Unaudited condensed consolidated

Interim Financial Results

for the six months ended 30 June 2022

see money differently

NEDBANK GROUP

Contents

A 26% increase in headline earnings per share and a robust balance sheet enabled an 81% increase in the interim dividend per share

The South African economy held up relatively well as global economic conditions deteriorated significantly in the first half of 2022. Russia's invasion of Ukraine, the hard lockdowns in China and supply chain constraints resulted in a surge in global inflationary pressures, particularly in energy and food prices, and faster-than-expected monetary policy tightening. These conditions dampened global demand and triggered fears of recession in both advanced and developing countries.

Early in the year South Africa's (SA's) economy continued to gather momentum off the back of favourable terms of trade, resulting in strong seasonally adjusted gross domestic product (GDP) growth of 1,9% quarter on quarter (qoq) in Q1 2022. However, the second quarter was considerably more challenging as local economic activity was disrupted by the floods in KwaZulu-Natal, severe load-shedding, weaker global demand, escalating domestic inflation and the faster-than-expected rise in interest rates. We currently expect SA real GDP to contract by 1,2% qoq in Q2 2022. Electricity supply is a binding constraint on economic growth and job creation and urgent implementation of the Energy Action Plan is needed.

Nedbank Group's financial performance in the first half of 2022 reflects an excellent performance across all key metrics in a complex and difficult external environment. We delivered strong revenue growth of 11%, a credit loss ratio (CLR) that was flat year on year (yoy) at 85 bps and good cost management. As a result, headline earnings (HE) increased by 27% to R6,7bn. The group's return on equity (ROE) increased to 13,6% (June 2021: 11,7%), and all our business clusters generated ROEs above the group's cost of equity (COE). The group ROE was diluted by an average of R11bn of surplus tier 1 capital held at the centre as we remain appropriately conservative in an uncertain external environment. We retain surplus capital primarily for higher levels of future growth and dividend payments. Capital and liquidity ratios continued to strengthen as reflected in our common equity tier 1 (CET1) ratio of 13,5% (Dec 2021: 12,8%), tier 1 capital ratio of 15,1% (Dec 2021: 14,3%), average second-quarter liquidity coverage ratio (LCR) of 144% (Dec 2021: 128%) and net stable funding ratio (NSFR) of 120% (Dec 2021: 116%). These capital and liquidity outcomes support a strong interim dividend of 783 cents per share, which is up 81% and is now at levels above the 2019 pre-Covid-19 interim dividend.

During the past six months we continued to make good progress on our strategic value drivers of growth, productivity, and risk and capital management. Growth trends across net interest income (NII) (+9%), non-interest revenue (NIR) (+13%) and gross advances (+7%) improved from the Covid-19 pandemic lows, supported by main-banked client gains across our business clusters and strong growth in digital activity. Levels of productivity improved, evident in our cost-to-income ratio declining to 56,2% (from 58,5% in H1 2021) and a 17% increase in preprovisioning operating profit (PPOP). Key risk and capital management metrics remain robust, all having improved to above 2019 levels.

Our Managed Evolution (ME) technology strategy has reached 89% completion of the IT build, enabling continued double-digit growth in digital metrics. Client satisfaction scores are around the top end of the SA banking peer group, levels of cross-sell are increasing and cumulative TOM 2.0 cost savings of R1,2bn are ahead of target. Lastly, as we continue to create positive impacts, we remain committed to our market-leading Energy Policy as evidenced in renewable-energy lending exposures of R28bn, strong lending pipelines related to the Sustainable Development Goals (SDGs) and retaining our top-tier environmental, social and governance (ESG) ratings.

Looking forward, we currently expect SA's GDP to increase by 1,8% in 2022; interest rates to increase by a further 75 bps, taking the repo rate to 6,25%; and the prime lending rate to 9,75% by the end of the year. Inflation is expected to peak in Q3 at around 7,8% and average 6,8% for 2022. A continuation of the good strategic and operational delivery, as evidenced in H1 2022, should support strong earnings growth for the full-year 2022 and a yoy increase in ROE. We remain on track to meet our medium-term targets* by exceeding our 2019 diluted headline earnings per share (DHEPS) level of 2 565 cents by the end of 2022 (a year earlier than planned) and achieving an ROE greater than the 2019 ROE level of 15%, a cost-to-income ratio of below 54% and the #1 ranking on Net Promoter Score (NPS) among South African banks by the end of 2023.

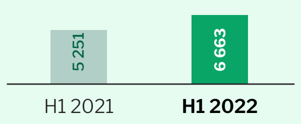
We thank all our employees for their commitment to delivering value to our clients and the economies in which we operate in line with our purpose of using our financial expertise to do good. As we continue to reintegrate increasing numbers of employees into the office in a phased manner, we look forward to reinforcing our strong Nedbank culture and reconnecting safely as one Nedbank.

Mike Brown

Chief Executive

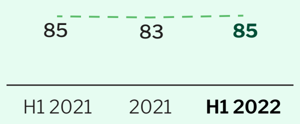
Headline earnings

▲ 27%



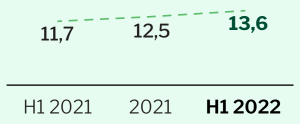
CLR

85 bps



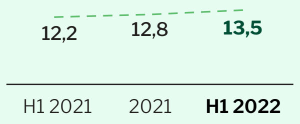
ROE

13,6%



CET1 RATIO

13,5%



* *These targets are not profit forecasts and have not been reviewed or reported on by the group's joint auditors.*

2022 Interim results commentary

Banking and economic environment in the first half of 2022

Global economic conditions deteriorated markedly in the first half of 2022. Russia's invasion of Ukraine pushed international energy, food, and other commodity prices sharply higher, adding to global inflationary pressures. In advanced countries, inflation increased to around 40-year highs, forcing the United States (US) Federal Reserve and other major central banks to tighten monetary policy much more aggressively than anticipated at the start of the year. The pace of economic activity in the US, Eurozone, the United Kingdom (UK) and Japan slowed, hurt by the erosive impact of surging inflation on household incomes, much tighter financial conditions and the disruptions caused to global trade by the war in Ukraine and hard lockdowns in China. In most advanced countries manufacturing activity weakened significantly. Services held up somewhat better, supported by the ongoing recovery in international travel and tourism, albeit impacted by employee shortages and supply bottlenecks. However, China's stringent lockdown restrictions over the second quarter disrupted the recoveries of many developing countries, dampening demand for commodities. While China has since reopened its economy, its continued commitment to a zero-Covid-19 policy, surging global food prices and the rapid tightening in global financial conditions pose downside risks to developing countries, including sub-Saharan Africa. The international landscape has become less supportive, with the recent rapid loss of growth momentum exacerbating fears of recession in both advanced and developing countries.

Against this unsettled global backdrop, SA's economy held up relatively well. Real GDP grew by a seasonally adjusted 1,9% qoq in Q1 2022, up from 1,4% in Q4 2021. This increase was driven by continued growth in spending by households and government, complemented by an encouraging acceleration in fixed investment. However, economic conditions deteriorated significantly in Q2 2022. The floods in Kwazulu-Natal, severe load-shedding, weaker global demand, escalating domestic inflation and the faster-than-expected rise in interest rates disrupted economic activity. Real GDP is forecast to contract by 1,2% qoq in Q2 2022.

Household finances remained relatively healthy. Personal disposable income grew by 1% qoq in Q1 2022, supported by the uptick in employment, higher-wage settlements and the continued recovery in dividends, interest, and other sources of income as government lifted the state of disaster and ended most Covid-19 restrictions. However, there are early signs of modest strain on household incomes, with consumers dipping into savings to sustain spending and maintain living standards. The household savings rate moderated to 0,3% of disposable income in Q1 2022 from 0,8% in Q4 2021. Loans and advances, which excludes the volatile bills and investments categories, increased to 6,9% yoy in May 2022 from 4,5% at the end of 2022.

Loans to households were supported by increased demand for vehicle finances and mortgages. Nominal disposable income outpaced the increase in borrowing, helping reduce the ratio of household debt to disposable income to 64,5% in Q1 2022 from 65,1% in Q4 2021. These relatively low debt levels, coupled with positive savings rates, should provide households with some buffers against the impact of higher inflation and interest rates in the months ahead.

Loans to companies also rebounded, boosted by recoveries in overdrafts and general loans off very low bases in 2021. While the growth in corporate loans is exaggerated by base effects, it also reflects firmer demand for funding of capital spending. Fixed-investment activity fared better than expected in Q1 2022, growing by 3,6% qoq, reflecting increased outlays by the private sector on computer software, transport equipment, as well as general machinery and equipment. Encouragingly, investment in non-residential buildings also returned to growth after two years of contraction.

Inflation breached the upper 6% limit of the South African Reserve Bank (SARB) target range in May and June due to rising food and fuel prices. Much of the upward pressure emanates from global forces. Russia's war on Ukraine amplified the rise in global oil, food, and other commodity prices, while the war, combined with fresh lockdowns in China, worsened existing supply chain bottlenecks. Headline consumer price inflation rose to 7,4% in June, up considerably from 5,9% at the end of 2021. Given mounting price pressures and the upside risks to the inflation outlook, SARB's Monetary Policy Committee (MPC) accelerated the pace of monetary policy tightening, raising interest rates by a further 175 basis points over the first seven months of the year, lifting the repo rate to 5,5% and the prime rate to 9,0%. The decision to move faster was motivated by the higher-than-expected inflation outcomes, rising inflation expectations and the continued upside risks to the inflation outlook. Key risks include generally high and rising global inflation, elevated international oil and food prices and the rand's vulnerability to the faster pace of US monetary policy tightening and volatile global risk sentiment.

The first half of 2022 saw client activity continue to rebound and market volatility returning to more normalised levels, although corporate deal flow across various sectors remained muted. The banking sector continues to demonstrate strong levels of resilience, remaining well capitalised, liquid and profitable.

Strategic progress

Our strategy gives us a clear framework on where we want to focus as a purpose-led organisation and what we need to do to meet our medium-term targets of achieving DHEPS greater than the 2019 level (2 565 cents), an ROE greater than the 2019 level (15,0%), a cost-to-income ratio lower than 54% (2019: 56,5%) and the #1 ranking in NPS (2019: #3) by the end of 2023. In the longer term we aim to grow DHEPS by more than GDP growth + CPI + 5%, as well as achieve an ROE of more than 18% (COE + 3% to 4%) and a cost-to-income ratio below 50%. Through our strategy we seek to create value by growing revenue and increasing levels of productivity, both strongly enabled by technology, while maintaining world-class risk and capital management metrics. We are focusing on growing our share of transactional main-banked clients and related deposits across all our businesses and ensuring we deliver market-leading client experiences that will help us attract new clients and a deepened share of wallet among existing clients. To boost our productivity and improve operational efficiency, we are building on and accelerating existing 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 ensure that we balance risk/reward trade-offs appropriately.

Our strategy is delivered through five strategic value unlocks: delivering innovative market-leading client solutions; engaging in ongoing disruptive market activities (underpinned by digital leadership); focusing on areas that create value (strategic portfolio tilt, known as SPT); driving efficient execution (including target operating model enhancements, known as TOM); and creating positive impacts, including delivering on our purpose of using our financial expertise to do good and maintaining our leadership in ESG.

Underpinning these strategic value unlocks is our ME strategy and technology transformation programme to build a modern, modular and digital IT stack, which has reached 89% build completion. Most foundational IT programmes are either complete or nearing completion, and the group's intangible software assets are expected to have peaked in 2021 at around R9bn (June 2022: R8,6bn), in line with reducing levels of IT cash flow spend that peaked in 2017. The resultant rationalisation, standardisation and simplification of our core banking systems have resulted in a reduction from 250 large systems down to 76 (final target of 65 to 75), enabling reduced infrastructure, and support and maintenance costs, less complexity, and increased agility in adopting new innovations. The benefits of ME are evident in the digital progress we have made, as well as the realisation of benefits through TOM 1.0 and TOM 2.0.

The following strategic progress was made in H1 2022:

- **Delivering innovative, market-leading client solutions**
  - **Digital client onboarding, sales and servicing** (Eclipse for retail clients and Nedbank Business Hub (NBH) for business clients): Our simplified digital client-onboarding platforms for individual and juristic (business) clients continue to mature and expand, enabling clients to open FICA-compliant accounts remotely through our employee-assisted and self-service digital channels by providing a seamless omnichannel experience. Clients can now also join the bank through our self-service kiosks, with a card issued immediately. The processing of product sales to individuals via Eclipse currently includes six of our top retail products, being transactional products, personal loans, card issuing, home loans, investments and overdrafts, as well as more than 170 services. In addition, MyCover Funeral Plans, with straight-through digital processing, were enabled on the Eclipse platform in Q2 2022. Foreign exchange, and the roll-out of student loans and selective other Nedbank Insurance products, including additional MyCover Funeral products and MyCover Life, will be available on the Eclipse platform during 2022. In 2021 juristic client onboarding in Retail and Business Banking (RBB) and Corporate and Investment Banking (CIB) started with the roll-out of the NBH, leveraging our new digital token-less security and enabling a step change in client experience for businesses. The NBH provides a convenient platform for clients from which they have a single view of relevant digital offerings. Clients can also transact and apply for products (transacting, lending and borrowing) or services. The convergence of various juristic digital channels has gained momentum, with a first release implemented in July 2022. From a digital servicing perspective, an additional 100+ juristic services are intended to be digitised by the end of 2023. NBH adoption and commercialisation continue to accelerate and track according to the commercialisation commitments. Pleasingly, NBH was recently recognised at the Digital Banker Middle East and Africa (MEA) Innovation Awards 2022, winning the Outstanding Digital Transformation by a Transaction/Wholesale Bank in Covid-19 Award for outstanding digital transformation.
  - **Apps:** The Nedbank Money app continues to be rated highly on the Apple and Google app stores, with lifetime store client ratings exceeding 4,0 (out of five). The app is actively used by 1,8 million clients, up by 13% yoy and 167% since H1 2019 (H1 2021: 1,6 million). Transaction volumes on the Money app increased by 35% yoy (up 289% since H1 2019) and transaction values increased by 39% yoy (up 273% since H1 2019). Revenue from value-added services increased by 22% (up 101% since H1 2020) across prepaid data, voucher and electricity purchases, as well as LOTTO and Send-iMali. The Nedbank Private Wealth app, which offers integrated local and international banking capabilities, retained an average rating of 4,7 (out of five) on the Apple and Google app stores. The business has experienced a 27% increase in the value of payments and transfers yoy on the Nedbank Private Wealth app. The Nedbank Money App (Africa) has proven to be the channel of choice across our Nedbank Africa Regions (NAR) subsidiaries owing to the convenience, wide functionality base and user experience. The total number of enrolments at the end of June 2022 for the Common Monetary Area (CMA) countries exceeded 73 000 users, with the total number of app users across NAR now more than 100 000, up 42% yoy. App volumes in NAR increased by 48% yoy, while value-added services (including airtime and electricity) purchases grew by 22% yoy (up 101% since H1 2020). At the Global Banking and Finance Awards 2022 Nedbank won the Most Innovative Retail Banking App in Lesotho and Best Bank for Digital Banking Services in Lesotho Awards. Nedbank was recognised for Excellence in Mobile Banking at the Finnovex Southern Africa Awards 2022.
  - **Digital outcomes:** Our digital initiatives helped us to increase the number of digitally active retail clients in SA by 10% to 2,4 million (H1 2021: 2,3 million) and by 60% since H1 2019. This now represents 37% of total active clients (H1 2021: 34% and H1 2019: 26%) and 67% of main-banked clients (H1 2021: 61% and H1 2019: 47%). Retail digital transaction volumes in SA increased by 20% yoy (up 78% since H1 2019) and transaction values by 14% yoy (up 39% since H1 2019). Digitally active clients across the NAR business grew by 20% and represents 57% of the total active client base. Nedbank Insurance has extended its quoting, fulfilment and claims functionality on digital channels to 10 product offerings.
  - **Great client experiences:** The outcome of our digital innovations is evident in higher levels of client satisfaction, as illustrated in Nedbank being rated the second-best large bank on NPS in 2021. In the first half of 2022 we saw a continuation of this trend as client experiences across our digital channels recorded an NPS of more than 70, highlighting the higher relative client satisfaction levels associated with digital experiences. Enbi, our new artificial intelligence (AI)-driven chatbot, which was launched to meet client expectations for immediate and excellent personal assistance, has resolved more than one million client enquiries to date. To support great client experiences in the commercial banking market, Nedbank Business Banking was strategically repositioned as Nedbank Commercial Banking to better represent the comprehensive range of services and products we offer to medium-, large-, and mid-corporate-sized businesses. We also rebranded our Professional Banking offering to Private Clients. Nedbank was recognised as Best Private Bank for Digital Customer Service in Africa at the 2022 Professional Wealth ManagementWealth Tech Awards. Nedbank Wealth Management SA won the coveted Archetype: Wealthy Family Award at the 2022 Intellidex Awards. Nedbank Insurance won first place in Excellence in Running Operations in the Insurance category at the 2022 International ActiveOps Awards. At the 2022 City of London Wealth Management Awards, Nedbank Private Wealth (International) was recognised as Best Private Bank in the UK for the eighth consecutive year.
- **Ongoing disruptive market activities**
  - **Avo super app:** Our market-leading digital ecosystem Avo is a one-stop super app enabling clients to buy essential products and services online and have them delivered to their homes, with seamless secure payments and credit enabled by the Avo digital wallet and Nedbank. Since its launch in app stores on 19 June 2020, Avo has signed up more than 1,5 million users, up 4,6 times yoy, along with over 24 000 businesses registered and offering their products and services on this e-commerce platform, up by 37% yoy. Avo now has access to over 10 000 drivers on its delivery fleet nationwide as product orders continue to grow exponentially, with a ninefold yoy increase in gross merchandise value (GMV). Avo Auto, a virtual vehicle mall that was launched in August 2021, now hosts over 140 MFC-accredited dealers, with more than 6 000 vehicles available on the platform. In April 2022 we launched Avo B2B Marketplace, making it easier for business buyers and sellers to connect, anywhere, anytime, on a secure platform. Avo continues to increase its number of partners to drive scale. Our newest partnerships with Apple, Dell and Uber Direct highlight the increasing appeal of Avo as a destination marketplace to assist global brands and manufacturers in realising their growth aspirations. Apple, in the first month of being live, was already the second-highest grossing reseller by value on the app. The marketplace intends to become the destination for consumers and businesses looking to acquire Apple devices through convenient embedded finance options. The launch of Avo in our first NAR subsidiary is currently being planned. At the Global Banking and Finance Awards 2022, Nedbank won the Excellence in Innovation Banking App (Nedbank Avo) in South Africa Award.
  - **APIs:** After having been the first bank in Africa to launch an API platform (API_Marketplace) that is aligned with the open-banking standard PSD2, we made good progress in scaling the platform by allowing approved partners to leverage the bank's financial capabilities through integration into our standard, secure and scalable APIs. The number of third parties active on API_Marketplace continued to grow and increased to 48 (2021: 45, 2020: 17). The number of available API products increased from nine (June 2021) to 11, with the addition of auto insurance and credit card data API products. Our Personal Loans API implementation continues to be our most successful implementation to date, with June 2022 being a record-breaking month in terms of highest disbursal rate since inception, supporting our market share increase ambitions in this product. Auto insurance has similarly seen promising interest and lead generation since going live in June. At the Asian Banker Financial Technology Innovation Awards 2022, Nedbank was recognised for Best API and Open Banking Implementation.
  - **Karri app:** The Karri app, developed by Karri in partnership with Nedbank, is an integrated message-based payment, collection, and reconciliation app for solving a niche problem experienced by schools. The app enables parents to make school-related payments within seconds while it also reduces the risk of parents and children carrying cash and relieves schools from the burden of receiving and administering cash payments. The Karri app is one of the most popular apps in schools and is already used by over 900 schools, with a database of parents and children in excess of 1,3 million. Karri has seen exponential growth in H1 2022, setting all-time records across all key value drivers. Active monthly users are up by 58%, payment value is up by 177% and number of payments is up by 122%. The Karri partnership is well positioned to broaden the value to schools, parents and children across SA.
- **Focusing on areas that create value (SPT 2.0)**
  - We continue to focus on areas that create value, particularly through strategic portfolio tilt (Strategic Portfolio Tilt 2.0), which is a groupwide strategy focused on growing profitable market share in selected areas through integrated client-led asset/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.
  - Main-banked clients in retail grew by 2% to 3,04 million yoy and cross-sell was 1,92 (compared with 1,84 in H1 2021 and 1,72 in H1 2019). CIB gained 11 new primary clients in the period. In NAR total clients increased by 4% ytd to 351 000, of which around 162 000 are main-banked clients.
- **Driving efficient execution (TOM 2.0)**
  - **Unlocking benefits through technology:** TOM 2.0, 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. In H1 2022 we recorded benefits of R229m, bringing the cumulative number to R1,2bn, on our way to unlocking cost savings of R2,5bn by the end of 2023.
  - **Branch optimisation:** The digitisation of services in RBB and changing client behaviour, along with the impact of the Covid-19 lockdowns, have enabled us to reduce branch teller volumes by 65% since H1 2019. To date, as we optimise the shape of our infrastructure through Project Imagine, branch floor space has decreased by around 69 000 m² (December 2021: 65 000 m²) from 2014 levels, while the number of branches declined by eight ytd to 419 without impacting client service.
  - **Real estate optimisation:** Through our strategy of consolidating and standardising our own buildings to support new Ways of Work, our number of campus sites (offices) has decreased from 31 to 24 over the past four years, with a longer-term target of 19. Since 2016 we have saved over 122 000 m² and over 6 000 m² in H1 2022. In the next few years we will continue to optimise the portfolio by enhancing workstation use through enabling flexible office constructs to support more dynamic ways of work, as well as leveraging successful work-from-home experiences as a result of Covid-19, while creating further value and cost reduction opportunities. Our optimal workplace distribution mix is expected to settle at around 60% at Nedbank premises and at 40% as a mix of hybrid and permanent work-from-home models to support an anticipated workforce distribution model of 50% full-time on premises, 30% hybrid and 20% permanently off-site.
  - **RBB reorganisation:** In 2020 we started the implementation of Project Phoenix, which aimed to shift 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'. We concluded phases one and two of our journey during 2021, moving from product-focused expert knowledge to centres of excellence with product insights present across the value chain. We also concluded the restructure of the cluster and divisional executive roles and finalised the next tiers in line with the competencies required to deliver on the outcomes of the value chain accountabilities in 2021. In H1 2022 we commenced phase three, which focuses on driving increased levels of process standardisation and consolidation, combined with digitisation through automation (straight-through processing or robotic process automation), leveraging the client-centred technology investments we have made, enabling digital client onboarding and enhanced cross-sell of additional products through simplified processes. 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. In addition, we are in the process of further optimising smarter supply chain and procurement capabilities. Over the past six months our total group permanent headcount declined by 518 or 2% (and 2 870 or 10% since 2019), largely through natural attrition.
- **Creating positive impacts**
  - Our efforts in sustainability and ESG matters were externally recognised, including through Nedbank winning the Best Corporate ESG Strategy South Africa Award at the prestigious Global Banking and Finance Awards 2022. We retained our top-tier ESG ratings with the following scores and rankings: MSCI – AA (within the top 34% of global banks); Sustainalytics – low risk score of 17,3 (30th out of 415 diversified financial companies); ISS – C rating (within the top 20% of global banks); FTSE Russell – 4,3 rating out of five (top 6% of global banks); and S&P Global – score of 68 out of 100 (a top-tier SA bank).

Overview of H1 2022 results

Nedbank Group delivered a strong financial performance for the six months to 30 June 2022 when compared to the six months to 30 June 2021 (prior period). HE increased by 27% to R6 663m, driven by strong revenue growth, a slightly higher impairment charge and a well-managed expense base.

HEPS and basic EPS increased by 26% to 1 370 cents and by 31% to 1 412 cents respectively, in line with the trading statement released on 20 July 2022. In this trading statement we noted that HEPS and basic EPS were expected to increase by between 23% and 28%, and 28% and 33% respectively. DHEPS increased by 25% to 1 335 cents.

Return on equity (ROE) for the period increased to 13,6%, above the prior period of 11,7%, assisted by the return on assets that increased from 0,88% to 1,11%. Net asset value (NAV) per share of 20 964 cents increased by 8%, compared with 19 439 cents in H1 2021, while tangible NAV of 18 312 cents increased by 10%, compared with the 16 591 in the prior period.

The group's balance sheet remained very strong, and capital and liquidity positions improved further. CET1 and tier 1 capital ratios of 13,5% and 15,1% respectively increased from the 31 December 2021 levels and are well above SARB minimum requirements. The average LCR for the second quarter of 144% and an NSFR of 120% were well above the 100% regulatory minimums. On the back of strong earnings growth and capital and liquidity positions, the group declared an interim dividend of 783 cents per share, up by 81% yoy (June 2021: 433 cents per share) and higher than the 2019 interim dividend of 720 cents per share. The dividend was declared at 1,75 times cover (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 27% to R6 663m was supported by solid performances across all our business clusters, and our ROE of 13,6% improved from the prior period but remains below our estimated COE of around 15,0%. All business clusters reported ROEs above the group's COE, with surplus capital held at the Centre diluting the overall ROE.

	Change (%)	HE (Rm) Jun 2022	HE (Rm) Jun 2021	ROE (%) Jun 2022	ROE (%) Jun 2021
CIB	10	**3 208**	2 909	**17,9**	15,8
RBB	9	**2 347**	2 144	**15,1**	13,0
Wealth	1	**479**	476	**21,7**	22,0
NAR	> 100	**574**	182	**15,9**	5,8
Centre	> 100	**55**	(460)		
Group	27	**6 663**	5 251	**13,6**	11,7

HE in CIB increased by 10% to R3,2bn, and the cluster delivered an ROE of 17,9%. HE was driven primarily by a 47% decrease in impairments as reflected in the credit loss ratio (CLR) declining to 20 bps (H1 2021: 38 bps), within the cluster through-the-cycle (TTC) target range of 15 bps to 45 bps. NII increased by 10%, supported by average interest-earning banking asset (AIEBA) growth of 2% to R351bn and a higher net interest margin (NIM). Actual gross banking advances increased by 9% to R366bn as credit demand increased towards the latter part of Q2 2022. NIR decreased by 1%, with strong growth achieved in the equity portfolio, offset by a 13% decline in trading revenue, which was impacted by unfavourable macroeconomic and market conditions in the debt and interest rate markets. Expenses increased by 5%, mainly from higher performance-linked costs, resulting in a cost-to-income ratio of 43,3%.

HE in RBB increased by 9% to R2,3bn, delivering an ROE of 15,1%. The main drivers were a 9% growth in revenues, expense increases that were curtailed below inflationary levels, and higher impairments. NII grew 10%, driven by an increase in loans and advances on the back of strong new-loan payouts of approximately R57bn, by a widening of the NIM that benefited from positive endowment (higher interest rates), and by an increase in liability margins from slightly more favourable funding spreads. NIR increased by 9%, reflecting the ongoing improvement in client transactional activity, as well as benefits of cross-sell, main-banked client gains and growth in card interchange revenue. Impairments increased by 32%, due to the impact of once-off benefits in H1 2021 relating to the curing of Directive 7/2015 accounts and the release of Covid-19-related overlays. Adjusting for these once-off benefits of R529m, the RBB CLR in H1 2021 was 150 bps (122 bps reported) and therefore, on a normalised basis, the CLR is up by 2 bps yoy to 152 bps, remaining in the middle of the TTC target range of 120 bps to 175 bps.

Nedbank Wealth delivered a resilient financial performance in a challenging operating environment, with HE up by 1% to R479m and its ROE remaining attractive at 21,7%. The cluster's financial performance was adversely impacted by significant insurance claims resulting from the recent floods in KwaZulu-Natal, and the impact of negative equity market performance on investment returns and asset s-under-management (AUM) fees locally and internationally. This was offset by credit impairment recoveries and the benefit of higher SA, US, and UK interest rates on NII.

HE in NAR increased more than 100% to R574m and ROE increased to 15,9%. The performance reflects an improved performance in the SADC operations, with HE up by more than 100% to R190m (H1 2021: R11m loss); an ROE of 6,1%; continued strong recovery from Ecobank Transnational Incorporated (ETI) contributing HE of R384m (H1 2021: R193m); and a return on the ETI investment (ROI) of 15,1%. The performance of the SADC operations was driven mainly by increases in NIR (up by 79%) and NII (up by 12%) as a result of higher forex gains in Zimbabwe (offset in the net monetary loss) and increased transaction volumes.

The performance in the Centre primarily reflects the base effects of the impact of the fair-value unrealised losses from macro fair-value hedge accounting last year and a R50m (pre-tax) central impairment release in H1 2022, compared with an R250m increase in H1 2021.

Financial performance

Net interest income

NII increased by 9% to R17 204m, driven by 4% yoy growth in AIEBA to R901bn and an increase in the group's NIM. The increase in AIEBA was driven by strong yoy growth of 7% in higher-yielding RBB loans and advances and 2% growth in CIB loans and advances.

NIM increased by 17 bps to 3,85% from the 3,68% reported in H1 2021. This increase was driven by a positive endowment rate impact due to higher interest rates, higher levels of capital and current and savings accounts (CASA) balances (endowment mix benefit), improved asset pricing and improved liability pricing and mix changes. The increase was partially offset by the negative impact of increased funding costs on the high-quality liquid asset (HQLA) portfolios as well as the dilutive impact of moving the foreign currency loan portfolio, with lower-yielding assets into the banking book (previously trading book) in line with the regulatory requirements under Fundamental Review of the Trading Book (FRTB), as well as basis risk impacts. Nedbank is positively positioned for a rise in interest rates, gaining an additional R1,6bn NII (pre-tax) for each 100 bps increase in interest rates over 12 months.

Impairments charge on loans and advances

The group's impairment charge increased by 3% to R3 390m. The key drivers of the increase include the 4% increase in average gross loans and advances and an increase in stage 3 impairments, driven by provisioning for specific CIB counters and the impact of the regulatory withdrawal of Directive 3/2020 loan classifications. The increase was partially offset by a decrease in Covid-19 and macro-related judgemental overlays and a general improvement in stage 2 loans. The group's CLR remained flat yoy at 85 bps, within the group's TTC target range of 60 bps to 100 bps and at the lower end of the full-year 2022 guidance range of between 80 bps and 100 bps, which was provided in March 2022.

CLR (%)	Average banking advances (%)	Jun 2022	Jun 2021	Dec 2021	TTC target ranges
CIB	43	**0,20**	0,38	0,42	0,15–0,45
RBB	50	**1,52**	1,22	1,34	1,20–1,75
Wealth	4	**(0,37)**	(0,13)	0,09	0,20–0,40
NAR	3	**1,10**	0,84	0,72	0,85–1,20
Group	100	**0,85**	0,85	0,83	0,60–1,00

CIB impairments decreased by 47% to R349m and its CLR, at 20 bps, is below the 38 bps reported in H1 2021 and within its TTC target range of 15 bps to 45 bps. The total CIB coverage ratio was flat against the prior year at 1,3%, still reflecting a conservative approach to higher-risk sectors and stage 3 impairments. Stage 3 loans in CIB increased by 13% from December 2021, representing 3% of CIB's banking advances. The majority of Directive 3 restructures at the end of December 2021 have been rehabilitated, with less than 20% migrating to stage 3 loans in H1 2022. High-risk Covid-19-impacted sectors, such as aviation, remain a challenge while sectors such as hospitality are showing some recovery. Pre-Covid-19-stressed sectors, such as construction and state-owned enterprises (SOEs), and certain exposures in the agriculture sector continue to be challenging given the difficult economic environment. The commercial property portfolio continues to perform well and reported a CLR of 13 bps, down from 46 bps in H1 2021. Developments in the commercial property office portfolio continue to be monitored closely, while average vacancies in the Nedbank office portfolio remain well below the market average. In RBB impairments increased by 32% to R3 033m, reflecting the impact of once-off benefits in H1 2021, 6% growth in loans and advances, an increase in early arrears and a 4% increase in stage 3 loans since December 2021. The RBB CLR, at 152 bps, is in the middle of the TTC target range of 120 bps to 175 bps. Normalising for the once-off benefits in H1 2021 results in the CLR remaining around similar levels. Secured lending (home loans and vehicle finance), with mostly variable interest rates, is still benefiting from slightly lower interest rates, but pressure is slowly increasing as a result of the recent interest rate increases and inflationary pressures. From a personal-loans perspective, there is less direct exposure to interest rates as rates are fixed, but this segment continues to be under pressure given inflationary pressures. Nedbank Wealth reported a CLR of -37 bps, driven by the release of client-specific overlays as a result of better-than-expected repayments and valuations. NAR reported an increase in impairments of 18% to R113m, and its CLR of 110 bps is within the NAR TTC target range of 85 bps to 120 bps, driven by an increase in NAR overlays and additional provisions raised on specific wholesale exposures. Nedbank has no direct exposures to Ukraine and Russia, and has insignificant indirect exposure.

Covid-19- and macro-related judgemental overlays decreased to R903m (Dec 2021: R1 518m) as R419m was released through the income statement as the expected risk did not emerge and R196m emerged through International Financial Reporting Standards (IFRS) models. The central provision has declined by R50m since December 2021, with R450m remaining in place to account for forward-looking information and risks not yet reflected in the data and impairment models, including the risks associated with a more-difficult-than-expected macroeconomic environment.

The group's balance sheet expected credit loss (ECL) increased from R26,6bn (December 2021) to R26,8bn, reflecting prudent credit risk management. This increase was driven by the R3,4bn impairment charge and post-write-off recoveries of R0,8m (H1 2021: R0,7bn) despite higher levels of write-offs at R4,6bn (H1 2021: R3,9bn). Overall ECL coverage remained high at 3,31% of total loans and advances, similar to December 2021 at 3,32% but much higher than the pre-Covid-19 level of 2,21% (June 2019). The stage 1 coverage ratio decreased slightly to 0,64% (December 2021: 0,69%) but remains higher than the pre-Covid-19 level of 0,46% (June 2019). Stage 2 coverage increased to 7,3% (December 2021: 6,4%), primarily as a result of loans with lower coverage moving into stage 1. Stage 2 coverage remains well above the pre-Covid-19 levels of 5,0% (June 2019). The stage 3 coverage ratio remained at similar levels at 38,4% (December 2021: 38,0%).

Non-interest revenue and income

NIR increased by 13% to R13 321m, driven primarily by the fair-value unrealised losses from macro fair-value hedge accounting recorded in the H1 2021 base that did not recur, solid commission and fee income growth and good performances from insurance and equity realisations. This strong growth was partially offset by a muted trading performance NIR growth. Excluding macro fair-value hedge-accounting adjustments, NIR growth was 7%.

- Commission and fee income increased by 5% to R9 051m, driven by improving transactional activity in RBB as evident in increased levels of client spend, cash withdrawals and purchases of value-added services, as well as improved levels of cross-sell. The number of retail main-banked clients, at 3,04 million, grew by 2% yoy as client-related transacting activity improved. In CIB client activity remained subdued, although the cluster recorded 11 primary client wins that will support growth into the future.
- Insurance income increased by 13% to R1 126m. The benefit of lower death and funeral claims in the life portfolio was partially offset by accounting for insurance claims (net of reinsurance) relating to the KwaZulu-Natal floods in April 2022 and the base impact of benefiting from the implementation of a revised asset-and-liability matching strategy in H1 2021.
- Trading income decreased by 10% to R2 047m as unfavourable conditions impacted the debt and interest rate markets, partially offset by favourable outcomes in foreign exchange and equity markets.

- Equity revaluations of R506m (H1 2021: R254m) were driven by realised gains and dividends.
- The fair-value unrealised losses, including those from the group's macro fair-value hedge accounting of R55m in H1 2022, were less than the H1 2021 loss of R740m after the successful implementation of model methodology enhancements in the second half of 2021.
- Other NIR was driven by foreign currency gains in Zimbabwe as a result of hyperinflationary conditions (largely offset in the net monetary loss).

Expenses

The increase in expenses of 7% to R17 451m reflects the impacts of higher variable-pay incentives, ongoing investment in technology and digital solutions, and the normalisation of certain discretionary costs as business returns to normality after the Covid-19-related lockdown restrictions in the prior years. Excluding variable-pay incentive costs, expenses increased by 5%, highlighting diligent cost management in an environment of rising inflation and weaker exchange rates.

- Staff-related costs increased by 10% following:
  - an average 2022 annual salary increase of 4,6% (bargaining-unit increase of 5,2%) and a 4% yoy reduction in employee numbers since 30 June 2021 (2% since 31 December 2021), largely through natural attrition; and
  - a 22% increase in short-term incentives (STIs) and a 47% increase in long-term incentives (LTIs), driven by the impact of the group's improved financial performance on variable incentives.
- Computer-processing costs increased by 5% to R3 211m (growth of 13% in H1 2021), reflecting an increase in the amortisation charge of 13% (slowing from the growth of 21% in H1 2021), as well as investment in digital solutions. As our ME technology IT build reaches material completion, the growth rates in computer-processing costs and amortisation have started to slow, along with benefits from lower depreciation and computer-processing lease charges, particularly as we leverage cloud-based solutions.
- Marketing costs increased by 12% to R751m off a low H1 2021 base and reflects the group's increased focus on increasing Nedbank's share of voice in the market in support of revenue growth. Communication and travel increased by 21% as operations returned to business-as-usual levels post the Covid-19-related lockdown restrictions.
- Other cost lines reflect the good management of discretionary spend and the non-staff-related benefits of TOM 2.0 as seen in occupation and accommodation costs (declining by 5%), as well as from lower fees and insurances, declining by 2%.

The group's increase in expenses of 7% was lower than the increase in revenue and associate income of 11%, resulting in a positive JAWS ratio of 4% and a cost-to-income ratio decreasing to 56,2% (June 2021: 58,5%).

Hyperinflation accounting in Zimbabwe

Given the significant inflationary pressures in Zimbabwe, the net monetary loss increased by more than 100% to R277m (H1 2021: R40m loss), which contributed to a HE loss of R110m (H1 2021: R19m loss). However, as the Zimbabwean dollar depreciated against the US dollar by 332% and the SA rand by 276%, a R360m foreign exchange gain on Nedbank Zimbabwe's foreign currency holdings was recognised in NIR.

Earnings from associates

Associate income of R470m, relating to the group's 21% shareholding in ETI for the period ended 30 June 2021, has been recognised (up by 74% when compared with R270m in H1 2021). This includes accounting for our share of ETI's Q4 2021 and Q1 2022 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear). The total effect of ETI on the group's HE was a profit of R384m (H1 2021: R193m), including the R119m impact of funding costs.

In the first three months of 2022, ETI reported attributable earnings growth of 27% to US$66m and an ROE increase to 18,9% (Q1 2021: 15,7%). The performance was supported by solid growth in their West and Central Africa regions, where ROEs were all above 20%. Ecobank Nigeria, however, remains a drag on the overall ETI performance and we continue to work alongside other shareholders to address the issues. Non-performing loans continued to decline, while market-leading in-country franchises drove strong growth in deposits. The group's capital position strengthened further, reflected in a total capital adequacy ratio (CAR) of 14,8% (Q1 2021: 12,3%).

Statement of financial position

Banking loans and advances

Gross banking loans and advances increased by 7% yoy to R831bn, driven by ongoing momentum in RBB advances growth and an increase in CIB banking loans and advances towards the end of Q2 2022.

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

Rm	Change (%)	Jun 2022	Jun 2021	Dec 2021
CIB	9	**365 918**	334 722	352 487
RBB	6	**414 284**	389 297	400 301
Wealth	(3)	**30 271**	31 358	30 729
NAR	(3)	**22 372**	23 113	22 325
Centre[1]	> (100)	**(1 609)**	2 012	1 112
Group	7	**831 236**	780 502	806 954

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

CIB gross banking loans and advances increased by 9% to R366bn, supported by an uptick in credit demand towards the end of Q2 2022. The cluster has a strong and robust pipeline, with a positive expectation of conversion in key sectors in the second half of the year.

RBB gross loans and advances increased by 6% yoy to R414bn, thereby continuing momentum from 2021 and benefiting from client demand for secured loans. However, unsecured lending volumes have slowed due to a more cautious approach to new lending as a result of elevated risk in the macroeconomic environment. Overall new-loan payouts remained relatively stable at R57bn in H1 2022. Commercial Banking (previously Business Banking) gross loans and advances grew by 8% yoy as client utilisation of existing facilities increased, although we noted cautious borrowing behaviour, with new-loan payouts declining by 4% yoy to R11bn. Mortgage loans grew by 7%, broadly in line with the industry, while MFC (vehicle finance) loans increased by 6%, resulting in our maintaining our market-leading position.

Deposits

Deposits increased by 8% yoy to over R1 trillion for the first time, with total funding-related liabilities increasing by 7% to R1,1 trillion, while the group's loan-to-deposit ratio decreased to 85% (June 2021: 87%).

Within the business clusters, CIB grew deposits by 4%, RBB by 6% and Wealth by 1% yoy. NAR deposits decreased by 0,4%.

CASA accounts, along with cash management deposits, increased by 1% yoy. Individually, current accounts increased by 11%, aligned with our SPT 2.0 objectives, but cash management accounts decreased by 7% as clients invested in working capital, while savings accounts were broadly flat. Call and term deposits increased by 6% and fixed deposits increased by 2% as clients began to term out their deposits due to the increasing -interest-rate environment. Negotiable certificates of deposit (NCDs) increased by 39% off a low base as institutional clients had appetite in H1 2022 to invest in high-quality bank paper. Foreign funding, although small in relative terms for Nedbank, increased by 8% due to foreign lending requirements.

Funding and liquidity

The group achieved a quarterly average long-term funding ratio of 29%, which is above the industry average of around 22%, as a result of the proactive management of Nedbank's long-term funding profile.

The group's June 2022 quarter average LCR of 144% (Dec 2021: 128%) exceeded the minimum regulatory requirement, with the group maintaining appropriate operational buffers to absorb seasonal, cyclical and systemic volatility observed in the LCR.

Nedbank Group LCR	Jun 2022	Jun 2021	Dec 2021
HQLA (Rm)	**208 207**	204 244	207 105
Net cash outflows (Rm)	**145 120**	156 484	161 678
LCR (%)[2]	**143,5**	130,5	128,1
LCR regulatory minimum (%)	**100,0**	80,0	80,0
NSFR (%)	**120,3**	113,6	116,1
NSFR regulatory minimum (%)	**100,0**	100,0	100,0

[2] *Average for the quarter.*

More details on the LCR are available in the 'Additional information' section of the condensed consolidated interim financial results.

Nedbank's portfolio of LCR-compliant HQLA increased to a June 2022 quarterly average of R208bn, while the lower quarterly arithmetic average net cash outflows were driven by an increased demand for longer-dated deposits. Nedbank's proactive management of its HQLA liquidity buffers, close monitoring of its net cash outflows, and the implementation of the SARB Prudential Authority's (PA's) Directive 1/2022 resulted in an increase in the LCR to 144%. The HQLA portfolio, together with Nedbank's portfolio of other sources of quick liquidity, equated to total available sources of quick liquidity of R272bn, representing 22% of total assets.

The lengthening of Nedbank's funding profile resulted in an increase in the group's NSFR to 120% at June 2022 (December 2021: 116%), exceeding the minimum NSFR regulatory requirement of 100%. The structural liquidity position of the group has strengthened from December 2021 as a result of the effective management of the balance sheet.

Capital

The group remains strongly capitalised, with ratios significantly above the minimum regulatory requirements, reflected in a CET1 ratio of 13,5% (Dec 2021: 12,8%) and a tier 1 ratio of 15,1% (Dec 2021: 14,3%). The increase in the CET1 ratio was driven by strong organic earnings growth and a reduction in risk-weighted assets (RWAs), driven mainly by a decrease in credit risk as asset growth slowed in some portfolios, and a decrease in market risk as a result of general risk reduction across the trading portfolio. This was partly offset by the payment of the final dividend for 2021 of R3,9bn in H1 2022.

The group continues to optimise its capital structure through utilising the full range of capital instruments. During H1 2022 the group enhanced the tier 1 ratio by issuing additional tier 1 instruments amounting to R1,0bn. The total CAR was impacted by the redemption of tier 2 instruments of R2,5bn, in line with the group's capital plan.

Basel III capital ratios (%)	Jun 2022	Dec 2021	Jun 2021	Internal target range	Regulatory minimum[3]
CET1	**13,5**	12,8	12,2	11,0–12,0	8,5
Tier 1	**15,1**	14,3	13,6	> 12,0	10,3
Total CAR	**17,7**	17,2	16,8	> 14,5	12,5

(Ratios include unappropriated profits.)

[3] *The Pillar 2A capital requirement was reinstated, with effect from 1 January 2022, to 50 bps at CET1; 75 bps at tier 1 and 100 bps for the total ratio, and our internal targets were recalibrated with effect from 1 January 2022 to align with the reinstatement.*

Using our financial expertise to do good

Nedbank continues to play an important role in society and in the economy, and we remain committed to delivering on 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 through various interventions, including the introduction of an initiative called FLOW Time Wednesday (no internal meetings and non-essential meetings between 13:00 and 17:00). This provides our workforce with a dedicated block of time to become fully immersed in other work activities, whether it is a specific task, research or attending an online learning session. The aim, aside from providing dedicated weekly time to focus without interruption, is to aid productivity and allow space for deep work, innovation and problem-solving.
- The well-being of our workforce remains a high priority. To aid our employees in KwaZulu-Natal who were adversely impacted by the floods in April and May 2022, approximately 3 800 employees were supported with water and accommodation where necessary.
- Employee engagement levels remained high, with our H1 2022 Workforce Insights Pulse Survey highlighting that 85% of participating employees are proud to work at Nedbank. We will continue to use this score as a measure of our workforce sentiment in future Pulse surveys. Our first survey for 2022 had a response rate of 67%, up from 62% in November 2021.
- In the first six months of the year our Agility Centre successfully redeployed 107 employees into alternative roles within Nedbank, while 15 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 into future internal roles. Employees are also supported with 'out-skilling' support to empower them with relevant market-related skills should outplacement or external redeployment be necessary.
- We have paid our 26 343 employees' salaries and benefits of R9,5bn. We concluded annual salary increases of 5,2% for our bargaining-unit employees, with non-bargaining-unit employees receiving increases of 4,0%. The blended average employee salary increase was 4,6% in 2022.
- In H1 2022 training spend was R252m, supporting an increase in digital learning with the introduction of FLOW Time Wednesday and the flourishing of a learning culture.

- We have implemented a hybrid work model where a portion of our workforce will continue to work on-site while others will alternate between working on-site and remotely. Although a large part of our workforce is digitally enabled to work remotely, employees are encouraged to return to the office to collaborate and engage. During H1 2022, 51% of our employees worked from home (excluding branch employees) as many of our clusters commenced with workplace reintegration in a phased manner. Workplace reintegration allows us to reinforce our strong Nedbank culture by returning to face-to-face engagements that create not only leadership visibility, but also an opportunity to build relationships and reinforce our culture that help us perform better as one Nedbank.
- We continued to focus on transformation as a key imperative to ensure that Nedbank remains relevant in a transforming society. Nedbank remains strongly representative of a diverse talent, with 80% of total employees (H1 2021: 79%) being black African, Coloured and Indian (ACI) and ACI representation at board level remaining at 64% (H1 2021: 64%). At executive level it was 39% (H1 2021: 46%). Pleasingly, we continue to record improvements in ACI employee representation at senior and middle management levels. Female representation at board level improved to 29% (H1 2021: 21%), at executive level it remained at 46% and among total employees it was 62% (H1 2021: 61%).
- In 2022 we were formally recognised for our efforts towards transformation and diversity and won two awards at the 21st Top Empowerment Awards, namely the Top Empowered Company: Youth Employment Service (YES) Initiative Award and the Top Empowered Company: Enterprise and Supplier Development Award.

Clients

- Delivering market-leading client experiences remains a key priority for us. We continue to build on the positive outcomes of the 2021 Consulta survey, where we achieved the #2 position among South African banks on client satisfaction metrics. In support of this achievement in 2021, we continued to consistently rank as the #2 bank and above the industry average on social-media net sentiment, measured by Salesforce Social Studio, in H1 2022.
- We safeguarded more than R1 trillion in deposits at competitive rates.
- We supported clients by advancing R149bn (H1 2021: R96bn) in new loans to enable them to finance their homes, vehicles and education, as well as grow their businesses.
- Our clients' access to banking improved as clients continue to shift to digital channels. Digitally active retail users increased by 10% yoy to 2,4 million (up by 60% 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 50% (from 12% in H1 2019).
- In support of clients impacted by the recent floods in KwaZulu-Natal, all available platforms were used to inform clients of branch closures and the nearest operational branches in the affected areas. Our Nedbank teams across the country pulled together to handle temporary branch and workforce capacity constraints to handle large client volumes and maintain client relationships.
- 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 Retail Bank in Africa and SA and the Best SME Bank in SA at The Asian Banker Awards 2022. At the City of London Wealth Management Awards 2022, Nedbank Private Wealth was recognised as Best Private Bank in the UK for the eighth consecutive year and won the award for Total Wealth Planning – High Net Worth at the Private Asset Managers Awards 2022. Nedbank received recognition from Global Finance for 'Outstanding leadership in green bonds' as well as 'Outstanding leadership in sustainability-linked bonds'. ETI was recently recognised at the Euromoney Awards for Excellence 2022, winning numerous awards, including Africa's Best Bank 2022, Africa's Best Bank for SMEs 2022 and Africa's Best Digital Bank 2022.

Shareholders

- Notwithstanding difficult equities markets where the JSE All-share Index declined by 10% in the first six months of 2022, the Nedbank share price increased by 18%, outperforming the South African bank index, which increased by 5%. This outperformance was underpinned by the group's strong financial performance, operational delivery and good strategic progress. A very strong capital and liquidity position at 30 June 2022 supported the declaration of an interim dividend for 2022 of 783 cents per share, an increase of 81% on the prior year and now higher than the interim dividend declared in 2019.
- We successfully hosted our third virtual annual general meeting (AGM) in 2022. On the back of a remuneration implementation report vote of 72,9% and remuneration policy vote of 71,7%, being below the required 75%, we reached out to engage with shareholders. Given the high level of our ongoing shareholder engagements, we received no shareholder meeting requests but continue to value feedback from our shareholders to enhance our disclosures and ESG practices, including any comments or questions relating to remuneration. In acknowledgement of Nedbank's leadership and progress made on ESG-related disclosures, Nedbank was recently ranked first in the Refinitiv Satrix SA Inclusion and Diversity Index, which reflects the progress we have made on matters of diversity, equity and inclusion, and we remained at the top end of various ESG ratings when compared with local and international peers.
- On 1 April 2022 Nedbank Group ordinary shares started trading on A2X Markets (A2X) via a secondary listing. The secondary listing on A2X complements our existing listings on the Johannesburg Stock Exchange (JSE) and the Namibian Stock Exchange (NSX) by giving our investors the opportunity to source additional liquidity and save money when they transact, thereby benefiting Nedbank shareholders. Since listing, the Nedbank share has been a top 10 traded equity on the exchange.

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 2022 included the following:
  - Directive 3/2020, which deals with Covid-19-related distressed restructures, remained effective for 2021 in line with Circular 1/2021 but, on the back of Directive 7/2021, does not apply to any restructured credit exposures granted after 1 January 2022, whether new or in terms of reapplications. Directive 3/2020 has been withdrawn with effect from 1 April 2022.
  - The PA issued Directive 5/2021, which directs banks in respect of matters related to the prescribed minimum required capital ratios as well as the application of various components of the previously mentioned capital requirements, such as the systemic risk capital requirement (Pillar 2A), the domestic systemically important bank (D-SIB) capital requirement, the countercyclical buffer range and the capital conservation buffer range. This seeks to reinstate the Pillar 2A capital requirement back to the pre-Covid-19 levels of 50 bps, 75 bps and 100 bps for CET1, tier 1 and total capital respectively. The Pillar 2A reinstatement has been in effect from 1 January 2022.
  - The LCR temporary relief measure was withdrawn in line with Directive 8/2021 with effect from 1 January 2022. Banks are now directed to comply with the revised minimum regulatory LCR requirements of 100% with effect from 1 April 2022.
  - Guidance Note 2/2022 replaces Guidance Note 3/2021. The guidance note advises that all relevant decisions regarding the payment of dividends and bonuses must continue to be assessed and balanced carefully against the need to support the real economy. Furthermore, the PA advises that payout ratios should be prudent and commensurate with the bank's assessment of the current conditions and potential future uncertainty.
  - Guidance Note 4/2022, which was issued on 11 May 2022, replaces Guidance Note 4/2021 (which replaced Guidance note 7/2020). Guidance Note 4 provides a detailed update to the changes to the implementation timeline of the Basel III reforms. The guidance note moved the implementation date to 1 January 2024.
  - The PA issued Directive 5/2022, which clarifies the requirements relating to liquidity risk. In terms of this directive:
    - a bank must hold sufficient liquidity buffers at a group level to compensate for cases where its foreign entity is not able to meet the minimum LCR and NSFR requirements, to ensure overall group LCR and NSFR compliance;
    - a bank does not need to apply for condonation if it has sufficient liquidity buffers at a group level to compensate for foreign banking entities within the group that are unable to maintain the required minimum LCR and NSFR requirements (the currency used for the liquidity buffer is at the bank's discretion); and
    - a bank must ensure that the amount of liquid assets disclosed in line item 13 of the form BA 325 reflects the month-to-date average calculated from the 15th business day of the current reporting month to the 14th business day of the month following the current reporting month.
  - SARB is currently in the process of transitioning from a cash deficit (money market shortage) monetary policy transmission mechanism to a cash surplus (floor) system given that the cash deficit system was proving both difficult and costly to implement on the back of a significant increase in domestic structural liquidity in the period following the onset of the Great Lockdown Crisis (GLC). The transition will take place over 12 weeks, which started on 8 June and will end on 24 August 2022. The resultant effect is that the banking system will switch from a shortage of approximately R30bn to a surplus of approximately R50bn. The switch from a cash deficit system to a cash surplus system should be net positive for the banking sector, with the most significant benefit being a reduction in the cost of funding at the short end of the funding curve, while also offering banks an option to diversify their HQLA portfolios and/or extend additional credit and liquidity to the real economy.
  - The PA issued Guidance Note 8/2022, which deals with the capitalisation requirements of the revised market risk and credit valuation adjustment (CVA) frameworks. The proposed implementation date for the revised market risk and CVA frameworks is 1 January 2024 and the respective prudential standards on market risk and CVA will be finalised and effective from 1 January 2024. The prudential standards for the revised market risk and CVA frameworks will include transitional arrangements for the PA to determine the effective date from which banks must calculate and maintain capital in terms of the relevant specified methods and comply with the requirements of the respective prudential standards.
- In May 2022, S&P Global (S&P) revised the outlook on Nedbank to positive and affirmed our global and national scale ratings, including issue ratings. The revised outlook followed S&P's decision to revise its outlook on SA to positive from stable on 'resilient external sector performance'.
- We hold investments of over R172bn 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 R6,5bn across the group, up by 18% yoy.

Society

Banks play a central role in driving sustainable socioeconomic development for the benefit of all stakeholders and helping create the desired future by providing capital for investment in the real economy. We acknowledge that we, alongside our stakeholders, operate in a nested, interdependent system. This means that for our business to succeed, we need a thriving economy, a well-functioning society and a healthy environment. We also recognise that sustainability issues such as climate change, inequality, social justice and, most recently, pandemics are playing an increasingly material role in shaping this system. Our purpose guides our strategy, behaviours and actions towards the delivery of long-term system value for us and our stakeholders. Together, the SDGs (as forward-looking strategic levers) and ESG keep us on track to fulfil our purpose.

We have adopted the United Nations Sustainable Development Goals (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. Key highlights for the first half of 2022 include the following:

- **Quality education (SDG 4):** We provided R363m of financing towards student loans and student accommodation in the past six months, supporting 607 student loans (more than 6 500 since 2015) and 733 student beds (more than 43 000 since 2015). Our corporate social investment (CSI) spend totalled R64m in H1 2022, with 70% of this allocated to skills development and education.
- **Clean water and sanitation (SDG 6):** We provided R227m in financing towards clean-water provision relating to public sector reticulation and sanitation projects. 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. In our operations we decreased our total water consumption by a further 18% yoy and by 45% when compared with the average H1 2019 base. This decrease was driven by ongoing water restriction measures, floorspace consolidation and reduced levels of employees at our campus sites.
- **Affordable and clean energy (SDG 7):** We recently partnered with Hohm Energy to finance and install solar power solutions in SA for homeowners, thereby making solar-energy funding available to all, including non-Nedbank clients. These solar solutions will enable households to move off Eskom's grid, or to at least lower their dependency on the power utility during load-shedding. In the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) we have arranged 42 transactions in renewable-energy projects to date, giving us current exposures of R27bn. We were the lead arranger on four projects in the emergency round Risk Mitigation IPPPP (to close Q3 2022) and held preferred-bidder status in round 5 for four projects (close Q3 2022). We are actively seeking to participate in the upcoming round 6. The lifting of the licensing floor for energy projects in the private sector (embedded generation) from 1 MW to 100 MW and then the lifting of all limits post the announcement of the president's Energy Action Plan on 25 July 2022 were positive developments that will enable many of our clients to reduce their carbon footprint while ensuring energy

certainty. We currently have embedded-energy exposures of R375m, with a strong pipeline over the coming years. We reduced our own high-carbon-emission electricity consumption by 4,1% yoy to 55 859 MWh (H1 2022). Consumption data excludes own generation and renewable-electricity certificates (RECs). To supplement our own PV-produced electricity towards greener and self-generated renewable energy, we will commence wheeling green power from independent power producers to reduce our carbon emissions in our own operations, ramping up to 5 500 MWh during the next 18 months with an aim to increase this to more than 10% of energy consumption in the next three-year window.

- **Decent work and economic growth (SDG 8):** We increased our support for small businesses and their owners, evident in loan exposures of R20bn (up by 12% yoy), and provide banking solutions to more than 300 000 small-and-medium-enterprise (SME) clients. In H1 2022 we welcomed our third intake of more than 1 800 Youth Employment Service (YES) participants as we continue to make an impact on South African youth and their families and communities. To date over 7 000 previously unemployed youth have been provided the opportunity of employment through participating in Nedbank's YES programme and many of them were permanently employed (within Nedbank and the YES programme partners) after having participated in the programme.
- **Reduced inequalities (SDG 10):** We maintained level 1 BBBEE status and were acknowledged at the 21st Top Empowerment Awards as the Top Empowered Company for the YES Initiative and enterprise and supplier development. In an effort to support the cash flow needs of small businesses, we ensured, as part of our commitment to the #PayIn30 Campaign, that 91% 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 increased by 46% yoy to R1,6bn, equating to 2 366 homes. We also provided finance of R264m towards the development of 2 033 affordable housing units. We provided finance of R163m for the construction of buildings that conform to green building standards in H1 2022, bringing the amount of funding provided to this important sector to over R25bn to date.
- **Strengthening the means of implementation and revitalising the global partnership for sustainable development (SDG 17):** In H1 2022 Nedbank became a signatory to the UN-backed Principles for Responsible Investment (PRI). Responsible investing has been a key focus for Nedgroup Investments for some time and this will augment the work we are already doing with our partner fund managers and aligns well with growing regulatory requirements. We are committed to the following six principles: incorporation of ESG issues into investment analysis and decision-making processes, being active owners and incorporating ESG issues into our ownership policies and practices, seeking appropriate disclosure on ESG issues by the entities in which we invest, and promoting acceptance and implementation of these principles.

Economic outlook

The global economic environment is expected to deteriorate further before recovering. The slowdown in advanced countries is likely to intensify as persistent inflationary pressures, rising interest rates, and reduced wealth effects hurt household incomes and spending, while the war in Ukraine, uncertain energy supplies, sharply higher production costs, and sluggish global growth prospects will erode company profits and subdue fixed-investment activity. Growth in China is also expected to lose momentum, hurt by the ongoing slump in its property market, growing strain in the banking sector, and potentially disruptive structural and regulatory changes. As a result, emerging and developing economies face considerable downside risks. Fading global demand will hurt export earnings, while the surge in international fuel and food prices, generally higher inflation, and tighter monetary policies are expected to weigh on domestic demand. The risk of sovereign defaults among developing countries is also expected to rise as countries with high levels of foreign currency debt are highly exposed to the rise in US interest rates and the stronger US dollar. Given the multiple headwinds facing the world economy, the World Bank revised its world growth forecast for 2022 down to a modest 2,9% from a relatively robust 4,1%. With slowing growth and higher inflation, global risk appetites are likely to remain subdued and markets volatile, unsettled by growing fears of stagflation and the increased threat of recession.

SA's economy is likely to return to growth in the second half of the year as activity normalises from the floods and extreme power outages of the second quarter. The recovery is likely to be muted, contained by softer growth in consumer spending, government expenditure, and fixed investment. While fixed investment will be propped up by a flurry of renewable-energy projects, the upside for consumer spending will be capped by the acceleration in inflation and the faster rise in interest rates. At the same time, exports are likely to be stunted by weaker global growth, some easing in export prices, and persistent load-shedding. The Nedbank Group Economic Unit expects the economy to expand by around 1,8% this year. Real GDP for 2023, 2024 and 2025 is forecast to grow by 1,5%, 1,6% and 1,7%, respectively.

Inflation is forecast to peak in July, before gradually easing as international oil, food, and other imported prices moderate from the highs of late February and global supply chain constraints ease. Inflation is forecast to average 6,8% in 2022, up from the 4,6% expected in February. Thereafter, we expect inflation to moderate to an average of 5,5% in 2023, 4,6% in 2024, and 4,7% in 2025. Given the acceleration of inflation and the upside risks to the outlook, the MPC is likely to tighten interest rates further. Our forecast is for the repo rate to end the year at 6,25%, taking the prime lending rate up to 9,75%, representing a further increase of 75 basis points from current levels.

Conditions in the banking industry are likely to remain relatively robust, supported by the normalisation of economic activity. Demand for credit is forecast to improve marginally throughout 2022, underpinned by continued growth in consumer spending and firmer fixed investment. Household credit demand will be underpinned by relatively sound household finances, characterised by continued growth in household incomes, accumulated savings, and relatively low debt burdens. However, there are downside risks emanating from the rapid rise in the cost of living and higher interest rates, which will erode households' disposable income and affect discretionary spending. Corporate credit demand is expected to benefit from increased activity in the renewable-energy sector and the gradual uptick in general fixed-investment activity. The risk of bad debts is expected to increase moderately as interest rates rise.

Prospects

Our guidance on financial performance for full-year 2022, in a global and domestic macroeconomic environment with high forecast risk and uncertainty, is currently as follows:

- **NII** growth to be low double digits (revised up from around high single digits). Loan growth is expected to recover further in H2 2022 and the group's NIM is expected to increase slightly from the H1 2022 level of 3,85%.
- **CLR** to remain within the top half of our TTC target range of 60 bps to 100 bps (between 80 bps to 100 bps, with no change in guidance).
- **NIR** growth to be around the high single digits (with no change in guidance) as transactional activity continues to recover and strategic initiatives, including cross-sell and new revenue streams, contribute to growth. Trading conditions are expected to remain muted, although the closing of deals in CIB should benefit commission and fees as well as trading income. The benefit of changes in the macro fair-value hedge-accounting solution is now in the base and not expected to contribute additionally to growth in the second half of 2022.
- **Expenses** growth to be above mid-single digits, with upside risk (revised from above mid-single digits), reflecting the impact of improved levels of profitability on variable incentives, higher levels of inflation, weaker exchange rates and the faster-than-expected return of discretionary spend.
- **Liquidity** metrics, including the LCR and NSFR ratios, to remain well above PA minimum requirements.
- **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 towards the lower half of the group's target range of 1,75 times to 2,25 times.

As part of 2020 year-end reporting, we revised and set new medium-term targets to end 2023 that we believe are appropriate for driving value creation in the current economic environment. These targets, together with our 2022 guidance and updated long-term targets, are as follows:

Metric	H1 2022 performance[4]	Full-year 2022 outlook	Medium-term target	Long-term target
ROE	13,6%	Improve on 2021 (ROE: 11,7%)	Greater than 2019 levels (15%) by 2023	> 18% (COE + 3% to 4%)
Growth in DHEPS	0,25	Growth greater than CPI + GDP + 5% (H1 growth > H2 growth)	Greater than 2019 levels (2 565 cents) by 2022, a year earlier than initially planned	≥ CPI + GDP growth + 5%
CLR	85 bps	Between 80 bps and 100 bps	Between 60 bps and 100 bps of average banking advances	
Cost-to-income ratio (including associate income)	56,2%	Improve on 2021 (57,7%)	Below 54% by 2023	≤ 50%
CET1 capital adequacy ratio (Basel III)	13,5%	Above the top end of target range	11,0–12,0%	
Dividend cover	1,75 times	Final (H2) dividend towards the lower end of our target range of 1,75–2,25 times	1,75–2,25 times	

[4] *The COE is currently forecast at around 15% in 2022 to 2023.*

Shareholders are advised that all guidance is based on organic earnings and that our latest macroeconomic outlook 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, Phumzile Langeni was appointed as an independent non-executive director of Nedbank Group with effect from 22 March 2022. Good progress is being made on the search for the Chairperson who will succeed Mpho Makwana when he steps down at the AGM in May 2023.

In terms of executive leadership changes, Anna Isaac, Group Chief Compliance Officer, resigned with effect from 30 April 2022 to join a bank in the United Arab Emirates. In accordance with Nedbank Group's executive succession plan, Daleen du Toit was appointed to the Group Executive Committee as Group Chief Compliance Officer with effect from 1 May 2022.

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.

Interim dividend declaration

Notice is hereby given that an interim dividend of 783 cents per ordinary share has been declared, payable to shareholders for the six months ended 30 June 2022. 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 156,6 cents per ordinary share, resulting in a net dividend of 626,4 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-tax 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 511 500 790.

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

Event	Date
Last day to trade (cum dividend)	Tuesday, 30 August 2022
Shares commence trading (ex dividend)	Wednesday, 31 August 2022
Record date (date shareholders recorded in books)	Friday, 2 September 2022
Payment date	Monday, 5 September 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 31 August 2022, and Friday, 2 September 2022, 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 or collection of cheques has ceased, effective from 31 December 2021. 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, 5 September 2022.

The above dates are subject to change. Any changes will be published on SENS and in the press.

For and on behalf of the board

Mpho Makwana
Chairperson

Mike Brown
Chief Executive

10 August 2022

Directors

PM Makwana (Chairperson), MWT Brown** (Chief Executive), HR Brody*, BA Dames, MH Davis** (Chief Financial Officer), NP Dongwana, EM Kruger, P Langeni, RAG Leith, L Makalima, Prof T Marwala, Dr MA Matooane, MC Nkuhlu** (Chief Operating Officer), S Subramoney.

** Lead Independent Director ** Executive*

Basis of preparation#

Nedbank Group Limited is a company domiciled in SA. The unaudited condensed consolidated interim financial results of the group at and for the six months ended 30 June 2022 comprise the company and its subsidiaries (the group) and the group's interests in associates and joint arrangements.

The condensed consolidated interim financial statements comprise the condensed consolidated statement of financial position at 30 June 2022, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2022 and selected explanatory notes, which are indicated by the symbol #. The condensed consolidated interim financial statements have been prepared under the supervision of Mike Davis, BCom (Hons), DipAcc, CA(SA), AMP (Insead), the Chief Financial Officer (CFO).

The condensed consolidated interim financial statements are prepared in accordance with IFRS IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council, and the provisions of the Companies Act, 71 of 2008, of SA as required in terms of the JSE Listings Requirements. The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those used for the previous annual financial statements.

New standards and interpretations not yet adopted

IFRS 17 replaces IFRS 4 and is effective from 1 January 2023. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held. The standard aims to increase comparability and transparency about profitability across entities where insurance contracts are issued and held. The standard introduces a new comprehensive model (general measurement model) for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach (premium-allocation approach) and modified approach (variable-fee approach) for contracts with discretionary participation features.

The implementation of IFRS 17 will have financial and operational implications for the insurance subsidiaries within the group, as well as changes required in the following areas:

- Liability measurement
- Data requirements
- Operations and the underlying systems
- Internal and external financial reporting

An IFRS 17 steering committee has been created, and includes members across the group, as well as invitees from internal and external stakeholders. The role of the committee is to promote, direct and oversee the successful implementation of IFRS 17 for the group and its impacted subsidiaries. This involves formulating, coordinating, monitoring and reporting on the delivery of the fundamental project workstreams that cover the entirety of implementation. A review of insurance contracts, within the group, has indicated that all three measurement approaches will be applicable (ie premium-allocation approach, general measurement model and variable-fee approach). The impact of implementing IFRS 17 is currently being assessed.

A technical committee has been established, as one of the subcommittees of the steering committee to determine key judgements in the interpretation of IFRS 17. The majority of the key judgements have been considered and the subcommittee has concluded on the judgements to be applied by the group. This committee is cognisant of interpretation issues that the industry faces and are keeping abreast of the developments.

Events after the reporting period#

There are no material events after the reporting period.

Financial highlights

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		Yoy % change	30 June 2022 (unaudited)	30 June 2021 (unaudited)	31 December 2021 (unaudited)
Statistics					
Number of shares listed	m	1	**511,5**	508,9	508,9
Number of shares in issue, excluding shares held by group entities	m		**487,3**	485,4	485,6
Weighted-average number of shares	m		**486,5**	484,6	485,1
Diluted weighted-average number of shares	m	1	**499,2**	491,9	494,8
Headline earnings	Rm	27	**6 663**	5 251	11 689
Profit attributable to ordinary shareholders	Rm	31	**6 869**	5 239	11 238
Total comprehensive income	Rm	15	**6 474**	5 641	13 171
Preprovisioning operating profit	Rm	17	**12 228**	10 456	22 327
Economic profit	Rm	67	**(375)**	(1 143)	(1 735)
Headline earnings per share	cents	26	**1 370**	1 084	2 410
Diluted headline earnings per share	cents	25	**1 335**	1 067	2 362
Basic earnings per share	cents	31	**1 412**	1 081	2 317
Diluted basic earnings per share	cents	29	**1 376**	1 065	2 271
Ordinary dividends declared per share	cents	81	**783**	433	1 191
Interim	cents	81	**783**	433	433
Final	cents				758
Ordinary dividends paid per share	cents		**758**	N/A	433
Dividend cover	times		**1,75**	2,50	2,02
Total assets administered by the group	Rm	4	**1 643 831**	1 588 234	1 645 383
Total assets	Rm	6	**1 258 365**	1 188 005	1 221 054
Assets under management	Rm	(4)	**385 466**	400 229	424 329
Life insurance embedded value	Rm	(8)	**3 575**	3902	4 039
Life insurance value of new business	Rm	(5)	**146**	153	322
Net asset value per share	cents	8	**20 964**	19 439	20 493
Tangible net asset value per share	cents	10	**18 312**	16 591	17 770
Closing share price	cents	21	**20 726**	17 087	17 502
Price/earnings ratio	historical		**7,5**	7,8	7,3
Price-to-book ratio	historical		**1,0**	0,9	0,9
Market capitalisation	Rbn	22	**106,0**	87,0	89,1
Number of employees (permanent)		(4)	**26 343**	27 561	26 861
Number of employees (permanent and temporary)		(3)	**26 791**	27 580	27 303

		Yoy % change	30 June 2022 (unaudited)	30 June 2021 (unaudited)	31 December 2021 (unaudited)
Key ratios (%)					
ROE			**13,6**	11,7	12,5
Return on tangible equity			**15,7**	13,9	14,8
ROA			**1,11**	0,88	0,98
Return on average RWA			**2,08**	1,60	1,78
NII to average interest-earning banking assets			**3,85**	3,68	3,73
NIR to total income			**43,6**	42,7	43,5
NIR to total operating expenses			**76,3**	72,1	74,4
CLR – banking advances			**0,85**	0,85	0,83
Cost-to-income ratio			**56,2**	58,5	57,7
Total income growth rate less expense growth rate (JAWS ratio)			**4,4**	(3,9)	0,8
Effective taxation rate			**23,2**	24,9	24,2
Group capital adequacy ratios (including unappropriated profits):					
– CET 1			**13,5**	12,2	12,8
– Tier 1			**15,1**	13,6	14,3
– Total			**17,7**	16,8	17,2

Unaudited condensed consolidated financial statements for the period ended 30 June 2022

Nedbank Group Limited Reg No 1966/010630/06.
Prepared under the supervision of the Nedbank Group CFO, Mike Davis BCom (Hons), DipAcc, CA(SA), AMP (Insead).

Condensed consolidated statement of comprehensive income

for the period ended

	Yoy % change	30 June 2022 (unaudited) Rm	30 June 2021 (restated)[1] (unaudited) Rm	31 December 2021 (audited) Rm
Interest and similar income	11	**35 726**	32 231	65 772
Interest expense and similar charges	13	**18 522**	16 422	33 272
Net interest income	9	**17 204**	15 809	32 500
Non-interest revenue and income	13	**13 321**	11 793	25 027
Net commission and fees income		**9 051**	8 623	17 754
Commission and fees revenue		**10 929**	10 457	22 085
Commission and fees expense		**(1 878)**	(1 834)	(4 331)
Net insurance income		**1 126**	998	2 005
Fair-value adjustments		**(55)**	(740)	(833)
Trading income		**2 047**	2 273	4 475
Equity revaluation gains		**506**	254	650
Investment income		**74**	104	263
Sundry income		**572**	281	713
Share of gains of associate companies	56	**510**	327	786
Total income	11	**31 035**	27 929	58 313
Impairments charge on financial instruments	3	**3 390**	3 278	6 534
Net income	12	**27 645**	24 651	51 779
Total operating expenses	7	**17 451**	16 355	33 639
Zimbabwe hyperinflation	>100	**277**	40	138
Indirect taxation	3	**544**	526	1 073
Impairments charge on non-financial instruments and other (gains)/losses	>(100)	**(218)**	3	499
Profit before direct taxation	24	**9 591**	7 727	16 430
Total direct taxation	14	**2 187**	1 923	4 043
Direct taxation		**2 175**	1 927	4 104
Taxation on impairments charge on non-financial instruments and sundry gains or losses		**12**	(4)	(61)

	Yoy % change	30 June 2022 (unaudited) Rm	30 June 2021 (restated)[1] (unaudited) Rm	31 December 2021 (audited) Rm
Profit for the period	28	**7 404**	5 804	12 387
Other comprehensive (losses)/income (OCI) net of taxation	>(100)	**(930)**	(163)	784
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations		**(402)**	(79)	1 029
Share of OCI of investments accounted for using the equity method		**(261)**	(302)	(722)
Debt investments at fair value through OCI (FVOCI) – net change in fair value		**(30)**	(2)	(5)
Items that may not subsequently be reclassified to profit or loss				
Property revaluations		**(15)**	(7)	36
Remeasurements on long-term employee benefit assets		**(191)**	252	389
Share of OCI of investments accounted for using the equity method		**21**	(25)	(21)
Equity instruments at FVOCI – net change in fair value		**(52)**		78
Total comprehensive income for the period	15	**6 474**	5 641	13 171
Profit attributable to:				
– Ordinary shareholders	31	**6 869**	5 239	11 238
– Non-controlling interest – holders of preference shares	(100)		95	188
– Non-controlling interest – holders of participating preference shares	(13)	**55**	63	125
– Non-controlling interest – holders of additional tier 1 capital instruments	7	**394**	369	737
– Non-controlling interest – ordinary shareholders	>100	**86**	38	99
Profit for the period	28	**7 404**	5 804	12 387
Total comprehensive income attributable to:				
– Ordinary shareholders	18	**5 954**	5 055	11 941
– Non-controlling interest – holders of preference shares	(100)		95	188
– Non-controlling interest – holders of participating preference shares	(13)	**55**	63	125
– Non-controlling interest – holders of additional tier 1 capital instruments	7	**394**	369	737
– Non-controlling interest – ordinary shareholders	20	**71**	59	180
Total comprehensive income for the period	15	**6 474**	5 641	13 171
Basic earnings per share (cents)	31	**1 412**	1 081	2 317
Diluted earnings per share (cents)	29	**1 376**	1 065	2 271

[1] *As disclosed at 31 December 2021, the group reviewed its statement of comprehensive income presentation during 2021. As a result of the review, certain line descriptions have been renamed, certain subtotals have been added and removed, the locations of certain line items have been changed, and the 'Non-interest revenue and income' line item has been disaggregated. It is the group's view that these changes provide more relevant disclosures on the group's financial performance. To provide comparability, the 30 June 2021 balances have been restated accordingly. The reclassifications had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows.*

Condensed consolidated statement of financial position

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	Yoy % change	30 June 2022 (unaudited) Rm	30 June 2021 (restated)[1] (unaudited)[2] Rm	31 December 2021 (audited) Rm
Assets				
Cash and cash equivalents	15	**44 394**	38 562	44 586
Other short-term securities	34	**74 400**	55 326	60 037
Derivative financial instruments	(5)	**44 183**	46 649	39 179
Government and other securities		**139 521**	138 869	150 498
Loans and advances	5	**856 814**	814 979	831 735
Other assets	18	**38 859**	32 901	33 877
Current taxation assets	24	**253**	204	124
Investment securities	(3)	**25 177**	25 893	25 498
Non-current assets held for sale	>100	**294**	69	638
Investments in associate companies and joint arrangements	17	**3 606**	3 071	3 395
Deferred taxation assets	56	**566**	363	889
Investment property	48	**31**	21	28
Property and equipment		**10 962**	10 918	10 739
Long-term employee benefit assets		**6 382**	6 360	6 610
Intangible assets	(6)	**12 923**	13 820	13 221
Total assets	6	**1 258 365**	1 188 005	1 221 054
Equity and liabilities				
Ordinary share capital		**487**	485	486
Ordinary share premium	3	**19 220**	18 726	18 768
Reserves	10	**82 449**	75 144	80 259
Total equity attributable to ordinary shareholders	8	**102 156**	94 355	99 513
Holders of preference shares	(100)		3 222	
Holders of participating preference shares	>100	**55**	5	59
Holders of additional tier 1 capital instruments	18	**10 319**	8 769	9 319
Non-controlling interest attributable to ordinary shareholders	21	**634**	525	620

	Yoy % change	30 June 2022 (unaudited) Rm	30 June 2021 (restated)[1] (unaudited)[2] Rm	31 December 2021 (audited) Rm
Total equity	6	**113 164**	106 876	109 511
Derivative financial instruments	13	**42 204**	37 282	36 042
Amounts owed to depositors	8	**1 008 021**	935 723	971 795
Provisions and other liabilities	(16)	**21 106**	25 276	23 451
Current taxation liabilities	(35)	**109**	167	330
Non-current liabilities held for sale				80
Deferred taxation liabilities	(12)	**428**	487	458
Long-term employee benefit liabilities	(9)	**2 377**	2 615	2 427
Investment contract liabilities	(13)	**17 005**	19 597	17 959
Insurance contract liabilities	(3)	**785**	809	842
Long-term debt instruments	(10)	**53 166**	59 173	58 159
Total liabilities	6	**1 145 201**	1 081 129	1 111 543
Total equity and liabilities	6	**1 258 365**	1 188 005	1 221 054

[1] *As disclosed at 31 December 2021, the group reviewed the presentation of the mandatory reserve deposits with central banks, which were previously disclosed separately on the statement of financial position. As a result of this review, the mandatory reserve deposits with central banks have now been aggregated within the 'Cash and cash equivalents' balance as the nature of the mandatory reserve deposits represents cash and cash equivalents. This is in line with the disclosure in the statement of cash flows. The amount of mandatory reserve deposits with central banks that were reclassified to cash and cash equivalents is R23 459m for 30 June 2021, and consequently the 30 June 2021 balances have been restated to provide comparative information. The group is of the view that the updated disclosure provides more relevant information for users to understand better the group's cash and cash equivalents.*

[2] *IAS 34: Interim financial reporting (IAS 34) requires interim reports to include the statement of financial position as at the end of the current interim period, ie 30 June 2022, and a comparative statement of financial position as at the immediately preceding financial year, ie 31 December 2021. The 30 June 2021 statement of financial position has been presented voluntarily. In line with IAS 34 requirements, the comparative notes to the statement of financial position are as at 31 December 2021.*

Condensed consolidated statement of changes in equity

Rm	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	FVOCI reserve	Other distri-butable reserves	Total equity attributable to ordinary shareholders	Non-controlling interest attributable to ordinary shareholders	Holders of preference shares	Holders of participating preference shares	Holders of additional tier 1 capital instruments	Total equity
Audited balance at 1 January 2021	483 892 767	484	18 583	(1 995)	1 757	1 032	290	961	67 880	88 992	466	3 222	(58)	7 822	100 444
Share movements in terms of long-term incentive and BEE scheme[1]	1 479 426	1	143			(107)			(36)	1					1
Additional tier 1 capital instruments issued										–				2 447	2 447
Additional tier 1 capital instruments redeemed										–				(1 500)	(1 500)
Preference share dividend paid										–		(95)			(95)
Additional tier 1 capital instruments interest paid										–				(369)	(369)
Dividends paid to shareholders									(4)	(4)					(4)
Total comprehensive (losses)/income for the period				(234)	(7)	–	–	(170)	5 466	5 055	59	95	63	369	5 641
Profit attributable to equity holders of the parent and non-controlling interest									5 239	5 239	38	95	63	369	5 804
Exchange differences on translating foreign operations				(100)						(100)	21				(79)
Movement in fair-value reserve								(2)		(2)					(2)
Property revaluations					(7)					(7)					(7)
Remeasurements on long-term employee benefit assets									252	252					252
Share of comprehensive income of investments accounted for using equity method				(134)				(168)	(25)	(327)					(327)
Transfer (from)/to reserves					(1)	(332)	73		260	–					–
Value of employee services (net of deferred tax)[2]						323				323					323
Other movements									(12)	(12)					(12)
Unaudited balance at 30 June 2021	485 372 193	485	18 726	(2 229)	1 749	916	363	791	73 554	94 355	525	3 222	5	8 769	106 876
Additional tier 1 capital instruments issued										–				1 050	1 050
Additional tier 1 capital instruments redeemed										–				(500)	(500)
Share movements in terms of long-term incentive and BEE scheme[1]	229 354	1	42			(25)				18					18
Preference share redeemed							78			78		(3 222)			(3 144)
Preference share dividend paid										–		(93)	(8)		(101)
Additional tier 1 capital instruments interest paid										–				(368)	(368)
Dividends paid to shareholders									(2 174)	(2 174)					(2 174)
Total comprehensive income/(losses) for the period				733	35	–	–	(22)	6 140	6 886	121	93	62	368	7 530
Profit attributable to equity holders of the parent and non-controlling interest									5 999	5 999	61	93	62	368	6 583
Exchange differences on translating foreign operations				1 056						1 056	52				1 108
Movement in fair-value reserve								75		75					75
Property revaluations					35					35	8				43
Remeasurements on long-term employee benefit assets									137	137					137
Share of comprehensive income of investments accounted for using equity method				(323)				(97)	4	(416)					(416)
Transfer (from)/to reserves					(23)		(168)		191	–					–
Value of employee services (net of deferred tax)[2]						314				314					314
Transactions with non-controlling interest				(12)	3				35	26	(26)				–
Other movements									10	10					10

Condensed consolidated statement of changes in equity (continued)

Rm	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	FVOCI reserve	Other distri-butable reserves	Total equity attributable to ordinary shareholders	Non-controlling interest attributable to ordinary shareholders	Holders of preference shares	Holders of participating preference shares	Holders of additional tier 1 capital instruments	Total equity
Audited balance at 31 December 2021	**485 601 547**	**486**	**18 768**	**(1 508)**	**1 764**	**1 205**	**273**	**769**	**77 756**	**99 513**	**620**	**–**	**59**	**9 319**	**109 511**
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				(666)	(9)	–	–	(70)	6 699	5 954	71	–	55	394	6 474
Profit attributable to equity holders of the parent and non-controlling interest									6 869	6 869	86		55	394	7 404
Exchange differences on translating foreign operations				(395)						(395)	(7)				(402)
Movement in fair-value reserve								(80)		(80)	(2)				(82)
Losses on property revaluations					(9)					(9)	(6)				(15)
Remeasurements on long-term employee benefit assets									(191)	(191)					(191)
Share of comprehensive income of investments accounted for using 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)
Unaudited balance at 30 June 2022	**487 317 243**	**487**	**19 220**	**(2 191)**	**1 732**	**1 267**	**254**	**699**	**80 688**	**102 156**	**634**	**–**	**55**	**10 319**	**113 164**

[1] *As disclosed at 31 December 2021, the group reviewed its presentation of the statement of changes in equity. As a result of this review, the 'Shares issued in terms of employee incentive schemes' and 'Shares (acquired)/no longer held by group entities and BEE schemes' line items, which were previously presented in separate lines, have been reclassified by aggregating them into one line item, 'Share movements in terms of long-term incentives and BEE schemes'. The group is of the view that the updated disclosure provides more relevant information for users to better understand the group's changes in equity.*

[2] *As disclosed at 31 December 2021, the group reviewed its presentation of the statement of changes in equity presentation. As a result of this review, the 'Share-based payment movements' line item was renamed 'Value of employee services (net of deferred taxation)' to better reflect the nature of the line item. The group is of the view that the updated disclosure provides more relevant information for users to better understand the group's changes in equity*

Condensed consolidated statement of cash flows

for the period ended

	30 June 2022 (unaudited) Rm	30 June 2021 (restated)[1] (unaudited) Rm	31 December 2021 (audited) Rm
Profit before direct taxation	**9 591**	7 727	16 430
Adjusted for:	**(12 050)**	(8 331)	(17 528)
Non-cash items	**5 321**	7 623	15 232
Dividends received	**(167)**	(145)	(260)
Interest and similar income	**(35 726)**	(32 231)	(65 772)
Interest expense and similar charges	**18 522**	16 422	33 272
Interest received	**35 240**	32 228	65 018
Interest paid	**(18 559)**	(18 367)	(34 273)
Dividends received on investments	**167**	145	260
Change in funds for operating activities	**(1 610)**	(12 407)	(12 169)
(Increase)/Decrease in operating assets	**(41 309)**	31 107	1 022
Increase/(Decrease) in operating liabilities	**39 699**	(43 514)	(13 191)
Net cash from operating activities before taxation	**12 779**	995	17 738
Taxation paid	**(2 501)**	(2 674)	(5 599)
Cash flows from/(utilised by) operating activities	**10 278**	(1 679)	12 139
Cash flows utilised by investing activities	**(1 524)**	(287)	(2 050)
Acquisition of property and equipment, computer software and development costs and investment property	**(1 386)**	(1 418)	(3 455)
Disposal of property and equipment, computer software and development costs and investment property	**12**	7	29
Disposal/(Acquisition) of investment banking assets	**3**	(2)	161
Disposal of subsidiary companies	**313**		
Disposal/(Acquisition) of associate companies		25	(43)
Acquisition of investment securities	**(1 108)**	(3 935)	(2 443)
Disposal of investment securities	**642**	5 036	3 701
Cash flows utilised by financing activities	**(8 799)**	(729)	(7 412)
Issue of additional tier 1 capital instruments	**1 000**	2 447	3 497
Redemption of additional tier 1 capital instruments		(1 500)	(2 000)
Issue of long-term debt instruments		4 658	6 579
Redemption of long-term debt instruments	**(4 991)**	(5 289)	(8 244)
Redemption of preference shares			(3 144)
Capital repayments of lease liabilities	**(487)**	(577)	(989)
Dividends paid to ordinary shareholders	**(3 868)**	(4)	(2 178)
Preference share dividends paid	**(59)**	(95)	(196)
Additional tier 1 capital instruments interest paid	**(394)**	(369)	(737)
Effects of exchange rate changes on opening cash and cash equivalents	**(147)**	(125)	527
Net (decrease)/increase in cash and cash equivalents	**(192)**	(2 820)	3 204
Cash and cash equivalents at the beginning of the year	**44 586**	41 382	41 382
Cash and cash equivalents at the end of the year	**44 394**	38 562	44 586

[1] *The group has aligned the disclosure of the statement of cash flows with the disclosure presented at 31 December 2021. As a consequence the following changes were made: 'Interest received' increased (30 June 2021: R4 281m); 'Decrease in operating assets' decreased (30 June 2021: R4 281m); 'Interest paid' decreased (30 June 2021: R2 261m) and 'Decrease in operating liabilities' increased (30 June 2021: R2 261m). These changes had no impact on the group's cash flows from operating activities and cash and cash equivalents at the end of the reporting date. As a result, 30 June 2021 comparative information has been restated to reflect these changes.*

Notes to the unaudited condensed consolidated interim financial results

for the six months ended 30 June 2022#

Revenue

for the year ended

	30 June 2022 (unaudited) Rm	30 June 2021 (unaudited) Rm	31 December 2021 (audited) Rm
Interest and similar income	**35 726**	32 231	65 772
Listed corporate bonds	**712**	612	1 287
Home loans (including properties in possession)	**6 410**	5 522	11 314
Commercial mortgages	**6 744**	6 187	12 516
Instalment debtors	**6 643**	5 960	12 199
Credit cards	**1 065**	1 074	2 138
Overdrafts	**933**	772	1 576
Term and other loans	**6 303**	5 613	11 357
Personal loans	**2 788**	2 702	5 528
Government and other securities	**3 551**	3 311	6 837
Short-term funds and securities	**577**	478	1 020
Interest expense and similar charges	**18 522**	16 422	33 272
Deposit and loan accounts	**11 227**	9 172	18 957
Current and savings accounts	**338**	253	523
Negotiable certificates of deposit	**2 525**	2 325	4 378
Other interest-bearing liabilities	**3 434**	3 141	6 316
Long-term debt instruments	**1 950**	1 966	3 949
Interest expense related to fair-value activities	**(952)**	(435)	(851)
Net interest income	**17 204**	15 809	32 500
Non-interest revenue and income	**13 321**	11 793	25 027
Net commission and fee income	**9 051**	8 623	17 754
Net insurance income	**1 126**	998	2 005
Fair-value adjustments	**(55)**	(740)	(833)
Trading income	**2 047**	2 273	4 475
Equity revaluation gains	**506**	254	650
Investment income	**74**	104	263
Sundry income	**572**	281	713
Revenue	**30 525**	27 602	57 527

Condensed consolidated segmental reporting

for the period ended

Statement of financial position (Rm)

	Total			Nedbank Corporate and Investment Banking			Nedbank Retail and Business Banking			Nedbank Wealth			Nedbank Africa Regions			Centre[1]		
	30 Jun 2022 (unaudited)	30 Jun 2021 (unaudited)	31 Dec 2021 (audited)	30 Jun 2022 (unaudited)	30 Jun 2021 (unaudited)	31 Dec 2021 (audited)	30 Jun 2022 (unaudited)	30 Jun 2021 (unaudited)	31 Dec 2021 (audited)	30 Jun 2022 (unaudited)	30 Jun 2021 (unaudited)	31 Dec 2021 (audited)	30 Jun 2022 (unaudited)	30 Jun 2021 (unaudited)	31 Dec 2021 (audited)	30 Jun 2022 (unaudited)	30 Jun 2021 (unaudited)	31 Dec 2021 (audited)
Assets																		
Cash and cash equivalents	**44 394**	38 562	44 586	**5 171**	927	2 122	**6 505**	5 726	5 137	**2 897**	2 980	2 526	**6 301**	7 446	8 075	**23 520**	21 483	26 726
Other short-term securities	**74 400**	55 326	60 037	**45 034**	26 789	30 058				**25 224**	25 434	25 477	**4 838**	3 676	5 050	**(696)**	(573)	(548)
Derivative financial instruments	**44 183**	46 649	39 179	**44 136**	46 596	39 151				**17**	17	9	**16**	16	1	**14**	20	18
Government and other securities	**139 521**	138 869	150 498	**59 125**	57 150	68 887				**253**	270	268	**1 843**	1 430	1 773	**78 300**	80 019	79 570
Loans and advances	**856 814**	814 979	831 735	**413 435**	390 822	398 622	**394 317**	370 131	380 985	**29 892**	30 948	30 273	**21 233**	22 067	21 243	**(2 063)**	1 011	612
Other assets	**99 053**	93 620	95 019	**38 771**	33 957	33 504	**11 728**	11 359	11 858	**21 853**	22 017	22 433	**4 571**	3 937	4 285	**22 130**	22 350	22 939
Intergroup assets	**–**	–	–				**9 085**	13 026	17 040				**2 873**	2 085	2 420	**(11 958)**	(15 111)	(19 460)
Total assets	**1 258 365**	1 188 005	1 221 054	**605 672**	556 241	572 344	**421 635**	400 242	415 020	**80 136**	81 666	80 986	**41 675**	40 657	42 847	**109 247**	109 199	109 857
Equity and liabilities																		
Total equity	**113 164**	106 876	109 511	**36 232**	37 103	36 536	**31 256**	33 215	33 060	**4 454**	4 363	4 528	**7 284**	6 326	6 385	**33 938**	25 869	29 002
Derivative financial instruments	**42 204**	37 282	36 042	**42 183**	37 275	35 998				**5**	4	34	**16**	3	10			
Amounts owed to depositors	**1 008 021**	935 723	971 795	**431 636**	414 288	437 651	**383 002**	360 240	374 972	**43 962**	43 721	43 840	**33 002**	33 134	35 054	**116 419**	84 340	80 278
Provisions and other liabilities	**41 810**	48 951	45 547	**7 398**	11 335	7 305	**5 834**	5 246	5 447	**21 232**	23 974	23 678	**946**	876	971	**6 400**	7 520	8 146
Long-term debt instruments	**53 166**	59 173	58 159		415	316	**1 543**	1 541	1 541				**427**	318	427	**51 196**	56 899	55 875
Intergroup liabilities	**–**	–	–	**88 223**	55 825	54 538				**10 483**	9 604	8 906				**(98 706)**	(65 429)	(63 444)
Total equity and liabilities	**1 258 365**	1 188 005	1 221 054	**605 672**	556 241	572 344	**421 635**	400 242	415 020	**80 136**	81 666	80 986	**41 675**	40 657	42 847	**109 247**	109 199	109 857

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

Statement of comprehensive income (Rm)

	Total			Nedbank Corporate and Investment Banking			Nedbank Retail and Business Banking			Nedbank Wealth			Nedbank Africa Regions			Centre[1]		
	30 Jun 2022 (unaudited)	30 Jun 2021 (unaudited)	31 Dec 2021 (audited)	30 Jun 2022 (unaudited)	30 Jun 2021 (unaudited)	31 Dec 2021 (audited)	30 Jun 2022 (unaudited)	30 Jun 2021 (unaudited)	31 Dec 2021 (audited)	30 Jun 2022 (unaudited)	30 Jun 2021 (unaudited)	31 Dec 2021 (audited)	30 Jun 2022 (unaudited)	30 Jun 2021 (unaudited)	31 Dec 2021 (audited)	30 Jun 2022 (unaudited)	30 Jun 2021 (unaudited)	31 Dec 2021 (audited)
Net interest income	**17 204**	15 809	32 500	**4 286**	3 907	7 966	**11 047**	10 053	20 745	**511**	416	866	**773**	676	1 448	**587**	757	1 475
Non-interest revenue and income	**13 321**	11 793	25 027	**3 907**	3 949	7 881	**6 649**	6 112	12 783	**1 759**	1 862	3 788	**1 074**	599	1 431	**(68)**	(729)	(856)
Share of gains of associate companies	**510**	340	799	**40**	57	100							**470**	283	699			
Total income	**31 035**	27 942	58 326	**8 233**	7 913	15 947	**17 696**	16 165	33 528	**2 270**	2 278	4 654	**2 317**	1 558	3 578	**519**	28	619
Impairments charge on financial instruments	**3 390**	3 278	6 534	**349**	659	1 418	**3 033**	2 292	5 172	**(56)**	(21)	28	**113**	96	168	**(49)**	252	(252)
Net income	**27 645**	24 664	51 792	**7 884**	7 254	14 529	**14 663**	13 873	28 356	**2 326**	2 299	4 626	**2 204**	1 462	3 410	**568**	(224)	871
Total operating expenses	**17 451**	16 355	33 639	**3 567**	3 396	7 011	**11 043**	10 584	21 442	**1 668**	1 633	3 280	**1 277**	1 167	2 535	**(104)**	(425)	(629)
Zimbabwe hyperinflation	**277**	40	138										**277**	40	138			
Indirect taxation	**544**	526	1 073	**102**	94	202	**283**	227	529	**56**	45	99	**36**	35	72	**67**	125	171
Profit before direct taxation[2]	**9 373**	7 743	16 942	**4 215**	3 764	7 316	**3 337**	3 062	6 385	**602**	621	1 247	**614**	220	665	**605**	76	1 329
Direct taxation	**2 175**	1 927	4 104	**1 007**	855	1 711	**935**	855	1 728	**123**	145	285	**(45)**	2	(26)	**155**	70	406
Profit after direct taxation[2]	**7 198**	5 816	12 838	**3 208**	2 909	5 605	**2 402**	2 207	4 657	**479**	476	962	**659**	218	691	**450**	6	923
Profit attributable to non-controlling interest:																		
– Ordinary shareholders	**86**	38	99										**85**	36	97	**1**	2	2
– Preference shareholders	**55**	158	313				**55**	63	125								95	188
– Additional tier 1 capital instrument noteholders	**394**	369	737													**394**	369	737
Headline earnings/(loss)	**6 663**	5 251	11 689	**3 208**	2 909	5 605	**2 347**	2 144	4 532	**479**	476	962	**574**	182	594	**55**	(460)	(4)
Selected ratios																		
Non-interest revenue to total income (%)	**43,6**	42,7	43,5	**47,7**	50,3	49,7	**37,6**	37,8	38,1	**77,5**	81,7	81,4	**58,1**	47,0	49,7			
Non-interest revenue to total operating expenses (%)	**76,3**	72,1	74,4	**109,5**	116,3	112,4	**60,2**	57,7	59,6	**105,5**	114,0	115,5	**84,1**	51,3	56,4			
Cost-to-income ratio (%)	**56,2**	58,5	57,7	**43,3**	42,9	44,0	**62,4**	65,5	64,0	**73,5**	71,7	70,5	**55,1**	74,9	70,8			
Effective taxation rate (%)	**23,2**	24,9	24,2	**23,9**	22,7	23,4	**28,0**	27,9	27,1	**20,4**	23,3	22,9	**(7,3)**	0,9	(3,9)			
Revenue (Rm)[3]	**30 525**	27 602	57 527	**8 193**	7 856	15 847	**17 696**	16 165	33 528	**2 270**	2 278	4 654	**1 847**	1 275	2 879	**519**	28	619

[1] *Centre includes consolidation and other adjustments.*
[2] *These items are presented on a headline earnings basis and therefore exclude the impact of the impairments charge on non-financial instruments and other gains and losses excluded from headline earnings in accordance with SAICA Circular 1/2021: Headline Earnings and tax thereon.*
[3] *Revenue is calculated as net interest income plus non-interest revenue.*

Headline earnings reconciliation

for the period ended

	Yoy % change	30 June 2022 (unaudited) Rm Gross	30 June 2022 (unaudited) Rm Net of taxation	30 June 2021 (unaudited) Rm Gross	30 June 2021 (unaudited) Rm Net of taxation	31 December 2021 (audited) Rm Gross	31 December 2021 (audited) Rm Net of taxation
Profit attributable to ordinary shareholders	31		**6 869**		5 239		11 238
Impairments charge on non-financial instruments and other (gains)/losses	>(100)	**(218)**	**(206)**	3	(1)	499	438
IAS 16 – (profit)/loss on disposal of property and equipment		**(62)**	**(44)**	(6)	(8)	41	26
IAS 36 – impairment of goodwill						306	306
IAS 36 – impairment of property and equipment				3	2		
IAS 36 – impairment of intangible assets		**18**	**13**	5	4	153	110
IFRS 10 – profit on sale of subsidiaries/associates		**(177)**	**(177)**			(11)	(11)
IFRS 16 – impairment of right-of-use assets		**3**	**2**	1	1	10	7
Share of gains of associate companies							
IAS 36 share of associate (ETI) impairment of goodwill				13	13	13	13
Headline earnings	27		**6 663**		5 251		11 689

Investments in associate companies and joint arrangements

at

	30 June 2022 (unaudited) Rm	30 June 2021 (unaudited) Rm	31 December 2021 (audited) Rm
Listed equity-accounted associates[1]	**2 449**	2 055	2 272
Unlisted equity-accounted associates and joint arrangements	**1 157**	1 016	1 123
	3 606	3 071	3 395

[1] *The group's investment in ETI is recorded under listed associates.*

Listed associates: ETI			
Carrying value	**2 449**	2 055	2 272
Fair value of investment[1]	**2 166**	913	1 709

[1] *Based on the NAFEX exchange rate.*

Historical value at risk

(99%, one day) by risk type

Value at risk (VaR) is the potential loss in pre-tax profit due to adverse market movements over a defined holding period with a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. It facilitates the consistent measurement of risk across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The 99% one-day VaR number used by the group shows, at a 99% confidence level, that the daily loss will not exceed the reported VaR and therefore that the daily losses exceeding the VaR figure are likely to occur, on average, once in every 100 business days.

The group uses one year of historical data to estimate VaR. Some of the considerations that are taken into account when reviewing the VaR numbers are the following:

- The assumed one-day holding period will not fully capture the market risk of positions that cannot be liquidated or offset with hedges within one day.
- The historical VaR assumes that the past is a good representation of the future, which may not always be the case.
- The 99% confidence level does not indicate the potential loss beyond this interval.
- If a product or listing is new in the market, limited historical data would be available. In such cases, a proxy is chosen to act as an estimate for the historical rates of the relevant risk factor. Depending on the amount of (limited) historical rates available, regression analysis is used on the chosen proxy to refine the link between the proxy and the actual rates.

Additional risk measures are used to monitor the individual trading desks, including performance triggers, approved trading products, concentration of exposures, maximum tenor limits and market liquidity constraints.

All market risk models are subject to periodic independent validation in terms of the Group Market Risk Management Framework. A formal review of all existing valuation models is conducted at least annually. Should the review process indicate that models need to be updated, a formal independent review will take place. All new risk models developed are independently validated prior to implementation.

The group's current trading activities are focused on liquid markets, which are in line with the current regulatory liquidity horizon assumption of a 10-day holding period (Basel III).

	30 June 2022 (unaudited) Rm				31 December 2021 (audited) Rm			
Rm	**Average**	**Minimum**	**Maximum**	**Period-end**	Average	Minimum	Maximum	Year-end
Foreign exchange	**5,0**	**1,8**	**17,1**	**2,8**	6,1	1,3	19,1	6,1
Interest rate	**47,0**	**34,2**	**64,4**	**40,0**	54,0	26,9	117,7	42,9
Equity	**10,1**	**4,1**	**28,9**	**8,5**	11,9	3,3	27,1	5,6
Credit	**3,9**	**3,2**	**7,0**	**3,6**	7,7	3,2	16,9	4,1
Commodity	**0,2**		**0,6**	**0,2**	0,1		1,7	0,1
Diversification	**(23,8)**			**(16,0)**	(35,1)			(18,4)
Total VaR exposure	**42,4**	**31,2**	**53,5**	**39,1**	44,7	29,4	84,8	40,4

Loss allowance

The following tables represent a reconciliation from the opening balance to the closing balance of the loss allowance, and indicates how significant changes in the gross carrying amount of financial instruments contributed to changes in the loss allowance.

Loans and advances	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/ originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	611 089	4 183	606 906	98 409	6 701	91 708	45 185	14 584	30 601	754 683	25 468	729 215
New financial assets originated or purchased	229 678	2 932	226 746			–			–	229 678	2 932	226 746
Financial assets written off			–			–	(8 139)	(8 139)	–	(8 139)	(8 139)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(35 901)	4 972	(40 873)	(15 405)	(1 057)	(14 348)	(6 991)	3 895	(10 886)	(58 297)	7 810	(66 107)
Final repayments	(138 637)	(1 299)	(137 338)	(17 113)	(322)	(16 791)	(2 972)	(688)	(2 284)	(158 722)	(2 309)	(156 413)
Transfers to 12-month ECL	31 581	1 208	30 373	(26 595)	(713)	(25 882)	(4 986)	(495)	(4 491)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(62 010)	(3 694)	(58 316)	66 795	4 221	62 574	(4 785)	(527)	(4 258)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(13 375)	(3 902)	(9 473)	(7 880)	(2 391)	(5 489)	21 255	6 293	14 962	–	–	–
Foreign exchange movements	2 791	113	2 678	551	56	495	732	115	617	4 074	284	3 790
Audited balance at 31 December 2021	625 216	4 513	620 703	98 762	6 495	92 267	39 299	15 038	24 261	763 277	26 046	737 231
New financial assets originated or purchased	**148 866**	**1 666**	**147 200**			**–**			**–**	**148 866**	**1 666**	**147 200**
Financial assets written off			**–**			**–**	**(4 565)**	**(4 565)**	**–**	**(4 565)**	**(4 565)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(61 175)**	**1 782**	**(62 957)**	**(8 795)**	**177**	**(8 972)**	**(3 628)**	**1 515**	**(5 143)**	**(73 598)**	**3 474**	**(77 072)**
Final repayments	**(45 730)**	**(407)**	**(45 323)**	**(3 748)**	**(319)**	**(3 429)**	**(2 244)**	**(500)**	**(1 744)**	**(51 722)**	**(1 226)**	**(50 496)**
Transfers to 12-month ECL	**37 372**	**684**	**36 688**	**(35 167)**	**(529)**	**(34 638)**	**(2 205)**	**(155)**	**(2 050)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(34 537)**	**(2 065)**	**(32 472)**	**37 591**	**2 433**	**35 158**	**(3 054)**	**(368)**	**(2 686)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(8 620)**	**(1 993)**	**(6 627)**	**(8 842)**	**(2 478)**	**(6 364)**	**17 462**	**4 471**	**12 991**	**–**	**–**	**–**
Foreign exchange movements	**(2 051)**	**237**	**(2 288)**	**10**	**73**	**(63)**	**617**	**644**	**(27)**	**(1 424)**	**954**	**(2 378)**
Net balances	**659 341**	**4 417**	**654 924**	**79 811**	**5 852**	**73 959**	**41 682**	**16 080**	**25 602**	**780 834**	**26 349**	**754 485**
Total credit and zero balances[2]	**8 109**	**(43)**	**8 152**	**24**	**(7)**	**31**	**37**	**(2)**	**39**	**8 170**	**(52)**	**8 222**
Unaudited balance at 30 June 2022	**667 450**	**4 374**	**663 076**	**79 835**	**5 845**	**73 990**	**41 719**	**16 078**	**25 641**	**789 004**	**26 297**	**762 707**
Loans and advances at FVTPL			**–**			**–**			**–**	**–**	**–**	**64 427**
Loans at FVOCI			**–**			**–**			**–**	**–**	**–**	**31 474**
Off-balance-sheet impairment allowance			**–**			**–**			**–**	**–**	**–**	**241**
Fair-value hedge-accounted portfolios			**–**			**–**			**–**	**–**	**–**	**(1 983)**
ECL credit and other balances			**–**			**–**			**–**	**–**	**–**	**(52)**
Unaudited loans and advances at 30 June 2022	**667 450**	**4 374**	**663 076**	**79 835**	**5 845**	**73 990**	**41 719**	**16 078**	**25 641**	**789 004**	**26 297**	**856 814**

[1] *Repayments net of readvances, capitalised interest, fees and ECL remeasurements throughout this note includes credit risk changes as a result of SICR, changes in credit risk that did not result in a transfer between stages, changes in model inputs and model input assumptions, and changes due to drawdowns of undrawn commitments.*
[2] *Total credit and zero balances throughout this note refer to the balances that are liabilities payable at 30 June 2022 and the related loss allowance arising from credit risk exposure on these facilities.*

Home loans	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/ originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	140 249	350	139 899	15 988	801	15 187	11 656	2 318	9 338	167 893	3 469	164 424
New financial assets originated or purchased	13 718	67	13 651			–			–	13 718	67	13 651
Financial assets written off			–			–	(319)	(319)	–	(319)	(319)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	8 132	310	7 822	319	(252)	571	(1 001)	3	(1 004)	7 450	61	7 389
Final repayments	(10 060)	(22)	(10 038)	(885)	(24)	(861)	(853)	(144)	(709)	(11 798)	(190)	(11 608)
Transfers to 12-month ECL	6 207	34	6 173	(4 684)	(24)	(4 660)	(1 523)	(10)	(1 513)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(5 093)	(205)	(4 888)	7 316	310	7 006	(2 223)	(105)	(2 118)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(2 306)	(286)	(2 020)	(1 812)	(291)	(1 521)	4 118	577	3 541	–	–	–
Foreign exchange movements	380	39	341	18	10	8	32	20	12	430	69	361
Audited net balance at 31 December 2021	151 227	287	150 940	16 260	530	15 730	9 887	2 340	7 547	177 374	3 157	174 217
New financial assets originated or purchased	**6 029**	**21**	**6 008**			**–**			**–**	**6 029**	**21**	**6 008**
Financial assets written off			**–**			**–**	**(173)**	**(173)**	**–**	**(173)**	**(173)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**3 752**	**194**	**3 558**	**(177)**	**74**	**(251)**	**(432)**	**(75)**	**(357)**	**3 143**	**193**	**2 950**
Final repayments	**(4 672)**	**(7)**	**(4 665)**	**(369)**	**(10)**	**(359)**	**(419)**	**(75)**	**(344)**	**(5 460)**	**(92)**	**(5 368)**
Transfers to 12-month ECL	**3 575**	**16**	**3 559**	**(3 209)**	**(10)**	**(3 199)**	**(366)**	**(6)**	**(360)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(5 751)**	**(167)**	**(5 584)**	**7 213**	**245**	**6 968**	**(1 462)**	**(78)**	**(1 384)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(938)**	**(101)**	**(837)**	**(2 064)**	**(275)**	**(1 789)**	**3 002**	**376**	**2 626**	**–**	**–**	**–**
Foreign exchange movements	**(114)**	**27**	**(141)**	**(6)**	**6**	**(12)**	**9**	**1**	**8**	**(111)**	**34**	**(145)**
Net balances	**153 108**	**270**	**152 838**	**17 648**	**560**	**17 088**	**10 046**	**2 310**	**7 736**	**180 802**	**3 140**	**177 662**
Total credit and zero balances	**207**	**(1)**	**208**	**6**		**6**	**8**	**(1)**	**9**	**221**	**(2)**	**223**
Unaudited balance at 30 June 2022	**153 315**	**269**	**153 046**	**17 654**	**560**	**17 094**	**10 054**	**2 309**	**7 745**	**181 023**	**3 138**	**177 885**

Commercial mortgages	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/ originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	161 287	376	160 911	18 367	694	17 673	5 644	999	4 645	185 298	2 069	183 229
New financial assets originated or purchased	52 242	237	52 005			–			–	52 242	237	52 005
Financial assets written off			–			–	(189)	(189)	–	(189)	(189)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(4 216)	(237)	(3 979)	(138)	262	(400)	(1 216)	264	(1 480)	(5 570)	289	(5 859)
Final repayments	(44 010)	(89)	(43 921)	(974)	(6)	(968)	(309)	(42)	(267)	(45 293)	(137)	(45 156)
Transfers to 12-month ECL	5 552	103	5 449	(5 173)	(57)	(5 116)	(379)	(46)	(333)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(8 338)	(79)	(8 259)	8 538	90	8 448	(200)	(11)	(189)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(1 093)	(101)	(992)	(286)	(7)	(279)	1 379	108	1 271	–	–	–
Foreign exchange movements	212	7	205	26	3	23	95	36	59	333	46	287
Audited net balance at 31 December 2021	161 636	217	161 419	20 360	979	19 381	4 825	1 119	3 706	186 821	2 315	184 506
New financial assets originated or purchased	**20 499**	**70**	**20 429**			**–**			**–**	**20 499**	**70**	**20 429**
Financial assets written off			**–**			**–**	**(39)**	**(39)**	**–**	**(39)**	**(39)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(4 562)**	**(188)**	**(4 374)**	**(444)**	**40**	**(484)**	**(22)**	**291**	**(313)**	**(5 028)**	**143**	**(5 171)**
Final repayments	**(12 142)**	**(31)**	**(12 111)**	**(304)**	**(12)**	**(292)**	**(268)**	**(14)**	**(254)**	**(12 714)**	**(57)**	**(12 657)**
Transfers to 12-month ECL	**2 858**	**126**	**2 732**	**(2 660)**	**(103)**	**(2 557)**	**(198)**	**(23)**	**(175)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(4 409)**	**(14)**	**(4 395)**	**4 646**	**39**	**4 607**	**(237)**	**(25)**	**(212)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(1 328)**	**(45)**	**(1 283)**	**(780)**	**(43)**	**(737)**	**2 108**	**88**	**2 020**	**–**	**–**	**–**
Foreign exchange movements	**(466)**	**(3)**	**(463)**	**300**	**36**	**264**	**3**	**14**	**(11)**	**(163)**	**47**	**(210)**
Net balances	**162 086**	**132**	**161 954**	**21 118**	**936**	**20 182**	**6 172**	**1 411**	**4 761**	**189 376**	**2 479**	**186 897**
Total credit and zero balances	**3**		**3**			**–**	**1**		**1**	**4**	**–**	**4**
Unaudited balance at 30 June 2022	**162 089**	**132**	**161 957**	**21 118**	**936**	**20 182**	**6 173**	**1 411**	**4 762**	**189 380**	**2 479**	**186 901**

Credit cards and overdrafts	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/ originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balances at 1 January 2021	21 031	834	20 197	7 581	1 094	6 487	4 277	2 476	1 801	32 889	4 404	28 485
New financial assets originated or purchased	7 109	195	6 914			–			–	7 109	195	6 914
Financial assets written off			–			–	(2 049)	(2 049)	–	(2 049)	(2 049)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	19 330	951	18 379	1 735	7	1 728	28	927	(899)	21 093	1 885	19 208
Final repayments	(24 531)	(124)	(24 407)	(3 210)	(89)	(3 121)	(430)	(109)	(321)	(28 171)	(322)	(27 849)
Transfers to 12-month ECL	4 599	190	4 409	(4 279)	(152)	(4 127)	(320)	(38)	(282)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(3 911)	(434)	(3 477)	4 243	527	3 716	(332)	(93)	(239)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(1 582)	(818)	(764)	(1 192)	(520)	(672)	2 774	1 338	1 436	–	–	–
Foreign exchange movements	(155)	21	(176)	482	17	465	16	8	8	343	46	297
Audited net balance at 31 December 2021	21 890	815	21 075	5 360	884	4 476	3 964	2 460	1 504	31 214	4 159	27 055
New financial assets originated or purchased	**2 876**	**74**	**2 802**			**–**			**–**	**2 876**	**74**	**2 802**
Financial assets written off			**–**			**–**	**(914)**	**(914)**	**–**	**(914)**	**(914)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**4 348**	**687**	**3 661**	**502**	**(92)**	**594**	**(49)**	**481**	**(530)**	**4 801**	**1 076**	**3 725**
Final repayments	**(2 797)**	**(29)**	**(2 768)**	**(722)**	**(59)**	**(663)**	**(113)**	**(44)**	**(69)**	**(3 632)**	**(132)**	**(3 500)**
Transfers to 12-month ECL	**1 466**	**58**	**1 408**	**(1 349)**	**(36)**	**(1 313)**	**(117)**	**(22)**	**(95)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(2 070)**	**(290)**	**(1 780)**	**2 051**	**334**	**1 717**	**19**	**(44)**	**63**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(836)**	**(419)**	**(417)**	**(731)**	**(332)**	**(399)**	**1 567**	**751**	**816**	**–**	**–**	**–**
Foreign exchange movements	**301**	**30**	**271**	**22**		**22**		**13**	**(13)**	**323**	**43**	**280**
Net balances	**25 178**	**926**	**24 252**	**5 133**	**699**	**4 434**	**4 357**	**2 681**	**1 676**	**34 668**	**4 306**	**30 362**
Total credit and zero balances	**7 899**	**(42)**	**7 941**	**18**	**(7)**	**25**	**28**	**(1)**	**29**	**7 945**	**(50)**	**7 995**
Unaudited balance at 30 June 2022	**33 077**	**884**	**32 193**	**5 151**	**692**	**4 459**	**4 385**	**2 680**	**1 705**	**42 613**	**4 256**	**38 357**

Term loans	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	115 254	1 136	114 118	26 597	1 313	25 284	10 847	4 331	6 516	152 698	6 780	145 918
New financial assets originated or purchased	63 480	1 509	61 971			–			–	63 480	1 509	61 971
Financial assets written off			–			–	(3 052)	(3 052)	–	(3 052)	(3 052)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(34 023)	2 383	(36 406)	(11 855)	(372)	(11 483)	(779)	1 452	(2 231)	(46 657)	3 463	(50 120)
Final repayments	(27 217)	(471)	(26 746)	(4 054)	(101)	(3 953)	(561)	(182)	(379)	(31 832)	(754)	(31 078)
Transfers to 12-month ECL	2 376	93	2 283	(2 325)	(79)	(2 246)	(51)	(14)	(37)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(14 815)	(1 524)	(13 291)	15 309	1 595	13 714	(494)	(71)	(423)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(3 211)	(1 747)	(1 464)	(1 910)	(999)	(911)	5 121	2 746	2 375	–	–	–
Foreign exchange movements	1 844	16	1 828	330	19	311	130	50	80	2 304	85	2 219
Audited net balance at 31 December 2021	103 688	1 395	102 293	22 092	1 376	20 716	11 161	5 260	5 901	136 941	8 031	128 910
New financial assets originated or purchased	**54 459**	**1 103**	**53 356**			**–**			**–**	**54 459**	**1 103**	**53 356**
Financial assets written off			**–**			**–**	**(2 307)**	**(2 307)**	**–**	**(2 307)**	**(2 307)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(39 016)**	**331**	**(39 347)**	**(4 817)**	**376**	**(5 193)**	**(1 322)**	**392**	**(1 714)**	**(45 155)**	**1 099**	**(46 254)**
Final repayments	**(7 698)**	**(225)**	**(7 473)**	**(1 451)**	**(196)**	**(1 255)**	**(1 250)**	**(189)**	**(1 061)**	**(10 399)**	**(610)**	**(9 789)**
Transfers to 12-month ECL	**11 673**	**126**	**11 547**	**(11 671)**	**(129)**	**(11 542)**	**(2)**	**3**	**(5)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(10 233)**	**(591)**	**(9 642)**	**10 772**	**701**	**10 071**	**(539)**	**(110)**	**(429)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(3 128)**	**(1 014)**	**(2 114)**	**(2 458)**	**(1 138)**	**(1 320)**	**5 586**	**2 152**	**3 434**	**–**	**–**	**–**
Foreign exchange movements	**(295)**	**184**	**(479)**	**20**	**20**	**–**	**607**	**620**	**(13)**	**332**	**824**	**(492)**
Unaudited balance at 30 June 2022	**109 450**	**1 309**	**108 141**	**12 487**	**1 010**	**11 477**	**11 934**	**5 821**	**6 113**	**133 871**	**8 140**	**125 731**

Instalment debtors	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/ originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	108 290	1 159	107 131	16 511	1 625	14 886	10 468	3 876	6 592	135 269	6 660	128 609
New financial assets originated or purchased	55 326	708	54 618			–			–	55 326	708	54 618
Financial assets written off			–			–	(2 493)	(2 493)	–	(2 493)	(2 493)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(20 964)	1 649	(22 613)	(1 994)	(587)	(1 407)	(3 703)	689	(4 392)	(26 661)	1 751	(28 412)
Final repayments	(17 146)	(133)	(17 013)	(1 276)	(54)	(1 222)	(487)	(117)	(370)	(18 909)	(304)	(18 605)
Transfers to 12-month ECL	8 041	204	7 837	(5 906)	(123)	(5 783)	(2 135)	(81)	(2 054)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(11 547)	(1 331)	(10 216)	12 962	1 529	11 433	(1 415)	(198)	(1 217)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(4 859)	(875)	(3 984)	(2 175)	(550)	(1 625)	7 034	1 425	5 609	–	–	–
Foreign exchange movements	17	11	6	3	1	2	6	5	1	26	17	9
Audited net balance at 31 December 2021	117 158	1 392	115 766	18 125	1 841	16 284	7 275	3 106	4 169	142 558	6 339	136 219
New financial assets originated or purchased	**28 051**	**336**	**27 715**			**–**			**–**	**28 051**	**336**	**27 715**
Financial assets written off			**–**			**–**	**(1 113)**	**(1 113)**	**–**	**(1 113)**	**(1 113)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(11 082)**	**938**	**(12 020)**	**(1 520)**	**(143)**	**(1 377)**	**(1 592)**	**341**	**(1 933)**	**(14 194)**	**1 136**	**(15 330)**
Final repayments	**(8 127)**	**(75)**	**(8 052)**	**(747)**	**(57)**	**(690)**	**(207)**	**(78)**	**(129)**	**(9 081)**	**(210)**	**(8 871)**
Transfers to 12-month ECL	**5 595**	**183**	**5 412**	**(4 177)**	**(105)**	**(4 072)**	**(1 418)**	**(78)**	**(1 340)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(10 057)**	**(967)**	**(9 090)**	**10 768**	**1 065**	**9 703**	**(711)**	**(98)**	**(613)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(2 329)**	**(396)**	**(1 933)**	**(2 733)**	**(681)**	**(2 052)**	**5 062**	**1 077**	**3 985**	**–**	**–**	**–**
Foreign exchange movements	**15**	**7**	**8**	**99**	**11**	**88**	**(1)**		**(1)**	**113**	**18**	**95**
Unaudited balance at 30 June 2022	**119 224**	**1 418**	**117 806**	**19 815**	**1 931**	**17 884**	**7 295**	**3 157**	**4 138**	**146 334**	**6 506**	**139 828**

Specialised and other loans to clients[1]	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/ originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	53 928	147	53 781	12 510	971	11 539	2 092	280	1 812	68 530	1 398	67 132
New financial assets originated or purchased	34 880	70	34 810			–			–	34 880	70	34 810
Financial assets written off			–			–	(37)	(37)	–	(37)	(37)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(1 327)	(38)	(1 289)	(3 458)	(186)	(3 272)	(332)	338	(670)	(5 117)	114	(5 231)
Final repayments	(15 673)	(63)	(15 610)	(6 714)	(16)	(6 698)	(131)	(5)	(126)	(22 518)	(84)	(22 434)
Transfers to 12-month ECL	4 806	145	4 661	(4 228)	(92)	(4 136)	(578)	(53)	(525)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(17 781)	(24)	(17 757)	17 902	47	17 855	(121)	(23)	(98)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(324)	(55)	(269)	(219)	(15)	(204)	543	70	473	–	–	–
Foreign exchange movements	493	15	478	(308)	2	(310)	453	(3)	456	638	14	624
Audited net balance at 31 December 2021	59 002	197	58 805	15 485	711	14 774	1 889	567	1 322	76 376	1 475	74 901
New financial assets originated or purchased	**34 187**	**13**	**34 174**			**–**			**–**	**34 187**	**13**	**34 174**
Financial assets written off			**–**			**–**	**(19)**	**(19)**	**–**	**(19)**	**(19)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(12 653)**	**(125)**	**(12 528)**	**(1 979)**	**(29)**	**(1 950)**	**(220)**	**23**	**(243)**	**(14 852)**	**(131)**	**(14 721)**
Final repayments	**(10 294)**	**(9)**	**(10 285)**	**(155)**	**65**	**(220)**	**13**	**(4)**	**17**	**(10 436)**	**52**	**(10 488)**
Transfers to 12-month ECL	**11 485**	**122**	**11 363**	**(11 381)**	**(99)**	**(11 282)**	**(104)**	**(23)**	**(81)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(2 017)**	**(8)**	**(2 009)**	**2 141**	**20**	**2 121**	**(124)**	**(12)**	**(112)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(61)**	**(3)**	**(58)**	**(76)**	**(9)**	**(67)**	**137**	**12**	**125**	**–**	**–**	**–**
Foreign exchange movements	**(1 492)**	**(8)**	**(1 484)**	**(425)**		**(425)**	**(1)**	**(4)**	**3**	**(1 918)**	**(12)**	**(1 906)**
Unaudited balance at 30 June 2022	**78 157**	**179**	**77 978**	**3 610**	**659**	**2 951**	**1 571**	**540**	**1 031**	**83 338**	**1 378**	**81 960**

[1] *Specialised and other loans to clients include properties in possession, overnight loans, factoring accounts, trade, other bills and bankers' acceptances, deposits placed under reverse repurchase agreements and other loans.*

Preference shares and debentures	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	11 050	78	10 972	855	14	841	201	67	134	12 106	159	11 947
New financial assets originated or purchased	2 923	44	2 879			–			–	2 923	44	2 879
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(2 833)		(2 833)	(14)	10	(24)	12	83	(71)	(2 835)	93	(2 928)
Final repayments			–			–	(201)	(67)	(134)	(201)	(67)	(134)
Transfers to 12-month ECL			–			–			–	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(525)	(26)	(499)	525	26	499			–	–	–	–
Transfers to lifetime ECL (credit-impaired)			–	(286)	(1)	(285)	286	1	285	–	–	–
Audited net balance at 31 December 2021	10 615	96	10 519	1 080	49	1 031	298	84	214	11 993	229	11 764
New financial assets originated or purchased	**2 765**	**(4)**	**2 769**			**–**			**–**	**2 765**	**(4)**	**2 769**
Financial assets written off			**–**			**–**			**–**	**–**	**–**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(1 962)**	**(1)**	**(1 961)**	**(360)**	**(47)**	**(313)**	**9**	**23**	**(14)**	**(2 313)**	**(25)**	**(2 288)**
Final repayments			**–**			**–**			**–**	**–**	**–**	**–**
Transfers to 12-month ECL	**720**	**2**	**718**	**(720)**	**(2)**	**(718)**			**–**	**–**	**–**	**–**
Unaudited balance at 30 June 2022	**12 138**	**93**	**12 045**	**–**	**–**	**–**	**307**	**107**	**200**	**12 445**	**200**	**12 245**

Financial guarantees and loan commitments	Not credit-impaired		Credit-impaired	Total
	Subject to 12-month ECL	Subject to lifetime ECL	Subject to lifetime ECL (excluding purchased/originated)	
Rm	Allowance for ECL	Allowance for ECL	Allowance for ECL	Allowance for ECL
Audited net balance at 1 January 2021	103	189	237	529
New financial assets originated or purchased	102			102
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(46)	61	139	154
Final repayments	(397)	(32)	(22)	(451)
Transfers to 12-month ECL	439	(186)	(253)	–
Transfers to lifetime ECL (not credit-impaired)	(71)	97	(26)	–
Transfers to lifetime ECL (credit-impaired)	(20)	(8)	28	–
Foreign exchange movements	4	4	(1)	7
Audited net balance at 31 December 2021	114	125	102	341
New financial assets originated or purchased	**53**			**53**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(54)**	**(2)**	**39**	**(17)**
Final repayments	**(31)**	**(50)**	**(96)**	**(177)**
Transfers to 12-month ECL	**51**	**(45)**	**(6)**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(28)**	**29**	**(1)**	**–**
Transfers to lifetime ECL (credit-impaired)	**(15)**		**15**	**–**
Net balances	**90**	**57**	**53**	**200**
Unaudited balance at 30 June 2022	**90**	**57**	**53**	**200**

Economic scenarios

Forward-looking information incorporated in the ECL models

To account for forward-looking information (FLI), the ECL input parameters (PD, LGD and EAD) are typically linked to macroeconomic drivers such as the prime rate, gross domestic product (GDP) growth, household debt-to-income ratio, consumer price inflation and credit growth. Overlays are raised where the modelling inadequately captures the risks within the portfolio.

The incorporation of FLI into the ECL allows for a range of macroeconomic outcomes to capture non-linearities. The parameter inputs used to estimate the ECL are modelled on four macroeconomic scenarios: base (expected), positive, mild stress and high stress. Scenarios are provided by the Nedbank Group Economic Unit and incorporate historical trends, statistical models and expert judgement. The macroeconomic scenarios are updated quarterly, with the option of an out-of-cycle update based on significant macroeconomic events. There is a robust internal governance process to review and approve the forecasted macroeconomic factors, which process includes approval by a board subcommittee.

The ECL under each macroeconomic scenario is the sum of the discounted products of the PD, LGD and EAD for that specific scenario. The ECL is calculated to reflect an unbiased and probability-weighted amount, with the scenario weights estimated based on the likelihood of occurrence. The ECL is discounted from the point of default using the most applicable interest rate, or a reasonable estimate thereof, to arrive at the ECL at reporting date.

The forecasted ranges for macroeconomic variables are shown below by using the annual average forecast over the three-year period per scenario.

	30 June 2022 (unaudited)							
						Economic forecast[1] (%)		
Scenario	**Probability weighting (%)**	**Total ECL allowance Rm**	**Difference to weighted scenarios Rm**	**Percentage difference to weighted scenarios (%)**	**Economic measures**	**2023**	**2024**	**2025**
					GDP	**1,58**	**1,51**	**1,41**
Base case	**50**	**26 801**	**(31)**	**(0,12)**	Prime	**10,25**	**10,25**	**10,25**
					HPI	**4,42**	**4,40**	**4,73**
					GDP	**0,39**	**0,65**	**0,93**
Mild stress	**21**	**26 959**	**127**	**0,47**	Prime	**10,25**	**11,00**	**11,00**
					HPI	**3,90**	**3,80**	**4,03**
					GDP	**2,25**	**1,85**	**1,91**
Positive outcome	**21**	**26 638**	**(194)**	**(0,72)**	Prime	**8,75**	**8,75**	**8,75**
					HPI	**5,35**	**5,26**	**5,69**
					GDP	**(0,8)**	**(0,21)**	**0,45**
High stress	**8**	**27 181**	**349**	**1,30**	Prime	**10,50**	**11,50**	**12,25**
					HPI	**3,37**	**3,19**	**3,34**
Weighted scenarios	**100**	**26 832**						

[1] *Forecast at 30 June 2022.*

	31 December 2021 (audited)							
						Economic forecast[1] (%)		
Scenario	Probability weighting (%)	Total ECL allowance Rm	Difference to weighted scenarios Rm	Percentage difference to weighted scenarios (%)	Economic measures	2022	2023	2024
					GDP	1,75	1,74	0,97
Base case	50	26 491	(90)	(0,34)	Prime	8,25	8,75	9,25
					HPI	4,04	3,96	4,15
					GDP	(0,09)	0,66	0,61
Mild stress	21	26 857	276	1,04	Prime	8,50	9,75	10,75
					HPI	3,54	3,39	3,50
					GDP	3,08	2,86	1,92
Positive outcome	21	26 262	(319)	(1,20)	Prime	7,50	7,50	7,75
					HPI	4,90	4,89	5,00
					GDP	(1,41)	(0,23)	0,30
High stress	8	27 259	678	2,55	Prime	8,75	10,00	11,00
					HPI	3,04	2,82	2,85
Weighted scenarios		26 581						

[1] *Forecast at 31 December 2021.*

Credit risk exposure

The following tables disclose the distribution of loan-to-value (LTV) ratios of credit-impaired financial assets:

Loans and advances

Rm LTV distribution	Home loans	Commercial mortgages	Properties in possession	Credit cards and overdrafts	Term loans	Overnight loans	Specialised and other loans to clients	Instalment debtors	Preference shares and debentures	Factoring accounts
30 June 2022 (unaudited)										
Lower than 50%	**1 487**	**683**	**17**	**375**	**222**	**188**	**101**	**114**		
50% to 75%	**2 004**	**461**		**1**	**491**		**23**	**252**		
75% to 100%	**4 342**	**2 512**	**10**	**640**	**1 780**		**167**	**994**		**56**
Higher than 100%	**2 221**	**2 516**	**43**	**3 369**	**11 579**		**966**	**5 935**	**307**	
Total	**10 054**	**6 172**	**70**	**4 385**	**14 072**	**188**	**1 257**	**7 295**	**307**	**56**

Rm LTV distribution	Home loans	Commercial mortgages	Properties in possession	Credit cards and overdrafts	Term loans	Overnight loans	Specialised and other loans to clients	Instalment debtors	Preference shares and debentures	Factoring accounts
31 December 2021 (audited)										
Lower than 50%	1 508	515	3	342	763	221	83	152		(1)
50% to 75%	2 025	346			1		64	297		
75% to 100%	4 067	1 715	19	585	2 786		195	1 040		89
Higher than 100%	2 299	2 248	59	3 062	9 092		1 157	5 786	298	1
Total	9 899	4 824	81	3 989	12 642	221	1 499	7 275	298	89

Fair-value hierarchy

Financial instruments carried at fair value

The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is an assumption that an entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is not, therefore, the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

The existence of published price quotations in an active market is the most reliable evidence of fair value and, where they exist, they are used to measure the financial asset or financial liability. A market is considered to be active if transactions occur with sufficient volumes and frequencies to provide pricing information on an ongoing basis. These quoted prices would generally be classified as level 1 in terms of the fair-value hierarchy.

Where a quoted price does not represent fair value at the measurement date or where the market for a financial instrument is not active, the group establishes fair value by using valuation techniques. These valuation techniques include reference to the current fair value of another instrument that is substantially the same in nature, to the value of the assets of underlying business, to earnings multiples, to a discounted-cash-flow analysis and to various option pricing models. Valuation techniques applied by the group would generally be classified as level 2 or level 3 in terms of the fair-value hierarchy. The determination of whether an instrument is classified as level 2 or level 3 is dependent on the significance of observable inputs versus unobservable inputs in relation to the fair value of the instrument. Inputs typically used in valuation techniques include discount rates, appropriate swap rates, volatility, servicing costs, equity prices, commodity prices, counterparty credit risk and the group's own credit on financial liabilities.

The group has an established control framework for the measurement of fair value that includes formalised review protocols for the independent review and validation of fair values separate from those of the business unit entering into the transaction. The valuation methodologies, techniques and inputs applied to the fair-value measurement of the financial instruments have been applied in a manner consistent with that of the previous financial year.

Fair-value hierarchy

The financial instruments recognised at fair value have been categorised into the three input levels of the IFRS fair-value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Valuation techniques based (directly or indirectly) on market-observable inputs. Various factors influence the availability of observable inputs. These factors may vary from product to product and change over time. Factors include the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the market, the maturity of market modelling, and whether the transaction is bespoke or generic.

Level 3: Valuation techniques based on significant inputs that are not observable. To the extent that a valuation is based on inputs that are not market-observable, the determination of the fair value can be more subjective, depending on the significance of the unobservable inputs to the overall valuation. Unobservable inputs are determined on the basis of the best information available and may include reference to similar instruments, similar maturities, appropriate proxies or other analytical techniques.

All fair values disclosed below are recurring in nature.

Financial assets

				At FVTPL				At FVOCI			
				Mandatorily at fair value			Designated	Debt instruments	Equity instruments		
Rm	Total financial assets	Total financial assets recognised at amortised cost	Total financial assets recognised at fair value	Level 1	Level 2	Level 3	Level 2	Level 2	Level 1	Level 2	Level 3
30 June 2022 (unaudited)	**1 221 839**	**898 856**	**322 983**	**88 472**	**162 369**	**6 481**	**10 550**	**54 285**	**20**	**482**	**324**
Cash and cash equivalents	**44 394**	**44 394**	**–**								
Other short-term securities	**74 400**	**1 741**	**72 659**		**50 034**			**22 625**			
Derivative financial instruments	**44 183**		**44 183**	**202**	**43 981**						
Government and other securities	**139 521**	**79 502**	**60 019**	**58 245**	**1 133**		**539**	**102**			
Loans and advances	**856 814**	**760 913**	**95 901**	**294**	**54 122**		**10 011**	**31 474**			
Other assets	**37 430**	**12 306**	**25 124**	**25 124**							
Investment securities	**25 097**		**25 097**	**4 607**	**13 099**	**6 481**		**84**	**20**	**482**	**324**

				At FVTPL				At FVOCI				
				Mandatorily at fair value			Designated	Debt instruments		Equity instruments		
Rm	Total financial assets	Total financial assets recognised at amortised cost	Total financial assets recognised at fair value	Level 1	Level 2	Level 3	Level 2	Level 1	Level 2	Level 1	Level 2	Level 3
31 December 2021 (audited)	1 183 962	885 712	298 250	94 249	137 677	6 417	10 537	16	48 468	21	518	347
Cash and cash equivalents	44 586	44 586	–									
Other short-term securities	60 037	2 185	57 852		35 008				22 844			
Derivative financial instruments	39 179		39 179	1	39 178							
Government and other securities	150 498	80 762	69 736	68 119	1 036		481	16	84			
Loans and advances	831 735	746 719	85 016	211	49 295		10 056		25 454			
Other assets	32 467	11 460	21 007	21 007								
Investment securities	25 460		25 460	4 911	13 160	6 417			86	21	518	347

Reconciliation to statement of financial position

	30 Jun 2022 (unaudited) Rm	31 Dec 2021 (audited) Rm
Total financial assets	**1 221 839**	1 183 962
Total non-financial assets	**36 528**	37 093
Total assets	**1 258 367**	1 221 055

Financial liabilities

All fair values disclosed below are recurring in nature.

				At FVTPL		
				Mandatory at fair value		Designated
Rm	**Total financial liabilities**	**Total financial liabilities recognised at amortised cost**	**Total financial liabilities recognised at fair value**	**Level 1**	**Level 2**	**Level 2**
30 June 2022 (unaudited)	**1 127 687**	**1 031 661**	**96 026**	**1 013**	**78 008**	**17 005**
Derivative financial instruments	**42 204**		**42 204**	**4**	**42 200**	
Amounts owed to depositors	**1 008 021**	**972 213**	**35 808**		**35 808**	
Provisions and other liabilities	**7 291**	**6 282**	**1 009**	**1 009**		
Investment contract liabilities	**17 005**		**17 005**			**17 005**
Long-term debt instruments	**53 166**	**53 166**	**–**			

				At FVTPL		
				Mandatory at fair value		Designated
Rm	Total financial liabilities	Total financial liabilities recognised at amortised cost	Total financial liabilities recognised at fair value	Level 1	Level 2	Level 2
31 December 2021 (audited)	1 094 030	1 001 865	92 165	3 591	70 615	17 959
Derivative financial instruments	36 042		36 042	155	35 887	
Amounts owed to depositors	971 795	937 067	34 728		34 728	
Provisions and other liabilities	10 075	6 639	3 436	3 436		
Investment contract liabilities	17 959		17 959			17 959
Long-term debt instruments	58 159	58 159	–			

Reconciliation to statement of financial position

	30 Jun 2022 (unaudited) Rm	31 Dec 2021 (audited) Rm
Total financial liabilities	**1 127 687**	1 094 030
Total equity and non-financial liabilities	**130 679**	127 024
Total equity and liabilities	**1 258 366**	1 221 054

Level 3 reconciliation

30 June 2022 (unaudited)	Opening balance at 1 January Rm	Gains/(losses) in non-interest revenue in profit for the year Rm	Losses relating to investments in equity instruments at FVOCI and debt instruments at FVOCI in OCI for the year Rm	Purchases Rm	Issues Rm	Sales Rm	Settlements Rm	Closing balance at 30 June Rm
At FVTPL – Mandatorily at fair value	6 417	343	–	819	6	(366)	(738)	6 481
Investment securities	6 417	343		819	6	(366)	(738)	6 481
At FVOCI – Equity instruments	347	(13)	(10)	–	–	–	–	324
Investment securities	347	(13)	(10)					324
Total financial assets classified as level 3	6 764	330	(10)	819	6	(366)	(738)	6 805

There are no provisions and other liabilities classified as level 3 at 30 June 2022.

31 December 2021 (audited)	Opening balance at 1 January Rm	Gains in non-interest revenue in profit for the year Rm	Gains relating to investments in equity instruments at FVOCI and debt instruments at FVOCI in OCI for the year Rm	Purchases Rm	Issues Rm	Sales Rm	Settlements Rm	Closing balance at 31 December Rm
At FVTPL – Mandatorily at fair value	7 296	442	–	1 049	422	(883)	(1 909)	6 417
Investment securities	7 296	442		1 049	422	(883)	(1 909)	6 417
At FVOCI – Equity instruments	372	2	7	–	–	(34)	–	347
Investment securities	372	2	7			(34)		347
Total financial assets classified as level 3	7 668	444	7	1 049	422	(917)	(1 909)	6 764

Effect of changes in significant unobservable assumptions

The fair value of financial instruments is, in certain circumstances, measured using valuation techniques that include assumptions that are not market-observable. Where these scenarios apply, the group performs stress testing on the fair value of the relevant instruments. When performing the stress testing, appropriate levels for the unobservable-input parameters are chosen so that they are consistent with prevailing market evidence and in line with the group's approach to valuation control. The following information is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable-input parameters and that are classified as level 3 in the fair-value hierarchy. However, the disclosure is neither predictive nor indicative of future movements in fair value.

The group has developed a risk appetite tool to estimate downside income volatility to determine the effects of changes in significant unobservable assumptions on level 3 instruments. For risk appetite purposes, downside income volatility is estimated using a methodology that follows value-at-risk principles.

The following table shows the effect on the fair value of changes in unobservable-input parameters to reasonable possible alternative assumptions.

30 June 2022 (unaudited)	**Valuation technique**	**Significant unobservable input**	**Variance in fair value %**	**Value per statement of financial position Rm**	**Favourable change in fair value Rm**	**Unfavourable change in fair value Rm**
FINANCIAL ASSETS						
Investment securities	**Discounted cash flows, adjusted net asset value, earnings multiples, third-party valuations and dividend yields.**	**Valuation multiples, correlations volatilities and credit spreads.**	**Between (15) and 18**	**6 805**	**1 249**	**(1 026)**
Total financial assets classified as level 3				**6 805**	**1 249**	**(1 026)**

31 December 2021 (audited)	Valuation technique	Significant unobservable input	Variance in fair value %	Value per statement of financial position Rm	Favourable change in fair value Rm	Unfavourable change in fair value Rm
FINANCIAL ASSETS						
Investment securities	Discounted cash flows, adjusted net asset value, earnings multiples, third-party valuations and dividend yields.	Valuation multiples, correlations volatilities and credit spreads.	Between (16) and 20	6 764	1 326	(1 087)
Total financial assets classified as level 3				6 764	1 326	(1 087)

Unrealised gains

The unrealised gains arising on instruments classified as level 3 include the following:

	30 June 2022 (unaudited) Rm	31 December 2021 (audited) Rm
Private-equity gains	**330**	444

Summary of principal valuation techniques — level 2 instruments (unaudited)

The following table sets out the group's principal valuation techniques used in determining the fair value of financial assets and financial liabilities classified as level 2 in the fair-value hierarchy:

Assets	Valuation technique	Key inputs
Other short-term securities	Discounted-cash-flow model	Discount rates
Derivative financial instruments	Discounted-cash-flow model	Discount rates
	Black-Scholes Model	Risk-free rates and volatilities
	Multiple valuation techniques	Valuation multiples
Government and other securities	Discounted-cash-flow model	Discount rates
Loans and advances	Discounted-cash-flow model	Interest rate curves
Investment securities	Discounted-cash-flow model	Money market rates and interest rates
	Adjusted net asset value	Underlying price of market-traded instruments
	Dividend yield method	Dividend growth rates
Liabilities		
Derivative financial instruments	Discounted-cash flow model	Discount rates
	Black-Scholes model	Risk-free rates and volatilities
	Multiple valuation techniques	Valuation multiples
Amounts owed to depositors	Discounted-cash-flow model	Discount rates
Provisions and other liabilities	Discounted-cash-flow model	Discount rates
Investment contract liabilities	Adjusted net asset value	Underlying price of market-traded instruments
Long-term debt instruments	Discounted-cash-flow model	Discount rates

Transfers between levels of the fair-value hierarchy (unaudited)

There were no significant transfers between level 1 and level 2 of the fair-value hierarchy during 2022.

In terms of the group's policy, transfers of financial instruments between levels of the fair-value hierarchy are deemed to have occurred at the end of the reporting period.

Assets and liabilities not measured at fair value for which fair value is disclosed

Certain financial instruments of the group are not carried at fair value and are measured at amortised cost. The calculation of the fair value of the financial instruments incorporates the group's best estimate of the value at which the financial assets could be exchanged, or financial liabilities transferred, between market participants at the measurement date. The group's estimate of what fair value is, does not necessarily represent what it would be able to sell the asset for or transfer the respective financial liability for in an involuntary liquidation or distressed sale.

The fair values of these respective financial instruments at the reporting date detailed below are estimated only for the purpose of IFRS disclosure, as follows:

Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
30 June 2022 (unaudited)					
Financial assets	**842 156**	**839 248**	**77 385**	**20 526**	**741 337**
Other short-term securities	**1 741**	**1 741**		**1 741**	
Government and other securities	**79 502**	**78 587**	**77 385**		**1 202**
Loans and advances	**760 913**	**758 920**		**18 785**	**740 135**
Financial liabilities	**53 166**	**54 593**	**18 064**	**36 529**	**–**
Long-term debt instruments	**53 166**	**54 593**	**18 064**	**36 529**	

Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
31 December 2021 (audited)					
Financial assets	829 666	833 622	77 199	21 991	734 432
Other short-term securities	2 185	2 185		2 185	
Government and other securities	80 762	78 407	77 199		1 208
Loans and advances	746 719	753 030		19 806	733 224
Financial liabilities	58 159	60 849	21 629	39 220	–
Long-term debt instruments	58 159	60 849	21 629	39 220	

There have been no significant changes in the methodology used to estimate the fair value of the above instruments during the period.

Loans and advances

Loans and advances that are not recognised at fair value principally comprise variable-rate financial assets. The interest rates on these variable-rate financial assets are adjusted when the applicable benchmark interest rate changes.

Loans and advances are not actively traded in most markets and it is therefore not possible to determine the fair value of these loans and advances using observable market prices and market inputs. Due to the unique characteristics of the loans and advances portfolio and the fact that there have been no recent transactions involving the disposal of such loans and advances, there is no basis to determine a price that could be negotiated between market participants in an orderly transaction. The group is not currently in the position of a forced sale of such underlying loans and advances, and it would therefore be inappropriate to value the loans and advances on a forced-sale basis.

For specifically impaired loans and advances the carrying value, as determined after consideration of the group's IFRS 9 ECLs, is considered the best estimate of fair value.

The group has developed a methodology and model to determine the fair value of the gross exposures for the performing loans and advances measured at amortised cost, resulting in these assets' fair value being 0,26% lower (June 2021: 0,16% higher) than carrying value. This model incorporates the use of average interest rates and projected monthly cashflows per product type. Future cashflows are discounted using interest rates at which similar loans would be granted to borrowers with similar credit ratings and maturities. Methodologies and models are updated on a continuous basis for changes in assumptions, forecasts and modelling techniques. Future forecasts of the group's PDs and LGDs for the periods 2023 to 2025 (2021: for periods 2022 to 2024) are based on the latest available internal data and are applied to the projected cashflows of the first three years. Thereafter PDs and LGDs are gradually reverted to their long-run averages and are applied to the remaining projected cashflows. Inputs into the model include various assumptions used in the pricing of loans and advances. The determination of such inputs is highly subjective and therefore any change to one or more of the assumptions (e.g. interest rates, future forecasts of PDs or LGDs, or macroeconomic conditions) may result in a significant change in the determination of the fair value. Reasonable bounds for the fair value are estimated to be between 0,7% lower and 0,9% higher than the carrying value.

The fair value of corporate bonds is based on the discounted-cash-flow methodology (level 2).

Government and other securities

The fair value of high-quality South African government bonds listed in an active market is based on available market prices (level 1) or significant unobservable inputs (level 3). The discounted-cash-flow methodology principles (level 3) are the same as those used to determine the fair value of loans and advances.

Other short-term securities

The fair value of other short-term securities is determined using a discounted-cash-flow analysis (level 2).

Long-term debt instruments

The fair value of long-term debt instruments is based on available market prices (level 1). Where the market is considered to be inactive, fair value is based on the discounted-cash-flow analysis (level 2).

Amounts owed to depositors

The amounts owed to depositors principally comprise variable-rate liabilities and hedge-accounted fixed-rate liabilities. The carrying value of the amounts owed to depositors approximates fair value because the instruments are repriced to current market rates at frequent intervals. In addition, a significant portion of the balance is callable or short-term in nature.

Cash and cash equivalents, other assets, mandatory deposits with central banks, and provisions and other liabilities

The carrying values of cash and cash equivalents, other assets, mandatory deposits with central banks, and provisions and other liabilities are considered a reasonable approximation of their respective fair values, as they are either short-term in nature or repriced to current market rates at frequent intervals.

Additional information

Liquidity coverage ratio

Rm	Total unweighted value[1] (average)	Total weighted value[2] (average)
Total high-quality liquid assets		**208 207**
Cash outflows		
Retail deposits and deposits from small-business clients	230 016	22 801
Less-stable deposits	230 016	22 801
Unsecured wholesale funding	331 202	148 155
Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	185 765	46 441
Non-operational deposits (all counterparties)	145 167	101 444
Unsecured debt	270	270
Secured wholesale funding	25 156	
Additional requirements	155 780	22 368
Outflows related to derivative exposures and other collateral requirements	3 948	3 948
Credit and liquidity facilities	151 832	18 420
Other contingent funding obligations	177 984	8 541
Total cash outflows	**920 138**	**201 865**
Cash inflows		
Secured lending (eg reverse repurchase agreements)	3 868	3 334
Inflows from fully performing exposures	57 918	45 606
Other cash inflows	7 805	7 805
Total cash inflows	**69 591**	**56 745**

	Total adjusted value
Total HQLA	208 207
Total net cash outflows	145 120
Liquidity coverage ratio (%)	**143,5**

[1] *Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).*
[2] *Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).*

The figures above reflect a simple average of daily observations over the quarter ending June 2022 for Nedbank Limited and the simple average of the month-end values at 30 April 2022, 31 May 2022 and 30 June 2022 for all non-SA banking entities, based on regulatory submissions to SARB. This section on the liquidity coverage ratio has not been audited or reviewed by the group's auditors.

Net stable funding ratio

Rm	Unweighted value by residual maturity: No maturity	Six months or less	Between six months and one year	More than one year	Weighted value
Available stable funding (ASF)					
Capital	100 040	–	–	12 185	112 225
Regulatory capital	99 557			12 005	111 562
Other capital instruments	483			180	663
Retail deposits and deposits from small-business clients	80 307	189 175	12 421	17 861	271 773
Stable deposits		4 008			3 807
Less-stable deposits	80 307	185 167	12 421	17 861	267 966
Wholesale funding	125 613	369 233	145 541	123 249	397 310
Operational deposits	120 375	86 297			103 336
Other wholesale funding	5 238	282 936	145 541	123 249	293 974
Other liabilities	13 387	2 378	416	19 103	3 018
NSFR derivative liabilities				16 293	
All other liabilities and equity not included in the above categories	13 387	2 378	416	2 810	3 018
Total ASF					**784 326**
Required stable funding (RSF)					
Total NSFR high-quality liquid assets (HQLA)					18 414
Performing loans and securities	–	252 613	67 240	570 677	567 241
Performing loans to financial institutions secured by level 1 HQLA		21 332			2 133
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions		111 670	7 256	15 872	36 251
Performing loans to non-financial corporate clients, loans to retail and small-business clients and loans to sovereigns, central banks and public sector enterprises, of which		108 208	55 190	388 183	409 187
with a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk				12 342	8 022
Performing residential mortgages, of which		3 466	3 697	162 951	112 033
with a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		3 466	3 697	150 290	101 270
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		7 937	1 097	3 671	7 637
Other assets	23 664	8	–	62 224	54 748
Assets posted as an initial margin for derivative contracts and contributions to default funds of central counterparties	15				12
NSFR derivative assets				17 553	1 259
NSFR derivative liabilities before deduction of variation margin posted				16 492	1 649
All other assets not included in the above categories	23 649	8		28 179	51 828
Off-balance-sheet items				347 118	11 578
Total RSF					**651 981**
NSFR (%)					**120,3**

The figures above reflect the quarter ending June 2022, based on regulatory submissions to SARB, where applicable. This section on the net stable funding ratio has not been audited or reviewed by the group's auditors.

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) 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 Nedbank's 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 1/2020 A directive from the Prudential Authority (PA) that provides temporary measures to aid compliance with the liquidity coverage ratio during the Covid-19 pandemic stress period. The PA deemed it appropriate to amend the minimum liquidity coverage ratio (LCR) requirement temporarily to 80%, with effect from 1 April 2020.

Directive 2/2020 A directive from the PA that provides temporary capital relief to alleviate risks posed by the Covid-19 pandemic. The PA has implemented measures to reduce the specified minimum requirement of capital and reserve funds to be maintained by banks, to provide temporary capital relief to enable banks to counter economic risks to the financial system as a whole, and to individual banks. These measures are intended to provide relief to banks in response to the Covid-19 pandemic, thereby enabling banks to continue providing credit to the real economy during this period of financial stress.

Directive 3/2020 A directive from the PA that implements measures to ensure that various types of relief to qualifying borrowers that were up to date at 29 February 2020, such as payment holidays, do not result in unintended consequences such as inappropriate higher capital requirements. The PA has provided temporary relief for qualifying loans from portions of Directive 7/2015 dealing with distressed restructures. Importantly, this relief covers retail, small and medium enterprises (SMEs) and corporate loans, including all specialist asset classes such as commercial property.

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 significant increase in credit risk (SICR) and ECL.

Guidance Note 4/2020 A guidance note from the South African Reserve Bank that recommends banks no longer make dividend distributions on ordinary shares to conserve capital, in light of the negative economic impact of the Covid-19 pandemic and the temporary regulatory-capital relief provided.

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 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 (%) Headline earnings from the group's ETI investment pre-funding costs 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.

SME loan guarantee scheme An initiative by National Treasury and the South African Reserve Bank, in partnership with participating commercial banks, aimed at giving financial support to SMEs affected by the lockdown.

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
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 The 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

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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

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This announcement is available on the group's website at nedbankgroup.co.za, together with the following additional information:

- Financial results presentation.
- Link to a webcast of the presentation to investors.

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Company Secretary: J Katzin

Sponsors in SA: Merrill Lynch SA Proprietary Limited
Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Sponsor in Namibia

Old Mutual Investment Services (Namibia) Proprietary Limited

Disclaimer

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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, profits, or consequential loss or damage.