	164 464	165 618	**168 607**	152 892	156 087	**27 375**	12 985	63 426	**24 168**	18 887	20 724

The pipeline of opportunities remains robust across all sectors, particularly in energy and related infrastructure. The delays in the renewable-energy programme into the second half of 2023 will result in strong growth for the energy business as the renewable energy and commercial and industrial projects should close this year. We continue to invest in the advisory business, focusing on growing its NIR contribution. The private equity franchise will focus on new investment activity while realising certain existing investments for value. There will be a continued focus on sustainable finance where we play a key role in leading, structuring and coordinating these transactions, for which Nedbank has been recognised globally as a leading sustainable finance provider.

Markets

The Markets business trades in the foreign currency, equity, commodity and interest rate markets.

Despite challenging conditions, Markets delivered GOI growth of 10%. Good outcomes in foreign exchange (FX), up by 7%, and Debt Securities, up by 8%, were offset by lower Equities revenue, down by 28%, hampered by low levels of volatility and a disconnect from the fixed income and FX markets. The Non-linear Derivatives business was particularly impacted by lower volatility and continued pressure in spreads as a result of MPIF, which was not in the base last year, and contributed to lower derivative revenue. Credit trading, a new strategic focus area in Markets, has shown good progress. NII was also strong as a result of optimisation activities in dollar-funding activities.

The expected closure of the energy deal pipeline will provide hedging opportunities in the second half of the year. Focus will remain on building a diverse revenue base by strengthening areas we are under-indexed in and investing in targeted opportunities in Africa.

Transactional Services

The Transactional Services business provides working capital products in conjunction with transactional solutions.

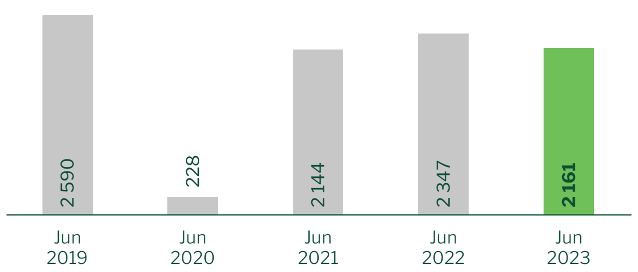
This business showed strong growth, with GOI increasing by 10%, due primarily to NII rising by 12%. NII benefited from the higher deposit and short-term asset growth of 12% and 28%, respectively. Impairments benefited from releases as distressed debt was cured. NIR increased by 6%, with growth in domestic payments, guarantees and trade risk participation offset by a reduced cash withdrawal volume. We recorded 10 new primary-banked wins, including two noteworthy successes in the public sector domain.

A sector-based strategy and refined operating model underpin a strong pipeline for the remainder of 2023. We have undergone a significant internal realignment that will result in fewer touchpoints for clients, faster service delivery and enhanced processes. This will contribute to our goal of unquestionably being the go-to transactional bank for all juristic clients. The business prioritises client experience by digitalising existing and future solutions and continually enhancing and investing in the innovation of our digital channels. Through thought leadership, the business plays a significant role in the industry.

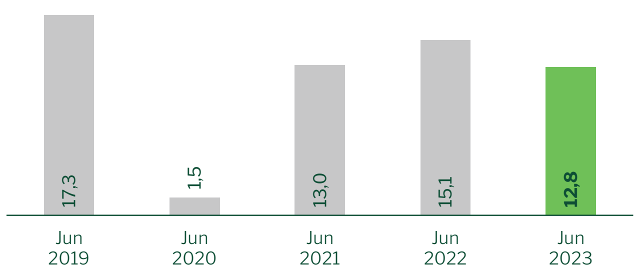
Favourable	Unfavourable
• Strong performance in forex and debt securities. • Ten primary banked wins recorded. • CLR toward lower end of TTC range, ahead of management expectations for H1. • Asset growth in selected sectors. • Industry low efficiency ratio. • Growing returns from a healthy deposit base.	• Equities trading impacted by the macro environment. • NIM impacted by increased competition for high-quality assets. • Delays in renewable-energy deal closure. • Pressure on asset realisation values.

Nedbank Retail and Business Banking

Headline earnings
(Rm)



Return on equity
(%)



Financial performance

RBB's financial performance has been impacted by the difficult macroeconomic environment due to higher interest rates, higher levels of inflation and heightened levels of load-shedding, giving rise to a higher impairment charge, with HE for the six months ended June 2023 decreasing by 8% to R2 161m.

Lower earnings, coupled with an increase in allocated capital, resulted in the cluster ROE decreasing to 12,8% (H1 2022: 15,1%).

A 60% increase in impairments was partially offset by a 13% increase in revenue growth and expense growth that was well managed at 6%. Higher revenue has resulted in strong growth in PPOP of 24% and the cost-to-income ratio declining to 58,3% (H1 2022: 62,0%).

In addition to the strong revenue growth, RBB also made good progress on several key non-financial metrics, including a 14% increase in digitally active clients to 2,8 million and an 11% growth in main-banked clients to 3,36 million.

NII increased by 16% to R12 838m, driven by an increase in advances off the back of stronger payouts, and a widening of NIM from 5,64% to 5,98%. NIM largely benefited from positive endowment as interest rates increased, partially offset by higher funding costs and lower asset margins due mainly to a change in asset mix, the impact of suspended interest as well as lower client margins in some of our fixed-rated lending products.

Average banking advances increased by 7% to R411bn, driven by strong growth in our commercial banking and small-business segments as well as solid growth in secured lending. However, unsecured-lending volumes have slowed due to the deliberate adoption of a more cautious approach to new lending as a result of elevated risk. Overall new-loan payouts increased by 6% to R60bn (2022: R57bn). Household advances market share has remained flat at 17,3% in May 2022 when compared with December 2022.

Average deposits increased by 10% to R409bn. Our market share in transactional deposits of 13,6% at the end of May 2023 remains a core focus area. We have seen a growth in household deposits since December 2021, with market share at 14,8% at May 2023.

The increase in impairments of R1,8bn to R4,8bn was attributable to an unfavourable performance across the portfolio, due largely to the impact on clients of the deteriorating macroeconomic environment and resultant elevated risk outcomes. All products within Retail have experienced strain, with Home Loans and Unsecured Lending most impacted despite ongoing credit policy tightening in Unsecured Lending. The cluster CLR increased to 226 bps (2022: 152 bps) and remains above the TTC target range of 120 bps to 175 bps. Elevated inflows into stage 3 loans resulted in an increase in the percentage of total loans in stage 3 to 8,09% (Dec 2022: 6,98%). Total coverage strengthened to 5,26% (Dec 2022: 4,92%), reflecting prudence in an ongoing, difficult macroeconomic environment.

During 2023 management reviewed the presentation of certain card-processing-related expenses against industry practice. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group.

NIR, on a restated basis, increased by 7% to R6 883m and by 8% before the restatement of the card-processing fees, reflecting the ongoing improvement in client transactional activity, the benefits of cross-sell, the increase in main-banked clients and growth in card acceptance and interchange volumes. Value-added services volumes grew by 30%.

Expenses increased by 6% to R11 503m (prerestatement of card-processing fees by 7%), driven by judicious management of discretionary spend and ongoing optimisation of operations through Project Phoenix, Project Imagine and other Target Operating Model 2.0 (TOM 2.0) initiatives. Permanent headcount decreased by 366 to 15 525, achieved mostly through natural attrition as we continue to leverage our investments in digital and the Managed Evolution (ME) technology strategy.

Strategic progress

Clients – The 11% increase in main-banked clients to 3,36 million, coupled with an increase in the digital adoption of products and services, positively impacted NIR growth this year. We continue to scale several key growth vector products to supplement our value proposition and support sustainable NIR growth by diversifying the revenue base.

Following a consistent upward trend in client experience over the past six years, Nedbank reached the #1 position in NPS (Net Promoter Score) in 2022, a position we wish to retain through both human interactions as well as digital touchpoints, underpinned by fair client principles. Nedbank was recently recognised as a finalist at the Arcet Customer Centric World Series Awards 2023 for our work in client experience across two categories: Customer Centric Culture and Customer Insight and the Feedback Voice of Client.

Pleasingly we are being recognised in the market is being recognised for our efforts by external and independent reviewers across various categories as we invest immensely in being the best and being able to provide delightful client experiences. In 2023 we won awards that are testament to this, including the Best Bank for Transaction Banking Services for 2023 in the Middle East and Africa Innovation Awards. In the Global Banking & Finance Awards 2023 we were chosen as the Best Retail Bank in South Africa and Excellence in Innovation for our Avo super app. Our most recent win is Best Digital Bank in Africa as awarded by the Euromoney Awards for Excellence 2023. These awards highlight our capabilities and strengths when compared with local and global competitors, and we will continue driving excellence across the portfolio. These wins give us a moment to appreciate the efforts that go into creating leading client experiences supported by a 'first in digital, digital first' approach and alignment with our purpose-led strategy.

Nedbank Commercial Banking, which offers a comprehensive range of services and products to medium-, large- and mid-corporate-sized businesses, maintained its overall market share at 22% in the category of businesses generating an annual turnover of between R750m and R2,5bn, increase in market share to 24%.

We continued to bolster our behavioural-economics (BE) capability within RBB through a skills development strategy codeveloped with a top-tier South African university. This strategy includes three tailored programmes designed to empower business areas to deliver rigorously tested, behaviourally informed and impactful solutions. So far over 300 employees have been trained on these programmes and we are on track to reach a year-end goal of training 1 500 employees, with special focus on frontline employees who engage with clients daily.

Through our financial wellness programmes (Consumer Financial Education and Financial Fitness) we reached 8 million consumers through a combination of radio, television, virtual and face-to-face interventions. We continue to explore social media as a channel to drive financial education through platforms like Twitter, TikTok and WhatsApp where we follow client behaviour and preferences to help them manage their money better.

Digital innovation – Digitally active clients increased by 14% to 2,8 million, of which 2,2 million clients are now using the Nedbank Money app (up by 23% yoy). A significant focus on digital marketing and sales funnel capabilities have resulted in a 35% growth in digital sales volumes, now contributing 56% (2022 H1: 50%) of funded consumer sales. Clients who log in to digital channels do so 18 times on average per month, with total payment volumes growing by 15% and Money app payment volumes growing by 22% yoy.

Nedbank's chatbot, Enbi, is assisting clients at scale, with over six million interactions recorded to date 76% of all engagements are managed through this chat function, thereby freeing up the capacity of agents to assist clients with more complex queries. The Money app, together with other self-service channels, now play the primary role in providing clients with simple and convenient banking, anytime, anywhere.

Digital innovation continues to be evident in the delivery of new and exciting features to market. We significantly improved our onboarding capabilities during H1, now having the ability to open a credit card or one of our new MiGoals transactional products in under five minutes on one of our digital channels. We have successfully opened more than 65 000 accounts since the launch in May 2023. The rapid-payments solution PayShap was a key enabler for real-time payments, and we were the only bank to enable this across all digital channels and successfully completed more than 200 000 outgoing transactions. The card journey has been a key pain point for clients, and during H1 we enabled clients to track their cards ordered via the Money app.

The innovation pipeline promises to deliver further value to clients as we continue enhancing journeys in the second half of 2023. Our key focus is on enabling our youth to access and use the Money app; enabling our clients to use the Money app to buy and manage their POS devices; further developing Enbi to onboard clients seamlessly; and expanding the list of client enquiries that can be logged via the Money app or our Online Banking platform. We are also combining our Money app and Avo offering to clients and announce daily Avo deals and offers on both platforms.

The ongoing evolution of the Nedbank Business Hub (NBH) continues to make becoming more digital easier for our Commercial Banking clients. It provides seamless access to an array of day-to-day banking functions through an integrated and secure platform, driving wider access to our ecosystem of products (including lending) and services. So far in 2023 over 43 000 service requests have been received via NBH, the bulk of which are straight-through requests, meaning immediate delivery to clients and ultimately a more efficient, streamlined client experience.

Nedbank's API_Marketplace acts as a key enabler for open finance to consume financial products and services. APIs (EFT Payments and Wallet) have been enabled in CMA countries (Namibia, Lesotho and Eswatini). In addition, Rapid Payments, Cashout at Retailer and Account APIs for CMA countries are in the pipeline for delivery in H2 2023.

Client security remained a core focus area, and we implemented several new features and enhancements (pinpoint biometrics and QR code access) on our Online Banking platform during H1 2023. Facial recognition is due to land soon as well as making all these capabilities available on our app.

We have invested significantly in our data capabilities, leveraging big data and artificial intelligence through a strong analytics team. The commercialisation of data delivers beyond-banking and cutting-edge capability, including actionable insights that drive and unlock value for both Nedbank as a business as well as our individual and corporate juristic clients. Adam AI engine has generated R168m in additional benefits by using machine learning and data science techniques to make intelligent decisions based on data.

Integrated physical distribution – Our physical footprint points to both the increased drive towards client self-service and a diverse South African consumer base that still requires face-to-face assistance. In response to shifts in client behaviour and preferences we continued to optimise our branch footprint while investing in more mobile and self-service channels as we aim to change in line with the way clients bank in a digital world.

During 2023 we closed five points of presence, opened three new in-retailer outlets and opened no new branches. This reduction has not affected our coverage of the bankable population in SA, which remains around 85%, in line with that of the industry. Since 2014 we have achieved actual floor space reduction of 94 988 m^2. We have a new operating model in 272 points of presence, which we will roll out to the balance of our footprint over the next three-year cycle, including an innovative mix of branches from full-service and express to easy-access smaller branches. For our newly modelled branches we have seen an uplift in NIR per square metre when we compared data for six months from before and after the branches had been opened. By the end of 2025, 58% of branches will be smaller than 200 m^2, which is a significant shift from our current mix of branches.

Appointment bookings, which enable our clients to schedule time for face-to-face meetings in-branch without having to stand in long queues, have seen a lift of 151% yoy, with over 62 000 bookings having been made to date in 2023. We plan to extend our appointment-booking capability to non-Nedbank clients via our website in 2023.

The adoption of agile practices and methodologies, while we embed agile values and mindsets, has impacted sales performances positively across all frontline sales roles. Our continued focus on sales productivity as well as the Everyone Sells strategy has resulted in branch sales and service productivity improving by 36%, with servicing employees now contributing 21% (2022: 17%) of overall sales.

To complement our in-market and digital channels we have a contact centre available to clients 24/7 through email, chat and voice options. Clients can call our contact centre free of charge through our 0800 number. We have seen a 45% decrease yoy in selected simple services provided at branches as clients shift towards self-service on digital channels. There has been an increase of 13% on digital channels for financial servicing transactions and 18% for non-financial servicing transactions.

Our ATM footprint decreased by 77 devices, with the cash dispensed through ATMs increasing by 4%. Altogether 91,5% of client cash deposits at branches are now being processed through cash-accepting ATM devices.

Our network of 495 self-service kiosks in our branches enables clients to complete self-service actions at their own convenience, such as changing their ATM limit, maintaining their profile, issuing statements, as well as blocking and replacing personalised cards for PAYU and Savvy Plus Accounts. Clients can also pick up cards 24/7 by using our 188 lockers located in the self-service zone at branches or have their cards delivered to them. Our kiosks now also enable clients to open PAYU accounts seamlessly, with a card issued instantly.

Growth vectors – Value-added services (VAS), which include functionality for purchasing vouchers, cardless payouts, electricity and LOTTO tickets, have seen significant growth since 2019, with the number of clients more than doubling. Revenue from VAS is up by 29% yoy, driven by strong volume growth of 30%. Our VAS platform currently hosts over 500 products and services across eight digital channels, including the Avo super app.

Avo super app: Since its launch on 19 June 2020 the Avo super app (now SuperShop) has signed up over 2,2 million clients (up by 44% yoy), with 23 000 businesses (excluding B2B) registered to offer their products and services on this e-commerce platform. Avo continues to grow exponentially, with a further 70% increase yoy in total gross merchandise value (GMV) as all three Avo ecosystems gain momentum. Avo Auto, a virtual vehicle mall that was launched in 2021, now hosts over 500 MFC-accredited dealers (up 4x yoy), with close to 20 000 vehicles available on the platform (up 3x yoy) and grew GMV 9x yoy. Avo B2B launched to market in 2022 and offers a stock-financing or working capital solution to businesses through a secure facility and is well on its way to contributing to significant GMV growth in 2023. Avo Home continues to increase its number of partners to drive scale, with GMV growth up by 70% yoy, and is now a re-seller for both Apple and Samsung, highlighting the increasing appeal of Avo as a destination marketplace to assist global brands and manufacturers in realising their growth aspirations.

Insurance remains a significant growth opportunity for both RBB and Nedbank Insurance to build a sustainable business partnership together for the benefit of Nedbank's clients within the regulatory framework, following sound market conduct principles. We offer a broad range of life and non-life insurance products and are focused on continually exploring new solutions to meet the changing needs of our clients. The MyCover personal-lines category was launched in 2020 and has since then grown exponentially.

Within the township economy we continue to leverage partnerships to cocreate solutions with clients. To date we have implemented the new model in 14 township micro markets and have seen increased transactional activity. Our multipronged approach, anchored through an integrated distribution strategy of branches, mobile salesforce, third-party partnerships and digital, has impacted the township economy positively and remains pivotal in our community-based interventions with residents, informal traders and small, medium and microenterprises (SMMEs). In addition, we are creating shared value through our partnership with the Township Entrepreneurs Alliance (TEA) by offering Kasi Business Workshops across the country. Since May 2022 this programme has impacted more than 10 000 township SMMEs, sponsored more than 200 township exhibitors equipped with Nedbank POS machines, created supplier procurement opportunities for more than 50 black-youth-owned service providers, as well as crowned 14 pitch challenge winners with a collective allocation of R700 000 in cash and business support in 14 township communities nationwide.

We remain pleased with the strategic partnership and alliances capability that we are building as a strategic unlock for scale and to give value back to clients. The first half of the year saw a continuation of the expansion of our Greenbacks 2.0 headline partners to unlock additional merchant discount deals that provide best-in-market deals for Nedbank clients, with strategic focus on fuel, travel, movies and data discounts. For Avo we signed up 52 new partners and broadened our Amex-accepting merchants. Our collaboration partnerships drive scale and tap into a new client base that focuses on resellers, retailers and fast-moving consumer goods value chains.

Looking forward

Following a challenging H1 2023, we expect RBB to continue being resilient in the second half of 2023 amid a difficult macroeconomic environment marred by slow GDP growth, high inflation, continued high interest rates, load-shedding and a worsened credit lending outlook. A combination of all these factors has led to increased pressure on consumers' ability to repay their debt. A key challenge will be to balance our growth ambitions with acceptable risk tolerance, manage our operational costs judiciously as well as manage our impairment levels through improved credit processes and collection capabilities whilst providing our clients with appropriate assistance through the difficult period.

Our five core strategy pillars remain relevant, focused on a client-centred growth strategy by creating leading client experiences anchored by disruptive client value propositions (CVPs) and purpose-led objectives. We remain steadfast in driving our 'first in digital, digital first' strategy by continuing to deliver our digital capabilities that enable us to develop innovative products and solutions and enhance digital experiences for our clients. Our strategic execution in delivering our growth vectors is aimed at yielding results and remains a focus for unlocking growth and gearing us for future competitiveness. We will continue focusing rigorously on our operating model agility to enhance our operational effectiveness, manage credit losses, developing world-class capabilities like commercialisation of data, behavioural economics, innovative risk management, strategic partnerships and digital capabilities. All these will help reduce our cost-to-income ratio and improve our ROE to the required target range.

Leading client experiences – We will continue developing and commercialising our new CVPs, innovative products and solutions for our clients. To defend against competitors and disruptors, we will continue adapting our operations to deliver leading client experiences to match the heightened expectations from clients. We will focus on turning around the Strategic Portfolio Tilt 2.0 (SPT 2.0), which concentrates on growing profitable market share in selected areas through world-class sales effectiveness and productivity while maintaining a culture of providing an unrivalled client experience, aided by behavioural-economics principles to deliver personalised experiences and seamless interactions.

Digital first, first in digital – We will drive the commercialisation of new and landed capabilities and the cadence of innovation deployments and leverage enterprise capabilities on our digitisation journey to being Africa's number one digital service provider by completing priority individual and juristic journeys through our ME programme. We will continue focusing on full migration to NBH for our commercial and corporate businesses, expanding our beyond-banking capabilities across other verticals and elevating our mobile-first priorities through integrated and synchronised channel experiences to provide leading digital experiences for our clients.

Growth vectors to the Power of N – We will derisk our plans and gear ourselves for future competitiveness through the commercialisation of growth vectors, including scaling the Avo super app, accelerating VAS through new commercial models and channels, pivoting our API_Marketplace strategy to drive the use and adoption of APIs, accelerating growth and penetration of our insurance offerings, and driving our go-to-market micro markets strategy for the township economy.

Efficient and agile operating model – We will continue driving cost efficiencies through the execution of business transformation objectives through Project Phoenix, Project Imagine, and other TOM 2.0 initiatives that will yield cost savings derived from centralised capabilities such as solution innovation, credit and pricing, and operations.

Equipping our people – We will continue focusing on enhancing and improving employee wellness capabilities to assist our employees amid the challenging economic climate. We will place added focus on attracting and retaining talent, reducing the loss of critical skills and improving transformation targets at management levels. We will drive the skilling and reskilling of our people to meet the needs of our clients and business operations in an ever-changing environment. We will continue on our culture journey shift by driving diversity, inclusivity and equity goals to ensure a diverse and inclusive workplace to make Nedbank one of the best places at which to work.

Nedbank Retail and Business Banking segmental review

Commercial Banking

Commercial Banking (NCB) provides relationship-based banking services to mid-sized and large commercial entities, including tailored banking and financial propositions for agricultural, franchising and manufacturing industries and the public sector.

NCB increased HE by 26% to R968m, at an attractive ROE of 24%, through solid product volume growth, coupled with an improvement in NIM of 41 bps to 3,11%, driven largely by endowment. NIR grew by 7% off the back of a 6% increase in transactional banking volumes.

Average deposits grew strongly by 10% yoy, driven mainly by growth in non-transactional deposits and the business remains a strong generator of funding for the group, with R84bn in net surplus funds generated. Average advances grew by 8% yoy, supported by strong growth in new loan payouts of 27% to R14bn.

The CLR of 75 bps (H1 2022: 12 bps) was above the TTC target range of 50 bps to 70 bps and includes various client inflows into non-performing loans, particularly the horticulture subsector of the agricultural portfolio, which is evidence of macroeconomic strain taken by this sector of the economy. A R76m overlay was raised for expected impairment model enhancements. The commercial operating environment has been, and continues to be, beleaguered by many external factors such as intensified load-shedding, increased input costs, margin pressure as well as logistical and transportation challenges. Although downside risk in the current economy persists, our ECL coverage ratio of 2,06% is considered prudent.

NCB continues migrating clients onto NBH, enabling a positive change in client experience for businesses, with the focus for 2023 being primarily around adoption. NBH provides convenience for the day-to-day banking needs of our clients and a single view of all our digital offerings. Clients can seamlessly transact, apply for products (including lending) and services,

Financial highlights

for the period ended

Segmental view

	Yoy % change	Total Retail and Business Banking Jun 2023	Total Retail and Business Banking Jun 2022	Total Retail and Business Banking Dec 2022	Commercial Banking Jun 2023	Commercial Banking Jun 2022	Commercial Banking Dec 2022	Consumer Banking Jun 2023	Consumer Banking Jun 2022	Consumer Banking Dec 2022	Relationship Banking Jun 2023	Relationship Banking Jun 2022	Relationship Banking Dec 2022	Other[1] Jun 2023	Other[1] Jun 2022	Other[1] Dec 2022
Headline earnings (Rm)	(8)	**2 161**	2 347	5 097	**968**	768	1 812	**332**	871	1 950	**752**	560	1 292	**109**	148	43
NII (Rm)	16	**12 838**	11 047	23 203	**2 791**	2 195	4 735	**7 946**	7 248	15 006	**2 057**	1 565	3 375	**44**	39	87
Impairments charge (Rm)	60	**4 843**	3 033	6 613	**333**	48	98	**4 227**	2 878	6 249	**285**	91	249	**(2)**	16	17
NIR (Rm)[2]	7	**6 883**	6 449	13 372	**971**	911	1 917	**3 965**	3 718	7 658	**864**	820	1 686	**1 083**	1 000	2 111
Operating expenses (Rm)[2]	6	**11 503**	10 843	22 138	**2 050**	1 970	3 984	**6 959**	6 754	13 489	**1 568**	1 506	2 994	**926**	613	1 671
ROE (%)		**12,8**	15,1	16,0	**24,4**	20,9	23,8	**3,2**	9,2	10,2	**40,0**	32,8	36,3			
ROA (%)		**0,96**	1,15	1,20	**1,07**	0,94	1,06	**0,25**	0,71	0,78	**1,31**	1,09	1,21			
CLR – banking advances (%)		**2,26**	1,52	1,61	**0,75**	0,12	0,11	**3,08**	2,23	2,37	**0,90**	0,31	0,41			
NIR to total operating expenses (%)[2]		**59,8**	59,5	60,4	**47,4**	46,3	48,1	**57,0**	55,0	56,8	**55,1**	54,4	56,3			
Cost-to-income ratio (%)[2]		**58,3**	62,0	60,5	**54,5**	63,4	59,9	**58,4**	61,6	59,5	**53,7**	63,1	59,2			
Interest margin (%)		**5,98**	5,64	5,72	**3,11**	2,70	2,80	**6,20**	6,02	6,08	**3,58**	3,05	3,16			
Total advances (Rm)	7	**421 098**	394 317	408 430	**92 162**	85 637	87 866	**263 969**	248 423	257 919	**63 607**	59 051	61 433	**1 360**	1 206	1 212
Average total advances (Rm)	7	**410 609**	383 961	391 022	**88 368**	81 732	83 862	**258 406**	243 074	246 802	**62 517**	58 043	59 118	**1 318**	1 112	1 240
Total deposits (Rm)[3]	11	**422 026**	380 154	402 114	**175 813**	157 094	167 651	**130 738**	122 314	125 165	**115 302**	100 568	108 977	**173**	178	321
Average total deposits (Rm)	10	**409 457**	372 692	383 010	**173 913**	157 625	162 321	**125 126**	118 571	120 416	**110 107**	96 309	100 053	**311**	187	220
Average allocated capital (Rm)	9	**34 153**	31 256	31 843	**8 000**	7 402	7 607	**21 082**	19 003	19 076	**3 795**	3 438	3 557	**1 276**	1 413	1 603

[1] *'Other' includes income, impairments and costs relating to Channel, Card Acquiring, Central and Shared Services.*

[2] *During 2023 management reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group. As a result, the comparative NIR and expenses and impacted ratios have been restated.*

[3] *During 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being incorrectly reflected under cash management deposits (liability) and debtors (asset) and therefore the affected line items were overstated. In terms of IAS 32: Financial Instruments: Presentation, once the sweep has taken place in the cash management deposit account and the debtor funding account, these should not be reflected as a liability and asset respectively. As a result, the comparative assets and liabilities have been restated by R3 866m and the opening 1 January 2021 assets and liabilities have been restated by R3 390m respectively.*

maintain profiles and more. Security remains a top priority and we offer advanced protection through the combination of a password certificate and choice of two-factor authentication (mobile or token). To date 68% of NCB's electronic banking (including global) client portfolio has been fully migrated to NBH and we remain on track to achieve 85% migration by the end of the year with a utilisation goal of 15%.

The introduction of a service model aimed at focusing on the delivery of a unique proposition to the lucrative mid-corporate segment within NCB two years ago has shown significant improvement in NPS, now at 47. Over 56% of all our clients remain main-banked through a focused data analytics cross-sell programme according to a KPI research study concluded in June 2023.

The manufacturing portfolio has seen pleasing growth in client numbers this year, together with a higher-than-average performance in top-line gross operating income growth (up by 25% yoy) off the back of quality lending origination during H1 2023.

The agricultural sector experienced significant financial challenges that played out particularly in the export horticulture in 2022 and that impacted profitability which, coupled with financial distress evident early in 2023, has led to increased impairments. It is, however, expected that most impacted businesses have the ability to recover over the next seasons (12 to 24 months). Outside of horticulture the risk profile of the primary agricultural book is in good shape and has seen an improvement over the past four years, with gross operating income up by a pleasing 23% yoy.

Franchising, like all businesses in South Africa, has been severely impacted by load-shedding. However, across the franchising portfolio for H1 2023, we have seen positive results from new client acquisition gains due to the continued implementation of a differentiated transformation funding solution with the major oil companies. The portfolio has shown satisfactory financial performance underpinned mainly by NII, despite a subdued macro, while NIR remains under pressure due to aggressive competitor offerings covering cash solutions and related pricing.

The unit focusing on the public sector won 13 tenders in 2023, of which the bulk represents funding for water and energy in support of sustainable development goals. Just under R1bn has since been disbursed to various municipalities for much-needed infrastructure improvements across the country. This portfolio continues attracting favourable investments and maintains a healthy net funding position of R19bn as a result. Five municipalities have also awarded NCB their full transactional banking for another term.

NCB's climate resilience initiatives continue demonstrating positive traction; we have extended over R160m in finance covering renewable-energy investments during the first half of the year. Disbursement of financing in support of water optimisation and efficiency projects reached just under R200m at H1 2023.

Retail Relationship Banking

RRB provides tailored banking services to affluent individuals and their households (salaried and self-employed), non-resident clients and embassies as well as SMEs with an annual turnover of less than R30m. The relationship banking offering is designed for clients seeking a personalised, flexible and proactive approach, and caters for more complex financial needs typically associated with the above-mentioned client segments.

Benefiting from the higher interest rate environment, RRB's HE grew by 34% yoy to R752m at a ROE of 40,0%.

The CLR increased from 31 bps to 90 bps, which now exceeds the upper end of the 40–70 bps target range. Repeated rate hikes, extended power outages and steady increases in costs have put significant strain on the otherwise robust affluent and small-business sector. Average advances grew by 8%, while average deposits increased by 14%, resulting in a net funding contribution to the group of R52bn. NIR grew moderately at 5,4% with good growth in the affluent base, making up for the lower volumes experienced in small business.

Affluent: The private-banking CVP, based on the promise of 'Digital when you want it, human when you need it', continues to resonate with the market as demonstrated by the 10% increase in main-banked client gains. Clients have embraced our feature-rich Online Banking and Money app channels, and digital usage and satisfaction scores have improved further. This, in turn, frees up bankers to focus on the relationship aspects of their role, including assisting with more complicated credit applications and promoting the broader set of wealth solutions, namely Nedgroup Investments, Nedbank Online Share Trading and the wealth advisory services offered by Nedbank.

Small Business Services: Our focus for small business is the provision of affordable transactional banking, innovative payment solutions and seamless lending to unlock growth for this important sector of our economy. Our beyond-banking offering, SimplyBiz, remains a differentiator through which we have provided over 30 000 business owners free beyond-banking assistance in the form of advertising, coaching, relevant business support materials and strategic initiatives.

Despite a challenging economic outlook and an increasingly competitive market, there are still many opportunities for RRB to grow. The launch of an enhanced loyalty programme, more automated lending for smaller businesses and refinements to our innovative merchant solutions in the remainder of the year and into 2024 are expected to fuel growth and aid client retention. The quality of bankers we attract and develop from within also remains a key success factor in this journey.

Consumer Banking

Consumer Banking predominantly serves individuals earning less than R750 000 per year in three subsegments – middle market, entry-level banking and youth. Consumer Banking also serves a few non-individual client types, such as stokvels, clubs and societies.

HE decreased by 62% yoy to R332m, driven primarily by an increase in impairments as current macroeconomic conditions and interest rate hikes placed strain on consumers. CLR across Consumer Banking increased to 3,1% (H1 2022: 2,2%), caused by an additional R1,35bn impairment charge. Home Loans was the largest contributor, with R0,5bn of the increase, resulting in the home loans CLR rising to 1,1% (H1 2022: 0,2%). Vehicle loans added an additional R0,3bn, with its CLR rising to 2,1% (H1 2022: 1,8%). Unsecured lending accounted for R0,4bn of the increase, with its CLR rising to 11,3% (H1 2022: 9,0%). Credit Card accounted for the remaining R0,2bn and its CLR increased to 8,7% (H1 2022: 6,6%).

PPOP grew strongly by 15%, a pleasing outcome. This was underpinned by solid NIR growth of 7% and strong NII growth of 10%, supported by lower expense growth of 3%. The strong performance in PPOP resulted in the cost-to-income ratio improving to 58,4% (H1 2022: 61,6%).

NII growth was underpinned by average loans and advances growth of 7%, off the back of 8% growth in home loans; 6% growth in vehicle finance, and 5% growth in unsecured lending. Average deposits grew by 6% yoy, with an 8% growth in the investment book, offset by a 2% decline in transactional deposits as clients took advantage of high interest rates to improve returns.

NIR growth was pleasing at 7% yoy, supported by 9% growth in transactional NIR. This was underpinned by an 11% yoy increase in main-banked clients to over 3,06 million in Consumer Banking, with total active clients growing by 6% yoy to 6,3 million. The cross-sell ratio improved to 1,90 products per client (H1 2022: 1,87), a reflection of continued success of AI-enabled Next Best Action strategies.

Expense growth was well managed at 3% growth yoy. This was underpinned by strong digital adoption, with Money app users growing to 1,9 million from 1,6 million a year earlier. The digitisation of the business is enabling cost optimisation through reducing headcount and floorspace in the branch network, as well as enabling headcount efficiencies in operations as processes become increasingly automated and standardised across products.

We enhanced our CVP with the launch of the MiGoals transactional product range in late May 2023. These products each deliver tangible value to clients, for example, depending on the product, 50% off on movie tickets at Nu Metro, 50% off on spouse banking fees, over 1% off on grocery spend, and 12 domestic airport lounge visits per year. In addition, these products offer simple pricing and come with new vertical cards.

Nedbank Retail and Business Banking product review

Transactional Banking

Transactional Banking provides fully inclusive access to banking by offering affordable and meaningful banking to clients across all income levels, enabling financial inclusion and effective money management through our existing products and newly launched transactional suite of products, MiGoals.

Transactional Banking continued to be a significant contributor to NIR during H1. This was enabled by our refreshed transactional product suite that enabled our clients to have access to simplified product sets and transparent pricing structures with embedded value. The three products, namely the MiGoals Account (PAYU product), the MiGoals Plus Account and the MiGoals Premium Account (bundle products), enable solutions that meet all our clients' life stages needs.

The introduction of new money transfer redemption partners has resulted in volume growth of 87%, with over 16% of redemptions being completed at retailers monthly. The purchasing and use of digital vouchers, specifically in the entertainment space, increased by 161%. VAS volumes also increased, with total VAS volumes increasing by 30% across all products and over 1,34 million clients purchasing products on the platform.

As we continue our digital journey, all our transactional products are now enabled for straight-through processing on the Money app and Online Banking, which enables convenient and seamless account activation. We are also able to FICA our clients remotely, eliminating the need to go to a branch. When opening a transactional account, our clients can take up an overdraft and credit card seamlessly, thereby eliminating unnecessary delays. We continue migrating clients to enhanced product offerings with up-to-date features in a frictionless manner.

Card and Payments

Card and Payments provides card-issuing, card-acceptance, and payment products and solutions across all client segments, extending beyond RBB into Nedbank Private Wealth. It is also responsible for the bank's commercial card offerings. These offerings include key innovations such as tap-on-phone and scan-to-pay options, Market Edge, GAP Access, virtual cards, Apple Pay enablement, Samsung Pay and Money Message.

Nedbank Card and Payments experienced strong growth in card-issuing volumes of 10%, and card-acquiring volume growth of 19%. The card-issuing growth was driven by our continued focus on improving client experience through strong digitisation and innovation. We have seen good adoption of Virtual Card and Pays (Apple Pay; Samsung Pay; and Google Pay), at 101% and 148% respectively. Card acceptance growth has been driven by partnering with payment and fintech partners, unlocking value focused on client-centred solutions. E-commerce volumes have grown over 55% and partnering has unlocked a 2x growth, as we build a strong inclusive payments ecosystem in South Africa.

Nedbank was part of the first cohort of banks that launched PayShap in South Africa in March 2023. PayShap is a real-time, interbank payment offering aimed at addressing the high use of cash in South Africa while also playing a key role in modernising the national payment system of South Africa. Since its launch there has been steady growth in its use at around 25% month on month, with close to R200m worth of payments processed. The adoption of PayShap by South African consumers is expected to accelerate, with additional banks joining the scheme later in the year. There have been close to 300 000 PayShap IDs registered to date across the industry, with Nedbank accounting for 33% of those. Additional functionality like Request to Pay is critical in unlocking the full potential of PayShap and, depending on the pace of the industry, is anticipated to be launched in Q2 2024. There are also additional efforts underway to broaden the use of PayShap beyond person-to-person payments by making the features of PayShap available to juristic clients.

Investments

The expansion of our digital investment capabilities since 2021 has resulted in new digital investments sales now contributing 83% of total sales and 97% of withdrawals notices.

Improvements in digital capabilities, competitive investment pricing strategies and significant marketing efforts have resulted in a turnaround in household demand and term market share, increasing 51 bps to 16% since June 2022.

We have enhanced our fraud prevention capabilities by introducing an account verification service to help ensure that funds paid out of investments are to our clients' own accounts, whether that account is held with us or another institution.

Product views, excluding Commercial Banking

	Home loans		VAF		Unsecured lending[1,2]		Transactional		Card and payments		Forex and investments	
	Jun 2023	Jun 2022	**Jun 2023**	Jun 2022	**Jun 2023**	Jun 2022	**Jun 2023**	Jun 2022	**Jun 2023**	Jun 2022	**Jun 2023**	Jun 2022
NII (Rm)	**1 730**	1 564	**2 936**	2 686	**2 105**	2 047	**1 759**	1 089	**691**	679	**772**	744
Consumer Banking and other	**1 256**	1 121	**2 844**	2 601	**1 973**	1 925	**684**	445	**691**	679	**489**	473
Relationship Banking	**474**	443	**92**	85	**132**	122	**1 075**	644	**–**	–	**283**	271
Impairments charge on financial instruments (Rm)	**790**	142	**1 324**	1 023	**1 669**	1 277	**56**	29	**670**	512	**–**	–
Consumer Banking and other	**604**	108	**1 289**	1 028	**1 605**	1 216	**56**	29	**670**	512	**–**	
Relationship Banking	**186**	34	**35**	(5)	**64**	61	**–**	–	**–**	–	**–**	
NIR (Rm)[3]	**147**	139	**347**	350	**447**	437	**3 125**	2 885	**1 702**	1 596	**136**	115
Consumer Banking and other	**112**	106	**340**	342	**409**	401	**2 417**	2 211	**1 688**	1 583	**74**	59
Relationship Banking	**35**	33	**7**	8	**38**	36	**708**	674	**13**	13	**62**	56
Operating expenses (Rm)[3]	**881**	902	**920**	885	**1 035**	1 019	**4 314**	4 121	**1 394**	1 270	**795**	777
Consumer Banking and other	**608**	602	**867**	827	**945**	917	**3 359**	3 289	**1 387**	1 262	**605**	571
Relationship Banking	**274**	300	**53**	58	**90**	102	**954**	832	**7**	8	**190**	206
Headline earnings (Rm)	**137**	468	**680**	748	**(131)**	131	**316**	(135)	**218**	346	**68**	56
Consumer Banking and other	**100**	366	**672**	719	**(143)**	135	**(289)**	(485)	**214**	342	**(45)**	(31)
Relationship Banking	**37**	102	**8**	29	**12**	(4)	**605**	350	**5**	4	**113**	87
ROE (%)	**4,1**	16,0	**14,9**	17,4	**(6,2)**	7,2	**28,4**	(13,4)	**18,2**	30,9	**45,9**	37,2
CLR – banking advances (%)	**0,98**	0,19	**2,03**	1,67	**10,48**	8,40	**35,09**	28,90	**7,94**	6,26		
Cost-to-income ratio (%)[3]	**46,9**	52,9	**28,0**	29,1	**40,5**	41,0	**88,3**	103,7	**58,3**	55,8	**87,6**	90,5
Interest margin (%)	**2,13**	2,08	**4,05**	3,94	**14,88**	15,12	**5,58**	3,59	**7,64**	7,55	**0,90**	0,97
Average total advances (Rm)	**158 737**	146 372	**124 361**	117 884	**24 563**	24 037	**150**	101	**14 320**	13 772	**(1)**	2

The table does not include CB HE of R968m (June 2022: R768m) and other unallocated costs of -R96m (June 2022: -R37m) relating to Channel, Clients and Shared Services. Therefore, the table does not cross-cast.

1 *Excludes additional insurance income in Nedbank Wealth that would result in ROE of -2,0%.*

2 *Unsecured Lending's CLR has been restated to reflect a more accurate position.*

3 *During 2023 management reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group. As a result, the comparative NIR and expenses and impacted ratios have been restated.*

Forex

The Forex business continues enhancing and delivering innovative segment CVPs and optimised client-centred journeys by enabling clients to transact and invest across multiple foreign currencies in different countries.

Forex-related NIR is up by 17%, driven mainly by increased volumes on incoming and outgoing payments. The weaker rand has also had a positive impact on incoming payments and foreign banknote revaluations. Digital adoption of key forex capabilities continues to increase significantly, with digital payments being the most significant uplift in digital adoption. Digital outgoing and incoming payments contribute 72% and 62% respectively across all segments.

Unsecured Lending

Unsecured Lending provides personal loans, overdrafts and student loan products and solutions across all client segments. A headline loss of R131m was reported in Unsecured Lending due to the CLR increasing to 1048 bps, which remains above the upper TTC range of 850 bps. The increase in the CLR is due to the ongoing deterioration in the macro and elevated consumer stress despite credit policy tightening to date. Further credit policy actions and collections initiatives are underway to claw back the CLR closer to the target range. The credit policy and system changes made since 2022 Q4 have resulted in a deliberate reduction in new business and market share levels but have improved the quality of new business to within acceptable levels. Disbursal growth is expected to remain subdued in the short term but anticipated to improve as macroeconomic conditions recover and new digital solutions are commercialised.

Predetermined offers have driven an increase in straight-through processed loans and have performed well in a challenging macroeconomic environment, with over 17 000 credit agreements maintained each month. At June 2023, 46% of all personal-loan disbursals, over 35% of all credit card accounts and 70% of overdraft disbursals are being originated via a digital channel. The Personal Loan API performance has increased by 25% when comparing July–December 2022 with January–June 2023.

Our free credit score tool on the Money app, which enables clients to monitor their credit scores and receive guidance on how to improve their credit behaviour, has now also been made available through Online Banking and nedbank.co.za. Any South African citizen, regardless of their relationship with Nedbank, can access this tool. At the end of June 2023, over 970 000 clients had registered on the tool, with over 300 000 engaging monthly.

Home Loans

Nedbank Home Loans enables residential home ownership solutions across all client segments.

The overall home loans market has seen a contraction in the total value of bonds registered, with a 22% decrease in Q1 of this year when compared with 2022. Consequently, our home loan application volumes are down by 18% yoy. However, new business granted is up by 2%, reflective of improved conversion performance.

House price inflation (per Lightstone) for 2022 was 4,5% and is forecast to reduce to 2,9% in H1 2023, given the higher-interest-rate environment and lower GDP growth outlook. HE declined by 71% to R137m (H1 2022: R468m) at an ROE of 4,1% (H1 2022: 16,0%). The decline in HE was driven by an increase in the CLR to 98 bps (H1 2022: 19bps), influenced by the deteriorating macroeconomic environment and the cumulative impact of interest rate hikes. Advances growth of 8,4% yoy compares favourably with industry growth of 6,3%. New-business market share improved in H1 2023 to 14,22% (H1 2022: 14.03%), resulting in an 19 bps BA900 market share increase since June 2022. Preprovisioning operating profit grew by 23,1% to R977m (H1 2022: R794m).

Amid the ongoing electricity supply issues, Nedbank is dedicated to promoting sustainable energy solutions for its clients. As such, we continue focusing on financing solutions that support renewable-energy initiatives at the application stage of our clients' home loan journey.

Our solar financing solution, leveraged off the MFC platform, landed in August 2022 and has delivered over R60m of disbursals to date.

MFC

MFC facilitates smooth, frictionless vehicle finance to our consumer and juristic client segments.

Despite current economic pressure, domestic new-vehicle unit sales across the market have grown by 4,8% yoy. TransUnion's latest Vehicle Pricing Index (VPI) reflects an increase in new-vehicle pricing from 4,0% in Q1 2022 to 6,3% in Q1 2023, and the used-vehicle index increased from 7,9% to 8,1% over the same period. MFC's new-to-used vehicle finance ratio increased slightly in the first half of 2023 to 35:65 (2022: 32:68). MFC remains a leading financier in the vehicle finance market, with a new-business and total book market share of 26,9% (TransUnion, May 2023) and 35,3% (BA900, May 2023) respectively.

HE decreased by 9% to R680m at an ROE of 14,9% driven by the CLR increasing above the TTC target range to 203 bps due to the deteriorating macroeconomic environment and the cumulative impact of interest rate hikes. Preprovisioning operating profit grew by 9%, driven by advances growth of 6%, while maintaining an efficiency ratio of 28%.

Loyalty and rewards

The revamped Greenbacks programme now enables clients to join by virtue of having a transactional product, a loan or certain investment products in addition to a credit card, delivering strong membership growth, with new enrolments up by 17% yoy to 1,75 million members.

Greenbacks earned were up by 5% as clients increased their card swipe and debit order volumes. Greenbacks members, on average, generated double the monthly net operating income when compared with clients who are not Greenbacks members, with a higher cross-sell ratio of 2,68 versus 1,46 for non-members.

In addition to the earning of Greenbacks on swipes, strategic partnerships with bp and Nu Metro have delivered additional value of more than R63m to the Greenbacks base. New digital redemption volumes that enable clients to redeem their Greenbacks into their MyPockets savings tools and to buy airtime, data and electricity have increased by 17% yoy.

The Greenbacks app was consolidated into the Money app, thereby providing clients with access to additional offers that, in turn, enhanced their client experience.

Favourable	Unfavourable
• Strong PPOP growth and efficiencies from cost optimisation, realised through centralised capabilities driving efficiencies (Project Phoenix, Project Imagine and TOM 2.0). • CVP enhancements including MiGoals, Greenbacks, Private Clients online, Young Professionals strategy, SMME alternative lending and solar CVP. • Accelerated digital uptake (including for Avo and Nedbank Business Hub), and continued usage, with several awards received. • Digital Innovations including lending APIs and PayShap landed. • Main-banked client increase of 11% driven by growth in client acquisition, cross sell enabled by advanced AI and machine learning capabilities, and improved client experience. • #1 NPS score (Kantar). • Increased cross sell ratios.	• Impairments increased 60% impacted by macro and elevated risk outcomes in consumer segments. • Recovery in ROE and improvement in the cost-to-income ratio required. • Slow growth of small businesses due to the tough macro environment. • Continued impact of load-shedding on business and commercial clients.

Retail and Business Banking: Key business statistics

		Jun 2023	Jun 2022	Dec 2022
Commercial Banking				
New client acquisitions – groups		**156**	152	442
Average product holding		**4,76**	4,74	4,83
Home Loans				
Number of applications received	thousands	**80**	98	183
Average loan-to-value percentage of new business registered	%	**94**	94	95
Average balance-to-original-value percentage of portfolio	%	**81**	79	81
Proportion of new business written through own channels	%	**49**	52	49
Proportion of book written since 2009	%	**91**	88	90
Owned-properties book	Rm	**49**	36	44
MFC				
Number of applications received	thousands	**991**	935	1 951
Percentage of used vehicles financed	%	**65**	68	67
Personal Loans				
Number of applications received	thousands	**702**	738	1 534
Average loan size	R000s	**54,5**	59,7	57,7
Average term	months	**39,7**	42,3	41,6
Retail deposits				
Total value of deposits taken in	rand billions	**53**	41	94
Total value of deposit withdrawals	rand billions	**46**	41	85
Number of clients at period-end				
Retail active clients	thousands	**6 826**	6 476	6 624
Retail main-banked clients	thousands	**3 364**	3 041	3 245
Retail cross-sell ratio[1]	ratio	**1,95**	1,92	1,94
Commercial Banking groups		**14 378**	14 231	14 585
Small Business Services segment	thousands	**306**	302	305
Home Loans[2]	thousands	**378**	377	377
MFC	thousands	**585**	581	584
Personal Loans	thousands	**422**	424	426
Card issuing	thousands	**1 118**	1 088	1 108
Investment products	thousands	**1 496**	1 457	1 449
Distribution				
Number of retail outlets		**543**	539	545
Number of ATMs		**4 257**	4 265	4 334
Number of ATMs with cash-accepting capabilities[3]		**1 348**	1 303	1 328
Digitally active retail clients	thousands	**2 756**	2 422	2 593
Money app clients	thousands	**2 196**	1 781	2 006
POS devices	thousands	**105**	106	106

[1] *The number of needs met (products) per active client.*
[2] *Home Loans now includes joint-bond clients.*
[3] *Cash-accepting devices and interactive teller machines are included in the total number of ATMs.*

Retail and Business Banking — advances and impairments

Balance sheet average advances and impairments

	Daily gross average advances Rm			Stage 1 %			Stage 2 %			Stage 3 %			% of total advances			Credit loss ratio[1]		
	Jun 2023	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022
Home loans	**161 740**	148 815	151 997	**81,1**	84,3	83,7	**12,0**	10,6	10,8	**6,9**	5,1	5,5	**37,1**	36,6	37,1	**0,98**	0,19	0,33
VAF	**131 223**	123 934	125 397	**80,0**	80,4	79,6	**13,7**	14,3	14,9	**6,3**	5,3	5,5	**30,8**	31,0	30,8	**2,03**	1,67	1,92
Personal loans	**28 099**	27 256	27 562	**58,7**	63,8	61,8	**16,8**	14,1	15,4	**24,5**	22,1	22,8	**6,2**	6,5	6,5	**11,06**	9,09	9,18
Card	**17 022**	16 407	16 547	**76,5**	79,9	78,9	**9,8**	5,6	7,3	**13,7**	14,5	13,9	**3,8**	3,9	3,8	**7,94**	6,29	4,90
Other loans	**4 359**	3 720	3 848	**72,9**	80,7	75,9	**9,3**	6,4	10,4	**17,8**	12,9	13,8	**0,9**	0,9	0,9	**8,56**	4,23	6,73
Total Retail	**342 443**	320 132	325 351	**78,6**	80,8	80,0	**12,9**	12,0	12,6	**8,5**	7,1	7,4	**78,8**	78,9	79,2	**2,66**	1,88	2,00
Commercial Banking	**90 177**	83 435	85 558	**82,6**	83,7	83,0	**10,8**	11,3	11,7	**6,6**	5,0	5,3	**21,2**	21,1	20,8	**0,75**	0,12	0,11
Total RBB	**432 620**	403 567	410 909	**79,5**	81,4	80,6	**12,5**	11,9	12,4	**8,1**	6,7	7,0	**100,0**	100,0	100,0	**2,26**	1,52	1,61

[1] *Impairments charge and resultant CLR include charges housed centrally in RBB.*

Balance sheet impairment as a percentage of book

	% of total			Stage 1 %			Stage 2 %			Performing stage 3 %			Non-performing stage 3 %			Total stage 3 %		
	Jun 2023	Jun 2021	Dec 2022	**Jun 2023**	Jun 2021	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022
Home loans	**2,10**	1,62	1,72	**0,24**	0,17	0,21	**3,87**	3,25	3,66	**12,29**	9,58	11,97	**22,82**	24,98	23,34	**21,04**	22,25	20,83
VAF	**5,29**	4,86	5,11	**1,37**	1,33	1,24	**10,82**	10,39	11,35	**18,67**	17,57	18,94	**64,75**	63,10	64,35	**42,91**	43,56	44,15
Personal loans	**25,75**	23,54	24,08	**5,61**	6,03	5,31	**23,22**	22,25	23,47	**59,76**	60,12	59,03	**78,32**	77,14	78,46	**75,83**	74,82	75,43
Card	**16,49**	16,42	15,95	**4,26**	5,28	5,16	**42,46**	50,22	31,47	**16,36**	15,00	17,09	**68,57**	69,43	72,04	**66,09**	64,81	69,22
Other loans	**19.74**	14,28	16,54	**4,47**	2,31	2,98	**27,78**	30,97	29,41	**12,50**	25,00	12,50	**78,83**	81,28	82,55	**78,10**	80,79	81,52
Total Retail	**6,11**	5,59	5,73	**1,24**	1,28	1,20	**10,35**	9,68	10,19	**22,19**	21,95	23,04	**51,72**	54,91	54,93	**44,74**	47,41	46,98
Commercial Banking	**2,07**	1,95	1,83	**0,25**	0,27	0,23	**1,92**	2,91	1,71				**25,21**	27,90	27,23	**25,21**	27,90	27,23
Total RBB	**5,26**	4,82	4,92	**1,02**	1,06	0,99	**8,80**	8,32	8,53	**22,19**	21,95	23,04	**46,06**	49,63	49,38	**41,39**	44,33	43,85

Balance sheet actual advances

	Total advances Rm			Stage 1 Rm			Stage 2 Rm			Performing stage 3 Rm			Non-performing stage 3 Rm			Total stage 3 Rm		
	Jun 2023	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022
Home loans	**164 852**	151 434	159 330	**133 748**	127 708	133 288	**19 784**	16 000	17 277	**1 912**	1 368	1 930	**9 408**	6 358	6 835	**11 320**	7 726	8 765
VAF	**136 903**	128 587	132 511	**109 541**	103 435	105 464	**18 718**	18 334	19 736	**4 097**	2 926	3 252	**4 547**	3 892	4 059	**8 644**	6 818	7 311
Personal loans	**27 686**	27 113	27 813	**16 253**	17 286	17 202	**4 660**	3 829	4 273	**907**	815	986	**5 866**	5 183	5 352	**6 773**	5 998	6 338
Card	**16 826**	16 265	16 472	**12 870**	12 997	12 990	**1 644**	912	1 198	**110**	200	117	**2 202**	2 156	2 167	**2 312**	2 356	2 284
Other loans	**4 079**	3 544	3 931	**2 975**	2 860	2 982	**378**	226	408	**8**	4	8	**718**	454	533	**726**	458	541
Total Retail	**350 346**	326 943	340 057	**275 387**	264 286	271 926	**45 184**	39 301	42 892	**7 034**	5 313	6 293	**22 741**	18 043	18 946	**29 775**	23 356	25 239
Commercial Banking	**94 110**	87 341	89 507	**77 759**	73 081	74 322	**10 177**	9 879	10 440				**6 174**	4 381	4 745	**6 174**	4 381	4 745
Total RBB	**444 456**	414 284	429 564	**353 146**	337 367	346 248	**55 361**	49 180	53 332	**7 034**	5 313	6 293	**28 915**	22 424	23 691	**35 949**	27 737	29 984

Balance sheet actual impairments

	Total impairments Rm			Stage 1 Rm			Stage 2 Rm			Performing stage 3 impairments Rm			Non-performing stage 3 impairments Rm			Total stage 3 impairments Rm		
	Jun 2023	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022
Home loans	**3 465**	2 458	2 742	**318**	219	284	**765**	520	632	**235**	131	231	**2 147**	1 588	1 595	**2 382**	1 719	1 826
VAF	**7 237**	6 245	6 775	**1 503**	1 371	1 307	**2 025**	1 904	2 240	**765**	514	616	**2 944**	2 456	2 612	**3 709**	2 970	3 228
Personal loans	**7 129**	6 383	6 698	**911**	1 043	914	**1 082**	852	1 003	**542**	490	582	**4 594**	3 998	4 199	**5 136**	4 488	4 781
Card	**2 774**	2 671	2 628	**548**	686	670	**698**	458	377	**18**	30	20	**1 510**	1 497	1 561	**1 528**	1 527	1 581
Other loans	**805**	506	650	**133**	66	89	**105**	70	120	**1**	1	1	**566**	369	440	**567**	370	441
Total Retail	**21 410**	18 263	19 493	**3 413**	3 385	3 264	**4 675**	3 804	4 372	**1 561**	1 166	1 450	**11 761**	9 908	10 407	**13 322**	11 074	11 857
Commercial Banking	**1 948**	1 704	1 641	**195**	194	170	**196**	288	179				**1 557**	1 222	1 292	**1 557**	1 222	1 292
Total RBB	**23 358**	19 967	21 134	**3 608**	3 579	3 434	**4 871**	4 092	4 551	**1 561**	1 166	1 450	**13 318**	11 130	11 699	**14 879**	12 296	13 149

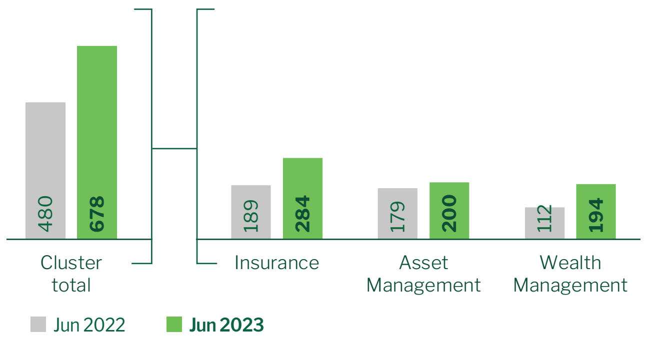
Income statement impairments

	Income statement impairments charge[1] Rm			Stage 1 Rm			Stage 2 Rm			Stage 3 Rm			Interest on impaired advances Rm			Post-write-off recoveries Rm		
	Jun 2023	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022	**Jun 2023**	Jun 2022	Dec 2022
Home loans	**790**	142	507	**34**	(21)	42	**142**	37	156	**726**	186	464	**(80)**	(40)	(94)	**(32)**	(20)	(61)
VAF	**1 324**	1 024	2 408	**197**	22	(82)	**(227)**	97	453	**1 600**	1 166	2 566	**(3)**	16	22	**(243)**	(277)	(551)
Personal loans	**1 542**	1 228	2 530	**(3)**	(43)	(172)	**103**	(14)	140	**2 020**	1 857	3 728	**(452)**	(428)	(858)	**(126)**	(144)	(308)
Card	**670**	512	811	**(123)**	90	78	**322**	(143)	(223)	**686**	759	1 398	**1**	(10)	(14)	**(216)**	(184)	(428)
Other loans	**184**	79	259	**51**	15	39	**(13)**	7	56	**196**	79	218	**(37)**	(18)	(42)	**(13)**	(4)	(12)
Total Retail	**4 510**	2 985	6 515	**156**	63	(95)	**327**	(16)	582	**5 228**	4 047	8 374	**(571)**	(480)	(986)	**(630)**	(629)	(1 360)
Commercial Banking	**333**	48	98	**24**	(40)	(63)	**16**	(52)	(164)	**324**	181	410	**5**	3	6	**(36)**	(44)	(91)
Total RBB	**4 843**	3 033	6 613	**180**	23	(158)	**343**	(68)	418	**5 552**	4 228	8 784	**(566)**	(477)	(980)	**(666)**	(673)	(1 451)

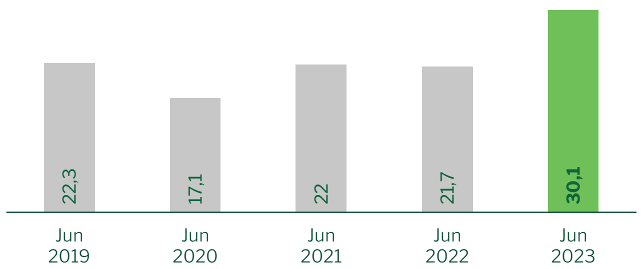
[1] *Impairments charge and resultant CLR include charges housed centrally in RBB.*

Nedbank Wealth

Headline earnings
(Rm)



Return on equity
(%)



Financial highlights
for the period ended

	Yoy % change	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]
Headline earnings (Rm)[1]	41	**678**	480	1 140
NII (Rm)[1]	68	**857**	510	1 233
Impairments charge (Rm)	>100	**5**	(56)	(63)
NIR (Rm)[1]	8	**1 556**	1 447	3 047
Operating expenses (Rm)[1]	12	**1 547**	1 379	2 838
ROE (%)[1]		**30,1**	21,7	26,3
ROA (%)[1]		**1,63**	1,22	1,43
CLR – banking advances (%)		**0,03**	(0,37)	(0,20)
NIR to total operating expenses[1]		**100,6**	104,9	107,4
Cost-to-income ratio (%)[1]		**64,1**	70,5	66,3
Interest margin (%)[1]		**2,76**	1,77	2,09
Assets under management (Rm)	14	**441 073**	385 466	393 064
Life assurance embedded value (Rm)	33	**4 745**	3 575	4 461
Life assurance value of new business (Rm)	63	**238**	146	595
Total assets (Rm)[1]	7	**85 707**	80 062	80 571
Average total assets (Rm)	6	**84 050**	79 303	80 175
Total advances (Rm)	8	**32 308**	29 892	29 025
Average total advances (Rm)	3	**31 153**	30 214	30 457
Total deposits (Rm)	16	**50 875**	43 962	46 191
Average total deposits (Rm)	16	**49 226**	42 548	44 286
Average allocated capital (Rm)	2	**4 542**	4 454	4 336

[1] *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*

Financial performance

Nedbank Wealth delivered a strong financial performance in the first half of 2023, with headline earnings (HE) up by 41% to R678m resulting in a substantial increase in return on equity (ROE) to 30,1%. The cluster's financial performance was favourably impacted by higher local and international interest rates, improved shareholder returns, and the base effect of higher non-life claims due to the KwaZulu-Natal (KZN) floods in the previous period.

Net interest income (NII) increased by 68% to R857m due to higher interest rates in South Africa (SA), the United States (US), the United Kingdom (UK) and the European Union (EU), which led to a widening of net interest margin (NIM) from 1,77% to 2,76%.

The credit loss ratio (CLR) deteriorated to 3 bps and has remained below the through-the-cycle (TTC) target range of 20 bps to 40 bps. Credit impairments grew to R5m due to increased credit impairment charges owing to higher interest rates locally and lower releases of client-specific overlays as a result of better-than-expected recoveries.

Non-interest revenue (NIR) increased by 8% to R1 556m, driven by higher shareholder returns and the impact of the base effect of higher non-life claims due to the 2022 KZN floods in Insurance and higher assets under management (AUM) fees owing to strong growth in AUM balances in Asset Management. This was partially offset by lower advice and investment fees in Wealth Management (SA) as clients displayed their preference for on-balance sheet deposits in a high interest rate environment.

Expenses increased by 12% due to ongoing investment in people, brand awareness, digital and data initiatives, the adverse impact of exchange rates, and higher inflation, predominantly in the international business. The cost-to-income ratio improved to 64,1% (2022: 70,5%).

Looking forward

Global political instability, the ever-changing regulatory environment, high inflation, the collapse of some international banks, the ongoing threat of catastrophic weather-related events, and the scarcity of power supply in SA continue to threaten the operating environment. In the second half of the year local markets are expected to remain volatile with investors being hesitant to invest in equities and showing a preference for on-balance sheet investments. As local and international interest rates begin to peak, NIM is expected to remain at current levels, while the higher interest rate and challenging local macro environment may require increased IFRS 9 provisions. We do not anticipate the CLR to exceed the TTC target range in the second half of the year. Assuming local and international markets remain positive and there are no significant weather-related events impacting the insurance non-life claims ratio, Nedbank Wealth expects the cost-to-income ratio to remain steady. Expenses are expected to grow at double-digit levels, impacted by exchange rates and the business's investment in growth initiatives.

Nedbank Insurance will continue its collaboration and prioritisation efforts with Retail and Business Banking. This has proven successful with substantial growth of the MyCover Funeral product due to good quality leads from Retail and Business Banking, which has led to a better quality MyCover Funeral book. These efforts will be extended to the remaining products in the MyCover suite going forward. Nedbank Insurance will also continue expanding its mobile and digital offerings and leveraging data to create a best-in-class experience and tailor-made offerings for clients.

Nedgroup Investments remains committed to delivering long-term investment performance, acting in the best interest of clients, and taking further steps in the journey to becoming a leader in responsible investing. The business will continue integrating with the Nedbank Money app to leverage the Nedbank client base and other online digital channels, making investing easier and more accessible for clients. In the second half of the year Nedgroup Investments will launch its first fixed-income boutique franchise, which will create a more diverse fund management sector in the UK and Europe.

Wealth Management (SA) will focus efforts on entrenching its market presence as an advice-led business that connects clients' holistic wealth needs and leverages digital assets to create efficiencies and enhance client experiences. In addition, Nedbank Private Wealth (SA) will continue growing its high-net-worth client base and optimising its structure and operations to remain future-fit and aligned with client needs. Collaboration with the group is key to increasing client penetration and providing a full spectrum of advice-led services to clients. Enhanced growth across all offerings remains a priority and is supported by the Connected Wealth client value proposition.

Wealth Management (International) will continue executing its strategy to provide an international wealth offering for Nedbank Private Wealth (SA) clients, while also delivering advice-led international business growth from its operations in the Isle of Man, UK, Jersey, and Dubai to high-net-worth clients outside of SA. Nedbank Private Wealth (International) will continue implementing its new core wealth management platform, which will enhance client experience, enable intelligent use of data, and improve automation. Post the sale of the International Trust business in 2022 and in line with the strategic focus on building its high-net-worth proposition, the business has made the decision to exit the corporate e-gaming sector and is looking to bolster its advice-led capabilities by considering potential acquisitions.

Strategic progress

Nedbank Wealth has made good progress in the delivery of its strategic objectives in the first half of the year with a continued focus on enhancing client experiences, building data and digital capabilities, investing in people and culture, driving long-term performance for clients, and collaborating within the cluster and across the group.

Nedbank Insurance continued focusing on product and channel development to improve penetration of the Nedbank client base. The extended suite of MyCover solutions has reported a good uptick in sales, with MyCover Funeral achieving significant growth in underwriting results of >100% due to the launch of the fixed-package offerings, digital positioning of the solutions, and successful collaboration with Retail and Business Banking. The MyCover personal-lines portfolio has made substantial progress with a 60% ytd increase in active policy count due to higher sales through the risk consultant channel. Nedbank Insurance continues partnering with the aggregator, Hippo, to position the MyCover personal-lines solution in the direct market by leveraging the Nedbank brand and attracting existing and new-to-Nedbank clients successfully. Nedbank Insurance has further expanded its quoting, fulfilment, and claims functionality on digital channels to 15 product offerings (2022: 10), with an additional two products to be launched in the second half of the year.

Overall, the Nedgroup Investments fund range performed well relative to peers, reporting a 12% ytd growth in AUM to R441bn on the back of improved market performance and strong inflows, favouring cash-linked over equity-linked investments. Pleasingly, according to Q1 2023, statistics of the Association for Savings and Investment South Africa (ASISA), Nedgroup Investments' unitised funds grew by 7%, outpacing industry retail AUM growth of 4%, and has remained the sixth largest asset manager in SA and third largest FSB-approved offshore asset manager. In line with the business strategy to grow its European client base, Nedgroup Investments recently introduced an in-house multi-boutique model in the UK and Europe, which will create a growing range of active investment strategies in these geographies. The first fixed-income boutique was announced to the market in May 2023 and will be launched later in the year. The *2022 Responsible Investment Report* was released in March this year and findings from the survey support Nedgroup Investments' 2030 sustainability focus areas of climate, biodiversity, human rights, and people diversity and inclusion. At the 2023 Morningstar Awards, the Nedgroup Investments Managed Fund won the award for Best Aggressive Allocation Fund, and the Nedgroup Investments Balanced Fund received the award for Best Moderate Allocation Fund. These awards serve as proof points of the business's commitment to stewardship and through its Best of Breed™ philosophy, delivering exceptional long-term performance for clients.

Wealth Management (SA) has made substantial progress against key growth and productivity focus areas. As part of the group-led Target Operating Model 2.0 (TOM 2.0) initiative, there has been good collaboration with Retail and Business Banking to increase the penetration of financial planning and advice into the Nedbank client base. In line with the group's Strategic Portfolio Tilt 2.0 (SPT 2.0) initiative, Nedbank Private Wealth (SA) has focused on growing banking market share in the high-net-worth segment, the benefit of which is already reflected in significant growth of the deposit book. The Nedbank Private Wealth app, which offers integrated local and international banking and investment capabilities, recorded a 25% increase in transactional volumes yoy. At the 2023 Global Private Banking Innovation

Awards, Nedbank Private Wealth (SA) was awarded Best Private Bank – Africa. In addition, at the 2023 Intellidex Awards, Nedbank Private Wealth (SA) won several awards in various categories, most notably, Top Private Bank. These awards are a testament to the business's ongoing commitment towards delivering a holistic, integrated high-net-worth offering for Nedbank clients.

Wealth Management (International) has made strong progress in the execution of its strategic initiatives, including digital innovation and adoption and its collaboration efforts with the South African business. Increased engagements with high-net-worth clients (> £1m) resulted in assets under administration (AUA) and AUM balances remaining largely steady in an environment where clients are showing preference for on-balance sheet products. The decision to replace the business's core wealth management platform has been finalised and will be executed through a market-leading vendor. Nedbank Private Wealth (International) has won the PAM Award for Total Wealth Planning – High Net Worth for the second consecutive year and was also named Best Private Bank at the 2023 City of London Wealth Management Awards (COLWMA) for the ninth year running. These awards show the business's commitment to delivering world-class service and a superior value proposition to local and international clients.

Segmental performance

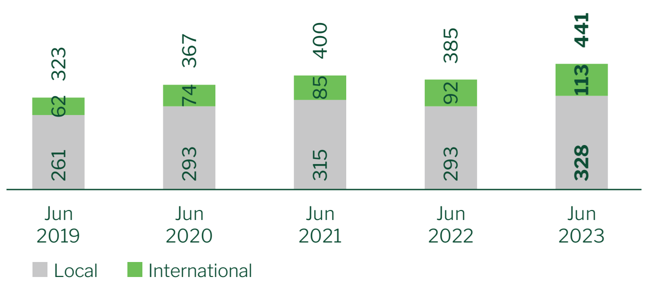
Insurance

The insurance industry remained resilient in the first half of the year despite volatile investment markets and a deteriorating macro environment placing additional strain on already financially burdened clients. The non-life insurance industry benefited from improved weather conditions and a resultant decrease in claims in comparison to the impact of the KZN floods experienced in 2022. The change in reporting standards for insurers to IFRS 17 came into effect on 1 January 2023, compliance with which has become a key focus area for insurers, including Nedbank Insurance.

Nedbank Insurance's HE increased by 50% to R284m, primarily due to higher investment returns as a result of positive market performance, and a lower non-life claims experience due to the base effect of the KZN floods in the prior year. The life portfolio has benefited from a significant increase in MyCover Funeral policy sales. The transition to IFRS 17 has been implemented successfully and as of June 2023, our financial statements have been prepared in accordance with the requirements of IFRS 17. We have undertaken the necessary steps to restate the comparative period to align with the IFRS 17 framework. The transition did not have a material impact on the group's reserves. The reclassification of operating expenses to NIR has resulted in a 3% improvement in the Nedbank Wealth cluster's cost-to-income ratio.

Life embedded value (EV) increased to R4 745m (2022: R3 575m), mainly due to profitable new business written as well as good investment returns, offset by a dividend payment. Value of new business (VNB) increased by 63% to R238m, driven primarily by continuous growth of new business sales volumes, particularly in MyCover Funeral and Personal Loans. Non-life gross-written premiums (GWP) increased by 7% to R629m due to growth in Personal Lines and homeowner's cover (HOC), offset by a reduction in the vehicle value-added products (VVAPs) book.

Assets under management
(Rbn)



Asset Management

In the asset management industry pressure on fees and net flows with challenging macro conditions have been experienced, impacting clients' ability to invest. Asset Management delivered strong HE of R200m, up by 12%, due to an increase in NIR. AUM increased by 12% to R441bn since December 2022, benefiting from exchange rate movements and positive net flows of R12bn, particularly in lower-risk cash flows and the low-cost Core range, as well as solid market performance locally and internationally.

Wealth Management

The wealth management industry has benefited from an increase in interest rates both locally and internationally. The negative effect of a higher interest rate environment results in an increase in credit impairments, high inflation, and clients opting for on-balance sheet investments and repaying debt faster. Overall Wealth Management's HE improved by 73% to R194m, mainly driven by an increase in NII, partially offset by an increase in credit impairments and a decrease in NIR due to lower advice fees.

Wealth Management (SA) benefited from an increase in NII due to higher local interest rates and significant growth in average deposit balances. This growth is largely due to client migration to on-balance sheet investments. The business experienced a marginal decline in average lending balances due to earlier repayments. Credit impairments increased due to lower client-specific overlay releases and higher portfolio provisioning, with clients exhibiting strain from the increased interest rate environment. NIR declined due to lower investment and advice fees owing to a decrease in AUM balances, with clients opting for on-balance sheet investments.

Wealth Management (International) benefited from increases in UK, US and EU interest rates, resulting in higher NII and HE, despite a decrease in client lending balances, with some clients opting to settle debt in the higher interest rate environment. Deposit balances have decreased, largely due to corporate clients using cash balances to pay dividends. AUM has grown in line with expectations despite challenging investment market conditions, with higher AUA levels in comparison with the prior year.

Assets under management

Rm	Jun 2023	Jun 2022	Dec 2022
Fair value of funds under management – by type			
Unit trusts	**385 613**	331 616	341 045
Third party	**1 134**	950	1 008
Private clients	**54 326**	52 900	51 011
	441 073	385 466	393 064
Fair value of funds under management – by geography			
SA	**327 829**	292 924	298 460
Rest of the world	**113 244**	92 542	94 604
	441 073	385 466	393 064

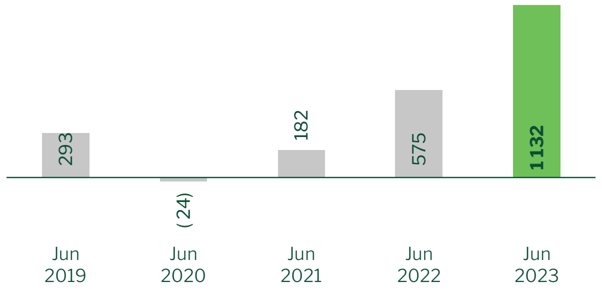
Rm	Unit trusts	Third party	Private clients	Total
Reconciliation of movement in funds under management – by type				
Opening balance at 31 December 2022	341 045	1 008	51 011	393 064
Inflows	370 791		3 197	373 988
Outflows	(356 899)	(8)	(4 601)	(361 508)
Mark-to-market value adjustment	20 061	(38)	3 329	23 352
Foreign currency translation differences	10 615	172	1 390	12 177
Closing balance – 30 June 2023	385 613	1 134	54 326	441 073

Rm	SA	Rest of the world	Total
Reconciliation of movement in funds under management – by geography			
Opening balance at 31 December 2022	298 460	94 604	393 064
Inflows	368 913	5 075	373 988
Outflows	(354 491)	(7 017)	(361 508)
Mark-to-market value adjustment	14 947	8 405	23 352
Foreign currency translation differences		12 177	12 177
Closing balance – 30 June 2023	327 829	113 244	441 073

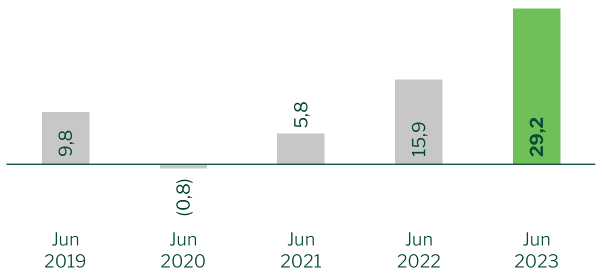
Favourable	Unfavourable
• Higher local and international interest rates.	• Challenging operating environment.
• Improved shareholder returns.	• Increased credit impairments.
• Good growth in AUM.	• Lower advice and investment fees.
• Significant growth in MyCover Funeral sales.	• Higher inflation.
• Introduction of Nedgroup Investments' Boutique model.	
• Good growth in deposit balances.	
• Improved non-life claims ratio.	
• Successful implementation of IFRS 17 with minimal impact.	

Nedbank Africa Regions

Headline earnings
(Rm)



Return on equity
(%)



Financial performance

Nedbank Africa Regions (NAR) delivered a strong financial performance in H1 2023, with HE increasing by 97% to R1 132m and generating an ROE of 29,2% (H1 2022: 15,9%). This was driven by an improved performance in the Southern African Development Community (SADC) operations and our ETI associate investment, including the reversal of the R175m Ghana-related provision the group raised in 2022.

Our SADC operations generated HE of R461m, up by more than 100% from R191m in H1 2022. This resulted in an ROE of 13,5% (H1 2022: 6,1%), which was lower than the group's COE and remains lower than the desired target of greater than 18%. The improved performance in HE was driven largely by strong revenue growth due to the higher-interest-rate environments and unrealised forex gains.

NII for the cluster increased by 40% to R1 084m, driven by improved NIM across the regions. NIM benefited from the rise in interest rates and increased to 5,95% from 4,60% in H1 2022.

NIR for the cluster increased by 30% to R1 029m, driven mainly by higher unrealised forex gains in Zimbabwe, partially offset by slower business activity and a higher net monetary loss (NML).

The impairment charge increased by 20% to R136m, driven primarily by higher ECL model ratings applied to the USD loan book in Zimbabwe and the migration of some clients in the small-business portfolio in Eswatini and Lesotho to stage 3. This was offset by lower impairments in Mozambique due to lower utilisation and run off on the wholesale portfolio and small-business portfolios in Eswatini and Lesotho. As a result, the NAR CLR increased marginally to 113 bps from 110 bps but remains within the cluster TTC target range of 85 bps to 120 bps.

Expenses increased by 7% to R1 367, driven mainly by growth in employee incentives and cost growth in Mozambique off a low base. Headcount decreased by 3% to 2 204 through natural attrition and our continued focus to transform and right-size the business in line with putting in place an appropriate operating model that leverages the group's capabilities. The cluster's cost-to-income ratio decreased to 47,8% from 62,5% in H1 2022.

Associate income, relating to the group's 21% shareholding in ETI, increased to R749m, up from R470m in H1 2022. This includes accounting for our share of ETI's Q4 2022 and Q1 2023 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear) as well as the reversal of the R175m estimated provision that Nedbank raised in 2022, as the final Ghana sovereign domestic debt restructure impact on ETI was materially less than expected. The continued strong performance by ETI was driven largely by good NIR growth in Francophone West Africa (UEMOA) and NII growth in Anglophone West Africa (AWA) and Central, Eastern and Southern Africa (CESA).

Looking forward

The macroeconomic environment in sub-Saharan Africa continues to remain challenging due to impacts of persistent global inflation, tighter monetary policies, and deteriorating exchange rates. According to the IMF, the region's growth is expected to be 3,5% in 2023, marginally down from previous projections of 3,6% in April 2023. This poses a risk to business performance as the economies and clients in the markets we operate continue to experience pressure, making it more difficult to access much-needed funding. We continue to monitor the impact that this shortage of funding will have on the markets we operate in, as well as the impacts of the sporadic unrest in Eswatini and the insurgency affecting the northern parts of Mozambique. We have management actions in place to deal with impacts of the hyperinflationary and uncertain macroeconomic environment in Zimbabwe.

We expect growth in the second half of the year to be lower, as the R175m ETI-related provision release will not recur and our SADC operations will be impacted by continued volatility in the Zimbabwe Dollar, as well as the increased reserving requirements in Mozambique. Our SADC operations are expected to continue to deliver on their objective of achieving scale. ETI is expected to continue on a recovery path and our focus remains on supporting the business in unlocking value for shareholders, while continuing to address the challenges that face Ecobank Nigeria.

Our key focus areas for the rest of 2023 remain the following:

- Continuing the transformation of our business for quicker-to-market deployments, greater efficiency, and consistent client experiences across the regions, leveraging an enterprise ecosystem.
- Driving and accelerating the digitisation and automation of the business as we deliver on our digital growth strategy.
- Unlocking further value in Mozambique, leveraging local expertise and enterprise capabilities.
- Amplifying the focus on continually improving the quality of earnings, to grow sustainably.
- Unlocking value, with the other shareholders, in our ETI associate investment by increasing deal flows.

We are committed to long-term and profitable growth in our NAR business and seek to leverage growth opportunities. Our ambition is to give our clients access to the best financial services network in Africa and we will deploy capital to optimise returns for the group. In the medium-to-long term we expect the NAR business to continue to grow its overall contribution to group earnings and keep its ROE at levels consistently above COE.

Financial highlights

		Nedbank Africa Regions			SADC			ETI		
	Yoy % change	Jun 2023	Jun 2022 restated[1,2]	Dec 2022 restated[1]	Jun 2023	Jun 2022 restated[1,2]	Dec 2022 restated[1]	Jun 2023	Jun 2022	Dec 2022
Headline earnings (Rm)[1]	97	**1 132**	575	977	**461**	191	367	**671**	384	610
NII (Rm)[1]	40	**1 084**	774	1 720	**1 191**	893	1 954	**(107)**	(119)	(234)
Impairments charge (Rm)	20	**136**	113	220	**136**	113	220			
NIR (Rm)[1,2]	30	**1 029**	793	1 581	**1 029**	793	1 581			
Operating expenses (Rm)[1]	7	**1 367**	1 273	2 743	**1 367**	1 273	2 743			
Associate income	59	**749**	470	779				**749**	470	779
ROE (%)[3]		**29,2**	15,9	13,8	**13,5**	6,1	5,9	**149,0**	80,1	67,5
ROA (%)		**5,03**	2,78	2,31	**2,41**	1,10	1,03	**19,89**	11,14	8,93
Return on cost of ETI investment (%)		**24,1**	15,1	12,4				**24,1**	15,1	12,4
CLR (%)		**1,13**	1,10	1,02	**1,13**	1,10	1,02			
NIR to total operating expenses[1,2]		**75,3**	62,3	57,6	**75,3**	62,3	57,6			
Cost-to-income ratio (%)[1,2]		**47,8**	62,5	67,2	**61,6**	75,5	77,6			
Interest margin (%)		**5,95**	4,60	4,94	**7,55**	6,14	6,49			
Total assets (Rm)[1]	6	**44 271**	41 671	42 853	**42 479**	39 222	41 567	**1 792**	2 449	1 286
Average total assets (Rm)	6	**41 358**	39 135	39 542	**39 478**	36 750	37 382	**1 880**	2 385	2 160
Total advances (Rm)	(2)	**20 912**	21 233	21 714	**20 912**	21 233	21 714			
Average total advances (Rm)	4	**21 492**	20 620	21 415	**21 492**	20 620	21 415			
Total deposits (Rm)		**34 855**	33 002	34 327	**34 855**	33 002	34 327			
Average total deposits (Rm)	9	**36 068**	32 997	33 768	**36 068**	32 997	33 768			
Average allocated capital (Rm)	7	**7 814**	7 284	7 057	**6 906**	6 316	6 153	**908**	968	904

1 *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*
2 *As disclosed at 31 December 2022 management elected to change the presentation of the 'net monetary loss' line item (30 June 2022: R277m) that was previously disclosed separately on the face of the SOCI and disclose it as part of non-interest revenue and income (NIR) under the 'Net sundry income' line item on the face of the SOCI. The change allows the impact of the foreign exchange currency gains or losses on the nostro net cash balances relating to Nedbank Zimbabwe, which are translated to the Zimbabwean dollar, and the 'net monetary loss' line item to be presented together within NIR. This change is a reclassification in terms of IAS 1: Presentation of Financial Statements, as it changes the presentation of the SOCI. To provide comparability, the 30 June 2022 balances have been restated accordingly. The reclassification had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows.*
3 *June 2023 ROE on subsidiary in-country statutory capital was 29,5%.*

Strategic progress

Our strategy on the continent remains to own, manage, and control banking operations in SADC and East Africa, and to give our clients access to a banking network in West and Central Africa through our strategic investment in the pan-African banking group ETI, which has subsidiaries in 33 African countries. Nedbank's strategy is to achieve scale in the current markets in which we operate while exploring opportunities to expand in fast-growing markets on the continent, when they arise.

Our focus across the SADC operations is to continue to transform the business through further leveraging the group's capabilities, deliver on our digital growth strategy and continue to unlock value in Mozambique as a key market for growth. With regard to our investment in ETI, we continue to unlock further value as we look to maintain ROI of above 20% (H1 2023: 24,1%).

In further leveraging the group's capabilities, we are progressing well with our plans to converge into the group's technology infrastructure. Over time this will allow the business to be part of the enterprise ecosystem, unlock greater efficiencies and provide a more consistent brand experience to clients across the regions.

Our digital growth strategy is key to delivering on our aspirations to lead in digital. At the end of H1 2023, 60% of our clients were digitally active (H1 2022: 57%), despite the deliberate slowdown in capital investment in technology solutions in lieu of our converging into the group's technology infrastructure. The Nedbank Money app (Africa) remains our clients' digital channel of choice, with 95% of digitally active clients preferring to use it. Since the launch of MobiMoney, our electronic wallet, we have opened over 26 000 wallets. Value-added services (including airtime and electricity) purchases increased by 10% yoy and SendMoney volumes have increased by 19% yoy. The Avo SuperShop has been launched to employees in Namibia, with a public launch planned to take place in H2 2023.

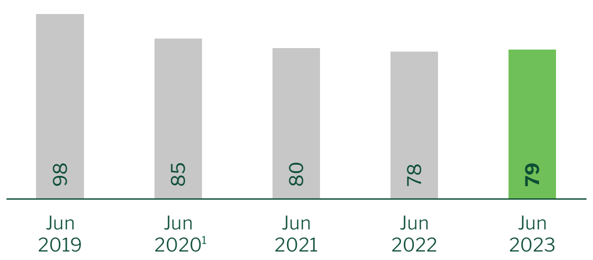
New innovations and improvements launched include the following:

- Nedbank MobiMoney, an electronic wallet-based account, forms part of our efforts towards financial inclusion in Eswatini. MobiMoney is also available in Namibia and Lesotho.
- In Namibia with our bespoke solar finance offering, we provide clients a readvance or further loan on a home loan or asset-based finance for solar purchases and installations.

- We have improved online banking for corporates in Eswatini, Lesotho and Namibia, including new features and functionalities that enhance convenience for clients.
- We have enhanced our Nedbank API Marketplace offering, enabling clients using our wallet API to transact using our ecosystem, and enabled an alternative payment mechanism to card payments through using the payment API.
- In Eswatini we offer the only floating-rate fixed-term deposit account available in the market, allowing clients to benefit from changes in the interest rate especially during the current increasing-interest-rate cycle.

Our bold aspiration is to be rated #1 in client experiences across the markets in which we operate. Nedbank is currently the market leader in Eswatini and Mozambique for client experience and we are the leader in brand sentiment across the five markets in which we operate.

Branches



[1] *Malawi disposed of in H1 2020 (11).*

Segmental performance

SADC operations

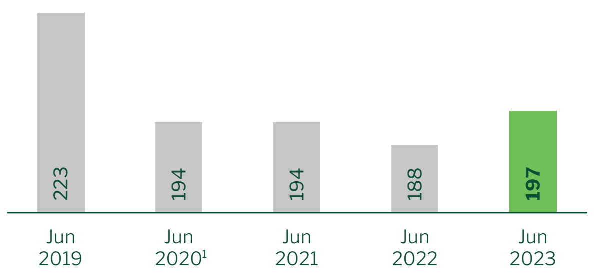
Our SADC operations generated HE of R461m, up by more than 100% yoy from R191m in H1 2022, and delivered an ROE of 13,5% (H1 2022: 6,1%). The improved performance was due to strong growth in revenue in Namibia, Mozambique and Zimbabwe. This was achieved despite the macroeconomic volatility and uncertainty in Zimbabwe, increased reserve requirements in Mozambique and muted economic growth across the regions.

NII increased by 33% to R1 191m, driven mainly by higher interest rates, with NIM improving to 7,55% from 6,14% in H1 2022. NIR for the SADC operations increased by 30% to R1 029m, driven largely by unrealised forex gains in Zimbabwe and partially offset by slower-than-anticipated business activity across the regions and a higher NML in Zimbabwe of R630m (H1 2022: R277m). If we exclude Zimbabwe, NIR was up 12%. Our impairment charge increased by 20% to R136m, driven mainly by the ECL higher model ratings applied to the USD loan book in Zimbabwe and the migration of some clients in the small-business portfolio in Eswatini and Lesotho to stage 3. The SADC CLR increased to 113 bps from 110 bps and is within the cluster TTC target range of 85 bps and 120 bps.

In recognition of the progress we have made, in 2023 to date we were recognised as the Best Digital Bank Mozambique 2023 in the Global Banking & Finance Awards and the Top Innovations in Finance Award in Mozambique for 2023 in the User Experience category from *Global Finance Magazine*. Nedbank Namibia was recognised as one of the most exciting, innovative, and promising businesses from around the world in the Next 100 Global Awards 2023 for Corporate Banking.

With regard to ETI, we are working through our representation on the ETI board to ensure appropriate focus on capital, liquidity, and growth to unlock value, including addressing the challenges in Ecobank Nigeria. Through ongoing collaboration efforts we continue to work on increasing business flows across the two businesses.

ATMs



[1] *Malawi disposed of in H1 2020 (22).*

Clients – The overall number of clients grew by 5% to 370 339 (H1 2022: 351 256), with most of the growth seen in the entry-level banking segment driven by the launch of our MobiMoney electronic wallet offering, and in the wealth segment driven by enhancements to the existing CVP, which now offers international and stockbroking services to clients in Namibia and Zimbabwe.

Distribution – Our focus remains transforming the business for overall efficiency while driving growth to achieve scale. This has meant our distribution strategy is digital-led and physical points of presence must be fit for purpose. In alignment with this, the number of branches increased marginally to 79 (H1 2022: 78) and ATMs increased to 197 (H1 2022: 188). Our revenue from card acquiring increased by 13% yoy, despite a small decrease in the number of merchants as a result of the implementation of our efficiency programme.

ETI associate investment

ETI's turnaround in performance continued in H1 2023, with associate income from our investment up by 59% yoy to R749m, generating a 75% increase in HE to R671m. This includes accounting for our share of ETI's Q4 2022 and Q1 2023 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear), as well as the reversal of the R175m estimated provision that Nedbank raised in 2022 for the potential impact on Ecobank Ghana as a result of the Ghanaian sovereign domestic debt restructure.

ETI's attributable earnings of US$125m for the six months ended 31 March 2023 (ETI results are reported in Nedbank results a quarter in arrear) were driven by the following:

- Resilience and continued benefits of a diversified business model.
- Strong revenue growth (NII and NIR), with net revenues up 11% (34% in constant currency).
- Stringent cost containment measures in a high-inflation environment and proactive credit loss management.

The continued turnaround in performance has generated a ROTE of 19,5%, up from 18,4% in the prior year. Total CAR was 14,2% (at 31 December 2022). The ETI share price was up by around 43% to 30 June 2023 ytd, offset by an approximate 63% devaluation of the Naira immediately post liberalisation of the FX regime in Nigeria. ETI has now declared dividends in the last two cycles.

ETI's three core regions continued to show strong performance, with two of the regions achieving ROEs above 25%: UEMOA (25,5%) and CESA (30,5%). AWA generated an ROE of 14,7% and Nigeria continues to be suboptimal with an ROE of 3,8%.

Ecobank's strengths include local knowledge and experience, clients, technology, digital platforms, and geographic footprint. ETI is ranked among the top 3 banks across 14 African countries, #1 in seven countries, #2 in three countries and #3 in four countries. Its focus is on growth and remaining at the forefront of trade, payments, remittances, and financial inclusion by continually leveraging technology and appropriate partnerships. ETI has the ability to transact in 33 markets, facilitating trade and money transfer services. Its key partners include MTN, Airtel and PalmPay, and it is working with them to drive financial inclusion across the network.

ETI is focusing on delivering returns above the cost of equity, improving business performance by regions, and entrenching the leadership positions in UEMOA and AWA, which is reflected in the strong financial performance across both regions.

Favourable	Unfavourable
• Strong liquidity and capital positions across subsidiaries. • Significant growth in revenue. • Improved cost-to-income ratios. • Market leader in brand sentiment score across all the markets we operate in. • Leading Net Promoter Score performance in Eswatini and Mozambique. • Increased contribution from our SADC operations to overall NAR HE. • Improved ROEs across our SADC operations. • Significant improvement in associate income from ETI.	• Impact of hyperinflation on Zimbabwe. • Muted growth in assets. • Ecobank Nigeria (ENG)'s financial performance remaining suboptimal even as key balance sheet metrics improve. • Difficult macro environment negatively affecting clients.

Geographical segmental reporting

for the period ended

Rm	Nedbank Group			South Africa[1]			Nedbank Africa Regions[2]			Rest of the world		
	Jun 2023	Jun 2022 restated[3,4,5,6,7]	Dec 2022 restated[3,7]	**Jun 2023**	Jun 2022 restated[3,4,5,6,7]	Dec 2022 restated[3,7]	**Jun 2023**	Jun 2022 restated[3,6]	Dec 2022 restated[3]	**Jun 2023**	Jun 2022	Dec 2022
Summary of consolidated statement of financial position												
Assets												
Cash and cash equivalents	**44 640**	44 394	45 618	**35 176**	36 033	37 261	**8 590**	6 301	7 048	**874**	2 060	1 309
Other short-term securities	**82 995**	74 400	70 661	**54 596**	49 336	43 043	**4 949**	4 838	4 787	**23 450**	20 226	22 831
Derivative financial instruments	**14 952**	44 183	9 101	**14 876**	44 128	8 989	**14**	16	23	**62**	39	89
Government and other securities	**152 128**	139 521	160 495	**149 769**	137 675	158 400	**2 359**	1 843	2 095		3	
Loans and advances	**913 300**	856 814	882 165	**839 421**	791 817	811 010	**20 912**	21 233	21 714	**52 967**	43 764	49 441
Other assets[3,4,5]	**98 732**	93 891	84 864	**88 840**	83 505	75 578	**3 950**	4 567	3 438	**5 942**	5 819	5 848
Intergroup assets	**–**	–	–	**(3 497)**	(2 873)	(3 748)	**3 497**	2 873	3 748			
Total assets	**1 306 747**	1 253 203	1 252 904	**1 179 181**	1 139 621	1 130 533	**44 271**	41 671	42 853	**83 295**	71 911	79 518
Equity and liabilities												
Total equity[3]	**116 871**	113 202	115 944	**92 058**	92 329	94 385	**7 814**	7 250	7 023	**16 999**	13 623	14 536
Derivative financial instruments	**14 749**	42 204	9 738	**14 684**	42 182	9 677	**23**	16	14	**42**	6	47
Amounts owed to depositors[4]	**1 086 241**	1 005 173	1 039 622	**977 635**	913 303	940 691	**34 855**	33 002	34 327	**73 751**	58 868	64 604
Provisions and other liabilities[3,5]	**39 016**	39 458	35 697	**36 793**	37 559	33 765	**1 151**	976	1 061	**1 072**	923	871
Long-term debt instruments	**49 870**	53 166	51 903	**49 442**	52 739	51 475	**428**	427	428			
Intergroup liabilities	**–**	–	–	**8 569**	1 509	540				**(8 569)**	(1 509)	(540)
Total equity and liabilities	**1 306 747**	1 253 203	1 252 904	**1 179 181**	1 139 621	1 130 533	**44 271**	41 671	42 853	**83 295**	71 911	79 518
Summary of consolidated statement of comprehensive income												
NII[3]	**20 294**	17 204	36 277	**18 483**	16 007	33 486	**1 084**	774	1 720	**727**	423	1 071
NIR[3,6,7]	**13 397**	12 528	26 171	**11 809**	11 134	23 384	**1 029**	793	1 581	**559**	601	1 206
Share of income of associate companies	**782**	510	879	**33**	40	100	**749**	470	779			
Total income[3,6,7]	**34 473**	30 242	63 327	**30 325**	27 181	56 970	**2 862**	2 037	4 080	**1 286**	1 024	2 277
Impairments charge on financial instruments	**5 313**	3 390	7 381	**5 228**	3 215	7 120	**136**	113	220	**(51)**	62	41
Net income[3,6]	**29 160**	26 852	55 946	**25 097**	23 966	49 850	**2 726**	1 924	3 860	**1 337**	962	2 236
Total operating expenses[3,7]	**18 229**	16 958	35 329	**16 231**	15 171	31 551	**1 367**	1 273	2 743	**631**	514	1 035
Indirect taxation[3]	**566**	518	1 102	**506**	473	1 008	**46**	36	75	**14**	9	19
Profit before direct taxation[3]	**10 365**	9 376	19 515	**8 360**	8 322	17 291	**1 313**	615	1 042	**692**	439	1 182
Direct taxation[3]	**2 254**	2 176	4 311	**2 098**	2 165	4 265	**39**	(45)	(95)	**117**	56	141
Profit after taxation[3]	**8 111**	7 200	15 204	**6 262**	6 157	13 026	**1 274**	660	1 137	**575**	383	1 041
Profit attributable to non-controlling interest	**782**	535	1 143	**640**	450	983	**142**	85	160			
Headline earnings[3]	**7 329**	6 665	14 061	**5 622**	5 707	12 043	**1 132**	575	977	**575**	383	1 041

[1] *Includes all group eliminations.*

[2] *The NAR geographical segmental income statement and balance sheet consist of the SADC banking subsidiaries and the investment in ETI. These statements do not include transactions concluded with clients resident in the rest of Africa by other group entities within CIB, or transactional-banking revenues. For example, CIB has a credit exposure to clients resident in the Africa regions of R52,1bn (June 2022: R40,0bn; December 2022: R50,6bn).*

[3] *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*

[4] *As disclosed at 31 December 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being included incorrectly under cash management deposits (liability) and debtors (asset), and the affected line items were therefore overstated. The sweep eliminates the cash management deposit account and the debtor funding account. As a result, the comparative assets and liabilities for June 2022 have been restated by R2 848m.*

[5] *As disclosed at 31 December 2022 the group reviewed its presentation of LTEB in the SOFP during 2022. As a result of the review, it was identified that the LTEB qualifying insurance policies were incorrectly presented on a gross basis in the SOFP. In terms of IAS 19 qualifying insurance policies were required to be accounted for as plan assets (on a net basis). As a result, the comparative LTEB assets and liabilities for June 2022 have decreased by R2 236m.*

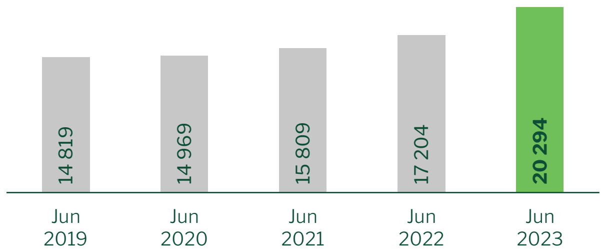
[6] *As disclosed at 31 December 2022 management elected to change the presentation of the 'net monetary loss' line item (30 June 2022: R277m) that was previously disclosed separately on the face of the SOCI and disclose it as part of non-interest revenue and income (NIR) under the 'Net sundry income' line item on the face of the SOCI. The change allows the impact of the foreign exchange currency gains or losses on the nostro net cash balances relating to Nedbank Zimbabwe, which are translated to the Zimbabwean dollar, and the 'net monetary loss' line item to be presented together within NIR. This change is a reclassification in terms of IAS 1: Presentation of Financial Statements, as it changes the presentation of the SOCI. To provide comparability, the 30 June 2022 balances have been restated accordingly. The reclassification had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows.*

[7] *During 2023 management reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group.*

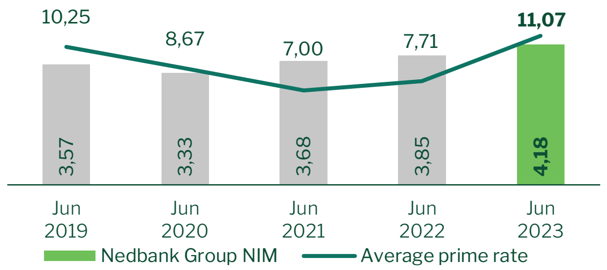
Income statement analysis

1 Net margin analysis

Net interest income
(Rm)



Interest margin trends versus prime rate
(%)



	Jun 2023		Jun 2022		Dec 2022	
Nedbank Group	**Bps**	**Rm**	**Bps**	**Rm**	**Bps**	**Rm**
Closing average interest-earning banking assets (year-to-date average)		**978 287**		900 845		922 197
Opening NIM/NII	**385**	**17 204**	368	15 809	373	32 500
Growth in banking assets		**1 479**		625		1 935
Endowment	**48**	**2 309**	15	680	23	2 128
Endowment rate impact	**55**	**2 649**	11	538	24	2 220
Endowment volume impact	**(7)**	**(340)**	4	142	(1)	(92)
Asset margin pricing and mix	**(21)**	**(1 036)**	3	130	(5)	(496)
Impact due to pricing	**(14)**	**(676)**	3	137	(1)	(120)
Impact due to mix change	**(7)**	**(360)**		(7)	(4)	(376)
Liability margin pricing and mix	**(4)**	**(181)**	9	429	8	726
Deposits pricing and mix	**(6)**	**(293)**	6	279	5	464
Impact due to pricing	**(6)**	**(313)**	6	299	6	511
Impact due to mix change		**20**		(20)	(1)	(47)
Impact of changes in the funding profile	**2**	**112**	3	150	3	262
Impact due to pricing	**1**	**64**	(1)	(23)		(44)
Impact due to mix change	**1**	**48**	4	173	3	306
Foreign loan classification			(5)	(215)	(7)	(621)
Balance sheet management and other	**10**	**519**	(5)	(254)	1	105
Closing NIM/NII for the period	**418**	**20 294**	385	17 204	393	36 277

Net interest margin
(Bps)

Net interest income

Favourable	Unfavourable
• Positive endowment rate impact due to interest rate increases in H2 2022 and H1 2023. • Positive liability mix in the marginal funding portfolios partly offset by a negative liability mix impact as investors actively manage shorter-term savings in terms of long-term investment. • Higher yields in Wealth and Nedbank Africa Regions. • HQLA mix benefit due to a lower mix percentage relative to other advances and the positive impact of lower funding cost on HQLA portfolio returns. • Positive impact from basis risk.	• Negative endowment mix impact due to slower growth of net endowment balances. • Negative asset pricing due to competitive pricing in certain retail and commercial advances portfolios. • Negative asset mix impact due to deliberate slower growth in higher-yielding advances. • Negative liability pricing is largely linked to increased competition in commercial deposits.

NII sensitivity analysis

- At June 2023 the NII sensitivity of the group's banking book for a 1% parallel increase in interest rates, measured over 12 months, was 1,68% of total group ordinary shareholders' equity, which is below the board's approved risk limit of < 2,25%.
- This exposes the group to an increase in NII of approximately R1 765m before tax should interest rates increase by 1% across the yield curve, measured over a 12-month period. The Nedbank London branch and Wealth International NII sensitivities are, however, measured at a 0,5% instantaneous increase in interest rates, and Nedbank Zimbabwe is measured at a 30,0% instantaneous increase in interest rates.
- The group's NII sensitivity exhibits very little convexity and will therefore also result in a decrease in pretax NII of approximately similar amounts should interest rates decrease by 1%.
- The group's NII sensitivity is actively managed through on- and off-balance-sheet interest rate risk management strategies for the group's expected interest rate view and impairment sensitivity over the cycle.
- Nedbank Limited's economic value of equity (EVE) for a 1% increase in interest rates remains at a low level of 0,35% (approximately -R264m) of ordinary shareholders' equity, which is below the board's approved risk limit of 1,25%.

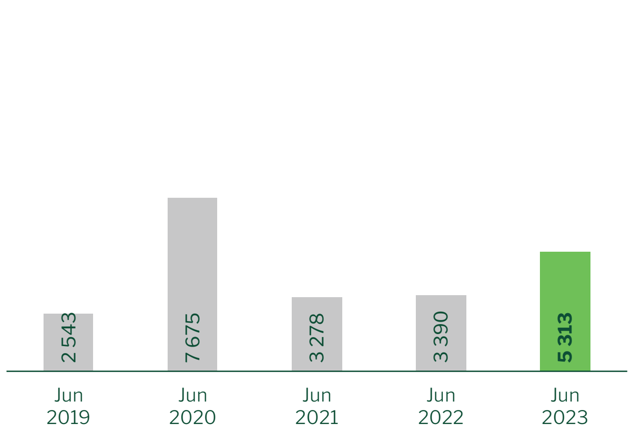
Average banking statement of financial position and related interest

	Jun 2023			Jun 2022			Dec 2022		
	Average balance	Margin statement interest[1]		Average balance	Margin statement interest[1]		Average balance	Margin statement interest[1]	
Rm	Assets	Received	%	Assets	Received	%	Assets	Received	%
Average prime rate			11,07			7,71			8,60
Assets									
Listed corporate bonds	24 343	1 120	9,28	22 994	712	6,24	23 412	1 634	6,98
Home loans (including properties in possession)	192 237	9 857	10,34	180 058	6 410	7,18	182 925	14 711	8,04
Commercial mortgages	196 702	9 882	10,13	188 463	6 744	7,22	190 240	15 210	8,00
Instalment debtors	149 484	9 064	12,23	140 191	6 643	9,56	141 994	14 581	10,27
Credit card balances	17 297	1 317	15,35	16 788	1 065	12,79	16 950	2 267	13,37
Overdrafts	25 432	1 419	11,25	22 503	933	8,36	23 467	2 156	9,19
Term loans and other[1]	242 897	15 093	12,53	207 327	6 303	6,13	217 559	17 042	7,83
Personal loans	30 519	2 885	19,06	29 661	2 788	18,95	29 929	5 684	18,99
Gross banking loans and advances	878 911	50 637	11,62	807 985	31 598	7,89	826 476	73 285	8,87
Impairment of loans and advances	(28 918)			(26 035)			(26 450)		
Government and other securities	83 685	3 824	9,21	79 670	3 551	8,99	81 524	7 338	9,00
Short-term funds and securities	44 609	1 415	6,40	39 225	577	2,97	40 647	1 481	3,64
Interest-earning banking assets	978 287	55 876	11,52	900 845	35 726	8,00	922 197	82 104	8,90
Other[2]	235 343			196 782			205 191		
Total assets	1 213 630	55 876	9,28	1 097 627	35 726	6,56	1 127 388	82 104	7,28
	Liabi-lities	Paid	%	Liabi-lities	Paid	%	Liabi-lities	Paid	%
Equity and liabilities									
Deposit and loan accounts	595 235	21 798	7,38	526 160	11 227	4,30	542 794	27 940	5,15
Current and savings accounts	143 929	1 133	1,59	144 246	338	0,47	145 637	1 045	0,72
Negotiable certificates of deposit	128 968	5 168	8,08	93 968	2 525	5,42	108 849	6 677	6,13
Other interest-bearing liabilities	147 517	5 077	6,94	130 115	2 482	3,85	130 881	6 047	4,62
Long-term debt instruments	51 035	2 406	9,51	55 356	1 950	7,10	53 738	4 118	7,66
Interest-bearing banking liabilities	1 066 684	35 582	6,73	949 845	18 522	3,93	981 899	45 827	4,67
Revaluation of FVTPL-designated liabilities	(3 270)			(159)			(2 174)		
Ordinary and minority shareholders' equity	112 551			107 325			107 795		
Other[3]	37 665			40 616			39 868		
Total shareholders' equity and liabilities	1 213 630	35 582	5,91	1 097 627	18 522	3,40	1 127 388	45 827	4,06
Interest margin on average interest-earning banking assets	978 287	20 294	4,18	900 845	17 204	3,85	922 197	36 277	3,93

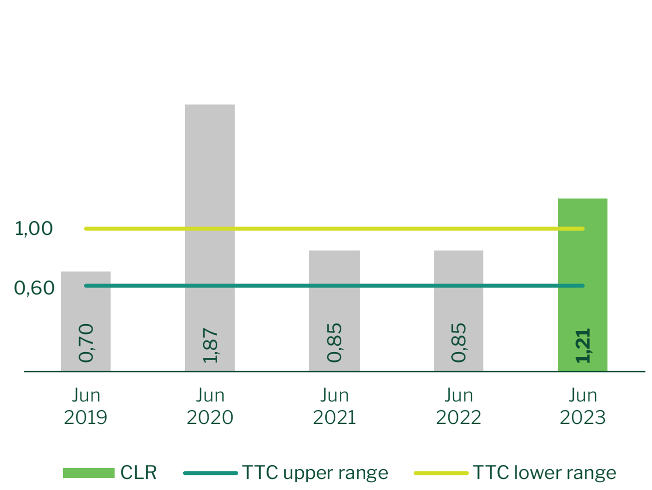
[1] *Includes term loans, preference shares, factoring debtors, foreign lending, loans to banks, other lending-related instruments and net interest on banking book derivatives.*
[2] *Includes cash and banknotes, derivative financial instruments, insurance assets, associates and investments, property and equipment, mandatory reserve deposits with central banks, intangible assets and other assets.*
[3] *Includes derivative financial instruments, investment contract liabilities, other liabilities, equity and elimination entries.*

2 Impairments

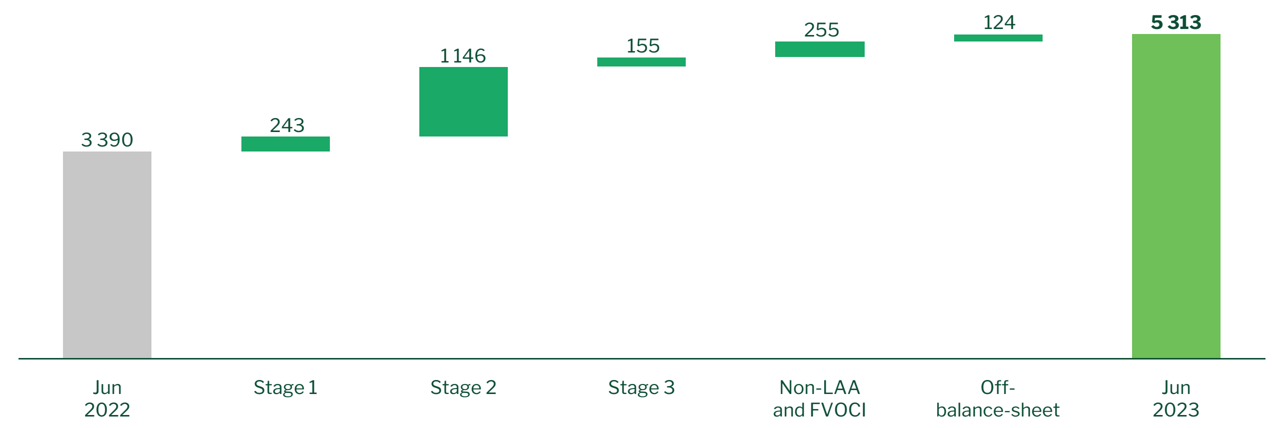
Nedbank Group impairments charge
(Rm)



Nedbank Group credit loss ratio trends
(%)



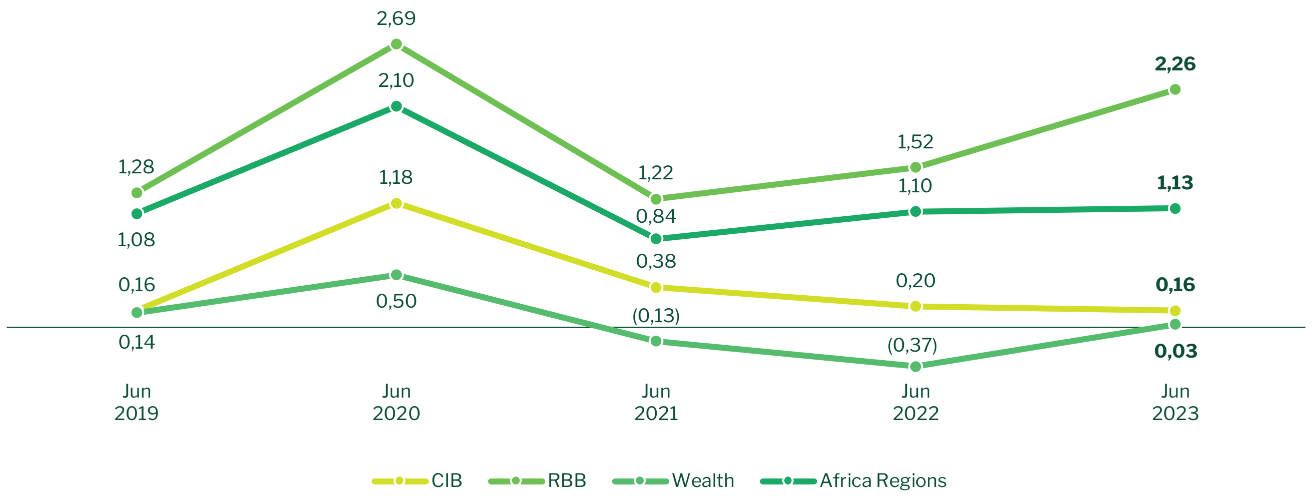
Nedbank Group impairment drivers
(Rm)



Nedbank Group income statement impairment charge and credit loss ratio

June 2023 (Rm)	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Non-LAA and FVOCI Rm	Off-balance-sheet Rm	Impairment charge, net of recoveries Rm	Mix of average banking advances %	CLR %	Target CLR range %
Corporate and Investment Banking (CIB)	5	187	(13)	163	(21)	321	44,7	0,16	0,15 – 0,45
CIB, excluding Property Finance	(11)	178	(212)	163	(21)	97	25,2	0,09	0,20 - 0,50
Property Finance	16	9	199			224	19,5	0,26	0,15 – 0,35
Retail and Business Banking (RBB)	174	341	4 319	–	9	4 843	49,1	2,26	1,20 – 1,75
Commercial Banking	24	16	292		1	333	10,2	0,75	0,50 – 0,70
Retail	150	325	4 027		8	4 510	38,9	2,66	1,60 – 2,40
Wealth	(9)	3	11			5	3,6	0,03	0,20 – 0,40
Nedbank Africa Regions	58		79	9	(10)	136	2,6	1,13	0,85 – 1,20
Centre		9		(1)		8			
Nedbank Group	228	540	4 396	171	(22)	5 313	100,0	1,21	0,60 – 1,00

Nedbank Group credit loss ratio per cluster
(%)



Favourable	Unfavourable
• Resilient CIB performance, with impairments decreasing by 8%, resulting in a CLR of 16 bps at the lower-end of the cluster TTC target range. • Wealth remains below and Nedbank Africa Regions remains within their TTC target ranges.	• Increase in RBB CLR to 226 bps, above its TTC target range, reflecting the impacts on clients of higher-than-expected interest rates, higher levels of inflation, and higher levels of load-shedding.

December 2022 (Rm)	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Non-LAA and FVOCI Rm	Off-balance-sheet Rm	Impairment charge, net of recoveries Rm	Mix of average banking advances %	CLR %	Target CLR range %
Corporate and Investment Banking (CIB)	(67)	(1 093)	2 241	(224)	(52)	805	43,9	0,22	0,15–0,45
CIB, excluding Property Finance	(3)	(251)	873	(224)	(52)	343	23,7	0,17	0,20–0,50
Property Finance	(64)	(842)	1 368			462	20,2	0,28	0,15–0,35
Retail and Business Banking (RBB)	(161)	433	6 351	–	(10)	6 613	49,7	1,61	1,20–1,75
Commercial Banking	(63)	(149)	324		(14)	98	10,4	0,11	0,50–0,70
Retail	(98)	582	6 027		4	6 515	39,3	2,0	1,60–2,40
Wealth	(1)	(9)	(53)			(63)	3,7	(0,20)	0,20–0,40
Nedbank Africa Regions	60	(3)	164	(11)	10	220	2,7	1,02	0,85–1,20
Centre		(197)		3		(194)			
Nedbank Group	(169)	(869)	8 703	(232)	(52)	7 381	100,0	0,89	0,60–1,00

June 2022 (Rm)	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Non-LAA and FVOCI Rm	Off-balance-sheet Rm	Impairment charge, net of recoveries Rm	Mix of average banking advances %	CLR %	Target CLR range %
Corporate and Investment Banking (CIB)	(85)	(492)	1 139	(78)	(135)	349	43,7	0,20	0,15–0,45
CIB, excluding Property Finance	(6)	(412)	874	(78)	(135)	243	23,2	0,26	0,20–0,50
Property Finance	(79)	(80)	265			106	20,5	0,13	0,15–0,35
Retail and Business Banking (RBB)	26	(56)	3 076	–	(13)	3 033	49,8	1,52	1,20–1,75
Commercial Banking	(40)	(40)	138		(10)	48	10,3	0,12	0,50–0,70
Retail	66	(16)	2 938		(3)	2 985	39,5	1,88	1,60–2,40
Wealth	7	1	(64)			(56)	3,8	(0,37)	0,20–0,40
Nedbank Africa Regions	37	(11)	90	(5)	2	113	2,7	1,10	0,85–1,20
Centre		(48)		(1)		(49)			
Nedbank Group	(15)	(606)	4 241	(84)	(146)	3 390	100,0	0,85	0,60–1,00

Notes

Impairments charge on financial instruments

June 2023	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre[1]
Balance at the beginning of the year	27 893	4 788	21 215	370	1 216	304
Stage 1 ECL allowance	4 261	517	3 487	42	215	
Stage 2 ECL allowance	5 554	538	4 564	29	120	303
Stage 3 ECL allowance	18 078	3 733	13 164	299	881	1
Statement of comprehensive income charge net of recoveries	5 313	321	4 843	5	136	8
Stage 1 ECL allowance	228	5	174	(9)	58	
Stage 2 ECL allowance	540	187	341	3		9
Stage 3 ECL allowance	4 396	(13)	4 319	11	79	
Off-balance-sheet allowance	(22)	(21)	9		(10)	
Non-loans and advances	8				9	(1)
FVOCI loan impairment charge	163	163				
Adjusted for:	(2 414)	275	(2 610)	3	(83)	1
Recoveries	695	7	666		22	
Interest in suspense	724	152	566		6	
Amounts written off	(4 100)	(5)	(4 007)		(88)	
Foreign exchange and other transfers	273	119	165	3	(14)	
Non-loans and advances	(8)				(9)	1
FVOCI loan impairment charge	2	2				
ECL allowance – closing balance	30 792	5 384	23 448	378	1 269	313
Stage 1	4 475	551	3 668	39	217	
Stage 2	6 166	827	4 886	31	110	312
Stage 3	20 151	4 006	14 894	308	942	1
Split by measurement category	30 792	5 384	23 448	378	1 269	313
Loans and advances	29 960	4 661	23 358	378	1 250	313
Loans and advances in FVOCI	512	512				
Off-balance-sheet allowance	320	211	90		19	

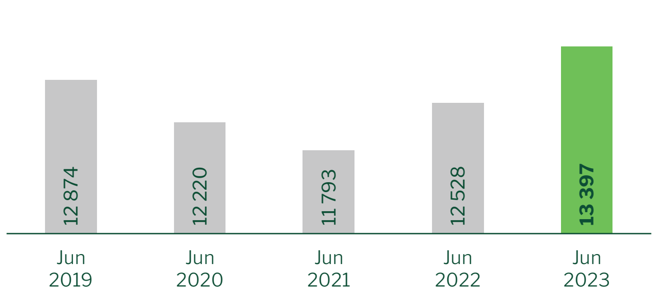
[1] *Centre includes consolidation and other adjustments.*

December 2022	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
Balance at the beginning of the year	26 581	5 114	19 406	456	1 105	500
Stage 1 ECL allowance	4 573	681	3 600	44	248	
Stage 2 ECL allowance	6 543	1 692	4 194	39	118	500
Stage 3 ECL allowance	15 465	2 741	11 612	373	739	
Statement of comprehensive income charge net of recoveries	7 381	805	6 613	(63)	220	(194)
Stage 1 ECL allowance	(169)	(67)	(161)	(1)	60	
Stage 2 ECL allowance	(869)	(1 093)	433	(9)	(3)	(197)
Stage 3 ECL allowance	8 703	2 241	6 351	(53)	164	
Off-balance-sheet allowance	(52)	(52)	(10)		10	
Non-loans and advances	(8)				(11)	3
FVOCI loan impairment charge	(224)	(224)				
Adjusted for:	(6 069)	(1 131)	(4 804)	(23)	(109)	(2)
Recoveries	1 587	79	1 451		57	
Interest in suspense	1 195	198	980		17	
Amounts written off	(8 757)	(1 216)	(7 393)	(20)	(128)	
Foreign exchange and other transfers	(138)	(228)	158	(3)	(66)	1
Non-loans and advances	8				11	(3)
FVOCI loans	36	36				
ECL allowance – closing balance	27 893	4 788	21 215	370	1 216	304
Stage 1	4 261	517	3 487	42	215	
Stage 2	5 554	538	4 564	29	120	303
Stage 3	18 078	3 733	13 164	299	881	1
Split by measurement category	27 893	4 788	21 215	370	1 216	304
Loans and advances	27 209	4 213	21 134	370	1 188	304
Loans and advances in FVOCI	347	347				
Off-balance-sheet allowance	337	228	81		28	

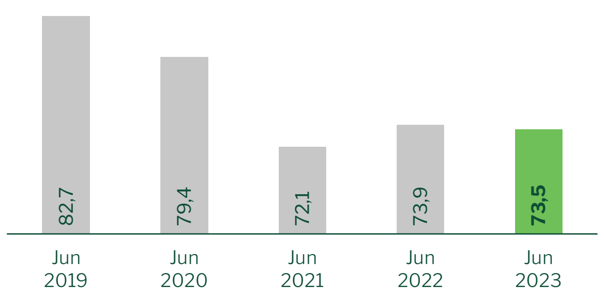
June 2022	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
Balance at the beginning of the year	26 581	5 114	19 406	456	1 105	500
Stage 1 ECL allowance	4 573	681	3 600	44	248	
Stage 2 ECL allowance	6 543	1 692	4 194	39	118	500
Stage 3 ECL allowance	15 465	2 741	11 612	373	739	
Statement of comprehensive income charge net of recoveries	3 390	349	3 033	(56)	113	(49)
Stage 1 ECL allowance	(15)	(85)	26	7	37	
Stage 2 ECL allowance	(606)	(492)	(56)	1	(11)	(48)
Stage 3 ECL allowance	4 241	1 139	3 076	(64)	90	
Off-balance-sheet allowance	(146)	(135)	(13)		2	
Non-loans and advances	(6)				(5)	(1)
FVOCI loan impairment charge	(78)	(78)				
Adjusted for:	(3 139)	(667)	(2 394)	(21)	(60)	3
Recoveries	756	66	673		17	
Interest in suspense	577	90	477		10	
Amounts written off	(4 565)	(877)	(3 664)	(18)	(6)	
Foreign exchange and other transfers	85	54	120	(3)	(86)	
Non-loans and advances	8				5	3
ECL allowance – closing balance	26 832	4 796	20 045	379	1 158	454
Stage 1	4 482	574	3 626	50	235	(3)
Stage 2	5 870	1 166	4 108	39	100	457
Stage 3	16 480	3 056	12 311	290	823	
Split by measurement category	26 832	4 796	20 045	379	1 158	454
Loans and advances	26 108	4 169	19 967	379	1 139	454
Loans and advances in FVOCI	483	483				
Off-balance-sheet allowance	241	144	78		19	

3 Non-interest revenue and income

Non-interest revenue and income
(Rm)



Non-interest revenue and income to total operating expenses
(%)



Favourable	Unfavourable
• Solid commission and fees growth from client transactional activity, cross-sell and main-banked client gains. • Positive trading outcomes in foreign exchange and debt securities. • Insurance income benefits from higher funeral policy sales and lower relative non-life claims (base effect of the KZN floods in H1 2022). • Positive benefit from exchange rate fluctuations on US$ assets in Zimbabwe, partially offset by a higher net monetary loss. • Fair-value gains.	• Trading income negatively impacted by a weaker equities performance. • Insurance income impacted by lower reserve releases. • Equity investment income normalised off a high H1 2022 base. • NIR growth negatively impacted by 3% (commissions and fees impacted by 2%) due to restatements between NIR and expenses.

		Nedbank Group			Corporate and Investment Banking			Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre		
Rm	Yoy % change	Jun 2023	Jun 2022 restated[1,2]	Dec 2022 restated[1,2]	Jun 2023	Jun 2022	Dec 2022	Jun 2023	Jun 2022 restated[2]	Dec 2022 restated[2]	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]	Jun 2023	Jun 2022 restated[1,3]	Dec 2022 restated[1]	Jun 2023	Jun 2022	Dec 2022
Commission and fees income[1,2]	4	**9 245**	8 851	18 488	**1 426**	1 326	3 057	**6 432**	6 029	12 478	**1 014**	1 055	2 058	**420**	474	968	**(47)**	(33)	(73)
Administration fees	9	**758**	694	1 502	**25**	23	54	**247**	242	487	**445**	388	798	**34**	32	148	**7**	9	15
Card income[2]	2	**1 771**	1 732	3 623	**12**	14	29	**1 691**	1 655	3 457				**68**	62	136		1	1
Cash-handling fees	4	**563**	539	1 084	**95**	86	179	**454**	437	875	**1**	1	1	**13**	15	29			
Exchange commission	9	**388**	355	734	**125**	99	214	**154**	128	283	**54**	56	108	**52**	71	123	**3**	1	6
Guarantees income	(13)	**131**	150	283	**98**	116	217	**14**	18	33				**19**	16	33			
Insurance commission[1]	(41)	**132**	222	262				**127**	128	256	**1**	91		**4**	3	6			
Other commission[1]	(14)	**1 740**	2 032	3 552	**660**	570	1 420	**1 088**	1 413	2 079	**(115)**	(73)	(161)	**94**	115	200	**13**	7	14
Other fees	52	**1 467**	963	3 114	**384**	390	890	**548**	51	1 057	**599**	564	1 257	**6**	9	19	**(70)**	(51)	(109)
Service charges	6	**2 295**	2 164	4 334	**27**	28	54	**2 109**	1 957	3 951	**29**	28	55	**130**	151	274			
Insurance income[1]	4	**842**	810	1 715				**298**	302	617	**510**	486	1 056	**33**	23	45	**1**	(1)	(3)
Fair-value adjustments	>100	**239**	(55)	187	**140**	(41)	58	**–**	8	15	**–**	–	–	**45**	(6)	8	**54**	(16)	106
Fair-value adjustments	>100	**169**	(89)	(5)	**140**	(49)	35							**45**	(6)	8	**(16)**	(34)	(48)
Hedge-accounted portfolios	>100	**70**	34	192		8	23		8	15							**70**	18	154
Trading income	2	**2 084**	2 047	4 166	**1 955**	1 926	3 898	**74**	68	148	**–**	–	–	**59**	53	120	**(4)**	–	–
Commodities	>100	**47**	11	1	**47**	11	1												
Debt securities	8	**944**	877	1 897	**944**	877	1 897												
Equities	(29)	**296**	419	679	**300**	419	679										**(4)**		
Foreign exchange	8	**797**	740	1 589	**664**	619	1 321	**74**	68	148				**59**	53	120			
Equity investment income/(expenses)	(45)	**278**	506	815	**319**	539	921	**(6)**	–	(27)	**–**	–	–	**–**	–	–	**(35)**	(33)	(79)
Realised gains, dividends, interest and other income	(9)	**405**	447	384	**440**	480	463										**(35)**	(33)	(79)
Unrealised gains/(losses)[4]	>(100)	**(127)**	59	431	**(121)**	59	458	**(6)**		(27)									
Investment income	(7)	**69**	74	96	**53**	59	86	**7**	5	17	**5**	5	(19)				**4**	5	12
Sundry income/(expenses)[3,5]	>100	**640**	295	704	**101**	98	221	**78**	37	124	**27**	(99)	(48)	**472**	249	440	**(38)**	10	(33)
Total non-interest revenue[1,2,3]	7	**13 397**	12 528	26 171	**3 994**	3 907	8 241	**6 883**	6 449	13 372	**1 556**	1 447	3 047	**1 029**	793	1 581	**(65)**	(68)	(70)

[1] *Refer to 'Implementation of IFRS 17' on pages 70 to 72. Total non-interest revenue decreased for Wealth (June 2022: R312m; December 2022: R635m) and Nedbank Africa Regions (June 2022: R4m; December 2022: R8m) as a result of the implementation of IFRS 17.*

[2] *During 2023 management reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group. This resulted in card income growth of 2% (excluding restatements 8%).*

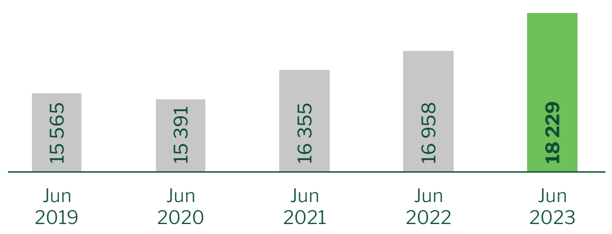
[3] *As disclosed at 31 December 2022 management elected to change the presentation of the 'net monetary loss' line item (30 June 2022: R277m) that was previously disclosed separately on the face of the SOCI and disclose it as part of non-interest revenue and income (NIR) under the 'Net sundry income' line item on the face of the SOCI. The change allows the impact of the foreign exchange currency gains or losses on the nostro net cash balances relating to Nedbank Zimbabwe, which are translated to the Zimbabwean dollar, and the 'net monetary loss' line item to be presented together within NIR. This change is a reclassification in terms of IAS 1: Presentation of Financial Statements, as it changes the presentation of the SOCI. To provide comparability, the 30 June 2022 balances have been restated accordingly. The reclassification had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows.*

[4] *Unrealised losses relate to equity investments in associates and joint ventures, which are estimated and converted to realised or dividends once earned.*

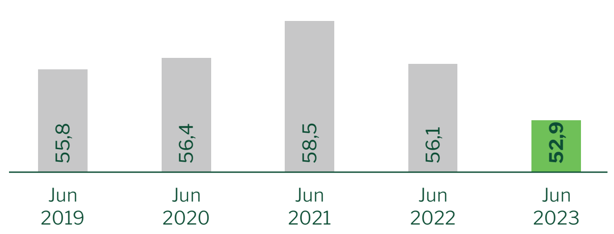
[5] *Sundry income comprises mainly security dealings, rental income, fair-value movements on non-trading investments, forex gains and losses partially offset by the R630m net monetary loss (June 2022: R277m; December 2022: R419m).*

4 Expenses

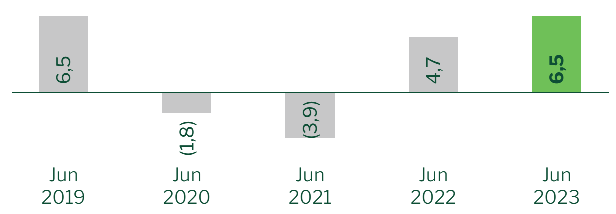
Total operating expenses
(Rm)



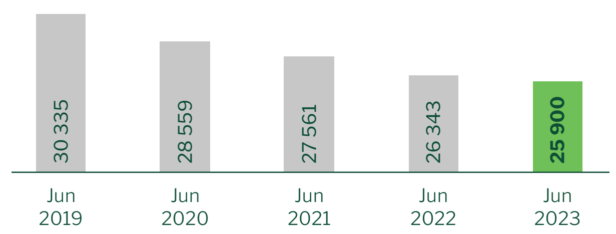
Cost-to-income ratio
(%)



Total income growth rate less expenses growth rate (JAWS ratio)
(%)



Total employees
(Permanent employees)



		Nedbank Group			Corporate and Investment Banking			Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre		
Rm	Yoy % change	Jun 2023	Jun 2022 restated[1,2]	Dec 2022 restated[1,2]	Jun 2023	Jun 2022	Dec 2022	Jun 2023	Jun 2022 restated[2]	Dec 2022 restated[2]	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]	Jun 2023	Jun 2022	Dec 2022
Staff costs[1]	8	**10 144**	9 362	19 569	**1 802**	1 653	3 585	**4 210**	4 002	8 287	**793**	671	1 434	**620**	601	1 206	**2 719**	2 435	5 057
Salaries and wages	8	**8 545**	7 921	16 017															
Total incentives[1]	19	**1 804**	1 513	3 761															
Short-term incentives	10	**1 203**	1 098	2 900															
Long-term incentives	45	**601**	415	861															
Other staff costs[1]	>(100)	**(205)**	(72)	(209)															
Computer processing[1,2]	7	**3 358**	3 143	6 376	**222**	215	432	**1 004**	947	1 866	**186**	145	303	**174**	193	342	**1 772**	1 643	3 433
Depreciation of computer equipment	9	**352**	323	671															
Depreciation of right-of-use assets: computer equipment	18	**45**	38	82															
Amortisation of intangible assets	(1)	**903**	910	1 864															
Operating lease charges for computer processing	7	**97**	91	169															
Other computer-processing expenses[1,2]	10	**1 961**	1 781	3 590															
Fees and insurances[1,2]	16	**1 996**	1 722	3 778	**248**	241	534	**1 331**	1 147	2 426	**31**	25	29	**175**	126	343	**211**	183	446
Occupation and accommodation[3,4]	9	**1 128**	1 037	2 089	**98**	104	203	**836**	846	1 682	**54**	61	118	**85**	107	198	**55**	(81)	(112)
Marketing and public relations[1]	6	**791**	749	1 546	**31**	23	67	**393**	375	748	**47**	38	66	**33**	44	73	**287**	269	592
Communication and travel[1]	9	**463**	424	863	**165**	146	309	**206**	183	379	**24**	13	28	**41**	68	102	**27**	14	45
Other operating expenses[1,5]	(33)	**349**	521	1 108	**37**	37	71	**242**	330	578	**26**	58	95	**(1)**	(54)	75	**45**	150	289
Activity-justified transfer pricing		**–**	–	–	**1 282**	1 148	2 427	**3 281**	3 013	6 172	**386**	368	765	**240**	188	404	**(5 189)**	(4 717)	(9 768)
Total operating expenses[1,2]	7	**18 229**	16 958	35 329	**3 885**	3 567	7 628	**11 503**	10 843	22 138	**1 547**	1 379	2 838	**1 367**	1 273	2 743	**(73)**	(104)	(18)

Analysis of total IT-related function spend included in total expenses	Yoy % change	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]
IT staff-related costs within Group Technology	16	**1 673**	1 441	2 976
Depreciation and amortisation of computer equipment, software and intangibles	2	**1 300**	1 271	2 617
Other IT costs (including licensing, development, maintenance and processing charges)[1,5]	9	**2 085**	1 905	3 826
Total IT-related functional spend	10	**5 058**	4 617	9 419

[1] *Refer to 'Implementation of IFRS 17' on pages 70 to 72. Total operating expenses decreased for Wealth (June 2022: R289m; December 2022: R611m) and Nedbank Africa Regions (June 2022: R4m; December 2022: R8m) as a result of the implementation of IFRS 17.*

[2] *During 2023 management reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group.*

[3] *Includes the depreciation of right-of-use assets of R389m (June 2022: R416m; December 2022: R827m).*

[4] *Includes a building depreciation charge of R199m (June 2022: R181m; December 2022: R386m).*

[5] *Includes a furniture depreciation charge of R166m (June 2022: R162m; December 2022: R335m), consumables and sundry expenses.*

[6] *Includes consulting and professional fees (that are included in fees and insurance), communication and travel, and other IT-related spend (included in computer processing).*

Favourable

- Decrease in permanent employee numbers, largely through natural attrition.
- Decrease in the growth in amortisation charge as our ME technology journey nears completion.
- Costs savings to date from our TOM 2.0 optimisation programme increasing to R1,7bn.
- Benefits of endowment income in the cost-to-income ratio.
- Expenses growth positively impacted by 1% due to restatements between NIR and expenses.

Unfavourable

- Increase in incentive costs linked to the group's improved financial performance and higher vesting probabilities.
- Increase in marketing and travel costs to more normalised levels post Covid-19.
- Investment in digital solutions, increased IT volumes and the impact of the rand's devaluation related to foreign currency IT contracts.
- Increase in diesel and generator costs as a result of load-shedding.

5 Headline earnings reconciliation

		Jun 2023		Jun 2022		Dec 2022	
Rm	Yoy % change	Gross	Net of taxation	Gross	Net of taxation restated[1]	Gross	Net of taxation restated[1]
Profit attributable to ordinary shareholders[1]	7		**7 321**		6 871		14 287
Impairments charge on non-financial instruments and other losses/(gains)	>100	**10**	**8**	(218)	(206)	(245)	(226)
IAS 16 – profit on disposal of property and equipment		**(1)**	**(1)**	(62)	(44)	(155)	(111)
IAS 36 – impairment of property and equipment		**8**	**7**				
IAS 36 – impairment of intangible assets		**3**	**2**	18	13	93	67
IFRS 10 – profit on sale of subsidiaries or associates				(177)	(177)	(181)	(181)
IFRS 16 – impairment/(reversal of impairment) of right-of-use assets				3	2	(2)	(1)
Headline earnings[1]	10		**7 329**		6 665		14 061

[1] Refer to 'Implementation of IFRS 17' on pages 70 to 72.

6 Taxation charge

	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]
Direct taxation[1]	**2 254**	2 176	4 311
Taxation rate reconciliation (excluding non-trading and capital items) (%)			
Standard rate of South African normal taxation	**27,0**	28,0	28,0
Reduction of taxation rate:			
Dividend income	**(1,2)**	(0,9)	(1,0)
Share of profits of associate companies	**(2,1)**	(1,5)	(1,3)
Capital items	**0,2**	(0,4)	(0,7)
Effects of profits taxed in different jurisdictions[2]	**(1,4)**	(1,4)	(1,5)
Additional tier 1 capital instruments	**(1,5)**	(1,2)	(1,3)
Assessed losses not subject to deferred tax and special allowances	**(0,1)**	(0,1)	(0,2)
Non-deductible expenses	**0,4**	1,0	0,7
Prior-year adjustments	**0,4**	(0,3)	(0,7)
Tax rate change[3]			0,1
Total taxation on income as percentage of profit before taxation	**21,7**	23,2	22,1
Effective tax rate, excluding associate headline earnings	**23,5**	24,5	23,1

[1] Refer to 'Implementation of IFRS 17' on pages 70 to 72.
[2] This consists mainly of the effects of the lower tax charge in Nedbank Zimbabwe, Nedbank Namibia, Nedbank Private Wealth Isle of Man and Nedgroup Investments Isle of Man.
[3] The corporate tax rate was reduced from 28% to 27% during 2022 and is applicable from the 2023 year of assessment for South African companies in the group.

During the 2022 financial year, the group reviewed the presentation of its taxation rate reconciliation. As a result of this review, certain reconciling line items have been reclassified and renamed to provide our users with additional information. 'Foreign income and section 9D attribution' [June 2022: (0,4%)] has been combined with 'NAR non-taxable amounts' [June 2022: (0,6%)] and renamed 'Effects of profits taxed in different jurisdictions'. Non-deductible expenses (June 2022: 0,8%) and capital items [June 2022: (1,2%)] related to non-South African jurisdictions have been reallocated to 'Effects of profits taxed in different jurisdictions'. 'Share-based payments' (June 2022: 0,9%) has been reallocated to 'Non-deductible expenses'. 'Exempt income and special allowances' [June 2022: (0,1%)] and 'Revenue losses not recognised' (June 2022: 0,0%) have been combined and renamed 'Assessed losses not subject to deferred tax and special allowances'. To provide comparability, the prior-year balances have been restated accordingly.

7 Preference shares

Profit attributable to preference shareholders	Amount Rm
Jun 2022	
Nedbank (MFC) – participating preference shares[1]	55
	55
Jun 2023	
Nedbank (MFC) – participating preference shares[1]	**60**
	60

[1] Share in economic profit calculated semiannually.

Notes

Statement of financial position analysis

8 Loans and advances

Loans and advances segmental breakdown

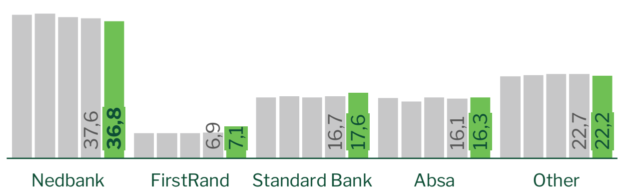
		Nedbank Group			Corporate and Investment Banking			Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre[1]		
Rm	Yoy % change	Jun 2023	Jun 2022	Dec 2022	Jun 2023	Jun 2022	Dec 2022	Jun 2023	Jun 2022	Dec 2022	Jun 2023	Jun 2022	Dec 2022	Jun 2023	Jun 2022	Dec 2022	Jun 2023	Jun 2022	Dec 2022
Home loans	7	**195 124**	182 191	189 370	**22**	20	20	**171 682**	158 574	166 247	**16 097**	16 260	15 756	**7 323**	7 337	7 347			
Commercial mortgages	5	**200 780**	192 035	196 619	**160 994**	154 161	157 626	**29 384**	27 458	28 628	**7 986**	8 247	8 112	**2 336**	2 071	2 164	**80**	98	89
Properties in possession	11	**203**	183	189				**56**	53	52	**14**	17	14	**133**	113	123			
Credit cards	3	**17 119**	16 592	16 816				**16 973**	16 448	16 667				**146**	144	149			
Overdrafts	8	**28 003**	26 022	26 613	**3 085**	3 470	3 987	**21 400**	19 324	19 259	**143**	151	149	**3 375**	3 077	3 218			
Personal loans	2	**30 131**	29 463	30 166				**28 421**	27 727	28 469	**10**	11	10	**1 700**	1 725	1 687			
Term and other loans	9	**178 904**	163 666	176 877	**151 534**	140 640	153 203	**14 515**	13 378	13 288	**8 112**	5 288	5 039	**4 481**	4 090	5 058	**262**	270	289
Overnight loans	73	**15 679**	9 063	12 393	**14 392**	7 868	11 041	**1 129**	982	1 126				**158**	213	226			
Foreign client lending	(57)	**10 186**	23 520	18 764	**9 079**	21 223	17 192	**430**	322	255				**677**	1 975	1 317			
Instalment debtors	8	**157 362**	146 334	151 582	**3 107**	2 848	2 940	**152 390**	141 828	147 013	**49**	36	42	**1 815**	1 618	1 585	**1**	4	2
Preference shares and debentures	6	**13 465**	12 706	11 503	**13 180**	12 429	11 214	**10**	16	16	**275**	261	273						
Factoring accounts	(1)	**8 084**	8 181	8 572				**8 066**	8 174	8 544				**18**	7	28			
Listed corporate bonds	(3)	**22 621**	23 261	25 027	**22 621**	23 261	25 027												
Fair-value hedge-accounted portfolios	5	**(1 887)**	(1 983)	(1 722)		(2)											**(1 887)**	(1 981)	(1 722)
Trade, other bills and bankers' acceptances	(100)	**–**	2	–											2				
Gross banking loans and advances	5	**875 774**	831 236	862 769	**378 014**	365 918	382 250	**444 456**	414 284	429 564	**32 686**	30 271	29 395	**22 162**	22 372	22 902	**(1 544)**	(1 609)	(1 342)
Impairment of advances	(15)	**(29 960)**	(26 108)	(27 209)	**(4 661)**	(4 169)	(4 213)	**(23 358)**	(19 967)	(21 134)	**(378)**	(379)	(370)	**(1 250)**	(1 139)	(1 188)	**(313)**	(454)	(304)
Net banking loans and advances	5	**845 814**	805 128	835 560	**373 353**	361 749	378 037	**421 098**	394 317	408 430	**32 308**	29 892	29 025	**20 912**	21 233	21 714	**(1 857)**	(2 063)	(1 646)
Trading loans and advances	31	**67 486**	51 686	46 605	**67 486**	51 686	46 605												
Loans and advances	7	**913 300**	856 814	882 165	**440 839**	413 435	424 642	**421 098**	394 317	408 430	**32 308**	29 892	29 025	**20 912**	21 233	21 714	**(1 857)**	(2 063)	(1 646)
Banking loans and advances to banks	(35)	**14 864**	22 826	32 355	**9 070**	20 029	28 888				**4 702**	2 020	1 706	**1 092**	777	1 761			

[1] *Centre includes the group's centrally managed macro fair-value hedge-accounting adjustment, a central impairment provision and an impairment on other assets.*

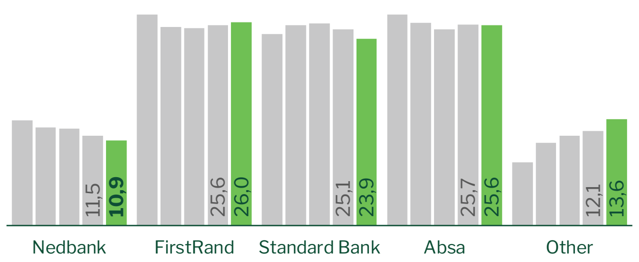
Market share according to BA900

Home loans (Jun 2019–May 2023)
(%)

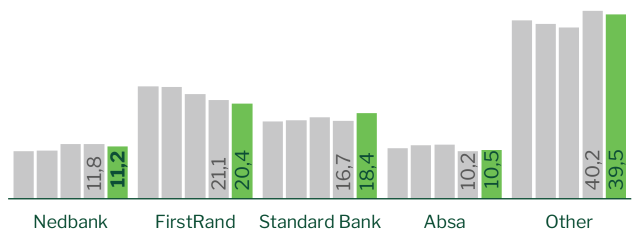
Commercial mortgage loans (Jun 2019–May 2023)
(%)



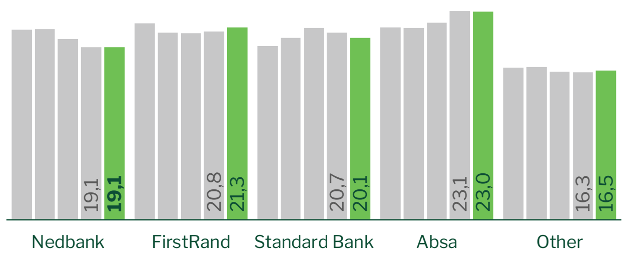
Credit cards (Jun 2019–May 2023)
(%)



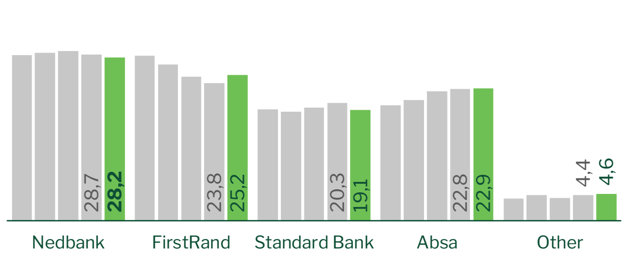
Personal loans (Jun 2019–May 2023)
(%)



Core corporate loans (Jun 2019–May 2023)
(%)

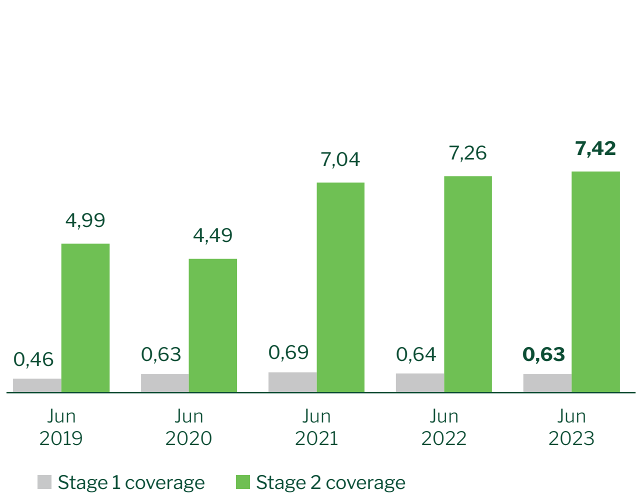


Instalment sales and leases (Jun 2019–May 2023)
(%)

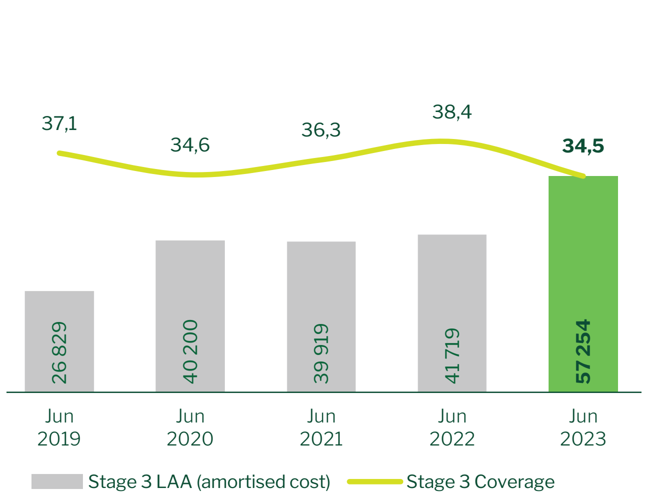


Summary of loans and advances and coverage ratios

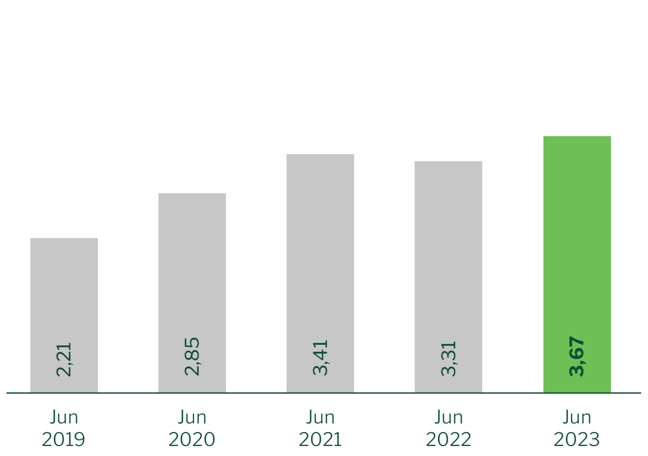
Stage 1 and stage 2 coverage
(%)



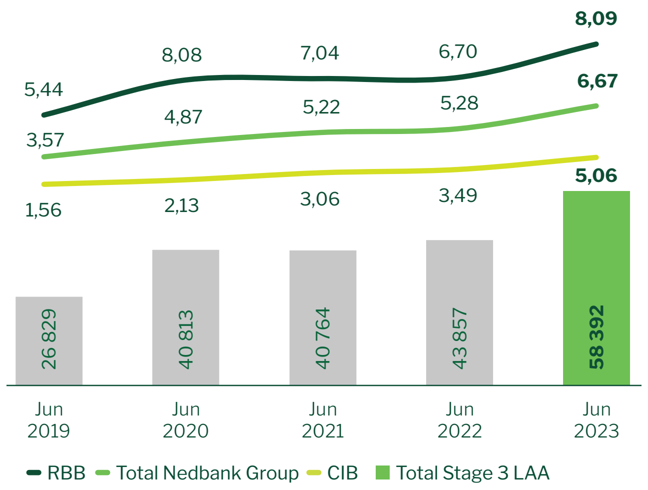
Stage 3 advances and coverage ratio
(Rm) (%)



Nedbank Group coverage
(%)



Stage 3 advances as a percentage of gross banking loans and advances
(Rm)



GLAA, ECL and coverage ratios, by cluster, by stage

	Stage 1			Stage 2			Stage 3			TOTAL				
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA excluding trading book	Stage 3 GLAA as a % of GLAA excluding trading book
June 2023	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	%
Corporate and Investment Banking (CIB)	279 841	393	0,14	20 723	639	3,08	17 987	3 629	20,18	318 551	4 661	1,46	378 014	5,06
CIB, excluding Property Finance	125 174	291	0,23	12 475	558	4,47	6 076	1 467	24,14	143 725	2 316	1,61	202 799	3,56
Property Finance	154 667	102	0,07	8 248	81	0,98	11 911	2 162	18,15	174 826	2 345	1,34	175 215	6,80
Retail and Business Banking (RBB)	353 146	3 608	1,02	55 361	4 871	8,80	35 949	14 879	41,39	444 456	23 358	5,26	444 456	8,09
Commercial Banking	77 759	195	0,25	10 177	196	1,92	6 174	1 557	25,21	94 110	1 948	2,07	94 110	6,56
Retail	275 387	3 413	1,24	45 184	4 675	10,35	29 775	13 322	44,74	350 346	21 410	6,11	350 346	8,50
Wealth	26 974	39	0,14	2 442	31	1,27	1 387	308	22,21	30 803	378	1,23	32 686	4,24
Nedbank Africa Regions	18 496	203	1,10	1 715	106	6,18	1 930	941	48,76	22 141	1 250	5,65	22 162	8,71
Centre	314			28	312		1	1		343	313		(1 544)	
Gross loans and advances/ECL held at amortised cost	678 771	4 243	0,63	80 269	5 959	7,42	57 254	19 758	34,51	816 294	29 960	3,67	875 774	6,67
GLAA/ECL for assets held at FVOCI	47 949	83		1 855	112		1 138	317		50 942	512			
Trading GLAA held at FVTPL	67 486									67 486			67 486	
Banking book GLAA held at FVTPL	10 425									10 425				
GLAA for fair-value hedge-accounted portfolios	(1 887)									(1 887)				
Off-balance-sheet ECL		149			95			76			320			
Total GLAA/ECL	802 744	4 475		82 124	6 166		58 392	20 151		943 260	30 792		943 260	

	Stage 1			Stage 2				Stage 3			TOTAL				
	GLAA	ECL	Coverage	GLAA	ECL	Coverage		GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA, excluding trading book	Stage 3 GLAA as a % of total GLAA
December 2022	Rm	Rm	%	Rm	Rm	%		Rm	Rm	%	Rm	Rm	%	Rm	%
Corporate and Investment Banking (CIB)	288 066	379	0,13	19 794	447	2,26		18 631	3 387	18,18	326 491	4 213	1,29	382 250	5,21
CIB, excluding Property Finance	136 572	294	0,22	12 849	376	2,93		7 054	1 529	22,68	156 475	2 199	1,41	209 723	3,98
Property Finance	151 494	85	0,06	6 945	71	1,02		11 577	1 858	16,05	170 016	2 014	1,19	172 527	6,71
Retail and Business Banking (RBB)	346 248	3 434	0,99	53 332	4 551	8,53		29 984	13 149	43,85	429 564	21 134	4,92	429 564	6,98
Commercial Banking	74 322	170	0,23	10 440	179	1,77		4 745	1 292	27,23	89 507	1 641	1,83	89 507	5,30
Retail	271 926	3 264	1,20	42 892	4 372	10,19		25 239	11 857	46,98	340 057	19 493	5,73	340 057	7,42
Wealth	24 871	42	0,17	1 842	29	1,57		1 133	299	26,39	27 846	370	1,33	29 395	3,85
Nedbank Africa Regions	19 708	197	1,00	1 272	110	8,65		1 922	881	45,84	22 902	1 188	5,19	22 902	8,39
Centre	(1 065)			1 440	303			5	1		380	304		(1 342)	
Gross loans and advances/ECL held at amortised cost	677 828	4 052	0,60	77 680	5 440	7,00		51 675	17 717	34,29	807 183	27 209	3,37	862 769	6,14
GLAA/ECL for assets held at FVOCI	40 533	64		1 001	32		k	1 290	251		42 824	347			
Trading GLAA held at FVTPL	46 605										46 605			46 605	
Banking book GLAA held at FVTPL	14 484										14 484				
GLAA for fair-value hedge-accounted portfolios	(1 722)										(1 722)				
Off-balance-sheet ECL		145			82				110			337			
Total GLAA/ECL	777 728	4 261		78 681	5 554			52 965	18 078		909 374	27 893		909 374	

	Stage 1			Stage 2				Stage 3			TOTAL				
	GLAA	ECL	Coverage	GLAA	ECL	Coverage		GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA, excluding trading book	Stage 3 GLAA as a % of total GLAA
June 2022	Rm	Rm	%	Rm	Rm	%		Rm	Rm	%	Rm	Rm	%	Rm	%
Corporate and Investment Banking (CIB)	285 360	439	0,15	27 074	1 115	4,12		10 641	2 615	24,58	323 075	4 169	1,29	365 918	3,49
CIB, excluding Property Finance	139 749	369	0,26	9 836	283	2,88		6 605	1 540	23,32	156 190	2 192	1,40	196 523	4,45
Property Finance	145 611	70	0,05	17 238	832	4,83		4 036	1 075	26,64	166 885	1 977	1,19	169 395	2,38
Retail and Business Banking (RBB)	337 367	3 579	1,06	49 180	4 092	8,32		27 737	12 296	44,33	414 284	19 967	4,82	414 284	6,70
Commercial Banking	73 081	194	0,27	9 879	288	2,91		4 381	1 222	27,89	87 341	1 704	1,95	87 341	5,02
Retail	264 286	3 385	1,28	39 301	3 804	9,68		23 356	11 074	47,41	326 943	18 263	5,59	326 943	7,14
Wealth	25 399	50	0,20	2 176	39	1,79		1 324	290	21,90	28 899	379	1,31	30 271	4,37
Nedbank Africa Regions	18 993	219	1,15	1 366	97	7,10		2 013	823	40,88	22 372	1 139	5,09	22 372	9,00
Centre	331	(3)		39	457			4			374	454		(1 609)	
Gross loans and advances/ECL held at amortised cost	667 450	4 284	0,64	79 835	5 800	7,26		41 719	16 024	38,41	789 004	26 108	3,31	831 236	5,28
GLAA/ECL for assets held at FVOCI	28 695	66		641	18			2 138	399		31 474	483			
Trading GLAA held at FVTPL	51 686										51 686			51 686	
Banking book GLAA held at FVTPL	12 741										12 741				
GLAA for fair-value hedge-accounted portfolios	(1 983)										(1 983)				
Off-balance-sheet ECL		132			52				57			241			
Total GLAA/ECL	758 589	4 482		80 476	5 870			43 857	16 480		882 922	26 832		882 922	

GLAA, ECL and coverage, by product

	Stage 1			Stage 2			Stage 3			TOTAL		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage
June 2023	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%
Residential mortgages	**158 919**	**374**	**0,24**	**21 313**	**796**	**3,73**	**13 341**	**2 954**	**22,14**	**193 573**	**4 124**	**2,13**
Commercial mortgages	**171 988**	**165**	**0,10**	**12 785**	**152**	**1,19**	**15 444**	**2 857**	**18,50**	**200 217**	**3 174**	**1,59**
Instalment debtors	**128 283**	**1 550**	**1,21**	**19 844**	**2 048**	**10,32**	**9 236**	**3 952**	**42,79**	**157 363**	**7 550**	**4,80**
Credit cards and overdrafts	**26 645**	**834**	**3,13**	**5 715**	**925**	**16,19**	**4 933**	**2 897**	**58,73**	**37 293**	**4 656**	**12,48**
Term loans	**104 811**	**1 143**	**1,09**	**16 484**	**1 460**	**8,86**	**12 390**	**6 527**	**52,68**	**133 685**	**9 130**	**6,83**
Other client loans	**80 183**	**232**	**0,29**	**4 090**	**588**	**14,38**	**1 869**	**573**	**30,66**	**86 142**	**1 393**	**1,62**
Other including credit and zero balances	**7 942**	**(55)**		**38**	**(10)**		**41**	**(2)**		**8 021**	**(67)**	
GLAA/ECL held at amortised cost	**678 771**	**4 243**	**0,63**	**80 269**	**5 959**	**7,42**	**57 254**	**19 758**	**34,51**	**816 294**	**29 960**	**3,67**

	Stage 1			Stage 2			Stage 3			TOTAL		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage
December 2022	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%
Residential mortgages	158 725	336	0,21	18 404	655	3,56	10 760	2 417	22,46	187 889	3 408	1,81
Commercial mortgages	168 438	140	0,08	11 376	151	1,33	14 024	2 360	16,83	193 838	2 651	1,37
Instalment debtors	121 720	1 348	1,11	22 096	2 264	10,25	7 766	3 395	43,72	151 582	7 007	4,62
Credit cards and overdrafts	25 369	910	3,59	5 804	597	10,29	4 373	2 760	63,11	35 546	4 267	12,00
Term loans	121 044	1 180	0,97	16 433	1 371	8,34	11 850	6 256	52,79	149 327	8 807	5,90
Other client loans	74 499	186	0,25	3 534	412	11,66	2 867	530	18,49	80 900	1 128	1,39
Other including credit and zero balances	8 033	(48)	n/a	33	(10)	n/a	35	(1)	n/a	8 101	(59)	n/a
GLAA/ECL held at amortised cost	677 828	4 052	0,60	77 680	5 440	7,00	51 675	17 717	34,29	807 183	27 209	3,37

	Stage 1			Stage 2			Stage 3			TOTAL		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA	ECL	Coverage
June 2022	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%
Residential mortgages	153 108	270	0,18	17 648	560	3,17	10 046	2 310	22,99	180 802	3 140	1,74
Commercial mortgages	162 086	132	0,08	21 118	936	4,43	6 172	1 411	22,86	189 376	2 479	1,31
Instalment debtors	119 224	1 418	1,19	19 815	1 931	9,75	7 295	3 157	43,28	146 334	6 506	4,45
Credit cards and overdrafts	25 178	926	3,68	5 133	699	13,62	4 357	2 681	61,53	34 668	4 306	12,42
Term loans	109 450	1 309	1,20	12 487	1 010	8,09	11 934	5 821	48,78	133 871	8 140	6,08
Other client loans	90 295	272	0,30	3 610	671	18,59	1 878	646	34,40	95 783	1 589	1,66
Other including credit and zero balances	8 109	(43)		24	(7)		37	(2)		8 170	(52)	
GLAA/ECL held at amortised cost	667 450	4 284	0,64	79 835	5 800	7,26	41 719	16 024	38,41	789 004	26 108	3,31

Economic scenarios

	June 2023							
						Economic forecast[1] (%)		
Scenario	**Probability weighting (%)**	**Total ECL allowance**	**Difference to weighted scenarios**	**Percentage difference to weighted scenarios (%)**	**Economic measures**	**2024**	**2025**	**2026**
					GDP	**1,0**	**1,4**	**1,7**
Base case	**50**	**30 744**	**(48)**	**(0,2)**	**Prime**	**11,5**	**11,0**	**11,0**
					HPI	**2,5**	**3,1**	**3,9**
					GDP	**(0,5)**	**0,8**	**1,4**
Mild stress	**21**	**31 056**	**264**	**0,9**	**Prime**	**12,3**	**11,5**	**11,5**
					HPI	**1,7**	**2,3**	**3,0**
					GDP	**1,8**	**1,9**	**2,1**
Positive outcome	**21**	**30 400**	**(392)**	**(1,3)**	**Prime**	**10,8**	**10,3**	**9,8**
					HPI	**3,3**	**4,1**	**5,1**
					GDP	**(1,4)**	**0,5**	**1,2**
High stress	**8**	**31 414**	**622**	**2,0**	**Prime**	**13,0**	**12,5**	**12,3**
					HPI	**0,9**	**1,4**	**2,1**
Weighted scenarios	**100**	**30 792**						

[1] *Forecast at 30 June 2023.*

	December 2022							
						Economic forecast[1] (%)		
Scenario	**Probability weighting (%)**	**Total ECL allowance**	**Difference to weighted scenarios**	**Percentages difference to weighted scenarios (%)**	**Economic measures**	**2023**	**2024**	**2025**
					GDP	1,3	1,8	1,7
Base case	50	27 817	(76)	(0,3)	**Prime**	11,0	10,5	10,5
					HPI	2,5	3,0	3,6
					GDP	(0,1)	0,4	1,0
Mild stress	21	28 122	229	0,8	**Prime**	11,8	12,0	12,3
					HPI	2,1	2,4	2,7
					GDP	1,9	2,3	2,3
Positive outcome	21	27 630	(263)	(0,9)	**Prime**	10,0	9,8	9,8
					HPI	3,3	3,9	4,7
					GDP	(1,2)	(0,5)	0,8
High stress	8	28 446	553	2,0	**Prime**	12,8	12,8	12,8
					HPI	1,6	1,7	1,8
Weighted scenarios	**100**	**27 893**						

[1] *Forecast at 31 December 2022.*

Climate-related disclosures

	Rm				% of GLAA		
	June 2023	**June 2022**	**Dec 2022**	**Ytd change**	**June 2023**	**June 2022**	**Dec 2022**
Thermal coal[1]							
Limit[2]	**2 275**	2 706	2 324	(49)	**0,3**	0,3	0,3
Drawn exposure	**961**	1 088	1 002	(41)	**0,1**	0,1	0,1
Upstream oil[3]							
Limit[2]	**20 898**	14 826	19 592	1 306	**2,4**	1,8	2,3
Drawn exposure	**12 246**	7 885	11 081	1 165	**1,4**	0,9	1,3
Upstream gas[3]							
Limit[2]	**1 890**	483	1 698	192	**0,2**	0,1	0,2
Drawn exposure	**1 480**	442	1 380	100	**0,2**	0,1	0,2
Non-renewable power generation							
Limit[2]	**9 948**	11 149	9 964	(16)	**1,1**	1,3	1,2
Drawn exposure	**5 496**	6 205	5 375	121	**0,6**	0,7	0,6
Renewable Energy Independent Power Producers Procurement Programme							
Limit[2]	**34 376**	35 720	34 910	(534)	**3,9**	4,3	4,0
Drawn exposure	**25 628**	27 055	25 941	(313)	**2,9**	3,3	3,0
Private power generation – CIB							
Limit[2]	**1 578**	463	1 575	3	**0,2**	0,1	0,2
Drawn exposure	**1 461**	375	735	726	**0,2**	0,0	0,1
Private power generation – RBB							
Limit[2]	**386**	125	220	166	**0,0**	0,0	0,0
Drawn exposure	**386**	125	220	166	**0,0**	0,0	0,0
Private power generation – NAR							
Limit[2]	**82**	89	91	(9)	**0,0**	0,0	0,0
Drawn exposure	**71**	65	68	3	**0,0**	0,0	0,0
African renewable-energy projects							
Limit[2]	**407**	421	402	5	**0,0**	0,1	0,0
Drawn exposure	**295**	332	304	(9)	**0,0**	0,0	0,0
Total renewable energy							
Limit[2]	**36 829**	36 818	37 198	(369)	**4,2**	4,4	4,3
Drawn exposure	**27 841**	27 952	27 268	573	**3,1**	3,4	3,2

[1] *Excludes derivative products and environmental guarantees.*
[2] *Current limits include all committed facilities approved to clients, in respective portfolios, aligned with the Nedbank Energy Policy.*
[3] *Includes all limits and exposures, including all products and derivatives, aligned with the Nedbank Energy Policy.*

Gross advances and ECL movement

Reconciliation of loss allowance relating to financial assets measured at amortised cost and FVOCI because changes in the associated ECL are recognised in impairment charges. The reconciliation excludes loans measured at FVTPL and fair-value hedge-accounted portfolios because changes in fair values are recognised in NIR.

	Stage 1			Stage 2			Stage 3			Total		
Loans and advances (Rm)	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2022	669 795	4 197	665 598	77 647	5 522	72 125	51 640	17 827	33 813	799 082	27 546	771 536
New loans and advances originated	154 842	1 987	152 855			–			–	154 842	1 987	152 855
Loans and advances written off			–			–	(4 100)	(4 100)	–	(4 100)	(4 100)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(131 760)	3 051	(134 811)	(8 739)	655	(9 394)	(5 011)	1 025	(6 036)	(145 510)	4 731	(150 241)
Transfers to stage 1	19 710	398	19 312	(18 245)	(339)	(17 906)	(1 465)	(59)	(1 406)	–	–	–
Transfers to stage 2	(35 055)	(2 736)	(32 319)	39 832	3 219	36 613	(4 777)	(483)	(4 294)	–	–	–
Transfers to stage 3	(9 907)	(2 554)	(7 353)	(10 805)	(3 014)	(7 791)	20 712	5 568	15 144	–	–	–
Foreign exchange and other movements	3 204	49	3 155	541	11	530	214	56	158	3 959	116	3 843
Net balances	670 829	4 392	666 437	80 231	6 054	74 177	57 213	19 834	37 379	808 273	30 280	777 993
Total credit and zero balances	7 942		7 942	38		38	41		41	8 021	–	8 021
Balance at 30 June 2023	678 771	4 392	674 379	80 269	6 054	74 215	57 254	19 834	37 420	816 294	30 280	786 014
GLAA for assets held at FVOCI	47 949	83	47 866	1 855	112	1 743	1 138	317	821	50 942	512	50 430
Trading book GLAA held at FVTPL	67 486		67 486			–			–	67 486	–	67 486
Banking book GLAA held at FVTPL	10 425		10 425			–			–	10 425	–	10 425
GLAA for fair-value hedge-accounted portfolios	(1 887)		(1 887)			–			–	(1 887)	–	(1 887)
Total GLAA/ECL	802 744	4 475	798 269	82 124	6 166	75 958	58 392	20 151	38 241	943 260	30 792	912 468
ECL on loans at FVOCI		(83)	83		(112)	112		(317)	317	–	(512)	512
Off-balance-sheet ECL		(149)	149		(95)	95		(76)	76	–	(320)	320
Loans and advances at 30 June 2023	802 744	4 243	798 501	82 124	5 959	76 165	58 392	19 758	38 634	943 260	29 960	913 300

Favourable

- Decrease in CIB stage 3 banking LAA and improvement in coverage ratio to 20,18% from 18,18% at 31 December 2022.
- The central overlay remains at R300m (December 2022: R300m), appropriate in the current difficult economic environment.
- Increase in the group's coverage ratio to a multi-year high of 3,67% (December 2022: 3,37%), reflective of prudent provisioning in the current difficult economic environment.
- Solid growth in retail driven by MFC market leading position and commercial banking.

Unfavourable

- Increase in stage 3 banking LAA of 11% to R57bn (December 2022: R52bn) with stage 3 LAA as a percentage of total banking LAA increasing to 6,67% (December 2022: 6,14%) due to increased defaults within RBB.
- Slower growth in wholesale loans on the back of selective origination and sluggish economy.

CIB, excluding Property Finance (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2022	136 572	368	136 204	12 849	435	12 414	7 054	1 624	5 430	156 475	2 427	154 048
New loans and advances originated	66 382	649	65 733			–			–	66 382	649	65 733
Loans and advances written off			–			–	348	348	–	348	348	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(76 537)	(233)	(76 304)	(3 453)	169	(3 622)	(2 719)	(861)	(1 858)	(82 709)	(925)	(81 784)
Transfers to stage 1	4 132	86	4 046	(3 981)	(80)	(3 901)	(151)	(6)	(145)	–	–	–
Transfers to stage 2	(5 939)	(108)	(5 831)	7 101	138	6 963	(1 162)	(30)	(1 132)	–	–	–
Transfers to stage 3	(2 346)	(408)	(1 938)	(229)	(34)	(195)	2 575	442	2 133	–	–	–
Foreign exchange and other movements	2 910	12	2 898	188	6	182	131	10	121	3 229	28	3 201
Net balances	125 174	366	124 808	12 475	634	11 841	6 076	1 527	4 549	143 725	2 527	141 198
Total credit and zero balances			–			–			–	–	–	–
Balance at 30 June 2023	125 174	366	124 808	12 475	634	11 841	6 076	1 527	4 549	143 725	2 527	141 198
GLAA for assets held at FVOCI	47 949	83	47 866	1 855	112	1 743	1 138	317	821	50 942	512	50 430
Trading book GLAA held at FVTPL	67 486		67 486			–			–	67 486	–	67 486
Banking book GLAA held at FVTPL	8 132		8 132			–			–	8 132	–	8 132
GLAA for fair-value hedge-accounted portfolios			–			–			–	–	–	–
Total GLAA/ECL	248 741	449	248 292	14 330	746	13 584	7 214	1 844	5 370	270 285	3 039	267 246
ECL on loans at FVOCI		(83)	83		(112)	112		(317)	317	–	(512)	512
Off-balance-sheet ECL		(75)	75		(76)	76		(60)	60	–	(211)	211
Loans and advances at 30 June 2023	248 741	291	248 450	14 330	558	13 772	7 214	1 467	5 747	270 285	2 316	267 969

Property Finance (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2022	151 494	85	151 409	6 945	71	6 874	11 577	1 858	9 719	170 016	2 014	168 002
New loans and advances originated	21 789	12	21 777			–			–	21 789	12	21 777
Loans and advances written off			–			–	(353)	(353)	–	(353)	(353)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(17 028)		(17 028)	(178)	17	(195)	580	655	(75)	(16 626)	672	(17 298)
Transfers to stage 1	1 067	7	1 060	(948)	(6)	(942)	(119)	(1)	(118)	–	–	–
Transfers to stage 2	(2 611)	(2)	(2 609)	2 615	2	2 613	(4)		(4)	–	–	–
Transfers to stage 3	(44)		(44)	(186)	(3)	(183)	230	3	227	–	–	–
Foreign exchange and other movements			–			–			–	–	–	–
Net balances	154 667	102	154 565	8 248	81	8 167	11 911	2 162	9 749	174 826	2 345	172 481
Banking book GLAA held at FVTPL	389		389			–			–	389	–	389
Loans and advances at 30 June 2023	155 056	102	154 954	8 248	81	8 167	11 911	2 162	9 749	175 215	2 345	172 870

Commercial Banking (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	Stage 2 GLAA	Stage 2 ECL	Stage 2 Amortised cost	Stage 3 GLAA	Stage 3 ECL	Stage 3 Amortised cost	Total GLAA	Total ECL	Total Amortised cost
Net balance at 31 December 2022	74 322	175	74 147	10 440	182	10 258	4 745	1 306	3 439	89 507	1 663	87 844
New loans and advances originated	14 415	135	14 280			–			–	14 415	135	14 280
Loans and advances written off			–			–	(70)	(70)	–	(70)	(70)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(7 589)	(47)	(7 542)	(1 390)	(31)	(1 359)	(763)	321	(1 084)	(9 742)	243	(9 985)
Transfers to stage 1	2 503	57	2 446	(2 183)	(31)	(2 152)	(320)	(26)	(294)	–	–	–
Transfers to stage 2	(4 407)	(25)	(4 382)	4 670	97	4 573	(263)	(72)	(191)	–	–	–
Transfers to stage 3	(1 485)	(94)	(1 391)	(1 360)	(18)	(1 342)	2 845	112	2 733	–	–	–
Balance at 30 June 2023	77 759	201	77 558	10 177	199	9 978	6 174	1 571	4 603	94 110	1 971	92 139
Off-balance-sheet impairment allowance		(6)	6		(3)	3		(14)	14	–	(23)	23
Loans and advances at 30 June 2023	77 759	195	77 564	10 177	196	9 981	6 174	1 557	4 617	94 110	1 948	92 162

Retail — Mortgage loans (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	Stage 2 GLAA	Stage 2 ECL	Stage 2 Amortised cost	Stage 3 GLAA	Stage 3 ECL	Stage 3 Amortised cost	Total GLAA	Total ECL	Total Amortised cost
Net balance at 31 December 2022	133 080	284	132 796	17 272	632	16 640	8 758	1 826	6 932	159 110	2 742	156 368
New loans and advances originated	11 480	87	11 393			–			–	11 480	87	11 393
Loans and advances written off			–			–	(150)	(150)	–	(150)	(150)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(4 978)	460	(5 438)	(448)	248	(696)	(356)	78	(434)	(5 782)	786	(6 568)
Transfers to stage 1	3 397	11	3 386	(3 137)	(10)	(3 127)	(260)	(1)	(259)	–	–	–
Transfers to stage 2	(8 061)	(348)	(7 713)	9 351	405	8 946	(1 290)	(57)	(1 233)	–	–	–
Transfers to stage 3	(1 353)	(176)	(1 177)	(3 258)	(510)	(2 748)	4 611	686	3 925	–	–	–
Balance at 30 June 2023	133 565	318	133 247	19 780	765	19 015	11 313	2 382	8 931	164 658	3 465	161 193
Off-balance-sheet impairment allowance			–			–			–	–	–	–
Loans and advances at 30 June 2023	133 565	318	133 247	19 780	765	19 015	11 313	2 382	8 931	164 658	3 465	161 193

Retail — Instalment debtors (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	Stage 2 GLAA	Stage 2 ECL	Stage 2 Amortised cost	Stage 3 GLAA	Stage 3 ECL	Stage 3 Amortised cost	Total GLAA	Total ECL	Total Amortised cost
Net balance at 31 December 2022	105 464	1 307	104 157	19 736	2 240	17 496	7 311	3 228	4 083	132 511	6 775	125 736
New loans and advances originated	24 800	435	24 365			–			–	24 800	435	24 365
Loans and advances written off			–			–	(1 251)	(1 251)	–	(1 251)	(1 251)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(15 674)	1 172	(16 846)	(1 923)	(131)	(1 792)	(1 560)	237	(1 797)	(19 157)	1 278	(20 435)
Transfers to stage 1	7 128	160	6 968	(6 756)	(150)	(6 606)	(372)	(10)	(362)	–	–	–
Transfers to stage 2	(9 640)	(985)	(8 655)	11 343	1 176	10 167	(1 703)	(191)	(1 512)	–	–	–
Transfers to stage 3	(2 537)	(586)	(1 951)	(3 682)	(1 110)	(2 572)	6 219	1 696	4 523	–	–	–
Balance at 30 June 2023	109 541	1 503	108 038	18 718	2 025	16 693	8 644	3 709	4 935	136 903	7 237	129 666
Off-balance-sheet impairment allowance			–			–			–	–	–	–
Loans and advances at 30 June 2023	109 541	1 503	108 038	18 718	2 025	16 693	8 644	3 709	4 935	136 903	7 237	129 666

Retail — Card, term and other (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2022	25 350	1 721	23 629	5 851	1 510	4 341	9 134	6 804	2 330	40 335	10 035	30 300
New loans and advances originated	6 905	523	6 382			–			–	6 905	523	6 382
Loans and advances written off			–			–	(2 536)	(2 536)	–	(2 536)	(2 536)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(3 152)	1 810	(4 962)	(949)	379	(1 328)	161	564	(403)	(3 940)	2 753	(6 693)
Transfers to stage 1	836	67	769	(760)	(60)	(700)	(76)	(7)	(69)	–	–	–
Transfers to stage 2	(3 815)	(1 266)	(2 549)	4 271	1 347	2 924	(456)	(81)	(375)	–	–	–
Transfers to stage 3	(1 785)	(1 209)	(576)	(1 765)	(1 279)	(486)	3 550	2 488	1 062	–	–	–
Balance at 30 June 2023	24 339	1 646	22 693	6 648	1 897	4 751	9 777	7 232	2 545	40 764	10 775	29 989
Off-balance-sheet impairment allowance		(54)	54		(12)	12		(1)	1	–	(67)	67
Loans and advances at 30 June 2023	24 339	1 592	22 747	6 648	1 885	4 763	9 777	7 231	2 546	40 764	10 708	30 056

Wealth (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2022	24 871	42	24 829	1 842	29	1 813	1 133	299	834	27 846	370	27 476
New loans and advances originated	5 866	9	5 857			–			–	5 866	9	5 857
Loans and advances written off			–			–			–	–	–	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(4 067)	23	(4 090)	(78)		(78)	(129)	(19)	(110)	(4 274)	4	(4 278)
Transfers to stage 1	416	1	415	(324)	(1)	(323)	(92)		(92)	–	–	–
Transfers to stage 2	(1 185)	(16)	(1 169)	1 198	16	1 182	(13)		(13)	–	–	–
Transfers to stage 3	(253)	(16)	(237)	(230)	(11)	(219)	483	27	456	–	–	–
Foreign exchange and other movements	1 326	(4)	1 330	34	(2)	36	5	1	4	1 365	(5)	1 370
Net balances	26 974	39	26 935	2 442	31	2 411	1 387	308	1 079	30 803	378	30 425
Banking book GLAA held at FVTPL	1 883		1 883			–			–	1 883	–	1 883
Loans and advances at 30 June 2023	28 857	39	28 818	2 442	31	2 411	1 387	308	1 079	32 686	378	32 308

Nedbank Africa Regions (Rm)	Stage 1			Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
Net balance at 31 December 2022	19 708	215	19 493	1 272	120	1 152	1 922	881	1 041	22 902	1 216	21 686
New loans and advances originated	3 223	137	3 086			–			–	3 223	137	3 086
Loans and advances written off			–			–	(88)	(88)	–	(88)	(88)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(2 735)	(134)	(2 601)	(320)	(5)	(315)	(224)	50	(274)	(3 279)	(89)	(3 190)
Transfers to stage 1	231	9	222	(156)	(1)	(155)	(75)	(8)	(67)	–	–	–
Transfers to stage 2	(804)	14	(818)	690	38	652	114	(52)	166	–	–	–
Transfers to stage 3	(104)	(65)	(39)	(95)	(49)	(46)	199	114	85	–	–	–
Foreign exchange and other movements	(1 023)	41	(1 064)	324	7	317	82	45	37	(617)	93	(710)
Net balances	18 496	217	18 279	1 715	110	1 605	1 930	942	988	22 141	1 269	20 872
Banking book GLAA held at FVTPL		(14)	14		(4)	4		(1)	1	–	(19)	19
Loans and advances at 30 June 2023	18 496	203	18 293	1 715	106	1 609	1 930	941	989	22 141	1 250	20 891

9 Investment securities

Rm	Jun 2023	Jun 2022	Dec 2022
Equity investments	**7 044**	6 366	6 612
Associates – Property Partners	**1 729**	1 818	1 598
Associates – Investment Banking	**1 188**	1 163	1 176
Unlisted investments – Property Partners	**1 602**	1 182	1 592
Unlisted investments – Investment Banking	**2 525**	2 203	2 246
Listed investments	**27**	21	347
Unlisted investments	**3 206**	3 098	2 930
Taquanta Asset Managers portfolio	**586**	520	526
Strate Limited	**163**	163	163
Other	**2 457**	2 415	2 241
Total listed and unlisted investments	**10 277**	9 485	9 889
Listed policyholder investments at market value	**12 493**	11 885	11 851
Unlisted policyholder investments at directors' valuation	**3 462**	3 807	3 725
Total policyholder investments	**15 955**	15 692	15 576
Total investment securities	**26 232**	25 177	25 465

Equity risk in the banking book

		Jun 2023	Jun 2022	Dec 2022
Total equity portfolio	Rm	**13 293**	13 091	12 385
Disclosed at fair value	Rm	**10 277**	9 485	9 889
Equity-accounted, including investment in ETI	Rm	**3 016**	3 606	2 496
Percentage of total assets	%	**1,0**	1,0	1,0
Percentage of group minimum economic-capital requirement	%	**7,2**	6,9	7,3

- Equity risk in the banking book is primarily assumed in CIB, which actively makes investments with clearly defined strategies.
- Additional investments are undertaken as a result of operational requirements or strategic decisions, or as part of debt restructuring.
- The equity portfolio that is held at fair value increased by R388m year on year, largely due to a new acquisition.
- The value of the portfolio that is equity-accounted increased by R520m to R3 016m (December 2022: R2 496m). This was largely due to a R506m increase in the ETI carrying value owing to improved ETI financial performance. The ETI board continues to make good progress on the key strategic focus areas.
- The ETI strategic investment is accounted for under the equity method of accounting and is therefore not carried at fair value.
- The board sets the overall risk appetite and strategy of the group for equity risk, and business develops portfolio objectives and investment strategies for its investment activities. These address the types of investment, expected business returns, desired holding periods, diversification parameters and other elements of sound equity investment risk management.

10 Investments in associate companies

	Equity-accounted earnings Rm			Carrying amount Rm			Net exposure (from)/to associates[1] Rm		
Name of company and nature of business	**Jun 2023**	**Jun 2022**	**Dec 2022**	**Jun 2023**	**Jun 2022**	**Dec 2022**	**Jun 2023**	**Jun 2022**	**Dec 2022**
Associates									
Listed									
ETI[2]	**749**	470	779	**1 792**	2 449	1 286	**(167)**	(7)	782
Unlisted									
Equity investments: Tracker Technology Holdings Proprietary Limited	**24**	27	50	**554**	507	530	**1 016**	1 126	1 615
Other equity investments	**8**	8	14	**216**	239	238	**467**	293	437
Other strategic investments	**1**	5	36	**454**	411	442	**65**	53	67
Total	**782**	510	879	**3 016**	3 606	2 496	**1 381**	1 465	2 901

[1] *Includes on-balance-sheet and off-balance-sheet exposure.*
[2] *ETI is a pan-African bank and its shares are listed on the stock exchanges of Nigeria, Ghana and the Ivory Coast.*

The percentage holding in ETI at 30 June 2023 remains unchanged at 21,2%.

Accounting recognition of ETI

Rm	Jun 2023	Jun 2022	Dec 2022
Opening carrying value	**3 036**	4 022	4 022
Share of associate earnings	**749**	470	779
Share of other comprehensive losses	**(207)**	(240)	(1 822)
Foreign currency translation	**75**	79	190
Dividends	**(111)**	(132)	(133)
Closing carrying value pre-impairment provision	**3 542**	4 199	3 036
Impairment provision	**(1 750)**	(1 750)	(1 750)
Closing carrying value	**1 792**	2 449	1 286

The associate income includes our share of ETI's earnings from 1 October 2022 to 31 March 2023, in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear, adjusted for any significant transactions or events that occurred between 1 April 2023 and 30 June 2023. During December 2022 the government of Ghana announced its intention to restructure its local and external debt, through entering into a voluntary domestic-debt restructure programme, and not service the existing debt. Following the default on Ghana's Eurobond coupon payments, Nedbank concluded its own governance and review process for the December 2022 FY results and the potential impact of the Ghanaian sovereign domestic debt restructure and determined a post-balance-sheet impairment of R175m. Subsequent to publication of ETI's annual financial statements and the evaluation of their financial performance, the estimated impact was reversed and the actual impact incorporated through ETI's Q4 2022 earnings.

During June 2023 the Naira Nafex rate depreciated against the USD by more than 50%, which impacts one of the major regions in which ETI operates. As a result, the conversion of the Nigeria operation to USD (ETI's presentation currency) would be affected. Nedbank has accounted for a R328m credit through OCI to the carrying value of ETI based on its estimation of the impact of the Naira devaluation using published financial information.

The market value of the group's investment in ETI, based on its quoted share price, was R2,0bn on 30 June 2023 and R2,0bn on 4 August 2023.

11 Intangible assets

Rm	Jun 2023	Jun 2022	Dec 2022
Computer software and capitalised development costs	**8 056**	8 610	8 316
Goodwill	**4 312**	4 289	4 292
Client relationships, contractual rights and other	**40**	24	41
	12 408	12 923	12 649

Computer software and capitalised development costs – Carrying amount

Rm	Amortisation periods	Jun 2023	Jun 2022	Dec 2022
Computer software	2–10 years	**6 668**	7 329	6 958
Core product and client systems		**1 813**	1 851	1 882
Support systems		**1 844**	2 055	1 903
Digital systems		**2 397**	2 798	2 567
Payment systems		**614**	625	606
Development costs not yet commissioned	none	**1 388**	1 281	1 358
Core product and client systems		**662**	555	574
Support systems		**404**	370	422
Digital systems		**242**	239	243
Payment systems		**80**	117	119
		8 056	8 610	8 316
Computer software				
Opening balance		**6 958**	7 763	7 763
Additions		**133**	37	101
Commissioned during period		**481**	424	1 018
Foreign exchange and other moves		**2**	26	(4)
Amortisation charge for the period		**(903)**	(910)	(1 864)
Impairments		**(3)**	(11)	(56)
Closing balance		**6 668**	7 329	6 958
Development costs not yet commissioned				
Opening balance		**1 358**	1 138	1 138
Additions		**512**	562	1 279
Commissioned during period		**(481)**	(424)	(1 018)
Foreign exchange and other moves		**(1)**	12	(4)
Impairments			(7)	(37)
Closing balance		**1 388**	1 281	1 358

Notes

12 Amounts owed to depositors

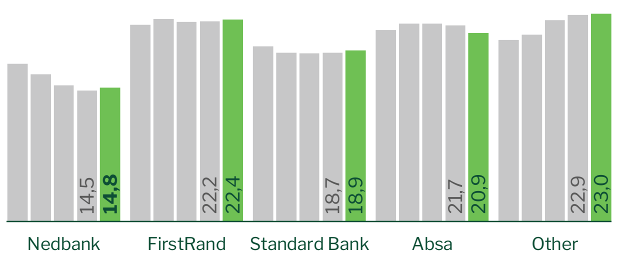
Segmental breakdown

Rm	Yoy % change	Nedbank Group Jun 2023	Nedbank Group Jun 2022 restated[1]	Nedbank Group Dec 2022	Corporate and Investment Banking Jun 2023	Corporate and Investment Banking Jun 2022	Corporate and Investment Banking Dec 2022	Retail and Business Banking Jun 2023	Retail and Business Banking Jun 2022 restated[1]	Retail and Business Banking Dec 2022	Wealth Jun 2023	Wealth Jun 2022	Wealth Dec 2022	Nedbank Africa Regions Jun 2023	Nedbank Africa Regions Jun 2022	Nedbank Africa Regions Dec 2022	Centre Jun 2023	Centre Jun 2022	Centre Dec 2022
Current accounts		**109 924**	109 778	110 590	**8 279**	8 215	8 672	**88 095**	89 230	88 662	**2 312**	2 307	2 275	**11 126**	9 914	10 758	**112**	112	223
Savings accounts	(8)	**41 277**	44 980	42 095				**14 248**	13 914	13 796	**26 170**	30 179	27 422	**859**	887	877			
Other deposits and loan accounts[1]	12	**758 566**	678 294	726 686	**409 536**	378 978	399 552	**306 805**	268 770	290 669	**22 348**	11 396	16 473	**18 855**	17 749	18 819	**1 022**	1 401	1 173
Call and term deposits	14	**419 358**	366 624	409 270	**157 941**	138 072	162 380	**233 134**	207 855	223 350	**19 360**	9 324	13 968	**8 918**	11 368	9 567	**5**	5	5
Fixed deposits	33	**78 889**	59 308	72 277	**17 521**	12 806	15 586	**54 764**	43 037	49 835	**1 466**	761	1 124	**5 137**	2 704	5 732	**1**		
Cash management deposits[1]	(3)	**98 287**	101 070	99 734	**87 314**	90 562	87 459	**7 802**	7 895	9 459	**295**	336	262	**2 702**	2 043	2 385	**174**	234	169
Other deposits	7	**162 032**	151 292	145 405	**146 760**	137 538	134 127	**11 105**	9 983	8 025	**1 227**	975	1 119	**2 098**	1 634	1 135	**842**	1 162	999
Foreign currency liabilities	38	**36 512**	26 468	29 180	**23 568**	18 137	20 116	**12 878**	8 240	8 987	**45**	80	21	**21**	11	56			
Negotiable certificates of deposit	3	**124 465**	120 390	118 892										**3 994**	3 953	3 817	**120 471**	116 437	115 075
Macro fair-value hedge-accounting adjustment	15	**(1 301)**	(1 531)	(1 367)													**(1 301)**	(1 531)	(1 367)
Deposits received under repurchase agreements	(37)	**16 798**	26 794	13 546	**16 798**	26 306	13 546								488				
Total amounts owed to depositors[1]	8	**1 086 241**	1 005 173	1 039 622	**458 181**	431 636	441 886	**422 026**	380 154	402 114	**50 875**	43 962	46 191	**34 855**	33 002	34 327	**120 304**	116 419	115 104
Comprises:																			
– Banking amounts owed to depositors[1]	10	**1 029 726**	937 377	983 582	**401 666**	363 840	385 846	**422 026**	380 154	402 114	**50 875**	43 962	46 191	**34 855**	33 002	34 327	**120 304**	116 419	115 104
– Trading amounts owed to depositors	(17)	**56 515**	67 796	56 040	**56 515**	67 796	56 040												
Total amounts owed to depositors[1]	8	**1 086 241**	1 005 173	1 039 622	**458 181**	431 636	441 886	**422 026**	380 154	402 114	**50 875**	43 962	46 191	**34 855**	33 002	34 327	**120 304**	116 419	115 104

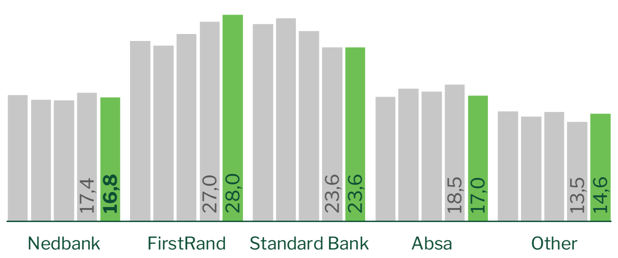
[1] *As disclosed at 31 December 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being included incorrectly under cash management deposits (liability) and debtors (asset), and the affected line items were therefore overstated. The sweep eliminates the cash management deposit account and the debtor funding account. As a result, the comparative assets and liabilities for June 2022 have been restated by R2 848m.*

Market share according to BA900

Household deposits[1] (Jun 2019–May 2023)
(%)

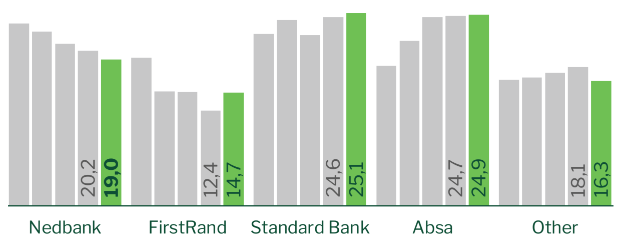


Non-financial corporate deposits[2] (Jun 2019–May 2023)
(%)

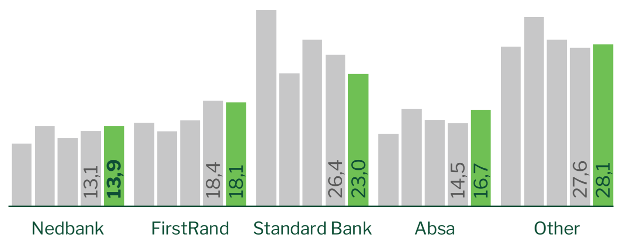


[1] *Includes households according to the BA900 return.*
[2] *Includes private non-financial corporate sector deposits, unincorporated businesses as well as non-profit organisations and charities according to the BA900 return.*

Wholesale deposits[3] (Jun 2019–May 2023)
(%)



Foreign currency liabilities[4] (Jun 2019–May 2023)
(%)



[3] *Includes insurers, pension funds, private financial corporate-sector deposits, collateralised borrowings and repurchase deposits according to the BA900 return.*
[4] *Includes foreign currency deposits and foreign currency funding according to the BA900 return.*

Liquidity risk and funding

Summary of Nedbank Group liquidity risk and funding profile

		Jun 2023	Jun 2022	Dec 2022
Total sources of quick liquidity	Rm	**299 538**	271 570	285 688
Total HQLA[1]	Rm	**236 950**	208 207	224 963
Other sources of quick liquidity	Rm	**62 588**	63 363	60 725
Total sources of quick liquidity (as a percentage of total assets)	%	**22,9**	21,6	22,8
Long-term funding ratio (three-month average)	%	**29,2**	29,4	28,4
Senior unsecured debt, including green bonds	Rm	**34 504**	37 007	34 561
Green bonds	Rm	**2 702**	3 190	2 697
Total capital market issuance (excluding additional tier 1 capital)	Rm	**49 870**	53 166	51 903
Reliance on NCD (as a percentage of total deposits)	%	**11,5**	11,9	11,4
Reliance on foreign currency deposits (as a percentage of total deposits)	%	**3,4**	2,6	2,8
Loan-to-deposit ratio	%	**84,1**	85,0	84,9
Basel III liquidity ratios				
LCR[2]	%	**143,3**	143,5	160,5
Minimum regulatory LCR requirement	%	**100,0**	100,0	100,0
NSFR[3]	%	**118.9**	120,3	119,1
Minimum regulatory NSFR requirement	%	**100,0**	100,0	100,0

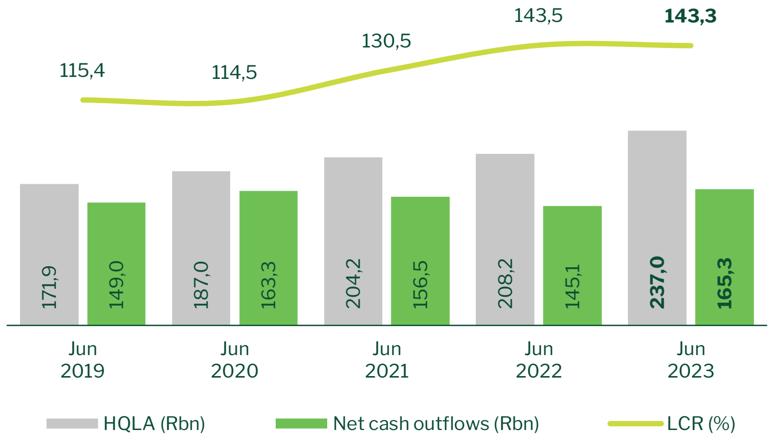
[1] *Total HQLA includes government securities that are fair-valued to the extent that they are risk managed in the trading portfolio or fair-valued for interest-rate risk purposes in the macro fair-value hedge-accounting solution.*

[2] *Only banking and/or deposit-taking entities are included in the group LCR and the group ratio represents a consolidation of the relevant individual net cash outflows (NCOF) and the individual HQLA portfolios across all banking and/or deposit-taking entities where surplus HQLA holdings in excess of the minimum requirement of 100% have been excluded from the consolidated HQLA number in the case of all non-South African banking entities. The above values reflect the simple average of daily observations over the quarter ending 30 June 2023 for Nedbank and simple average of the month-end values at 30 April 2023, 31 May 2023 and 30 June 2023 for all non-South African banking entities.*

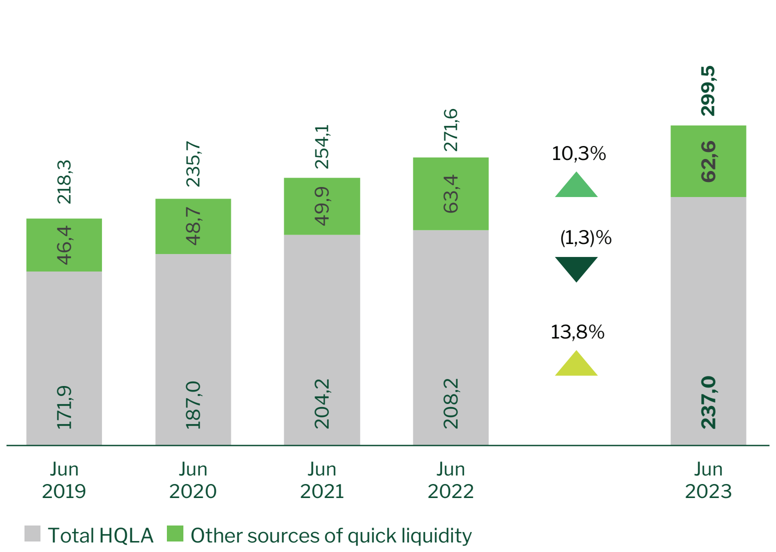
[3] *Only banking and/or deposit-taking entities are included in the group NSFR and the group data represents a consolidation of the relevant individual assets, liabilities and off-balance-sheet items.*

- Nedbank Group remains well funded with a strong liquidity position, underpinned by a significant quantum of long-term funding, an appropriately sized surplus liquid-asset buffer, a strong loan-to-deposit ratio that is consistently below 100%, and a low reliance on interbank and foreign currency funding.
- The group's LCR exceeded the minimum regulatory requirement of 100%, with the group maintaining appropriate operational liquidity buffers designed to absorb seasonal, cyclical and systemic volatility observed in the LCR.
- The consolidated LCR, calculated using the simple average of daily observations over the quarter ending 30 June 2023 for Nedbank Limited and the simple average of the month-end values at 30 April 2023, 31 May 2023 and 30 June 2023 for all non-South African banking entities, was 143,3%.
  - Nedbank's portfolio of LCR-compliant HQLA measured at fair value (mainly comprising government bonds) increased to a quarterly average of R237,0bn, up from December 2022 when the portfolio amounted to R225,0bn.
  - The ytd decrease in the LCR to 143,3% (December 2022: 160,5%) is primarily attributable to a business-as-usual increase in the quarterly arithmetic average net cash outflows, offset by an increase in HQLA liquidity buffers.
  - Nedbank will continue managing the HQLA portfolio, taking into account balance sheet growth, while maintaining appropriately sized surplus liquid-asset buffers based on cyclical, seasonal and systemic market conditions.
  - In addition to the HQLA portfolio maintained for LCR purposes, Nedbank identifies other sources of quick liquidity that can be accessed in times of stress. Nedbank Group has significant sources of quick liquidity, as is evident in the combined portfolio of HQLA and other sources of quick liquidity, collectively amounting to R299,5bn at June 2023 and representing 22,9% of total assets.

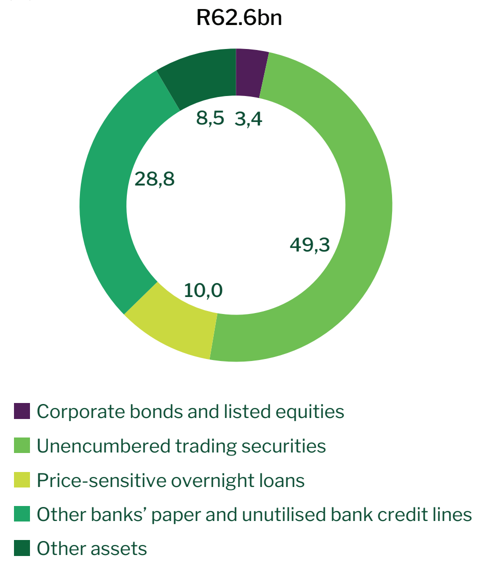
Nedbank Group LCR exceeds minimum regulatory requirements



Total sources of quick liquidity
(Rbn)

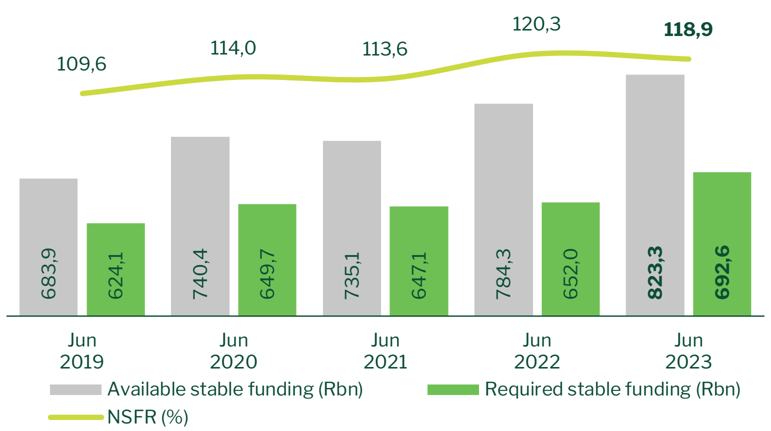


Other sources of quick liquidity contribution
(%)



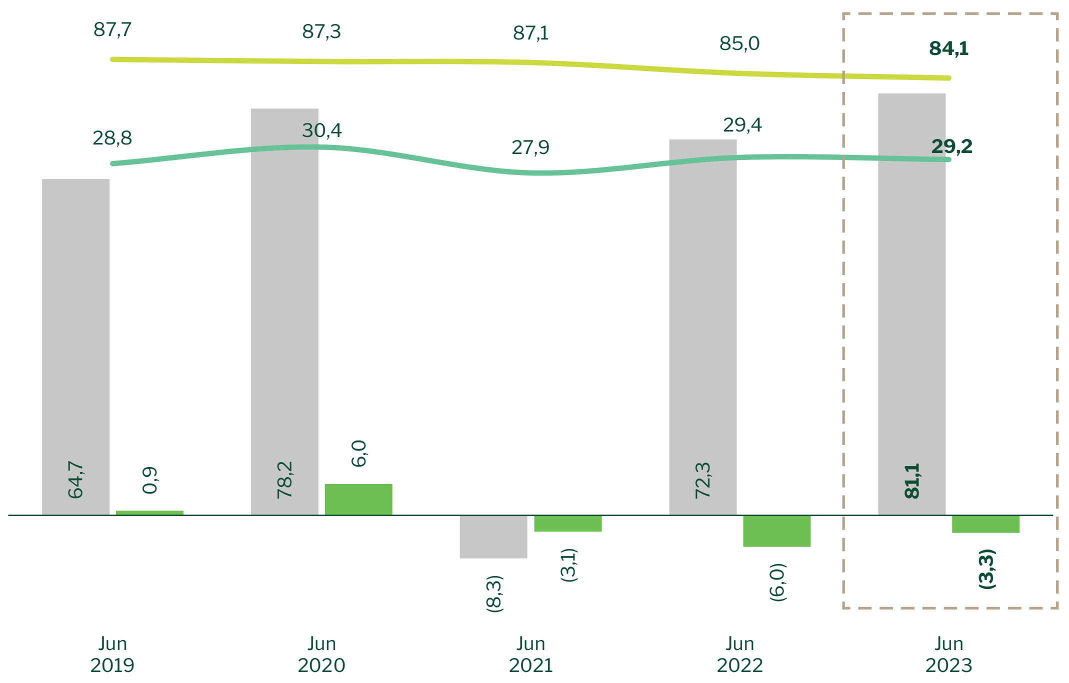
- Nedbank exceeded the minimum NSFR regulatory requirement of 100%, with a June 2023 ratio of 118.9%. The structural liquidity position of the group continued to be strong as a result of the effective management of balance sheet growth. The key focus in terms of the NSFR is to achieve ongoing compliance in the context of balance sheet optimisation.

Nedbank Group NSFR exceeds minimum regulatory requirements



- A strong funding profile has been maintained in the first half of 2023, with Nedbank recording a three-month average long-term funding ratio of 29,2% in the second quarter of the year. The focus on proactively managing Nedbank's long-term funding profile contributed to a strong balance sheet position and sound liquidity risk metrics. Nedbank has continued to run a more prudent long-term funding profile when compared with the industry average of 23,3%.
- While foreign currency funding reliance remains small, at 3,4% of total deposits, Nedbank continues focusing on growing this funding source in support of funding base diversification where the proceeds can be applied to meet funding requirements for foreign advances growth at attractive interest rates.

Nedbank Group funding and liquidity profile, underpinned by strong liquidity risk metrics



Annual growth in deposits (Rbn)

Annual growth in capital market issuance, excluding additional tier 1 capital (Rbn)

Loan-to-deposit ratio (%)

Three-month average long-term funding ratio (%)

Exchange rates

	Average				Closing			
	Yoy % change	Jun 2023	Jun 2022	Dec 2022	Yoy % change	Jun 2023	Jun 2022	Dec 2022
UK pound to rand	18	**23,68**	20,00	20,17	21	**24,03**	19,90	20,43
US dollar to rand	22	**18,75**	15,41	16,36	15	**18,90**	16,38	16,98
US dollar to naira	16	**484,97**	416,58	426,47	81	**760,27**	420,88	460,82
Rand to naira	(4)	**25,86**	27,04	26,02	57	**40,23**	25,69	27,14
Zimbabwe dollar to rand[1]		**n/a**	n/a	n/a	(92)	**0,003**	0,044	0,025
US dollar to Zimbabwe dollar[1]		**n/a**	n/a	n/a	>100	**5 739,76**	368,67	669,25

[1] *In terms of hyperinflation accounting, the inflation-indexed income statement is translated at the year-end closing spot exchange rate.*

Equity analysis

Analysis of changes in net asset value

	Yoy % change	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]
Balance at the beginning of the period		**115 896**	109 511	109 511
Impact of adopting IFRS 17, net of taxation[1]		**48**	36	36
Restated balance at the beginning of the period[1]	6	**115 944**	109 547	109 547
Additional shareholder value[1]	49	**8 866**	5 956	12 239
Profit attributable to equity holders of the parent[1]		**7 321**	6 871	14 287
Currency translation movements		**1 156**	(666)	(1 391)
Exchange differences on translating foreign operations – foreign subsidiaries[2]		**1 429**	(474)	(179)
Exchange differences on translating foreign operations – ETI[2]		**75**	79	190
Share of other comprehensive income of investments accounted for using the equity method – ETI[3]		**(348)**	(271)	(1 402)
Fair-value adjustments		**224**	(70)	(317)
Fair-value adjustments on debt and equity instruments		**107**	(80)	102
Share of other comprehensive income of investments accounted for using the equity method[3]		**117**	10	(419)
Cash flow hedge losses		**(125)**		
Defined-benefit fund adjustment		**220**	(191)	(242)
Share of other comprehensive income of investments accounted for using the equity method (included in other distributable reserves)		**25**	21	(1)
Property revaluations		**45**	(9)	(97)
Transactions with ordinary shareholders	>(100)	**(8 985)**	(3 307)	(6 814)
Dividends paid		**(4 352)**	(3 831)	(7 788)
Share buy back		**(4 929)**		
Value of employee services (net of deferred tax)		**296**	504	979
Other transactions			20	(5)
Transaction with non-controlling shareholders	>100	**53**	10	70
Additional tier 1 capital instruments		**1 000**	1 000	900
Other movements	(75)	**(7)**	(4)	2
Balance at the end of the period[1]	3	**116 871**	113 202	115 944

[1] *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*
[2] *Includes exchange differences on translating foreign operations, as shown in the statement of comprehensive income, of R1 424m (June 2022: R402m loss; December 2022: R2m loss).*
[3] *Share of other comprehensive losses of investments accounted for using the equity method, as shown in the statement of comprehensive income, of R231m (June 2022: R261m; December 2022: R1 821m).*

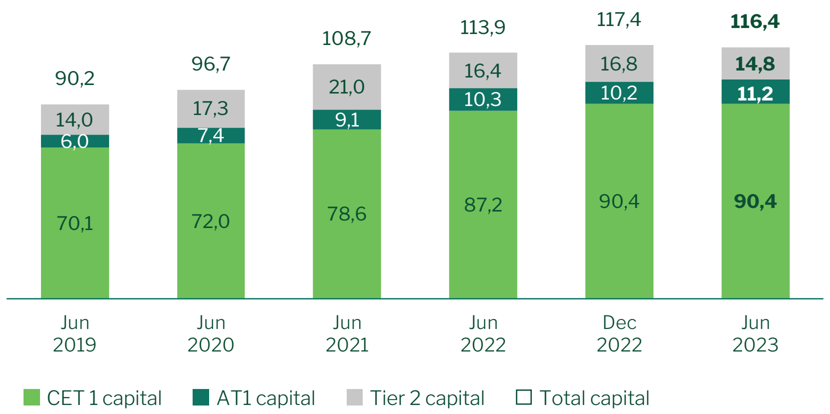
Movements in group foreign currency translation reserve

	Yoy % change	Jun 2023	Jun 2022	Dec 2022
Balance at the beginning of the period		**(2 916)**	(1 508)	(1 508)
Foreign currency translation reserve (FCTR)	>100	**1 156**	(683)	(1 408)
ETI		**(273)**	(192)	(1 212)
Nedbank Mozambique		**137**	(34)	63
Nedbank Private Wealth Limited		**430**	(124)	(55)
Nedbank London branch		**760**	(227)	(114)
Other subsidiaries		**102**	(106)	(90)
Balance at the end of the period	20	**(1 760)**	(2 191)	(2 916)

Capital management

Regulatory capital adequacy and leverage

Capital ratios (including unappropriated profit)
(%)



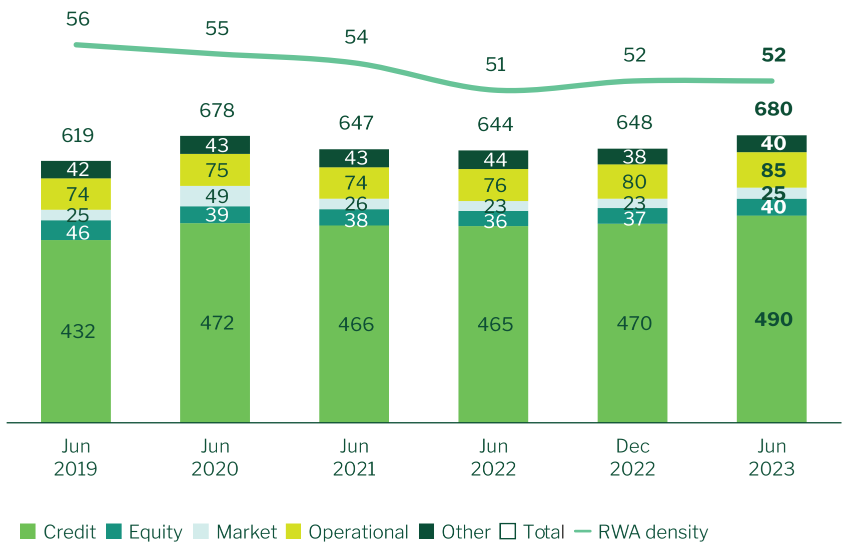
		PA minimum	Internal targets	Jun 2023	Jun 2022	Dec 2022
Nedbank Group						
Including unappropriated profits						
CET1	%		11,0–12,0	**13,3**	13,5	14,0
Total tier 1	%		> 12,0	**14,9**	15,1	15,5
Total CAR	%		> 14,5	**17,1**	17,7	18,1
Surplus tier 1 capital[1]	Rm			**31 532**	31 124	34 221
Dividend cover	times		1,75–2,25	**1,75**	1,75	1,75
Cost of equity	%			**14,8**	15,0	14,9
Excluding unappropriated profits						
CET1	%	8,5		**12,0**	12,3	12,2
Total tier 1	%	10,3		**13,7**	13,9	13,8
Total CAR	%	12,5		**15,9**	16,4	16,4
Leverage	times	<25	<20	**14,6**	14,5	14,8
Nedbank Limited						
Including unappropriated profits						
CET1	%		11,0–12,0	**12,0**	12,7	13,1
Total tier 1	%		> 12,0	**14,1**	14,7	15,0
Total CAR	%		> 14,5	**16,8**	17,8	18,2
Surplus tier 1 capital[1]	Rm			**20 447**	22 926	25 079
Excluding unappropriated profits						
CET1	%	8,5		**11,4**	11,5	11,6
Total tier 1	%	10,3		**13,6**	13,5	13,6
Total CAR	%	12,5		**16,3**	16,6	16,7

[1] *The surplus tier 1 capital is the difference between qualifying total tier 1 capital and the total tier 1 capital requirement at the PA minimum of 10,25%.*

- Nedbank Group maintained a strong capital adequacy position, with ratios well above the minimum regulatory requirements and the group's internal targets.
- Nedbank Group manages capital levels based on the board-approved risk appetite, taking cognisance of rating agency and shareholder expectations, in line with regulatory requirements. The group further seeks to ensure that its capital structure uses the full range of capital instruments and capital management activities available to optimise the financial efficiency and loss absorption capacity of its capital base. The group has optimised its capital structure through a share-repurchase programme. During H1 2023 the Group acquired 22,9 million shares for a total value of R4,9bn including an odd-lot offer of 2,7m shares at a total value of R638m.
- Nedbank performs extensive and comprehensive stress testing to ensure that the group remains well capitalised relative to its business activities, the board's strategic plans, its risk appetite, risk profile and the external environment in which the group operates.

Nedbank Group overview of risk-weighted assets

Risk-weighted assets
(Rbn) (%)



	Jun 2023 RWA	Jun 2023 MRC[1]	Jun 2022 RWA	Dec 2022 RWA
Credit risk[2]	**467 348**	**58 419**	437 398	449 982
Counterparty credit risk	**16 300**	**2 038**	14 547	14 450
Credit valuation adjustment	**6 181**	**773**	12 917	5 858
Equity risk	**39 957**	**4 995**	36 022	37 119
Market risk	**25 213**	**3 152**	22 786	23 037
Operational risk	**84 906**	**10 613**	75 932	79 853
Amounts below the thresholds for deduction	**19 056**	**2 382**	18 608	16 910
Other assets	**21 364**	**2 671**	26 229	20 998
Total	**680 325**	**85 043**	644 439	648 207

[1] *Total minimum required capital (MRC) is measured at 12,5% and excludes the bank-specific Pillar 2b add-on.*
[2] *Including the securitisation exposures in the banking book.*

- The group's total RWA/total assets density was 52,1% at June 2023 (51,6% at December 2022), driven by an increase of 3,8% in total RWA.
- The increase in total RWA is attributable mainly to the following:
  - Credit risk RWA increased due to the growth in banking book advances and risk migration in RBB.
  - Market risk RWA increased due to market volatility mainly driven by interest rate hikes and the deterioration of the rand throughout H1 2023.
  - Equity risk RWA increased as a result of movements in equity exposures.
  - Operational risk RWA increased due to the review of the group's operational risk scenarios and the update of the internal loss data used, including the AMA floor, which is driven by movements in GOI.
  - The increase in threshold deduction RWA was mainly driven by higher carrying values of investments in financial entities.

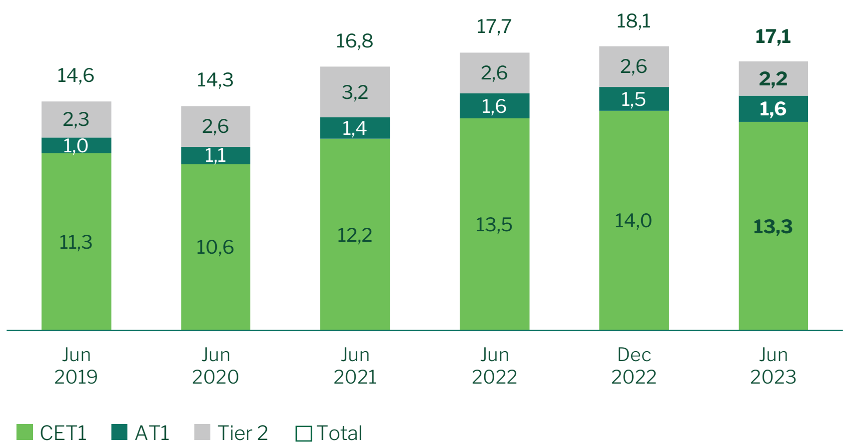
Nedbank Limited overview of risk-weighted assets

	Jun 2023		Jun 2022	Dec 2022
	RWA	MRC[1]	RWA	RWA
Credit risk[2]	384 055	48 007	364 186	376 775
Counterparty credit risk	11 639	1 455	11 024	9 960
Credit valuation adjustment	6 119	765	12 806	5 798
Equity risk	20 063	2 508	20 143	21 389
Market risk	23 383	2 923	22 126	21 727
Operational risk	66 560	8 320	63 099	64 576
Amounts below the thresholds for deduction	7 110	889	6 844	7 109
Other assets	14 875	1 859	19 350	15 481
Total	**533 804**	**66 726**	519 578	522 815

[1] *Total minimum required capital (MRC) is measured at 12,5% and excludes the bank-specific Pillar 2b add-on.*
[2] *Including the securitisation exposures in the banking book.*

Summary of regulatory qualifying capital and reserves

Capital adequacy
(Rbn)



Rm	Nedbank Group Jun 2023	Nedbank Group Jun 2022	Nedbank Group Dec 2022	Nedbank Limited Jun 2023	Nedbank Limited Jun 2022	Nedbank Limited Dec 2022
Including unappropriated profits[1]						
Total tier 1 capital	**101 605**	97 500	100 662	**75 429**	76 443	78 668
CET1	**90 386**	87 181	90 443	**64 210**	66 124	68 449
Share capital and premium	**14 906**	19 707	19 695	**20 111**	20 111	20 111
Reserves	**89 941**	82 417	85 233	**55 919**	58 471	60 160
Minority interest: Ordinary shareholders	**746**	624	670			
Deductions	**(15 207)**	(15 567)	(15 155)	**(11 820)**	(12 458)	(11 822)
Additional tier 1 capital	**11 219**	10 319	10 219	**11 219**	10 319	10 219
Perpetual subordinated debt instruments	**11 219**	10 319	10 219	**11 219**	10 319	10 219
Tier 2 capital	**14 827**	16 365	16 757	**14 441**	16 006	16 387
Subordinated debt instruments	**13 431**	14 007	15 431	**13 431**	14 007	15 431
Excess of eligible provisions over downturn expected losses	**1 049**	1 996	966	**1 005**	1 997	954
General allowance for credit impairment	**347**	362	360	**5**	2	2
Total capital	**116 432**	113 866	117 419	**89 870**	92 449	95 055
Excluding unappropriated profits						
CET1 capital	**81 854**	79 005	79 297	**61 114**	59 758	60 633
Tier 1 capital	**93 073**	89 324	89 516	**72 333**	70 077	70 852
Total capital	**107 900**	105 690	106 272	**86 774**	86 084	87 240

[1] *For comprehensive 'composition of capital' and 'capital instruments main features' disclosure please refer to* https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/capital-and-risk-management-reports.html.

- The group's tier 1 capital was impacted by the share buyback of R4,9bn and the issuance of additional tier 1 instruments of R1,0bn. Both of these form part of the group's capital management strategy to optimise the group's capital structure.
- The group's total capital was impacted by the redemption of tier 2 capital instruments of R2,0bn, in line with the group's capital plan.

Regulated banking subsidiaries

Nedbank Group banking subsidiaries are well capitalised for the environments in which they operate, with CARs well in excess of respective host regulators' minimum requirements.

	Jun 2023			Jun 2022		Dec 2022	
	Total capital requirement (host country) %	RWA Rm	Total capital ratio %	RWA Rm	Total capital ratio %	RWA Rm	Total capital ratio %
Nedbank Africa Regions							
Nedbank Mozambique	**12,0**	**5 751**	**18,3**	4 391	18,3	4 406	21,4
Nedbank Namibia	**10,0**	**13 215**	**17,8**	13 555	16,3	13 195	16,1
Nedbank Eswatini	**8,0**	**5 442**	**16,8**	5 289	15,8	5 268	18,0
Nedbank Lesotho	**8,0**	**2 076**	**30,6**	1 921	32,7	1 831	34,2
Nedbank Zimbabwe[1]	**12,0**	**1 952**	**46,4**	1 812	33,7	1 954	33,9
Isle of Man							
Nedbank Private Wealth	**13,0**	**10 710**	**24,9**	9 228	19,0	9 415	18,0

[1] *On 9 February 2022 the Reserve Bank of Zimbabwe confirmed that Nedbank Zimbabwe met the minimum capital requirement of US$30m equivalent, following a rights issue of US$8m.*

Economic capital adequacy

Nedbank Group economic capital requirement

	Jun 2023		Jun 2022		Dec 2022	
	Rm	Mix %	Rm	Mix %	Rm	Mix %
Credit risk	**47 938**	**69**	47 514	69	47 266	70
Market risk	**9 628**	**14**	9 140	13	8 836	13
Business risk	**3 703**	**5**	3 567	5	3 568	5
Operational risk	**4 776**	**7**	4 595	7	4 612	7
Insurance risk	**320**	**1**	305	1	277	<0
Other assets risk	**1 341**	**2**	1 622	3	1 184	2
Model risk	**1 471**	**2**	1 701	2	1 701	3
Minimum economic capital requirement	**69 177**	**100**	68 444	100	67 444	100
Add: Stress-tested capital buffer[1]	**5 300**		4 973		4 873	
Total economic capital requirement	**74 477**		73 417		72 317	
AFR	**122 795**	**100**	118 978	100	123 264	100
Tier A capital	**98 145**	**80**	94 652	80	97 614	79
Tier B capital	**24 650**	**20**	24 326	20	25 650	21
Total surplus AFR	**48 318**		45 561		50 947	
AFR: Total economic capital requirement (%)	**165**		162		170	

[1] *The stress-tested capital buffer is set at 10% of credit risk, market risk, business risk, operational risk, insurance risk and other asset risk less the portion recognised separately as model risk.*

- Nedbank Group's minimum economic capital requirement increased by R1,7bn during H1 2023, driven primarily by the following:
  - An increase of R672m in credit risk economic capital driven by growth in banking book advances and risk migration in RBB.
  - An increase of R792m in market risk economic capital mainly driven by movements in the ETI investment exposure and Interest Rate Risk in the Banking Book (IRRBB) due to higher stochastic results and changes in the yield curves resulting from higher interest rates.
  - An increase of R164m in operational risk economic capital due to the review of the risk scenarios and the update of internal loss data used, including the AMA floor, which is driven by movements in GOI.
  - An increase of R157m in other assets economic capital due to balance sheet movements.
  - An increase of R135m in business risk economic capital was due to annual model parameter updates, reflective of a higher risk environment.
  - These increases in minimum economic capital were partially offset by a decrease in model risk due to enhancements made to multipliers of total minimum economic capital linked to model materiality.
- Nedbank Group's AFR decreased by R469m in H1 2023, mainly as a result of the following:
  - A R531m increase in tier A capital, which was driven by growth in organic earnings over the period post the execution of the share repurchase programme of R4,9bn including an odd-lot offer.
  - A R1,0bn decrease in tier B capital following the redemption of the R2,0bn Tier 2 debt instrument (NGL04), which was offset by the issuance of additional tier 1 instruments amounting to R1,0bn.

Supplementary information

Earnings per share and weighted-average shares

Earnings per share	Basic	Diluted basic	Headline	Diluted headline
June 2023				
Earnings for the period	**7 321**	**7 321**	**7 329**	**7 329**
Weighted-average number of ordinary shares	**480 483 752**	**496 049 717**	**480 483 752**	**496 049 717**
Earnings per share (cents)	**1 524**	**1 476**	**1 525**	**1 477**
June 2022				
Earnings for the period[1]	6 871	6 871	6 665	6 665
Weighted-average number of ordinary shares	486 463 769	499 152 094	486 463 769	499 152 094
Earnings per share (cents)[1]	1 412	1 377	1 370	1 335
December 2022				
Earnings for the year[1]	14 287	14 287	14 061	14 061
Weighted-average number of ordinary shares	486 867 063	500 654 864	486 867 063	500 654 864
Earnings per share (cents)[1]	2 934	2 854	2 888	2 809

[1] *Refer to 'Implementation of IFRS 17' on pages 70 to 72.*

Basic earnings and headline earnings per share are calculated by dividing the relevant earnings amount by the weighted-average number of shares in issue.

Fully diluted basic earnings and fully diluted headline earnings per share are calculated by dividing the relevant earnings amount by the weighted-average number of shares in issue after having taken the dilutive impact of potential ordinary shares to be issued into account.

	Jun 2023		Jun 2022	Dec 2022
Number of weighted-average dilutive potential ordinary shares (000)	Potential shares[1]	Weighted-average dilutive shares	Weighted-average dilutive shares	Weighted-average dilutive shares
Traditional schemes	**27 333**	**14 007**	11 129	12 229
Nedbank Group Restricted-share Scheme (2005)	**22 822**	**11 851**	9 379	10 376
Nedbank Group Matched-share Scheme	**4 511**	**2 156**	1 750	1 853
Total BEE schemes	**1 592**	**1 559**	1 559	1 559
BEE schemes – SA	**1 559**	**1 559**	1 559	1 559
Community	**1 559**	**1 559**	1 559	1 559
BEE schemes – Namibia	**33**			
Total	**28 925**	**15 566**	12 688	13 788

[1] *Potential shares are the total number of shares arising from historical grants, schemes or awards available for distribution.*

Nedbank Group employee incentive schemes

for the period ended

Nedbank Group employee incentive schemes	Jun 2023	Jun 2022	Dec 2022
Summary by scheme			
Nedbank Group Restricted-share Scheme (2005)	16 622 116	17 234 952	16 946 909
Nedbank Group Matched-share Scheme (2005)	3 032 771	3 426 256	3 238 649
Instruments outstanding at the end of the period	19 654 887	20 661 208	20 185 558
Analysis			
Performance-based – restricted shares	10 144 263	10 038 866	9 908 892
Non-performance-based – restricted shares	6 477 853	7 196 086	7 038 017
Performance-based – matched shares (CBSS[1])	2 118 033	2 249 290	2 096 140
Non-performance-based – matched shares (VBSS[2])	914 738	1 176 966	1 142 509
Instruments outstanding at the end of the period	19 654 887	20 661 208	20 185 558
Movements			
Instruments outstanding at the beginning of the period	20 185 558	19 490 024	19 490 024
Granted	6 033 492	5 457 645	5 567 475
Accelerated	(4 493)		(21 569)
Exercised	(6 201 894)	(3 706 802)	(3 801 327)
Surrendered	(357 776)	(579 659)	(1 049 045)
Instruments outstanding at the end of the period	19 654 887	20 661 208	20 185 558

[1] *Compulsory Bonus Share Scheme.*
[2] *Voluntary Bonus Share Scheme.*

Matched shares

Instrument expiry date	Number of shares
1 April 2024	714 976
1 April 2025	926 719
1 April 2026	1 391 076
Matched shares outstanding not exercised at 30 June 2023	3 032 771
Shares exercised and forfeited during the period	1 477 745
Total potential shares	4 510 516
Weighted-average dilutive shares applicable for the period	2 155 599

- The obligation to deliver the matched shares issued under the Voluntary and Compulsory Bonus Share Schemes is subject to time and other performance criteria.
- This obligation exists over 30 June 2023 and therefore has a dilutive effect.
- Matched shares are not issued and are therefore not recognised as treasury shares. However, until they are issued, there remains a potential dilutive effect.

Nedbank Group (2005) Restricted- and Matched-share Schemes

Restricted shares[3]

Details of instruments granted and not exercised at 30 June 2023 and the resulting dilutive effect:

Instrument expiry date	Number of shares	
26 March 2024	4 303 331	P
27 March 2024	3 274 109	
20 August 2024	82 902	P
21 August 2024	72 898	
18 March 2025	2 602 027	P
19 March 2025	1 610 663	
19 August 2025	68 990	P
20 August 2025	40 838	
23 March 2026	3 087 013	P
24 March 2026	1 479 345	
Restricted shares not exercised at 30 June 2023	16 622 116	
Unallocated shares	298 276	
Treasury shares	16 920 392	
Shares exercised and forfeited during the period	2 226 726	
Additional shares expected to vest	3 675 119	P
Total potential shares	22 822 237	
Weighted-average dilutive shares applicable for the period	11 850 954	

[3] *Restricted shares are issued at a market price for no consideration to participants, and are held by the schemes until the expiry date (subject to achievement of performance conditions). Participants have full rights and receive dividends.*
[P] *Performance-based instruments.*

Long-term debt instruments

Instrument code	Jun 2023	Jun 2022	Dec 2022
Subordinated debt	14 058	14 560	16 041
Callable notes (rand-denominated)[1]	11 608	12 118	13 594
Callable notes and long-term debentures (Namibian-dollar-denominated)	428	427	429
Green bonds (rand-denominated)[1]	2 022	2 015	2 018
Securitised liabilities – callable notes (rand-denominated)	1 242	1 543	1 240
Senior unsecured debt – senior unsecured notes (rand-denominated)	31 802	33 817	31 864
Unsecured debentures (rand-denominated)	66	56	61
Senior unsecured green bonds (rand-denominated)	2 702	3 190	2 697
Total long-term debt instruments in issue	**49 870**	53 166	51 903

[1] *Loss-absorbing instruments.*

Further information can be accessed on the Nedbank Group website

Capital and risk management reports:

https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/capital-and-risk-management-reports.html

Debt investors programme:

https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/debt-investor/debt-investors-programme.html

External credit ratings

	Standard & Poor's		Moody's Investors Service	
	Nedbank Limited	Sovereign rating SA	Nedbank Limited	Sovereign rating SA
	March 2023	March 2023	May 2023	May 2023
Outlook	Stable	Stable	Stable	Stable
Foreign currency deposit ratings				
Long term	BB-	BB-	Ba2	Ba2
Short term	B	B	Not prime	Not prime
Local currency deposit ratings				
Long term			Ba2	Ba2
Short term			Not prime	N/A
SA national scale rating				
Long-term deposits	zaAA	zaAAA	Aa1.za	
Short-term deposits	zaA-1+	zaA-1+	P-1.za	

Additional tier 1 capital instruments

The group issued additional tier 1 (AT1) capital instruments as follows:

Instrument code	Instrument terms	Jun 2023	Jun 2022	Dec 2022
Subordinated				
Callable notes (rand-denominated)				
NGLT1A	3-month JIBAR + 5,65% per annum		600	
NGLT1B	3-month JIBAR + 4,64% per annum	750	750	750
NGT103	3-month JIBAR + 4,40% per annum	671	671	671
NGT104	3-month JIBAR + 4,50% per annum	1 829	1 829	1 829
NGT105	3-month JIBAR + 4,25% per annum	1 000	1 000	1 000
NGT106	3-month JIBAR + 4,95% per annum	500	500	500
NGT107	3-month JIBAR + 4,55% per annum	472	472	472
NGT108	3-month JIBAR + 4,67% per annum	1 537	1 537	1 537
NGT1G – Green AT1	3-month JIBAR + 4,10% per annum	910	910	910
NGT109	3-month JIBAR + 3,91% per annum	700	700	700
NGT110	3-month JIBAR + 3,91% per annum	350	350	350
NGT111	3-month JIBAR + 3,79% per annum	1 000	1 000	1 000
NGT112	3-month JIBAR + 3,40% per annum	500		500
NGT113	3-month JIBAR + 3,28% per annum	1 000		
Total non-controlling interest attributable to additional tier 1 capital instruments		**11 219**	10 319	10 219

The additional tier 1 notes represent perpetual, subordinated instruments, with no redemption date. The instruments are redeemable subject to regulatory approval at the sole discretion of the issuer, Nedbank Group Limited or Nedbank Limited, from the applicable call date and following a regulatory or tax event. The payment of interest is at the discretion of the issuer and interest payments are non-cumulative. If certain conditions are reached, the regulator may prohibit the issuer from making interest payments. Accordingly, the instruments are classified as equity instruments and disclosed as a separate category of equity.

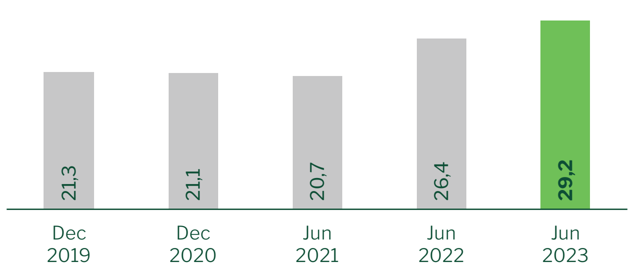
Shareholders' analysis

Register date:	30 June 2023
Authorised share capital:	600 000 000 shares
Issued share capital:	491 317 982 shares

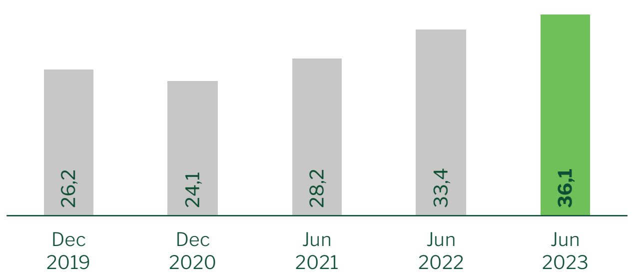
	Number of shares	Jun 2023 % holding	Jun 2022 % holding	Dec 2022 % holding
Major shareholders/managers[1]				
Nedbank Group treasury shares	26 278 852	**3,99**	4,73	4,74
BEE trusts	2 615 144	**0,54**	1,27	1,29
Eyethu scheme – Nedbank SA	2 482 790	**0,51**	1,24	1,26
Omufima scheme – Nedbank Namibia	132 354	**0,03**	0,03	0,03
Nedbank Group (2005) Restricted- and Matched-share Schemes	16 920 392	**3,44**	3,45	3,44
Nedbank Namibia Limited	47 512	**0,01**	0,01	0,01
Nedbank Social Development Fund Trust	3 971 887	**0,81**		
Odd-lot shares[2]	2 723 917	**0,55**		
Public Investment Corporation (SA)	71 872 997	**14,63**	13,62	13,55
Allan Gray Investment Council (SA)	47 135 958	**9,59**	9,93	9,79
Coronation Fund Managers (SA)	35 350 234	**7,19**	6,84	5,61
BlackRock Incorporated (international)	23 968 828	**4,88**	4,11	3,91
GIC Asset Management Proprietary Limited (international)	19 248 336	**3,92**	5,37	4,61
The Vanguard Group Incorporated (international)	18 184 985	**3,70**	3,18	3,28
Sanlam Investment Management Proprietary Limited (SA)	15 318 975	**3,12**	2,79	2,43
Lazard Asset Management (international)	14 165 086	**2,88**	3,02	2,91
Old Mutual Life Assurance Company (SA) Limited and associates (includes funds managed on behalf of other beneficial owners)	11 975 971	**2,44**	2,82	2,58
Truffle Asset Management (Pty) Ltd	9 545 189	**1,94**	0,81	0,89

[1] *Source: JP Morgan Cazenove at 30 June 2023.*
[2] *The shares repurchased by Nedbank Group in terms of the odd-lot offer, which closed on 30 June 2023, were delisted and cancelled on 7 July 2023, and accordingly the total issued ordinary share capital of Nedbank Group decreased from 491 317 982 to 488 594 065 Nedbank Group shares.*

Index classified shareholding
(%)



Foreign shareholding
(%)



	Number of shares	Jun 2023 % holding	Jun 2022 % holding	Dec 2022 % holding
Major beneficial shareholders[1]				
Government Employees Pension Fund (SA)	75 450 466	**15,36**	14,88	14,69
Allan Gray (SA)	34 089 790	**6,94**	7,08	6,97
Geographical distribution of shareholders[2]				
Domestic	314 003 115	**63,90**	66,65	66,84
SA	290 238 222	**59,07**	60,76	59,74
Namibia	7 295 532	**1,48**	2,53	1,90
Unclassified	16 469 361	**3,35**	3,36	5,20
Foreign	177 314 867	**36,10**	33,35	33,16
USA	84 349 085	**17,17**	15,00	14,38
Asia	32 387 116	**6,59**	8,14	8,15
Europe	28 752 735	**5,86**	4,52	4,80
UK and Ireland	17 443 793	**3,55**	3,12	3,27
Other countries	14 382 138	**2,93**	2,57	2,56
Total shares listed	491 317 982	**100,00**	100,00	100,00
Less: Treasury shares held	26 278 852			
Net shares reported	465 039 130			

[1] *Source: Vaco Ownership at 30 June 2023.*
[2] *Source: JP Morgan Cazenove at 30 June 2023.*

Basel III balance sheet credit exposure by business cluster and asset class

Rm	Nedbank CIB	Property Finance	Nedbank Retail and Business Banking	Nedbank Wealth	Nedbank Africa Regions	Centre	Nedbank Group June 2023	Mix (%)	Change (%)	Risk weighting[1]	Downturn expected loss (dEL)[2]	BEEL[3]	Nedbank Group June 2022	Downturn expected loss (dEL)[2]	BEEL[3]
AIRB Approach	418 979	175 225	442 850	21 983	–	80 785	964 597	91,03	5,31	38,99	9 122	18 703	915 975	8 282	15 143
Corporate	180 514	57 585	22 932	43		27	203 516	19,21	10,06	40,50	1 253	2 373	184 915	1 191	992
Specialised lending – HVCRE[4]	5 051	5 051		37			5 088	0,48	1,05	91,00	36	308	5 035	50	242
Specialised lending – IPRE[5]	108 682	108 556	1 395	5 045			115 122	10,86	1,32	29,68	238	575	113 621	213	877
Specialised lending – project finance	44 841						44 841	4,23	6,08	53,28	172	123	42 272	141	153
SME – corporate	5 607	4 033	42 731	1 677			50 015	4,72	6,68	56,88	335	967	46 884	269	672
Public sector entities	7 659		3				7 662	0,72	(35,51)	43,50	30	197	11 880	34	296
Local governments and municipalities	7 284		2 372				9 656	0,91	(10,17)	55,08	71		10 749	17	
Sovereign	6 482		34			80 758	87 274	8,24	0,32	12,63	22	47	86 997	19	31
Banks	48 622		1	3 973			52 596	4,96	2,37	40,95	137	3	51 380	115	1
Retail mortgage			164 104	9 311			173 415	16,37	8,52	28,97	1 072	2 472	159 793	840	1 892
Retail revolving credit			17 959	72			18 031	1,70	6,39	66,11	1 007	1 818	16 948	883	1 641
Retail – other			158 086	131			158 217	14,93	4,99	50,05	4 174	8 846	150 691	3 969	7 412
SME – retail	37		33 061	1 694			34 792	3,28	0,45	43,61	575	974	34 636	541	935
Securities firms	4 200						4 200	0,40		32,78					
Securitisation exposure			172				172	0,02	(1,15)	143,79			174		
TSA[6]	–	–	350	38 884	36 395	–	75 629	7,14	4,00	143,79			72 721		
Corporate					7 068		7 068	0,67	12,89	102,65			6 261		
SME – corporate			350	1 686			2 036	0,19	18,93	49,51			1 712		
Public sector entities					582		582	0,05	52,76	87,91			381		
Local government and municipalities					22		22	0,00	10,00	83,92			20		
Sovereign				12 589	11 362		23 951	2,26	43,44	58,72			16 697		
Banks				17 952	2 195		20 147	1,90	(26,04)	29,82			27 240		
Retail mortgage				6 105	7 339		13 444	1,27	(0,50)	38,01			13 512		
Retail revolving credit					306		306	0,03	(2,55)	32,89			314		
Retail – other				369	2 945		3 314	0,31	(10,60)	65,05			3 707		
SME – retail				183	4 576		4 759	0,45	65,42	64,80			2 877		
PiPs			56	14	133		203	0,02	10,93				183		
Non-regulated entities	19 167		60				19 227	1,81	24,23				15 477		
Total Basel III balance sheet exposure[7]	438 146	175 225	443 316	60 881	36 528	80 785	1 059 656	100,00	5,51		9 122	18 703	1 004 356	8 282	15 143
dEL (AIRB Approach)												27 825			23 425
Expected loss performing book												9 122			8 282
BEEL on defaulted advances												18 703			15 143
IFRS impairment on AIRB loans and advances												(28 874)			(25 422)
Excess of downturn expected loss over eligible provisions[8]												(1 049)			(1 996)

[1] *Risk weighting is shown as a percentage of exposure at default (EAD) for the AIRB Approach and as a percentage of total credit extended for the standardised approach (TSA).*
[2] *dEL is in relation to performing loans and advances.*
[3] *Best estimate of expected loss (BEEL) is in relation to defaulted loans and advances.*
[4] *High-volatility commercial real estate.*
[5] *Income-producing real estate.*
[6] *A portion of the legacy Imperial Bank book in Nedbank RCB, Nedbank Private Wealth (UK) and the non-South African banking entities in Africa are covered by TSA.*
[7] *Balance sheet credit exposure includes on-balance-sheet, repurchase and resale agreements and derivative exposure.*
[8] *Excess impairments as compared with downturn expected loss for IRB exposures total R1 049m at 30 June 2023. In line with the Banks Act regulations, the total amount that may be included in tier 2 unimpaired reserve funds is limited to 0,6% of total IRB risk-weighted assets, which amounts to R2 659m at 30 June 2023 (Jun 2022: R2 553m; Dec 2022: R2 576m).*

Nedbank Limited consolidated statement of comprehensive income

for the period ended

Rm	Yoy % change	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]
Interest and similar income	57	53 447	34 115	78 612
Interest expense and similar charges	93	35 254	18 242	45 224
Net interest income	15	18 193	15 873	33 388
Non-interest revenue and income[1]	7	10 407	9 726	20 573
Net commission and fee income[1]		7 929	7 439	15 667
Commission and fee revenue		10 473	9 434	20 229
Commission and fee expense[1]		(2 544)	(1 995)	(4 562)
Net insurance income		(43)	(22)	(47)
Fair-value adjustments		193	(53)	171
Net trading income		1 782	1 606	3 403
Equity investment income		244	460	776
Investment income		60	64	103
Net sundry income		242	232	500
Share of gains of associate companies	16	43	37	100
Total income[1]	12	28 643	25 636	54 061
Impairments charge on financial instruments	59	5 205	3 273	7 154
Net income[1]	5	23 438	22 363	46 907
Total operating expenses[1]	7	16 037	15 036	31 274
Indirect taxation	8	505	466	1 002
Impairments charge on non-financial instruments and other (gains)/losses	>100	15	(36)	(50)
Profit before direct taxation		6 881	6 897	14 681
Total direct taxation	(2)	1 708	1 750	3 378
Direct taxation		1 712	1 738	3 362
Taxation on impairments charge on non-financial instruments and other gains and losses		(4)	12	16
Profit for the period	1	5 173	5 147	11 303
Other comprehensive income/(losses) (OCI) net of taxation	>100	921	(445)	(496)
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations		760	(226)	(110)
Debt investments at FVOCI – net change in fair value		127	(27)	132
Cash flow hedge losses		(125)		
Items that may not subsequently be reclassified to profit or loss				
Gain on property revaluations				(160)
Remeasurements on long-term employee benefit assets		211	(192)	(359)
Equity instruments at FVOCI – net change in fair value		(52)		1
Total comprehensive income for the period	30	6 094	4 702	10 807

Rm	Yoy % change	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]
Profit attributable to:				
– Ordinary shareholders		5 112	5 091	11 194
– Non-controlling interest – ordinary shareholders		1	1	3
– Holders of participating preference shares	9	60	55	106
Profit for the period	1	5 173	5 147	11 303
Total comprehensive income attributable to:				
– Ordinary shareholders	30	6 033	4 646	10 698
– Non-controlling interest – ordinary shareholders		1	1	3
– Holders of participating preference shares	9	60	55	106
Total comprehensive income for the period	30	6 094	4 702	10 807
Headline earnings reconciliation				
Profit attributable to ordinary shareholders		5 112	5 091	11 194
Less: Non-headline earnings items	>(100)	(11)	24	34
Impairments charge on non-financial instruments and other gains and losses		(15)	36	50
Taxation on impairments charge on non-financial instruments and other gains and losses		4	(12)	(16)
Headline earnings attributable to ordinary and preference shareholders	1	5 123	5 067	11 160

[1] *During 2023 management reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group.*

Nedbank Limited consolidated financial highlights

for the period ended

Rm	Jun 2023	Jun 2022 restated[1]	Dec 2022 restated[1]
ROE (%)	12,6	12,8	13,9
ROA (%)	0,88	0,93	1,00
NII to average interest-earning banking assets (%)	4,07	3,85	3,93
CLR – banking advances (%)	1,25	0,82	0,90
Cost-to-income ratio[1]	56,0	58,7	57,8

[1] *During 2023 management reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in NIR and as a result have been restated to ensure that they are presented as part of NIR to align with the Nedbank Group accounting policy. Consequently, there was a reallocation of R200m and R477m, for 30 June 2022 and 31 December 2022 respectively, from operating expenses to NIR. This restatement is a reallocation between line items and had no impact on profit for the period or headline earnings for the cluster or group.*

Nedbank Limited consolidated statement of financial position

at

Rm	Yoy % change	Jun 2023	Jun 2022 restated[1,2]	Dec 2022
Assets				
Cash and cash equivalents	(2)	34 554	35 313	36 950
Other short-term securities	10	53 543	48 559	42 043
Derivative financial instruments	(67)	14 460	43 422	8 522
Government securities	8	146 941	136 320	156 325
Other dated securities	>100	2 618	1 105	1 820
Banking loans and advances	6	855 867	808 851	840 269
Trading loans and advances	31	67 486	51 686	46 605
Other assets[1]	35	8 658	6 417	6 770
Current taxation assets	>100	442	177	59
Investment securities	8	7 499	6 953	7 252
Non-current assets held for sale	(100)		114	38
Investments in associate companies	8	1 056	975	1 031
Deferred taxation assets	8	256	238	354
Property and equipment		9 437	9 413	9 467
Long-term employee benefit assets[2]	12	4 495	4 023	3 982
Intangible assets	(5)	9 349	9 869	9 594
Total assets	5	1 216 661	1 163 435	1 171 081
Total equity and liabilities				
Ordinary share capital		28	28	28
Ordinary share premium		20 073	20 073	20 073
Reserves	(1)	61 943	62 269	64 842
Total equity attributable to equity holders of the parent		82 044	82 370	84 943
Holders of participating preference shares	9	60	55	51
Holders of additional tier 1 capital instruments	9	11 219	10 319	10 219
Non-controlling interest attributable to ordinary shareholders	20	18	15	16
Total equity	1	93 341	92 759	95 229
Derivative financial instruments	(66)	14 097	41 576	9 182
Amounts owed to depositors[1]	9	1 047 779	964 134	1 003 663
Provisions and other liabilities	(3)	13 487	13 873	12 939
Current taxation liabilities	>100	139	37	228
Deferred taxation liabilities	36	185	136	187
Long-term debt instruments	(6)	47 633	50 920	49 653
Total liabilities	5	1 123 320	1 070 676	1 075 852
Total equity and liabilities	5	1 216 661	1 163 435	1 171 081

[1] *As disclosed at 31 December 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being included incorrectly under cash management deposits (liability) and debtors (asset), and the affected line items were therefore overstated. The sweep eliminates the cash management deposit account and the debtor funding account. As a result, the comparative assets and liabilities for June 2022 have been restated by R2 848m.*

[2] *As disclosed at 31 December 2022 the group reviewed its presentation of LTEB in the SOFP during 2022. As a result of the review, it was identified that the LTEB qualifying insurance policies were incorrectly presented on a gross basis in the SOFP. In terms of IAS 19 qualifying insurance policies were required to be accounted for as plan assets (on a net basis). As a result, the comparative LTEB assets and liabilities for June 2022 have decreased by R2 236m.*

Definitions

12-month expected credit loss (ECL) This expected credit loss represents an ECL that results from default events on financial instruments occurring within the 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months), weighted by the probability of the defaults occurring.

Assets under administration (AUA) (Rm) Market value of assets held in custody on behalf of clients.

Assets under management (AUM) (Rm) Market value of assets managed on behalf of clients.

Basic earnings per share (cents) Attributable income divided by the weighted-average number of ordinary shares.

Black persons A generic term that refers to South African citizens who are African, Coloured or Indian.

Central counterparty (CCP) A clearing house that interposes itself between counterparties for contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer, thereby ensuring the future performance of open contracts.

Common-equity tier 1 (CET1) capital adequacy ratio (%) CET1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Cost-to-income ratio (%) Total operating expenses as a percentage of total income, being net interest income, non-interest revenue and income, and share of profits or losses from associates and joint arrangements.

Coverage (%) On-balance-sheet ECLs divided by on-balance-sheet gross banking loans and advances. Coverage excludes ECLs on off-balance-sheet amounts, ECL and gross banking loans and advances on the fair-value-through-other-comprehensive-income (FVOCI) portfolio, and loans and advances measured at fair value through profit or loss (FVTPL).

Credit loss ratio (CLR) (% or bps) The income statement impairment charge on banking loans and advances as a percentage of daily average gross banking loans and advances. Includes the ECL recognised in respect of the off-balance-sheet portion of loans and advances.

Default In line with the Basel III definition, default occurs in respect of a client in the following instances:

- When the bank considers that the client is unlikely to pay their credit obligations to the bank in full without the bank having recourse to actions such as realising security (if held).
- When the client is past due for more than 90 days on any material credit obligation to the bank. Overdrafts will be considered as being past due if the client has breached an advised limit or has been advised of a limit smaller than the current outstanding amount.
- In terms of the Nedbank Group Credit Policy, when the client is placed under business rescue in accordance with the Companies Act, 71 of 2008, and when the client requests a restructure of their facilities as a result of financial distress, except where debtor substitution is allowable in terms of the regulations.

  At a minimum a default is deemed to have occurred where a material obligation is past due for more than 90 days or a client has exceeded an advised limit for more than 90 days. A stage 3 impairment is raised against such a credit exposure due to a significant perceived decline in the credit quality.

  For retail portfolios this is product-centred, and a default would therefore be for a specific advance. For all other portfolios, except specialised lending, it is client- or borrower-centred, meaning that should any transaction with a legal-entity borrower default, all transactions with that legal-entity borrower would be treated as having defaulted.

  To avoid short-term volatility, Nedbank employs a six-month curing definition where subsequent defaults will be an extension of the initial default.

Diluted headline earnings per share (DHEPS) (cents) Headline earnings divided by the weighted-average number of ordinary shares, adjusted for potential dilutive ordinary shares.

Directive 7/2015 A directive from the PA that provides clarity on how banks should identify restructured credit exposures and how these exposures should be treated for purposes of the definition of default.

Dividend cover (times) Headline earnings per share divided by dividend per share.

Economic profit (EP) (Rm) Headline earnings less the cost of equity (total equity attributable to equity holders of the parent, less goodwill, multiplied by the group's cost-of-equity percentage).

Effective taxation rate (%) Direct taxation as a percentage of profit before direct taxation, excluding impairments charged on non-financial instruments and sundry gains or losses.

Earnings per share (EPS) (cents) Earnings attributable to ordinary shareholders, divided by the weighted-average number of ordinary shares in issue.

Expected credit losses Difference between all contractual cash flows that are due to the bank in terms of the contract and all the cash flows that the bank expects to receive (ie all cash shortfalls), discounted at the original effective interest rate related to default events on financial instruments that are possible within 12 months after the reporting date (stage 1) or that result from all possible default events over the life of the financial instrument (stage 2 and 3).

Forward-looking economic expectations The impact of forecast macroeconomic conditions in determining a SICR and ECL.

Guidance Note 3/2021 A guidance note from the South African Reserve Bank that recommends banks be prudent and consider the adequacy of their current and forecast capital and profitability levels, internal capital targets and risk appetite, as well as current and potential future risks posed by the ongoing pandemic when making distributions of dividends on ordinary shares and the payment of cash bonuses to executive officers and material risk-takers. Guidance Note 3/2021 replaces Guidance Note 4/2020.

Headline earnings (Rm) The profit attributable to equity holders of the parent, excluding specific separately identifiable remeasurements, net of related tax and non-controlling interests.

Headline earnings per share (HEPS) (cents) Headline earnings divided by the weighted-average number of ordinary shares in issue.

High-quality liquid assets (HQLA) Assets that can be converted easily and immediately into cash at little or no loss of value.

Lifetime ECL The ECL of default events between the reporting date and the end of the lifetime of the financial asset, weighted by the probability of the defaults occurring.

Life insurance embedded value (Rm) The embedded value (EV) of the covered business is the discounted value of the projected future after-tax shareholder earnings arising from covered business in force at the valuation date, plus the adjusted net worth.

Life insurance value of new business (Rm) A measure of the value added to a company as a result of writing new business. Value of new business (VNB) is calculated as the discounted value, at the valuation date, of projected after-tax shareholder profit from covered new business that commenced during the reporting period, net of frictional costs and the cost of non-hedgeable risk associated with writing new business, using economic assumptions at the start of the reporting period.

Loss-given default The estimated amount of credit losses when a borrower defaults on a loan.

Net asset value (NAV) (Rm) Total equity attributable to equity holders of the parent.

Net asset value (NAV) per share (cents) NAV divided by the number of shares in issue, excluding shares held by group entities at the end of the period.

Net interest income (NII) to average interest-earning banking assets (AIEBA) (%) NII as a percentage of daily average total assets, excluding trading assets. Also called net interest margin (NIM).

Net monetary gain/(loss) (Rm) Represents the gain or loss in purchasing power of the net monetary position (monetary assets less monetary liabilities) of an entity operating in a hyperinflation environment.

Non-interest revenue and income (NIR) to total income (%) Non-interest revenue and income as a percentage of total income, excluding the impairments charge on loans and advances and share of gains or losses of associate companies.

Number of shares listed (number) Number of ordinary shares in issue, as listed on the JSE.

Off-balance-sheet exposure Undrawn loan commitments, guarantees and similar arrangements that expose the group to credit risk.

Ordinary dividends declared per share (cents) Total dividends to ordinary shareholders declared in respect of the current period.

Performing stage 3 loans and advances (Rm) Loans that are up to date (not in default) but are classified as having defaulted due to regulatory requirements, ie Directive 7/2015 or the curing definition.

Preprovisioning operating profit (PPOP) (Rm) Headline earnings plus direct taxation plus impairment charge on loans and advances.

Price/earnings ratio (historical) Closing share price divided by the headline earnings, multiplied by total days in the year, divided by total days in the period.

Price-to-book ratio (historical) Closing share price divided by the net asset value per share.

Profit attributable to equity holders of the parent (Rm) Profit for the period less non-controlling interests pertaining to ordinary shareholders, preference shareholders and additional tier 1 capital instrument noteholders.

Profit for the period (Rm) Income statement profit attributable to ordinary shareholders of the parent before non-controlling interests.

Return on assets (ROA) (%) Net contribution (headline earnings) divided by the average daily assets, multiplied by the total days in the year, divided by the total days in the period.

Return on equity (ROE) (%) Headline earnings as a percentage of daily average ordinary shareholders' equity.

Return on cost of ETI investment (%) Associate income from the group's ETI investment divided by the group's original cost of investment (R6 265m).

Return on tangible equity (%) Headline earnings as a percentage of daily average ordinary shareholders' equity, less intangible assets.

Return on risk-weighted assets (RWA) (%) Headline earnings as a percentage of monthly average risk-weighted assets.

Risk-weighted assets (RWA) (Rm) On-balance-sheet and off-balance-sheet exposures after having applied prescribed risk weightings according to the relative risk of the counterparty.

Stage 1 Financial assets for which the credit risk (risk of default) at the reporting date has not significantly increased since initial recognition.

Stage 2 Financial assets for which the credit risk (risk of default) at the reporting date has significantly increased since initial recognition.

Stage 3 Any advance or group of loans and advances that has triggered the Basel III definition of default criteria in line with South African banking regulations. At a minimum, a default is deemed to have occurred where a material obligation is past due for more than 90 days or a client has exceeded an advised limit for more than 90 days. A stage 3 impairment is raised against such a credit exposure due to a significant perceived decline in the credit quality.

Stage 3 ECL (Rm) ECL for banking loans and advances that have been classified as stage 3 advances.

Tangible net asset value (Rm) Equity attributable to equity holders of the parent, excluding intangible assets.

Tangible net asset value per share (cents) Tangible NAV divided by the number of shares in issue, excluding shares held by group entities at the end of the period.

Tier 1 capital adequacy ratio (CAR) (%) Tier 1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Total capital adequacy ratio (CAR) (%) Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Total income growth rate less expenses growth rate (JAWS ratio) (%) Measure of the extent to which the total income growth rate exceeds the total operating expenses growth rate.

Value in use (VIU) (Rm) The present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Weighted-average number of shares (number) The weighted-average number of ordinary shares in issue during the period listed on the JSE.

Abbreviations and acronyms

AFR available financial resources
AGM annual general meeting
AI artificial intelligence
AIEBA average interest-earning banking assets
AIRB advanced internal ratings-based
AMA advanced measurement approach
AML anti-money-laundering
API application programming interface
AUA assets under administration
AUM assets under management
BBBEE broad-based black economic empowerment
BEE black economic empowerment
bn billion
bps basis point(s)
CAGR compound annual growth rate
CAR capital adequacy ratio
CASA current account savings account
CCP central counterparty
CET1 common-equity tier 1
CIB Corporate and Investment Banking
CIPC Companies and Intellectual Property Commission
CLR credit loss ratio
COE cost of equity
CPI consumer price index
CPF commercial-property finance
CSI corporate social investment
CVP client value proposition
CX client experience
DHEPS diluted headline earnings per share
D-SIB domestic systemically important bank
ECL expected credit loss
EE employment equity
ELB entry-level banking
EP economic profit
EPS earnings per share
ESG environmental, social and governance
EV embedded value
ETI Ecobank Transnational Incorporated
FCTR foreign currency translation reserve
FSC Financial Sector Code
FSCA Financial Sector Conduct Authority
FVOCI fair value through other comprehensive income
FVTPL fair value through profit or loss
FX foreign exchange
GDP gross domestic product
GFC great financial crisis
GLAA gross loans and advances
GLC great lockdown crisis
GOI gross operating income
HE headline earnings
HEPS headline earnings per share
HPI House price index
HQLA high-quality liquid asset(s)
IAS International Accounting Standard(s)
ICAAP Internal Capital Adequacy Assessment Process
IFRS International Financial Reporting Standard(s)
ILAAP Internal Liquidity Adequacy Assessment Process
IMF International Monetary Fund
JIBAR Johannesburg Interbank Agreed Rate
JSE JSE Limited
LAA loans and advances
LAP liquid-asset portfolio
LCR liquidity coverage ratio
LIBOR London Interbank Offered Rate
LTI long-term incentive
m million
M&A mergers and acquisitions
MFC Motor Finance Corporation (vehicle finance division of Nedbank)
MRC minimum required capital
MZN Mozambican metical
N/A not applicable
Nafex Nigerian Autonomous Foreign Exchange Rate Fixing Methodology
NAR Nedbank Africa Regions
NCA National Credit Act, 34 of 2005
NCD negotiable certificate of deposit
NCOF net cash outflows
NGN Nigerian naira
NII net interest income
NIR non-interest revenue and income
NIM net interest margin
NPL non-performing loan(s)
NPS Net Promoter Score
NSFR net stable funding ratio
nWoW new Ways of Work
OCI other comprehensive income
OM Old Mutual
PA Prudential Authority
PAT profit after tax
PAYU pay-as-you-use account
plc public limited company
PPOP preprovisioning operating profit
PRMA postretirement medical aid
R rand
RBB Retail and Business Banking
Rbn South African rand expressed in billions
REIPPPP Renewable Energy Independent Power Producer Procurement Programme
REITs real estate investment trusts
Rm South African rand expressed in millions
ROA return on assets
ROE return on equity
RORWA return on risk-weighted assets
RPA robotic process automation
RRB Retail Relationship Banking
RTGS real-time gross settlement
RWA risk-weighted assets
SA South Africa
SAcsi South African Customer Satisfaction Index
SADC Southern African Development Community
SAICA South African Institute of Chartered Accountants
S&P Standard & Poor's
SARB South African Reserve Bank
SDGs Sustainable Development Goals
SICR significant increase in credit risk
SME small to medium enterprise
STI short-term incentive
TSA the standardised approach
TTC through the cycle
UK United Kingdom
UN United Nations
USA United States of America
USD United States dollar (currency code)
USSD unstructured supplementary service data
VAF vehicle and asset finance
VaR value at risk
VIU value in use
VNB value of new business
YES Youth Employment Service
yoy year on year
ytd year to date
ZAR South African rand (currency code)

Company details

Nedbank Group Limited

Incorporated in the Republic of SA
Registration number 1966/010630/06

Registered office

Nedbank Group Limited, Nedbank 135 Rivonia Campus,
135 Rivonia Road, Sandown, Sandton, 2196
PO Box 1144, Johannesburg, 2000

Transfer secretaries in SA

JSE Investor Services Proprietary Limited,
One Exchange Square, Gwen Lane, Sandown, Sandton, 2196

PO Box 4844, Marshalltown, 2000, SA

Namibia

Transfer Secretaries Proprietary Limited
Robert Mugabe Avenue No 4, Windhoek, Namibia
PO Box 2401, Windhoek, Namibia

Instrument codes

Nedbank Group ordinary shares

JSE share code:	NED
NSX share code:	NBK
A2X share code:	NED
ISIN:	ZAE000004875
JSE alpha code:	NEDI
ADR code:	NDBKY
ADR CUSIP:	63975K104

For more information contact

Investor Relations

Email: NedGroupIR@nedbank.co.za

Mike Davis

Chief Financial Officer
Email: MichaelDav@nedbank.co.za

Alfred Visagie

Executive Head, Investor Relations
Tel: +27 (0)10 234 5329
Email: AlfredV@nedbank.co.za

Company Secretary: J Katzin

Sponsors in SA: Merrill Lynch SA Proprietary Limited t/a BofA Securities

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Sponsor in Namibia

Old Mutual Investment Services (Namibia) Proprietary Limited

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 US 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 will be correct and undue reliance should not be placed on such statements.

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

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

ince

nedbankgroup.co.za