



**NEDBANK
GROUP**

Audited consolidated and separate annual financial statements

for the year ended 31 December 2023

see money differently

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ABOUT THIS REPORT

Our consolidated and separate annual financial statements provide a detailed analysis of our statutory accounting records. These financial statements are independently audited as indicated in the independent auditors' report and provide in-depth disclosures related to the financial performance of the group and the company.

The notes to the consolidated annual financial statements are classified in the following sections:

Section A: Accounting policies

This section briefly outlines the basis of preparation and key accounting policy elections applied in the preparation of the group's consolidated and separate annual financial statements.

Section B: Segmental and performance-related information

Refer to this section for information on the group's financial performance. This section contains the group's operational segmental report and performance-related notes that provide an analysis of the group's consolidated statement of comprehensive income.

Section C: Core banking assets

This section provides information about the group's core banking assets, including loans and advances, and an analysis of the related impairments charge. Information is also provided on the group's investments in government and other securities, other short-term securities, cash and cash equivalents and derivative financial instruments.

Section D: Core banking liabilities

Information about the group's core banking liabilities, including long-term debt instruments, can be found in this section, together with an analysis of investment and insurance contract liabilities. A contractual maturity analysis of financial liabilities is also provided.

Section E: Asset management

Refer to this section for an analysis of the group's funds under management.

Section F: Investments

This section provides an analysis of the group's investments in investment securities, associate companies and subsidiaries. Related information, such as related-party disclosure and details about structured entities and securitisation vehicles, can also be found here.

Section G: General assets

This section provides an analysis of general assets such as property and equipment, as well as goodwill and other intangible assets.

Section H: Other assets

Refer to this section for disclosure on the group's long-term employee benefits, non-current assets and liabilities held for sale and other assets.

Section I: Financial instruments

Additional disclosure of the group's financial instruments can be found in this section. Refer to this section for the categorisation of financial assets and liabilities, the fair-value hierarchy and other fair-value-related disclosures. The group's disclosure on collateral and offsetting of financial assets and liabilities can also be found in this section.

Section J: Share-based payments

This section details the group's share-based payments schemes and their effect on the group's financial position and financial performance.

Section K: Other liabilities

This section provides an analysis of the group's non-core liabilities, including provisions and other liabilities, contingent liabilities, undrawn facilities and commitments.

Section L: Risk and balance sheet management

Refer to this section for the group's liquidity gap disclosure and details on market risk in the trading book and interest rate risk in the banking book.

Section M: Cash flow information

This section contains notes to the group's statement of cash flows.

Section N: Additional information

This section contains additional disclosure that may be relevant to understanding the group's consolidated annual financial statements, such as a foreign currency conversion guide and information on events occurring after the reporting period end and directors' remuneration.

Audited separate financial statements

Refer to this section for the audited separate annual financial statements of Nedbank Group Limited comprising the separate statement of comprehensive income, separate statement of financial position, separate statement of changes in equity, separate statement of cash flows and related notes.

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Nedbank Group Limited Reg No 1966/010630/06.

Prepared under the supervision of the Nedbank Group Chief Financial Officer, Mike Davis, BCom (Hons), DipAcc, CA(SA), AMP (Insead).

Audited in terms of the Companies Act, 71 of 2008 (as amended).

RESPONSIBILITY OF OUR DIRECTORS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Nedbank Group Limited (comprising the statements of financial position at 31 December 2023, the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended) and the notes to the financial statements (including a summary of significant accounting policies and other explanatory notes) in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRS IC), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, 71 of 2008 (as amended), and the JSE Listings Requirements. In addition, the directors are responsible for the preparation of the Directors' Report.

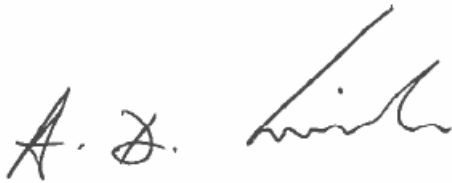
The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and there is no reason to believe that the businesses will not be going concerns in the year ahead.

The independent auditors are responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with IFRS and the Companies Act, 71 of 2008 (as amended), and their report is presented on pages 15 to 20.

APPROVAL OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements of Nedbank Group Limited, as identified in the first paragraph, were approved by the Nedbank Group Limited Board of Directors on 4 March 2024 and are signed on its behalf by:



AD Mminele
Chairperson



MWT Brown
Chief Executive

Sandown
4 March 2024

CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER INTERNAL FINANCIAL CONTROL RESPONSIBILITY STATEMENT

Each of the directors whose names are stated below confirms that:

- a) the annual financial statements set out on pages 21 to 274 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- b) to the best of their knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- d) the internal financial controls are adequate and effective and can be relied on in compiling the annual financial statements, having fulfilled their role and function as executive directors with primary responsibility for implementation and execution of controls;
- e) where they are not satisfied, they have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- f) they are not aware of any fraud involving directors.



MWT Brown
Chief Executive



MH Davis
Chief Financial Officer

Sandown
4 March 2024

CERTIFICATION FROM OUR COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, 71 of 2008 (as amended), I certify that, to the best of my knowledge and belief, Nedbank Group Limited has filed with the Commissioner all the returns and notices that are required by the Companies Act, 71 of 2008 (as amended), and that all these returns and notices are true, correct and up to date.

A handwritten signature in black ink, appearing to read 'J Katzin', with a large, stylized flourish extending downwards from the end of the signature.

J Katzin
Company Secretary

Sandown
4 March 2024

REPORT FROM THE GROUP AUDIT COMMITTEE

The Nedbank Group Audit Committee (GAC) is pleased to present its report for the 2023 financial year. This report has been prepared based on the requirements of the South African Companies Act, 71 of 2008, as amended (Companies Act), the King Code of Governance for South Africa (King IV), the Johannesburg Stock Exchange (JSE) Listings Requirements and other applicable regulatory requirements. The committee carried out its responsibilities, including those relating to the audit and financial reporting obligations of the group, as set out in its board-approved charter, which was reviewed and updated during the financial year.

The GAC's main objective is to assist the board in fulfilling its oversight responsibilities, and in the evaluation of the adequacy and efficiency of accounting policies, internal financial controls (IFCs) and financial and corporate reporting processes. In addition, the GAC assesses the effectiveness of the internal auditors and the independence and effectiveness of the joint external auditors, as well as considers and recommends to shareholders the appointment of the joint external auditors.

This report aims to provide details on how the GAC satisfied its various statutory obligations during the period, as well as on some of the significant matters that arose and how the GAC addressed those to assist in ensuring the integrity of Nedbank's financial reporting.

People update

Terence Mncedisi Nombembe was appointed as an independent non-executive director and member of the GAC effective from 1 January 2024. He is a qualified chartered accountant with experience in accounting and auditing, risk management and stakeholder management.

Composition and governance

Members of the committee satisfy the requirements to serve as members of an audit committee, as required by section 94 of the Companies Act, and have adequate knowledge and experience to carry out their duties. All members are independent non-executive directors.

The composition of the committee and the attendance of meetings by its members for the 2023 financial year are set out below:

Members	Meeting attendance
S Subramoney (Chair) ¹	8/8
EM Kruger	6/6
HR Brody	6/6
NP Dongwana	6/6
P Langeni	6/6
TM Nombembe ²	2/2

¹ Only the chairperson of the GAC is required to attend the 2 Nedbank College of Audit Committee Chairs meetings.

² Appointed 1 January 2024.

The Chief Executive (CE), the Chief Financial Officer (CFO), the Chief Operating Officer (COO), the Chief Risk Officer (CRO), the Chief Internal Auditor (CIA), the Chief Compliance Officer (CCO) and representatives from the joint external auditors are invited to attend all GAC meetings. Other members of management are invited to attend certain meetings to provide the committee with greater insight into specific issues or areas in the group.

The GAC chairperson has regular contact with the Nedbank management team to discuss relevant matters directly. The CIA and the external auditors have direct access to the committee, including closed sessions without management during the year, on any matter that they regard as relevant to the fulfilment of the committee's responsibilities. The GAC chairperson meets with the CIA and the joint external auditors at times considered necessary by either party. In addition, the GAC meeting agenda allows for a meeting solely with the members of the GAC.

Five formal GAC meetings, including the Prudential Authority (PA) trilateral meeting, were held in respect of the 2023 financial year, aligned with key reporting and regulatory timelines.

The key focus areas of the meetings were as follows:

31 May 2023	Review of the April year-to-date results, approval of the JSE voluntary trading update for the 4 months ended 30 April 2023, review of the external auditors' final management comments report, and approval of the external auditors' engagement letter.
22 June 2023 Trilateral discussion	Annual trilateral meeting with representatives of the PA Bank Supervision Department and representatives from the Financial Sector Conduct Authority for discussion of, among other things, key external audit findings, internal audit matters and regulatory reporting responsibilities.
27 July 2023 College of Audit Committee Chairs	Discussion and review of the group's subsidiaries interim performance, key judgement matters and Group Internal Audit (GIA) feedback with respect to the subsidiaries.
3 August 2023	Approval of the interim results for the first 6 months to June 2023. Assessment of the key accounting judgements impacting the interim results, including credit impairments, funding valuation adjustments and macro fair-value hedge accounting. Review of the solvency and liquidity assessments based on the interim dividend declared and approval of the going-concern assessment.
26 October 2023	Review of the results for the 9 months to 30 September 2023. Approval of the joint external auditors' strategy, plan, scope and fees for the 2023 financial year. Review and discussion of the group's Q3 forecast.
29 January 2024	Review of preliminary results for the 2023 financial year including a summary of key accounting judgements and tax matters. Review and approval of the GIA audit plan for the 2024 financial year.
20 February 2024 College of Audit Committee Chairs	Discussion and review of subsidiaries' full-year performance and GIA feedback on subsidiaries.

28 February 2024

Discussion and review of year-end reports from GIA and the joint external auditors and feedback from subsidiary audit committees, reports related to relevant matters from the Group Credit Committee (GCC), Group Risk and Capital Management Committee (GRCCM) and the Group Information Technology Committee (GITCO).
Review and approval of the annual financial statements .
Review of the solvency and liquidity assessments based on the full year dividend declared and approval of the going-concern assessment
Review and approval of the 2024 forecast.

The GAC chairperson reports to the board on committee activities and the matters discussed at each meeting, highlighting any key items that the committee believes require action, and providing recommendations for the resolution thereof.

and non-audit services may be provided only in exceptional circumstances that have to be preapproved by the GAC. The GAC is of the view that this policy further enhances the external auditors' independence.

The performance of the GAC was reviewed as part of an effectiveness review of the board and all its committees. The feedback from the effectiveness review was very positive, with highlights being that the GAC is well managed, thorough and proactive. The GAC was evaluated on 5 governance areas. The GAC's performance was rated as 4,4 out of 5.

External auditors

The GAC is responsible for the appointment, compensation and oversight of the external auditors for the group, namely Deloitte & Touche and Ernst & Young Inc, in 2023.

During the period the GAC did the following:

- Approved the external auditors' 2023 annual plan and related scope of work, confirming suitable reliance on GIA and the appropriateness of key audit risks identified.
- Approved the proposed audit fees for the year under review.
- Monitored the effectiveness of the external auditors in terms of their audit quality, expertise and independence, as well as the content and execution of the audit plan, with the annual review of the audit quality and the performance of the joint external auditors having been undertaken by means of presentations made by each firm.
- Ensured that the appointment and the independence of the external auditors were in compliance with the Companies Act and all other regulatory and legal requirements, which included receiving from the external auditors all decision letters and explanations issued by the Independent Regulatory Board for Auditors (IRBA) or any other regulator, and any summaries relating to monitoring procedures or deficiencies (if applicable) issued by the external auditors to confirm the suitability for appointment of the external auditors and designated individual partners.
- Confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005.
- Considered and recommended to shareholders the appointment of Ernst & Young Inc and KPMG Inc for the 2024 financial year.
- Considered reports from subsidiary audit committees and from management on the activities of subsidiary entities and formally engaged with the chairpersons of subsidiary audit committees.
- Reviewed the findings and recommendations of the external auditors and confirmed that there were no unresolved matters.

The GAC has a well-established policy on auditor independence and audit effectiveness. The group's external auditors' audit-related services are capped at 25% of their statutory audit fees

External audit transition

Subject to shareholder approval, Deloitte & Touche will rotate off the group's audit after the completion of the audit for the year ended 31 December 2023. In 2022 the GAC approved the appointment of KPMG Inc as the group's next joint auditor, subject to shareholder and regulatory approval. The appointment of KPMG Inc in a shadow capacity was approved by the shareholders at the 2023 annual general meeting (AGM). The appointment of KPMG Inc as joint auditor alongside Ernst & Young Inc will be presented to shareholders at the 2024 AGM.

Group Internal Audit

GIA performs an independent assurance function and forms part of the group's third line of defence. The CIA has a functional reporting line to the GAC chairperson, with an administrative reporting line to the CE. GIA provides independent, objective assurance to the Board of Directors of Nedbank Group Limited, through the authority of the GAC, that the governance processes, including professional ethics, management of risk and systems of internal control, are adequate and effective in mitigating both current and emerging risks that threaten the achievement of the group's objectives, in line with GIA's methodologies, policies and frameworks.

GIA exhibits the highest level of professional objectivity in gathering, evaluating and communicating information, as well as the highest level of professional ethics in conducting its work.

GIA's focus continues on fully implementing its digital transformation strategy, where good traction has been made in the 2023 financial year. Through GIA's Target Operating Model 2.0 (TOM 2.0) initiative, new technology and data - related skills and capabilities have been added, including the creation of the separate Digital Assurance capability which will accelerate GIA's digital transformation journey into 2024 and beyond. The focus on attracting, building and retaining specialist talent in GIA continues, with a particular focus on talent pipelining, talent mobility and specialist skills development.

Significant matters

The GAC has considered the appropriateness of the key audit matters reported in the external audit opinion and considered the significant accounting judgements and estimates relating to the annual financial statements. These were addressed by the committee as follows:

Significant matter	How the GAC addressed the matter
Impairment of loans and advances	As a consequence of the adverse macroeconomic environment and its impact on credit risk and post-model adjustments (overlays), the assessment of impairments was a significant matter. The GAC reviewed and discussed the feedback from the GCC regarding the level and appropriateness of impairments, provisioning methodologies and related key judgements in determining the impairment balances. The GAC considered the key disclosures related to sensitivities and post-model adjustments and considered the feedback from GIA and the external auditors.
Valuation of financial instruments held at fair value	The GAC reviewed reports from the CFO regarding the Investment Committee review of investment valuations and details of critical valuation judgements applied to the valuation of group treasury and trading instruments, including funding valuation adjustments. The GAC considered the key disclosures and the feedback from GIA and external auditors.
Fraud risk in relation to revenue recognition – non-interest revenue	The GAC received regular feedback from the CFO in connection with controls over the financial reporting system and, where applicable, key judgements applied in the recognition of revenue. In addition, the GAC considered the feedback from GIA and the external auditors.
Fraud risk in relation to management override of controls and overall control environment	The GAC received regular feedback from the CFO in connection with key judgements applicable to management estimates and from GIA and the external auditors in connection with the overall control environment and the 'tone at the top'.

The GAC reviewed and approved the annual internal audit charter, and evaluated the independence, effectiveness and performance of GIA in compliance with its charter by having done the following:

- Received reports from the CIA that highlighted significant issues related to the processes for controlling the activities of the group, including potential improvements to those processes.
- Assessed the effectiveness of the GIA function and reviewed and approved the annual GIA plan.
- Ensured that the CIA had direct access to the CE, the Chairperson of the group and the board, as required.
- Ensured that the CIA had direct access to the Nedbank Africa Regions and Wealth Audit Committees' chairs, as required.
- Satisfied itself as to the appropriateness of the expertise, experience and resources of the CIA and the internal audit function.
- Monitored the effectiveness of the internal audit function in terms of its scope, execution of its plan, coverage, resources, independence, skills, staffing, overall performance and standing within the organisation.
- Monitored and challenged, where appropriate, actions taken by management regarding adverse internal audit findings.
- Ensured that GIA complied with the reporting and independence requirements of its charter.
- Satisfied itself that GIA had conformed with the key principles of the International Institute of Internal Auditors (the IIA) standards for professional practice of internal auditing.
- Satisfied itself that an external quality assurance review is performed every 3 years, with the next review scheduled for 2025.

Financial, legal, compliance and regulatory reporting requirements

- The GAC received regular reports from the CFO regarding the financial performance of the group, the tracking and monitoring of key performance indicators, details of budgets, forecasts, long-term plans and capital expenditure, financial reporting controls and processes, and the adequacy and reliability of management information used during the financial reporting process. The GAC has evaluated and is satisfied with the appropriateness of the expertise and experience of the CFO according to the JSE Listings Requirements and is satisfied with the resources, expertise, succession and experience of Nedbank's finance function. The GAC reviewed the adequacy of the regulatory reporting processes as required by the Banks Act, 94 of 1990, which included an evaluation of the quality of reporting and the adequacy of systems and processes, and consideration of any findings regarding the financial regulatory reports by the external auditors.
- The GAC reviewed the findings from the JSE Proactive Monitoring Panel and noted that management's annual financial statement process considered these findings.

Annual financial statements and integrated reporting process

- The GAC reviewed all formal announcements relating to Nedbank's financial performance and found the reporting process and controls that led to the compilation of the financial information to be effective and appropriate. The GAC also assessed and confirmed the appropriateness of the going-concern assumption used in the annual financial statements, considering management budgets and the capital and liquidity profiles.
- The GAC reviewed and discussed the Integrated Report, reporting process, and governance and financial information included in the 2023 Integrated Report after having considered recommendations from the Group Transformation, Social and Ethics Committee (GTSEC); Group Remuneration Committee (Remco); Group Risk and Capital Management Committee (GRCMC); Group Climate Resilience Committee (GCRC); and Group Directors' Affairs Committee (DAC). The Integrated Report will be made available at nedbank.co.za on or around 19 April 2024.
- The GAC recommended to the board that the annual financial statements be approved. The board subsequently approved the annual financial statements, which will be presented at the forthcoming AGM.
- The GAC reviewed and discussed the annual disclosure review performed by management and, through the 2023 review process, the resulting restatements of prior-period information included in note A4. The GAC considered management's feedback in relation to the process. The GAC also noted management's feedback in respect of the restatements where management implemented a new accounting standard and proactively updated the presentation and disclosure to enhance the usefulness of the statement of comprehensive income. Management reported that there was one restatement related to the separate statement of cash flows and separate statement of changes in equity. The restatement related to information that came to the attention of management during the 2023 financial close process. Management has correctly restated the appropriate information in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

Internal control, risk management and information technology

The Enterprisewide Risk Management Framework (ERMF) operates within a risk philosophy of risk resilience. The group's risk governance and culture ensure that the ERMF is robust, resilient and agile enough to respond appropriately to the challenging external operating environment. The ERMF continues to be refreshed to ensure it remains fit for purpose, in that way remaining resilient and effective in all material respects, enabling Nedbank's overall positive risk outcome in these extraordinarily risky, demanding and challenging times. The overall state of Nedbank's risk management, balance sheet management, internal control environment and risk culture remains sound and robust.

The GAC is responsible for reviewing the effectiveness of systems of internal control, financial reporting and risk management, as well as for considering the major findings of any internal investigations into control weaknesses, fraud or misconduct, and management's response.

The GAC receives regular reports as part of ERMF processes to assist in evaluating the group's internal controls. The ERMF places emphasis on accountability, responsibility, independence, reporting, communication and transparency, both internally and in respect of all Nedbank's key external stakeholders.

The GAC receives regular feedback from the GITCO regarding the monitoring of the adequacy and effectiveness of the group's information technology (IT) controls as well as new or emerging IT risks associated with the bank's digital transformation journey, and from the GCC regarding its oversight of the adequacy and effectiveness of controls embedded in credit monitoring processes and systems.

The GAC also regularly receives feedback on issues contained in the group's Key Issues Control Log, Risk Profile (Risk Universe Heatmap), twice-a-year assessment of the internal control environment (ICE), and risk management and internal control letter of representation (LOR) from the CRO.

Having considered, analysed, reviewed and debated information provided by management, other board subcommittees, GIA and the external auditors, the GAC considered that the internal controls of the group were effective in all material aspects throughout the year under review.

Coordinated assurance

- Nedbank employs a coordinated assurance (CA) model that incorporates, integrates and optimises risk, audit and compliance functions and assurance activities. This enables an effective ICE across the group, with assurance focused on critical risk exposures, supporting the integrity of information used in internal decision-making (to governance forums) and reporting to external stakeholders.
- CA continued to go from strength to strength in 2023, with more efficient and effective planning demonstrated, and well-coordinated audit, compliance and risk work (second and third lines of defence). Cluster risk functions were included as members of the CA forum in 2023, with existing members consisting of executives from GIA, Group Compliance and Group Risk, as well as Group Finance.
- CA remains a key tool and strategy for helping ensure adequate independent assurance coverage of Nedbank's expansive risk universe and remains a significant focus in navigating the expansive risk landscape and the challenging and turbulent operating environment. With the risk universe continuing to expand to incorporate new, emerging and non-traditional risk types, the need for the coordination, alignment and integration of assurance activities becomes even more critical to ensuring the following:

- » Reliance is placed on work and output of multiple assurance providers to reduce duplication or overlap and the resultant impact on frontline teams.
- » Specialist risk, audit and compliance skillsets across the enterprise are optimised so that execution is streamlined.
- » Efforts are directed to the risks that matter most and the new or emerging risk areas.
- The CA plans continue to be managed through the CA Forum which meets at least quarterly. During the CA forums in September 2023, October 2023 and January 2024, Group Risk, GIA, Group Compliance and cluster risk functions shared information and challenged:
 - » the key focus areas for 2024;
 - » draft plans and coverage for 2024; and
 - » the adequacy of the CA 2024 plan in terms of whether it sufficiently covers all risk types and risk categories across the enterprise.

Internal financial control attestation

Nedbank continues to maintain a strong risk culture and has implemented adequate and effective IFCs to confirm the integrity and reliability of the financial statements. These IFCs safeguard, verify and maintain accountability of Nedbank's assets; are based on established policies and procedures; and are implemented by trained and skilled personnel whose duties are duly segregated. Adherence to the implemented internal controls is continuously monitored by the GAC.

Nedbank has successfully completed the fourth year of the internal financial control attestation process in terms of paragraph 3.84(k) of the JSE Listings Requirements. The CFO and CE make positive statements under their names and signatures.

The deficiencies in design and operating effectiveness of IFCs identified via the group's 3 lines of defence (first line via cluster finance, second line via risk functions and Group Finance, and third line via GIA) were reported to the GAC. The GAC considered the identified deficiencies as well as the appropriateness of management's response, including remediation, reliance on compensatory controls and additional review procedures. As a result, the GAC noted the CE and CFO final attestation.

Future accounting developments

The International Accounting Standards Board (IASB) has completed redeliberation of the proposals in the exposure draft, General Presentation and Disclosures, published in December 2019. The IASB expects to publish the new IFRS accounting standard on presentation and disclosure in financial statements in H1 2024 after having completed the balloting process (drafting, review, and approval process to ensure that a project document is well written and accurately reflects the IASB's decisions). The objective of IFRS 18: Presentation and Disclosure in Financial Statements (draft standard) is to improve how information is communicated in the financial statements, with a focus on information in the statement of profit or loss.

The effective date of IFRS 18 is 1 January 2027, with early application permitted. The group will commence assessment of the impact of implementing IFRS 18 once the final version of the new standard has been published.

Key focus areas for 2024

- Ensure a smooth transition including the observation period for the new external auditors to ensure minimal disruptions to the 2024 year-end audit process.
- Ensure that the group's financial systems, processes and controls are operating effectively; are commensurate with the group's complexity; and are responsive to changes in the environment and industry.
- Ensure, through the Chairperson's College of Audit Committee Chairs, that there is meaningful engagement between the GAC chairperson and the chairpersons of subsidiary audit committees.

Conclusion

The GAC is satisfied that it has complied with all statutory duties as well as other duties given to it by the board under its terms of reference.

The GAC reviewed the group and the company annual financial statements for the year ended 31 December 2023 and recommended them for approval to the board on 28 February 2024.

On behalf of the GAC



Stanley Subramoney

Group Audit Committee Chairperson

Sandown
4 March 2024

REPORT FROM OUR DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2023

Nature of business

Nedbank Group Limited (Nedbank Group, company or group) is a registered bank-controlling company that, through its subsidiaries, offers wholesale and retail banking services as well as insurance, asset management and wealth management. Nedbank Group maintains a primary listing under 'Banks' on the JSE, with secondary listings on A2X and the Namibian Stock Exchange.

Annual financial statements

Details of the financial results are set out on pages 21 to 274 of the audited consolidated annual financial statements, which have been prepared under the supervision of the Nedbank Group CFO, Mike Davis, and prepared in accordance with IFRS as issued by the IASB and IFRS Interpretations Committee (IFRS IC); the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; Financial Pronouncements as issued by the Financial Reporting Standards Council; the requirements of the Companies Act, 71 of 2008; and the JSE Listings Requirements.

Integrated report

The board of directors acknowledges its responsibility to ensure the integrity of the integrated report. The board has accordingly applied its mind to the report and is of the opinion that it addresses all material issues, and fairly presents the integrated performance of the organisation and its impacts.

Companies Act, 71 of 2008 (as amended)

The board of directors confirms that Nedbank Group has complied with the provisions of the Companies Act, 71 of 2008 (as amended), specifically related to its incorporation, and has operated in conformity with its memorandum of incorporation (MoI) during the period under review.

Year under review

The year under review is fully covered in the 'Reflections from our Chairperson', 'Reflections from our Chief Executive', and 'Reflections from our Chief Financial Officer' sections as set out in the 2023 Nedbank Group Limited Integrated Report, which will be available at nedbankgroup.co.za on or around 19 April 2024.

In 2023 the operating environment for South African banks was more challenging than initially forecast. In addition to a weaker global economy, domestic economic activity was impacted by record levels of load-shedding (electricity shortages), logistical constraints, higher-than-expected levels of inflation and, as a result, higher-than-expected increases in interest rates. Collectively these conditions have put increasing pressure on consumers' finances and led to reductions in business confidence and investment in most sectors other than energy. Progress, albeit slow, is being made in the partnership between government and business to help address the key issues of energy security, transport and logistics, and crime and corruption that are collectively resulting in very low levels of economic growth in South Africa (SA) and a weakening fiscal position.

Despite this difficult and volatile operating environment, Nedbank Group produced a strong financial performance in 2023. Headline earnings (HE) grew by 11% to R15,7bn, underpinned by strong revenue and associate income growth of 12% and prudent expense management that enabled preprovisioning operating profit (PPOP) growth of 15%. This growth was partially offset by a 30% increase in the impairment charge, which reduced from the 57% increase reported in H1 2023. As a result, the group's credit loss ratio (CLR) improved from 121 bps (H1 2023) to 109 bps for the full year. The diversification benefit across our portfolio of businesses was evident in very strong growth in HE from Nedbank Africa Regions, albeit off a low base, alongside solid performances in both HE and return on equity (ROE) from Nedbank Corporate and Investment Banking, Nedbank Retail and Business Banking

and Nedbank Wealth. The group's balance sheet metrics all remained strong, enabling the declaration of a final dividend of 1 022 cents per share, up by 18%, at a payout ratio of 57%. The R5bn capital optimisation initiative announced in March 2023 was completed successfully, through a share repurchase programme and odd-lot offer executed at attractive levels, enhancing both ROE and earnings growth on a per-share basis.

A highlight of the year was achieving all the group's post-Covid targets for 2023 announced in March 2021. Two of these targets were already achieved in 2022 – being exceeding the 2019 diluted headline earnings per share (DHEPS) of 2 565 cents and ranking #1 on Net promoter Score (NPS). In 2023 we further increased DHEPS to 3 199 cents, up 14% yoy, and we maintained our #1 NPS ranking among South African banks. Pleasingly, at the end of 2023, we also met the remaining 2 targets, being reporting an ROE of 15,1% ahead of the target level of 15,0% and a cost-to-income ratio of 53,9%, which is lower than our target of 54,0%.

These targets were achieved as a result of ongoing progress on delivery of our strategy, with a focus on growth, productivity, as well as risk and capital management. Growth trends across average interest-earning banking assets (AIEBA) (+7%), net interest income (NII) (+14%), non-interest revenue (NIR) (+6%) and associate income (+64%) remained robust. Levels of productivity improved, evident in our cost-to-income ratio declining to 53,9% from 55,8% in 2022. Capital and liquidity ratios remained strong, with a common equity tier 1 (CET1) ratio of 13,5%, an average fourth-quarter liquidity coverage ratio (LCR) of 135% and a net stable funding ratio (NSFR) of 117%, all well-above board targets and regulatory minimums. The group's total expected credit loss (ECL) coverage increased to an annual high of 3,62% (Dec 2022: 3,37%) and we remain conservatively provided in a difficult macroeconomic environment.

Our world-class technology platform, delivered through our Managed Evolution (ME) programme that has reached 95% completion, supported continued double-digit growth in all digital-related metrics; client satisfaction scores remaining at the top-end of the South African banking peer group; higher levels of cross-sell; main-banked client gains across all segments; market share gains in key product categories; and improved efficiencies. We continued to create positive impacts through R145bn of exposures that support sustainable development finance (SDF) aligned with the United Nations (UN) Sustainable Development Goals (SDGs); maintained high levels of employee satisfaction; supported clients during difficult times; retained our top-tier rankings on environmental, social and governance (ESG) scores; and maintained our level 1 broad-based black economic empowerment (BBBEE) status under the Amended Financial Sector Code (FSC) for the sixth year in a row.

Looking forward, although geopolitical uncertainties increase forecast risk, we currently expect the economic environment in SA to remain challenging but improve off a low 2023 base. The Nedbank Group Economic Unit forecasts SA's gross domestic product (GDP) to increase by 1% in 2024 and inflation to continue to reduce. The forecast for the South African prime lending rate is to decline by a cumulative 75 bps in the second half of 2024 to end the year at 11,0% and private sector credit growth to be muted at around 5%.

While we were pleased to have achieved all our 2023 targets while operating in a more difficult economic environment, we aspire to deliver ongoing improvements in ROE to increase shareholder value. Our strong financial performance in 2023, together with the progress made in executing on our strategy and underlying momentum in the business, gives us confidence in delivering on our medium-term targets* and, in particular, our aim to increase our ROE to 17% by 2025 and above 18% in the long term.

Share capital

Details of the authorised and issued share capital, together with details of shares issued during the year, appear in note B4 to the annual financial statements.

American depository shares

At 31 December 2023 Nedbank Group had 4 860 757 (31 December 2022: 5 187 694) American depository shares in issue through the Bank of New York Mellon as depository and trading on over-the-counter (OTC) markets in the United States. Each American depository share is equal to one ordinary share.

Zimbabwe depository receipts (ZDRs)

Corpserve Nominees (the nominee company that holds Nedbank Group shares on behalf of our Zimbabwean shareholders) listed un-sponsored Nedbank Group ZDRs on 25 November 2022. At 31 December 2023 Nedbank Group had 161 305 (31 December 2022: 160 197) ZDRs in issue through Corpserve Nominees as depository and issuer on the Victoria Falls Stock Exchange (VFEX) in Zimbabwe. Each ZDR is equal to 1 ordinary share.

Ownership

Details of shareholders appear on pages 272 and 273.

Dividends

The following dividends were declared in respect of the year ended 31 December 2023:

- Interim ordinary dividend of 871 cents per share (2022: 783 cents per share).
- Final ordinary dividend of 1 022 cents per share (2022: 866 cents per share).

Solvency and liquidity tests

The directors have performed and comply with the requisite solvency and liquidity tests where required by the Companies Act, 71 of 2008, as amended.

Borrowings

Nedbank Group's borrowing powers are unlimited pursuant to the company's Mol. The details of borrowings appear in note D2 to the consolidated annual financial statements.

Directors

Biographical details of the current directors appear online at nedbankgroup.co.za. Details of directors' and prescribed officers' remuneration and Nedbank Group shares issued to them appear in note N3 and in the 2023 Remuneration Report, also available at nedbankgroup.co.za.

Details of the members of the board who served during the year and at the reporting date (including changes in the directorate that occurred during the period under review) are given below:

Name	Position as director	Date appointed as director	Date of resignation/retirement as director (where applicable)
Daniel Mminele	Independent non-executive Chairperson	1 May 2023	
Hubert Brody	Lead Independent Director	1 July 2017	
Mike Brown	Chief Executive and executive director	17 June 2004	
Brian Dames	Non-independent non-executive director	30 June 2014	
Mike Davis	Chief Financial Officer and executive director	1 October 2020	
Neo Dongwana	Independent non-executive director	1 June 2017	
Errol Kruger	Independent non-executive director	1 August 2016	
Phumzile Langeni	Independent non-executive director	22 March 2022	
Rob Leith	Independent non-executive director	13 October 2016 and 1 January 2019	
Linda Makalima	Independent non-executive director	1 June 2017	
Mpho Makwana	Previous non-executive Chairperson	17 November 2011	2 June 2023
Tshilidzi Marwala	Independent non-executive director	27 May 2019	28 February 2023
Mantsika Matookane	Independent non-executive director	15 May 2014	2 June 2023
Mfundo Nkulu	Chief Operating Officer and executive director	1 January 2015	
Terence Nombembe	Independent non-executive director	1 January 2024	
Mteto Nyati	Independent non-executive director	1 October 2022	9 October 2023
Stanley Subramoney	Independent non-executive director	23 September 2015	

In terms of Nedbank Group's MoI one-third of the directors are required to retire at each Nedbank Group AGM and may offer themselves for election or re-election. The directors so retiring are firstly those who were appointed after the last shareholders' meeting, and thereafter those longest in office since their last election.

Furthermore, in terms of Nedbank Group policy, non-executive directors of Nedbank Group who have served on the board for longer than 9 years are required to retire at the conclusion of the first AGM held after the 9-year term, unless agreed to otherwise by the board.

Brian Dames has served on the Nedbank Group Board for longer than 9 years. The Nedbank Group Board extended his tenure in 2023 for an initial period of one year, and has again resolved to extend his term of office for a further year given the need for continuity on the Group Climate Resilience Committee while the succession process for this role is underway.

• Appointments since last shareholders' meeting

Terence Nombembe was appointed by the board of directors with effect from 1 January 2024 and, in terms of the MoI, his appointment terminates at the close of the AGM to be held on 31 May 2024. Terence makes himself available for election.

The Nedbank Group Board has appointed Jason Quinn as Group Chief Executive-designate with effect from 22 May 2024, to assume the role of Group Chief Executive and executive director on the Nedbank Group Board on Mike Brown's planned retirement from the board at the end of the Nedbank Group Limited AGM to be held on 2 June 2024. The appointment of Mr Quinn is being put to shareholders for approval.

• Longest in office since last election

As described above, Brian Dames, Neo Dongwana and Mfundo Nkulu are also required to seek re-election at the AGM, and make themselves available for re-election.

Separate resolutions for the above directors' elections or re-elections will be submitted for approval at the AGM on 31 May 2024.

Directors' and prescribed officers' interests

The directors' and prescribed officers' interests in ordinary shares in Nedbank Group at 31 December 2023 (and any movements therein up to the reporting date) are set out in note N3.

The directors had no interest in any third party or company responsible for managing any of the business activities of the group. Banking transactions with directors are entered into in the normal course of business under terms that are no more favourable than those arranged with third parties.

Group Audit Committee and Group Transformation, Social and Ethics Committee Reports

The Group Audit Committee Report and the Group Transformation, Social and Ethics Committee Report will be included in the 2023 Nedbank Group Integrated Report, which will be released on or around 19 April 2024.

Group Company Secretary and registered office

As part of the annual board evaluation process, the board of directors conducted an assessment of the Group Company Secretary. The board is satisfied that Jackie Katzin is suitably competent, qualified and experienced, and has adequately and effectively performed the role and duties of a company secretary and provided the board with independent guidance and support. Jackie has direct access to, and ongoing communication with, the Chairperson of the board, and the Chairperson and the Company Secretary meet regularly throughout the year. Jackie is not a director of the company.

The addresses of the Group Company Secretary and the registered office are as follows:

Business address	Registered address	Postal address
Nedbank 135 Rivonia Campus 135 Rivonia Road Sandown, Sandton 2196 SA	Nedbank Group Limited 135 Rivonia Road Sandown, Sandton 2196 SA	Nedbank Group Limited PO Box 1144 Johannesburg 2000 SA

Property and equipment

There was no material change in the nature of the fixed assets of Nedbank Group or its subsidiaries or in the policy regarding their use during the year.

Political donations

Nedbank Group has an established policy of not making donations to any political party.

Contracts and matters in which directors and officers of the company have an interest

No contracts in which directors and officers of the company had an interest and that significantly affected the affairs or business of the company or any of its subsidiaries were entered into during the year.

Directors' and prescribed officers' service contracts

There are no service contracts with the directors of the company, other than for the Chairperson and executive directors as set out below. The directors who entered into these service contracts remain subject to retirement by rotation in terms of Nedbank Group's Mol.

The key responsibilities relating to the position of Nedbank Group Chairperson are encapsulated in a contract.

Service contracts have been entered into for Mike Brown, Mfundo Nkuhlu and Mike Davis. These service contracts are effective until the executive directors reach the normal retirement age and stipulate a maximum notice period of six months (12 months for Mike Brown) under most circumstances.

Details relating to the service contracts of prescribed officers are incorporated in the full online supplementary 2023 Governance Report.

Subsidiary companies

Details of principal subsidiary companies are reflected in note F3.

Acquisition of shares

Nedbank Group announced a R5bn capital optimisation programme in March 2023. In terms of that programme:

- Between 27 March and 14 August 2023, 20 671 149 Nedbank Group ordinary shares were repurchased for R4,36bn at an average price of R211,04 per share under the general authority to repurchase shares previously granted by shareholders; and
- On 2 June 2023 shareholders approved a proposed odd-lot offer by Nedbank Group to repurchase all the Nedbank Group Shares of Shareholders holding less than 100 Nedbank Group Shares at a 5% premium to the 10-day VWAP of a Nedbank Group share at the close of business on 19 June 2023. In terms of the specific authority granted by shareholders at that general meeting, Nedbank Group repurchased a total of 2 723 917 Nedbank Group ordinary shares, representing 0,55% of the then-issued ordinary share capital of Nedbank Group, for a total consideration of R638m.

These repurchased shares were cancelled and delisted.

In addition, during the period 7–10 March 2023, 1 179 165 Nedbank Group ordinary shares were purchased by the Nedbank Group (2005) Share Scheme Trust for R266m at an average of R225.99 per share, and during the period 14–17 March 2023, 711 654 Nedbank Group ordinary shares were purchased by the Nedbank Group (2005) Share Scheme Trust for R154m at an average of R215,93 per share. These shares were purchased to satisfy the obligations of the Nedbank Group (2005) Share Option, Matched Share and Restricted Share Scheme.

The above excludes transaction costs.

Nedbank Group's capital position shows strong capital adequacy ratios that are above board-approved target ranges and significantly above the minimum regulatory requirements, which are considered appropriate in a difficult and volatile operating environment. The group's average surplus capital of R12bn will support organic growth and complementary bolt-on corporate action should these opportunities materialise, as well as paying dividends at the top-end of payout ratios, subject to board approval. In addition, the surplus capital may allow for further capital optimisation under the existing mandate should market conditions be favourable and subject to meeting regulatory requirements. Shareholders will be requested at the company's AGM to renew the general authority enabling the company or a subsidiary of the company to repurchase shares.

Events after the reporting period

During December 2023 the group announced its proposed acquisition of 100% shareholding in Eqstra Investment Holdings Proprietary Limited (Eqstra), which is expected to enhance the group's fleet management business offerings. The acquisition is subject to regulatory approvals and other suspensive conditions customary for transactions of this nature. Once the necessary approvals have been obtained and the conditions have been met, the acquisition will meet the criteria to be recognised as a business combination in terms of IFRS 3: Business Combinations. The group expects to obtain all regulatory approvals in Q2 of 2024.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEDBANK GROUP LIMITED

Report on the audit of the Nedbank Group Limited consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Nedbank Group Limited and its subsidiaries (the "group") and company set out on pages 21 to 271 which comprise the consolidated and separate statements of financial position at 31 December 2023, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Nedbank Group Limited at 31 December 2023 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors

("IRBA code") and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined that there are no key audit matters to communicate in relation to our audit of the separate financial statements.

Valuation of expected credit losses on loans and advances

Refer to Note C2.2 Impairment charge on loans and advances by classification of the consolidated financial statements for selected disclosures applicable to this matter.

Overview

Loans and advances, which represent 68% of total assets, and the associated impairment provisions for expected credit losses are significant in the context of the consolidated financial statements.

The determination of impairment provisions for expected credit losses requires significant management judgement, due to the following:

- The level of subjective judgements applied in determining expected credit losses ("ECL");
- The evaluation of significant increase in credit risk ("SICR");
- Models incorporating forward-looking macro-economic variables and assumptions that change on an annual basis; and
- The evaluation of post model adjustments to address limitations not taken into account by the models.

The ECL provision for loans and advances is significant in the context of the consolidated financial statements due to its magnitude and the significant level of judgement required in determining the value of the ECL provision. Accordingly, we have identified the valuation of ECL on loans and advances to be a key audit matter.

The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus and professional scepticism in the Group's application of IFRS 9 Financial Instruments are detailed below:

- Definitions, policy choices, judgements made in applying accounting policies including SICR, stage determination and migration and collateral valuation;
- Post model adjustments including the consideration of the risk of management override;
- Forward-looking information; and
- Disclosures.

Definitions, policy choices, and judgements made in applying accounting policies including SICR, stage determination and migration and collateral valuation

There is judgement in the definitions and methodologies applied in the ECL models. The Group is required to recognise an allowance for either 12 month or lifetime ECL's in accordance with IFRS 9, depending on whether there has been a SICR since initial recognition.

Indicators of SICR in the retail portfolio may include short-term forbearance, direct debit cancellation, extension to the terms granted and previous arrears within the past months. In addition to this, the emergence of new risks due to significant loss of jobs, closures of business and significant increases in interest rates, requires careful reassessment.

Indicators of a SICR in the wholesale and commercial banking portfolios may include any of the following: significant increase in the credit spread, significant adverse changes in business, financial and/or expected forbearance or restructuring, significant change in collateral value or early signs of liquidity and cash flow challenges.

Our response to the key audit matter included performing the following audit procedures across retail, commercial banking and wholesale portfolios:

- Through inspection and enquiry, we obtained an understanding of management's process over credit origination, credit monitoring and credit remediation;
- We identified relevant controls that address the ECL risks identified and evaluated the design and implementation, and where appropriate the operating effectiveness, of these controls;
- We focused on controls over the quantification of ECL, the governance processes in place to assess the appropriateness of changes to credit models, new data inputs, the credit forums where key judgements are considered; and approval processes over ECL, including staging, assignment of NGR ratings, post model adjustments and the consideration of the risk of management override; and
- We performed an overall stand-back assessment of the ECL provision levels by stage to determine if they were reasonable by considering the overall credit quality of the Group's portfolios and risk profile.

Definitions, policy choices, judgements made in applying accounting policies including SICR, stage determination and migration and collateral valuation

- Supported by our accounting technical specialists, we evaluated how management have opted for and applied key definitions in IFRS 9 such as default and SICR, policy choices as well as key judgements and assumptions.
- We assessed whether key definitions, policy choices and judgements are updated to appropriately reflect current economic conditions.
- We assessed the impact of these key definitions on the staging migration of exposures.

Model risk

Together with the assistance of our credit specialists, we:

- Tested the design, implementation and where appropriate operating effectiveness of key controls focusing on the completeness and accuracy of external and internal data inputs into the ECL calculation;
- Where new models have been implemented or existing models changed, we reviewed the ECL model development code to assess whether these appropriately reflect the Group's policies and methodologies;
- Assessed changes to definitions and methodologies (at a parameter and ECL calculation level);
- Re-performed the significant model development at a parameter level, e.g., probability of default, loss given default, exposure at default and SICR;
- Recalculated the ECL, SICR and stage migration for significant models; and
- Assessed the appropriateness of the Group's SICR methodology and calibrations of the ECL models and tested the stage allocations including SICR for a sample of individual exposures and portfolios back to source data.

Collateral valuation

- We have evaluated the collateral management, monitoring and valuation process and inspected a sample of the contracts and legal documentation in support of collateral valuation and collateral validity.
- We assessed the application of the assumptions on the collateral into the ECL models.

Key audit matter

Post model adjustments

A significant portion of the ECL is calculated on a modelled basis. Post model adjustments are applied to address risks that are not specifically considered by the ECL models. The basis and calculation of the post model adjustments require significant judgement including the consideration of the risk of management override.

Forward-looking information

IFRS 9 requires that the determination of the ECL should reflect all reasonable and supportable information, including best available information which is forward-looking. Such forward-looking information requires significant judgement and may include:

- Macroeconomic forecasts, including GDP, industry-sector growth rates, unemployment (national and regional), inflation, interest rates, and property price indexation;
- In South Africa, the impact of intermittent electricity supply on the economy;
- The borrowers' probability of non-payment in response to macroeconomic factors that specifically relate to the borrower and economy at large;
- The borrowers' behaviour in respect of timing of prepayment or extension options or use of undrawn facilities that impact the lender's exposure;
- The type and recovery methods applied for collateral within the wholesale and commercial banking portfolios; and
- The valuation of collateral and timing of foreclosure as well as re-assessing valuations of property valuations given occupancy levels as well as damage to properties.

The assessment of SICR and the calculation of ECL both incorporate forward-looking information and assumptions which are subjective and carry estimation risk requiring specific audit attention. The Group has performed historical analyses and identified the key economic variables impacting credit risk and ECL for each portfolio. The assumptions and forecasts for the macroeconomic scenarios require careful assessment in the context of the upside and downside risks to the economy. The determination of appropriate weightings incorporated into macroeconomic scenarios requires significant management judgement.

Disclosure

Financial reporting requires inclusion of disclosures that provide an adequate level of transparency regarding uncertainties inherent in the judgements, assumptions and estimates applied in determining ECL.

The related disclosures in the financial statements are included in:

Section A – Accounting policies.
Section C1 – Loans and advances.
Section C2 – Impairments charge on financial instruments.
Section I – Financial instruments.

How the matter was addressed in the audit

- Together with our valuation specialists, we have independently revalued collateral including performing sensitivity analysis on the timing of the cash flows in the different probability weighted scenarios which may be encountered in the realisation of the collateral, including those involving business rescue proceedings, considering the current economic climate as part of our assessment of management's valuation of recoverable amounts.
- Specifically, for wholesale and commercial banking portfolio exposures:
 - We selected a sample of non-performing/Stage 3 performing loans and advances and performed a detailed independent assessment of the expected credit losses;
 - For a sample of loans and advances within vulnerable sectors identified to be impacted by macroeconomic and geopolitical conditions and/or behavioural changes that had been individually evaluated and impaired. We assessed the valuation of impairment losses by developing an independent expectation of the amount of the ECL allowance. This involved assessing the collateral value and the expected cash flows with the assistance of our valuation specialists; and
 - We considered evidence from externally available public data to assess the reasonableness of the assumptions applied by management, including evaluating the appropriateness of any guarantees or debtor substitution on the valuation of ECL raised.

Post model adjustments

We obtained management's post model adjustments and performed, amongst other procedures, the following:

- We tested the design, implementation and where applicable, the operating effectiveness of controls over the inputs, governance and approval of post model adjustments;
- We tested supporting documentation and reperformed calculations for post model adjustments and challenged the completeness, quantification and rationale for risks that are not specifically considered by the ECL models;
- We assessed the inherent limitations of the ECL models within the retail and commercial banking portfolios, including the limitation of past performance, emerging risks which are not yet present in the current data, macroeconomic forecast challenges and sectoral stresses, including the completeness and appropriateness of these adjustments;
- We evaluated the appropriateness of the sectoral post model adjustments across the portfolios by assessing the risk classification against our independent economists' view and assessed management's methodology in arriving at the sector overlay against an acceptable estimate range; and
- We assessed the completeness of the post model adjustments against our own research and publicly available information including sector, client and portfolio specific risk factors.

Forward-looking information

- We involved our economics specialists to evaluate the forward-looking model and assess the macroeconomic scenario forecasts generated.
- We assessed any changes made to processes and governance approvals over macroeconomic scenario forecasts.
- Together with our economic specialists, we tested how previously forecast scenarios have performed against actual economic factors and how these compared based

Key audit matter	How the matter was addressed in the audit
	<p>on our knowledge of the industry and publicly available external data.</p> <ul style="list-style-type: none"> We have performed multiple economic scenario analyses on how management's models predict different speeds by which borrowers may resume payments, under heightened uncertainty arising in an economic recovery. <p>Disclosure</p> <p>We assessed whether the disclosure adequately conveys the significant judgements and assumptions made by management in the current economic environment.</p>
<p>Valuation of complex financial instruments</p> <p>Refer to Note I2.1 Valuation of financial instruments of the consolidated financial statements for the selected disclosure applicable to this matter.</p> <p>The valuation of complex financial instruments was considered to be a matter of significance in the current year due to the significant judgement applied relating to complex valuation methodologies as well as in the determination of key assumptions and inputs into the valuations. The use of internal risk management processes and the requirements of IFRS result in complex controls, processes and valuation techniques.</p> <p>Significant judgement is required in respect of unobservable inputs and the consideration of developments in valuation methodologies due to the impact of funding costs, counterparty credit spreads in relation to derivative transactions where credit spreads are less readily available to be determined and the related fair value disclosures.</p> <p>The complex financial instruments impacted by management's judgement include:</p> <ul style="list-style-type: none"> Fair value level 3 financial instruments. IFRS 13 Fair Value Measurement funding valuation adjustments (FVAs). <p>Complex financial instruments use pricing inputs that have limited observability and valuation adjustments that have a significant element of estimation uncertainty inherent in their value and complexity in models, as some of these metrics by their nature are unobservable.</p> <p>There remains a high level of estimation uncertainty in the 2023 financial year as a result of the continuing impact of evolving global and local macro-economics and the global political destabilisation.</p> <p>The portfolios impacted by the fair value level 3 instruments, include unlisted investment securities which are difficult to value as a result of the application of highly complex or non-standard valuation models or subjective inputs that are not readily available.</p> <p>The high level of estimation uncertainty for the funding valuation adjustment is underpinned by complex methodologies applied in the valuation together with considering the appropriate funding pools .</p> <p>As the determination of the fair value level 3 financial instruments and funding valuation adjustments are a key source of estimation uncertainty subject to significant judgements including the risk of management override and represents a material balance, which requires significant auditor effort, these matters were considered to be a key audit matter in our audit of the consolidated financial statements.</p>	<p>Our response to the key audit matter included performing the following audit procedures:</p> <p>Fair value level 3 financial instruments</p> <ul style="list-style-type: none"> We tested the design, implementation and where appropriate the operating effectiveness of the relevant controls, including amongst others, the governance exercised by various forums over the development of the valuation models and methodologies, assumptions, policies, and independent price verification assessments. We challenged the appropriateness of the models used and assessed model inputs applied at year-end. For a sample of unlisted investments, with the assistance from our valuation specialists, we have: <ul style="list-style-type: none"> Challenged the appropriateness of the valuation methodology and technique used by management in the valuation of the investments including the use of market related data and changes to macroeconomic variables where available; Evaluated the key inputs and assumptions driving the valuation including, amongst others, cash flow forecasts, discount rates and pricing multiples. Performed independent calculations and assessed these against management assumptions, estimates and judgements used. We evaluated the appropriateness of the disclosures made relating to the valuation of financial instruments in relation to the fair value categorisation and hierarchy, to assess consistency with the requirements of the relevant accounting standards, including IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IFRS 13 Fair Value Measurement. <p>IFRS 13 Fair Value Measurement funding valuation adjustments</p> <p>With the assistance of our quantitative valuations and accounting technical specialists, we performed the following procedures over the IFRS 13 funding valuation adjustments:</p> <ul style="list-style-type: none"> We assessed the reasonability of accounting assumptions and methodology used with respect to IFRS 13 and benchmarked this against market practice; We assessed the theoretical quantitative approach adopted by management in measuring its FVAs, and where necessary computed quantitative impacts to benchmark the reasonability of assumptions made; We challenged all relevant inputs into the measurement of the stochastic processes against market data, or our independent models; and We assessed the appropriateness of fair value adjustments against the IFRS 13 hierarchy classification where there were lower levels of observability or liquidity.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 274 page document titled "Nedbank Group – audited consolidated and separate annual financial statements for the year ended 31 December 2023" which includes the Chief Executive and Chief Financial Officer internal financial control responsibility statement, the Certification from the company secretary, Report from the Group Audit Committee, Report from the Directors as required by the Companies Act of South Africa, as well as the "Information not covered by the independent auditors report" contained in the audited consolidated and separate financial statements report, which we obtained prior to the date of this report. The other information also comprises the Nedbank Group Integrated Report for the year ended 31 December 2023, which is expected to be made available to us after the date of this report. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Nedbank Group Integrated Report for the year ended 31 December 2023, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and


other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be

communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Nedbank Group Limited for 5 years and Deloitte & Touche has been the auditor of Nedbank Group Limited for 50 years.

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Farouk Mohideen


Director

Chartered Accountant (SA)

Registered Auditor

For and on behalf of Ernst & Young Inc.

4 March 2024

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Vuyelwa Sangoni

Partner

Chartered Accountant (SA)

Registered Auditor

For and on behalf of Deloitte & Touche

4 March 2024

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

	Notes	2023 Rm	2022 Rm (Restated) ¹
Interest income on financial instruments measured at amortised cost and debt instruments at fair value through other comprehensive income (FVOCI)	B6.1.1	115 069	80 436
Interest income on other financial instruments and similar income	B6.1.1	1 846	1 668
Interest and similar income		116 915	82 104
Interest expense and similar charges	B6.1.2	75 445	45 827
Interest expense related to all activities		76 932	47 731
Less interest expense related to fair-value activities		(1 487)	(1 904)
Net interest income		41 470	36 277
Non-interest revenue and income¹	B6.2	27 709	26 171
Net commission and fees income ¹		19 346	18 488
Commission and fees revenue ¹		25 296	24 197
Commission and fees expense ¹		(5 950)	(5 709)
Net insurance income ¹		1 446	1 715
Insurance revenue		3 710	3 823
Insurance service expense		(2 567)	(2 196)
Net investment and other income and net reinsurance expense		303	88
Fair-value adjustments		577	187
Net trading income		4 299	4 166
Equity investment income		764	815
Investment income		142	96
Net sundry income		1 135	704
Share of gains of associate companies	F2.1	1 449	879
Total income¹		70 628	63 327
Impairments charge on financial instruments	C2.1	9 605	7 381
Net income¹		61 023	55 946
Total operating expenses ¹	B7	38 059	35 329
Indirect taxation ¹	B8.1	1 129	1 102
Impairments charge on non-financial instruments and other gains and losses	B9	403	(245)
Profit before direct taxation¹		21 432	19 760
Direct taxation ¹	B8.2.1	4 432	4 330
Profit for the year¹		17 000	15 430
Other comprehensive income/(losses) (OCI) net of taxation	B8.2.3	338	(2 076)
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translating foreign operations including the effect of hyperinflation		1 492	(2)
Share of OCI of investments accounted for using the equity method		(1 556)	(1 821)
Debt instruments at FVOCI – net change in fair value		242	146
Cash flow hedge losses		(190)	
Items that may not subsequently be reclassified to profit or loss			
Property revaluations		53	(106)
Remeasurements on long-term employee benefit assets		191	(245)
Share of OCI of investments accounted for using the equity method		75	(1)
Equity instruments at FVOCI – net change in fair value		31	(47)
Total comprehensive income for the year¹		17 338	13 354
Profit attributable to:			
– Ordinary shareholders ¹		15 305	14 287
– Holders of participating preference shares		166	106
– Holders of additional tier 1 capital instruments		1 286	873
– Non-controlling interest – ordinary shareholders		243	164
Profit for the year¹		17 000	15 430
Total comprehensive income attributable to:			
– Ordinary shareholders ¹		15 651	12 239
– Holders of participating preference shares		166	106
– Holders of additional tier 1 capital instruments		1 286	873
– Non-controlling interest – ordinary shareholders		235	136
Total comprehensive income for the year¹		17 338	13 354
Basic earnings per share (cents) ¹	B2	3 239	2 934
Diluted earnings per share (cents) ¹	B2	3 128	2 854

¹ Refer to note A4: Restatements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT

	Notes	31 December 2023 Rm	31 December 2022 Rm	1 January 2022 Rm
			(Restated) ¹	(Restated) ¹
Assets				
Cash and cash equivalents	C6	52 082	45 618	44 586
Other short-term securities	C4	87 769	70 661	60 037
Derivative financial instruments	C7	13 812	9 101	39 179
Government and other securities	C3	170 717	160 495	150 498
Loans and advances	C1.1	891 619	882 165	831 735
Other assets ¹	H3	35 575	27 827	29 736
Current taxation assets		156	147	124
Insurance contract assets ¹	D4	378	156	209
Investment securities	F1	27 287	25 465	25 498
Non-current assets held for sale	H2	493	244	638
Investments in associate companies	F2	2 489	2 496	3 395
Deferred taxation assets ¹	B8.3	921	683	891
Investment property		371	26	28
Property and equipment	G1	10 913	11 064	10 739
Long-term employee benefit assets	H1.1	4 849	4 107	4 339
Intangible assets	G2	11 977	12 649	13 221
Total assets¹		1 311 408	1 252 904	1 214 853
Equity and liabilities				
Ordinary share capital	B4.1	465	487	486
Ordinary share premium		14 332	19 208	18 768
Reserves ¹		92 952	85 281	80 295
Total equity attributable to ordinary shareholders¹		107 749	104 976	99 549
Holders of participating preference shares		106	51	59
Holders of additional tier 1 capital instruments	B5	10 469	10 219	9 319
Non-controlling interest attributable to ordinary shareholders		887	698	620
Total equity¹		119 211	115 944	109 547
Derivative financial instruments	C7	14 141	9 738	36 042
Amounts owed to depositors	D1	1 087 645	1 039 622	967 929
Provisions and other liabilities ¹	K1.1	22 715	16 722	22 060
Current taxation liabilities		313	322	330
Non-current liabilities held for sale	H2			80
Deferred taxation liabilities ¹	B8.3	507	533	486
Long-term employee benefit liabilities	H1.1	43	6	156
Investment contract liabilities ¹	D3	17 512	16 832	18 254
Insurance contract liabilities ¹	D4	1 544	1 282	1 810
Long-term debt instruments	D2	47 777	51 903	58 159
Total liabilities¹		1 192 197	1 136 960	1 105 306
Total equity and liabilities¹		1 311 408	1 252 904	1 214 853

¹ Refer to note A4: Restatements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

Rm				Reserves	
	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve ¹	Property revaluation reserve ²
Audited balance at 31 December 2021	485 601 547	486	18 768	(1 508)	1 764
Impact of adopting IFRS 17, net of taxation ⁶					
Balance at 1 January 2022⁶	485 601 547	486	18 768	(1 508)	1 764
Additional tier 1 capital instruments issued					
Additional tier 1 capital instruments redeemed					
Share movements in terms of LTI and BEE schemes	1 650 168	1	440		
Preference share dividend					
Additional tier 1 capital instruments interest paid					
Dividends to shareholders					
Total comprehensive (losses)/income for the year ⁶				(1 391)	(97)
Profit attributable to ordinary shareholders and non-controlling interest ⁶					
Exchange differences on translating foreign operations including the effect of hyperinflation				11	
Movement in fair-value reserve					
Property revaluations					(97)
Remeasurements of long-term employee benefit assets					
Share of OCI of investments accounted for using the equity method				(1 402)	
Transfer (from)/to reserves					(58)
Value of employee services (net of deferred tax)					
Transactions with non-controlling interests				(17)	2
Other movements					
Restated balance at 31 December 2022⁶	487 251 715	487	19 208	(2 916)	1 611
Additional tier 1 capital instruments issued					
Additional tier 1 capital instruments redeemed					
Share buy back	(23 395 066)	(23)	(5 021)		
Share movements in terms of LTI and BEE schemes	709 349	1	145		
Preference share dividend					
Additional tier 1 capital instruments interest paid					
Dividends to shareholders					
Total comprehensive (losses)/income for the year				(63)	27
Profit attributable to ordinary shareholders and non-controlling interest					
Exchange differences on translating foreign operations including the effect of hyperinflation				1 515	
Cash flow hedge losses ⁷					
Movement in fair-value reserve					
Property revaluations					27
Remeasurements of long-term employee benefit assets					
Share of OCI of investments accounted for using the equity method				(1 578)	
Transfer (from)/to reserves					(54)
Value of employee services (net of deferred tax)					
Balance at 31 December 2023	464 565 998	465	14 332	(2 979)	1 584

¹ This represents the cumulative foreign exchange differences that arise on the translation of an entity with a functional currency different from the presentation currency of the parent company. The cumulative reserve relating to a subsidiary or associate company or joint venture that is disposed of is included in the determination of profit or loss on disposal of the subsidiary, associate company or joint venture.

² This represents the cumulative amounts that have been recognised on the revaluation of group properties net of deferred taxation. When the property is disposed of, the cumulative revaluation surplus is transferred directly to retained earnings.

³ Equity-settled share-based payment expenses are recognised in the statement of comprehensive income, with the corresponding amount recognised in share-based payment reserves. Any excess tax benefit over the relative tax on the share-based payments expense is recognised directly in this reserve. On the expiry or exercise of a share-based instrument, the cumulative amount recognised in this respect is transferred directly to other distributable reserves.

Reserves									
Share-based payments reserve ³	Other non-distributable reserves ⁴	FVOCI reserve ⁵	Other distributable reserves (Restated) ⁶	Total equity attributable to ordinary equity holders	Non-controlling interest attributable to ordinary shareholders	Non-controlling interest attributable to ordinary shareholders	Non-controlling interest attributable to ordinary shareholders	Total equity	Total equity
1 205	273	769	77 756	99 513	59	9 319	620	109 511	
			36	36				36	
1 205	273	769	77 792	99 549	59	9 319	620	109 547	
				–		1 500		1 500	
				–		(600)		(600)	
(384)			(82)	(25)				(25)	
				–	(114)			(114)	
			(7 788)	(7 788)		(873)		(873)	
–	–	(317)	14 044	12 239	106	873	136	13 354	
			14 287	14 287	106	873	164	15 430	
				11			(13)	(2)	
		102		102			(3)	99	
			(242)	(97)			(9)	(106)	
			(1)	(242)			(3)	(245)	
		(419)		(1 822)				(1 822)	
(70)	3		125	–				–	
979			35	979			(20)	979	
			2	20				–	
				2				2	
1 730	276	452	84 128	104 976	51	10 219	698	115 944	
				–		1 000		1 000	
				–		(750)		(750)	
				(5 044)				(5 044)	
(411)			(154)	(419)				(419)	
				–	(111)			(111)	
				–		(1 286)		(1 286)	
			(8 569)	(8 569)			(46)	(8 615)	
–	–	303	15 384	15 651	166	1 286	235	17 338	
			15 305	15 305	166	1 286	243	17 000	
				1 515			(23)	1 492	
			(190)	(190)				(190)	
		281		281			(8)	273	
				27			26	53	
			194	194			(3)	191	
		22	75	(1 481)				(1 481)	
181	61	(13)	(175)	–				–	
1 154				1 154				1 154	
2 654	337	742	90 614	107 749	106	10 469	887	119 211	

⁴ Represents other non-distributable revaluation surplus on capital items and non-distributable reserves transferred from other distributable reserves, to comply with various banking regulations, of R337m (2022: R276m).

⁵ This comprises all fair-value adjustments relating to investments in debt instruments and equity investments that are subsequently measured at FVOCI. When the debt instrument is derecognised, the cumulative gain or loss is reclassified from equity to profit or loss. For investments in equity instruments the cumulative gain or loss is not recycled, but may be reclassified within equity on derecognition.

⁶ Refer to note A4: Restatements.

⁷ Included in other distributable reserves is a loss relating to the cash flow hedge reserve of R190m (2022: Rnil).

All movements are reflected net of taxation.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2023 Rm	2022 Rm (Restated) ¹
Profit before direct taxation ¹		21 432	19 760
Adjusted for ¹ :		(26 177)	(22 724)
Non-cash items and indirect taxation ¹	M1	15 502	13 774
Dividends received		(209)	(221)
Interest and similar income		(116 915)	(82 104)
Interest expense and similar charges		75 445	45 827
Interest received		115 044	80 149
Interest paid		(71 171)	(41 565)
Dividends received on investments		209	221
Change in funds for operating activities¹		(4 066)	(12 027)
Increase in operating assets ¹	M2	(59 294)	(44 806)
Increase in operating liabilities ¹	M3	55 228	32 779
Net cash from operating activities before taxation¹		35 271	23 814
Taxation paid ¹	M4	(5 627)	(4 960)
Cash flows from operating activities		29 644	18 854
Cash flows used by investing activities		(3 589)	(2 626)
Acquisition of property, equipment, computer software and development costs and investment property		(3 872)	(3 176)
Disposal of property, equipment, computer software and development costs		69	91
Disposal of subsidiary companies			339
Acquisition of investment securities		(2 278)	(2 643)
Disposal of investment securities		2 492	2 763
Cash flows used by financing activities		(19 896)	(15 237)
Share buyback		(5 044)	
Issue of additional tier 1 capital instruments		1 000	1 500
Issue of long-term debt instruments	D2.1	4 842	1 424
Redemption of additional tier 1 capital instruments		(750)	(600)
Redemption of long-term debt instruments	D2.1	(9 075)	(7 811)
Capital repayments of lease liabilities		(857)	(937)
Dividends paid to ordinary shareholders		(8 615)	(7 826)
Preference share dividends paid		(111)	(114)
Additional tier 1 capital instruments interest paid		(1 286)	(873)
Effects of exchange rate changes on cash and cash equivalents		305	41
Net increase in cash and cash equivalents		6 464	1 032
Cash and cash equivalents at the beginning of the year		45 618	44 586
Cash and cash equivalents at the end of the year	C6	52 082	45 618

¹ Refer to note A4: Restatements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION A: ACCOUNTING POLICIES

A1 PRINCIPAL ACCOUNTING POLICIES

ACCOUNTING POLICIES

The financial information presented in the consolidated financial statements comprises that of the parent company, Nedbank Group Limited, together with its subsidiaries, including consolidated structured entities and associates, presented as a single entity (the group). The financial information presented in the separate financial statements comprises that of the parent company, Nedbank Group Limited (the company).

The group's principal accounting policies in preparing the consolidated and separate financial statements of Nedbank Group Limited are disclosed in the individual sections of the financial statements. This section details the basis of preparation and key accounting policy elections.

BASIS OF PREPARATION

The financial statements have been prepared on a going-concern basis. The financial statements have been prepared on a basis consistent with the prior year. 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. The amendments to standards not yet effective at 31 December 2023 are not expected to have a significant impact on implementation. During the year the group had complied with externally imposed capital requirements.

The consolidated and separate financial statements have been prepared in accordance with International Financial Report Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IC), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, 71 of 2008 (as amended), and the Johannesburg Stock Exchange (JSE) Listings Requirements.

The accounting policies of the group apply to the company unless otherwise stated.

The financial statements of the group and company are presented in South African rands, the functional currency of the company, and are rounded off to the nearest million rand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

ACCOUNTING POLICY ELECTIONS

The following accounting policy elections have been made by the group:

Asset/Liability	Option	ELECTION AND IMPLICATION	Note/Section
Property and equipment	<ul style="list-style-type: none"> International Accounting Standard (IAS) 16 permits the use of the cost or revaluation model for the subsequent measurement of property and equipment (choice per category). 	<ul style="list-style-type: none"> Land and buildings are stated at revalued amounts, being fair value less subsequent depreciation and impairment. Revaluation surpluses are recognised in equity, through OCI. When the property is disposed of, the cumulative revaluation surplus is transferred directly to retained earnings. Computer equipment, furniture and other equipment and vehicles are carried at cost less accumulated depreciation and impairment. Right-of-use assets are carried at cost less accumulated depreciation and impairment in accordance with IFRS 16. 	G1
Investment in venture capital divisions	<ul style="list-style-type: none"> IAS 28 provides an exemption from applying the equity method of accounting if an investment in an associate is held by, or indirectly through, a venture capital organisation. 	<ul style="list-style-type: none"> The group determines, on initial recognition of an investment, whether the investment will be accounted for using equity accounting or at fair value through profit or loss (FVTPL). This election is made separately for each associate considering the type of investment being made and the appropriate measurement basis to be applied. 	F2
Financial instruments	<ul style="list-style-type: none"> IFRS 9 permits trade date or settlement date accounting for the regular-way purchase or sale of financial assets. 	<ul style="list-style-type: none"> Regular-way purchases or sales of financial assets are recognised and derecognised using trade date accounting. 	I
Investments in subsidiaries and associate companies in separate financial statements	<ul style="list-style-type: none"> In terms of IAS 27, investments in subsidiaries and associate companies can be accounted for in the separate financial statements at cost, or in accordance with IFRS 9 or in terms of IAS 28. 	<ul style="list-style-type: none"> The group has elected to recognise investments in subsidiary companies at cost in the separate financial statements. The group has elected to recognise investments in associate companies in the separate financial statements in terms of IAS 28, ie using the equity method of accounting. 	Separate financial statements

A2 KEY ASSUMPTIONS CONCERNING THE FUTURE AND KEY SOURCES OF ESTIMATION

KEY ASSUMPTIONS CONCERNING SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The group's key accounting policy elections are set out in note A1 of the consolidated financial statements. Detailed accounting policies are disclosed in the notes to the consolidated financial statements. Certain policies, as well as estimates made by management, are considered to be important for an understanding of the group's financial position since they require management to make difficult, complex or subjective judgements and estimates, some of which may relate to matters that are inherently uncertain. Further information on accounting policies that includes estimates that are particularly sensitive in terms of judgements and the extent to which estimates are used is provided within the notes to the consolidated financial statements. Other accounting policies involve significant judgements and estimates, but the total amounts involved are not significant to the financial statements. Management has agreed the accounting policies and critical accounting estimates with the board and Nedbank Group Audit Committee (GAC).

A3 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2023 reporting period and have not been early-adopted by the group. There are no 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

A4 RESTATEMENTS

A4.1 Restatement of card-processing-related expenses

During 2023 management proactively reviewed the presentation of certain card-processing-related expenses recognised in operating expenses. These expenses are directly attributable to income recognised in non-interest revenue and income and as a result have been restated to ensure that they are presented as part of non-interest revenue and income to align with the group accounting policy. Consequently, there was an incorrect presentation of R477m for 31 December 2022 in operating expenses which was reallocated to non-interest revenue and income. This restatement is a reallocation between line items and had no impact on profit for the year or headline earnings for the cluster or group.

A4.2 Change in accounting policies – IFRS 17: Insurance Contracts

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

TRANSITIONAL APPROACH AND INITIAL IMPACT

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

In addition, IFRS 17 requires disclosure of a separate maturity analysis for portfolios of insurance contracts and reinsurance contracts that are liabilities. The group has elected to present this analysis of the remaining contractual undiscounted net cash flows by estimated timing. This disclosure has been presented in note D5: Contractual maturity analysis of financial liabilities.

MATERIAL ACCOUNTING POLICIES

Aggregation of insurance and reinsurance contracts

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

Insurance revenue - contracts measured under GMM

The group recognises insurance revenue as it satisfies its performance obligations, ie as it provides services under groups of insurance contracts. The insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining cover that relate to services for which the group expected to receive consideration, and comprises the following items:

- A release of the contractual service margin (CSM), measured based on the cover units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year.

In addition, the group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way.

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the cover units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each cover unit provided in the year and expected to be provided in future years, and recognising, in profit or loss, the amount of the CSM allocated to cover units provided in the year. The number of cover units is the quantity of services provided by the contracts in the group, determined by considering the quantity of benefits provided for each contract and their expected cover period. The cover units are reviewed at each reporting date.

Insurance revenue - contracts measured under the PAA

The insurance revenue for each period is the amount of expected premium payments received for providing services in that period. The group allocates the expected premium payments to each period as time passes, unless another basis is more appropriate.

Insurance service expense

Insurance service expenses arising from insurance contracts are generally recognised in profit or loss as they are incurred.

Reinsurance income

Reinsurance income comprises an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in that period.

Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amount of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein. The group presents insurance finance income or expenses in profit or loss.

Insurance acquisition cash flows

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

Measurement – contracts measured under the GMM

Insurance contracts

Insurance contracts are initially measured as the total of:

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

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

The LRC comprises:

- the fulfilment cash flows that relate to services that will be provided under the contracts in future periods; and
- any remaining CSM at that date.

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

Reinsurance contracts

To measure a group of reinsurance contracts, the group applies the same accounting policies that are applied to insurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

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

Measurement – contracts measured under the PAA

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

Insurance contracts

On initial recognition the carrying amount of the LRC is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the contracts at that date. Subsequently, the carrying amount of the LRC is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses (where not expensed upfront) and decreased by the amount recognised as insurance revenue for services provided.

Reinsurance contracts

To measure a group of reinsurance contracts, the group applies the same accounting policies that are applied to insurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

TRANSITIONAL IMPACT

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

A4.3 Impact on the consolidated statement of comprehensive income and related notes

The impact of the restatements on the group's consolidated statement of comprehensive income is detailed below:

31 December 2022 Rm	As previously reported	Card-processing-related expenses	IFRS 17	Total restatements	Restated
Non-interest revenue and income	27 301	(477)	(653)	(1 130)	26 171
Net commission and fees income	18 964	(477)	1	(476)	18 488
Commission and fees revenue	24 196		1	1	24 197
Commission and fees expense	(5 232)	(477)		(477)	(5 709)
Net insurance income	2 369		(654)	(654)	1 715
Insurance revenue			3 823	3 823	3 823
Insurance service expense			(2 196)	(2 196)	(2 196)
Net investment and other income and net reinsurance expense			88	88	88
Total income	64 457	(477)	(653)	(1 130)	63 327
Net income	57 076	(477)	(653)	(1 130)	55 946
Total operating expenses	(36 425)	477	619	1 096	(35 329)
Indirect taxation	(1 152)		50	50	(1 102)
Profit before direct taxation	19 744		16	16	19 760
Direct taxation	(4 326)		(4)	(4)	(4 330)
Profit for the year	15 418		12	12	15 430

The impact of the restatements on note B6.2: Non-interest revenue and income is detailed below:

31 December 2022 Rm	As previously reported	Card-processing-related expenses	IFRS 17	Total restatements	Restated
Commission and fees revenue	24 196		1	1	24 197
Other commission	4 783		1	1	4 784
Net insurance income	2 369		(654)	(654)	1 715
Investment contract liabilities expense			(166)	(166)	(166)
Investment income			154	154	154
Net revenue for insurance and reinsurance contracts			1 495	1 495	1 495
Other income			232	232	232
Commission and fees expense	(5 232)	(477)		(477)	(5 709)
Card fees	(3 123)	(477)		(477)	(3 600)

The impact of the restatements on note B7: Total operating expenses is detailed below:

31 December 2022 Rm	As previously reported	Card-processing-related expenses	IFRS 17	Total restatements	Restated
Staff costs	(19 940)		371	371	(19 569)
Remuneration and other staff costs	(16 406)		371	371	(16 035)
Computer processing	(6 494)	18	100	118	(6 376)
Other computer-processing expenses	(3 131)	18	100	118	(3 013)
Communication and travel	(874)		11	11	(863)
Other communication and travel expenses	(869)		11	11	(858)
Marketing and public relations	(1 554)		8	8	(1 546)
Fees and assurances	(4 420)	459	183	642	(3 778)
Other fees and assurance costs	(4 128)	459	183	642	(3 486)
Other operating expenses	(470)		(54)	(54)	(524)
Other sundries	(470)		(54)	(54)	(524)

A4.4 Impact on the consolidated statement of financial position at 1 January 2022

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

A4.5 Impact on the consolidated statement of financial position at 31 December 2022

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

¹ The IFRS 17 transitional adjustment on reserves consists of an adjustment to the opening balance of R36m (refer to A4.4) and an adjustment to profit for the year of R12m.

A4.6 Impact on the consolidated statement of cash flows for the year ended 31 December 2022

Rm	As previously reported	IFRS 17	Total restatements	Restated
Profit before direct taxation	19 744	16	16	19 760
Adjusted for:	(22 674)	(50)	(50)	(22 724)
Non-cash items and indirect taxation	13 824	(50)	(50)	13 774
Change in funds for operating activities	(12 015)	(12)	(12)	(12 027)
Increase in operating assets	(44 809)	3	3	(44 806)
Increase in operating liabilities	32 794	(15)	(15)	32 779
Net cash from operating activities before taxation	23 860	(46)	(46)	23 814
Taxation paid	(5 006)	46	46	(4 960)
Cash flows from operating activities	18 854		–	18 854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

A4.7 Impact on selected ratios for the year ended 31 December 2022

	As previously reported	Card-processing-related expenses	IFRS 17	Total restatements	Restated
Non-interest revenue and income to income (%)	42,9	(0,4)	(0,6)	(1,0)	41,9
Non-interest revenue and income to total operating expenses (%)	75,0	(0,3)	(0,6)	(0,9)	74,1
Cost-to-income ratio (%)	56,5	(0,3)	(0,4)	(0,7)	55,8
Revenue (Rm)	63 578	(477)	(653)	(1 130)	62 448
Headline earnings (Rm)	14 049		12	12	14 061
Basic earnings per share (cents)	2 932		2	2	2 934
Diluted earnings per share (cents)	2 851		3	3	2 854

SECTION B: SEGMENTAL AND PERFORMANCE-RELATED INFORMATION

B1 SEGMENTAL REPORTING

ACCOUNTING POLICY

An operating segment is a component of an entity that engages in business activities from which it may earn revenues, the operating results of which are regularly reviewed by the group's chief operating decision-makers regarding resources to be allocated and to assess the segment's performance, and for which financial information is available.

The group's identification of its segments and the measurement of segment results are based on the group's internal reporting to management. The segments have been identified according to the nature of their respective products and services and their related target markets.

The segments identified are complemented by the Centre, which provides support in the areas of finance, human resources, governance and compliance, risk management and information technology. Additional information relating to other performance measures is provided. The group accounts for intersegment revenues and transfers as if the transactions were with third parties at current market prices.

The group's identification of its segments and the measurement of segment results are based on the group's internal management reporting as used for day-to-day decision-making and as reviewed by the chief operating decision-maker, which in Nedbank Group Limited's case is the Group Executive Committee. The measure of segment profit is headline earnings.

DESCRIPTION OF SEGMENTS

Nedbank Corporate and Investment Banking

Nedbank Corporate and Investment Banking (CIB) offers the full spectrum of transactional, corporate, investment banking and markets solutions, characterised by a highly integrated partnership approach. These solutions include lending products, advisory services, leverage financing, trading, brokering, structuring, hedging and client coverage. The cluster has expertise in a broad spectrum of product and relationship-based solutions, including specialist corporate finance advice, innovative products and services, customised transactional banking and commercial-property finance. Nedbank CIB's primary client-facing units are Markets, Investment Banking, Property Finance, Transactional Services, and Client Coverage.

Nedbank Retail and Business Banking

Nedbank Retail and Business Banking serves the financial needs of all individuals (excluding high-net-worth individuals serviced by Nedbank Wealth) and small businesses with a turnover of up to R30m to whom it offers a full spectrum of banking and assurance products and services. The retail product portfolio includes transactional accounts, home loans, vehicle and asset finance [including the Motor Finance Corporation (MFC)], card (both card-issuing and merchant-acquiring services), personal loans and investments. The commercial banking portfolio provides relationship-based banking services to mid-sized and large commercial entities with a turnover of up to R750m, including tailored banking and financial propositions for agricultural, franchising and manufacturing industries as well as the public sector.

Nedbank Wealth

Nedbank Wealth provides insurance, asset management and wealth management solutions to clients ranging from entry-level to high-net-worth individuals. Insurance provides life and non-life insurance solutions for individuals and businesses, including simple risk, funeral, vehicle, personal-accident, credit life and investment solutions. Asset Management offers local and international unit trusts, cash management and multimangement solutions. Wealth Management provides specialist services to meet the needs of high-net-worth clients locally and internationally, as well as trust and estate planning, stockbroking and financial planning for the broader Nedbank client base. Nedbank Wealth has operations in SA, London, Jersey and the United Arab Emirates and on the Isle of Man.

Nedbank Africa Regions

Nedbank Africa Regions (NAR) is responsible for the group's banking operations and expansion activities on the rest of the African continent and has client-facing subsidiaries (retail and wholesale banking) in Eswatini, Lesotho, Namibia, Mozambique and Zimbabwe. The cluster also holds a 21,2% investment in Ecobank Transnational Incorporated (ETI), manages the Ecobank-Nedbank alliance and facilitates investment in other countries in Africa.

Centre

Centre is an aggregation of business operations that provide various support services to Nedbank Group Limited, and includes the following clusters: Group Finance; Group Technology; Group Strategic Planning and Economics; Group Human Resources; Group Compliance; Group Risk; and Group Marketing, Communications and Corporate Affairs. Centre also includes Group Balance Sheet Management, which is responsible for capital management, funding and liquidity risk management, the management of banking book interest rate risk, margin management, and strategic portfolio tilt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

B1 Segmental reporting (continued)

Statement of financial position (Rm)

	Total		Nedbank Corporate and Investment Banking	
	2023	2022	2023	2022
		(Restated) ²		
Assets				
Cash and cash equivalents	52 082	45 618	1 513	814
Other short-term securities	87 769	70 661	54 628	38 245
Derivative financial instruments	13 812	9 101	13 777	9 019
Government and other securities	170 717	160 495	81 417	79 524
Loans and advances	891 619	882 165	413 056	424 642
Other assets ²	95 409	84 864	38 789	31 983
Intergroup assets	–	–	–	–
Total assets	1 311 408	1 252 904	603 180	584 227
Equity and liabilities				
Total equity ²	119 211	115 944	35 957	36 249
Derivative financial instruments	14 141	9 738	14 100	9 708
Amounts owed to depositors	1 087 645	1 039 622	441 500	441 886
Provisions and other liabilities ²	42 634	35 697	5 831	2 803
Long-term debt instruments	47 777	51 903	–	–
Intergroup liabilities	–	–	105 792	93 581
Total equity and liabilities	1 311 408	1 252 904	603 180	584 227

¹ Includes all group eliminations.

² Refer to note A4: Restatements.

Nedbank Retail and Business Banking		Nedbank Wealth		Nedbank Africa Regions		Centre ¹	
2023	2022	2023	2022	2023	2022	2023	2022
			(Restated) ²		(Restated) ²		
5 331	5 629	895	1 723	10 583	7 048	33 760	30 404
		29 295	28 511	4 831	4 787	(985)	(882)
		17	39	4	23	14	20
		213	255	1 979	2 095	87 108	78 621
429 244	408 430	28 711	29 025	20 909	21 714	(301)	(1 646)
10 320	9 281	22 478	21 018	3 663	3 438	20 159	19 144
33 210	17 669			3 937	3 748	(37 147)	(21 417)
478 105	441 009	81 609	80 571	45 906	42 853	102 608	104 244
34 690	31 843	4 520	4 418	7 492	7 023	36 552	36 411
		31	16	10	14		
436 283	402 114	48 212	46 191	36 846	34 327	124 804	115 104
5 891	5 811	21 125	19 719	1 129	1 061	8 658	6 303
1 241	1 241			429	428	46 107	50 234
		7 721	10 227			(113 513)	(103 808)
478 105	441 009	81 609	80 571	45 906	42 853	102 608	104 244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

B1 Segmental reporting (continued)

Statement of comprehensive income (Rm)

	Total		Nedbank Corporate and Investment Banking	
	2023	2022	2023	2022
		(Restated) ²		
Net interest income	41 470	36 277	9 386	8 755
Non-interest revenue and income ²	27 709	26 171	8 678	8 241
Net commission and fees revenue ²	19 346	18 488	3 144	3 057
Net trading income	4 299	4 166	4 032	3 898
Other income ²	4 064	3 517	1 502	1 286
Share of gains of associate companies	1 443	879	63	100
Total income²	70 622	63 327	18 127	17 096
Impairments charge on financial instruments	9 605	7 381	939	805
Net income²	61 017	55 946	17 188	16 291
Total operating expenses ²	38 059	35 329	8 196	7 628
Staff costs ²	21 140	19 569	3 932	3 585
Other operating expenses ²	16 919	15 760	4 264	4 043
Indirect taxation	1 129	1 102	259	215
Profit before direct taxation^{2,3}	21 829	19 515	8 733	8 448
Direct taxation ^{2,3}	4 484	4 311	1 934	2 049
Profit after direct taxation^{2,3}	17 345	15 204	6 799	6 399
Profit attributable to non-controlling interest:				
– Ordinary shareholders ²	243	164		
– Preference shareholders	166	106		
– Additional tier 1 capital instrument noteholders	1 286	873		
Headline earnings²	15 650	14 061	6 799	6 399
Selected ratios				
Non-interest revenue and income to income (%) ^{2,4}	40,1	41,9	48,0	48,5
Non-interest revenue and income to total operating expenses (%) ²	72,8	74,1	105,9	108,0
Cost-to-income ratio (%) ^{2,5}	53,9	55,8	45,2	44,6
Effective taxation rate (%) ^{2,3}	20,5	22,1	22,1	24,3
Revenue (Rm) ^{2,6}	69 179	62 448	18 064	16 996

¹ Includes all group eliminations.

² Refer to note A4: Restatements.

³ These items are presented on a headline earnings basis and therefore exclude the impact of impairment charges on non-financial instruments and other gains and 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.

Depreciation costs of R2 275m (2022: R2 224m) and amortisation costs of R1 850m (2022: R1 864m) for property, equipment, computer software, capitalised development and other intangible assets are charged using an activity-justified transfer pricing methodology by the segment owning the assets to the segment using the benefits of those assets.

Nedbank Retail and Business Banking		Nedbank Wealth		Nedbank Africa Regions		Centre ¹	
2023	2022	2023	2022	2023	2022	2023	2022
	(Restated) ²		(Restated) ²		(Restated) ²		(Restated) ²
26 413	23 203	1 749	1 233	2 226	1 720	1 696	1 366
14 306	13 372	2 924	3 047	1 857	1 581	(56)	(70)
13 258	12 478	2 070	2 058	972	968	(98)	(73)
143	148			128	120	(4)	
905	746	854	989	757	493	46	3
				1 380	779		
40 719	36 575	4 673	4 280	5 463	4 080	1 640	1 296
8 520	6 613	37	(63)	253	220	(144)	(194)
32 199	29 962	4 636	4 343	5 210	3 860	1 784	1 490
23 678	22 138	3 111	2 838	2 928	2 743	146	(18)
8 572	8 287	1 671	1 434	1 320	1 206	5 645	5 057
15 106	13 851	1 440	1 404	1 608	1 537	(5 499)	(5 075)
747	587	64	59	56	75	3	166
7 774	7 237	1 461	1 446	2 226	1 042	1 635	1 342
2 042	2 034	251	306	97	(95)	160	17
5 732	5 203	1 210	1 140	2 129	1 137	1 475	1 325
				238	160	5	4
166	106					1 286	873
5 566	5 097	1 210	1 140	1 891	977	184	448
35,1	36,6	62,6	71,2	45,5	47,9		
60,4	60,4	94,0	107,4	63,4	57,6		
58,1	60,5	66,6	66,3	53,6	67,2		
26,3	28,1	17,2	21,2	4,4	(9,1)		
40 719	36 575	4 673	4 280	4 083	3 301	1 640	1 296

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
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B2 EARNINGS PER SHARE

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

	Basic		Headline	
	Basic (Restated) ¹	Diluted (Restated) ¹	Basic (Restated) ¹	Diluted (Restated) ¹
2023				
Profit attributable to ordinary shareholders (Rm)	15 305	15 305	15 305	15 305
Adjusted for:				
– Headline earnings adjustments (note B9)			397	397
– Taxation on headline earnings adjustments			(52)	(52)
Adjusted profit attributable to ordinary shareholders (Rm)	15 305	15 305	15 650	15 650
Weighted-average number of ordinary shares	472 509 532	472 509 532	472 509 532	472 509 532
Adjusted for:				
– Share schemes that have a dilutive effect		16 725 881		16 725 881
Adjusted weighted-average number of ordinary shares	472 509 532	489 235 413	472 509 532	489 235 413
Earnings per share (cents)	3 239	3 128	3 312	3 199
2022				
Profit attributable to ordinary shareholders (Rm)¹	14 287	14 287	14 287	14 287
Adjusted for:				
– Headline earnings adjustments (note B9)			(245)	(245)
– Taxation on headline earnings adjustments			19	19
Adjusted profit attributable to ordinary shareholders (Rm)¹	14 287	14 287	14 061	14 061
Weighted-average number of ordinary shares	486 867 063	486 867 063	486 867 063	486 867 063
Adjusted for:				
– Share schemes that have a dilutive effect		13 787 801		13 787 801
Adjusted weighted-average number of ordinary shares	486 867 063	500 654 864	486 867 063	500 654 864
Earnings per share (cents)¹	2 934	2 854	2 888	2 809

¹ Refer to note A4: Restatements.

The dilutive effect calculations are based on the group's daily average share price of 21 564 cents (2022: 21 216 cents).

B3 DIVIDENDS

B3.1 ORDINARY SHARES

	Last day to trade (cum dividend)	Cents per share	Rm
2023			
Final declared for 2022 – paid 2023 ¹	11 April 2023	866	4 361
Interim declared for 2023 ^{1,2}	5 September 2023	871	4 208
Dividends paid to non-controlling interests			46
Ordinary dividends paid 2023		1 737	8 615
Final ordinary dividends declared for 2023²		1 022	
2022			
Final declared for 2021 – paid 2022 ¹	5 April 2022	758	3 877
Interim declared for 2022 ^{1,2}	30 August 2022	783	3 911
Dividends paid to non-controlling interests			38
Ordinary dividends paid 2022		1 541	7 826
Final ordinary dividends declared for 2022²		866	

¹ The net dividends paid totalled R8 653m (2022: R7 881m) and excluded dividends paid to group companies of R84m (2022: R93m).

² The total dividend declared was 1 893 cents per share (2022: 1 649 cents per share) and the dividend cover ratio equalled 1,75 times (2022: 1,75 times).

B3.2 AMOUNTS ATTRIBUTABLE TO PARTICIPATING PREFERENCE SHAREHOLDERS

Profits/Losses attributable to participating preference shareholders	Amount Rm
2023	
Nedbank (MFC) – share of economic profit ¹	166
	166
2022	
Nedbank (MFC) – share of economic profit ¹	106
	106

¹ Share of economic profit calculated semi-annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

B4 SHARE CAPITAL

ACCOUNTING POLICY

Share capital

Ordinary share capital, preference share capital or any financial instrument issued by the group is classified as equity when:

- payment of cash, in the form of a dividend or redemption, is at the discretion of the group;
- the instrument does not provide for the exchange of financial instruments under conditions that are potentially unfavourable to the group;
- settlement in the group's own equity instruments is for a fixed number of equity instruments at a fixed price; and
- the instrument represents a residual interest in the assets of the group after all its liabilities have been deducted.

Consideration paid or received for equity instruments is recognised directly in equity. Equity instruments are initially measured at the proceeds received, less incremental directly attributable issue costs, net of any related income tax benefits. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's equity instruments.

Distributions to holders of equity instruments are recognised as distributions in the statement of changes in equity in the period in which they are payable. Dividends for the year that are declared after the reporting date are disclosed in note B3 to the financial statements.

Treasury shares

When the group acquires its own share capital, the amount of the consideration paid, including directly attributable costs, net of any related tax benefit, is recognised as a change in equity. Shares repurchased by the issuing entity are cancelled. Shares repurchased by group entities are classified as treasury shares and are held at cost. These shares are treated as a deduction from the issued and weighted-average number of shares and the cost price of the shares is presented as a deduction from total equity. The par value of the shares is presented as a deduction from ordinary share capital and the remainder of the cost is presented as a deduction from the ordinary share premium. Dividends received on treasury shares are eliminated on consolidation.

B4.1 ORDINARY SHARE CAPITAL

	2023 Rm	2022 Rm
Authorised		
600 000 000 (2022: 600 000 000) ordinary shares of R1 each	600	600
Issued		
488 105 724 (2022: 511 500 790) fully paid ordinary shares of R1 each	488	511
23 539 726 (2022: 24 249 075) fully paid ordinary treasury shares of R1 each arising from share repurchases of subsidiaries	(23)	(24)
	465	487

Subject to the restrictions imposed by the Companies Act, 71 of 2008 (as amended), and by shareholders in terms of the authority previously provided, the unissued shares are under the control of the directors until the forthcoming AGM.

The treasury shares held are used mainly for the purpose of fulfilling the options and share awards outstanding in terms of the share schemes (for both employees and third parties).

B4.2 PREFERENCE SHARE CAPITAL

	2023 Rm	2022 Rm
Authorised		
Nedbank Group Limited preference share capital and premium		
1 000 000 (2022: 1 000 000) cumulative redeemable non-participating preference shares of R10 000 each	10 000	10 000
200 000 (2022: nil) class A non-redeemable non-cumulative non-participating perpetual preference shares of R1 each	1	
Nedbank Limited preference share capital and premium		
1 000 000 000 (2022: 1 000 000 000) non-redeemable non-cumulative, non-participating preference shares of R0,001 each	1	1
5 000 (2022: 5 000) class A redeemable non-cumulative preference shares of R0,0001 each	1	1
5 000 (2022: 5 000) class B redeemable non-cumulative preference shares of R0,0001 each	1	1
Issued		
Nedbank Limited preference share capital and premium		
100 (2022: 100) class B redeemable non-cumulative preference shares of R0,0001 each	1	1

¹ Represents amounts less than R1m.

The preference shares are classified as equity instruments. All redeemable preference shares are redeemable at the option of the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

B5 HOLDERS OF ADDITIONAL TIER 1 CAPITAL INSTRUMENTS

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

Instrument code	Date of issue	Call date	Instrument terms	2023 Rm	2022 Rm
Subordinated callable notes (rand-denominated)					
NGLT1B	19 October 2018	20 October 2023	3-month JIBAR + 4,64% per annum		750
NGT103	22 March 2019	25 March 2024	3-month JIBAR + 4,40% per annum	671	671
NGT104	24 June 2019	15 January 2025	3-month JIBAR + 4,50% per annum	1 829	1 829
NGT105	22 November 2019	22 May 2025	3-month JIBAR + 4,25% per annum	1 000	1 000
NGT106	4 August 2020	5 August 2025	3-month JIBAR + 4,95% per annum	500	500
NGT107	18 November 2020	19 November 2025	3-month JIBAR + 4,55% per annum	472	472
NGT108	8 March 2021	8 September 2026	3-month JIBAR + 4,67% per annum	1 537	1 537
NGT1G – Green AT1	15 June 2021	16 June 2026	3-month JIBAR + 4,10% per annum	910	910
NGT109	3 November 2021	4 November 2026	3-month JIBAR + 3,91% per annum	700	700
NGT110	24 December 2021	27 December 2026	3-month JIBAR + 3,91% per annum	350	350
NGT111	22 April 2022	23 April 2027	3-month JIBAR + 3,79% per annum	1 000	1 000
NGT112	9 December 2022	10 December 2027	3-month JIBAR + 3,40% per annum	500	500
NGT113	27 June 2023	28 June 2028	3-month JIBAR + 3,28% per annum	1 000	
Total				10 469	10 219

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

B6 REVENUE

ACCOUNTING POLICY

Interest income and expense

In terms of IFRS 9 interest income and expense are recognised in profit or loss using the effective-interest method, taking into account the expected timing and amount of cash flows. The effective-interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. Interest income and expense include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing financial instrument and its amount at maturity calculated on an effective-interest-rate basis.

IFRS 15: Revenue from Contracts with Customers

The core principle of the standard is that revenue recognised reflects the consideration to which the company expects to be entitled in exchange for the transfer of promised goods or services to the client. The standard incorporates a 5-step analysis to determine the amount and timing of revenue recognition.

The group has concluded that the loyalty points awarded to clients are considered payable to our clients' clients in terms of IFRS 15. IFRS 15 requires revenue to be decreased by the amount expected to be payable to clients, which is recognised as a liability until payment is effected.

The group assesses the contract and determines whether the fees identified in the contract are in the scope of IFRS 15. If so, the revenue will be recognised only when the group can:

- » identify the contract;
- » identify the performance obligation;
- » determine the transaction price;
- » allocate the transaction price to the performance obligations in the contract; and
- » recognise the revenue as and when the performance obligation is satisfied.

The group is able to identify the contract when both the client and the group have accepted the terms of the agreement. The contract will also identify all the services (performance obligations) the group will render to the client. Based on this, the transaction price is allocated to each identified performance obligation. The group recognises the revenue once the performance obligation has been satisfied, which may occur over time or at a point in time.

- **Commission and fees revenue**

The group earns fees and commissions from a range of services it provides to clients and these are accounted for as follows:

- » Income earned on the execution of a distinct performance obligation is recognised when the distinct performance obligation has been performed. Revenue is recognised at a point in time.
- » Income earned from the provision of services is recognised over time as the performance obligation is fulfilled.
- » Income that forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate and recorded in interest income in terms of IFRS 9.
- » Fees charged for servicing a loan are recognised in revenue as the performance obligation is provided, which in most instances occurs monthly when the fees are levied.

- **Principal versus agent**

When the group acts as a principal, it is deemed to be purchasing and selling financial instruments on its own behalf and therefore reports profits and losses as part of net trading income. When the group acts as an agent, the net commission or markup earned is reported as fee income and costs incurred on behalf of the principal are not reported in the statement of comprehensive income.

Where costs are not directly reimbursed, or not included in the cost basis used for calculating a markup, it may be appropriate to gross up and separately report the costs within 'commission and fees expense'.

- **Directly attributable and incremental costs**

The types of expenses that are presented as part of non-interest revenue and income are those incremental costs that are directly attributable to the revenue generated. The group defines incremental expenses as those that would not have been incurred had it not been for the acquisition of a contract that generated the revenue.

- **Commitment fees**

The group typically earns commitment fees on lending facilities, such as credit facility fees and revolving-credit-facility fees. The fees are typically charged for making the facilities available to the client.

The group recognises commitment fees as follows:

- Commitment fees that arise from instruments that are not classified and measured at FVTPL, ie financial instruments that are classified and measured at amortised cost or FVOCI:
 - » Where drawdown is unlikely, ie remote or uncertain, the related commitment fees should be recognised as revenue in terms of IFRS 15 on a time-proportionate basis and over the period in which the facility is provided.
 - » Where drawdown is probable, the related commitment fee is recognised as part of the effective interest rate over the life of the facility.
- Commitment fees that relate to a loan commitment that is measured and classified as FVTPL will be included in the cash flows used to determine the fair value of the loan commitment.
- **Non-refundable upfront fees**
Non-refundable upfront fees normally relate to the issuing or administration of a loan facility. These fees will be recognised as revenue when the performance obligation is satisfied. This is applicable when the non-refundable performance obligation can be satisfied over time or at a point in time.

To apply this principle the group first assesses whether the contract is satisfied over time. Should this be the case, the revenue is spread over the period of the contract on a time-proportionate basis. If the performance obligation is not satisfied over time and instead satisfied at a point in time, the revenue is recognised when the service is complete and no further performance obligations are required according to the contract.

The group recognises non-refundable upfront fees that are an integral part of a loan in net interest income through the unwinding of the effective interest rate.

- **Revenue on investment management contracts**

Fees charged for investment management services in conjunction with investment management contracts are recognised as revenue over time when the performance obligation is fulfilled. Initial fees that exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over the projected period over which services will be provided.

Net insurance income

Refer to note D4: Insurance contracts, for the group's accounting policies on insurance contracts.

Dividend income

Dividend income is recognised when the right to receive payment is established on the ex-dividend date for equity instruments and is included in dividend income under non-interest revenue and income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER

Net trading income

Net trading income comprises all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading, together with the related interest, expense, costs and dividends. Interest earned while holding trading securities and interest incurred on trading liabilities are reported within non-interest revenue and income.

Other

Exchange and securities trading income from investments and net gains on the sale of investment banking assets is recognised in profit or loss when the amount of revenue from the transaction can be measured reliably. It is probable that the economic benefits of the transaction will flow to the group and the costs associated with the transaction or service can be measured reliably.

Fair-value gains or losses on financial instruments managed on a fair-value basis measured at FVTPL, including derivatives, are included in non-interest revenue and income.

Fair-value gains or losses on all other financial instruments are included in non-interest revenue and income. These fair-value gains or losses are determined after having deducted the interest component, which is recognised separately in interest income and expense.

The gains and losses on the net monetary position are recognised in non-interest revenue and income.

B6.1 NET INTEREST INCOME

B6.1.1 INTEREST AND SIMILAR INCOME

	2023 Rm	2022 Rm
Listed corporate bonds	2 293	1 634
Home loans	20 789	14 711
Commercial mortgages	20 748	15 210
Instalment debtors	19 087	14 581
Credit cards	2 692	2 267
Overdrafts	2 916	2 156
Term and other loans	31 198	17 042
Personal loans	5 780	5 684
Government and other securities	7 835	7 338
Short-term funds and securities	3 577	1 481
	116 915	82 104
Interest and similar income may be analysed as follows:		
– Interest and similar income from financial instruments at amortised cost	111 098	78 142
– Interest and similar income from financial instruments at FVOCI	3 971	2 294
– Interest and similar income from financial instruments at FVTPL	1 846	1 668
	116 915	82 104

B6.1.2 INTEREST EXPENSE AND SIMILAR CHARGES

	2023 Rm	2022 Rm
Deposit and loan accounts	46 134	27 940
Current and savings accounts	2 507	1 045
Negotiable certificates of deposit	10 624	6 677
Other interest-bearing liabilities ¹	12 776	7 951
Long-term debt instruments	4 891	4 118
Interest expense related to fair-value activities ²	(1 487)	(1 904)
	75 445	45 827
Interest expense and similar charges may be analysed as follows:		
– Interest expense and similar charges from financial instruments at amortised cost	73 371	44 559
– Interest expense and similar charges from financial instruments at FVTPL	2 074	1 268
	75 445	45 827

¹ Includes interest expense of R213m (2022: R188m) related to lease liabilities.

² Refer to note B6.2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

B6.2 NON-INTEREST REVENUE AND INCOME

	2023 Rm	2022 Rm (Restated) ³
Commission and fees revenue²	25 296	24 197
Administration fees	1 556	1 502
Card fees	7 810	7 223
Cash-handling fees	1 151	1 084
Exchange commission	851	733
Guarantee income	247	283
Transaction-based commission ⁵	279	265
Other commission ³	4 686	4 784
Other fees	4 034	3 987
Service charges	4 682	4 336
Commission and fees expense	(5 950)	(5 709)
Card fees ³	(4 099)	(3 600)
Transaction-based commission ⁵	(3)	(3)
Other commission	(948)	(1 231)
Other fees	(899)	(873)
Service charges	(1)	(2)
Net insurance income³	1 446	1 715
Investment contract liabilities expense	(23)	(166)
Investment income	187	154
Net revenue for insurance and reinsurance contracts (note D4.1)	1 082	1 495
Other income	200	232
Fair-value adjustments (note B6.2.1)	577	187
Fair-value adjustments	297	(5)
Hedged-accounted portfolios	280	192
Net trading income⁴	4 299	4 166
Foreign exchange	1 569	1 589
Debt securities	2 013	1 897
Equities	642	679
Commodities	75	1
Equity investment income	764	815
Realised gains, interest and other income	782	279
Unrealised (losses)/gains	(92)	431
Dividends income	74	105
Investment income	142	96
Dividends income on investments	135	116
Long-term-asset sales	7	(20)
Net sundry income	1 135	704
Rental income	98	57
Rental income from properties in possession	1	1
Net monetary loss (note N1)	(1 059)	(419)
Foreign exchange gains	1 567	899
Other sundry income	529	167
	27 709	26 171

¹ Represents amounts less than R1m.

² Commission and fees revenue includes R1 680m (2022: R1 492m) related to trust and fiduciary fees.

³ Refer to note A4: Restatements.

⁴ Trading income includes R1 487m (2022: R1 904m) of amortised cost funding related to fair-value activities. Refer to note B6.1.2 for further details.

⁵ During 2023 management reviewed the presentation of commission and fees revenue and expense. As a result of this review, insurance commission revenue and expense was renamed transaction-based commission revenue and expense in line with the nature of these line items.

B6.2.1 ANALYSIS OF FAIR-VALUE ADJUSTMENTS

	2023 Rm	2022 Rm
Fair-value adjustments can be analysed as follows:		
– Financial instruments designated as FVTPL	1 674	(6 504)
– Financial instruments mandatorily at fair value	(1 097)	6 691
	577	187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

B7 TOTAL OPERATING EXPENSES

	2023 Rm	2022 Rm (Restated) ²
Staff costs ²	21 140	19 569
Remuneration and other staff costs ²	17 513	16 035
Short-term incentives	3 040	2 900
Long-term employee benefits (note H1)	(427)	(249)
Share-based payments expense – employees (note J2)	1 014	883
Computer processing ²	6 900	6 376
Depreciation of computer equipment	749	671
Depreciation of right-of-use assets – computer equipment	99	82
Amortisation of computer software	1 850	1 864
Short-term lease charges for computer equipment	212	169
Development costs	825	577
Other computer processing expenses ²	3 165	3 013
Communication and travel ²	920	863
Depreciation of vehicles	5	5
Other communication and travel expenses ²	915	858
Occupation and accommodation	2 247	2 089
Depreciation of owner-occupied land and buildings	398	386
Depreciation of right-of-use assets – land and buildings	687	745
Other occupation and accommodation expenses	1 162	958
Marketing and public relations ²	1 585	1 546
Fees and assurances ²	4 336	3 778
Auditors' remuneration	324	292
Statutory and regulatory audit	311	286
Non-audit services	13	6
Other fees and assurance costs ²	4 012	3 486
Furniture, office equipment and consumables	609	584
Depreciation of furniture and other equipment	337	335
Short-term lease charge for furniture and other equipment	11	12
Other office equipment and consumables	261	237
Other operating expenses ²	322	524
Amortisation of intangible assets	1	1
Other sundries ²	322	524
	38 059	35 329

¹ Represents amounts less than R1m.

² Refer to note A4: Restatements.

ACCOUNTING POLICY

Taxation expense, recognised in the statement of comprehensive income, comprises current and deferred taxation. Current or deferred taxation is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is also recognised in equity, and, to the extent that it relates to items recognised in OCI, in which case it is also recognised in OCI. The group recognises the income tax consequences of dividends in profit or loss, OCI or equity according to where the group originally recognised those past transactions or events.

Current taxation

Current taxation is the expected tax payable on the taxable income for the year, according to taxation rates enacted or substantively enacted at the reporting date, and any adjustment to taxation payable in respect of previous years (prior-period tax paid).

Deferred taxation

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective taxation bases. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and is measured at the taxation rates (enacted or substantively enacted at the reporting date) that are expected to be applied to the temporary differences when they are reversed.

Deferred taxation is recognised in profit or loss for the period, except to the extent that it relates to a transaction that is recognised directly in equity or in OCI, or a business combination that is accounted for as an acquisition. The effect on deferred taxation of any changes in taxation rates is recognised in profit or loss for the period, except to the extent that it relates to items previously charged or credited directly to equity or OCI.

Deferred taxation liabilities are recognised for all taxable temporary differences, and deferred taxation assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefits will be realised.

Deferred taxation assets and liabilities are offset if there is a legally enforceable right to offset current taxation liabilities against current taxation assets, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxation entities, but they intend to settle current tax liabilities and assets on a net basis or their taxation assets and liabilities will be realised simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 DECEMBER

B8.1 INDIRECT TAXATION

	2023 Rm	2022 Rm (Restated) ¹
Value-added taxation ^{1,2}	981	965
Transaction-based taxes	148	137
	1 129	1 102

¹ Refer to note A4: Restatements.

² Comprises the value-added taxation incurred that is irrecoverable in respect of the making of exempt supplies as defined in the Value-added Tax Act, 89 of 1991.

B8.2 DIRECT TAXATION

B8.2.1 Charge for the year

	2023	2022
	Rm	Rm
		(Restated) ¹
South African normal taxation:		
– Current charge	3 886	3 705
– Capital gains taxation – deferred	56	(17)
– Deferred taxation ¹	(82)	269
Foreign taxation	862	482
Current and deferred taxation on income ¹	4 722	4 439
Prior-year adjustments	(238)	(151)
Tax rate change		23
Total taxation on income ¹	4 484	4 311
Taxation on impairments charge on non-financial instruments and other gains and losses items	(52)	19
	4 432	4 330

¹ Refer to note A4: Restatements.

B8.2.2 Taxation rate reconciliation

	2023	2022
	%	%
Taxation rate reconciliation		
Standard rate of South African normal taxation	27,0	28,0
Dividend income	(1,3)	(1,0)
Share of profits of associate companies	(1,9)	(1,2)
Capital items	0,1	(0,7)
Effects of profits taxed in non-African jurisdictions	(0,7)	(0,6)
Additional tier 1 capital instruments	(1,6)	(1,2)
Assessed losses not subject to deferred tax	(0,2)	(0,1)
Impairment charge on non-financial instruments and other gains and losses	0,3	(0,3)
Special allowances		(0,1)
Effects of profits taxed in Nedbank Africa Regions	(0,4)	(0,9)
Non-deductible expenses ¹	0,5	0,7
Prior-year adjustments ²	(1,1)	(0,8)
Tax rate change ³		0,1
Effective taxation rate	20,7	21,9

¹ Non-deductible expenses include the impact of share-based payments and other non-deductible expenses.

² Prior-year adjustments include reduced assessments from SARS for prior years.

³ The corporate tax rate was reduced from 28% to 27% during 2022 and is applicable from the 2023 year of assessment for South African companies in the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

B8.2.3 Income tax recognised in other comprehensive income

Rm	Gross	Taxation	Taxation rate change	Net of taxation
2023				
Exchange differences on translating foreign operations including the effect of hyperinflation	1 492			1 492
Share of OCI of investments accounted for using the equity method	(1 481)			(1 481)
Debt instruments at FVOCI – net change in fair value	328	(86)		242
Remeasurements on long-term employee benefit assets	264	(73)		191
Equity instruments at FVOCI – net change in fair value	43	(12)		31
Property revaluations	35	18		53
Cash flow hedge losses	(260)	70		(190)
2022				
Exchange differences on translating foreign operations including the effect of hyperinflation	(2)			(2)
Share of OCI of investments accounted for using the equity method	(1 822)			(1 822)
Debt investments at FVOCI – net change in fair value	188	(49)	7	146
Remeasurements on long-term employee benefit assets	(387)	145	(3)	(245)
Equity instruments at FVOCI – net change in fair value	(57)	10		(47)
Property revaluations	(164)	41	17	(106)

B8.2.4 Future taxation relief

The group has estimated taxation losses of R1 259m (2022: R1 262m), which are available for set-off against future taxable income. Deferred tax assets of R68m (2022: R58m) relating to tax losses carried forward were recognised. The assessed losses in Nedbank Mozambique expire after five years of origination. The group has actual losses that have not been recognised of R1 007m (2022: R1 053m).

B8.2.5 International Tax Reform—Pillar Two model rules (amendments to IAS 12)

The group is a multinational enterprise with a turnover of more than €750m. It is subject to the Organisation for Economic Cooperation and Development (OECD) Pillar Two model rules, which aim to ensure that the effective tax rate of affected entities is at least 15%. Pillar Two legislation has been enacted in the UK and will become effective in 2024. The Crown Dependencies will implement Pillar Two legislation in 2025.

In his Budget Speech on 21 February 2024, the Minister of Finance announced that Pillar Two legislation would become effective in South Africa from 1 January 2024. The South African National Treasury issued draft Pillar Two legislation for public comment. This legislation will apply to years of assessment beginning on or after 1 January 2024.

Since Pillar Two legislation has not been effective at the reporting date, the group has no related current tax exposure. The group applies the exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

If Pillar Two legislation had been effective in 2023, no taxes would have been payable in the UK, as the Global Anti-base Erosion Rules (GloBe) effective tax rate of UK entities already exceeds 15%. The impact of similar legislation in South Africa and other jurisdictions cannot be projected yet.

B8.3 DEFERRED TAXATION

The analysis of deferred taxation assets and deferred taxation liabilities is as follows:

	2023 Rm	2022 Rm (Restated) ¹
Deferred taxation assets		
— Deferred taxation assets to be recovered after more than 12 months ¹	921	683
	921	683
Deferred taxation liabilities		
— Deferred taxation liabilities to be recovered after more than 12 months ¹	(507)	(533)
	(507)	(533)
Net deferred taxation assets	414	150
The gross movement on the deferred income taxation account is as follows:		
— Balance at the beginning of the year	150	431
— Statement of comprehensive income charge ¹	123	(478)
— Tax credit relating to components of other comprehensive income	(83)	147
— Tax credit directly to equity	196	85
— Impact of adopting IFRS 17 ¹		(26)
— Rate change charged to profit or loss (refer B8.2.5)		(23)
— Reclassification between taxation types and categories	18	(2)
— Rate change credited to OCI and equity (refer B8.2.5)		21
— Exchange differences	10	(5)
Balance at the end of the year	414	150

¹ Refer to note A4: Restatements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

The movement in deferred taxation assets and liabilities during the year, without taking into consideration the offsetting of balances with the same tax jurisdiction, is as follows:

	Capital investments	IFRS 16 ²	Credit impairments
Deferred taxation assets			
Balance at 1 January 2022	59		2 864
(Credited)/charged to the income statement	(18)		(176)
Credited directly to equity			
Rate change credited to profit or loss (refer B8.2.5)	(2)		(93)
Rate change credited to OCI and equity (refer B8.2.5)			
Exchange differences			(4)
Reclassification between taxation types and categories			23
Balance at 31 December 2022	39	–	2 614
(Credited)/charged to the income statement	(56)		180
Charged/(credited) to OCI			
Credited directly to equity			
Exchange differences			(2)
Reclassification between taxation types and categories			
Balance at 31 December 2023	(17)	–	2 792

	Accelerated asset allowances ²	Property revaluations	Deferred acquisition costs
Deferred taxation liabilities			
Balance at 1 January 2022¹	(1 782)	(624)	(947)
Charged/(credited) to the income statement ¹	91		(72)
Charged/(credited) to OCI		41	
Charged directly to equity		12	
Rate change charged to profit or loss (refer B8.2.5)	58		36
Rate change charged/(credited) to OCI and equity (refer B8.2.5)		17	
Reclassification between taxation types and categories			
Exchange differences			
Balance at 31 December 2022¹	(1 633)	(554)	(983)
Charged/(credited) to the income statement	142		(71)
Charged/(credited) to OCI		18	
Charged directly to equity		20	
Exchange differences			
Balance at 31 December 2023	(1 491)	(516)	(1 054)

¹ Refer to note A4: Restatements.

² As a result of the amendment to IAS 12, being *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, the group reviewed its presentation of the deferred tax impact on the IFRS 16 lease liability and right-of-use assets line items. As a result of this review, the net deferred tax asset of R186m relating to IFRS 16 is presented on a gross basis (deferred tax asset of R669m and deferred tax liability of R483m). This enhanced disclosure presents the gross deferred tax asset as part of the Provisions column and gross deferred tax liability as part of the Accelerated asset allowances column to align with the presentation of the underlying assets/liabilities in the statement of financial position. This enhancement is a reclassification in terms of IAS 1: *Presentation of Financial Statements* (IAS 1), as it changes the presentation of this note.

Deferred revenue	Provisions ²	Taxation losses	Total
397	2 196	47	5 563
(41)	(216)	11	(440)
	(11)		(11)
(13)	(55)	(1)	(164)
	(8)		(8)
(4)	(1)		(9)
	(23)		
339	1 882	57	4 931
(4)	65	10	195
	70		70
	(20)		(20)
(1)	24		21
	18		18
334	2 039	67	5 215

Long-term employee benefits	Share-based payments	FVOCI	Acquired intangible assets	IFRS 17 transitional adjustment (Restated) ¹	Total (Restated) ¹
(1 213)	(298)	(200)	(69)	(26)	(5 159)
(80)	24		3	(4)	(38)
145		(39)			147
	85				97
44	3				141
(2)	7	7			29
		4		(2)	(2)
					4
(1 106)	(179)	(228)	(66)	(32)	(4 781)
(123)	(25)			5	(72)
(73)		(98)			(153)
	196				216
		(11)			(11)
(1 302)	(8)	(337)	(66)	(27)	(4 801)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

B9 HEADLINE EARNINGS

ACCOUNTING POLICY

Impairment charges on non-financial instruments and other gains and losses, which include insurance proceeds on items of property and equipment that were impaired, are disclosed separately on the face of the statement of comprehensive income. This line represents remeasurements excluded from the calculation of headline earnings per share in accordance with the guidance contained in SAICA Headline Earnings Circular 01/2023, except where the amounts are required by IFRS to be included in other lines on the face of the statement of comprehensive income. The group's share of ETI's impairments charge on non-financial instruments and other (gains)/losses of R6m (2022: R0) is included in the share of gains of associate companies, and the taxation on impairments charged on non-financial instruments and other gains and losses of R52m (2022: R19m) is included in direct taxation. The principal items that will be included under these measures are gains and losses on sale of property and equipment, impairment of property, equipment, right-of-use assets, intangible assets and goodwill and fair-value adjustments of investment properties (other than those arising from the investment properties held by the group's life insurance subsidiaries).

Rm	2023		2022	
	Gross	Net of taxation	Gross (Restated) ¹	Net of taxation (Restated) ¹
Profit attributable to ordinary shareholders¹		15 305		14 287
Impairments charge on non-financial instruments and other losses/(gains)	403	351	(245)	(226)
IAS 16 loss/(profit) on disposal of property and equipment	66	42	(155)	(111)
IAS 36 impairment of goodwill	298	298		
IAS 36 impairment of intangible assets	85	62	93	67
IAS 36 - Impairment of property and equipment	34	29		
IAS 40 - Profit on revaluation of investment properties	(81)	(81)		
IFRS 10 profit on sale of subsidiaries or associates			(181)	(181)
IFRS 16 impairment/(reversal of impairment) of right-of-use assets	1	1	(2)	(1)
Share of associate (ETI) impairments charge on non-financial instruments and other (gains)/losses	(6)	(6)		
Headline earnings¹		15 650		14 061

¹ Refer to note A4: Restatements.

SECTION C: CORE BANKING ASSETS

ACCOUNTING POLICY

Refer to Section I: Financial instruments for the group's accounting policies regarding financial assets and liabilities.

C1 LOANS AND ADVANCES

The group extends advances to individuals and to the corporate, commercial and public sectors. Advances made to individuals are mostly in the form of mortgages, instalment credit, overdrafts, personal loans and credit card borrowings.

C1.1 CATEGORIES OF LOANS AND ADVANCES

	2023 Rm	2022 Rm
Mortgage loans	399 690	385 989
Home loans	200 089	189 370
Commercial mortgages	199 601	196 619
Instalment debtors	164 477	151 582
Credit cards	17 003	16 816
Other loans and advances	340 051	354 987
Properties in possession	207	189
Overdrafts	26 228	26 613
Personal loans	29 235	30 166
Term and other loans	195 396	188 485
Covid-19 Loan Guarantee Scheme	639	903
Listed corporate bonds	28 054	25 027
Overnight loans	11 483	12 393
Foreign-client lending	11 130	20 762
Preference shares and debentures	12 749	11 503
Factoring accounts	7 641	8 572
Deposits placed under reverse repurchase agreements	17 760	32 096
Trade, other bills and bankers' acceptances	¹	¹
Fair-value hedge-accounted portfolios	(471)	(1 722)
Gross loans and advances	921 221	909 374
Impairment of loans and advances (note C2)	29 602	27 209
	891 619	882 165
Gross loans and advances comprise:		
– Banking loans and advances	885 047	862 769
– Trading loans and advances	36 174	46 605
	921 221	909 374

¹ Represents amounts less than R1m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

C1.2 SECTORAL ANALYSIS

	2023 Rm	2022 Rm (Restated)
Individuals	373 640	353 886
Financial services, insurance and real estate	248 483	244 363
Banks	29 214	45 261
Manufacturing	76 301	72 056
Building and property development	10 540	11 053
Transport, storage and communication	28 981	25 356
Retailers, catering and accommodation	18 526	21 121
Wholesale and trade	34 623	29 632
Mining and quarrying	28 105	33 607
Agriculture, forestry and fishing	25 136	24 823
Government and public sector	21 825	19 867
Other services	25 847	28 349
	921 221	909 374

During 2023 the group identified that certain prior-year balances between sectors were disclosed incorrectly. As a result, the prior-year information has been restated.

Rm	2022		
	Restated	Restatement	As previously reported
Individuals	353 886	7 050	346 836
Financial services, insurance and real estate	244 363	(1 935)	246 298
Banks	45 261		45 261
Manufacturing	72 056	1 893	70 163
Building and property development	11 053	(1 028)	12 081
Transport, storage and communication	25 356	(1 900)	27 256
Retailers, catering and accommodation	21 121	85	21 036
Wholesale and trade	29 632	6 729	22 903
Mining and quarrying	33 607	318	33 289
Agriculture, forestry and fishing	24 823	4 415	20 408
Government and public sector	19 867	60	19 807
Other services	28 349	(15 687)	44 036
	909 374	–	909 374

C1.3 GEOGRAPHICAL ANALYSIS

	2023 Rm	2022 Rm
South Africa (SA)	805 641	784 475
Rest of Africa	53 825	49 668
Europe	41 050	50 311
Asia	7 887	12 550
United States of America	4 928	5 521
Rest of world	7 890	6 849
	921 221	909 374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

C1.4 CLASSIFICATION OF LOANS AND ADVANCES

Rm	Total	
	2023	2022
Mortgage loans	398 080	381 945
Instalment debtors	164 477	151 582
Credit cards	17 003	16 816
Overdrafts	26 228	26 613
Preference shares and debentures	12 462	11 231
Term loans	132 057	136 934
Other loans ²	67 420	82 062
Specialised and other loans to clients ³	33 636	43 283
Properties in possession	207	189
Listed corporate bonds	14 453	17 625
Overnight loans	11 483	12 393
Factoring accounts	7 641	8 572
Trade, other bills and bankers' acceptances	1	1
Loans and advances at amortised cost	817 727	807 183
Loans and advances at FVTPL	46 873	61 089
Loans and advances at FVOCI	57 092	42 824
Fair-value hedge-accounted portfolios	(471)	(1 722)
Gross loans and advances (note C1.1)	921 221	909 374

¹ Represents amounts less than R1m.

² The 'Other loans' subtotal line represents a group of certain products based on similar nature and size.

³ 'Specialised and other loans to clients' includes deposits placed under reverse repurchase agreement.

Subject to 12-month ECL (stage 1)		Subject to lifetime ECL (stage 2) – not credit-impaired		Subject to lifetime ECL (stage 3) – credit-impaired	
2023	2022	2023	2022	2023	2022
333 334	327 370	35 383	29 785	29 363	24 790
135 905	121 720	19 997	22 096	8 575	7 766
13 094	13 207	1 488	1 301	2 421	2 308
20 097	19 988	3 430	4 531	2 701	2 094
12 218	10 822	244	90		319
104 826	109 486	14 487	15 787	12 744	11 661
62 990	75 235	2 053	4 090	2 377	2 737
30 541	39 037	1 673	2 445	1 422	1 801
128	123			79	66
14 021	16 797		255	432	573
10 956	11 558	205	646	322	189
7 344	7 720	175	744	122	108
1	1				
682 464	677 828	77 082	77 680	58 181	51 675
53 884	40 533	1 793	1 001	1 415	1 290
736 348	718 361	78 875	78 681	59 596	52 965

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

C1.5 CREDIT QUALITY OF LOANS AND ADVANCES

Rm	Total		NGR 1–12	
	2023	2022	2023	2022
Subject to 12-month ECL (stage 1)	681 993	676 106	234 366	241 484
Mortgage loans	333 334	327 370	119 894	112 029
Instalment debtors	135 905	121 720	5 539	5 246
Credit cards	13 094	13 207	1 190	1 043
Properties in possession	128	123		
Overdraft	20 097	19 988	4 614	4 515
Term loans	104 826	109 486	57 501	62 631
Specialised and other loans to clients	30 541	39 037	15 400	25 785
Listed corporate bonds	14 021	16 797	13 768	15 970
Overnight loans	10 956	11 558	8 822	7 532
Preference shares and debentures	12 218	10 822	6 851	5 504
Factoring accounts	7 344	7 720	787	1 229
Trade, other bills and bankers' acceptances	1	1		
Fair-value hedge-accounted portfolios	(471)	(1 722)		
Subject to lifetime ECL (stage 2)				
– not credit-impaired	77 082	77 680	3 978	2 783
Mortgage loans	35 383	29 785	2 230	812
Instalment debtors	19 997	22 096	27	46
Credit cards	1 488	1 301	1	5
Overdraft	3 430	4 531	186	303
Term loans	14 487	15 787	1 515	1 414
Specialised and other loans to clients	1 673	2 445	19	203
Listed corporate bonds	–	255		
Overnight loans	205	646		
Preference shares and debentures	244	90		
Factoring accounts	175	744		
Subject to lifetime ECL (stage 3)				
– credit-impaired	58 181	51 675	–	–
Mortgage loans	29 363	24 790		
Instalment debtors	8 575	7 766		
Credit cards	2 421	2 308		
Properties in possession	79	66		
Overdraft	2 701	2 094		
Term loans	12 744	11 661		
Specialised and other loans to clients	1 422	1 801		
Listed corporate bonds	432	573		
Overnight loans	322	189		
Preference shares and debentures	–	319		
Factoring accounts	122	108		
Loans and advances at amortised cost	817 256	805 461	238 344	244 267
Loans and advances at FVOCI	57 092	42 824	41 899	30 761
Total credit quality	874 348	848 285	280 243	275 028

¹ Represents amounts less than R1m.

During the year the group reviewed its presentation of the credit quality of loans and advances. As a result, the group enhanced this disclosure by disaggregating term loans as well as specialised and other loans to clients from personal, term and other loans. For comparability, this disaggregation was applied to the prior and current year.

The group uses a master rating scale for the measurement of credit risk, which is the risk of the borrower defaulting, measured on a through-the-cycle basis excluding the effect of collateral or loss mitigation [ie probability of default (PD) only]. However, the PD of a counterparty may be substituted for another counterparty's PD where the regulatory requirements for PD substitution are met. The Nedbank Group Rating (NGR) master scale is a comprehensive PD rating scale that is mapped to default probabilities and external rating agency scales. This enables the group to measure credit risk consistently and accurately across its entire portfolio. A brief explanation of the scale follows:

NGR 13–20		NGR 21–25		NP 1–3		Unrated	
2023	2022	2023	2022	2023	2022	2023	2022
393 982	386 362	41 935	36 071	–	–	11 710	12 189
195 599	196 480	11 226	11 158			6 615	7 703
110 655	100 650	18 619	14 686			1 092	1 138
9 046	8 409	2 741	3 635			117	120
						128	123
14 224	13 605	632	812			627	1 056
39 947	40 043	5 950	5 523			1 428	1 289
10 204	10 614	2 766	158			2 171	2 480
253	827						
2 134	3 938		88				
5 367	5 318						
6 553	6 478	1	11			3	2
1	1						
						(471)	(1 722)
30 007	36 815	42 877	37 229	–	–	220	853
17 165	13 196	15 871	15 424			117	353
3 016	7 857	16 932	14 092			22	101
119	556	1 360	737			8	3
2 414	2 960	801	1 018			29	250
5 983	9 398	6 964	4 954			25	21
925	1 734	710	383			19	125
	255						
67	562	138	84				
244			90				
74	297	101	447				
–	–	–	–	57 068	50 245	1 113	1 430
				28 530	23 866	833	924
				8 556	7 701	19	65
				2 412	2 292	9	16
				79	66		
				2 551	1 861	150	233
				12 699	11 586	45	75
				1 365	1 684	57	117
				432	573		
				322	189		
					319		
				122	108		
423 989	423 177	84 812	73 300	57 068	50 245	13 043	14 472
12 909	10 208	869	522	1 415	1 333		
436 898	433 385	85 681	73 822	58 483	51 578	13 043	14 472

NGR 1–12: Represents borrowers who demonstrate a strong capacity to meet financial obligations, and who have a negligible or low PD. This category typically includes the group's large corporate clients, including financial institutions, parastatals and other government-related institutions.

NGR 13–20: Represents borrowers who demonstrate a satisfactory ability to make payments and who have a low or moderate PD. This category typically includes small and medium businesses, medium corporate clients and individuals.

NGR 21–25: Represents borrowers who are of higher risk. This category typically includes higher-risk individuals or small businesses, as well as borrowers that were rated higher on inception but have since migrated down the rating scale as a result of poor financial performance. However, the borrower has not defaulted and is continuing to make repayments.

NP 1–3: Represents clients who have defaulted. Refer to note C2.6 for the group's definition of 'default'.

Unrated: Represents borrowers who do not have an NGR or a non-performing (NP) rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

C1.6 SEGMENTAL ANALYSIS

Rm	Total		Nedbank Corporate and Investment Banking	
	2023	2022	2023	2022
Mortgage loans	399 690	385 989	160 117	157 646
Home loans	200 089	189 370	22	20
Commercial mortgages	199 601	196 619	160 095	157 626
Instalment debtors	164 477	151 582	3 275	2 940
Credit cards	17 003	16 816		
Other loans and advances	303 877	308 382	217 063	221 664
Properties in possession	207	189		
Overdrafts	26 228	26 613	3 009	3 987
Personal loans	29 235	30 166		
Term and other loans	179 969	176 877	155 710	153 203
Overnight loans	11 483	12 393	10 121	11 041
Foreign client lending	8 782	18 764	7 707	17 192
Preference shares and debentures	12 749	11 503	12 462	11 214
Factoring accounts	7 641	8 572		
Listed corporate bonds	28 054	25 027	28 054	25 027
Trade, other bills and bankers' acceptances	1	1		
Fair-value hedge-accounted portfolios	(471)	(1 722)		
Gross banking loans and advances	885 047	862 769	380 455	382 250
Impairment of advances	(29 602)	(27 209)	(3 573)	(4 213)
Net banking loans and advances	855 445	835 560	376 882	378 037
Trading loans and advances	36 174	46 605	36 174	46 605
Loans and advances	891 619	882 165	413 056	424 642

¹ Represents amounts less than R1m.

Nedbank Retail and Business Banking		Nedbank Wealth		Nedbank Africa Regions		Centre	
2023	2022	2023	2022	2023	2022	2023	2022
206 316	194 875	23 670	23 868	9 515	9 511	72	89
176 855	166 247	15 943	15 756	7 269	7 347		
29 461	28 628	7 727	8 112	2 246	2 164	72	89
159 284	147 013	45	42	1 873	1 585		2
16 855	16 667			148	149		
71 043	71 009	5 344	5 485	10 640	11 657	(213)	(1 433)
64	52	14	14	129	123		
19 992	19 259	150	149	3 077	3 218		
27 484	28 469	2	10	1 749	1 687		
14 295	13 288	4 891	5 039	4 815	5 058	258	289
1 127	1 126			235	226		
450	255			625	1 317		
	16	287	273				
7 631	8 544			10	28		
				1	1		
						(471)	(1 722)
453 498	429 564	29 059	29 395	22 176	22 902	(141)	(1 342)
(24 254)	(21 134)	(348)	(370)	(1 267)	(1 188)	(160)	(304)
429 244	408 430	28 711	29 025	20 909	21 714	(301)	(1 646)
429 244	408 430	28 711	29 025	20 909	21 714	(301)	(1 646)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

C2 IMPAIRMENTS CHARGE ON FINANCIAL INSTRUMENTS

CREDIT RISK

Credit risk arises from lending and other financing activities that constitute the group's core business and is managed within the board-approved Credit Risk Appetite. The Group Credit Risk Management Framework covers the group's approach to credit risk management and incorporates credit approval mandates and credit risk monitoring and governance structures. It is a key component of the group's ERMF, Capital Management Framework and Risk Appetite Framework (RAF), and it is reviewed quarterly.

The GCRMF includes two advanced internal-rating-based (AIRB) approach technical forums (wholesale and retail) and the ad hoc Group Credit Ratings Committee, which report into the Executive Credit Committee (ECC), an executive subcommittee that reports into the Group Credit Committee (GCC), a board subcommittee that is chaired by an independent non-executive member of the board. The framework also includes the Large Exposures Approval Committee (LEAC), whose function is the approval of credit applications in excess of the large exposure threshold imposed by the Banks Act, 94 of 1990.

The GCC also acts as the designated committee appointed by the board to monitor, challenge and ultimately approve all material aspects of the group's AIRB rating and risk estimation systems and processes. The current membership includes seven non-executive directors and three executive directors. The board and the GCC are required by the banking regulations to have a general understanding of the AIRB system and the related reports. The GCC also needs to ensure the independence of Group Credit Risk (GCR), which includes the Credit Model Validation Unit (CMVU), from the business units originating credit within the group.

GCR monitors the business units' credit portfolios, risk procedures, policies and credit standards, and maintains the GCRMF. GCR also calculates and aggregates credit regulatory capital, as well as tests and implements all credit regulatory model updates. The CMVU is the bank's independent risk control unit required by banking regulations. It validates the bank's regulatory credit capital models, IFRS 9 impairment models, as well as the banks non-regulatory credit models, including credit valuation, credit origination and pricing models, and the IFRS 9 macroeconomic forecast models.

Group Risk Analytics (GRA), which includes Model Risk Management (MRM), calculates and consolidates credit economic capital and IFRS 9 impairment calculations across the bank, as well as performs credit risk analytics. GRA is the IFRS 9 methodology custodian for the Group and provides advisory support as well as technical challenge for all key credit risk model families such as impairments, capital, originations and pricing. MRM ensures that model risk is optimised and managed effectively across the bank.

KEY ASSUMPTIONS CONCERNING THE FUTURE AND KEY SOURCES OF ESTIMATION

Allowances for loan impairment and other credit risk provisions

The judgements in relation to determining the allowance for loan impairment and other credit risk provisions are as follows:

- Defining what is considered to be a significant increase in credit risk (SICR) – refer to C2.5 for further information.
- Selecting and calibrating PD, loss given default (LGD) and exposure at default (EAD) models and linking these input parameters to macroeconomic drivers – refer to C2.5 and C2.7 for further information.
- Establishing the scenarios over which ECL should be evaluated and their respective probabilities as well as estimating macroeconomic parameters based on forecast macroeconomic scenarios – refer to C2.7 for further information.
- Making judgemental adjustments to account for emerging or developing events, model and data limitations and deficiencies, and the application of expert credit judgement – refer to C2.8 for further information.

Allowances for loan impairment represent management's estimate of the credit losses expected in the loan portfolios at the reporting date.

Within the Nedbank Retail and Business Banking and Nedbank Wealth portfolios, which comprise large numbers of small homogeneous assets with similar risk characteristics where credit-scoring techniques are generally used, statistical techniques are used to calculate impairment allowances on the portfolio. These statistical analyses use, as primary inputs, the extent to which accounts in the portfolio are in arrears and historical information on the eventual losses encountered from such delinquent portfolios, as well as establishing causal relationships with macroeconomic indicators, where applicable. There are many such models in use, each tailored to a product, line-of-business or client category.

Judgement and knowledge are used in selecting the statistical methods to be used when the models are developed or revised. Judgemental adjustments (discussed further in C2.8) may be applied to cater for portfolios where the use of a model is inappropriate or to supplement model outputs to cater for emerging or developing events, model and data limitations and deficiencies, or to cater for the application of expert credit judgement. The impairment allowance reflected in the financial statements for these portfolios is considered to be reasonable and reflective of supportable judgements.

IFRS 9 outlines a 3-stage model for impairment based on changes in credit quality since initial recognition, as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified as stage 1.
- Where a SICR since initial recognition is identified, the financial instrument is moved to stage 2, but not deemed to be credit-impaired. Note C2.5 describes how the group determines when a SICR has occurred.
- Where the financial instrument is credit-impaired, the financial instrument is moved to stage 3. Note C2.6 describes how the group defines 'credit-impaired' and 'default'.
- Financial instruments in stage 1 have their ECLs measured at an amount equal to the portion of lifetime ECLs that result from default events expected within the next 12 months. Instruments classified as stages 2 and 3 have their ECLs measured based on a lifetime basis.
- A pervasive concept in measuring the ECL in accordance with IFRS 9 is that forward-looking information should be considered. Note C2.7 includes an explanation of how the group has incorporated forward-looking information into our ECL models.
- Financial instruments are written off when the group has no reasonable expectations of recovering the individual asset partially or in its entirety. In addition, post-write-off recoveries are excluded from the calibration of LGDs.

- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECLs are measured on a lifetime basis.
- Off-balance-sheet items are also subject to the IFRS 9 impairment model and include financial guarantees and undrawn loan commitments.

For individually significant loans with larger exposures, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows are taken into account, for example, the business prospects for the client, the realisable value of collateral, the group's position relative to other claimants, the reliability of client information and the likely cost and duration of the workout process. The level of the impairment allowance is the difference between the value of the discounted expected future cash flows (discounted at the loan's original effective interest rate) and the carrying amount. Subjective judgements are made in the calculation of future cash flows. Furthermore, judgements change with time as new information becomes available or as workout strategies evolve, resulting in revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and would have a direct impact on the impairments charge in the income statement.

C2.1 MOVEMENT IN IMPAIRMENTS CHARGE ON FINANCIAL INSTRUMENTS

	2023	2022
Balance at the beginning of the year	27 546	26 046
Stage 1 ECL allowance	4 197	4 513
Stage 2 ECL allowance	5 522	6 495
Stage 3 ECL allowance	17 827	15 038
Statement of comprehensive income charge net of recoveries	9 605	7 381
Stage 1 ECL allowance	444	(169)
Stage 2 ECL allowance	(123)	(869)
Stage 3 ECL allowance	8 836	8 703
Off-balance-sheet allowance	(85)	(52)
Non-loans and advances	26	(8)
FVOCI loan impairment charge	507	(224)
Adjusted for:	(7 295)	(5 881)
Recoveries ¹	1 444	1 587
Interest in suspense ¹	1 630	1 195
Amounts written off ¹	(10 215)	(8 757)
Foreign exchange and other recovery costs ¹	379	(138)
Non-loans and advances	(26)	8
FVOCI loan impairment charge	(507)	224
Balance at the end of the year	29 856	27 546
Stage 1 ECL allowance	4 616	4 197
Stage 2 ECL allowance	5 273	5 522
Stage 3 ECL allowance	19 967	17 827
Split by measurement category ¹	29 856	27 546
Loans and advances	29 602	27 209
Off-balance-sheet allowance	254	337

¹ Amounts written off against the impairment, adjusted for recoveries, interest in suspense, foreign exchange and other recovery costs, total R6 762m (2022: R6 113m). Foreign exchange movements included in this amount result in a R33m gain (2022: R2m gain).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

C2.2 IMPAIRMENT CHARGE ON LOANS AND ADVANCES BY CLASSIFICATION

	Balance at the beginning of the year Rm	Impairments charge/ (release), net of recoveries Rm
Total impairment – 2023		
Home loans	3 408	1 428
Commercial mortgages	2 651	1 200
Credit cards	2 705	959
Overdrafts	1 562	465
Instalment debtors	7 007	2 514
Preference shares and debentures	144	(48)
Term loans	8 668	2 638
Financial guarantees and loan commitments	277	(91)
Other loans ¹	1 124	7
Properties in possession	4	9
Specialised and other loans to clients	949	(67)
Overnight loans	139	(10)
Factoring accounts	32	74
Trade, other bills and bankers' acceptances		1
Impairment on loans and advances at amortised cost	27 546	9 072
Impairment on loans and advances at FVOCI	347	507
Total impairment	27 893	9 579
Total impairment – 2022		
Home loans	3 157	528
Commercial mortgages	2 315	635
Credit cards	2 773	810
Overdrafts	1 386	320
Instalment debtors	6 339	2 396
Preference shares and debentures	229	(85)
Term loans	8 031	3 435
Financial guarantees and loan commitments	341	(57)
Other loans ¹	1 475	(369)
Properties in possession	10	(6)
Specialised and other loans to clients	1 267	(328)
Overnight loans	163	(32)
Factoring accounts	35	(3)
Impairment on loans and advances at amortised cost	26 046	7 613
Impairment on loans and advances at FVOCI	535	(224)
Total impairment	26 581	7 389

¹ The 'Other loans' subtotal line represents a group of certain products based on similar nature and size.

The balance at the end of the year of R30 386m (2022: R27 893m) includes off-balance-sheet items of R254m (2022: R337m).

During the year the group reviewed its presentation of impairment charge on loans and advances by classification. As a result of this review, the group enhanced this disclosure by disaggregating post-write-off recoveries from amounts written off against the impairment, adjusted for recoveries and interest in suspense and disclosing this in a separate column. For comparability, this disaggregation was applied to the prior and current year.

Post write-off recoveries Rm	Amounts written off against the impairment, adjusted for interest in suspense Rm	Balance at the end of the year Rm
99	(241)	4 694
28	(1 445)	2 434
467	(1 340)	2 791
63	(243)	1 847
350	(2 213)	7 658
		96
428	(2 656)	9 078
	1	187
9	(69)	1 071
	(8)	5
9	(74)	817
	14	143
		106
	(1)	–
1 444	(8 206)	29 856
	(324)	530
1 444	(8 530)	30 386
78	(355)	3 408
67	(366)	2 651
428	(1 306)	2 705
44	(188)	1 562
566	(2 294)	7 007
		144
385	(3 183)	8 668
	(7)	277
19	(1)	1 124
		4
19	(9)	949
	8	139
		32
1 587	(7 700)	27 546
	36	347
1 587	(7 664)	27 893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
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C2.3 SECTORAL ANALYSIS

	Total impairment		Stage 1: 12-month ECL allowance		Stage 2: Lifetime ECL allowance (not credit-impaired)		Stage 3: Lifetime ECL allowance (credit-impaired)	
	2023 Rm	2022 Rm (Restated)	2023 Rm	2022 Rm (Restated)	2023 Rm	2022 Rm (Restated)	2023 Rm	2022 Rm (Restated)
Individuals	22 404	19 746	3 663	3 332	4 317	4 350	14 424	12 064
Financial services, insurance and real estate	2 725	3 130	321	221	355	465	2 049	2 444
Manufacturing	1 570	1 286	128	121	164	303	1 278	862
Building and property development	238	406	42	49	38	71	158	286
Transport, storage and communication	348	557	65	58	81	48	202	451
Retailers, catering and accommodation	105	122	34	49	7	8	64	65
Wholesale and trade	462	440	89	95	60	32	313	313
Mining and quarrying	164	256	36	48	12	5	116	203
Agriculture, forestry and fishing	842	547	72	44	67	86	703	417
Government and public sector	224	357	15	14	50	54	159	289
Other services	774	699	151	166	122	100	501	433
	29 856	27 546	4 616	4 197	5 273	5 522	19 967	17 827

During 2023 the group identified that certain prior-year balances between sectors were disclosed incorrectly. As a result, the prior-year information has been restated.

Restated Rm	2022			
	Total	Stage 1	Stage 2	Stage 3
Sectoral analysis				
Individuals	19 746	3 332	4 350	12 064
Financial services, insurance and real estate	3 130	221	465	2 444
Manufacturing	1 286	121	303	862
Building and property development	406	49	71	286
Transport, storage and communication	557	58	48	451
Retailers, catering and accommodation	122	49	8	65
Wholesale and trade	440	95	32	313
Mining and quarrying	256	48	5	203
Agriculture, forestry and fishing	547	44	86	417
Government and public sector	357	14	54	289
Other services	699	166	100	433
	27 546	4 197	5 522	17 827

Restatement Rm	2022			
	Total	Stage 1	Stage 2	Stage 3
Sectoral analysis				
Individuals	684	49	158	477
Financial services, insurance and real estate	47	9	9	29
Manufacturing	44	11	4	29
Building and property development	59	14	9	36
Transport, storage and communication	46	10	7	29
Retailers, catering and accommodation	3	1	1	1
Wholesale and trade	90	20	9	61
Mining and quarrying	8	2	1	5
Agriculture, forestry and fishing	14	4	2	8
Government and public sector	3	1		2
Other services	(998)	(121)	(200)	(677)
	–	–	–	–

As previously reported Rm	2022			
	Total	Stage 1	Stage 2	Stage 3
Sectoral analysis				
Individuals	19 062	3 283	4 192	11 587
Financial services, insurance and real estate	3 083	212	456	2 415
Manufacturing	1 242	110	299	833
Building and property development	347	35	62	250
Transport, storage and communication	511	48	41	422
Retailers, catering and accommodation	119	48	7	64
Wholesale and trade	350	75	23	252
Mining and quarrying	248	46	4	198
Agriculture, forestry and fishing	533	40	84	409
Government and public sector	354	13	54	287
Other services	1 697	287	300	1 110
	27 546	4 197	5 522	17 827

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

C2.4 GEOGRAPHICAL ANALYSIS

	Total impairment		Stage 1: 12-month ECL allowance		Stage 2: Lifetime ECL allowance (not credit-impaired)		Stage 3: Lifetime ECL allowance (credit-impaired)	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm
SA	27 968	25 635	4 233	3 828	5 096	5 217	18 639	16 590
Other African countries	1 730	1 534	337	288	166	278	1 227	968
Europe	118	322	31	54	11	24	76	244
Asia	29	37	4	11		1	25	25
United States of America	1	1	1	1				
Other	10	17	10	15		2		
	29 856	27 546	4 616	4 197	5 273	5 522	19 967	17 827

C2.5 ASSESSMENT OF A SIGNIFICANT INCREASE IN CREDIT RISK (STAGE 2)

At each reporting period, an assessment is conducted on all performing financial instruments to determine whether a significant increase in credit risk (SICR) since initial recognition has been experienced. Performing financial instruments that have experienced a SICR since initial recognition are classified as stage 2 and lifetime expected credit loss (ECL) is recognised. In subsequent reporting periods, if the credit risk of the financial instrument improves to the extent that there is no longer a SICR since initial recognition, the financial instrument returns to stage 1 and 12-month ECL is recognised. Alternatively, if the credit risk of the financial instrument deteriorates and the stage 3 criteria are met, lifetime ECL is recognised.

The group assesses whether there has been a SICR for financial instruments since initial recognition in one or more of the following ways:

- Comparing the PD at the reporting date with the PD on the date of initial recognition over the remaining expected life. Established thresholds for a SICR are based on a percentage change in lifetime PD over the remaining lifetime relative to initial recognition.
- Using a set of portfolio-specific criteria that are indicative of a SICR to enhance the overall SICR assessment. These include partial arrear triggers and bureau score triggers.
- Considering instruments that are more than 30 days past due as having experienced a SICR.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER

C2.6 DEFINITION OF 'DEFAULT'

Loans and advances are deemed to have defaulted when the South African banking regulations' default criteria are triggered (these criteria are in line with the Basel III requirements). For retail and specialised-lending portfolios, this is product-centred, and a default would therefore be specific to a borrower account (a specific advance). The remaining portfolios are client- or borrower-centred, meaning that should any transaction with a client default, all transactions with the client would be treated as having defaulted.

Defaulted loans and advances are classified as stage 3 and an appropriate ECL is measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Default occurs in respect of a client in the following instances:

Quantitative criteria

- The client has exceeded its advised credit limit or is past due for more than 90 days on any material credit obligation to the group.

Qualitative criteria

- The group considers that the client is unlikely to meet its credit obligations to the group in full without the group having recourse to actions such as realising security (if held).
- The group has consented to a distressed restructuring of the credit obligation, in accordance with Directive 7/2015, that is likely to result in a reduced financial obligation.
- The group has applied for the obligor's bankruptcy or similar order in respect of the obligor's credit obligation.
- The client is placed under business rescue in terms of the Companies Act, 71 of 2008 (as amended), and the client requests a restructure of its facilities due to financial distress.

C2.7 FORWARD-LOOKING INFORMATION INCORPORATED IN THE ECL MODELS

To account for forward-looking information (FLI), the ECL input parameters (PD and LGD) 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. Judgemental adjustments are applied where the modelling inadequately captures the risks within the portfolio.

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

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 scenario set used and their associated weights are reviewed and approved by an executive-level subcommittee (ECC) annually.

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

Scenario	2023					
	Probability weighting (%)	Total ECL allowance	Economic measures	Economic forecast ¹ (%)		
				2024	2025	2026
Base case	50	30 330	GDP	1,07	1,60	1,39
			Prime	10,75	10,25	10,25
			HPI	3,15	3,45	4,19
Mild stress	21	30 611	GDP	0,08	1,26	1,06
			Prime	11,50	10,75	10,50
			HPI	2,46	2,64	3,33
Positive outcome	21	30 100	GDP	2,08	1,93	1,87
			Prime	10,50	10,00	9,75
			HPI	4,01	4,63	5,40
High stress	8	30 898	GDP	(0,75)	0,95	0,84
			Prime	12,25	11,50	11,00
			HPI	1,76	1,81	2,44
Weighted scenarios	100	30 386				

¹ Forecast at 31 December 2023.

Scenario	2022					
	Probability weighting (%)	Total ECL allowance	Economic measures	Economic forecast ¹ (%)		
				2023	2024	2025
Base case	50	27 817	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	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	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	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.

The total ECL allowance is the sum of the impairment allowance on loans and advances at amortised cost and FVOCI.

After the explicit forecast period, 2023 to 2025, all variables are forecast as a long-term average for modelling purposes. The long-term averages used for modelling purposes are GDP of 2,4% (2022: 2,4%), prime of 10,5% (2022: 10,5%) and the house price index (HPI) of 6,7% (2022: 7,2%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

Base case scenario

Global economic assumptions

- Geopolitical tensions persist with the world becoming more polarised between countries aligned with the West, led by the US, and those affiliated with China and Russia.
- The world economy loses momentum with global growth slowing throughout 2023 and in H1 2024, with some countries entering technical recessions.
- Commodity prices decline, bogged down by the global downturn.
- Global Inflation turned the corner in 2023 and the disinflationary trend will intensify in 2024. Concerns will persist over the likely cost implications of structural changes to world supply and demand caused by the on- and near-shoring of supply chains, increased protectionism, geopolitical conflicts, extreme weather events and the energy transition. However, tight global monetary policies and weaker demand will realign demand and supply in 2024, returning inflation to central bank targets around 2025.
- Risk-off sentiment will improve as US interest rates recede, but weak global growth will cap the upside.

Global policy responses

- Monetary policies remain tight for longer, with policy rates easing slowly only from the end of 2024 onwards.
- Fiscal policies become more expansive, but its effectiveness is undermined by surging public debt burdens and debt service costs, resulting in rising risk premiums.

Domestic policy landscape

- Political uncertainty intensifies ahead of the general election in 2024.
- Fiscal metrics remain unfavourable. The budget deficit proves sticky around an average of 5,5% of GDP over the next three years, while the debt burden climbs to a peak of close to 79% of GDP. Expenditure restraint is undermined by higher-than-budgeted wage increases, surging debt service costs, an elevated social burden and further SOE bailouts. Revenue growth is hurt by weaker-than-expected growth and lower commodity prices.
- Inflation moderates gradually on weaker demand, and lower global oil, food, and other commodity prices. Load-shedding and a weak rand prevent a faster return to the 4,5% target.
- Structural constraints: Structural reforms remain slow, driven mainly by load-shedding as the economy continues to experience load-shedding at stages 3–6 for much of 2024. The frequency and intensity of power outages ease as more renewable energy comes on stream towards the end of the forecast period.
- Monetary policy remains restrictive in early 2024, but the MPC may start to ease rates from May as inflation dips towards 4,5% and the US relaxes its policy stance.

Domestic economic consequences (Outcomes)

- **GDP**
Economic activity is expected to show gradual recovery in 2024, with a projected growth of 1,1%, followed by an increase of 1,6% in 2025 and 1,4% in 2026. Load-shedding and worsening logistical bottlenecks continue to hurt output and sales in all sectors.

Consumer spending remains weak until around Q3 2024, hurt by strained disposable income caused by relatively elevated inflation and sharply higher interest rates. Consumer confidence and spending gradually recover as the year progresses, supported by moderate job gains, fading inflation and lower interest rates.

Fixed investment slows off a higher base. Although outlays on renewable energy projects remain robust, these are offset by cutbacks on other expansionary investments.

- **Credit**
The ratio of household debt to income climbed slowly in 2023. Loan growth is expected to peak in 2025, before slowly receding by the end of 2026. Debt service costs jump to 9% of income by the end of 2023, and then recede to 8,5% in 2024, 8% in 2025 and 2026, as interest rates gradually decline, borrowing slows and household income recovers. Debt service costs at these levels are associated with higher defaults.

Corporate credit growth is expected to slow down to 5,2% at the end of 2024. Demand for credit is contained by higher interest rates, strained household incomes, and slower economic growth, particularly in H1 2024.

- **Asset prices**
Equity prices remain volatile, hurt by SA's rising risk premium ahead of the general election in 2024, the country's persistent structural problems and worsening fiscal metrics. These concerns, coupled with weaker global demand and subdued international commodity prices, weigh on equities in H1 2024, before the turning global tide and improved risk appetites bring about a moderate recovery in H2 2024.

Growth in house prices is expected to slow until the end of 2024, before regaining modest upward traction in 2025 through to 2026.

Mild-stress scenario

The mild-stress scenario is a milder version of the high-stress scenario.

High-stress scenario

Global economic assumptions

- Geopolitical tensions intensify, with the US, EU and its allies set against China, Russia and its backers. SA's geopolitical choices compromise its relationship with the US and the EU, with the threat of punitive actions hanging over risk sentiment throughout the period.
- The world economy loses momentum and enters mild recession in H1 2024, followed by a weak recovery from the end of 2024 onwards.
- Commodity prices are mixed. Metal prices decline sharply, but oil, food and industrial commodity prices are volatile and remain at elevated levels. As global demand weakens, OPEC+ cuts global supply dramatically in a bid to keep prices elevated. Climate change worsens El Niño, leading to drought in the Southern Hemisphere, hurting food production and pushing prices higher.
- Global inflation remains sticky, as global supply shocks outweigh the impact of shrinking demand. Supply is constrained by a prolonged war, increased near- or on-shoring of supply chains, tight oil supplies, persistent labour shortages due to reduced emigration and ageing populations, extreme weather events and a poorly managed transition to renewable energy sources.
- Risk-off sentiment intensifies and emerging market economies experience persistent capital outflows. SA is particularly hard hit as the country is greylisted and political risks escalate.

Global policy responses

- Monetary policies tighten further, reaching a peak in Q1 2024 at 5,75%, and easing slowly only from the end of 2024 onwards.
- Fiscal policy becomes more expansive, but its effectiveness is undermined by surging public debt burdens and debt service costs, resulting in rising risk premiums.

Domestic policy landscape

- Political uncertainty increases significantly ahead of the 2024 general elections, with the ruling party hurt by widespread corruption, a worsening electricity crisis, an implosion in service delivery and persistent infighting. The ruling party loses its majority in 2024, resulting in a left-leaning and chaotic coalition government.
- Fiscal metrics worsen. The budget deficit averages 6,7% of GDP over the 3 years, driving debt to over 80% of GDP. Subdued economic growth weighs on revenue, while expenditure is inflated by above-inflation wage increases, the adoption of a generous basic income grant, Eskom debt relief and SOE bailouts.
- Inflation remains sticky at 6% in 2023 and 6,5% in 2024, receding only slowly to 5,2% in 2026. Prices are kept high by rising production costs due to load-shedding and transport bottlenecks, a weak rand, rising wages, fading productivity and increased cost transfer to consumers. Higher global oil prices also add to the upside.
- Structural constraints: Reform continues at a snail's pace, still undermined by political turmoil and competing ideologies. Severe load-shedding continues in 2024 (stages 4–6), while transport bottlenecks worsen. Thereafter, energy supply stabilises on subdued demand and increased generating capacity.
- Monetary policy tightens further, with prime peaking at 12,25% in 2024. The MPC remains hawkish as inflation proves stubbornly high, well above 4,5% throughout the period.

Domestic economic consequences

- **GDP**
The economy stagnates in 2023, growing by only 0,2%, before shrinking by 0,8% in 2024. Production and exports are hard hit by load-shedding, other logistical constraints, falling global demand, and lower commodity prices. Domestic confidence and spending implode as load-shedding continues, unemployment increases, wage growth falters, inflation remains high and interest rates rise further.

Consumer spending weakens, with disposable income eroded by renewed job losses, persistently high inflation, and sharply higher interest rates.

Fixed investment contracts in 2024 and stages a weak recovery from 2025 onwards. Despite increased activity in renewable energy projects, most private companies scrap or delay capital expenditure as infrastructure constraints raise hurdle rates, domestic and global demand contracts, and political and policy uncertainties intensify.

- **Credit**
The ratio of household debt to income is expected to peak at 67% in 2024 and 2025 as household incomes remain under pressure, growing slower than the rate of borrowing.

Debt service costs to income expected to jump to 9,9% in 2024. The ratio remains above 8% throughout the period as interest rates initially increase further before stabilising at higher levels.

Corporate credit growth is expected to slow down to 3,1% by the end 2024. Stretched household finances, weak economic growth, higher interest rates and rising risk premiums are mainly to blame.

- **Asset prices**
Equity prices decline in 2024, hurt by fading investor sentiment towards SA, heightened general global risk aversion and much tighter global liquidity conditions. Equities start to recover after the elections in H2 2024. However, the recovery is modest, falling short of inflation over the forecast period.

House price growth is expected to slow down to 1,8% in 2024 and 2025, before slowly drifting to firmer ground from 2026 onwards. In real terms, house prices decline throughout the period.

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Positive-outcome scenario

Global economic assumptions

- Geopolitical tensions simmer but pragmatism prevails.
- Global growth slows in H1 2024, followed by a relatively strong rebound in H2 2024 and 2025.
- Commodity prices enter a mild upcycle in 2024 as the world economy gradually gathers pace and the US dollar weakens.
- Global inflation recedes much faster than anticipated as the moderate slowdown in global demand, falling global oil, food and other commodity prices help to realign demand and supply relatively quickly.
- Risk appetites return as investors sense the end of the rate hiking cycle, supporting capital inflows to heavily oversold emerging market economies.

Global policy responses

- Monetary policy pivots faster than expected as inflation falls rapidly towards central bank targets in 2024. The first cut in US rates starts in Q2 2024.
- Fiscal policy shifts towards infrastructure investment, with a strong focus on accelerating the transition to renewable energy sources. This effectively raises potential growth rates, helping governments to manage elevated public debt burdens.

Domestic policy landscape

- Political uncertainty remains elevated ahead of the general election in 2024. The ruling party stays in power and the support for the moderate faction grows significantly.
- Fiscal metrics improve slowly. The budget deficit slowly narrows, averaging 3,6% of GDP over the three years, while the debt burden stabilises around 72% of GDP. Revenue is boosted by improved collections and firmer economic growth. Expenditure rises at rates slightly above inflation. Significant wage restraint and cutbacks on wasteful spending enables government to maintain existing levels of social support and fund a greater portion of critical SOEs debt without worsening fiscal risks materially.
- Inflation declines rapidly off a higher base on lower global oil, food and other commodity prices. A rebound in the rand, combined with softer domestic demand, facilitates a return to the 4,5% inflation target.
- Structural reforms gain moderate traction. Load-shedding continues at stages 2–4 for much of 2024, but the frequency and intensity decline as more renewable energy comes on stream towards the end of 2024 and throughout 2025. Moreover, business adapts by securing alternative energy sources.
- Monetary policy: As inflation falls off a high base, the MPC starts to ease rates in March 2024. Prime stabilises at 10% in 2025 before dipping to 9,75% in 2026.

Domestic economic consequences

- **GDP**
Economic activity is anticipated to remain subdued in early 2024. The recovery that follows in H2 2024 is relatively robust, supported by reduced load-shedding, gradual improvement in rail and port efficiencies and a strong rebound in the world economy.

Consumer spending regains momentum in H2 2024, supported by lower inflation and interest rates, reinforced by firmer employment growth and moderate gains in household wealth.

Fixed investment accelerates as the energy crisis gradually eases and business confidence improves on evidence of some structural reforms.

- **Credit**
Household credit: The ratio of household debt to income creeps up to 63,1% in 2024 before receding as income growth accelerates. Debt service costs are expected to decrease to 8,2% in 2024 and to fall below 8% thereafter as interest rates decline amid a recovery in disposable incomes.

Corporate credit: Credit growth is expected to recover to 5,9% and 6,1% in 2024 and 2025 respectively, supported by firmer disposable income and faster economic growth.

- **Asset prices**
Equity prices turn the corner in 2024 as global financial conditions improve, and investors start to anticipate a relatively robust recovery.

House price growth is expected to stabilise at 4% by the end of 2024 before resuming an upward trend, growing by 4,6% and 5,4% in 2025 and 2026 respectively.

C2.8 APPLICATION OF JUDGEMENTAL ADJUSTMENTS IN ESTABLISHING ECL

Nedbank's ECL impairment allowance is estimated quantitatively through the application of IFRS 9 impairment models and is supplemented by judgemental adjustments. Judgemental adjustments are applied to cater for portfolios where the use of a model is inappropriate or applied in addition to the model (referred to as post-model adjustments) to cater for known model and data deficiencies and to account for emerging or developing information for which there is insufficient data and/or time to update models accordingly.

Approximately 12,9% of the 2023 balance sheet ECL (2022: 17,2% 2021: 19,7%) is driven by judgemental adjustments.

The tables that follow provide a breakdown of the balance sheet ECL and income statement ECL charge at 31 December 2023 and 31 December 2022 by cluster or business unit, split between the following categories:

- **Model-driven ECL** – Represents the ECL impairment allowance, which is driven quantitatively by the IFRS 9 impairment models across the group. The key drivers of the model-driven ECL include book growth, updates to the macroeconomic forecasts, changes in credit risk mix and enhancements made to impairment models.
- **Judgemental adjustments** that are further split into the following:
 - **Individually assessed:** Considering the low-default nature of the CIB portfolio and the client-specific approaches applied in the resolution of CIB stage 3 clients, the ECL for these clients is based on the judgement of credit experts. This category therefore represents expert-judgement-based ECL estimates on CIB stage 3 clients that are individually assessed as part of the robust business-as-usual monthly watch list process. Potential losses are assessed under 3 different recovery scenarios, namely an expected case, a best-case and a worst-case scenario.
 - **Forward-looking-information adjustments:** The FLI adjustments include catering for a potential deterioration in collateral valuations, impacts not fully captured by the portfolio-level macroeconomic models, and emerging risks or developing events that are not yet reflected in the underlying data or model or macroeconomic forecasts.
 - **Other judgemental adjustments:** Adjustments are processed to address known system and model shortcomings and data limitations that have not yet been incorporated into the group's models.

Balance sheet ECL

Rm	2023				Modelled ECL as % of total ECL
	Model ECL	Individually assessed	Other judgemental adjustments	Total ECL	
Investment Banking and Transactional Services	1 299	1 519		2 818	46,10
Property Finance	167	1 266		1 433	11,65
Retail	21 574		647	22 221	97,09
Commercial Banking	1 829		293	2 122	86,19
Wealth	327		21	348	93,97
NAR	1 260		24	1 284	98,15
Centre	10		150	160	6,25
Total	26 466	2 785	1 135	30 386	87,10

Rm	2022				Modelled ECL as % of total ECL
	Model ECL	Individually assessed	Other judgemental adjustments	Total ECL	
Investment Banking and Transactional Services	1 245	1 529		2 774	44,88
Property Finance	156	1 858		2 014	7,75
Retail	18 768		784	19 552	95,99
Commercial Banking	1 398		265	1 663	84,04
Wealth	311		59	370	84,03
NAR	1 214		2	1 216	99,84
Centre	4		300	304	1,32
Total	23 096	3 387	1 410	27 893	82,80

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Income statement charge

Rm	2023					Modelled ECL as % of total ECL
	Model ECL	Individually assessed	FLI adjustments	Other judgemental adjustments	Total impairment	
Investment Banking and Transactional Services	(100)	234			134	(74,63)
Property Finance	10	795			805	1,24
Retail	8 046		58	(196)	7 908	101,75
Commercial Banking	585			27	612	95,59
Wealth	75			(38)	37	202,7
NAR	231			22	253	91,30
Centre	6			(150)	(144)	(4,17)
Total	8 853	1 029	58	(335)	9 605	92,17

Rm	2022					Modelled ECL as % of total ECL
	Model ECL	Individually assessed	Covid-19 and FLI adjustments	Other judgemental adjustments	Total impairment	
Investment Banking and Transactional Services	(31)	668	(76)	(218)	343	(9,04)
Property Finance	(236)	1 368	(370)	(300)	462	(51,08)
Retail	6 635		(190)	72	6 516	101,82
Commercial Banking	336		(307)	68	97	345,98
Wealth	22		(71)	(14)	(63)	(34,92)
NAR	222		(4)	2	220	101,00
Centre	6		(500)	300	(194)	(3,09)
Total	6 954	2 036	(1 518)	(90)	7 381	94,21

Judgemental adjustments, which are inclusive of 'individually assessed' and 'other judgemental adjustments', are recognised in the following stages: R345m in stage 1, R434m in stage 2 and R3 142m in stage 3 (2022: 149m in stage 1; R755m in stage 2; R3 894m in stage 3). These adjustments have been allocated based on where the associated downside risk resides.

The Retail portfolios are data-rich and homogeneous in nature. Therefore, a portfolio approach typically is applied, with greater reliance placed on the models when determining ECL. The wholesale portfolios are more client- and industry-specific, and as such there is greater reliance on expert judgement applied, in particular for stage 3 clients, when determining ECL.

During 2023 judgemental adjustments continued to be monitored closely, with an overall reduction noted. Impairment models were updated to incorporate more recent data, to address any known deficiencies, and to enhance macroeconomic sensitivity where required. Updates were performed to ensure that the models perform well historically and provide the most appropriate estimates of forward-looking default risk and losses.

The model-driven component of the balance sheet ECL has increased from 82,8% at YE 2022 to 87,10% at YE 2023. The model-driven contribution to the income statement ECL charge has decreased from 94,21% at YE 2022 to 92,17% at YE 2023.

The remaining judgemental adjustments will continue to be reassessed periodically in line with the emergence of risk in the data and/or the updating of models to adequately capture the prevailing economic environment. Other judgemental adjustments reflect items that are more longstanding in nature and that are reassessed periodically.

Judgemental adjustments are approved and managed through strong internal governance processes. The expert-judgement-based ECL raised in respect of the individually assessed clients is governed through the robust business-as-usual monthly watch list process with representation from all lines of defence. Considering the greater reliance on judgement-based post-model adjustments in navigating through the pandemic, existing governance processes and controls were strengthened, with key roles and responsibilities outlined below:

- **First line of defence:** Post-model adjustment processes or quantification methodologies are developed by the business units.
- **Second line of defence:** GCR provides assurance by challenging existing overlays, identifying emerging risks and recommending overlays to ensure the completeness and adequacy of impairments. Second-line-of-defence committee oversight is provided through avenues such as RBB monthly impairments meetings, cluster credit committees (CCCs), the ECC, and credit rating approval meetings (GRAMs). GCR provides further oversight in ensuring alignment and consistency in the ECL approaches across the various portfolios. GCR also performs a final assessment of the adequacy of impairments and considers emerging risks that should be accounted for as part of the group's FLI adjustments.
- **Third line of defence:** GIA provides third-line-of-defence assurance, while external audit provides extensive oversight through their year-end audits.

C2.9 SCENARIO ANALYSIS

Macroeconomic variable (%)

Scenario	2023				2022			
	Probability weighting (%)	Total ECL allowance	Difference to weighted scenario	Percentage difference to weighted scenario	Probability weighting (%)	Total ECL allowance	Difference to weighted scenario	Percentage difference to weighted scenario
Base case	50	30 330	(56)	(0,19)	50	27 817	(76)	(0,27)
Mild stress	21	30 611	225	0,74	21	28 122	229	0,82
Positive outcome	21	30 100	(286)	(0,94)	21	27 630	(263)	(0,94)
High stress	8	30 898	512	1,68	8	28 446	553	1,98
Weighted scenarios	100	30 386			100	27 893		

The total ECL allowance is the sum of the impairment allowance on loans and advances at amortised cost and FVOCI.

Nedbank has used 4 economic scenarios (base case, mild stress, positive outcome and high stress) in the estimation of ECL. These scenarios are prepared by the Nedbank Group Economic Unit and approved by the Nedbank House View Forum and the Group Credit Committee (GCC). The base case is our expected outcome and is accordingly allocated a 50% probability weighting. The other scenarios represent the tails of our expected distribution of outcomes and are thus allocated probability weightings based on the likelihood of their occurrence. The non-Covid-19-related adjustments and Covid-19 key judgement overlays were not flexed in the mild-stress, positive-outcome and high-stress scenarios. The forward-looking macro adjustments relating to Retail portfolios were flexed. The scenarios and the associated probability weightings are reviewed at least quarterly to incorporate any changes in the macroeconomic environment.

The table above summarises the most significant macroeconomic variables impacting ECL for the group that have been weighted and stressed against the final-weighted ECL. The different scenarios are a weighting of the different macroeconomic scenarios (for example interest rate and GDP).

The table above summarises the sensitivity of the ECL outcome against the 4 economic scenarios by calculating the ECL under each scenario described above for selected portfolios, applying a 100% weighting to each scenario in turn. The weighting is reflected in both the determination of a SICR and the measurement of the resulting ECL. The ECL calculated for the positive-outcome and the high-stress scenarios should not be taken to represent the upper and lower limits of possible ECL outcomes.

There is a particularly high degree of estimation uncertainty in numbers representing tail risk scenarios when assigned a 100% weighting.

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C2.10 SEGMENTAL ANALYSIS OF IMPAIRMENTS CHARGE ON FINANCIAL INSTRUMENTS

2023

Rm	Total	Nedbank Corporate and Investment Banking	Nedbank Retail and Business Banking	Nedbank Wealth	Nedbank Africa Regions	Centre
ECL allowance at the beginning of the year	27 546	4 441	21 215	370	1 216	304
Stage 1	4 197	453	3 487	42	215	
Stage 2	5 522	506	4 564	29	120	303
Stage 3	17 827	3 482	13 164	299	881	1
Statement of comprehensive income charge net of recoveries	9 605	939	8 520	37	253	(144)
Stage 1	444	(20)	457	(5)	12	
Stage 2	(123)	(30)	82	2	(36)	(141)
Stage 3	8 836	566	7 973	40	257	
Off-balance-sheet allowance	(85)	(84)	8		(9)	
Non-loans and advances	26				29	(3)
FVOCI loan impairment charge	507	507				
Adjusted for:	(7 295)	(1 660)	(5 391)	(59)	(185)	–
Recoveries ¹	1 444	158	1 244		42	
Interest in suspense ¹	1 630	408	1 194		28	
Amounts written off against the impairment ¹	(10 215)	(1 700)	(8 303)	(62)	(150)	
Foreign exchange and other transfers ¹	379	(19)	474	3	(76)	(3)
Non-loans and advances	(26)				(29)	3
FVOCI loan impairment charge	(507)	(507)				
ECL allowance at the end of the year	29 856	3 720	24 344	348	1 284	160
Stage 1	4 616	426	3 962	40	188	
Stage 2	5 273	436	4 571	31	72	163
Stage 3	19 967	2 858	15 811	277	1 024	(3)
Split by measurement category	29 856	3 720	24 344	348	1 284	160
Loans and advances	29 602	3 573	24 254	348	1 267	160
Off-balance-sheet allowance	254	147	90		17	

¹ Amounts written off against the impairment, adjusted for recoveries, interest in suspense, foreign exchange, and other recovery costs total R6 762m (2022: R6 113m), refer to C2.2. The foreign exchange movements included in this amount result in a R33m gain (2022: R2m gain).

2022

Rm	Total	Nedbank Corporate and Investment Banking	Nedbank Retail and Business Banking	Nedbank Wealth	Nedbank Africa Regions	Centre
ECL allowance at the beginning of the year	26 046	4 579	19 406	456	1 105	500
Stage 1	4 513	621	3 600	44	248	
Stage 2	6 495	1 644	4 194	39	118	500
Stage 3	15 038	2 314	11 612	373	739	
Statement of comprehensive income charge net of recoveries	7 381	805	6 613	(63)	220	(194)
Stage 1	(169)	(67)	(161)	(1)	60	
Stage 2	(869)	(1 093)	433	(9)	(3)	(197)
Stage 3	8 703	2 241	6 351	(53)	164	
Off-balance-sheet allowance	(52)	(52)	(10)		10	
Non-loans and advances	(8)				(11)	3
FVOCI loan impairment charge	(224)	(224)				
Adjusted for:	(5 881)	(943)	(4 804)	(23)	(109)	(2)
Recoveries	1 587	79	1 451		57	
Interest in suspense	1 195	198	980		17	
Amounts written off against the impairment	(8 757)	(1 216)	(7 393)	(20)	(128)	
Foreign exchange and other transfers	(138)	(228)	158	(3)	(66)	1
Non-loans and advances	8				11	(3)
FVOCI loan impairment charge	224	224				
ECL allowance at the end of the year	27 546	4 441	21 215	370	1 216	304
Stage 1	4 197	453	3 487	42	215	
Stage 2	5 522	506	4 564	29	120	303
Stage 3	17 827	3 482	13 164	299	881	1
Split by measurement category	27 546	4 441	21 215	370	1 216	304
Loans and advances	27 209	4 213	21 134	370	1 188	304
Off-balance-sheet allowance	337	228	81		28	

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C2.11 CREDIT RISK EXPOSURE

Maximum exposure to credit risk – financial instruments not subject to impairment

Rm	Maximum exposure to credit risk ¹	
	2023	2022 (Restated)
Other short-term securities	61 246	41 203
Derivative financial instruments	13 812	9 101
Government and other securities	82 169	80 282
Loans and advances	46 873	61 089
Other assets	24 652	19 413
Total	228 752	211 088

¹ This amount excludes the impact of any collateral held or credit enhancements.

During 2023 management reviewed the presentation of the note 'Maximum Exposure to Credit Risk – financial instruments not subject to impairment'. As a result, it was identified that investment securities subject to equity risk of R25 360m were incorrectly included in this line item in 2022. Comparative information has therefore been restated.

Credit-impaired financial assets and related collateral held to mitigate potential losses are disclosed below:

Collateral held as security and other credit enhancements relating to credit-impaired financial assets

2023

Rm	Gross exposure ¹	Impairment allowance	Carrying amount	Fair value of collateral held
Home loans	15 121	3 579	11 542	11 155
Commercial mortgages	14 242	2 078	12 164	11 505
Properties in possession	79	5	74	
Credit cards and overdrafts	5 122	2 890	2 232	1 152
Term loans	14 159	7 090	7 069	2 550
Overnight loans	322	118	204	45
Specialised and other loans to clients	1 854	466	1 388	950
Instalment debtors	8 575	4 015	4 560	4 555
Factoring accounts	122	59	63	63
Loans and advances at amortised cost and FVOCI	59 596	20 300	39 296	31 975

¹ Included in the total loans and advances at amortised cost and FVOCI is a gross carrying amount of R1 415m relating to term loans at FVOCI.

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2022

Rm	Gross exposure ¹	Impairment allowance	Carrying amount	Fair value of collateral held
Home loans	10 766	2 416	8 350	9 197
Commercial mortgages	14 024	2 360	11 664	11 347
Properties in possession	66	4	62	
Credit cards and overdrafts	4 402	2 760	1 642	850
Term loans	12 951	6 432	6 519	3 318
Overnight loans	189	80	109	
Specialised and other loans to clients	2 374	456	1 918	230
Instalment debtors	7 766	3 395	4 371	5 335
Preference shares and debentures	319	59	260	260
Factoring accounts	108	12	96	99
Loans and advances at amortised cost and FVOCI	52 965	17 974	34 991	30 636

¹ Included in the total loans and advances at amortised cost and FVOCI is a gross carrying amount of R1 290m relating to term loans at FVOCI.

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

Loans and advances

LTV distributions

2023

Rm	Gross carrying amount of credit-impaired financial assets			
	Home loans	Commercial mortgages	Properties in possession	Credit cards and overdrafts
Lower than 50%	1 662	671	15	214
50% to 75%	2 627	1 447		8
75% to 100%	6 069	4 254	64	1 144
Higher than 100%	4 763	7 870		3 756
Loans and advances at amortised cost and FVOCI	15 121	14 242	79	5 122

Rm	Gross carrying amount of credit-impaired financial assets			
	Home loans	Commercial mortgages	Properties in possession	Credit cards and overdrafts
Lower than 50%	1 902	431	14	431
50% to 75%	1 794	753		10
75% to 100%	4 333	3 591	14	643
Higher than 100%	2 737	9 249	38	3 318
Loans and advances at amortised cost and FVOCI	10 766	14 024	66	4 402

Gross carrying amount of credit-impaired financial assets					
Term loans	Overnight loans	Specialised and other loans to clients	Instalment debtors	Preference shares and debentures	Factoring accounts
3 077		535	150		
		14	387		
1 674		928	1 171		78
9 408	322	377	6 867		44
14 159	322	1 854	8 575	–	122

Gross carrying amount of credit-impaired financial assets					
Term loans	Overnight loans	Specialised and other loans to clients	Instalment debtors	Preference shares and debentures	Factoring accounts
266	189	1 217	154		
1		16	357		
3 770		197	1 193		94
8 914		944	6 062	319	14
12 951	189	2 374	7 766	319	108

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C2.12 LOSS ALLOWANCE

Reconciliation of loss allowance relating to financial assets subsequently measured at amortised cost

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

2023

Loans and advances

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	669 795	4 197	665 598
New financial assets originated or purchased	331 612	3 542	328 070
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements ¹	(157 358)	5 953	(163 311)
Final repayments	(123 797)	(771)	(123 026)
Transfers to 12-month ECL	29 812	651	29 161
Transfers to lifetime ECL (not credit-impaired)	(51 326)	(3 222)	(48 104)
Transfers to lifetime ECL (credit-impaired)	(20 953)	(5 791)	(15 162)
Foreign exchange movements	(3 458)	57	(3 515)
Net balances (refer note C2.2)	674 327	4 616	669 711
Total credit and zero balances ²	8 137	(57)	8 194
Balance at the end of the year	682 464	4 559	677 905
Loans and advances at FVTPL			
Loans and advances at FVOCI			
Off-balance sheet impairment allowance			
Fair-value hedge-accounted portfolios			
ECL credit and other balances			
Loans and advances			

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 loss allowance on balances that are liabilities to the group at the financial year-end. The group, however, still has credit risk exposure on these facilities.

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
77 647	5 522	72 125	51 640	17 827	33 813	799 082	27 546	771 536
		–			–	331 612	3 542	328 070
		–	(10 215)	(10 215)	–	(10 215)	(10 215)	–
(11 832)	1 027	(12 859)	(7 437)	3 488	(10 925)	(176 627)	10 468	(187 095)
(4 864)	(356)	(4 508)	(3 041)	(665)	(2 376)	(131 702)	(1 792)	(129 910)
(27 436)	(452)	(26 984)	(2 376)	(199)	(2 177)	–	–	–
56 625	3 635	52 990	(5 299)	(413)	(4 886)	–	–	–
(13 576)	(4 104)	(9 472)	34 529	9 895	24 634	–	–	–
463	1	462	343	249	94	(2 652)	307	(2 959)
77 027	5 273	71 754	58 144	19 967	38 177	809 498	29 856	779 642
55	(9)	64	37	(1)	38	8 229	(67)	8 296
77 082	5 264	71 818	58 181	19 966	38 215	817 727	29 789	787 938
								46 873
								57 092
								254
								(471)
								(67)
								891 619

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Home loans

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	158 725	336	158 389
New financial assets originated or purchased	28 003	229	27 774
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(6 262)	929	(7 191)
Final repayments	(9 314)	(16)	(9 298)
Transfers to 12-month ECL	5 894	21	5 873
Transfers to lifetime ECL (not credit-impaired)	(14 199)	(434)	(13 765)
Transfers to lifetime ECL (credit-impaired)	(4 162)	(720)	(3 442)
Foreign exchange movements	669	23	646
Net balances	159 354	368	158 986
Total credit and zero balances	174	(1)	175
Balance at the end of the year	159 528	367	159 161

Commercial mortgages

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	168 438	140	168 298
New financial assets originated or purchased	67 857	183	67 674
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(9 862)	(39)	(9 823)
Final repayments	(47 828)	(24)	(47 804)
Transfers to 12-month ECL	5 187	52	5 135
Transfers to lifetime ECL (not credit-impaired)	(8 892)	(40)	(8 852)
Transfers to lifetime ECL (credit-impaired)	(1 293)	(72)	(1 221)
Foreign exchange movements	199	1	198
Net balances	173 806	201	173 605
Total credit and zero balances			–
Balance at the end of the year	173 806	201	173 605

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
18 404	655	17 749	10 760	2 417	8 343	187 889	3 408	184 481
		–			–	28 003	229	27 774
		–	(411)	(411)	–	(411)	(411)	–
(231)	369	(600)	(723)	224	(947)	(7 216)	1 522	(8 738)
(736)	(24)	(712)	(516)	(113)	(403)	(10 566)	(153)	(10 413)
(5 246)	(14)	(5 232)	(648)	(7)	(641)	–	–	–
15 793	492	15 301	(1 594)	(58)	(1 536)	–	–	–
(4 025)	(735)	(3 290)	8 187	1 455	6 732	–	–	–
16	3	13	59	73	(14)	744	99	645
23 975	746	23 229	15 114	3 580	11 534	198 443	4 694	193 749
4	(1)	5	7	(1)	8	185	(3)	188
23 979	745	23 234	15 121	3 579	11 542	198 628	4 691	193 937

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
11 376	151	11 225	14 024	2 360	11 664	193 838	2 651	191 187
		–			–	67 857	183	67 674
		–	(1 589)	(1 589)	–	(1 589)	(1 589)	–
(2 205)	15	(2 220)	243	1 274	(1 031)	(11 824)	1 250	(13 074)
(839)	(15)	(824)	(404)	(47)	(357)	(49 071)	(86)	(48 985)
(4 542)	(29)	(4 513)	(645)	(23)	(622)	–	–	–
9 038	62	8 976	(146)	(22)	(124)	–	–	–
(1 444)	(28)	(1 416)	2 737	100	2 637	–	–	–
20	(1)	21	22	25	(3)	241	25	216
11 404	155	11 249	14 242	2 078	12 164	199 452	2 434	197 018
		–			–	–	–	–
11 404	155	11 249	14 242	2 078	12 164	199 452	2 434	197 018

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Properties in possession

	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Rm			
Balance at the beginning of the year	123		123
New financial assets originated or purchased	1		1
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(1)		(1)
Final repayments			–
Transfers to 12-month ECL			–
Transfers to lifetime ECL (not credit-impaired)			–
Transfers to lifetime ECL (credit-impaired)			–
Foreign exchange movements	5		5
Net balances	128	–	128
Total credit and zero balances			–
Balance at the end of the year	128	–	128

Credit card and overdrafts

	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Rm			
Balance at the beginning of the year	25 369	910	24 459
New financial assets originated or purchased	7 213	200	7 013
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	1	1 542	(1 541)
Final repayments	(2 702)	(35)	(2 667)
Transfers to 12-month ECL	1 671	92	1 579
Transfers to lifetime ECL (not credit-impaired)	(3 523)	(641)	(2 882)
Transfers to lifetime ECL (credit-impaired)	(2 172)	(1 169)	(1 003)
Foreign exchange movements	(487)	3	(490)
Net balances	25 370	902	24 468
Total credit and zero balances	7 821	(56)	7 877
Balance at the end of the year	33 191	846	32 345

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
		-	66	4	62	189	4	185
		-			-	1	-	1
		-			-	-	-	-
		-	13	1	12	12	1	11
		-			-	-	-	-
		-			-	-	-	-
		-			-	-	-	-
		-			-	5	-	5
-	-	-	79	5	74	207	5	202
		-			-	-	-	-
-	-	-	79	5	74	207	5	202

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
5 804	597	5 207	4 373	2 760	1 613	35 546	4 267	31 279
		-			-	7 213	200	7 013
		-	(1 869)	(1 869)	-	(1 869)	(1 869)	-
(1 287)	151	(1 438)	(266)	513	(779)	(1 552)	2 206	(3 758)
(865)	(53)	(812)	(324)	(145)	(179)	(3 891)	(233)	(3 658)
(1 509)	(45)	(1 464)	(162)	(47)	(115)	-	-	-
3 742	695	3 047	(219)	(54)	(165)	-	-	-
(1 336)	(501)	(835)	3 508	1 670	1 838	-	-	-
328	2	326	51	62	(11)	(108)	67	(175)
4 877	846	4 031	5 092	2 890	2 202	35 339	4 638	30 701
41	(9)	50	30		30	7 892	(65)	7 957
4 918	837	4 081	5 122	2 890	2 232	43 231	4 573	38 658

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Term loans

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	109 486	1 164	108 322
New financial assets originated or purchased	122 015	1 648	120 367
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(94 017)	1 699	(95 716)
Final repayments	(24 060)	(352)	(23 708)
Transfers to 12-month ECL	5 490	179	5 311
Transfers to lifetime ECL (not credit-impaired)	(9 315)	(833)	(8 482)
Transfers to lifetime ECL (credit-impaired)	(7 690)	(2 373)	(5 317)
Foreign exchange movements	2 886	26	2 860
Net balances	104 795	1 158	103 637
Total credit and zero balances	31		31
Balance at the end of the year	104 826	1 158	103 668

Specialised and other loans to clients¹

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	55 834	118	55 716
New financial assets originated or purchased	30 874	97	30 777
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(11 318)	(16)	(11 302)
Final repayments	(20 549)	(40)	(20 509)
Transfers to 12-month ECL	1 533	17	1 516
Transfers to lifetime ECL (not credit-impaired)	(2 012)	(27)	(1 985)
Transfers to lifetime ECL (credit-impaired)	(434)	(21)	(413)
Foreign exchange movements	(9 476)	2	(9 478)
Net balances	44 452	130	44 322
Total credit and zero balances	110		110
Balance at the end of the year	44 562	130	44 432

¹ Specialised and other loans to clients include deposits placed under reverse repurchase agreement and listed corporate bonds.

Instalment debtors

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	121 720	1 348	120 372
New financial assets originated or purchased	62 816	969	61 847
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(22 007)	1 890	(23 897)
Final repayments	(17 985)	(172)	(17 813)
Transfers to 12-month ECL	9 194	209	8 985
Transfers to lifetime ECL (not credit-impaired)	(12 739)	(1 174)	(11 565)
Transfers to lifetime ECL (credit-impaired)	(5 102)	(1 379)	(3 723)
Foreign exchange movements	7	1	6
Net balances	135 904	1 692	134 212
Total credit and zero balances	1		1
Balance at the end of the year	135 905	1 692	134 213

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
15 787	1 328	14 459	11 661	6 176	5 485	136 934	8 668	128 266
		–			–	122 015	1 648	120 367
		–	(3 591)	(3 591)	–	(3 591)	(3 591)	–
(4 375)	567	(4 942)	(3 291)	611	(3 902)	(101 683)	2 877	(104 560)
(484)	(90)	(394)	(260)	(145)	(115)	(24 804)	(587)	(24 217)
(5 186)	(78)	(5 108)	(304)	(101)	(203)	–	–	–
10 906	890	10 016	(1 591)	(57)	(1 534)	–	–	–
(2 268)	(1 361)	(907)	9 958	3 734	6 224	–	–	–
97	(4)	101	162	41	121	3 145	63	3 082
14 477	1 252	13 225	12 744	6 668	6 076	132 016	9 078	122 938
10	1	9			–	41	1	40
14 487	1 253	13 234	12 744	6 668	6 076	132 057	9 079	122 978

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
2 700	375	2 325	2 374	456	1 918	60 908	949	59 959
		–			–	30 874	97	30 777
		–	(100)	(100)	–	(100)	(100)	–
(607)	(152)	(455)	(184)	152	(336)	(12 109)	(16)	(12 093)
(444)	5	(449)	(1 161)	(111)	(1 050)	(22 154)	(146)	(22 008)
(1 358)	(17)	(1 341)	(175)		(175)	–	–	–
2 028	30	1 998	(16)	(3)	(13)	–	–	–
(646)	(19)	(627)	1 080	40	1 040	–	–	–
	(1)	1	36	32	4	(9 440)	33	(9 473)
1 673	221	1 452	1 854	466	1 388	47 979	817	47 162
		–			–	110	–	110
1 673	221	1 452	1 854	466	1 388	48 089	817	47 272

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
22 096	2 264	19 832	7 766	3 395	4 371	151 582	7 007	144 575
		–			–	62 816	969	61 847
		–	(2 655)	(2 655)	–	(2 655)	(2 655)	–
(2 611)	47	(2 658)	(2 907)	758	(3 665)	(27 525)	2 695	(30 220)
(1 453)	(115)	(1 338)	(325)	(88)	(237)	(19 763)	(375)	(19 388)
(8 752)	(195)	(8 557)	(442)	(14)	(428)	–	–	–
14 472	1 362	13 110	(1 733)	(188)	(1 545)	–	–	–
(3 757)	(1 412)	(2 345)	8 859	2 791	6 068	–	–	–
2		2	12	16	(4)	21	17	4
19 997	1 951	18 046	8 575	4 015	4 560	164 476	7 658	156 818
		–			–	1	–	1
19 997	1 951	18 046	8 575	4 015	4 560	164 477	7 658	156 819

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

Preference shares and debentures

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	10 822	61	10 761
New financial assets originated or purchased	2 385	3	2 382
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(745)	33	(778)
Final repayments		(1)	1
Transfers to 12-month ECL			–
Transfers to lifetime ECL (not credit-impaired)	(244)	(44)	(200)
Transfers to lifetime ECL (credit-impaired)			–
Foreign exchange movements			–
Net balances	12 218	52	12 166
Total credit and zero balances			–
Balance at the end of the year	12 218	52	12 166

Overnight loans

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	11 558	16	11 542
New financial assets originated or purchased	8 944	8	8 936
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(12 188)	(22)	(12 166)
Final repayments	(96)		(96)
Transfers to 12-month ECL	306	13	293
Transfers to lifetime ECL (not credit-impaired)	(304)	(5)	(299)
Transfers to lifetime ECL (credit-impaired)			–
Foreign exchange movements	2 736	(1)	2 737
Net balances	10 956	9	10 947
Total credit and zero balances			–
Balance at the end of the year	10 956	9	10 947

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
90	24	66	319	59	260	11 231	144	11 087
		-			-	2 385	3	2 382
		-			-	-	-	-
(90)	(24)	(66)	(319)	(59)	(260)	(1 154)	(50)	(1 104)
		-			-	-	(1)	1
		-			-	-	-	-
244	44	200				-	-	-
		-			-	-	-	-
		-			-	-	-	-
244	44	200	-	-	-	12 462	96	12 366
		-			-	-	-	-
244	44	200	-	-	-	12 462	96	12 366

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
646	43	603	189	80	109	12 393	139	12 254
		-			-	8 944	8	8 936
		-			-	-	-	-
(354)	24	(378)	47	(5)	52	(12 495)	(3)	(12 492)
		-			-	(96)	-	(96)
(306)	(13)	(293)			-	-	-	-
304	5	299			-	-	-	-
(85)	(43)	(42)	85	43	42	-	-	-
		-	1		1	2 737	(1)	2 738
205	16	189	322	118	204	11 483	143	11 340
		-			-	-	-	-
205	16	189	322	118	204	11 483	143	11 340

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

Factoring accounts

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	7 720	7	7 713
New financial assets originated or purchased	1 504	9	1 495
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(959)	12	(971)
Final repayments	(1 263)	(1)	(1 262)
Transfers to 12-month ECL	537	6	531
Transfers to lifetime ECL (not credit-impaired)	(98)	(5)	(93)
Transfers to lifetime ECL (credit-impaired)	(100)	(2)	(98)
Foreign exchange movements	3		3
Net balances	7 344	26	7 318
Total credit and zero balances			–
Balance at the end of the year	7 344	26	7 318

Trade, other bills and banker's acceptances¹

¹Represents amounts less than R1m.

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
744	13	731	108	12	96	8 572	32	8 540
		-			-	1 504	9	1 495
		-			-	-	-	-
(72)	9	(81)	(50)	42	(92)	(1 081)	63	(1 144)
(43)		(43)	(51)	3	(54)	(1 357)	2	(1 359)
(537)	(6)	(531)			-	-	-	-
98	5	93			-	-	-	-
(15)		(15)	115	2	113	-	-	-
		-			-	3	-	3
175	21	154	122	59	63	7 641	106	7 535
		-			-	-	-	-
175	21	154	122	59	63	7 641	106	7 535

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)	
	Allowance for ECL	Allowance for ECL	Allowance for ECL	
Rm				
Balance at the beginning of the year	97	72	108	277
New financial assets originated or purchased	196			196
Financial assets written off				-
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(75)	21	(23)	(77)
Final repayments	(130)	(64)	(19)	(213)
Transfers to 12-month ECL	62	(55)	(7)	-
Transfers to lifetime ECL (not credit-impaired)	(19)	50	(31)	-
Transfers to lifetime ECL (credit-impaired)	(55)	(5)	60	-
Foreign exchange movements	2	2		4
Net balances	78	21	88	187
Total credit and zero balances				-
Balance at the end of the year	78	21	88	187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

2022

Loans and advances

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	625 216	4 513	620 703
New financial assets originated or purchased	340 508	3 721	336 787
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements ¹	(170 160)	3 424	(173 584)
Final repayments	(95 576)	(875)	(94 701)
Transfers to 12-month ECL	45 918	843	45 075
Transfers to lifetime ECL (not credit-impaired)	(55 720)	(3 294)	(52 426)
Transfers to lifetime ECL (credit-impaired)	(18 787)	(4 262)	(14 525)
Foreign exchange movements	(1 604)	127	(1 731)
Net balances	669 795	4 197	665 598
Total credit and zero balances ²	8 033	(48)	8 081
Balance at the end of the year	677 828	4 149	673 679
Loans and advances at FVTPL			
Loans and advances at FVOCI			
Off-balance-sheet impairment allowance			
Fair-value hedge-accounted portfolios			
ECL credit and other balances			
Loans and advances			

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 loss allowance on balances that are liabilities to the group at the financial year-end. The group, however, still has credit risk exposure on these facilities.

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount		
98 762	6 495	92 267	39 299	15 038	24 261	763 277	26 046	737 231
		–			–	340 508	3 721	336 787
		–	(8 757)	(8 757)	–	(8 757)	(8 757)	–
3 486	513	2 973	(9 576)	4 354	(13 930)	(176 250)	8 291	(184 541)
(21 420)	(1 242)	(20 178)	(1 817)	(524)	(1 293)	(118 813)	(2 641)	(116 172)
(44 159)	(731)	(43 428)	(1 759)	(112)	(1 647)	–	–	–
60 458	3 875	56 583	(4 738)	(581)	(4 157)	–	–	–
(19 508)	(3 433)	(16 075)	38 295	7 695	30 600	–	–	–
28	45	(17)	693	714	(21)	(883)	886	(1 769)
77 647	5 522	72 125	51 640	17 827	33 813	799 082	27 546	771 536
33	(10)	43	35	(1)	36	8 101	(59)	8 160
77 680	5 512	72 168	51 675	17 826	33 849	807 183	27 487	779 696
								61 089
								42 824
								337
								(1 722)
								(59)
								882 165

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

Home loans

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	151 227	287	150 940
New financial assets originated or purchased	12 965	44	12 921
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	10 298	513	9 785
Final repayments	(10 424)	(13)	(10 411)
Transfers to 12-month ECL	5 266	21	5 245
Transfers to lifetime ECL (not credit-impaired)	(7 960)	(250)	(7 710)
Transfers to lifetime ECL (credit-impaired)	(2 383)	(298)	(2 085)
Foreign exchange movements	(264)	32	(296)
Net balances	158 725	336	158 389
Total credit and zero balances	207	(1)	208
Balance at the end of the year	158 932	335	158 597

Commercial mortgages

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount ¹	Allowance for ECL	Amortised cost
Balance at the beginning of the year	161 636	217	161 419
New financial assets originated or purchased	81 742	254	81 488
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(20 890)	(263)	(20 627)
Final repayments	(50 436)	(69)	(50 367)
Transfers to 12-month ECL	6 256	161	6 095
Transfers to lifetime ECL (not credit-impaired)	(7 476)	(38)	(7 438)
Transfers to lifetime ECL (credit-impaired)	(2 105)	(121)	(1 984)
Foreign exchange movements	(289)	(1)	(288)
Net balances	168 438	140	168 298
Total credit and zero balances			–
Balance at the end of the year	168 438	140	168 298

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
16 260	530	15 730	9 887	2 340	7 547	177 374	3 157	174 217
		–			–	12 965	44	12 921
		–	(365)	(365)	–	(365)	(365)	–
521	257	264	(673)	(34)	(639)	10 146	736	9 410
(882)	(24)	(858)	(675)	(162)	(513)	(11 981)	(199)	(11 782)
(4 549)	(13)	(4 536)	(717)	(8)	(709)	–	–	–
9 449	325	9 124	(1 489)	(75)	(1 414)	–	–	–
(2 383)	(420)	(1 963)	4 766	718	4 048	–	–	–
(12)		(12)	26	3	23	(250)	35	(285)
18 404	655	17 749	10 760	2 417	8 343	187 889	3 408	184 481
5		5	6	(1)	7	218	(2)	220
18 409	655	17 754	10 766	2 416	8 350	188 107	3 406	184 701

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount ¹	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
20 360	979	19 381	4 825	1 119	3 706	186 821	2 315	184 506
		–			–	81 742	254	81 488
		–	(371)	(371)	–	(371)	(371)	–
15 453	626	14 827	(279)	1 071	(1 350)	(5 716)	1 434	(7 150)
(17 758)	(925)	(16 833)	(331)	(32)	(299)	(68 525)	(1 026)	(67 499)
(5 922)	(148)	(5 774)	(334)	(13)	(321)	–	–	–
8 518	90	8 428	(1 042)	(52)	(990)	–	–	–
(9 439)	(492)	(8 947)	11 544	613	10 931	–	–	–
164	21	143	12	25	(13)	(113)	45	(158)
11 376	151	11 225	14 024	2 360	11 664	193 838	2 651	191 187
		–			–	–	–	–
11 376	151	11 225	14 024	2 360	11 664	193 838	2 651	191 187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

Properties in possession

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	106		106
New financial assets originated or purchased	4		4
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(2)		(2)
Final repayments	–		–
Transfers to 12-month ECL	–		–
Transfers to lifetime ECL (not credit-impaired)	–		–
Transfers to lifetime ECL (credit-impaired)	(4)		(4)
Foreign exchange movements	19		19
Net balances	123	–	123
Total credit and zero balances			–
Balance at the end of the year	123	–	123

Credit cards and overdrafts

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	21 890	815	21 075
New financial assets originated or purchased	7 537	160	7 377
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	341	1 091	(750)
Final repayments	(2 002)	(52)	(1 950)
Transfers to 12-month ECL	2 110	154	1 956
Transfers to lifetime ECL (not credit-impaired)	(4 138)	(385)	(3 753)
Transfers to lifetime ECL (credit-impaired)	(1 900)	(939)	(961)
Foreign exchange movements	1 531	66	1 465
Net balances	25 369	910	24 459
Total credit and zero balances	7 826	(47)	7 873
Balance at the end of the year	33 195	863	32 332

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
		–	81	10	71	187	10	177
		–			–	4	–	4
		–	1	1	–	1	1	–
		–	(19)	(6)	(13)	(21)	(6)	(15)
		–	(1)	(1)	–	(1)	(1)	–
		–			–	–	–	–
		–			–	–	–	–
		–	4		4	–	–	–
		–	–		–	19	–	19
–	–	–	66	4	62	189	4	185
		–			–	–	–	–
–	–	–	66	4	62	189	4	185

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
5 360	884	4 476	3 964	2 460	1 504	31 214	4 159	27 055
		–			–	7 537	160	7 377
		–	(1 770)	(1 770)	–	(1 770)	(1 770)	–
(79)	(191)	112	(104)	927	(1 031)	158	1 827	(1 669)
(679)	(59)	(620)	(221)	(84)	(137)	(2 902)	(195)	(2 707)
(1 958)	(117)	(1 841)	(152)	(37)	(115)	–	–	–
4 305	448	3 857	(167)	(63)	(104)	–	–	–
(927)	(374)	(553)	2 827	1 313	1 514	–	–	–
(218)	6	(224)	(4)	14	(18)	1 309	86	1 223
5 804	597	5 207	4 373	2 760	1 613	35 546	4 267	31 279
28	(10)	38	29		29	7 883	(57)	7 940
5 832	587	5 245	4 402	2 760	1 642	43 429	4 210	39 219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

Term loans

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount ¹	Allowance for ECL	Amortised cost
Balance at the beginning of the year	103 688	1 395	102 293
New financial assets originated or purchased	121 617	2 330	119 287
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(94 352)	901	(95 253)
Final repayments	(10 262)	(543)	(9 719)
Transfers to 12-month ECL	12 396	136	12 260
Transfers to lifetime ECL (not credit-impaired)	(16 320)	(1 116)	(15 204)
Transfers to lifetime ECL (credit-impaired)	(6 830)	(1 972)	(4 858)
Foreign exchange movements	(451)	33	(484)
Net balances	109 486	1 164	108 322
Total credit and zero balances			–
Balance at the end of the year	109 486	1 164	108 322

Specialised and other loans to clients¹

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	48 134	180	47 954
New financial assets originated or purchased	44 513	38	44 475
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(36 571)	(132)	(36 439)
Final repayments	(4 032)	(9)	(4 023)
Transfers to 12-month ECL	8 539	87	8 452
Transfers to lifetime ECL (not credit-impaired)	(2 890)	(27)	(2 863)
Transfers to lifetime ECL (credit-impaired)	(691)	(10)	(681)
Foreign exchange movements	(1 168)	(9)	(1 159)
Net balances	55 834	118	55 716
Total credit and zero balances			–
Balance at the end of the year	55 834	118	55 716

¹ 'Specialised and other loans to clients' includes deposits placed under reverse repurchase agreement and listed corporate bonds.

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount ¹	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
22 092	1 376	20 716	11 161	5 260	5 901	136 941	8 031	128 910
		–			–	121 617	2 330	119 287
		–	(3 898)	(3 898)	–	(3 898)	(3 898)	–
(7 413)	147	(7 560)	(5 223)	1 204	(6 427)	(106 988)	2 252	(109 240)
(546)	(98)	(448)	(173)	(104)	(69)	(10 981)	(745)	(10 236)
(12 382)	(135)	(12 247)	(14)	(1)	(13)	–	–	–
16 874	1 286	15 588	(554)	(170)	(384)	–	–	–
(2 873)	(1 252)	(1 621)	9 703	3 224	6 479	–	–	–
35	4	31	659	661	(2)	243	698	(455)
15 787	1 328	14 459	11 661	6 176	5 485	136 934	8 668	128 266
		–			–	–	–	–
15 787	1 328	14 459	11 661	6 176	5 485	136 934	8 668	128 266

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
9 890	623	9 267	1 498	464	1 034	59 522	1 267	58 255
		–			–	44 513	38	44 475
		–	(42)	(42)	–	(42)	(42)	–
(955)	(217)	(738)	(187)	65	(252)	(37 713)	(284)	(37 429)
(120)	(6)	(114)	(55)	(18)	(37)	(4 207)	(33)	(4 174)
(8 409)	(57)	(8 352)	(130)	(30)	(100)	–	–	–
2 962	66	2 896	(72)	(39)	(33)	–	–	–
(672)	(39)	(633)	1 363	49	1 314	–	–	–
4	5	(1)	(1)	7	(8)	(1 165)	3	(1 168)
2 700	375	2 325	2 374	456	1 918	60 908	949	59 959
		–			–	–	–	–
2 700	375	2 325	2 374	456	1 918	60 908	949	59 959

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

Instalment debtors

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	117 158	1 392	115 766
New financial assets originated or purchased	58 213	775	57 438
Financial assets written off	–	–	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(21 587)	1 556	(23 143)
Final repayments	(17 958)	(174)	(17 784)
Transfers to 12-month ECL	5 954	120	5 834
Transfers to lifetime ECL (not credit-impaired)	(15 261)	(1 434)	(13 827)
Transfers to lifetime ECL (credit-impaired)	(4 806)	(893)	(3 913)
Foreign exchange movements	7	6	1
Net balances	121 720	1 348	120 372
Total credit and zero balances	–	–	–
Balance at the end of the year	121 720	1 348	120 372

Preference shares and debentures

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	10 615	96	10 519
New financial assets originated or purchased	3 002	2	3 000
Financial assets written off	–	–	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(3 214)	(48)	(3 166)
Final repayments	–	–	–
Transfers to 12-month ECL	419	12	407
Transfers to lifetime ECL (not credit-impaired)	–	–	–
Transfers to lifetime ECL (credit-impaired)	–	(1)	1
Foreign exchange movements	–	–	–
Net balances	10 822	61	10 761
Total credit and zero balances	–	–	–
Balance at the end of the year	10 822	61	10 761

Overnight loans

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	4 599	9	4 590
New financial assets originated or purchased	8 658	4	8 654
Financial assets written off	–	–	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(3 655)	(71)	(3 584)
Final repayments	(51)	–	(51)
Transfers to 12-month ECL	4 343	81	4 262
Transfers to lifetime ECL (not credit-impaired)	(1 348)	(4)	(1 344)
Transfers to lifetime ECL (credit-impaired)	–	–	–
Foreign exchange movements	(988)	(3)	(985)
Net balances	11 558	16	11 542
Total credit and zero balances	–	–	–
Balance at the end of the year	11 558	16	11 542

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
18 125	1 841	16 284	7 275	3 106	4 169	142 558	6 339	136 219
		–			–	58 213	775	57 438
		–	(2 312)	(2 312)	–	(2 312)	(2 312)	–
(2 599)	(124)	(2 475)	(3 058)	1 159	(4 217)	(27 244)	2 591	(29 835)
(1 402)	(114)	(1 288)	(360)	(118)	(242)	(19 720)	(406)	(19 314)
(5 609)	(101)	(5 508)	(345)	(19)	(326)	–	–	–
16 658	1 607	15 051	(1 397)	(173)	(1 224)	–	–	–
(3 156)	(851)	(2 305)	7 962	1 744	6 218	–	–	–
79	6	73	1	8	(7)	87	20	67
22 096	2 264	19 832	7 766	3 395	4 371	151 582	7 007	144 575
		–			–	–	–	–
22 096	2 264	19 832	7 766	3 395	4 371	151 582	7 007	144 575

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
1 080	49	1 031	298	84	214	11 993	229	11 764
		–			–	3 002	2	3 000
		–			–	–	–	–
(571)	(13)	(558)	21	(26)	47	(3 764)	(87)	(3 677)
		–			–	–	–	–
(419)	(12)	(407)			–	–	–	–
		–			–	–	–	–
		–		1	(1)	–	–	–
		–			–	–	–	–
90	24	66	319	59	260	11 231	144	11 087
		–			–	–	–	–
90	24	66	319	59	260	11 231	144	11 087

Not credit-impaired			Credit-impaired					
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
4 659	68	4 591	221	86	135	9 479	163	9 316
		–			–	8 658	4	8 654
		–			–	–	–	–
(994)	54	(1 048)	(32)	(2)	(30)	(4 681)	(19)	(4 662)
		–			–	(51)	–	(51)
(4 343)	(81)	(4 262)			–	–	–	–
1 348	4	1 344			–	–	–	–
		–			–	–	–	–
(24)	(2)	(22)		(4)	4	(1 012)	(9)	(1 003)
646	43	603	189	80	109	12 393	139	12 254
		–			–	–	–	–
646	43	603	189	80	109	12 393	139	12 254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

Factoring accounts

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	6 162	8	6 154
New financial assets originated or purchased	2 257	11	2 246
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(528)	(11)	(517)
Final repayments	(411)	(1)	(410)
Transfers to 12-month ECL	635	9	626
Transfers to lifetime ECL (not credit-impaired)	(327)	(2)	(325)
Transfers to lifetime ECL (credit-impaired)	(68)	(7)	(61)
Foreign exchange movements			–
Net balances	7 720	7	7 713
Total credit and zero balances			–
Balance at the end of the year	7 720	7	7 713

Trade, other bills and banker's acceptances

Rm	Not credit-impaired		
	Subject to 12-month ECL		
	Gross carrying amount	Allowance for ECL	Amortised cost
Balance at the beginning of the year	1		1
New financial assets originated or purchased			–
Financial assets written off			–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements			–
Final repayments			–
Transfers to 12-month ECL			–
Transfers to lifetime ECL (not credit-impaired)			–
Transfers to lifetime ECL (credit-impaired)			–
Foreign exchange movements	(1)		(1)
Net balances	–	–	–
Total credit and zero balances			–
Balance at the end of the year	–	–	–

Not credit-impaired			Credit-impaired			Total		
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
936	20	916	89	7	82	7 187	35	7 152
		–			–	2 257	11	2 246
		–			–	–	–	–
123	(2)	125	(22)	2	(24)	(427)	(11)	(416)
(33)	(1)	(32)	(1)	(1)	–	(445)	(3)	(442)
(568)	(6)	(562)	(67)	(3)	(64)	–	–	–
344	5	339	(17)	(3)	(14)	–	–	–
(58)	(3)	(55)	126	10	116	–	–	–
		–			–	–	–	–
744	13	731	108	12	96	8 572	32	8 540
		–			–	–	–	–
744	13	731	108	12	96	8 572	32	8 540

Not credit-impaired			Credit-impaired			Total		
Subject to lifetime ECL			Subject to lifetime ECL (excluding purchased/originated)			Total		
Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
		–			–	1	–	1
		–			–	–	–	–
		–			–	–	–	–
		–			–	–	–	–
		–			–	–	–	–
		–			–	–	–	–
		–			–	–	–	–
		–			–	–	–	–
		–			–	(1)	–	(1)
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–

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)	
	Allowance for ECL	Allowance for ECL	Allowance for ECL	
Rm				
Balance at the beginning of the year	114	125	102	341
New financial assets originated or purchased	103			103
Financial assets written off				–
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
Net balances	97	72	108	277
Total credit and zero balances				–
Balance at the end of the year	97	72	108	277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

C2.13 FINANCIAL ASSETS WRITTEN OFF

KEY ASSUMPTIONS CONCERNING THE FUTURE AND KEY SOURCES OF ESTIMATION

Write-off and post-write-off recoveries

Loans and advances are written off when the group has no reasonable expectations of recovering the individual asset partially or in its entirety. This assessment is judgemental and based on both qualitative and quantitative information. To determine the point of write-off, Nedbank has developed policies over several years that consider trends, historical experience, the level of post write off recoveries, the macro environment, historical loan growth and recent delinquency trends. These policies are reviewed annually by appropriate governance forums and the appropriateness of the judgement is considered through a backtest that considers historical levels of post-write-off recoveries when compared with the written-off assets and the balance at default. The group may write off financial assets that are still subject to enforcement activity when there is no reasonable expectation of recovery. Details of the further quantitative and qualitative indicators for the write off point assessments are as follows:

LOANS AND ADVANCES FURTHER QUANTITATIVE AND QUALITATIVE INDICATORS¹

General (applicable to all categories)	<ul style="list-style-type: none"> It is not economical to pursue further recovery action. The issuance of a court order, including liquidation and insolvency orders. Fraud. Deceased estates. There is reputational risk associated with recovering the asset.
Mortgage loans	<ul style="list-style-type: none"> The asset is abandoned because it is not financially feasible to maintain or expectations of recovering the asset partially or in its entirety are remote. The cost to repair a vandalised property exceeds its value.
Instalment debtors	<ul style="list-style-type: none"> The asset cannot be traced. The asset is abandoned because it is not financially feasible to maintain or expectations of recovering the asset partially or in its entirety are remote.
Credit cards and overdrafts	<ul style="list-style-type: none"> The client has had 2 months with no payment at the legal stage, which translates into approximately 8 months in default.
Term loans (including personal loans)	<p>Personal loans:</p> <ul style="list-style-type: none"> The client has missed 12 consecutive payments. An insurance claim has been repudiated or a shortfall exists after a settlement and further internal collection have been exhausted. There is a case of confirmed fraud. <p>Term loans:</p> <ul style="list-style-type: none"> The amount becomes irrecoverable as a result of an adopted business rescue plan. The debt collection procedure has been completed, including exhausting the issuance of summons.
Other loans	<ul style="list-style-type: none"> Judgement is applied to determine whether or not a write off, in whole or in part, is appropriate on a case by case basis.

¹ The above is not an exhaustive list.

The following contractual amounts outstanding on financial assets were written off during the period, and are still subject to enforcement activity:

Rm	2023	2022
Contractual amount outstanding	7 883	6 476

C2.14 MODIFICATION OF FINANCIAL ASSETS

The group modifies the terms of loans provided to clients due to commercial renegotiations, due to clients' entering debt counselling or, in cases of distressed loans, to maximise recovery. Such restructuring activities include extended payment terms, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria that, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition when the modification is not substantial and does not result in derecognition of the original assets. The group monitors the subsequent performance of the assets. The group may determine that the credit risk has improved significantly after restructure and the assets are then moved from lifetime ECL (stage 2 and stage 3) to 12-month ECL (stage 1). This is the case for assets that have performed in accordance with the new terms during the post restructure monitoring period, being a period of at least 6 consecutive months. Refer to Section I: Financial Instruments for the group's accounting policy on the modification of loans.

The group continues to monitor whether there is a subsequent SICR in relation to such assets. The following table includes a summary of financial assets with lifetime ECLs of which the cash flows were modified during the year as part of the group's restructuring activities and their respective effects on the group's financial performance.

Where the modification of a loan did not result in a modification gain or loss being recognised due to the change in the contractual terms and conditions not being considered substantial and the present value of the loan discounted remaining unchanged, these modifications are not included in the disclosure below.

Refer to Section I: Financial instruments for the group's accounting policies regarding financial assets and liabilities, including modification of loans.

Rm	2023	2022
Modification during the year for which the loss allowance reflects lifetime ECL		
Amortised cost before modification	4 440	2 617
Net modification loss	571	369
Modification since initial recognition of the financial asset for which the loss allowance has changed during the year to reflect 12-month ECL		
Gross carrying amount at the end of the year	248	92
Impact of modification on the ECL allowances associated with these assets	2	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

C3 GOVERNMENT AND OTHER SECURITIES

C3.1 ANALYSIS

	2023 Rm	2022 Rm
Government and government-guaranteed securities	168 250	161 306
Other dated securities ¹	3 579	1 834
Fair-value hedge-accounted portfolios	(1 086)	(2 642)
Impairment of government and other securities	(26)	(3)
	170 717	160 495

¹ Includes securitised assets. See note F5.

C3.2 SECTORAL ANALYSIS

	2023 Rm	2022 Rm
Financial services, insurance and real estate	748	193
Banks	638	92
Transport, storage and communication	1 618	231
Government and public sector	167 713	159 979
	170 717	160 495

C4 OTHER SHORT-TERM SECURITIES

C4.1 ANALYSIS

	2023 Rm	2022 Rm
Negotiable certificates of deposit	21 253	22 174
Treasury bills and other bonds	66 519	48 493
Impairment of other short-term securities	(3)	(6)
	87 769	70 661

C4.2 SECTORAL ANALYSIS

	2023 Rm	2022 Rm
Banks	16 426	18 623
Government and public sector	66 539	48 090
Other sectors	4 804	3 948
	87 769	70 661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

C5 CREDIT ANALYSIS OF OTHER SHORT-TERM SECURITIES, AND GOVERNMENT AND OTHER SECURITIES

CREDIT RATINGS

	Investment grade ¹		Subinvestment grade ¹		Not rated		Total	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm
Other short-term securities	84 026	67 014	1 826	1 892	1 917	1 755	87 769	70 661
Negotiable certificates of deposit	21 174	22 095	79	79			21 253	22 174
Treasury bills and other bonds	62 853	44 921	1 747	1 813	1 919	1 759	66 519	48 493
Impairment of other short-term securities	(1)	(2)			(2)	(4)	(3)	(6)
Government and other securities	167 647	157 451	1 851	1 605	1 219	1 439	170 717	160 495
Government and government-guaranteed securities	166 130	159 114	893	766	1 227	1 426	168 250	161 306
Other dated securities	2 605	981	958	839	16	14	3 579	1 834
Fair-value hedge-accounted portfolios	(1 086)	(2 642)					(1 086)	(2 642)
Impairment of government and other securities	(2)	(2)			(24)	(1)	(26)	(3)
	251 673	224 465	3 677	3 497	3 136	3 194	258 486	231 156

¹ Debt securities that are purchased by the group are rated using an internal rating system, being the Nedbank Group Rating (NGR) scale. The group requires that investments be rated on the NGR scale to ensure that credit risk is measured consistently and accurately across the group. This ensures compliance with the group's policy on the rating of investments. The NGR scale has been mapped to the credit-rating scales of external credit-rating agencies. According to the NGR scale, investment grade can be equated to a Standard & Poor's and Fitch rating of at least BB+ and a Moody's rating of at least Ba1. The group's investment grade includes credit ratings from NGR01 to NGR12 and subinvestment grade includes credit ratings from NGR13 to NGR25.

C6 CASH AND CASH EQUIVALENTS

	2023 Rm	2022 Rm
Coins and banknotes	6 303	6 457
Money at call and short notice	6 908	6 115
Balances with central banks – other than mandatory reserve deposits	10 388	9 124
Cash and cash equivalents excluding mandatory reserve deposits with central banks	23 599	21 696
Mandatory reserve deposits with central banks	28 483	23 922
	52 082	45 618

Money at call and short notice constitute amounts withdrawable in 32 days or fewer. Mandatory reserve deposits with central banks are subject to certain restrictions and limitations levelled by the central banks in the countries of operation.

ACCOUNTING POLICY

Derivative financial instruments and hedge accounting

Derivatives are classified as financial assets when their fair value is positive, or as financial liabilities when their fair value is negative, subject to the offsetting principles as described under 'Offsetting financial assets and financial liabilities'. The method of recognising fair-value gains and losses depends on whether derivatives are designated as hedging instruments and the nature of the risks being hedged.

- **Derivatives that qualify for hedge accounting**

The group applies hedge accounting when transactions meet the criteria set out in IAS 39. The group's hedging strategy makes use of fair-value hedges, which are hedges of the change in fair value of recognised assets or liabilities or firm commitments. The group manages its interest rate risk exposure by entering into interest rate swaps. The interest rate risk exposure is frequently updated due to new loans and deposits being originated, contractual repayments, and early withdrawals or prepayments made by clients in each period. As a result, the group adopted a macro fair-value hedge strategy to hedge the designated risk profile by designating new swap agreements into the macro fair-value hedge-accounting solution at the beginning of every month. The group uses the macro fair-value hedge to recognise fair value changes related to the interest rate risk to reduce the profit or loss volatility that would otherwise arise from changes in fair value of the interest rate swaps alone.

- **Fair-value hedges**

Where a hedging relationship is designated as a fair-value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Fair-value gains and losses arising on the measurement of both the hedging instrument and the hedged item are recognised in profit or loss, for as long as the hedging relationship is effective at each testing date. Any hedge ineffectiveness is recognised in profit or loss. The main sources of hedge ineffectiveness in these hedging relationships are the cash flow mismatches between the hedged items and the hedging instruments and the movement in the benchmark overnight index swap curves relative to the designated risk curve. Residual accounting volatility is mainly as a result of the straight-line amortisation of fair-value adjustments on the designated risk to the income statement versus the fair-value unwind of swaps and as a result of the granularity of the fair-value methodology applied by Nedbank in the fair-value measurement of the designated risk.

If the derivative expires, is sold, is terminated, is exercised, or no longer meets the criteria for fair-value hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The fair-value adjustment to the hedged item is amortised to profit or loss over the life of the designated relationship in line with accounting standards. The unamortised fair-value adjustment of the hedged items is immediately recognised in profit or loss in the event that the hedged item is repaid or sold.

- **Derivatives that do not qualify for hedge accounting**

All gains and losses from changes in the fair value of derivatives that are not designated as being subject to hedge accounting are recognised immediately in non-interest revenue and income.

Embedded derivatives

Derivatives in a host contract that is a financial or non-financial instrument, such as an equity conversion option in a convertible bond, are separated from the host contract when all of the following conditions are met:

- The economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
- The combined contract is not measured at fair value, with changes in fair value recognised in profit or loss.

The host contract is accounted for:

- under IFRS 9 if it is a financial instrument; and
- in accordance with other appropriate accounting standards if it is not a financial instrument.

If an embedded derivative is required to be separated from its host contract but it is not possible to measure the fair value of the embedded derivative separately, either at acquisition or at a subsequent financial reporting date, the entire hybrid instrument is categorised as at FVTPL and measured at fair value.

Principal types of derivatives

These transactions have been entered into in the normal course of business and are carried at fair value. The principal types of derivative contracts into which the group enters are swaps, options, futures and forwards.

Collateral

The group may require collateral in respect of the credit risk present in derivative transactions. The amount of credit risk is principally the positive fair value of the contract. Collateral may be in the form of cash or in the form of a lien over a client's assets, entitling the group to make a claim for current and future liabilities.

Impact of Interbank Offered Rates (IBOR) reform on Nedbank

During the first half of 2023 all derivative and lending exposure to the last remaining USD London Interbank Offered Rate (LIBOR) reference rate were materially closed out or successfully migrated onto the equivalent Secured Overnight Financing Rate (SOFR)-based rate index. Nedbank used a number of techniques in this regard, including the International Swaps and Derivatives Association (ISDA) fallback protocol, central clearing of transactions, and bilateral client engagement where needed.

Nedbank has minimal residual exposure remaining to the interim synthetic LIBOR rate, which is being published for difficult legacy transactions. These exposures are expected to be remediated before the final discontinuation of synthetic LIBOR in the second half of 2024.

The internal bank IBOR transition programme has formally closed, and focus has shifted towards local benchmark reform.

C7.1 TOTAL CARRYING AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS

A detailed breakdown of the carrying amount (fair value) and notional principal of the various types of derivative financial instruments held by the group is presented in the following tables in notes C7.2 and C7.3.

	2023 Rm	2022 Rm
Gross carrying amount of assets	13 812	9 101
Gross carrying amount of liabilities	(14 141)	(9 738)
Net carrying amount	(329)	(637)

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C7.2 NOTIONAL PRINCIPAL OF DERIVATIVE FINANCIAL INSTRUMENTS

This represents the gross notional amounts of all outstanding contracts at year-end. This gross notional amount is the sum of the absolute amount of all purchases and sales of derivative instruments. The notional amounts do not represent amounts exchanged by the parties and therefore represent only the measure of involvement by the group in derivative contracts and not its exposure to market or credit risks arising from such contracts. The amounts actually exchanged are calculated on the basis of the notional amounts and other terms of the derivative, which relate to interest rates, exchange rates, securities or commodity prices or financial and other indices.

Rm	2023			2022		
	Notional principal	Positive value	Negative value	Notional principal (Restated)	Positive value (Restated)	Negative value (Restated)
Equity derivatives	335 290	259 344	75 946	9 376	7 380	1 996
Options written	52 884		52 884	1 284		1 284
Options purchased	252 734	252 734		1 530	1 447	83
Futures ²	29 672	6 610	23 062	6 562	5 933	629
Commodity derivatives	172	86	86	110	55	55
Options purchased	144	72	72	104	52	52
Swaps	26	13	13	1	1	1
Futures	2	1	1	6	3	3
Exchange rate derivatives	1 035 988	531 382	504 606	853 401	444 052	409 349
Forwards	807 391	421 308	386 083	611 966	324 929	287 037
Spot	19	19				
Futures	589		589	3 246		3 246
Currency swaps	148 232	69 253	78 979	166 976	81 518	85 458
Options written	79 757	40 802	38 955	71 213	37 605	33 608
Interest rate derivatives	3 826 644	2 033 371	1 793 273	5 481 288	2 811 735	2 669 553
Interest rate swaps	3 467 286	1 823 784	1 643 502	4 210 824	2 145 912	2 064 912
Forward rate agreements	221 894	134 882	87 012	1 125 609	625 353	500 256
Options purchased				90	30	60
Futures	71 454	54 895	16 559	77 804	11 467	66 337
Caps	15 421	6 013	9 408	14 964	5 637	9 327
Floors	1 522	461	1 061	2 720	1 235	1 485
Credit default swaps	11 241	4 672	6 569	15 482	6 850	8 632
Total return swaps	37 826	8 664	29 162	33 795	15 251	18 544
Total notional principal	5 198 094	2 824 183	2 373 911	6 344 175	3 263 222	3 080 953

¹ Represents amounts less than R1m.

² Includes contracts for difference with positive notional of R0m (2022: R0) and negative notional of R0m (2022: R0). The equity forward agreement has positive notional of R3 310m (2022: R5 933m) and negative notional of R3 705m (2022: R629m).

During the FY 2022 regulatory audit an error regarding the derivatives disclosure in the FY 2022 Nedbank financial statements was identified. The notional amounts of derivatives were disclosed at the incorrect amount due to an incorrect report being used for the disclosures that did not consider the amortising profile of the derivatives. This error has no impact on the carrying amounts of derivatives recognised in the statement of financial position or statement of comprehensive income.

Restated	2022		
	Notional principal	Positive value	Negative value
Rm			
Equity derivatives	9 376	7 380	1 996
Options written	1 284		1 284
Options purchased	1 530	1 447	83
Futures	6 562	5 933	629
Commodity derivatives	110	55	55
Options purchased	104	52	52
Futures	6	3	3
Exchange rate derivatives	853 401	444 052	409 349
Forwards	611 966	324 929	287 037
Futures	3 246		3 246
Currency swaps	166 976	81 518	85 458
Options written	71 213	37 605	33 608
Interest rate derivatives	5 481 288	2 811 735	2 669 553
Interest rate swaps	4 210 824	2 145 912	2 064 912
Forward rate agreements	1 125 609	625 353	500 256
Options purchased	90	30	60
Futures	77 804	11 467	66 337
Caps	14 964	5 637	9 327
Floors	2 720	1 235	1 485
Credit default swaps	15 482	6 850	8 632
Total return swaps	33 795	15 251	18 544
Total notional principal	6 344 175	3 263 222	3 080 953

Restatement	2022		
	Notional principal	Positive value	Negative value
Rm			
Exchange rate derivatives	(12 031)	(16 222)	4 191
Futures	3 246		3 246
Currency swaps	(82 262)	(51 593)	(30 669)
Options written	66 985	35 371	31 614
Interest rate derivatives	57 167	1 228	55 939
Interest rate swaps	304	(795)	1 099
Futures	56 240		56 240
Caps	912	456	456
Floors	(250)	(125)	(125)
Credit default swaps	(43)	532	(575)
Total return swaps	4	1 160	(1 156)
Total notional principal	45 136	(14 994)	60 130

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As previously reported	2022		
	Notional principal	Positive value	Negative value
Rm			
Equity derivatives	9 376	7 380	1 996
Options written	1 284		1 284
Options purchased	1 530	1 447	83
Futures	6 562	5 933	629
Commodity derivatives	110	55	55
Options purchased	104	52	52
Futures	6	3	3
Exchange rate derivatives	865 432	460 274	405 158
Forwards	611 966	324 929	287 037
Currency swaps	249 238	133 111	116 127
Options written	4 228	2 234	1 994
Interest rate derivatives	5 424 121	2 810 507	2 613 614
Interest rate swaps	4 210 520	2 146 707	2 063 813
Forward rate agreements	1 125 609	625 353	500 256
Options purchased	90	30	60
Futures	21 564	11 467	10 097
Caps	14 052	5 181	8 871
Floors	2 970	1 360	1 610
Credit default swaps	15 525	6 318	9 207
Total return swaps	33 791	14 091	19 700
Total notional principal	6 299 039	3 278 216	3 020 823

Analysis of derivative financial instruments	Equity derivatives	Commodity derivatives	Exchange rate derivatives	Interest rate derivatives	Total
Rm					
Notional principal of derivatives – restated					
2022					
Maturity analysis					
Under 1 year	8 973	109	732 239	4 459 085	5 200 406
1 to 5 years	403	1	78 918	639 908	719 230
Over 5 years			42 244	382 295	424 539
	9 376	110	853 401	5 481 288	6 344 175
Notional principal of derivatives –					
2022					
Maturity analysis					
Under 1 year			59 753	66 478	126 231
1 to 5 years			(41 560)	(2 637)	(44 197)
Over 5 years			(30 224)	(6 674)	(36 898)
			(12 031)	57 167	45 136
Notional principal of derivatives – as					
previously reported					
2022					
Maturity analysis					
Under 1 year	8 973	109	672 486	4 392 607	5 074 175
1 to 5 years	403	1	120 478	642 545	763 427
Over 5 years			72 468	388 969	461 437
	9 376	110	865 432	5 424 121	6 299 039

C7.3 CARRYING AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS

The amounts disclosed represent the fair value of all derivative instruments held at year-end. The fair value of a derivative financial instrument is the amount at which it could be exchanged in an orderly transaction between market participants at the measurement date other than a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted-cash flow models and market-accepted option-pricing models.

Rm	2023			2022		
	Net carrying amount	Carrying amount of assets	Carrying amount of liabilities	Net carrying amount	Carrying amount of assets	Carrying amount of liabilities
Equity derivatives	(25)	2 253	2 278	(184)	1 822	2 006
Options written	(1 793)		1 793	(512)		512
Options purchased	1 882	1 882		459	1 416	957
Futures ²	(114)	371	485	(131)	406	537
Commodity derivatives	244	719	475	16	172	156
Options purchased	32	347	315	(4)	106	110
Swaps	(4)	33	37	(1)	2	3
Futures	216	339	123	21	64	43
Exchange rate derivatives	(867)	4 170	5 037	(655)	3 663	4 318
Forwards	117	1 539	1 422	(281)	1 241	1 522
Spot	1	1				
Futures	(29)		29			
Currency swaps	(1 032)	1 789	2 821	(621)	1 270	1 891
Options written	77	842	765	247	1 152	905
Interest rate derivatives	319	6 670	6 351	186	3 444	3 258
Interest rate swaps	1 665	5 770	4 105	954	2 676	1 722
Forward rate agreements	1	4	3	(8)	1	9
Options purchased				1		1
Futures	(135)	146	281	5	60	55
Caps	(151)	10	161	(203)	21	224
Floors	1	1	1	31	31	1
Credit default swaps	(70)	86	156	(8)	12	20
Total return swaps	(991)	654	1 645	(585)	643	1 228
Total carrying amount	(329)	13 812	14 141	(637)	9 101	9 738

¹ Represents amounts less than R1m.

² Includes contracts for difference and an equity forward agreement. The fair value of the contracts for difference is zero as the variation margin is settled at the end of every day.

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C7.4 ANALYSIS OF DERIVATIVE FINANCIAL INSTRUMENTS

Rm	Equity derivatives	Commodity derivatives	Exchange rate derivatives	Interest rate derivatives	Total
Derivative assets					
2023					
Maturity analysis					
Under 1 year	1 172	584	2 724	824	5 304
1 to 5 years	1 081	135	654	1 283	3 153
Over 5 years			792	4 563	5 355
	2 253	719	4 170	6 670	13 812
2022					
Maturity analysis					
Under 1 year	1 594	145	2 763	889	5 391
1 to 5 years	228	27	765	864	1 884
Over 5 years			135	1 691	1 826
	1 822	172	3 663	3 444	9 101
Derivative liabilities					
2023					
Maturity analysis					
Under 1 year	1 281	349	2 377	1 924	5 931
1 to 5 years	997	126	536	1 620	3 279
Over 5 years			2 124	2 807	4 931
	2 278	475	5 037	6 351	14 141
2022					
Maturity analysis					
Under 1 year	1 740	156	2 546	1 097	5 539
1 to 5 years	266		579	1 704	2 549
Over 5 years			1 193	457	1 650
	2 006	156	4 318	3 258	9 738
Notional principal of derivatives					
2023					
Maturity analysis					
Under 1 year	144 650	166	911 889	3 052 348	4 109 053
1 to 5 years	190 640	6	75 439	460 306	726 391
Over 5 years			48 660	313 990	362 650
	335 290	172	1 035 988	3 826 644	5 198 094
2022 – Restated¹					
Maturity analysis					
Under 1 year	8 973	109	732 239	4 459 085	5 200 406
1 to 5 years	403	1	78 918	639 908	719 230
Over 5 years			42 244	382 295	424 539
	9 376	110	853 401	5 481 288	6 344 175

¹ Restated. Refer to note C7.2.

The maturity analysis in this note is prepared based on contractual maturities.

C7.5 DERIVATIVES DESIGNATED AS FAIR-VALUE HEDGES IN TERMS OF THE GROUP'S FAIR-VALUE HEDGE ACCOUNTING SOLUTION

As part of its hedging activities, the group enters into transactions that are designated as fair-value hedge transactions.

Fair-value hedges are used by the group to mitigate the risk of changes in the fair value of financial instruments due to movements in market interest rates. Derivatives that are designated by the group to form part of these fair-value hedge transactions consist principally of interest rate swaps. The corresponding hedged items forming part of these fair-value hedges, designated into the fair-value hedge-accounting solution, consist primarily of fixed-rate government bonds, loans, deposits and capital market issuances.

For qualifying fair-value hedges, all changes in the fair value of the derivative and in the fair value of the hedged item, in relation to the risk being hedged, are recognised in profit or loss monthly if the hedge-accounting criteria are met.

IAS 39 does not specify a single method for assessing hedge effectiveness. The method an entity adopts for assessing hedge effectiveness depends on its risk management strategy. The group considers the linear-regression method as the appropriate hedge effectiveness test to be used for prospective and retrospective hedge effectiveness testing. Linear regression is a statistical method that investigates the strength of the statistical relationship between the hedged item and the hedging instrument.

Linear-regression analysis involves determining a 'line of best fit' (slope) and then assessing the 'goodness of fit' (R-square) of this line. It provides a means of expressing, in a systematic fashion, the extent to which one variable, 'the dependent', will vary with changes in another variable, 'the independent'. In the context of assessing hedge effectiveness, it establishes whether changes in the hedged item and hedging instrument are highly correlated.

The total day-to-day movement of the hedged item (due to the hedged risk) is regressed against the total day-to-day movement of the designated external swaps to calculate the hedge effectiveness, ie the degree of offset between the movements in the external swap and the hedged item (due to hedged risk).

Given the respective methodologies applied to perform retrospective and prospective hedge effectiveness testing, the number of data points considered for linear regression will not be consistent between retrospective and prospective testing and will not remain constant for all retrospective tests performed. This is in line with the requirements of IAS39 as it proves hedge effectiveness retrospectively throughout the reporting periods for which the hedge was designated (IAS39 paragraphs 89 to 102) and prospectively up to the next possible rebalancing date as documented as part of the risk management strategy for this particular hedging relationship (IAS39 paragraphs 89 to 102). The hedged risk is designated on the first day of the month for prospective testing purposes and designated for the remainder of the month and with the retrospective run at month-end. The hedged risk is redesignated monthly to reflect the changes in the underlying risk as a result of new or matured deals, early settlements and early withdrawals since the previous risk designation.

During 2019 SARB established the Market Practitioners Group (MPG). This is a joint public and private sector body whose primary purpose is to facilitate decisions on the choice of interest rate benchmarks to be used as reference interest rates for financial and derivative contracts, as well as provide input to SARB and the Financial Sector Conduct Authority (FSCA) on the operationalisation of the benchmark proposals. Five workstreams were established in this regard:

- Unsecured reference interest rate
- Risk free reference interest rate
- Data collection and infrastructure
- Transition
- Governance

SARB, after extensive consultation with the MPG and its various workstreams, released a draft statement of methodology and the policies governing SARB-administered interest rate benchmarks in June 2020. This technical specification paper (TSP) detailed five interest rate benchmarks, which were as follows:

- South African Rand Interbank Overnight Rate (ZARIBOR).
- South African Secured Overnight Financing Rate (ZASFR).
- South African Rand Overnight Index Average (ZARONIA).
- Term Wholesale Financial Corporate Fixed Deposit Benchmark Rate.
- Term Wholesale Non-Financial Corporate Fixed Deposit Benchmark Rate.

Four of these benchmarks are new, with ZARONIA serving as a replacement for the current Johannesburg Interbank Average Rate (JIBAR).

SARB has articulated that the number of proposed interest rate benchmarks is not definitive and the ultimate outcome of reform will likely feature the coexistence of several interest rate benchmarks to fulfil different market and policy purposes. During the fourth quarter of 2022 the SARB began daily publication of the key ZARONIA rate in an observation only status (ie no active trading). Subsequently, as at November 2023, the observation period for ZARONIA has ended and market participants are now free to use the benchmark in financial contracts.

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Through the work of the MPG's transition workstream, three new workstreams have been created to facilitate the transition agenda in 2022, which are as follows:

- Derivatives
- Legal
- Accounting and tax

Nedbank continues to stay abreast of the changes and will assess impacts once the changes have been finalised. The following table contains details of the hedged banking book exposures covered by the group's macro fair-value hedge accounting:

	Carrying amount of hedged items		Notional amount of hedged items		Accumulated amount of fair-value adjustments on the hedged item	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
2023						
Loans and advances	76 709		76 628		(471)	
Government and other securities	74 885		78 100		(1 086)	
Amounts owed to depositors		186 233		181 347		2
Total	151 594	186 233	154 728	181 347	(1 557)	2
2022						
Loans and advances	79 049		78 551		(1 722)	
Government and other securities	67 774		70 200		(2 642)	
Amounts owed to depositors		172 605		170 201		1 367
Total	146 823	172 605	148 751	170 201	(4 364)	1 367

During the year the group reviewed its presentation of derivatives designated as fair-value hedges in terms of its fair-value hedge accounting portfolio. As a result, the group added the carrying amount of hedged items to this disclosure. For comparability, this presentation has been applied to the prior and current year.

Hedge effectiveness testing was performed monthly and evaluated against the effectiveness range of 80% to 125%. For the periods where the hedge effectiveness results were outside of the effectiveness range, the full fair-value movement of the hedging instruments on those hedging portfolios was recorded in profit or loss without recognition of the effective portion of the fair-value movement designated risk in profit or loss. Ineffectiveness is disclosed in non-interest revenue and income.

The table below contains the fair-value change of the hedged item and hedging instrument per month recognised in profit or loss (presented on an external basis):

Rm	2023											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Change in the fair value of hedged items	1 921	(2 013)	559	(929)	(3 087)	2 379	979	424	(1 871)	559	2 121	401
Change in the fair value of the hedging instruments	(1 870)	2 003	(387)	1 081	3 043	(2 221)	(836)	(244)	2 044	(392)	(1 955)	(255)
Net fair-value change	51	(10)	172	152	(44)	158	143	180	173	167	166	146

Rm	2022											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Change in the fair value of hedged items	(1 400)	101	(1 078)	(2 100)	275	(2 701)	1 440	(784)	(2 118)	537	1 935	(630)
Change in the fair value of the hedging instruments	1 338	(149)	1 009	2 060	(283)	2 699	(1 440)	819	2 154	(478)	(1 917)	654
Net fair-value change	(62)	(48)	(69)	(40)	(8)	(2)	–	35	36	59	18	24

The following table contains the impact on profit or loss:

Rm	2023	2022
Losses on hedged items	1 443	(6 523)
Profit on hedging instruments	11	6 466
Movement in fair value that was recognised in profit or loss¹	1 454	(57)

¹ Included in non-interest revenue and income.

SECTION D: CORE BANKING LIABILITIES

D1 AMOUNTS OWED TO DEPOSITORS

ACCOUNTING POLICY

Refer to Section I: Financial instruments for the group's accounting policies regarding financial assets and liabilities.

D1.1 CLASSIFICATIONS

	2023 Rm	2022 Rm
Current accounts	113 231	110 590
Savings deposits	36 466	42 095
Other deposits and loan accounts	768 158	726 686
Call and term deposits	435 331	409 270
Fixed deposits	75 890	72 277
Cash management deposits	79 479	99 734
Other deposits and loan accounts	177 458	145 405
Foreign currency liabilities	29 032	29 180
Negotiable certificates of deposit	127 142	118 892
Deposits received under repurchase agreements ¹	13 619	13 546
Macro fair-value hedge-accounted portfolios	(3)	(1 367)
	1 087 645	1 039 622
Comprises:		
– Banking deposits	1 029 746	983 582
– Trading deposits	57 899	56 040
	1 087 645	1 039 622

¹ The group has pledged government and other securities (note C3) and negotiable certificates of deposit (note C4) amounting to R14 924m (2022: R14 408m) as collateral for deposits received under repurchase agreements, of which R13 120m (2022: R13 546m) relates to sell- or buybacks. These amounts represent assets that have been transferred but that do not qualify for derecognition under IFRS 9.

Deposit products include current accounts, savings accounts, call and notice deposits, fixed deposits and negotiable certificates of deposit. Term deposits vary from 6 months to 5 years in both the wholesale and retail markets.

Foreign currency liabilities are either matched by advances to clients or hedged against exchange rate fluctuations.

See note D1.4 for a breakdown of amounts owed to depositors by operating segment.

D1.2 SECTORAL ANALYSIS

	2023 Rm	2022 Rm
Banks	68 775	46 164
Government and public sector	101 963	84 654
Individuals	253 154	231 247
Business sector	663 753	677 557
	1 087 645	1 039 622

D1.3 GEOGRAPHICAL ANALYSIS

	2023 Rm	2022 Rm
SA	965 417	930 106
Rest of Africa	49 076	42 317
Europe	47 735	51 832
Asia	17 180	9 428
United States of America	5 132	1 910
Rest of world	3 105	4 029
	1 087 645	1 039 622

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D1.4 SEGMENTAL ANALYSIS

Rm	Total		Nedbank Corporate and Investment Banking	
	2023	2022	2023	2022
Current accounts	113 231	110 590	9 402	8 672
Savings deposits	36 466	42 095		
Other deposits and loan accounts	768 158	726 686	399 550	399 552
Call and term deposits	435 331	409 270	155 884	162 380
Fixed deposits	75 890	72 277	12 392	15 586
Cash management deposits	79 479	99 734	67 885	87 459
Other deposits and loan accounts	177 458	145 405	163 389	134 127
Foreign currency liabilities	29 032	29 180	19 428	20 116
Negotiable certificates of deposit	127 142	118 892		
Macro fair-value hedge-accounted portfolios	(3)	(1 367)		
Deposits received under repurchase agreements	13 619	13 546	13 120	13 546
	1 087 645	1 039 622	441 500	441 886
Comprises:				
– Banking deposits	1 029 746	983 582	383 601	385 846
– Trading deposits	57 899	56 040	57 899	56 040
	1 087 645	1 039 622	441 500	441 886

Nedbank Retail and Business Banking		Nedbank Wealth		Nedbank Africa Regions		Centre	
2023	2022	2023	2022	2023	2022	2023	2022
89 206	88 662	2 287	2 275	12 150	10 758	186	223
14 123	13 796	21 440	27 422	903	877		
323 465	290 669	24 462	16 473	19 764	18 819	917	1 173
248 022	223 350	21 366	13 968	10 050	9 567	9	5
56 475	49 835	1 738	1 124	5 285	5 732		
9 354	9 459	234	262	1 827	2 385	179	169
9 614	8 025	1 124	1 119	2 602	1 135	729	999
9 489	8 987	23	21	92	56		
				3 438	3 817	123 704	115 075
				499		(3)	(1 367)
436 283	402 114	48 212	46 191	36 846	34 327	124 804	115 104
436 283	402 114	48 212	46 191	36 846	34 327	124 804	115 104
436 283	402 114	48 212	46 191	36 846	34 327	124 804	115 104

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D2 LONG-TERM DEBT INSTRUMENTS

Instrument type	Maturity dates	Interest rates	2023 Rm	2022 Rm
Subordinated debt				
Callable notes (Namibian-dollar-denominated – floating)	27 October 2031	JIBAR plus 2,75%	102	103
Callable notes (Namibian-dollar-denominated – fixed)	31 July 2029 to 27 January 2032	9,16% to 10,82%	312	313
Long-term debenture	15 September 2030	Zero coupon	15	13
Basel III subordinated debt¹				
Callable notes (rand-denominated – floating)	9 April 2029 to 19 November 2032	JIBAR plus 2,00% to 3,85%	9 073	13 594
Callable notes green bonds	30 June 2030 to 4 October 2033	JIBAR plus 1,715% to 2,80%	4 146	2 018
Securitised liabilities				
Callable notes (rand-denominated – floating)	20 February 2037 to 25 November 2053	JIBAR plus 1,24% to 2,50%	1 241	1 240
Senior unsecured debt²				
Senior unsecured notes – fixed	20 February 2024 to 19 November 2027	9,44% to 11,15%	11 388	12 531
Senior unsecured notes – floating	20 February 2024 to 21 February 2033	JIBAR plus 1,08% to 2,25%	18 726	19 333
Senior unsecured green bonds	30 April 2024 to 15 December 2028	JIBAR plus 1,30% to 1,45%	2 702	2 697
Unsecured debentures	30 November 2029	Zero coupon	72	61
Total long-term debt instruments in issue			47 777	51 903

¹During 2023 three Basel III subordinated debt instruments were redeemed to the value of R4 507m (2022: R2 500m), and one Green bond was issued at R2 074m (2022: R1 424m), linked to JIBAR plus 1,715% and redeemable on 4 October 2033.

²During 2023 nine senior unsecured debt instruments were repaid to the value of R4 568m (2022: R4 694m), and four new senior unsecured debt instruments were issued to the value of R2 768m (2022: R0).

D2.1 MOVEMENT IN CARRYING AMOUNT

	2023 Rm	2022 Rm
Balance at the beginning of the year	51 903	58 159
Changes arising from cash movements	(9 008)	(10 350)
Issue of long-term debt instruments	4 842	1 424
Redemption of long-term debt instruments	(9 075)	(7 811)
Interest paid	(4 775)	(3 963)
Disposal of own long-term debt	(17)	(30)
Changes arising from non-cash movements	4 899	4 124
Accrued interest and unwinding of premiums/discount	4 899	4 124
Balance at the end of the year	47 777	51 903

D3 INVESTMENT CONTRACT LIABILITIES

Insurance contracts are contracts under which the group accepts insurance risk from another party by agreeing to compensate such party or other beneficiaries if a specified uncertain future event adversely affects the party or other beneficiaries and are classified as insurance contract liabilities. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Policies held within investment contracts are recorded at FVTPL. The group's investment contract liabilities are directly linked to an investment asset for the policyholder.

ACCOUNTING POLICY

Linked products

Linked products are investment-related products where the policyholder bears the investment risk on the assets held in these investment products. The policy benefits are linked directly to the value of the assets in the fund. Linked products are designated and measured at FVTPL at each reporting date. Linked products are revalued using valuation techniques such as discounted-cash-flow methods, index values and closing market values. The valuations are also adjusted for the effects of changes in foreign exchange rates.

	2023 Rm	2022 Rm (Restated) ¹
Balance at the beginning of the year ¹	16 832	18 254
Premium received	4 577	4 118
Investment income	1 722	735
Annuities	(229)	(261)
Death and disability benefits ¹	(140)	(187)
Withdrawals/Surrenders ¹	(5 212)	(5 949)
Other movements	(38)	122
Balance at the end of the year	17 512	16 832

¹ Refer to note A4: Restatements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

D4 INSURANCE CONTRACTS

ACCOUNTING POLICY

Classification

Contracts under which the group accepts significant insurance risk are classified as insurance contracts. Contracts held by the group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. A contract that is classified as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire. Some contracts entered into by the group have the legal form of insurance contracts but do not transfer significant insurance risk. These contracts are classified as financial liabilities.

Aggregate and recognition of insurance and reinsurance contracts

Insurance and reinsurance contracts are aggregated into groups for measurement purposes. Groups of insurance and reinsurance contracts are determined by identifying portfolios of insurance and reinsurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (ie by year of issue) and each annual cohort into 3 groups based on the profitability of contracts:

- Any contracts that are onerous on initial recognition.
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently.
- Any remaining contracts in the annual cohort.

Insurance and reinsurance contracts have been aggregated into contracts measured under the GMM and contracts measured under the PAA.

Insurance revenue - insurance contracts measured under GMM

The group recognises insurance revenue as it satisfies its performance obligations, ie as it provides services under groups of insurance contracts. The insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining cover that relate to services for which the group expected to receive consideration, and comprises the following items:

- A release of the CSM, measured based on the cover units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year.

In addition, the group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way.

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the cover units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each cover unit provided in the year and expected to be provided in future years, and recognising, in profit or loss, the amount of the CSM allocated to cover units provided in the year. The number of cover units is the quantity of services provided by the contracts in the group, determined by considering the quantity of benefits provided for each contract and their expected cover period. The cover units are reviewed at each reporting date.

Insurance revenue - insurance contracts measured under the PAA

The insurance revenue for each period is the amount of expected premium payments received for providing services in that period. The group allocates the expected premium payments to each period as time passes, unless another basis is more appropriate.

Insurance service expense

Insurance service expenses arising from insurance contracts are generally recognised in profit or loss as they are incurred.

Reinsurance income

Reinsurance income comprises an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in that period.

Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amount of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein. The group presents insurance finance income or expenses in profit or loss.

Insurance acquisition cash flows

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

Measurement - contracts measured under GMM

Insurance contracts

Insurance contracts are initially measured as the total of:

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

These insurance contracts are subsequently measured as the sum of the LRC and the LIC.

The LRC comprises:

- the fulfilment cash flows that relate to services that will be provided under the contracts in future periods; and
- any remaining CSM at that date.

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

Reinsurance contracts

To measure a group of reinsurance contracts, the group applies the same accounting policies as are applied to insurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

Measurement - contracts measured under the PAA

The group uses the PAA to simplify the measurement of groups of contracts when the criteria according to IFRS 17 are met.

Insurance contracts

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

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses (where not expensed upfront), and decreased by the amount recognised as insurance revenue for services provided. The group recognises the LIC of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims.

Reinsurance contracts

To measure a group of reinsurance contracts the group applies the same accounting policies as are applied to insurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

D4.1 RECONCILIATION OF REMAINING COVERAGE AND INCURRED CLAIMS

2023

	Opening balance at 1 January 2023			Closing balance at 31 December 2023		
	Gross insurance contracts	Reinsurance contracts	Total insurance contracts	Gross insurance contracts	Reinsurance contracts	Total insurance contracts
Insurance contract assets	10	146	156	11	367	378
Insurance contract liabilities	(1 282)		(1 282)	(1 537)	(7)	(1 544)
Net balance	(1 272)	146	(1 126)	(1 526)	360	(1 166)

	LRC	LIC	Total
Opening insurance contract assets at 1 January 2023	57	99	156
Opening insurance contract liabilities at 1 January 2023	(754)	(528)	(1 282)
Net opening balance	(697)	(429)	(1 126)
Insurance revenue	3 710	-	3 710
CSM recognised for services provided	587		587
Change in risk adjustment for non-financial risk for risk expired	131		131
Expected insurance service expenses incurred:			
Claims	572		572
Expenses	173		173
Recovery of insurance acquisition cash flows	265		265
Experience adjustments not related to future service (GMM)	(53)		(53)
Expected premium receipts allocation under the PAA	2 035		2 035
Insurance service expenses	(698)	(1 869)	(2 567)
Incurred insurance service expenses:			
Claims	101	(1 464)	(1 363)
Expenses	11	(482)	(471)
Other movements related to current service		153	153
Amortisation/ expense of insurance acquisition cash flows	(747)		(747)
Changes that relate to past service (changes in fulfilment cash flows regarding LIC)		(76)	(76)
Changes that relate to future service:			
Losses for the net outflow recognised on initial recognition	(50)		(50)
Losses and reversal of losses on onerous contracts – subsequent measurement	(13)		(13)
Reinsurance (expense)/ income	(265)	185	(80)
Total insurance service result	2 747	(1 684)	1 063
Insurance finance income	15	4	19
Net revenue for insurance and reinsurance contracts	2 762	(1 680)	1 082
Net premiums and premium tax received	(3 502)		(3 502)
Net claims and other insurance service expenses paid, including investment components		1 620	1 620
Insurance acquisition cash flows	760		760
Total cash flows	(2 742)	1 620	(1 122)
Closing insurance contract assets at 31 December 2023	246	132	378
Closing insurance contract liabilities at 31 December 2023	(923)	(621)	(1 544)
Net closing balance	(677)	(489)	(1 166)

2022

	Opening balance at 1 January 2022			Closing balance at 31 December 2022		
	Gross insurance contracts	Reinsurance contracts	Total insurance contracts	Gross insurance contracts	Reinsurance contracts	Total insurance contracts
Insurance contract assets	3	206	209	10	146	156
Insurance contract liabilities	(1 806)	(4)	(1 810)	(1 282)		(1 282)
Net balance	(1 803)	202	(1 601)	(1 272)	146	(1 126)

	LRC	LIC	Total
Opening insurance contract assets at 1 January 2022	37	172	209
Opening insurance contract liabilities at 1 January 2022	(1 041)	(769)	(1 810)
Net opening balance	(1 004)	(597)	(1 601)
Insurance revenue	3 823	–	3 823
CSM recognised for services provided	540		540
Change in risk adjustment for non-financial risk for risk expired	299		299
Expected insurance service expenses incurred:			
Claims	692		692
Expenses	150		150
Recovery of insurance acquisition cash flows	208		208
Experience adjustments not related to future service (GMM)	10		10
Expected premium receipts allocation under the PAA	1 924		1 924
Insurance service expenses	(469)	(1 727)	(2 196)
Incurred insurance service expenses:			
Claims	766	(1 555)	(789)
Expenses	27	(424)	(397)
Other movements related to current service		246	246
Amortisation/ expense of insurance acquisition cash flows	(631)		(631)
Changes that relate to past service (changes in fulfilment cash flows regarding LIC)		6	6
Changes that relate to future service:			
Losses for the net outflow recognised on initial recognition	(753)		(753)
Losses and reversal of losses on onerous contracts – subsequent measurement	122		122
Reinsurance (expense)/ income	(186)	190	4
Total insurance service result	3 168	(1 537)	1 631
Insurance finance expense	(136)		(136)
Net revenue for insurance and reinsurance contracts	3 032	(1 537)	1 495
Net premiums and premium tax received	(3 395)		(3 395)
Net claims and other insurance service expenses paid, including investment components		1 706	1 706
Insurance acquisition cash flows	669		669
Total cash flows	(2 726)	1 706	(1 020)
Closing insurance contract assets at 31 December 2022	57	99	156
Closing insurance contract liabilities at 31 December 2022	(755)	(527)	(1 282)
Net closing balance	(698)	(428)	(1 126)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

D4.2 RECONCILIATION OF INSURANCE CONTRACTS

2023

	Estimates of present value of future cash flows	Risk adjustment for non-financial Risk	CSM	Total net GMM	Total PAA	Total
Opening insurance contract assets at 1 January 2023	80	13	(33)	60	96	156
Opening insurance contract liabilities at 1 January 2023	862	(567)	(964)	(669)	(613)	(1 282)
Net opening balance	942	(554)	(997)	(609)	(517)	(1 126)
Changes that relate to current services	53	128	587	768	–	768
CSM recognised for services provided			587	587		587
Change in risk adjustment for non-financial risk for risk expired		128		128		128
Experience adjustments not related to future service	53			53		53
Changes that relate to future services	738	(211)	(575)	(48)	–	(48)
Contracts initially recognised in the year	667	(186)	(530)	(49)		(49)
Changes in estimates that adjust the CSM	41	4	(45)	–		–
Changes in estimates that relate to losses and reversal of losses on onerous contracts	30	(29)		1		1
Other changes and PAA recognition	65	6		71	352	423
Reinsurance expense	(40)	(5)	(6)	(51)	(29)	(80)
Total insurance service result	816	(82)	6	740	323	1 063
Insurance finance income/ (expense)	138	(42)	(80)	16	3	19
Net revenue for insurance and reinsurance	954	(124)	(74)	756	326	1 082
Net premiums and premium tax received	(1 702)			(1 702)	(1 800)	(3 502)
Net claims and other insurance service expenses paid, including investment components	615			615	1 005	1 620
Insurance acquisition cash flows	293			293	467	760
Total cash flows	(794)	–	–	(794)	(328)	(1 122)
Closing insurance contract assets at 31 December 2023	239	1	13	253	125	378
Closing insurance contract liabilities at 31 December 2023	863	(679)	(1 084)	(900)	(644)	(1 544)
Net closing balance	1 102	(678)	(1 071)	(647)	(519)	(1 166)

2022

	Estimates of present value of future cash flows	Risk adjustment for non-financial Risk	CSM	Total net GMM	Total PAA	Total
Opening insurance contract assets at 1 January 2022	48	52	18	118	91	209
Opening insurance contract liabilities at 1 January 2022	425	(873)	(555)	(1 003)	(807)	(1 810)
Net opening balance	473	(821)	(537)	(885)	(716)	(1 601)
Changes that relate to current services	334	311	540	1 185	–	1 185
CSM recognised for services provided			540	540		540
Change in risk adjustment for non-financial risk for risk expired		311		311		311
Experience adjustments not related to future service	334			334		334
Changes that relate to future services	1 048	(74)	(960)	14	–	14
Contracts initially recognised in the year	576	(305)	(368)	(97)		(97)
Changes in estimates that adjust the CSM	389	203	(592)	–		–
Changes in estimates that relate to losses and reversal of losses on onerous contracts	83	28		111		111
Other changes and PAA recognition	(14)	10		(4)	432	428
Reinsurance (expense)/ income	31	9	10	50	(46)	4
Total insurance service result	1 399	256	(410)	1 245	386	1 631
Insurance finance (expense)/ income	(96)	8	(48)	(136)		(136)
Net revenue for insurance and reinsurance	1 303	264	(458)	1 109	386	1 495
Net premiums and premium tax received	(1 663)			(1 663)	(1 732)	(3 395)
Net claims and other insurance service expenses paid, including investment components	569			569	1 137	1 706
Insurance acquisition cash flows	259			259	410	669
Total cash flows	(835)	–	–	(835)	(185)	(1 020)
Closing insurance contract assets at 31 December 2022	80	13	(33)	60	96	156
Closing insurance contract liabilities at 31 December 2022	861	(570)	(962)	(671)	(611)	(1 282)
Net closing balance	941	(557)	(995)	(611)	(515)	(1 126)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

D5 CONTRACTUAL MATURITY ANALYSIS FOR FINANCIAL LIABILITIES

Rm	Statement of financial position amount	<3 months	>3 months <6 months	>6 months <1 year
2023				
Long-term debt instruments	47 777	4 503	2 198	3 211
Investment contract liabilities	17 512	17 512		
Insurance contract liabilities	1 544			609
Amounts owed to depositors	1 087 645	750 437	95 475	172 552
Current accounts	113 231	113 348		
Savings deposits	36 466	36 519		
Other deposits and loan accounts	768 158	536 417	60 964	131 328
Foreign currency liabilities	29 032	23 061	367	2 240
Negotiable certificates of deposit	127 142	27 473	34 144	38 984
Deposits received under repurchase agreements	13 619	13 619		
Macro fair-value hedge-accounted portfolios	(3)			
Derivative financial instruments – liabilities	14 141	3 189	746	1 996
Lease liabilities	2 647	245	224	448
Provisions and other liabilities	20 931	4 941	78	113
	1 192 197	780 827	98 721	178 929
Contingent liabilities, undrawn facilities and commitments				
Guarantees on behalf of clients		30 212		
Letters of credit and discounting transactions		5 040		
Irrevocable unused facilities and other		195 398		
		230 650		

Rm	Statement of financial position amount (Restated) ¹	<3 months (Restated) ¹	>3 months <6 months	>6 months <1 year
2022				
Long-term debt instruments	51 903	5 092	1 851	4 619
Investment contract liabilities ¹	16 832	16 832		
Insurance contract liabilities ¹	1 282			570
Amounts owed to depositors	1 039 622	754 552	86 697	122 237
Current accounts	110 590	110 689		
Savings deposits	42 095	42 133		
Other deposits and loan accounts	726 686	539 211	51 431	88 409
Foreign currency liabilities	29 180	29 235		
Negotiable certificates of deposit	118 892	19 738	35 266	33 828
Deposits received under repurchase agreements	13 546	13 546		
Macro fair-value hedge-accounted portfolios	(1 367)			
Derivative financial instruments – liabilities	9 738	2 227	1 122	2 190
Lease liabilities	2 595	263	230	461
Provisions and other liabilities ¹	14 988	3 799	33	275
	1 136 960	782 765	89 933	130 352
Contingent liabilities, undrawn facilities and commitments				
Financial guarantees on behalf of clients		34 462		
Letters of credit and discounting transactions		9 038		
Irrevocable unused facilities and other		170 547		
		214 047		

¹ Refer to note A4: Restatements.

Provisions and other liabilities are included in this table to provide a reconciliation with the statement of financial position and include current and deferred taxation liabilities and long-term employee benefit liabilities. Derivatives are not profiled on an undiscounted basis.

>1 year < 5years	>5 years	Non- determinable maturity	Total
31 445	13 068		54 425
			17 512
65	1 066		1 740
117 920	11 301	–	1 147 685
			113 348
			36 519
66 122	10 137		804 968
5 410	–		31 078
46 388	1 167		148 156
			13 619
	(3)		(3)
3 279	4 931		14 141
1 954	374		3 245
226	26	15 619	21 003
154 889	30 766	15 619	1 259 751
			30 212
			5 040
			195 398
–	–	–	230 650

>1 year < 5years	>5 years	Non- determinable maturity (Restated) ¹	Total
35 581	18 136		65 279
			16 832
147	1 059		1 776
103 629	8 301	–	1 075 416
			110 689
			42 133
59 271	7 522		745 844
			29 235
44 358	2 146		135 336
			13 546
	(1 367)		(1 367)
2 549	1 650		9 738
1 692	542		3 188
254	9	10 655	15 025
143 852	29 697	10 655	1 187 254
			34 462
			9 038
			170 547
–	–	–	214 047

SECTION E: ASSET MANAGEMENT

E1 MANAGED FUNDS

ACCOUNTING POLICY

The group, through a number of subsidiaries, operates unit trusts, holds and invests funds on behalf of clients and acts as a trustee in a number of fiduciary capacities. In addition, companies in the group operate securities and custodial services on behalf of clients. Commissions and fees earned in respect of trust and management activities performed are included in the consolidated SOCI as non-interest revenue and income. The funds under management described below are not included in the group's consolidated SOFP.

E1.1 FAIR VALUE OF FUNDS UNDER MANAGEMENT – BY TYPE

	2023 Rm	2022 Rm
Fair value of funds under management – by type		
Unit trusts	392 468	341 045
Third party	1 163	1 008
Private clients	54 836	51 011
	448 467	393 064

E1.2 FAIR VALUE OF FUNDS UNDER MANAGEMENT – BY GEOGRAPHY

	2023 Rm	2022 Rm
SA	333 067	298 460
Rest of world ¹	115 400	94 604
	448 467	393 064

¹ Represents amounts relating to Isle of Man.

E1.3 RECONCILIATION OF MOVEMENT IN FUNDS UNDER MANAGEMENT – BY TYPE

	Unit trusts Rm	Third party Rm	Private clients Rm	Total Rm
Balance at 1 January 2022	359 404	1 105	63 820	424 329
Inflows	690 545	12	6 608	697 165
Outflows	(692 979)	(32)	(14 787)	(707 798)
Mark-to-market value adjustment	(20 594)	(10)	(4 210)	(24 814)
Foreign currency translation differences	4 669	(67)	(420)	4 182
Balance at 31 December 2022	341 045	1 008	51 011	393 064
Inflows	746 577	10	6 247	752 834
Outflows	(734 714)	(16)	(8 217)	(742 947)
Mark-to-market value adjustment	30 707	11	4 590	35 308
Foreign currency translation differences	8 853	150	1 205	10 208
Balance at 31 December 2023	392 468	1 163	54 836	448 467

E1.4 RECONCILIATION OF MOVEMENT IN FUNDS UNDER MANAGEMENT – BY GEOGRAPHY

	SA Rm	Rest of world Rm	Total Rm
Balance at 1 January 2022	325 318	99 011	424 329
Inflows	677 208	19 957	697 165
Outflows	(695 073)	(12 725)	(707 798)
Mark-to-market value adjustment	(8 993)	(15 821)	(24 814)
Foreign currency translation differences		4 182	4 182
Balance at 31 December 2022	298 460	94 604	393 064
Inflows	741 862	10 972	752 834
Outflows	(727 526)	(15 421)	(742 947)
Mark-to-market value adjustment	20 271	15 037	35 308
Foreign currency translation differences		10 208	10 208
Balance at 31 December 2023	333 067	115 400	448 467

SECTION F: INVESTMENTS

F1 INVESTMENT SECURITIES

ACCOUNTING POLICY

Refer to Section I: Financial instruments for the group's accounting policies regarding financial assets and liabilities, note I2.2.1 for the classification of investment securities in terms of the fair-value hierarchy, and Section F2 for the group's accounting policies on investments in associate companies.

	Carrying amount		Dividends received		Cumulative gains/(losses)	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm
Private-equity investments	7 290	6 612	77	135	285	127
Private-equity associates and joint ventures – Property Partners	1 914	1 598	16	8	184	96
Private-equity associates – Investment Banking	1 118	1 176			32	119
Private equity (unlisted) – Property Partners	1 585	1 592			119	259
Private equity (unlisted) – Investment Banking	2 673	2 246	61	127	(50)	(347)
Listed investments	28	347	2	5	1	(1)
Unlisted investments	3 238	2 930	16	30	193	167
Taquanta Asset Managers portfolio	586	526				
Strate Limited	163	163	7	14		
Other	2 489	2 241	9	16	193	167
Total listed and unlisted investments	10 556	9 889	95	170	479	293
Listed policyholder investments at market value	13 648	11 851				
Unlisted policyholder investments at directors' valuation	3 083	3 725				
Total policyholder investments	16 731	15 576				
Total investment securities	27 287	25 465				

The group has designated 14 listed and unlisted investments (2022:14) at FVOCI, as these investments are held with strategic intent. The fair value of these investments was R896m at 31 December 2023 (31 December 2022: R926m). R11m (2022: R8m) was recognised as dividend income and was recognised in the statement of comprehensive income as non-interest revenue and income. No equity investments designated at FVOCI have been derecognised in the current year. There were no transfers of the cumulative gain or loss within equity during the current year.

ACCOUNTING POLICY

Associates

An associate is an entity over which the group has the ability to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the entity. This is generally demonstrated by the group holding in excess of 20%, but no more than 50%, of the voting rights. The group accounts for its investments in associate companies (other than investments in associate companies designated as FVTPL) using the equity accounting method, ie cost plus the group's share of postacquisition changes in net asset value.

The group's share of postacquisition profit or loss and postacquisition movements in OCI are recognised in the income statement and OCI respectively. The group applies the equity method of accounting from the date on which significant influence starts until the date on which significant influence ceases (or the associate is classified as held for sale), ie when the group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil, inclusive of any long-term debt outstanding. The recognition of further losses is discontinued, except to the extent that the group has incurred legal or constructive obligations, or guaranteed obligations, in respect of the associate.

In applying the equity method, the investor should use the financial statements of the associate as of the same date as the financial statements of the investor unless it is impracticable to do so. If it is impracticable, the most recent available financial statements of the associate should be used, with adjustments made for the effects of any significant transactions or events occurring between the ends of accounting periods. However, the difference between the reporting date of the associate and that of the investor cannot be longer than 3 months.

Where an entity in the group transacts with an associate of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the associate, but only to the extent that there is no evidence of impairment.

At each reporting date the group determines whether there is objective evidence that the investments in associates are impaired. Objective evidence of impairment for an associate investment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the associate investment may not be recovered. The carrying amounts of such investments are then reduced to recognise any impairment by applying the impairment methodology described in note G.

Investments in associates that are held with the intention to dispose of them within 12 months are accounted for and classified as non-current assets held for sale in accordance with the methodology described in note H2.

Associate companies and joint ventures held by venture capital divisions

Where the group has an investment in an associate or joint-venture company held by a venture capital division, whose primary business is to purchase and dispose of minority stakes in entities, the investment is classified as designated as FVTPL, as the divisions are managed on a fair-value basis. The fair value of these joint-venture companies is included in note F1 Investment securities as part of Private-equity associates and joint-ventures – Property Partners. Changes in the fair value of these investments are recognised in non-interest revenue and income in profit or loss in the period in which they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

KEY ASSUMPTIONS CONCERNING THE FUTURE AND KEY SOURCES OF ESTIMATION

Investment in Ecobank Transnational Incorporated

One of the group's associate investments, ETI, will report results for the year ended 31 December 2023 subsequent to the release of the group's audited consolidated financial statements. Therefore, as allowed by IAS 28, the group uses the most recent public information of ETI (at 30 September 2023, ie a quarter in arrear) to determine its share of ETI's earnings and OCI. In addition, as required by IAS 28, the group considers whether adjustments for significant transactions or events between 30 September 2023 and 31 December 2023 are required, based on publicly available information. The resulting equity-accounted earnings are translated from US dollar to rand at the average exchange. The group's share of the net assets of ETI is translated from US dollar to rand at the closing exchange rate.

Our associate income includes our share of ETI's earnings from 1 October 2022 to 30 September 2023, 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 2023 and 31 December 2023.

The carrying value of Nedbank Group's strategic investment in ETI decreased from R1,3bn to R1,2bn during the year. The market value of the group's investment in ETI, based on its quoted share price on 31 December 2023, was R2,2bn. There were no indicators of impairment or reversal thereof at 31 December 2023. Where there is an impairment indicator, IFRS determines that an impairment test be computed, which compares the value-in-use (VIU) and the carrying value of the investment. The computation of the VIU in accordance with IFRS is subject to significant judgement as it is based on, among others, economic estimates, macroeconomic assumptions and the discounting of future cash flow estimates. This is particularly complicated in the current economic environment, in the many jurisdictions that ETI operates in and with the limited public information available.

As there is no indicator of impairment or reversal thereof, management determined neither to change the previous R1,75bn impairment nor to reverse any impairment in the current period. The calculation will be revisited at each reporting period where the indicators of impairment are reconsidered and the VIU calculation is reassessed with any future changes in estimates and assumptions taken into account.

ETI has been an important long-term investment for the group, providing our clients with a pan-African transactional banking network and access to cash flow in Central and West Africa since its acquisition in 2014. The group remains supportive of ETI's endeavours of delivering a return on equity in excess of its cost of equity in due course.

On 29 February 2024 the market value of the group's investment in ETI was R1,5bn.

F2.1 MOVEMENT IN CARRYING AMOUNT OF ASSOCIATE COMPANIES

	2023 Rm	2022 Rm
Carrying amount at the beginning of the year	2 496	3 395
Share of associate companies' profit after taxation for the year ¹	1 449	879
Share of associate companies' OCI for the year	(1 481)	(1 823)
Dividends received from equity-accounted associate companies	(143)	(145)
Foreign currency translation and other movements	168	190
Carrying amount at the end of the year	2 489	2 496

¹ Of this amount R175m (2022: R0) relates to the group's share of ETI's goodwill impairment.

F2.1.1 MOVEMENT IN CARRYING AMOUNT OF ETI

	2023 Rm	2022 Rm
Carrying amount at the beginning of the year	1 286	2 272
Share of associate company's profit after taxation for the year	1 386	779
Share of associate company's OCI for the year	(1 481)	(1 823)
Foreign currency translation	168	190
Dividends received from equity-accounted associate company	(111)	(132)
Carrying amount at the end of the year	1 248	1 286

F2.2 ANALYSIS OF CARRYING AMOUNT OF ASSOCIATE COMPANIES

	2023 Rm	2022 Rm
Associate investments – on acquisition: net asset value	7 233	7 233
Impact of adopting new accounting standards, net of taxation	(780)	(780)
Share of retained earnings since acquisition ¹	4 652	3 203
Share of OCI since acquisition	(8 143)	(6 662)
Dividends received from equity-accounted associate companies	(670)	(527)
Impairment provision for investments in associate companies	(1 750)	(1 750)
Foreign currency translation and other movements ²	1 947	1 779
	2 489	2 496

¹ Of this amount R541m relates to the group's share of ETI's goodwill impairment.

² Of this amount R304m (2022: R125m) relates to foreign currency movements on the R1,75bn impairment recorded in 2016 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

F2.3 ANALYSIS OF INVESTMENTS IN ASSOCIATE COMPANIES

	Nature of activities	Percentage holding	
		2023 %	2022 %
Associate companies			
Listed			
ETI (Togo) ²	Banking	21,2%	21,2%
Unlisted			
Private equity: Tracker Technology Holdings Proprietary Limited ³	Vehicle tracking	18,0%	17,7%
Private equity: other investments	Various		
Other strategic investments	Various		

¹ Includes on-balance-sheet and off-balance-sheet exposure.

² ETI is a pan-African banking group and its shares are listed on the stock exchanges of Nigeria, Ghana and Ivory Coast. The group's strategy remains to own, manage and control banking operations in the Southern African Development Community (SADC) and East Africa, and to provide our clients with access to a banking network in West and Central Africa through our strategic investment in and alliance with the pan-African banking group, which operates in 36 African countries.

³ The group has significant influence over Tracker Technology Holdings Proprietary Limited due to its representation on the board of directors.

Unless otherwise stated above, all entities are domiciled and incorporated in SA. The group has the same proportion of voting rights as its proportion of ownership interest, unless stated otherwise, and has not incurred any contingent liabilities with regard to the associates listed above.

F2.4 ADDITIONAL DISCLOSURE RELATING TO MATERIAL ASSOCIATE COMPANY

	ETI ¹	
	2023 Rm	2022 Rm
Fair value of investment in ETI based on the closing quoted price on the Nigerian Stock Exchange ²	2 229	2 050
Statement of comprehensive income		
Revenue	27 893	21 607
Profit from continuing operations	5 779	4 448
After-tax profit from discontinued operations		
Other comprehensive losses	(10 177)	(10 051)
Total comprehensive (losses)/income	(4 398)	(5 603)
Statement of financial position		
Current assets	293 903	304 829
Non-current assets	208 167	155 789
Current liabilities	354 173	386 290
Non-current liabilities	115 398	43 227

¹ The information provided for ETI has been based on the latest available financial information, being the audited financial results available at 30 September 2023.

² Based on the NAFEX NGN/USD and prevailing ZAR/USD exchange rates.

Measurement method	Acquisition date	Year-end	Group			
			Carrying amount		Net exposure to/(from) associates ¹	
			2023 Rm	2022 Rm	2023 Rm	2022 Rm
Equity-accounted	October 2014	December	1 248	1 286	(249)	782
Equity-accounted	November 2018	June	565	530	929	1 615
Equity-accounted			205	238	492	437
Equity-accounted			471	442	106	67
			2 489	2 496	1 278	2 901

F2.5 ADDITIONAL DISCLOSURE RELATING TO IMMATERIAL ASSOCIATES

	2023 Rm	2022 Rm
Carrying amount of immaterial associates	1 241	1 210
Group's share of:		
Total comprehensive income	400	272
Profit from continuing operations	393	272
After-tax profit from discontinued operations	7	

ACCOUNTING POLICY

Subsidiary undertakings and consolidated structured entities

Subsidiary undertakings are those entities, including unincorporated entities such as trusts and partnerships, that are controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The group is considered to have power over an entity when it has existing rights that give it the current ability to direct the relevant activities of the entity. The group is exposed, or has rights, to variable returns from its involvement with the entity when the investor's returns from its involvement have the potential to vary as a result of the entity's performance. The group considers all facts and circumstances relevant to its involvement with an entity to evaluate whether control exists. The group assesses any changes to the facts and circumstances relevant to the entity and reassesses the consolidation requirements on a continuous basis.

The consolidated financial statements include the assets, liabilities and results of the company plus subsidiaries, including consolidated structured entities from the date control is established until the date that control ceases.

Intragroup balances, transactions, income and expenses, and profits and losses are eliminated in preparation of the consolidated financial statements. Unrealised losses are not eliminated to the extent that they provide objective evidence of impairment.

Subsidiaries include structured entities that are designed so that their activities are not governed by way of voting rights. In assessing whether the group has power over investees it has an interest in, the group considers factors such as the purpose and design of the investee, the group's practical ability to direct the relevant activities of the investee, the nature of the group's relationship with the investee, and the size of the group's exposure to the variability of returns of the investee.

Sponsored entities

Where the group does not have an interest in an unconsolidated structured entity, the group will assess whether it sponsors the specific structured entity. The group will sponsor such an entity by assessing whether the group led the formation of the entity, whether the name of the group is associated with the name of the entity, or whether the group provides certain implicit guarantees to the entity in question.

Company

Investments in group companies are accounted for at cost less impairment losses in the separate financial statements. The carrying amounts of these investments are reviewed annually and impaired, when necessary, by applying the impairment methodology described in note G.

Acquisitions and disposals of stakes in group companies

Acquisitions of subsidiaries (entities acquired) and businesses (assets and liabilities acquired) are accounted for using the acquisition method. The cost of a business combination is measured as the aggregate of the fair values (at the acquisition date) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss during the period incurred.

Where the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, that asset or liability is measured at the acquisition date fair value. Subsequent changes in such fair values are accounted for in profit or loss. Changes in the fair value of a contingent consideration that has been classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3: Business Combinations are recognised at their fair value at the date of acquisition, except for:

- deferred taxation assets or liabilities, which are recognised and measured in accordance with IAS 12: Income Taxes, and liabilities or assets related to employee benefit arrangements, which are recognised and measured in accordance with IAS 19: Employee Benefits;
- liabilities or equity instruments that relate to the replacement, by the group, of an acquiree's share-based payment awards, which are measured in accordance with IFRS 2: Share-based Payments; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5: Non-current Assets Held for Sale and discontinued operations, which are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Where provisional amounts were reported, these are adjusted during the measurement period (see below). Additional assets or liabilities are recognised to reflect any new information obtained about the facts and circumstances that existed at the date of acquisition, which, if known, would have affected the amounts recognised on that date.

The measurement period is the period from the date of acquisition to the date the group receives complete information about the facts and circumstances that existed at the acquisition date. This measurement period is subject to a maximum of 1 year after the acquisition date.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date on the date the group attains control, and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree before the acquisition date, which previously have been recognised in OCI, are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to the acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the combination.

The difference between the proceeds from the disposal of a subsidiary, the fair value of any retained investment and its carrying amount at the date of disposal, including the cumulative amount of any exchange differences recognised in the statement of changes in equity that relate to the subsidiary, is recognised as a gain or loss on the disposal of the subsidiary in the group profit or loss for the period.

All changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interests are increased or decreased and the fair value of the consideration paid or received is recognised directly in equity and attributed to the group.

Investments in foreign operations

Nedbank Group Limited's presentation currency is South African rand. The assets and liabilities, including goodwill and fair-value adjustments, of group entities (including equity-accounted associates) that have functional currencies other than that of the group (South African rand) are translated at the closing exchange rate. Income and expenses are translated using the exchange rates at the dates of the transactions or for practical purposes the average exchange rate for the period where this approximates actual. The differences that arise on translation of these entities are recognised in OCI in the statement of comprehensive income. The cumulative exchange differences are recognised as a separate component of equity and are represented by the balance in the foreign currency translation reserve.

On disposal of a foreign operation the cumulative amount in the foreign currency translation reserve related to that operation is transferred to profit or loss for the period when the gain or loss on the disposal of the foreign operation is recognised.

The primary and major determinants for non-rand functional currencies are the economic factors that determine the sales price for goods and services as well as costs. Additional supplementary factors to be considered are funding, autonomy and cash flows.

Common control transactions

Transactions in which combining entities are controlled by the same party or parties before and after the transaction, and where that control is not transitory, are referred to as common control transactions. The group's accounting policy for the acquiring entity is to account for the transaction at book values as reflected in the consolidated financial statements of the selling entity.

The excess of the cost of the transaction over the acquirer's proportionate share of the net assets value acquired in common control transactions will be allocated to the common control reserve in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

F3.1 ANALYSIS OF INVESTMENTS IN SUBSIDIARY COMPANIES

	Group			
	Issued capital		Effective holding	
	2023 Rm	2022 Rm	2023 %	2022 %
Banking²				
Nedbank Limited	28	28	100	100
Nedbank Moçambique, SA	563	563	87,5	87,5
Trust and securities entities³				
Syfrets Securities Limited	1	1	100	100
Other companies⁴				
Nedgroup Private Wealth Proprietary Limited	1	1	100	100
NedEurope Limited (Isle of Man)	6 167	6 167	100	100
Nedbank Group Insurance Holdings Limited	17	17	100	100
NedNamibia Holdings Limited (Namibia)	18	18	100	100
Visigro Investments (Proprietary) Limited	1	1	100	100
Other companies ⁵				

¹ Represents amounts less than R1m.

² The banking subsidiary companies are restricted in terms of Basel regulations and prudential requirements with regard to the distribution of funds to their holding company.

³ The entity is governed by the terms of a trust deed. Restrictions are in place with regard to access or the use of the entity's assets.

⁴ These entities are free of any restrictions imposed on the distribution of funds, save for compliance with any local regulations.

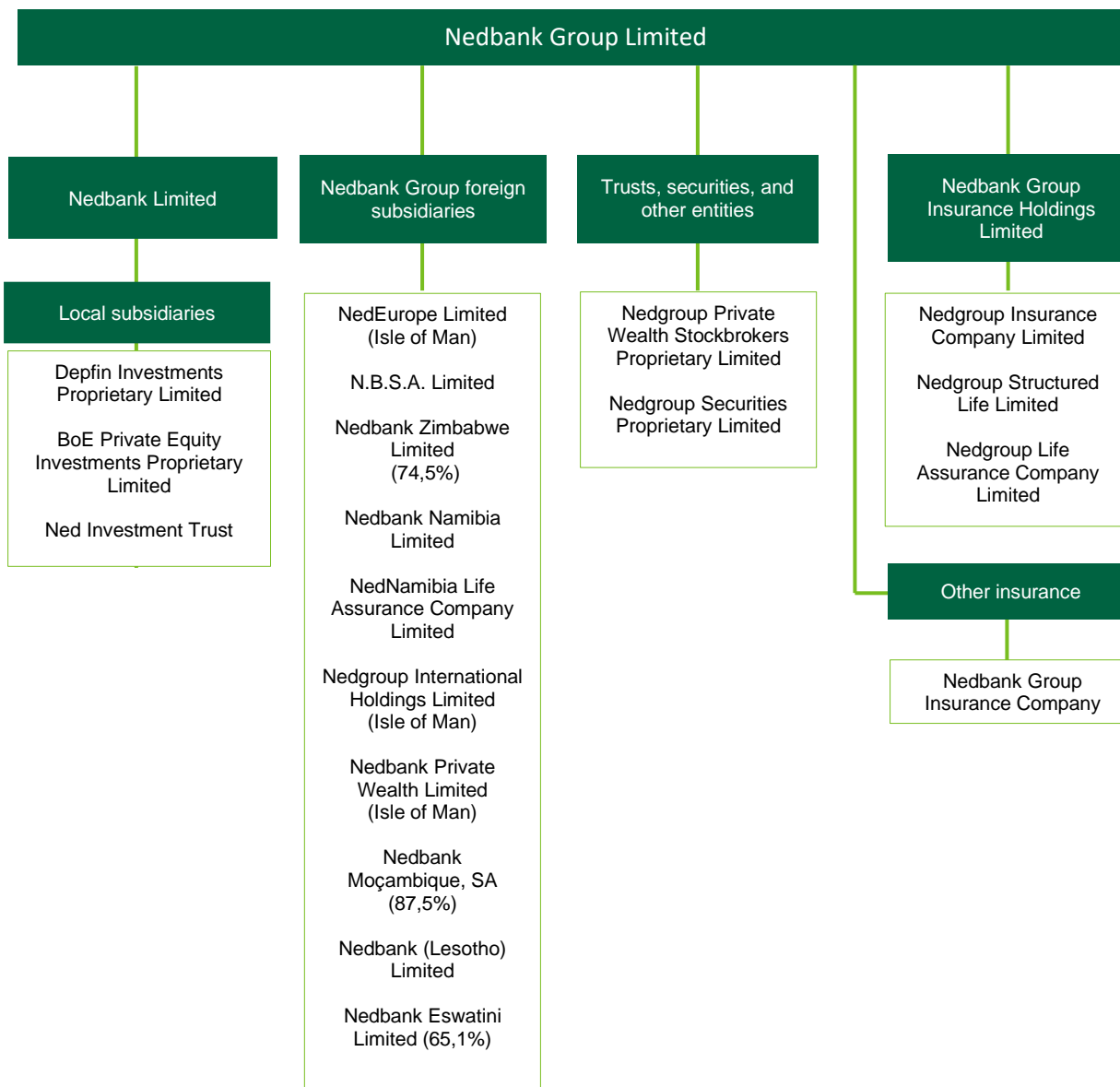
⁵ In terms of a dispensation received from the Financial Sector Conduct Authority (FSCA) these companies are not allowed to declare any distributions to their holding company.

The composition of the group is illustrated in note F3.1. Unless otherwise stated:

- all entities are domiciled in SA;
- the financial statements of the subsidiaries used in the preparation of consolidated financial statements are as of the same date or same period as those of the consolidated financial statements; and
- there are no significant restrictions (eg statutory, contractual and regulatory restrictions) on the group's ability to access or use the assets and settle the liabilities of the group.

Company			
Book value of investments		Net indebtedness	
2023 Rm	2022 Rm	2023 Rm	2022 Rm
34 068	33 818	10 232	10 914
730	730		
1	1		
566	566		
1 612	1 612		
196	196	257	257
429	429		
155	155		
369	394	466	507
38 126	37 901	10 955	11 678

F3.2 MAJOR SUBSIDIARY COMPANIES



All subsidiaries are wholly owned, unless stated otherwise.

F3.3 MATERIAL NON-CONTROLLING INTERESTS

The table below provides details of non-wholly owned subsidiaries of the group that have material non-controlling interests:

	Nedbank Moçambique, SA		Nedbank Eswatini Limited		Nedbank Zimbabwe Limited	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm
Financial position						
Total assets	9 993	8 235	6 502	6 190	5 803	3 272
Total liabilities	8 485	7 028	5 435	5 198	4 657	2 591
Accumulated non-controlling interests at the end of the year	188	151	373	347	293	173
Comprehensive income						
Income from lending activities	630	495	363	299	204	152
Non-interest revenue and income	239	197	201	202	853	650
Profit from continuing operations	203	130	185	167	578	329
Total comprehensive income	203	130	185	167	578	329
Profit allocated to non-controlling interests during the reporting period	25	16	65	58	147	85
Cash flows						
Cash flows from/(used by) operating activities	127	182	160	(5)	456	1 146
Cash flows (used by)/from investing activities	(15)	(11)	(20)	(10)	(33)	(41)
Cash flows used by financing activities	(54)	(46)	(110)	(122)	(69)	(9)
Net increase/(decrease) in cash and cash equivalents	58	125	30	(137)	354	1 096
Dividends paid to non-controlling interests	2		35	37	9	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

F4 INTERESTS IN STRUCTURED CONSOLIDATED AND UNCONSOLIDATED STRUCTURED ENTITIES

F4.1 CONSOLIDATED STRUCTURED ENTITIES

The group holds certain interests in consolidated structured entities to ring-fence certain risks and/or achieve specific objectives. Structured entities are entities that have been designed so that voting rights are not the predominant factor in deciding who controls the entity.

The group has identified the following consolidated structured entities:

- Employee benefit trust schemes (refer to note J3).
- Community Trust (refer to note J1).
- Dr Holsboer Benefit Fund.
- Securitisation vehicles (refer to note F5):
 - » Greenhouse 5 Funding (RF) Limited.

The following judgements have been applied in determining that the group has control over the structured entities below:

Employee share schemes

The group has established employee share schemes for the benefit of its employees in return for their employment services rendered. Funding is provided by the group or its subsidiaries to acquire shares that are held on behalf of employees. The trustees have limited rights and act within narrowly defined parameters in terms of the trust deed. The trustees receive limited remuneration (if any) for their services rendered in terms of the trust. The group has concluded that the trustees act merely in an agent capacity and that the group has control over the trust.

Community Trust

The trust was formed with the specific purpose of providing previously disadvantaged communities with the opportunity to receive certain benefits. The group consolidates this trust because of the specific purpose for which the trust was formed and the group's involvement in the key decision-making processes relating to the operation of the trust.

Dr Holsboer Benefit Fund

Nedbank Group Limited is the founder of the trust. The fund was established in terms of a trust deed for the benefit of employees of the group. The beneficiaries of the trust include employees, contractors and pensioners, as nominated by the trustees in their sole discretion. The trustees have the right to vest or distribute net income of the trust at their discretion. The group reserves the right to terminate the appointment of any of the trustees. In terms of the trust deed, the trustees are not entitled to remuneration for their services, unless the founder and all the trustees agree unanimously. The group has concluded that the trustees act merely in an agent capacity and that the group has control over the trust.

Securitisation

The group sponsors the formation of structured entities primarily for the purpose of securitising financial assets for funding diversification purposes and to add flexibility in mitigating structural liquidity risk. Where it is difficult to determine whether the group controls a structured entity, the group makes judgements in terms of IFRS about whether it has power over the entity, exposure, or rights to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amount of its returns. In arriving at these judgements, the factors are considered both jointly and separately.

The group controls these entities and has consolidated these structures since its inception. These securitisation structures include the following:

Securitisation vehicles consist of the residential-mortgage-backed securitisation programme Greenhouse Funding 5 (RF) Limited. The activities of this vehicle are predetermined and restricted in terms of the programme documentation established at its inception. The group does, however, exercise some discretion in its decision-making, which includes the selection and transfer of assets and the management of defaulted assets. Through the provision of administration services, the interest rate hedge and credit enhancement, Nedbank Limited has rights to the residual return of the vehicle.

The group has set up securitisation vehicles that acquire the rights, title, interest and related security of commercial and residential mortgage bonds from Nedbank Limited. The creation of these vehicles facilitated the group having appropriately collateralised instruments that can be pledged against the group's committed liquidity facility provided by SARB, if required. The group has concluded that it controls these entities.

Refer to note F5 for more information on the securitisation activities of the group.

F4.2 UNCONSOLIDATED STRUCTURED ENTITIES

The following judgements were used in determining that the group does not have control over the following structured entities.

Investment funds

The group acts as fund manager to a number of investment funds. The group holds seed capital in certain investment funds where the group assists in starting the investment fund and the group is required by Association for Savings and Investment South Africa (Asisa) rules to hold a minimum interest in the investment fund. In determining whether the group controls such an investment, focus is usually on the assessment of decision-making rights as fund manager, the investor's rights to remove the fund manager and the aggregate economic interests of the group in the fund in the form of management fees and interest held.

In most instances the group's decision-making authority, in its capacity as manager of these investment funds, is regarded as well defined. Discretion is, however, exercised when decisions are made about the relevant activities of these funds.

Fees earned by the group, in its capacity as fund manager, are considered to be market-related and commensurate with the services provided and include only terms, conditions or amounts that are customarily present in arrangements for similar services and level of skills negotiated on an arm's-length basis.

As a result, the group has concluded that it acts as agent on behalf of the investors in all instances. Therefore, the group does not control these funds and has not consolidated these investment funds.

ANALYSIS OF THE GROUP'S INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The following table summarises the carrying values recognised in the statement of financial position of the group's interests in unconsolidated structured entities:

	Rm
2023	
Carrying amount of the group's interest	13
Fees earned	962
Total assets under management	287 885
2022	
Carrying amount of the group's interest	11
Fees earned	792
Total assets under management	255 064

Investment funds

The group's maximum exposure to losses from its interests in unconsolidated structured entities is limited to the group's interests in these investment funds. The group does not provide any financial support to these investment funds.

Sponsored entities

In addition to the above unconsolidated structured entities, the group has sponsored certain black economic empowerment (BEE) schemes in which it does not have an interest. The group does not earn any fees or income from these entities, and has not transferred any assets to these sponsored entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

F5 SECURITISATIONS

The group securitises various consumer and commercial financial assets, generally resulting in the sale of these assets to structured entities, which in turn issue securities to investors. Interests in the securitised financial assets may be retained in the form of senior or subordinated tranches or other residual interests (retained interests).

Active securitisation transactions

Nedbank Group Limited uses securitisation primarily to diversify funds and to add flexibility in mitigating structural liquidity risk. Currently, the group has 1 active traditional securitisation transaction:

- Greenhouse Funding 5 (RF) Limited (Greenhouse 5), a residential-mortgage-backed securitisation programme.

Greenhouse Funding 5 (RF) Limited (Greenhouse 5)

Greenhouse 5 is a securitisation vehicle through which the rights, title, interest and related security in respect of residential home loans were acquired from Nedbank Limited under a segregated-series medium-term-note programme.

Greenhouse 5 is a residential-mortgage-backed securitisation programme implemented during 2019. Greenhouse 5 securitised R1,7bn worth of home loans originated by Nedbank Limited through the issuance of senior notes to the capital market and subordinated notes and a subordinated loan provided by Nedbank Limited. The notes issued by Greenhouse 5 are listed on the JSE and rated by Moody's. The home loans transferred to Greenhouse 5 continue to be recognised as financial assets held by Nedbank Limited.

Greenhouse 5 has been structured as a revolving structure, having the ability to issue new notes and purchase additional mortgage loans.

Greenhouse 5 makes use of an internal risk management policy and uses the Nedbank Group credit risk monitoring process to govern lending activities to external parties.

Nedbank Limited provided Greenhouse 5 with an interest-bearing subordinated loan at the commencement of the programme to provide part of the initial funding. Interest is payable quarterly as part of the priority of payments. The full capital amount outstanding plus any accrued interest will be payable in full on the final maturity date, provided that all outstanding notes have been redeemed in full and all secured creditors have been settled.

In the Greenhouse 5 structure, Nedbank Limited holds the class B and class C notes amounting to R150m. These notes are subordinated to the higher-ranking notes in terms of the priority of payments.

Rm	2023		2022	
	Carrying amount of assets	Associated liabilities	Carrying amount of assets	Associated liabilities
Loans and advances to clients:				
– Residential mortgage loans	1 204	1 241	1 210	1 240
Less: Impairments	(12)		(8)	
Total	1 192	1 241	1 202	1 240

F6 RELATED PARTIES

F6.1 Key management personnel compensation

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including all directors of the company and its parent, as well as members of the executive committee who are not directors.

Compensation paid to the board of directors and to other key management personnel, as well as the number of share instruments held, are shown below:

	Directors	Key management personnel	Total
Compensation (Rm)			
2023			
Directors' fees	24		24
Remuneration – incurred by subsidiaries	84	163	247
Short-term employee benefits	67	136	203
Gain on exercise of share instruments	17	27	44
	108	163	271
2022			
Directors' fees	23		23
Remuneration – incurred by subsidiaries	75	160	234
Short-term employee benefits	62	130	192
Gain on exercise of share instruments	13	30	42
	98	160	257

	Directors	Key management personnel	Total
Number of share instruments			
2023			
Outstanding at the beginning of the year	977 442	1 611 043	2 588 485
Granted	228 098	441 645	669 743
Forfeited			
Exercised	(266 272)	(472 674)	(738 946)
Transferred ¹		(134 782)	(134 782)
Outstanding at the end of the year	939 268	1 445 232	2 384 500
2022			
Outstanding at the beginning of the year	919 490	1 575 552	2 495 042
Granted	215 037	398 511	613 548
Forfeited		(123 372)	(123 372)
Exercised	(157 085)	(261 725)	(418 810)
Transferred ¹		22 077	22 077
Outstanding at the end of the year	977 442	1 611 043	2 588 485

¹ Represents the net movement in share instruments of members appointed to and resigning from the Group Exco.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

F6.2 Related-party transactions

Transactions between Nedbank Group Limited and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between Nedbank Group Limited and its other related parties are disclosed below. All these transactions were entered into in the normal course of business.

	Due from/(Owing to)	
	2023	2022 (Restated)
Outstanding balances (Rm)		
Associate companies		
Loans due from associate companies	6 920	10 731
Deposits owing to associate companies ¹	(2 486)	(1 774)
Bank balances owing to associate companies	(123)	(48)
Key management personnel		
Mortgage bonds due from key management personnel ²	73	63
Deposits owing to key management personnel ²	(307)	(344)
Bank balances due from key management personnel ²	2	3
Bank balances owing to key management personnel ²	(121)	(119)
Key management personnel – directors	(114)	(56)
Key management personnel – other	(166)	(90)
Share-based payments reserve	(280)	(146)
Long-term employee benefit plans		
Bank balances owing to Nedgroup Pension Fund	(8)	(12)
Bank balances and deposits owing to other funds	(330)	(469)

¹ The balance includes derivatives.

² The balance includes transactions with close family members and key management personnel business accounts.

During 2023 the group identified that the 'loans due from associate companies' line item was understated incorrectly by R3,8bn. For comparability, the prior-year information has been restated.

	Income/(Expense)	
	2023	2022 (Restated)
Transactions (Rm)		
Associate companies		
Income from associate companies ¹	695	816
Expense to associate companies ²	(207)	(29)
Key management personnel		
Interest income from key management personnel ³	6	4
Interest expense to key management personnel ³	(22)	(16)
Key management personnel – directors	57	38
Key management personnel – other	77	62
Share-based payments expense (included in staff costs)	134	100

¹ The balance includes interest income and NIR.

² The balance includes interest paid and operating expense.

³ The balance includes transactions with close family members and key management personnel business accounts.

Key management personnel paid insurance premiums amounting to less than R1m.

During 2023 the group identified that the 'income from associate companies' line item was understated incorrectly by R276m. For comparability, the prior-year information has been restated.

	Income/(Expense)	
	2023	2022
Long-term employee benefit plans		
Interest expense to other funds	(34)	(27)

SECTION G: GENERAL ASSETS

ACCOUNTING POLICY

Impairment (all assets other than financial assets, deferred taxation assets and investment property)

The group assesses all assets (other than financial assets, deferred taxation assets and investment property) for indications of impairment or the reversal of a previously recognised impairment at each reporting date. These impairments (where the carrying amount of an asset exceeds its recoverable amount), or the reversal of a previously recognised impairment, are recognised in profit or loss for the period. Intangible assets not yet available for use are tested, at least annually, for impairment.

The recoverable amount of an asset is the higher of its fair value, less cost to sell, and its VIU. The fair value, less cost to sell, is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.

In the assessment of the VIU, the expected future pre-tax cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset the cash flows of which are largely dependent on those of other assets, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

A previously recognised impairment loss will be reversed if the recoverable amount increases as a result of a change in the estimates used previously to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior periods.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction and production of qualifying assets are capitalised as part of the costs of these assets. Qualifying assets are assets that necessarily take a substantial period of time to prepare for their intended use or sale. Capitalisation of borrowing costs continues up to the date on which the assets are complete.

All other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs capitalised are disclosed in the notes by asset category and are calculated at the group's average funding cost, except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred, less any investment income on the temporary investment of those borrowings, are capitalised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

G1 PROPERTY AND EQUIPMENT

ACCOUNTING POLICY

Items of property and equipment are initially recognised at cost if it is probable that any future economic benefits associated with the items will flow to the group and the items have a cost that can be measured reliably.

Subsequent expenditure is capitalised to the carrying amount of items of property and equipment if it is measurable and it is probable that it increases the future economic benefits associated with the asset. All other expenses are recognised in profit or loss as an expense when incurred.

Subsequent to initial recognition, computer equipment, vehicles and furniture and other equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings, the fair values of which can be reliably measured, are carried at revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluation increases are credited directly to other comprehensive income and presented in equity under the heading 'Revaluation reserve'. However, revaluation increases are recognised in profit or loss to the extent that they reverse a revaluation decrease of the same asset previously recognised in profit or loss. Revaluation decreases are recognised in profit or loss. However, decreases are debited directly to equity to the extent of any credit balance existing in the revaluation surplus in respect of the same asset. Land and buildings are revalued on the same basis as investment properties.

Depreciation

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Items of property and equipment that are classified as held for sale in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations are not depreciated. The depreciable amounts of property and equipment are recognised in profit or loss on a straight-line basis over the estimated useful lives of the items of property and equipment, unless they are included in the carrying amount of another asset. The useful lives, residual values and depreciation methods for property and equipment are assessed and adjusted (where required) annually.

On revaluation, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the item concerned and the net amount restated to the revalued amount. Subsequent depreciation charges are adjusted based on the revalued amount and residual values.

Any difference between the depreciation charge on the revalued amount and that which would have been charged under historic cost is transferred, net of any related deferred taxation, between the revaluation reserve and retained earnings as the property is used. Land is not depreciated.

The initial estimated useful lives are as follows:

Computer equipment	3 to 7 years
Motor vehicles	5 years
Fixtures and furniture	3 to 10 years
Leasehold property	10 years
Significant leasehold property components	10 years
Freehold property	30 to 58 years
Significant freehold property components	5 to 15 years
Land	Indefinite

Derecognition

Items of property and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. On derecognition any surplus in the revaluation reserve in respect of an individual item of property and equipment is transferred directly to retained earnings in the statement of changes in equity.

Compensation from third parties for items of property and equipment that were impaired, lost or given up is included in profit or loss when the compensation becomes receivable.

Leases

The group as lessee

The group is party to the following type of lease contracts:

- ATMs
- Branches
- Campus sites
- Office space
- Computer and office equipment

ACCOUNTING POLICY

Contract assessment and allocation of consideration

At the inception of a new contract, the group assesses whether the contract is, or contains, a lease. In assessing whether a contract conveys the right to control the use of an identified asset, the group considers whether:

- the contract involves the use of an asset explicitly or implicitly identified in the contract (This asset must be physically distinct or represent substantially all the capacity of the asset. If the supplier has a substantive substitution right, then the asset is not identified.);
- the group has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- the group has the right to direct the use of the asset, ie to direct how and for what purpose the asset is used.

At inception or on reassessment of a modified contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices and the aggregate stand-alone price of the non-lease components. Non-lease components are recognised as an expense in profit or loss in the period in which they arise.

Lease term

The group determines the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the group is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option.

In assessing whether the group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the group considers all relevant facts and circumstances that create an economic incentive for the group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Lease terms are on average 3 years for ATMs, 5 years for branches, 13 years for office blocks, 10 years for campus sites and 5 years for office and computer equipment.

Right-of-use asset (initial and subsequent measurement)

The right-of-use asset is initially measured at cost, which comprises:

- the initial amount of the lease liability, adjusted for any lease payments made at or before the start date;
- less any lease incentives received;
- plus, any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liability. Impairment losses are determined in accordance with IAS 36: Impairment of Assets.

If the lease transfers ownership of the underlying asset to the group by the end of the lease term, or if the cost of the right-of-use asset reflects that it is reasonably certain that the group will exercise a purchase option, the group depreciates the right-of-use asset over the useful life. Otherwise, the group depreciates the right-of-use asset over the shorter of the useful life and the lease term. The group's principles governing estimating useful lives of the right-of-use assets are determined using the same principles as those ascribed to property and equipment.

Onerous leases (impairment assessment)

Onerous leases are dealt with in IAS 36: Impairment of Assets, except for short-term leases, low-value leases and leases that became onerous before the commencement date of the lease, which are dealt with in IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

The group assesses for impairment indicators in the right-of-use asset considering a combination of the following factors:

- Whether a significant decline in expected economic benefits from the full operational effects of the lease contract has occurred.
- Whether the leased asset is underutilised, renounced, relinquished or abandoned.
- An array of factors to make a conclusion as to whether the lease is onerous.
- The prevailing merits, facts and circumstances of each case.

Impairment losses reduce the right-of-use asset and are recognised in profit and loss. In most cases, an onerous lease does not discharge or extinguish the existing lease liability at the time of occurrence of the impairment event. Any additional penalties to cancel the lease are present-valued and included as part of the lease liability in accordance with IFRS 16.

Disclosure for lease liabilities are done in note K1.

The group as lessor

The group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the group assesses whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying assets. In this case the lease is classified as a finance lease; otherwise, it is classified as an operating lease. If the arrangement contains lease and non-lease components, the group allocates the consideration in the contract to each component on the basis of their relative stand-alone prices.

Operating leases

Assets leased out under operating leases are included under property and equipment in the statement of financial position. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income. Leased assets are depreciated over their expected useful lives on a basis consistent with similar assets. Rental income, net of any incentives given to lessees, is recognised on a straight-line basis over the term of the lease. When another systematic basis is more representative of the time pattern of the user's benefit, then that method is used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

G1.1 PROPERTY AND EQUIPMENT

	2023 Rm	2022 Rm
Property and equipment (owned) (note G1.2)	8 886	9 169
Right-of-use assets (leased) (note G1.3)	2 027	1 895
Property and equipment	10 913	11 064

G1.2 PROPERTY AND EQUIPMENT (OWNED)

	Land		Buildings	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm
Gross carrying amount				
Balance at 1 January	950	975	6 338	6 571
Acquisitions			697	681
Increases/(Decreases) arising from revaluations ¹	65	27	73	(428)
Transfers to non-current assets held for sale	(48)	(5)	(364)	(45)
Disposals			(602)	(390)
Transfers between assets			8	
Effect of movements in foreign exchange rates and other movements	(90)	(47)	(199)	(51)
Balance at 31 December	877	950	5 951	6 338
Accumulated depreciation and impairment losses				
Balance at 1 January			1 320	1 419
Depreciation charge for the year			398	386
Write-off of accumulated depreciation on revaluations			(22)	(111)
Disposals			(578)	(382)
Effect of movements in foreign exchange rates and other movements			(54)	8
Balance at 31 December	–	–	1 064	1 320
Carrying amount				
At 1 January	950	975	5 018	5 152
At 31 December	877	950	4 887	5 018

¹ Gains on property revaluations are recognised in profit or loss to the extent that they reverse a revaluation decrease of the same asset previously recognised in profit or loss.

Equipment (principally computer equipment, motor vehicles, fixtures and furniture) is stated at cost less accumulated depreciation and impairment losses. Land and buildings are recognised at the revalued amount, which is based on external valuations obtained every 3 years on a rotation basis for all properties in accordance with the group's accounting policy. The valuers are members or associates of the Institute of Valuers (SA) or a local equivalent in the case of foreign subsidiaries. An annual internal review is also done on those properties not subject to external valuation. The carrying amount of properties is the fair value as determined by the valuers less subsequent accumulated depreciation and impairment losses. Adjustments in the valuation of the properties are recorded in the revaluation reserve, which is amortised over the remaining useful life of the property. In determining the fair value of properties, the following factors are considered:

- Property location
- Improvements to the building
- Rentals
- Vacancies
- Property expenses
- Capitalisation rate

Computer equipment		Furniture and other equipment		Vehicles		Total	
2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm
4 094	3 817	2 410	2 361	64	76	13 856	13 800
607	956	401	367	16	19	1 721	2 023
						138	(401)
						(412)	(50)
(981)	(629)	(486)	(286)	(12)	(3)	(2 081)	(1 308)
(14)	2	(5)	(2)	11		–	–
37	(52)	41	(30)	2	(28)	(209)	(208)
3 743	4 094	2 361	2 410	81	64	13 013	13 856
1 928	1 872	1 414	1 388	25	51	4 687	4 730
749	671	337	335	5	5	1 489	1 397
			(1)		(13)	(22)	(125)
(948)	(602)	(464)	(279)	(12)	(5)	(2 002)	(1 268)
(17)	(13)	27	(29)	19	(13)	(25)	(47)
1 712	1 928	1 314	1 414	37	25	4 127	4 687
2 166	1 945	996	973	39	25	9 169	9 070
2 031	2 166	1 047	996	44	39	8 886	9 169

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

G1.2 PROPERTY AND EQUIPMENT (OWNED)

Type of property	Valuation method	Significant inputs	Parameters	Land		Buildings	
				2023 Rm	2022 Rm	2023 Rm	2022 Rm
Commercial property	Market-comparable approach and discounted cash flow	Income capitalisation rates	9,00% – 10,40% (2022: 9,00% – 10,00%)	877	950	4 887	5 018
Total land and buildings				877	950	4 887	5 018

In accordance with IFRS 13 the measurement of the group's properties is considered to be recurring. Recurring fair-value measurements are those that IFRS require or permit to be recognised in the statement of financial position at the end of each reporting period. Furthermore, the group classifies its properties measured at fair value into level 3 of the fair-value hierarchy. Level 3 fair-value measurements are those that include the use of significant unobservable inputs.

In respect of certain properties, there are restrictions of title in terms of regulatory restrictions such as servitudes. This does not have a material effect on the ability of the group to transfer these properties. No material plant and equipment have been pledged as security for liabilities.

If land and buildings were carried under the cost model and not the revaluation model, the carrying amount would have been R3 380m (2022: R4 413m).

G1.3 RIGHT-OF-USE ASSETS (LEASED)

Right-of-use assets reconciliation

	2023 Rm	2022 Rm
Balance at the beginning of the year	1 895	1 667
Depreciation charge for the year	(786)	(826)
Additions	298	244
Lease modifications ¹	591	816
Reversal of impairment/(Impairment losses) ²	(1)	2
Derecognition and disposals		5
Effect of movements in foreign exchange rates and other movements	28	(13)
Balance at the end of the year	2 025	1 895

¹ Related to amendments to new and existing lease contracts subsequent to 1 January 2019. Included in lease modifications are reinstatement costs of R13,7m (2022: R36m).

² The impairment indicator was the closure due to non-use of the branch. When an impairment indicator is present, the right of use asset is tested for impairment by comparing its recoverable amount with the carrying amount. Where the recoverable amount of the right of use asset is lower than its carrying value, the right of use is impaired.

Depreciation charge by class of right-of-use assets

	2023 Rm	2022 Rm
Property (ATMs, branches, offices and campus sites)	(687)	(744)
Office equipment	(99)	(82)
	(786)	(826)

Closing balances by class of right-of-use assets

	2023 Rm	2022 Rm
Property (ATMs, branches, offices and campus sites)	1 923	1 720
Office equipment	102	175
	2 025	1 895

ACCOUNTING POLICY

Goodwill

Goodwill arises on the acquisition of subsidiaries and is recognised as an asset on the date that control is acquired, being the acquisition date. Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net fair value of the identifiable net assets recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred plus the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any), this excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is tested for impairment at least once a year. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary the goodwill attributable to the subsidiary is included in the determination of the profit or loss on disposal.

Goodwill impairment

Goodwill is allocated to 1 or more CGUs, being the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is allocated to the CGUs in which the synergies from the business combinations are expected. Each CGU containing goodwill is tested annually for impairment. An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses that are recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to a CGU and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis. However, the carrying amount of these other assets may not be reduced below the highest of their fair value, less costs to sell, and their VIU and zero.

Impairment testing procedures

The recoverable amount of a CGU is the higher of its fair value, less cost to sell, and its VIU. The fair value, less cost to sell, is determined by ascertaining the current market value of an asset (or the CGU) and deducting any costs related to the realisation of the asset.

In the assessment of VIU the expected future cash flows from the CGU are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the particular CGU.

Impairment losses relating to goodwill are not reversed and all impairment losses are recognised in the impairments charge on non-financial instruments and other gains and losses items for the period.

Computer software and development costs (not yet commissioned)

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, and expenditure on internally generated goodwill and brands are recognised as an expense in profit or loss for the period.

If costs can be measured reliably and future economic benefits are available, expenditure on computer software and other development activities, where set procedures and processes are applied to a project for the production of new or substantially improved products and processes, is capitalised if the computer software and other developed products or processes are technically and commercially feasible and the group has intention and sufficient resources to complete development. The expenditure capitalised includes the cost of materials and directly attributable employee and other direct costs. Computer development expenditure is amortised only once the relevant software has become available for use in the manner intended by management. Capitalised software is stated at cost less accumulated amortisation and impairment losses.

Amortisation of computer software and development costs is charged to profit or loss on a straight-line basis over the estimated useful lives of these assets, which do not exceed 10 years and are reviewed annually. Subsequent expenditure relating to computer software is capitalised only when it increases the future economic benefits embodied in the specific asset, in its current condition, to which it relates. All other subsequent expenditure is recognised as an expense in the period in which it is incurred. The profit or loss on the disposal of computer software is recognised in the impairments charge on non-financial instruments and other gains and losses (in profit and loss). The profit or loss on disposal is the difference between the net proceeds received and the carrying amount of the asset.

The amortisation methods and residual values of these intangible assets are reviewed annually.

Contractual client relationships

Contractual client relationships, including the present value of active business in insurance operations, acquired in a business combination, are recognised at fair value at the date of acquisition. The contractual client relationships have a finite useful life and are carried at cost, less accumulated amortisation. The useful lives and residual values of these client relationships are reviewed annually. Amortisation is calculated using the straight-line method over the expected life of the client relationship.

KEY ASSUMPTIONS CONCERNING THE FUTURE AND KEY SOURCES OF ESTIMATION

Goodwill impairment

Management considers at least annually whether the current carrying value of goodwill is to be impaired. The first step of the impairment review process requires the identification of independent CGUs by segmenting the group business into as many largely independent income streams as is reasonably practicable. The goodwill is then allocated to these independent units. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net assets acquired and the difference between the consideration paid for those net assets and their fair value. This allocation is reviewed following business reorganisation. The carrying value of the unit, including the allocated goodwill, is compared with its fair value or VIU to determine whether any impairment exists. If the recoverable amount of a unit is less than its carrying value, goodwill will be impaired.

Detailed calculations may need to be carried out, taking into consideration changes in the market in which a business operates (eg competitive activity and regulatory change). In the absence of readily available market price data this calculation is based on discounting expected cash flows at a risk-adjusted interest rate appropriate to the operating unit. The determination of both of these requires the exercise of judgement. The estimation of cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding the long-term sustainable cash flows. While forecasts are compared with actual performance and external economic data, expected cash flows naturally reflect management's view of future performance.

The group's allocation of goodwill was made to 9 independent CGUs, comprising a mix of key legal entity subsidiaries and cluster business units. Management performed individual VIU calculations and compared them to the allocated goodwill at an independent CGU level. On an independent CGU basis, 1 VIU calculation, for Nedbank Private Wealth International, is marginally above the net asset value. However, management stressed the various key assumptions and inputs into the VIU (ie discount rate, cash flows and regulatory capital charge) and are comfortable that the goodwill balance is not impaired. The VIU is sensitive to changes in the discount rate and management stress-tested a 1% increase in discount rates for the marginal VIU and found that this would result in an impairment of R250m.

Management considered the source of the key inputs, which is a significant judgement in particular cash flow forecasts. These are aligned with the group's 3-year planning and strategy process. Discount rates have been prepared by the group's Balance Sheet Management Division and reviewed by the Group ALCO, and regulatory capital impacts are aligned with the group's capital management oversight processes.

Intangible assets other than goodwill

An internally generated intangible asset, specifically internally developed software generated during the development phase, is recognised as an asset if certain conditions are met. These conditions include technical feasibility, intention to complete the development, ability to use the asset under development, and demonstration of how the asset will generate probable future economic benefits.

The cost of a recognised internally generated intangible asset comprises all costs directly attributable to making the asset capable of being used as intended by management. Conversely, all expenditure arising during the research phase is expensed as incurred.

The decision to recognise internally generated intangible assets requires significant judgement, particularly in the following areas:

- Evaluation of whether activities should be considered research activities or development activities.
- Assumptions about future market conditions, client demand and other developments.
- Assessment of whether completing an asset is technically feasible. The term 'technical feasibility' is not defined in the accounting standards, and therefore requires a group-specific and necessarily judgemental approach.
- Evaluation of the future ability to use or sell the intangible asset arising from the development and the assessment of probability of future benefits from sale or use.
- Evaluation of whether a cost is directly or indirectly attributable to an intangible asset and whether a cost is necessary for completing a development.

All intangible assets of the group have finite useful lives. Consequently, the depreciable amount of the intangible assets is allocated on a systematic basis over their useful lives. Judgement is applied to the following:

- Determining the useful life of an intangible asset, based on estimates regarding the period over which the intangible asset is expected to produce economic benefits to the group.
- Determining the appropriate amortisation method. Accounting standards require that the straight-line method be used, unless management can determine reliably the pattern in which the future economic benefits of the asset are expected to be consumed by the group.

Both the amortisation period and the amortisation method have an impact on the amortisation expenses recorded in each period.

In making impairment assessments for the group's intangible assets, management uses certain complex assumptions and estimates about future cash flows that require significant judgement and assumptions about future developments. These assumptions are affected by various factors, including changes in the group's business strategy, internal forecasts and estimation of the group's weighted-average cost of capital. Due to these factors, actual cash flows and values could vary significantly from the forecast future cash flows and related values derived using the discounted-cash-flow method.

G2.1 MOVEMENT IN CARRYING AMOUNT

Rm	Goodwill	Software	Development costs (not yet commissioned)	Client relationships, contractual rights and other	Total
2023					
Cost					
Balance at the beginning of the year	6 537	13 793	1 651	948	22 929
Acquisitions		320	1 237		1 557
Development costs commissioned to software		1 221	(1 221)		–
Disposals and retirements		(694)		(18)	(712)
Foreign currency translation and other	17	16			33
Balance at the end of the year	6 554	14 656	1 667	930	23 807
Accumulated amortisation and impairment					
Balance at the beginning of the year	2 245	6 835	293	907	10 280
Amortisation charge		1 850			1 850
Disposals and retirements		(694)			(694)
Impairment losses ¹	298	79	6		383
Foreign currency translation and other		8	2	1	11
Balance at the end of the year	2 543	8 078	301	908	11 830
Carrying amount					
At the beginning of the year	4 292	6 958	1 358	41	12 649
At the end of the year	4 011	6 578	1 366	22	11 977
2022					
Cost					
Balance at the beginning of the year	6 540	13 215	1 391	930	22 076
Acquisitions		101	1 279	18	1 398
Development costs commissioned to software		1 018	(1 018)		–
Disposals and retirements		(551)			(551)
Foreign currency translation and other	(3)	10	(1)		6
Balance at the end of the year	6 537	13 793	1 651	948	22 929
Accumulated amortisation and impairment					
Balance at the beginning of the year	2 245	5 452	253	905	8 855
Amortisation charge		1 864			1 864
Disposals and retirements		(543)			(543)
Impairment losses ¹		56	37		93
Foreign currency translation and other		6	3	2	11
Balance at the end of the year	2 245	6 835	293	907	10 280
Carrying amount					
At the beginning of the year	4 295	7 763	1 138	25	13 221
At the end of the year	4 292	6 958	1 358	41	12 649

¹ Impaired intangible assets consist of projects mainly in the Nedbank Retail and Business Banking Cluster. The main indicators of the impairment of a project are the decommissioning of the project and/or the project not reaching full functionality. When one of these indicators is present, the project is tested for impairment by comparing its recoverable amount with its carrying amount. Where the recoverable amount of a project is lower than its carrying value, the project is impaired.

G2.2 ANALYSIS OF GOODWILL BY SEGMENT

	2023 Rm	2022 Rm
Nedbank Corporate and Investment Banking	2 023	2 023
Nedbank Retail and Business Banking	1 449	1 449
Nedbank Wealth	507	658
Nedbank Africa Regions	32	162
	4 011	4 292

The group's annual impairment test indicated that the goodwill relating to 2 CGUs (1 in Nedbank Wealth and 1 in Nedbank Africa Regions) was impaired at 31 December 2023 as a result of the negative macroeconomic environment. This resulted in an impairment of goodwill totalling R298m (2022: R0), which is not recognised in headline earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

The VIU of the various CGUs was based on the following assumptions:

	2023 Rm		2022 Rm	
	SA and Namibia	UK	SA and Namibia	UK
Risk-free rate range, including country risk premium (%)	10,00–11,42	4,56	7,45–10,27	3,48
Beta range ¹	1,00	1,00	1,08	1,00
Equity risk premium (%) ¹	4,80–5,00	6,5	4,24–5,00	6,5
Inflation rate (%) ¹	4,00–4,50	2,30	4,50–5,85	2,57
Country risk premium (%) ¹	6,83		3,56	
Terminal growth rate range (%) ²	4,00–4,50	2,30	4,50–5,85	2,57
Cash flow projection (years)	3–5	5	3–5	5
Discount rate range (pre-tax) (%) ³	21,64–29,59	13,49	20,05–26,04	12,32
Discount rate range (post-tax) (%) ³	15,80–21,55	11,06	14,64–19,01	9,98

¹ Management determined these key assumptions using information provided by the Nedbank Economic Unit, Balance Sheet Management Division and reputable external sources.

² Based on management estimates of sustainable growth rates.

³ Discount rates are based on the weighted-average cost of equity of the respective CGUs.

	2023 Rm	2022 Rm
Geographical split of goodwill is based on the area in which the CGU operates:		
– SA	3 874	4 039
– Rest of Africa	32	162
– Rest of world	105	91
	4 011	4 292

SECTION H: OTHER ASSETS

H1 LONG-TERM EMPLOYEE BENEFITS

ACCOUNTING POLICY

The group operates a number of postemployment defined-benefit and defined-contribution plans for eligible employees. The assets of these plans are generally held in separate trustee-administered funds. These benefits are accounted for in accordance with IAS 19: Employee Benefits.

Defined-benefit plans

The liability recognised in the statement of financial position in respect of defined-benefit pension plans is the present value of the defined-benefit obligation at the reporting date less the fair value of plan assets.

The defined-benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using yields for government bonds that have maturity dates approximating the terms of the group's obligations.

Gains or losses resulting from remeasurements are recognised immediately in OCI. Remeasurements include actuarial gains and losses, return on plan assets, excluding amounts included in net interest, and the asset ceiling, excluding amounts included in net interest.

Current service costs and net interest on the defined-benefit liability are recognised immediately as an expense in profit or loss. Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date the group recognises related restructuring costs.

Plan assets are offset against plan liabilities only if they are assets held by long-term employee benefit funds or qualifying insurance policies. Qualifying insurance policies exclude any policies held by the related parties.

Defined-contribution plans

Contributions to defined-contribution plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

Postemployment benefit plans

The group provides postretirement medical benefits and disability cover for eligible employees. The non-pension postemployment benefits are accounted for, in accordance with their nature, as either a defined-contribution plan or a defined-benefit plan. Similarly, the expected costs associated with such benefits are accounted for in a manner consistent with their classification.

Short-term employee benefits

Short-term employee benefits include salaries, accumulated leave payments, bonuses and non-monetary benefits such as medical aid contributions.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount to be paid under short-term cash bonus plans or accumulated leave if the group has a present, legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

KEY ASSUMPTIONS CONCERNING THE FUTURE AND KEY SOURCES OF ESTIMATION

The group provides pension plans for employees. Arrangements for employee retirement benefits vary from country to country and are made in accordance with local regulations and custom.

For defined-benefit schemes, including postretirement medical aid schemes, actuarial valuation of each of the scheme's obligations using the projected-unit credit method and the fair valuation of each of the scheme's assets is performed annually in accordance with the requirements of IAS 19: Employee Benefits.

The actuarial valuation is dependent on a series of assumptions (note H1.1.2), the key ones being interest rates, mortality, investment returns and inflation. Mortality estimates are based on standard industry and national mortality tables, adjusted, where appropriate, to reflect the group's own experience. The returns on fixed-interest investments are set to market yields at the valuation date (less an allowance for risk) to ensure consistency with the asset valuation. The returns on equities are based on the long-term outlook for global equities at the calculation date, having regard to current market yields and dividend growth expectations.

The inflation assumption reflects long-term expectations of both earnings and retail price inflation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
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POSTEMPLOYMENT AND OTHER LONG-TERM EMPLOYEE BENEFITS

The group has a number of defined-benefit and defined-contribution plans in terms of which it provides pension, postretirement medical aid and long-term disability benefits to employees and their dependants on retirement, death or disablement. All eligible employees and former employees are members of trustee-administered or underwritten schemes within the group, financed by company and employee contributions. All South African retirement plans are governed by the Pension Funds Act, 24 of 1956. The defined-benefit funds are actuarially valued using the projected-unit credit method. Any deficits are funded to ensure the ongoing financial soundness of the funds.

The benefits provided by the defined-benefit schemes are based on years of membership and/or salary levels. These benefits are provided from contributions by employees, the group, and income from the assets of these schemes. The benefits provided by the defined-contribution schemes are determined by the accumulated contributions and investment earnings.

At the dates of the latest valuations, the defined-benefit plans were in a sound financial position in terms of section 16 of the Pension Funds Act. The funds that constitute the assets and liabilities that the group has recognised in the statement of financial position in respect of its defined-benefit plans are listed below. The latest actuarial valuations were performed at 31 December 2023.

POSTEMPLOYMENT BENEFITS

Defined-benefit pension funds

Nedgroup Pension Fund (including the Optiplus policy).

Nedbank UK Pension Fund.

Other funds, consisting of Nedbank Eswatini Limited Pension Fund and Nedbank Lesotho Pension Fund.

Nedbank Private Wealth Pension Scheme.

Defined-benefit medical aid schemes

Nedgroup Medical Aid Scheme for Nedbank employees and pensioners [including the Old Mutual Postretirement Medical Aid (PRMA) annuity policy].

Nedgroup Medical Aid Scheme for past BoE employees and pensioners.

Nedbank Namibia Medical Aid Fund.

OTHER LONG-TERM EMPLOYEE BENEFITS

Nedbank Group Disability Fund (including the OMART policy).

Nedbank Financial Planning (NFP) Earn-Out Scheme.

H1.1 ANALYSIS OF LONG-TERM EMPLOYEE BENEFIT ASSETS AND LIABILITIES

Rm	Assets	Liabilities	Net asset
2023			
Postemployment benefits (note H1.1.1)	4 717	(5)	4 712
Other long-term employee benefits	132	(38)	94
	4 849	(43)	4 806
Rm	Assets	Liabilities	Net asset
2022			
Postemployment benefits (note H1.1.1)	3 982	(6)	3 976
Other long-term employee benefits	125		125
	4 107	(6)	4 101

H1.1.1 Net asset/(liability) recognised

Rm	Pension and provident funds	Medical aid funds	Contribution asset	Total
2023				
Present value of defined-benefit obligation	(3 478)	(902)		(4 380)
Fair value of plan assets	7 109	1 166	1 036	9 311
Funded status	3 631	264	1 036	4 931
Unrecognised due to paragraph 65 limit	(219)			(219)
	3 412	264	1 036	4 712
2022				
Present value of defined-benefit obligation	(3 502)	(907)		(4 409)
Fair value of plan assets	6 515	1 138	939	8 592
Funded status	3 013	231	939	4 183
Unrecognised due to paragraph 65 limit	(207)			(207)
	2 806	231	939	3 976

H1.1.2 Postemployment benefits

Rm	Present value of obligation	Fair value of plan asset	Surplus/ (Deficit)	Unrecognised due to paragraph 65 limit	Net asset/ (liability)
Analysis of long-term employee benefit					
2023					
Pension funds	3 478	7 109	3 631	(219)	3 412
Nedgroup Fund	2 719	6 105	3 386		3 386
Nedbank UK Fund	355	502	147	(147)	–
Nedbank Private Wealth funds	135	161	26		26
Other funds	269	341	72	(72)	–
Medical aid funds	902	1 166	264	–	264
Nedgroup scheme for Nedbank employees	841	1 094	253		253
Nedgroup scheme for BoE employees	54	72	18		18
Nedbank Namibia scheme (unfunded)	7		(7)		(7)
Contribution asset		1 036	1 036		1 036
Total	4 380	9 311	4 931	(219)	4 712
2022					
Pension funds	3 502	6 515	3 013	(207)	2 806
Nedgroup Fund	2 829	5 635	2 806		2 806
Nedbank UK Fund	306	411	105	(105)	–
Nedbank Private Wealth funds	119	127	8	(8)	–
Other funds	248	342	94	(94)	–
Medical aid funds	907	1 138	231	–	231
Nedgroup scheme for Nedbank employees	844	1 065	221		221
Nedgroup scheme for BoE employees	55	73	18		18
Nedbank Namibia scheme (unfunded)	8		(8)		(8)
Contribution asset		939	939		939
Total	4 409	8 592	4 183	(207)	3 976

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

Rm	Pension and provident funds	Medical aid funds	Total
Present value of defined-benefit obligation			
2023			
Balance at the beginning of the year	3 502	907	4 409
Current service cost	6		6
Interest cost	342	100	442
Contributions by plan participants	13		13
Actuarial (gains)/losses	(24)	(16)	(40)
Benefits paid	(419)	(89)	(508)
Impact of foreign currency exchange rate changes	58		58
Balance at the end of the year	3 478	902	4 380
2022			
Balance at the beginning of the year	4 000	965	4 965
Current service cost	8		8
Past service cost	7		7
Interest cost	318	98	416
Contributions by plan participants	(20)		(20)
Actuarial gains	(339)	(69)	(408)
Benefits paid	(431)	(87)	(518)
Impact of foreign currency exchange rate changes	(41)		(41)
Balance at the end of the year	3 502	907	4 409

H1.1.2 Postemployment benefits

Rm	Pension and provident funds	Medical aid funds	Contribution asset	Total
Fair value of plan assets				
2023				
Balance at the beginning of the year	6 515	1 138	939	8 592
Expected return on plan assets	670	126	97	893
Actuarial gains/(losses)	203	(8)		195
Contributions by the employer	35	1		36
Contributions by plan participants	13			13
Benefits paid	(421)	(91)		(512)
Scheme-settled administration costs	(7)			(7)
Impact of foreign currency exchange rate changes	101			101
Balance at the end of the year	7 109	1 166	1 036	9 311
2022				
Balance at the beginning of the year	7 068	1 186	985	9 239
Expected return on plan assets	623	120	(46)	697
Actuarial losses	(685)	(82)		(767)
Contributions by the employer	33	1		34
Contributions by plan participants	(20)			(20)
Benefits paid	(433)	(87)		(520)
Scheme-settled administration costs	(9)			(9)
Impact of foreign currency exchange rate changes	(62)			(62)
Balance at the end of the year	6 515	1 138	939	8 592
Net (income)/expense recognised				
2023				
Current service cost	8			8
Interest (received)/cost	(322)	(27)	(97)	(446)
Scheme-settled plan administration costs	7			7
Effect of application of asset ceiling	4			4
	(303)	(27)	(97)	(427)
2022				
Current service cost	10			10
Interest (received)/cost	(302)	(23)	46	(279)
Scheme-settled plan administration costs	9			9
Past service cost – vested benefit	7			7
Effect of application of asset ceiling	4			4
	(272)	(23)	46	(249)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

Rm	Pension and provident funds	Medical aid funds	Contribution asset	Total
Movements in net asset/(liability) recognised				
2023				
Balance at the beginning of the year	2 806	231	939	3 976
Net income recognised in the statement of comprehensive income	303	27	97	427
Net remeasurements – debit for the year	269	6		275
Contributions paid by the employer	27			27
Impact of foreign currency exchange rate changes	(5)			(5)
Asset ceiling	12			12
Balance at the end of the year	3 412	264	1 036	4 712
2022				
Balance at the beginning of the year	2 854	221	985	4 060
Net income recognised in the statement of comprehensive income	272	23	(46)	249
Net remeasurements – credit for the year	(349)	(13)		(362)
Contributions paid by the employer	35			35
Impact of foreign currency exchange rate changes	(21)			(21)
Asset ceiling	15			15
Balance at the end of the year	2 806	231	939	3 976

%	Pension and provident funds	Medical aid funds
Distribution of plan assets (%)		
2023		
Equity instruments	19,51	25,00
Debt instruments	22,02	42,00
Property	3,10	4,00
Cash	1,34	
International	30,23	29,00
Other	23,80	
	100	100
2022		
Equity instruments	24,31	23,00
Debt instruments	16,01	44,00
Property	2,79	4,00
Cash	0,67	
International	25,72	29,00
Other	30,50	
	100	100
Actual return on plan assets		
2023	873	118
2022	(62)	38

Principal actuarial assumptions (%)	Pension and provident funds	Medical aid funds
2023		
Discount rates	4,50 - 10,90	11,00 - 11,70
Expected rates of return on plan assets	4,50 - 10,90	11,70 - 11,70
Inflation rate	2,50 - 5,30	6,10 - 6,10
Expected rates of salary increases	6,30 - 6,30	6,10 - 6,10
Pension increase allowance	2,50 - 5,30	
Annual increase to medical aid subsidy		7,60 - 8,10
Average expected retirement age (years)	60 - 65	
2022		
Discount rates	4,70 - 11,10	9,90 - 11,60
Expected rates of return on plan assets	4,70 - 11,10	9,90 - 11,60
Inflation rate	2,65 - 5,80	5,70 - 6,30
Expected rates of salary increases	6,80 - 6,80	5,70 - 6,30
Pension increase allowance	0,00 - 5,80	
Annual increase to medical aid subsidy		7,20 - 8,30
Average expected retirement age (years)	60 - 65	

Sensitivity analysis

Defined-benefit obligation

The defined-benefit obligation has been recalculated to show the effect of the discount rate and inflation rate assumptions on the defined-benefit obligation by adding and subtracting 1% to each assumption. This sensitivity analysis is for the Nedgroup Pension Fund, Nedbank Eswatini Limited Pension Fund and Nedbank Lesotho Pension Fund.

2023

Rm	Main result	Discount rate plus 1%	Discount rate minus 1%	Inflation rate plus 1%	Inflation rate minus 1%
Defined-benefit obligation	3 478	2 786	3 188	3 144	2 849
Change (%)		(20)	(8)	(10)	(18)

2022

Rm	Main result	Discount rate plus 1%	Discount rate minus 1%	Inflation rate plus 1%	Inflation rate minus 1%
Defined-benefit obligation	3 502	2 867	3 294	3 306	2 877
Change (%)		(18)	(6)	(6)	(18)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

Medical aid accrued liability

The sensitivity analysis provided below shows the impact of changes to these assumptions on the accrued liability value at 31 December 2023.

2023

Rm	Main result	Medical subsidy rate plus 1%	Medical subsidy rate minus 1%	Discount rate plus 0,5%	Discount rate minus 0,5%
Medical aid accrued liability	902	961	836	928	864
Change (%)		7	(7)	3	(4)

2022

Rm	Main result	Medical subsidy rate plus 1%	Medical subsidy rate minus 1%	Discount rate plus 0,5%	Discount rate minus 0,5%
Medical aid accrued liability	907	968	837	866	934
Change (%)		7	(8)	(5)	3

Pension funds

The expected long-term return is a function of the expected long-term returns on equities, cash and bonds. In setting these assumptions, the asset splits at the latest available date were used and adjustments were made to reflect the effect of expenses.

Weighted-average assumptions (%)

	2023	2022
– Discount rate	9,33	9,49
– Expected return on plan assets	9,33	9,49
– Inflation rate	4,61	4,86
– Future salary increases	5,57	5,62

Medical aid funds

The overall expected long-term rate of return on plan assets is 9,33%. The expected rate of return is based on market expectations, at the beginning of the period, for returns over the entire life of the related obligation. The expected rate of return is based on the expected performance of the entire portfolio.

Rm	Pension and provident funds	Medical aid funds	Total
Experience adjustments on present value of defined-benefit obligations for the past 5 years			
2023	(24)	(16)	(40)
2022	(339)	(69)	(408)
2021	153	5	158
2020	(138)	(81)	(219)
2019	(84)	67	(17)
Experience adjustments on fair value of plan assets for the past 5 years			
2023		(8)	(8)
2022		(82)	(82)
2021		45	45
2020		(38)	(38)
2019		28	28
Estimate of future contributions			
Contributions expected for ensuing year	36		36

Fund surplus for the past 5 years

	Present value of obligation	Fair value of plan asset	Surplus
Pension funds			
2023	3 478	7 109	3 631
2022	3 502	6 515	3 013
2021	4 000	7 068	3 068
2020	3 886	6 150	2 264
2019	4 053	6 265	2 212
Medical aid funds			
2023	902	1 166	264
2022	907	1 138	231
2021	965	1 186	221
2020	958	1 121	163
2019	1 031	1 140	109

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

H2 NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

ACCOUNTING POLICY

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount will be recovered principally through sale rather than use.

Immediately before classification as held for sale, all assets and liabilities are remeasured in accordance with the group's accounting policies. Non-current assets (or disposal groups) held for sale are measured at the lower of the carrying amount and fair value, less incremental, directly attributable costs to sell (excluding taxation and finance charges), and are not depreciated.

Properties sold not yet transferred

The sale of properties is expected to be concluded within the following 12 months. Transfer of the properties is expected to take place during the following 12 months. All the properties form part of the Centre segment.

Properties held for sale

In the prior years the group decided to dispose of property considered to meet the criteria to be classified as 'held for sale' at 31 December 2023. Although the sale has not yet been completed, management is committed to a plan to dispose of the property in the next 12 months.

The property has been measured at its fair value and during the year a fair value loss of R58m (2022: R3m) was recognised due to a decrease in the market value.

Non-current assets held for sale

	2023 Rm	2022 Rm
Properties sold but not yet transferred and previously included in property and equipment	340	38
Property held for sale and previously included in investment property	153	206
	493	244

H3 OTHER ASSETS

	2023 Rm	2022 Rm
		(Restated) ¹
Sundry debtors and other accounts ¹	10 935	8 421
Trading securities and spot positions	24 652	19 413
Impairment of other assets	(12)	(7)
	35 575	27 827

¹ Refer to note A4: Restatements.

SECTION I: FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

Financial instruments recognised in the statement of financial position include all financial assets and financial liabilities, including derivative instruments, but excluding investments in subsidiaries, associate companies and joint arrangements (other than investments held by venture capital divisions), employee benefit assets and liabilities, leases and insurance contracts. Financial instruments are accounted for under IAS 32: Financial Instruments – Presentation, IAS 39: Financial Instruments – Recognition and Measurement (Hedge Accounting), IFRS 9: Financial Instruments, IFRS 7: Financial Instruments – Disclosures, and IFRS 13: Fair Value Measurement.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Measurement basis of financial instruments

There are 2 bases of measurement, namely amortised cost and fair value.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual terms of the instrument. Regular-way purchase and sales of financial assets are recognised on the trade date, which is the date on which the group commits to purchase or sell the asset.

At initial recognition the group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets or financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an ECL is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Amortised cost and effective interest rate

The amortised cost of a financial instrument is the amount at which the financial instrument is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective-interest-rate method of any difference between the initial contractual amount and the maturity amount, less any cumulative impairment losses.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (ie its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider ECL and includes transaction costs, premiums or discounts, and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired financial assets (assets that are credit-impaired at initial recognition) the group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of the ECL in estimated future cash flows.

When the group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate, discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- purchased or originated credit-impaired financial assets for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset; and
- financial assets that are not purchased or originated credit-impaired, but have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (ie net of the ECL allowance).

Fair value

The fair value of a financial instrument is the amount that would be received on selling the asset or paid on transferring a liability in an orderly transaction between market participants at the measurement date.

The fair value of instruments that are quoted in an active market is determined using quoted prices where they represent those at which regularly and recently occurring transactions take place.

The group uses valuation techniques to establish the fair value of instruments where quoted prices in active markets are not available. For a detailed discussion of the fair value of financial instruments refer to note I2.

Financial assets

(i) Classification and measurement

The group applies IFRS 9 and classifies its financial assets in the following measurement categories:

- FVTPL
- FVOCI
- Amortised cost

The classification requirements of investments in debt and equity instruments are described below.

ACCOUNTING POLICY

Debt instruments

The classification of investments in debt instruments depends on:

- the business model within which the financial assets are held and managed; and
- the contractual cash flow characteristics of the financial assets, ie whether the cash flows represent 'solely payments of principal and interest'.

Financial assets are measured at amortised cost if they are held within a business model of which the objective is to hold those assets for the purpose of collecting contractual cash flows and those cash flows comprise solely payments of principal and interest (ie 'hold to collect' business model).

Financial assets are measured at FVOCI if they are held within a business model of which the objective is achieved by both collecting contractual cash flows and selling financial assets and those contractual cash flows comprise solely payments of principal and interest (ie 'hold to collect and sell' business model). Movements in the carrying amount of these financial assets are taken through OCI, except for impairment gains or losses, interest revenue and foreign exchange gains or losses, which are recognised in profit or loss.

Where the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The remaining financial assets are measured at FVTPL. All derivative instruments that are either financial assets or financial liabilities are classified as mandatorily at fair value and measured at FVTPL. Financial assets with embedded derivatives are considered in their entirety when it is being determined whether their cash flows are solely payments of principal and interest.

The group reclassifies debt investments when, and only when, its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Investments in equity instruments

For equity investments that are held neither for trading nor for contingent consideration, the group may irrevocably elect to present subsequent changes in the fair value of these equity investments in OCI. Where the equity investment is derecognised, the cumulative gain or loss previously recognised in OCI is not reclassified from equity to profit or loss. However, it may be reclassified in equity.

Alternatively, where the group does not make the above-mentioned election, fair-value changes are recognised in profit or loss. This election is made on an investment-by-investment basis. On initial recognition the group may irrevocably designate a financial asset otherwise meeting the requirements for measurement at amortised cost or FVOCI, or as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ii) Impairments

Impairments in terms of IFRS 9 are determined based on an ECL model.

The ECL model applies to financial assets measured at amortised cost and debt instruments at FVOCI, lease receivables and certain loan commitments, as well as financial guarantee contracts.

- Under IFRS 9 loss allowances are measured on either of the following bases: 12-month ECL: This is ECL that results from possible default events within the 12 months after the reporting date.
- Lifetime ECL: This is ECL that results from all possible default events over the expected life of a financial instrument.

The group is required to recognise an allowance for either 12-month or lifetime ECL, depending on whether there has been a SICR since initial recognition. Indicators of a SICR in the retail portfolio may include any of the following:

- Short-term forbearance
- Direct-debit cancellation
- Extension to the terms granted
- Previous arrears within the past months

Indicators of a SICR in the wholesale portfolio may include any of the following:

- Significant increase in the credit spread.
- Significant adverse changes in business, financial and/or economic conditions in which the client operates.
- Actual or expected forbearance or restructuring.
- Significant change in collateral value.
- Early signs of liquidity and cash flow problems, such as a delay in the servicing of trade creditors or loans.

Measurement of expected credit losses

The measurement of ECL reflects a probability-weighted outcome, the time value of money and the entity's best available forward-looking information. The above-mentioned probability-weighted outcome considers the possibility of a credit loss occurring and the possibility of no credit loss occurring, even if the possibility of a credit loss occurring is low. Credit losses are measured as the present value of all cash shortfalls (ie the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). ECL is discounted at the effective interest rate of the financial asset.

The assessment of the ECL of a financial asset or portfolio of financial assets entails estimations of the likelihood of defaults occurring and of default correlations between counterparties. The group measures ECL using PD, EAD and LGD. These 3 components are multiplied together and adjusted for the likelihood of default. The calculated ECL is then discounted using the original effective interest rate of the financial asset.

The assessment of a SICR and the calculation of ECL both incorporate forward-looking information. The group has performed historical analyses and identified the key economic variables impacting credit risk and ECL for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. The Nedbank Group Economic Unit provides a forecast of

ACCOUNTING POLICY

economic variables and an overview of the economy quarterly or more often, if necessary. Significant judgement and estimates are applied in this process of incorporating forward-looking information into the SICR assessment and ECL calculation.

Credit-impaired financial assets

At each reporting date the group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The group's definition of 'credit-impaired' is aligned with its internal definition of 'default'.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets, and the amortised cost is presented on the face of the statement of financial position.

For debt securities at FVOCI the loss allowance is recognised in OCI instead of the carrying amount of the asset being reduced. For off-balance-sheet exposures, such as financial guarantee contracts, the loss allowance is presented in 'Provisions and other liabilities' on the face of the statement of financial position.

(iii) Modification of loans

The group may renegotiate or otherwise modify the contractual cash flows of loans to clients. When this happens, the group assesses whether the new terms are substantially different from the original terms. In the normal course of business restructures a combination of qualitative and quantitative factors needs to be considered to establish whether the change to the contractual cash flows is substantial. However, in a distressed restructure the group needs to determine whether it is merely attempting to recover the original cash flows in the most optimal manner, and as such the original cash flows have not expired, or whether the risks and rewards associated with the cash flows have been altered fundamentally enough for the original instrument to be derecognised.

The group is of the view that the above-mentioned principle can be applied by type of modification for retail exposures, as we assume there is a homogeneous business process and objective underlying each type of modification. The application to wholesale exposures should be dealt with on a case-by-case basis through consultation by the business unit with the group's IFRS Advisory Division, as it may be necessary to take into account whether the modification is considered substantial based on the unique facts and circumstances.

Should the terms be substantially different, the group derecognises the original financial asset and recognises a 'new' financial asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and for determining whether a significant increase in credit risk has occurred. However, the group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

Should the terms not be substantially different, the renegotiation or modification does not result in derecognition, and the group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Revolving products

A revolving credit facility (RCF) may be seen as financial instrument that is either:

- 1 continuous instrument, with 1 origination date that could be many years in the past; or
- a series of 1-year instruments, each of which would have a different origination date.

With respect to revolving credit facilities, the key consideration of whether the issuing of a new card, change in credit limit, or conducting of a credit review results in derecognition of the loan or facility is the robustness of the process followed and the resulting impact on credit risk management. Where the process is not considered to be sufficiently robust, ie it is purely procedural in nature, the original RCF will not be derecognised and the date of origination will remain the date at which the facility was first contractually extended (or was subject to a robust process that resulted in derecognition). If the process is considered to be robust, the date of origination would be the date of derecognition of the previous facility or loan.

The group considers the following factors to determine whether a review (annual or otherwise) is robust, ie would result in derecognition:

- The effectiveness of the review in mitigating or managing credit risk until the next scheduled review.
- Evidence that specific action is taken as a result of the outcome of the review, for example:
 - » changes in facility limits;
 - » repricing of the facility;
 - » changes in required collateral or security;
 - » changes to the terms and conditions of the facility; or
 - » withdrawal of the facility.
- That the review is performed at a facility or client level (or client group).
- That the review is done holistically, taking into account the income derived from the facility and the other income generated from the client in comparison to the risk taken.
- That increased monitoring or scrutiny of the facility, for example additional controls and/or approvals, is put in place until the next review.

(iv) Derecognition other than a modification

The group derecognises a financial asset (or group of financial assets) or a part of a financial asset (or part of a group of financial assets) when, and only when:

- the contractual rights to the cash flows arising from the financial asset have expired; or
- the group transfers the financial asset, including substantially all the risks and rewards of ownership of the asset; or
- the group transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retaining control of the asset.

ACCOUNTING POLICY

The difference between the carrying amount of a financial asset or financial liability (or part thereof) that is derecognised and the consideration paid or received, including any non-cash assets transferred or liabilities assumed, is recognised in non-interest revenue and income for the period.

The group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all the risks and rewards. These transactions are accounted for as 'pass-through' transfers that result in derecognition when the group:

- has no obligation to make payments unless it collects equivalent amounts from the assets;
- is prohibited from selling or pledging the assets; and
- has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the group retains a subordinated residual interest.

Financial liabilities

(i) Classification and measurement

Financial liabilities are classified as subsequently measured at amortised cost, except for the following:

- Financial liabilities at FVTPL – This classification is applied to derivative financial liabilities and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated as FVTPL are presented partially in OCI (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially in profit or loss (the remaining amount of change in the fair value of the liability).
- Financial liabilities arising from the transfer of financial assets that did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the group recognises any expenses incurred on the financial liability.
- Financial guarantee contracts and loan commitments.

(ii) Derecognition

A financial liability (or part of a financial liability) is derecognised when, and only when, the liability is extinguished, ie when the obligation specified in the contract is discharged or cancelled or has expired.

Sale and repurchase agreements and lending of securities

Securities sold subject to linked repurchase agreements are recognised as trading securities and the counterparty liability is presented under repurchase agreements as amounts owed to depositors – 'Deposits received under repurchase agreements' on the financial statements. Securities purchased linked to reverse repurchase agreements are not recognised in the financial statements; however, a financial asset for the right to resell the securities is presented as loans and advances – 'Deposits placed under reverse repurchase agreements'. The difference between the sale and repurchase price is treated as interest and recognised over the duration of the agreements using the effective-interest-rate method.

Securities lent to counterparties are also retained in the financial statements and any interest earned is recognised in profit or loss using the effective-interest-rate method. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in non-interest revenue and income. The obligation to return them is recorded at fair value as a trading liability.

Acceptances

Acceptances comprise undertakings by the group to pay bills of exchange drawn on clients. The group expects most acceptances to be settled simultaneously with the reimbursement from clients. Acceptances are recorded as liabilities within amounts owed to depositors, with the corresponding asset recorded in the statement of financial position within loans and advances.

Cash and cash equivalents

Cash and cash equivalents represent cash on hand and demand deposits and cash equivalents that are short-term (ie with a maturity of less than 90 days from acquisition) and highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. Cash and cash equivalents therefore include cash and balances with central banks that can be withdrawn on demand (except where a specific minimum balance at the end of the day is required to be maintained), other eligible bills and amounts due from banks.

Investment contract liabilities

Liabilities for unit-linked and market-linked contracts are reported at fair value. For unit-linked contracts the fair value is calculated as the account value of the units, ie the number of units held multiplied by the bid price value of the assets in the underlying fund (adjusted for taxation). For market-linked contracts the fair value of the liability is determined with reference to the fair value of the underlying assets. This fair value is calculated in accordance with the financial-soundness valuation basis, except that negative rand reserves arising from the capitalisation of future margins are not permitted. The fair value of the liability, at a minimum, reflects the initial deposit of the client, which is repayable on demand.

Investment contract liabilities (other than unit-linked and market-linked contracts) are measured at amortised cost.

ACCOUNTING POLICY

Contribution income relating to investment contracts

Contribution income includes lump sums received in respect of linked businesses with retirement funds and are accounted for when due. The contribution income is set off directly against the liability under investment contracts.

Benefits relating to investment contracts

Policyholder benefits are accounted for when claims are intimated directly against the liability under investment contracts.

FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment, and where the group cannot identify the ECL separately on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceeds the gross carrying amount of the loan, the ECL is recognised as a provision.

KEY ASSUMPTIONS CONCERNING THE FUTURE AND KEY SOURCES OF ESTIMATION

FAIR VALUE OF FINANCIAL INSTRUMENTS

Certain of the group's financial instruments are carried at FVTPL, such as those designated by management under the fair-value option.

Other non-derivative financial assets may be designated as FVOCI. FVOCI financial investments are initially recognised at fair value and are subsequently held at fair value. Gains and losses arising from changes in fair value of such assets are included as a separate component of OCI and presented in equity.

The fair value of a financial instrument is the amount that would be received on selling the asset or paid on transferring the liability in an orderly transaction at the measurement date between knowledgeable and willing parties, other than in a forced or liquidation sale. Financial instruments entered into as trading transactions, together with any associated hedging, are measured at fair value and the resultant profits and losses are included in net trading income, along with interest and dividends arising from long and short positions and funding costs relating to trading activities. Assets and liabilities resulting from gains and losses on financial instruments held for trading are reported gross in trading portfolio assets and liabilities or derivative financial instruments, reduced by the effects of netting agreements where there is an intention to net-settle with counterparties.

Details of the processes, procedures and assumptions used in the determination of fair value are discussed in note I2. In particular, the areas that involve the greatest amount of judgement and complexity include the following:

- Assessing whether instruments are trading with sufficient frequency and volume that they can be considered liquid.
- The inclusion of a measure of the risk of counterparty non-performance in the fair-value measurement of loans and advances, which involves the modelling of dynamic credit spreads.
- The inclusion of credit valuation adjustments (CVA) and funding valuation adjustments (FVA) in the fair-value measurement of derivative instruments.
- The inclusion of own credit risk in the calculation of the fair value of financial liabilities.

These concepts are developing and evolving continuously within the context of the South African market and therefore changes in these assumptions will arise as the market develops.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

I1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CATEGORIES OF FINANCIAL INSTRUMENTS

	Notes	Total Rm	At FVTPL	
			Mandatorily at fair value Rm	Designated ¹ Rm
2023				
Assets				
Cash and cash equivalents	C6	52 082		
Other short-term securities	C4	87 769	60 550	696
Derivative financial instruments	C7	13 812	13 812	
Government and other securities	C3	170 717	81 630	539
Loans and advances	C1.1	891 619	38 707	8 166
Other assets	H3	35 575	24 652	
Current taxation assets		156		
Insurance contract assets	D4	378		
Investment securities	F1	27 287	26 371	20
Non-current assets held for sale	H2	493		
Investments in associate companies	F2	2 489		
Deferred taxation assets	B8.3	921		
Investment property		371		
Property and equipment	G1	10 913		
Long-term employee benefit assets	H1.1	4 849		
Intangible assets	G2	11 977		
Total assets		1 311 408	245 722	9 421
Equity and liabilities				
Ordinary share capital	B4.1	465		
Ordinary share premium		14 332		
Reserves		92 952		
Total equity attributable to ordinary shareholders		107 749	–	–
Holder of participating preference shares		106		
Holder of additional tier 1 capital instruments	B5	10 469		
Non-controlling interest attributable to ordinary shareholders		887		
Total equity		119 211	–	–
Derivative financial instruments	C7	14 141	14 141	
Amounts owed to depositors	D1	1 087 645	45 676	
Provisions and other liabilities	K1.1	22 715	2 676	
Current taxation liabilities		313		
Deferred taxation liabilities	B8.3	507		
Long-term employee benefit liabilities	H1.1	43		
Investment contract liabilities	D3	17 512		17 512
Insurance contract liabilities	D4	1 544		
Long-term debt instruments	D2	47 777		
Total liabilities		1 192 197	62 493	17 512
Total equity and liabilities		1 311 408	62 493	17 512

¹ Refer to note I4 in respect of financial instruments designated as FVTPL.

FVOCI			
Debt instruments Rm	Equity instruments Rm	Financial instruments at amortised cost Rm	Non-financial assets, liabilities and equity Rm
		52 082	
25 136		1 387	
		88 548	
57 092		787 654	
		9 293	1 630
			156
			378
83	813		493
			2 489
			921
			371
			10 913
			4 849
			11 977
82 311	813	938 964	34 177
			465
			14 332
			92 952
-	-	-	107 749
			106
			10 469
			887
-	-	-	119 211
		1 041 969	
		8 318	11 721
			313
			507
			43
			1 544
		47 777	
-	-	1 098 064	14 128
-	-	1 098 064	133 339

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

	Notes	Total (Restated) ¹ Rm	At FVTPL	
			Mandatorily at fair value Rm	Designated ² (Restated) ¹ Rm
2022				
Assets				
Cash and cash equivalents	C6	45 618		
Other short-term securities	C4	70 661	41 024	179
Derivative financial instruments	C7	9 101	9 101	
Government and other securities	C3	160 495	79 778	504
Loans and advances	C1.1	882 165	51 150	9 939
Other assets ¹	H3	27 827	19 413	
Current taxation assets		147		
Insurance contract assets ¹	D4	156		
Investment securities	F1	25 465	24 529	
Non-current assets held for sale	H2	244		
Investments in associate companies	F2	2 496		
Deferred taxation assets ¹	B8.3	683		
Investment property		26		
Property and equipment	G1	11 064		
Long-term employee benefit assets	H1.1	4 107		
Intangible assets	G2	12 649		
Total assets¹		1 252 904	224 995	10 622
Equity and liabilities				
Ordinary share capital	B4.1	487		
Ordinary share premium		19 208		
Reserves ¹		85 281		
Total equity attributable to ordinary equity holders¹		104 976	–	–
Holder of participating preference shares		51		
Holder of additional tier 1 capital instruments	B5	10 219		
Non-controlling interest attributable to ordinary shareholders		698		
Total equity¹		115 944	–	–
Derivative financial instruments	C7	9 738	9 738	
Amounts owed to depositors	D1	1 039 622	36 987	
Provisions and other liabilities ¹	K1.1	16 722	175	
Current taxation liabilities		322		
Deferred taxation liabilities ¹	B8.3	533		
Long-term employee benefit liabilities	H1.1	6		
Investment contract liabilities ¹	D3	16 832		16 832
Insurance contract liabilities ¹	D4	1 282		
Long-term debt instruments	D2	51 903		
Total liabilities¹		1 136 960	46 900	16 832
Total equity and liabilities¹		1 252 904	46 900	16 832

¹ Refer to note A4: Restatements.

² Refer to note I4 in respect of financial instruments designated as FVTPL.

FVOCI			
Debt instruments Rm	Equity instruments Rm	Financial instruments at amortised cost Rm	Non-financial assets, liabilities and equity (Restated) ¹ Rm
		45 618	
25 526		3 932	
		80 213	
42 824		778 252	
		7 176	1 238
			147
			156
95	831		10
			244
			2 496
			683
			26
			11 064
			4 107
			12 649
68 445	831	915 191	32 820
			487
			19 208
			85 281
-	-	-	104 976
			51
			10 219
			698
-	-	-	115 944
		1 002 635	
		5 243	11 304
			322
			533
			6
			1 282
		51 903	
-	-	1 059 781	13 447
-	-	1 059 781	129 391

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

12 FAIR-VALUE MEASUREMENT – FINANCIAL INSTRUMENTS

12.1 VALUATION OF FINANCIAL INSTRUMENTS

BACKGROUND

Information obtained from the valuation of financial instruments is used by the group to assess the performance of the business and, in particular, provide assurance that the risk and return measures that the business has taken are accurate and complete. It is important that the valuation of financial instruments accurately represents the financial position of the group while complying with the requirements of the applicable accounting standards.

The fair value of a financial instrument is the amount that would be received on selling the asset or paid on transferring a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is a presumption 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.

CONTROL ENVIRONMENT

Validation and approval

The business unit entering into the transaction is responsible for the initial determination and recording of the fair value of the transaction. There are normalised review protocols for the independent review and validation of fair values separate from the business unit entering into the transaction. These include, but are not limited to:

- daily controls over the profit or loss recorded by trading and treasury front-office traders;
- specific controls to ensure consistent pricing policies and procedures are adhered to;
- independent valuation of structures, products and trades; and
- periodic review of all elements of the modelling process.

The validation of pricing and valuation methodologies is verified by a specialist team that is part of the group's risk management function and that is independent of all the business units. A specific area of focus is the marking to model of illiquid and/or complex financial instruments.

The review of the modelling process includes approval of model revisions, vetting of model inputs, review of model results and more specifically the verification of risk calculations. All valuation techniques are validated and reviewed by qualified senior employees and are calibrated and backtested for validity by using prices from any observable current market transaction in the same instrument (ie without modification or repackaging) or based on any observable market data. The group obtains market data consistently in the same market where the instrument was originated or purchased.

If the fair-value calculation deviates from the quoted market value due to inaccurate observed market data, these deviations in the valuation are documented and presented at a review committee, which is independent of both the business unit and the specialist team, for approval. The committee will need to consider both the regulatory and accounting requirements in arriving at an opinion on whether the deviation is acceptable.

The group refines and modifies its valuation techniques as markets and products develop and as the pricing for individual products becomes more or less readily available. While the group believes its valuation techniques are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions may result in different estimates of fair value at the different reporting dates.

Stress testing and sensitivity measures

For further discussion in respect of stress testing and sensitivity measures refer to note I2.7.

VALUATION METHODOLOGIES

The objective of a fair-value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. A fair-value measurement includes consideration of the following:

- The particular asset or liability that is being measured (consistently with its unit of account).
- The principal (or most advantageous) market for the asset or liability.
- The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair-value hierarchy within which the inputs are categorised.

Quoted price

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The appropriate quoted market price for an asset held or a liability to be issued is usually the current bid price and, for an asset to be acquired or a liability held, the asking price.

The objective of determining fair value is to arrive at the transaction price of an instrument on the measurement date (ie without modifying or repackaging the instrument) in the principal (or most advantageous) active market to which the business has immediate access.

The existence of published price quotations in an active market is the most reliable evidence of fair value and, when they exist, they are used without adjustment to measure the financial asset or financial liability. A market is considered to be active if transactions occur with sufficient volume and frequency 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 prescribed by IFRS 13: Fair Value Measurement.

VALUATION TECHNIQUES

If the market for a financial instrument is not active, the group establishes fair value by using various valuation techniques. These valuation techniques may include:

- using recent arm's-length market transactions between knowledgeable, willing parties;
- reference to the current fair value of another instrument that is substantially the same in nature;
- reference to the value of the net asset of the underlying business;
- earnings multiples;
- discounted-cash-flow analysis; and
- various option pricing models.

If there is a valuation technique that is commonly used by market participants to price the financial instrument and that technique has been demonstrated to provide reasonable estimates of prices obtained in actual market transactions, the group will use that technique. In applying valuation techniques, and to the extent possible, the group maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's-length exchange and motivated by normal business considerations. In applying valuation techniques, the group uses estimates and assumptions that are consistent with available information about the estimates and assumptions that market participants would use in setting a price for the financial instrument.

Fair value is therefore estimated on the basis of the results of a valuation technique that makes use of market inputs and relies as little as possible on entity-specific inputs. A valuation technique would be expected to arrive at a realistic estimate of the fair value if:

- it reasonably reflects how the market could be expected to price the instrument; and
- the inputs to the valuation technique reasonably represent market expectations and measures of the risk–return factors inherent in the financial instrument.

Therefore, a valuation technique:

- will incorporate all relevant factors that market participants would consider in determining a price; and
- is consistent with accepted economic methodologies for pricing financial instruments.

If a published price quotation in an active market does not exist for a financial instrument in its entirety, but active markets exist for its component parts, fair value is determined on the basis of the relevant market prices for the various component parts.

If a rate (rather than a price) is quoted in an active market, the group uses that market-quoted rate as an input into a valuation technique to determine fair value. If the market-quoted rate does not include credit risk or other factors that market participants would include in valuing the instrument, the group adjusts for these factors.

Valuation techniques applied by the group would generally be classified as level 2 or level 3 in terms of the fair-value hierarchy prescribed by IFRS 13: Fair Value Measurement. 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.

OBSERVABLE MARKETS

Quoted market prices in active markets are the best evidence of fair value and are used as the basis of measurement, if available. A determination of what constitutes 'observable market data' will necessitate significant judgement. It is the group's belief that 'observable market data' comprises, in the following hierarchical order:

- prices or quotes from an exchange or listed markets in which there are sufficient liquidity and activity;
- proxy observable market data that is proven to be highly correlated and has a logical, economic relationship with the instrument that is being valued; and
- other direct and indirect market inputs that are observable in the marketplace.

Data is considered by the group to be observable if the data is:

- verifiable;
- readily available;
- regularly distributed;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER

- from multiple independent sources;
- transparent; and
- not proprietary.

Data is considered by the group to be market-based if the data is:

- reliable;
- based on consensus within reasonably narrow, observable ranges;
- provided by sources that are actively involved in the relevant market; and
- supported by actual market transactions.

It is not the intention to imply that all the above characteristics must be present to conclude that the evidence qualifies as observable market data. Judgement is applied based on the strength and quality of the available evidence.

INPUTS TO VALUATION TECHNIQUES

An appropriate valuation technique for estimating the fair value of a particular financial instrument would incorporate observable market data about the market conditions and other factors that are likely to affect the instrument's fair value. Inputs are selected on a basis that is consistent with the characteristics of the instrument that market participants would take into account in a transaction for that instrument. Principal inputs to valuation techniques applied by the group include the following:

- Discount rate – Where discounted-cash-flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the reporting date for an instrument with similar terms and conditions.
- The time value of money – The business may use well-accepted and readily observable general interest rates, such as the Johannesburg Interbank Agreed Rate (SA), London Interbank Offered Rate (UK) or an appropriate swap rate, as the benchmark rate to derive the present value of a future cash flow.
- Credit risk – Credit risk is the risk of loss associated with a counterparty's failure or inability to fulfil its contractual obligations. The valuation of the relevant financial instrument takes into account the effect of credit risk on fair value by including an appropriate adjustment for the risk taken.
- Foreign currency exchange prices – Active currency exchange markets exist for most major currencies, and prices are quoted daily on various trading platforms and in financial publications.
- Commodity prices – Observable market prices are available for those commodities that are actively traded on exchanges in Johannesburg, London, New York, Chicago and other commercial exchanges.
- Equity prices – Prices (and indices of prices) of traded equity instruments are readily observable on JSE Limited or any other recognised international exchange. Present-value techniques may be used to estimate the current market price of equity instruments for which there are no observable prices.
- Volatility – Measures of the volatility of actively traded items can be reasonably estimated by the implied volatility in current market prices. The shape and skew of the volatility curve is derived from a combination of observed trades and doubles in the market. In the absence of an active market, a methodology to derive these volatilities from observable market data will be developed and used.
- Recovery rates/LGD – These are used as an input to valuation models as an indicator of the severity of losses on default. Recovery rates are primarily sourced from market data providers or inferred from observable credit spreads.
- Prepayment risk and surrender risk – Expected repayment patterns for financial assets and expected surrender patterns for financial liabilities can be estimated on the basis of historical data.
- Servicing costs – If the cost of servicing a financial asset or financial liability is significant and other market participants would face comparable costs, the issuer would consider them in determining the fair value of that financial asset or financial liability.
- Dividends – Consistent consensus dividend forecasts adjusted for internal investment analysts' projections can be applied to each share. Forecasts are usually available for the current year plus 1 additional year. Thereafter, a constant growth rate would be applied to the specific dates into the future for each individual share.
- Inception profit (day one gain or loss) – The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (ie the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (ie without modification or repackaging) or based on a valuation technique, the variables of which include data from observable markets only.

VALUATION ADJUSTMENTS

To estimate a reliable fair value, where appropriate, the group applies certain valuation adjustments to the pricing information derived from the above sources. In making appropriate adjustments, the group considers certain adjustments to the modelled price that market participants would make when pricing that instrument. Factors that would be considered include, but are not limited to, the following:

- Own credit on financial liabilities – The carrying amount of financial liabilities held at fair value is adjusted to reflect the effect of changes in the group's own credit spreads. As a result, the carrying value of issued bonds and subordinated-debt instruments that have been designated as FVTPL is adjusted by reference to the movement in the appropriate spreads. The effect of changes relating to the group's own credit risk is recognised OCI and the remaining gain or loss is recognised in profit or loss in the consolidated statement of comprehensive income.
- Counterparty credit spreads – Adjustments are made to market prices when the creditworthiness of the counterparty differs from that of the assumed counterparty in the market price (or parameter).

VALUATION TECHNIQUES BY INSTRUMENT

Other short-term securities and government and other securities

The fair value of these instruments is based on quoted market prices from an exchange dealer, broker, industry group or pricing service, when available. When they are unavailable, the fair value is determined by reference to quoted market prices for similar instruments, adjusted, as appropriate, for the specific circumstances of the instruments.

Where these instruments include corporate bonds, the bonds are valued using observable active quoted prices or recently executed transactions, except where observable price quotations are not available. Where price quotations are not available, the fair value is determined based on cash flow models, where significant inputs may include yield curves and bond or single-name credit default swap spreads.

Derivative financial instruments

Derivative contracts can be traded either through an exchange or over the counter and are valued using market-standard models and quoted parameter inputs. Parameter inputs are obtained from pricing services, consensus pricing services and recently occurring transactions in active markets, whenever possible. Certain inputs may not be observable in the market directly, but can be determined from observable prices through model calibration procedures. Other inputs are not observable, but can generally be estimated from historical data or other sources.

Loans and advances

Loans and advances include mortgage loans (home loans and commercial mortgages), other asset-based loans, including collateralised debt obligations, and other secured and unsecured loans.

In the absence of an observable market for these instruments, the fair value is determined by using internally developed models that are specific to the instrument and that incorporate all available observable inputs. These models involve discounting the contractual cash flows by using an at-inception, credit-adjusted zero-coupon curve. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance.

Investment securities

Investment securities are debt and equity instruments managed on a fair-value basis and these include private-equity investments, listed investments, and unlisted investments.

The fair value of listed investments is determined with reference to quoted bid prices at the close of business on the relevant securities exchange.

Where private-equity investments are involved, the exercise of judgement is required due to uncertainties inherent in estimating the fair value. The fair value of private equity is determined using appropriate valuation methodologies that, depending on the nature of the investment, may include an analysis of the investee's financial position and results, risk profiles and prospects, discounted-cash-flow analysis, enterprise value comparisons with similar companies, price/earnings comparisons and earnings multiples. For each investment, the relevant methodology is applied consistently over time and may be adjusted for changes in market conditions relative to that instrument.

The fair value of unlisted investments is determined using appropriate valuation techniques that may include, but are not limited to, discounted-cash-flow analysis, net-asset-value calculations and directors' valuations.

Other assets

Short positions or long positions in equities arise in trading activities where equity shares not owned by the group are sold in the market to third parties. The fair value of these instruments is determined by reference to the gross short or long position valued at the offer rate.

Investments in instruments that do not have a quoted market price in an active market and the fair value of which cannot be reliably measured, as well as derivatives that are linked to and have to be settled by delivery of such unquoted equity instruments, are measured at fair value using models considered to be appropriate by management.

Amounts owed to depositors

Amounts owed to depositors include deposits under repurchase agreements, negotiable certificates of deposit and other deposits. These instruments incorporate all market risk factors, including a measure of the group's credit risk relevant for that financial liability when designated as FVTPL.

The fair value of these financial liabilities is determined by discounting the contractual cash flows using a Nedbank Group Limited-specific credit-adjusted yield curve that reflects the level at which the group would issue similar instruments at the reporting date. The market risk parameters are valued consistently to similar instruments held as assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER

The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. When the fair value of a financial liability cannot be reliably determined, the liability is recorded at the amount due. Fair value is considered reliably measurable if:

- the variability in the range of reasonable fair-value estimates is not significant for that instrument; or
- the probabilities of the various estimates within the range can be reasonably assessed and used in estimating fair value.

Investment contract liabilities

The fair value of investment contract liabilities is determined by reference to the fair value of the underlying assets.

Long-term debt instruments

The fair value of long-term debt instruments is determined by reference to published market values on the relevant exchange, when they are:

- available; and
- considered to be trading with sufficient volume and frequency.

When the above conditions are not met, the fair value is determined using models considered to be appropriate by management. As far as possible, inputs to these models will leverage observable inputs for similar instruments with similar coupons and maturities.

Complex instruments

These instruments are valued by using internally developed models that are specific to the instrument and that have been calibrated to market prices. In less active markets data are obtained from less-frequent market transactions and broker quotes, and through extrapolation and interpolation techniques. Where observable prices or inputs are not available, other relevant sources of information such as historical data, fundamental analysis of the economics of the transaction and proxy information from similar transactions are used. These models are reviewed and assessed continually to ensure that the best available data is being used in the determination of fair value.

Other liabilities

Short positions or long positions in equities arise in trading activities where equity shares, not owned by the group, are sold in the market to third parties. The fair value of these instruments is determined by reference to the gross short or long position valued at the offer rate.

Where the group has assets and liabilities with offsetting market risks, it may use middle-market prices as a basis for establishing fair values for the offsetting of risk positions and apply the bid or asking price to the net open position, as appropriate.

SUMMARY OF PRINCIPAL VALUATION TECHNIQUES – LEVEL 2 INSTRUMENTS

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:

	VALUATION TECHNIQUE	KEY INPUTS
Assets		
Other short-term securities	Discounted-cash-flow model	Discount rates
Derivative financial instruments	Discounted-cash-flow model Black–Scholes Valuation Model Multiple valuation techniques	Discount rates Risk-free rates and volatilities 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 Adjusted net asset value Dividend yield method	Money market rates and interest rates Underlying price of market-traded instruments Dividend growth rates
Liabilities		
Derivative financial instruments	Discounted-cash-flow model Black–Scholes Valuation Model Multiple valuation techniques	Discount rates Risk-free rates and volatilities 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

SUMMARY OF PRINCIPAL VALUATION TECHNIQUES – LEVEL 3 INSTRUMENTS

The summary of the valuation techniques applicable to those financial assets and financial liabilities classified as level 3 in the fair-value hierarchy is set out in note I2.7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

12.2 FAIR-VALUE HIERARCHY

12.2.1 Financial assets

Rm	Note	Total financial assets	Total financial assets recognised at amortised cost	Total financial assets recognised at fair value	At FVTPL		
					Mandatorily at fair value		
					Level 1	Level 2	Level 3
2023		1 277 231	938 964	338 267	122 304	115 894	7 524
Cash and cash equivalents	C6	52 082	52 082	–			
Other short-term securities	C4	87 769	1 387	86 382	12 806	47 744	
Derivative financial instruments	C7	13 812		13 812	69	13 723	20
Government and other securities	C3	170 717	88 548	82 169	78 286	3 320	24
Loans and advances	C1.1	891 619	787 654	103 965	287	38 420	
Other assets	H3	33 945	9 293	24 652	24 652		
Investment securities	F1	27 287		27 287	6 204	12 687	7 480

Rm	Note	Total financial assets	Total financial assets recognised at amortised cost	Total financial assets recognised at fair value	At FVTPL		
					Mandatorily at fair value		
					Level 1	Level 2	Level 3
2022		1 220 084	915 191	304 893	104 412	113 717	6 866
Cash and cash equivalents	C6	45 618	45 618	–			
Other short-term securities	C4	70 661	3 932	66 729	301	40 723	
Derivative financial instruments	C7	9 101		9 101		9 101	
Government and other securities	C3	160 495	80 213	80 282	78 527	1 216	35
Loans and advances	C1.1	882 165	778 252	103 913	273	50 877	
Other assets	H3	26 589	7 176	19 413	19 413		
Investment securities	F1	25 455		25 455	5 898	11 800	6 831

At FVTPL			At FVOCI					
Designated			Debt instruments			Equity instruments		
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
–	9 401	20	–	82 311	–	7	505	301
	696			25 136				
	539			57 092				
	8 166							
		20		83		7	505	301

At FVTPL			At FVOCI					
Designated			Debt instruments			Equity instruments		
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
–	10 622	–	–	68 445	–	21	484	326
	179			25 526				
	504			42 824				
	9 939							
				95		21	484	326

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
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I2.2.1 Financial assets

Summary of fair-value hierarchies

Rm	Total financial assets recognised at fair value		Total financial assets classified as level 1	
	2023	2022	2023	2022
Other short-term securities	86 382	66 729	12 806	301
Derivative financial instruments	13 812	9 101	69	
Government and other securities	82 169	80 282	78 286	78 527
Loans and advances	103 965	103 913	287	273
Other assets	24 652	19 413	24 652	19 413
Investment securities	27 287	25 455	6 211	5 919
	338 267	304 893	122 311	104 433

Reconciliation to categorised statement of financial position

Rm	Mandatorily at fair value		Designated as FVTPL	
	2023	2022	2023	2022
Level 1	122 304	104 412		
Level 2	115 894	113 717	9 401	10 622
Level 3	7 524	6 866	20	
	245 722	224 995	9 421	10 622

Reconciliation to statement of financial position

Rm	Note	2023	2022
			(Restated) ¹
Total financial assets	I1	1 277 231	1 220 084
Total non-financial assets ¹	I1	34 177	32 820
Total assets¹		1 311 408	1 252 904

¹ Refer to note A4: Restatements.

I2.2.2 Financial liabilities

Rm	Note	Total financial liabilities	Total financial liabilities recognised at amortised cost	Total financial liabilities recognised at fair value
2023		1 178 069	1 098 064	80 005
Derivative financial instruments	C7	14 141		14 141
Amounts owed to depositors	D1	1 087 645	1 041 969	45 676
Provisions and other liabilities	K1.1	10 994	8 318	2 676
Investment contract liabilities	D3/D4	17 512		17 512
Long-term debt instruments	D2	47 777	47 777	

Total financial assets classified as level 2		Total financial assets classified as level 3	
2023	2022	2023	2022
73 576	66 428		
13 723	9 101	20	
3 859	1 720	24	35
103 678	103 640		
13 275	12 379	7 801	7 157
208 111	193 268	7 845	7 192

FVOCI: Debt instruments		FVOCI: Equity instruments	
2023	2022	2023	2022
		7	21
82 311	68 445	505	484
		301	326
82 311	68 445	813	831

At FVTPL						
Mandatorily at fair value			Designated			
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
2 705	59 788	–	–	17 512	–	
29	14 112					
2 676	45 676					
				17 512		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

Rm	Note	Total financial liabilities	Total financial liabilities recognised at amortised cost	Total financial liabilities recognised at fair value
		(Restated) ¹		(Restated) ¹
2022		1 123 513	1 059 781	63 732
Derivative financial instruments	C7	9 738		9 738
Amounts owed to depositors	D1	1 039 622	1 002 635	36 987
Provisions and other liabilities	K1.1	5 418	5 243	175
Investment contract liabilities ¹	D3/D4	16 832		16 832
Long-term debt instruments	D2	51 903	51 903	–

¹ Refer to note A4: Restatements.

Summary of fair-value hierarchies

Rm	Total financial liabilities recognised at fair value		Total financial liabilities classified as level 1	
	2023	2022 (Restated) ¹	2023	2022
Derivative financial instruments	14 141	9 738	29	172
Amounts owed to depositors	45 676	36 987		
Provisions and other liabilities	2 676	175	2 676	174
Investment contract liabilities ¹	17 512	16 832		
	80 005	63 732	2 705	346

¹ Refer to note A4: Restatements.

Reconciliation to categorised statement of financial position

Rm	Mandatorily at fair value		Designated as FVTPL	
	2023	2022	2023	2022 (Restated) ¹
Level 1	2 705	346		
Level 2 ¹	59 788	46 554	17 512	16 832
	62 493	46 900	17 512	16 832

¹ Refer to note A4: Restatements.

Reconciliation to statement of financial position

Rm	Note	2023	2022
			(Restated) ¹
Total financial liabilities ¹	I1	1 178 069	1 123 513
Total equity and non-financial liabilities ¹	I1	133 339	129 391
Total equity and liabilities¹		1 311 408	1 252 904

¹ Refer to note A4: Restatements.

The tables presented above analyse the financial assets and financial liabilities that are measured at fair value by level of fair-value hierarchy as required by IFRS 13: Fair Value Measurement. The levels of the hierarchy are defined 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 using market data that is either directly or indirectly observable. Various factors influence the availability of observable data and these may vary from product to product and change over time. Factors include, for example, 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 the nature of the transaction (bespoke or generic).

Level 3: Valuation techniques that include significant inputs that are unobservable. 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, dependent on the significance of the unobservable inputs to the overall valuation. Unobservable inputs are determined based on the best information available and may include reference to similar instruments, similar maturities, appropriate proxies or other analytical techniques.

At FVTPL						
Mandatorily at fair value			Designated			
Level 1	Level 2	Level 3	Level 1	Level 2 ¹	Level 3	
346	46 554	–	–	16 832	–	
172	9 566					
	36 987					
174	1			16 832		

Total financial liabilities classified as level 2	
2023	2022 (Restated) ¹
14 112	9 566
45 676	36 987
	1
17 512	16 832
77 300	63 386

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

12.3 DETAILS OF CHANGES IN VALUATION TECHNIQUES

There have been no significant changes to valuation techniques.

12.4 TRANSFERS BETWEEN LEVELS OF THE FAIR-VALUE HIERARCHY

In terms of the group's policy, no transfers of financial instruments between levels of the fair-value hierarchy are deemed to have occurred at the end of the reporting period.

There were no significant transfers between level 1 and level 2 of the fair-value hierarchy during the 2023 reporting period.

12.5 LEVEL 3 RECONCILIATION

Rm	Opening balance at 1 January	Gains in non-interest revenue and income in profit for the year
2023		
At FVTPL	6 866	816
Derivative financial instruments assets		20
Government and other securities	35	3
Investment securities	6 831	793
At FVOCI – Equity instruments	326	–
Investment securities	326	
Total financial assets classified as level 3	7 192	816

Rm	Opening balance at 1 January	Gains/ (Losses) in non-interest revenue and income in profit for the year
2022		
At FVTPL	6 417	1 303
Government and other securities		(10)
Investment securities	6 417	1 313
At FVOCI – Equity instruments	347	–
Investment securities	347	
Total financial assets classified as level 3	6 764	1 303

There are no financial liabilities classified as level 3 at 31 December 2023.

12.6 UNREALISED GAINS

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

	2023	2022
Equity investment income	816	1 303
	816	1 303

Losses relating to investments in equity instruments at FVOCI and debt instruments at FVOCI in OCI for the year	Purchases	Issues	Sales	Settlements	Transfers to level 2	Closing balance at 31 December
-	722	656	(558)	(958)	-	7 544
				(14)		20
	722	656	(558)	(944)		24
(25)	-	-	-	-	-	7 500
(25)						301
(25)	722	656	(558)	(958)	-	301
						7 845

Losses relating to investments in equity instruments at FVOCI and debt instruments at FVOCI in OCI for the year	Purchases	Issues	Sales	Settlements	Transfers from level 1	Closing balance at 31 December
-	1 584	-	(775)	(1 663)	-	6 866
	45					35
	1 539		(775)	(1 663)		6 831
(9)	-	-	(12)	-	-	326
(9)			(12)			326
(9)	1 584	-	(787)	(1 663)	-	7 192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

12.7 EFFECT OF CHANGES IN SIGNIFICANT UNOBSERVABLE ASSUMPTIONS

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

There are no financial liabilities classified as level 3 at 31 December 2023. Hence no effect of changes in significant unobservable assumptions has been presented.

During the year the group reviewed its presentation of the effect of changes in significant unobservable assumptions. As a result of this review, the group enhanced this disclosure, which led to a reclassification with more granular information.

- Material level 3 fair-value instruments were disaggregated into the relevant industries.
- The quantum of the significant unobservable inputs applied was disclosed.
- The valuation techniques, with descriptions of their nature, for each material level 3 fair-value instrument were disclosed.

For comparability, this reclassification was applied to the current and prior year.

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

Financial assets 2023	Valuation technique	Significant unobservable inputs
Investment securities - Industry		
Retail/ Consumer products and services/ Fast moving consumer goods	Earnings before interest, taxation, depreciation and amortisation (EBITDA)	EBITDA (Rm)
Telecommunications and technology	Net asset value	Net asset value (Rm)
HealthTech	Revenue/EBITDA multiple	Marketability/liquidity discount
Speciality chemicals	EBITDA	EBITDA multiple
Technology	Forecasted revenue	Forecasted revenue
	Revenue multiple	Revenue multiple
	Forecasted EBITDA	Forecasted EBITDA
	EBITDA multiple	EBITDA multiple
Transportation	Net asset value	Marketability/liquidity discount

Financial assets 2022	Valuation technique	Significant unobservable inputs
Investment securities - Industry		
Diversified industrial	EBITDA	EBITDA (Rm)
Mining	Discounted cash flow model	Commodity (US\$ per tonne)
Telecommunications	Discounted cash flow model	Revenue forecasts
Speciality chemicals	EBITDA	EBITDA multiple
Financial services	Price-to-earnings and price-to-book multiple	Average price-to-book ratio
Asset management	Net asset value	Net asset value growth (Rm)

Actual significant unobservable inputs applied	Reasonable possible percentage change in significant unobservable inputs	Impact of the change in unobservable inputs on fair value
	%	Rm
R389m	(13)	(98)
R690m	(53)	(14)
25%	(10)	4
15 times	Between (14) and 14	Between (4) and 4
R78m	(17)	(25)
4 times	(13)	(19)
R189m	(10)	(14)
3 times	(17)	(14)
R50m	(10)	(14)
14 times	(14)	(14)
46%	(7)	10

Range of actual significant unobservable inputs applied	Reasonable possible percentage change in significant unobservable inputs	Impact of the change in unobservable inputs on fair value
	%	Rm
R650m	21	5
US\$34 per tonne	11	8
0%	5	23
4 times	3	6
1 time	144	136
R147m	(63)	3

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VALUATION TECHNIQUE

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

13 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 dates detailed below are estimated only for the purpose of IFRS disclosure:

Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
2023					
Financial assets	877 589	874 297	85 437	16 104	772 756
Other short-term securities	1 387	1 387		1 387	
Government and other securities	88 548	86 874	85 437		1 437
Loans and advances	787 654	786 036		14 717	771 319
Financial liabilities	47 777	48 720	26 481	22 239	–
Long-term debt instruments	47 777	48 720	26 481	22 239	–
2022					
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	–

Loans and advances

Loans and advances, recognised in note C1.1, 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 traded actively in most markets and it is therefore not possible to determine the fair value of these loans and advances using observable market prices and market inputs. Due to the unique characteristics of the loans and advances portfolio and the fact that there have been no recent transactions involving the disposal of such loans and advances, there is no basis to determine a price that could be negotiated between market participants in an orderly transaction. The group is not currently in the position of a forced sale of such underlying loans and advances and it would therefore be inappropriate to value the loans and advances on a forced-sale basis.

The group has determined the fair value of the gross exposures for loans and advances measured at amortised cost, which resulted in these assets' fair value being 0,21% lower (2022: 0,67% higher) than the carrying value.

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

The group has developed a methodology and model to determine the fair value of the gross exposures for the performing loans and advances measured at amortised cost. This model incorporates the use of average interest rates and projected monthly cash flows per product type. Future cash flows are discounted using interest rates at which similar loans would be granted to borrowers with similar credit ratings and maturities. Methodologies and models are updated on a continuous basis for changes in assumptions, forecasts and modelling techniques. Future forecasts of the group's PDs and LGDs for the periods 2024 to 2026 (2022: for periods 2023 to 2025) are based on the latest available internal data and are applied to the projected cash flows of the first 3 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 0,79% higher and 1,21% lower (2022: between 0,33% lower and 1,67% higher) than the carrying value.

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

Government and other securities

The fair value of high-quality South African government bonds listed in an active market is based on the available market prices (level 1, and those that use 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. See note C3 for further details.

Other short-term securities

The fair value of other short-term securities is determined using a discounted-cash-flow analysis (level 2). See note C4 for further details.

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Long-term debt instruments

The fair value of long-term debt instruments is based on available market prices (level 1) or, where prices are not quoted or where the market is considered to be inactive, 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 reprice to current market rates at frequent intervals. In addition, a significant portion of the balance is callable or is 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 are repriced to current market rates at frequent intervals.

14 FINANCIAL INSTRUMENTS DESIGNATED AS FAIR VALUE THROUGH PROFIT OR LOSS

The group has satisfied the criteria for designation of financial instruments as FVTPL in terms of the accounting policies.

Various fixed-rate advances and liabilities are entered into by the group. The overall interest rate risk of the group is economically hedged by way of interest rate swaps and managed by the Group ALCO. The interest rate risk is then traded to the market through the central trading desk.

The swaps and front-desk trading instruments meet the definition of 'derivatives', and are measured at fair value in terms of IFRS 9. Fixed-rate advances and liabilities, however, do not meet this definition. Therefore, to avoid any accounting mismatch of holding the advances at amortised cost and the hedging instruments at fair value, the advances and liabilities are designated as FVTPL and are held at fair value.

Various instruments are designated as FVTPL, which is consistent with the group's documented risk management or investment strategy. The fair value of the instruments is managed and reviewed regularly by the risk/investment functions of the group. The risk of the portfolio is measured and monitored on a fair-value basis.

14.1 Financial assets designated as FVTPL

Rm	Maximum exposure to credit risk	
	2023	2022
Government-guaranteed	539	504
Treasury bills	696	179
Mortgage loans	1 610	4 043
Loans and advances (secured and unsecured)	6 556	5 896
Unlisted investments	20	
	9 421	10 622

Nedbank Group has estimated the change in credit risk as being the amount arising from the change in fair value of the financial instrument that is not attributable to changes in market conditions that give rise to market risk. Individual credit spreads for loans or receivables that have been designated as FVTPL are determined at the inception of the deal. The credit spread is calculated as the difference between the benchmark interest rate and the interest rate the client is charged. Subsequent changes in the benchmark interest rate and the credit spread give rise to changes in fair value in the financial instrument. Loans and advances are reviewed for observable changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. No credit derivatives are used to hedge the credit risk on any of the financial assets designated as FVTPL.

A breakdown of the financial assets that are designated as FVTPL can be found in note I1. A detailed explanation of how each financial asset is valued can be found in note I2.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

14.2 Financial liabilities designated as FVTPL

2023

Financial liabilities required to present the effects of change in credit risk in OCI:

Rm	Fair value	Contractually payable at maturity	Financial liabilities where change in credit risk is recognised in OCI		
			Current period	Cumulative	Amount of cumulative gains/(losses) transferred within equity
Investment contract liabilities ¹	17 512				
	17 512	-	-	-	-

2022

Rm	Fair value	Contractually payable at maturity	Financial liabilities where change in credit risk is recognised in OCI		
			Current period	Cumulative	Amount of cumulative gains/(losses) transferred within equity
Investment contract liabilities ¹	16 832				
	16 832	-	-	-	-

¹ The value of investment contract liabilities changes according to changes in the value of the unit-linked assets. Unit-linking asset features contain specific asset performance risk rather than credit risk.

ACCOUNTING POLICY

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when the group has a legally enforceable right to set off the financial asset and financial liability and the group has an intention of settling the asset and liability on a net basis or realising the asset and settling the liability simultaneously. Income and expense items are offset only to the extent that their related instruments have been offset in the statement of financial position.

In accordance with the requirements of IFRS 7: Instruments – Disclosures, the table below sets out the impact of:

- recognised financial instruments that are set off in the statement of financial position in accordance with the requirements of IAS 32: Financial Instruments – Presentation; and
- financial instruments that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions that did not qualify for presentation on a net basis.

The group reports financial assets and financial liabilities on a net basis in the statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Certain master netting arrangements may not meet the criteria for offsetting in the statement of financial position because:

- these agreements create a right of set-off that is enforceable only following an event of default, insolvency or bankruptcy; and
- the group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Master netting arrangements and similar agreements include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements.

Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the table below unless they are offset in the statement of financial position.

2023

	Effects of netting on the statement of financial position			Related amounts not offset in the statement of financial position		Amounts not subject to IFRS 7 offsetting disclosure ²	Total amounts recognised in the statement of financial position
	Gross amounts	Amounts offset in the statement of financial position in accordance with IAS 32	Net amounts included in the statement of financial position ¹	Amounts that may be netted off on the occurrence of a future event	Net amounts reflecting the effect of master netting arrangements		
Rm							
Financial assets							
Derivative financial assets	50 906	(37 976)	12 930	(7 052)	5 878	882	13 812
Loans and advances	65 859	(60 132)	5 727		5 727	885 892	891 619
Cash and cash equivalents	3 316	(1 961)	1 355		1 355	50 727	52 082
Total financial assets	120 081	(100 069)	20 012	(7 052)	12 960	937 501	957 513
Financial liabilities							
Derivative financial liabilities	(48 443)	35 269	(13 174)	7 052	(6 122)	(967)	(14 141)
Amounts owed to depositors	(88 443)	64 800	(23 643)		(23 643)	(1 064 002)	(1 087 645)
Total financial liabilities	(136 886)	100 069	(36 817)	7 052	(29 765)	(1 064 969)	(1 101 786)

¹ Includes the net amount of financial assets and financial liabilities where offsetting has been applied in terms of IAS 32 and financial instruments that are subject to master netting agreements, but where no offsetting has been applied. Excludes financial instruments that are subject neither to set-off nor to master netting agreements.

² Includes financial instruments that are subject neither to set-off nor to master netting agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

2022

	Effects of netting on the statement of financial position			Related amounts not offset in the statement of financial position		Amounts not subject to IFRS 7 offsetting disclosure ²	Total amounts recognised in the statement of financial position
	Gross amounts	Amounts offset in the statement of financial position in accordance with IAS 32	Net amounts included in the statement of financial position ¹	Amounts that may be netted off on the occurrence of a future event	Net amounts reflecting the effect of master netting arrangements		
Rm							
Financial assets							
Derivative financial assets	66 706	(58 813)	7 893	2 704	10 597	1 208	9 101
Loans and advances	68 099	(50 675)	17 424		17 424	864 741	882 165
Cash and cash equivalents	3 419	(2 689)	730		730	44 888	45 618
Total financial assets	138 224	(112 177)	26 047	2 704	28 751	910 837	936 884
Financial liabilities							
Derivative financial liabilities	(61 364)	53 641	(7 723)	(2 704)	(10 427)	(2 015)	(9 738)
Amounts owed to depositors	(91 257)	58 537	(32 720)		(32 720)	(1 006 902)	(1 039 622)
Total financial liabilities	(152 621)	112 178	(40 443)	(2 704)	(43 147)	(1 008 917)	(1 049 360)

¹ Includes the net amount of financial assets and financial liabilities where offsetting has been applied in terms of IAS 32 and financial instruments that are subject to master netting agreements, but where no offsetting has been applied. Excludes financial instruments that are subject neither to set-off nor to master netting agreements.

² Includes financial instruments that are subject neither to set-off nor to master netting agreements.

ACCOUNTING POLICY

Financial and non-financial assets are held as collateral in respect of recognised financial assets. Such collateral, except cash collateral, is not recognised by the group, as the group does not retain the risks and rewards of ownership, and is obliged to return such collateral to counterparties on settlement of the related obligations. Should a counterparty be unable to settle its obligations, the group takes possession of collateral or calls on other credit enhancements as full or part settlement of such amounts. These assets are recognised when the applicable recognition criteria under IFRS are met, and the group's accounting policies are applied from the date of recognition.

Cash collateral is recognised when the group receives the cash and it is reported as amounts owed to depositors. Collateral is also given to counterparties under certain financial arrangements, but such assets are not derecognised where the group retains the risks and rewards of ownership. Such assets are at risk to the extent that the group is unable to fulfil its obligations to counterparties.

16.1 COLLATERAL PLEDGED

The group has pledged government and other securities (note C3) and negotiable certificates of deposit (note C4) amounting to R14 924m (2022: R14 408m) as collateral for deposits received under repurchase agreements, of which R13 120m (2022: R13 546m) relates to sell- or buybacks. These amounts represent assets that have been transferred but that do not qualify for derecognition under IFRS 9. The associated liabilities of R13 619m (2022: R13 546m), of which Rnil (2022: Rnil) relates to sell- or buybacks, are disclosed in note D1.

These transactions are entered into under terms and conditions that are standard industry practice in securities borrowing and lending activities.

16.2 COLLATERAL HELD TO MITIGATE CREDIT RISK

Credit risk mitigation refers to the actions that can be taken by the group to manage its exposure with credit risk so as to align such exposure with its risk appetite. This action can be proactive or reactive and the level of mitigation that a bank desires may be influenced by external factors such as the economic cycle or internal factors such as a change in risk appetite.

References to credit risk mitigation normally focus on the taking of collateral as well as the management of such collateral. While collateral is an essential component of credit risk mitigation, there are a number of other methods used for mitigating credit risk. The group's credit risk policy acknowledges the role to be played by credit risk mitigation in the management of credit risk, but emphasises that collateral on its own is not necessarily a justification for lending. The primary consideration for any lending opportunity should rather be the borrower's financial position and ability to repay the facility from its own resources and cash flow.

The group generally segregates collateral received into the following 2 classes:

Financial collateral

The group takes financial collateral to support credit exposures in the trading book. This includes cash and debt securities in respect of derivative transactions.

These transactions are entered into under terms and conditions that are standard industry practice in securities borrowing and lending activities.

- **Non-financial collateral**

In secured financial transactions, the group takes other physical collateral to recover outstanding exposure in the event of the borrower being unable or unwilling to fulfil its obligations. This includes mortgages over property (both residential and commercial), liens over business assets (including plant, vehicles, aircraft, inventories, trade debtors and financial securities that have a tradable market, such as shares and other securities) and guarantees from parties other than the borrower.

Should a counterparty be unable to settle its obligations, the group takes possession of collateral as full or part settlement of such amounts. In general, the group seeks to dispose of such property and other assets that are not readily convertible into cash as soon as the market for the relevant asset permits.

The group monitors the concentration levels of collateral to ensure that it is adequately diversified. In particular, the following collateral types are common in the marketplace:

- **Retail portfolio**
 - » Mortgage lending that is secured by mortgage bonds over residential property.
 - » Instalment credit transactions that are secured by the assets financed.
 - » Overdrafts that are either unsecured or secured by guarantees, suretyships or pledged securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER

- **Wholesale portfolio**

- » Commercial properties that are supported by the property financed and a cession of the leases.
- » Instalment credit type of transactions that are secured by the assets financed.
- » Working capital facilities when secured, usually by either a claim on specific assets (fixed assets, inventories or trade debtors) or other collateral, such as guarantees.
- » Term and structured lending, which usually relies on guarantees or credit derivatives (where only internationally recognised and enforceable agreements are used).
- » Credit exposure to other banks, where the risk is commonly mitigated through the use of financial control and netting agreements.

The valuation and management of collateral across all business units of the group are governed by the group's credit policy.

Management considers collateral held in the retail portfolio to be homogeneous by nature and therefore more reliably identifiable. Generally, valuations in respect of mortgage portfolios are updated using statistical index models, published data by service providers are used for motor vehicles, and physical inspection is performed for other types of collateral. Furthermore, physical valuations are performed 6-monthly on the defaulted book.

Management considers collateral held in the wholesale portfolio to be non-homogeneous and often exhibiting illiquid characteristics and therefore valuing collateral of this nature requires a significant level of judgement. Collateral of this nature is valued at the inception of a transaction and at least annually during the life of the transaction, usually as part of the facility review, which includes a review of the security structure and covenants to ensure that proper title is retained over the relevant collateral.

A further consideration with regard to the valuation and management of collateral is that when credit intervention is required, or in the case of default, all items of collateral relating to that particular client portfolio are immediately revalued. In such instances physical inspection by an expert valuer is required. This process also ensures that an appropriate impairment is evaluated timeously.

As part of the reverse repurchase agreements, the group has received securities as collateral that are allowed to be sold or repledged in the absence of default. The fair value of these securities at the reporting date amounts to R17 995m (2022: R32 215m), of which R17m (2022: R12m) has been sold or repledged.

I6.3 COLLATERAL TAKEN POSSESSION OF AND RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Included in properties in possession (note C1.1) is an amount of R84m (2022: R72m) related to retail assets and an amount of R124m (2022: R113m) related to wholesale assets the group has acquired during the year by taking possession of collateral held as security.

SECTION J: SHARE-BASED PAYMENTS

ACCOUNTING POLICY

Equity-settled share-based payment transactions with employees

The group receives services from employees as consideration for equity instruments of the group. The fair value of the employee services is measured at the grant date, by reference to the fair value of the equity instruments.

Where the equity instruments do not vest until the employee has completed a specified period of service, it is assumed that the services rendered by the employee, as consideration for the equity instruments, will be received in the future during the vesting period. The services are accounted for in profit or loss in the statement of comprehensive income as they are rendered during the vesting period, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the number of share awards for which the related service and non-market performance vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of share awards that do meet the related service and non-market performance conditions at the vesting date. Where the equity instruments are no longer outstanding, the accumulated share-based payment reserve in respect of those equity instruments is transferred to retained earnings.

Nedbank Group Limited equity instruments in respect of Nedbank Group Limited shares are granted to employees as part of their remuneration package as services are rendered.

Cash-settled share-based payment transactions with employees

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair value is expensed over the period until the vesting date, with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in the statements of comprehensive income as staff costs.

Measurement of fair value of equity instruments granted

The equity instruments granted by the group are measured at fair value at the measurement date using standard-option pricing valuation models. The valuation technique is consistent with generally acceptable valuation methodologies for pricing financial instruments and incorporates all factors and assumptions that knowledgeable, willing market participants would consider in setting the price of the equity instruments. Vesting conditions, other than market conditions, are not taken into account in determining fair value. Vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount.

Share-based payment transactions with persons or entities other than employees

Transactions in which equity instruments are issued to historically disadvantaged individuals and organisations in SA for less than fair value are accounted for as share-based payments. Where the group has issued such instruments and expects to receive services in return for equity instruments, the share-based payments charge is spread over the related vesting (ie service) period. In instances where such services could not be identified, the cost is expensed with immediate effect. The valuation techniques are consistent with those mentioned above.

As the group is unable to estimate reliably the fair value of services received and the value of additional benefits received, the group rebuts the presumption that such services and business can be measured reliably. The group therefore measures its fair value by reference to the fair value of the shares, share options or equity instruments granted, in line with the group's accounting policy. For the non-option equity awards, the fair value is measured by reference to the listed share price, which includes the participant's right to dividends over the vesting period.

The following are the share schemes that have been in place during the year. All schemes are equity-settled at group level, except the Nedbank UK schemes, the Nedbank Wealth Management International schemes and the Nedbank Africa scheme, all of which are cash-settled. The latter all fall under the umbrella of one phantom scheme. For our international and Nedbank Africa Regions operations LTIs are made on a phantom basis, mirroring the Nedbank Group (2005) Employee Share Scheme in design and structure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

J1 DESCRIPTION OF ARRANGEMENTS

Traditional employee schemes

SCHEME	TRUST/SPECIAL-PURPOSE VEHICLE (SPV)	DESCRIPTION	VESTING REQUIREMENTS	MAXIMUM TERM
Nedbank Group (2005) Share Option and Restricted-share Scheme	Nedbank Group (2005) Share Scheme Trust	<p>Restricted shares, granted as part of the LTI scheme, are awarded with the joint aim of aligning the interests of stakeholders and retaining key employees. Restricted shares are granted to key employees who meet the following eligibility criteria:</p> <ul style="list-style-type: none"> • They are key to driving the business strategy. • They fall under talent management and succession planning. • It is important to retain their key talent and scarce skills. • They enable achievement of transformation objectives. • They have potential and perform. • They are part of leadership. <p>All LTIs are discretionary and motivated by the Group Exco and approved by Group Remco members in their capacity as trustees of the Nedbank (2005) Employee Share Scheme Trust. Grants are made twice a year for new appointments and annually for existing employees on a date determined by the trustees.</p>	<p>For the 2020 tranche the 3 years' service and achievement of performance targets are based on average return on equity (including goodwill) and DHEPS growth versus CPI + GDP metric. The strategic-initiative component was replaced by the cost-to-income ratio in 2020, which is applicable to all employees.</p> <p>For the 2021 tranche the 3 years' service and achievement of performance targets are based on average return on equity (including goodwill) and cumulative 3-year DHEPS growth metric. The cost-to-income ratio was replaced by business recovery metrics in 2021.</p> <p>For the 2022 tranche the 3 years' service and achievement of performance targets are based on return on equity (including goodwill) at 2024 and DHEPS CAGR growth being higher than CPI + GDP. The business recovery metrics were replaced by a 2024 cost-to-income ratio metric, which is applicable to all employees. In addition, the grants include performance metrics against environmental, social and strategic commitments applicable to all employees.</p> <p>For the 2023 tranche the 3 years' service and achievement of performance targets are based on return on equity (including goodwill) at 2025 and DHEPS CAGR growth being higher than CPI + GDP and a 2025 cost-to-income metric, which is applicable to all employees. In addition, the grants include performance metrics against environmental, social and strategic commitments applicable to all employees.</p>	3 years
Nedbank Group (2005) Matched-share Scheme	Nedbank Group (2005) Share Scheme Trust	<p>All employees of the group are eligible to participate in the scheme. All compulsory bonus scheme participants are obliged to participate. An amount of not more than 50% of their after-tax bonus can be invested, which will be matched by the group with shares.</p>	<p>Completion of 3 years' service and achievement of Nedbank Group Limited ROE performance targets. Failure to meet the performance targets and provided the 3 years' service requirement has been completed with result in the following outcomes:</p> <p>50% vesting for all employees excluding Group and Cluster Exco members across all the years of issue.</p> <p>0% for Group Exco members and 50% for Cluster Exco members, for the 2020 tranche.</p> <p>50% for Group Exco members and Cluster Exco members, for the 2021 tranche.</p> <p>0% for Group Exco members and 25% Cluster Exco members, for the 2022 tranche.</p> <p>0% for Group Exco and Cluster Exco members, for the 2023 tranche.</p>	3 years

SCHEME	TRUST/ SPECIAL- PURPOSE	DESCRIPTION	VESTING REQUIREMENTS	MAXIMUM TERM
	VEHICLE (SPV)			
Nedbank UK Long-term Incentive Plan (LTIP)	N/A	<p>Restricted phantom units, granted as part of the LTI scheme, are awarded with the joint aim of aligning the interests of stakeholders and retaining key employees. Restricted phantom units are granted to key personnel who meet the following eligibility criteria:</p> <ul style="list-style-type: none"> • They are key to driving the business strategy. • They fall under talent management and succession planning. • It is important to retain their key talent and scarce skills. • They enable transformation objectives. • They have potential and perform. • They are part of leadership. <p>Grants are made twice a year for new appointments and annually for existing employees, on a date determined by the trustees.</p>	Completion of 3 years' service, from the grant date, subject to corporate performance targets (CPTs) being met.	3 years
Nedbank UK Matched-share Scheme	N/A	All UK employees of the group are eligible to participate in the scheme. An amount of not more than 50% of their after-tax bonus can be invested, which will be matched by the group with restricted phantom units.	Completion of 3 years' service, from the grant date, subject to corporate performance targets (CPTs) being met. Where these performance targets are not met, 50% will vest, provided that the 3 years' service has been reached.	3 years
Nedbank Wealth Management International Long-term Incentive Plan (LTIP)	N/A	<p>Restricted phantom units, granted as part of the LTI scheme, are awarded with the joint aim of aligning the interests of stakeholders and retaining key employees. Restricted phantom units are granted to key employees who meet the following eligibility criteria:</p> <ul style="list-style-type: none"> • They are key to driving the business strategy. • They fall under talent management and succession planning. • It is important to retain their key talent and scarce skills. • They enable transformation objectives. • They have potential and perform. • They are part of leadership. <p>Grants are made twice a year for new appointments and annually for existing employees on a date determined by the trustees.</p>	Completion of 3 years' service, from the grant date, subject to corporate performance targets (CPTs) being met.	3 years
Nedbank Wealth Management International Matched-share Scheme	N/A	All Nedbank Wealth Management International employees of the group are eligible to participate in the scheme. An amount of not more than 50% of their after-tax bonus can be invested, which will be matched by the group with restricted phantom units.	Completion of 3 years' service, from grant date, subject to corporate performance targets (CPTs) being met. Where these performance targets are not met, 50% will vest, provided that the 3 years' service has been reached.	3 years

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SCHEME	TRUST/ SPECIAL- PURPOSE VEHICLE (SPV)	DESCRIPTION	VESTING REQUIREMENTS	MAXIMUM TERM
Nedbank Africa Restricted-share Scheme	N/A	<p>Restricted phantom units, granted as part of the LTI scheme, are awarded with the joint aim of aligning the interests of stakeholders and retaining key employees. Restricted phantom units are granted to key employees who meet the following eligibility criteria:</p> <ul style="list-style-type: none"> • They are key to driving the business strategy. • They fall under talent management and succession planning. • It is important to retain their key talent and scarce skills. • They enable achievement of transformation objectives. • They have potential and perform. • They are part of leadership. <p>Grants are made twice a year for new appointments and annually for existing employees on a date determined by the trustees.</p>	Completion of 3 years' service, from grant date, subject to corporate performance targets (CPTs) being met.	3 years
Nedbank Africa Matched-share Scheme	N/A	All employees of the group are eligible to participate in the scheme. An amount of not more than 50% of their after-tax bonus can be invested, which will be matched by the group with restricted phantom units.	Completion of 3 years' service, from grant date, subject to corporate performance targets (CPTs) being met. Where these performance targets are not met, 50% will vest, provided that the 3 years' service has been reached.	3 years

Nedbank Eyethu BEE schemes – Clients and business partners

SCHEME	TRUST/SPECIAL-PURPOSE VEHICLE (SPV)	DESCRIPTION	VESTING REQUIREMENTS	MAXIMUM TERM
Community Trust	Nedbank Eyethu Community Trust	The trust has been formed with the specific purpose of providing previously disadvantaged communities and charitable organisations with the opportunity to receive dividends in respect of the scheme shares, thereby contributing to Nedbank Group Limited's black economic empowerment (BEE) compliance.	Shares are not allocated to specific beneficiaries. At the end of the 10 years, the net assets of the trust will be allocated to participants as determined by the trustees	Ten years subsequent to December 2013, the termination date of the trust was moved from 2015 to 2030 to provide an ongoing flexible vehicle for deploying the residual assets of the trust and continued support of community affairs in line with the group's BEE and Fair Share 2030 initiatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
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J2 EFFECT ON PERFORMANCE AND FINANCIAL POSITION

	Share-based payments expense		Share-based payments reserve/liability	
	2023	2022	2023	2022
Traditional employee schemes	1 014	883	2 688	1 695
Nedbank Group (2005) Share Option and Restricted-share Scheme	801	726	2 293	1 433
Nedbank Group (2005) Matched-share Scheme	134	92	237	173
Nedbank UK Long-term Incentive Plan ¹	21	16	43	23
Nedbank UK Matched-share Scheme ¹	3	1	4	1
Nedbank Wealth Management International Long-term Incentive Plan ¹	26	23	53	30
Nedbank Wealth Management International Matched-share Scheme ¹	2	2	3	2
Nedbank Africa Restricted-share Scheme and Matched-share Scheme ¹	27	23	55	33
Nedbank Eyethu BEE schemes	–	–	124	124
Community Scheme			124	124
	1 014	883	2 812	1 819

¹ This scheme is cash-settled and therefore creates a liability.

J3 MOVEMENTS IN NUMBER OF INSTRUMENTS

	2023		2022	
	Number of instruments	Weighted-average exercise price	Number of instruments	Weighted-average exercise price
Nedbank Group (2005) Share Option and Restricted-share Scheme				
Outstanding at the beginning of the year	16 946 909		16 193 982	
Granted	4 783 068		4 568 484	
Forfeited	(501 653)		(772 467)	
Exercised	(4 650 485)		(3 043 090)	
Outstanding at the end of the year	16 577 839		16 946 909	
Exercisable at the end of the year	–	–	–	–
Weighted-average share price for share instruments exercised (R)		207,96		223,58
Nedbank Group (2005) Matched-share Scheme				
Outstanding at the beginning of the year	3 238 649		3 296 042	
Granted	1 405 560		998 991	
Forfeited	(170 401)		(276 578)	
Exercised	(1 555 951)		(779 806)	
Outstanding at the end of the year	2 917 857		3 238 649	
Exercisable at the end of the year	–	–	–	–
Weighted-average share price for share instruments exercised (R)		216,85		236,96
Nedbank UK Long-term Incentive Plan				
Outstanding at the beginning of the year	224 161		167 549	
Granted	62 400		82 156	
Forfeited	(1 164)		(5 914)	
Exercised	(35 710)		(19 630)	
Outstanding at the end of the year	249 687		224 161	
Exercisable at the end of the year	–	–	–	–
Weighted-average share price for share instruments exercised (GBP)		–		–
Nedbank UK Matched-share Scheme				
Outstanding at the beginning of the year	17 913		7 765	
Granted	23 802		14 130	
Exercised	(1 594)		(3 982)	
Outstanding at the end of the year	40 121		17 913	
Exercisable at the end of the year	–	–	–	–
Weighted-average share price for share instruments exercised (GBP)		–		–

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FOR THE YEAR ENDED 31 DECEMBER

	2023		2022	
	Number of instruments	Weighted-average exercise price	Number of instruments	Weighted-average exercise price
Nedbank Wealth Management International Long-term Incentive Plan				
Outstanding at the beginning of the year	274 424		301 292	
Granted	126 437		76 741	
Forfeited	(5 999)		(15 102)	
Exercised	(62 226)		(88 507)	
Outstanding at the end of the year	332 636		274 424	
Exercisable at the end of the year	–	–	–	–
Weighted-average share price for share instruments exercised (GBP)		–		–
Nedbank Wealth Management International Matched-share Scheme				
Outstanding at the beginning of the year	24 948		34 784	
Granted	11 201		4 992	
Forfeited	(105)		(780)	
Exercised	(10 786)		(14 048)	
Outstanding at the end of the year	25 258		24 948	
Exercisable at the end of the year	–	–	–	–
Weighted-average share price for share instruments exercised (GBP)		–		–
Nedbank Africa Restricted-share Scheme				
Outstanding at the beginning of the year	303 390		245 356	
Granted	126 619		118 482	
Forfeited	(12 431)		(28 080)	
Exercised	(43 456)		(32 368)	
Outstanding at the end of the year	374 122		303 390	
Exercisable at the end of the year	–	–	–	–
Weighted-average share price for share instruments exercised (GBP)		–		–
Nedbank Africa Matched-share Scheme				
Outstanding at the beginning of the year	19 041		15 383	
Granted	14 584		9 485	
Forfeited	(1 855)		(2 799)	
Exercised	(7 133)		(3 028)	
Outstanding at the end of the year	24 637		19 041	
Exercisable at the end of the year	–	–	–	–
Weighted-average share price for share instruments exercised (GBP)		–		–

	2023		2022	
	Number of instruments	Weighted-average exercise price	Number of instruments	Weighted-average exercise price
Community Scheme				
Outstanding at the beginning of the year	1 559 448		1 559 448	
Outstanding at the end of the year	1 559 448		1 559 448	
Exercisable at the end of the year	–	–	–	–
Weighted-average share price for share instruments exercised (R)		–		–

J4 INSTRUMENTS OUTSTANDING AT THE END OF THE YEAR

	2023		2022	
	Number of instruments	Weighted-average remaining contractual life (years)	Number of instruments	Weighted-average remaining contractual life (years)
Nedbank Group (2005) Share Option and Restricted-share Scheme	16 577 839	1,1	16 946 909	1,2
Nedbank Group (2005) Matched-share Scheme	2 917 857	1,5	3 238 649	1,1
Nedbank UK Long-term Incentive Plan	249 687	1,1	224 161	1,5
Nedbank UK Matched-share Scheme	40 121	1,8	17 913	2,0
Nedbank Wealth Management International Long-term Incentive Plan	332 636	1,5	274 424	1,3
Nedbank Wealth Management International Matched-share Scheme	25 258	1,4	24 948	1,0
Nedbank Africa Restricted-share Scheme	374 122	1,4	303 390	1,5
Nedbank Africa Matched-share Scheme	24 637	1,7	19 041	1,3
Community Scheme	1 559 448	7,0	1 559 448	8,0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

J5 INSTRUMENTS GRANTED DURING THE YEAR

	Nedbank Group (2005) Share Option and Restricted-share Scheme ¹	Nedbank Group (2005) Matched-share Scheme ²
2023		
Number of instruments granted	4 783 068	1 405 560
Weighted-average fair value per instrument granted (R)	212,79	172,16
Weighted-average share price (R)	212,79	216,85
Weighted-average life (years)	3	3
Number of participants	1 696	2 387
Weighted-average vesting period (years)	3	3
2022		
Number of instruments granted	4 568 484	998 991
Weighted-average fair value per instrument granted (R)	228,63	192,88
Weighted-average share price (R)	228,63	233,07
Weighted-average life (years)	3	3
Number of participants	1 664	1 951
Weighted-average vesting period (years)	3	3

¹ The weighted-average fair value of instruments granted during the year has been calculated using the closing price of Nedbank Group Limited quoted on the JSE.

² The weighted-average fair value of instruments granted during the year has been calculated using the closing price of Nedbank Group Limited quoted on the JSE of R172,16 (2022: R192,88), less the present value of dividends anticipated over the vesting period. A dividend yield of 7,99% (2022: 6,50%) has been incorporated into the measurement of the fair value.

Nedbank UK Long-term Incentive Plan ¹	Nedbank UK Matched-share Scheme ¹	Nedbank Wealth Management International Long-term Incentive Plan ¹	Nedbank Wealth Management International Matched-share Scheme ¹	Nedbank Africa Restricted-share Scheme ¹	Nedbank Africa Matched-share Scheme ¹
62 400	23 802	126 437	11 201	126 619	14 584
212,95	229,60	211,80	216,85	212,03	216,85
212,95	229,60	211,80	216,85	212,03	216,85
3	3	3	3	3	3
24	9	18	24	80	91
3	3	3	3	3	3
82 156	14 130	76 741	4 992	118 482	9 476
228,61	233,07	228,70	233,07	228,73	233,07
228,61	233,07	228,70	233,07	228,73	233,07
3	3	3	3	3	3
20	9	18	17	66	81
3	3	3	3	3	3

SECTION K: OTHER LIABILITIES

K1 PROVISIONS AND OTHER LIABILITIES

ACCOUNTING POLICY

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event in respect of which it is probable that an outflow of economic benefits will occur and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the reasonable estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of discounting is material, the provision is discounted. The discount rate reflects current market assessments of the time value of money and, where appropriate, risks specific to the liability. Gains from the expected disposal of assets are not taken into account in measuring provisions. Provisions are reviewed at each reporting date and adjusted to reflect the current reasonable estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed.

Reimbursements

Where some or all the expenditure required to settle a provision is expected to be reimbursed by a party outside the group, the reimbursement is recognised when it is virtually certain that it will be received if the group settles the obligation. The reimbursement is recorded as a separate asset at an amount not exceeding the related provision. The expense for the provision is presented net of the reimbursement in profit or loss.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from an executory contract are lower than the unavoidable cost of meeting the obligations under the contract. Future operating costs or losses are not provided for.

Client loyalty

When a cardholder makes a purchase that is regarded as eligible spend, the person or entity is granted points that can be redeemed at a later date for goods or services. Points do not expire, unless a client is delinquent or dormant, in which case the points accrued are forfeited as stated in the terms and conditions. Client loyalty programmes are accounted for in accordance with IFRS 15 and a contract liability is recognised. The revenue normally earned by the group when clients transact on their Nedbank cards is reduced by the expected amount payable arising from the issue of points.

If the expectation regarding the amount to be paid changes, this is recognised in revenue. When the group settles the liability, there will be no additional revenue recognised and the costs will be offset against the liability.

Lease liabilities

Initial and subsequent measurement

The lease liability is initially measured at a present value of unpaid lease payments at the start date (the date the underlying asset is available for use). The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the group uses the incremental borrowing rate, being the rate that the group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the group under residual-value guarantees;
- variable lease payments that are based on an index or a rate;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the group is reasonably certain to exercise that option.

The lease liability is subsequently measured under IFRS 9 at amortised cost using the effective-interest method. Interest expense is recognised in profit or loss and capitalised to the lease liability.

Reassessment of lease liability

After the start date the group remeasures the lease liability to reflect changes to the lease payments. The carrying amount of the lease liability is remeasured by discounting the revised lease payments using a revised discount rate if:

- there is a change in the lease term; or
- the group changes its assessment of whether it will exercise an option to purchase the underlying asset.

The carrying amount of the lease liability is remeasured by discounting the revised lease payments using the original discount rate if there is a change in:

- the amounts expected to be payable under a residual value guarantee; or
- in future lease payments resulting from a change in an index or a rate used to determine those payments.

If the change in lease payments results from a change in floating rates, the group uses a revised discount rate that reflects changes in the interest rate.

ACCOUNTING POLICY

The group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. When corresponding adjustments to the right-of-use asset reduces the carrying amount to zero, the group recognises any remaining amount of the remeasurement in profit or loss.

Lease modifications

The group accounts for modifications as a separate lease using a new discount rate if the modification is a material economic alteration of the initial contract. This would occur if the modification in question:

- increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that does not meet the criteria to be recognised as a separate lease at the effective date of the lease modification, the group accounts for the lease by:

- allocating the consideration in the modified contract between lease and non-lease components;
- determining the lease term of the modified lease; and
- remeasuring the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined, or is determined as the group's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

Additionally, for a lease modification that is not accounted for as a separate lease, the group accounts for the remeasurement of the lease liability by doing the following:

- Decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The group recognises in profit or loss any gain or loss relating to the partial or full termination of the lease.
- Making a corresponding adjustment to the right-of-use asset for all other lease modifications.

Variable lease expense

The group recognises variable lease expenses not contingent or dependent on an index or a rate as an expense in profit or loss in the period in which the event or condition that triggers the payment occurs.

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or fewer. Low-value assets comprise computer equipment and small items of office furniture. Leases with values of less than R20 000 are considered low-value leases. The group does not recognise right-of-use assets and lease liabilities for short-term and low-value leases.

The group considers a short-term lease to be a new lease if:

- there is a lease modification; or
- there is any change in the lease term (for example the group exercises an option not previously included in its determination of the lease term).

Derecognition

Termination of a lease, partially or fully, results in derecognition of the right-of-use asset and the corresponding lease liability. The group recognises any profit or loss in the period in which the termination occurs.

Critical judgements and assumptions

Discount rates

The group's incremental borrowing rate is lease-specific and is determined using an array of assumptions and judgements surrounding the characteristics of the contract. The group considers:

- the credit risk of the group (swap yield curves are also used as anchors for most leases);
- the tenor of the lease; and
- the economic environment (the country, the currency and the date that the lease is entered into) in which the transaction occurs.

Refer to note G1 for accounting policies applied for right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

K1.1 Analysis of carrying amount

	2023 Rm	2022 Rm (Restated) ¹
Creditors and other accounts ¹	12 619	9 198
Client loyalty programmes liability	369	381
Short-trading securities and spot positions	2 676	175
Provision for the impairment of off-balance-sheet items	254	337
Bonus accrual (note K1.2)	3 034	2 919
Leave pay accrual (note K1.3)	1 116	1 117
Lease liabilities (note K1.5)	2 647	2 595
	22 715	16 722

¹ Refer to note A4: Restatements.

K1.2 Bonus accrual

	2023 Rm	2022 Rm
Balance at the beginning of the year	2 919	2 429
Recognised in profit or loss	3 040	2 900
Used during the year	(2 923)	(2 405)
Foreign currency translation and other movements	(2)	(5)
Balance at the end of the year	3 034	2 919

K1.3 Leave pay accrual

	2023 Rm	2022 Rm
Balance at the beginning of the year	1 117	1 119
Recognised in profit or loss	435	376
Used during the year	(437)	(377)
Foreign currency translation and other movements	1	(1)
Balance at the end of the year	1 116	1 117

K1.4 Day 1 gains and losses

The group enters into transactions where the fair value of the financial instruments is determined using valuation models for which certain inputs are not based on market-observable prices or rates. Such financial instruments are initially recognised at the transaction price, which is the best indicator of fair value. The transaction price may differ from the valuation amount obtained, giving rise to a day 1 gain or loss.

The difference between the transaction price and the valuation amount, commonly referred to as 'day 1 gain or loss', is deferred and either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market-observable inputs, or realised when the financial instrument is derecognised.

The group's day 1 gains are attributable to loans and advances.

	2023 Rm	2022 Rm
Balance at the beginning of the year	83	286
Subsequent recognition	15	(203)
Balance at the end of the year	98	83

K1.5 Lease liabilities

Lease liabilities reconciliation

	2023 Rm	2022 Rm
Balance at the beginning of the year	2 595	2 483
Interest expense	213	190
Additions	286	239
Lease modifications	588	817
Lease payments	(1 067)	(1 102)
Derecognition	(1)	(16)
Effect of movements in foreign exchange rates and other movements	33	(16)
Balance at the end of the year	2 647	2 595

Current and non-current lease liabilities

	2023 Rm	2022 Rm
Current lease liabilities	917	954
Non-current lease liabilities	1 730	1 641
Total lease liabilities	2 647	2 595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

K2 CONTINGENT LIABILITIES, UNDRAWN FACILITIES AND COMMITMENTS

K2.1 Contingent liabilities and undrawn facilities

	2023 Rm	2022 Rm (Restated)
Financial guarantees on behalf of clients	30 212	34 462
Letters of credit and discounting transactions	5 040	9 038
Irrevocable unutilised facilities and other	195 398	170 547
	230 650	214 047

During 2023 the group identified that irrevocable unutilised facilities and other line item was understated incorrectly by R14,4bn. For comparability, the prior-year information has been restated. There is no impact on the provision for impairment of off-balance sheet items.

The group, in the ordinary course of business, enters into transactions that expose it to taxation, legal and business risks that could result in litigation matters. Based on internal investigations and consultations with the group's legal counsel, the group does not expect the ultimate resolution of any of these matters to have a material adverse effect on the group's consolidated financial position. Provisions are made for known liabilities that are expected to materialise (refer to note K1). Possible obligations and known liabilities, where no reliable estimate can be made or it is considered improbable that an outflow would result, are reported as a contingent liability. The Group has not disclosed the contingent liabilities associated with these matters either because the possibility of an outflow in settlement is remote or disclosure could prejudice the outcome of the matter(s).

K2.2 Commitments

K2.2.1 Capital expenditure approved by directors

	2023 Rm	2022 Rm
Contracted but not provided for	480	392

Funds to meet capital expenditure commitments will be provided from group resources. In addition, capital expenditure is incurred in the normal course of business throughout the year.

K2.2.2 Commitments under derivative instruments

The group enters into option contracts, financial futures contracts, forward rate and interest rate swap agreements, and other financial agreements in the normal course of business (refer to note C7).

SECTION L: RISK AND BALANCE SHEET MANAGEMENT

L1 FINANCIAL RISK MANAGEMENT

The group's risk management procedures include credit risk, liquidity risk, interest rate risk in the banking book and market risk.

L2 CAPITAL MANAGEMENT

Nedbank Group's Capital Management Framework reflects the integration of risk, capital, strategy and performance measurement across the group and contributes significantly to the ERMF.

The board-approved Solvency and Capital Management Policy requires the group to be capitalised at the greater of Basel III regulatory capital and economic capital.

The Nedbank Group Strategic Capital Management function is part of the Balance Sheet Management Division in the Nedbank Group Finance Cluster that reports to the CFO and is mandated with the implementation of the Capital Management Framework and the Internal Capital Adequacy Assessment Process (ICAAP) across the group. The capital management (incorporating ICAAP) responsibilities of the board and executive management are incorporated in their respective terms of reference as contained in the ERMF. The board and executive management are assisted in the execution of their responsibilities by the board's Group Risk and Capital Management Committee, Group ALCO and Executive Risk Committee respectively.

Capital, reserves, and long-term debt instruments

The group's Capital Management Framework, policies and processes include the group's capital and reserves in line with the consolidated statement of changes in equity, as well as the long-term debt instruments as referenced in note D2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER

L3 LIQUIDITY GAP

The primary role of a bank in terms of financial intermediation is the maturity transformation of short-term deposits into longer-term loans and advances. By fulfilling this role, banks are inherently susceptible to liquidity mismatches and consequently funding and market liquidity risks.

In terms of measuring, managing and mitigating liquidity mismatches, Nedbank focuses on two types of liquidity risk, namely, funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the group is unable to meet its payment obligations as they fall due. These payment obligations could emanate from depositor withdrawals, or the inability to roll over maturing debt or meet contractual commitments to lend. Market liquidity risk is the risk that the group will be unable to sell assets without incurring an unacceptable loss, in order to generate cash required to meet payment obligations under a stress liquidity event.

Nedbank diligently manages funding and market liquidity risks through a robust Liquidity Risk Management Framework (LRMF) that is designed to ensure banking operations continue uninterrupted under normal and stressed conditions. The key objectives that underpin the LRMF include ensuring that every entity within the group can meet its financial obligations seamlessly under normal and stressed market conditions, while maintaining financial-market confidence at all times, protecting key stakeholder interests and consistently complying with regulatory liquidity requirements, thereby safeguarding the stability and integrity of our operations.

The group's LRMF seeks to maintain appropriate liquidity buffers while continually reviewing the appropriateness of the liquidity risk metrics, the liquidity policy, the funding strategy, and the contingency funding and liquidity plan. These individual components of the LRMF should at all times support the board-approved risk appetite, which is to ensure that stress funding sources are sufficient to meet stress funding requirements for a given time horizon. This framework sets out the key responsibilities, processes, reporting and assurance measures, all crucial for effective liquidity risk management.

To ensure regulatory compliance and the ability to meet future liquidity requirements, the group conducts extensive stress testing and scenario analysis, in order to identify and implement appropriate actions designed to reduce the severity of a liquidity crisis, to determine the appropriate funding strategies designed to support liquidity risk mitigations and to right size the liquidity buffer portfolio (sources of quick liquidity) in the most optimal manner for seasonal, cyclical and stress events.

A portfolio of marketable and highly liquid assets, which could be liquidated to meet unforeseen or unexpected funding requirements, is maintained. The group has sufficient sources of quick liquidity that can be accessed in times of stress, as is evident in the combined portfolio of High-Quality Liquid assets (HQLA) and other sources of quick liquidity, collectively amounting to R285,3bn as at December 2023 (2022: R285,7bn) and representing 21,8% (2022: 22,8%) of total assets. The group actively manages these sources of quick liquidity in order to ensure adequate levels of diversified funding to meet a stress liquidity event.

Liquidity risk management plays a pivotal role in all entities within the group across all jurisdictions and currencies. It stands as a central focus for the group. Liquidity risk is managed on a consistent basis across all foreign entities within the group. This management is facilitated through individual ALCOs, ensuring compliance with both South African Reserve Bank (SARB) and local central banks regulatory requirements. These foreign entities are required to establish robust governance structures, rigorous processes and best practices designed to identify, measure, manage, and mitigate liquidity risk in accordance with the group's LRMF. These foreign entities are required to report into every Group ALCO meeting, fostering transparency and collective risk oversight.

Nedbank Group's Liquidity Risk Contingency Plan (LRCP), as set out in the LRMF, is designed to protect depositors, creditors and shareholders under adverse liquidity situations. The LRCP has been formulated in the belief that early detection, advance preparations and prompt responses can contribute to liquidity crisis avoidance or minimisation. The LRCP establishes guidelines for managing a liquidity risk crisis, identifying early-warning signs of a possible liquidity stress event, and the need for heightened liquidity risk monitoring and reduced liquidity risk exposure. In addition, Nedbank has also developed detailed Recovery Plans (RP) that establish Nedbank's framework for dealing with a crisis emanating from a capital, liquidity and business continuity or an operational event.

The board of directors retains ultimate responsibility for the effective management of liquidity risk. Through the GRCMC (a board committee), the board has delegated its responsibility for the management of liquidity risk to Group ALCO. The LRMF, LRCP and RP are reviewed annually by the Group ALCO and approved by the GRCMC.

Refer to the Liquidity risk and funding section of the 2023 Nedbank Group Annual Results booklet (<https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/financial-results/2023.html>) for more information.

L3.1 LIQUIDITY GAP

The below tables represent the group's net liquidity gap based on contractual cash flows of assets and liabilities.

Rm	<3 months	>3 months <6 months	>6 months <1 year	>1 year <5 years	>5 years	Non-determined	Total
2023							
Cash and cash equivalents	51 202	198	507	175			52 082
Other short-term securities	40 768	18 700	20 493	7 014	794		87 769
Derivative financial instruments	2 726	753	1 825	3 153	5 355		13 812
Government and other securities	2 818	262	341	54 782	112 514		170 717
Loans and advances	145 618	35 893	68 157	385 480	225 540	30 931	891 619
Other assets	2 753					33 200	35 953
Investment securities						27 287	27 287
Non-financial assets		150				32 019	32 169
	245 885	55 956	91 323	450 604	344 203	123 437	1 311 408
Total equity						119 211	119 211
Derivative financial instruments	3 189	746	1 996	3 279	4 931		14 141
Amounts owed to depositors	733 668	85 983	158 910	98 104	10 980		1 087 645
Provisions and other liabilities	4 948	220	408	1 859	210	15 070	22 715
Investment contract liabilities	17 512						17 512
Long-term debt instruments	3 904	1 603	2 094	27 362	12 814		47 777
Non-financial liabilities	163	70	81			2 093	2 407
	763 384	88 622	163 489	130 604	28 935	136 374	1 311 408
Net liquidity gap	(517 499)	(32 666)	(72 166)	320 000	315 268	(12 937)	-

Rm	<3 months (Restated) ¹	>3 months <6 months	>6 months <1 year	>1 year <5 years	>5 years	Non-determined (Restated) ¹	Total
2022 (Restated)¹							
Cash and cash equivalents	44 989	296	140	193			45 618
Other short-term securities	31 966	14 387	17 153	6 680	475		70 661
Derivative financial instruments	2 183	1 170	2 038	1 884	1 826		9 101
Government and other securities	21 361	530	1 515	39 825	97 264		160 495
Loans and advances	171 525	34 883	70 653	374 607	208 733	21 764	882 165
Other assets ¹	1 332					26 495	27 827
Investment securities	50					25 415	25 465
Non-financial assets ¹	16	41	84			31 431	31 572
	273 422	51 307	91 583	423 189	308 298	105 105	1 252 904
Total equity ¹						115 944	115 944
Derivative financial instruments	2 227	1 122	2 190	2 549	1 650		9 738
Amounts owed to depositors	746 976	80 672	115 014	88 987	7 973		1 039 622
Provisions and other liabilities ¹	3 923	249	450	1 749	125	10 226	16 722
Investment contract liabilities ¹	16 832						16 832
Long-term debt instruments	4 236	955	2 884	27 416	16 412		51 903
Non-financial liabilities ¹	59	11	234	18		1 821	2 143
	774 253	83 009	120 772	120 719	26 160	127 991	1 252 904
Net liquidity gap¹	(500 831)	(31 702)	(29 189)	302 470	282 138	(22 886)	-

¹ Refer to note A4: Restatements.

This note has been prepared on a contractual-maturity basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

L4 INTEREST RATE RISK IN THE BANKING BOOK

	2023 Rm	2022 Rm
Net interest income sensitivity		
1% instantaneous decline in interest rates ^{1,2}	(1 449)	(1 579)

¹ Nedbank London and Nedbank Private Wealth: 0,5% instantaneous decline in interest rates.

² Nedbank Zimbabwe: 30,0% instantaneous decline in interest rates.

Management of interest rate risk in the banking book

The company employs various analytical techniques to measure interest rate sensitivity in the banking book on both an earnings and economic-value basis (where appropriate) for balance sheets in the group with material exposure to interest rate risk. Assets, liabilities and derivative financial instruments are modelled and reported based on their contractual repricing or maturity characteristics. Where advances are exposed to prepayments and deposits to ambiguous repricing, the Group ALCO approves the use of prepayment models for fixed-rate advances and behavioural repricing assumptions for the modelling and reporting of ambiguous repricing deposits, where appropriate. Net interest income sensitivity is actively managed through on- and off-balance-sheet interest rate risk management strategies for the company's expected interest rate view and impairment sensitivity.

Sensitivity analysis

At the reporting date the net interest income sensitivity of the banking book for a 1% parallel reduction in interest rates measured over 12 months is a decrease in net interest income of approximately R1 186m before tax (2022: R1 245m), which is within the board's approved risk limit. The company's net interest income sensitivity exhibits very little convexity and will therefore also result in an increase in pre-tax net interest income of similar amounts should interest rates increase by 1%.

The company's economic-value-of-equity sensitivity, measured for a 1% parallel decrease in interest rates, remains at a low level of R601m (2022: R84m). This is as a result of the company's risk management strategies, whereby assets and liabilities are typically positioned to reprice in the less-than-3-months repricing bucket, and net working capital largely offsets the non-rate-sensitive transactional balances from an interest rate sensitivity perspective, thereby positioning ordinary shareholders' equity to be repriced as interest rates change.

L5 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%, 1-DAY) BY RISK TYPE

VaR is the potential loss in pretax 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% 1-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 1 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 1-day holding period will not fully capture the market risk of positions that cannot be liquidated or offset with hedges within 1 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.

Rm	2023				2022			
	Average	Minimum	Maximum	Year-end	Average	Minimum	Maximum	Year-end
Foreign exchange	6,3	2,4	17,0	6,0	4,8	1,8	17,1	7,3
Interest rate	73,1	52,8	99,1	85,8	52,4	34,2	82,1	57,4
Equity	7,7	1,6	27,5	2,2	10,9	4,1	37,7	13,2
Credit	7,1	3,7	15,1	14,6	4,2	3,2	7,0	4,0
Commodity	0,3		0,7	0,6	0,2		2,2	0,1
Diversification	(27,8)			(30,4)	(25,2)			(33,1)
Total VaR exposure	66,7	51,0	93,9	78,8	47,3	31,2	70,8	48,9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
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SECTION M: CASH FLOW INFORMATION

M1 NON-CASH ITEMS AND INDIRECT TAXATION

	2023 Rm	2022 Rm (Restated) ¹
Non-cash items and indirect taxation		
Depreciation and amortisation (note B7)	4 125	4 088
Net monetary loss (note N1)	1 059	419
Movement in impairments on financial instruments	11 049	8 968
Unrealised losses/(gains) (note B6.2)	92	(431)
Fair-value adjustments (note B6.2)	(577)	(187)
Foreign exchange gains	(1 458)	(434)
Short-term incentives and long-term employee benefits	115	490
Share-based payments expense – employees (note B7)	1 014	883
Impairments charge on non-financial instruments and other gains and losses (note B9)	403	(245)
Indirect taxation (note B8.1) ¹	1 129	1 102
Share of gains of associate companies (note F2.1)	(1 449)	(879)
	15 502	13 774

¹ Refer to note A4: Restatements.

M2 INCREASE IN OPERATING ASSETS

	2023 Rm	2022 Rm (Restated) ¹
Other short-term securities	(17 108)	(10 624)
Government and other securities	(10 222)	(9 997)
Loans and advances	(19 926)	(59 211)
Derivative financial instruments and other operating assets ¹	(13 909)	33 071
Movement in interest accruals	1 871	1 955
	(59 294)	(44 806)

¹ Refer to note A4: Restatements.

M3 INCREASE IN OPERATING LIABILITIES

	2023 Rm	2022 Rm (Restated) ¹
Current and savings accounts	(2 988)	(409)
Other deposits, loan accounts and foreign currency liabilities	41 324	38 969
Negotiable certificates of deposit	8 250	36 463
Deposits received under repurchase agreements	73	(1 880)
Derivative financial instruments and other operating liabilities ¹	12 843	(36 102)
Movement in interest accruals	(4 274)	(4 262)
	55 228	32 779

¹ Refer to note A4: Restatements.

M4 TAXATION PAID

	2023 Rm	2022 Rm (Restated) ¹
Amounts payable at the beginning of the year	(175)	(206)
Statement of comprehensive income charge (excluding deferred taxation) ¹	(4 556)	(3 833)
Current taxation recognised in equity	124	74
Amounts payable at the end of the year	157	175
	(4 450)	(3 790)
Indirect taxation paid ¹	(1 177)	(1 170)
Taxation paid¹	(5 627)	(4 960)

¹ Refer to note A4: Restatements.

SECTION N: ADDITIONAL INFORMATION

N1 FOREIGN CURRENCY CONVERSION

ACCOUNTING POLICY

Foreign currency transactions

Individual entities within the group may use a functional currency different from that of the group, being the currency of the primary economic environment in which the respective entities operate. Transactions in foreign currencies are translated into the functional currency of the individual entities at the date of the transaction by applying the spot exchange rate ruling at the transaction date to the foreign currency amounts. The consolidated financial statements are presented in South African rands, which is the group's presentation currency.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the respective entities of the group at the spot exchange rate ruling at the reporting date.

Exchange differences that arise on the settlement or translation of monetary items at rates that are different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in non-interest revenue and income, in the period in which they arise.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the respective functional currencies of the group entities using the foreign exchange rates ruling at the dates when the fair values were determined.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are converted to the functional currency of the respective group entities at the rate of exchange ruling at the date of the transaction and are not retranslated subsequently.

Exchange differences on non-monetary items are recognised consistently, with the gains and losses that arise on such items, ie exchange differences relating to an item for which gains and losses are recognised directly in equity, are generally recognised in equity. Similarly, exchange differences for non-monetary items for which gains and losses are recognised in profit or loss are recognised in non-interest revenue and income in the period in which they arise.

Zimbabwe hyperinflation accounting

During the second half of 2019, the group classified Zimbabwe as a hyperinflationary economy with effect from 1 July 2019, which was consistent with the assessment of the Public Accountants and Auditors Board of Zimbabwe. The assessment as to when an economy is hyperinflationary is based on the guidelines of IAS 29: Financial Reporting in Hyperinflationary Economies (IAS 29), considering qualitative and quantitative factors, including whether the accumulated inflation over a 3-year period is more than 100%. The results of the group's activities in Nedbank Zimbabwe Limited are first prepared in Zimbabwean dollar (ZWL) and then converted to the group's presentation currency using IAS 29 guidelines.

In 2023 Zimbabwe's inflation increased by 381% (2022: 244%). This represents a higher hyperinflationary trend than in the previous reporting period and, as a result, Zimbabwe continues to be classified as a hyperinflationary economy.

General price index

IAS 29 requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period, using a general price index to account for the effect of loss of purchasing power during the period. As at 31 December 2022, Nedbank used the ZWL Consumer Price Index (CPI) rate, compiled by the Reserve Bank of Zimbabwe (RBZ) to determine the general price index for hyperinflation accounting. In February 2023, RBZ stopped publishing the ZWL CPI, as a result, the group had to estimate the CPI. An external analysis, performed by the CA institute of Chartered Accountants of Zimbabwe, on the correlation between the movement in the total consumption poverty line (TCPL) and the officially published ZWL CPI from January 2021 to December 2022 indicated an exceedingly strong relationship with a correlation coefficient of 0.99.

The group is of the opinion that the TCPL is reflective of real ZWL inflation in Zimbabwe as it measures the amount required to purchase both food and non-food items. As a result, during 2023, the group has been using the movement in TCPL to adjust the last published ZWL CPI to determine the estimated CPI for hyperinflation accounting.

The group applied a general price escalation factor of 4,8 (2022: 3,4) based on the estimated CPI of 65 727,48 for December 2023 (2022 CPI: 13 672,91).

Impact on the statement of financial position

The group has not restated comparative amounts relating to Nedbank Zimbabwe for changes in price levels in the current year, as the presentation currency of the group is that of a non-hyperinflationary economy. Differences between these amounts and current-year-hyperinflation-adjusted equity balances are recognised in other comprehensive income (foreign currency translation reserve).

At the beginning of the first period during which IAS 29 was applied, equity components, excluding retained earnings, were restated by applying a general price index from the dates these components contributed or otherwise arose. These restatements are recognised directly in equity (foreign currency translation reserve). Any revaluation surplus arising in previous periods is eliminated against retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position.

The carrying amounts of non-monetary assets and liabilities carried at historical cost were adjusted to reflect the change in the general price index from the recognition date to the end of the reporting period. Where non-monetary items are restated above their recoverable amount, an impairment loss is recognised directly in profit or loss. Non-monetary items held at fair value or using a revaluation model were not

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER

restated, as these items are recognised based on current price levels. Monetary items are already expressed in the measurement unit used at the end of the reporting period and do not require an adjustment for the general price index.

Impact on the statement of comprehensive income

All items recognised in the statement of comprehensive income were restated by applying the change in the general price index from the dates these items of income and expenses were initially earned or incurred until the end of the reporting period. The gains and losses on the net monetary position are recognised in profit and loss.

Impact on the statement of cash flows

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period to reflect cash flows during the year measured at the purchasing power at the end of the reporting period. As such, it is not reflecting actual cash flows during the year.

Exchange rate

The results, cash flows and financial position of Nedbank Zimbabwe, which is accounted for as an entity operating in a hyperinflationary economy and having a functional currency different from the presentation currency of the group, have been translated into the presentation currency of the group at the closing spot rate of exchange ruling at the reporting date.

For the 31 December 2022 reporting period, the group elected to apply the auction mid-rate to translate the results of Nedbank Zimbabwe Limited.

On 5 January 2023, the Zimbabwe Reserve Bank issued a notice stating that the official exchange rate applicable for use in Zimbabwe for accounting purposes is the Willing Buyer Willing Seller (WBWS) exchange rate. At 31 December 2023 this did not align with the exchange rate that the group has been using. An assessment was performed to evaluate the difference between the WBWS and the auction mid-rate and the difference was considered immaterial. As a result, the group continues to apply the auction mid-rate in its 2023 financial statements. The group continues to monitor the auction mid-rate as a reasonable proxy for the 'closing spot rate' for the purposes of IAS 21: The Effects of Changes in Foreign Exchange Rates.

ACCOUNTING POLICY

Impact of hyperinflation on the group's results

The most material inflation-accounting adjustments to the group's recognition and measurement criteria are highlighted below. With the exception of headline earnings, the impact detailed below is pre-non-controlling-interest:

Financial statement item	2023 Rm	2022 Rm	Description
Statement of comprehensive income			
Net monetary loss (Zimbabwe)	(1 059)		(419) The impact of applying IAS 29 in the current year resulted in a net monetary loss of R1 059 (R869m from the indexation of income statement items and R190m from the restatement of statement-of-financial-position items).
Foreign exchange gains	1 594		745 Nedbank Zimbabwe has foreign-denominated balances, which are translated to ZWL at 31 December 2023. These balances are not indexed at the end of the reporting date as they are measured at their current value.
Key business indicators			
Headline earnings (after tax)	431		244 Headline earnings for Nedbank Zimbabwe is impacted by the recognition of a loss on the net monetary position due to the purchasing power impact resulting from Nedbank Zimbabwe having monetary assets in excess of monetary liabilities at 31 December 2023. The combined effects of the net monetary loss of R1 059m and the accompanying IAS 29 income statement indexation gain of R869m altered Nedbank Zimbabwe's initial unindexed profit after tax (pre-IAS 29) of R778m to an indexed after-tax profit (post-IAS 29) of R578m (R431m after minorities' impact).

Exchange rates

	Average		Closing	
	2023	2022	2023	2022
UK pound to rand	22,94	20,17	23,54	20,43
US dollar to rand	18,45	16,36	18,53	16,98
US dollar to naira	636,59	426,47	911,68	460,82
Rand to naira	34,36	26,02	49,21	27,14
US dollar to Zimbabwean dollar ¹			6114,27	669,25
Zimbabwean dollar to rand ¹			0,003	0,025
Mozambican metical to rand	0,29	0,26	0,29	0,26

¹ Due to exchange rate volatility associated with currencies in hyperinflationary economies, average rates have not been disclosed since those would not be representative of exchange rate movements for the period.

Geographic analyses

The geographic analyses within various notes are based on the geographic location of the clients or transactions and not the domicile of the group entity.

N2 EVENTS AFTER THE REPORTING PERIOD

During December 2023 the group announced its proposed acquisition of 100% shareholding in Eqstra Investment Holdings Proprietary Limited (Eqstra), which is expected to enhance the group's fleet management business offerings. The acquisition is subject to regulatory approvals and other suspensive conditions customary for transactions of this nature. The total consideration that the group will pay, which includes the subscription amount and the repayment of shareholder loans to enX Group Limited, amounts to approximately R1bn. Once the necessary approvals have been obtained and the conditions have been met, the acquisition will meet the criteria to be recognised as a business combination in terms of IFRS 3: Business Combinations. The group expects to obtain all regulatory approvals in Q2 of 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

N3 DIRECTORS' EMOLUMENTS

The following disclosures are those required by the Companies Act, 71 of 2008 (as amended), in respect of remuneration of directors and prescribed officers:

N3.1 TOTAL REMUNERATION OF EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

R'000	Mike Brown		Mfundo Nkuhlu	
	2023	2022	2023	2022
Cash portion of package	8 596	8 204	5 732	5 484
Other benefits	305	269	333	294
Defined-contribution retirement fund	1 243	1 183	847	807
Guaranteed remuneration	10 144	9 656	6 912	6 585
Cash performance incentive	9 887	9 000	7 000	6 250
Cash performance incentive (delivered in shares) ¹	8 388	8 000	5 500	5 250
Total short-term incentive (STI)	18 275	17 000	12 500	11 500
Total remuneration ²	28 419	26 656	19 412	18 085
Value of share-based awards (face value at award) ³	18 000	17 000	12 500	12 000
Total direct remuneration	46 419	43 656	31 912	30 085

R'000	Iolanda Ruggiero		Ciko Thomas	
	2023	2022	2023	2022
Cash portion of package	4 015	3 818	5 260	4 949
Other benefits	98	87	180	160
Defined-contribution retirement fund	574	545	860	808
Guaranteed remuneration	4 687	4 450	6 300	5 917
Cash performance incentive	5 050	4 625	6 250	6 250
Cash performance incentive (delivered in shares) ¹	3 550	3 625	4 750	5 250
Total short-term incentive (STI)	8 600	8 250	11 000	11 500
Total remuneration ²	13 287	12 700	17 300	17 417
Value of share-based awards (face value at award) ³	8 400	8 000	11 500	11 000
Total direct remuneration	21 687	20 700	28 800	28 417

¹ In terms of the rules of the Matched-share Scheme (MSS), the total STI has the potential to increase (before share price movement) if the deferred amount is invested in the MSS for 36 months and the performance condition in the MSS is met.

² Total remuneration is the sum of guaranteed remuneration and total STI.

³ This is the value of the share-based awards made in the following financial year.

Michael Davis	
2023	2022
5 108	4 756
244	226
948	883
6 300	5 865
7 000	6 125
5 500	5 125
12 500	11 250
18 800	17 115
11 500	11 000
30 300	28 115

Anél Bosman		Terence Sibiyi	
2023	2022	2023	2022
4 735	4 493	4 046	3 817
217	204	248	218
373	354	394	370
5 325	5 051	4 688	4 405
10 000	9 250	6 250	4 625
8 500	8 250	4 750	3 625
18 500	17 500	11 000	8 250
23 825	22 551	15 688	12 655
9 500	9 000	8 400	8 000
33 325	31 551	24 088	20 655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

N3.2 NON-EXECUTIVE DIRECTORS' REMUNERATION

Name	Note	Nedbank and Nedbank Group board fees	Committee fees	2023	2022
		(R000)	(R000)	(R000)	(R000)
HR Brody	1	825	1 254	2 079	1 854
BA Dames	2	589	906	1 495	1 573
NP Dongwana		589	820	1 409	1 342
EM Kruger	3	589	1 789	3 754	3 377
P Langeni	4	589	654	1 243	689
RAG Leith	5,6	589	973	1 562	1 410
L Makalima		589	1 142	1 731	1 649
PM Makwana	7,8	2 733		2 760	6 412
T Marwala	9	95	69	164	966
MA Matoane	10	242	207	449	1 042
AD Mminele	11,12	4 003	18	4 021	
M Nyati	13,14,15	451	405	856	182
S Subramoney		589	1 617	2 206	2 101
Total		12 472	9 854	23 729	22 597

1 Hubert Brody was appointed as a member of the Group IT Committee, effective 3 March 2023.

2 Brian Dames stepped down as a member of the Group Credit Committee, effective 2 June 2023.

3 The total fee for Errol Kruger includes the Nedbank Private Wealth (Isle of Man) Chairperson fees of £60 000 (R1 376 438).

4 Phumzile Langeni was appointed as a member of the Group Remuneration Committee, effective 30 October 2023.

5 Rob Leith was appointed as acting Group IT Committee Chairperson following the resignation of Mteto Nyati. In terms of our approved fees, Rob received an additional R30 121 in November 2023.

6 Rob Leith was appointed as the Chairperson of the Group IT Committee and as a member of the Group Directors' Affairs Committee, effective 30 October 2023.

7 Mpho Makwana resigned as Chairperson and therefore as a member of the Group Directors' Affairs Committee and the Group Climate Resilience Committee, effective 2 June 2023.

8 The fee for Mpho Makwana includes taxable reimbursements and fringe benefit tax.

9 Prof Tshilidzi Marwala resigned as a boardmember and therefore as a member of the Group Transformation, Social and Ethics Committee, the Group Climate Resilience Committee and the Group IT Committee, effective 28 February 2023.

10 Dr Mantsika Matoane resigned as a boardmember and therefore as Chairperson and a member of the Group IT Committee and the Group Directors' Affairs Committee, effective 2 June 2023.

11 Daniel Mminele joined the Nedbank Group and Nedbank Boards as Chair-designate, effective 1 May 2023, and was appointed as Board Chairperson on 2 June 2023.

12 Daniel Mminele was appointed as a member of the Group Directors' Affairs Committee and the Group Climate Resilience Committee, effective 1 May 2023.

13 Mteto Nyati was appointed as a member of the Group Risk and Capital Management Committee, effective 3 March 2023.

14 Mteto Nyati was appointed as the Chairperson of the Group IT Committee and as a member of the Group Directors' Affairs Committee, effective 2 June 2023.

15 Mteto Nyati resigned as a boardmember and therefore as the Chairperson of the Group IT Committee and as a member of the Group Risk and Capital Management Committee and the Group Directors' Affairs Committee, effective 9 October 2023.

Where applicable, board fees include travel reimbursements for business mileage.

	Beneficial direct 2023	Beneficial direct 2022	Beneficial indirect 2023	Beneficial indirect 2022
Number of shares				
Directors				
Hubert Brody	5 119	2 737	3 600	
Mike Brown ¹	552 486	515 837	403 190	435 871
Brian Dames	64	64		
Michael Davis	69 574	52 058	253 605	244 816
Mantsika Matookane	2 200	2 261		
Mfundo Nkuhlu	45 465	24 023	283 398	297 680
Stanley Subramoney			2 300	2 300
Prescribed officers				
Ciko Thomas	13 707	11 064	233 484	239 183
Iolanda Ruggiero	93 236	80 866	174 482	180 835
Anél Bosman	79 719	73 640	224 694	244 792
Terence Sibiya	52 130	37 478	154 505	158 706
Total ordinary shares	913 700	800 028	1 733 258	1 804 183

¹ Beneficial indirect shares includes 925 ordinary shares held in a family trust.

No change in the above interests occurred between 31 December 2023 and 1 March 2024.

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FOR THE YEAR ENDED 31 DECEMBER

N3.3 SHARE-BASED PAYMENTS TO EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

Executive directors	Opening balance at 1 January 2023							
	Number of restricted shares/options	Date of issue/inception	Issue price	Vesting date	Number of restricted shares/options	Date of issue/inception	Issue price	Final vesting/exercise date
			(R)				(R)	
Mike Brown								
Nedbank restricted shares	91 824	19 March 2020	168,80	20 March 2023				
	158 090	25 March 2021	131,57	26 March 2024				
	39 523	26 March 2021	131,57	27 March 2024				
	75 632	17 March 2022	218,16	18 March 2025				
					75 191	22 March 2023	226,09	23 March 2026
Compulsory Bonus Share Scheme¹	34 638	31 March 2020	83,36	1 April 2023				
	14 347	31 March 2021	134,17	1 April 2024				
	14 394	31 March 2022	238,81	1 April 2025				
					20 601	31 March 2023	213,58	1 April 2026
Voluntary Bonus Share Scheme²	3 298	31 March 2020	83,36	1 April 2023				
	2 049	31 March 2021	134,17	1 April 2024				
	1 151	31 March 2022	238,81	1 April 2025				
					1 287	31 March 2023	213,58	1 April 2026
Total value of dividends								
Total	434 946				97 079			

Awards vesting/lapsing during 2023					Dividends	Closing balance at 31 December 2023		
Number of restricted shares/options released	Number of restricted shares/options lapsed	Market price at vesting	Value gained on vesting	Notional value of loss on lapsing ⁵	Total value of dividends paid in respect of all plans ⁶	Number of restricted shares/options	End of performance period	Final vesting/exercise date
		(R)	(R)	(R)	(R)			
	91 824	207,86		(19 086 537)				
						158 090	31 December 2023	26 March 2024
						39 523	31 December 2023	27 March 2024
						75 632	31 December 2024	18 March 2025
						75 191	31 December 2025	23 March 2026
34 638		219,11	7 589 532					
						14 347	31 December 2023	1 April 2024
						14 394	31 December 2024	1 April 2025
						20 601	31 December 2025	1 April 2026
3 298		219,11	722 625					
						2 049	31 December 2023	1 April 2024
						1 151	31 December 2024	1 April 2025
						1 287	31 December 2025	1 April 2026
					7 209 369			
37 936	91 824		8 312 157	(19 086 537)	7 209 369	402 265		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

Executive directors	Opening balance at 1 January 2023							
	Number of restricted shares/options	Date of issue/inception	Issue price	Vesting date	Number of restricted shares/options	Date of issue/inception	Issue price	Final vesting/exercise date
			(R)				(R)	
MC Nkuhlu								
Nedbank restricted shares	60 722	19 March 2020	168,80	20 March 2023				
	109 447	25 March 2021	131,57	26 March 2024				
	27 362	26 March 2021	131,57	27 March 2024				
	57 297	17 March 2022	218,16	18 March 2025				
					53 076	22 March 2023	226,09	23 March 2026
Compulsory Bonus Share Scheme¹	18 144	31 March 2020	83,36	1 April 2023				
	8 710	31 March 2021	134,17	1 April 2024				
	9 500	31 March 2022	238,81	1 April 2025				
					13 519	31 March 2023	213,58	1 April 2026
Voluntary Bonus Share Scheme²	3 298	31 March 2020	83,36	1 April 2023				
	2 049	31 March 2021	134,17	1 April 2024				
	1 151	31 March 2022	238,81	1 April 2025				
					1 287	31 March 2023	213,58	1 April 2026
Total value of dividends								
Total	297 680				67 882			

Awards vesting/lapsing during 2023					Dividends	Closing balance at 31 December 2023		
Number of restricted shares/options released	Number of restricted shares/options lapsed	Market price at vesting	Value gained on vesting	Notional value of loss on lapsing ⁵	Total value of dividends paid in respect of all plans ⁶	Number of restricted shares/options	End of performance period	Final vesting/exercise date
		(R)	(R)	(R)	(R)			
	60 722	207,86		(12 621 675)				
						109 447	31 December 2023	26 March 2024
						27 362	31 December 2023	27 March 2024
						57 297	31 December 2024	18 March 2025
						53 076	31 December 2025	23 March 2026
18 144		219,11	3 975 532					
						8 710	31 December 2023	1 April 2024
						9 500	31 December 2024	1 April 2025
						13 519	31 December 2025	1 April 2026
3 298		219,11	722 625					
						2 049	31 December 2023	1 April 2024
						1 151	31 December 2024	1 April 2025
						1 287	31 December 2025	1 April 2026
					5 001 811			
21 442	60 722		4 698 157	(12 621 675)	5 001 811	283 398		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

Executive directors	Opening balance at 1 January 2023							
	Number of restricted shares/options	Date of issue/inception	Issue price	Vesting date	Number of restricted shares/options	Date of issue/inception	Issue price	Final vesting/exercise date
			(R)				(R)	
MH Davis Nedbank restricted shares	35 545	19 March 2020	168,80	20 March 2023				
	101 086	25 March 2021	131,57	26 March 2024				
	25 272	26 March 2021	131,57	27 March 2024				
	45 837	17 March 2022	218,16	18 March 2025				
					48 653	22 March 2023	226,09	23 March 2026
Compulsory Bonus Share Scheme¹	15 505	31 March 2020	83,36	1 April 2023				
	8 198	31 March 2021	134,17	1 April 2024				
	8 924	31 March 2022	238,81	1 April 2025				
					13 197	31 March 2023	213,58	1 April 2026
Voluntary Bonus Share Scheme²	3 298	31 March 2020	83,36	1 April 2023				
	1 151	31 March 2022	238,81	1 April 2025				
					1 287	31 March 2023	213,58	1 April 2026
Total value of dividends								
Total	244 816				63 137			

Awards vesting/lapsing during 2023					Dividends	Closing balance at 31 December 2023		
Number of restricted shares/options released	Number of restricted shares/options lapsed	Market price at vesting	Value gained on vesting	Notional value of loss on lapsing ⁵	Total value of dividends paid in respect of all plans ⁶	Number of restricted shares/options	End of performance period	Final vesting/exercise date
		(R)	(R)	(R)	(R)			
	35 545	207,86		(7 388 384)				
						101 086	31 December 2023	26 March 2024
						25 272	31 December 2023	27 March 2024
						45 837	31 December 2024	18 March 2025
						48 653	31 December 2025	23 March 2026
15 505		219,11	3 397 301					
						8 198	31 December 2023	1 April 2024
						8 924	31 December 2024	1 April 2025
						13 197	31 December 2025	1 April 2026
3 298		219,11	722 625					
						1 151	31 December 2024	1 April 2025
						1 287	31 December 2025	1 April 2026
					4 497 044			
18 803	35 545		4 119 925	(7 388 384)	4 497 044	253 605		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
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Prescribed officers	Opening balance at 1 January 2023							
	Number of restricted shares/options	Date of issue/inception	Issue price	Vesting date	Number of restricted shares/options	Date of issue/inception	Issue price	Final vesting/exercise date
			(R)				(R)	
C Thomas Nedbank restricted shares	60 722	19 March 2020	168,80	20 March 2023				
	88 166	25 March 2021	131,57	26 March 2024				
	22 041	26 March 2021	131,57	27 March 2024				
	45 837	17 March 2022	218,16	18 March 2025				
					48 653	22 March 2023	226,09	23 March 2026
Compulsory Bonus Share Scheme¹	7 149	31 March 2020	83,36	1 April 2023				
	5 192	31 March 2021	134,17	1 April 2024				
	10 076	31 March 2022	238,81	1 April 2025				
					13 519	31 March 2023	213,58	1 April 2026
Voluntary Bonus Share Scheme²								
Total value of dividends								
Total	239 183				62 172			

Awards vesting/lapsing during 2023					Dividends	Closing balance at 31 December 2023		
Number of restricted shares/options released	Number of restricted shares/options lapsed	Market price at vesting	Value gained on vesting	Notional value of loss on lapsing ⁵	Total value of dividends paid in respect of all plans ⁶	Number of restricted shares/options	End of performance period	Final vesting/exercise date
		(R)	(R)	(R)	(R)			
	60 722	207,86		(12 621 675)				
						88 166	31 December 2023	26 March 2024
						22 041	31 December 2023	27 March 2024
						45 837	31 December 2024	18 March 2025
						48 653	31 December 2025	23 March 2026
7 149		219,11	1 566 417					
						5 192	31 December 2023	1 April 2024
						10 076	31 December 2024	1 April 2025
						13 519	31 December 2025	1 April 2026
					4 117 527			
7 149	60 722		1 566 417	(12 621 675)	4 117 527	233 484		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

Prescribed officers	Opening balance at 1 January 2023				Number of restricted shares/ options	Date of issue/ inception	Issue price	Vesting date	Number of restricted shares/ options	Date of issue/ inception	Issue price	Final vesting/ exercise date	
	Number of restricted shares/ options	Date of issue/ inception	Issue price	Vesting date									Issue price
			(R)										(R)
I Ruggiero													
Nedbank restricted shares	39 988	19 March 2020	168,80	20 March 2023									
	62 324	25 March 2021	131,57	26 March 2024									
	15 581	26 March 2021	131,57	27 March 2024									
	34 378	17 March 2022	218,16	18 March 2025									
					35 384	22 March 2023	226,09					23 March 2026	
Compulsory Bonus Share Scheme¹	9 072	31 March 2020	83,36	1 April 2023									
	6 661	31 March 2021	134,17	1 April 2024									
	6 333	31 March 2022	238,81	1 April 2025									
					9 334	31 March 2023	213,58					1 April 2026	
Voluntary Bonus Share Scheme²	3 298	31 March 2020	83,36	1 April 2023									
	2 049	31 March 2021	134,17	1 April 2024									
	1 151	31 March 2022	238,81	1 April 2025									
					1 287	31 March 2023	213,58					1 April 2026	
Total value of dividends													
Total	180 835				46 005								

Awards vesting/lapsing during 2023					Dividends	Closing balance at 31 December 2023		
Number of restricted shares/options released	Number of restricted shares/options lapsed	Market price at vesting	Value gained on vesting	Notional value of loss on lapsing ⁵	Total value of dividends paid in respect of all plans ⁶	Number of restricted shares/options	End of performance period	Final vesting/exercise date
		(R)	(R)	(R)	(R)			
	39 988	207,86		(8 311 906)				
						62 324	31 December 2023	26 March 2024
						15 581	31 December 2023	27 March 2024
						34 378	31 December 2024	18 March 2025
						35 384	31 December 2025	23 March 2026
9 072		219,11	1 987 766					
						6 661	31 December 2023	1 April 2024
						6 333	31 December 2024	1 April 2025
						9 334	31 December 2025	1 April 2026
3 298		219,11	722 625					
						2 049	31 December 2023	1 April 2024
						1 151	31 December 2024	1 April 2025
						1 287	31 December 2025	1 April 2026
					3 031 377			
12 370	39 988		2 710 391	(8 311 906)	3 031 377	174 482		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER

Prescribed officers	Opening balance at 1 January 2023							
	Number of restricted shares/options	Date of issue/inception	Issue price	Vesting date	Number of restricted shares/options	Date of issue/inception	Issue price	Final vesting/exercise date
			(R)				(R)	
A Bosman								
Nedbank restricted shares	47 155	19 March 2020	168,80	20 March 2023				
	9 716	20 March 2020	168,80	21 March 2023				
	66 884	25 March 2021	131,57	26 March 2024				
	16 721	26 March 2021	131,57	27 March 2024				
	43 546	17 March 2022	218,16	18 March 2025				
					39 807	22 March 2023	226,09	23 March 2026
Compulsory Bonus Share Scheme¹	22 267	31 March 2020	83,36	1 April 2023				
	15 884	31 March 2021	134,17	1 April 2024				
	16 121	31 March 2022	238,81	1 April 2025				
					21 244	31 March 2023	213,58	1 April 2026
Voluntary Bonus Share Scheme²	3 298	31 March 2020	83,36	1 April 2023				
	2 049	31 March 2021	134,17	1 April 2024				
	1 151	31 March 2022	238,81	1 April 2025				
					1 287	31 March 2023	213,58	1 April 2026
Total value of dividends								
Total	244 792				62 338			

Awards vesting/lapsing during 2023					Dividends	Closing balance at 31 December 2023		
Number of restricted shares/options released	Number of restricted shares/options lapsed	Market price at vesting	Value gained on vesting	Notional value of loss on lapsing ⁵	Total value of dividends paid in respect of all plans ⁶	Number of restricted shares/options	End of performance period	Final vesting/exercise date
		(R)	(R)	(R)	(R)			
	47 155	207,86		(9 801 638)				
9 716 ³		213,97	2 078 933					
						66 884	31 December 2023	26 March 2024
						16 721	31 December 2023	27 March 2024
						43 546	31 December 2024	18 March 2025
						39 807	31 December 2025	23 March 2026
33 401 ⁴		219,11	7 318 493					
						15 884	31 December 2023	1 April 2024
						16 121	31 December 2024	1 April 2025
						21 244	31 December 2025	1 April 2026
4 947 ⁴		219,11	1 083 937					
						2 049	31 December 2023	1 April 2024
						1 151	31 December 2024	1 April 2025
						1 287	31 December 2025	1 April 2026
					4 198 389			
48 064	47 155		10 481 363	(9 801 638)	4 198 389	224 694		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

Prescribed officers	Opening balance at 1 January 2023				Number of restricted shares/options	Date of issue/inception	Issue price	Vesting date	Number of restricted shares/options	Date of issue/inception	Issue price	Final vesting/exercise date
	Number of restricted shares/options	Date of issue/inception	Issue price	Vesting date								
			(R)								(R)	
T Sibiya												
Nedbank restricted shares	23 696	19 March 2020	168,80	20 March 2023								
	10 663	19 March 2020	168,80	20 March 2023								
	7 109	20 March 2020	168,80	21 March 2023								
	48 643	25 March 2021	131,57	26 March 2024								
	12 161	26 March 2021	131,57	27 March 2024								
	36 670	17 March 2022	218,16	18 March 2025								
					35 384	22 March 2023	226,09					23 March 2026
Compulsory Bonus Share Scheme¹	7 422	31 March 2020	83,36	1 April 2023								
	2 562	31 March 2021	134,17	1 April 2024								
	6 045	31 March 2022	238,81	1 April 2025								
					9 334	31 March 2023	213,58					1 April 2026
Voluntary Bonus Share Scheme²	1 199	31 March 2020	83,36	1 April 2023								
	1 490	31 March 2021	134,17	1 April 2024								
	1 046	31 March 2022	238,81	1 April 2025								
					1 170	31 March 2023	213,58					1 April 2026
Total value of dividends												
Total	158 706				45 888							

1. Matching on the Compulsory Bonus Share Scheme (CBSS) occurs only on shares in the scheme at the vesting date. If CPTs are met, 100% matching occurs.
2. For the VBSS, employees invest their own Nedbank shares in the scheme. After three years, if the CPTs are met, a 100% matching occurs.
3. Restricted-share awards with time-based vesting only.
4. Match occurred at one share for every two shares in the CBSS and Voluntary Bonus Share Scheme (VBSS) at the vesting date.
5. Value determined based on the number of shares lapsing, multiplied by the market share price on the scheduled vesting date
6. Plans exclude the VBSS, which consists of own shares.

Awards vesting/lapsing during 2023					Dividends	Closing balance at 31 December 2023		
Number of restricted shares/options released	Number of restricted shares/options lapsed	Market price at vesting	Value gained on vesting	Notional value of loss on lapsing ⁵	Total value of dividends paid in respect of all plans ⁶	Number of restricted shares/options	End of performance period	Final vesting/exercise date
		(R)	(R)	(R)	(R)			
	23 696	207,86		4 925 451				
	10 663	207,86		2 216 411				
7 109 ³		213,97	1 521 113					
						48 643	31 December 2023	26 March 2024
						12 161	31 December 2023	27 March 2024
						36 670	31 December 2024	18 March 2025
						35 384	31 December 2025	23 March 2026
11 133 ⁴		219,11	2 439 352					
						2 562	31 December 2023	1 April 2024
						6 045	31 December 2024	1 April 2025
						9 334	31 December 2025	1 April 2026
1 799 ⁴		219,11	394 179					
						1 490	31 December 2023	1 April 2024
						1 046	31 December 2024	1 April 2025
						1 170	31 December 2025	1 April 2026
					2 777 354			
20 041	34 359		4 354 643	7 141 862	2 777 354	154 505		

AUDITED SEPARATE FINANCIAL STATEMENTS

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	Note	2023 Rm	2022 Rm
Dividends from subsidiary companies		16 658	8 504
Interest and similar income		1 541	1 163
Interest expense and similar charges ¹		(1 605)	(1 347)
Other income		(4)	14
Share of gains from associate company		1 386	779
Total income		17 976	9 113
Total operating expenses	1	(41)	(34)
Profit before direct taxation		17 935	9 079
Direct taxation	2	(14)	(11)
Profit for the year		17 921	9 068
Other comprehensive loss net of taxation		(1 313)	(1 632)
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translating foreign operations		168	190
Share of other comprehensive losses of investments accounted for using the equity method		(1 556)	(1 821)
Items that may not subsequently be reclassified to profit or loss			
Share of other comprehensive losses of investments accounted for using the equity method		75	(1)
Total comprehensive income for the year		16 608	7 436

¹ Includes notional discounting of interest-free loans of R167m (2022: R211m).

SEPARATE STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER

	Note	2023 Rm	2022 Rm
Assets			
Cash and cash equivalents		1 527	268
Government and other securities	3	11 197	13 594
Investment securities		36	25
Investments in associate companies	4	1 248	1 286
Investments in subsidiary companies		40 885	40 702
Investment in ordinary shares		27 657	27 682
Investment in additional tier 1 capital instruments		10 469	10 219
Investment in intragroup tier 2 instruments		2 021	2 018
Amounts due from subsidiaries		738	783
Total assets		54 893	55 875
Equity and liabilities			
Ordinary share capital	5.1	488	512
Ordinary share premium		19 198	24 222
Holdings of additional tier 1 capital instruments		10 469	10 219
Reserves		6 989	319
Equity attributable to ordinary shareholders		37 144	35 272
Amounts owing to subsidiaries		4 529	4 985
Other liabilities		2	6
Long-term debt instruments	6	13 218	15 612
Total liabilities		17 749	20 603
Total equity and liabilities		54 893	55 875

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

	Number of ordinary shares	Ordinary share capital Rm	Ordinary share premium Rm	Holders of additional tier 1 capital instruments ⁶
Balance at 1 January 2022	508 870 678	509	23 645	9 319
Shares issued in terms of employee incentive schemes	2 630 112	3	577	
Restated additional tier 1 capital instruments issued ⁶				1 500
Restated additional tier 1 capital instruments redemption ⁶				(600)
Total comprehensive (losses)/income for the year	–	–	–	–
Profit for the year				
Exchange differences on translating foreign operations				
Share of OCI of investments accounted for using the equity method				
Dividends to shareholders				
Additional tier 1 capital instruments interest paid				
Other movements				
Balance at 31 December 2022	511 500 790	512	24 222	10 219
Repurchase of odd-lot holdings	(23 395 066)	(24)	(5 024)	
Additional tier 1 capital instruments issued				1 000
Additional tier 1 capital instruments redemption				(750)
Total comprehensive (losses)/income for the year	–	–	–	–
Profit for the year				
Exchange differences on translating foreign operations				
Share of OCI of investments accounted for using the equity method				
Dividends to shareholders				
Additional tier 1 capital instruments interest paid				
Other movements				
Balance at 31 December 2023	488 105 724	488	19 198	10 469

¹ This represents the cumulative foreign exchange differences that arise on the translation of an entity with a functional currency different from the presentation currency of the parent company. The cumulative reserve relating to a subsidiary, associate company or joint venture that is disposed of is included in the determination of profit or loss on disposal of the subsidiary, associate company or joint venture.

² All share-based payment expenses are recognised in the statement of comprehensive income, with the corresponding amount recognised in share-based payment reserves. On the expiry or exercise of a share-based instrument the cumulative amount recognised in this respect is transferred directly to other distributable reserves.

³ Represents other non-distributable revaluation surplus on capital items.

⁴ This comprises all fair-value adjustments relating to investments in debt instruments and equity investments that are subsequently measured at FVOCI. The expected credit loss allowance relating to such debt instruments is also recognised in OCI and accumulated in this reserve. When the debt instrument is derecognised, the cumulative gain or loss is reclassified from equity to profit or loss. For investments in equity instruments the cumulative gain or loss is not recycled, but may be reclassified within equity on derecognition.

⁵ Represents the accumulated profits after distributions to shareholders and appropriation of retained earnings to other non-distributable earnings.

⁶ Refer to note 15: Restatements.

Foreign currency translation reserve ¹ Rm	Share-based payments reserve ² Rm	Other non-distributable reserves ³ Rm	FVOCI reserve ⁴ Rm	Distributable reserves ⁵ Rm	Total ordinary shareholders' equity Rm
(3 955)	125	67	169	5 233	35 112
					580
					1 500
					(600)
(1 211)	–	–	(420)	9 067	7 436
				9 068	9 068
190					190
(1 401)			(420)	(1)	(1 822)
				(7 881)	(7 881)
				(873)	(873)
				(2)	(2)
(5 166)	125	67	(251)	5 544	35 272
					(5 048)
					1 000
					(750)
(1 410)	–	–	22	17 996	16 608
				17 921	17 921
168					168
(1 578)			22	75	(1 481)
				(8 653)	(8 653)
				(1 286)	(1 286)
1					1
(6 575)	125	67	(229)	13 601	37 144

SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

	Note	2023 Rm	2022 Rm (Restated) ¹
Profit before direct taxation		17 935	9 079
Adjusted for:		(17 963)	(9 115)
Non-cash items	7.1	(1 369)	(795)
Interest and similar income		(1 541)	(1 163)
Interest expense and similar charges		1 605	1 347
Dividends from subsidiary companies		(16 658)	(8 504)
Dividends received from subsidiary and associate companies		16 613	8 319
Interest received		1 488	1 163
Interest paid		(1 400)	(1 136)
Change in funds for operating activities		(437)	(119)
Decrease in operating assets		63	381
Decrease in operating liabilities		(500)	(500)
Net cash from operating activities before taxation		16 236	8 191
Taxation paid	7.2	(14)	(11)
Cash flows from operating activities		16 222	8 180
Cash flows from investing activities		2 208	221
Disposal of additional tier 1 capital and long-term debt instruments		2 183	176
Disposal of investments in subsidiaries		25	45
Cash flows used by financing activities		(17 171)	(8 350)
(Repurchase)/issue of ordinary shares		(5 049)	580
Issued additional tier 1 capital instruments ¹		1 000	1 500
Redemption of additional tier 1 capital instruments ¹		(750)	(600)
Issued long-term debt instruments ¹		2 074	1 424
Redemption of long-term debt instruments ¹		(4 507)	(2 500)
Dividends paid to ordinary shareholders		(8 653)	(7 881)
Additional tier 1 capital instruments interest paid		(1 286)	(873)
Net increase in cash and cash equivalents for the year		1 259	51
Cash and cash equivalents at the beginning of year		268	217
Cash and cash equivalents at the end of the year		1 527	268

¹ Refer to note 15: Restatements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1 TOTAL OPERATING EXPENSES

	2023 Rm	2022 Rm
Audit fees	9	9
Directors' fees	2	2
Listing and admin fees	30	23
	41	34

2 DIRECT TAXATION

2.1 Charge for the year

	2023 Rm	2022 Rm
Foreign dividend withholding tax	14	11
	14	11

2.2 Taxation rate reconciliation

	2023 %	2022 %
Standard rate of South African normal taxation	27	28
Non-taxable income	(27)	(28)
Effective taxation rate	–	–

3 GOVERNMENT AND OTHER SECURITIES

3.1 Analysis

	2023 Rm	2022 Rm
Government and other securities	11 197	13 594
	11 197	13 594

3.2 Sectoral analysis

	2023 Rm	2022 Rm
Banks	11 197	13 594
	11 197	13 594

NOTES TO THE SEPARATE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

4 INVESTMENT IN ASSOCIATE COMPANIES

4.1 Movement in carrying amount

	2023 Rm	2022 Rm
Carrying amount at the beginning of the year	1 286	2 272
Dividends received from equity-accounted associate company	(111)	(133)
Share of associate companies' profit after taxation for the year	1 211	954
Release/(Raise) of adjustment for Ghanaian Eurobond default in Q4 2023	175	(175)
Share of associate companies' OCI for the year	(1 481)	(1 822)
Foreign currency translation and other movements	168	190
Carrying amount at the end of the year	1 248	1 286

4.2 Analysis of carrying amount

	2023 Rm	2022 Rm
Associate investments – on acquisition: net asset value	6 265	6 265
Our share of amounts recognised directly in equity	(780)	(780)
Share of earnings since acquisition	4 097	2 711
Share of OCI since acquisition	(8 082)	(6 601)
Dividends received from equity-accounted associate company	(403)	(292)
Impairment provision for investments in associate company	(1 750)	(1 750)
Foreign currency translation and other movements	1 901	1 733
	1 248	1 286

5 SHARE CAPITAL

5.1 Ordinary share capital

	2023 Rm	2022 Rm
Authorised		
600 000 000 (2022: 600 000 000) ordinary shares of R1 each	600	600
Issued ordinary share capital		
488 105 724 (2022: 511 500 790) fully paid ordinary shares of R1 each	488	512

Subject to the restrictions imposed by the Companies Act, 71 of 2008 (as amended), the unissued shares are under the control of the directors until the forthcoming AGM.

5.2 Preference share capital and premium

	2023 Rm	2022 Rm
Authorised		
1 000 000 (2022: 1 000 000) cumulative redeemable non-participating preference shares of R10 000 each	10 000	10 000

6 LONG-TERM DEBT INSTRUMENTS

Instrument type	Maturity date	Interest rate	2023 Rm	2022 Rm
Subordinated debt				
Callable notes (rand-denominated – floating)	20 March 2028	JIBAR + 3,05%		2 006
Callable notes (rand-denominated – floating)	26 July 2028	JIBAR + 2,58%		1 532
Callable notes (rand-denominated – floating)	1 December 2028	JIBAR + 2,45%		1 008
Callable notes (rand-denominated – floating)	9 April 2029	JIBAR + 2,4%	2 561	2 550
Callable notes (rand-denominated – floating)	30 June 2030	JIBAR + 2,80%	2 021	2 018
Callable notes (rand-denominated – floating)	2 July 2030	JIBAR + 3,85%	2 111	2 101
Callable notes (rand-denominated – floating)	19 June 2031	JIBAR + 2,35%	2 509	2 508
Callable notes (rand-denominated – floating)	27 December 2031	JIBAR + 2,0%	450	450
Callable notes (rand-denominated – floating)	19 November 2032	JIBAR + 2,10%	1 441	1 439
Callable notes (rand-denominated – floating)	4 October 2033	JIBAR + 1,715%	2 125	
			13 218	15 612

The net movement for the year relates to 3 notes that were redeemed of R4 508m (2022: R2 500m) and 1 note issued in 2023 for R2 074m (2022: R1 424m) and interest accrued of R39m (2022: R55m).

6.1 MOVEMENT IN CARRYING AMOUNT

	2023 Rm	2022 Rm
Balance at the beginning of the year	15 612	16 633
Changes arising from cash movements	(3 833)	(2 157)
Issue of long-term debt instruments	2 074	1 424
Redemption of long-term debt instruments	(4 508)	(2 500)
Interest paid	(1 399)	(1 081)
Changes arising from cash movements	1 439	1 136
Accrued interest and unwinding of premiums/discount	1 439	1 136
	13 218	15 612

7 NOTES TO THE SEPARATE STATEMENT OF CASH FLOWS

7.1 Non-cash items

	2023 Rm	2022 Rm
Interest accruals	(1)	(3)
Share of gains of associate companies	(1 385)	(779)
Fair-value gains		(6)
Foreign exchange gains	17	(7)
	(1 369)	(795)

7.2 Taxation paid

	2023 Rm	2022 Rm
Statement of comprehensive income charge – foreign dividend withholding tax	14	11
	14	11

NOTES TO THE SEPARATE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

8 SHARE-BASED PAYMENTS

Equity instruments are granted to business partners and non-executive directors as an incentive to retain business and develop growth within the group. The share-based payment expenses and reserve balances in respect of the Client and Community Schemes, implemented in 2005, were accounted for in the Nedbank Group Limited consolidated financial statements and in the Nedbank Group Limited stand-alone financial statements. Both of these schemes will be equity-settled.

As the company cannot reliably estimate the fair value of services received or the value of additional business received, the company rebuts the presumption that such services and business can be measured reliably. The company therefore measures its fair value by reference to the fair value of the equity instruments granted, in line with the group's accounting policy. The fair value of share option awards is measured at the grant date using the Black–Scholes Valuation Model. For the non-option equity awards, the fair value is measured by reference to the listed share price, as well as the dividends over the vesting period to which the participant has a right.

8.1 Description of arrangements

Scheme	Trust/SPV	Description	Vesting requirements	Maximum term
Nedbank Eyethu BEE schemes				
Community Trust	Nedbank Eyethu Community Trust	The trust has been formed with the specific purpose of providing previously disadvantaged communities and charitable organisations with the opportunity to receive dividends in respect of the scheme shares, thereby contributing to Nedbank Group Limited's BEE compliance.	Shares are not allocated to specific beneficiaries. At the end of the 7 years the net assets of the trust will be allocated to participants as determined by the trustees.	The termination date of the trust was moved from 2015 to 2030 to provide an ongoing flexible vehicle for deploying the residual assets of the trust and continued support of community affairs in line with the group's BEE and Fair Share 2030 initiatives.

8.2 Effect on profit and financial position

	Share-based payments reserve	
	2023	2022
Community Scheme ¹	125	125
	125	125

8.3 Movements in number of instruments

	2023		2022	
	Number of instruments	Weighted-average remaining contractual life (years)	Number of instruments	Weighted-average remaining contractual life (years)
Community Scheme				
Outstanding at the beginning of the year	1 559 448	8	1 559 448	9
Outstanding at the end of the year	1 559 448	7	1 559 448	8
Exercisable at the end of the year	–	–	–	–
Weighted-average share price for share instruments exercised (R)	–	–	–	–

¹ This reserve will start to decrease once the Community Scheme has distributed the shares to the beneficiaries. This reserve currently has 851 111 shares to be distributed.

9. RELATED PARTIES

9.1 Key management employees compensation

Key management employees are those persons who have authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including all directors of the company and its parent, as well as members of the executive committee who are not directors, as well as close members of the family of any of these individuals.

Refer to note F6.1 to the Nedbank Group Limited consolidated annual financial statements for compensation paid to the board of directors and compensation paid to other key management employees, as well as the number of share instruments held.

9.2 Related-party transactions

The following significant transactions were entered into between Nedbank Group Limited and the following related parties. All these transactions were entered into in the normal course of business.

Outstanding balances (Rm)	Due from/(Owing to)	
	2023	2022
Subsidiaries		
Loan owing to Nedbank Nominees Proprietary Limited – interest-free	(5)	(5)
Advance to Ned Settle Services Proprietary Limited – interest-free	72	69
Advance to NPE Holdco Proprietary Limited – interest-free	383	443
Advance to Nedbank Group Insurance Holdings Limited	257	257
Interest-free loan account Nedbank Limited CIB	11	11
Bank account with Nedbank Limited	1 511	268
Bank account with Nedbank Mozambique Limited	16	
Nedbank Limited investment in tier 2 instruments	2 021	2 018
Loan from Nedbank Limited – interest-free	(4 523)	(4 980)
Tier 2 long-term debt – Nedbank Limited	11 197	13 594
Accounts receivable from Nedbank Limited	15	3
Accounts payable to Nedgroup Investment Africa	(1)	
Investment in additional tier 1 capital instruments	10 469	10 219
Key management employees		
– Community Trust – share-based payments reserve	(125)	(125)

Transactions (Rm)	Income/(Expense)	
	2023	2022
Interest income from subsidiaries		
Nedbank Limited – interest received	1 541	1 163
Nedbank Limited – interest paid	(1 605)	(1 347)
Dividends from subsidiaries		
Nedbank Limited	12 561	6 950
Nedeurope Limited	1 370	362
NedNamibia Holdings Proprietary Limited	118	77
Nedbank Group Insurance Holdings Limited	1 550	850
Nedgroup Investments Proprietary Limited	175	165
Nedbank Eswatini Limited	65	68
Nedbank Lesotho Limited	20	
Nedbank Mozambique Limited	18	
Nedgroup investment Africa	24	
Nedgroup Securities Proprietary Limited	750	
Nedcapital Investment Holdings Proprietary Limited	2	
The Board of Executors (1838)		15
Nedbank Group 2005 Employee Share Trust	5	17
Dividends declared by subsidiaries	16 658	8 504

10 LIQUIDITY, CREDIT RISK AND MARKET RISK INFORMATION

The amounts owed to subsidiaries relate mainly to amounts due to Nedbank Limited (a subsidiary of the company) that are contractually repayable within the next 12 months.

Financial assets subject to credit risk are mainly cash and cash equivalents, government and other securities, and intergroup investments in tier 2 instruments that are receivable from Nedbank Limited (a subsidiary of the company), which has an external credit rating of zaAA as issued by Standard & Poor's and Aa1 as issued by Moody's Investors Service.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the company. Financial assets subject to credit risk are cash and cash equivalents, government and other securities, investment in intergroup asset tier 2 instruments, and amounts from and deposits with subsidiaries. The maximum exposure to credit risk is equal to the carrying amount. These amounts are monitored and provision is made, where necessary, for any irrecoverable amounts. At the end of the reporting period the company does not consider there to be any significant concentration of credit risk that had not been adequately provided for.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The company's risk to liquidity results from long-term debt instruments and amounts owing to subsidiaries. Through the group's Liquidity Risk Management Framework, the company manages the funding and market liquidity risk to ensure that operations continue uninterrupted under normal and stressed conditions. The key objectives that underpin the Liquidity Risk Management Framework include maintaining financial-market confidence at all times, protecting key stakeholder interests and meeting regulatory liquidity requirements.

Maturity analysis (undiscounted contractual amounts)

Amounts owing to subsidiaries (Rm)	2023	2022
Less than 1 year	4 631	5 131
	4 631	5 131

Long-term debt instruments (Rm)	2023	2022
Less than 1 year	3 916	6 985
More than 5 years	19 293	19 386
	23 209	26 371

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises 3 types of risk: currency risk, interest rate risk and other price risk.

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The company's market risk results from interest rate changes on long-term debt instruments, amounts owing to subsidiaries, and amounts from and deposits with subsidiaries. Amounts owing to subsidiaries and amounts from and deposits with subsidiaries are unsecured, have no fixed terms of repayment and are non-interest-bearing. The company's level of borrowing and consequently the debt-servicing costs are closely monitored and controlled, with the prevailing and projected interest rates and the company's capacity to service such debt from future earnings taken into account.

Interest rate sensitivity analysis

The company is exposed to interest rate fluctuations of the three-month JIBAR on long-term debt instruments. The following sensitivity analysis has been prepared using a sensitivity rate that is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant.

Cash flow sensitivity analysis linked to interest rate risk

An increase or decrease of 1% (2022: 1%) in JIBAR-based interest rates at the end of the reporting period would have increased or decreased profit or loss by the amounts shown below. This analysis assumes that the other variables remain constant and is based on closing balances, compounded annually.

Cash flow sensitivity analysis (Rm)	2023	2022
Impact on profit or loss for the reporting period	1 413	1 148
	1 413	1 148

11 ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE FOR WHICH FAIR VALUE IS DISCLOSED

Certain financial instruments of the group are not carried at fair value. The calculation of the fair value of these financial instruments incorporates the group's best estimate of the value at which these 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:

	Carrying Value	Fair value	Level 1	Level 2	Level 3
2023					
Financial assets (Rm)	13 218	13 457	8 150	5 307	–
Government and other securities	11 197	11 274	8 150	3 124	
Investments in subsidiaries	2 021	2 183		2 183	
Financial liabilities (Rm)	13 218	13 457	8 150	5 307	–
Long-term debt instruments	13 218	13 457	8 150	5 307	–
2022					
Financial assets (Rm)	15 612	16 117	7 141	8 976	–
Government and other securities	13 594	13 946	7 141	6 805	
Investments in subsidiaries	2 018	2 171		2 171	
Financial liabilities (Rm)	15 612	16 117	7 141	8 976	–
Long-term debt instruments	15 612	16 117	7 141	8 976	–

Government and other securities

The fair value of high-quality South African government bonds listed in an active market is based on the available market prices (level 1, and those that use unobservable inputs – level 2). The discounted-cash-flow methodology principles are used to determine the fair value.

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, it is based on discounted-cash-flow analysis (level 2).

Cash and cash equivalents, amounts due from subsidiaries and other liabilities

The carrying values of cash and cash equivalents, amounts due from subsidiaries and other liabilities are considered a reasonable approximation of their respective fair values, as they are either short-term in nature or are repriced to current market rates at frequent intervals.

Investments in subsidiaries

The carrying values of the investment in subsidiaries are considered a reasonable estimate of their respective fair values.

12 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Assets and liabilities consist primarily of non-financial assets and liabilities. These are not subject to offsetting disclosures as envisaged in IFRS 7: Financial Instruments – Disclosures.

13 DIRECTORS' EMOLUMENTS

Details of directors' emoluments have been included in N3.

14 EVENTS AFTER THE REPORTING PERIOD

There are no material events after the reporting period.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER

15 RESTATEMENTS

During the year the company reviewed its presentation of the separate statement of changes in equity. As a result, it was noted that the company presented the issuance and redemption of additional tier 1 capital instruments on a net basis under the line item 'Additional tier 1 capital instruments issued'. This has now been disaggregated into the 'Additional tier 1 capital instruments issued' and 'Additional tier 1 capital instruments redeemed' line items.

The company also reviewed its presentation of the separate statement of cash flows. As a result, it was noted that the company incorrectly presented the issuance and redemption of additional tier 1 capital instruments on a net basis under the line item 'Issued additional tier 1 capital instruments'. This line item has been disaggregated correctly into the 'Issued additional tier 1 capital instruments' and 'Redemption of additional tier 1 capital instruments' line items.

In addition, it was noted that the company incorrectly presented the issuance and redemption of long-term debt instruments on a net basis under the line item 'Redeemed/Issued long-term debt instruments'. This line item has now been disaggregated correctly into the 'Issued long-term debt instruments' and 'Redemption of long-term debt instruments' line items.

The company has corrected these misstatements and to provide comparability, the prior-year balances have been restated accordingly.

Separate statement of changes in equity

	2022		
	Restated	Restatement	As previously reported
Rm			
Additional tier 1 capital instruments issued	1500	600	900
Additional tier 1 capital instruments redeemed	(600)	(600)	

Separate statement of cash flows

	2022		
	Restated	Restatement	As previously reported
Rm			
Issued additional tier 1 capital instruments	1 500	600	900
Redemption of additional tier 1 capital instruments	(600)	(600)	
Issued long-term debt instruments	1 424	1 424	
(Redeemed)/issued long-term debt instruments		1 076	(1 076)
Redemption of long-term debt instruments	(2 500)	(2 500)	

INFORMATION NOT COVERED BY THE INDEPENDENT AUDITORS' REPORT

SHAREHOLDER ANALYSIS

Register date: 29 December 2023

Authorised share capital: 600 000 000 shares

Issued share capital: 488 105 724 shares

Shareholder spread	Number of share-holdings	%	Number of shares	%
1–1 000 shares	31 504	85,36	6 890 257	1,41
1 001–10 000 shares	4 009	10,86	11 105 010	2,28
10 001–100 000 shares	982	2,66	32 377 743	6,63
100 001–1 000 000 shares	344	0,93	107 004 642	21,92
1 000 001 shares and over	68	0,19	330 728 072	67,76
Total	36 907	100,00	488 105 724	100,00

Distribution of shareholders	Number of share-holdings	%	Number of shares	%
Banks/Brokers	332	0,90	159 618 684	32,70
Close corporations	161	0,44	216 294	0,04
Empowerment	31	0,08	2 970 999	0,61
Endowment funds	165	0,45	2 368 024	0,49
Government	16	0,04	365 455	0,07
Individuals	30 482	82,59	18 053 540	3,70
Insurance companies	176	0,48	12 854 318	2,63
Investment companies	13	0,04	656 114	0,13
Medical aid schemes	43	0,12	2 071 400	0,42
Mutual funds	624	1,69	123 289 619	25,26
Other corporations	241	0,65	327 957	0,07
Private companies	638	1,73	3 723 434	0,76
Public companies	23	0,06	800 548	0,16
Retirement funds	999	2,71	125 781 621	25,77
Share trusts ¹	4	0,01	23 876 142	4,89
Sovereign wealth funds	14	0,04	7 137 778	1,46
Trusts	2 885	7,82	3 799 963	0,78
UK nominee accounts	60	0,15	193 834	0,04
Total	36 907	100,00	488 105 724	100,00

¹ Excludes shares held by directors and prescribed officers in share trusts and Eyethu schemes.

Public/Non-public shareholders	Number of share-holdings	%	Number of shares	%
Non-public shareholders	66	0,18	100 899 767	20,67
Directors and associates of the company ¹	7	0,02	1 584 413	0,32
Prescribed officers of the company ¹	4	0,01	1 025 957	0,21
Strategic holdings (more than 10%)	1	0,00	67 895 247	13,91
Treasury stock	1	0,00	23 539 726	4,82
Nedbank/Nedbank Group pension funds	1	0,00	44 386	0,01
Nedbank Group and associates (share trusts and foundation) ²	5	0,01	1 257 430	0,26
Nedbank Group Limited and associates (mutual funds and banks)	15	0,04	5 227 001	1,07
Nedbank Group BEE trusts – SA ²	3	0,01	150 062	0,03
Nedbank Group BEE trusts – Namibia	29	0,08	175 545	0,04
Public shareholders	36 841	99,82	387 205 957	79,33
Total	36 907	100,00	488 105 724	100,00

¹ Includes shares held by directors and prescribed officers in share trusts and Eyethu schemes.

² Excludes shares held by directors and prescribed officers in share trusts and Eyethu schemes.

Major shareholders/managers	Number of shares	2023 % holding	2022 % holding
Nedbank Group treasury shares	23 539 726	4,82	4,74
BEE trusts:	2 597 880	0,53	1,29
– Eyethu scheme – Nedbank SA	2 482 790	0,51	1,26
– Omufima scheme – Nedbank Namibia	115 090	0,02	0,03
Nedbank Group (2005) Share Option, Matched-share and Restricted-share Schemes	16 920 392	3,47	3,44
Nedbank Namibia Limited	47 512	0,01	0,01
Nedbank Foundation Trust	2 055		
Nedbank Social Development Fund Trust	3 971 887	0,81	
Public Investment Corporation (SA)	71 984 634	14,75	13,55
Allan Gray Investment Council (SA)	45 804 806	9,38	9,79
Coronation Fund Managers (SA)	23 888 472	4,89	4,61
BlackRock Incorporated (international)	22 097 549	4,53	4,01
Dimensional Fund Advisors (international)	18 630 117	3,82	1,09
The Vanguard Group Incorporated (international)	18 598 031	3,81	3,28
GIC Asset Management Proprietary Limited (international)	16 757 561	3,43	5,61
Sanlam Investment Management Proprietary Limited (SA)	14 980 915	3,07	2,43
Lazard Asset Management (international)	13 032 543	2,67	2,91
Old Mutual Life Assurance Company (SA) Limited and associates (includes funds managed on behalf of other beneficial owners)	9 903 310	2,03	2,58

Beneficial shareholders holding of 5% or more	Number of shares	2023 % holding	2022 % holding
Government Employees Pension Fund	75 003 214	15,37	14,69
Allan Gray	33 557 680	6,88	6,97
	108 560 894	22,24	21,66

Geographical distribution of shareholders	Number of shares	2023 % holding	2022 % holding
Domestic	313 911 736	64,31	66,84
SA	291 324 765	59,68	59,74
Namibia	8 971 203	1,84	1,90
Unclassified	13 615 768	2,79	5,20
Foreign	174 193 988	35,69	33,16
United States of America	77 017 235	15,78	14,38
Asia	28 557 175	5,85	8,15
Europe	23 348 512	4,78	4,80
United Kingdom and Ireland	15 205 866	3,12	3,27
Other countries	30 065 200	6,16	2,56
	488 105 724	100,00	100,00

Note number	Note description	IFRS required
A1	Principal accounting policies	IAS 1
A2	Key assumptions concerning the future and key sources of estimation	IAS 1
A3	New standards and interpretations not yet adopted	IAS 8
A4	Restatement of the consolidated statement of comprehensive income	IAS 1, IAS 8
A5	Restatement of the consolidated statement of financial position	IAS 1, IAS 8
B1	Segmental reporting	IFRS 8
B2	Earnings per share	IAS 33
B3	Dividends	IAS 1, IAS 10, and IAS 32
B4	Share capital	IAS 1 and IAS 32
B5	Holders of additional tier 1 capital instruments	IAS 32, IFRS 7, IFRS 9 and IFRS 13
B6.1	Net interest income	IAS 32, IFRS 7, IFRS 9 and IFRS 13
B6.2	Non-interest revenue and income	IAS 32, IFRS 7, IFRS 9, IFRS 13, IFRS 15 and IFRS 17
B7	Total operating expenses	IAS 1, IAS 16, IAS 19, IFRS 2 and IFRS 16
B8.1	Indirect taxation	IAS 1
B8.2	Direct taxation	IAS 12
B8.3	Deferred taxation	IAS 12
B9	Headline earnings	IAS 1, IAS 16, IAS 36, IFRS 10 and IFRS 16
C1	Loans and advances	IFRS 7, IFRS 8, IFRS 9 and IFRS 13
C2	Impairments charge on financial instruments	IAS 1, IFRS 7, IFRS 8 and IFRS 9
C3	Government and other securities	IAS 1, IAS 32, IFRS 7, IFRS 9 and IFRS 13
C4	Other short-term securities	IAS 1, IAS 32, IFRS 7, IFRS 9 and IFRS 13
C5	Credit analysis of other short-term securities, and government and other securities	IFRS 7
C6	Cash and cash equivalents	IAS 1, IAS 32, IAS 7 and IFRS 7
C7	Derivative financial instruments	IAS 32, IFRS 7, IFRS 9 and IFRS 13
D1	Amounts owed to depositors	IAS 1, IAS 32, IFRS 7, IFRS 8, IFRS 9 and IFRS 13
D2	Long-term debt instruments	IAS 32, IFRS 7, IFRS 9 and IFRS 13
D3	Investment contract liabilities	IAS 1, IFRS 13 and IFRS 17
D4	Insurance contract liabilities	IAS 1 and IFRS 17
D5	Contractual maturity analysis for financial liabilities	IFRS 7
E1	Managed funds	IAS 1, IFRS 7 and IFRS 13
F1	Investment securities	IAS 32, IFRS 7, IFRS 9 and IFRS 13
F2	Investments in associate companies	IAS 24, IAS 28, IFRS 9, IFRS 11, IFRS 12 and IFRS 13
F3	Investments in subsidiary companies and related disclosure	IAS 24, IAS 27, IFRS 10 and IFRS 12
F4	Interests in structured consolidated and unconsolidated structured entities	IFRS 10 and IFRS 12
F5	Securitisations	IFRS 7, IFRS 9, IFRS 12 and IFRS 13
F6	Related parties	IAS 24
G1	Property and equipment	IAS 16, IAS 36, IFRS 13 and IFRS 16
G2	Intangible assets	IAS 38, IAS 36 and IFRS 13
H1	Long-term employee benefits	IAS 19 and IFRIC 14
H2	Non-current assets and liabilities held for sale	IFRS 5 and IFRS 13
H3	Other assets	IAS 1, IFRS 7, IFRS 9 and IFRS 13
I1	Consolidated statement of financial position – categories of financial instruments	IFRS 7 and IFRS 9
I2	Fair-value measurement – financial instruments	IFRS 7, IFRS 9 and IFRS 13
I3	Assets and liabilities not measured at fair value for which fair value is disclosed	IFRS 7, IFRS 9 and IFRS 13
I4	Financial instruments designated as fair value through profit or loss	IAS 32, IFRS 7, IFRS 9 and IFRS 13
I5	Offsetting financial assets and financial liabilities	IFRS 7 and IAS 32
I6	Collateral	IFRS 7
J	Share-based payments	IFRS 2
K1	Provisions and other liabilities	IAS 37, IAS 32, IFRS 7, IFRS 9, IFRS 13 and IFRS 16
K2	Contingent liabilities and undrawn facilities and commitments	IAS 37 and IFRS 7
L1	Financial risk management	IAS 1 and IFRS 7
L2	Capital management	IAS 1 and IFRS 7
L3	Liquidity gap	IFRS 7
L4	Interest rate risk in the banking book	IFRS 7
L5	Market risk in the trading book	IFRS 7
M	Cash flow information	IAS 7
N1	Foreign currency conversion	IAS 21 and IAS 29
N2	Events after the reporting period	IAS 10
N3	Directors' emoluments	IAS 19 and IFRS 2

