Unaudited condensed consolidated

Interim financial results

for the six months ended 30 June 2023

see money differently

NEDBANK GROUP

Contents

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

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

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

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

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

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

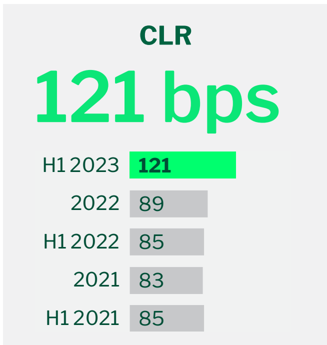
Looking forward, we currently expect the economic environment in SA to remain very challenging, particularly given the high levels of electricity shortages and increased levels of pressure on consumers' disposable income. The Nedbank Group Economic Unit currently forecasts SA's gross domestic product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

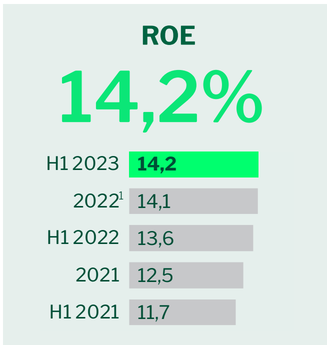
The solid financial performance in H1 2023 supports our ambition to achieve our published 2023 targets* of an ROE greater than the 2019 ROE level of 15% and a cost-to-income ratio of below 54%, but the deteriorating macroeconomic environment has made these and our medium-term targets* to 2025 more difficult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

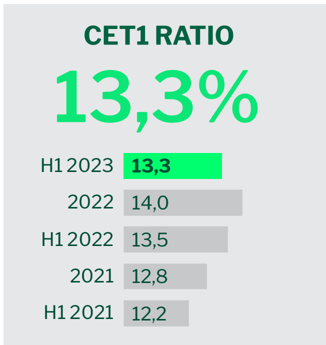
Thank you to our dedicated employees for their passion, commitment and discipline in the difficult environment – I appreciate the value they strive to deliver to our clients at every touchpoint and their hard work in executing our strategy. I believe that we have the right strategy, leadership and people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

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

Mike Brown
Chief Executive







[1] *Refer to note 1: Restatements.*
* *These targets are not profit forecasts and have not been reviewed or reported on by the group's joint auditors.*

2023 interim results commentary

Economic and banking environment in the first half of 2023

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

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

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

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

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

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

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

Strategic progress

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

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

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

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

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

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

- **Delivering innovative, market-leading client solutions**
  - **Simplified sets of products off our new core banking platform:** Three new MiGoals transactional products for our retail consumer banking clients were launched in May 2023 and are the first transactional products released off our new core banking systems. The launch of the MiGoals products is part of the optimisation process of our transactional product range from 46 (36 current accounts and 10 savings products) to 18. MiGoals will be followed by the release of similar transactional products for Private Clients, high-net-worth clients and businesses, as well as a relaunch of an optimised set of investment and lending products. This next phase of benefits realisation linked to our ME technology platform will see a rationalisation of the groupwide product set, which will be configurable and generic and have flexible pricing. These improvements will enable increased levels of real-time transaction processing, leveraging of components (no hard coding), more efficiency (cost savings) and agility, and the quicker launch of new innovations to market, while the product set becomes even more client-centred.
  - **Apps**: Nedbank Money app active clients reached 2,2 million in H1 2023, up by 23% yoy. Transaction volumes on the Money app increased by 22% yoy (up by 378% since 2019) and transaction values increased by 23% (up by 356% since 2019). Revenue from value-added services grew by 29% yoy (up by almost 200% since H1 2019) across prepaid data, voucher and electricity purchases, as well as LOTTO and the sending of money to cellphones. The Nedbank Private Wealth app, which offers integrated local and international banking capabilities, recorded a 25% increase in transaction volumes yoy, while the Nedbank Money App (Africa) – which offers greater convenience, a wide range of functionality and great user experiences for our NAR clients – reported a 7% yoy increase in app users.
  - **Digital outcomes**: Our digital initiatives helped us to increase the number of digitally active retail clients in SA by 14% yoy to 2,8 million, representing 69% of retail main-banked clients (H1 2022: 67% and H1 2019: 47%). Retail digital transaction volumes in SA increased by 15% (and by 103% since H1 2019) and transaction values were up by 13% (up by 57% since H1 2019). Digitally active clients across the NAR business grew yoy from 57% to 60% of its total active client base. Nedbank Insurance has extended its quoting, fulfilment, and claims functionality on digital channels to 15 product offerings (H1 2022: 10) across six channels.
  - **Great client experiences**: The success of our digital innovations was evident in higher levels of client satisfaction, as illustrated in Nedbank being rated #1 in Net Promoter Score (NPS) among South African banks in 2022 (Kantar survey). In H1 2023 we experienced a continuation of high sentiment rankings, with Nedbank ranked as the #1 bank on social-media brand sentiment as measured by Salesforce Social Studio for the second year in a row. In addition, Nedbank was ranked the eighth most valuable brand among South African companies, up from the #9 position in the prior year, with the group's brand value having increased by 15% to R17,3bn. In recognition of our market-leading digital positioning, Nedbank was recently recognised as the Best Digital Bank in Africa in 2023 at the Euromoney Awards and the best bank for client-facing technology at the 2023 Global Banking & Finance Awards.
- **Ongoing disruptive market activities**
  - **Avo super app**: Since its launch in 2020, the Avo super app (now SuperShop) has signed up 2,3 million customers (up by 44% yoy), with over 23 000 businesses registered to offer their products and services on this e-commerce platform. Avo continues to grow exponentially, with a 70% yoy increase in gross merchandise value (GMV) as all three Avo ecosystems gain momentum. Avo Auto, a virtual vehicle mall launched in 2021, now hosts over 500 MFC-accredited dealers (up four times yoy) with close to 18 000 vehicles on the platform (up three times) and grew GMV 9x yoy. Avo B2B launched to market in 2022 and offers a stock financing or working capital solution to businesses through a secure facility and is well on its way to contributing to significant GMV growth in 2023. Avo Home continues to increase its number of partners to drive scale, with GMV growth of 70% yoy, and Avo now a reseller for both Apple and Samsung, highlighting its increasing appeal as a destination marketplace to assist global brands and manufacturers in realising their growth aspirations. The launch of Avo in our first NAR subsidiary is being planned for H2 2023. In recognition of the progress we have made, Nedbank won the Excellence in Innovation Banking App South Africa (Nedbank Avo) Award at the Global Banking & Finance Awards 2023.
  - **Application programme interfaces (APIs)**: After having been the first bank in Africa to launch an API platform (API_Marketplace), we made ongoing progress in scaling the platform and driving our open-banking strategy. The number of third parties active on API_Marketplace continued to grow and increased to 58 (H1 2022: 48; H1 2021: 40). In H1 2023 we extended our API product offering to Common Monetary Area (CMA) countries (Namibia, Lesotho and eSwatini), having enabled EFT Payments and Wallet APIs.
  - **Data and generative artificial intelligence (AI)**: We have invested significantly in our data capabilities, leveraging big data and AI through strong analytics teams. While it is early days, the progress we have made on our technology journey is foundational for seamless integration and fast adoption of AI capabilities. We have already delivered numerous AI solutions that have generated benefits by using machine learning and data science techniques to make intelligent decisions based on data, including next-best-action strategies to drive higher levels of cross-sell. Going forward we will be accelerating our AI capabilities with a further 40 data and AI analytics use cases being explored, and we are working with Microsoft to test and refine Copilot, a new generative AI tool for Microsoft 365 productivity apps. We are exploring Microsoft's AI technology to strengthen our productivity, enhance processes, reduce risk, and boost creativity.
  - **Payments:** The modernisation of Nedbank's payments domain is progressing well. Our participation in the industry modernisation initiatives and our own payments efforts are enabling Nedbank to create a fully interoperable enterprise payment service hub that will optimise the cost to serve, increase innovation cadence, respond to open-finance opportunities, and unlock competitive advantages by enabling contextual and embedded payments. We participated in the industry rapid payments programme, PayShap – a low-cost, immediate, interoperable digital payments solution, that was successfully launched in March 2023. Since launch we remain the bank that offers its clients the widest range of options of transactional channels, with more than 100 000 ShapIDs having been registered, culminating in over 220 000 transactions. Nedbank has been acknowledged by the media for its market-leading pricing, which allows even greater financial inclusivity.
- **Focusing on areas that create value**
  - We continue to focus on areas that create value, particularly through our Strategic Portfolio Tilt 2.0 (SPT 2.0) initiative, which is a groupwide strategy focused on growing profitable market share in selected areas through integrated client-led asset and liability client value propositions (CVPs), leveraging the point of origination to increase the levels of cross-sell with a keen focus on growing the transactional-banking relationship and main-banked market share. In H1 2023, main-banked clients in retail grew by 11% to 3,36 million and cross-sell increased to 1,95 (compared with 1,92 in H1 2022 and 1,72 in H1 2019). CIB gained 10 new primary clients in the period. In NAR total clients increased by 5% to over 370 000, of which around 163 000 are main-banked clients. A significant opportunity exists to cross-sell insurance products across the group, through collaboration between Nedbank Insurance and Retail and Business Banking (RBB). This is already proving to be successful, with more than 100% growth of our MyCover Funeral product achieved, and collaboration will be extended to the remaining products in the MyCover suite.
  - As reported in the May 2023 SARB BA900 returns, we increased market share yoy in home loans (14,0% to 14,2%), retail overdrafts (from 11,1% to 12,9%), total household deposits (14,5% to 14,8%) and commercial term loans (16,0% to 17,1%). In areas where we have strong market share positions, we have been more selective in credit origination in the current economic environment, including for vehicle finance (from 36,5% to 35,3%) and commercial mortgages (from 37,6% to 36,8%). Given increasing risks in the environment, we have deliberately slowed growth in some product areas and as a result we reported market share declines in personal loans (from 11,8% to 11,2%) and credit card (11,5% to 10,9%).
- **Driving efficient execution**
  - **Unlocking benefits through technology**: Our Target Operating Model 2.0 (TOM 2.0) programme, which was launched in 2021, is aimed at optimising the shape of our infrastructure (branches and corporate real estate), shifting our RBB organisational structure so that it is more client-centred and optimising our shared-services functions across the group as a direct result of the digital benefits from ME. At the end of June 2023 the cumulative cost benefits realised have increased to R1,7bn. While our target of achieving R2,5bn of benefits remains in place, conscious decisions to reconsider the timing of the implementation of some initiatives that are linked to revenue uplift and a delay in some cost initiatives mean that we will likely end 2023 slightly short of this target but will meet it during 2024. Towards the end of 2022 we expanded the scope of TOM 2.0 to also optimise our operating model across the group in areas such as risk management, data and payments, commercialising and enhancing delivery on our purpose as well as additional benefits from process optimisation.
  - **Branch optimisation**: The digitisation of services in RBB and changing client behaviours have enabled us to reduce branch teller volumes by 71% since 2019. To date, as we optimise the shape of our infrastructure through Project Imagine (our new digitally focused outlets), branch floor space has decreased by 11 000 m^2 in H1 2023 (cumulatively by 95 000 m^2 from 2014 levels) to 153 000 m^2.
  - **Corporate real estate optimisation**: Through our strategy of consolidating and standardising our own buildings, the number of campus sites (offices) has decreased from 31 to 24 over the past four years. Since 2016 we have saved more than 163 000 m^2 in floor space, including around 20 000 m^2 in H1 2023. Over the next few years we will continue to optimise the portfolio by enhancing workstation use through flexible office constructs to support more dynamic ways of work, as well as leveraging successful work-from-home experiences where appropriate.
  - **RBB reorganisation**: In 2020 we started the implementation of Project Phoenix, which was aimed at shifting our RBB organisational structure from being 'product-led, supported by client and channel views' to being 'client-segment-led, supported by product and channel views'. To date we moved from product-focused expert knowledge to centres of excellence with product insights present across the value chain, restructured the cluster and divisional executive roles and the next tiers in line with the competencies required to deliver on the outcomes of the value chain accountabilities, and made progress on driving increased levels of process standardisation and consolidation, combined with digitisation through automation (straight-through processing or robotic process automation). These investments have assisted us in consolidating middle and back offices within the cluster, unlocking efficiencies.
  - **Groupwide shared-services optimisation**: We have increased our focus on ensuring efficient and effective central group functions including marketing, risk, human resources, finance and technology. Savings in technology include efficiencies in network costs, reduction of printing costs, implementation of agile methodologies and new ways of working with overall reductions in headcount, rigorous licence and service vendor management and the implementation of our cloud migration plans, with reductions in on-premise costs. In addition, we are in the process of further optimising smarter supply chain and procurement capabilities. At the end of June 2023 our total group permanent headcount declined by 443 or 2% yoy (and 3 313 or 11% since 2019), largely through natural attrition.
- **Creating positive impacts**
  - Fulfilling our purpose of using our financial expertise to do good is best demonstrated through our ongoing delivery against the UN Sustainable Development Goals (SDGs), our continued focus on leading in ESG matters, and our sustainable-development finance (SDF) commitments as we tilt our portfolio to areas that create positive impacts. In H1 2023 we made new SDF-related payouts of around R10bn and at 30 June 2023 had exposures of R134bn (December 2022: R123bn) that support SDF, representing 15% of the group's gross loans and advances. R11bn of financing in support of SDG 11 that relates to the financing of green buildings has not yet been included as we assess its eligibility. By the end of 2025, it is our ambition to have increased our SDF exposures to around 20% of the group's total gross loans and advances, achieved by support for more than R150bn in new SDF that is aligned with the SDGs (from our starting base in 2021).
  - Building on our history of climate and environmental leadership, including the commitment to have zero fossil fuel exposure by 2045 (which is in line with science-based targets), we are in the process of developing key sectoral glidepaths that will inform the timelines or rate of exit from the coal, oil and gas sectors in line with the ongoing changing context. We will be utilising these glidepaths internally during 2023 with public disclosure as part of our 2023 year-end reporting as well as the roll-out plan for disclosing further glidepaths in climate-sensitive sectors.
  - We retained our top-tier ESG ratings with the following scores and rankings: MSCI – AAA (upgraded from AA and now within the top 5% of global banks); Sustainalytics – low-risk score of 17,4 (top 9% of 380 diversified banks); ISS – C rating (within the top 10% of global banks); FTSE Russell – 3,9 rating out of five (top 26% of global banks and a FTSE4Good Index constituent); and S&P Global – score of 67 out of 100 (a top-tier South African bank).

- Our efforts in sustainability and ESG matters were externally recognised, including through our winning the Best Corporate Sustainability Strategy South Africa Award at the prestigious Global Banking & Finance Awards 2023, the Sustainability-linked Loan of the Year (Africa) Award at the Environmental Finance Awards 2023, and the Sustainable Bank of the Year Award at the African Banker Awards 2023.

Overview of H1 2023 results

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

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

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

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

Cluster financial performance

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

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

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

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

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

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

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

Financial performance

Net interest income

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

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

Impairments charge on loans and advances

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

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

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

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

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

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

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

Non-interest revenue and income

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

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

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

Expenses

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

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

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

Earnings from associates

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

Statement of financial position

Banking loans and advances

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

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

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

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

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

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

Deposits

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

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

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

Funding and liquidity

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

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

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

[2] *Average for the quarter.*

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

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

Capital

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

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

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

Note: Ratios include unappropriated profits.

Using our financial expertise to do good

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

Employees

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

- Nedbank was recognised by the Youth Employment Service (YES) Office for being the second leading participator in the programme and committed to contribute R2,4m to Nedbank for future skills training and other initiatives. The majority of the funds will be used to technically upskill YES youth to enter and make meaningful contributions in the green economy.
- Nedbank won the LinkedIn Talent Insights Pioneer (South Africa) award in recognition of teams around the world who are innovating and leading the future of work. The performance, results and impact of Nedbank's utilisation of LinkedIn Talent Solutions was the highest in Africa.

Clients

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

Shareholders

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

Regulators

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

Key regulatory developments in H1 2023 included the following:

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

Society

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

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

- **Quality education (SDG 4)**: We provided R139m of combined financing towards student loans and student accommodation in H1 2023, supporting 644 student loans (over 7 000 since 2015) and for 883 student beds (around 43 000 since 2015). Our Karri app, an integrated message-based payment, collection, and reconciliation solution for solving a niche problem experienced by schools, is used by over 1 100 schools, with a database of parents and children in excess of 1,6 million. In H1 2023 active monthly users were up by 27%, payment value was up by 60% and the number of payments was up by 36% yoy.
- **Clean water and sanitation (SDG 6)**: We provided R192m (H1 2022: R227m) in financing towards clean-water provision relating to public sector reticulation and sanitation projects, the agricultural sector and commercial and industrial businesses. Nedbank was successfully awarded the three mandates by Rand Water for primary banking, debt sponsor, and a multibank general banking facility. In our own operations we have been a net-zero operational water user since 2018 through our support of the WWF-SA Water Balance Programme, which removes invasive alien trees in key water-scarce areas.
- **Affordable and clean energy (SDG 7)**: On the back of our leadership position in the first four rounds of the SA Renewable Energy Independent Power Producers Procurement Programme (REIPPPP), where we supported 3,5 GW of renewable energy, we are the lead arranger on four projects in the emergency round Risk Mitigation IPPPP, four projects in round 5 of the REIPPPP and two projects in round 6 of the REIPPPP (expected to close from H2 2023). Our participation in these three additional rounds will contribute a further 1,15 GW of renewable energy to the national grid. Our pipeline in private power generation (CIB) increased to 1,9 GW (from approximately 1 GW at 31 December 2022) and we anticipate clients to start to draw down on some of their facilities in H2 2023 and into 2024. The number of solar PV solutions financed in RBB increased by more than 300% half on half off a low base (H1 2023: 237 units). At 30 June 2023 the group's total renewable-energy exposures across REIPPPP and private power generation in CIB, RBB and NAR was around R28bn. In our own operations, to supplement our own solar-photovoltaic-produced electricity towards greener and self-generated renewable energy, we commenced wheeling green power from IPPs to reduce our own carbon emissions and we aim to increase this from around 1% in 2022 to more than 30% of energy consumption by the end of 2025.
- **Decent work and economic growth (SDG 8):** We increased our support for small businesses and their owners, evident in loan exposures of R21bn, and provided banking solutions to more than 300 000 small-and-medium-enterprise (SME) clients. In H1 2023 we welcomed our fourth intake of morethan 2 800 Youth Employment Service (YES) participants as we continue to make an impact on South African youth and their families and communities. With this intake included, close to 10 000 previously unemployed youth have been provided the opportunity of employment through participating in Nedbank's YES programme, and to date 1 140 of them have been permanently employed (within Nedbank and our YES programme partners) after having participated in the programme.
- **Industry, innovation and infrastructure (SDG 9):** In H1 2023 Nedbank partnered with New GX to incorporate Green Climate Ventures, a vehicle focused on digital infrastructure, energy, water and related sectors, to help create a more sustainable South Africa.
- **Reduced inequalities (SDG 10):** We maintained our level 1 BBBEE status and were acknowledged at the 22nd Top Empowerment Awards by being awarded the Legends of Empowerment Award. To support the cash flow needs of small businesses, we ensured, as part of our commitment to the #PayIn30 Campaign, that 93% of SMEs were paid within 30 days of our receiving their invoices.
- **Sustainable cities and communities (SDG 11):** The value of affordable home loans paid out for lower-income households was R1,6bn, equating to over 2 600 homes in H1 2023. We also provided finance of R706m towards the development of 1 336 affordable-housing units. We provided R25bn worth of funding to date for the construction of buildings that conform to green building standards and of buildings with green aspects.
- **CEO's pledge:** In July 2023 CEOs from 115 of SA's leading corporations, including Nedbank, signed a pledge underpinning their collective belief in South Africa and their determination to assist in realising its potential. Business is committed to working with government to play its part in helping to address the economic challenges facing South Africa, with the aim of achieving higher levels of sustainable and inclusive economic growth.

The impact of higher levels of load-shedding

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

Nedbank's own operations

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

Impact on our clients

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

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

Economic outlook

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

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

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

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

Share repurchase programme and odd-lot offer

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

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

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

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

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

Prospects

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

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

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

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

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

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

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

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

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

Board and leadership changes during the period

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

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

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

Forward-looking statements

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

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

Interim dividend declaration

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

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

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

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

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

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

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

For and on behalf of the board

Daniel Mminele
Chairperson

Mike Brown
Chief Executive

8 August 2023

Directors

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

** Lead Independent Director ** Executive*

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 2023 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 2023, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows for the six months ended 30 June 2023 as well as selected explanatory notes, which are indicated with the symbol #.

These 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). These condensed consolidated interim financial statements have been prepared in accordance with IFRS IAS 34: Interim Financial Reporting, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the financial pronouncements issued by the Financial Reporting Standards Council, and the provisions of the Companies Act, 71 of 2008, as required in terms of the JSE Listings Requirements. The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and consistent with those used for the previous annual financial statements, except for changes arising from the adoption of IFRS 17, as set out in the notes to the condensed consolidated interim financial statements.

Events after the reporting period#

The directors are not aware of any material events that have occurred between the reporting date and 7 August 2023, which is the date of approval of the condensed consolidated interim financial results.

Financial highlights

at

		yoy % change	30 June 2023 (unaudited)	30 June 2022 (restated)[1] (unaudited)	31 December 2022 (restated)[1] (unaudited)
Statistics					
Number of shares listed	m	(4)	**491,3**	511,5	511,5
Number of shares in issue, excluding shares held by group entities	m	(5)	**465,0**	487,3	487,3
Weighted-average number of shares	m	(1)	**480,5**	486,5	486,9
Diluted weighted-average number of shares	m	(1)	**496,0**	499,2	500,7
Headline earnings[1]	Rm	10	**7 329**	6 665	14 061
Profit attributable to ordinary shareholders[1]	Rm	7	**7 321**	6 871	14 287
Total comprehensive income[1]	Rm	48	**9 585**	6 476	13 354
Preprovisioning operating profit[1]	Rm	22	**14 896**	12 231	25 753
Economic profit[1]	Rm	98	**(10)**	(401)	(222)
Headline earnings per share[1]	cents	11	**1 525**	1 370	2 888
Diluted headline earnings per share[1]	cents	11	**1 477**	1 335	2 809
Basic earnings per share[1]	cents	8	**1 524**	1 412	2 934
Diluted basic earnings per share[1]	cents	7	**1 476**	1 377	2 854
Ordinary dividends declared per share	cents	11	**871**	783	1 649
Interim	cents	11	**871**	783	783
Final	cents				866
Ordinary dividends paid per share	cents		**866**	758	1 541
Dividend cover	times		**1,75**	1,75	1,75
Total assets administered by the group[1]	Rm	7	**1 747 820**	1 638 669	1 645 968
Total assets[1]	Rm	4	**1 306 747**	1 253 203	1 252 904
Assets under management	Rm	14	**441 073**	385 466	393 064
Life insurance embedded value	Rm	33	**4 745**	3 575	4 461
Life insurance value of new business	Rm	63	**238**	146	595
Net asset value per share	cents	8	**22 548**	20 964	21 533
Tangible net asset value per share	cents	9	**19 880**	18 312	18 937
Closing share price	cents	10	**22 858**	20 726	21 258
Price/earnings ratio	historical		**7,4**	7,5	7,4
Price-to-book ratio	historical		**1,0**	1,0	1,0
Market capitalisation	Rbn	6	**112,3**	106,0	108,7
Number of employees (permanent)		(2)	**25 900**	26 343	25 924
Number of employees (permanent and temporary)		(1)	**26 464**	26 791	26 480

		yoy % change	30 June 2023 (unaudited)	30 June 2022 (restated)[1] (unaudited)	31 December 2022 (restated)[1] (unaudited)
Key ratios (%)					
ROE[1]			**14,2**	13,6	14,1
Return on tangible equity			**16,2**	15,7	16,2
ROA			**1,14**	1,11	1,14
Return on average RWA			**2,20**	2,08	2,18
NII to average interest-earning banking assets			**4,18**	3,85	3,93
NIR to total income[1]			**39,8**	42,1	41,9
NIR to total operating expenses[1]			**73,5**	73,9	74,1
CLR – banking advances			**1,21**	0,85	0,89
Cost-to-income ratio[1]			**52,9**	56,1	55,8
Total income growth rate less expense growth rate (JAWS ratio)[1]			**6,5**	4,7	3,8
Effective taxation rate			**21,7**	23,2	22,1
Group capital adequacy ratios (including unappropriated profits):					
– CET 1			**13,3**	13,5	14,0
– Tier 1			**14,9**	15,1	15,5
– Total			**17,1**	17,7	18,1

[1] *Refer to note 1: Restatements.*

Unaudited condensed consolidated financial statements for the period ended 30 June 2023

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 2023 (unaudited) Rm	30 June 2022 (restated)[1] (unaudited) Rm	31 December 2022 (restated)[1] (audited) Rm
Interest and similar income	56	55 876	35 726	82 104
Interest expense and similar charges	92	35 582	18 522	45 827
Interest expense related to all activities[1]		36 318	19 474	47 731
Less interest expense related to fair-value activities[1]		(736)	(952)	(1 904)
Net interest income	18	20 294	17 204	36 277
Non-interest revenue and income[1]	7	13 397	12 528	26 171
Net commission and fees income[1]		9 245	8 851	18 488
Commission and fees revenue[1]		12 218	10 929	24 197
Commission and fees expense[1]		(2 973)	(2 078)	(5 709)
Net insurance income[1]		842	810	1 715
Fair-value adjustments		239	(55)	187
Trading income		2 084	2 047	4 166
Equity revaluation gains		278	506	815
Investment income		69	74	96
Net sundry income[1]		640	295	704
Share of gains of associate companies	53	782	510	879
Total income[1]	14	34 473	30 242	63 327
Impairments charge on financial instruments	57	5 313	3 390	7 381
Net income[1]	9	29 160	26 852	55 946
Total operating expenses[1]	7	18 229	16 958	35 329
Indirect taxation[1]	9	566	518	1 102
Impairments charge on non-financial instruments and other (gains)/losses	>100	10	(218)	(245)
Profit before direct taxation[1]	8	10 355	9 594	19 760
Direct taxation[1]	3	2 252	2 188	4 330

	yoy % change	30 June 2023 (unaudited) Rm	30 June 2022 (restated)[1] (unaudited) Rm	31 December 2022 (restated)[1] (audited) Rm
Profit for the period[1]	9	8 103	7 406	15 430
Other comprehensive income/(losses) (OCI) net of taxation	>100	1 482	(930)	(2 076)
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations		1 424	(402)	(2)
Share of OCI of investments accounted for using the equity method		(231)	(261)	(1 821)
Debt investments at fair value through OCI (FVOCI) – net change in fair value		130	(30)	146
Cash flow hedge losses		(125)		
Items that may not subsequently be reclassified to profit or loss				
Property revaluations		60	(15)	(106)
Remeasurements on long-term employee benefit assets		220	(191)	(245)
Share of OCI of investments accounted for using the equity method		25	21	(1)
Equity instruments at FVOCI – net change in fair value		(21)	(52)	(47)
Total comprehensive income for the period[1]	48	9 585	6 476	13 354
Profit attributable to:				
– Ordinary shareholders[1]	7	7 321	6 871	14 287
– Holders of participating preference shares	9	60	55	106
– Holders of additional tier 1 capital instruments	47	580	394	873
– Non-controlling interest – ordinary shareholders	65	142	86	164
Profit for the period[1]	9	8 103	7 406	15 430
Total comprehensive income attributable to:				
– Ordinary shareholders[1]	49	8 866	5 956	12 239
– Holders of participating preference shares	9	60	55	106
– Holders of additional tier 1 capital instruments	47	580	394	873
– Non-controlling interest – ordinary shareholders	11	79	71	136
Total comprehensive income for the period[1]	48	9 585	6 476	13 354
Basic earnings per share (cents)[1]	8	1 524	1 412	2 934
Diluted earnings per share (cents)[1]	7	1 476	1 377	2 854

[1] *Refer to note 1: Restatements.*

Condensed consolidated statement of financial position

at

	yoy % change	30 June 2023 (unaudited) Rm	30 June 2022 (restated)[1] (unaudited) Rm	31 December 2022 (restated)[1] (audited) Rm
Assets				
Cash and cash equivalents	1	**44 640**	44 394	45 618
Other short-term securities	12	**82 995**	74 400	70 661
Derivative financial instruments	(66)	**14 952**	44 183	9 101
Government and other securities	9	**152 128**	139 521	160 495
Loans and advances	7	**913 300**	856 814	882 165
Other assets[1]	11	**39 784**	35 736	27 827
Current taxation assets	>100	**542**	253	147
Insurance contract assets[1]	24	**241**	194	156
Investment securities	4	**26 232**	25 177	25 465
Non-current assets held for sale	(30)	**206**	294	244
Investments in associate companies and joint arrangements	(16)	**3 016**	3 606	2 496
Deferred taxation assets[1]	4	**592**	569	683
Investment property	>100	**217**	31	26
Property and equipment	(1)	**10 863**	10 962	11 064
Long-term employee benefit assets[1]	12	**4 631**	4 146	4 107
Intangible assets	(4)	**12 408**	12 923	12 649
Total assets	4	**1 306 747**	1 253 203	1 252 904
Equity and liabilities				
Ordinary share capital	(5)	**465**	487	487
Ordinary share premium	(25)	**14 441**	19 220	19 208
Reserves[1]	9	**89 944**	82 487	85 281
Total equity attributable to ordinary shareholders	3	**104 850**	102 194	104 976
Holders of participating preference shares	9	**60**	55	51
Holders of additional tier 1 capital instruments	9	**11 219**	10 319	10 219
Non-controlling interest attributable to ordinary shareholders	17	**742**	634	698
Total equity	3	**116 871**	113 202	115 944
Derivative financial instruments	(65)	**14 749**	42 204	9 738
Amounts owed to depositors[1]	8	**1 086 241**	1 005 173	1 039 622
Provisions and other liabilities[1]		**19 962**	19 903	16 722
Current taxation liabilities	>100	**259**	109	322
Deferred taxation liabilities[1]	17	**535**	459	533
Long-term employee benefit liabilities[1]	(93)	**10**	141	6
Investment contract liabilities[1]	(2)	**16 885**	17 252	16 832
Insurance contract liabilities[1]	(14)	**1 365**	1 594	1 282
Long-term debt instruments	(6)	**49 870**	53 166	51 903
Total liabilities	4	**1 189 876**	1 140 001	1 136 960
Total equity and liabilities	4	**1 306 747**	1 253 203	1 252 904

[1] *Refer to note 1: Restatements.*

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

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

[1] *Refer to note 1: Restatements.*

Condensed consolidated statement of cash flows

for the period ended

	30 June 2023 (unaudited) Rm	30 June 2022 (restated)[1] (unaudited) Rm	31 December 2022 (restated)[1] (audited) Rm
Profit before direct taxation[1]	**10 355**	9 594	19 760
Adjusted for[1]:	**(14 210)**	(12 076)	(22 724)
Non-cash items and indirect taxation[1]	**6 174**	5 295	13 774
Dividends received	**(90)**	(167)	(221)
Interest and similar income	**(55 876)**	(35 726)	(82 104)
Interest expense and similar charges	**35 582**	18 522	45 827
Interest received	**54 899**	35 240	80 149
Interest paid	**(35 078)**	(18 559)	(41 565)
Dividends received on investments	**90**	167	221
Change in funds for operating activities[1]	**(1 967)**	(1 612)	(12 027)
Increase in operating assets[1]	**(59 215)**	(42 347)	(44 806)
Increase in operating liabilities[1]	**57 248**	40 735	32 779
Net cash from operating activities before taxation[1]	**14 089**	12 754	23 814
Taxation paid[1]	**(3 163)**	(2 476)	(4 960)
Cash flows from operating activities	**10 926**	10 278	18 854
Cash flows used by investing activities	**(871)**	(1 524)	(2 626)
Acquisition of property and equipment, computer software and development costs and investment property	**(1 085)**	(1 386)	(3 176)
Disposal of property and equipment, computer software and development costs and investment property	**59**	12	91
Disposal of investment banking assets		3	
Disposal of subsidiary companies		313	339
Acquisition of investment securities	**(1 124)**	(1 108)	(2 643)
Disposal of investment securities	**1 279**	642	2 763
Cash flows used by financing activities	**(11 480)**	(8 799)	(15 237)
Share buy back	**(4 929)**		
Issue of additional tier 1 capital instruments	**1 000**	1 000	1 500
Redemption of additional tier 1 capital instruments			(600)
Issue of long-term debt instruments	**2 768**		1 424
Redemption of long-term debt instruments	**(4 863)**	(4 991)	(7 811)
Capital repayments of lease liabilities	**(438)**	(487)	(937)
Dividends paid to ordinary shareholders	**(4 387)**	(3 868)	(7 826)
Preference share dividends paid	**(51)**	(59)	(114)
Additional tier 1 capital instruments interest paid	**(580)**	(394)	(873)
Effects of exchange rate changes on opening cash and cash equivalents	**447**	(147)	41
Net (decrease)/increase in cash and cash equivalents	**(978)**	(192)	1 032
Cash and cash equivalents at the beginning of the year	**45 618**	44 586	44 586
Cash and cash equivalents at the end of the year	**44 640**	44 394	45 618

[1] *Refer to note 1: Restatements.*
The impact of these restatements is an increase in the previously disclosed 'Profit before direct taxation' (June 2022: R3m; December 2022: R16m), a decrease in the previously disclosed 'Non-cash items and indirect taxation' (June 2022: R26m; December 2022: R50m), a restatement of the previously disclosed 'Increase in operating assets' (June 2022: R1 038m increase; December 2022: R3m decrease), a restatement of the previously disclosed 'Increase in operating liabilities' (June 2022: R1 036m increase; December 2022: R15m decrease) and a decrease in the previously disclosed 'Taxation paid' (June 2022: R25m; December 2022: R46m). These restatements did not have an impact on total cash flows from operating activities, cash flows utilised by investing activities or cash flows utilised by financing activities.

Notes to the unaudited condensed consolidated interim financial results

for the six months ended 30 June 2023#

1 Restatements

A1 Restatement of the condensed consolidated statement of comprehensive income

Restatement of interest expense and similar charges

As disclosed at 31 December 2022 the group reviewed its presentation of the SOCI during 2022. As a result of the review, the presentation of interest expense and similar charges was changed to include a breakdown of total finance cost on the face of the SOCI. The changes in the presentation of the Nedbank SOCI were made as a result of a prior omission in applying IAS 1.82(b), which requires the total finance cost to be presented on the face of the SOCI. As a result, the comparative information for 30 June 2022 has been restated. The restatement has no impact on any subtotals and totals presented in the prior year.

Restatement of card-processing-related expenses

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

Restatement of net monetary loss

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

A2 Restatement of the condensed consolidated statement of financial position

Cash management deposit sweep

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

Restatement of long-term employee benefits

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

A3 Change in accounting policies – IFRS 17: Insurance Contracts

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

Transitional approach and initial impact

The group has elected to apply IFRS 17 retrospectively, using the full retrospective approach up to 2016. For contracts entered into prior to 2016, the fair-value transition approach was applied due to it being impracticable to apply the full retrospective approach. In terms of the full retrospective approach, comparative balances under the previously effective accounting requirements of IFRS 4 have been restated. Corresponding transitional adjustments have been made through opening retained earnings.

On adoption of IFRS 17, the group has recognised insurance contract assets on the statement of financial position. Certain balances in 'Provisions and other liabilities' and 'Insurance contract liabilities' relating to investment contracts have been disclosed in the 'Investment contract liabilities' line item.

Significant accounting policies

Aggregation of insurance and reinsurance contracts

Insurance and reinsurance contracts have been aggregated into contracts measured under the general measurement model (GMM) and contracts measured under the premium allocation approach (PAA).

Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. For insurance acquisition cash flows measured under PAA, where the cash flow is incurred for a period of 12 months or fewer, the insurance acquisition cash flow is expensed upfront.

1 Restatements (continued)

A3 Change in accounting policies – IFRS 17: Insurance Contracts (continued)

Measurement – contracts measured under the GMM

Insurance contracts

Insurance contracts are initially measured as the total of:

a. the fulfilment cash flows, which comprise the estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and

b. the contractual service margin (CSM).

These insurance contracts are subsequently measured as the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC comprises:

a. the fulfilment cash flows that relate to services that will be provided under the contracts in future periods; and

b. any remaining CSM at that date.

The LIC includes fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

Reinsurance contracts

To measure a group of reinsurance contracts, the group applies the same accounting policies that are applied to insurance contracts.

On transition, the carrying amount of these insurance and reinsurance contracts were measured as if IFRS 17 had been applied since the date of initial recognition, except for contracts that are measured using the fair-value approach.

Measurement – contracts measured under the PAA

The group uses the PAA when the criteria per IFRS 17 are met.

Insurance contracts

On initial recognition, the carrying amount of the LRC is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the contracts at that date.

Subsequently, the carrying amount of the LRC is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses (where not expensed upfront) and decreased by the amount recognised as insurance revenue for services provided.

Reinsurance contracts

To measure a group of reinsurance contracts, the group applies the same accounting policies that are applied to insurance contracts.

On transition, the carrying amount of these insurance and reinsurance contracts were measured as if IFRS 17 had been applied since the date of initial recognition.

Transitional impact

The group recognised insurance contract assets of R209m (including reinsurance assets of R208m) and insurance contract liabilities of R968m (including reinsurance liabilities of R3m), as well as accompanying deferred tax assets and deferred tax liabilities of R2m and R28m respectively. The equity impact (net of tax) was R36m.

A3.1 Impact on the condensed consolidated statement of financial position at 1 January 2022

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

A3.2 Impact on the condensed consolidated statement of financial position at 30 June 2022

	Balance at 30 June 2022 (unaudited) Rm	IFRS 17 transitional adjustments (unaudited) Rm	Adjusted balance at 30 June 2022 (unaudited) Rm
Other assets[1]	36 011	(275)	35 736
Insurance contract assets		194	194
Deferred taxation assets	566	3	569
Impact on total assets	**36 577**	**(78)**	**36 499**
Reserves[2]	82 449	38	82 487
Impact on total equity	**82 449**	**38**	**82 487**
Provisions and other liabilities	21 106	(1 203)	19 903
Deferred taxation liabilities	428	31	459
Investment contract liabilities	17 005	247	17 252
Insurance contract liabilities	785	809	1 594
Impact on total liabilities	**39 324**	**(116)**	**39 208**
Impact on total equity and liabilities	**121 773**	**(78)**	**121 695**

[1] *Refer to A2: Restatement of the condensed consolidated statement of financial position.*
[2] *The IFRS 17 transitional adjustment on reserves consists of an adjustment to the opening balance of R36m (refer to A3.1) and an adjustment to profit for the year of R2m.*

A3.3 Impact on the condensed consolidated statement of financial position at 31 December 2022

	Balance at 31 December 2022 (audited) Rm	IFRS 17 transitional adjustments (unaudited) Rm	Adjusted balance at 31 December 2022 (unaudited) Rm
Other assets	28 052	(225)	27 827
Insurance contract assets		156	156
Deferred taxation assets	681	2	683
Impact on total assets	**28 733**	**(67)**	**28 666**
Reserves[1]	85 233	48	85 281
Impact on total equity	**85 233**	**48**	**85 281**
Provisions and other liabilities	17 752	(1 030)	16 722
Deferred taxation liabilities	499	34	533
Investment contract liabilities	16 609	223	16 832
Insurance contract liabilities	624	658	1 282
Impact on total liabilities	**35 484**	**(115)**	**35 369**
Impact on total equity and liabilities	**120 717**	**(67)**	**120 650**

[1] *The IFRS 17 transitional adjustment on reserves consists of an adjustment to the opening balance of R36m (refer to A3.1) and an adjustment to profit for the year of R12m.*

A3.4 Impact on the condensed consolidated statement of comprehensive income

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

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

[1] *Refer to A1: Restatement of the condensed consolidated statement of comprehensive income.*

2 Revenue

for the year ended

	30 June 2023 (unaudited) Rm	30 June 2022 (restated)[1] (unaudited) Rm	31 December 2022 (restated)[1] (audited) Rm
Interest and similar income	**55 876**	35 726	82 104
Listed corporate bonds	**1 120**	712	1 634
Home loans (including properties in possession)	**9 857**	6 410	14 711
Commercial mortgages	**9 882**	6 744	15 210
Instalment debtors	**9 064**	6 643	14 581
Credit cards	**1 317**	1 065	2 267
Overdrafts	**1 419**	933	2 156
Term and other loans	**15 093**	6 303	17 042
Personal loans	**2 885**	2 788	5 684
Government and other securities	**3 824**	3 551	7 338
Short-term funds and securities	**1 415**	577	1 481
Interest expense and similar charges	**35 582**	18 522	45 827
Interest expense on amortised cost instruments	**36 318**	19 474	47 731
Deposit and loan accounts	**21 798**	11 227	27 940
Current and savings accounts	**1 133**	338	1 045
Negotiable certificates of deposit	**5 168**	2 525	6 677
Other interest-bearing liabilities	**5 813**	3 434	7 951
Long-term debt instruments	**2 406**	1 950	4 118
Interest expense related to fair-value activities	**(736)**	(952)	(1 904)
Net interest income	**20 294**	17 204	36 277
Non-interest revenue and income[1]	**13 397**	12 528	26 171
Net commission and fee income[1]	**9 245**	8 851	18 488
Net insurance income[1]	**842**	810	1 715
Fair-value adjustments	**239**	(55)	187
Trading income	**2 084**	2 047	4 166
Equity revaluation gains	**278**	506	815
Investment income	**69**	74	96
Sundry income[1]	**640**	295	704
Revenue[1]	**33 691**	29 732	62 448

[1] *Refer to note 1: Restatements.*

3 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 2023 (unaudited)	30 Jun 2022 (restated)[2] (unaudited)	31 Dec 2022 (restated)[2] (audited)	30 Jun 2023 (unaudited)	30 Jun 2022 (unaudited)	31 Dec 2022 (audited)	30 Jun 2023 (unaudited)	30 Jun 2022 (restated)[2] (unaudited)	31 Dec 2022 (audited)	30 Jun 2023 (unaudited)	30 Jun 2022 (restated)[2] (unaudited)	31 Dec 2022 (restated)[2] (audited)	30 Jun 2023 (unaudited)	30 Jun 2022 (restated)[2] (unaudited)	31 Dec 2022 (restated)[2] (audited)	30 Jun 2023 (unaudited)	30 Jun 2022 (restated)[2] (unaudited)	31 Dec 2022 (audited)
Assets																		
Cash and cash equivalents	**44 640**	44 394	45 618	**338**	5 171	814	**4 243**	6 505	5 629	**1 761**	2 897	1 723	**8 590**	6 301	7 048	**29 708**	23 520	30 404
Other short-term securities	**82 995**	74 400	70 661	**49 401**	45 034	38 245				**29 596**	25 224	28 511	**4 949**	4 838	4 787	**(951)**	(696)	(882)
Derivative financial instruments	**14 952**	44 183	9 101	**14 918**	44 136	9 019				**4**	17	39	**14**	16	23	**16**	14	20
Government and other securities	**152 128**	139 521	160 495	**72 352**	59 125	79 524				**209**	253	255	**2 359**	1 843	2 095	**77 208**	78 300	78 621
Loans and advances	**913 300**	856 814	882 165	**440 839**	413 435	424 642	**421 098**	394 317	408 430	**32 308**	29 892	29 025	**20 912**	21 233	21 714	**(1 857)**	(2 063)	(1 646)
Other assets[2]	**98 732**	93 891	84 864	**43 423**	38 771	31 983	**9 426**	8 880	9 281	**21 829**	21 779	21 018	**3 950**	4 567	3 438	**20 104**	19 894	19 144
Intergroup assets	**–**	–	–				**28 619**	9 085	17 669				**3 497**	2 873	3 748	**(32 116)**	(11 958)	(21 417)
Total assets	**1 306 747**	1 253 203	1 252 904	**621 271**	605 672	584 227	**463 386**	418 787	441 009	**85 707**	80 062	80 571	**44 271**	41 671	42 853	**92 112**	107 011	104 244
Equity and liabilities																		
Total equity[2]	**116 871**	113 202	115 944	**36 186**	36 232	36 249	**34 153**	31 256	31 843	**4 542**	4 526	4 418	**7 814**	7 250	7 023	**34 176**	33 938	36 411
Derivative financial instruments	**14 749**	42 204	9 738	**14 725**	42 183	9 708				**1**	5	16	**23**	16	14			
Amounts owed to depositors[2]	**1 086 241**	1 005 173	1 039 622	**458 181**	431 636	441 886	**422 026**	380 154	402 114	**50 875**	43 962	46 191	**34 855**	33 002	34 327	**120 304**	116 419	115 104
Provisions and other liabilities[2]	**39 016**	39 458	35 697	**5 159**	7 398	2 803	**5 965**	5 834	5 811	**20 513**	21 086	19 719	**1 151**	976	1 061	**6 228**	4 164	6 303
Long-term debt instruments	**49 870**	53 166	51 903				**1 242**	1 543	1 241				**428**	427	428	**48 200**	51 196	50 234
Intergroup liabilities	**–**	–	–	**107 020**	88 223	93 581				**9 776**	10 483	10 227				**(116 796)**	(98 706)	(103 808)
Total equity and liabilities	**1 306 747**	1 253 203	1 252 904	**621 271**	605 672	584 227	**463 386**	418 787	441 009	**85 707**	80 062	80 571	**44 271**	41 671	42 853	**92 112**	107 011	104 244

[1] *Centre includes consolidation and other adjustments.*
[2] *Refer to note 1: Restatements.*

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 2023 (unaudited)	30 Jun 2022 (restated)[2] (unaudited)	31 Dec 2022 (restated)[2,4] (audited)	30 Jun 2023 (unaudited)	30 Jun 2022 (unaudited)	31 Dec 2022 (audited)	30 Jun 2023 (unaudited)	30 Jun 2022 (restated)[2] (unaudited)	31 Dec 2022 (restated)[2] (audited)	30 Jun 2023 (unaudited)	30 Jun 2022 (restated)[2] (unaudited)	31 Dec 2022 (restated)[2] (audited)	30 Jun 2023 (unaudited)	30 Jun 2022 (restated)[2] (unaudited)	31 Dec 2022 (restated)[2] (audited)	30 Jun 2023 (unaudited)	30 Jun 2022 (unaudited)	31 Dec 2022 (restated)[2] (audited)
Net interest income	**20 294**	17 204	36 277	**4 593**	4 286	8 755	**12 838**	11 047	23 203	**857**	510	1 233	**1 084**	774	1 720	**922**	587	1 366
Non-interest revenue and income[2]	**13 397**	12 528	26 171	**3 994**	3 907	8 241	**6 883**	6 449	13 372	**1 556**	1 447	3 047	**1 029**	793	1 581	**(65)**	(68)	(70)
Net commission and fees revenue[2]	**9 245**	8 851	18 488	**1 426**	1 326	3 057	**6 432**	6 029	12 478	**1 014**	1 055	2 058	**420**	474	968	**(47)**	(33)	(73)
Net trading income	**2 010**	2 047	4 166	**1 955**	1 926	3 898		68	148				**59**	53	120	**(4)**		
Other income[2]	**2 142**	1 630	3 517	**613**	655	1 286	**451**	352	746	**542**	392	989	**550**	266	493	**(14)**	(35)	3
Share of gains of associate companies	**782**	510	879	**33**	40	100							**749**	470	779			
Total income[2]	**34 473**	30 242	63 327	**8 620**	8 233	17 096	**19 721**	17 496	36 575	**2 413**	1 957	4 280	**2 862**	2 037	4 080	**857**	519	1 296
Impairments charge on financial instruments	**5 313**	3 390	7 381	**321**	349	805	**4 843**	3 033	6 613	**5**	(56)	(63)	**136**	113	220	**8**	(49)	(194)
Net income[2]	**29 160**	26 852	55 946	**8 299**	7 884	16 291	**14 878**	14 463	29 962	**2 408**	2 013	4 343	**2 726**	1 924	3 860	**849**	568	1 490
Total operating expenses[2]	**18 229**	16 958	35 329	**3 885**	3 567	7 628	**11 503**	10 843	22 138	**1 547**	1 379	2 838	**1 367**	1 273	2 743	**(73)**	(104)	(18)
Staff costs[2]	**10 144**	9 362	19 569	**1 802**	1 653	3 585	**4 210**	4 002	8 287	**793**	671	1 434	**620**	601	1 206	**2 719**	2 435	5 057
Other operating expenses[2]	**8 085**	7 596	15 760	**2 083**	1 914	4 043	**7 293**	6 841	13 851	**754**	708	1 404	**747**	672	1 537	**(2 792)**	(2 539)	(5 075)
Indirect taxation[2]	**566**	518	1 102	**122**	102	215	**329**	283	587	**42**	30	59	**46**	36	75	**27**	67	166
Profit before direct taxation[2,3]	**10 365**	9 376	19 515	**4 292**	4 215	8 448	**3 046**	3 337	7 237	**819**	604	1 446	**1 313**	615	1 042	**895**	605	1 342
Direct taxation[2]	**2 254**	2 176	4 311	**1 020**	1 007	2 049	**825**	935	2 034	**141**	124	306	**39**	(45)	(95)	**229**	155	17
Profit after direct taxation[2,3]	**8 111**	7 200	15 204	**3 272**	3 208	6 399	**2 221**	2 402	5 203	**678**	480	1 140	**1 274**	660	1 137	**666**	450	1 325
Profit attributable to non-controlling interest:																		
– Ordinary shareholders[2]	**142**	86	164	**(1)**									**142**	85	160	**1**	1	4
– Preference shareholders	**60**	55	106				**60**	55	106									
– Additional tier 1 capital instrument noteholders	**580**	394	873													**580**	394	873
Headline earnings[2]	**7 329**	6 665	14 061	**3 273**	3 208	6 399	**2 161**	2 347	5 097	**678**	480	1 140	**1 132**	575	977	**85**	55	448
Selected ratios																		
Non-interest revenue to total income (%)[2]	**39,8**	42,1	41,9	**46,5**	47,7	48,5	**34,9**	36,9	36,6	**64,5**	73,9	71,2	**48,7**	50,6	47,9			
Non-interest revenue to total operating expenses (%)[2]	**73,5**	73,9	74,1	**102,8**	109,5	108,0	**59,8**	59,5	60,4	**100,6**	104,9	107,4	**75,3**	62,3	57,6			
Cost-to-income ratio (%)[2,4]	**52,9**	56,1	55,8	**45,1**	43,3	44,6	**58,3**	62,0	60,5	**64,1**	70,5	66,3	**47,8**	62,5	67,2			
Effective taxation rate (%)[2]	**21,7**	23,2	22,1	**23,8**	23,9	24,3	**27,1**	28,0	28,1	**17,2**	20,5	21,2	**3,0**	(7,3)	(9,1)			
Revenue (Rm)[2,5]	**33 691**	29 732	62 448	**8 587**	8 193	16 996	**19 721**	17 496	36 575	**2 413**	1 957	4 280	**2 113**	1 567	3 301	**857**	519	1 296

[1] *Centre includes consolidation and other adjustments.*
[2] *Refer to note 1: Restatements.*
[3] *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 Headline Earnings Circular 01/2023, and tax thereon.*
[4] *Total operating expenses as a percentage of total income.*
[5] *Revenue is calculated as net interest income plus non-interest revenue.*

4 Headline earnings reconciliation

for the period ended

	yoy % change	30 June 2023 (unaudited) Rm Gross	30 June 2023 (unaudited) Rm Net of taxation	30 June 2022 (unaudited) Rm Gross	30 June 2022 (restated)[1] (unaudited) Rm Net of taxation	31 December 2022 (audited) Rm Gross	31 December 2022 (restated)[1] (audited) Rm Net of taxation
Profit attributable to ordinary shareholders[1]	7		**7 321**		6 871		14 287
Impairments charge on non-financial instruments and other losses/(gains)	>100	**10**	**8**	(218)	(206)	(245)	(226)
IAS 16 – profit on disposal of property and equipment		**(1)**	**(1)**	(62)	(44)	(155)	(111)
IAS 36 – impairment of intangible assets		**3**	**2**	18	13	93	67
IAS 36 – impairment of property and equipment		**8**	**7**				
IFRS 10 – profit on sale of subsidiaries/associates				(177)	(177)	(181)	(181)
IFRS 16 – impairment/(reversal of impairment) of right-of-use assets				3	2	(2)	(1)
Headline earnings[1]	10		**7 329**		6 665		14 061

[1] *Refer to note 1: Restatements.*

5 Investments in associate companies and joint arrangements

at

	30 June 2023 (unaudited) Rm	30 June 2022 (unaudited) Rm	31 December 2022 (audited) Rm
Listed equity-accounted associates[1]	**1 792**	2 449	1 286
Unlisted equity-accounted associates and joint arrangements	**1 224**	1 157	1 210
	3 016	3 606	2 496

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

Listed associates: ETI			
Carrying value	**1 792**	2 449	1 286
Fair value of investment[1]	**1 983**	2 166	2 050

[1] *Based on the NAFEX NGN/USD and prevailing ZAR/USD exchange rates.*

6 Market risk in the trading book

Trading market risk is the risk of loss as a result of unfavourable changes in the market value of the trading book because of changes in market risk factors, such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and implied volatilities. The trading book is defined as positions in financial instruments and commodities, including derivative products and other off-balance-sheet instruments that are held with trading intent or used to hedge other elements of the trading book.

Management of trading market risk

Trading market risk is governed by board-approved policies that cover management, identification, measurement and monitoring.

Market risk limits, including value at risk (VaR) and stress trigger limits, are approved at board level and reviewed periodically, but at least annually. These limits are then allocated to the trading units using a tiered-limit approach by the Trading Risk Committee. Market risk reports are available at a variety of levels and in various degrees of detail, ranging from individual trader-level to a group-level view of market risk. Market risk exposures are measured and reported to management and bank executives daily.

In addition to applying business judgement, management uses a number of quantitative measures to manage the exposure to trading market risk. These measures include the following:

- Risk limits based on a portfolio measure of market risk exposures referred to as VaR, including extreme tail loss (ETL).
- Scenario analysis, stress testing and other analytical tools that measure the potential effects on trading revenue in the event of various unexpected market events.

Historical value at risk (99%, one-day) by risk type

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 indication 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 validated independently 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 2023 (unaudited) Rm				31 December 2022 (audited) Rm			
	Average	Minimum	Maximum	Period-end	Average	Minimum	Maximum	Year-end
Foreign exchange	**6,7**	**2,4**	**17,0**	**3,9**	4,8	1,8	17,1	7,3
Interest rate	**72,0**	**52,8**	**93,8**	**70,6**	52,4	34,2	82,1	57,4
Equity	**9,1**	**3,9**	**27,5**	**7,5**	10,9	4,1	37,7	13,2
Credit	**6,0**	**3,7**	**9,2**	**7,3**	4,2	3,2	7,0	4,0
Commodity	**0,2**		**0,5**	**0,5**	0,2		2,2	0,1
Diversification	**(28,8)**			**(22,7)**	(25,2)			(33,1)
Total VaR exposure	**65,2**	**51,0**	**86,3**	**67,1**	47,3	31,2	70,8	48,9

7 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 2022	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	340 508	3 721	336 787			–			–	340 508	3 721	336 787
Financial assets written off			–			–	(8 757)	(8 757)	–	(8 757)	(8 757)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(170 160)	3 424	(173 584)	3 486	513	2 973	(9 576)	4 354	(13 930)	(176 250)	8 291	(184 541)
Final repayments	(95 576)	(875)	(94 701)	(21 420)	(1 242)	(20 178)	(1 817)	(524)	(1 293)	(118 813)	(2 641)	(116 172)
Transfers to 12-month ECL	45 918	843	45 075	(44 159)	(731)	(43 428)	(1 759)	(112)	(1 647)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(55 720)	(3 294)	(52 426)	60 458	3 875	56 583	(4 738)	(581)	(4 157)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(18 787)	(4 262)	(14 525)	(19 508)	(3 433)	(16 075)	38 295	7 695	30 600	–	–	–
Foreign exchange movements	(1 604)	127	(1 731)	28	45	(17)	693	714	(21)	(883)	886	(1 769)
Audited balance at 31 December 2022	669 795	4 197	665 598	77 647	5 522	72 125	51 640	17 827	33 813	799 082	27 546	771 536
New financial assets originated or purchased	**154 842**	**1 987**	**152 855**			**–**			**–**	**154 842**	**1 987**	**152 855**
Financial assets written off			**–**			**–**	**(4 100)**	**(4 100)**	**–**	**(4 100)**	**(4 100)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(95 522)**	**3 327**	**(98 849)**	**(5 921)**	**844**	**(6 765)**	**(4 030)**	**1 300**	**(5 330)**	**(105 473)**	**5 471**	**(110 944)**
Final repayments	**(36 238)**	**(276)**	**(35 962)**	**(2 818)**	**(189)**	**(2 629)**	**(981)**	**(275)**	**(706)**	**(40 037)**	**(740)**	**(39 297)**
Transfers to 12-month ECL	**19 710**	**398**	**19 312**	**(18 245)**	**(339)**	**(17 906)**	**(1 465)**	**(59)**	**(1 406)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(35 055)**	**(2 736)**	**(32 319)**	**39 832**	**3 219**	**36 613**	**(4 777)**	**(483)**	**(4 294)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(9 907)**	**(2 554)**	**(7 353)**	**(10 805)**	**(3 014)**	**(7 791)**	**20 712**	**5 568**	**15 144**	**–**	**–**	**–**
Foreign exchange movements	**3 204**	**49**	**3 155**	**541**	**11**	**530**	**214**	**56**	**158**	**3 959**	**116**	**3 843**
Net balances	**670 829**	**4 392**	**666 437**	**80 231**	**6 054**	**74 177**	**57 213**	**19 834**	**37 379**	**808 273**	**30 280**	**777 993**
Total credit and zero balances[2]	**7 942**	**(55)**	**7 997**	**38**	**(10)**	**48**	**41**	**(2)**	**43**	**8 021**	**(67)**	**8 088**
Unaudited balance at 30 June 2023	**678 771**	**4 337**	**674 434**	**80 269**	**6 044**	**74 225**	**57 254**	**19 832**	**37 422**	**816 294**	**30 213**	**786 081**
Loans and advances at FVTPL												**77 911**
Loans at FVOCI												**50 942**
Off-balance-sheet impairment allowance												**320**
Fair-value hedge-accounted portfolios												**(1 887)**
ECL credit and other balances												**(67)**
Unaudited loans and advances at 30 June 2023	**678 771**	**4 337**	**674 434**	**80 269**	**6 044**	**74 225**	**57 254**	**19 832**	**37 422**	**816 294**	**30 213**	**913 300**

[1] *Repayments net of readvances, capitalised interest, fees and ECL remeasurements throughout this note include 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 2023 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 2022	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	12 965	44	12 921			–			–	12 965	44	12 921
Financial assets written off			–			–	(365)	(365)	–	(365)	(365)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	10 298	513	9 785	521	257	264	(673)	(34)	(639)	10 146	736	9 410
Final repayments	(10 424)	(13)	(10 411)	(882)	(24)	(858)	(675)	(162)	(513)	(11 981)	(199)	(11 782)
Transfers to 12-month ECL	5 266	21	5 245	(4 549)	(13)	(4 536)	(717)	(8)	(709)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(7 960)	(250)	(7 710)	9 449	325	9 124	(1 489)	(75)	(1 414)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(2 383)	(298)	(2 085)	(2 383)	(420)	(1 963)	4 766	718	4 048	–	–	–
Foreign exchange movements	(264)	32	(296)	(12)		(12)	26	3	23	(250)	35	(285)
Audited net balance at 31 December 2022	158 725	336	158 389	18 404	655	17 749	10 760	2 417	8 343	187 889	3 408	184 481
New financial assets originated or purchased	**13 882**	**154**	**13 728**			**–**			**–**	**13 882**	**154**	**13 728**
Financial assets written off			**–**			**–**	**(155)**	**(155)**	**–**	**(155)**	**(155)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(3 596)**	**421**	**(4 017)**	**(146)**	**256**	**(402)**	**(273)**	**101**	**(374)**	**(4 015)**	**778**	**(4 793)**
Final repayments	**(4 225)**	**(6)**	**(4 219)**	**(369)**	**(12)**	**(357)**	**(256)**	**(53)**	**(203)**	**(4 850)**	**(71)**	**(4 779)**
Transfers to 12-month ECL	**3 705**	**12**	**3 693**	**(3 345)**	**(8)**	**(3 337)**	**(360)**	**(4)**	**(356)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(8 850)**	**(363)**	**(8 487)**	**10 168**	**425**	**9 743**	**(1 318)**	**(62)**	**(1 256)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(1 503)**	**(188)**	**(1 315)**	**(3 424)**	**(521)**	**(2 903)**	**4 927**	**709**	**4 218**	**–**	**–**	**–**
Foreign exchange movements	**781**	**8**	**773**	**25**	**1**	**24**	**16**	**1**	**15**	**822**	**10**	**812**
Net balances	**158 919**	**374**	**158 545**	**21 313**	**796**	**20 517**	**13 341**	**2 954**	**10 387**	**193 573**	**4 124**	**189 449**
Total credit and zero balances	**182**	**(1)**	**183**	**4**		**4**	**7**	**(1)**	**8**	**193**	**(2)**	**195**
Unaudited balance at 30 June 2023	**159 101**	**373**	**158 728**	**21 317**	**796**	**20 521**	**13 348**	**2 953**	**10 395**	**193 766**	**4 122**	**189 644**

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 2022	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	81 742	254	81 488			–			–	81 742	254	81 488
Financial assets written off			–			–	(371)	(371)	–	(371)	(371)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(20 890)	(263)	(20 627)	15 453	626	14 827	(279)	1 071	(1 350)	(5 716)	1 434	(7 150)
Final repayments	(50 436)	(69)	(50 367)	(17 758)	(925)	(16 833)	(331)	(32)	(299)	(68 525)	(1 026)	(67 499)
Transfers to 12-month ECL	6 256	161	6 095	(5 922)	(148)	(5 774)	(334)	(13)	(321)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(7 476)	(38)	(7 438)	8 518	90	8 428	(1 042)	(52)	(990)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(2 105)	(121)	(1 984)	(9 439)	(492)	(8 947)	11 544	613	10 931	–	–	–
Foreign exchange movements	(289)	(1)	(288)	164	21	143	12	25	(13)	(113)	45	(158)
Audited net balance at 31 December 2022	168 438	140	168 298	11 376	151	11 225	14 024	2 360	11 664	193 838	2 651	191 187
New financial assets originated or purchased	**27 186**	**105**	**27 081**			**–**			**–**	**27 186**	**105**	**27 081**
Financial assets written off			**–**			**–**	**(10)**	**(10)**	**–**	**(10)**	**(10)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(5 184)**	**(40)**	**(5 144)**	**196**	**42**	**154**	**144**	**466**	**(322)**	**(4 844)**	**468**	**(5 312)**
Final repayments	**(14 955)**	**(7)**	**(14 948)**	**(851)**	**(39)**	**(812)**	**(256)**	**(21)**	**(235)**	**(16 062)**	**(67)**	**(15 995)**
Transfers to 12-month ECL	**2 053**	**29**	**2 024**	**(1 652)**	**(17)**	**(1 635)**	**(401)**	**(12)**	**(389)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(4 577)**	**(19)**	**(4 558)**	**4 644**	**36**	**4 608**	**(67)**	**(17)**	**(50)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(1 012)**	**(47)**	**(965)**	**(955)**	**(22)**	**(933)**	**1 967**	**69**	**1 898**	**–**	**–**	**–**
Foreign exchange movements	**39**	**4**	**35**	**27**	**1**	**26**	**43**	**22**	**21**	**109**	**27**	**82**
Unaudited balance at 30 June 2023	**171 988**	**165**	**171 823**	**12 785**	**152**	**12 633**	**15 444**	**2 857**	**12 587**	**200 217**	**3 174**	**197 043**

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 2022	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	7 537	160	7 377			–			–	7 537	160	7 377
Financial assets written off			–			–	(1 770)	(1 770)	–	(1 770)	(1 770)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	341	1 091	(750)	(79)	(191)	112	(104)	927	(1 031)	158	1 827	(1 669)
Final repayments	(2 002)	(52)	(1 950)	(679)	(59)	(620)	(221)	(84)	(137)	(2 902)	(195)	(2 707)
Transfers to 12-month ECL	2 110	154	1 956	(1 958)	(117)	(1 841)	(152)	(37)	(115)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(4 138)	(385)	(3 753)	4 305	448	3 857	(167)	(63)	(104)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(1 900)	(939)	(961)	(927)	(374)	(553)	2 827	1 313	1 514	–	–	–
Foreign exchange movements	1 531	66	1 465	(218)	6	(224)	(4)	14	(18)	1 309	86	1 223
Audited net balance at 31 December 2022	25 369	910	24 459	5 804	597	5 207	4 373	2 760	1 613	35 546	4 267	31 279
New financial assets originated or purchased	**4 313**	**102**	**4 211**			**–**			**–**	**4 313**	**102**	**4 211**
Financial assets written off			**–**			**–**	**(973)**	**(973)**	**–**	**(973)**	**(973)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**1 202**	**943**	**259**	**(1 207)**	**57**	**(1 264)**	**(232)**	**380**	**(612)**	**(237)**	**1 380**	**(1 617)**
Final repayments	**(1 528)**	**(21)**	**(1 507)**	**(526)**	**(39)**	**(487)**	**(157)**	**(88)**	**(69)**	**(2 211)**	**(148)**	**(2 063)**
Transfers to 12-month ECL	**1 142**	**43**	**1 099**	**(1 027)**	**(30)**	**(997)**	**(115)**	**(13)**	**(102)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(3 306)**	**(623)**	**(2 683)**	**3 357**	**719**	**2 638**	**(51)**	**(96)**	**45**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(1 063)**	**(527)**	**(536)**	**(1 020)**	**(386)**	**(634)**	**2 083**	**913**	**1 170**	**–**	**–**	**–**
Foreign exchange movements	**516**	**7**	**509**	**334**	**7**	**327**	**5**	**14**	**(9)**	**855**	**28**	**827**
Net balances	**26 645**	**834**	**25 811**	**5 715**	**925**	**4 790**	**4 933**	**2 897**	**2 036**	**37 293**	**4 656**	**32 637**
Total credit and zero balances	**7 760**	**(54)**	**7 814**	**34**	**(10)**	**44**	**34**	**(1)**	**35**	**7 828**	**(65)**	**7 893**
Unaudited balance at 30 June 2023	**34 405**	**780**	**33 625**	**5 749**	**915**	**4 834**	**4 967**	**2 896**	**2 071**	**45 121**	**4 591**	**40 530**

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 2022	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	121 617	2 330	119 287			–			–	121 617	2 330	119 287
Financial assets written off			–			–	(3 898)	(3 898)	–	(3 898)	(3 898)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(94 352)	901	(95 253)	(7 413)	147	(7 560)	(5 223)	1 204	(6 427)	(106 988)	2 252	(109 240)
Final repayments	(10 262)	(543)	(9 719)	(546)	(98)	(448)	(173)	(104)	(69)	(10 981)	(745)	(10 236)
Transfers to 12-month ECL	12 396	136	12 260	(12 382)	(135)	(12 247)	(14)	(1)	(13)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(16 320)	(1 116)	(15 204)	16 874	1 286	15 588	(554)	(170)	(384)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(6 830)	(1 972)	(4 858)	(2 873)	(1 252)	(1 621)	9 703	3 224	6 479	–	–	–
Foreign exchange movements	(451)	33	(484)	35	4	31	659	661	(2)	243	698	(455)
Audited net balance at 31 December 2022	109 486	1 164	108 322	15 787	1 328	14 459	11 661	6 176	5 485	136 934	8 668	128 266
New financial assets originated or purchased	**58 622**	**977**	**57 645**			**–**			**–**	**58 622**	**977**	**57 645**
Financial assets written off			**–**			**–**	**(1 647)**	**(1 647)**	**–**	**(1 647)**	**(1 647)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(55 488)**	**820**	**(56 308)**	**(1 974)**	**488**	**(2 462)**	**(1 002)**	**32**	**(1 034)**	**(58 464)**	**1 340**	**(59 804)**
Final repayments	**(5 122)**	**(155)**	**(4 967)**	**(350)**	**(44)**	**(306)**	**(72)**	**(45)**	**(27)**	**(5 544)**	**(244)**	**(5 300)**
Transfers to 12-month ECL	**3 351**	**81**	**3 270**	**(3 329)**	**(76)**	**(3 253)**	**(22)**	**(5)**	**(17)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(6 145)**	**(649)**	**(5 496)**	**7 721**	**725**	**6 996**	**(1 576)**	**(76)**	**(1 500)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(3 383)**	**(1 115)**	**(2 268)**	**(1 513)**	**(960)**	**(553)**	**4 896**	**2 075**	**2 821**	**–**	**–**	**–**
Foreign exchange movements	**3 490**	**20**	**3 470**	**142**	**(1)**	**143**	**152**	**17**	**135**	**3 784**	**36**	**3 748**
Unaudited balance at 30 June 2023	**104 811**	**1 143**	**103 668**	**16 484**	**1 460**	**15 024**	**12 390**	**6 527**	**5 863**	**133 685**	**9 130**	**124 555**

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 2022	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	58 213	775	57 438			–			–	58 213	775	57 438
Financial assets written off			–			–	(2 312)	(2 312)	–	(2 312)	(2 312)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(21 587)	1 556	(23 143)	(2 599)	(124)	(2 475)	(3 058)	1 159	(4 217)	(27 244)	2 591	(29 835)
Final repayments	(17 958)	(174)	(17 784)	(1 402)	(114)	(1 288)	(360)	(118)	(242)	(19 720)	(406)	(19 314)
Transfers to 12-month ECL	5 954	120	5 834	(5 609)	(101)	(5 508)	(345)	(19)	(326)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(15 261)	(1 434)	(13 827)	16 658	1 607	15 051	(1 397)	(173)	(1 224)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(4 806)	(893)	(3 913)	(3 156)	(851)	(2 305)	7 962	1 744	6 218	–	–	–
Foreign exchange movements	7	6	1	79	6	73	1	8	(7)	87	20	67
Audited net balance at 31 December 2022	121 720	1 348	120 372	22 096	2 264	19 832	7 766	3 395	4 371	151 582	7 007	144 575
New financial assets originated or purchased	**30 120**	**488**	**29 632**			**–**			**–**	**30 120**	**488**	**29 632**
Financial assets written off			**–**			**–**	**(1 267)**	**(1 267)**	**–**	**(1 267)**	**(1 267)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(11 248)**	**1 225**	**(12 473)**	**(1 630)**	**(79)**	**(1 551)**	**(1 528)**	**345**	**(1 873)**	**(14 406)**	**1 491**	**(15 897)**
Final repayments	**(7 907)**	**(74)**	**(7 833)**	**(636)**	**(51)**	**(585)**	**(152)**	**(49)**	**(103)**	**(8 695)**	**(174)**	**(8 521)**
Transfers to 12-month ECL	**7 680**	**176**	**7 504**	**(7 272)**	**(158)**	**(7 114)**	**(408)**	**(18)**	**(390)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(9 294)**	**(995)**	**(8 299)**	**11 016**	**1 190**	**9 826**	**(1 722)**	**(195)**	**(1 527)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(2 810)**	**(622)**	**(2 188)**	**(3 735)**	**(1 118)**	**(2 617)**	**6 545**	**1 740**	**4 805**	**–**	**–**	**–**
Foreign exchange movements	**22**	**4**	**18**	**5**		**5**	**2**	**1**	**1**	**29**	**5**	**24**
Unaudited balance at 30 June 2023	**128 283**	**1 550**	**126 733**	**19 844**	**2 048**	**17 796**	**9 236**	**3 952**	**5 284**	**157 363**	**7 550**	**149 813**

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 2022	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	55 432	53	55 379			–			–	55 432	53	55 379
Financial assets written off			–			–	(41)	(41)	–	(41)	(41)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(40 756)	(214)	(40 542)	(1 826)	(165)	(1 661)	(260)	59	(319)	(42 842)	(320)	(42 522)
Final repayments	(4 494)	(10)	(4 484)	(153)	(7)	(146)	(57)	(20)	(37)	(4 704)	(37)	(4 667)
Transfers to 12-month ECL	13 517	177	13 340	(13 320)	(144)	(13 176)	(197)	(33)	(164)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(4 565)	(33)	(4 532)	4 654	75	4 579	(89)	(42)	(47)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(763)	(17)	(746)	(730)	(42)	(688)	1 493	59	1 434	–	–	–
Foreign exchange movements	(2 138)	(12)	(2 126)	(20)	3	(23)	(1)	3	(4)	(2 159)	(6)	(2 153)
Audited net balance at 31 December 2022	75 235	141	75 094	4 090	431	3 659	2 737	552	2 185	82 062	1 124	80 938
New financial assets originated or purchased	**19 548**	**47**	**19 501**			**–**			**–**	**19 548**	**47**	**19 501**
Financial assets written off			**–**			**–**	**(48)**	**(48)**	**–**	**(48)**	**(48)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(21 982)**	**(22)**	**(21 960)**	**(1 165)**	**86**	**(1 251)**	**(1 148)**	**44**	**(1 192)**	**(24 295)**	**108**	**(24 403)**
Final repayments	**(2 501)**	**(5)**	**(2 496)**	**(86)**	**(1)**	**(85)**	**(88)**	**(16)**	**(72)**	**(2 675)**	**(22)**	**(2 653)**
Transfers to 12-month ECL	**1 779**	**26**	**1 753**	**(1 620)**	**(26)**	**(1 594)**	**(159)**		**(159)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(2 640)**	**(24)**	**(2 616)**	**2 683**	**30**	**2 653**	**(43)**	**(6)**	**(37)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(136)**	**(13)**	**(123)**	**(158)**	**(7)**	**(151)**	**294**	**20**	**274**	**–**	**–**	**–**
Foreign exchange movements	**(1 644)**	**3**	**(1 647)**	**8**	**1**	**7**	**(4)**	**1**	**(5)**	**(1 640)**	**5**	**(1 645)**
Unaudited balance at 30 June 2023	**67 659**	**153**	**67 506**	**3 752**	**514**	**3 238**	**1 541**	**547**	**994**	**72 952**	**1 214**	**71 738**

[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 2022	10 615	96	10 519	1 080	49	1 031	298	84	214	11 993	229	11 764
New financial assets originated or purchased	3 002	2	3 000			–			–	3 002	2	3 000
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(3 214)	(48)	(3 166)	(571)	(13)	(558)	21	(26)	47	(3 764)	(87)	(3 677)
Transfers to 12-month ECL	419	12	407	(419)	(12)	(407)			–	–	–	–
Transfers to lifetime ECL (credit-impaired)		(1)	1			–		1	(1)	–	–	–
Audited net balance at 31 December 2022	10 822	61	10 761	90	24	66	319	59	260	11 231	144	11 087
New financial assets originated or purchased	**1 171**	**7**	**1 164**			**–**			**–**	**1 171**	**7**	**1 164**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**774**	**62**	**712**	**5**	**(2)**	**7**	**9**	**(34)**	**43**	**788**	**26**	**762**
Transfers to lifetime ECL (credit-impaired)	**(243)**	**(54)**	**(189)**	**243**	**54**	**189**			**–**	**–**	**–**	**–**
Unaudited balance at 30 June 2023	**12 524**	**76**	**12 448**	**338**	**76**	**262**	**328**	**25**	**303**	**13 190**	**177**	**13 013**

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 2022	114	125	102	341
New financial assets originated or purchased	103			103
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(112)	(24)	(6)	(142)
Final repayments	(14)	(15)	(4)	(33)
Transfers to 12-month ECL	62	(61)	(1)	–
Transfers to lifetime ECL (not credit-impaired)	(38)	44	(6)	–
Transfers to lifetime ECL (credit-impaired)	(21)	(2)	23	–
Foreign exchange movements	3	5		8
Audited net balance at 31 December 2022	97	72	108	277
New financial assets originated or purchased	**107**			**107**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(82)**	**(4)**	**(34)**	**(120)**
Final repayments	**(8)**	**(3)**	**(3)**	**(14)**
Transfers to 12-month ECL	**31**	**(24)**	**(7)**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(9)**	**40**	**(31)**	**–**
Transfers to lifetime ECL (credit-impaired)	**(42)**		**42**	**–**
Foreign exchange movements	**3**	**2**		**5**
Unaudited balance at 30 June 2023	**97**	**83**	**75**	**255**

8 Economic scenarios

Forward-looking information incorporated in the ECL models

To account for forward-looking information (FLI), the ECL input parameters probability of default, loss-given default and exposure at default (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, including 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 2023 (unaudited)						
						Economic forecast[1] (%)		
Scenario	Probability weighting (%)	Total ECL allowance Rm	Difference to weighted scenarios Rm	Percentage difference to weighted scenarios (%)	Economic measures	2024	2025	2026
					GDP	1,0	1,4	1,7
Base case	50	30 744	(48)	(0,2)	Prime	11,5	11,0	11,0
					HPI	2,5	3,1	3,9
					GDP	(0,5)	0,8	1,4
Mild stress	21	31 056	264	0,9	Prime	12,3	11,5	11,5
					HPI	1,7	2,3	3,0
					GDP	1,8	1,9	2,1
Positive outcome	21	30 400	(392)	(1,3)	Prime	10,8	10,3	9,8
					HPI	3,3	4,1	5,1
					GDP	(1,4)	0,5	1,2
High stress	8	31 414	622	(2,0)	Prime	13,0	12,5	12,3
					HPI	0,9	1,4	2,1
Weighted scenarios	100	30 792						

[1] *Forecast at 30 June 2023.*

		31 December 2022 (audited)						
						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	1,3	1,8	1,7
Base case	50	27 817	(76)	(0,3)	Prime	11,0	10,5	10,5
					HPI	2,5	3,0	3,6
					GDP	(0,1)	0,4	1,0
Mild stress	21	28 122	229	0,8	Prime	11,8	12,0	12,3
					HPI	2,1	2,4	2,7
					GDP	1,9	2,3	2,3
Positive outcome	21	27 630	(263)	(0,9)	Prime	10,0	9,8	9,8
					HPI	3,3	3,9	4,7
					GDP	(1,2)	(0,5)	0,8
High stress	8	28 446	553	2,0	Prime	12,8	12,8	12,8
					HPI	1,6	1,7	1,8
Weighted scenarios	100	27 893						

[1] *Forecast at 31 December 2022.*

9 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 2023 (unaudited)										
Lower than 50%	1 647	574	14	317	278	157	126	157		
50% to 75%	2 460	942		8	603		20	391		
75% to 100%	5 278	4 394	13	1 046	1 176		256	1 248		53
Higher than 100%	3 963	9 534	43	3 596	11 471		836	7 440	328	
Total	13 348	15 444	70	4 967	13 528	157	1 238	9 236	328	53

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 2022 (audited)										
Lower than 50%	1 902	431	14	431	266	189	1 217	154		
50% to 75%	1 794	753		10	1		16	357		
75% to 100%	4 333	3 591	14	643	3 770		197	1 193		94
Higher than 100%	2 737	9 249	38	3 318	8 914		944	6 062	319	14
Total	10 766	14 024	66	4 402	12 951	189	2 374	7 766	319	108

10 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. Therefore, fair value is not 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, 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; the value of the assets of the underlying business; earnings multiples; a discounted-cash-flow analysis; and 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 3	Level 2	Level 1	Level 2	Level 3
30 June 2023 (unaudited)	**1 272 432**	**920 907**	**351 525**	**118 909**	**138 686**	**7 355**	**9 449**	**10**	**76 275**	**7**	**558**	**276**
Cash and cash equivalents	**44 640**	**44 640**	**–**									
Other short-term securities	**82 995**	**3 174**	**79 821**	**12 828**	**40 961**		**794**		**25 238**			
Derivative financial instruments	**14 952**		**14 952**	**48**	**14 904**							
Government and other securities	**152 128**	**78 930**	**73 198**	**71 250**	**1 288**	**23**	**637**					
Loans and advances	**913 300**	**784 447**	**128 853**	**275**	**69 618**		**8 018**		**50 942**			
Other assets	**38 201**	**9 716**	**28 485**	**28 485**								
Investment securities	**26 216**		**26 216**	**6 023**	**11 915**	**7 332**		**10**	**95**	**7**	**558**	**276**

				At FVTPL				At FVOCI				
				Mandatorily at fair value			Designated	Debt instruments		Equity instruments		
Rm	Total financial assets (restated)[1]	Total financial assets recognised at amortised cost (restated)[1]	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 2022 (audited)	1 219 987	915 094	304 893	104 412	113 717	6 866	10 622	–	68 445	21	484	326
Cash and cash equivalents	45 618	45 618	–									
Other short-term securities	70 661	3 932	66 729	301	40 723		179		25 526			
Derivative financial instruments	9 101		9 101		9 101							
Government and other securities	160 495	80 213	80 282	78 527	1 216	35	504					
Loans and advances	882 165	778 252	103 913	273	50 877		9 939		42 824			
Other assets[1]	26 492	7 079	19 413	19 413								
Investment securities	25 455		25 455	5 898	11 800	6 831			95	21	484	326

[1] *Refer to note 1: Restatements.*

Reconciliation to statement of financial position

	30 Jun 2023 (unaudited) Rm	31 Dec 2022 (restated)[1] (audited) Rm
Total financial assets	**1 272 432**	1 219 987
Total non-financial assets	**34 315**	32 917
Total assets	**1 306 747**	1 252 904

[1] *Refer to note 1: Restatements.*

Financial liabilities

All fair values disclosed below are recurring in nature.

Rm	Total financial liabilities	Total financial liabilities recognised at amortised cost	Total financial liabilities recognised at fair value	At FVTPL – Mandatory at fair value Level 1	At FVTPL – Mandatory at fair value Level 2	At FVTPL – Designated Level 2
30 June 2023 (unaudited)	**1 177 298**	**1 103 526**	**73 772**	**1 254**	**55 633**	**16 885**
Derivative financial instruments	**14 749**		**14 749**	**56**	**14 693**	
Amounts owed to depositors	**1 086 241**	**1 045 301**	**40 940**		**40 940**	
Provisions and other liabilities	**9 553**	**8 355**	**1 198**	**1 198**		
Investment contract liabilities	**16 885**		**16 885**			**16 885**
Long-term debt instruments	**49 870**	**49 870**	**–**			

Rm	Total financial liabilities (restated)[1]	Total financial liabilities recognised at amortised cost (restated)[1]	Total financial liabilities recognised at fair value (restated)[1]	At FVTPL – Mandatory at fair value Level 1	At FVTPL – Mandatory at fair value Level 2	At FVTPL – Designated (restated)[1] Level 2
31 December 2022 (audited)	1 122 681	1 058 949	63 732	346	46 554	16 832
Derivative financial instruments	9 738		9 738	172	9 566	
Amounts owed to depositors	1 039 622	1 002 635	36 987		36 987	
Provisions and other liabilities[1]	4 586	4 411	175	174	1	
Investment contract liabilities[1]	16 832		16 832			16 832
Long-term debt instruments	51 903	51 903	–			

[1] *Refer to note 1: Restatements.*

Reconciliation to statement of financial position

	30 Jun 2023 (unaudited) Rm	31 Dec 2022 (restated)[1] (audited) Rm
Total financial liabilities	**1 177 298**	1 122 681
Total equity and non-financial liabilities	**129 449**	130 223
Total equity and liabilities	**1 306 747**	1 252 904

[1] *Refer to note 1: Restatements.*

Level 3 reconciliation

30 June 2023 (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	6 866	338	–	303	598	(255)	(495)	7 355
Government and other securities	35	2					(14)	23
Investment securities	6 831	336		303	598	(255)	(481)	7 332
At FVTPL – Designated	–	–	–	10	–	–	–	10
Investment securities				10				10
At FVOCI – Equity instruments	326	(15)	(35)	–	–	–	–	276
Investment securities	326	(15)	(35)					276
Total financial assets classified as level 3	**7 192**	**323**	**(35)**	**313**	**598**	**(255)**	**(495)**	**7 641**

There are no provisions and other liabilities classified as level 3 at 30 June 2023.

31 December 2022 (audited)	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 31 December Rm
At FVTPL – Mandatorily at fair value	6 417	1 303	–	1 584	(775)	(1 663)	–	6 866
Government and other securities		(10)		45				35
Investment securities	6 417	1 313		1 539	(775)	(1 663)		6 831
At FVOCI – Equity instruments	347	–	(9)	–	(12)	–	–	326
Investment securities	347		(9)		(12)			326
Total financial assets classified as level 3	6 764	1 303	(9)	1 584	(787)	(1 663)	–	7 192

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 following table shows the effect of changes in unobservable input parameters to reasonable possible alternative assumptions that significantly impact the fair value.

Financial assets

30 June 2023 (unaudited)

Industry	Valuation technique	Significant unobservable inputs	Actual significant unobservable inputs applied	Reasonable possible percentage change in significant unobservable inputs %	Impact of the change in unobservable inputs on fair value Rm
Retail, consumer products and services, and fast-moving consumer goods	Earnings before interest, taxation, depreciation and amortisation (EBITDA)	EBITDA multiple	Between 5 and 7 times	Between (22) and 86	Between (133) and 95
Diversified industrial	EBITDA	EBITDA (Rm)	R1 904m	4	15
Speciality chemicals	EBITDA	EBITDA (Rm)	R81m	26	38
		EBITDA multiple	4 times	12	17
Technology	Revenue and EBITDA multiple	Revenue multiple	Between 2 and 3 times	Between (25) and 25	Between (2) and 2
		EBITDA multiple	14 times	Between (14) and 14	Between (2) and 2
Asset management	Net asset value	Net asset value growth (Rm)	R391m	20	Between (9) and 9
Financial services	Discounted-cash-flow model	Weighted-average cost of capital (%)	16%	14	Between (140) and 140

31 December 2022 (unaudited)

Industry	Valuation technique	Significant unobservable inputs	Actual significant unobservable inputs applied	Reasonable possible percentage change in significant unobservable inputs %	Impact of the change in unobservable inputs on fair value Rm
Diversified industrial	EBITDA	EBITDA (Rm)	R650m	21	5
Mining	Discounted-cash-flow model	Commodity (US$ per tonne)	US$34 per tonne	10	8
Telecommunications	Discounted-cash-flow model	Revenue forecasts	0%	5	23
Speciality chemicals	EBITDA	EBITDA multiple	4 times	3	6
Financial services	Price-to-earnings and price-to-book multiple	Average price-to-book ratio	1 time	144	136
Asset management	Net asset value	Net asset value growth (Rm)	R147m	(63)	(3)

Valuation technique	Description
EBITDA	EBIDTA is a valuation technique that measures fair value using earnings before interest, tax, depreciation and amortisation. This method approximates cash flows generated.
Discounted-cash-flow model	The discounted-cash-flow model is a valuation technique that discounts future expected cash flows of a financial instrument. The discount rate is determined using a rate that is adjusted to reflect macroeconomic factors relating to the financial instrument.
Net asset value	NAV estimates the equity value of an entity. The equity value represents the net assets and liabilities.
Revenue multiple	A revenue multiple is a valuation method that measures the fair value of a financial asset relative to the amount of revenue it generates.
Price-to-earnings and price-to-book multiple	The price-to-earnings ratio is used for comparison of an entity's share price and earnings generated from that instrument. The higher the ratio, the higher the fair-value multiple. The price-to-book ratio compares the share price of a company to its book value. Both ratios are used as an average to track the movement of an entity in order to determine whether they should be sold or continue to be held for investment purposes.

Unrealised gains

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

	30 June 2023 (unaudited) Rm	31 December 2022 (audited) Rm
Equity gains	323	1 303

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 the first half of 2023.

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.

11 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 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 2023 (unaudited)					
Financial assets	**866 551**	**870 544**	**76 546**	**15 254**	**778 744**
Other short-term securities	**3 174**	**3 174**		**3 174**	
Government and other securities	**78 930**	**78 269**	**76 546**		**1 723**
Loans and advances	**784 447**	**789 101**		**12 080**	**777 021**
Financial liabilities	**49 870**	**52 760**	**28 288**	**24 472**	**–**
Long-term debt instruments	**49 870**	**52 760**	**28 288**	**24 472**	

Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
31 December 2022 (audited)					
Financial assets	862 397	867 361	78 408	21 407	767 546
Other short-term securities	3 932	3 932		3 932	
Government and other securities	80 213	79 986	78 408		1 578
Loans and advances	778 252	783 443		17 475	765 968
Financial liabilities	51 903	53 353	21 826	31 527	–
Long-term debt instruments	51 903	53 353	21 826	31 527	

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.

The group has determined the fair value of the gross exposures for loans and advances measured at amortised cost, which resulted in these assets' fair value being 0,59% higher (December 2022: 0,67% higher) than the carrying value.

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. This model incorporates the use of average interest rates and projected monthly cash flows per product type. Future cash flows 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 2024 to 2026 (December 2022: for periods 2023 to 2025) are based on the latest available internal data and applied to the projected cash flows of the first three years. Thereafter PDs and LGDs are gradually reverted to their long-run averages and applied to the remaining projected cash flows. 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 (eg 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 0,41% lower (December 2022: 0,33% lower) and 1,59% higher (December 2022: 1,67% 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		**236 950**
Cash outflows		
Retail deposits and deposits from small-business clients	321 843	27 055
Less-stable deposits	321 843	27 055
Unsecured wholesale funding	366 286	160 756
Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	200 046	50 011
Non-operational deposits (all counterparties)	165 863	110 368
Unsecured debt	377	377
Secured wholesale funding	19 233	
Additional requirements	153 152	23 491
Outflows related to derivative exposures and other collateral requirements	3 016	3 016
Credit and liquidity facilities	150 136	20 475
Other contingent funding obligations	202 909	9 856
Total cash outflows	**1 063 423**	**221 158**
Cash inflows		
Secured lending (eg reverse repurchase agreements)	36 616	10 681
Inflows from fully performing exposures	62 346	43 693
Other cash inflows	6 451	1 440
Total cash inflows	**105 413**	**55 814**

	Total adjusted value
Total HQLA	236 950
Total net cash outflows	165 344
Liquidity coverage ratio (%)	**143,3**

[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 2023 for Nedbank Limited and the simple average of the month-end values at 30 April 2023, 31 May 2023 and 30 June 2023 for all non-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

	Unweighted value by residual maturity				
Rm	No maturity	Six months or less	Between six months and one year	More than one year	Weighted value
Available stable funding (ASF)					
Capital	102 261	–	–	7 870	110 131
Regulatory capital	101 772			7 609	109 381
Other capital instruments	489			261	750
Retail deposits and deposits from small-business clients	78 205	209 994	15 778	22 642	296 446
Stable deposits		4 515			4 289
Less-stable deposits	78 205	205 479	15 778	22 642	292 157
Wholesale funding	120 378	424 875	166 054	112 325	413 374
Operational deposits	112 525	100 972			106 749
Other wholesale funding	7 853	323 903	166 054	112 325	306 625
Other liabilities	10 642	2 471	385	19 090	3 373
NSFR derivative liabilities				15 909	
All other liabilities and equity not included in the above categories	10 642	2 471	385	3 181	3 373
Total ASF					**823 324**
Required stable funding (RSF)					
Total NSFR high-quality liquid assets (HQLA)					17 468
Performing loans and securities	–	261 460	73 751	605 993	601 621
Performing loans to financial institutions secured by level 1 HQLA		25 899			2 590
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions		112 029	7 607	22 315	42 923
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		113 665	62 665	400 667	426 220
with a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk				12 561	8 165
Performing residential mortgages, of which		3 101	2 992	174 930	119 392
with a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		3 101	2 992	161 725	108 168
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		6 766	487	8 081	10 496
Other assets	20 110	1 256	–	71 537	61 374
Assets posted as an initial margin for derivative contracts and contributions to default funds of central counterparties	16				14
NSFR derivative assets				16 341	432
NSFR derivative liabilities before deduction of variation margin posted				15 957	1 596
All other assets not included in the above categories	20 094	1 256		39 239	59 332
Off-balance-sheet items				355 639	12 151
Total RSF					**692 614**
NSFR (%)					**118,9**

The figures above reflect the quarter ending June 2023, 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) The income statement impairment charge on banking loans and advances as a percentage of daily average gross banking loans and advances. Includes the ECL recognised in respect of the off-balance-sheet portion of loans and advances.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Price-to-book ratio (historical) Closing share price divided by the net asset value per share.

Profit attributable to equity holders of the parent (Rm) Profit for the period less non-controlling interests pertaining to ordinary shareholders, preference shareholders and additional tier 1 capital instrument noteholders.

Profit for the period (Rm) Income statement profit attributable to ordinary shareholders of the parent before non-controlling interests.

Return on assets (ROA) (%) Net contribution (headline earnings) divided by the average daily assets, multiplied by the total days in the year, divided by the total days in the period.

Return on equity (ROE) (%) Headline earnings as a percentage of daily average ordinary shareholders' equity.

Return on cost of ETI investment (%) Associate income from the group's ETI investment divided by the group's original cost of investment (R6 265m).

Return on tangible equity (%) Headline earnings as a percentage of daily average ordinary shareholders' equity, less intangible assets.

Return on risk-weighted assets (RWA) (%) Headline earnings as a percentage of monthly average risk-weighted assets.

Risk-weighted assets (RWA) (Rm) On-balance-sheet and off-balance-sheet exposures after having applied prescribed risk weightings according to the relative risk of the counterparty.

Stage 1 Financial assets for which the credit risk (risk of default) at the reporting date has not significantly increased since initial recognition.

Stage 2 Financial assets for which the credit risk (risk of default) at the reporting date has significantly increased since initial recognition.

Stage 3 Any advance or group of loans and advances that has triggered the Basel III definition of default criteria in line with South African banking regulations. At a minimum, a default is deemed to have occurred where a material obligation is past due for more than 90 days or a client has exceeded an advised limit for more than 90 days. A stage 3 impairment is raised against such a credit exposure due to a significant perceived decline in the credit quality.

Stage 3 ECL (Rm) ECL for banking loans and advances that have been classified as stage 3 advances.

Tangible net asset value (Rm) Equity attributable to equity holders of the parent, excluding intangible assets.

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

Tier 1 capital adequacy ratio (CAR) (%) Tier 1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Total capital adequacy ratio (CAR) (%) Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Total income growth rate less expenses growth rate (JAWS ratio) (%) Measure of the extent to which the total income growth rate exceeds the total operating expenses growth rate.

Value in use (VIU) (Rm) The present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Weighted-average number of shares (number) The weighted-average number of ordinary shares in issue during the period listed on the JSE.

Abbreviations and acronyms

AFR available financial resources
AGM annual general meeting
AI artificial intelligence
AIEBA average interest-earning banking assets
AIRB advanced internal ratings-based
AMA advanced measurement approach
AML anti-money-laundering
API application programming interface
AUA assets under administration
AUM assets under management
BBBEE broad-based black economic empowerment
BEE black economic empowerment
bn billion
bps basis point(s)
CAGR compound annual growth rate
CAR capital adequacy ratio
CASA current account savings account
CCP central counterparty
CET1 common-equity tier 1
CIB Corporate and Investment Banking
CIPC Companies and Intellectual Property Commission
CLR credit loss ratio
COE cost of equity
CPI consumer price index
CPF commercial-property finance
CSI corporate social investment
CVP client value proposition
CX client experience
DHEPS diluted headline earnings per share
D-SIB domestic systemically important bank
ECL expected credit loss
EE employment equity
ELB entry-level banking
EP economic profit
EPS earnings per share
ESG environmental, social and governance
EV embedded value
ETI Ecobank Transnational Incorporated
FCTR foreign currency translation reserve
FSC Financial Sector Code
FSCA Financial Sector Conduct Authority
FVOCI fair value through other comprehensive income
FVTPL fair value through profit or loss
FX foreign exchange
GDP gross domestic product
GFC great financial crisis
GLAA gross loans and advances
GLC great lockdown crisis
GOI gross operating income
HE headline earnings
HEPS headline earnings per share
HPI House price index
HQLA high-quality liquid asset(s)
IAS International Accounting Standard(s)
ICAAP Internal Capital Adequacy Assessment Process
IFRS International Financial Reporting Standard(s)
ILAAP Internal Liquidity Adequacy Assessment Process
IMF International Monetary Fund
JIBAR Johannesburg Interbank Agreed Rate
JSE JSE Limited
LAA loans and advances
LAP liquid-asset portfolio
LCR liquidity coverage ratio
LIBOR London Interbank Offered Rate
LTI long-term incentive
m million
M&A mergers and acquisitions
MFC Motor Finance Corporation (vehicle finance division of Nedbank)
MRC minimum required capital
MZN Mozambican metical
N/A not applicable
Nafex Nigerian Autonomous Foreign Exchange Rate Fixing Methodology
NAR Nedbank Africa Regions
NCA National Credit Act, 34 of 2005
NCD negotiable certificate of deposit
NCOF net cash outflows
NGN Nigerian naira
NII net interest income
NIR non-interest revenue and income
NIM net interest margin
NPL non-performing loan(s)
NPS Net Promoter Score
NSFR net stable funding ratio
nWoW new Ways of Work
OCI other comprehensive income
OM Old Mutual
PA Prudential Authority
PAT profit after tax
PAYU pay-as-you-use account
plc public limited company
PPOP preprovisioning operating profit
PRMA postretirement medical aid
R rand
RBB Retail and Business Banking
Rbn South African rand expressed in billions
REIPPPP Renewable Energy Independent Power Producer Procurement Programme
REITs real estate investment trusts
Rm South African rand expressed in millions
ROA return on assets
ROE return on equity
RORWA return on risk-weighted assets
RPA robotic process automation
RRB Retail Relationship Banking
RTGS real-time gross settlement
RWA risk-weighted assets
SA South Africa
SAcsi South African Customer Satisfaction Index
SADC Southern African Development Community
SAICA South African Institute of Chartered Accountants
S&P Standard & Poor's
SARB South African Reserve Bank
SDGs Sustainable Development Goals
SICR significant increase in credit risk
SME small to medium enterprise
STI short-term incentive
TSA the standardised approach
TTC through the cycle
UK United Kingdom
UN United Nations
USA United States of America
USD United States dollar (currency code)
USSD unstructured supplementary service data
VAF vehicle and asset finance
VaR value at risk
VIU value in use
VNB value of new business
YES Youth Employment Service
yoy year on year
ytd year to date
ZAR South African rand (currency code)

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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
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