Provisional

Audited results

for the year ended 31 December 2022

Using our financial expertise **to do good**

see money differently

NEDBANK GROUP

Contents

Strong revenue growth enabled headline earnings growth of 20% to R14bn, an increase in ROE to 14% and a CET1 ratio of 14%

In 2022 the South African (SA) economy faced multiple global and domestic challenges, including the war in Ukraine, lockdowns in China, slower global growth, lower commodity prices, destructive floods in KwaZulu-Natal, persistent power outages that accelerated into the last quarter of 2022, as well as 325-bps-higher interest rates and inflation that peaked at 7,8% in July. Despite this difficult and uncertain environment, the economy was resilient and is forecast to have expanded by 2,3% in 2022.

Against this challenging macroeconomic backdrop, Nedbank Group's 2022 financial performance was strong, as headline earnings (HE) grew by 20% to R14bn and return on equity (ROE) increased to 14,0% (2021: 12,5%), but still remains below both the 2019 level of 15% and our estimated cost of equity (COE) of 14,9%. The HE increase was supported by double-digit revenue growth, a slightly higher credit loss ratio (CLR) at 89 bps (2021: 83 bps) and a well-managed expense base. All our business clusters reported pleasing earnings growth and higher ROEs. A strong balance sheet and excess levels of capital enabled the group to declare a record-high final dividend of 866 cents per share as well as announce a R5bn capital optimisation initiative to be executed through both a share repurchase and an odd-lot offer.

We have made excellent progress on our strategic value drivers of growth, productivity, and risk and capital management. Growth trends across net interest income (+12%), non-interest revenue (+10%) and gross banking advances (+7%) increased when compared with those reported during our 2022 interim results. Levels of productivity improved, evident in our cost-to-income ratio declining to 56,5% (2021: 57,8%) and the 15% increase in pre-provisioning operating profit. Capital and liquidity ratios increased to multi-year highs, with a common equity tier 1 (CET1) ratio of 14,0% (Dec 2021: 12,8%), an average fourth-quarter liquidity coverage ratio (LCR) of 161% (Dec 2021: 128%) and a net stable funding ratio (NSFR) of 119% (Dec 2021: 116%). The group's total ECL coverage increased to 3,37% (2021: 3,32%) and remained well above pre-Covid-19 levels of 2,26%.

Our strategy to build a modern, modular and agile technology platform (Managed Evolution or ME) has reached 91% completion of the IT build, enabling continued double-digit growth in digital metrics, client satisfaction scores at the top-end of the South African banking peer group, higher levels of cross-sell, main-banked client gains, market share gains in household deposits as well as improved efficiencies evidenced by cumulative operating model (TOM 2.0) cost savings of R1,5bn. We also continued to create positive impacts through R123bn of exposures that support sustainable-development finance, aligned to the United Nations Sustainable Development Goals (UN SDGs), and retained our top-tier rankings on environmental, social and governance (ESG) scores, including MSCI upgrading Nedbank's ESG rating to AAA (now within the top 5% of global banks) and maintaining our Level 1 BBBEE status under the amended FSC codes for the fifth year in a row.

Looking forward, we currently expect the economic environment in SA to remain challenging, particularly given the high levels of electricity shortages that we expect to continue. The Nedbank Group Economic Unit forecasts SA's gross domestic product (GDP) to increase by only 0,7% in 2023; interest rates to increase by a further 50 bps from December 2022 levels, taking the repo rate to 7,5% and the prime lending rate to 11,0% by the end of the year; and for inflation to reduce from 2022 levels and average 5,5% in 2023.

The network infrastructure provided largely by state-owned monopolies and needed to enable higher levels of GDP growth and sustainable job creation in SA, has been deteriorating over many years, including, in particular, the crises being experienced in the areas of electricity supply and distribution, transport and logistics, and water infrastructure. In addition, municipal service delivery is poor and levels of crime and corruption are unacceptably high. Progress on structural reforms to address these matters has been far too slow and the will of the political and public sector to make meaningful changes is uneven and actual delivery is poor. This cannot continue and more urgent and decisive leadership and action are required. Nedbank remains committed to working with all like-minded South Africans to accelerate delivery of structural reforms in these key areas.

We have made good progress towards our published 2023 targets* by exceeding our 2019 diluted-headline- earnings-per-share (DHEPS) level of 2 565 cents in 2022 (a year earlier than planned) and aim to achieve an ROE greater than the 2019 ROE level of 15%, a cost-to-income ratio of below 54% and maintain our #1 ranking on NPS among South African banks by the end of 2023.

Given our strong 2022 performance, we have set ourselves revised medium-term (2025) and long-term targets*. In 2025 we aim to achieve an ROE of 17% (around COE plus 2%) and a cost-to-income ratio of 52%. Over the longer term we aim to improve these to above 18% (around COE plus 3%) and below 50% respectively. Achieving these targets should be value-creating for shareholders.

Thank you to our dedicated employees for their commitment and hard work in difficult conditions – I appreciate the value they strive to deliver to our clients at every touchpoint. We thank our more than seven million retail and wholesale clients for choosing to bank with Nedbank every single day, and we appreciate the support of the investment community, regulators and our other stakeholders. As Nedbank, we will continue to play our role in society as we fulfil our purpose of using our financial expertise to do good.

Mike Brown
Chief Executive

Headline earnings

▲ 20%

2022	14 049
2021	11 689
2020	5 440
2019	12 506

CLR

89 bps

2022	89
2021	83
2020	161
2019	79

ROE

14,0%

2022	14,0
2021	12,5
2020	6,2
2019	15,0

CET1 RATIO

14,0%

2022	14,0
2021	12,8
2020	10,9
2019	11,5

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

2022 Results commentary

Banking and economic environment in 2022

Global economic conditions deteriorated throughout 2022 as Russia's invasion of Ukraine pushed international energy, food and other commodity prices sharply higher, adding to global inflationary pressures. In advanced countries, inflation increased to around 40-year highs, forcing the US Federal Reserve and other major central banks to tighten monetary policy much more aggressively than previously expected. Persistent inflation and sharply higher interest rates eroded confidence, household incomes, company profits and global demand in most countries. As a result, global economic activity slowed noticeably during the second half of the year. The International Monetary Fund (IMF) estimates that world growth slowed to 3,4% in 2022 from 6,2% in 2021.

The downturn was most pronounced in advanced countries, where the surge in the cost of living and the rapid and largely unexpected increases in interest rates weighed on consumer confidence and spending. According to the IMF, growth in advanced countries slowed to 2,7% in 2022 from 5,4% in 2021. While many emerging and developing countries initially benefited from the war-induced increase in commodity prices, slower growth in advanced countries, coupled with the loss of momentum in China due to strict Covid-19 lockdowns and the slump in the property market, resulted in falling commodity prices and weaker export demand in the second half of the year. At the same time, developing economies also battled with the erosive effects of rising inflation and tighter monetary policies. As a result, growth in emerging and developing countries moderated to 3,9% in 2022 from 6,7% in 2021.

The South African economy proved relatively resilient in the face of multiple domestic and global shocks, including the war in Ukraine, destructive floods in KwaZulu-Natal in early April 2022, persistent power outages throughout the year, and the lockdowns in China over May and June 2022. Despite this challenging environment, the economy still managed to expand by 2,3% yoy over the first three quarters of the year. However, economic conditions deteriorated further over the final quarter of 2022 as the country's electricity crisis worsened, global growth slowed, commodity prices dipped and the pressure on household income from the earlier surge in inflation and the increases in interest rates intensified. Given the disruptive shocks and the slowdown towards year-end, real gross domestic product (GDP) growth is forecast to be 2,3% for 2022, down from a more robust 4,9% in 2021. Notwithstanding some progress on structural reforms such as the 5G spectrum auction and some renewable-energy developments, delivery of reforms remains too slow, particularly in the network industries run largely by state-owned monopolies, including electricity supply and distribution, logistics and transport (rail, port and road), and water supply. In addition, municipal service delivery is poor and levels of crime and corruption are unacceptably high. These are critical foundations required for business confidence, sustainable investment, higher economic growth and job creation, and more urgent action is needed.

Household finances deteriorated moderately in 2022. Growth in personal disposable income slowed, hurt by the surge in inflation during the first seven months of the year. The pressure on household finances was offset partly by higher wage settlements, modest employment gains, positive savings and relatively low household debt burdens. Household debt eased to a manageable 62,8% of disposable income in Q3 2022 from a peak of 75,8% in Q2 2020. Although interest rates rose by a cumulative 350 basis points from November 2021, debt service costs edged only moderately higher to 7,5% of disposable income in the third quarter from a 14-year low of 6,8% at the end of 2021. Given relatively low debt-servicing costs, household demand for credit remained robust throughout 2022. Loans to households increased by 7,7% at the end of 2022, up from 5,4% at the end of 2021. Demand for most retail credit products improved, with the strongest growth recorded in home loans and vehicle finance.

Corporate demand for credit also recovered in 2022. Loans to companies rebounded off a low base, growing by a robust 10,8%, up from 3,5% at the end of 2021. The boost came from a stronger growth in overdrafts and general loans, supported by a moderate recovery in fixed investment, which fared better than expected in 2022. The growth came primarily from pockets of activity in the renewable-energy sector and the ongoing digitisation and automation of operations. However, private companies started to cut back on capital expenditure in the second half of the year as confidence faded and domestic growth prospects diminished due to the global economic slowdown, growing fears of world recession, and the sharp escalation in the domestic electricity crisis. Encouragingly, growth in commercial mortgages improved as the drag from remote-working practices gradually eased, while instalment sales and leasing finance were supported by moderate growth in commercial-vehicle sales. The Nedbank Economic Unit's capital expenditure project listing shows a moderation in fixed-investment activity in 2022 as strong local and domestic headwinds eroded business confidence. The value of new projects announced during the year fell to R249bn from R393bn in 2021. The private sector remained the major driver, with planned new projects rising to R194bn, accounting for 78% of the total value of new projects announced in 2022. Capital projects by government and public corporations were subdued compared to the prior year and fell by 80%.

Inflation breached the 6% upper limit of the South African Reserve Bank (SARB) target range in May and peaked at 7,8% in July 2022 due to rising food and fuel prices triggered by Russia's war on Ukraine and intermittent global supply chain bottlenecks. Inflation moderated over the second half of the year, easing to 7,2% in December 2022 on the back of sharply lower global oil prices, improved global supply chains, and a steadier rand. With inflation still well above the 4,5% midpoint of SARB's target range, the Monetary Policy Committee (MPC) tightened monetary policy significantly, lifting the prime rate to 10,50% in December 2022, up from 7,25% in December 2021.

The higher interest rates were beneficial to banks (endowment income), while credit growth and client transactional activity continued to rebound post the Covid-19 pandemic. The inflationary pressures and impact of 325 bps interest rates hikes are, however, starting to become evident in credit loss metrics in some segments and products. Capital market activity remained muted and the JSE All-share Index declined by 1%, moderating the performance in equity-linked portfolios. Against this backdrop, the South African banking sector continues to demonstrate strong levels of resilience and remains well capitalised, liquid and profitable.

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 2022 we achieved diluted headline earnings per share (DHEPS) of 2 806 cents. This is already greater than the 2023 DHEPS target we set of 2 565 cents, being the DHEPS level achieved in 2019, and we are pleased to have reached the target a year earlier than we initially planned. We continue to make solid progress towards the remaining 2023 financial targets of a return on equity (ROE) greater than the 2019 level (15,0%), a cost-to-income ratio lower than 54% (2019: 56,5%) and maintaining a #1 ranking in NPS (2019: #3) by the end of 2023.

Our newly set medium-term (2025) and long-term targets, which are discussed in more detail in the outlook section, endeavour to achieve sustainable DHEPS growth, increase our ROE beyond our 2023 targets and decrease our cost-to-income ratio further. Through execution on our strategy, we seek to meet these targets and create value by growing revenue faster than expenses, while increasing levels of productivity, both strongly enabled by technology, and maintaining world-class risk and capital management metrics. We are focusing on growing our share of transactional main-banked clients and related deposits across all our businesses and ensuring we deliver market-leading client experiences that will help us attract new clients and a deeper share of wallet among existing clients. We believe a large opportunity exists to grow insurance income across the group, from the base of R2,4bn in 2022, as we focus on bringing new products to market, increase product penetration and enhance cross-sell metrics via our digital channels. 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 is enabled by our Managed Evolution (ME) technology programme and delivered through five strategic value unlocks: delivering innovative market-leading client solutions; engaging in ongoing disruptive market activities (underpinned by digital leadership); focusing on areas that create value (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 is focused on building a modern, modular and digital IT stack. At the end of 2022 we reached 91% 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 as one of the final components. Given the significant progress over the past few years, the group's intangible software assets on the balance sheet ended 2022 at R8,3bn, having peaked in 2021 at R8,9bn, in line with reducing levels of IT cash flow spend that peaked in 2017 at around R2,3bn and is expected to remain around the R1,6bn level going forward (2022: R1,3bn). The rationalisation, standardisation and simplification of our core banking systems have resulted in a reduction from 250 large systems down to 69 (now within our target range of 60 to 75), enabling reduced infrastructure and support and maintenance costs, less complexity, increased agility in adopting new innovations, and higher levels of systems stability at the top-end of the industry (2022: 99,3% system uptime). 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.

The following highlights the strategic progress made in 2022:

- **Delivering innovative, market-leading client solutions**
  - **Digital client onboarding, sales and servicing** (Eclipse for retail clients and Nedbank Business Hub (NBH) for business clients): Our simplified digital client-onboarding platforms for individual and juristic (business) clients continue to mature and expand, enabling clients to open FICA-compliant accounts remotely through our employee-assisted and self-service digital channels. These provide a seamless omnichannel experience and include our apps, online banking, kiosks, contact centre and in-branch channels. The processing of product sales to individuals via Eclipse includes six of our top retail products, being transactional products, personal loans, card issuing, home loans, investments and overdrafts, as well as more than 170 services. In 2022, MyCover Funeral plans, foreign exchange and student loans were enabled on the Eclipse platform. The juristic client onboarding in Retail and Business Banking (RBB) and Corporate and Investment Banking (CIB) started with the roll-out of the NBH, leveraging our new digital tokenless security and enabling a step change in client experience for businesses. The NBH is a convenient platform for clients from which they can have a single view of their relevant digital offerings, and also transact and apply for products (transacting, lending and borrowing) or services. From a digital servicing perspective, an additional 100+ juristic services are planned to be digitised by the end of 2023. In recognition of the progress made, NBH was recently recognised at the Digital Banker Middle East and Africa (MEA) Innovation Awards 2022, winning the Outstanding Digital Transformation by a Transaction/Wholesale Bank in Covid-19 Award for outstanding digital transformation.
  - **Apps:** Nedbank Money app clients reached the key milestone of 2,0 million active clients and was up by 23%. Transaction volumes on the Money app increased by 35% (up by 253% since 2019) and transaction values increased by 27% (up by 233% since 2019). Revenue from value-added services grew by 25% (up by 129% since 2019) across prepaid data, voucher and electricity purchases, as well as LOTTO and Send-iMali. The Nedbank Private Wealth app, which offers integrated local and international banking capabilities, recorded a 9% increase in transaction volumes. The Nedbank Money App (Africa) has proven to be the channel of choice across our Nedbank Africa Regions (NAR) subsidiaries owing to the convenience, wide functionality and great user experiences. The total number of app users at the end of 2022 for NAR exceeded 108 000, up by 29%. In support Nedbank was recognised for Excellence in Mobile Banking at the Finnovex Southern Africa Awards 2022.
  - **Digital outcomes**: Our digital initiatives helped us to increase the number of digitally active retail clients in SA by 13% to 2,6 million. This now represents 39% of total active retail clients (2021: 36% and 2019: 28%) and 68% of retail main-banked clients (2021: 64% and 2019: 49%). Retail digital transaction volumes in SA increased by 18% (by 76% since 2019) and transaction values up by 16% (up by 40% since 2019). Digitally active clients across the NAR business grew by 18% and now represents 57% of its total active client base.
  - **Great client experiences**: The outcome of our digital innovations was evident in higher levels of client satisfaction, as illustrated in Nedbank being rated the second-best large bank on the Consulta Net Promoter Score (NPS) in 2021. In 2022 Consulta did not conduct its industrywide NPS and SA-sci surveys, and we contracted Kantor, a credible and independent research company, to complete a similar, statistically valid, NPS survey among South African consumers. Pleasingly, based on this research, Nedbank ranked #1 in NPS among South African banks, reaching our 2023 target a year earlier than expected. Direct client feedback across our digital channels also recorded high levels of client satisfaction, with digital NPS scores of more than 70 (similar to 2021). This highlights the higher relative client satisfaction levels associated with digital experiences. Additionally, in the 2022 Ask Africa Orange Index, Nedbank also ranked as the #1 large universal bank in SA and #3 overall. Our apps remain highly rated on the Apple and Google app stores, with lifetime store client ratings for the Nedbank Money, Nedbank Private Wealth and Nedbank Money (Africa) achieving scores of 4,1, 4,7 and 3,5 (out of five) respectively. To support great client experiences in the commercial-banking market, Nedbank Business Banking was strategically repositioned as Nedbank Commercial Banking to better represent the comprehensive range of services and products we offer to medium-, large-, and mid-corporate-sized businesses. We also rebranded our Professional Banking offering to Private Clients. Related to this, Nedbank was recognised as Best Private Bank for Digital Customer Service in Africa at the 2022 Professional Wealth Management Wealth Tech Awards. Nedbank Wealth won the coveted Archetype: Wealthy Family Award at the 2022 Intellidex Awards.
- **Ongoing disruptive market activities**
  - **Avo super app**: Our Avo super app that enables clients to buy essential products and services online and have them delivered to their home with seamless secure payments has since its launch in app stores in June 2020, signed up more than 2,0 million users, up by 1,9 times yoy and active users are up almost five times. To enable delivery, Avo now has access to over 12 000 drivers on its delivery fleet nationwide as product orders continue to grow exponentially, with a fourfold yoy increase in gross merchandise value and a sevenfold increase when including internal Nedbank procurement via the platform. At the end of 2022, more than 20 000 businesses, up by 15%, were registered to offer their products and services on this e-commerce platform. Avo Auto, a virtual vehicle mall that was launched in 2021, now hosts over 200 MFC-accredited dealers, with more than 8 000 vehicles available on the platform. During the year we launched Avo B2B Marketplace, making it easier for business buyers and sellers to connect, anywhere, anytime, on a secure platform. Avo also continued to increase its number of partners to drive scale with our newest partnerships with Apple, Dell and Uber Direct, highlighting the increasing appeal of Avo 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 Q1 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 and Finance Awards 2022.
  - **APIs**: After being the first bank in Africa to launch an API platform (API_ Marketplace), we made good 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 56 (2021: 45, 2020: 17). In 2022, we completed the development of our first API product that is made available outside of SA in the Common Monetary Area (CMA) countries (Namibia, Lesotho and Eswatini). At the Asian Banker Financial Technology Innovation Awards 2022, Nedbank was recognised for Best API and Open Banking Implementation.
  - **Karri app**: The Karri app, developed by Karri in partnership with Nedbank, is an integrated message-based payment, collection and reconciliation app for solving a niche problem experienced by schools. The app enables parents to make school-related payments within seconds while it also alleviates the need for parents and children to carry cash and schools from the burden of receiving and administering cash payments. The Karri app is one of the most popular apps in SA and is used by over 1 000 schools, with a database of parents and children in excess of 1,5 million. Karri has seen exponential growth in 2022, setting all-time records across all key value drivers. Active monthly users were up by 40%, payment values were up by 122% and the number of payments was up by 90%. The Karri partnership is well positioned to broaden the value to schools, parents and children across SA.
- **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/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 2022, main-banked clients in retail grew by 6% to 3,24 million and cross-sell was 1,94 (compared with 1,86 in 2021 and 1,71 in 2019). CIB gained 25 new primary clients in the period. In NAR total clients increased by 7% to over 360 000, of which around 162 000 are main-banked clients.
  - Over the past 12 months, as reported in December 2022 SARB BA900 returns, we increased market share in retail overdrafts (from 9,9% to 12,9%) and household transactional deposits (from 13,5% to 13,9%) and household non-transactional (from 16,8% to 17,2%), noting a market share gain of 1% in H2 2022 – the former by bringing a new competitive overdraft product to market and the latter as a result of our strategic focus on and actions relating to this key deposit category. Given increasing risks in the environment, we have slowed growth in some key products areas by, among others, tightening credit criteria, which resulted in market shares declining slightly in personal loans (from 12,2% to 11,6%) and vehicle finance (from 36,3% to 35,4%). The home loans market remains competitive and strategic actions to address a historic market share decline have proven to be successful, as market share remained broadly stable at 14,1%, improving by 0,1% in the second half of the year. In wholesale lending we remained selective in granting loans, resulting in a decline in term loan market share (from 16,8% to 15,6%), although we grew advances significantly stronger in H2 2022. In commercial mortgages we remained selective in origination and reduced our market share (from 37,2% to 36,8%).
- **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. In 2022 we recorded benefits of R0,6bn, bringing the cumulative number to R1,5bn, on our way to unlocking benefits of R2,5bn by the end of 2023. During the year we expanded the scope beyond cost optimisation initiatives to also optimise our operating model across the group in areas such as risk management, data and payments, as well as commercialising and enhancing delivery on our purpose.
  - **Branch optimisation**: The digitisation of services in RBB and changing client behaviour have enabled us to reduce branch teller volumes by 63% 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 18 000 m^2 in 2022 (cumulatively by 84 000 m^2 from 2014 levels) to 164 000 m^2.
  - **Real estate optimisation**: Through our strategy of consolidating and standardising our own buildings, our number of campus sites (offices) has decreased from 31 to 24 over the past four years. Since 2016 we have saved around 143 000 m^2 in floor space including 27 000 m^2 in 2022. 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. Our optimal workplace distribution mix for campus employees is expected to settle at around 50% at Nedbank premises on any given weekday, 30% hybrid and 20% working from home or remotely. In 2022, on average, 8% of campus employees worked from our offices permanently, 58% worked in a hybrid construct and 34% from home.
  - **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'. We concluded phases one and two of our journey during 2021, moving from product-focused expert knowledge to centres of excellence with product insights present across the value chain, as well as the restructure of 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. In 2022 we commenced phase three, which focused on driving increased levels of process standardisation and consolidation, combined with digitisation through automation (straight-through processing or robotic process automation), leveraging the client-centred technology investments we have made, enabling digital client onboarding and enhanced cross-sell of additional products through simplified processes. These investments have assisted us in consolidating middle and back offices within the cluster, unlocking efficiencies.
  - **Groupwide shared-services optimisation:** We have increased our focus on ensuring efficient and effective central group functions including marketing, risk, human resources, finance and technology. In addition, we are in the process of further optimising smarter supply chain and procurement capabilities. In 2022 our total group permanent headcount declined by 937 or 3% (and 3 288 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 United Nations (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. At 31 December 2022, we had exposures of R123bn (2021: R108bn) that support SDF, representing 14% of the group's gross loans and advances. By the end of 2025, it is our ambition to increase our SDF-related exposures to around 20% of the group's total gross loans and advances. This will be underpinned by more than R150bn in support of 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 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. These science-based glidepaths have been completed, using 2022 as the baseline and with the first interim target set for 2030. We will be utilising them internally during 2023 with public disclosure as part of our 2023 year-end reporting. In addition to the fossil fuel glide paths, we plan on disclosing our energy generation glidepath as well as the roll-out plan for disclosing further glidepaths in climate-sensitive sectors.
- Our efforts in sustainability and ESG matters were externally recognised, including through Nedbank winning the Best Corporate ESG Strategy South Africa Award at the prestigious Global Banking and Finance Awards 2022 and being named a winner in Sustainability Reporting in Financials (Banking) and runner-up of Best Climate-Related Reporting in ESG Investing's 2022 ESG Reporting Awards. 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 17,2 (top 8% of 384 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).

Overview of 2022 results

Nedbank Group delivered a strong financial performance for the 12 months to 31 December 2022 when compared to the 12 months to 31 December 2021 (prior period). Headline earnings (HE) increased by 20% to R14 049m, driven by a strong revenue growth, a slightly higher impairment charge and a well-managed expense base.

HEPS and basic EPS increased by 20% to 2 886 cents and by 27% to 2 932 cents respectively, in line with the trading statement released on 3 March 2023. In the trading statement we noted that HEPS and basic EPS were expected to increase by between 17% and 22%, and 24% and 29% respectively. DHEPS increased by 19% to 2 806 cents and is above the 2 565 cents achieved in 2019 (set as a key 2023 financial target for the group in March 2021 after the Covid-19 pandemic and lockdowns).

Return on equity (ROE) for the period increased to 14,0%, above the prior period of 12,5%, assisted by the group's improved return on assets that increased from 0,98% to 1,14%. The group's ROE remained below our estimated cost of equity (COE) of 14,9%. Net asset value (NAV) per share of 21 533 cents increased by 5%, compared with 20 493 cents in 2021, while tangible NAV of 18 937 cents increased by 7%, compared with the 17 770 in the prior period.

The group's balance sheet remained very strong, and capital and liquidity positions improved further to multi-year highs. CET1 and tier 1 capital ratios of 14,0% and 15,5% respectively increased from the 31 December 2021 levels and are well above board-approved target ranges and SARB minimum requirements. The average LCR for the fourth quarter of 161% and an NSFR of 119% were well above the 100% regulatory minimums and board-approved targets. On the back of strong earnings growth and capital and liquidity positions, the group declared a final dividend of 866 cents per share, up by 14% (December 2021: 758 cents per share), bringing the total dividend for 2022 to 1 649 cents per share, up by 38%, both at record levels for the group. The final dividend was declared at 1,75 times cover (payout ratio of 57%), at the bottom end of the group's board-approved dividend target range of 1,75 to 2,25 times.

Cluster financial performance

The group's HE increase of 20% to R14 049m was supported by strong performances across all our business clusters. All business clusters reported double-digit HE growth and higher ROEs, and with the exception of NAR, all clusters delivered ROEs above the group's cost of equity (COE), with surplus capital held at the Centre diluting overall ROE.

	Change (%)	HE (Rm) 2022	HE (Rm) 2021	ROE (%) 2022	ROE (%) 2021
CIB	14	**6 399**	5 605	**17,7**	15,3
RBB	12	**5 097**	4 532	**16,0**	13,7
Wealth	18	**1 131**	962	**26,1**	21,2
NAR	64	**975**	594	**13,8**	9,3
Centre		**447**	(4)		
Group	20	**14 049**	11 689	**14,0**	12,5

HE in CIB increased by 14% to R6,4bn, and the cluster delivered an ROE of 17,7%. HE was driven primarily by a 43% decrease in impairments as shown in its credit loss ratio (CLR) declining to 22 bps (2021: 42 bps), within the cluster through-the-cycle (TTC) target range of 15 bps to 45 bps. NII increased by 10%, supported by average interest-earning banking asset (AIEBA) growth of 7% to R362bn and a higher net interest margin (NIM). NIR increased by 5%, with strong growth achieved in the equity portfolio, coupled with a 13% increase in net commission and fees, offset by a 9% decline in trading revenue, which was impacted by unfavourable conditions in the debt and interest rate markets. Expenses increased by 9%, mainly from higher performance-linked costs, resulting in a cost-to-income ratio of 44,6%.

HE in RBB increased by 12% to R5,1bn, delivering an ROE of 16,0%. The main drivers were 11% growth in revenue and expense increases that were curtailed below inflationary levels, offset by higher impairments. NII grew 12%, driven by an increase in loans and advances on the back of strong new-loan payouts of approximately R121bn and by a widening of the NIM that benefited from positive endowment (higher interest rates), and an increase in liability margins stemming from more favourable funding spreads. NIR increased by 8%, showing the ongoing improvement in client transactional activity, due to higher levels of cross-sell and strong main-banked client gains, and good growth in card interchange revenue. Expenses were very well managed, growing by 5%, enabling the cluster cost-to-income ratio to decrease to 61,0% from 64,0% in 2021. Impairments increased by 28%, driven by 7% advances growth, as well as the impacts of the more difficult macroeconomic environment and higher interest rates on rate-sensitive products.

HE in Nedbank Wealth increased by 18% to R1,1bn and the cluster delivered an ROE of 26,1%. The cluster's financial performance was driven by the benefit of higher local and international interest rates on NII and credit impairment releases as a result of better-than-expected recoveries. This was partially offset by insurance claims resulting from the floods in KwaZulu-Natal in the first half of the year, and the impact of negative equity market performance on assets-under-management (AUM) fees locally and internationally, advice fees in Wealth Management, and shareholder returns in Insurance.

HE in NAR increased by 64% to R975m and its ROE increased to 13,8%. The performance shows an improved performance in the Southern African Development Community (SADC) operations, with HE up by over 100% to R365m (2021: R71m) as well as a continued strong recovery from Ecobank Transnational Incorporated (ETI) that was partially offset by providing for the estimated R175m impact on Nedbank's associate income from the Ghanaian sovereign debt restructures that emerged in December 2022 and into 2023. ETI contributed HE of R610m (2021: R523m). The stronger performance of the SADC operations was driven mainly by increases in NII (up by 15%) and NIR (up by 23%).

The performance in the Centre shows primarily the base effect of the impacts of the unrealised fair-value losses from macro fair-value hedge accounting mismatches in 2021 that did not recur, a R200m (pre-tax) central impairment release in 2022, compared with a R300m increase in 2021, and the endowment benefit from higher interest rates on the average R11,8bn surplus capital held in the centre.

Financial performance

Net interest income

NII increased by 12% to R36 277m, in line with the group's guidance of NII growth of low double digits, driven by 6% growth in AIEBA to R922bn and an increase in the group's NIM. The increase in AIEBA was driven by growth of 7% in higher-yielding average RBB banking loans and advances and 7% growth in average CIB banking loans and advances.

NIM increased by 20 bps to 3,93% from the 3,73% reported in 2021. This increase was driven by a positive endowment rate impact due to higher interest rates, improved liability pricing and mix changes, higher yields in NAR and positive basis risk impacts. The increase was partially offset by a negative asset mix impact due to slower growth in higher-yielding advances and stronger growth in lower-yielding advances, as well as negative asset pricing impacts from increased levels of competition. NIM was also diluted by the impact of moving the foreign currency loan portfolio, with lower-yielding assets into the banking book (previously trading book) in line with the regulatory requirements under the Fundamental Review of the Trading Book (FRTB). Nedbank is positively positioned for a rise in interest rates, gaining an additional R1,6bn NII (pre-tax) for each 100 bps increase in interest rates over 12 months and the benefits of interest increases in 2022 will run-rate into 2023.

Impairments charge on loans and advances

The group's impairment charge increased by 13% to R7 381m. The key drivers of the increase include a 7% growth in gross banking loans and advances, higher impairments in the home loans and vehicle finance portfolios in RBB and a small number of corporate clients that migrated to stage 3 loans, partially offset by overlay releases previously held for anticipated defaults. The group's CLR increased to 89 bps (2021: 83 bps) and remained within the group's TTC target range of 60 bps to 100 bps and in line with the full-year 2022 guidance range of between 80 bps and 100 bps.

CLR (%)	Average banking advances (%)	2022	2021	TTC target ranges
CIB	44	**0,22**	0,42	0,15–0,45
RBB	50	**1,61**	1,34	1,20–1,75
Wealth	3	**(0,20)**	0,09	0,20–0,40
NAR	3	**1,02**	0,72	0,85–1,20
Group	100	**0,89**	0,83	0,60–1,00

Impairments in CIB decreased by 43% to R805m and its CLR, at 22 bps, which remained within its TTC target range of 15 bps to 45 bps, was below the 42 bps reported in 2021. These declines were driven by the curing and migration of various exposures in stage 2 and stage 3 loans and the associated overlays that were previously held for potential risk migration, now catered for in-model. The impairment charge includes appropriate provisioning for clients in the agriculture and commercial-property sectors that moved into business rescue. The commercial-property portfolio reported a CLR of 28 bps, similar to the 30 bps reported in 2021. Developments in the commercial-property office portfolio continue to be monitored closely, with the industrial and retail sectors having recovered from the Covid-19 challenges. The office sector remains a key focus, with the average vacancies in the Nedbank office portfolio well below the market average.

In RBB impairments increased by 28% to R6 613m, showing the impacts of once-off benefits in 2021 (lower base), higher interest rates, as well as a deteriorating macroeconomic outlook. The RBB CLR, at 161 bps, was within the top-half of its TTC target range of 120 bps to 175 bps. Adjusting for benefits relating to the release of Covid-19 overlays and the curing of Directive 7/2015 accounts of R713m (as we communicated in our 2021 reporting), the RBB CLR in 2021 was 153 bps (134 bps reported) and therefore, on a normalised basis, the CLR was up by 8 bps in 2022. Secured lending (home loans and vehicle finance), with mostly variable interest rates, experienced an increase in impairments into the second half of the year as the cumulative impact of interest rate hikes took effect. From a personal-loans perspective, there was less direct exposure to interest rates due to the fixed-rate nature of the product, but clients continue to be vulnerable given inflationary pressures, although this has been somewhat offset by credit policy tightening in 2021 and 2022.

Nedbank Wealth reported a CLR of -20 bps, driven by the release of client-specific overlays as a result of better-than-expected recoveries. NAR reported an increase in impairments of 31% to R220m, and its CLR at 102 bps is within the NAR TTC target range of 85 bps to 120 bps, driven by additional provisions raised on specific wholesale exposures and ECL model reviews that incorporate a higher interest rate and an inflation cycle. Nedbank has no direct exposures to Ukraine and Russia and has insignificant indirect exposure.

Judgemental overlays decreased to R1,4bn (Dec 2021: R3,0bn) and now include no Covid-19-related overlays. During 2022, we raised R1,25bn in new overlays and released R0,90bn of existing overlays, both via the income statement. In addition, R1,95bn of historic overlays are now catered for in-model (no income statement impact). Ongoing overlays are held for emerging risks not yet showing in our models, including client and industry-specific overlays. The group's central provision has declined by R200m since December 2021, with R300m remaining in place to account for forward-looking information and risks not yet showing in the data and impairment models.

The group's balance sheet expected credit loss (ECL) increased from R26,6bn (2021) to R27,9bn, showing prudent provisioning. The increase was driven by the R7,4bn impairment charge, higher post-write-off recoveries of R1,6m (2021: R1,4bn) and higher levels of write-offs at R8,6bn (2021: R8,1bn). The overall ECL coverage ratio remained high at 3,37% (of total loans and advances), driven by a higher contribution from stage 3 loans. The ratio was slightly up from December 2021 (3,32%) and much higher than the pre-Covid-19 level of 2,26% (December 2019). The group's stage 1 coverage ratio decreased slightly to 0,60% (December 2021: 0,69%) as stage 1 loans grew 7%, broadly in line with the growth in gross banking loans and advances. The stage 1 coverage ratio remains higher than the pre-Covid-19 level of 0,48% (December 2019). Stage 2 coverage increased to 7,0% (December 2021: 6,4%), primarily as a result of migrations out of stage 2 and the release of overlays. Stage 2 coverage also remains well above the pre-Covid-19 levels of 5,3% (December 2019). The stage 3 coverage ratio reduced to 34,3% (December 2021: 38,0%) as some highly collateralised CIB clients moved from stage 2 into stage 3.

Non-interest revenue and income

NIR increased by 10% to R27 301m, driven by a strong insurance performance, solid commission and fees growth and equity revaluations, as well as the previously communicated base effects of unrealised fair-value losses from macro fair-value hedge accounting mismatches recorded in H1 2021 that did not recur. This strong performance was partially offset by the continued impact of unfavourable domestic market conditions on trading income and asset management income and the delay in the closure of renewable energy deals and related NIR to 2023. The growth in NIR was ahead of the guidance provided during the group's pre-close update in Q4 2022.

- Net commission and fees income increased by 7% to R18 964m, driven by an ongoing improvement in transactional activity in RBB as evidenced through increased levels of client spend, cash withdrawals and purchases of value-added services, main-banked client growth in RBB, which ended the year at 3,2m, up 6%, benefitting from strong sales and improved levels of cross-sell. Net commission and fees income in RBB increased by 8% and in CIB by 13%, the latter driven by increased levels of new and existing transactions, mainly within Investment Banking, and 25 primary clients wins.
- Insurance income increased by 18% to R2 369m. The life portfolio benefited from lower death and funeral claims, with the strong performance partially offset by accounting for insurance claims (net of reinsurance) relating to the KwaZulu-Natal floods in April 2022 and the base impact of benefiting from the implementation of a revised asset-and-liability matching strategy in 2021.
- Trading income decreased by 7% to R4 166m as unfavourable conditions impacted the debt and interest rate markets.
- Equity revaluations of R815m (2021: R650m) were driven by higher positive revaluations, mainly within the property finance portfolio.
- The unrealised fair-value losses of R833m from accounting mismatches in 2021 did not recur, with the unrealised profit of R187m in 2022 largely the result of the group's successful macro fair-value hedge accounting methodology enhancements in the second half of 2021 and first half of 2022.
- Other NIR was driven by foreign currency gains in Zimbabwe on US dollar capital as a result of hyperinflationary conditions (largely offset in the net monetary loss) as well as the reclassification of the net monetary loss on the face of the income statement. To provide comparability, the base year (2021) has been restated accordingly. Given the significant inflationary pressures in Zimbabwe, the net monetary loss increased by more than 100% to R419m (2021: R138m loss), which contributed to a HE loss of R125m (2021: R58m loss). However, as the Zimbabwean dollar depreciated against the US dollar by 517% and the rand by 478%, a R442m foreign exchange gain on Nedbank Zimbabwe's foreign currency holdings was recognised in NIR.

Expenses

The increase in expenses of 8% to R36 425m shows the impacts of higher variable-pay incentives, ongoing investment in technology and digital solutions, and the normalisation of some expenses such as marketing and travel post the Covid-19 pandemic. Excluding variable-pay incentive costs and other staff costs, expenses increased by 5%, highlighting diligent cost management in an environment of rising inflation and weaker exchange rates.

- Staff-related costs increased by 11% following:
  - salary and wages increased by 4%, including average 2022 annual salary increase of 4,6% (bargaining-unit increase of 5,2%) and a 3% reduction in employee numbers, largely through natural attrition;
  - a 19% increase in short-term incentives (STIs) and a 38% increase in long-term incentives (LTIs), driven by the impact of the group's improved financial performance on variable incentives; and
  - other staff costs relating to lower returns from employee benefit assets and expensing more IT staff development costs (not capitalised), increased by more than 100%.
- Computer-processing costs increased by 3% to R6 494m, showing an increase in the amortisation charge of 9% (slowing from the growth of 19% in 2021), as well as an investment in digital solutions. As our ME technology IT build reaches material completion, the growth rates in computer-processing costs and amortisation continues to slow, along with benefits from lower depreciation and computer-processing lease charges, particularly as we leverage cloud-based solutions. Given our digital fast-lane technology innovation capabilities, we have been able to deliver other smaller projects that are not capitalised and, as a result, higher levels of staff costs have been expensed through staff-related costs.
- Marketing costs increased by 17% to R1 554m off a low 2021 base and show the group's focus on increasing Nedbank's share of voice in the market in support of revenue growth and the return of certain corporate sponsorships. Communication and travel increased by 22% as operations returned closer to business-as-usual levels after the Covid-19 pandemic, while fees and insurances costs increased by 8% as result of higher sales-related expenses, aligned with strong card-issuing revenue growth.
- Other cost lines show good management of discretionary spend and the non-staff-related benefits of TOM 2.0 as seen in the 4% decline in occupation and accommodation costs.

The group's increase in expenses of 8% was lower than the increase in revenue, including associate income, of 11%, resulting in a positive JAWS ratio of 3% and the cost-to-income ratio decreasing to 56,5% (2021: 57,8%).

Earnings from associates

Associate income increased by 10% to R879m and includes associate income of R779m, relating to the group's 21% shareholding in ETI for the period (up by 14% when compared with R686m in 2021). This includes accounting for our share of ETI's Q4 2021 and 9M 2022 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear) and any significant transactions or events that occurred between 1 October 2022 and 31 December 2022. During December 2022, the Government of Ghana announced its intention to restructure its local and external debt. The Ghanaian Finance Minister announced that Ghana was entering a voluntary domestic debt restructure programme for its local debt, while indicating that it will not service its external debts. This led to a default event when Ghana's Eurobond coupon payments were not made in January 2023. Nedbank concluded its own governance review process for the 2022 full-year results and in accordance with our accounting policy, estimated our share of the impact of the Ghanaian sovereign debt restructure programme on ETI, using publicly available information, such as Ecobank Ghana's published financial statements, and published economic data and reports on the restructuring. The impact was an estimated R175m after tax reduction in associate income. The total effect of ETI on the group's HE was a profit of R610m (2021: R523m), including the R168m impact of funding costs. The gross return on the original ETI investment was 12,4% (2021: 11,0%).

Statement of financial position

Banking loans and advances

Gross banking loans and advances increased by 7% to R863bn, driven by ongoing growth momentum in RBB gross loans and advances and a strong recovery in CIB banking loans and advances in H2 2022.

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

Rm	Change (%)	2022	2021
CIB	8	**382 250**	352 487
RBB	7	**429 564**	400 301
Wealth	(4)	**29 395**	30 729
NAR	3	**22 902**	22 325
Centre[1]	(>100)	**(1 342)**	1 112
Group	7	**862 769**	806 954

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

CIB gross banking loans and advances increased by 8% to R382bn, supported by an increase in credit demand in the second half of the year. The recovery in CIB loans and advances growth has been driven by strong performances in the mining and resources, oil and gas, and leverage and diversified finance businesses, as well as sustainable development finance. Growth in commercial-property loans and advances remained muted at 3% as we focused on originating high-quality deals and managing risks.

RBB gross loans and advances increased by 7% to R430bn, driven by strong growth in our commercial-banking and small-business segments, as well as solid growth in the secured-lending portfolios. Unsecured-lending disbursal growth remained subdued but is anticipated to improve as the macroeconomic environment improves and new digital solutions are commercialised. Commercial Banking gross loans and advances grew by 9% as client utilisation of existing facilities increased, although we noted cautious borrowing behaviour, with new-loan payouts flat around R27bn. Home loans in RBB grew by 8%, slightly ahead of market growth, while MFC (vehicle finance) loans increased by 6%, resulting in us maintaining our market-leading position. Overall new-loan payouts in RBB increased by 3% to R121bn in 2022.

Deposits

Deposits increased by 7% to over R1 trillion for the first time, with total funding-related liabilities increasing by 6% to R1,1 trillion and the group's loan-to-deposit ratio decreasing to 85% (December 2021: 86%).

Within our business clusters, CIB grew deposits by 1%, RBB by 8% and Wealth by 5%, NAR deposits decreased by 2% and the Centre grew by 43%.

Many clients termed out short-term deposits into longer-term deposits due to the favourable interest rate environment. As a result, CASA accounts, along with cash management deposits, decreased by 5%. Individually, current accounts increased by 4%, aligned with our SPT 2.0 objectives. In contrast, call and term deposits increased by 12% and fixed deposits increased by 20%. Negotiable certificates of deposit (NCDs) increased by 44% off a low base as institutional clients had appetite in 2022 to invest in high-quality bank paper, noting the decreasing yield in treasury bills. Foreign funding, although small in relative terms for Nedbank at 7% of total funding, increased by 29% due to foreign lending requirements.

Funding and liquidity

The group achieved a quarterly average long-term funding ratio of 28,4%, which is above the industry average of around 22,3%, as a result of the proactive management of Nedbank's long-term funding profile.

The group's December 2022 quarter average LCR of 161% (Dec 2021: 128%) exceeded the minimum regulatory requirement of 100%, with the group maintaining appropriate operational buffers to absorb seasonal, cyclical and systemic volatility.

	2022	2021
HQLA (Rm)	**224 963**	207 105
Net cash outflows (Rm)	**140 138**	161 678
Liquidity coverage ratio (%)[2]	**160,5**	128,1
LCR regulatory minimum (%)	**100,0**	80,0
NSFR (%)	**119,1**	116,1
NSFR regulatory minimum (%)	**100,0**	100,0

[2] *Average for the fourth quarter.*

Nedbank's proactive management of its high-quality liquid assets (HQLA) liquidity buffers, the implementation of the cash surplus monetary policy transmission mechanism and the favourable tilt in the diversified deposit mix resulted in the yoy increase in the LCR to 161%. Nedbank Group has significant sources of quick liquidity, which include HQLA of R286bn, representing 23% of total assets.

Nedbank exceeded the minimum regulatory NSFR requirement of 100% with the December 2022 ratio of 119%. The structural liquidity position of the group continued to be strong as a result of the effective management of the balance sheet growth and the implementation of the cash surplus monetary policy transmission mechanism.

Capital

The group remains strongly capitalised, with capital ratios significantly above the minimum regulatory requirements and board-approved target ranges, shown in a CET1 ratio of 14,0% (Dec 2021: 12,8%) and a tier 1 ratio of 15,5% (Dec 2021: 14,3%). The increase in the CET1 ratio was driven by strong organic earnings generation and a marginal reduction in risk-weighted assets (RWAs). The reduction in RWA was due mainly to lower counterparty credit risk as a result of market movements and lower market risk due to a general risk reduction across the trading portfolio in market risk, partially offset by an increase in credit risk in line with the balance sheet growth. The impacts of strong earnings growth and RWA changes were partly offset by R7,8bn of dividends paid during 2022 relating to the 2021 final and 2022 interim dividends.

The group continues to focus on maintaining an optimal capital structure through the use of a full range of capital instruments. The group enhanced its tier 1 ratio by issuing additional tier 1 instruments amounting to R1,5bn and redeeming R600m during the year. The total CAR was further impacted by the issuance of R1,4bn and the redemption of R2,5bn of tier 2 instruments, in line with the group's capital plan.

Basel III capital ratios (%)	2022	2021	Internal target range	Regulatory minimum[3]
CET1	**14,0**	12,8	11,0–12,0	8,5
Tier 1	**15,5**	14,3	> 12,0	10,3
Total CAR	**18,1**	17,2	> 14,5	12,5

(Ratios include unappropriated profits.)

[3] *The Pillar 2A capital requirement for all banks as per Directive 5/2021 was reinstated, with effect from 1 January 2022, to 50 bps at CET1, 75 bps at tier 1 and 100 bps for the total capital ratio. Nedbank in turn recalibrated its board approved internal targets with effect from 1 January 2022 to align with this reinstatement.*

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.
- Approximately 3 800 employees in KwaZulu-Natal who were adversely impacted by the floods in April and May 2022 were supported with the provision of food, water and accommodation, where necessary.

- Employee engagement levels remained high, with our 2022 Workforce Insights Pulse Survey highlighting that 74% of participating employees are proud to work at Nedbank, and our 'Great place to work' NPS score improved from 19 to 22, the highest level since inception of the survey.
- During the year, our Agility Centre successfully redeployed 235 employees into alternative roles within Nedbank, while 63 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 have paid our 25 924 employees' salaries and benefits of R19,9bn and concluded annual salary increases of 5,2% for our bargaining-unit employees, with non-bargaining-unit employees receiving increases of 4,0%. The blended average employee salary increase was 4,6% in 2022.
- In 2022 training spend was R939m, and employees were encouraged to use the Flow Time Wednesday afternoons for upskilling and online learning towards cultivating a learning culture within the organisation.
- In 2022 our hybrid work model saw 58% of our employees working in a 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 (2021: 80%) being black African, Coloured or Indian (ACI), ACI representation at board level increasing to 67% (2021: 62%) and at executive level at 39% (2021: 46%). Pleasingly, we continue to record improvements in ACI employee representation at senior- and middle-management levels. Female representation at board level improved to 27% (2021: 23%), at executive level it remained at 46% and among total employees it was 62% (2021: 61%).
- In 2022 we were formally recognised for our efforts towards transformation and diversity, and won two awards at the 21st Top Empowerment Awards, namely the Top Empowered Company: Youth Employment Service (YES) Initiative Award and the Top Empowered Company: Enterprise and Supplier Development Award.

Clients

- Delivering market-leading client experiences remains a key priority for us as we continued to build on the positive outcomes of the 2021 Consulta survey, where we achieved the #2 position among South African banks on client satisfaction metrics. In 2022, based on an independent survey conducted by Kantar (replacing Consulta that did not conduct their 2022 client satisfaction survey), Nedbank ranked #1 among the South African banks on NPS. In addition, we also improved our ranking to become the #1 bank on social-media net sentiment (average ranking over the past 12 months) up from #2 in 2021, as measured by Salesforce Social Studio.
- We safeguarded more than R1 trillion in deposits at competitive rates.
- We supported clients by advancing R341bn (2021: R228bn) 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 13% to 2,6 million (up by 45% since 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 53% (from 12% in 2019). During the year we also reached the milestone of having opened 200 Imagine branches, which are more digitally and sales focused.
- In support of clients impacted by the floods in KwaZulu-Natal, all available platforms were used to inform clients of branch closures and the nearest operational branches in the affected areas.
- In recognition of the value-add to our clients and our leadership position in key industries, segments and products, Nedbank won various awards, including the Best Retail Bank in Africa and SA and the Best SME Bank in SA at The Asian Banker Awards 2022, Best Boutique Private Bank for a fourth year running at the 2022 Wealth Briefing MENA Awards for Excellence. Nedbank Private Wealth won the award for Total Wealth Planning – High Net Worth at the Private Asset Managers Awards 2022.

Shareholders

- The group's strong financial performance, operational delivery and good strategic progress supported a 21% increase in the Nedbank share price in 2022, outperforming the South African Banks Index, which increased by 12% and the JSE All Share Index, which declined by 1%.
- A very strong capital and liquidity position at 31 December 2022 supported the declaration of a final dividend for 2022 of 866 cents per share, and a total dividend of 1 649 cents per share, an increase of 38% on 2021.
- We successfully hosted our third virtual annual general meeting (AGM) in 2022 although votes on our remuneration implementation report and remuneration policy at 72,9% and 71,7% respectively, were 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.
- In acknowledgement of Nedbank's leadership and progress made on ESG-related disclosures, Nedbank was recently ranked first in the Refinitiv Satrix SA Inclusion and Diversity Index, which shows the progress we have made on matters of diversity, equity and inclusion, and we remained at the top-end of various ESG ratings when compared with local and international peers.
- We ensured transparent, relevant and timeous reporting; ensured market-leading disclosures to shareholders; and participated in numerous virtual investor engagements in 2022, which were accompanied by high levels of investor attendance. Foreign equity shareholding levels increased to 33,2% (December 2021: 31,4%).
- On 1 April 2022 Nedbank Group ordinary shares started trading on A2X Markets (A2X) via a secondary listing. The secondary listing on A2X complements our existing listings on the Johannesburg Stock Exchange (JSE) and the Namibian Stock Exchange (NSX) by giving our investors the opportunity to source additional liquidity and save money when they transact, thereby benefiting Nedbank shareholders. Since listing, the Nedbank share has been a regular top-10-traded equity on the exchange.

Regulators

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

Key regulatory developments in 2022 included the following:

- The systemic capital risk Pillar 2A reinstatement, which reinstates the Pillar 2A capital requirement back to the pre-Covid-19 levels of 50 bps, 75 bps and 100 bps for CET1, tier 1 and total capital respectively, has been in effect from 1 January 2022 based on Directive 5/2021.
- In August 2022 SARB fully migrated from a cash deficit (money market shortage) monetary policy transmission mechanism to a cash surplus (floor) system, given that the cash deficit system was proving both difficult and costly to implement on the back of a significant increase in domestic structural liquidity in the period following the onset of the Great Lockdown Crisis (GLC). The resultant effect was that the banking system switched from a managed shortage of approximately R30bn to a surplus of approximately R50bn. The shift from a cash deficit system to a cash surplus system should be net positive for the banking sector, with the most significant benefit being a reduction in the cost of funding at the short end of the funding curve, while also offering banks an option to diversify their HQLA portfolios and/or extend additional credit and liquidity to the real economy.
- Basel III reforms: In September 2022, the Prudential Authority (PA) published a proposed directive with amendments to the regulations relating to banks, addressing key matters related to the Basel III post-crisis reforms; revisions to the standardised and the internal ratings-based approaches for credit risk; the new standardised approach for operational risk; refinements to the definition of the leverage ratio exposure measure and revised output floors that place a limit on the regulatory capital benefits that a bank using internal models can derive relative to the standardised approaches. The PA has endeavoured to understand the potential impact, costs and benefits of the proposed amendments to the regulations.
- The Financial Sector Laws Amendment Bill (FSLAB) was promulgated on 28 January 2022, giving rise to the Financial Sector Laws Amendment Act 23 of 2021 (FSLAA) and established the following:
  - SARB as the resolution authority (RA). A key element in conducting a credible open-bank resolution strategy includes the power of statutory bail-in, where creditors and shareholders will absorb losses of the failing institution. For this purpose, SARB introduced first loss after capital (Flac) instruments, which are non-regulatory, bail-inable debt instruments that will contribute to a designated institution's total loss-absorbing capacity (TLAC). On 19 May 2021 SARB issued a discussion paper titled 'Proposed principles and requirements for Flac instruments' providing guidance on the characteristics, calibration and implementation period for Flac instruments. SARB is expected to publish a draft prudential standard following industry consultation and engagement on the initial discussion paper. Depending on the outcome of the final Flac calibration methodology and Nedbank's associated minimum Flac requirement to be determined by SARB, it is anticipated that there would be additional cost implications as the bank issues new Flac instruments and replaces maturing senior unsecured debt (SUD) instruments with Flac instruments at a marginally higher cost, given the higher loss absorption associated with Flac instruments compared to SUD. Furthermore, in line with implementing SA's resolution framework, the first set of draft resolution standards (RA01) titled 'Stays on early termination rights and resolution moratoria on contracts of designated institutions in resolution' was released, for industry comment, in September 2022. The second set of draft resolution standards (RA02), for industry comment, was released shortly after, in November 2022, and pertains to the transfer of assets and liabilities of designated institutions in resolution. Nedbank, together with the industry, continues to engage and collaborate with SARB regarding the practicalities of implementing SA's resolution framework. The next step is for the Minister of Finance to publish the FSLAA commencement schedule, which will provide further guidance on the operationalisation of the Resolution Framework.
  - The Corporation for Deposit Insurance (CODI), as a separate entity within SARB has been mandated to manage a deposit insurance scheme in SA, designed to protect depositors' funds and enhance financial stability. The Deposit Insurance Levels and Administration Bills are dependent on the promulgation of CODI's secondary legislation that will, among other things, specify the limit of cover for CODI's protection and the calculation of banks' covered deposits, which is the basis for the levy and premium calculations. The group's initial impact assessments suggest, once promulgated, an annual CODI cost of approximately R220m for a covered deposit balance of approximately R100bn. The covered balance is the amount covered by CODI for a unique depositor after applying the coverage limit which is currently proposed at R100 000.
- In February 2023, the Financial Action Task Force (FATF) placed SA on its grey list as the country is deemed to pose a high money-laundering and terrorist-financing risk given weaknesses in parts of the country's anti-money-laundering (AML) and combating the financing of terrorism (CFT) systems. On the positive side, FAFT informed the SA government that it recognised the significant and positive progress made by the country in addressing the 67 recommended actions or deficiencies raised in the 2019 review. Eight areas of strategic deficiencies relating to the effective implementation of SA's AML and CFT laws required further and sustained progress. In response to the grey-listing, the National Treasury noted: '... there are no items on the action plan that relate directly to the preventive measures in respect of the financial sector. This reflects the significant progress in the application of a risk-based approach to the supervision of banks and insurers. National Treasury therefore expects that the increased monitoring will have limited impact on financial stability and costs of doing business with South Africa. This will, however, be monitored closely. Importantly, the costs of increased monitoring will be substantially lower than the long-term costs of allowing South Africa's economy to be contaminated by the flows of proceeds of crime and corruption.' Nedbank has adequate AML, CFT and sanctions measures in place and is well prepared to deal with any potential higher levels of due diligence from global correspondent banks and other intermediary financial institutions involved in transactions with South African entities.
- In May 2022, S&P Global (S&P) revised its outlook on Nedbank to 'positive' and affirmed our global and national scale ratings, including issuer ratings. The revised outlook followed S&P's decision to revise its outlook on SA to 'positive' from 'stable' on 'resilient external sector performance'.
- We hold investments of over R181bn 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 R11,5bn across the group (2021: R11,2bn).

Society

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

We have adopted the 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 in support of a Just Transition. At 31 December 2022, we had exposures of R123bn (2021: R108bn) that support SDF, representing 14% of the group's gross loans and advances. By the end of 2025, it is our ambition to increase our SDF exposures to around 20% of the group's total gross loans and advances. This will be achieved by support for more than R150bn in new SDF that is aligned with the SDGs, by the end of 2025 (from our starting base in 2021). Key highlights for 2022 include the following:

- **Quality education (SDG 4)**: We provided R238m of combined financing towards student loans and student accommodation in 2022, supporting 934 student loans (3 670 over the past five years) and for 168 student beds (around 43 000 since 2015). Our corporate social investment (CSI) spend totalled R127m in 2022, with 64% of this allocated to skills development and education.

- **Clean water and sanitation (SDG 6)**: We provided R500m (2021: R800m) in financing towards clean-water provision relating to public sector reticulation and sanitation projects, agricultural sector and commercial and industrial businesses. In our own operations we have been a net-zero operational water user since 2018 through our support of the WWF-SA Water Balance Programme, which removes invasive alien trees in key water-scarce areas. In our operations we decreased our total water consumption by a further 7% and by 43% when compared with the average 2019 base. This decrease was driven by ongoing water restriction measures, floorspace consolidation and reduced levels of employees at our campus sites.
- **Affordable and clean energy (SDG 7)**: We partnered with Hohm Energy to finance and install solar power solutions in SA for homeowners, thereby making solar-energy funding available to all, including non-Nedbank clients. These solar solutions enable households to move off Eskom's grid, or to at least lower their dependency on the power utility during load-shedding. Nedbank is the lead arranger on four projects in the emergency round Risk Mitigation IPPPP (expected to close H1 2023). We held preferred-bidder status in round 5 for four projects (expected to close in H1 2023) and participated in round 6, where 860 MW were allocated and Nedbank was awarded preferred bidder status for 300 MW (in total Nedbank supported 22 projects, totalling 3,8 GW). A total of 3 340 MW was not allocated given Eskom transmission and distribution limitations. In the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) we have arranged 42 transactions in renewable-energy projects to date in rounds 1 to 4, giving us exposures of R26bn. With regards to private financing, the lifting of the licensing floor limited for energy projects in the private sector (embedded generation) post the announcement of the president's Energy Action Plan on 25 July 2022 was positive and is enabling many of our clients to reduce their carbon footprint while ensuring energy certainty. Our private power generation (commercial) businesses, as well as, small business and residences amounted to R1,2bn in 2022 and we have a strong pipeline in place for 2023. Our recently completed Nedbank Namibia head-office campus received a 6-star greenstar rating, making it in the first Nedbank building to achieve this grading and placing it the 'world leadership' category of green buildings. In our own operations we reduced our own high-carbon-emission electricity consumption by 10% to 101 699 MWh, excluding own generation and renewable-electricity certificates (RECs). To supplement our own PV-produced electricity towards greener and self-generated renewable energy, in November 2022 we commenced wheeling green power from independent power producers to reduce our carbon emissions in our own operations which resulted in 1,5% of own green energy usage in 2022, with an aim to increase this to more than 30% of energy consumption by the end of 2025. In 2022, Nedbank received recognition from Global Finance for 'Outstanding leadership in green bonds' as well as 'Outstanding leadership in sustainability-linked bonds'.
- **Decent work and economic growth (SDG 8)**: We increased our support for small businesses and their owners, evident in loan exposures of R20,7bn (up by 6%), and provided banking solutions to more than 300 000 small-and-medium-enterprise (SME) clients. In 2022 we welcomed our third intake of more than 1 800 Youth Employment Service (YES) participants as we continue to make an impact on the South African youth and their families and communities. To date, over 7 000 previously unemployed youth have been provided the opportunity of employment through participating in Nedbank's YES programme and many of them were permanently employed (within Nedbank and the YES programme partners) after having participated in the programme.
- **Reduced inequalities (SDG 10)**: We maintained our level 1 broad-based black economic empowerment (BBBEE) status and were acknowledged at the 21st Top Empowerment Awards as the Top Empowered Company for the YES initiative and enterprise and supplier development. To support the cash flow needs of small businesses, we ensured, as part of our commitment to the #PayIn30 Campaign, that 91% of SMEs were paid within 30 days of receiving their invoices.
- **Sustainable cities and communities (SDG 11)**: The value of affordable home loans paid out for lower-income households increased by more than 100% to R3,5bn, equating to over 5 500 homes. We also provided finance of R952m towards the development of 4 978 affordable-housing units. We provided R25bn worth of funding to date for the construction of buildings that conform to green building standards. We approved R513m in loans to support the development of 964 Edge-certified residential units for 2021 Green Residential Development Bond.
- **Strengthening the means of implementation and revitalising the global partnership for sustainable development (SDG 17)**: In 2022 Nedbank became a signatory to the UN-backed Principles for Responsible Investment (PRI). Responsible investing has been a key focus for Nedgroup Investments for some time and this will augment the work we are already doing with our partner fund managers and aligns well with growing regulatory requirements. We are committed to the following six principles: incorporation of ESG issues into investment analysis and decision-making processes; being active owners and incorporating ESG issues into our ownership policies and practices; seeking appropriate disclosure on ESG issues by the entities in which we invest; and promoting acceptance and implementation of these principles.

The impact of higher levels of load-shedding

The higher levels of electricity outages (load-shedding) in the second half of the year had a limited impact on Nedbank's own operations, but have a material negative impact on many of our clients, although as a result of the electricity shortage the opportunity for clients in renewable-energy finance and private power generation have become larger.

Nedbank's own operations

Generator run-time in our own operations, including offices and branches, increased by over 200% and diesel-related expenses were up just over 100% to R59m in 2022. Load-shedding had no material impact on our ATMs, branches and point-of-sale (POS) devices as we leveraged our wide coverage of sustainable back-up 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 that 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 their exposure to Eskom. This is creating a strong runway for bank advances growth in this sector. However, electricity outages adversely impact business and consumer confidence, and, as a result, GDP growth will be negatively impacted in 2023 and beyond. From an SME perspective, load-shedding is making it increasingly difficult to start a business.

From a credit quality perspective, we have not seen a material impact on our impairments or CLR in 2022 yet. However, we are becoming concerned, as risks take time to emerge and the impacts on business intensify the longer the outages persist. In our small-business and commercial-business segments, clients in the following industries are more exposed: agriculture, manufacturing, restaurants, food services, retail (supply chain) and tourism. Some have and may incur operational losses (such as the impact of products perishing) while at the same time absorb increasing levels of operational costs (such as the use of generators). Corporate clients, in general, are more resilient given their strong balance sheets after deleveraging post Covid-19, but we keep monitoring the impact on clients that may be more impacted. Recent SARB analysis on the impact of load-shedding suggests that the economy has partially adapted to stages 1 and 2 load-shedding, which costs about R1m per working day in lost gross value added (GVA), but the costs to the economy in lost production escalate exponentially to about R408m per day at stage 4, and up to R899m per day at stage 6.

Economic outlook

The global economic environment is expected to deteriorate further in 2023. The slowdown in advanced countries is likely to intensify as the prior year's surge in inflation, sharply higher interest rates, and reduced wealth effects hurt household incomes and spending, while the war in Ukraine, uncertain energy supplies, sharply higher production costs, and sluggish global growth prospects erode company profits and subdue fixed investment. Emerging and developing countries face similar challenges, with slower growth in advanced countries likely to weigh on export earnings, while higher inflation and interest rates will subdue domestic demand. However, China's decision to abandon its strict zero-Covid policy will provide some support to global trade and commodity prices as industrial activity in China rebounds from over a year of intermittent strict lockdowns. The risk of sovereign defaults will remain high, with many developing countries with substantial exposure to foreign debt struggling to meet debt obligations given extremely limited fiscal space, a relatively strong US dollar and sharply higher US interest rates. While China's reopening has improved the outlook for 2023, the IMF still expects global growth to slow to 2,9% in 2023. Advanced countries are forecast to grow by a weak 1,2%, while emerging and developing countries are projected to expand by 4,0%. Sub-Saharan Africa will likely remain relatively resilient, with the region's economy forecast to expand at a similar pace to 2022 of around 3,8% in 2023. Although the world economy tries to navigate a soft landing, the risk of recession remains significant. 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.

In SA economic conditions deteriorated significantly in early 2023, hurt by a sharp escalation in rolling blackouts as the country's electricity shortage escalated. Load-shedding is likely to continue at elevated levels throughout 2023, and combined with slower global demand and softer commodity prices will negatively impact domestic production and exports, resulting in a wider current account deficit in 2023. Furthermore, the rise in inflation and higher interest rates will continue to weigh on household incomes and contain consumer spending. While fixed investment will be supported by renewable-energy projects, the upside will be limited by regular power outages and weaker domestic and global growth prospects, along with easing commodity prices, slow progress with structural reforms and persistent policy uncertainties that will continue to hurt investor sentiment. We expect capital spending to slow in 2023 as gross fixed capital formation (GFCF) is forecast to grow by 1,3%, down from an estimated 4,5% in 2022. The Nedbank Group Economic Unit expects real GDP growth to slow to around 0,7% in 2023, before gaining moderate upward traction to 1,5%, 1,6% and 1,8% in 2024, 2025 and 2026 respectively.

Inflation in SA is forecast to ease gradually in 2023, as international oil, food and other imported prices moderate from the highs of 2022 and global supply chains improve. Inflation is forecast to average 5,5% in 2023. Thereafter, inflation is expected to moderate to an average of around 4,8% in 2024 and 2025. Since inflation remains well above the upper limit of SARB's inflation target range of 3% to 6%, the MPC raised the repo rate by a further 25 basis points in January 2023 and is likely to do so again in March, taking the repo and the prime lending rates to expected peaks of 7,50% and 11,0%, respectively. Monetary policy is then expected to ease in 2024 as inflation recedes towards the midpoint of the inflation target range. We forecast cumulative cuts of 75 basis points in 2024, with the prime rate stabilising at around 10,50% over the following two years.

Conditions in the banking industry are likely to be challenging. Credit extension is forecast to slow to 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, but manageable household debt burdens and accumulated savings should provide some buffers against tighter financial conditions and limit the downside for credit. Corporate credit growth will also slow as the impact of the low base established in 2020 and 2021 disappears. Heightened uncertainty about the country's growth prospects amid paralysing structural constraints will probably discourage new large capital projects and subdue demand for general loans. However, renewable-energy projects should provide some foundation for corporate loans. The risk of bad debts is expected to increase moderately as higher interest rates take effect.

Surplus capital optimisation initiative

Nedbank Group's capital position reflects 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 at 31 December 2022.

The board has reviewed the level of this structural capital surplus as well as the expected future capital requirements of the group for, among other things, executing strategic initiatives and meeting operational requirements that include supporting strong levels of client growth.

This review has culminated in the board approving a proposed share repurchase programme of up to R5bn to be executed over the next 12 months, which repurchase programme will be implemented subject to all legal and regulatory approvals being received and requirements being met. The repurchase programme is likely to include an odd-lot offer, being an offer by Nedbank Group to repurchase shares from shareholders holding less than 100 Nedbank Group ordinary shares, which will have the added benefit of reducing the group's administrative costs associated with a large shareholder register, whilst providing a liquidity event for smaller shareholders.

The proposed repurchase programme is expected to be accretive to DHEPS, optimise capital levels and associated returns on equity and in so doing deliver value to shareholders.

Further announcements regarding this capital optimisation will be made in due course.

Prospects

Our guidance on financial performance for full-year 2023, in a global and domestic macroeconomic environment with high forecast risk and uncertainty, is currently as follows:

- **NII** growth to be around the mid-teens, as the group's NIM is expected to increase further from the 2022 level of 3,93%, driven by the run-rate benefits from interest rate increases (endowment) in 2022 and 50 bps expected increases in 2023. This benefit will be marginally offset by asset mix changes as lower margin businesses and products grow faster than higher margin businesses and products, and as competitive pricing pressures remain elevated. Loan growth is expected to remain at similar levels as 2022.
- **CLR** to remain within the top half of our TTC target range of 60 bps to 100 bps (between 80 bps to 100 bps). Given the difficult and volatile external environment, our CLR guidance has more upside than downside risk.
- **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 from Q4 2022 to H1 2023. Trading conditions will remain uncertain but are expected to improve from 2022 levels, and insurance, private-equity and fair-value gains have created a high base to grow off in 2022.
- **Expense** growth to be around mid-to-upper single digits, showing the impacts average salary increases in 2023 of around 6%, higher levels of profitability on variable incentives, inflationary and exchange rate pressures, and the introduction of new regulatory fees such as Twin Peaks, partially offset by ongoing cost optimisation.

- **Minorities and non-controlling interest** growth to accelerate in 2023, showing 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.

IFRS 17: Insurance Contracts replaces IFRS 4 and is effective from 1 January 2023. The group will restate comparative information for 2022 applying the transitional provisions to IFRS 17. The implementation of IFRS 17 will likely result in a positive impact on the cost-to-income ratio, as expenses directly related to insurance products will be required recognised in NIR. The transition to IFRS17 is expected to have an immaterial impact on the group's capital.

Our medium-term 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 strong 2022 financial performance we remain focused on delivering the remainder of these 2023 targets.

As part of our 2023 to 2025 business planning, we have set new medium-term targets to 2025, and long-term targets to support our focus on ongoing value creation for shareholders. By the end of 2025 we aim to have grown DHEPS by more than a compound annual growth rate (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 are based on the group's macroeconomic assumptions set in February 2023 and ongoing delivery on our strategic initiatives as key enablers. To achieve these, revenue is expected to grow ahead of expenses, driven by higher levels of endowment income and solid advances growth (including participating in renewable energy and infrastructure opportunities in CIB and maintaining momentum in RBB), while NIR growth is expected to remain robust, driven by main-banked client gains and cross-sell, a more favourable trading environment and ongoing strong associate income growth from our investment in ETI. Expense optimisation remains top of mind, while IT amortisation growth is expected to slow further as our ME technology investment completes by the end of 2024. The group's CLR is expected to remain within the TTC target range of 60 bps to 100 bps. Capital levels, including the group's R5bn capital optimisation programme, are expected to remain strong, with dividends likely to be paid at the lower end of the group's cover policy (1,75 times to 2,25 times), subject to board approval.

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

Metric	2022 performance[6]	Full-year 2023 outlook	Medium-term target (2025)	Long-term target
ROE	14,0%	> 15% (target)	> 17% (around COE + 2%)	> 18% (around COE + 3%)
Growth in DHEPS	19%	Strong positive growth	≥ consumer price index + GDP growth + 5% CAGR	
CLR	89 bps	Between 80 bps and 100 bps	Between 60 bps and 100 bps of average banking advances	
Cost-to-income ratio (including associate income)	56,5%	< 54% (target)	< 52%	< 50%
CET1 capital adequacy ratio	14,0%	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, Phumzile Langeni and Mteto Nyati were appointed as independent non-executive directors of Nedbank Group with effect from 22 March 2022 and 1 October 2022 respectively. Daniel Mminele was appointed as an independent non-executive director and Chairperson-designate with effect from 1 May 2023. He will replace the current Chairperson, Mpho Makwana, when he steps down at the AGM on 2 June 2023, as previously announced. 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.

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

In 2023 Trevor Adams, Group Chief Risk Officer, and Fred Swanepoel, Group Chief Information Officer, will reach the group's mandatory retirement age of 60. Following extensive internal and external processes, Dave Crewe-Brown has been appointed to succeed Trevor as the Group Chief Risk Officer, with effect from 1 April 2023. Trevor Adams will stay on until the end of Q1 2023 to finalise the group's 2022 risk governance and reporting processes. Ray Naicker was appointed to succeed Fred as Chief Information Officer with effect from 1 July 2023. Fred will stay on until 30 June 2023. Both Dave and Ray have been appointed members of the Group Executive Committee with effect from 1 April and 1 July 2023 accordingly.

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.

Final dividend declaration

Notice is hereby given that a final dividend of 866 cents per ordinary share has been declared, payable to shareholders for the six months ended 31 December 2022. The dividend has been declared out of income reserves.

The dividend will be subject to a dividend withholding tax rate of 20% (applicable in SA) or 173,2 cents per ordinary share, resulting in a net dividend of 692,8 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 511 500 790.

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

Event	Date
Last day to trade (cum dividend)	Tuesday, 11 April 2023
Shares commence trading (ex dividend)	Wednesday, 12 April 2023
Record date (date shareholders recorded in books)	Friday, 14 April 2023
Payment date	Monday, 17 April 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 April 2023, and Friday, 14 April 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 or collection of cheques has ceased, effective from 31 December 2021. In the absence of specific mandates, the dividend will be withheld until shareholders provide their banking information. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 17 April 2023.

For and on behalf of the board

Mpho Makwana — *Chairperson*

Mike Brown — *Chief Executive*

7 March 2023

Directors

PM Makwana (Chairperson), MWT Brown** (Chief Executive), HR Brody*, BA Dames, MH Davis** (Chief Financial Officer), NP Dongwana, EM Kruger, P Langeni, RAG Leith, L Makalima, Dr MA Matooane, 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 summary consolidated financial statements of the group at and for the year ended 31 December 2022 comprise the financial information of the company and its subsidiaries (the group) and the group's interests in associates and joint arrangements.

The summary consolidated financial statements comprise the summary consolidated statement of financial position at 31 December 2022, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year ended 31 December 2022 and selected explanatory notes, which are indicated by the symbol #. The summary consolidated financial statements and the full set of consolidated financial statements have been prepared under the supervision of Mike Davis CA(SA), AMP (Insead), the Group Chief Financial Officer.

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act, 71 of 2008, applicable to summary financial statements. In terms of the Listings Requirements, provisional reports have to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council, and, as a minimum, have to contain the information required by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those used for the previous annual financial statements. The new accounting standards, interpretations and amendments to existing accounting standards and interpretations effective in the current year do not have a material impact on the financial statements.

New standards and interpretations not yet adopted#

IFRS 17: Insurance Contracts

IFRS 17 replaces IFRS 4 and is effective from 1 January 2023. The group will restate comparative information for 2022 applying the transitional provisions to IFRS 17. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held. The standard aims to increase comparability and transparency of profitability across entities where insurance contracts are issued and held. The standard introduces a new comprehensive model (general measurement model) for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach (premium allocation approach) and modified approach (variable-fee approach) for contracts with discretionary participation features.

The implementation of IFRS 17 will have financial and operational implications for the group and its insurance subsidiaries, including in the following areas:

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

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

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

Transitional impact

The after-tax impact on the equity at transition will be an increase of between 0% and 0,5% of reserves at 1 January 2022.

Initial application impact

While the group intends rolling forward in full from transition to initial application, the impact on equity for 2022 is currently being assessed. The following areas will continue to receive attention as the implementation of IFRS 17 progresses during the 2023 financial reporting period:

- Further refining certain models.
- Finalising the reporting and disclosure framework.
- Observing local and international industry trends with respect to IFRS 17 adoption.

The estimates are based on accounting policies, assumptions, judgements and estimation techniques, which will be reviewed and assessed regularly during the year in preparation for the financial statements for the year ending 31 December 2023.

Other new standards and interpretations not yet adopted

Certain new accounting standards and interpretations that are not mandatory for the 31 December 2022 reporting period and have not been early-adopted by the group have been published. There are no other standards that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

Change in corporate tax rate#

The corporate tax rate was reduced from 28% to 27% during 2022 and is applicable from the 2023 year of assessment for South African companies in the group. Current tax balances are therefore reflected at the 28% rate and deferred tax balances at the 27% rate, resulting in a decrease in deferred tax assets of R2m, this being related to the remeasurement at 31 December 2022.

Audited summary consolidated financial statements – independent auditors' opinion

The summary consolidated financial statements for the year ended 31 December 2022 have been audited by Ernst & Young Inc and Deloitte & Touche and they expressed an unmodified opinion thereon. The auditors also expressed an unmodified opinion on the consolidated financial statements from which this summary consolidated financial statements were derived. The audit report issued also includes communication of key audit matters.

Copies of the auditors' report on the summary consolidated financial statements and of the auditors' report on the consolidated financial statements are available for inspection at the company's registered office, together with the consolidated financial statements identified in the respective auditors' reports.

The auditors' report does not necessarily report on all the information contained in this results announcement. Shareholders are therefore advised that, to obtain a full understanding of the nature of the auditors' engagement, they should obtain a copy of the auditors' report, together with the accompanying consolidated financial statements, from Nedbank Group's registered office.

Events after the reporting period#

The directors are not aware of any material events that have occurred between the reporting date and 6 March 2023, which is the date of approval of the consolidated annual financial statements and the summary consolidated financial statements.

Financial highlights

at

		Yoy % change	31 December 2022	31 December 2021
Statistics				
Number of shares listed	m	1	**511,5**	508,9
Number of shares in issue, excluding shares held by group entities	m		**487,3**	485,6
Weighted-average number of shares	m		**486,9**	485,1
Diluted weighted-average number of shares	m	1	**500,7**	494,8
Headline earnings	Rm	20	**14 049**	11 689
Profit attributable to ordinary shareholders	Rm	27	**14 275**	11 238
Total comprehensive income	Rm	1	**13 342**	13 171
Preprovisioning operating profit	Rm	15	**25 737**	22 327
Economic loss	Rm	88	**(203)**	(1 735)
Headline earnings per share[1]	cents	20	**2 886**	2 410
Diluted headline earnings per share[1]	cents	19	**2 806**	2 362
Basic earnings per share[1]	cents	27	**2 932**	2 317
Diluted basic earnings per share[1]	cents	26	**2 851**	2 271
Ordinary dividends declared per share	cents	38	**1 649**	1 191
Interim	cents	81	**783**	433
Final	cents	14	**866**	758
Ordinary dividends paid per share	cents	>100	**1 541**	433
Dividend cover	times		**1,75**	2,02
Total assets administered by the group[2,3]	Rm		**1 646 035**	1 639 246
Total assets[2,3]	Rm	3	**1 252 971**	1 214 917
Assets under management	Rm	(7)	**393 064**	424 329
Life insurance embedded value	Rm	10	**4 461**	4 039
Life insurance value of new business	Rm	85	**595**	322
Net asset value per share	cents	5	**21 533**	20 493
Tangible net asset value per share	cents	7	**18 937**	17 770
Closing share price	cents	21	**21 258**	17 502
Price/earnings ratio	historical		**7,4**	7,3
Price-to-book ratio	historical		**1,0**	0,9
Market capitalisation	Rbn	22	**108,7**	89,1
Number of employees (permanent staff)		(3)	**25 924**	26 861
Number of employees (permanent and temporary staff)		(3)	**26 480**	27 303

	Yoy % change	31 December 2022	31 December 2021
Key ratios (%)			
ROE		**14,0**	12,5
Return on tangible equity		**16,2**	14,8
ROA		**1,14**	0,98
Return on average RWA		**2,18**	1,78
NII to average interest-earning banking assets		**3,93**	3,73
Non-interest revenue and income to total income[4]		**42,9**	43,4
Non-interest revenue and income to total operating expenses[4]		**75,0**	74,0
CLR – banking advances		**0,89**	0,83
Cost-to-income ratio[4]		**56,5**	57,8
Total income growth rate less expense growth rate (JAWS ratio)[4]		**2,5**	1,0
Effective taxation rate		**22,1**	24,6
Group capital adequacy ratios (including unappropriated profits):			
– CET 1		**14,0**	12,8
– Tier 1		**15,5**	14,3
– Total		**18,1**	17,2

[1] *These metrics have been audited by the group's auditors.*

[2] *During 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being 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 have been restated by R3 866m and the opening 1 January 2021 assets and liabilities restated by R3 390m respectively.*

[3] *During 2022 the group reviewed its presentation of long-term employee benefits (LTEB) in the statement of financial position (SOFP). 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) in the 2021 SOFP. As a result, the comparative LTEB assets and liabilities have decreased by R2 271m.*

[4] *During the year management elected to change the presentation of the 'Net monetary loss' line item of R138m that was previously disclosed separately on the face of the statement of comprehensive income (SOCI) and disclose it as part of non-interest revenue and income (NIR) under the 'Net sundry income' line item on the face of the SOCI. The change will allow the impact of the foreign exchange currency gains or losses on the nostro net cash balances that relate to Nedbank Zimbabwe, which are translated to the Zimbabwean dollar, and the 'Net monetary loss' line item, to be presented together within NIR. This change is a reclassification in terms of IAS 1: Presentation of Financial Statements (IAS 1), as it changes the presentation of the SOCI. To provide comparability, the prior-year 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.*

Audited summary consolidated financial statements for the year ended 31 December 2022

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

A copy of the Nedbank Group Limited audited consolidated annual financial statements can be obtained by contacting Nedbank Group Investor Relations at NedGroupIR@nedbank.co.za. They are also available at https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/financial-results.html.

Summary consolidated statement of comprehensive income

for the year ended

	Yoy % change	31 December 2022 (Audited) Rm	31 December 2021 (Restated)[1,2] (Audited) Rm
Interest income on financial instruments measured at amortised cost and debt instruments at fair value through other comprehensive income (FVOCI)	24	**80 436**	64 857
Interest income on other financial instruments and similar income	82	**1 668**	915
Interest and similar income	25	**82 104**	65 772
Interest expense and similar charges	38	**45 827**	33 272
Interest expense related to all activities[1]		**47 731**	34 123
Less interest expense related to fair-value activities[1]		**(1 904)**	(851)
Net interest income	12	**36 277**	32 500
Non-interest revenue and income[2]	10	**27 301**	24 889
Net commission and fees income		**18 964**	17 754
Commission and fees revenue		**24 196**	22 085
Commission and fees expense		**(5 232)**	(4 331)
Net insurance income		**2 369**	2 005
Fair-value adjustments		**187**	(833)
Net trading income		**4 166**	4 475
Equity revaluation gains		**815**	650
Investment income		**96**	263
Net sundry income[2]		**704**	575
Share of gains of associate companies	12	**879**	786
Total income[2]	11	**64 457**	58 175
Impairments charge on financial instruments	13	**7 381**	6 534
Net income[2]	11	**57 076**	51 641
Total operating expenses	8	**36 425**	33 639
Indirect taxation	7	**1 152**	1 073
Impairments charge on non-financial instruments and other gains and losses	>(100)	**(245)**	499
Profit before direct taxation	20	**19 744**	16 430
Direct taxation	7	**4 326**	4 043

	Yoy % change	31 December 2022 (Audited) Rm	31 December 2021 (Restated)[1,2] (Audited) Rm
Profit for the year	24	**15 418**	12 387
Other comprehensive (losses)/income (OCI) net of taxation	>(100)	**(2 076)**	784
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translating foreign operations		**(2)**	1 029
Share of OCI of investments accounted for using the equity method		**(1 821)**	(722)
Debt investments at fair value through OCI (FVOCI) – net change in fair value		**146**	(5)
Items that may not subsequently be reclassified to profit or loss			
Property revaluations		**(106)**	36
Remeasurements on long-term employee benefit assets		**(245)**	389
Share of OCI of investments accounted for using the equity method		**(1)**	(21)
Equity instruments at FVOCI – net change in fair value		**(47)**	78
Total comprehensive income for the year	1	**13 342**	13 171
Profit attributable to:			
– Ordinary shareholders	27	**14 275**	11 238
– Holders of preference shares	(100)		188
– Holders of participating preference shares	(15)	**106**	125
– Holders of additional tier 1 capital instruments	18	**873**	737
– Non-controlling interest – ordinary shareholders	66	**164**	99
Profit for the year	24	**15 418**	12 387
Total comprehensive income attributable to:			
– Ordinary shareholders	2	**12 227**	11 941
– Holders of preference shares	(100)		188
– Holders of participating preference shares	(15)	**106**	125
– Holders of additional tier 1 capital instruments	18	**873**	737
– Non-controlling interest – ordinary shareholders	(24)	**136**	180
Total comprehensive income for the year	1	**13 342**	13 171
Basic earnings per share (cents)	27	**2 932**	2 317
Diluted earnings per share (cents)	26	**2 851**	2 271

[1] *During 2022 the group reviewed its presentation of the statement of comprehensive income (SOCI). 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 total finance cost to be presented on the face of the SOCI (previously, this information was reported in note B6.1.2). As a result, the comparative information has been restated. The restatement has no impact on any subtotals and totals presented in the prior year.*

[2] *During the year management elected to change the presentation of the 'net monetary loss' line item of R138m that was previously disclosed separately on the face of the SOCI and disclose it as part of non-interest revenue and income (NIR) under the 'Net sundry income' line item on the face of the SOCI. The change will allow the impact of the foreign exchange currency gains or losses on the nostro net cash balances relating to Nedbank Zimbabwe, which are translated to the Zimbabwean dollar and the 'net monetary loss' line item to be presented together within NIR. This change is a reclassification in terms of IAS 1: Presentation of Financial Statements (IAS 1), as it changes the presentation of the SOCI.*

To provide comparability, the prior-year 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.

Summary consolidated statement of financial position

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	Yoy % change	31 December 2022 (Audited) Rm	31 December 2021 (Restated)[1,2] (Audited) Rm	1 January 2021 (Restated)[1] (Audited) Rm
Assets				
Cash and cash equivalents	2	**45 618**	44 586	41 382
Other short-term securities	18	**70 661**	60 037	52 605
Derivative financial instruments	(77)	**9 101**	39 179	80 325
Government and other securities	7	**160 495**	150 498	132 221
Loans and advances	6	**882 165**	831 735	843 303
Other assets[1]	(7)	**28 052**	30 011	13 412
Current taxation assets	19	**147**	124	164
Investment securities		**25 465**	25 498	26 425
Non-current assets held for sale	(62)	**244**	638	69
Investments in associate companies	(26)	**2 496**	3 395	3 322
Deferred taxation assets	(23)	**681**	889	657
Investment property	(7)	**26**	28	
Property and equipment	3	**11 064**	10 739	11 334
Long-term employee benefit assets[2]	(5)	**4 107**	4 339	5 777
Intangible assets	(4)	**12 649**	13 221	13 751
Total assets	3	**1 252 971**	1 214 917	1 224 747
Equity and liabilities				
Ordinary share capital		**487**	486	484
Ordinary share premium	2	**19 208**	18 768	18 583
Reserves	6	**85 233**	80 259	69 925
Total equity attributable to ordinary shareholders	5	**104 928**	99 513	88 992
Holders of preference shares				3 222
Holders of participating preference shares	(14)	**51**	59	(58)
Holders of additional tier 1 capital instruments	10	**10 219**	9 319	7 822
Non-controlling interest attributable to ordinary shareholders	13	**698**	620	466
Total equity	6	**115 896**	109 511	100 444
Derivative financial instruments	(73)	**9 738**	36 042	65 130
Amounts owed to depositors[1]	7	**1 039 622**	967 929	950 325
Provisions and other liabilities	(24)	**17 752**	23 451	23 704
Current taxation liabilities	(2)	**322**	330	590
Non-current liabilities held for sale	(100)		80	
Deferred taxation liabilities	9	**499**	458	390
Long-term employee benefit liabilities[2]	(96)	**6**	156	2 604
Investment contract liabilities	(8)	**16 609**	17 959	20 868
Insurance contract liabilities	(26)	**624**	842	922
Long-term debt instruments	(11)	**51 903**	58 159	59 770
Total liabilities	3	**1 137 075**	1 105 406	1 124 303
Total equity and liabilities	3	**1 252 971**	1 214 917	1 224 747

[1] *During 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being 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 have been restated by R3 866m and the opening 1 January 2021 assets and liabilities restated by R3 390m respectively.*

[2] *During 2022 the group reviewed its presentation of long-term employee benefits (LTEB) in the statement of financial position (SOFP). 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) in the 2021 SOFP. As a result, the comparative LTEB assets and liabilities have decreased by R2 271m.*

Summary consolidated statement of changes in equity

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve	Property revaluation reserve	Share-based payments reserve	Other non-distributable reserves	FVOCI reserve	Other distributable reserves	Total equity attributable to ordinary equity holders	Holders of preference shares	Holders of participating preference shares	Holders of additional tier 1 capital instruments	Non-controlling interest attributable to ordinary shareholders	Total equity
Audited balance at 1 January 2021	483 892 767	484	18 583	(1 995)	1 757	1 032	290	961	67 880	88 992	3 222	(58)	7 822	466	100 444
Additional tier 1 capital instruments issued										–			3 497		3 497
Additional tier 1 capital instruments redeemed										–			(2 000)		(2 000)
Share movements in terms of long-term incentive and BEE schemes	1 708 780	2	185			(132)			(36)	19					19
Preference share redeemed							78			78	(3 222)				(3 144)
Preference share dividend										–	(188)	(8)			(196)
Additional tier 1 capital instruments interest paid										–			(737)		(737)
Dividends to shareholders									(2 178)	(2 178)					(2 178)
Total comprehensive income/(losses) for the year				499	28	–	–	(192)	11 606	11 941	188	125	737	180	13 171
Profit attributable to ordinary equity holders and non-controlling interest									11 238	11 238	188	125	737	99	12 387
Exchange differences on translating foreign operations including the effect of hyperinflation				956						956				73	1 029
Movement in fair-value reserve								73		73					73
Property revaluations					28					28				8	36
Remeasurements on long-term employee benefit assets									389	389					389
Share of OCI of investments accounted for using the equity method				(457)				(265)	(21)	(743)					(743)
Transfer (from)/to reserves					(24)	(332)	(95)		451	–					–
Value of employee services (net of deferred tax)						637				637					637
Transactions with non-controlling interests				(12)	3				35	26				(26)	–
Other movements									(2)	(2)					(2)
Audited balance at 31 December 2021	**485 601 547**	**486**	**18 768**	**(1 508)**	**1 764**	**1 205**	**273**	**769**	**77 756**	**99 513**	**–**	**59**	**9 319**	**620**	**109 511**
Additional tier 1 capital instruments issued										**–**			**1 500**		**1 500**
Additional tier 1 capital instruments redeemed													**(600)**		**(600)**
Share movements in terms of long-term incentive and BEE schemes	**1 650 168**	**1**	**440**			**(384)**			**(82)**	**(25)**					**(25)**
Preference share dividend										**–**		**(114)**			**(114)**
Additional tier 1 capital instruments interest paid										**–**			**(873)**		**(873)**
Dividends to shareholders									**(7 788)**	**(7 788)**				**(38)**	**(7 826)**
Total comprehensive (losses)/income for the year				**(1 391)**	**(97)**	**–**	**–**	**(317)**	**14 032**	**12 227**	**–**	**106**	**873**	**136**	**13 342**
Profit attributable to ordinary equity holders and non-controlling interest									**14 275**	**14 275**		**106**	**873**	**164**	**15 418**
Exchange differences on translating foreign operations including the effect of hyperinflation				**11**						**11**				**(13)**	**(2)**
Movement in fair-value reserve								**102**		**102**				**(3)**	**99**
Property revaluations					**(97)**					**(97)**				**(9)**	**(106)**
Remeasurements on long-term employee benefit assets									**(242)**	**(242)**				**(3)**	**(245)**
Share of OCI of investments accounted for using the equity method				**(1 402)**				**(419)**	**(1)**	**(1 822)**					**(1 822)**
Transfer (from)/to reserves					**(58)**	**(70)**	**3**		**125**	**–**					**–**
Value of employee services (net of deferred tax)						**979**				**979**					**979**
Transactions with non-controlling interests				**(17)**	**2**				**35**	**20**				**(20)**	**–**
Other movements									**2**	**2**					**2**
Audited balance at 31 December 2022	**487 251 715**	**487**	**19 208**	**(2 916)**	**1 611**	**1 730**	**276**	**452**	**84 080**	**104 928**	**–**	**51**	**10 219**	**698**	**115 896**

Summary consolidated statement of cash flows

for the year ended

	31 December 2022 (Audited) Rm	31 December 2021 (Restated)[1,2] (Audited) Rm
Profit before direct taxation	**19 744**	16 430
Adjusted for:	**(22 674)**	(17 528)
Non-cash items	**13 824**	15 232
Dividends received	**(221)**	(260)
Interest and similar income	**(82 104)**	(65 772)
Interest expense and similar charges	**45 827**	33 272
Interest received	**80 149**	65 018
Interest paid	**(41 565)**	(34 273)
Dividends received on investments	**221**	260
Change in funds for operating activities	**(12 015)**	(12 169)
(Increase)/Decrease in operating assets[1,2]	**(44 809)**	3 769
Increase/(Decrease) in operating liabilities[1,2]	**32 794**	(15 938)
Net cash from operating activities before taxation	**23 860**	17 738
Taxation paid	**(5 006)**	(5 599)
Cash flows from operating activities	**18 854**	12 139
Cash flows used by investing activities	**(2 626)**	(2 050)
Acquisition of property, equipment, computer software and development costs and investment property	**(3 176)**	(3 455)
Disposal of property, equipment, computer software and development costs	**91**	29
Disposal of investment banking assets		161
Disposal of subsidiary companies	**339**	
Acquisition of associate companies		(43)
Acquisition of investment securities	**(2 643)**	(2 443)
Disposal of investment securities	**2 763**	3 701
Cash flows used by financing activities	**(15 237)**	(7 412)
Issue of additional tier 1 capital instruments	**1 500**	3 497
Issue of long-term debt instruments	**1 424**	6 579
Redemption of preference shares		(3 144)
Redemption of additional tier 1 capital instruments	**(600)**	(2 000)
Redemption of long-term debt instruments	**(7 811)**	(8 244)
Capital repayments of lease liabilities	**(937)**	(989)
Dividends paid to ordinary shareholders	**(7 826)**	(2 178)
Preference share dividends paid	**(114)**	(196)
Additional tier 1 capital instruments interest paid	**(873)**	(737)
Effects of exchange rate changes on cash and cash equivalents	**41**	527
Net increase in cash and cash equivalents	**1 032**	3 204
Cash and cash equivalents at the beginning of the year	**44 586**	41 382
Cash and cash equivalents at the end of the year	**45 618**	44 586

[1] *During 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being 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 have been restated by R3 866m and the opening 1 January 2021 assets and liabilities restated by R3 390m respectively.*

[2] *During 2022 the group reviewed its presentation of long-term employee benefits (LTEB) in the statement of financial position (SOFP). 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) in the 2021 SOFP. As a result, the comparative LTEB assets and liabilities have decreased by R2 271m.*

The impact of these two restatements is an increase in the previously-disclosed 'Decrease in operating assets' of R2 747m and a increase in the previously-disclosed 'Decrease in operating liabilities' of R2 747m.

Notes to the audited summary consolidated financial statements

for the year ended 31 December 2022#

Revenue

for the year ended

	31 December 2022 (Audited) Rm	31 December 2021 (Restated)[1,2] (Audited) Rm
Interest and similar income	**82 104**	65 772
Listed corporate bonds	**1 634**	1 287
Home loans (including properties in possession)	**14 711**	11 314
Commercial mortgages	**15 210**	12 516
Instalment debtors	**14 581**	12 199
Credit cards	**2 267**	2 138
Overdrafts	**2 156**	1 576
Term and other loans	**17 042**	11 357
Personal loans	**5 684**	5 528
Government and other securities	**7 338**	6 837
Short-term funds and securities	**1 481**	1 020
Interest expense and similar charges	**45 827**	33 272
Interest expense on amortised cost instruments[1]	**47 731**	34 123
Deposit and loan accounts	**27 940**	18 957
Current and savings accounts	**1 045**	523
Negotiable certificates of deposit	**6 677**	4 378
Other interest-bearing liabilities	**7 951**	6 316
Long-term debt instruments	**4 118**	3 949
Less interest expense related to fair-value activities[1]	**(1 904)**	(851)
Net interest income	**36 277**	32 500
Non-interest revenue and income[2]	**27 301**	24 889
Net commission and fees income	**18 964**	17 754
Net insurance income	**2 369**	2 005
Fair-value adjustments	**187**	(833)
Net trading income	**4 166**	4 475
Equity revaluation gains/(losses)	**815**	650
Investment income	**96**	263
Net sundry income[2]	**704**	575
Revenue[2]	**63 578**	57 389

[1] *During 2022 the group reviewed its presentation of the statement of comprehensive income (SOCI). 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 total finance cost to be presented on the face of the SOCI (previously, this information was reported in note B6.1.2). As a result, the comparative information has been restated. The restatement has no impact on any subtotals and totals presented in the prior year.*

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To provide comparability, the prior-year 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.

Summary consolidated segmental reporting

for the year ended

Statement of financial position (Rm)

	Total		Nedbank Corporate and Investment Banking		Nedbank Retail and Business Banking		Nedbank Wealth		Nedbank Africa Regions		Centre[1]	
	31 Dec 2022 (Audited)	31 Dec 2021 (Restated)[2,3] (Audited)	31 Dec 2022 (Audited)	31 Dec 2021 (Audited)	31 Dec 2022 (Audited)	31 Dec 2021 (Restated)[2] (Audited)	31 Dec 2022 (Audited)	31 Dec 2021 (Audited)	31 Dec 2022 (Audited)	31 Dec 2021 (Audited)	31 Dec 2022 (Audited)	31 Dec 2021 (Restated)[3] (Audited)
Assets												
Cash and cash equivalents	**45 618**	44 586	**814**	2 122	**5 629**	5 137	**1 723**	2 526	**7 048**	8 075	**30 404**	26 726
Other short-term securities	**70 661**	60 037	**38 245**	30 058			**28 511**	25 477	**4 787**	5 050	**(882)**	(548)
Derivative financial instruments	**9 101**	39 179	**9 019**	39 151			**39**	9	**23**	1	**20**	18
Government and other securities	**160 495**	150 498	**79 524**	68 887			**255**	268	**2 095**	1 773	**78 621**	79 570
Loans and advances	**882 165**	831 735	**424 642**	398 622	**408 430**	380 985	**29 025**	30 273	**21 714**	21 243	**(1 646)**	612
Other assets[2,3]	**84 931**	88 882	**31 983**	33 504	**9 281**	7 992	**21 081**	22 433	**3 442**	4 285	**19 144**	20 668
Intergroup assets	**–**	–			**17 669**	17 040			**3 748**	2 420	**(21 417)**	(19 460)
Total assets	**1 252 971**	1 214 917	**584 227**	572 344	**441 009**	411 154	**80 634**	80 986	**42 857**	42 847	**104 244**	107 586
Equity and liabilities												
Total equity	**115 896**	109 511	**36 249**	36 536	**31 843**	33 060	**4 336**	4 528	**7 057**	6 385	**36 411**	29 002
Derivative financial instruments	**9 738**	36 042	**9 708**	35 998			**16**	34	**14**	10		
Amounts owed to depositors[2]	**1 039 622**	967 929	**441 886**	437 651	**402 114**	371 106	**46 191**	43 840	**34 327**	35 054	**115 104**	80 278
Provisions and other liabilities[3]	**35 812**	43 276	**2 803**	7 305	**5 811**	5 447	**19 864**	23 678	**1 031**	971	**6 303**	5 875
Long-term debt instruments	**51 903**	58 159		316	**1 241**	1 541			**428**	427	**50 234**	55 875
Intergroup liabilities	**–**	–	**93 581**	54 538			**10 227**	8 906			**(103 808)**	(63 444)
Total equity and liabilities	**1 252 971**	1 214 917	**584 227**	572 344	**441 009**	411 154	**80 634**	80 986	**42 857**	42 847	**104 244**	107 586

[1] *Includes all group eliminations.*

[2] *During 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being 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 have been restated by R3 866m and the opening 1 January 2021 assets and liabilities restated by R3 390m respectively.*

[3] *During 2022 the group reviewed its presentation of long-term employee benefits (LTEB) in the statement of financial position (SOFP). 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) in the 2021 SOFP. As a result, the comparative LTEB assets and liabilities have decreased by R2 271m.*

Statement of comprehensive income (Rm)

	Total		Nedbank Corporate and Investment Banking		Nedbank Retail and Business Banking		Nedbank Wealth		Nedbank Africa Regions		Centre[1]	
	31 Dec 2022 (Audited)	31 Dec 2021 (Restated)[2] (Audited)	31 Dec 2022 (Audited)	31 Dec 2021 (Audited)	31 Dec 2022 (Audited)	31 Dec 2021 (Audited)	31 Dec 2022 (Audited)	31 Dec 2021 (Audited)	31 Dec 2022 (Audited)	31 Dec 2021 (Restated)[2] (Audited)	31 Dec 2022 (Audited)	31 Dec 2021 (Audited)
Net interest income	**36 277**	32 500	**8 755**	7 966	**23 203**	20 745	**1 236**	866	**1 718**	1 448	**1 365**	1 475
Non-interest revenue and income[2]	**27 301**	24 889	**8 241**	7 881	**13 849**	12 783	**3 692**	3 788	**1 589**	1 293	**(70)**	(856)
Net commission and fees revenue	**18 964**	17 754	**3 057**	2 710	**12 955**	11 965	**2 057**	2 210	**968**	953	**(73)**	(84)
Net trading income	**4 166**	4 475	**3 898**	4 295	**148**	109			**120**	71		
Other income	**4 171**	2 660	**1 286**	876	**746**	709	**1 635**	1 578	**501**	269	**3**	(772)
Share of gains of associate companies	**879**	799	**100**	100					**779**	699		
Total income[2]	**64 457**	58 188	**17 096**	15 947	**37 052**	33 528	**4 928**	4 654	**4 086**	3 440	**1 295**	619
Impairments charge on financial instruments	**7 381**	6 534	**805**	1 418	**6 613**	5 172	**(63)**	28	**220**	168	**(194)**	(252)
Net income[2]	**57 076**	51 654	**16 291**	14 529	**30 439**	28 356	**4 991**	4 626	**3 866**	3 272	**1 489**	871
Total operating expenses	**36 425**	33 639	**7 628**	7 011	**22 615**	21 442	**3 449**	3 280	**2 751**	2 535	**(18)**	(629)
Staff costs	**19 940**	18 018	**3 585**	3 172	**8 287**	7 963	**1 801**	1 719	**1 210**	1 113	**5 057**	4 051
Other operating expenses	**16 485**	15 621	**4 043**	3 839	**14 328**	13 479	**1 648**	1 561	**1 541**	1 422	**(5 075)**	(4 680)
Indirect taxation	**1 152**	1 073	**215**	202	**587**	529	**109**	99	**75**	72	**166**	171
Profit before direct taxation[3]	**19 499**	16 942	**8 448**	7 316	**7 237**	6 385	**1 433**	1 247	**1 040**	665	**1 341**	1 329
Direct taxation[3]	**4 307**	4 104	**2 049**	1 711	**2 034**	1 728	**302**	285	**(95)**	(26)	**17**	406
Profit after direct taxation[3]	**15 192**	12 838	**6 399**	5 605	**5 203**	4 657	**1 131**	962	**1 135**	691	**1 324**	923
Profit attributable to non-controlling interest:												
– Ordinary shareholders	**164**	99							**160**	97	**4**	2
– Preference shareholders	**106**	313			**106**	125						188
– Additional tier 1 capital instrument noteholders	**873**	737									**873**	737
Headline earnings/(loss)	**14 049**	11 689	**6 399**	5 605	**5 097**	4 532	**1 131**	962	**975**	594	**447**	(4)
Selected ratios												
Non-interest revenue and income to total income (%)[4]	**42,9**	43,4	**48,5**	49,7	**37,4**	38,1	**74,9**	81,4	**48,0**	47,2		
Non-interest revenue and income to total operating expenses (%)	**75,0**	74,0	**108,0**	112,4	**61,2**	59,6	**107,0**	115,5	**57,8**	51,0		
Cost-to-income ratio (%)[5]	**56,5**	57,8	**44,6**	44,0	**61,0**	64,0	**70,0**	70,5	**67,3**	73,7		
Effective taxation rate (%)	**22,1**	24,2	**24,3**	23,4	**28,1**	27,1	**21,1**	22,9	**(9,1)**	(3,9)		
Revenue (Rm)[6]	**63 578**	57 389	**16 996**	15 847	**37 052**	33 528	**4 928**	4 654	**3 307**	2 741	**1 295**	619

[1] *Includes all group eliminations.*

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

[3] *These items are presented on a headline earnings basis and therefore exclude the impact of the impairments charge on non-financial instruments and sundry gains or losses and tax thereon.*

[4] *Non-interest revenue and income as a percentage of total income, excluding the share of gains of associate companies.*

[5] *Total operating expenses as a percentage of total income.*

[6] *Revenue is calculated as net interest income plus non-interest revenue and income.*

Headline earnings reconciliation

for the year ended

	Yoy % change	31 December 2022 (Audited) Rm Gross	31 December 2022 (Audited) Rm Net of taxation	31 December 2021 (Audited) Rm Gross	31 December 2021 (Audited) Rm Net of taxation
Profit attributable to ordinary shareholders	**27**		**14 275**		11 238
Impairments charge on non-financial instruments and other gains and losses	**>(100)**	**(245)**	**(226)**	499	438
IAS 16 – (profit)/loss on disposal of property and equipment		**(155)**	**(111)**	41	26
IAS 36 – impairment of goodwill				306	306
IAS 36 – impairment of intangible assets		**93**	**67**	153	110
IFRS 10 – profit on sale of subsidiaries/associates		**(181)**	**(181)**	(11)	(11)
IFRS 16 – (reversal of impairment)/impairment of right-of-use assets		**(2)**	**(1)**	10	7
Share of gains of associate companies					
IAS 36 share of associate (ETI) impairment of goodwill				13	13
Headline earnings	**20**		**14 049**		11 689

Investments in associate companies

at

	31 Dec 2022 (audited) Rm	31 Dec 2021 (audited) Rm
Listed equity-accounted associates[1]	**1 286**	2 272
Unlisted equity-accounted associates	**1 210**	1 123
	2 496	3 395

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

Listed associates: ETI		
Carrying value	**1 286**	2 272
Fair value of investment[1]	**2 050**	1 709

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

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 the daily losses exceeding the VaR figure are likely to occur, on average, once in every 100 business days.

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

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

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

All market risk models are subject to periodic independent validation in terms of the Group Market Risk 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, in line with Basel III.

	31 Dec 2022 (audited) Rm				31 Dec 2021 (audited) Rm			
Rm	Average	Minimum	Maximum	Year-end	Average	Minimum	Maximum	Year-end
Foreign exchange	**4,8**	**1,8**	**17,1**	**7,3**	6,1	1,3	19,1	6,1
Interest rate	**52,4**	**34,2**	**82,1**	**57,4**	54,0	26,9	117,7	42,9
Equity	**10,9**	**4,1**	**37,7**	**13,2**	11,9	3,3	27,1	5,6
Credit	**4,2**	**3,2**	**7,0**	**4,0**	7,7	3,2	16,9	4,1
Commodity	**0,2**		**2,2**	**0,1**	0,1		1,7	0,1
Diversification	**(25,2)**			**(33,1)**	(35,1)			(18,4)
Total VaR exposure	**47,3**	**31,2**	**70,8**	**48,9**	44,7	29,4	84,8	40,4

Loss allowance

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

Loans and advances	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	611 089	4 183	606 906	98 409	6 701	91 708	45 185	14 584	30 601	754 683	25 468	729 215
New financial assets originated or purchased	229 678	2 932	226 746			–			–	229 678	2 932	226 746
Financial assets written off			–			–	(8 139)	(8 139)	–	(8 139)	(8 139)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	(35 901)	4 972	(40 873)	(15 405)	(1 057)	(14 348)	(6 991)	3 895	(10 886)	(58 297)	7 810	(66 107)
Final repayments	(138 637)	(1 299)	(137 338)	(17 113)	(322)	(16 791)	(2 972)	(688)	(2 284)	(158 722)	(2 309)	(156 413)
Transfers to 12-month ECL	31 581	1 208	30 373	(26 595)	(713)	(25 882)	(4 986)	(495)	(4 491)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(62 010)	(3 694)	(58 316)	66 795	4 221	62 574	(4 785)	(527)	(4 258)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(13 375)	(3 902)	(9 473)	(7 880)	(2 391)	(5 489)	21 255	6 293	14 962	–	–	–
Foreign exchange movements	2 791	113	2 678	551	56	495	732	115	617	4 074	284	3 790
Audited balance at 31 December 2021	625 216	4 513	620 703	98 762	6 495	92 267	39 299	15 038	24 261	763 277	26 046	737 231
New financial assets originated or purchased	**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[1]	**(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)**
Net balances	**669 795**	**4 197**	**665 598**	**77 647**	**5 522**	**72 125**	**51 640**	**17 827**	**33 813**	**799 082**	**27 546**	**771 536**
Total credit and zero balances[2]	**8 033**	**(48)**	**8 081**	**33**	**(10)**	**43**	**35**	**(1)**	**36**	**8 101**	**(59)**	**8 160**
Audited net balance at 31 December 2022	**677 828**	**4 149**	**673 679**	**77 680**	**5 512**	**72 168**	**51 675**	**17 826**	**33 849**	**807 183**	**27 487**	**779 696**
Loans and advances at FVTPL												**61 089**
Loans at FVOCI												**42 824**
Off-balance-sheet impairment allowance												**337**
Fair-value hedge-accounted portfolios												**(1 722)**
ECL credit and other balances												**(59)**
Audited loans and advances at 31 December 2022	**677 828**	**4 149**	**673 679**	**77 680**	**5 512**	**72 168**	**51 675**	**17 826**	**33 849**	**807 183**	**27 487**	**882 165**

[1] *Includes credit risk changes as a result of SICR, changes in credit risk that did not result in a transfer between stages, changes in model inputs and 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 31 December 2022 and the related loss allowance arising from credit risk exposure on these facilities.*

Home loans	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	140 249	350	139 899	15 988	801	15 187	11 656	2 318	9 338	167 893	3 469	164 424
New financial assets originated or purchased	13 718	67	13 651			–			–	13 718	67	13 651
Financial assets written off			–			–	(319)	(319)	–	(319)	(319)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	8 132	310	7 822	319	(252)	571	(1 001)	3	(1 004)	7 450	61	7 389
Final repayments	(10 060)	(22)	(10 038)	(885)	(24)	(861)	(853)	(144)	(709)	(11 798)	(190)	(11 608)
Transfers to 12-month ECL	6 207	34	6 173	(4 684)	(24)	(4 660)	(1 523)	(10)	(1 513)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(5 093)	(205)	(4 888)	7 316	310	7 006	(2 223)	(105)	(2 118)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(2 306)	(286)	(2 020)	(1 812)	(291)	(1 521)	4 118	577	3 541	–	–	–
Foreign exchange movements	380	39	341	18	10	8	32	20	12	430	69	361
Audited net balance at 31 December 2021	151 227	287	150 940	16 260	530	15 730	9 887	2 340	7 547	177 374	3 157	174 217
New financial assets originated or purchased	**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)**
Net balances	**158 725**	**336**	**158 389**	**18 404**	**655**	**17 749**	**10 760**	**2 417**	**8 343**	**187 889**	**3 408**	**184 481**
Total credit and zero balances	**207**	**(1)**	**208**	**5**		**5**	**6**	**(1)**	**7**	**218**	**(2)**	**220**
Audited balance at 31 December 2022	**158 932**	**335**	**158 597**	**18 409**	**655**	**17 754**	**10 766**	**2 416**	**8 350**	**188 107**	**3 406**	**184 701**

Commercial mortgages	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	161 287	376	160 911	18 367	694	17 673	5 644	999	4 645	185 298	2 069	183 229
New financial assets originated or purchased	52 242	237	52 005			–			–	52 242	237	52 005
Financial assets written off			–			–	(189)	(189)	–	(189)	(189)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(4 216)	(237)	(3 979)	(138)	262	(400)	(1 216)	264	(1 480)	(5 570)	289	(5 859)
Final repayments	(44 010)	(89)	(43 921)	(974)	(6)	(968)	(309)	(42)	(267)	(45 293)	(137)	(45 156)
Transfers to 12-month ECL	5 552	103	5 449	(5 173)	(57)	(5 116)	(379)	(46)	(333)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(8 338)	(79)	(8 259)	8 538	90	8 448	(200)	(11)	(189)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(1 093)	(101)	(992)	(286)	(7)	(279)	1 379	108	1 271	–	–	–
Foreign exchange movements	212	7	205	26	3	23	95	36	59	333	46	287
Audited balance at 31 December 2021	161 636	217	161 419	20 360	979	19 381	4 825	1 119	3 706	186 821	2 315	184 506
New financial assets originated or purchased	**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 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**

Credit cards and overdrafts	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balances at 1 January 2021	21 031	834	20 197	7 581	1 094	6 487	4 277	2 476	1 801	32 889	4 404	28 485
New financial assets originated or purchased	7 109	195	6 914			–			–	7 109	195	6 914
Financial assets written off			–			–	(2 049)	(2 049)	–	(2 049)	(2 049)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	19 330	951	18 379	1 735	7	1 728	28	927	(899)	21 093	1 885	19 208
Final repayments	(24 531)	(124)	(24 407)	(3 210)	(89)	(3 121)	(430)	(109)	(321)	(28 171)	(322)	(27 849)
Transfers to 12-month ECL	4 599	190	4 409	(4 279)	(152)	(4 127)	(320)	(38)	(282)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(3 911)	(434)	(3 477)	4 243	527	3 716	(332)	(93)	(239)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(1 582)	(818)	(764)	(1 192)	(520)	(672)	2 774	1 338	1 436	–	–	–
Foreign exchange movements	(155)	21	(176)	482	17	465	16	8	8	343	46	297
Audited net balance at 31 December 2021	21 890	815	21 075	5 360	884	4 476	3 964	2 460	1 504	31 214	4 159	27 055
New financial assets originated or purchased	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
Net balances	25 369	910	24 459	5 804	597	5 207	4 373	2 760	1 613	35 546	4 267	31 279
Total credit and zero balances	7 826	(47)	7 873	28	(10)	38	29		29	7 883	(57)	7 940
Audited balance at 31 December 2022	33 195	863	32 332	5 832	587	5 245	4 402	2 760	1 642	43 429	4 210	39 219

Term loans	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	115 254	1 136	114 118	26 597	1 313	25 284	10 847	4 331	6 516	152 698	6 780	145 918
New financial assets originated or purchased	63 480	1 509	61 971			–			–	63 480	1 509	61 971
Financial assets written off			–			–	(3 052)	(3 052)	–	(3 052)	(3 052)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(34 023)	2 383	(36 406)	(11 855)	(372)	(11 483)	(779)	1 452	(2 231)	(46 657)	3 463	(50 120)
Final repayments	(27 217)	(471)	(26 746)	(4 054)	(101)	(3 953)	(561)	(182)	(379)	(31 832)	(754)	(31 078)
Transfers to 12-month ECL	2 376	93	2 283	(2 325)	(79)	(2 246)	(51)	(14)	(37)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(14 815)	(1 524)	(13 291)	15 309	1 595	13 714	(494)	(71)	(423)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(3 211)	(1 747)	(1 464)	(1 910)	(999)	(911)	5 121	2 746	2 375	–	–	–
Foreign exchange movements	1 844	16	1 828	330	19	311	130	50	80	2 304	85	2 219
Audited net balance at 31 December 2021	103 688	1 395	102 293	22 092	1 376	20 716	11 161	5 260	5 901	136 941	8 031	128 910
New financial assets originated or purchased	**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 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**

Instalment debtors	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	108 290	1 159	107 131	16 511	1 625	14 886	10 468	3 876	6 592	135 269	6 660	128 609
New financial assets originated or purchased	55 326	708	54 618			–			–	55 326	708	54 618
Financial assets written off			–			–	(2 493)	(2 493)	–	(2 493)	(2 493)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(20 964)	1 649	(22 613)	(1 994)	(587)	(1 407)	(3 703)	689	(4 392)	(26 661)	1 751	(28 412)
Final repayments	(17 146)	(133)	(17 013)	(1 276)	(54)	(1 222)	(487)	(117)	(370)	(18 909)	(304)	(18 605)
Transfers to 12-month ECL	8 041	204	7 837	(5 906)	(123)	(5 783)	(2 135)	(81)	(2 054)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(11 547)	(1 331)	(10 216)	12 962	1 529	11 433	(1 415)	(198)	(1 217)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(4 859)	(875)	(3 984)	(2 175)	(550)	(1 625)	7 034	1 425	5 609	–	–	–
Foreign exchange movements	17	11	6	3	1	2	6	5	1	26	17	9
Audited net balance at 31 December 2021	117 158	1 392	115 766	18 125	1 841	16 284	7 275	3 106	4 169	142 558	6 339	136 219
New financial assets originated or purchased	**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 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**

Specialised and other loans to clients[1]

Rm	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)					
	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	53 928	147	53 781	12 510	971	11 539	2 092	280	1 812	68 530	1 398	67 132
New financial assets originated or purchased	34 880	70	34 810			–			–	34 880	70	34 810
Financial assets written off			–			–	(37)	(37)	–	(37)	(37)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(1 327)	(38)	(1 289)	(3 458)	(186)	(3 272)	(332)	338	(670)	(5 117)	114	(5 231)
Final repayments	(15 673)	(63)	(15 610)	(6 714)	(16)	(6 698)	(131)	(5)	(126)	(22 518)	(84)	(22 434)
Transfers to 12-month ECL	4 806	145	4 661	(4 228)	(92)	(4 136)	(578)	(53)	(525)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(17 781)	(24)	(17 757)	17 902	47	17 855	(121)	(23)	(98)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(324)	(55)	(269)	(219)	(15)	(204)	543	70	473	–	–	–
Foreign exchange movements	493	15	478	(308)	2	(310)	453	(3)	456	638	14	624
Audited net balance at 31 December 2021	59 002	197	58 805	15 485	711	14 774	1 889	567	1 322	76 376	1 475	74 901
New financial assets originated or purchased	**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 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**

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

Preference shares and debentures	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2021	11 050	78	10 972	855	14	841	201	67	134	12 106	159	11 947
New financial assets originated or purchased	2 923	44	2 879			–			–	2 923	44	2 879
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(2 833)		(2 833)	(14)	10	(24)	12	83	(71)	(2 835)	93	(2 928)
Final repayments			–			–	(201)	(67)	(134)	(201)	(67)	(134)
Transfers to 12-month ECL			–			–			–	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(525)	(26)	(499)	525	26	499			–	–	–	–
Transfers to lifetime ECL (credit-impaired)			–	(286)	(1)	(285)	286	1	285	–	–	–
Audited net balance at 31 December 2021	10 615	96	10 519	1 080	49	1 031	298	84	214	11 993	229	11 764
New financial assets originated or purchased	**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)**
Final repayments			**–**			**–**			**–**	**–**	**–**	**–**
Transfers to 12-month ECL	**419**	**12**	**407**	**(419)**	**(12)**	**(407)**			**–**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)			**–**			**–**			**–**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)		**(1)**	**1**			**–**		**1**	**(1)**	**–**	**–**	**–**
Audited balance at 31 December 2022	**10 822**	**61**	**10 761**	**90**	**24**	**66**	**319**	**59**	**260**	**11 231**	**144**	**11 087**

Financial guarantees and loan commitments	Not credit-impaired		Credit-impaired	Total
	Subject to 12-month ECL	Subject to lifetime ECL	Subject to lifetime ECL (excluding purchased/ originated)	
Rm	Allowance for ECL	Allowance for ECL	Allowance for ECL	Allowance for ECL
Audited net balance at 1 January 2021	103	189	237	529
New financial assets originated or purchased	102			102
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(46)	61	139	154
Final repayments	(397)	(32)	(22)	(451)
Transfers to 12-month ECL	439	(186)	(253)	–
Transfers to lifetime ECL (not credit-impaired)	(71)	97	(26)	–
Transfers to lifetime ECL (credit-impaired)	(20)	(8)	28	–
Foreign exchange movements	4	4	(1)	7
Audited net balance at 31 December 2021	114	125	102	341
New financial assets originated or purchased	**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 balance at 31 December 2022	**97**	**72**	**108**	**277**

Economic scenarios

Forward-looking information incorporated in the ECL models

To account for forward-looking information (FLI) the ECL input parameters [probability of default (PD), loss-given default (LGD) and exposure at default (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 forecast macroeconomic factors, which includes approval by a board subcommittee.

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

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

	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
Base case	50	27 817	(76)	(0,28)	GDP	1,25	1,76	1,66
					Prime	11,00	10,50	10,50
					HPI	2,50	3,02	3,57
Mild stress	21	28 122	229	0,82	GDP	(0,14)	0,37	1,02
					Prime	11,75	12,00	12,25
					HPI	2,06	2,37	2,69
Positive outcome	21	27 630	(263)	(0,94)	GDP	1,91	2,33	2,25
					Prime	10,00	9,75	9,75
					HPI	3,29	3,87	4,74
High stress	8	28 446	553	1,98%	GDP	(1,17)	(0,48)	0,77
					Prime	12,75	12,75	12,75
					HPI	1,63	1,72	1,81
Weighted scenarios	100	27 893						

[1] Forecast at 31 December 2022.

	31 December 2021 (Audited)							
						Economic forecast[1] (%)		
Scenario	Probability weighting (%)	Total ECL allowance Rm	Difference to weighted scenarios Rm	Percentage difference to weighted scenarios (%)	Economic measures	2022	2023	2024
Base case	50	26 491	(90)	(0,34)	GDP	1,75	1,74	0,97
					Prime	8,25	8,75	9,25
					HPI	4,04	3,96	4,15
Mild stress	21	26 857	276	1,04	GDP	(0,09)	0,66	0,61
					Prime	8,50	9,75	10,75
					HPI	3,54	3,39	3,50
Positive outcome	21	26 262	(319)	(1,20)	GDP	3,08	2,86	1,92
					Prime	7,50	7,50	7,75
					HPI	4,90	4,89	5,00
High stress	8	27 259	678	2,55	GDP	(1,41)	(0,23)	0,30
					Prime	8,75	10,00	11,00
					HPI	3,04	2,82	2,85
Weighted scenarios	100	26 581						

[1] Forecast at 31 December 2021.

Credit risk exposure

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

Loans and advances

Rm LTV distribution	Home loans	Commercial mortgages	Properties in possession	Credit cards and overdrafts	Term loans	Overnight loans	Specialised and other loans to clients	Leases and 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**

Rm LTV distribution	Home loans	Commercial mortgages	Properties in possession	Credit cards and overdrafts	Term loans	Overnight loans	Specialised and other loans to clients	Leases and instalment debtors	Preference shares and debentures	Factoring accounts
31 December 2021 (Audited)										
Lower than 50%	1 508	515	3	342	763	221	82	152		(1)
50% to 75%	2 025	346			1		64	297		
75% to 100%	4 067	1 715	19	585	2 786		195	1 040		89
Higher than 100%	2 299	2 248	59	3 062	9 092		1 157	5 786	298	1
Total	9 899	4 824	81	3 989	12 642	221	1 498	7 275	298	89

Fair-value hierarchy

Financial instruments carried at fair value

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

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

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

The group has an established control framework for the measurement of fair value, which framework 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 recurrent in nature.

Financial assets

				At FVTPL			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 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
31 December 2022 (audited)	**1 220 084**	**915 191**	**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	**26 589**	**7 176**	**19 413**	**19 413**											
Investment securities	**25 455**		**25 455**	**5 898**	**11 800**	**6 831**					**95**		**21**	**484**	**326**

				At FVTPL			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 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
31 December 2021 (audited)	1 180 095	881 846	298 249	94 249	137 676	6 417	–	10 537	–	16	48 468	–	21	518	347
Cash and cash equivalents	44 586	44 586	–												
Other short-term securities	60 037	2 185	57 852		35 008						22 844				
Derivative financial instruments	39 179		39 179	1	39 178										
Government and other securities	150 498	80 762	69 736	68 119	1 036			481		16	84				
Loans and advances	831 735	746 719	85 016	211	49 295			10 056			25 454				
Other assets	28 601	7 594	21 007	21 007											
Investment securities	25 459		25 459	4 911	13 159	6 417					86		21	518	347

Reconciliation to statement of financial position

	31 Dec 2022 (audited) Rm	31 Dec 2021 (restated)[1,2] (audited) Rm
Total financial assets[1]	**1 220 084**	1 180 095
Total non-financial assets[2]	**32 887**	34 822
Total assets	**1 252 971**	1 214 917

[1] *During 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being 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 have been restated by R3 866m and the opening 1 January 2021 assets and liabilities restated by R3 390m respectively.*

[2] *During 2022 the group reviewed its presentation of long-term employee benefits (LTEB) in the statement of financial position (SOFP). 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) in the 2021 SOFP. As a result, the comparative LTEB assets and liabilities have decreased by R2 271m.*

Financial liabilities

				At FVTPL					
				Mandatory at fair value			Designated		
Rm	Total financial liabilities	Total financial liabilities recognised at amortised cost	Total financial liabilities recognised at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
31 December 2022 (audited)	**1 123 290**	**1 059 781**	**63 509**	**346**	**46 554**	**–**	**–**	**16 609**	**–**
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	**5 418**	**5 243**	**175**	**174**	**1**				
Investment contract liabilities	**16 609**		**16 609**					**16 609**	
Long-term debt instruments	**51 903**	**51 903**	**–**						

				At FVTPL					
				Mandatory at fair value			Designated		
Rm	Total financial liabilities (restated)[1]	Total financial liabilities recognised at amortised cost (restated)[1]	Total financial liabilities recognised at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
31 December 2021 (audited)	1 090 164	997 999	92 165	3 591	70 615	–	–	17 959	–
Derivative financial instruments	36 042		36 042	155	35 887				
Amounts owed to depositors	967 929	933 201	34 728		34 728				
Provisions and other liabilities	10 075	6 639	3 436	3 436					
Investment contract liabilities	17 959		17 959					17 959	
Long-term debt instruments	58 159	58 159	–						

Reconciliation to statement of financial position

	31 Dec 2022 (audited) Rm	31 Dec 2021 (restated)[1,2] (audited) Rm
Total financial liabilities[1]	**1 123 290**	1 090 164
Total equity and non-financial liabilities[2]	**129 681**	124 753
Total equity and liabilities	**1 252 971**	1 214 917

[1] *During 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being 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 have been restated by R3 866m and the opening 1 January 2021 assets and liabilities restated by R3 390m respectively.*

[2] *During 2022 the group reviewed its presentation of long-term employee benefits (LTEB) in the statement of financial position (SOFP). 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) in the 2021 SOFP. As a result, the comparative LTEB assets and liabilities have decreased by R2 271m.*

Level 3 reconciliation

31 December 2022 (audited)	Opening balance at 1 January Rm	Gains/(Losses) in non-interest revenue and income 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	Transfers to level 1 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**

There are no financial liabilities classified as level 3 at 31 December 2022.

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

There are no financial liabilities classified as level 3 at 31 December 2021.

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 which are classified as level 3 in the fair-value hierarchy. However, the disclosure is neither predictive nor indicative of future movements in fair value.

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

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

31 December 2022 (audited)	Valuation technique	Significant unobservable input	Variance in fair value %	Value per statement of financial position Rm	Favourable change in fair value Rm	Unfavourable change in fair value Rm
FINANCIAL ASSETS						
Investment securities	**Discounted cash flows, adjusted net asset value, earnings multiples, third-party valuations and dividend yields**	**Valuation multiples, correlations volatilities and credit spreads**	**Between (16) and 20**	**7 157**	**1 431**	**(1 145)**
Government and other securities	**Discounted cash flows**	**Discount rates**	**Between (16) and 20**	**35**	**7**	**(6)**
Total financial assets classified as level 3				**7 192**	**1 438**	**(1 151)**

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

Unrealised gains/(losses)

The unrealised gains/(losses) arising on instruments classified as level 3 include the following:

	31 December 2022 (audited) Rm	31 December 2021 (audited) Rm
Equity revaluation gains	**1 303**	444

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

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	
Other short-term securities	Discounted-cash-flow Model	Discount rates
Derivative financial instruments	Discounted-cash-flow Model	Discount rates
	Black–Scholes Valuation 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 Valuation 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

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

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

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

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

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

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

Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
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**	

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

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

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 developed a methodology and model to determine the fair value of the gross exposures for the performing loans and advances measured at amortised cost, resulting in these assets' fair value being 0,67% higher (2021: 0,85% higher) than the carrying value. For specifically impaired loans and advances the carrying value, as determined after consideration of the group's IFRS 9 ECL, is considered the best estimate of fair value.

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 2023 to 2025 (2021: for periods 2022 to 2024) are based on the latest available internal data and are applied to the projected cash flows of the first three years. Thereafter PDs and LGDs are gradually reverted to their long-run averages and are 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 0,33% lower and 1,67% higher (2021: between 0,15% lower and 1,85% 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 prices are not quoted or 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		**224 963**
Cash outflows		
Retail deposits and deposits from small-business clients	**243 859**	**24 093**
Less-stable deposits	**243 859**	**24 093**
Unsecured wholesale funding	**325 803**	**139 613**
Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	**197 225**	**49 306**
Non-operational deposits (all counterparties)	**128 208**	**89 937**
Unsecured debt	**370**	**370**
Secured wholesale funding	**12 614**	**8**
Additional requirements	**156 737**	**21 716**
Outflows related to derivative exposures and other collateral requirements	**3 063**	**3 063**
Credit and liquidity facilities	**153 674**	**18 653**
Other contingent funding obligations	**202 320**	**9 663**
Total cash outflows	**941 333**	**195 093**
Cash inflows		
Secured lending (eg reverse repurchase agreements)	**27 060**	**3 149**
Inflows from fully performing exposures	**64 755**	**49 914**
Other cash inflows	**5 925**	**1 892**
Total cash inflows	**97 740**	**54 955**

	Total adjusted value
Total HQLA	**224 963**
Total net cash outflows[3]	**140 138**
Liquidity coverage ratio (%)	**160,5%**

[1] *Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).*
[2] *Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).*
[3] *Note that total cash outflows less total cash inflows may not be equal to total net cash outflows to the extent that regulatory caps have been applied to cash inflows as specified by the regulations.*

The figures above reflect a simple average of daily observations over the quarter ending 31 December 2022 for Nedbank Limited and the simple average of the month-end values at 31 October 2022, 30 November 2022 and 31 December 2022 for all non-South African banking entities, based on regulatory submissions to the South African Reserve Bank Prudential Authority. 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**	**Total weighted value**
Available stable funding (ASF)					
Capital	**102 801**	**–**	**–**	**13 669**	**116 470**
Regulatory capital	**102 323**			**13 429**	**115 752**
Other capital instruments	**478**			**240**	**718**
Retail deposits and deposits from small-business clients	**79 853**	**200 489**	**14 785**	**21 811**	**287 637**
Stable deposits		**4 225**			**4 014**
Less stable deposits	**79 853**	**196 264**	**14 785**	**21 811**	**283 623**
Wholesale funding	**120 738**	**439 363**	**113 661**	**111 542**	**400 574**
Operational deposits	**114 239**	**98 067**			**106 181**
Other wholesale funding	**6 499**	**341 296**	**113 661**	**111 542**	**294 393**
Other liabilities	**13 898**	**2 380**	**984**	**6 007**	**2 053**
Net stable funding ratio (NSFR) derivative liabilities				**4 446**	
All other liabilities and equity not included in the above categories	**13 898**	**2 380**	**984**	**1 561**	**2 053**
Total ASF					**806 734**
Required stable funding (RSF)					
Total NSFR high-quality liquid assets (HQLA)					**19 452**
Performing loans and securities	**–**	**236 729**	**74 900**	**596 949**	**589 490**
Performing loans to financial institutions secured by level 1 HQLA		**22 111**			**2 211**
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions		**95 805**	**5 495**	**18 091**	**35 210**
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		**109 528**	**64 347**	**402 416**	**426 530**
with a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk				**12 307**	**8 000**
Performing residential mortgages, of which		**3 378**	**3 199**	**170 777**	**116 841**
with a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		**3 378**	**3 199**	**158 038**	**106 013**
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		**5 907**	**1 859**	**5 665**	**8 698**
Other assets	**21 876**	**400**	**–**	**42 924**	**56 699**
Physcial traded commodities, including gold	**75**				**64**
Assets posted as an initial margin for derivative contracts and contributions to default funds of central counterparties		**177**			**150**
NSFR derivative assets				**4 238**	
NSFR derivative liabilities before deduction of variation margin posted				**4 446**	**445**
All other assets not included in the above categories	**21 801**	**223**		**34 240**	**56 040**
Off-balance-sheet items				**351 617**	**11 929**
Total RSF					**677 570**
Net stable funding ratio (%)					**119,1%**

The figures above reflect the quarter ending 31 December 2022, based on regulatory submissions to SARB PA, where applicable. This section on the NSFR 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 1/2020 A directive from the Prudential Authority (PA) that provides temporary measures to aid compliance with the liquidity coverage ratio during the Covid-19 pandemic stress period. The PA deemed it appropriate to amend the minimum liquidity coverage ratio (LCR) requirement temporarily to 80%, with effect from 1 April 2020.

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

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

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

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

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

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

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

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

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

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

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

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

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

High-quality liquid assets (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 (%) Headline earnings from the group's ETI investment pre-funding costs divided by the group's original cost of investment (R6 265m).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Abbreviations and acronyms

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

Company details

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Instrument codes

Nedbank Group ordinary shares

JSE share code:	NED
NSX share code:	NBK
A2X share code:	NED
ISIN:	ZAE000004875
JSE alpha code:	NEDI
ADR code:	NDBKY
ADR CUSIP:	63975K104

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